fastjet Plc

("fastjet" or the "Company"; AIM: FJET)

Interim Results

fastjet announces its unaudited interim results for the six months ended 30 June 2013.

HIGHLIGHTS

- First-half underlying EBIT loss $24.9m including US$13.3m trading losses in the Tanzanian operation.
- Tanzanian operation reported quarterly EBIT loss of US$9.1m in Q1 and US$4.2m in Q2 – a 54% reduction quarter on quarter.
- Net cash at 30th June 2013 was $4.4m. Subsequent to this $9.3m (gross) has been raised via equity issuance.
- fastjet Tanzania achieved US$81 revenue per passenger in June – almost double January's achieved rate of US$46.
- Tanzanian operation is now profitable on an underlying route level basis; and based on current performance once scale increases with additional routes and fully utilised resources the business is expected to become profitable at the EBIT level.
- Growing endorsement of the fastjet brand and low cost airline model by Tanzanian consumers
- Launch of the first international route, from Dar-es-Salaam to Johannesburg is expected imminently, with others planned in the near future.
- Development of an Airline Management Services organisation, enabling the fastjet brand to be rolled-out more rapidly across Africa; reducing shareholder risk and minimising capital requirements is underway.
- Restructuring of the legacy Fly540 businesses progressing well; further progress will be reported in due course; a further $5.7m of goodwill and intangible assets, and $8.8m of investments written down in the period.

fastjet's CEO and Interim Chairman, Ed Winter, commented :

"We are extremely pleased with our operational performance in Tanzania and the endorsement of the fastjet brand by Tanzanian consumers. In response to our consistently high levels of operational reliability, passengers are rapidly adopting fastjet's low-cost model and booking early in order to pay the lowest prices and allowing us to yield manage to high load factors. We are significantly changing the view of air travel and taking the lead in developing the aviation industry in Tanzania.

Building on our existing operation and the strong consumer faith in our brand, we are moving ahead with our growth plans and plan very soon to launch our first international route from Dar es Salaam to Johannesburg. We expect to add further international routes over the next few months, including to destinations in Zambia and Malawi. In addition to this, we will be adding a fifth city, Mbeya, to our Tanzanian domestic network from 1st November following completion of the redevelopment of Songwe airport to accommodate modern jet aircraft.

These interim results include start-up losses associated with launching fastjet Tanzania. Of particular note was that the those losses were more than halved in Q2 compared to Q1. Our performance is expected to considerably improve in the second half of 2013 with yields having grown from US$42 to US $81 between January and June. As our planned network expansion progresses and scale covers fixed operating costs, we fully expect fastjet Tanzania to become profitable.

Once Tanzania is fully established and profitable we will turn our attention again to the South African market. Regional routes from South Africa to Sub-Saharan destinations lack effective competition and are both underserved and overpriced and ready for an alternative to the cosy relationship between South African Airways and the respective national carrier of each country. It can cost the same amount to fly direct between two Southern African cities on a flight of 3-6 hours as it does to fly to Europe on a 10-12 hour flight.

Based on our success in Tanzania to date, fastjet is confident in the potential of its long-term strategy to become the pan-African low cost airline of choice."

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CHAIRMAN AND CHIEF EXECUTIVE'S REVIEW

I am pleased to present my report for the 6 month period to 30th June 2013.

fastjet operations

Following last year's strategic review of the acquired Fly540 businesses, fastjet was launched in Tanzania on 29th November 2012. The operation has been a success, both operationally and financially. Average revenue per passenger has risen from USD$46 in January to USD$81 in June and average load factors have risen from 66 per cent to 78 per cent during the period. Monthly ticket revenue more than doubled over the six month period and monthly losses were reduced from $9.1m in Q1 to $4.2m in Q2. On time performance for the period has comfortably exceeded 90 per cent. It is expected that these trends will continue throughout the third and fourth quarters of the year.

During the first half of 2013, management successfully secured fastjet's first international route rights and whilst time delays due to bureaucracy have had a negative impact on growth during the period, it is pleasing that fastjet's first international route, Dar es Salaam to Johannesburg, is now on-sale and it is expected that the service will shortly be operating three times a week. We expect to add further international routes over the next few months, including to destinations in Zambia and Malawi.

