

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

Interim Results for the six months to 30 June 2016

20 September 2016

fastjet, the low-cost African airline, announces its unaudited Interim Results for the six months to 30 June 2016 and strategic and operational developments to date in 2016.

The table below shows the financial performance of the fastjet Group for the period to 30 June 2016.

	H1 2016	H1 2015
	US\$	US\$
Revenue	33.1m	31.5m
Operating loss from continuing activities	(31.0)m	(12.8)m
(Loss)/Profit after tax	(15.0)m	6.4m
Loss per share from continuing activities	(0.47)	(0.28)

Headlines

- Nico Bezuidenhout appointed CEO on 1 August 2016
- Stabilisation Plan addressing routes, fleet, organisation and revenue initiatives implemented
- Successful fund raise in August 2016 of approximately US\$20m before expenses
- Revenue on continuing activities up 4.8%
- Negative cash flow from operating activities US\$(25.6m) (2015: US\$(10.1m))

Operational headlines

- Passenger numbers up by 9% on H1 2015 to 398,593 (including fastjet Zimbabwe)
- Aircraft utilisation down by 3% on H1 2015 to 10.1 hours during peak months
- Launch of flights between Harare and Johannesburg
- Named Africa's Leading Low-Cost Airline 2016 at the World Travel Awards

Nico Bezuidenhout, Chief Executive Officer, commented:

"The first six months of 2016 was a very difficult and challenging time for fastjet. While positive developments included the launch of fastjet flights between Harare and Johannesburg, adverse economic and trading conditions significantly impacted the Company's financial results and passenger numbers.

"As a result, my focus since being appointed has been to undertake a fundamental review of all aspects of fastjet's business model and operations. My immediate priority is to stabilise the business, reduce costs and ensure that we have the correct size of fleet, in terms of both number and size of aircraft.

"I am pleased to report that this work is beginning to deliver some tangible results. We are relocating fastjet's Head Office from Gatwick to Johannesburg (our largest international destination) so as to both reduce costs and be much closer to our home markets. By the end of the year, our existing fleet of five A319 aircraft will be reduced to three and will be replaced by three smaller leased aircraft, an initiative which is expected to lead to a reduction in seat capacity and trip-cost of approximately 15%.

"We continue to pursue cost-reduction and revenue-generating initiatives and to refine and develop our customer offering and low cost model. Conditions remain very challenging and there is much work to be done. But I am confident that the business is becoming more stable and that we are slowly moving towards a platform from which, in due course, fastjet will be able to consider gradual expansion opportunities and start to deliver on its undoubted potential."

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NOTES TO EDITORS

About fastjet Plc

fastjet Plc is the holding company of the low cost airline fastjet which commenced flights under the fastjet brand in Tanzania in November 2012. By adhering to international standards of safety, quality, security and reliability; fastjet has brought a new flying experience to the African market at unprecedented low prices. Utilising a fleet of modern jet aircraft, fastjet has a long term strategy to implement the low-cost carrier model across Africa to become the continent's first low-cost, pan-Africa airline.

The results of the second quarter 2016 customer satisfaction surveys showed that an average of 73% of customers were likely to recommend fastjet to a friend. In developing its strong brand and identity, fastjet has won and been nominated for a number of awards, including Africa's Leading Low-Cost Airline 2016 at the 23rd World Travel Awards, winning three Transform awards for the rebrand and launch of fastjet, the award for "Brand Strategy of the Year" at 2014's Drum Marketing Awards in London, and the Transport Innovator Award at the 8th Transport Africa Awards 2015 in Johannesburg.

This announcement contains inside information for the purposes of the Market Abuse Regulation.

fastjet Plc is quoted on the London Stock Exchange's AIM Market.

