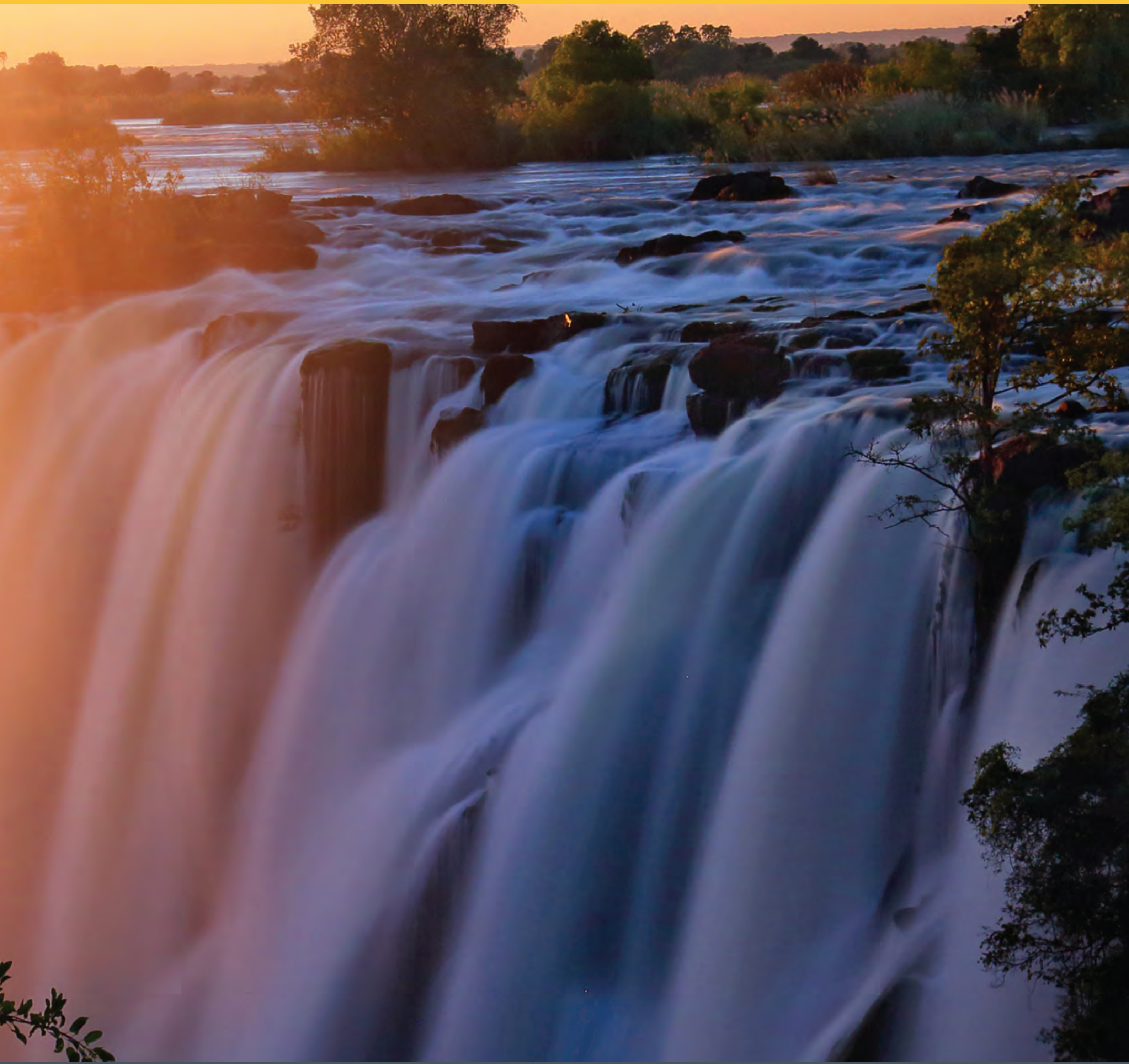
fastjet

ANNUAL REPORT & ACCOUNTS 2018



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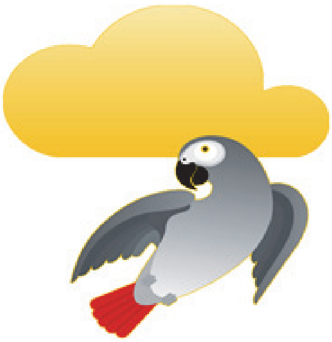
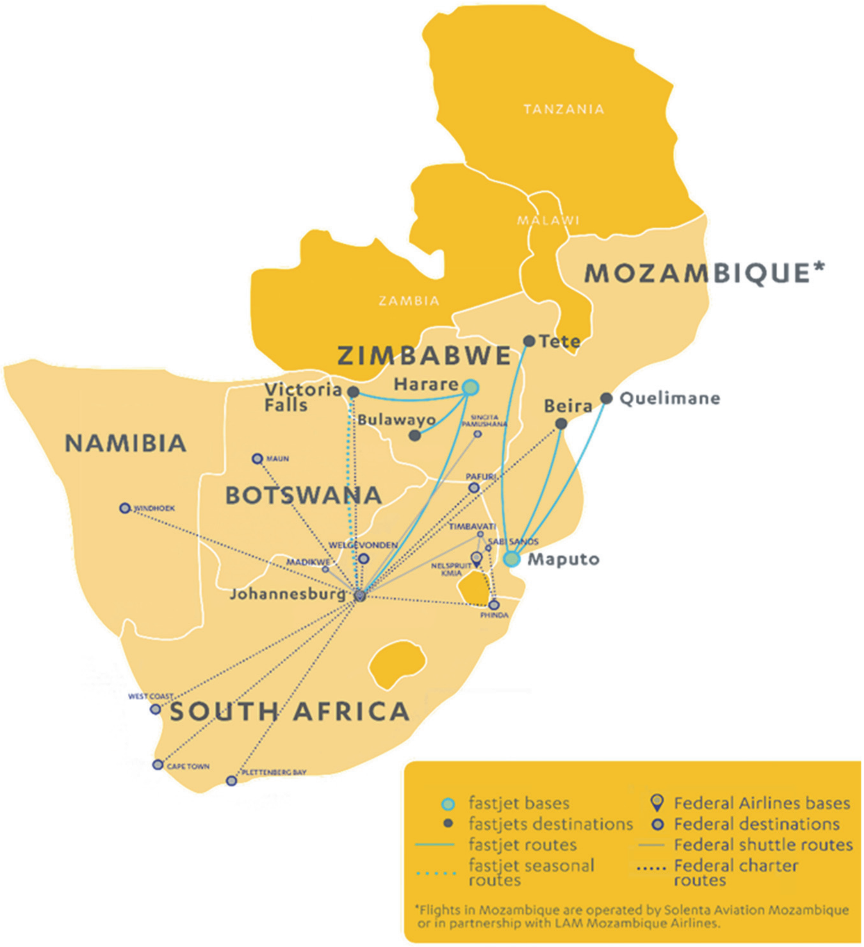
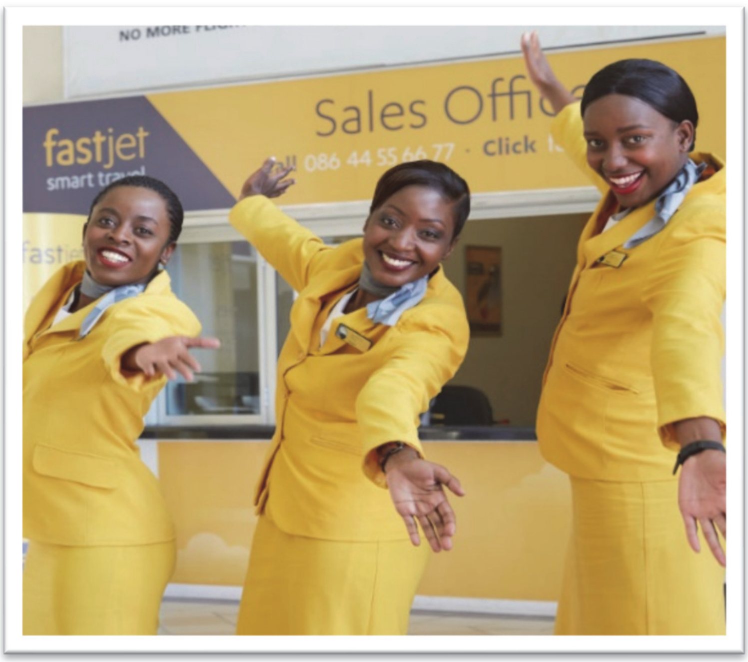
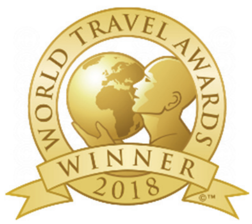


Our destinations



Our People





Africa's Leading Low Cost Airline

- 2016 - winner
- 2017 - winner
- 2018 - winner
- 2019 - winner

Best LCC in Africa

- 2017 - winner
- 2018 – runner up
- 2019 - winner

Strategic Report

Chairman's Statement

Despite the group's stabilization plan and strategic objectives that were deployed in 2017 and early 2018, following the July 2018 capital raise and the significant trading difficult experienced in Tanzania in 2018, the Board decided to have a total review of the business in each country and the overall core business model deployed.

After an in-depth review of each country and their specific trading environments, and after significant deliberations, the Board decided to implement the following fundamental changes in the group's businesses:

i. Divestment from the fastjet Tanzania business entirely; this was a very challenging decision for the Board, considering the fastjet Tanzania business was a significant portion of the total group business. Following this decision, the in-country management team and a local Tanzanian shareholder decided to continue operating this airline and business independent of fastjet Plc. The business was sold to the local shareholder together with a South African person at a nominal value of US$1.00 on 26 November 2018 (see note 3.1 of the consolidated financial statements);

ii. Restructuring of the remaining businesses in each country, allowing each business to be managed and operated independently in country, with the core areas of financial accounting and reporting and commercial and marketing now being performed in-country. This allowed the local management team to apply direct local knowledge quickly and efficiently and to take total responsibility and accountability for performance, removing any possible confusions between head office and the in-country business that exited in the past;

iii. Restructuring of the Johannesburg based head office, with a renewed focus on oversight and monitoring of the strategies deployed, together with core ICT systems management, allowing better effective support to the in-country business and executive teams; and

iv. The head office fastjet Plc team and Board are focused on ensuring the investments we make in 2019, together with the decentralized airlines in Zimbabwe and Mozambique, operate more effectively and efficiently.

The above changes were implemented during the fourth quarter of 2018.

I am pleased to report that Mark Hurst was appointed as the Group's Deputy CEO from 01 January 2019 and further that Kris Jaganah has joined as our Group CFO and an executive director, replacing Michael Muller. Kris brings with him advanced IT focused "big data" experience, that will help fastjet with faster, more detailed and focused integrated financial reporting and business intelligence systems.

Mark will focus on and be critical to the implementation of the decentralization drive and deploy the various measurement systems and controls required for the challenging African markets in which we operate.

Nico will continue to focus on the Board's wider business plan and he will also focus on identifying new strategic objectives in the short term for future growth into 2020 and onwards.

We have made very good progress in many areas over the past six months, but we still have significant work to do and achieve. Our core focus as a Board in 2019 will be around minimizing future losses, with the aim to start making profits and generating positive cash flows, eliminating the need for shareholder capital raises except for real growth and opportunities.

The Board is confident on the longer-term decentralized strategy for the fastjet group. The initial assessment based on the results being achieved to date show good improvements and reduced operating losses, giving the Board optimism for our future.

Strategic Report

Mozambique remains a challenging market and is being monitored closely. The executive management have recently made a number of operating changes during the second quarter of 2019, with the completion of the Linhas Aéreas de Moçambique ("LAM") code share agreements, which will help to minimise any significant impact and losses going forward in Mozambique.

The overall Zimbabwe business environment remains dynamic and volatile with an unpredictable currency and a significantly increased inflation rate. I am happy to confirm that our management teams are monitoring and reviewing these changes daily and adjusting pricing accordingly, taking cognisance of the competitive environment.

The capital raise in December 2018 and the disinvestment from Tanzania, resulted in several write offs and impairments in December 2018. All of these are well detailed and documented in the financial statements and notes.

BDO was appointed as our new group auditors for 2018. Unfortunately, there was a delay in starting the audit due to fastjet induced delays linked to our new systems. As this was BDO's first year of auditing fastjet and the significant changes in our business during 2017 and 2018, BDO rigorously reviewed and verified the application of these material transactions, all accounting policies and management judgements and estimates. This took more time on both the fastjet and BDO's teams than originally planned for.

The Board is confident that we now have a much stronger balance sheet with the four EMB145 aircraft purchased, thereby reducing the foreign currency impact and US$ cash flow requirements from Zimbabwe.

Overall, I remain optimistic that with the strategies and changed operating plans now put in place, we now have a solid foundation to build up on. Fedair, as an example, allows fastjet to set up operations and grow further in South Africa in years to come.

I would like to thank the executive management team, in country management and all fastjet employees and suppliers as well as our important and valued customers, for their dedication and commitment to the fastjet business.

Rashid Wally
Chairman
26 June 2019

Strategic Report

Chief Executive Officer's Statement

During the past year, the fastjet team has worked hard in a challenging trading environment to ensure the long-term sustainability of the Group. Several strategic initiatives were completed, most notably the re-evaluation of the entire group business by country of operation. This resulted in the very difficult, yet important decision, to dispose of the group's Tanzania business entirely. The Board also decided to decentralise the business and its commercial and financial management structures to ensure that the key areas of control and management effectiveness are attained in each business.

To implement the above, a capital raise was required in December, the result of which allowed the fastjet group to end the year with significantly stronger balance sheet, a complete exit from Tanzania and the elimination of significant long-term debt and lease obligations, together with the purchase of the remaining operational fleet.

The decentralisation has been implemented. The Board and the executive management team continue to focus on the significant work ahead of improving profitability and operating cash flow and that key areas of decentralised control and effectiveness are attained in all business units in 2019.

The year saw excellent growth in our Zimbabwe market and the first full year of operations in Mozambique. fastjet Zimbabwe, the country's only major private domestic carrier, saw growth in capacity of 30% and an increase in yields of 40%, as the company entrenched itself as a competitive non-State-owned carrier in the market. Market share on the Johannesburg to Harare route grew during the year to become the most frequented carrier with up to four daily return flights. The addition of a daily Harare to Bulawayo flight in July (and a second daily flight started in early January 2019) contributed to the capacity increase. fastjet Zimbabwe's route from Harare to Victoria Falls continues to do well and saw an increase in capacity of 52% year on year.

Whilst the fastjet Zimbabwe outlook remains positive and cash generating, Zimbabwe continues to be a difficult market in which to operate. This includes a monthly devaluing RTGS$ currency and rapid inflation in 2019. Like other Zimbabwean businesses, fastjet Zimbabwe has experienced significant difficulties in obtaining access to foreign currency to settle foreign suppliers using restricted bank balances. Although the position has improved from October 2018, with the airline starting to access US$ funds to settle certain foreign suppliers based on allocations granted by the Reserve Bank of Zimbabwe. The company continues to pursue a strategy of increasing local currency spend through localising key supply chain elements into Zimbabwe such as the relocation of the call centre which previously were being performed in South Africa.

In quarter two of 2019, through monetary policy changes in Zimbabwe and the introduction of the RTGS$ local currency and separate US$ Nostro accounts, this has allowed fastjet Zimbabwe to start selling tickets in both RTGS$ and US$ currencies. Currently these changes have allowed fastjet Zimbabwe to generate more than 50% of its ticket sales in hard currency US$ which are being used to settle foreign suppliers. However, the rapidly devaluing RTGS$ currency, rampant inflation and reduced buying power of individuals and companies has impacted our overall load factors.

fastjet Mozambique had its first full year of operations, having commenced operations in November 2017. During 2018, despite increasing capacity, load factors remained weak as a result of lack of demand and competitive activities from the local state-owned carrier Linhas Aéreas de Moçambique ("LAM"). fastjet Mozambique ceased operating the Maputo to Nampula route on the 28 of October 2018 in order to reduce route losses. This lost capacity was immediately replaced with a new route from Maputo to Quelimane on the 29 of October 2018. In December, Ethiopian Airlines entered the Mozambique market putting further pressure on the route load factors. To compete effectively and profitably, fastjet made use of its commercial agreement with LAM to provide consumers with codeshare bookings. The Board continues to monitor this market closely and will adjust its strategy accordingly to changes in market conditions.

Strategic Report

fastjet exercised its option to purchase Federal Airlines ("FedAir") on 7 October 2018, which saw FedAir now consolidated into the Group. FedAir performed well during the year and has contributed positively to the Group results. FedAir has a well-established market in the unscheduled safari business, carrying tourists directly to their destinations in the Sabi Sands, Kruger National Park and surrounding areas. In addition, its charter business continues to do well. The acquisition of FedAir by fastjet will allow operating synergies to be achieved and provides the group with an important foothold in the important South African market for the future.

During 2018, the Tanzania market remained an extremely challenging environment for fastjet. As a result of continued regulatory and operational difficulties, together with competitive pressures, in September 2018 the Board resolved to cease providing working capital to fastjet Tanzania. The group disposed of its stake in the Tanzanian holding company on 27 November 2018. Regulatory challenges had significantly delayed the importation and clearance of the ATR72-600 fleet. Domestic route right approvals for both the ATR72-600 and ERJ190 were stalled many months with unexplained delays. Furthermore, the national carrier began an uneconomic pricing policy on the two key routes operated by fastjet, where it began flying its newly acquired B787 Dreamliner (approximately 280-seater long-haul aircraft) on short domestic sectors and at sub-economical fares.

Although 2018 presented numerous operational and strategic challenges for the group, the balance sheet has been strengthened, the operations rationalised and excellent growth achieved in the Zimbabwean market.

Funding Activities

Shareholder Loan Facility

In April 2018, the Company entered into a US$12.0m loan facility agreement with Solenta Aviation Holdings Limited ("SAHL") to fund the exercise of the Company's option over the purchase of the three ATR72s aircraft with the balance to be used for general working capital purposes.

Loan from SSCG and loan to Annunaki

Original transaction

In July 2018, fastjet Plc borrowed US$2.0m from SSCG for general working capital purposes across the Group on an interest-bearing loan at 6% fixed per annum, for an initial period of six months.

At the same time, fastjet Zimbabwe deposited RTGS$5.0m of its restricted bank balances held in Zimbabwe with Annunaki on an interest-bearing deposit at 4% fixed per annum, for an initial period of six months.

Monetary policy changes within Zimbabwe

In October 2018, the Reserve Bank of Zimbabwe ("RBZ") announced a monetary policy change introducing a new and separate US$ bank account, which was called US$ Nostro accounts. In doing this, the RBZ separated US$ restricted bank balances ("RTGS$") and accounts into two identifiable and separate new bank accounts, whereby all US$ restricted bank balances effectively became domestic RTGS$ bank balances; thereafter all companies were required to open up the new US$ Nostro account for future hard currency US$ transactions.

By doing this, the RBZ informally recognised a parallel currency, and this resulted in the Zimbabwean market no longer recognising the official exchange rate of RTGS$ 1.00 = US$ 1.00.

Because of this, management took the decision to revalue all RTGS$ denominated financial assets held at year end at an exchange rate RTGS$ 4.6923 = US$ 1.00, which significantly affected the carrying value of the original US$5.0m Annunaki loan.

At 31 December 2018, the original RTGS$5.0m was valued at US$1.1m based on management's implied exchange rate of RTGS$ 4.6923 = US$ 1.00. An exchange loss of US$3.9m was incurred because of the significant devaluation of the RTGS$ currency against the US$.

Strategic Report

Loan amendments

On 1 March 2019, the Company agreed with both Annunaki and SSCG that the terms of the unsecured loans will be extended to 31 March 2019. The terms of the Loan Agreements will remain the same except for the following changes:

- The loan amount from fastjet Zimbabwe to Annunaki was increased from RTGS$5.0m to RTGS$7.0m due to devaluation of the underlying RTGS$ currency;

- During the term of the Loan Agreement with SSCG, SSCG shall have the option to convert the US$2.0 m repayment plus any outstanding interest into ordinary shares in the Company (subject always to the shareholders of the Company granting the directors sufficient authority to allot and issue such shares on a non-pre-emptive basis) (the "Option to Convert") either (i) upon the happening of an event of default under the Loan Agreements, or (ii) after 28 February 2019; and

- Any ordinary shares in the Company issued pursuant to the Option to Convert shall be issued at the higher of:

    - the volume weighted average price per ordinary share over the preceding 30 trading days on the London Stock Exchange ending on the date on which SSCG has given such written notice to convert; or

    - At par value.

Loan – second term extension

On 05 March 2019, the parties agreed to extend the Loan arrangements to 30 June 2019.

Loan – repayment and extension

On the 11 June 2019, an amount of US$1.25m was repaid to SSCG and the remaining US$0.75m was extended to 31 January 2020.

Additionally, between 12 June 2019 and 14 June 2019, Annunaki repaid the RTGS$7.0m to fastjet Zimbabwe together with all the accrued interest.

At the time of repayment, the RTGS$7.0m was valued at US$1.1m based on the Zimbabwean interbank exchange rate of RTGS$ 6.1200 = US$1.00. Between 31 December 2018 and the time of repayment, an additional exchange loss of US$0.7m was incurred because of further devaluation of the RTGS$ currency against the US$.

Shareholder Fundraising

On 05 July 2018, the company issued:

- 66,495,310 new ordinary shares of 1 pence each were issued at a price of 8 pence per share raising gross proceeds of £5.3 m (US$7.0m).

- 28,924,538 new ordinary shares of 1 pence each to SAHL at a price of 8 pence per share, raising gross proceeds of £2.3 m (US$3.0m).

- On 27 July 2018, 2,824,504 new ordinary shares of 1 pence each were issued by way of an open offer to existing shareholders at a price of 8 pence per share, on the basis of one share for every 26 existing ordinary shares. This raised gross proceeds of £0.2m (US$0.3m).

Strategic Report

On 13 December 2018, the company issued:

- 3,124,999,999 new ordinary shares of 1 pence each which were issued at a price of 1 penny per share raising gross proceeds of £31.3m (US$39.3m).

- 55,171,979 new ordinary shares of 1 pence each which were issued by way of an open offer to existing shareholders at a price of 1 penny per share, on the basis of 57 shares for every 10 existing ordinary shares. This raised gross proceeds of £0.6m (US$0.7m).

Of the above US$40.0m, US$15.1m was received in cash, and US$10.0m of the Shareholder Loan Facility above was converted into equity together with arrears interest of US$0.4m. US$11.5m was used to purchase the four Embraer 145 aircraft, US$2.5m was used to settle raising fees and legal costs and US$0.5 was used to settle the penalty relating to the early termination of the SAHL lease.

Of the US$15.1m cash raised, US$11.5m was used to settle obligations to allow the divestment from Tanzania and the balance of US$3.6m was retained by the Group as working capital.

In aggregate in 2018, the issue of shares raised gross proceeds of £39.7m (US$50.3m) (2017: US$90m).

The Board is grateful to all the loan providers and shareholders who participated in the fundraising exercises for their continued support.

Financial Performance

The Group recorded a loss for the year of US$58.2m from continuing operations (2017: US$11.2m loss from continuing operations). The results included the start-up losses incurred in fastjet Mozambique, the impact of the divestment of the Tanzanian business and exceptional items of US$22.1m. The exceptional items, which are more fully described in Note 6, included inter alia the write-off of the equity settled share-based payment transaction of US$11.3m following the purchase of four E145 aircraft from SAHL, the impairment of US$4.6m of the FedAir Brand License Agreement from the other financial asset as detailed in Note 13, an impairment of US$3.0m of the air operations certificate, an impairment of US$1.5m of goodwill, an impairment of US$1.3m of brands and US$0.4m of other. Included also in the current year loss for the year is US$8.5m relating to Zimbabwe foreign exchange losses on financial assets. Refer to Note 8 and Note 24 for further details.

When the company purchased the four E145 aircraft from SAHL, it agreed with SAHL to conclude the old share-based payment agreement, thereby creating the need to write off the remaining balance of the Equity Settled Share Based Transaction account of US$11.3m.

Group revenue increased by US$24.1m, of which US$13.0m was from Zimbabwe's much improved capacity, yield growth and passenger numbers, US$7.8m related to the first full year of operations in Mozambique, US$3.6m related to the FedAir subsidiary which was acquired in October 2018, and the balance offset by a reduction of US$0.3m in Central revenue.

Operating costs were relatively stable, increasing in line with capacity and as a result of the addition of fastjet Mozambique for a full year of operations added to the cost base. Operating costs were also impacted by an increase in the fuel price during the year.

Discontinued operations of fastjet Tanzania and the resultant disposal of the three ATR 72-600 aircraft which had been purchased specifically for operations in Tanzania, triggered a loss of US$6.9m. This amount consists of an operating loss by fastjet Tanzania of US$8.9m, a gain on the deconsolidation of the net liabilities of fastjet Tanzania of US$16.9m, a reclassification of foreign currency translation loss reserve of US$5.5m, a loss on disposal of the returned three ATR72-600 aircraft of US$14.6m and US$0.3m expenses relating to forward sales liabilities.

Strategic Report

The Directors believe that after the disposal of Tanzania and the balance sheet restructuring from the December capital raise, the current economic and trading outlook in fastjet's key markets of Zimbabwe and South Africa remains positive, whilst Mozambique remains challenging. In 2019, the Group is expecting to increase market share in the Zimbabwean market, look at growth opportunities in the South African market, and will continue to monitor the health of Mozambique.

In preparing these financial statements, the Directors have concluded that the continued adoption of the Going Concern basis is appropriate. The key assumptions and risks that the Directors have considered in reaching this conclusion are set out in the Going Concern section within the Financial Review below and in Note 1 of the notes to the Financial Statements.

Strategic Developments

Stabilisation Plan

fastjet's Stabilisation Plan, which commenced in the second half of 2016, was designed to strengthen the commercial, cost management and financial aspects of the business. This initiative has now been concluded, and the following achievements realised:

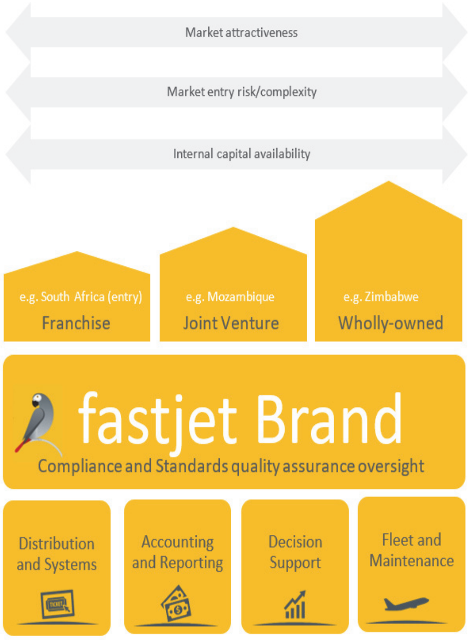
- **Network:** Since 2016, fastjet has moved from being a business with more than 99% revenue exposure to one country, Tanzania, to a business with a more-balanced geographic exposure with operations in Zimbabwe, South Africa and Mozambique;
- **Fleet:** The Company has concluded its fleet transition, moving from larger Airbus A319 aircraft to a fleet of ERJ 145 aircraft that is now fully owned and unencumbered. The fleet changes implemented have resulted in a better match between supply and demand, translating into load factors improving from 54% in 2016 to 72% in 2018;
- **Brand, Service and Reach:** fastjet has continued to build equity in its brand, which it acquired from the easyGroup in 2017, and boast one of the largest social media followings of any airline on the African continent. During 2018 fastjet was awarded Africa's Best Low-Cost Carrier award at the World Travel Awards, following award of the same accolade in 2017. Despite this, due to the exit from Tanzania which was a significant part of fastjet group revenues and passengers carried, management has impaired the carrying value of the fastjet brand acquired from easyGroup by US$1.2m (refer to Note 11);
- **Revenue and Distribution:** During the course of the Stabilisation Plan, fastjet replaced its core reservations and revenue management platforms. It also implemented global distribution partnerships with travel agent platforms such as Travelport and Amadeus. Further fastjet added Interline Agreements with Emirates and Qatar Airways. In March 2018, a strategic cooperation agreement with LAM, Mozambique's National Carrier, was established. In May 2019, this strategic cooperation transitioned into a fully-fledged codeshare agreement. The improved supply-demand match achieved through fastjet's re-fleeting exercise, combined with increased yields, has seen the Company increase its unit revenue (RASK) by 112% from US$0.0592 in 2016 to US$0.1254 in 2018 (see page 20);
- **Cost:** A key feature of the Stabilisation Plan was to achieve a reduction in costs across all areas of the business. Although costs are continuously under review, the plan has already resulted in a reduction in cost-drivers such as labour cost which reduced by 43% between 2016 and 2018 (immediately prior to the disposal of the Tanzania operation);
- **Support Systems:** Substantial effort was applied during the Stabilisation Plan to improve decision support and control systems within the business, in addition to the sales and distribution system changes referred to above. fastjet in 2018 implemented a new financial accounting platform across all operating units and further implemented a revenue accounting and data warehouse solution, designed to equip the business with relevant and timeous information – we continue to develop and enhance these solutions.

The Board is pleased with the results achieved by the Stabilisation Plan which have placed fastjet on a substantially firmer footing but recognises that there is still much to be done.

Strategic Report

Business Model Flexibility

Having gained full control of the fastjet brand together with the establishment of the requisite system support infrastructure, has enabled fastjet to develop and implement a refined business model that is premised on centralised support and oversight and decentralised operational deployment, with a level of equity participation/commercial risk assumption that varies from country-to-country.



fastjet is now in a position where each of its prospective markets may be assessed based on market attractiveness, entry risk/complexity and fastjet's access to start-up capital for a new geography at a given point in time. The Company is now in a position to pursue geographic expansion by means of either a franchise, joint venture or owned operation deployment. Importantly, the deployment model for a given country is not static and may change over time, as the FedAir example in South Africa illustrated (initially a brand franchise arrangement that has now progressed to an owned basis of operation).

We believe that the flexibility of fastjet's refined business model will better equip the Company to pursue expansion across the African continent. Accordingly, the time, cost and management bandwidth associated with entering each of the 54 African countries on a wholly owned basis may be substantially lessened in this way.

Organisational Restructuring

With the Stabilisation Plan having been completed in 2018 and considering the implications of refinements made to fastjet's business model as outlined above, as well as the Group's exit from the Tanzanian Market, the Board embarked on an organisational restructuring at the end of 2018. This organisational restructure has resulted in a further streamlined head-office infrastructure and headcount reduction, based in Johannesburg, South Africa, and separate funding allocations per operational country which supports ground-level performance accountability and investment management aligned to shareholder return optimisation.

Board of Directors

On 02 July 2018, Mark Hurst - a SAHL representative - joined the Board as a Non-Executive director. On 01 January 2019, Mark was appointed the Deputy Group CEO of the company, thereby changing his role to an Executive Director. On 18 September 2018, Peter Hyde an independent Non-Executive director, resigned from the Board. Michael Muller, the Chief Financial Officer resigned effective 29 March 2019 and Kris Jaganah joined the Board as the new Chief Financial Officer on 05 April 2019.

SAHL is, under the terms of the strategic partnership agreement, entitled to appoint two Non-Executive directors. In addition, the Shareholder Loan Facility granted by SAHL to fastjet in April 2018 entitles SAHL to appoint a further director. To date SAHL have nominated one director, being Mark Hurst.