38 per cent of fastjet's passengers in the first half of 2013 were first time fliers and 34,000 seats were sold to those booking early at the base-price of only USD$20, so establishing the low cost model in Tanzania. In June 2013 over 1,200 seats were sold for USD$20 each and, importantly, over 300 seats were sold for USD$200 each. It is clear that the low-cost airline model works in Tanzania and is effective in stimulating and growing the market; customer acceptance has been even more rapid than we expected. The booking window (days between booking and flight) has increased dramatically with customers quickly adopting the "book early for cheapest seats" model. Due to unreliability of air services prior to the arrival of fastjet, the majority of passengers booked tickets on the intended day of travel. Feedback on customer satisfaction during the period was been extremely positive, with 98 per cent of fastjet customers surveyed saying that they would fly with fastjet again and 100 per cent saying that they would recommend fastjet to friends and business colleagues.

In order to offset lower rates of commercial activity on internet and credit card usage in Africa, management continues to develop cutting-edge customer communication and facilitation tools. These include extensive use of social media such as Facebook and Twitter with fastjet rapidly becoming the most "liked" airline in sub Saharan Africa, well ahead of long established airlines such as South African Airways and Kenya Airways. Mobile phone penetration throughout Africa is very high, and our website is optimised for use on smart phones. Our customers increasingly use mobile phone payment methods such as M-Pesa and Tigo to pay for seats. In June 2013, 15 per cent of ticket revenue was paid for via M-Pesa. Tigo functionality was introduced in July this year and by August 17 per cent of ticket revenue for the month was paid for via mobile money.

Ancillary revenue streams, predominantly from baggage and flight change fees, continue to see steady improvement, increasing from USD$2.75 per passenger in January 2013 to USD$5.79 per passenger in June. For the remainder of 2013 and in the first-half of 2014, additional services such as in-flight retail, allocated seating, hotel and travel insurance services will be introduced with the objective that ancillary revenue will continue to rise, both in absolute terms and as a percentage of total revenue.

fastjet's Tanzanian operation which comprises a well recognised brand name and both domestic and international routes, means that it is now well placed to further develop its Tanzanian operations. Management plans a controlled expansion, with all three aircraft fully optimised within the schedule by the first-half of 2014. This will enable fixed overhead costs to be spread over a larger operation, a key factor in turning the Tanzanian operation profitable.

Fly540 operations

The Fly540 businesses acquired from Lonrho Plc continued to seriously underperform relative to expectations in the first-half of 2013 with an EBITDA loss due to continued Fly540 operations being $6.2m.

We have further reviewed the fair value and the goodwill and impairment of the assets acquired as a result of the Lonrho Aviation and Fly540 acquisitions and made further impairments totalling $5.7m. We have taken a further impairment of USD$8.7m on our investment in Fly540 Kenya. Details are set out in the interim financial statements.

Regrettably the Board has decided that whilst the current Fly540 operations do not consume material amounts of cash, the turbo-prop business model of Fly540 based on relatively small turbo-prop aircraft is unlikely to achieve profitability in the short term. The Board has therefore sanctioned a restructuring plan and management is taking increasingly aggressive steps to restructure these businesses and remove legacy inefficiencies.

Fly540 Angola

Whilst Angola has the potential to be a profitable and sustainable business, operational issues, including the inability to quickly and efficiently obtain aircraft parts, and constraints imposed by the Angolan Central Bank on the flow of funds meant that the first-half flying schedule was materially disrupted. Seats offered varied from 18,000 in March to nearly 45,000 in May.

Consequently, whilst cash demands have been negligible, operating losses have continued. We are currently in negotiations with our Angolan partners to reduce our shareholding in Fly540 Angola, with the aim of ultimately reducing PLC management time and resulting in the eradication of future losses. We aim to retain the right to introduce the fastjet low cost model into Angola at an appropriate time i.e. when the current operational constraints have been resolved.