For more information see www.fastjet.com

Interim Results

The difficult and challenging trading environment that fastjet experienced in 2015 continued into the first half of 2016. Although some progress has been made on cost reduction and route rationalisation, the financial performance of fastjet remains unsatisfactory. Since his appointment as Chief Executive Officer in August 2016, Nico Bezuidenhout has initiated a Stabilisation Plan, more fully described below, designed to achieve a cash flow positive position and provide a stable platform from which the Company can pursue its strategic objectives.

Financial performance

For the first half of 2016, the Group has reported a loss after tax of US\$15.01m (H1 2015: profit after tax US\$6.43m) on revenues up 4.8% at US\$33.1m (H1 2015: US\$31.5m). Continuing activities contributed a loss after tax of US\$31.4m (H1 2015: US\$10.1m) while discontinued legacy activities, described below and in Note 4, contributed a profit after tax of US\$16.3m (H1 2015: US\$16.5m).

The loss for the period resulted in the Group incurring a significant operating cash outflow. At 30 June 2016 the Group's cash balance was US\$3.8m (30 June 2015: US\$71.0m). Since the period end the Group raised approximately US\$20.0m before expenses through a placing and open offer completed in August 2016. The cash balance at 31 August 2016 was approximately US\$16.5m.

In recent periods the Group has been exiting its legacy Fly 540 businesses. In H1 2015, the Fly 540 Ghana CGU was disposed of and has been accounted for within Discontinued Activities. During 2015 the Group was unsuccessful in disposing of the Fly 540 Angola CGU which was accounted for as an "abandoned activity" within the 2015 full year accounts.

On 6 June 2016 a liquidator was appointed to fastjet Aviation Limited ("FAL") (formerly Lonrho Aviation (BVI) Limited), the intermediate parent company of the sub-group which included Fly 540 Angola and, formerly, Fly 540 Ghana. The liquidator has therefore gained control of FAL so the entity no longer forms part of the Group's consolidated accounts with effect from this date. Consequently, the Fly 540 Angola CGU is required to be accounted for as a discontinued business and the comparative results have been restated.

With market conditions remaining challenging and with the Stabilisation Plan yet to be fully implemented, the Directors believe that the current trading outlook remains uncertain. Having reviewed detailed forecasts and considered a number of risks relating to these forecasts, the Board believes it remains appropriate to adopt the Going Concern basis in preparing these Interim Results. Further details are set out in the Going Concern statement below and in Note 1.

Stabilisation Plan

Since his appointment Nico Bezuidenhout has been undertaking a thorough review of the Group's operations and organisational structure. Although this review is ongoing, it has already led to the creation and immediate implementation of a Stabilisation Plan designed to deliver revenue growth, a significant reduction in the Group's cost base and with a target of achieving a cash flow positive position by the end of 2017. This will ensure that the Group is able to build on a stable platform in order to achieve its strategic objectives. The key elements of the Stabilisation Plan are:

Rationalisation of routes

The rationalisation of fastjet's route schedule and network has already been initiated to match capacity with demand. Frequencies on underperforming routes have been reduced while some direct services have been replaced through being incorporated as an extension to other existing services. Plans for further expansion of the network have been postponed until existing routes are performing satisfactorily.

Fleet

As previously stated the Group's fleet is reducing in size as a consequence of aircraft being returned at the end of their leases. One A319 aircraft has already exited the fleet and a further two A319 leased aircraft are scheduled to exit the fleet on the expiry of their leases at the end of September 2016.

Having reviewed the capacity requirements of the business it has been concluded that an alternative aircraft type, with materially lower operating costs, is more appropriate for fastjet's market. Accordingly, the Group's

sole owned aircraft is currently being marketed for sale while the remaining two leased A319 aircraft will be based in Tanzania while fastjet pursues sub-lease opportunities.

The Embraer and Bombardier 80-120 seat aircraft have been identified as appropriate aircraft type for fastjet's services. These are expected to yield an approximately 15% cost reduction for fuel, maintenance, handling and navigation charges. The transition from the existing A319 aircraft to the replacement fleet will initially be arranged through short term wet leases (aircraft, crew, maintenance and insurance). The first aircraft under a wet lease agreement will come into service by the end of September 2016. It is intended that the wet lease arrangements will be superseded by dry leases (aircraft only) in H1 2017.