Corporate Governance

We believe that good governance is integral to delivering growth in shareholder value. In line with best practice and regulations. The Corporate Governance report is presented on page 26.

Strategic Report

Outlook for 2019

2018 proved to be a difficult year for African aviation, with airlines on the continent, according to the International Air Transport Association, realising net losses of approximately US$400m. For fastjet it was a year that necessitated strategic decisions and decisive actions, which resulted in two (South Africa and Zimbabwe) of the Group's three operating countries delivering profits for the last quarter of the year, the exit from one market (Tanzania) and a sharp focus on the evolution of our newest market, Mozambique.

The encouraging performance of our continuing operations in the final quarter of 2018 is expected to continue into 2019, with a near break-even Group operating result in quarter 1 of 2019 (seasonally the weakest quarter of the year) supporting the Board's expectation of the Group achieving an operating profit for the 2019 year before the significant foreign exchange losses triggered in Zimbabwe specifically.

Further evidence for this expectation is relatively robust GDP growth expectations of 4.2% and 4.5% for Zimbabwe and Mozambique respectively, according to the African Development Bank. While South Africa is expecting a more modest 2.0% GDP growth, the sheer size of the aviation market (> 20 times that of Zimbabwe and Mozambique combined) represents an exciting growth opportunity for the Group that we will pursue in the future.

In the medium to longer term the committed implementation of open skies by several African countries as encompassed in the African Union's Single African Air Transport Market ("SAATM") initiative also bodes well, as access to growing aviation markets becomes less impeded by challenging regulatory constraints and restrictions.

The Group faces risk and uncertainty from the monetary policy changes implemented by the Zimbabwean government at the end of February 2019, increased occurrences of natural disasters and greater competitive intensity in Mozambique. In this regard, fastjet's geographic revenue diversification, our localisation of services in Zimbabwe, our flexible deployment model in Mozambique and FedAir's revenues weighted towards the second half of the year, all stand fastjet in good stead.

An enhanced risk in Zimbabwe which needs to be managed weekly is the fast devaluing RTGS$ currency against the US$ and rampant inflation triggered by this, which is forecast to reach 100% in RTGS$ terms in the imminent future. To address this, management has focused on managing all revenues and costs against US$ baseline and operating target. The key direct risk is doing this is reduced load factors against receiving the right US$ per passenger carried revenue as well as retaining key in-country resources and employees.

fastjet, with a restructured balance sheet and optimised organisational structure, a refined operating model and having diversified its geographic revenue streams over the past two years is now better positioned to strategically deliver sustainable growth.

The Strategic Report, the Annual Report and the audited Financial Statements on pages 48 - 142 were approved and authorised for issue by the Board of Directors on 26 June 2019.

Nico Bezuidenhout
Chief Executive Officer
26 June 2019

The accompanying accounting policies and notes form part of these financial statements.

Strategic Report

fastjet's Vision

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

To provide affordable air transportation in all economically viable African markets.

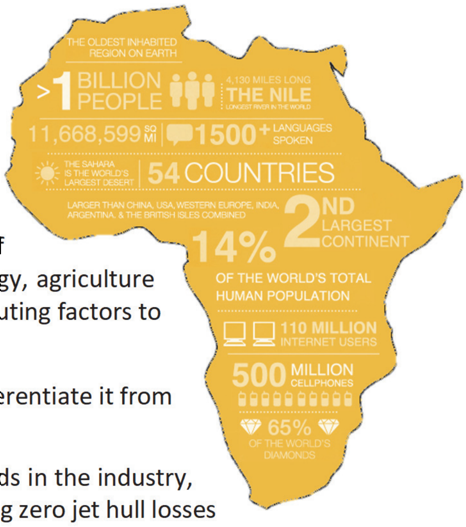
Core Strategy

The core strategy for the business is aligned to our vision to be a successful pan-African airline, based on the principles of the low-cost carrier ("LCC") operating model, but still adapted on per country basis to cater for local nuances and requirements.

The 2019 initiatives aimed at achieving this goal include:

- IATA Operational Safety Audit accreditation ("IOSA");
- Embedding fiscal stability and strengthening operating cashflows, specifically with reference to repratriating positive cash flows from our Zimbabwean operation;
- Enhancing the Company's data-management and system capabilities;
- Revenue maximisation through increased reach and improved revenue management discipline;
- Driving our newest market, Mozambique, to reduce losses during its start-up phase;
- Improving the financial control environment and reduce cost through increased automation;
- Completion of the integration of FedAir; and
- Preparing for further growth in Southern Africa.

The African aviation context



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

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

- **Safety:** while Africa has historically had one of the worst air safety records in the industry, this has steadily improved in recent years, with the continent experiencing zero jet hull losses for the 3 years 2016 - 2018;
- **Fragmented market with strong growth potential:** although accounting for less than 3% of global air traffic Africa has approximately 200 airlines across the 54 African Union member countries. According to IATA, African aviation will grow by 4.6% annually, the 2nd fastest regional growth globally, and by 2037 it will see an extra 199 million passengers for a total market of 334 million passengers. In 2018 the collective seat capacity to, from and within Africa was less than 50% of the anticipated future demand;
- **Regulation:** Market access between African countries is tightly regulated. The implementation of the 1999 Yamoussoukro Decision ("YD") of African transport ministers, which resolved that African countries would open their markets to each other, has finally started to gain traction with the launch of the Single African Air Transportation Market by the African Union.

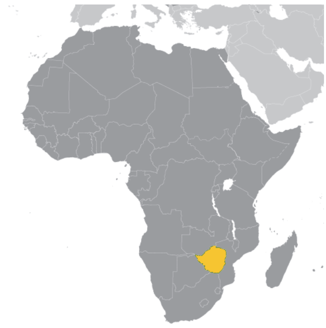
Despite the clear potential and realised improvement in African aviation together with the promise of further progress, there remains a wide gap between the best and worst financially performing African airlines and continued high levels of state-owned market participation. IATA expects African carriers to generate an improved loss of US$300m in 2019 and states: "Performance is improving, but only slowly. Losses are expected to be cut in 2019 as fuel prices decrease. The region benefits from higher-than-average yields and lower operating costs in some categories".

Strategic Report

Market Overview

fastjet now has operational bases in Zimbabwe, Mozambique and South Africa where it operates scheduled and chartered services to the capital cities of Harare, Maputo and Johannesburg, connecting business and leisure travellers with domestic destinations in each of these countries and connecting South Africa and Zimbabwe.

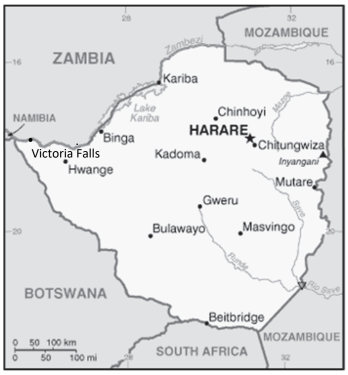
Zimbabwe 



Zimbabwe is a land-locked country in Southern Africa covering 391,000 sq km, with a population of 14.0m people, 58% of whom are below the age of 25, and an annual GDP of $17.6bn. The Zimbabwean economy has a material dependency on mining, accounting for approximately 22% of the country's GDP, and its biggest trading partners are South Africa and Mozambique, accounting for more than 70% of Zimbabwe's exports.

Fastjet commenced operations in Zimbabwe at the end of 2015 and presently operates up to four daily frequencies between Harare and Johannesburg; up to twice a day flights between Harare and Victoria Falls and Harare and Bulawayo; and three seasonal, primarily leisure orientated, flights a week between Victoria Falls and Johannesburg. During 2018 fastjet improved load factors on its Zimbabwean operations from 69% in 2017 to 77% and realised a 56% increase in revenue per passenger carried:

- **Harare to Johannesburg:** During 2018 fastjet enjoyed an approximate 34% frequency share on the Harare-Johannesburg route, with this frequency share allowing the airline to tailor an offering better suited to the higher-yielding business travel market. fastjet competes against Air Zimbabwe, South African Airways, British Airways and SA Airlink on this route.



- **Harare to Victoria Falls:** fastjet had a 60% frequency share on this route during 2018, competing only against Air Zimbabwe (following FlyAfrica suspending operations earlier in the year).

- **Harare to Bulawayo:** fastjet obtained regulatory approval and commenced services on this route in August 2018, initially with a single daily frequency and later increased to a twice daily frequency on weekdays. During 2018 fastjet held a near 18% frequency share on this predominantly business-orientated route, with competition from Air Zimbabwe. fastjet's frequency share is expected to increase to 60% in 2019.

- **Victoria Falls to Johannesburg:** fastjet held a 15% frequency share on this primarily leisure route during 2018 where it competes against Air Zimbabwe, South African Airways and British Airways. Given that this route experiences substantial seasonal fluctuations in demand, fastjet will continue to operate a seasonal schedule between Victoria Falls and Johannesburg during 2019.

Following a measure of political instability in late 2017, fastjet consolidated its position in Zimbabwe during 2018, culminating in the airline realising its first quarterly profit in Zimbabwe during the final quarter of 2018, a performance which was repeated in the seasonally weakest first quarter of 2019. With the 2019 forecast growth in Zimbabwe's, the Group plans to expand its operations in this country by approximately 20% during 2019 and expects its Zimbabwean operations to deliver a full-year profit despite the effect of a volatile local currency.

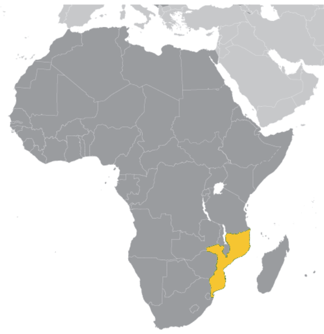
Strategic Report

Whilst the fastjet Zimbabwe outlook remains positive and cash generating for fastjet, Zimbabwe continues to be a difficult market in which to operate with monthly devaluing RTGS$ currency exchange rates and rapid inflation in 2019. Like other Zimbabwean businesses, fastjet Zimbabwe experienced significant difficulties in accessing foreign currency to settle foreign suppliers using in country restricted bank balances. This said, from October 2018, the airline started to receive some remittance of US$ currency funds to settle certain foreign suppliers based on allocations granted by the Reserve Bank of Zimbabwe. During the second half of 2018, as part of the strategy to increase local currency spend in country utilising restricted bank balances, good progress was made in localising key supply chain elements into Zimbabwe such as the call centre which previously were being performed in South Africa by foreign suppliers.

In quarter two of 2019, through monetary policy changes in Zimbabwe and the introduction of the RTGS$ local currency and separate US$ Nostro accounts, this has allowed fastjet Zimbabwe to start selling tickets in both RTGS$ and US$ currencies. Currently these changes have allowed fastjet Zimbabwe to generate more than 50% of its ticket sales in hard currency US$ which are being used to settle foreign suppliers. However, the rapidly devaluing RTGS$ currency, rampant inflation and reduced buying power of individual and companies has impacted our overall load factors.

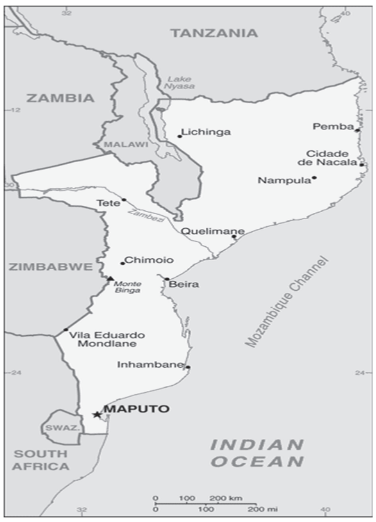
The Group continues to apply effort in utilising cash resources from our Zimbabwean operations to settle all our foreign supplier obligations, managing overall ticket pricing in US$ per passenger carried and the resultant overall load factors; these three factors represent our biggest risks to our operations and overall success in this country.

Mozambique



Mozambique is located on the south-eastern seaboard of Africa covering 799,000 sq km, with a population of 27.2m people, 65% of which are below the age of 25, and an annual GDP of $12.6bn. 23% of Mozambique's economy currently depends on agriculture. However, according to the Oil & Gas Journal, Mozambique holds 100 trillion cubic feet (Tcf) of proven natural gas reserves and is the third-largest holder of proven natural gas reserves in Africa after Nigeria and Algeria. The African Development Bank expects gas to transform Mozambique into one of the largest economies in Africa within the next ten years. South Africa is Mozambique's largest import and 3rd largest export partner, with India and the Netherlands being the top two export partners.

fastjet entered the Mozambique market in November 2017 in a partnership arrangement with Solenta Aviation Mozambique ("SAM"), whereby fastjet uses SAM's Airline Operators Certificate and operational infrastructure in Mozambique to provide scheduled air services between Maputo and Beira, Tete and Nampula.



Initial growth was positive with good load factors on both the Beira and Tete routes. A slower uptake and lower yields per hour flown (RASK) on the Nampula route led fastjet to re-allocate the capacity in November of 2018 to Quelimane. During 2018 fastjet established a 16% passenger share within Mozambique, competing initially only against LAM, the National Carrier of Mozambique. From December 2018, Ethiopian Airways, Africa's biggest and most profitable airline, entered the domestic Mozambique market in anticipation of the economic growth expected to accompany gas extraction within this country.

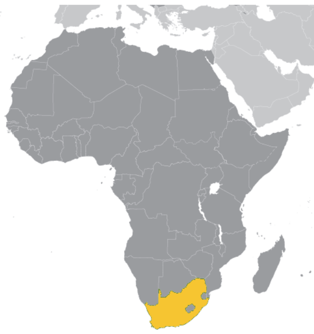
Mozambique, with its Indian Ocean location, is periodically impacted by seasonal weather events, with severe storms in December 2018 and tropical cyclone Idai, one of the worst-ever to hit Africa, devastating large parts of Mozambique in March 2019.

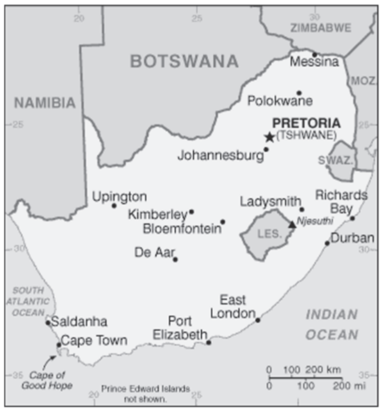
Strategic Report

As a consequence of this natural disaster impacting near-term demand and given the additional competition within this market following the entry of Ethiopian Airways, fastjet took the decision to proactively reduce operating capacity (and therefore financial exposure) within Mozambique in the second quarter of 2019. These measures retain a market presence through operations between Maputo and Tete and to expand codeshare operations, in partnership with LAM, in order to retain and increase the fastjet brand presence on LAM flights to Beira and Quelimane. The initial results of this measure, first implemented on the Maputo – Beira route, has been positive and is expected to reduce the overall second half 2019 Mozambique losses by 90% relative to the comparative 2018 period.

Fastjet's joint venture model deployment, and consequent absence of fixed in-country overheads, is proving invaluable as we, temporarily, reduce scale in Mozambique – ready to again pursue growth in this country once the anticipated economic growth in Mozambique materialises.

South Africa 





South Africa, located on the Southern tip of Africa, covers a landmass of 1,219,000 sq km and has a population of 55.4m people, 45% of which are below the age of 25. The country has an annual GDP of $349.3bn, making it one of the largest and most developed economies on the African continent, with a 29% dependency on industries driven by the country's global leadership in platinum, gold and chromium production. South Africa's largest trading partners are China, Germany and the USA.

fastjet gained access to the South Africa market initially through the FedAir brand license agreement (see Note 13). In October 2018, the group exercised its option and acquired shareholding in this entity (see Note 22). FedAir holds an Airline Operators Certificate in South Africa, allowing it to operate domestically and subject to bilateral authorisations, operate to neighbouring countries and further afield.

FedAir operates a fleet of fourteen smaller gauge aircraft, four of which are owned and ten are on pay-as-you-use operating leases. The airline operates daily shuttle air services to South Africa's most popular safari reserves based in Sabi, Kruger, Timbavati, Phinda and Madikwe whilst also providing charter services to neighbouring countries. FedAir is one of only two operators of private departure lounges at OR Tambo International Airport in Johannesburg, Africa's busiest airport. The airline generated net profit margins of more than 8% in 2017 and 2018. Its main competitor is SA Airlink, a South African based entity.

The FedAir business currently holds both scheduled and non-scheduled licenses from the South African Department of Transport allowing it to operate scheduled passenger airline operations within South Africa. These licenses provide an ideal platform from which to expand the fastjet brand in this country, in addition to providing interconnection opportunities with fastjet's interline and codeshare partners.

The Group expects FedAir to maintain its 2018 profitability levels from its existing core business. Steps are being taken to (a) introduce the Embraer 145 fleet type onto FedAir AOC to allow FedAir to launch a fastjet branded airline operation in South Africa at a future date, subject to shareholder support and future funding and (b) to support the existing fastjet offering in Zimbabwe and Mozambique. This cross-pollination opportunity represents an exciting, and relatively lower risk, growth opportunity into Africa's largest aviation market, which is expecting GDP growth, according to the African Development Bank, of 2.0% during 2019.

Strategic Report

Due to the overall need to consolidate the entire fastjet group and manage through the current Zimbabwean challenges driven by currency devaluation and inflation, management updated their assessment of the current carrying value of the FedAir investment. This resulted in an impairment of the carrying value of the overall FedAir investment by US$9.2m at 31 December 2018 (refer to Note 6).

Regulatory environment

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

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

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

The Strategic Report, the Annual Report and the audited Financial Statements on pages 48 - 142 were approved and authorised for issue by the Board of Directors on 26 June 2019.

Nico Bezuidenhout
Chief Executive Officer
26 June 2019

Strategic Report

Chief Financial Officer's Statement

Principal Risks and Uncertainties

The Group is subject to various risks, including those that derive from the nature of the aviation industry and from operating in Africa. Risk assessment and evaluation is an essential part of the Group's planning and an important aspect of the Group's internal control system. As more fully described in the Going Concern statement in the Financial Review below, there are a number of material uncertainties that may cast significant doubt upon the Group's and the parent Company's ability to continue as a going concern.

The risk management and internal control systems encompass the Company's policies, culture, organisational behaviour, processes and systems. The Group has a risk management framework and process that identifies and monitors its principal risks and regularly identifies mitigating actions to those risks.

The following list sets out the Group's principal risks and uncertainties, many of which are inherent in the operation of an airline in any jurisdiction and provides details as to how these are managed by fastjet. The risks and uncertainties described below are the ones that are expected to have the most significant impact on the Group:

- **Safety:** A major safety incident could adversely affect fastjet's operations, financial performance and reputation. fastjet's quality and safety management systems ensure that there are appropriate safety resources and procedures. There is also additional assurance from the licenced post holders in Zimbabwe and Mozambique, and oversight from the fastjet Plc Board's Safety Committee;

- **Strategic:** The continued operation of existing routes, the commencement of operations in new markets and the selection of fleet type can have a material impact on the Group's financial performance and future prospects. During 2018 the management team has fundamentally addressed the Group's services and fleet and introduced more rigorous criteria against which new services will be evaluated;

- **Political uncertainty:** This is continuously monitored by the Board and actions taken if and when required. The group strives to have positive working relationships in the countries it operates in and operates according to domestic and international recognised standards and principles;

- **Regulatory:** The retention of regulatory approvals and licences is essential for services and operations to continue uninterrupted. The Group has the management and systems in place to ensure compliance with aviation regulations in its licenced markets - Zimbabwe, South Africa and Mozambique;

- **Oil price:** The Group does not enter into fuel hedging contracts but ensures that where possible its ticket pricing strategy reflects current oil prices. There is a residual oil price risk in possible movements in fuel price for sold but un-flown tickets. However, this is naturally mitigated by the very short timeframe from the booking date to flight date. Most fuel purchases are currently priced on a fixed monthly basis to mitigate this risk;

- **Commercial:** Network and fleet planning, and the need for effective competitor and market analysis and revenue management are important to ensure effective on-going revenue growth. The Group has an experienced management and commercial team, which utilises in-house marketing tools and, where appropriate, external market analysis. In addition, the Group enters into and maintains contracts with related parties which underpin the Group's operations. Group management and the commercial team regularly monitor the Group's compliance and that of the counterparties with respect to these contracts;

Strategic Report

- **Operational:** Maintenance of a safe, reliable airline is essential. The Group has in place the necessary systems and internal controls to ensure sufficient crew levels to operate the schedule and effective contract management around key supplier relationships, such as aircraft lessors, maintenance providers and ground handlers. fastjet works together with the appropriate authorities to ensure that security measures are in place and effective, and performs regular audits;

- **Finance:** The Group needs to ensure that it has the financial resources to continue operations and deliver its strategic objectives. The Group has appropriate budgeting, forecasting and cash management systems in place. This is included in the going concern section on page 23 - 24. The Company is in the process of further enhancing and strengthening its reporting and internal control environment;

- **Information Technology ("IT"):** Appropriate IT security protocols have been put in place to ensure minimal breaches to the system. Regular backups are done, and appropriate failovers are in place.

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

Strategic Report

Financial Review

fastjet Group

In the second half of 2018 the Board undertook a comprehensive and major review and restructuring of the fastjet business and operations. This concluded with the decision to discontinue the Tanzania airline cash generating unit ("CGU"). At the time, Tanzania comprised more than half our revenues, but generated most of our losses, consumed most of the cashflow, and held significant long-term liabilities. Additionally, over the years, it had consumed most of our key management's time and was the most challenging political environment in which to operate.

Whilst all our markets in Africa have challenging environments, in Zimbabwe, South Africa and Mozambique, fastjet has been welcomed and supported at all levels of government and aviation authorities.

Continuing Operations

Group revenue from continuing operations increased by 167% to US$38.5m (2017: US$14.4m). This was driven by an increase in flown passenger numbers of 45% in Zimbabwe and 575% in Mozambique (as Mozambique only operated for two months in 2017), and an overall increase in yields of 33%.

Zimbabwe revenue increased 102% year on year to US$26.0m (2017:US$12.9m). This was achieved by an increase in available capacity of 30%, an increase in flown passengers of 45%, which included the start of Harare - Bulawayo route, a significant increase in yield of 40% and a further 5% increase in average load factors.

Mozambique revenue increased 642% year on year to US$8.9m (2017:US$1.2m). This was achieved by an increase in available capacity of 613%, an increase in flown passengers of 575% (based on full year of operations), and an increase in yield of 10% and a 5% decrease in average load factors.

In October 2018, the option to acquire a stake in FedAir was exercised resulting in the consolidation of FedAir. The revenue consolidated for the three months was US$3.6m with a positive contribution.

Costs from continuing operations before exceptional items increased by 132% to US$64.1m (2017: US$27.6m). This increase in costs is driven largely by the above-mentioned increase in capacity in both markets adding US$36.5m additional costs in the 2018 year.

Exceptional items impacting the increase in costs for the year included US$11.3m release of the equity settled share-based payment transaction after the December 2018 capital raise, the exercise of the option to purchase FedAir, necessitating a purchase price allocation and valuation of FedAir to be performed, which resulted in a write down of US$4.6m, the impairment of goodwill US$1.5m, impairment of Air operations certificate US$3.0m , impairment of brands US$1.3m and US$0.4m other.

Total costs increased by 278% year on year to US$96.4m (2017: US$25.5m) of which exceptional items was US$22.1m (2017: US$ nil).

The loss after tax for the year from continuing operations was US$58.2m (2017: US$11.2m).

Discontinued Operations

The Group reported a loss from discontinued activities net of tax of US$6.9m (2017: US$13.3m) which related to a US$8.9m trading loss of Tanzania CGU, US$16.9m gain on net liabilities no longer consolidated , US$5.5m reclassification of foreign currency translation loss, US$14.6m loss on disposal of the three ATR 72-600 aircraft acquired specifically for the Tanzanian business and US$0.3m relating to expenses accrued for forward sales liabilities for Tanzania(see Note 3).

Strategic Report

Key performance indicators

The Directors consider the following to be the key performance indicators ("KPIs") when measuring fastjet's underlying operational performance. The KPIs reflect standard airline industry metrics which provide measures of efficiency and business performance. They provide a mechanism for the Group to track performance at both a Group level and industry level. They are indicative of how the business is achieving its strategy and objectives from an operational, cost and revenue perspective. These measures are now split between scheduled and unscheduled services, whereby the former relates to the combined operating performance of fastjet Zimbabwe and fastjet Mozambique, and the latter to the operations of Federal Airlines.

Scheduled Airline Services (Continuing Operations)

Measure	2018	2017 (restated)	Movement
Passenger numbers	254,982	136,765	86%
Revenue per Passenger (US$)	134.0	101.0	33%
Revenue per Seat (US$)	96.6	69.5	39%
Seats Flown	354,650	199,109	78%
Available Seat Kilometres ("ASK")	305,173,450	174,134,053	75%
Load Factor	72%	69%	3pp
Revenue per ASK (US cents)	12.54	8.27	52%
Cost per ASK (US cents) (excluding exceptional items)	20.99	15.87	32%
Cost per ASK ex. Fuel (US cents) (excluding exceptional items)	16.72	12.84	30%
Aircraft Utilisation (Hours)	8,67	4,84	79%
Aircraft Utilisation at Year End (Hours)	6,01	6,36	-6%

Unscheduled Airline Services (3 Months)

Measure	2018	2017	Movement
Passenger numbers - Shuttle	8,168	-	n/a
Passenger numbers - Charter	2,321	-	n/a
Revenue per pax (US$) - Shuttle	276	-	n/a
Revenue per pax (US$) - Charter	581	-	n/a

Note: 2017 comparatives figures were restated to exclude fastjet Tanzania.

Strategic Report

Funding Activities

Shareholder Fundraising

On 05 July 2018, the company issued:

- 66,495,310 new ordinary shares of 1 pence each were issued at a price of 8 pence per share raising gross proceeds of £5.3 m (US$7.0m).

- 28,924,538 new ordinary shares of 1 pence each to SAHL at a price of 8 pence per share, raising gross proceeds of £2.3 m (US$3.0m).

- On 27 July 2018, 2,824,504 new ordinary shares of 1 pence each were issued by way of an open offer to existing shareholders at a price of 8 pence per share, on the basis of one share for every 26 existing ordinary shares. This raised gross proceeds of £0.2m (US$0.3m).

On 13 December 2018, the company issued:

- 3,124,999,999 new ordinary shares of 1 pence each which were issued at a price of 1 penny per share raising gross proceeds of £31.3m (US$39.3m).

- 55,171,979 new ordinary shares of 1 pence each which were issued by way of an open offer to existing shareholders at a price of 1 penny per share, on the basis of 57 shares for every 10 existing ordinary shares. This raised gross proceeds of £0.6m (US$0.7m).

In aggregate in 2018, the issue of shares raised gross proceeds of £39.7m (US$50.3m) (2017: US$90m).

Shareholder Loan Facility

In April 2018, the Company entered into a US$12.0m loan facility agreement with Solenta Aviation Holdings Limited ("SAHL") to fund the exercise of the Company's option over the purchase of the three ATR72s aircraft with the balance to be used for general working capital purposes.

Loan from SSCG and loan to Annunaki

Original transaction

In July 2018, fastjet Plc borrowed US$2.0m from SSCG for general working capital purposes across the Group on an interest-bearing loan at 6% fixed per annum, for an initial period of six months.

At the same time, fastjet Zimbabwe deposited RTGS$5.0m of its restricted bank balances within Zimbabwe with Annunaki on an interest-bearing deposit at 4% fixed per annum, for an initial period of six months.

Monetary policy changes within Zimbabwe

In October 2018, the Reserve Bank of Zimbabwe announced a monetary policy change introducing a new and separate US$ bank accounts which they called US$ Nostro accounts. In doing this, they effectively separated US$ restricted bank balances and accounts into two identifiable and separate new bank accounts, whereby all current US$ restricted bank balances became domestic RTGS$ bank balances; thereafter all companies were required to open up the new US$ Nostro account for future hard currency US$ transactions.

By doing this, the Reserve Bank of Zimbabwe informally recognised a parallel currency, and this resulted in the Zimbabwean market no longer recognising the official exchange rate of RTGS$ 1.00 = US$ 1.00.

Because of this, management took the decision to revalue all RTGS$ denominated financial assets held at year end at an exchange rate RTGS$ 4.6923 = US$ 1.00, which significantly affected the carrying value of the original RTGS$5.0m Annunaki loan.

Strategic Report

At 31 December 2018, the original RTGS$5.0m was valued at US$1.1m based on management's implied exchange rate of RTGS$ 4.6923 = US$ 1.00. An exchange loss of US$3.9m was incurred because of the significant devaluation of the RTGS$ currency against the US$.

Loan amendments

On 1 March 2019, the Company agreed with both Annunaki and SSCG that the terms of the unsecured loans will be extended to 31 March 2019. The terms of the Loan Agreements will remain the same except for the following changes:

- The loan amount from fastjet Zimbabwe to Annunaki was increased from RTGS$5.0m to RTGS$7.0m due to devaluation of the underlying RTGS$ currency;

- During the term of the Loan Agreement with SSCG, SSCG shall have the option to convert the US$2.0 m repayment plus any outstanding interest into ordinary shares in the Company (subject always to the shareholders of the Company granting the directors sufficient authority to allot and issue such shares on a non-pre-emptive basis) (the "Option to Convert") either (i) upon the happening of an event of default under the Loan Agreements, or (ii) after 28 February 2019; and

- Any ordinary shares in the Company issued pursuant to the Option to Convert shall be issued at the higher of:

    - the volume weighted average price per ordinary share over the preceding 30 trading days on the London Stock Exchange ending on the date on which SSCG has given such written notice to convert; or

    - At par value.

Loan – second term extension

On 05 March 2019, the parties agreed to extend the Loan arrangements to 30 June 2019.

Loan – repayment and extension

On the 11 June 2019, an amount of US$1.25m was repaid to SSCG and the remaining US$0.75m was extended to 31 January 2020.

Additionally, between 12 June 2019 and 14 June 2019, Annunaki repaid the RTGS$7.0m to fastjet Zimbabwe together with all the accrued interest.

At the time of repayment, the RTGS$7.0m was valued at US$1.1m based on the Zimbabwean interbank exchange rate of RTGS$ 6.1200 = US$1.00. Between 31 December 2018 and the time of repayment, an additional exchange loss of US$0.7m was incurred as a result of further devaluation of the RTGS$ currency against the US$.

Strategic Report

Going Concern

The Group has in recent years operated at a loss and incurred a further operating cash outflow during 2018. The Group reviewed its current operating model in 2018 and took the following initiatives to reduce cash outflow:

- Divestment from Tanzania;
- Downsizing and restructuring of Head Office;
- Conversion of debt into equity;
- Acquisition of leased aircraft for shares;
- Restructuring of legacy debts;
- Localisation of services in Zimbabwe;
- Route optimisation; and
- Increase in fares to match costs.

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

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

In preparing these financial statements, the Directors continue to adopt the going concern basis, notwithstanding the expected need for further funding and assumed the ability to extract hard currency funds from Zimbabwe in the foreseeable future.

The Directors believe, based on current financial projections and funds available and expected to be made available, that the Group will have sufficient resources to meet its operational needs over the relevant period, being at least until June 2020. Accordingly, in preparing these Financial Statements, the Directors continue to adopt the going concern basis. However, the headroom of available cash resources is minimal and the projections are very sensitive to any assumptions not being met.