Fly540 Ghana

With a population of more than 350m people the Economic Community of West Africa (ECOWAS) is a significant but immature aviation market. However, domestic competition in Ghana remained intense during the first half of 2013, especially on the key Accra to Kumasi route. In addition to this, the Kumasi airport runway has yet to be upgraded to accommodate Airbus A319 aircraft and Government taxes on international flights and fuel remain prohibitively high for the introduction of a profitable fastjet operation. Fly540 Ghana has been granted designations on five international routes from Accra to Abidjan, Cote d'Ivoire; Freetown, Sierra Leone; Lagos, Nigeria; Ouagadougou, Burkina Faso; and Monrovia, Liberia, however these routes are not being operated at this time. We expect to be able to develop a low-cost domestic network which could then be used as a launch pad for international routes once the Kumasi airport runway upgrade has taken place.

Negotiations have been underway during the first half of 2013 to bring in a significant local equity partner to reduce capital requirements and risk, during the period prior to introducing the fastjet low cost model.

Fly540 Kenya

As previously reported, fastjet now treats Kenya as an investment. On 23rd April 2013 fastjet entered into a Memorandum of Understanding (MoU) with Don Smith, Chief Executive Officer of Fly540 Kenya, with a view to establishing a way by which the two parties could work together to maximise the value and business prospects of both Fly540 and fastjet in Kenya. We continue to work with Don Smith and the creditors of the Kenyan operation with the aim of maximising value for the company from this relationship.

Notwithstanding these issues, we expect Kenya, the most mature air travel market in East Africa, to eventually be capable of supporting a very significant low-cost operation.

Future Initiatives

Based on our experience in Tanzania, we have great confidence that we can fulfil our strategy of becoming the pan African Low Cost Airline of choice. We have seen the low cost model stimulate the Tanzanian market in the same way other such markets in other areas of the world were stimulated by its introduction in the past. The Tanzanian consumer has embraced the brand and model with incredible speed and enthusiasm. Lessons learned whilst establishing the Tanzanian operation will be deployed to our advantage during our expansion into other markets. The success of the Tanzanian operation has also caught the attention of other African governments who have approached us to enquire about introducing fastjet operations.

In some countries, developing the fastjet brand will involve direct investment (as is the case in Tanzania), while in other countries it will be via a licencing agreement. Direct investment is most likely in larger, more mature markets, such as South Africa and Kenya, with licencing agreements more likely in smaller, less well-developed markets and those with a difficult investment environment such as Nigeria. fastjet plans to undertake direct investment in a planned and orderly way, such that a material portion of the required investment can be internally funded.

fastjet Airline Management Services

For countries where fastjet considers a licencing agreement to be the appropriate route to establishing the brand, we have developed an Airline Management Services (AMS) concept. AMS facilitates the delivery of core elements of the fastjet service, such as, safety, brand, a revenue management system and sales and distribution channels, while other investors provide the capital required to fund the aircraft and start-up costs. In addition, fastjet AMS would offer other optional commercial, operational and management services. The key benefit of this approach is the ability to establish the fastjet brand and deliver the fastjet standard of service quickly, without requiring a material amount of external capital. It would also enable a less-experienced airline management team to receive group-level strategic guidance and management information to develop and operate an airline to international standards whilst benefiting from the financial synergies present in a larger airline.

Discussions are on-going in a number of African countries, including Nigeria, with a view to launching airlines in this way under the fastjet brand.

Funding

The convertible securities agreement with Bergen Global Opportunity Fund, LP ("Bergen"), an institutional investment fund manager, which commenced in March 2013, was terminated on 10th June 2013, in favour of an EFF facility with Darwin Strategic. After the end of the period fastjet received shareholder approval for a 10:1 share consolidation in order to preserve its ability to continue to make use of this drawdown facility. The continued use of the EFF has provided the Company with working capital funding to allow it to progress discussions with interested parties regarding the future funding of the Company required to develop and expand the business.

Going Concern

The Interim Statement has been prepared on a Going Concern basis as set out in Note 1.