Organisation

A restructuring and reorganisation of the Group's operating entities has already started. Unnecessary duplication and excess resource will be eliminated resulting in a more streamlined, cost efficient and appropriate organisational structure. The Group's high standards of safety, quality and compliance with regulatory requirements will not be compromised as a result of these initiatives.

The Group is relocating its head office from Gatwick to Johannesburg, South Africa and consultation with staff affected has already commenced. The new location will bring fastjet's management and support functions closer to the Company's operations and markets. It is expected that the relocation will be completed in early 2017.

Nico Bezuidenhout was appointed as Chief Executive Officer and joined the Board on 1 August 2016. The Company intends to strengthen the Board further with additional Non-Executive Directors in due course.

Revenue generating initiatives

The review into fastjet's operations has identified that a flexible approach to the traditional low cost carrier model is more appropriate for the business at its current stage of development. Greater flexibility is also being introduced into fastjet's pricing models.

The Board is also improving the allocation of its marketing and PR budget in order to more effectively target fastjet's customer base. A more co-ordinated approach to fastjet's marketing and public relations campaigns has already been adopted. New marketing and PR initiatives which are designed to improve fastjet's market presence and generate additional revenues have been introduced or are in the planning stage. fastjet's established social media presence has proved to be a powerful brand building mechanism. Social media forms a key part of the Group's improved marketing programme as it offers a cost-effective promotional channel for generating ticket sales.

As part of a co-ordinated PR and marketing programme, the potential to develop the fastjet brand further through the establishment of commercial partnerships with leading brands in fastjet's markets is being explored with the focus being on carefully targeted market sectors. Tactical objectives are also being incorporated into the programme so that fastjet can improve relationships with local communities and regulatory bodies.

In June 2016 a new mobile payment platform was introduced, offering customers a faster and more convenient means of payment and an estimated 30% reduction in fastjet's transaction costs. The new system provides improved tracking and data analysis and broadens the geographical scope of fastjet's mobile money facilities.

Improving the distribution of fastjet's offering through both trade and direct channels in order to stimulate revenue growth is a key focus of the Stabilisation Plan. On 19 September 2016, fastjet introduced distribution through Amadeus, one of the leading Global Distribution Systems (GDS). This is expected to greatly improve fastjet's reach as an estimated 80% of African air travel continues to be sold through Travel Agents. In addition, fastjet plans to introduce a Travel Agent incentive programme to accompany the introduction of GDS. The greater level of system connectivity will also facilitate the development of improved interline agreements with International carriers.

fastjet intends to improve its direct channels of distribution through upgrading its Central Reservations System by the end of the first quarter 2017. It is important that fastjet maintains technology systems that facilitate innovation and responsiveness to the varied needs of our customers in the respective markets we serve.

Milestones

As part of the Stabilisation Plan the Board established milestones by which to measure the Group's performance. Good progress is being made towards the achievement of these milestones, including replacement fleet, implementation of the cost-cutting programme and a decision on the location of the Group's headquarters.

Operational Review

fastjet has continued to maintain its high operational standards in relation to safety, quality, security and reliability. This has resulted in fastjet being highly regarded in the market place as evidenced by being awarded "Africa's Leading Low-Cost Airline" at the 23rd World Travel Awards in April 2016. fastjet has maintained high levels of brand awareness and remains the second most followed African airline brand on Facebook. The Company intends to build on these successes to improve sales through the use of social media channels.