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

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

- Load factors will average 74% for second half of 2019;
- Introduction of new initiatives to drive ex South Africa passengers;
- Focused, country-centric marketing by the commercial teams;
- 90% of revenue generated in US$ and ZAR;
- Mozambique operating expenses reducing following revised terms with Solenta;
- Exchange rates: fastjet cashflows are exposed to movements in the RTGS$ and ZAR. In its forecasting fastjet has assumed that the key exchange rates remain as at current levels.

Strategic Report

The Directors have considered a number of risks in preparing these forecasts, including inter alia:

- Not achieving forecast passenger numbers and load factors;
- An increase in aviation fuel prices, which are currently not hedged;
- Adverse currency exchange rate movements; and
- Ability to successfully remit cash from Zimbabwe.

Non-trading financial performance

Post balance sheet events

Loan from SSCG and loan to Annunaki - first term extension

On 1 March 2019, the Company agreed with both Annunaki and SSCG that the terms of the unsecured loans will be extended to 31 March 2019. The terms of the Loan Agreements will remain the same except for the following changes:

- The loan amount from fastjet Zimbabwe to Annunaki was increased from RTGS$5.0m to RTGS$7.0m due to devaluation of the underlying RTGS$ currency;

- During the term of the Loan Agreement with SSCG, SSCG shall have the option to convert the US$2.0m repayment plus any outstanding interest into ordinary shares in the Company (subject always to the shareholders of the Company granting the directors sufficient authority to allot and issue such shares on a non-pre-emptive basis) (the "Option to Convert") either (i) upon the happening of an event of default under the Loan Agreements, or (ii) after 28 February 2019; and

- Any ordinary shares in the Company issued pursuant to the Option to Convert shall be issued at the higher of:

  - the volume weighted average price per ordinary share over the preceding 30 trading days on the London Stock Exchange ending on the date on which SSCG has given such written notice to convert; or

  - At par value.

Loan – second term extension

On 05 March 2019, the parties agreed to extend the Loan arrangements to 30 June 2019.

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On 11 June 2019, an amount of US$1.25m was repaid to SSCG and the remaining US$0.75m was extended to 31 January 2020.

Additionally, between 12 June 2019 and 14 June 2019, Annunaki repaid the RTGS$7.0m to fastjet Zimbabwe together with all the accrued interest.

At 31 December 2018, the original RTGS$5.0m was valued at US$1.1m based on management's implied exchange rate of RTGS$ 4.6923 = US$1.00. An exchange loss of US$3.9m was incurred because of the significant devaluation of the RTGS$ currency against the US$.

At the time of repayment, the RTGS$7.0m was valued at US$1.1m based on the Zimbabwean interbank exchange rate of RTGS$ 6.1200 = US$1.00. Between 31 December 2018 and the time of repayment, an additional exchange loss of US$0.7m was incurred as a result of further devaluation of the RTGS$ currency against the US$.

Strategic Report

Devaluation of Zimbabwe's domestic RTGS currency against the US$

During the second half of 2018, a parallel exchange rate market developed in Zimbabwe for RTGS$ to US$. In October 2018, the government separated RTGS$ bank accounts and US$ bank accounts held with commercial banks into two identifiable and separate bank accounts with US$ bank accounts being called a US$ Nostro account. By doing this, the Reserve Bank of Zimbabwe informally recognised a parallel currency, and this resulted in the Zimbabwean market no longer recognising the official exchange rate of RTGS$ 1.00 = US$1.00. Because of this management took the decision to revalue all RTGS$ denominated financial assets held at year end at an exchange rate RTGS$ 4.6923 = US$1.00.

On 22 February 2019, the Reserve Bank of Zimbabwe formally announced the introduction of a new domestic currency, which effectively devalued its domestic US dollar denominated assets and liabilities, including cash balances. At the same time, they introduced an interbank exchange rate of RTGS$ 2.500 = US$1.00.

Since March 2019 to date, because of the above changes, the RTGS$ to US$ exchange rates via interbank market have devalued significantly from the starting RTGS$2.500 to a current interbank rate of RTGS$6.1200 as of 18 June 2019. This has driven a significant increase in costs of all supplies in country with resultant inflation currently running at between 70% to 100% in RTGS$ terms.

Fuel cost

During the 2018 financial year fastjet purchased its fuel at prevailing market prices, and adjusted ticket prices accordingly where required. The Board will keep its fuel price strategy under review.

The Strategic Report, the Annual Report and the audited Financial Statements on pages 48 - 142 were approved and authorised for issue by the Board of Directors on 26 June 2019.

Kris Jaganah
Chief Financial Officer

26 June 2019

Corporate Governance

Board of Directors

The Board of Directors of fastjet Plc present their report on the audited annual accounts for the year ended 31 December 2018.

Governance

The Board is committed to maintaining high standards of corporate governance. The Company has adopted policies and procedures which reflect the principles of the Corporate Governance Guidelines for Smaller Quoted Companies ("QCA Code") as are appropriate to a Company whose shares are admitted to trading on AIM. A copy of the companies formalised governance policies in line with the QCA code can be found on fastjet's website https://www.fastjet.com.

The report of the Audit and Remuneration Committees are set out on pages 32 and 34 respectively.

Internal control

The Directors acknowledge their responsibility for the Group's systems of internal controls and for reviewing their effectiveness. These internal controls are designed to safeguard the assets of the Group and to ensure the reliability of financial information for both internal use and external publication. Whilst they are aware that no system can provide absolute assurance against material misstatement or loss, in light of increased activity and further development of the Group, continuing reviews of internal controls are undertaken to ensure that they are adequate and effective. In particular, in recognising the immaturity and evolving nature of the business, management continues to invest time and effort to improve controls within the Group. In 2018, the company changed accounting platforms, to ensure better alignment to its business, in addition, the Company introduced a new revenue accounting data warehouse, to better account and reconcile its revenue. fastjet is in the process of further enhancing and strengthening its reporting and internal control environment.

Risk management

The Board considers risk assessment to be important in achieving its strategic objectives. Project milestones and timelines are regularly reviewed. An assessment of all key risks faced by the Group is maintained on a risk register, reviewed by the Board on a regular basis, and appropriate, mitigating and monitoring actions agreed. Principal risks and uncertainties are summarised on Page 17.

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 from the Chairman.

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 Annual General Meeting ("AGM") as a forum for communication between the Company and its shareholders and encourages their participation in its agenda. The Board maintains regular contact with its advisers and public relations consultants in order to ensure that the Board develops an understanding of the views of major shareholders about the Company.

Corporate Governance

Substantial shareholdings

At 31 December 2018, the following shareholders held 95.63% of the shareholding in the Company, of which the top four held disclosable interests of 3% or more and had notified the Company thereof, and the remaining three shareholders held at least 1% of the nominal value of the Company's shares:

Shareholder	Number of ordinary shares of 1p held as at 31 Dec 2018	% of issued Share Capital
Solenta Aviation Holdings Limited	2,255,504,566	59.34
M&G Investment Management	745,331,981	19.61
Janus Henderson Investors	214,943,665	5.66
Liberum Capital	209,677,936	5.52
Majedie Asset Management	92,628,285	2.44
Africa Opportunity Partners	78,125,000	2.06
JO Hambro Capital Management	37,822,723	1.00

Directors

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

Name	Position	
Rashid Wally	Non-Executive Chairman - Independent	*Appointed 01 April 2017*
Robert Burnham	Non-Executive Director - Independent	*Appointed 01 May 2006*
Nico Bezuidenhout	Group Chief Executive Officer	*Appointed 01 August 2016*
Mark Hurst	Deputy Group Chief Executive Officer	*Appointed 02 July 2018*
Kris Jaganah	Chief Financial Officer	*Appointed 05 April 2019*
Peter Hyde	Non-Executive Director - Independent	*Resigned 18 September 2018*
Michael Muller	Chief Financial Officer	*Resigned 29 March 2019*

Commitment of Directors

The Board is satisfied that each of the Directors is able to allocate sufficient time to the Group to discharge their responsibilities effectively.

Skills and development of Directors

New members of the Board receive induction training organised by the Chief Brand and Compliance Officer. The training focuses mainly on the legal and regulatory responsibilities of directors and the business of the Group, in order to ensure that the Directors have the necessary up-to-date experience, skills and capabilities.

Corporate Governance

Current Board of Directors

Following the resignation and appointments detailed above, the Board of Directors currently comprises three Executive Directors and two Non-Executive Directors, as further detailed below. The Directors are of the opinion that the Board comprises a suitable balance of skills and experience, and that the recommendations of the UK's Quoted Companies Alliance Corporate Governance Guidelines for Small and Mid-Size Quoted Companies (the "**QCA Code**") have been implemented to an appropriate level for the Company.

Rashid Wally, Independent Non-Executive Chairman

Rashid Wally was appointed as the Independent Non-Executive Chairman on 01 April 2017. Rashid was previously the Chairman and member of the Audit Committee of Mango Airlines (SOC) Ltd.

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

As the non-executive chairman, Rashid's primary responsibility is the delivery of the Company's corporate governance model. The chairman has a clear separation from day-to-day business of the Company which allows him to make independent decisions.

Other Group appointments:
- Director - Parrot Aviation (Pty) Ltd
- Director - Federal Airlines (Pty) Ltd

Nico Bezuidenhout, Chief Executive Officer

Nico Bezuidenhout joined fastjet as CEO on 01 August 2016, bringing over ten years of low-cost airline expertise and invaluable market knowledge to the Company.

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

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

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

Other Group appointments:
- Director - fastjet Africa (Pty) Ltd

Corporate Governance

Mark Hurst, Deputy Group Chief Executive Officer

Mark Hurst was appointed as a SAHL representative and Non-Executive Director of the Company with effect from 02 July 2018. This role changed to that of Group Deputy CEO with effect from 01 January 2019.

Mark has significant aviation experience with particular expertise in fleet management, aircraft sourcing, operating and leasing, as well as the development and implementation of operational efficiencies throughout the aviation value chain. He is highly regarded in the African aerospace sector for his operational track record, his ability to drive strategic initiatives in challenging environments and his value and supply chain management.

Mark was born and lived in Zimbabwe until he was twenty-eight, after which he relocated to South Africa and became involved with the Solenta group. From this, he has extensive country knowledge and additionally drove the development of the entire SAHL wider group.

Mark will continue to serve as SAHL's Group CEO but on a reduced time basis. In his role as fastjet Group Deputy CEO, he supports Nico and the group team with operational and strategic input.

Other Group appointments:
- Director - fastjet Mozambique Limitada

Kris Jaganah, Chief Financial Officer

Kris Jaganah was appointed Chief Financial Officer on 05 April 2019 having joined the Company in October 2018.

Kris brings several years of experience from the financial services, pharmaceutical and aviation industries. During the past ten years prior to his appointment at fastjet he held the following roles:

Chief Financial Officer – Acia Aero Capital Limited
Senior Group Finance Manager – African Alliance Holdings Limited
Head of Financial Planning & Analysis – Aspen Global Incorporated
Head of back office operations – Superfund Advisory

He has a history of driving operational efficiencies across all functions and ensuring organisational goals are measured within all companies he has been involved.

Kris Jaganah is a qualified Chartered Certified accountant.

Other Group appointments:
- Director - Parrot Aviation (Pty) Ltd
- Director - Federal Airlines (Pty) Ltd
- Director - fastjet Africa (Pty) Ltd
- Director - fastjet Mozambique Limitada

Corporate Governance

Robert Burnham, Independent Non-Executive Director

Robert Burnham has been an independent Non-Executive Director of the Company since May 2006 and is Chairman of the Safety Committee and the Remuneration Committee. Rob has held a variety of executive director and senior management positions in a number of listed companies both in the UK and USA.

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

Board meetings

The Board meets regularly, typically each month, throughout the year in relation to normal operational matters. At least four of these meetings are held in person. The Board is responsible for formulating, reviewing and approving the Group's strategy, financial activities and operating performance.

Name	Position	Board Meeting	Audit Committee	Remuneration Committee
Rashid Wally	Chairman	3/5	4/4	1/1
Nico Bezuidenhout	Chief Executive Officer	5/5	-	-
Michael Muller	Chief Financial Officer	5/5	-	-
Mark Hurst[1]	Non-Executive Director	3/3	1/2	1/1
Rob Burnham	Non-Executive Director	4/5	3/3	1/1
Peter Hyde[2]	Non-Executive Director	2/2	3/3	0/1

Kris Jaganah, Chief Financial Officer is not included in the table for board meetings above, as he was appointed after year end.

There were no nominations committee meetings held during the year.

Performance Effectiveness

Given the Company's current size and stage of development the Board has not considered it necessary to undertake an assessment of the Board performance and effectiveness. The Board will continue to monitor this on an ongoing basis as the Company continues to grow and will decide to conduct a board effectiveness review when deemed necessary.

[1] Appointed on 2 July 2018 as non-executive director and became the Group Deputy CEO from 1 January 2019

[2] Resigned on 18 September 2018

Corporate Governance

Access to Management and External Advice

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.

Rashid Wally
Chairman of the Board
26 June 2019

The accompanying accounting policies and notes form part of these financial statements.

Corporate Governance

Report of the Audit Committee

Purpose

The Audit Committee assists the Board of Directors to fulfil governance and oversight responsibilities in relation to fastjet's financial reporting, internal controls, reviewing of the Company's accounting standards, policies and reports produced by internal and external audit function, risk management, reviewing the adequacy and effectiveness of the Company's anti-money laundering systems and controls for the prevention of bribery, reviewing reports on non-compliances; and overseeing the appointment of and the relationship with the external auditor.

Composition and meetings

The Audit Committee currently comprises three members, one of which is a Non-Executive Director and Company Chairman, Rashid Wally, the second is Deputy Group Chief Executive Officer, Mark Hurst who is the acting interim Audit Committee Chairman and the third member is Simon Fearnhead, a consultant and advisor and also a qualified Chartered Accountant.

The committee meets formally at least four times a year, and the Group Chief Executive Officer and Chief Financial Officer are required to attend committee meetings. When required, the internal and external auditors are also requested to join the meetings.

Year under review

In addition to the External Audit activity detailed below, the committee, during the period under review, considered:

- The 2019 Corporate Plan, strategic direction and budget;
- Quarterly performance for Group and its subsidiaries during 2018;
- the unaudited interim results report for the period ended 30 June 2018;
- statutory and London Stock Exchange Listings Requirements;
- the effectiveness of internal financial controls;
- cashflows and the going concern of the company;
- banking facilities;
- Corporate Governance recommendations;
- legal matters concerning the group;
- whistle-blowing complaints;
- head leases held by the Group;
- the Group's delegation of authority policy;
- internal audit reports for work done; and
- the external auditor's audit report and key audit matters and concurred with the comments.

External Audit

The committee has primary responsibility for overseeing the relationship with, and the performance of, the external auditors. This includes making recommendations on their reappointment and assessing their independence, as set out in section 489 of the Companies Act 2006.

In line with the resignation received from KPMG as the Group's auditors, and in terms of good practice in the rotation of an audit firm considering that KPMG had been the Group's external auditor for the past six years, the company initiated a change in auditor. In doing so, the committee conducted a formal tender for the proposed appointment of a new external audit firm for the 2018, 2019 and 2020 financial years.

Corporate Governance

The committee shortlisted, interviewed and evaluated BDO and Mazars, after which the committee recommended to the Board that BDO be appointed for the 2018 external audit, and 2019 and 2020 subject to shareholder approval.

The criteria used to reach this decision included:

- Airline experience;
- Representation in countries of operation;
- Resources and audit team;
- Costs and annual increases; and
- Timetables and other information.

Accordingly, the committee recommended and has nominated, for appointment at the 2019 AGM, BDO as the external audit firm, and Ms Anna Draper as the designated audit partner, responsible for performing the functions of auditor for the 2018 financial year.

In respect of the 2018 financial year, the committee was satisfied with the quality and effectiveness of BDO's audit process.

Mark Hurst
Acting Chairman of the Audit Committee
26 June 2019

Corporate Governance

Report of the Remuneration Committee

Purpose

The purpose of the Remuneration Committee is to determine and agree with the Board the framework or broad policy for the remuneration of the Company's chairperson and board of Directors, reviewing the pay and employment conditions across the Company including the Board of directors, reviewing approving targets and performance related pay schemes operated by the Company and all share incentive plans and pension arrangements.

Composition and Meetings

The Remuneration Committee has three members, two of which are Non-Executive Directors, Robert Burnham (Remuneration Committee Chairman) and Rashid Wally, and a consultant and advisor, Simon Fearnhead.

The Remuneration Committee meets at least twice a year. The CEO attends meetings by standing invitation to make proposals and to provide such information as the committee may require.

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, Executive Directors and the management team are encouraged to receive and hold shares as part of their performance related remuneration.

Bonus Policy

The criteria for Executive Director Bonus awards are set to reflect the achievement of strategic targets, both short term and long term. During 2018, the targets were weighted to progressing towards long term goals, building enterprise value, and thus directly delivering value to all the Company's shareholders.

No performance bonuses were paid during the 2018 year other than to staff in Federal Airlines, consolidated from October 2018. A signing-on bonus of US$0.4m was paid to Nico Bezuidenhout as shown in the Directors' remuneration table below.

Corporate Governance

Year under Review

During the year under review, the committee considered:

- Executive performance reviews;
- Annual Bonus Scheme and Long-term incentive scheme's to be introduced;
- Salary review dates were set to ensure implementation would take effect on 01 July each year; and
- Remuneration Committee ("Remco") approval of any salaries above $180k;

Directors' interests

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

Name	**31 December 2018 No. of shares of £0.01 each**	31 December 2017 No. of shares of £0.01 each
Nico Bezuidenhout	124,522	124,522
Robert Burnham	1,472	1,472

Directors' remuneration

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

For the year ended 31 December 2018

	Salary US$'000	**Bonus US$'000**	**Directors Fees US$'000**	**Benefits US$'000**	**Total US$'000**
Nico Bezuidenhout*	**335**	**400**	**65**	**20**	**820**
Robert Burnham	**-**	**-**	**79**	**-**	**79**
Rashid Wally	**-**	**-**	**73**	**-**	**73**
Mark Hurst (*appointed 02 July 2018*)	**-**	**-**	**-**	**-**	**-**
Peter Hyde *(resigned 18 September 2018)*	**-**	**-**	**48**	**-**	**48**
Michael Muller (*resigned 29 March 2019*)	**139**	**-**	**-**	**-**	**139**
Total	**474**	**400**	**265**	**20**	**1,159**

* As part of his recruitment in August 2016 Nico Bezuidenhout was awarded a "signing-on bonus" of US$0.4m. The conditions necessary to receive this bonus were met in August 2018.

For the year ended 31 December 2017

	Salary US$'000	Bonus US$'000	Directors Fees US$'000	Benefits US$'000	Total US$'000
Nico Bezuidenhout*	396	-	-	14	410
Robert Burnham	-	-	74	-	74
Rashid Wally (*appointed 01 April 2017*)	-	-	55	-	55
Peter Hyde *(appointed 24 March 2017)*	-	-	51	-	51
Michael Muller (*appointed 15 May 2017*)	128	-	-	-	128
Lisa Mitchell (*resigned 31 March 2017*)	269	-	-	-	269
Total	793	-	180	14	987

The accompanying accounting policies and notes form part of these financial statements.

Corporate Governance

* As part of his recruitment in August 2016 Nico Bezuidenhout was awarded a “signing-on bonus” of US$0.4m. This sum was held in escrow and was payable 24 months after the date of his appointment which was met in August 2018.

Executive committee remuneration

The Executive Committee comprises of the following people:

- Group Chief Executive Officer;
- Deputy Group Chief Executive Officer;
- Chief Financial Officer;
- Chief Operations Officer; and
- Chief Brand & Compliance Officer.

The Chief Operations Officer is Sybrand Strachan and the Chief Brand & Compliance Officer is Donahue Cortes. Neither of these two people are Directors of fastjet Plc.

The total remuneration of the Executive Committee, including the Executive Directors detailed above, was US$1.92m in 2018 (2017: US$1.5m).

Share options granted to Directors

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

	31 December 2018 No. share options	31 December 2017 No. share options	Exercise Price	Date granted	Exercise period	Date renounced
Nico Bezuidenhout	1,500,000	1,500,000	£0.315	15/08/16	15/08/16-15/08/26	-
Rob Burnham	146,972	146,972	£1.025	01/04/15	01/04/18-01/04/25	-
Lisa Mitchell *	422,607	422,607	£0.315	15/08/16	15/08/16-15/08/26	-

*Lisa Mitchell resigned on 31 March 2017

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

Robert Burnham
Chairman of the Remuneration Committee
26 June 2019

Corporate Governance

Other Committees

Nomination Committee

Purpose
The purpose of the Nomination Committee is to review, develop and maintain an effective and compliant framework for making recommendations on the appointment and reappointment of members to the Board of fastjet Plc. The committee is responsible for regularly reviewing the structure, size, and composition (including the skills, knowledge, experience and diversity) of the Board and making recommendations to the Board with regard to any changes, succession planning and vacancies at Board level.

Composition and Meetings
The Nomination Committee has three members, two of which are Non-Executive Directors. The current members of the Nomination Committee are Rashid Wally, the Nomination Committee Chairman, Rob Burnham, and Simon Fearnhead.

The Nomination Committee meets at least twice a year. During this process, Kris Jaganah was nominated and appointed as Chief Financial Officer and a director, effective 05 April 2019, replacing Michael Muller who resigned effective 29 March 2019.

Safety Committee

Purpose
The Safety Committee is responsible for monitoring the governance of safety and security management within the airline, ensuring that safety risks and security threats are adequately monitored, and that sufficient resources exist to ensure that management and reporting within the Group is maintained at a suitable level.

Composition and Meetings
The Safety Committee currently comprises Robert Burnham (Safety Committee Chairman), Rashid Wally, the Group Chief Executive Officer, the Deputy Group Chief Executive Officer and the Chief Operations Officer, although all Board members are invited to attend meetings.

The Safety Committee meets at least four times a year.

Executive Committee

Purpose
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.

Composition and Meetings
The Executive Committee comprises the Group Chief Executive Officer, Deputy Group Chief Executive Officer, Chief Financial Officer, Chief Operations Officer (Sybrand Strachan) and the Chief Brand & Compliance Officer (Donahue Cortes).

The Executive Committee meets at least monthly.

By order of the Board
Ben Harber
Company Secretary
26 June 2019

The accompanying accounting policies and notes form part of these financial statements.

Directors' Report

Board of Directors

The Board of Directors of fastjet Plc present the Annual Report and the audited Financial Statements for the ended 31 December 2018.

The current Board of Directors of the Company are reflected in the Corporate Governance section on pages 28 - 30.

Results and dividends

The consolidated income statement is set out on page 48 and has been prepared in US dollars, the functional and reporting currency of the Company and the consolidated Group.

The Group's net loss after taxation for the year from continuing operations was US$58.2m (2017: US$11.2m loss continuing operations).

No dividends have been paid or proposed in the current year or in the prior year.

Political donations and expenditure

fastjet works constructively with relevant ministries, civil aviation authorities and other government bodies in each country where it operates, regardless of political affiliation. fastjet believes in the rights of individuals to engage in the democratic process, however it is fastjet's policy not to make political donations or get involved in politics.

There were no political donations made or political expenditure incurred during the 2018 financial year.

Principal risk and uncertainties

These are detailed in the Strategic Report on page 17.

Specific risks – currency, liquidity, credit, interest rate and capital management

Information on the above specific risks can be found in Note 24 on pages 102 - 109.

Post balance sheet events

Post balance sheet events are shown at Note 29 on pages 114 - 115.

Outlook for 2019

These are detailed in the Strategic Report on page 11.

Research and development

No research and development is undertaken by fastjet.

Existence of branches

fastjet operates in each country through a registered local company and does not operate any branches.

Directors' Report

Acquisition of own shares - Treasury shares

On the 28 September 2017, the Company established an Employee Benefit Trust ("EBT") in order to fully align the medium to long-term interest of the management team with that of shareholders. The trust subscribed to 21,504,112 fastjet shares at £0.01 per share. On 18 October 2017, upon placing the shares, the Company loaned the Trust $288k to fund the purchase of the shares. For further details see Note 20 on page 95.

Employment of disabled persons

fastjet treats applicants with disabilities equally and supports current employees who become disabled. This includes offering flexibility and making reasonable adjustments to the workplace to ensure they can achieve to their full potential.

However, for fastjet's pilots and cabin crew, there are a range of strict regulatory requirements on health and physical ability with which all applicants and current employees must comply.

Employee engagement and communication policies

fastjet regularly engages with its employees in each country to discuss the ongoing strategies and business objectives and how the company plans to achieve these. These sessions are interactive and management encourages and welcomes employee feedback on the topics discussed and other ways to improve the overall fastjet business.

Directors' and Officers' Insurance cover

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

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 auditor is unaware; and
- the Directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

Directors' Report

Statement of Directors' Responsibilities

The Directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the group financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union and have elected to prepare the parent Company financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 101 Reduced Disclosure Framework. Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and company and of the profit or loss of the group and company for that period. The Directors are also required to prepare financial statements in accordance with the rules of the London Stock Exchange for companies trading securities on AIM.

In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting 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 European Union, subject to any material departures disclosed and explained in the financial statements;
- for the parent Company Financial Statements, state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the Financial Statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the requirements of the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Website publication

The Directors are responsible for ensuring the annual report and the financial statements are made available on a website. Financial statements are published on the company's website in accordance with legislation in the United Kingdom governing the preparation and dissemination of financial statements, which may vary from legislation in other jurisdictions. The maintenance and integrity of the company's website is the responsibility of the Directors. The Directors' responsibility also extends to the ongoing integrity of the financial statements contained therein.

The Annual Report and audited Financial Statements on pages 48 - 142 were approved and authorised for issue by the Board of Directors and are signed on their behalf by:

Rashid Wally
Chairman
26 June 2019

The accompanying accounting policies and notes form part of these financial statements.

Independent auditor’s report

Independent auditor’s report to the members of fastjet plc

Opinion

We have audited the financial statements of fastjet plc (the ‘Parent Company’) and its subsidiaries (the ‘Group’) for the year ended 31 December 2018 which comprise the Consolidated income statement, Consolidated statement of comprehensive income, Consolidated balance sheet, Consolidated cash flow statement, Consolidated statement of changes in equity, Parent Company balance sheet, Parent Company income statement and Parent company statement of comprehensive income, Parent Company cash flow statement and Parent Company statement in changes in equity and notes to the financial statements, including a summary of significant accounting policies.

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 European Union. The financial reporting framework that has been applied in the preparation of the Parent Company financial statements is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 *Reduced Disclosure Framework* (United Kingdom Generally Accepted Accounting Practice).

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 2018 and of the Group’s and Parent Company’s losses for the year then ended;
- the Group financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union;
- the Parent Company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor’s responsibilities for the audit of the financial statements section of our report. We are independent of the Group and the Parent Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC’s Ethical Standard as applied to listed entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material uncertainty related to going concern

We draw attention to Note 1 to the financial statements, which indicates the need for further funding in the next twelve months and assumed ability to extract funds from Zimbabwe in 2019 and 2020. As stated in note 1, these events or conditions indicate that a material uncertainty exists that may cast significant doubt on the company’s ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Independent auditor's report

We identified going concern as a key audit matter and:

- evaluated the directors' assessment of the Group's ability to continue as a going concern by comparing the budget to actual 2019 results to date. We independently applied sensitivities to the forecast cashflows. This sensitivity includes the estimated passenger numbers, load factors, and ticket pricing;

- challenged management's forecasts by applying sensitivities over (i) the cashflow estimates; and (ii) the assumed ability to extract USD from Zimbabwe. This sensitivity analysis showed that on a gross basis (i.e. before applying any mitigating action) that if the actual cashflows were to continue to decrease at the rate already observed to date in 2019 they would result in the full depletion of cash reserves in less than 12 months from the date of accounts approval. Further, whilst there is evidence since year end of US dollars being expatriated from Zimbabwe for creditor payments, any future restriction could impinge the Group's overall working capital management and put further pressure on their ability to continue as a going concern; and

- evaluated the adequacy of management's disclosure around going concern in the financial statements.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) we identified, including those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in the *Material Uncertainty Related to Going Concern* section we have determined the matters described below to be the key audit matters to be communicated in our report.

Key audit matter	How our audit addressed the key audit matter
Acquisition of Federal Airlines Proprietary Limited (FedAir) In October 2018, following discussions with the authorities and an amendment to the FedAir call option agreement, fastjet exercised its option to acquire FedAir from Solenta Investment Holdings Proprietary Limited. Please see Note 13 for further details. The allocation of the purchase price between the tangible and intangible assets of FedAir involved management judgement and there is a significant risk that fair values could be inappropriately determined. *Refer to Accounting Policies of the Group on pages 53 to 69 for further detail on the Group's basis of consolidation policies (including business combinations) and Note 6 for the Exceptional Items disclosures (which includes the brought forward Call option and Contract assets), Note 13 Other financial asset, and Note 22 Acquisition of Federal Airlines Proprietary Limited (detailing FedAir consideration transferred).*	We: - evaluated when control of FedAir was obtained by fastjet by reviewing both their legal and constructive rights and substantiated this to supporting documentation; - tested the impairment of the call option and contract asset; and - evaluated the purchase price allocation exercise by independently identifying likely intangible assets and then ensuring appropriate valuation methodologies were applied. We have checked that the resultant fair value consolidation adjustments were recorded appropriately.

Independent auditor's report

Revenue recognition For fastjet there is a fraud risk that 2018 revenue will be overstated by recognising future revenue in the 2018 results in order to present more favourable results. We have identified the following risks with revenue recognition: - Incorrect cut-off of at the point of acquisition (of Fedair) and the period end resulting in deferred unflown revenue being incorrectly recognised in revenue before the flight has been flown (i.e. the services have been rendered); and - Manual adjustments recorded to overstate revenue. *Refer to Accounting Policies of the Group on pages 53 to 69 for further detail on the Group's revenue recognition policies, Note 4 for Revenue and Note 15 for the deferred income (forward ticketing sales) balances.*	We: - obtained and checked, with the assistance of our IT audit specialists, the completeness and accuracy of the data set from Radixx, fastjet's revenue and ticketing database and reconciled this dataset to the revenue recorded within the general ledger; - tested a sample from each operating entity of revenue transactions recorded in Radixx back to flight manifest support to ensure the flights had flown and when they had flown in order to check that revenue was recorded in the correct accounting period; and - reviewed ticket terms and conditions to confirm that tickets are sold on a non-refundable basis.
Disposal of Tanzania operations During the year fastjet sold its holding in fastjet Tanzania by way of a Management Buy Out (MBO). There is a risk that fastjet may not have record all of its residual liabilities, both legal and constructive, arising as a result of the disposal. In addition, the operations of fastjet Tanzania have been recognised as discontinued operations for the year, and therefore there is a risk that income statement items will be incorrectly classified between continuing and discontinued operations. *Refer to Accounting Policies of the Group on pages 53 to 69 for further detail on the Group's basis of consolidation policies (including loss of control and discontinued operations) and Note 3 for the Discontinued operations disclosures.*	We: - Considered the timing of the sale by reference to the share sale agreement and the execution of conditions precedent; - Obtained the various supplier settlement agreements executed as part of the December 2018 equity raise, for contracts that had been entered into by fastjet Plc on behalf of the Tanzania operating entity, substantiated payments made and traced residual balances to the year-end financial position; - tested whether there were any other material unrecorded liabilities for fastjet Plc as a result of the Tanzania exit by reconciling the expected material suppliers to operate an airline to payments made and accruals; and - considered the disclosure requirements of IFRS 5 Non-current assets held for sale and discontinued operations

Independent auditor's report

Functional Currency and RTGS non-parity with US dollars Starting in 2018 there was an unofficial difference in rates between US dollars and the Zimbabwean RTGS/bonds. There are two resulting risks that were identified to be significant risks of material misstatement: - that the functional currency of Zimbabwe has changed during the period; and - that the required translation of underlying RTGS/bond transactions has not been correctly applied given the absence of an official rate during this period *Refer to Accounting Policies of the Group on pages 53 to 69 for further detail on the Group's functional and presentational currencies policy together with use of estimates and judgements (specifically the determination of functional currency and use of Old Mutual Implied Rate (OMIR) as a proxy for the RTGS:US Dollar exchange rate judgements), Note 4 for Revenue, Note 24 for the Financial instruments (currency risk) disclosures, and Note 29 Events after the balance sheet date (devaluation of Zimbabwe's domestic currency against the US dollar).*	We: - challenged management's assessment of the Zimbabwean operating entity's functional currency being US dollars by substantiating the underlying economic environment in which an entity operates; - considered, with reference to monetary announcements, when the RTGS/bond to US dollar exchange rate ceased to be at parity; - benchmarked the exchange rate used by management against public source rates; and - tested the identification of the currencies of the transactions and the arithmetical application of RTGS/bond transaction and year-end foreign exchange rates relative to the Zimbabwean entity's US dollar functional currency.