Chairman

David Lenigas resigned from the Board on 10th June 2013. The Board would like to take this opportunity to thank David for his invaluable contribution to both the launch and initial development of fastjet. The Board wishes him the very best for the future. David stepped down in order to concentrate on his other business ventures. Ed Winter has temporarily taken on the role of Chairman in addition to his role as Chief Executive The Board intends to appoint a successor in due course.

Board

Geoffrey White, Executive Director resigned from the Board on 25th July 2013. Geoffrey was nominated to the Board of fastjet by Lonrho Plc. Geoffrey will now focus all of his time on the Lonrho core businesses. The Board would like to thank Geoffrey for his contribution to the initial development of fastjet. Lonrho retain their right to appoint up to two Directors to the fastjet Board.

Outlook

Based on our success in Tanzania to date, fastjet is confident in the potential of its long-term strategy to become the pan-African low cost airline of choice.

The Board remains confident that it has the right strategy and team in place to build a successful and profitable future for our shareholders.

The Board would like to take this opportunity to thank its staff and our shareholders for their continued support.

Ed Winter

Interim Chairman and Chief Executive Officer

30 September 2013

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Note	**6 months ended 30 June 2013 US$'000 (Unaudited)**	6 months ended 30 June 2012 US$'000 (Unaudited)	18 months ended 31 December 2012 US$'000 (Audited)
Revenue		**25,457**	347	21,068
Operating charges		**(64,921)**	(2,430)	(74,634)
Operating loss		**(39,464)**	(2,083)	(53,566)
Operating loss before exceptionals		**(24,993)**	(2,083)	(30,035)
Impairment of goodwill		**(3,758)**	-	(2,516)
Impairment of intangibles		**(1,935)**	-	-
Impairment of investments		**(8,772)**	-	(13,366)
Impairment of receivables from related parties		**(6)**	-	(7,649)
Operating loss after exceptionals		**(39,464)**	(2,083)	(53,566)
Finance income		**-**	-	8
Finance charges		**(2,456)**	(23)	(1,721)
Loss from continuing activities before tax		**(41,920)**	(2,106)	(55,279)
Tax charge		**-**	-	(627)
Loss from continuing activities after tax		**(41,920)**	(2,106)	(55,906)
(Loss)/profit from discontinued activities		**-**	-	(46)
Loss and total comprehensive income for the period		**(41,920)**	(2,106)	(55,952)
Attributable to:				
Shareholders of the parent company		**(38,988)**	(2,131)	(52,366)
Non-controlling interests		**(2,932)**	25	(3,586)
		(41,920)	(2,106)	(55,952)
Loss per share (basic and diluted) (US cents)	3			
From continuing activities		**(1.80)**	(0.69)	(7.69)
From discontinued activities		**0.00**	-	(0.01)
Total		**(1.80)**	(0.69)	(7.70)

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Share Capital US$'000	Share Premium US$'000	Translation Reserve US$'000	Other Reserves US$'000	Retained Earnings US$'000	Non-controlling Interests US$'000	Total Equity US$'000
Balance at 31 December 2011	**4,783**	**10,083**	**-**	**-**	**(1,411)**	**-**	**13,455**
Shares issued	15,795	60,024	-	-	-	-	75,819
Shares to be issued	-	-	-	12,782	-	-	12,782
Transactions with owners	15,795	60,024	-	12,782	-	-	88,601
Recognised on business combination	-	-	-	-	-	(11,533)	(11,533)
Foreign exchange difference	50	106	-	-	6	-	162
Comprehensive loss	-	-	-	-	(2,131)	25	(2,106)
Balance at 30 June 2012	**20,628**	**70,213**		**12,782**	**(3,536)**	**(11,508)**	**88,579**
Shares issued	8,681	10,855	-	-	-	-	19,536
Shares to be issued	-	-	-	(12,782)	-	-	(12,782)
Share based payments	-	-	-	-	258	-	258
Share options issued	-	-	-	-	2,983	-	2,983
Transactions with owners	8,681	10,855	-	(12,782)	3,241	-	9,995
Recognised on business combination	-	-	-	-	-	(872)	(872)
Foreign exchange difference	(25)	(82)	516	-	(69)	-	340
Comprehensive loss	-	-	-	-	(49,776)	(3,611)	(53,387)
Balance at 31 December 2012	**29,284**	**80,986**	**516**	**-**	**(50,140)**	**(15,991)**	**44,655**
Shares issued	14,632	6,391	-	-	-	-	21,023
Share based payments	-	-	-	-	271	-	271
Transactions with owners	14,632	6,391	-	-	271	-	21,294
Foreign exchange difference	-	-	1,323	-	-	-	1,323
Comprehensive loss	-	-	-	-	(38,988)	(2,932)	(41,920)
Balance at 30 June 2013	**43,916**	**87,377**	**1,839**	**-**	**(88,857)**	**(18,923)**	**25,352**