A new consolidated call centre opened in South Africa in June 2016 offering multi-lingual services and covering Tanzania, Kenya, Uganda, Zambia, Zimbabwe and South Africa markets. This call centre has improved service levels and sales conversions in our markets.

fastjet Tanzania

fastjet is the leading airline in Tanzania and, although in the first half of 2016 it has cemented its strong market presence on domestic services, its international routes remain disappointing. fastjet carried over 362,000 passengers, broadly in line with the corresponding period and representing an average load factor of 49% (H1 2015: 70%). The load factor reflects the significant increase in capacity and disappointing ticket sales.

fastjet Tanzania has maintained its impressive 'On Time Arrival' performance of 92% while aircraft utilisation averaged 10.3 block hours per day per aircraft (H1 2015: 10.4).

Route revenue performance failed to meet expectations in the first half of 2016 due to macro-economic and competitive pressures. In addition, the response to certain marketing initiatives, particularly relating to new international routes, was disappointing. As a consequence, some routes have been cut and frequencies modified and this process of matching capacity with demand will continue as part of the Stabilisation Plan.

fastjet Zimbabwe

In the first half of 2016 fastjet Zimbabwe carried over 36,000 passengers representing an average load factor of 37%. Although these passenger numbers are disappointing, load factors in the early part of the second half of 2016 have shown some improvement in response to marketing campaigns.

In February 2016, fastjet launched flights between Harare and Johannesburg building on the initial route between Harare and Victoria Falls which commenced in October 2015. In March 2016, flights between Victoria Falls and Johannesburg were launched.

Punctuality in the first six months of operation has been encouraging, with 94% of flights arriving on time.

fastjet Zimbabwe is seeking to develop its distribution channels and significantly grow its travel agent network and in the first half of 2016 launched a new sales facility in Harare operated by a third party General Sales Agent.

Financial Review

fastjet Group

		H1 2016	H1 2015
		US\$m	US\$m
Revenue:	fastjet Tanzania	30.5	31.5
	fastjet Zimbabwe	<u>2.6</u>	<u>-</u>
Total		33.1	31.5

Operating loss:	fastjet Tanzania	(23.9)	(11.3)
	fastjet Zimbabwe	(5.1)	(0.4)
	Central	<u>(2.0)</u>	<u>(1.1)</u>
Total operating loss from continuing activities		(31.0)	(12.8)
Profit from discontinued activities net of tax		16.3	16.5
(Loss)/profit for the period after tax		(15.0)	6.4

Key performance indicators

The Directors consider the following to be the key performance indicators when measuring underlying operational performance:

Measure	H1 2016	H1 2015	Movement
Passenger numbers	398,593	363,769	+9.6%
Revenue per Passenger (US\$)	82.97	86.70	-4%
Seats Flown	832,373	518,230	+61%
Available Seat Kilometres (ASK)	653,256,539	414,257,887	+58%
Load Factor	48%	70%	-32%
Revenue per ASK (US cents)	5.06	7.61	-34%
Cost per ASK (US cents)	9.85	9.99	+1%
Cost per ASK ex. Fuel (US cents)	8.16	7.59	-8%
Aircraft Utilisation (Hours)	9.4	9.7	-4%
Aircraft Utilisation at June end (Hours)	8.9	10.4	-15%
Aircraft Utilisation in Peak Month (Hours)	10.1	10.4	-3%

Continuing Activities

The Group recorded a loss after tax for the period of US\$15.0m (H1 2015: profit US\$6.4m).

Although Group revenue increased marginally to US\$33.1m (H1 2015: US\$31.5m), this reflects the inclusion of revenues generated by fastjet Zimbabwe which was not operating in the first half of 2015. Passenger numbers, including fastjet Zimbabwe, increased by 9.6% to 398,593 (H1 2015: 363,769), however the average yield per passenger declined reflecting lower ticket prices.

Costs for continuing activities in the first six months of 2016 increased by 44% to US\$64.0m (2015: US\$44.4m). These increased costs arose from, *inter alia*, operating a larger fleet and additional routes, compared with the corresponding period, with the consequential increase in aircraft lease costs, fuel, maintenance, heavy maintenance provisions and handling costs. In addition, set up costs and other overheads were incurred with the establishment and operation of fastjet Zimbabwe.