Our application of materiality

Materiality for the group financial statement as a whole was set at $0.39m, determined with reference to a benchmark of continuing revenue of which it represents 1%. We consider continuing revenue to be the most appropriate benchmark as it provides a more stable measure year-on-year than group loss before tax in the current period of restructuring and stabilisation.

Performance materiality is the application of materiality at the individual account or balance level. It is set at an amount to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds materiality. Performance materiality was set at 50% of the above materiality level taking into account various factors including the fact that it is a first-year audit, expected total value of known and likely misstatements, the number of material estimates and judgements, how homogeneous processes are within the Group, and the expected use of sample testing.

Component materiality levels were set for this purpose at lower levels up to a maximum of 88% of Group materiality.

We agreed with the Audit Committee to report any corrected or uncorrected identified misstatements exceeding $0.01m, in addition to other identified misstatements that warranted reporting on qualitative grounds.

Materiality for the parent company financial statements was set at $0.1m, determined with reference to a benchmark of company total assets of which it represents 1.5%.

Independent auditor's report

An overview of the scope of our audit

Our Group audit was scoped by obtaining an understanding of the Group and its operating environment and assessing the risk of material misstatement at a Group level.

The Group operated during the year in four geographical markets, which were Tanzania, Zimbabwe, Mozambique and South Africa. Significant judgements impacting the local markets are undertaken by local management with oversight and input from head office management and with significant judgements impacting the consolidated financial statements undertaken by head office management.

There were five significant reporting components (the four operating entities in the different geographical markets together with a central support entity) all of which were subject to full scope audits. There were no specific scope components. For the remaining fourteen other components analysis was performed at an aggregated group level to re-examine our assessment that there were no significant risks of material misstatement within these. We performed audit procedures on the Group consolidation process.

The components within the scope of our work accounted for 100% of the group's revenue, 97% of the group's loss before tax, and 96% of the group's total assets.

The Group audit team controlled and directed the work of the two component audit teams in South Africa (PwC auditing Federal Airlines component and BDO auditing the remaining four full scope components). This included providing detailed audit instructions and setting of materiality. The Group audit team took part in onsite audit meetings in South Africa at the planning and completion stage of the component audits and the Group audit partner and team visited South Africa to review the audit work undertaken by both component teams and to meet with management. In addition phone conference meetings were regularly held with these component auditors to monitor progress and clear Group review findings.

Other information

The Directors are responsible for the other information. The other information comprises the information included in the annual report and accounts, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- 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; and
- the strategic report and the Directors' report have been prepared in accordance with applicable legal requirements.

Independent auditor's report

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Group and the Parent Company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the Directors' report.

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

- adequate accounting records have not been kept, 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.

Responsibilities of Directors

As explained more fully in the Directors' responsibilities statement set out on page 40, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Group's and the Parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or the Parent Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Independent auditor's report

Use of our report

This report is made solely to the Parent 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 Parent 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 Parent Company and the Parent Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

BDO LLP

Anna Draper (Senior Statutory Auditor)
For and on behalf of BDO LLP, Statutory Auditor
Gatwick, UK
26 June 2019

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

Consolidated income statement

	Note	Year ended 31 December 2018 US$'000	(Re-presented) Year ended 31 December 2017 US$'000
Revenue	4	**38,514**	14,396
Cost of sales	5	**(50,273)**	(18,095)
Gross loss		**(11,759)**	(3,699)
Administrative costs	5	**(13,774)**	(9,539)
Operating loss	5	**(25,533)**	(13,238)
Exceptional items	6	**(22,106)**	-
Finance income	8	**431**	2,131
Finance charges	8	**(10,641)**	(44)
Loss from continuing activities before tax		**(57,849)**	(11,151)
Taxation	9	**(324)**	-
Loss from continuing activities after tax		**(58,173)**	(11,151)
Loss from discontinued activities net of tax	3	**(6,867)**	(13,345)
Loss for the year		**(65,040)**	(24,496)
Attributable to:			
Shareholders of the parent company		**(65,040)**	(24,496)
Non-controlling interests		**-**	-
Loss per share (basic and diluted) (US$)	10		
From continuing activities		**(0.08)**	(0.03)
From discontinued activities		**(0.01)**	(0.03)
Total		**(0.09)**	(0.06)

The accompanying accounting policies and notes form part of these financial statements.

Consolidated statement of comprehensive income

	Note	Year ended 31 December 2018 US$'000	(Re-presented) Year ended 31 December 2017 US$'000
Loss for the year		**(65,040)**	(24,496)
Items that may be reclassified to profit or loss:		**-**	-
- Exchange differences on translation of continuing operations		**73**	(3,222)
- Exchange differences on translation of discontinued operations	3	**(5,491)**	-
Total other comprehensive income / (expense) for the year		**(5,418)**	(3,222)
Total comprehensive expense		**(70,458)**	(27,718)
Attributable to:			
Shareholders of the parent company		**(70,458)**	(27,718)
Non-controlling interests		**-**	-
Total comprehensive expense		**(70,458)**	(27,718)

The accompanying accounting policies and notes form part of these financial statements.

Consolidated balance sheet

	Note	**Year ended 31 December 2018 US$'000**	Year ended 31 December 2017 US$'000
Non-current assets			
Intangible assets	11	**6,384**	2,921
Property, plant and equipment	12	**16,561**	42,322
		22,945	45,243
Current assets			
Inventory		**138**	-
Cash and cash equivalents	16	**6,573**	20,079
Trade and other receivables	14	**4,409**	6,439
Loan to Annunaki	14	**1,090**	-
Other financial assets	13	**-**	11,000
		12,210	37,518
Total assets		**35,155**	82,761
Equity			
Share capital	19	**192,077**	150,752
Share premium account	19	**215,004**	209,216
Treasury shares	20	**(288)**	(288)
Shares in lock-up transactions	23	**-**	(16,571)
Reverse acquisition reserve		**11,906**	11,906
Retained earnings		**(403,297)**	(338,538)
Translation reserve		**(4,997)**	421
Equity attributable to shareholders of the Parent Company		**10,405**	16,898
Non-controlling interests		**-**	-
Total equity		**10,405**	16,898
Liabilities			
Non-current liabilities			
Loans and other borrowings	17	**3,767**	7,577
Obligations under finance leases	18	**-**	27,678
Deferred tax liability		**3,746**	-
		7,513	35,255
Current liabilities			
Loans and other borrowings	17	**2,709**	1,107
Obligations under finance leases	18	**-**	3,418
Trade and other payables	15	**14,528**	25,984
Taxation		**-**	99
		17,237	30,608
Total liabilities		**24,750**	65,863
Total liabilities and equity		**35,155**	82,761

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

Rashid Wally
Chairman
26 June 2019

Nico Bezuidenhout
Chief Executive Officer
26 June 2019

Consolidated cash flow statement

	Note	Year ended 31 December 2018 US$'000	(Re-presented) Year ended 31 December 2017 US$'000
Operating activities			
Loss for the year		**(65,040)**	(24,496)
Adjustments for non-cash items:			
Loss from discontinued activities	3	**6,867**	13,345
Equity-settled share-based payment – released	23	**11,317**	-
Equity-settled share-based payment - services received	23	**5,254**	2,653
Amortisation of other intangible assets	11	**1,034**	198
Impairment of FedAir Brand Licensing Agreement	6	**4,609**	-
Impairment of goodwill	6	**1,499**	-
Impairment of air operations certificate	6	**2,979**	-
Impairment of fastjet Plc brand	6	**1,220**	-
Impairment of FedAir brand	6	**108**	-
Lease rental arrears on the aircraft converted into equity	19	**495**	-
Finance income	8	**(431)**	(2,131)
Finance charges	8	**10,641**	44
Depreciation of aircraft	5	**692**	-
Depreciation of other property, plant and equipment	5	**111**	110
Share option charges	23	**281**	579
Tax expense (continuing operations)	9	**324**	-
Changes in working capital:			
Decrease in trade and other receivables		**1,405**	2,623
(Decrease) in trade and other payables		**(14,672)**	(28,711)
Cash utilised in operating activities		**(31,307)**	(35,786)
Cash generated from operating activities of discontinued activities		**1,426**	1,033
Interest received		**124**	-
Net cash utilised in operating activities		**(29,757)**	(34,753)
Investing activities			
Purchase of subsidiary (net of cash acquired)	22	**(2,412)**	-
Purchase of intangibles	11	**(526)**	(2,809)
Purchase of property, plant and equipment	12	**(627)**	(2)
Disposal of discontinued operation (net of cash disposed)	3	**(84)**	-
Investing activities from discontinued operations	3	**(41)**	-
Net cash flow from investing activities		**(3,690)**	(2,811)
Financing activities			
Proceeds from the issue of shares (net of expenses)	19	**24,668**	56,947
Loan received - SAHL	17	**12,000**	-
Loan received - SSCG	17	**2,000**	-
Loan advanced – Annunaki	14	**(5,000)**	-
Interest paid	26	**(1,642)**	(1,878)
Instalment sale liabilities repayments	26	**(177)**	-
Finance lease obligations repayments	26	**(2,284)**	-
Loan notes and interest paid - discontinued operations	26	**(1,234)**	(959)
Net cash flow from financing activities		**28,331**	54,110
Net movement in cash and cash equivalents		**(5,116)**	16,546
Effect of exchange rate changes on cash		**(8,390)**	(74)
Opening net cash		**20,079**	3,607
Closing net cash	16	**6,573**	20,079

The accompanying accounting policies and notes form part of these financial statements.

Consolidated statement of changes in equity

	Share Capital US$'000	Share Premium US$'000	Treasury Shares US$'000	Shares in lock-up transactions US$'000	Reverse Acquisition Reserve US$'000	Translation Reserve US$'000	Retained Earnings US$'000	Equity US$'000
Balance at 31 December 2016	**145,324**	**127,185**	**-**	**-**	**11,906**	**3,643**	**(314,621)**	**(26,563)**
Shares issued *	4,882	71,577	(288)	(19,224)	-	-	-	56,947
Shares issued for business combination *	546	10,454	-	-	-	-	-	11,000
Share based payments	-	-	-	-	-	-	579	579
Share services received	-	-	-	2,653	-	-	-	2,653
Transactions with owners	5,428	82,031	(288)	(16,571)	-	-	579	71,179
Loss for the year	-	-	-	-	-	-	(24,496)	(24,496)
Other comprehensive income	-	-	-	-	-	(3,222)	-	(3,222)
Total comprehensive loss for the year	-	-	-	-	-	(3,222)	(24,496)	(27,718)
Balance at 31 December 2017	**150,752**	**209,216**	**(288)**	**(16,571)**	**11,906**	**421**	**(338,538)**	**16,898**
Shares issued net of issuance costs *	41,325	5,788	-	-	-	-	-	47,113
Share based payments	-	-	-	-	-	-	281	281
Share services received **	-	-	-	5,254	-	-	-	5,254
Share services released **	-	-	-	11,317	-	-	-	11,317
Transactions with owners	41,325	5,788	-	16,571	-	-	281	63,965
Loss for the year	-	-	-	-	-	-	(65,040)	(65,040)
Other comprehensive income:								
- Exchange differences on translation of continuing operations	-	-	-	-	-	73	-	73
- Exchange differences on translation of discontinued operations recycled to income statement	-	-	-	-	-	(5,491)	-	(5,491)
Total other comprehensive income	-	-	-	-	-	(5,418)	-	(5,418)
Total comprehensive loss for the year	-	-	-	-	-	(5,418)	(65,040)	(70,458)
Balance at 31 December 2018	**192,077**	**215,004**	**(288)**	**-**	**11,906**	**(4,997)**	**(403,297)**	**10,405**

* see note 19 for details of issuance costs and business combination equity consideration
** see note 23 - SAHL Share Based Payment on page 99 - 101 for full details

Notes to the consolidated financial statements

1. Significant accounting policies

fastjet Plc is the Group's parent company. It is incorporated in England and Wales. The address of its registered office is the 6th Floor, 60 Gracechurch Street, London, EC3V OHR. The Company's shares are quoted on the AIM market of the London Stock Exchange.

Holding Company

fastjet Plc's holding company is Solenta Aviation Holdings Limited ("SAHL"), a Maltese company, registered under company number C 86476, of registered office 4th Floor, Avantech Building, St Julian's Road, San Gwann, SGN 2805, Malta. Solenta Aviation Holdings Limited holds 59.34% of the group's equity as at 31 December 2018 (2017: 29.91%).

Basis of preparation

These financial statements are prepared on the historical cost basis except certain financial assets and liabilities that are stated at their fair value, and equity-settled share based payments which are measured at fair value on the date of grant and expensed on a straight line basis over the vesting period.

They are prepared in accordance with applicable International Financial Reporting Standards ("IFRS") as adopted by the EU and the applicable reporting requirements of the Companies Act 2006.

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.

Presentation of results

The Group has presented results in the income statement to separately identify exceptional items and discontinued operations in order to provide readers with a clear and consistent presentation of the underlying operating performance of the Group's ongoing business, see Note 3 and Note 6 respectively.

On 26 November 2018 the Group sold its shares in fastjet Air TZ (BVI) Limited, which further held 49% in fastjet Airlines Limited. In addition, the Board further resolved to close the Guernsey structure which consisted of dormant entities, as further described in Note 3. The closure of these entities resulted in a loss from discontinued operations after tax of US$6.9m (see Note 3). The 2017 comparatives have therefore been re-presented to report fastjet Air TZ (BVI) Limited, fastjet Airlines Limited and the dormant entities as discontinued operations.

Functional and presentation currencies

All amounts are presented in US$, being the Company's functional currency and the Group's reporting and presentation currency. This currency has been chosen as the Group's expenses and product prices are denominated in US$, 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 in that country are translated into the respective functional currency of the Group entities using the exchange rates prevailing at the dates of transactions.

The functional currency of the various Group subsidiary companies is as follows:

- fastjet Tanzania is Tanzania shillings;
- fastjet Zimbabwe is US$;
- fastjet Mozambique is Mozambican metical;
- fastjet Africa is South African rand;
- Federal Airlines ("FedAir") is South African rand;
- fastjet Zambia is Zambian kwacha;
- fastjet Kenya is Kenyan shillings; and
- fastjet Plc is US$.

Notes to the consolidated financial statements

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

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

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

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

The exchange rates that has been used to translate the operating results, assets and liabilities of key foreign businesses to US$ are:

	Year 2018		Year 2017	
Currency	**Income Statement (average rate)**	**Balance Sheet (closing rate)**	Income Statement (average rate)	Balance Sheet (closing rate)
South African rand	13.284	14.3960	13.30625	12.3936
Mozambican metical	60.4774	61.3799	60.0225	58.9057
Zambian Kwacha	10.6410	11.9328	9.5633	10.08919
Tanzanian shilling *	2,275.6287	2,300.0138	2,239.2441	2,237.1104
Kenyan shilling	101.2916	-	103.7892	103.2950

* For 2018, the Balance Sheet (closing rate) for Tanzanian shillings is the closing rate on 30 November 2018, the date of the fastjet Tanzania CGU disposal.

Notes to the consolidated financial statements

Going Concern

The Group has in recent years operated at a loss and incurred a further operating cash outflow during 2018. The Group reviewed its current operating model in 2018 and took the following initiatives to reduce cash outflow:

- Divestment from Tanzania;
- Downsizing and restructuring of Head Office;
- Conversion of debt into equity;
- Acquisition of leased aircraft for shares;
- Restructuring of legacy debts;
- Localisation of services in Zimbabwe;
- Route optimisation; and
- Increase in fares to match costs.

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

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

In preparing these financial statements, the Directors continue to adopt the going concern basis, notwithstanding the expected need for further funding and assumed the ability to extract hard currency funds from Zimbabwe in the foreseeable future.

The Directors believe, based on current financial projections and funds available and expected to be made available, that the Group will have sufficient resources to meet its operational needs over the relevant period, being at least until June 2020. Accordingly, in preparing these Financial Statements, the Directors continue to adopt the going concern basis. However, the headroom of available cash resources is minimal and the projections are very sensitive to any assumptions not being met.

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

Notes to the consolidated financial statements

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

- Load factors will average 74% for the second half of 2019;
- Introduction of new initiatives to drive ex South Africa passengers;
- Focused, country-centric marketing by the commercial teams;
- 90% of revenue generated in US$ and ZAR;
- Mozambique operating expenses reducing following revised terms with Solenta; and
- Exchange rates: fastjet cashflows are exposed to movements in the RTGS$ and ZAR. In its forecasting fastjet has assumed that the key exchange rates remain as at current levels.

The Directors have considered a number of risks in preparing these forecasts, including inter alia:

- Not achieving forecast passenger numbers and load factors;
- An increase in aviation fuel prices, which are currently not hedged;
- Adverse currency exchange rate movements; and
- Ability to successfully remit cash from Zimbabwe.

New accounting standards, interpretations and amendments

The Group has adopted IFRS 15 and IFRS 9 for the first time in the year ended 31 December 2018.

Due to the transition methods chosen by the Group in applying these standards, comparative information throughout these financial statements has not been restated to reflect the requirements of the new standards except for separately presenting impairment loss on trade receivables.

The effect of initially applying these standards is mainly attributed to the following:

- An increase in impairment losses recognised on financial assets; and
- Deferring revenue from ancillary services received before year end for flights scheduled for the following year.

IFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It replaced IAS 18 Revenue and related interpretations.

On adopting IFRS 15, only passenger ancillary fees were affected. The amount and the effect on retained earnings at 1 January 2018 was not material at US$51k.

Under IFRS 15, revenue is recognised when a customer obtains control of the goods or services (passenger has flown). Determining the timing of the transfer of control at a point in time or over time requires judgement. In the company's case when a passenger actually flies, revenue is recognised.

The Group has adopted IFRS 15 using the cumulative effect method. The effects of adopting this standard have been recognised on 01 January 2018. Accordingly, the information presented for 2017 has not been restated.

There was no material impact on the Group's income statement, statement of comprehensive income, balance sheet and cash flows for the year ended 31 December 2018.

Notes to the consolidated financial statements

Ancillary fees

Included in the Group's Ancillary fees are flight alteration fees and credit card payment fees. Under IAS 18, flight alteration fees and credit card fees were recognised when a passenger requested a change and pays the fees. These transactions were considered as separate services.

Under IFRS 15, the alteration fees and credit card fees are not considered distinct because the customer cannot benefit from it without taking the flight. Although these services are provided in advance of the flight, the benefit from it is not provided until the customer takes the flight. As a result, the charge is recognized as revenue together with the original ticket sale that is on the date of travel. The impact of this change on items other than revenue is an increase in deferred revenue which is now included in contract liabilities.

IFRS 15 did not have significant impact on the Group's accounting policy with respect to revenue for the provision of air travel.

IFRS 9

On transition to IFRS 9, there was no impact on the group's retained earnings.

IFRS 9 contains three principal classification categories whereby financial assets are measured at:

- amortised cost;
- fair value through other comprehensive income ("FVOCI"); and
- fair value through profit and loss ("FVTPL").

The classification of financial assets under IFRS 9 is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics. IFRS 9 eliminates the previous IAS 39 categories of held to maturity, loans and receivables and available for sale. Under IFRS 9, derivatives embedded in contracts where the host is a financial asset in the scope of the standard are never separated. Instead, the hybrid financial instrument as a whole is assessed for classification.

IFRS 9 largely retains the existing requirements in IAS 39 for the classification and measurement of financial liabilities. The adoption of IFRS 9 had no effect on the Group's accounting policies related to financial liabilities.

Notes to the consolidated financial statements

The following table and the accompanying notes below explain the original measurement categories under IAS 39 and the new measurement categories under IFRS 9 for each class of the Group's financial assets and financial liabilities as at 01 January 2018. The effect of adopting IFRS 9 on the carrying amounts of financial assets at 01 January 2018 relates solely to the new impairment requirements.

	Original classification under IAS 39	**New classification under IFRS 9**	**Carrying amount under IAS 39 01 Jan 2018 US$'000**	**Carrying amount under IFRS 9 01 Jan 2018 US$'000**
Financial assets				
Trade and other receivables	Loans and receivables	Amortised cost	4,920	4,920
Cash and cash equivalents	Loans and receivables	Amortised cost	20,079	20,079
FedAir brand license agreement	Fair value through profit and loss	Fair value through profit and loss	4,609	4,609
Call option asset	Fair value through profit and loss	Fair value through profit and loss	6,391	6,391
Total financial assets			**35,999**	**35,999**
Financial liabilities				
Trade payables	Other financial liabilities	Other financial liabilities	19,652	19,652
Loans and borrowings	Other financial liabilities	Other financial liabilities	8,684	8,684
Finance lease obligations	Other financial liabilities	Other financial liabilities	31,096	31,096
Total financial liabilities			**59,432**	**59,432**

The following table reconciles the carrying amounts of financial assets under IAS 39 to the carrying amounts under IFRS 9 on transition to IFRS 9 on 1 January 2018.

	IAS 39 carrying amount at 31 Dec 2017 US$'000	**Reclassification US'$000**	**Remeasurement US$'000**	**IFRS9 carrying amount at 1 Jan 2018 US'$000**
Financial assets				
Amortised cost				
Cash and cash equivalents	-	-	-	-
Brought forward: Loans and receivables	20,079	-	-	-
Remeasurement		-	-	
Carried forward amortised cost	-	-	-	20,079
Trade and other receivables	-	-	-	-
Brought forward: Loans and receivables	6,439	-	-	-
Remeasurement		-	-	
Carried forward amortised cost	-	-	-	6,439

Notes to the consolidated financial statements

Impairment of financial assets

IFRS 9 replaces the 'incurred loss' model in IAS 39 with an 'expected credit loss' ("ECL") model. The new impairment model applies to financial assets measured at amortised cost. Under IFRS 9, credit losses are recognised earlier than under IAS 39.

For assets in the scope of the IFRS 9 impairment model, impairment losses are generally expected to increase and become more volatile. The Group has determined that the application of IFRS 9's impairment requirements at 1 January 2018 results in an additional allowance for impairment as follows:

Loss allowance as at 31 December 2017 under IAS 39	-
Additional impairment recognised as 1 January 2018 on:	-
Trade and other receivables	-
Cash and cash equivalents	-
Loss allowance as 1 January 2018 under IFRS 9	-

Recent accounting developments

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

- **IFRS 16 Leases** – This is effective for periods beginning on or after 01 January 2019.

  The new standard eliminates the classification of leases as either operating leases or finance leases and instead introduces a single lessee accounting model. The Group has a number of operating leases for assets including aircraft and property. All aircraft operating leases are short term in nature (one year or less) and can generally be terminated by the group on ninety (90) day notice. Property leases vary in duration from one to five years.

  Details of the Group's operating lease commitments are disclosed in Note 25.

  The Group has assessed the impact of the new standard and expects its implementation to have a minimal impact on the financial statements from the date of adoption. The main changes will be as follows:

  - The amounts recognised as assets and liabilities on adoption of IFRS 16 will be subject to a number of judgements, estimates and assumptions. This includes:
    a) Assumptions used to calculate the discount rate to apply to lease obligations, which is likely to be based on the incremental borrowing rate for the estimated lease term.
    b) Estimation of the lease term, including options to extend the lease where the Group is reasonably certain to extend.

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

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

Notes to the consolidated financial statements

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

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

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

With respect to IFRS 16, fastjet anticipates applying the modified transition method.

- **IFRIC 23 Uncertainty over Income Tax Treatments** - It is expected that this will have no material impact on reported transactions.

Basis of consolidation

Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. In assessing control, the Group takes into consideration potential voting rights. The acquisition date is the date on which control is transferred to the acquirer. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

Loss of control

When the group loses control over a subsidiary, it derecognises the assets and liabilities of the subsidiary, and any related non-controlling interest ("NCI") and other components of equity. Any resulting gain or loss is recognised in profit or loss. Any interest retained in the former subsidiary is measured at fair value when control is lost.

Transactions eliminated on consolidation

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

Business combinations

The group accounts for the acquisition of subsidiaries and businesses using the purchase method. The cost of acquisition is measured at the aggregate of the fair values of assets given and equity instruments issued, plus any liabilities assumed. The acquired entities' assets, liabilities and contingent liabilities that meet the recognition criteria set out in IFRS 3 (Revised) are recognised at fair value. Costs directly attributable to the business combination are expensed as incurred except the costs to issue debt which are amortised as part of the effective interest and costs to issue equity which are included in equity.

Notes to the consolidated financial statements

Goodwill

Goodwill represents the excess of the cost of a business combination over the Group's interest in the fair value of identifiable assets, liabilities and contingent liabilities acquired.

Cost comprises the fair value of assets given, liabilities assumed, and equity instruments issued, plus the amount of any non-controlling interests in the acquiree plus, if the business combination is achieved in stages, the fair value of the existing equity interest in the acquiree. Contingent consideration is included in cost at its acquisition date fair value and, in the case of contingent consideration classified as a financial liability, remeasured subsequently through profit or loss.

Goodwill is capitalised as an intangible asset with any impairment in carrying value being charged to the consolidated statement of comprehensive income. Where the fair value of identifiable assets, liabilities and contingent liabilities exceed the fair value of consideration paid, the excess is credited in full to the consolidated statement of comprehensive income on the acquisition date.

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.

Exceptional items

The Group presents those items which, because of their size, nature or expected infrequency of events giving rise to them, merit separate presentation to allow the users of the financial statements to understand better the Group's financial performance in the period. Examples of items that may give rise to disclosure as exceptional items include:

- Impairments of intangible assets or property, plant and equipment as well as the reversal of such write downs or impairments;
- Restructuring provisions or their reversal including redundancy costs, lease surrender costs or similar contract cancellation costs;
- Corporate-related costs including refinancing costs, and significant costs relating to acquisitions and disposals;
- Disposals of items of property, plant and equipment and intangible assets; and
- Abnormal legal costs, litigation settlements and other similar settlements.

Where these exceptional items are material in size and nature to the performance of the Group in the period, they are disclosed on a separate line in the consolidated statement of comprehensive income.

Discontinued operations

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

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

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

Notes to the consolidated financial statements

Property, plant and equipment

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

Owned aircraft	- 25 years
Leased aircraft	- 25 years
Leasehold property	- term of the lease
Motor vehicles	- 4 years
Fixtures, fittings and office equipment	- 4 to 7 years
Plant and machinery	- 10 years

Aircraft

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

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

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

Each component of an item of aircraft and other fixed assets with a cost that is significant in relation to the total cost of the item is depreciated separately. The depreciation charge for each period is recognised in profit or loss unless it is included in the carrying amount of another asset.

On acquisition, each aircraft is split into its component assets, being each of its engines and its airframes. Major engine maintenance incurred by the company is capitalised into the cost of each engine asset. Depreciation of Airframe and Landing Gear is provided on the straight-line method and depreciation of aircraft engines (Engine Overhaul or Shop Restoration, plus Engine Hot Section Inspection and Auxiliary Power Unit) is provided on the sum-of-units method to write off the cost of each asset to its residual values over the estimated useful life.

The estimated useful lives are as follows;

Aircraft fleet	**Airframe** [1]	**Engine Overhaul / Shop Restoration** [2]	**Engine Hot Section Inspection** [2]	**Landing Gear** [1]	**Auxiliary Power Unit ("APU")** [2]
Embraer 145	25 years	7,000 Hours	-	144 months	5,000 Hours
C208B Fleet	25 years	3,600 Hours	1,800 Hours	-	-
PC12 Fleet	25 years	3,600 Hours	2,000 Hours	-	-

1. Depreciated on the straight-line method
2. Depreciated on the sum-of-units method (per hour flown / utilized)

Notes to the consolidated financial statements

Goodwill and other intangible assets

Goodwill arises on the acquisition of subsidiaries and represents the excess of the consideration paid over the net fair value of the identifiable assets and liabilities of the acquiree. Where the net fair value of the identifiable assets and liabilities of the acquiree is in excess of the consideration paid, a gain on bargain purchase is recognised immediately in the income statement. Goodwill is stated at cost less accumulated impairment losses. It has indefinite expected useful life and is tested for impairment at least annually or where there is indication of impairment.

Intangible assets (other than goodwill) are recognised at cost less accumulated amortisation charges and any provision for impairment, or they are deemed to have an indefinite economic life and are not amortised but tested annually for impairment or more frequently, if events or changes in circumstances indicate the carrying value may not be recoverable.

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

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

Impairment of assets

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

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

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

Impairment losses for cash-generating units reduce the recognised value of assets in the cash-generating unit. All assets are subsequently reassessed for indications that an impairment loss previously recognised may no longer exist. An impairment charge is reversed if the cash-generating unit's recoverable amount exceeds its carrying amount. Impairment charges are included in profit or loss, except to the extent they reverse gains previously recognised in other comprehensive income. An impairment charge on the value of goodwill cannot be reversed in a subsequent period.

Leases

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

Notes to the consolidated financial statements

Operating leases

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

Finance leases

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

Provisions

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

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

Revenue

The Group has applied IFRS 15 from 1 January 2018. Revenue is measured based on the consideration specified in a contract with a customer. The Group recognises revenue when it transfers control over goods and services to a customer. Revenue for the provision of air travel is recognised on the date of departure. Ancillary fees such as baggage fees, credit card fees and flight alteration fees are also recognised on the date of departure as these are not considered distinct because the customer cannot benefit from it without taking the flight.

The Group incurs costs to obtain a customer contract that would otherwise not have been incurred. Such costs include credit card fees, travel agency fees and other commissions paid and global distribution systems (“GDS”) booking fees .The Group has elected to apply the optional practical expedient for costs to obtain a contract which allows the Group to immediately expense sales commissions (included under employee benefits and part of cost of sales) because the amortisation period of the asset that the Group otherwise would have used is one year or less.