CONSOLIDATED BALANCE SHEET

	30 June 2013 US$'000 (Unaudited)	30 June 2012 US$'000 (Unaudited)	31 December 2012 US$'000 (Audited)
Non current assets			
Goodwill	**14,828**	53,799	18,754
Other intangible assets	**19,975**	27,005	23,308
Property, plant and equipment	**36,394**	42,113	37,903
Other investments	**10,476**	-	19,248
Other non current trade and other receivables	**4,932**	-	7,177
	86,605	122,917	106,390
Current assets			
Inventories	**802**	3,092	783
Cash and cash equivalents	**6,437**	16,217	7,488
Receivables	**7,885**	18,921	8,439
	15,124	38,230	16,710
Total assets	**101,729**	161,147	123,100
Equity			
Called up equity share capital	**43,916**	20,628	29,284
Share premium account	**87,377**	70,213	80,986
Other reserves	**-**	12,782	-
Retained earnings	**(88,857)**	(3,536)	(50,140)
Translation reserve	**1,839**	-	516
Equity attributable to shareholders of the parent company	**44,275**	100,087	60,646
Non-controlling interests	**(18,923)**	(11,508)	(15,991)
Total equity	**25,352**	88,579	44,655
Liabilities			
Non-current liabilities			
Loans and borrowings	**-**	1,770	-
Obligations under finance leases	**22,503**	24,431	23,633
Trade and other payables	**10,088**	290	10,558
Deferred tax	**1,547**	3,743	1,547
	34,138	30,234	35,738
Current liabilities			
Bank overdrafts	**2,020**	10,221	2,018
Loans and borrowings	**1,999**	3	1,998
Obligations under finance leases	**2,236**	5,580	3,226
Trade and other payables	**35,852**	23,888	35,397
Other financial liabilities	**132**	2,642	68
	42,239	42,334	42,707
Total liabilities	**76,377**	72,568	78,445
Total liabilities and equity	**101,729**	161,147	123,100

CONSOLIDATED STATEMENT OF CASH FLOWS

	6 months ended 30 June 2013 US$'000 (Unaudited)	6 months ended 30 June 2012 US$'000 (Unaudited)	18 months ended 31 December 2012 US$'000 (Audited)
Operating activities			
Result for the period	**(41,920)**	(2,106)	(55,952)
Loss on disposal of subsidiary	**-**	-	90
Loss on disposal of fixed assets	**-**	-	942
Impairment of intangible assets	**1,935**	-	-
Impairment of goodwill	**3,758**	-	2,516
Impairment of investments	**8,772**	-	13,366
Depreciation and amortisation	**3,058**	28	3,105
Finance charges	**-**	23	1,713
(Increase)/decrease in inventories	**(20)**	-	(469)
(Increase)/decrease in receivables	**2,372**	(557)	(9,479)
Increase/(decrease) in trade and other payables	**810**	301	23,980
Share option charges	**272**	-	299
Net cash flow from operating activities	**(20,963)**	(2,311)	(19,889)
Investing activities			
Net overdraft acquired in business combination	**-**	(5,430)	1,949
Sale of subsidiary net of costs	**-**	-	164
Purchase of other investments	**-**	-	(2,248)
Purchase of intangibles	**-**	-	(16)
Proceeds on sale of property, plant and equipment	**31**	-	-
Purchase of property, plant and equipment	**(282)**	-	(535)
Net cash flow from in investing activities	**(251)**	(5,430)	(686)
Financing activities			
Proceeds from the issue of shares	**21,022**	-	28,607
Loan advanced	**4**	-	225
Interest paid	**-**	(23)	(1,713)
Finance lease payments	**(2,120)**	-	(1,130)
Net cash flow from financing activities	**18,906**	(23)	25,989
Net movement in cash and cash equivalents	**(2,308)**	(7,764)	5,414
Foreign currency difference	**1,255**	218	51
Opening net cash	**5,470**	13,542	5
Closing net cash	**4,417**	5,996	5,470
Classified on the balance sheet as:			
Cash and cash equivalents	**6,437**	**16,217**	7,488
Bank overdrafts	**(2,020)**	**(10,221)**	(2,018)
Closing net cash	**4,417**	**5,996**	5,470