The over-expansion of central functions, disproportionate to the Company's requirements at its current stage of development, resulted in increased costs and excessive overheads. In addition, high levels of marketing expenditure were incurred for the launch of new routes during the period. The Group also incurred start-up costs for the launch of fastjet Zambia which has been postponed.

Discontinued Activities

In the 2015 full year accounts, the legacy Fly 540 Angola CGU was accounted for as an "abandoned activity", while the Fly 540 Ghana CGU had been disposed of in the first of 2015 and was accounted for within Discontinued Activities. These legacy businesses had been held by FAL, the intermediate parent company of the sub-group which included Fly 540 Angola and Fly 540 Ghana.

Following the appointment on 6 June 2016 of a liquidator to FAL, the liquidator has gained control of FAL so the entity no longer forms part of the Group's consolidated accounts with effect from that date. Consequently, the Fly 540 Angola CGU is required to be accounted for as a discontinued activity and the comparative results have been restated. The "profit from discontinuing activities after tax" reported within the Income Statement, represents the removal of the net liabilities of the FAL sub-group.

A further consequence of FAL sub-group no longer being consolidated is recognition of intercompany loans and balances. This includes unsecured loan notes issued by fastjet Airlines Limited (fastjet Tanzania) to FAL, together with accrued interest, which are shown within "non-current liabilities" on the Group Balance Sheet as at 30 June 2016. Interest on these unsecured loan notes is accrued at 4% and the first instalment of the loan note repayment by fastjet Airlines Limited is due on 1 July 2017.

Cash management

In the first quarter of 2016 the Board initiated a cost reduction programme which is ongoing and is now embedded within the Stabilisation Plan. Careful management of the Company's cash resources paired with a more flexible approach to the traditional low cost carrier model are already yielding benefits in terms of efficiency and cash conservation.

Exchange rates

As previously reported, the steep decline in the Tanzanian Shilling exchange rate against the US Dollar in 2015 had a materially adverse impact on the fastjet business and financial performance for that period. During the first half of 2016, the Tanzanian Shilling exchange rate against the US Dollar has been relatively stable at these lower levels.

Post balance sheet event

A placing and open offer on 8 August 2016 successfully raised approximately US\$20.0m before expenses. The proceeds of the fundraising will be utilised in providing working capital to existing operations in Tanzania and Zimbabwe and the execution of the Stabilisation Plan.

Going Concern

There are risks associated with operating in Africa including but not limited to political, judicial, administrative, taxation or other regulatory matters. Many countries in Africa, including those in which the Group currently operates may in the future experience severe socio-economic hardship and political instability, including political unrest and 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 particular concerns with respect to licences and agreements for business which may be susceptible to delay, revision or cancellation, as a result of which legal redress may be uncertain or delayed.

Group revenue has only marginally increased in the six months to 30 June 2016 compared with the corresponding period while capacity has doubled and yield and load factors also remain disappointing. During the period the Group has continued operating at a loss and incurred a significant operating cash outflow. The Directors believe the implementation of the Stabilisation Plan is essential for the Group to achieve both growth in revenue and significant cost reductions in order to be cash flow positive in the short to medium term.

The Directors have prepared detailed forecasts and projections for the Company to October 2017 which incorporates the impact of the Stabilisation Plan including:

- Rationalising routes and schedules.
- Reconfiguring the aircraft fleet in respect of the size of the fleet and aircraft type operated.
- Relocating the Head Office and streamlining the organisational structure of the operating entities;
- Revenue generating initiatives.