For shuttle and charter, clients are invoiced at an agreed rate, based on the higher of actual aircraft utilisation during the actual flight and a minimum fixed amount quoted per shuttle ticket or charter flight. Revenue is only recognised in the income statement when the actual flight has been performed. Any amounts received prior to flight date are recorded as creditors under deferred income. See Note 15.

Inventory

Inventories are stated at the lower of cost or net realisable value. Cost is determined using the weighted average cost method. Inventory comprises aircraft general spares and rotables. Inventory excludes borrowing costs and freight. Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs to completion and applicable variable selling expenses.

Notes to the consolidated financial statements

Pension costs

Defined contribution plans

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

Taxation

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

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

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

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

Share-based payments

Employee benefits

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

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

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

Notes to the consolidated financial statements

Equity-settled share-based payment transactions

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

Operating segments

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

Financial instruments

Cash and cash equivalents

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

Equity

Equity comprises the following:

- "Share capital" represents the nominal value of equity shares that have been issued.
- "Share premium" represents the excess over nominal value of the fair value of consideration received for equity shares, net of expenses of the share issue.
- "Retained earnings" mostly comprise all current and prior period results as disclosed in the income statement as well as costs taken directly to equity.
- "Translation reserve" represents the cumulative amount of foreign exchange gains and losses recognised outside of retained earnings.
- "Reverse acquisition reserve" represents the balancing figure on combination of Rubicon and Lonrho's reserves in 2012.
- "Treasury shares" represents the value of shares in fastjet Plc that are held by fastjet Plc Employee Benefit Trust.
- "Shares in lock-up transactions" represent the value as at 31 December 2017 of fastjet shares issued to Solenta Aviation Holdings Limited for services that were to be received in future, see Note 23.

Financial assets

All financial assets are recognised when the Group becomes a party to the contractual provisions of the instrument.

On initial recognition the group classifies, a financial asset as measured at:

- Amortised cost
- Fair value through profit and loss

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at fair value through profit and loss:

- It is held within a business model whose objective is to hold assets to collect contractual cash flows;
- Its contractual terms give rise on specified dates to cashflows that are solely payments of principal and interest on the principal amount outstanding.

Notes to the consolidated financial statements

Amortised cost:

These assets arise principally from the provision of goods and services to customers (e.g. trade receivables), but also incorporate other types of financial assets where the objective is to hold these assets in order to collect contractual cash flows and the contractual cash flows are solely payments of principal and interest. They are initially recognised at fair value plus transaction costs that are directly attributable to their acquisition or issue and are subsequently carried at amortised cost using the effective interest rate method, less provision for impairment.

The Group's financial assets measured at amortised cost comprise trade and other receivables and cash and cash equivalents in the consolidated statement of financial position. Cash and cash equivalents include cash in hand and deposits held at call with banks.

All financial assets not classified as measured at amortised cost are measured at fair value through profit and loss. This includes all derivative financial assets.

Fair value through profit or loss:

All financial assets not classified as measured at amortised cost are measured at fair value through profit and loss. This includes all derivative financial assets. They are carried in the statement of financial position at fair value with changes in fair value recognised in the consolidated statement of comprehensive income in the finance income or expense line. Other than derivative financial instruments which are not designated as hedging instruments, the Group does not have any assets held for trading nor does it voluntarily classify any financial assets as being at fair value through profit or loss.

Share options:

Share options are classified as financial assets at fair value through profit or loss. When the company purchases an option, an amount equal to the fair value which is based on the premium paid is recorded as an asset.

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

The group purchased a share option to purchase shareholding in Federal Airlines Proprietary Limited. Further details of the call option agreement are included in Note 13.

Derivatives

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

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

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

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

Options

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

Notes to the consolidated financial statements

Financial liabilities

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

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

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

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

Treasury shares

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

Key judgements and estimates

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:

- The valuation of the FedAir CGU, using the discounted cashflow method, resulted in the valuation of the business at US$5.0m as at 31 December 2018 (see Note 11). The valuation makes use of estimates to determine future load factors, pricing, revenue, costs and capital expenditure requirements. The recoverable amount of FedAir was assessed by management to have been lower than the carrying amount of the assets and liabilities and hence an impairment loss was recognised. This resulted in the impairment of goodwill of US$1.5m, impairment of the FedAir Air Operations Certificate ("AOC") of US$3.0m and impairment of FedAir brand of US$0.1m as at 31 December 2018.

- Impairment of the US$4.6m FedAir brand license agreement held by the Group, for the right to charge Brand Licence Fees to FedAir, due to the call option having been exercised during 2018; this resulted therefore in the asset lacking substance to be carried forward as an asset.

- Impairment of intangible assets (Note 11). Intangible assets comprise of the fastjet and FedAir brands which were acquired at US$2.5m and US$0.3m respectively and had an indefinite useful life. Impairment of the fastjet brand is assessed annually making use of the company's forecasts on future brand licence fees to fastjet branded airline subsidiaries, on a discounted cash flow method. There are a number of sensitivities on the forecasts that support the value of the intangible assets. This future brand license fees recoverable, based on the current operating airline businesses, resulted in a provision for impairment of these brands of US1.3m.

Notes to the consolidated financial statements

Judgements made by management in the application of adopted IFRS that have significant effect on the financial statements. These include:

- the determination of going concern shown above on page 23 - 24.

- the determination of the functional currencies of subsidiaries. Judgement is used within operating entities regarding use of functional currency. The functional currency which is considered appropriate is determined depending on the cost base and the revenue denomination of the entity. This includes an element of judgement due to the number of currencies in use in subsidiaries, including local currency and US$. This judgement impacts the foreign exchange gains/losses within the income statement and the translation reserve.

- the determination of the implied exchange rate in Zimbabwe between US$ and RTGS during the course of 2018. Since 2009, Zimbabwe had operated in a multi-currency system with US dollars emerging as the primary and functional currency of the economic environment. In 2016, monetary policy introduced Real Time Gross Settlement (RTGS) dollars and bond notes as legal tender officially maintaining these at parity with US$. However, during 2018, there was an unofficial difference in rates between US dollars and RTGS/bond notes which the Zimbabwean market well understood. Management made the judgement that RTGS$, from October 2018, met the definition of a currency. As at 31 December 2018, the Directors took the decision to fair value all monetary assets using an implied exchange rate of RTGS$4.6923 to US$1.00. In the absence of an official exchange rate, management used the Old Mutual Implied Rate ("OMIR") as a proxy for the exchange rate between RTGS$ and US$; being the only market source of data available in the public domain. Please also see Note 24 for further considerations. Whilst this indicates a high inflation, management judgement for 2018 is that the Zimbabwean economy was not hyper-inflationary. Please see Note 24 for further details.

- The group holds less than 50% voting rights in the following companies. The group consolidates these subsidiaries even though the parent company holds less than 50% of the voting rights:

  - fastjet Zimbabwe;
  - fastjet Zambia; and
  - Parrot Aviation (Proprietary) Limited.

  Management believes that the consolidation of the above subsidiaries is appropriate as the parent company has influence over the management team, board representation, airline commercial activities support, operational route network and fleet selection and ticket distribution systems, through the fastjet brand licencing agreements with these companies, together with inter-group loan agreements supporting working capital needs of the operational subsidiary.

  Additionally, the group has pre-emptive rights to acquire additional shareholding above the current shareholding from remaining shareholders that would allow the group shareholding to increase past 50%. This is always subject to any local shareholding restrictions and requirements for airline companies that apply from time to time in each respective country.

  Due to the above, management does not recognise any non-controlling interest.

- With respect to FedAir, management consolidated the results effective from 07 of October 2018. The change and updated shareholding between Parrot (75%) and fastjet Plc (25%) has been notified to the regulatory authorities in accordance with regulations.

Notes to the consolidated financial statements

2. Segmental reporting

The Group's continuing business comprises that of airline services. That business operates across a number of different geographical territories, all within Africa. Accordingly, 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.

Year ended 31 December 2018	**Zimbabwe US$'000**	**Mozambique US$'000**	**Central US$'000**	**Federal Airlines US$'000**	**Eliminate Inter-segment US$'000**	**Total US$'000**
External	**25,930**	**8,937**	**5**	**3,642**	**-**	**38,514**
Inter-segment	**32**	**-**	**28,407**	**-**	**(28,439)**	**-**
Total revenue	**25,962**	**8,937**	**28,412**	**3,642**	**(28,439)**	**38,514**
EBITDA	**(4,341)**	**(6,238)**	**(29,661)**	**245**	**-**	**(39,995)**
Other finance income / (expense)	**(7,739)**	**(100)**	**(4,866)**	**(50)**	**3,751**	**(9,004)**
Depreciation and amortisation	**(643)**	**-**	**(6,984)**	**(17)**	**-**	**(7,644)**
Loss before tax	**(12,723)**	**(6,338)**	**(41,511)**	**178**	**3,751**	**(56,643)**
Tax	**-**	**-**	**-**	**(324)**	**-**	**(324)**
Net loss	**(12,723)**	**(6,338)**	**(41,511)**	**(146)**	**3,751**	**(56,967)**
Non-current assets	**11,108**	**-**	**8,031**	**3,806**	**-**	**22,945**

Year ended 31 December 2017 (Re-presented)	Zimbabwe US$'000	Mozambique US$'000	Central US$'000	Federal Airlines US$'000	Eliminate Inter-segment US$'000	Total US$'000
External	12,961	1,187	248	-	-	14,396
Inter-segment	-	-	20,815	-	(20,815)	-
Total revenue	12,961	1,187	21,063	-	(20,815)	14,396
EBITDA	(5,578)	(640)	(6,712)	-	-	(12,930)
Other finance income / (expense)	(1,442)	459	(3,091)	-	6,161	2,087
Depreciation and amortisation	(55)	-	(253)	-	-	(308)
Loss before tax	(7,075)	(181)	(10,056)	-	6,161	(11,151)
Tax	-	-	-	-	-	-
Net loss	(7,075)	(181)	(10,056)	-	6,161	(11,151)
Non-current assets	129	-	44,964	-	150[1]	45,243

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. ([1] relates to Tanzania assets in 2017)

Notes to the consolidated financial statements

3. Discontinued operations

The loss from discontinued operations net of tax comprise of the following components:

Component	Year ended 31 December 2018 US$'000	Year ended 31 December2017 US$'000
fastjet Airlines Limited:		
- trading loss net of tax (see note 3.1)	**(8,907)**	(13,241)
- gain on net liabilities no longer consolidated (see note 3.2)	**16,944**	-
fastjet Air TZ (BVI) Limited	**21**	17
ATR 72-600 disposal (see note 3.3)	**(14,630)**	-
Guernsey structure (dormant entities)	**-**	(121)
Forward sales liability	**(295)**	-
Total	**(6,867)**	(13,345)

3.1 fastjet Airlines Limited - trading loss net of tax

On 26 November 2018 the Group sold its shares in fastjet Air TZ (BVI) Limited, which held 49% of fastjet Airlines Limited, to Lawrence Masha and Hein Kaiser (collectively the Purchaser) for a purchase consideration of US$ 1.00. As the shares in the company were sold at par value, there was no capital gains tax.

fastjet Air TZ (BVI) Limited and its subsidiary, fastjet Airlines Limited, no longer form part of the Group Consolidated accounts with effect from this date. Consequently, these entities have been deconsolidated and disclosed as discontinued operations with comparative results re-presented.

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

	Year ended 31 December 2018 US$'000	(Re-presented) Year ended 31 December 2017 US$'000
Revenue	**27,185**	31,844
Cost of sales	**(27,567)**	(33,527)
Gross loss	**(382)**	(1,683)
Administrative costs	**(7,568)**	(10,288)
Exceptional items	**(409)**	-
Operating loss	**(8,359)**	(11,971)
Finance charges	**(442)**	(1,174)
Loss before tax	**(8,801)**	(13,145)
Taxation	**(106)**	(96)
Loss for the year	**(8,907)**	(13,241)

Notes to the consolidated financial statements

3.2 fastjet Airlines Limited - gain on net liabilities no longer consolidated

The effect of the disposal of individual assets and liabilities of fastjet Airlines Limited is as follows:

Balance Sheet as at November 2018 – Assets / (Liabilities)	**Total US$'000**
Property, plant and equipment	95
Trade and other receivables	2,039
Cash and cash equivalents	84
Loans and borrowings – non-current	(6,728)
Loans and borrowings - current	(700)
Trade and other payables	(6,118)
Tax	(125)
Total	**(11,453)**
Reclassification of foreign exchange translation reserve	**(5,491)**
Gain on disposal	**(16,944)**

3.3 ATR 72-600 disposal

The ATR 72-600 fleet had been acquired for the fastjet Airlines Limited (Tanzania) operations. Unfortunately, the aircraft remained undeployed due to ongoing regulatory challenges and delays from the authorities. Due to the Board's decision to discontinue the Tanzanian operation, the fleet was no longer required, and could not be deployed operationally within the remaining business units. In light of this, a decision was taken to dispose of the fleet in order to terminate the remaining nine-year financial obligation attached to the fleet and US$14.6m was written off.

Net cash outflow on disposal of fastjet Tanzania	**Year ended 31 December 2018 US$'000**	(Re-presented) Year ended 31 December 2017 US$'000
Cash consideration received	**-**	-
Cash disposed off	**(84)**	(696)
Net cash outflow on disposal of Tanzania	**(84)**	(696)

Notes to the consolidated financial statements

4. Revenue

Revenue from continuing operations is made up of the following:

	Year ended 31 December 2018 US$'000 *	(Re-presented*) Year ended 31 December 2017 US$'000
Passenger revenue	**35,034**	12,539
Charter revenue	**1,415**	-
Ancillary services	**1,965**	1,857
Cargo revenue	**16**	-
Other revenue	**84**	-
Total	**38,514**	14,396

The group has disaggregated revenue into various categories in the table below, which is intended to enable users to understand the nature of the revenue by country.

Year ended 31 December 2018	**Zimbabwe US$'000**	**Mozambique US$'000**	**FedAir US$'000**	**Central US$'000**	**Total US$'000**
Passenger revenue	**24,369**	**8,411**	**2,254**	**-**	**35,034**
Charter revenue	**67**	**-**	**1,348**	**-**	**1,415**
Ancillary services	**1,462**	**503**	**-**	**-**	**1,965**
Cargo revenue	**16**	**-**	**-**	**-**	**16**
Other revenue	**16**	**23**	**40**	**5**	**84**
Total	**25,930**	**8,937**	**3,642**	**5**	**38,514**

Year ended 31 December 2017 (re-presented *)	Zimbabwe US$'000	Mozambique US$'000	FedAir US$'000	Central US$'000	Total US$'000
Passenger revenue	11,504	1,035	-	-	12,539
Charter revenue	-	-	-	-	-
Ancillary services	1,457	152	-	248	1,857
Cargo revenue	-	-	-	-	-
Other revenue	-	-	-	-	-
Total	12,961	1,187	-	248	14,396

* 2018 figures and 2017 comparative figures exclude fastjet Tanzania discontinued operations.

The Group applied IFRS 15 from 1 January 2018.

Revenue for the provision of air travel or charters is recognised on the date of departure / flight.

Ancillary fees such as baggage fees, credit card fees and flight alteration fees are also recognised on the date of departure as these are not considered distinct because the customer cannot benefit from it without taking the flight.

On adopting IFRS 15, only passenger ancillary fees were affected. The amount and the effect on retained earnings at 1 January 2018 was not material at US$51k.

Notes to the consolidated financial statements

Deferred income (forward ticket sales)

Amounts included in Trade and other payables (linked to forward ticket sales)	**Year ended 31 December 2018 US$'000**	Year ended 31 December 2017 US$'000
Balance - 01 January	**2,524**	2,065
Amounts released to revenue during the year	**(2,524)**	(2,065)
Tickets booked and banked in advance for the following year not recognised as revenue during the period – included in liabilities [1]	**2,517**	2,524
Balance – 31 December	**2,517**	2,524

[1] See Note 15

Notes to the consolidated financial statements

5. Operating loss

Operating loss is stated after charging the following disclosable items:	Year ended 31 December 2018 US$'000	(Re-presented) Year ended 31 December 2017 US$'000
Operating lease costs		
- Property	**254**	426
- Aircraft from the SAHL group (related party)	**16,637**	6,568
- Aircraft from other lessors or operators	**4,065**	2,116
Fuel	**13,036**	5,279
Net foreign exchange gains	**278**	2,105
Foreign exchange loss on Zimbabwean financial assets	**8,475**	-
Amortisation of other intangible assets	**1,034**	198
Depreciation of property, plant and equipment		
- Property, plant and equipment	**111**	110
- Aircraft	**692**	-
fastjet Plc brand - gain on purchase	**-**	(1,769)
Audit fees paid:		
- Group - 2018 (BDO)	**105**	-
- Group - 2017 (KPMG)	**207**	248
- Subsidiary companies - 2018 (BDO)	**168**	-
- Subsidiary companies - 2017 (KPMG)	**39**	49
- Subsidiary companies - 2018 (PWC and Deloitte)	**73**	-
- Subsidiary company - 2017 (Deloitte)	**52**	-
Non-audit services - FedAir due diligence: KMPG South Africa	**-**	63
Share option charges	**281**	579

Notes to the consolidated financial statements

Cost of sales:

Cost of sales analysis for continuing operations comprise of the following main cost categories:	**Year ended 31 December 2018 US$'000**	(Re-presented) Year ended 31 December 2017 US$'000
Aircraft leases	**20,702**	8,684
Fuel	**13,036**	5,279
Crew costs and training		
- Flight crew and cabin crew salaries	**1,979**	236
- Other crew costs	**902**	450
- Training	**330**	-
Aircraft maintenance and overhaul	**4,191**	(489)
Airport costs (landing, parking, overfly and navigation)	**2,239**	1,086
Ground handling	**2,606**	1,321
Passenger variable costs	**2,945**	619
Aircraft depreciation	**692**	-
Other passenger costs	**149**	74
Aircraft insurance	**216**	235
Other operational costs	**286**	600
Total	**50,273**	18,095

Administrative costs:

Administrative costs for continuing operations comprise of the following main cost categories:	**Year ended 31 December 2018 US$'000**	(Re-presented) Year ended 31 December 2017 US$'000
Employee costs		
- salaries and wages	**5,426**	5,062
- other employee costs	**791**	671
- sub-contractors and consultants	**921**	1,448
Legal and professional	**2,118**	814
Marketing and advertising costs	**1,609**	1,417
Depreciation of property, plant and equipment	**111**	110
Amortisation of intangible assets	**1,034**	198
Other costs	**1,049**	423
fastjet Plc brand gain on purchase	**-**	(1,769)
IT costs	**715**	1,165
Total	**13,774**	9,539

Notes to the consolidated financial statements

6. Exceptional Items

Exceptional items include the following non-cash items:	**Year ended 31 December 2018 US$'000**	Year ended 31 December 2017 US$'000
Shares in lock-up transactions * (a)	**11,317**	-
Other financial assets - FedAir Brand License Agreement *(b)	**4,609**	-
Goodwill impairment * (c)	**1,499**	-
Air Operations Certificate impairment* (c)	**2,979**	-
Impairment of FedAir brand * (c)	**108**	
Impairment of fastjet Plc brand * (d)	**1,220**	-
Other exceptional items	**374**	-
Total	**22,106**	-

a) Of the US$16.6m at 31 December 2017 relating to the shares in lock-up transactions, US$5.3m was expensed during 2018 for flying services received and US$11.3m was written off due to the SAHL services contract being terminated as part of the December 2018 capital raise (refer to Note 23 on page 99 - 101). This value represents the unexpended share-based payment portion relating to the lease termination.

The lease agreement was terminated to avoid paying the future cash component of the total lease obligations of US$615k per month, for the remaining 42-month period under the original 60-month lease commitment. This resulted in a contractual cash outflow saving of US$25.8m. However as certain services under the original agreement (maintenance, crew support and training) will remain under a revised replacement agreement, the net cash saving from acquisition over the 42-month period will be US$7.0m. This arose following the purchase of four Embraer 145 aircraft from SAHL during the December 2018 capital raise and the decision to fully crew and operate the Zimbabwean aircraft fleet, minimising hard currency obligations from within Zimbabwe.

b) In 2017, a valuation was undertaken to determine the future economic value of the 8% Brand Licence Agreement signed with FedAir over the five (5) year period, to which a future value of US$4.6m was assigned and recognised in 2017. Following the acquisition of FedAir by Parrot in October 2018, and the consolidation of its results into the Group, the future economic value attached to the Brand Licence Agreement has been nullified, and in light of this the company decided to impair this asset fully in 2018 (refer to Note 13).

It is noted that the fair value of this asset was carved out of the overall valuation of FedAir in September 2017 of US$15.0m less the future exercise consideration of US$4.0m (as detailed in Note 11). As such this US$4.6m impairment of the brand licence agreement asset is related to the overall US$9.2m decrease in the valuation of FedAir in October 2018 at the point of acquisition. It is noted that a further $0.8m decrease in the value of FedAir was due to dividends being taken by the previous shareholder prior to the call option being exercised (which reduced the future consideration price down to US$3.2m from the original US$4.0m – see (c) below). As such the overall decrease from the September 2017 valuation to that made in October 2018 was US$10.0m. The remaining US$4.6m was recognised in the resultant investment in FedAir (on exercise of the FedAir call option (see point c below)).

c) On exercise of the call option, a further US$3.2m was paid to complete the acquisition of FedAir by Parrot in October 2018. The total purchase consideration of US$9.6m was the sum of this exercise payment together with the original US$6.4m paid for the option in 2017. An amount of US$1.5m was recognised as goodwill, an amount of US$7.9m was recognised relating to the air operations certificate ("AOC") and US$0.3m was recognised relating to the FedAir brand.

Notes to the consolidated financial statements

As noted above the FedAir brand licence agreement (point b above) and this the initial FedAir call option (which crystallised into the investment in FedAir) are intrinsically linked. Following 07 October 2018, being management's judgement of the point of control, management calculated the recoverable amount of FedAir to be US$5.0m. Based on this updated valuation, an amount of US$4.6m was impaired to the FedAir investment. A further US$4.6m impairment was recognised on the FedAir brand licence agreement (as noted in b above). As such the overall impairment across these linked assets was US$9.2m. The FedAir investment impairment of US$4.6m was first allocated to the goodwill of US$1.5m and the balance was allocated to the air operations certificate US$3.0m and the FedAir brand US$0.1m.

Management's US$5.0m valuation reflected a forecast decreased cash flow outlook as compared to the 2017 valuation reflecting both a specific loss of revenue to a competitor and a general decrease in market outlook. The forecast cash flow compound average growth and terminal growth rates of the value in use valuation models were seen to decrease from 9.5% to 2.5% and 3.0% to 2.0% respectively (refer to Note 11).

d) The fastjet Plc brand was impaired on 31 December 2018. This was after management had established that the recoverable amount was lower than the carrying amount. The recoverable amount of the fastjet Plc brand has been calculated with reference to value generated through its use which is modelled on the cash flows generated from the 0.5% royalty on operating entity revenue. Full details relating to this are in Note 11.

Notes to the consolidated financial statements

7. Employees

The average number of staff (including Directors) employed by the Group during the year amounted to:	**Year ended 31 December 2018**	Year ended 31 December 2017
Cockpit and cabin crew	**33**	21
Aircraft maintenance	**6**	1
Administration and management	**64**	30
Ground and flight operations	**16**	8
	119	60
Average staff employed in the discontinued operation (see Note 3)	**144**	151
	263	211
Employees analysis by country:		
- Zimbabwe	**54**	40
- Mozambique	-	-
- South Africa (fastjet central systems)	**31**	9
- South Africa (FedAir "shuttle operations") [1]	**30**	-
- United Kingdom	**3**	11
- Zambia	**1**	-
	119	60

[1] FedAir was acquired on 01 October 2018, and FedAir employs 119 staff on average; the 30 staff shown above represents the weighted average for quarter 4 of 2018.

The aggregate payroll costs (including Directors):	**Year ended 31 December 2018 US$'000**	Year ended 31 December 2017 US$'000
Salaries and wages	**6,945**	4,420
Termination benefits	**-**	11
Social security costs	**179**	288
Share based payments (Note 23)	**281**	579
Total	**7,405**	5,298
Staff costs in discontinued operations	**4,992**	4,582
Total staff costs	**12,397**	9,880
Payroll costs for the continuing operations are disclosed in:		
Administration costs	**5,426**	5,062
Cost of sales	**1,979**	236
Total	**7,405**	5,298

The aggregate remuneration of the Directors in the year was:	**Year ended 31 December 2018 US$'000**	Year ended 31 December 2017 US$'000
Salaries and wages	**474**	793
Directors' fees	**265**	180
Bonuses	**400**	-
Benefits	**20**	14
	1,159	987

The remuneration of the highest paid Director was US$820,000 (2017: US$410,000). The remuneration of the Directors can be found on page 35.

Notes to the consolidated financial statements

8. Finance income and Finance charges

	Year ended 31 December 2018 US$'000	(Re-presented) Year ended 31 December 2017 US$'000
Finance income		
Interest received on short term deposits	**153**	26
Net foreign exchange gains	**278**	2,105
	431	2,131
Finance charges		
Foreign exchange loss on Zimbabwean financial assets	**8,475**	-
Interest charges	**2,011**	-
Other	**155**	44
	10,641	44

9. Taxation

	Year ended 31 December 2018 US$'000	Year ended 31 December 2017 US$'000
Current tax expense:		
UK corporation tax	-	-
Overseas taxes	**430**	96
Disclosed in:		
- continuing operations	**324**	-
- discontinued operations	**106**	96
Tax charge - continuing and discontinued operations	**430**	96

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

	Year ended 31 December 2018 US$'000	Year ended 31 December 2017 US$'000
Loss from continuing operations before tax	**(57,849)**	(11,151)
Loss from discontinued operations before tax	**(6,761)**	(13,249)
Loss before tax	**(64,610)**	(24,400)
Loss before tax multiplied by the standard rate of corporation tax in the UK of 19% (2017: 19%)	**(12,276)**	(4,636)
Current year losses for which no deferred tax has been recognised	**2,271**	5,498
Foreign exchange not allowed	**18**	(666)
Income not chargeable to tax	**(34)**	(262)
Expenses not deductible for tax purposes	**10,021**	67
Effects of tax rates in foreign jurisdictions	**-**	(1)
Overseas turnover tax	**430**	96
Total current tax charge (including tax on discontinued operations)	**430**	96

Notes to the consolidated financial statements

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

At 31 December 2018 the Group had accumulated tax losses of approximately US$253m (2017: US$193m re-presented) 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.

10. Loss per share

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

The weighted average number of shares in issue during the period, adjusted for the share consolidations, was 704,037,026 (2017: 396,475,117). The loss for the purposes of basic earnings per share being the net loss attributable to the equity holders of the parent was US$58.2m continuing, and US$6.9m loss discontinued for the Group (2017: US$11.2m loss continuing, and US$13.3m loss 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.

Weighted average number of ordinary shares	**Year ended 31 December 2018**	Year ended 31 December 2017
Issued ordinary shares as at 01 January	**522,406,827**	96,750,283
Effect of shares issued in January 2017	**-**	239,089,379
Effect of shares issued in September 2017	**-**	60,635,455
Effect of shares issued in July 2018	**49,123,033**	-
Effect of shares issued in December 2018	**132,507,166**	-
Weighted average number of shares as at 31 December	**704,037,026**	396,475,117

Notes to the consolidated financial statements

11. Intangible assets

	Goodwill US$000	AOCs** US$'000	Brands* US$'000	Computer software US$'000	Total US$'000
Cost					
At 31 December 2016	-	5,462	11,764	553	17,779
Additions	-	-	2,500	309	2,809
Acquired through Business Combination	-	-	-	-	-
Disposals	-	-	(11,764)	-	(11,764)
At 31 December 2017	-	5,462	2,500	862	8,824
Additions	-	-	-	526	526
Acquired through Business Combination	1,499	7,893	297	2	9,691
Discontinued operations Tanzania	-	(5,462)	-	-	(5,462)
Foreign currency difference	-	-	-	90	90
At 31 December 2018	**1,499**	**7,893**	**2,797**	**1,480**	**13,669**
Less: Amortisation and Impairment					
At 31 December 2016	-	5,462	11,764	241	17,467
Disposals	-	-	(11,764)	-	(11,764)
Charge for the year	-	-	-	200	200
At 31 December 2017	-	5,462	-	441	5,903
Discontinued operations Tanzania	-	(5,462)	-	-	(5,462)
Charge for the year	-	-	-	1,038 [2]	1,038
Impairments for the year	1,499 [1]	2,979 [1]	1,328 [1]	-	5,806
At 31 December 2018	**1,499**	**2,979**	**1,328**	**1,479**	**7,285**
Net carrying amount					
At 31 December 2016	-	-	-	312	312
At 31 December 2017	-	-	2,500	421	2,921
At 31 December 2018	**-**	**4,914**	**1,469**	**1**	**6,384**

[1] Included in exceptional items - Note 6
[2] US$1,038k included in administrative costs - Note 5 and US$4k relating to discontinued operations; net amount excluding discontinued operations of US$1,034k as per cashflow statement.

Notes to the consolidated financial statements

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

Indefinite life Intangible asset	Year ended 31 December 2018 US$'000	Year ended 31 December 2017 US$'000
fastjet Plc brand [1]	**2,500**	2,500
Less: impairment	**(1,220)**	-
	1,280	2,500
FedAir brand [2]	**297**	-
Less: impairment	**(108)**	-
	189	-
Total	**1,469**	2,500

[1] **fastjet Plc brand:**

The recoverable amount of the fastjet Plc brand has been calculated with reference to its value in use based on brand licensing fees chargeable to fastjet branded airline operations. The key assumptions of this calculation are shown below:

Key Assumptions	Year ended 31 December 2018	Year ended 31 December 2017
Period in which management forecasts are based	**2019-2022**	2018 - 2021
Growth rate applied beyond approved forecast period	**3.00%**	4.00%
Discount rate	**15.00%**	16.00%

The recoverable amount of the Cash Generating Units (CGUs) to which this brand asset is allocated have been measured based on value in use, using a discounted cash flow method. Cash flow projections are based on the business plan approved by the Board covering a four-year period. Cash flows beyond the two-year period are projected to increase in line with the long-term growth rate mentioned above. The indefinite life intangible asset is allocated to the following Cash Generating Units ("CGU"):

Cash Generating Unit	Year ended 31 December 2018	Year ended 31 December 2017
fastjet Airlines Limited (Tanzania) – discontinued operation	**-**	1,220
fastjet Zimbabwe	**1,171**	1,171
fastjet Mozambique	**109**	109
FedAir (airline operations)	**-**	-
Total	**1,280**	2,500

Sensitivity Analysis:

If the inputs to the valuation model above were 1% higher / lower, while all other variables were held constant, the carrying amount of the brand would change as reflected below:

1% decrease in the growth rate	(US$ 77,394)
1% increase in the discount rate	(US$ 103,930)

Notes to the consolidated financial statements

[2] **FedAir brand:**
On the acquisition of FedAir by Parrot on 07 October 2018, an amount of US$1.5m was recognised as goodwill, an amount of US$7.9m was recognised relating to the air operations certificate and US$0.3m was recognised relating to the FedAir brand. The air operations certificate value was based on the intrinsic value of being able to operate the fastjet brand using the FedAir air operations certificate. (refer to Note 22).

As at 31 December 2018, management calculated the recoverable amount of FedAir using a discounted cashflow method based on FedAir's current shuttle business (being a single CGU).