NOTES TO THE INTERIM RESULTS

1. Basis of preparation and accounting policies
The financial information set out in this interim results statement is for the six months to 30 June 2013. The interim financial information has not been audited and does not constitute statutory accounts within the meaning of section 434 of the Companies Act 2006. The comparatives for the 18 month period ended 31 December 2012 are not the Group's full financial statements for that period. A copy of the financial statements for that period has been delivered to the Registrar of Companies.
The Directors have considered the appropriateness of the going concern basis of preparation in view of their plans for the Group. Since the publication of the accounts for the period ended 31 December 2012, the Directors have taken steps to reduce the levels of losses in all operations by increasing revenues, reviewing routes flown, reducing costs and seeking local investment. They have also raised further funds as set out in note 4 below. As a result of their actions, they have a reasonable expectation that the Group has access to sufficient finance to continue operating as a going concern for the foreseeable future although they acknowledge that further funds will need to be raised in the future which represents a material uncertainty over Going Concern. Therefore, they are satisfied that the going concern basis of preparation is appropriate for these interim financial statements.

The accounting policies applied are consistent with those of the last annual financial statements for the 18 months ended 31 December 2012. The financial statements for the year ended 31 December 2012 were prepared in accordance with IFRS as adopted for use in the European Union, and the auditors gave a qualified opinion in respect of the assets and liabilities in 540 Tanzania at acquisition and the expenses for the six months from acquisition to 31 December 2012. The auditors also drew attention by way of an emphasis of matter in respect of a material uncertainty over Going Concern without qualifying their report. The audit report did not contain a statement under either Section 498(2) or (3) of the Companies Act 2006 in respect of those financial statements. Those financial statements have been filed with the Registrar of Companies.

Fastjet plc is incorporated in England & Wales. The Company's shares are listed on the AIM Market of the London Stock Exchange.

2. Loss per share
The loss per share is calculated using the loss figures as stated in the statement of comprehensive income divided by the weighted average number of shares in issue. In view of the losses from continuing activities, the share options in issue have no dilutive effect.

3. Share capital
Shares issued during the period were issued for cash.

4. Subsequent events
On 9 July 2013 the Company announced it has raised £0.8m ($1.1m) by the placing of 79,000,000 new shares, and at the same time secured an additional £15m ($22.5m) equity financing facility.

On 25 July 2013 the Company announced that it had issued 110,334,156 new shares to easyGroup Holdings Limited, a company controlled by Sir Stelios Haji-Ioannou, in settlement of all fees, totalling $1.7m, due under the Brand Licence Agreement until 31 December 2013.

On 31 July 2013 the Company announced it has raised £0.7m ($1.0m) by the placing of 66,000,000 new shares.

On 19 August 2013 the company in general meeting approved a capital reorganisation. The reorganisation had the effect of consolidating the shares into one new ordinary share for every 10 ordinary shares held.

On 19 August 2013 the Company announced it has raised £1.6m ($2.5m) by the placing of 16,120,000 new shares.

On 4 September 2013 the Company announced it has raised £3.0m ($4.7m) by the placing of 62,500,000 new shares.

Copies of this interim report will be available shortly on the company's website: www.fastjet.com

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