The key assumptions of this calculation are shown below:

Key Assumptions	**Year ended 31 December 2018**	Year ended 31 December 2017
Period in which management forecasts are based	**2019-2022**	n/a
Growth rate applied beyond approved forecast period	**2.40%**	n/a
Discount rate	**15.00%**	n/a
Foreign exchange rate ZAR: US$	**R14.00 = US$1.00**	n/a

The recoverable amount was established to be US$5.0m and an amount of US$4.6m had to be written off as impairment. The impairment was first allocated to the goodwill of US$1.5m and US$3.1 was split pro-rata between the air operations certificate at US$3.0m and the FedAir brand at US$0.1m refer to Note 6.

Sensitivity Analysis:
If the inputs to the valuation model above were 1% higher / 1% lower or R1.00 fluctuation in exchange rate, while all other variables were held constant, the carrying amount of the FedAir business would change as reflected below based on the discounted cashflow model:

1% decrease in the growth rate	(US$ 413,913)
1% increase in the discount rate	(US$ 384,746)
R1:00 increase in ZAR:US$ exchange rate	(US$ 331,995)

**** FedAir Air Operators Certificate ("AOC")**

On the acquisition of FedAir by Parrot on 07 October 2018, an amount of US$1.5m was recognised as goodwill, an amount of US$7.9m was recognised relating to the air operations certificate and US$0.3m was recognised relating to the FedAir brand. The air operations certificate value was based on the intrinsic value of being able to operate the fastjet brand using the FedAir air operations certificate. (refer to Note 22).

As at 31 December 2018, management calculated the recoverable amount of FedAir using a discounted cashflow method based on FedAir's current shuttle business. The recoverable amount was established to be US$5.0m and an amount of US$4.6m was hence written off as impairment. The impairment was first allocated to the goodwill of US$1.5m and US$3.1m was split pro-rata between the air operations certificate at US$3.0m and the FedAir brand at US$0.1m. Management's US$5.0m valuation reflected a forecast decreased cash flow outlook as compared to the 2017 valuation reflecting both a specific loss of revenue to a competitor and a general decrease in market outlook. The forecast cash flow compound average growth and terminal growth rates of the value in use valuation models were seen to decrease from 9.5% to 2.5% and 3.0% to 2.0% respectively.

Notes to the consolidated financial statements

12. Property, plant and equipment

	Owned Aircraft US$'000	Leased Aircraft [1] US$'000	Property US$'000	Plant & Machinery US$'000	Fixtures and Equip. US$'000	Motor Vehicles US$'000	Total US$'000
Cost							
At 31 Dec. 2016	-	-	148	240	696	45	1,129
Additions	-	42,043	-	2		-	42,045
Disposals	-	-	-	(13)	(16)	(25)	(54)
At 31 Dec. 2017	-	42,043	148	229	680	20	43,120
Additions - via share issue	11,504	-	-	-	-	-	11,504
Additions - cash	324	-	95	11	162	35	627
Business Combination	5,021	-	35	25	81	25	5,187
Disposals	-	(42,043)	-	-	(9)	-	(42,052)
Disposal of Tanzania	-	-	(10)	-	(524)	(27)	(561)
Foreign currency difference	(24)	-	(13)	(8)	(14)	(1)	(60)
At 31 Dec. 2018	**16,825**	**-**	**255**	**257**	**376**	**52**	**17,765**
Depreciation and impairment							
At 31 Dec. 2016	-	-	43	185	409	27	664
Charge for the year	-	-	31	51	91	10	183
Disposals	-	-	-	(9)	(14)	(26)	(49)
At 31 Dec. 2017	-	-	74	227	486	11	798
Charge for the year	692	-	41	11	131	12	887 [2]
Disposals	-	-	-	-	-	-	
Disposal of Tanzania	-	-	(10)	-	(444)	(12)	(466)
Foreign currency difference	-	-	-	-	(14)	(1)	(15)
At 31 Dec. 2018	692	**-**	**105**	**238**	**159**	**10**	**1,204**
Net carrying amount							
At 31 Dec. 2016	-	-	105	55	287	18	465
At 31 Dec. 2017	-	42,043	74	2	194	9	42,322
At 31 Dec. 2018	16,133	**-**	**150**	**19**	**217**	**42**	**16,561**

[1] The leased aircraft have not been depreciated in 2017 or 2018 as they were not deployed into Tanzania yet, due to regulatory delays prior to exit.
[2] US$887k comprises of US$692k for owned aircraft, US$111k for other property, plant and equipment and US$84k for discontinued operations.
The leased aircraft with a cost of US$42.0m held under a finance lease were returned to the lessor, due to the disposal of the Tanzanian CGU for which the aircraft were acquired. This resulted in a loss of the non-refundable commitment fee of US$14.6m. See Note 3.3 for more details.

Aircraft with a carrying amount of US$5.2m, serve as security for the instalment liabilities in Note 17.

Notes to the consolidated financial statements

13. Other financial assets

	Year ended 31 December 2018 US$'000	Year ended 31 December 2017 US$'000
FedAir brand license agreement	-	4,609
Call Option asset	-	6,391
	-	11,000

On 29th September 2017, as part of the funding exercise, the Company entered into three agreements with SAHL to support its growth initiatives. All three agreements were signed simultaneously and were not mutually exclusive. The agreements were:

a) A Restraint of Trade Agreement ("RTA");
b) Call Option Agreement to acquire an equity interest in FedAir; and
c) Brand Licence Agreement with FedAir and Solenta Aviation Mozambique Limitada ("SAM").

Restraint of trade agreement ("RTA"): US$11.0m

SAHL, the holding company of Federal Airlines (Pty) Limited ("Fedair") and SAM, entered into a restraint of trade agreement ("RTA") for US$11.0m in favour of fastjet pursuant to which SAHL covenanted that it will not (whether by itself, a connected person, subsidiary or affiliate), for a period of 5 years from the date of the RTA, carry on or be engaged or interested in the carriage of passengers by air and/or any business which would be in competition with the Company's activities in the Republic of South Africa, Tanzania, Zimbabwe and Mozambique.

Call Option agreement:

Parrot Aviation Proprietary Limited ("Parrot") is a joint venture company in which the Company acquired a 25% equity interest and Rashid Wally, the Company's Chairman, acquired a 75% equity interest. Parrot acquired a call option (the "Option") with the shareholders of Fedair granting Parrot the option to buy 100% of the shares in Fedair at any time or to subscribe for the share capital of Fedair to the maximum extent permissible under South African Aviation Legislation, subject to the necessary approvals from relevant governing authorities or regulators as and when appropriate.

The Option was exercised on 7 October 2018, and Parrot entered into a share purchase agreement to acquire the shareholding in FedAir, resulting in the payment of US$3.2m cash to the selling shareholders of FedAir.

FedAir brand license agreement:

Fedair signed a Brand Licence Agreement with the company allowing Fedair to use the Fastjet brand for a period of five (5) years in return for an 8% royalty income from Fedair's future revenues.

In 2017, the US$11.0m paid for the RTA, was valued and allocated between the above three agreements, as follows:

Restraint of Trade Agreement – US$0m of US$ 11.0m

No future economic value was assigned to this agreement, as on signature it was enforced, and SAHL had no competing commercial airline businesses at the time.

Notes to the consolidated financial statements

FedAir brand license agreement – US$4.6m of US$ 11.0m

A valuation was undertaken to determine the future economic value of the 8% Brand Licence Agreement signed with FedAir over the five (5) year period, to which a value of US$4.6m was assigned. This asset was recognised in 2017 and represented the future discounted cashflow value of this agreement over the five-year period.

Due to the acquisition of FedAir and the consolidation of its results into the Group, the future economic value attached to the Brand Licence Agreement has been nullified, and in light of this, the company decided to impair this asset in 2018.

Call Option Asset – US$6.4m of US$ 11.0m

The remaining value of the US$11.0m less the FedAir brand license agreement of US$4.6m, was then assigned to the Call Option on FedAir. The ability to acquire FedAir allowed the company to start scheduled airline operations in South Africa and deploy the fastjet Brand into Africa's biggest aviation market.

Following the exercise of the call option to acquire FedAir, the total consideration of US$9.6m made up of the original $6.4m call option asset paid in 2017, together with the cash purchase price of US$3.2m on exercise, was crystallised into the investment value on the 07 October 2018, which when compared to the updated management valuation of FedAir as at 31 December 2018 of US$5.0m, resulted in an impairment of US$4.6m.

14. Trade and other receivables

	Year ended 31 December 2018 US$'000	Year ended 31 December 2017 US$'000
Trade and other receivables due within one year:		
Trade receivables (net of provision for loss allowance)	**1,496**	1,557
Prepayments	**224**	1,262
Other receivables	**558**	3,620
Fuel deposits	**1,000**	-
VAT & tax	**1,131**	-
	4,409	6,439
Loan to Annunaki [1]	**1,090**	-
Total	5,499	6,439

Loan to Annunaki	**Year ended 31 December 2018 US$'000**	Year ended 31 December 2017 US$'000
Financial assets held at fair value		
Loan to Annunaki at cost	5,000	-
Fair value adjustment	(3,910)	-
Loan to Annunaki at fair value [1]	**1,090**	-

[1] The loan to Annunaki of RTGS $5.0m was revalued to US$1,090k as at 31 December 2018 based on a deemed closing exchange rate for RTGS dollars to US$ of 4.6923.

Notes to the consolidated financial statements

Loss allowance on trade and other receivables	Year ended 31 December 2018 US$'000	Year ended 31 December 2017 US$'000
Opening provision - 1 January	**1,132**	1,262
Provision made during the year	-	2,486
Debts written off during the year	**(1,132)**	(2,616)
Closing provision - 31 December	-	1,132

During the 2018 financial year, fastjet implemented a new revenue accounting data warehouse, which saw further enhancement in the controls around the accounting for trade receivables, forward sales and the release of flown revenue.

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

	Year ended 31 December 2018 US$'000		Year ended 31 December 2017 US$'000	
	Gross	**Impairment**	Gross	Impairment
Not past due (current)	**1,496**	-	1,557	-
Past due (0-60 days)	-	-	-	-
More than 60 days*	-	-	1,132	(1,132)
	1,496	-	2,689	(1,132)

The average age of trade receivables is 14 days (2017: 14 days). No interest is charged on receivables. Most trade debtors are related to the IATA Billing Settlement Plan ("BSP"), credit card merchants and short-term trade debtors.

* In 2017, US$1.1m was provided for bad debts on trade receivables, due to errors in accounting and reconciling sales, debtors and banking. In 2018, a new system was deployed allowing the problem not to reoccur, and no impairment was considered necessary or raised.

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

15. Trade and other payables

	Year ended 31 December 2018 US$'000	Year ended 31 December 2017 US$'000
Trade payables	**6,190**	3,038
Other taxation and social security	**145**	1,871
Other payables	**794**	-
Deferred income (forward ticket sales)	**2,517**	2,524
Accruals *	**3,191**	3,797
AAR – A319 rotable parts settlement (for Tanzania GCU)	**1,686**	1,871
ATR 72-600 finance lease commitment payable (for Tanzania GCU)	**-**	10,946
VAT	**5**	1,937
	14,528	25,984

* The 2018 accruals include US$1.3m for fastjet Plc settlement agreements as group guarantor related to the disposal of the Tanzanian CGU. The AAR amount of US$1.7m is linked to a contingent settlement agreement related to the profitability of the Group in the first six months of 2019.

Notes to the consolidated financial statements

16. Cash and cash equivalents

	Year ended 31 December 2018 US$'000	Year ended 31 December 2017 US$'000
Petty cash	**27**	116
Bank balances	**6,546**	19,963
Cash and cash equivalents in the consolidated balance sheet	**6,573**	20,079
Cash and cash equivalents in the statement of cash flows*	**6,573**	20,079

* US$1.2m of cash and cash equivalents is Zimbabwe cash restricted for use mainly within the country. Access to foreign exchange in Zimbabwe at present is challenging due to current economic circumstances (refer to Note 29). The Group continues to work with the Reserve Bank of Zimbabwe and most commercial banks to find solutions to settle foreign liabilities using the restricted cash.

17. Loans and other borrowings

	Year ended 31 December 2018 US$'000	Year ended 31 December 2017 US$'000
Non-current		
Solenta Aviation Holdings Limited loan [1]	**2,000**	-
Instalment sale liabilities [2]	**1,767**	-
4% loan notes issued by fastjet Airlines Limited [1]	-	7,577
Total	**3,767**	7,577
Current		
Instalment sale liabilities [2]	**689**	-
4% loan notes issued by fastjet Airlines Limited [1]	**-**	1,107
Loan from SSCG [1]	**2,020**	-
Total	**2,709**	1,107

[1] US$ denominated
[2] South African Rands (ZAR) denominated

Solenta Aviation Holdings Limited loan

On 4 April 2018 the Company entered into a US$12.0m loan facility agreement with Solenta Aviation Holdings Limited ("SAHL") to fund the exercise of the Company's option over the three ATR 72-600 with the balance to be used for general working capital purposes. These same aircraft were part of the Tanzania divestment in November 2018 which triggered a loss on disposal of US$14.6m (refer to Note 3.3).

The salient terms of the Facility were as follows:

- The Facility was for a loan of up to US$12.0m to be provided by SAHL to fastjet;
- An interest rate of (i) the higher of US$ 30-day LIBOR plus 6.45% pa or 8% pa until 30 June 2019, and (ii) from 1 July 2019, the higher of US$ 30-day LIBOR plus 8.45% pa or 10% pa;
- Repayment of the loan by either (at fastjet's election) bullet repayment in full on 30 June 2019 or eight quarterly instalments of 12.5% of the loan, commencing 29 March 2019 and concluding 28 December 2020;

Notes to the consolidated financial statements

- Drawdown of the Facility was available until 30 April 2018, or such later date as the parties may agree and subject first to satisfying certain conditions precedent including execution and delivery of security for the loan;

- The required security for the loan comprises security over certain key material assets of the fastjet Group including the fastjet brand and trademarks, the majority interest in the shares held by the Group in fastjet Zimbabwe Limited, the shares acquired by the Group in Federal Airlines (Pty) Limited ("FedAir") and the economic rights of the Group to be acquired in the three ATRs;

- The security includes an SAHL right to nominate directors to the boards of FedAir and fastjet Zimbabwe Limited together with an additional director to the Board of fastjet Plc (such nominated individuals in each case to constitute a minority of directors of the respective boards of the companies);

- fastjet utilised the Facility principally for the purpose of the payment of the ATR Purchase Option Deposit of approximately US$11.0m;

- SAHL was entitled to a raising fee of US$240,000 on the date of drawdown of the Facility and this was capitalised. As per the December 2018 capital raise where US$10.0m of the original loan and some outstanding interest was converted to equity the original loan was seen to have been extinguished and hence the previously capitalised transaction costs were realised to the income statement; and

- The Facility agreement includes standard representations, warranties and events of default, including restrictions on future borrowing and security (subject to exceptions).

As part of the December 2018 capital raise, SAHL agreed to convert US$10.0m of the loan together with accumulated unpaid interest of US$448,752 into fastjet Plc shares.

Additionally, the following were the main changes to the loan terms mentioned above:

- The applicable interest rate was changed to a fixed 6% per annum;

- Bullet repayment date and final repayment dates were removed and replaced with repayment after 48 months provided that there has been six months of trading profitability;

- The lender can allow repayment after 36 months, provided that the six months profitability condition has been met; and

- Addition of fastjet Africa (excluding fastjet Mozambique Limitada) as additional security for the remaining term.

- Due of the extinguishment of the original loan, there was a change in the original effective interest which would result increase the cashflows by US$2.1m.

Instalment sale liabilities

Liabilities under instalment sale agreements are South African Rand denominated loans held with Standard Bank of South Africa Limited. The loans arose when FedAir purchased four of their operational aircrafts which are currently reflected under owned aircraft (included in business combination US$5,0m see Note 12). The loans bear interest at South African prime (currently 10.25%) plus or minus 1%. Final instalments are due between 2019 and 2022.

As at 31 December 2018, the instalment sale liabilities are secured by the four owned aircraft with a book value in FedAir of US$3.6m and motor vehicles with a book value in FedAir of US$35k.

Notes to the consolidated financial statements

Loan from SSCG

Original transaction

In July 2018, fastjet Plc borrowed US$2.0m from SSCG for general working capital purposes across the Group on an interest-bearing loan at 6% fixed per annum, for an initial period of six months.

At the same time, fastjet Zimbabwe deposited RTGS$5.0m with Annunaki, on an interest-bearing deposit at 4% fixed per annum for an initial period of six months.

Loan – first term extension

On 1 March 2019, the Company agreed with both Annunaki and SSCG that the terms of the unsecured loans will be extended to 31 March 2019. The terms of the Loan Agreements will remain the same except for the following changes:

- The loan amount from fastjet Zimbabwe to Annunaki was increased from RTGS$5.0m to RTGS$7.0m due to devaluation of the underlying RTGS$ currency;

- During the term of the Loan Agreement with SSCG, SSCG shall have the option to convert the US$2.0 m repayment plus any outstanding interest into ordinary shares in the Company (subject always to the shareholders of the Company granting the directors sufficient authority to allot and issue such shares on a non-pre-emptive basis) (the "Option to Convert") either (i) upon the happening of an event of default under the Loan Agreements, or (ii) after 28 February 2019; and

- Any ordinary shares in the Company issued pursuant to the Option to Convert shall be issued at the higher of:

    - the volume weighted average price per ordinary share over the preceding 30 trading days on the London Stock Exchange ending on the date on which SSCG has given such written notice to convert; or

    - At par value.

Loan – second term extension

On 05 March 2019, the parties agreed to extend the Loan arrangements to 30 June 2019.

Loan – repayment and extension

On the 11 June 2019, an amount of US$1.25m was repaid to SSCG and the remaining US$0.75m was extended to 31 January 2020.

Additionally, between 12 June 2019 and 14 June 2019, Annunaki repaid the RTGS$7.0m to fastjet Zimbabwe together with all the accrued interest.

Notes to the consolidated financial statements

18. Obligations under finance leases

The leased ATR 72-600 aircraft with a cost of US$42.0m, bought specifically for the Tanzanian CGU in 2017, held under a finance lease were returned back to the lessor, upon disposal of the Tanzanian CGU.

Year Ended 31 December 2018	**Future minimum lease payments US$'000**	**Less: Interest US$'000**	**Present value of future lease payments US$'000**
Less than one year	-	-	-
Two to five years	-	-	-
More than five years	-	-	-
Total	-	-	-
Disclosed as follows:			
Non-current liabilities			-
Current liabilities			-
Total			-

Year Ended 31 December 2017	Future minimum lease payments US$'000	Less: Interest US$'000	Present value of future lease payments US$'000
Less than one year	5,175	1,757	3,418
Two to five years	20,700	4,833	15,867
More than five years	12,761	950	11,811
Total	38,636	7,540	31,096
Disclosed as follows:			
Non-current liabilities			27,678
Current liabilities			3,418
Total			31,096

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

Notes to the consolidated financial statements

19. Share capital and Share premium

	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$'000	Share premium US$'000
At 1 January 2017	96,750	9,313	1,035,890	94,290	145,324	127,185
Shares issued: 2017						
- for cash	267,468	-	-	2,676	3,417	53,556
- for SAHL facility agreement	95,633	-	-	956	1,179	18,021
- for RTA and linked						10,454
transactions (Note 13)	41,045	-	-	410	546	
- Employee Benefit Trust	21,504	-	-	215	286	-
Total shares issued - 2017	425,650	-	-	4,257	5,428	82,031
Warrants exercised	7	-	-	-	-	-
At 31 December 2017	522,407	9,313	1,035,890	98,547	150,752	209,216
Shares issued: 2018						
- for cash	1,405,138	-	-	14,051	18,879	5,788
- for conversion of SAHL loan	934,752	-	-	9,348	10,447	-
- for purchase of E145 aircraft	899,809	-	-	8,998	11,504	-
- creditors converted	38,717	-	-	387	495	-
Total shares issued - 2018	3,278,416	-	-	32,784	41,325	5,788
Warrants exercised	2	-	-	-	-	-
At 31 December 2018	**3,800,825**	**9,313**	**1,035,890**	**131,331**	**192,077**	**215,004**

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.

*** Deferred shares** - On 08 August 2016, the Company's existing ordinary shares of £1.00 each were consolidated into new ordinary shares on the basis of one new ordinary share of 1 penny each and 11 deferred shares of 9 pence each for every existing ordinary share of £1.00 each.

The deferred shares have no significant rights attached.

2017 Capital Raises:

On 05 January 2017:

- 143,449,794 new ordinary shares of 1 penny each were issued at 16.3 pence per share by way of a placing to new and existing institutional and other investors and fastjet management, raising gross proceeds of £23.4m (US$29.0m).

- 95,633,199 new consideration shares were issued to Solenta Aviation Holdings Limited ("SAHL") at 16.3 pence per share with a value of £15.6m (US$19.2m). See Note 23 for further details.

Notes to the consolidated financial statements

On 21 September 2017:

- 124,018,276 new ordinary shares of 1 penny each were issued at 20 pence per share by way of placing to new and existing institutional and other investors, raising gross proceeds of £24.8 m (US$31.0m).

- 41,044,777 new ordinary shares of 1 penny each were issued at 20 pence per share were issued with a value of £8.2m (US$11.0m) in exchange for three agreements signed with SAHL. See Note 13 for further details.

- 21,504,112 new ordinary shares of 1 penny each were issued at 1 pence per share by way of placing to an Employee Benefit Trust ("EBT") (See Note 20).

2018 Capital Raises:

On 05 July 2018, the company issued:

- 66,495,310 new ordinary shares of 1 pence each were issued at a price of 8 pence per share raising gross proceeds of £5.3 m (US$7.0m).

- 28,924,538 new ordinary shares of 1 pence each to SAHL at a price of 8 pence per share, raising gross proceeds of £2.3 m (US$3.0m).

- On 27 July 2018, 2,824,504 new ordinary shares of 1 pence each were issued by way of an open offer to existing shareholders at a price of 8 pence per share, on the basis of one share for every 26 existing ordinary shares. This raised gross proceeds of £0.2m (US$0.3m).

On 13 December 2018, the company issued:

- 3,124,999,999 new ordinary shares of 1 pence each which were issued at a price of 1 penny per share raising gross proceeds of £31.3m (US$39.3m).

- 55,171,979 new ordinary shares of 1 pence each which were issued by way of an open offer to existing shareholders at a price of 1 penny per share, on the basis of 57 shares for every 10 existing ordinary shares. This raised gross proceeds of £0.6m (US$0.7m).

In aggregate in 2018, the issue of shares raised gross proceeds of £39.7m (US$50.3m) (2017: US$90m).

The table below shows the breakdown of the nature of gross proceeds received from the capital raise in September and December 2018.

	US$'000
Cash proceeds	24,667
Acquisition of four Embraer 145 aircraft	11,504
Loan received from SAHL converted into equity	10,000
Capital raise costs	3,248
Lease rental arrears converted into equity	495
Unpaid interest on SAHL loan converted into equity	447
Total	**50,361**

Notes to the consolidated financial statements

Reconciliation of outstanding share warrants

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

	Year ended 31 December 2018		Year ended 31 December 2017	
	Number of warrants	**Weighted average exercise price**	Number of warrants	Weighted average exercise price
Outstanding at beginning of the year	**32,706,054**	**£0.340**	31,277,942	£0.340
Granted	**-**	**-**	1,434,498	£0.163
Exercised	**(1,715)**	**£0.320**	(6,386)	£0.315
Lapsed	**(955,113)**	**£1.180**	-	-
Outstanding at end of the year	**31,749,226**	**£0.310**	32,706,054	£0.340

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

Of the remaining warrants, the following applies:

- 1,434,498 warrants at 16.3 pence lapsing 31 December 2019; and
- 30,314,728 warrants at 31.5 pence lapsing 31 July 2021.

20. Treasury shares

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

	Number of Shares	**US$'000**
At 31 December 2017	**21,504,112**	**288**
Shares issued during the year	-	-
Shares awarded during the year	-	-
At 31 December 2018	**21,504,112**	**288**

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

Notes to the consolidated financial statements

21. Subsidiaries

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

Active Companies			**Voting rights held**	
Name	**Country of Incorporation**	**Activity**	**2018**	2017
Fastjet SPV 1 Limited	United Kingdom	Dormant	100.00%	100.00%
Fastjet SPV SA Two (Pty) Limited	South Africa	Dormant	50.00%	50.00%
Fastjet Leasing UK Limited	United Kingdom	Dormant	100.00%	100.00%
Fastjet Zambia Limited	Zambia	Airline Services	49.50%	49.50%
Fastjet Zimbabwe Limited	Zimbabwe	Airline Services	49.00%	49.00%
Fastjet Travel Ltd	United Kingdom	Dormant	100.00%	100.00%
FJET South Africa (RF) (Pty) Limited	South Africa	Dormant	50.00%	50.00%
Fastjet Africa (Pty) Limited	South Africa	Airline Management Services	100.00%	100.00%
Fastjet Mozambique Limitada	Mozambique	Airline Services	99.25%	99.25%
Parrot Aviation Proprietary Limited	South Africa	Holding Company	25.00%	25.00%
Aircraft and Facilities Limited	British Virgin Islands	Dormant	100.00%	100.00%
Federal Airlines Proprietary Limited	South Africa	Airline Services	25.00%	-

Deconsolidated Companies			**Voting rights held**	
Name	**Country of Incorporation**	**Activity**	**2018**	2017
Fastjet Airlines Limited (*formerly Fly 540 (T) Limited*)	Tanzania	Airline Services	-	49.00%
Fastjet Air TZ (BVI) Limited	British Virgin Islands	Holding Company	-	100.00%
Fastjet Leasing PCC Limited	Guernsey	Dormant	-	100.00%
Fastjet Holdings (Guernsey) Limited	Guernsey	Holding Company - Dormant	-	100.00%
Fastjet Kenya Limited	Kenya	Dormant	-	49.00%
Fastjet Mauritius K Limited	Mauritius	Holding Company - Dormant	-	100.00%
Fastjet Mauritius T Limited	Mauritius	Dormant	-	100.00%
Africa Flight Services Limited	Guernsey	Dormant	-	100.00%

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

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

The registered office of Fastjet Zimbabwe Limited is 38 Clairwood Road, Alexandra Park, Harare, Zimbabwe.

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

The registered office of Fastjet Africa Proprietary Limited is Key West Centre, 43 Van Buuren Road, Bedfordview, Gauteng, South Africa.

Notes to the consolidated financial statements

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

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

The registered office for Parrot Aviation Proprietary Limited is Key West Centre, 43 Van Buuren Road, Bedfordview, Gauteng, South Africa.

The registered office for Federal Airlines Proprietary Limited is Hangar 14, Bonaero Park, Johannesburg, South Africa.

All subsidiaries of the Group are shown above.

fastjet Zimbabwe Limited, fastjet Zambia Limited and fastjet Kenya Limited

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

fastjet Zimbabwe Limited and fastjet Zambia Limited are consolidated as subsidiaries in these financial statements. Although the Group holds less than 50% of the voting rights in each entity, it controls the management, operations and distributions through contractual agreements as well as its shareholding. Consequently, there is no adjustment for non-controlling interests.

Parrot Aviation Proprietary Limited

In the 2017 financial year, fastjet Plc acquired a 25% equity interest in Parrot Aviation. The remaining 75% equity was acquired by the fastjet Group Chairman, Rashid Wally.

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

fastjet Airlines Limited

Fastjet Airlines Limited was consolidated as a subsidiary in the financial statements until the end of November 2018. Although the Group had only 49% of the voting rights in the entity, it controlled its management, operations and distribution. Consequently, there was no adjustment for non-controlling interests.

On 26 November 2018, the Group sold its interest in fastjet Airlines Limited through the sale of its shares in its holding company fastjet Air TZ (BVI) Limited. Consequently, the results of fastjet Airlines Limited and its holding company are disclosed as a discontinued operation. The comparative consolidated income statement and consolidated statement of comprehensive income have been re-presented to show discontinued operations separately from continuing operations.

Notes to the consolidated financial statements

22. Acquisition of Federal Airlines Proprietary Limited

On 07 October 2018, Parrot Aviation Proprietary Limited, a company in which the Company has a 25% interest and Rashid Wally, the Company's Chairman who has a 75% equity interest, acquired 100% of the shares of Federal Airlines Proprietary Limited.

Consideration transferred

The following table summarises the acquisition date fair value of each major class of consideration transferred

	US$'000
Call option asset*	6,391
Cash	3,200
Total consideration	**9,591**

* Details relating to the call option assets are explained in Note 13.

Identifiable assets acquired and liabilities assumed

The table below summarises the recognised amounts of assets acquired, and liabilities assumed at the date of acquisition being 01 October 2018. FedAir assets and liabilities are predominately South African Rand denominated and as at date of acquisition these values were translated from South African Rand to US$ at an exchange rate of R14.18 = US$1.00.

	Carrying amount US$'000	Fair value adjustments US$'000	Adjusted fair value US$'000
Property, plant and equipment	4,205	982	5,187
Intangible assets	2	8,190	8,192
Inventory	141	-	141
Trade and other receivables	1,283	-	1,283
Tax receivable	101	-	101
Cash and cash equivalents	946	-	946
Loans and borrowings - non-current	(2,157)	-	(2,157)
Deferred tax liability	(847)	(2,568)	(3,415)
Trade and other payables	(2,186)	-	(2,186)
Total identifiable net assets acquired	**1,488**	**6,604**	**8,092**

Purchase of FedAir subsidiary - cash consideration

The following table summarises the acquisition date fair value of each major class of consideration transferred

	US$'000
Cash paid to shareholders of FedAir on acquisition	3,200
Foreign exchange difference	158
Cash and cash equivalents held in FedAir on acquisition	(946)
Net cash consideration paid on purchase of subsidiary (as per consolidated cashflow statement)	**2,412**

Notes to the consolidated financial statements

Goodwill

Goodwill arising from the date of acquisition has been recognised as follows:

	US$'000
Consideration transferred	9,591
Fair value of identifiable assets	(8,092)
Goodwill	**1,499**

As at 31 December 2018, management calculated the recoverable amount of FedAir using a discounted cashflow method based on FedAir's current shuttle business only. The recoverable amount was established to be US$5.0m and an amount of US$4.6m had to be written off as impairment. The impairment was first allocated to the goodwill of US$1.5m and the balance was allocated to Air operations certificate US$3.0m and the FedAir brand US$0.1m.

Since the acquisition date, FedAir has contributed US$3.6m to group revenues and US$178k to group profit before tax. If the acquisition had occurred on 01 January 2018, FedAir would have contributed US$13.1m to group revenues and US$1.1m to group profit before tax.

23. Shares in lock-up transactions

Employee Share Options

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

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

Grant date of Options granted to Directors	Number of options granted*	Vesting Conditions	Contractual life of options*
On 13 June 2012	3,000	Completing reverse take over	13.06.12 to 13.06.22
Options granted to Directors and employees on 1 April 2015	2,834,204	Approval of proposed funding announced by the Company on 1 April 2015 by the Company in a general meeting by 20 April 2015.	01.04.15 to 01.04.25
Options granted to Directors on 15 August 2016	1,922,607	None	15.08.16 to 15.08.26

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

Notes to the consolidated financial statements

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

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

Reconciliation of outstanding share options

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

	31 December 2018		31 December 2017	
	Number of options	**Weighted average exercise price**	Number of options	Weighted average exercise price
Outstanding at beginning of the year	**4,779,811**	**£0.95**	4,819,811	£1.357
Granted	**-**	**-**	-	-
Exercised	**-**	**-**	-	-
Lapsed	**(20,000)**	**£50.00**	(40,000)	£50.00
Outstanding at end of the year	**4,759,811**	**£1.15**	4,779,811	£0.95

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

The share options outstanding at 31 December 2018 have an exercise price in the range of £0.315 to £44.78 (2017: £0.315 to £44.78) and a weighted average contractual life of 7.7 years (2017: 7.7 years).

Expense recognised in the profit or loss	**Year ended 31 December 2018 US$'000**	Year ended 31 December 2017 US$'000
Total expense recognised for equity-settled share-based payments	**281**	579

Notes to the consolidated financial statements

SAHL Share Based Payment

On 5 January 2017, fastjet Plc entered into a services agreement with SAHL to provide amongst other things, access to its African AOCs and the use of three Embraer 145 aircraft over a five-year lease period. As part of the agreement SAHL were issued 95,633,199 new ordinary shares. Each flying hour under the lease was in exchange for part cash and part draw down of the shares which were held in escrow. This agreement resulted in SAHL becoming a 28% shareholder of fastjet at the time.

The following represents the movement in the share-based payment:

	Number of Shares	US$'000
At 31 December 2016	-	-
Shares granted	95,633,199	19,224
Services received during the 2017 year	(13,197,087)	(2,653)
Balance at 31 December 2017	**82,436,112**	**16,571**
Shares granted	-	-
Services received during the 2018 year	(26,137,187)	(5,254)
Released as part of the capital raise*	(56,298,925)	(11,317)
Balance at 31 December 2018	**-**	**-**

* As part of the capital raise in December 2018, four E145 were purchased from SAHL by fastjet. Subsequently, it was agreed that the facility agreement would come to an end and the remaining equity settled share-based payment transaction value was released.

Notes to the consolidated financial statements

24. Financial instruments

The Group's principal financial instruments comprise equity shares, cash and cash equivalents and borrowings. The purpose of these 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 presently enter into derivative transactions such as forward foreign currency contracts.

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 2018	Financial assets at fair value through profit and loss	Amortised cost US$'000	Amortised cost financial liabilities US$'000	Other* US$'000	Carrying value US$'000	Fair value US$'000
Trade and other receivables	-	3,054	-	1,355	4,409	4,409
Loan to Annunaki	1,090	-	-	-	1,090	1,090
Cash and cash equivalents	-	6,573	-	-	6,573	6,573
Trade and other payables	-	-	(11,861)	(2,667)	(14,528)	(14,528)
Loans and borrowings	-	-	(6,476)	-	(6,476)	(6,476)
Obligations under finance leases	-	-	-	-	-	-

The following table analyses within the fair value hierarchy the financial assets measured at fair value at 31 December 2018 in line with IFRS 13;

	Level 1 US$'000	Level 2 US$'000	Level 3 US$'000	Total US$'000
Financial assets at fair value through profit and loss:				
Loan to Annunaki	-	-	1,090	1,090
Total	-	-	1,090	1,090

The fair value of the loan to Annunaki was categorised as level 3 as at 31 December 2018.This is because it failed the business model to hold and collect. This loan is denominated in RTGS$ and the fair value has been estimated based on a rate of RTGS$ 4.6923 = US$1.00. There was no official exchange rate between the RGTS$ and the US$ and management used the Old Mutual Implied Rate as a proxy.

If there is 10% decrease on the exchange rate of RTGS to US$ then the value will be decrease by US$103k.

Notes to the consolidated financial statements

At 31 December 2017	Financial assets at fair value through profit and loss	Amortised cost US$'000	Amortised cost financial liabilities US$'000	Other* US$'000	Carrying value US$'000	Fair value US$'000
Trade and other receivables	-	4,920	-	1,519	6,439	6,439
Financial assets	11,000	-	-	-	11,000	11,000
Cash and cash equivalents	-	20,079	-	-	20,079	20.079
Trade and other payables	-	-	(23,460)	(2,524)	(25,984)	(25,984)
Loans and borrowings	-	-	(8,684)	-	(8,684)	(8,684)
Obligations under finance leases	-	-	(31,096)	-	(31,096)	(31,096)

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

The following table analyses within the fair value hierarchy the financial assets measured at fair value at 31 December 2017 in line with IFRS 13;

	Level 1 US$'000	Level 2 US$'000	Level 3 US$'000	Total US$'000
Financial assets at fair value through profit and loss:				
Option to purchase FedAir shares (see Note 13)	-	-	6,391	6,391
FedAir brand license agreement	-	-	4,609	4,609
Total	-	-	11,000	11,000

FedAir shares are not traded on an active market.

The option to purchase FedAir shares and the FedAir brand license agreement were classified as level 3 in 2017. The fair value has been estimated using a discounted cash flow valuation model based on assumptions that are not supported by observable market prices or rates. The valuation required management to make estimates about the expected future cash flows. Management believed that the estimated values resulting from the valuation technique included were reasonable and that they were the most appropriate values at the time.

Below is a summary of the significant unobservable inputs to the valuation of this financial asset in 2017:

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

Notes to the consolidated financial statements

Sensitivity Analysis:

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

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

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

Currency Risk

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

There is an elevated currency risk in fastjet Zimbabwe specifically due to the unpredictability and volatility of hard currency US$ values compared to the local ZWL dollar / RTGS$ currency and how these values fluctuate in the open market and with the Reserve Bank of Zimbabwe. Since 2019 Zimbabwe had adopted a multi-currency regime that included foreign currencies (as per Sec 44A of RBZ Act) and since 2016 had introduced a local currency made of bond notes, coins, bank balances (in the form of RTGS and mobile money), cheques etc. (i.e. "RTGS$") . Due to the shortage of foreign currencies (specifically US$ which was most commonly used), the local currency became the most used and dominant currency towards the end of 2017 and into 2018. It was management's judgement that RTGS$ represented a new currency which was officially pegged at 1:1 with US$. It is noted that on 22 February 2019 this was officially recognised as a new domestic currency. Given the new local currency in Zimbabwe management undertook an exercise to evaluate whether the functional currency of Zimbabwe had changed during 2018. It is management's judgement that the primary economic environment for the Zimbabwean operating entity (i.e. the currency relating to the principal income and expenses transactions) remained US$ for 2018.

As a result of the 01 October 2018 monetary policy, RBZ mandated that all current bank balances be split between RTGS$ and Nostro accounts. It is management's judgement that parity with US$ ceased at this point and whilst officially the exchange rate remained at 1:1 the separation between RTGS and Nostro accounts evidenced that parity of 1:1 is no longer effectively recognised by market participants. In the absence of an official rate management made a judgement to estimate the underlying exchange rate between RTGS$ and US$ using the Old Mutual Implied Rate as a proxy. Whilst there are quantative indicators since year end in 2019 (i.e. the cumulative three-year average inflation rate exceeding 100%) that the Zimbabwean economy could be becoming hyperinflationary, it is management's judgement that, for 2018, the Zimbabwean economy was not hyperinflationary. Management will continue to assess the operating environment on its hyperinflationary status going forward.

Notes to the consolidated financial statements

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

At 31 December 2018	**Monetary assets US$'000**	**Monetary liabilities US$'000**
Sterling	**401**	**91**
US Dollars	**7,110**	**14,662**
Tanzanian Shilling	**-**	**-**
Zambian Kwacha	**20**	**23**
South Africa Rand	**2,598**	**6,048**
Euro	**105**	**43**
Mozambican metical	**312**	**1,251**
Kenyan Shilling	**3**	**-**
RTGS$ dollars (Zimbabwe local US$) *	**2,299**	**-**
	12,848	**22,118**

At 31 December 2017	Monetary assets US$'000	Monetary liabilities US$'000
Sterling	12,798	204
US Dollars	18,763	16,537
Tanzanian Shilling	3,248	13,311
Zambian Kwacha	35	5
South African Rand	1,667	31,677
Euro	235	128
Mozambican Metical	416	1,218
Kenyan Shilling	51	-
RTGS dollars (Zimbabwe local US$) *	11,000	5,000
	48,213	68,080

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 a lot of foreign exchange exposure. The Group and the Company's cash balances are maintained in a number of currencies, somewhat matched to the expected currency of outflows and this further reduces exposure to exchange risk. The biggest currency risk is in the Zimbabwean market in that it is challenging to extract funds from local sales to pay for offshore payables.

Management regularly monitors 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.

Notes to the consolidated financial statements

Sensitivity analysis

A 10% percent weakening of the following currencies against the US$ at 31 December 2018 would have increased (decreased) equity and profit or loss by the amounts shown below. This calculation assumes that the change occurred at the balance sheet date and had been applied to risk exposures existing at that date.

This analysis assumes that all other variables, in particular other exchange rates and interest rates, remain constant. The analysis is performed on the same basis for 31 December 2017.

	10% increase in currency Impact on profit before tax		**10% decrease in currency Impact on profit before tax**	
	Year ended 31 December 2018 US$'000	Year ended 31 December 2017 US$'000	**Year ended 31 December 2018 US$'000**	Year ended 31 December 2017 US$'000
Sterling	**(45)**	(1 ,145)	**45**	1, 145
Tanzanian Shilling	**-**	915	**-**	(915)
Zambian Kwacha	**-**	(3)	**-**	3
South African Rand	**(314)**	2, 728	**314**	(2, 728)
Euro	**(13)**	(10)	**13**	10
Mozambican metical	**(85)**	73	**85**	(73)
Kenyan Shilling	**-**	(5)	**-**	5
RTGS dollars (Zimbabwe local US$) *	**(209)**	-	**209**	-

* **Official position:** At 31 December 2018, officially per the Reserve Bank of Zimbabwe, RTGS denominated assets and liabilities continued to be valued at RTGS$1.00 = US$1.00; effective 25 February 2019, the Reserve Bank of Zimbabwe introduced an official dual currency system of real US$ and the local RTGS dollars and at the same time introduced an exchange rate of RTGS$ 2.50 = US$1.00.

*** Management position:** Despite the above, market forces within Zimbabwe triggered a black market/ parallel trading environment due to the scarcity and difficulty in accessing real US$ and settling foreign liabilities in hard currencies from within Zimbabwe. Two companies whose shares are listed on the Zimbabwe Stock Exchange are additional listed on the either the London and/or Johannesburg Stock Exchange. This allowed an implied exchange rate to be determined between the share valuations. Considering this, management took the position as at 31 December 2018 to revalue all financial assets based on an exchange rate of RTGS$ 4.6923 = US$1.00. This resulted in an exchange loss of US$8.5m that was expensed in 2018.

The sensitivity analysis above has only been applied to the 31 December 2018 balances and not 2017, as in 2017 the exchange rate prevailing was RTGS$ 1.00 = US$1.00.

Liquidity risk

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

At 31 December 2018, the group had US$6.5m of which US$1.1m (RTGS$ 5.2m) has historically been restricted in Zimbabwe. During the first six months of 2019, the group has managed to settle the majority of all foreign trade liabilities relating to Zimbabwean operation using the restricted cash. Additionally, with the change in monetary policy from the end of February, fastjet Zimbabwe introduced US$ ticket sales and during quarter two of 2019, is achieving between 70% to 80% of all ticket sales in hard currency.

Notes to the consolidated financial statements

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

At 31 December 2018	**Carrying amount US$'000**	**Contractual cash flows US$'000**	**One year or less US$'000**	**One to two years US$'000**	**Two to five years US$'000**	**Five years and over US$'000**
Trade payables*	**6,190**	**6,190**	**6,190**	**-**	**-**	**-**
Other payables and accruals	**3,985**	**3,985**	**3,985**	**-**	**-**	**-**
AAR settlement agreement	**1,686**	**1,686**	**1,686**	**-**	**-**	**-**
Loans with SAHL	**2,000**	**2,480**	**120**	**120**	**2,240**	**-**
Loan from SSCG	**2,020**	**2,107**	**1,353**	**754**	**-**	**-**
Instalment sale liabilities	**2,456**	**2,881**	**898**	**898**	**1,085**	**-**
Total	**18,337**	**19,329**	**14,232**	**1,772**	**3,325**	**-**

* Excludes deferred income and taxes

At 31 December 2017	Carrying amount US$'000	Contractual cash flows US$'000	One year or less US$'000	One to two years US$'000	Two to five years US$'000	Five years and over US$'000
Obligations under finance leases	31,096	38,636	5,175	4,140	16,560	12,761
Trade payables	3,038	3,038	3,038	-	-	-
Other payables*	16,614	16,614	16,614	-	-	-
Loans and other borrowings	8,684	12,945	1,521	1,477	5,466	4,481
Total	59,432	71,233	26,348	5,617	22,026	17,242

* Excludes deferred income and taxes

Notes to the consolidated financial statements

Credit risk

Cash and cash equivalents

The group credit risk arises from cash and cash equivalents. The group held cash and cash equivalents of US$6.5m as at 31 December 2018 (2017:US$20.0m). The cash and cash equivalents are held with bank and financial institution counterparties, which have the ratings shown below:

	Year ended 31 December 2018		Year ended 31 December 2017	
	Rating	**Cash at Bank US$'000**	Rating	Cash at Bank US$'000
Barclays UK	**A**	**4,275**	A	13,723
Standard Bank of South Africa	**B**	**1,029**	B	6
Ecobank Zimbabwe	**BBB**	**568**	BBB	-
NMB Bank Zimbabwe	**BB**	**547**	BB	5,006
CBZ Zimbabwe	**A**	**92**	A	501
Barclays Zambia	**BB**	**19**	BB	10
Standard Bank Mozambique	**B**	**16**	B	24
Barclays Tanzania	**BB**	**-**	BB	476
NMB Tanzania	**BB**	**-**	BB	55
Bank of Africa Tanzania	**BB**	**-**	BB	67
Barclays Kenya	**BB**	**-**	BB	95
Bank balance as per note 16		**6,546**		19,963

Impairment on cash and cash equivalents has been measured on a 12-month expected loss basis and reflects the short maturities of the exposures. The group considers that its cash and cash equivalents have low credit risk based on the external credit ratings of the counterparties.

Trade and other receivables

The Group's credit risk for trade and other receivables 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.

Interest rate risk

The group interest rate risk arises from instalment sale liabilities. These are issued at prime bank interest rate plus one percent. Borrowings at variable interest rates expose the group to cash flow interest rate risk. The interest rate risk is managed through determining the right balance of fixed and variable debt within the finance structure where necessary.

The interest profile of financial liabilities was as follows:

At 31 December 2018	**Loans and borrowings US$'000**	**Finance Leases US$'000**	**Overdraft US$'000**	**Other financial liabilities US$'000**	**Total US$'000**
Fixed interest (SAHL & SSCG)	**4,020**	**-**	**-**	**-**	**4,020**
Variable interest	**2,456**	**-**	**-**	**-**	**2,456**
Total	**6,476**	**-**	**-**	**-**	**6,476**

Notes to the consolidated financial statements

At 31 December 2017	Loans and borrowings	Finance Leases	Overdraft	Other financial liabilities	Total
	US$'000	US$'000	US$'000	US$'000	US$'000
Fixed interest	8,684	31,096	-	-	39,780
Total	8,684	31,096	-	-	39,780

Had there been a fifty basis points increase or decrease in the interest rates, the impact on the income statement and the shareholders' equity would be insignificant.

Capital management risk

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

The Group's objectives when managing capital are:

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

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

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

Notes to the consolidated financial statements

25. Operating lease commitments

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

At 31 December 2018	**Aircraft US$'000**	**Property US$'000**	**Total US$'000**
Less than one year	**-**	**159**	**159**
One to five years	**-**	**327**	**327**
More than five years	**-**	**-**	**-**
	-	**486**	**486**

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

The above aircraft lease commitments in 2017 were from GECAS for the two Tanzanian E190's (US$28.4m) and from SAHL for the three Zimbabwean and Mozambique E145's (US$8.4m).

As at 31 December 2018, all the above leases were terminated by the group as the GECAS leases were settled under an early termination agreement following the Tanzanian divestment, and the lease agreement for SAHL leased E145 aircraft was terminated following the aircraft purchase from SAHL as part of the capital raise in December 2018.

Shares for US$11.5 were issued to SAHL for the purchase of these three E145 aircraft together with an additional fourth aircraft.

Notes to the consolidated financial statements

26. Reconciliation of liabilities arising from financing activities in the Cashflow

	Loan notes US$'000	Finance lease obligation US$'000	Instalment sale liabilities US$'000	SAHL loan US$'000	SSCG Loan US$'000	Total US$'000
At 1 January 2018	8,684	31,096	-	-	-	39,780
Repayment of borrowings	(830) [2]	-	(177)	-	-	(1,007)
SAHL loan received	-	-	-	12,000		12,000
SSCG loan received	-	-	-	-	2,000	2,000
Financing activities as per cash flow statement	**(830)**	**-**	**(177)**	**12,000**	**2,000**	**12,993**
Interest paid in cash as per cashflow statement [1]	(404) [2]	(1,166)	-	(182)	(51)	(1,803)
Other non-cash changes:						
Loans assumed on FedAir acquisition	-	-	2,633	-	-	2,633
ATR 72-600 finance lease terminated	-	(31,096)	-	-	-	(31,096)
SAHL loan converted into share capital	-	-	-	(10,446)	-	(10,446)
Interest charges accrued	381	1,166	-	628	71	2,246
Fair value gain	(209)	-	-	-	-	(209)
Foreign exchange variances	(194)	-	-	-	-	(194)
Discontinued operation (Tanzania CGU)	(7,428)	-	-	-	-	(7,428)
	(7,854)	(31,096)	2,633	(10,000)	20	(46,297)
Balance as at 31 December 2018	**-**	**-**	**2,456**	**2,000**	**2,020**	**6,476**

[1] Excludes US$243k interest paid on short term borrowings.

(The interest paid on SAHL loan of US$1,385k plus US$257k interest paid on short term borrowings = US$1,642k as per cashflow statement).

[2] US$830k loan note repayment plus US$404k interest paid on loan notes = US$1,234k repayment per financing activities from discontinued operations.

27. Contingent liabilities

On 24 May 2019, fastjet Plc has been named as second defendant under a labour court action in Tanzania relating to the Tanzania discontinued operations whereby all staff have held fastjet Airlines Limited responsible for unpaid salaries and termination benefits (as first defendant). Management believe that fastjet Plc was not the employer nor direct shareholder of fastjet Airlines Limited and cannot be held legally responsible. In light of this fastjet Plc has engaged legal counsel to defend its case in Tanzania.

Other than the above, management is not aware of any other contingent liabilities that might exist as at 31 December 2018.

Notes to the consolidated financial statements

28. Related Parties

Solenta:

Solenta Aviation Holdings Limited ("SAHL") is currently a 59.34% shareholder in fastjet Plc and provides aircraft leasing and related services to the Group.

During 2017, fastjet Plc entered into various agreements with SAHL and/or its subsidiaries which included (i) an option to purchase FedAir, (ii) FedAir brand licence agreement, (iii) a restraint of trade agreement with SAHL group (as further explained in Note 13).

During 2018, fastjet Plc entered into a loan agreement with SAHL as further explained in Note 17.

On 07 October 2018, Parrot Aviation and fastjet Plc exercised its option to purchase the shareholding of FedAir, which at the time of purchase was owned 67.60% by Solenta Investment Holdings Proprietary Limited, a subsidiary company of SAHL.

The amounts included in the balance sheet for these items are as follows:

	SAHL group entity	**Year ended 31 December 2018 US$'000**	Year ended 31 December 2017 US$'000
Current assets			
Other financial assets	**SAHL**	**-**	11,000
Non-current liabilities			
Long term loan	**SAHL**	**2,000**	-
Current liabilities			
ATR 72-600 accrual[1]	**AL&M**	**-**	10,946
Accruals		**157**	512
Trade payables			
- Solenta Aviation Holdings Limited	**SAHL**	**97**	-
- Solenta Aviation Mozambique Limitada	**SAM**	**857**	301
- Solenta Aviation (Pty) Limited	**PTY**	**570**	-
Equity			
Equity-settled share-based payment transactions	**SAHL**	**-**	16,571

[1] AL&M is a subsidiary company of the ACIA Aero Capital Limited ("AACL") group, which is not part of the SAHL group of companies. However, a 1.24% shareholder of SAHL also owns shares of AACL and via this relationship, AL&M has been reflected as a related party for total transparency purposes.

On 1 November 2017, Solenta Aviation Mozambique Limitada ("SAM") and fastjet Mozambique Limited ("FAM") entered into an agreement in which Solenta Mozambique S.A supplies to fastjet Mozambique Limited all the required flight operations activities and functions, administration and management support, administration support for the purpose of settlement of operations and related billing, maintenance activities and operations, supervision of fuel uplifting provided by the third-party suppliers, supervision of airside ground handling activities provided by the third party suppliers and airside oversight of asset security. The amounts relating to this are reflected in the table above.

Additionally, fastjet Plc entered into a brand license agreement with SAM to allow SAM to operate on its AOC the fastjet brand. There have been no transactions during the year with SAM in regard to this agreement.

Notes to the consolidated financial statements

The amounts included in the Income Statement in relation to transactions with the SAHL group of companies during the year were as follows:

	Year ended 31 December 2018 US$'000	Year ended 31 December 2017 US$'000
Crew, Maintenance, Insurance services – Solenta Aviation Mozambique S.A.	**3,059**	-
Aircraft operating dry leases – Solenta Aviation Holdings Limited	**2,400**	1,320
Aircraft operating dry leases - share release component – Solenta Aviation Holdings Limited (see Note 23, page 99 - 101)	**5,254**	2,653
Crew and Maintenance services - Solenta Aviation (Pty) Ltd	**5,924**	2,595
	16,637	6,568
Interest charges - SAHL loan	**628**	-
Raising fee - SAHL loan	**240**	-

Liberum Capital Limited:

Liberum is fastjet's nominated advisor and currently holds a 5.52% shareholding in fastjet. The following were the transactions that took place between Liberum and fastjet during the year:

	Year ended 31 December 2018 US$'000	Year ended 31 December 2017 US$'000
Professional fees	**2,469**	4,317

Directors:

Directors are considered related parties, further information of which can be found on pages 28 - 30 of the Director's Report.

Additionally, Mark Hurst, the fastjet Group Deputy CEO with effect from 01 January 2019, is also a Director of ACIA Aero Capital Limited and certain of its subsidiaries.

Transactions with subsidiaries:

Transactions with Group companies have been eliminated on consolidation and are not disclosed separately under related parties above. See Note 21 for the list of subsidiaries.

Notes to the consolidated financial statements

29. Post balance sheet events

Loan from SSCG and loan to Annunaki - first term extension

On 1 March 2019, the Company agreed with both Annunaki and SSCG that the terms of the unsecured loans will be extended to 31 March 2019. The terms of the Loan Agreements will remain the same except for the following changes:

- The loan amount from fastjet Zimbabwe to Annunaki was increased from RTGS$5.0m to RTGS$7.0m due to devaluation of the underlying RTGS$ currency;
- During the term of the Loan Agreement with SSCG, SSCG shall have the option to convert the US$2.0 m repayment plus any outstanding interest into ordinary shares in the Company (subject always to the shareholders of the Company granting the directors sufficient authority to allot and issue such shares on a non-pre-emptive basis) (the “Option to Convert”) either (i) upon the happening of an event of default under the Loan Agreements, or (ii) after 28 February 2019; and
- Any ordinary shares in the Company issued pursuant to the Option to Convert shall be issued at the higher of:
    - the volume weighted average price per ordinary share over the preceding 30 trading days on the London Stock Exchange ending on the date on which SSCG has given such written notice to convert; or
    - At par value.

Loan – second term extension

On 05 March 2019, the parties agreed to extend the Loan arrangements to 30 June 2019.

Loan – repayment and extension

On the 11 June 2019, an amount of US$1.25m was repaid to SSCG and the remaining US$0.75m was extended to 31 January 2020.

Additionally, between 12 June 2019 and 14 June 2019, Annunaki repaid the RTGS$7.0m to fastjet Zimbabwe together with all the accrued interest.

At 31 December 2018, the original RTGS$5.0m was valued at US$1.1m based on management’s implied exchange rate of RTGS$ 4.6923 = US$1.00. An exchange loss of US$3.9m was incurred because of the significant devaluation of the RTGS$ currency against the US$. Please see Note 24 for further details.

At the time of repayment, the RTGS$7.0m was valued at US$1.1m based on the Zimbabwean interbank exchange rate of RTGS$ 6.1200 = US$1.00. Between 31 December 2018 and the time of repayment, an additional exchange loss of US$0.7m was incurred because of further devaluation of the RTGS$ currency against the US$.

Notes to the consolidated financial statements

Devaluation of Zimbabwe's domestic RTGS currency against the US$

During the second half of 2018, a parallel exchange rate market developed in Zimbabwe for RTGS$ to US$. In October 2018, the government separated RTGS$ bank accounts and US$ bank accounts held with commercial banks into two identifiable and separate bank accounts with US$ bank accounts being called a US$ Nostro account. By doing this, the Reserve Bank of Zimbabwe informally recognised a parallel currency, and this resulted in the Zimbabwean market no longer recognising the official exchange rate of RTGS$ 1.00 = US$1.00. As a result of this management took the decision to revalue all RTGS$ denominated financial assets held at year end at an exchange rate RTGS$ 4.6923 = US$1.00. Please see Note 24 for further details.

On 22 February 2019, the Reserve Bank of Zimbabwe formally announced the introduction of a new domestic currency, which effectively devalued its domestic US dollar denominated assets and liabilities, including cash balances. At the same time, they introduced an interbank exchange rate of RTGS$ 2.500 = US$1.00.

Since March 2019 to date, because of the above changes, the RTGS$ to US$ exchange rates via interbank market have devalued significantly from the starting RTGS$2.500 to a current interbank rate of RTGS$ 6.1200 as of 18 June 2019. This has driven a significant increase in costs of all supplies in country with resultant inflation currently running at between 70% to 100% in RTGS$ terms.

On 26 June 2019, an official (s35 of exchange control regulations statutory instrument 109 of 1996) announcement was made by the Reserve Bank of Zimbabwe of the removal of multi-currency, with the RTGS$/ bond notes as the only legal tender in country. Management will consider the implications for pricing in two currencies going forward, as well as the impact of using the US$ proceeds to settle local costs.

Parent Company balance sheet

	Note	**Year ended 31 December 2018 US$'000**	Year ended 31 December 2017 US$'000
Assets			
Intangible assets	4	**1,280**	2,620
Intercompany loan receivable	5	**5,000**	
		6,280	2,620
Current assets			
Cash and cash equivalents		**4,275**	13,723
Trade and other receivables	6	**229**	2,017
Other financial assets	7	**-**	11,000
		4,504	26,740
Total assets		**10,784**	29,360
Equity			
Share capital	9	**192,077**	150,752
Shares in lock-up transactions		**-**	(16,571)
Share premium account	9	**215,004**	209,216
Treasury shares	11	**(288)**	(288)
Retained earnings		**(403,903)**	(326,649)
Total equity		**(2,890)**	16,460
Non-current liabilities			
Loans and borrowings	12	**2,000**	-
Current liabilities			
Trade and other payables	8	**3,874**	12,900
Loans and borrowings	12	**2,020**	-
Total current liabilities		**5,894**	12,900
Total liabilities		**7,894**	12,900
Total liabilities and equity		**10,784**	29,360

In accordance with Section 408 of the Companies Act 2006, the Company is exempt from the requirement to present its own income statement and statement of comprehensive income. The Company's loss for the year was US$77.8m (2017: US$55.4m)

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

Rashid Wally
Chairman
26 June 2019

Nico Bezuidenhout
Chief Executive Officer
26 June 2019

Parent company statement of changes in equity

	Share Capital US$'000	Share premium US$'000	Equity-settled share-based payment US$'000	Treasury shares US$'000	Retained earnings US$'000	Total equity US$'000
Balance at 31 December 2016	**145,324**	**127,185**	**-**	**-**	**(271,862)**	**647**
Shares issued	5,428	82,031	(19,224)	(288)	-	67,947
Shares services rendered	-	-	2,653	-	-	2,653
Share based payments	-	-	-	-	579	579
Transactions with owners	5,428	82,031	(16,571)	(288)	579	71,179
Loss for the year	-	-	-	-	(55,366)	(55,366)
Balance at 31 December 2017	**150,752**	**209,216**	**(16,571)**	**(288)**	**(326,649)**	**16,460**
Shares issued*	41,325	5,788	-	-	-	47,113
Shares based services received	-	-	5,254	-	-	5,254
Shares based services released	-	-	11,317	-	-	11,317
Share based payments	-	-	-	-	281	281
Transactions with owners	41,325	5,788	16,571	-	281	63,965
Adjustment EBT Trust shares	-	-	-	-	288	288
Loss for the year	-	-	-	-	(77,823)	(77,823)
Balance at 31 December 2018	**192,077**	**215,004**	**-**	**(288)**	**(403,903)**	**(2,890)**

* Net of raising fees and legal expenses linked to the capital raise

Notes to the parent company financial statements

1. Accounting policies

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

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

Under section S408 of the Companies Act 2006 the company is exempt from the requirement to present its own profit and loss account.

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

- A Cash Flow Statement and related notes;
- Comparative period reconciliations for share capital, tangible and intangible assets;
- Disclosures in respect of capital management;
- The effects of new but not yet effective IFRS's; and
- Disclosures in respect of the compensation of key management Personnel.

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

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

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

Measurement convention

The financial statements are prepared on the historical cost basis.

Notes to the parent company financial statements

Going Concern

The Group has in recent years operated at a loss and incurred a further operating cash outflow during 2018. The Group reviewed its current operating model in 2018 and took the following initiatives to reduce cash outflow:

- Divestment from Tanzania;
- Downsizing and restructuring of Head Office;
- Conversion of debt into equity;
- Acquisition of leased aircraft for shares;
- Restructuring of legacy debts;
- Localisation of services in Zimbabwe;
- Route optimisation; and
- Increase in fares to match costs.

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

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

In preparing these financial statements, the Directors continue to adopt the going concern basis, notwithstanding the expected need for further funding and assumed the ability to extract hard currency funds from Zimbabwe in the foreseeable future.

The Directors believe, based on current financial projections and funds available and expected to be made available, that the Group will have sufficient resources to meet its operational needs over the relevant period, being at least until June 2020. Accordingly, in preparing these Financial Statements, the Directors continue to adopt the going concern basis. However, the headroom of available cash resources is minimal and the projections are very sensitive to any assumptions not being met.

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

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

- Load factors will average 74% for second half of 2019;
- Introduction of new initiatives to drive ex South Africa passengers;
- Focused, country-centric marketing by the commercial teams;
- 90% of revenue generated in US$ and ZAR;
- Mozambique operating expenses reducing following revised terms with Solenta;
- Exchange rates: fastjet cashflows are exposed to movements in the RTGS$ and ZAR. In its forecasting fastjet has assumed that the key exchange rates remain as at current levels.

Notes to the parent company financial statements

The Directors have considered a number of risks in preparing these forecasts, including inter alia:

- Not achieving forecast passenger numbers and load factors;
- An increase in aviation fuel prices, which are currently not hedged;
- Adverse currency exchange rate movements;
- Ability to successfully remit cash from Zimbabwe;

Foreign currency

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

Non-derivative financial instruments

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

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

Trade and other receivables

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

Trade and other payables

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

Cash and cash equivalents

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

Interest-bearing borrowings

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

Investments

Investments are included at cost less amounts written off.

Notes to the parent company financial statements

Derivative financial instruments

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

Options

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

Share options:

Share options are classified as financial assets at fair value through profit or loss. When the company purchases an option, an amount equal to the fair value which is based on the premium paid is recorded as an asset.

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

The group purchased a share option to purchase shareholding in Federal Airlines Proprietary Limited. Further details of the call option agreement are included in Note 7.

Intangible assets

Intangible assets (other than goodwill) are recognised at cost less accumulated amortisation charges and any provision for impairment, or they are deemed to have an indefinite economic life and are not amortised but tested annually for impairment or more frequently, if events or changes in circumstances indicate the carrying value may not be recoverable.

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

Brand licence agreement	10 years
Software	4 years
Brand	Indefinite

Leases

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

Operating leases - lessee

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

Notes to the parent company financial statements

Operating Leases – lessor

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

Pension costs

Defined contribution plans

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

Taxation

Tax Expense

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

- a transaction or event which is recognised, in the same or a different period, directly in other comprehensive income; or
- a business combination.

Current tax and deferred taxes are charged or credited directly to other comprehensive income if the tax relates to items that are credited or charged in the same or a different period, to other comprehensive income.

Current tax assets and liabilities

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

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

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

Notes to the parent company financial statements

Treasury shares

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

Share-based payments

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

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. Accounting estimates and judgements

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

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

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

- Impairment of the US$4.6m FedAir brand license agreement held by the Company, for the right to charge brand licence fees to FedAir, due to the call option having been exercised during 2018; this resulted therefore in the asset lacking substance to be carried forward as an asset.

- Impairment of intangible assets (Note 4). Intangible assets comprise of the fastjet brand which was acquired at US$2.5m and had an indefinite useful life. Impairment of the fastjet brand is assessed annually making use of the company's forecasts on future brand licence fees to fastjet branded airline subsidiaries, on a discounted cash flow method. There are a number of sensitivities on the forecasts that support the value of the intangible assets. This future brand license fees recoverable, based on the current operating airline businesses, resulted in a provision for impairment of the brand of US1.2m.

Judgements made by management in the application of adopted IFRS that have significant effect on the financial statements. These include:

- the determination of going concern shown above on page 119 - 120.

Functional currency

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

Notes to the parent company financial statements

3. Employees

The average number of staff (including Directors) employed by the fastjet Plc during the year amounted to:	**Year ended 31 December 2018**	Year ended 31 December 2017
Administration and management	**3**	20
	3	20

The aggregate payroll costs (including Directors):	**Year ended 31 December 2018 US$'000**	Year ended 31 December 2017 US$'000
Salaries and wages	**1,643**	2,421
Social security costs	**53**	217
Share based payments (Note 23 page 100 of the consolidated financial statements)	**281**	579
Total	**1,977**	3,217
Payroll costs for the continuing operations are disclosed in:		
Administration costs	**1,977**	3,217
Cost of sales	**-**	-
Total	**1,977**	3,217

The aggregate remuneration of the Directors in the year was:	**Year ended 31 December 2018 US$'000**	Year ended 31 December 2017 US$'000
Salaries and wages	**474**	793
Directors' fees	**265**	180
Bonuses	**400**	-
Benefits	**20**	14
	1,159	987

The remuneration of the highest paid Director was US$820,000 (2017: US$410,000). The remuneration of the Directors can be found on page 35.

Notes to the parent company financial statements

4. Intangible assets

	Brands US$'000	Software and other US$'000	Total US$'000
Cost			
At 31 December 2016	11,764	541	12,305
Additions	2,500	-	2,500
Disposals	(11,764)	-	(11,764)
At 31 December 2017	2,500	541	3,041
Additions	-	240	240
Disposals	-	-	-
At 31 December 2018	**2,500**	**781**	**3,281**
Amortisation and impairment charges			
At 31 December 2016	11,764	236	12,000
Amortisation for the year	-	185	185
Disposals	(11,764)	-	(11,764)
At 31 December 2017	-	421	421
Impairment and amortisation for the year	1,220	360	1,580
Disposals	-	-	-
At 31 December 2018	**1,220**	**781**	**2,001**
Net carrying amount			
At 31 December 2017	2,500	120	2,620
At 31 December 2018	**1,280**	**-**	**1,280**

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

Indefinite life Intangible asset	**Year ended 31 December 2018 US$'000**	Year ended 31 December 2017 US$'000
fastjet Plc brand	**2,500**	**2,500**
Less: impairment	**(1,220)**	**-**
	1,280	**2,500**

Notes to the parent company financial statements

fastjet Plc brand:
The recoverable amount of the fastjet Plc brand has been calculated with reference to its value in use based on brand licensing fees chargeable to fastjet branded airline operations. The key assumptions of this calculation are shown below:

Key Assumptions	**Year ended 31 December 2018**	Year ended 31 December 2017
Period in which management forecasts are based	**2019-2022**	2018 - 2021
Growth rate applied beyond approved forecast period	**3%**	4%
Discount rate	**15%**	16%

The recoverable amount of the Cash Generating Units (CGUs) to which this brand asset is allocated have been measured based on value in use, using a discounted cash flow method. Cash flow projections are based on the business plan approved by the Board covering a four-year period. Cash flows beyond the two-year period are projected to increase in line with the long-term growth rate mentioned above.

The indefinite life intangible asset is allocated to the following Cash Generating Units ("CGU"):

Cash Generating Unit	**Year ended 31 December 2018**	Year ended 31 December 2017
fastjet Airlines Limited (Tanzania) – discontinued operation	**-**	1,220
fastjet Zimbabwe	**1,171**	1,171
fastjet Mozambique	**109**	109
FedAir (airline operations)	**-**	-
Total	**1,280**	2,500

Sensitivity Analysis:

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

1% decrease in the growth rate	US$77,394
1% increase in the discount rate	US$103,930

5. Intercompany loans receivable

	Year ended 31 December 2018 US$'000	Year ended 31 December 2017 US$'000
Loan to Parrot	**9,070**	**-**
Provision for impairment	**4,070**	-
	5,000	-

fastjet PLC entered into a call option ("The Option") agreement to acquire 100% of the shares of Federal Airlines for a total consideration of US$9.6m with US$4.0m payable through a cash loan to the existing shareholders and the rest paid in shares. Subsequently the US$4.0m cash loan was reduced to US$3.2m following the distribution of a dividend to the existing shareholders of Federal Airlines. fastjet PLC transferred its FedAIr call option asset together with US$4.0m cash option to Parrot Aviation Proprietary Limited ("Parrot") for a loan receivable of US$9.6m. The loan was subsequently impaired at year end by US$4.6m to US$5.0m.

Notes to the parent company financial statements

6. Trade and other receivables

	Year ended 31 December 2018 US$'000	Year ended 31 December 2017 US$'000
Trade receivables	**85**	-
VAT debtor	**99**	435
Other debtors	**45**	1,565
Prepayments and accrued income	**-**	17
	229	2,017

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

Amounts owed by Group undertakings	**72,167**	195,675
Provision for impairment	**(72,167)**	(195,675)
	-	-

7. Other financial assets

	Year ended 31 December 2018 US$'000	Year ended 31 December 2017 US$'000
Call Option asset	**-**	**6,391**
FedAir brand license agreement	**-**	**4,609**
	-	**11,000**

On 29th September 2017, as part of the funding exercise, the Company entered into three agreements with SAHL to support its growth initiatives. All three agreements were signed simultaneously and were not mutually exclusive. The agreements were:

a) A restraint of Trade Agreement ("RTA");
b) Call Option Agreement to acquire an equity interest in FedAir; and
c) Brand Licence Agreement with FedAir and Solenta Aviation Mozambique Limitada ("SAM").

Restraint of trade agreement ("RTA"):

SAHL, the holding company of Federal Airlines (Pty) Limited ("Fedair") and SAM, entered into a restraint of trade agreement ("RTA") for US$11.0m in favour of fastjet pursuant to which SAHL covenanted that it will not (whether by itself, a connected person, subsidiary or affiliate), for a period of 5 years from the date of the RTA, carry on or be engaged or interested in the carriage of passengers by air and/or any business which would be in competition with the Company's activities in the Republic of South Africa, Tanzania, Zimbabwe and Mozambique.

Notes to the parent company financial statements

Call Option agreement:

fastjet PLC entered into a call option ("The Option") agreement to acquire 100% of the shares of Federal Airlines for a total consideration of US$9.6m with US$4.0m payable through a cash loan to the existing shareholders and the rest paid in shares. Subsequently the US$4.0m cash loan was reduced to US$3.2m following the distribution of a dividend to the existing shareholders of Federal Airlines. fastjet PLC transferred its FedAir call option asset together with US$4.0m cash option to Parrot Aviation Proprietary Limited ("Parrot") for a loan receivable of US$9.6m. The loan was subsequently impaired at year end by US$4.6m to US$5.0m.

The Option was exercised on 7 October 2018 and resulted in the payment of US$3.2m cash to the shareholders of FedAir. The shareholders of Parrot entered into a shareholders' agreement to regulate their relationship as shareholders of Parrot and matters incidental thereto. As noted on page 85 the company had a right to purchase the 75% interest held by the company's chairman for a nominal value.

Brand licence agreement:

Fedair signed a brand licence agreement with the company allowing Fedair to use the Fastjet brand for a period of 10 years in return for an 8% royalty income from Fedair's future revenues.

In 2017, the US$11m paid for the RTA, was valued and allocated between the above three agreements, as follows:

Restraint of Trade Agreement – US$0m

No future economic value was assigned to this agreement, as on signature it was enforced, and SAHL had no competing commercial airline businesses at the time.

FedAir brand license agreement – US$4.6m

A valuation was undertaken to determine the future economic value of the 8% Brand Licence Agreement signed with FedAir over the 10-year period, to which a value of US$4.6m was assigned.

Due to the acquisition of FedAir and the consolidation of its results into the Group, the future economic value attached to the Brand Licence Agreement has been nullified, and in light of this, the company decided to impair this asset in 2018.

8. Trade and other payables

	Year ended 31 December 2018 US$'000	Year ended 31 December 2017 US$'000
Accruals*	**3,536**	12,531
Trade payables	**320**	329
Other payables	**18**	40
	3,874	12,900

* The 2018 accruals include US$3.0m fastjet Plc settlement agreements (as guarantor) related to the disposal of the Tanzanian CGU. Of the US$3.0m, US$1.7m is linked to a contingent settlement agreement linked to the profitability of the Group in the first half of 2019.

Notes to the parent company financial statements

9. Share capital and Share premium

	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$'000	Share premium US$'000
At 1 January 2017	96,750	9,313	1,035,890	94,290	145,324	127,185
Shares issued: 2017						
- for cash	267,468	-	-	2,676	3,417	53,556
- for SAHL facility agreement	95,633	-	-	956	1,179	18,021
- for RTA (Note 13)	41,045	-	-	410	546	10,454
- Employee Benefit Trust	21,504	-	-	215	286	-
Total shares issued - 2017	425,650	-	-	4,257	5,428	82,031
Warrants exercised	7	-	-	-	-	-
At 31 December 2017	522,407	9,313	1,035,890	98,547	150,752	209,216
Shares issued: 2018						
- for cash	1,405,138	-	-	14,051	18,879	5,788
- for conversion of SAHL loan	934,752	-	-	9,348	10,447	-
- for purchase of E145 aircraft	899,809	-	-	8,998	11,504	-
- creditors converted	38,717	-	-	387	495	-
Total shares issued - 2018	3,278,416	-	-	32,784	41,325	5,788
Warrants exercised	2	-	-	-	-	-
At 31 December 2018	**3,800,825**	**9,313**	**1,035,890**	**131,331**	**192,077**	**215,004**

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.

*** Deferred shares** - On 08 August 2016, the Company's existing ordinary shares of £1.00 each were consolidated into new ordinary shares on the basis of one new ordinary share of 1 penny each and 11 deferred shares of 9 pence each for every existing ordinary share of £1.00 each.

The deferred shares have no significant rights attached.

2017 Capital Raises:

On 05 January 2017:

- 143,449,794 new ordinary shares of 1 penny each were issued at 16.3 pence per share by way of a placing to new and existing institutional and other investors and fastjet management, raising gross proceeds of £23.4m (US$29.0m).

- 95,633,199 new consideration shares were issued to Solenta Aviation Holdings Limited ("SAHL") at 16.3 pence per share with a value of £15.6m (US$19.2m) (refer to Note 23 of the consolidated financial statements).

Notes to the parent company financial statements

On 21 September 2017:

- 124,018,276 new ordinary shares of 1 penny each were issued at 20 pence per share by way of placing to new and existing institutional and other investors, raising gross proceeds of £24.8 m (US$31.0m).

- 41,044,777 new ordinary shares of 1 penny each were issued at 20 pence per share were issued with a value of £8.2m (US$11.0m) in exchange for three agreements signed with SAHL. See Note 7 for further details.

- 21,504,112 new ordinary shares of 1 penny each were issued at 1 pence per share by way of placing to an Employee Benefit Trust ("EBT") (See Note 11).

2018 Capital Raises:

On 05 July 2018, the company issued:

- 66,495,310 new ordinary shares of 1 penny each were issued at a price of 8 pence per share raising gross proceeds of £5.3 m (US$7.0m).

- 28,924,538 new ordinary shares of 1 pence each to SAHL at a price of 8 pence per share, raising gross proceeds of £2.3 m (US$3.0m).

- On 27 July 2018, 2,824,504 new ordinary shares of 1 penny each were issued by way of an open offer to existing shareholders at a price of 8 pence per share, on the basis of one share for every 26 existing ordinary shares. This raised gross proceeds of £0.2m (US$0.3m).

On 13 December 2018, the company issued:

- 3,124,999,999 new ordinary shares of 1 penny each which were issued at a price of 1 penny per share raising gross proceeds of £31.3m (US$39.3m).

- 55,171,979 new ordinary shares of 1 penny each which were issued by way of an open offer to existing shareholders at a price of 1 penny per share, on the basis of 57 shares for every 10 existing ordinary shares. This raised gross proceeds of £0.6m (US$0.7m).

In aggregate in 2018, the issue of shares raised gross proceeds of £39.7m (US$50.3m) (2017: US$90m).

The table below shows the breakdown of the nature of gross proceeds received from the capital raise in September and December 2018

	US$'000
Cash proceeds	24,668
Acquisition of four Embraer 145 aircraft	11,504
Loan received from SAHL converted into equity	10,000
Capital raise costs	3,248
Lease rental arrears converted into equity	495
Unpaid interest on SAHL loan converted into equity	447
Total	**50,362**

Notes to the parent company financial statements

10. Operating lease commitments

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

Aircraft	**Year ended 31 December 2018 US$'000**	Year ended 31 December 2017 US$'000
Less than one year	-	1,980
One to five years	-	6,435
More than five years	-	-
	-	8,415

During 2017, the Company leased three aircrafts from Solenta Aviation Holdings Limited ("SAHL") at an amount of US$55k per month per aircraft. There was no escalation clause contained in any of the leases. In December 2018, the lease agreements were terminated as the aircraft were purchased by the Company.

11. Treasury shares

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

	Number of Shares	**US$'000**
At 31 December 2017	**21,504,112**	**288**
Shares issued during the year	-	-
Shares awarded during the year	-	-
At 31 December 2018	**21,504,112**	**288**

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

Notes to the parent company financial statements

12. Loans and borrowings

	Year ended 31 December 2018 US$'000	Year ended 31 December 2017 US$'000
Non-current		
Solenta Aviation Holdings Limited	**2,000**	-
Total	**2,000**	**-**
Current		
SSCG	**2,020**	**-**
	4,020	**-**

On 4 April 2018, the Company entered into a US$12m loan facility agreement with Solenta Aviation Holdings Limited ("SAHL"), a related party, to fund the exercise of the Company's option over the three ATR 72-600s with the balance to be used for general working capital purposes.

The salient terms of the Facility were as follows:

- The Facility was for a loan of up to US$12m to be provided by SAHL to fastjet;
- An interest Rate of (i) the higher of US$ 30-day LIBOR plus 6.45% pa or 8% pa until 30 June 2019, and (ii) from 1 July 2019, the higher of US$ 30-day LIBOR plus 8.45% pa or 10% pa;
- Repayment of the loan by either (at fastjet's election) bullet repayment in full on 30 June 2019 or eight quarterly instalments of 12.5% of the loan, commencing 29 March 2019 and concluding 28 December 2020;
- Drawdown of the Facility was available until 30 April 2018, or such later date as the parties may agree and subject first to satisfying certain conditions precedent including execution and delivery of security for the loan;
- The required security for the loan comprises security over certain key material assets of the fastjet Group including the fastjet brand and trademarks, the majority interest in the shares held by the Group in fastjet Zimbabwe Limited, the shares acquired by the Group in Federal Airlines (Pty) Limited ("FedAir") and the economic rights of the Group to be acquired in the three ATRs;
- The security includes an SAHL right to nominate directors to the boards of FedAir and fastjet Zimbabwe Limited together with an additional director to the board of fastjet Plc (such nominated individuals in each case to constitute a minority of directors of the respective boards of the companies);
- fastjet utilised the Facility principally for the purpose of the payment of the ATR Purchase Option Deposit of approximately US$11m;
- SAHL was entitled to a raising fee of US$240,000 on the date of drawdown of the Facility and this was capitalised. As per the December 2018 capital raise where US$10.0m of the original loan and some outstanding interest was converted to equity the original loan was seen to have been extinguished and hence the previously capitalised transaction costs were realised to the income statement; and
- The Facility agreement includes standard representations, warranties and events of default, including restrictions on future borrowing and security (subject to exceptions).

Notes to the parent company financial statements

As part of the December 2018 capital raise, SAHL agreed to convert US$10.0m of the loan together with accumulated unpaid interest of US$448,752 into fastjet Plc shares.

Additionally, the following were the main changes to the loan terms mentioned above:

- The applicable interest rate was changed to a fixed 6% per annum;
- Bullet repayment date and final repayment dates were removed and replaced with repayment after 48 months provided that there has been six months of trading profitability;
- The lender can allow repayment post 36 months, so long as the six months profitability condition has been met; and
- Addition of fastjet Africa (excluding fastjet Mozambique Limitada) as additional security for the remaining term.

13. Contingent liabilities

On 24 May 2019, fastjet Plc has been named as second defendant under a labour court action in Tanzania relating to the Tanzania discontinued operations whereby all staff have held fastjet Airlines Limited responsible for unpaid salaries and termination benefits (as first defendant). Management believe that fastjet Plc was not the employer nor direct shareholder of fastjet Airlines Limited and cannot be held legally responsible. In light of this fastjet Plc has engaged legal counsel to defend its case in Tanzania.

Other than the above, management is not aware of any other contingent liabilities that might exist as at 31 December 2018.

Notes to the parent company financial statements

14. Related party transactions

Solenta:

Solenta Aviation Holdings Limited ("SAHL") is currently a 59.34% shareholder in fastjet Plc and provides aircraft leasing and related services to the Group.

During 2017, fastjet Plc entered into various agreements with SAHL and/or its subsidiaries which included (i) an option to purchase FedAir, (ii) FedAir brand licence agreement, (iii) a restraint of trade agreement with SAHL group (as further explained in Note 7).

During 2018, fastjet Plc entered into a loan agreement with SAHL as further explained in Note 12.

On 07 October 2018, Parrot Aviation and fastjet Plc exercised its option to purchase the shareholding of FedAir, which at the time of purchase was owned 67.60% by Solenta Investment Holdings Proprietary Limited, a subsidiary company of SAHL.

The amounts included in the balance sheet for these items are as follows:

	SAHL group entity	**Year ended 31 December 2018 US$'000**	Year ended 31 December 2017 US$'000
Current assets			
Other financial assets	**SAHL**	-	11,000
Non-current liabilities			
Long term loan	**SAHL**	**2,000**	-
Current liabilities			
ATR 72-600 accrual[1]	**AL&M**	-	10,946
Accruals		**157**	512
Trade payables			
- Solenta Aviation Holdings Limited	**SAHL**	**97**	-
- Solenta Aviation Mozambique Limitada	**SAM**	**857**	301
- Solenta Aviation (Pty) Limited	**PTY**	**570**	-
Equity			
Equity-settled share-based payment transactions	**SAHL**	-	16,571

[1] AL&M is a subsidiary company of the ACIA Aero Capital Limited ("AACL") group, which is not part of the SAHL group of companies. However, a 1.24% shareholder of SAHL also owns shares of AACL and via this relationship, AL&M has been reflected as a related party for total transparency purposes.

On 1 November 2017, Solenta Aviation Mozambique Limitada ("SAM") and fastjet Mozambique Limited ("FAM") entered into an agreement in which Solenta Mozambique S.A supplies to fastjet Mozambique Limited all the required flight operations activities and functions, administration and management support, administration support for the purpose of settlement of operations and related billing, maintenance activities and operations, supervision of fuel uplifting provided by the third-party suppliers, supervision of airside ground handling activities provided by the third party suppliers and airside oversight of asset security.

Notes to the parent company financial statements

The amounts included in the Income Statement in relation to transactions with the SAHL group of companies during the year were as follows:

	Year ended 31 December 2018 US$'000	Year ended 31 December 2017 US$'000
Crew, Maintenance, Insurance services – Solenta Aviation Mozambique S.A.	**3,059**	-
Aircraft operating dry leases – Solenta Aviation Holdings Limited	**2,400**	1,320
Aircraft operating dry leases - share release component – Solenta Aviation Holdings Limited (see Note 23, page 101 of consolidated financial statements)	**5,254**	2,653
Crew and Maintenance services - Solenta Aviation (Pty) Ltd	**5,924**	2,595
	16,637	6,568
Interest charges - SAHL loan	**628**	-
Raising fee - SAHL loan	**240**	-

Liberum Capital Limited:

Liberum is fastjet's nominated advisor and currently holds a 5.52% shareholding in fastjet. The following were the transactions that took place between Liberum and fastjet during the year:

	Year ended 31 December 2018 US$'000	Year ended 31 December 2017 US$'000
Professional fees	**2,469**	4,317

Directors:

Directors are considered related parties, further information of which can be found on pages 26 - 31 of the Director's Report.

Additionally, Mark Hurst, the fastjet Group Deputy CEO with effect from 01 January 2019, is also a Director of ACIA Aero Capital Limited and certain of its subsidiaries.

Transactions with subsidiaries:

The Company charges fees for airline management services to its airline subsidiaries and recharges other direct costs incurred on their behalf. Fees for airline management services in 2018 were US$ 1,7m (2017: US$ 0.7m). The company leases aircrafts from Solenta and subleases the aircrafts to its airline subsidiaries. The leasing and maintenance revenue amounted to US$ 14.3m (2017: US$ 7.0m).

In addition, the Company provides working capital funding to subsidiaries. All such charges and funding are passed through intercompany loan accounts. Interest is chargeable on certain outstanding balances. The intercompany loans were fully impaired at 31 December 2018 and there was a provision for bad debts of US$ 72.2m as at 31 December 2018 (US$ 195.7m) (see Note 6).

Notes to the parent company financial statements

15. Subsidiaries

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

Active Companies			**Voting rights held**	
Name	**Country of Incorporation**	**Activity**	**2018**	2017
Fastjet SPV 1 Limited	United Kingdom	Dormant	100.00%	100.00%
Fastjet SPV SA Two (Pty) Limited	South Africa	Dormant	50.00%	50.00%
Fastjet Leasing UK Limited	United Kingdom	Dormant	100.00%	100.00%
Fastjet Zambia Limited	Zambia	Airline Services	49.50%	49.50%
Fastjet Zimbabwe Limited	Zimbabwe	Airline Services	49.00%	49.00%
Fastjet Travel Ltd	United Kingdom	Dormant	100.00%	100.00%
FJET South Africa (RF) (Pty) Limited	South Africa	Dormant	50.00%	50.00%
Fastjet Africa (Pty) Limited	South Africa	Airline Management Services	100.00%	100.00%
Fastjet Mozambique Limitada	Mozambique	Airline Services	99.25%	99.25%
Parrot Aviation Proprietary Limited	South Africa	Holding Company	25.00%	25.00%
Aircraft and facilities Limited	British Virgin Islands	Dormant	100.00%	100.00%
Federal Airlines Proprietary Limited	South Africa	Airline Services	25.00%	-

Deconsolidated Companies			**Voting rights held**	
Name	**Country of Incorporation**	**Activity**	**2018**	2017
Fastjet Airlines Limited (*formerly Fly 540 (T) Limited*)	Tanzania	Airline Services	-	49.00%
Fastjet Air TZ (BVI) Limited	British Virgin Islands	Holding Company	-	100.00%
Fastjet Leasing PCC Limited	Guernsey	Dormant	-	100.00%
Fastjet Holdings (Guernsey) Limited	Guernsey	Holding Company - Dormant	-	100.00%
Fastjet Kenya Limited	Kenya	Dormant	-	49.00%
Fastjet Mauritius K Limited	Mauritius	Holding Company - Dormant	-	100.00%
Fastjet Mauritius T Limited	Mauritius	Dormant	-	100.00%
Africa Flight Services Limited	Guernsey	Dormant	-	100.00%

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

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

The registered office of Fastjet Zimbabwe Limited is 38 Clairwood Road, Alexandra Park, Harare, Zimbabwe.

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

The registered office of Fastjet Africa Proprietary Limited is Key West Centre, 43 Van Buuren Road, Bedfordview, Gauteng, South Africa.

Notes to the parent company financial statements

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

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

The registered office for Parrot Aviation Proprietary Limited is Key West Centre, 43 Van Buuren Road, Bedfordview, Gauteng, South Africa.

The registered office for Federal Airlines Proprietary Limited is Hangar 14, Bonaero Park, Johannesburg, South Africa.

All subsidiaries of the Group are shown above.

16. Post balance sheet events

Loan from SSCG and loan to Annunaki - first term extension

On 1 March 2019, the Company agreed with both Annunaki and SSCG that the terms of the unsecured loans will be extended to 31 March 2019. The terms of the Loan Agreements will remain the same except for the following changes:

- The loan amount from fastjet Zimbabwe to Annunaki was increased from RTGS$5.0m to RTGS$7.0m due to devaluation of the underlying RTGS$ currency;
- During the term of the Loan Agreement with SSCG, SSCG shall have the option to convert the US$2.0 m repayment plus any outstanding interest into ordinary shares in the Company (subject always to the shareholders of the Company granting the directors sufficient authority to allot and issue such shares on a non-pre-emptive basis) (the "Option to Convert") either (i) upon the happening of an event of default under the Loan Agreements, or (ii) after 28 February 2019; and
- Any ordinary shares in the Company issued pursuant to the Option to Convert shall be issued at the higher of:
    - the volume weighted average price per ordinary share over the preceding 30 trading days on the London Stock Exchange ending on the date on which SSCG has given such written notice to convert; or
    - At par value.

Loan – second term extension

On 05 March 2019, the parties agreed to extend the Loan arrangements to 30 June 2019.

Loan – repayment and extension

On the 11 June 2019, an amount of US$1.25m was repaid to SSCG and the remaining US$0.75m was extended to 31 January 2020.

Additionally, between 12 June 2019 and 14 June 2019, Annunaki repaid the RTGS$7.0m to fastjet Zimbabwe together with all the accrued interest.

Notes to the parent company financial statements

At 31 December 2018, the original RTGS$5.0m was valued at US$1.1m based on management's implied exchange rate of RTGS$ 4.6923 = US$1.00. An exchange loss of US$3.9m was incurred as a result of the significant devaluation of the RTGS$ currency against the US$. Please see Note 24 of the consolidated financial statements for further details.

At the time of repayment, the RTGS$7.0m was valued at US$1.1m based on the Zimbabwean interbank exchange rate of RTGS$ 6.1200 = US$1.00. Between 31 December 2018 and the time of repayment, an additional exchange loss of US$0.7m was incurred as a result of further devaluation of the RTGS$ currency against the US$.

Devaluation of Zimbabwe's domestic RTGS currency against the US$

During the second half of 2018, a parallel exchange rate market developed in Zimbabwe for RTGS$ to US$. In October 2018, the government separated RTGS$ bank accounts and US$ bank accounts held with commercial banks into two identifiable and separate bank accounts with US$ bank accounts being called a US$ Nostro account. By doing this, the Reserve Bank of Zimbabwe informally recognised a parallel currency, and this resulted in the Zimbabwean market no longer recognising the official exchange rate of RTGS$ 1.00 = US$1.00. As a result of this management took the decision to revalue all RTGS$ denominated financial assets held at year end at an exchange rate RTGS$ 4.6923 = US$1.00.

On 22 February 2019, the Reserve Bank of Zimbabwe formally announced the introduction of a new domestic currency, which effectively devalued its domestic US dollar denominated assets and liabilities, including cash balances. At the same time, they introduced an interbank exchange rate of RTGS$ 2.500 = US$1.00.

Since March 2019 to date, because of the above changes, the RTGS$ to US$ exchange rates via interbank market have devalued significantly from the starting RTGS$2.500 to a current interbank rate of RTGS$6.1200 as of 18 June 2019. This has driven a significant increase in costs of all supplies in country with resultant inflation currently running at between 70% to 100% in RTGS$ terms.

On 26 June 2019, an official (s35 of exchange control regulations statutory instrument 109 of 1996) announcement was made by the Reserve Bank of Zimbabwe of the removal of multi-currency, with the RTGS$/ bond notes as the only legal tender in country. Management will consider the implications for pricing in two currencies going forward, as well as the impact of using the US$ proceeds to settle local costs.

Other Information

Glossary of Key Terms

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

Other Information

Load Factor	Number of passenger segments as a percentage of number of seats flown
Passenger segments	Number of ticketed seats flown. Ticketed seats comprise seats sold to passengers (Including no-shows) per segment (excluding infants)
PTY	Solenta Aviation Proprietary Limited (South Africa)
Revenue	The sum of seat revenue and non-seat revenue
Revenue per ASK	Revenue divided by ASK
Revenue per passenger	Revenue divided by number of passenger segments
SAHL	Solenta Aviation Holdings Limited (Malta)
SAM	Solenta Aviation Mozambique Limitada
SSCG	Sub-Sahara Capital Group Limited
US$	United States of America dollars

Other Information

Company details and advisors

Registered Number	5701801
Directors	Rashid Wally (Non-Executive Chairman) Nico Bezuidenhout (Group Chief Executive Officer) Mark Hurst (Deputy Group Chief Executive Officer) Michael Muller (Chief Financial Officer) (resigned 29 March 2019) Kris Jaganah (Chief Financial Officer) (appointed 05 April 2019) Robert Burnham (Non-Executive Director) Peter Hyde (Non-Executive Director) (resigned 18 Sept 2018)
Company Secretary	Mr. Ben Harper Shakespeare Martineau 60 Gracechurch Street London EC3V OHR DX 700 London City
Registered Office	60 Gracechurch Street London EC3V OHR DX 700 London City
Nominated Adviser and Joint Broker	Liberum Capital Limited Ropemaker Place, Level 12 25 Ropemaker Street London EC2Y 9LY
Registrars	Neville Registrars Limited Neville House Steelpark Road Halesowen B62 8HD
Auditors	BDO LLP 55 Baker Street London W1U 7EU
Solicitors	Charles Russell Speechlys (CRS) 5 Fleet Place London EC4M 7RD
Financial PR	Citigate Dewe Rogerson 3 London Wall Buildings London Wall London EC2M 5SY

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