As described above and in Note 4, fastjet Aviation Limited and its sub group no longer forms part of the Group's consolidated accounts. The Directors do not believe that there is recourse to fastjet Plc for any of the liabilities of FAL and do not expect the settlement of any intercompany balances as the entities concerned are unlikely to have sufficient funds to settle them. Accordingly, the forecasts do not include any cash outflows in

respect of the liabilities of FAL. However, Loan notes of cUS\$10m issued by fastjet Airlines Limited to FAL, which were previously eliminated on consolidation, now form an external liability of fastjet Airlines Limited and accordingly are included in the Group's Balance Sheet as a Non-current Liability.

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

- Achieving forecast passenger numbers and yield
- Aviation fuel prices, which are currently not hedged
- Adverse currency exchange rate movements
- Achieving the Stabilisation Plan
- No cash impact to fastjet Plc from the liquidation of fastjet Aviation Limited.

The Directors believe, on the basis of current financial projections and funds available, including the proceeds of the placing and open offer in August 2016, that the Group has sufficient resources to meet its operational needs over the relevant period, being until September 2017 although the headroom over available cash resources is not large. Accordingly the Directors continue to adopt the going concern basis in preparing these Interim Results.

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.

Current Trading and Outlook

The trading environment in which fastjet operates remains challenging. Consequently and as previously announced, the Group is expected to continue to be cash flow negative and report a substantial operating loss for the full year. However, the implementation of the Stabilisation Plan, for which funding is in place, is expected to materially improve the Company's financial performance in the medium term.

The Board remains confident that the execution of the Stabilisation Plan will ensure that fastjet is able to achieve its strategic objectives and establish a solid platform for growth.

Nico Bezuidenhout
Chief Executive Officer

Lisa Mitchell
Chief Financial Officer

Condensed consolidated income statement

		6 months ended 30 June 2016 US\$'000 (Unaudited)	6 months ended 30 June 2015 US\$'000 (Unaudited) (as restated)	12 months ended 31 December 2015 US\$'000 (Audited) (as restated)
Revenue		33,072	31,540	65,055
Cost of sales		(51,781)	(33,915)	(77,963)
Administrative costs		(12,275)	(10,471)	(25,018)
Group operating loss		(30,984)	(12,846)	(37,926)
Operating loss		(30,984)	(12,846)	(37,926)
Finance Income		20	3,125	2,330
Finance charges		(299)	(137)	(273)
Loss from continuing activities before tax		(31,263)	(9,858)	(35,869)
Taxation		(90)	(253)	(353)
Loss from continuing activities after tax		(31,353)	(10,111)	(36,222)
Profit from discontinued activities net of tax	4	16,339	16,542	14,281
(Loss)/Profit for the period		(15,014)	6,431	(21,941)
Attributable to:				
Shareholders of the parent company		(35,452)	6,431	(21,941)
Non-controlling interests		20,438	-	-
Total		(15,014)	6,431	(21,941)
Earnings/(loss) per share (basic and diluted) (US dollars)	2			
From continuing activities		(0.47)	(0.28)	(0.71)
From discontinued activities		(0.06)	0.46	0.28
Total		(0.53)	0.18	(0.43)

Condensed consolidated statement of comprehensive income

	6 months ended 30 June 2016 US\$'000 (Unaudited)	6 months ended 30 June 2015 US\$'000 (Unaudited)	12 months ended 31 December 2015 US\$'000 (Audited)
(Loss)/ Profit for the period	(15,014)	6,431	(21,941)
Foreign exchange translation differences	435	3,118	3,226
Translation reserve taken to income statement on disposal of subsidiary	15	(10,937)	(10,937)
Total other comprehensive income/(expense) for the period	450	(7,819)	(7,711)
Total comprehensive expense	(14,564)	(1,388)	(29,652)
Attributable to :			
Shareholders of the parent company	(35,002)	(1,388)	(29,562)
Non-controlling interests	20,438	-	-
Total comprehensive expense	(14,564)	(1,388)	(29,652)

All items in other comprehensive income will be re-classified to the Income Statement

Condensed consolidated balance sheet

	30 June 2016 US\$'000 (Unaudited)	30 June 2015 US\$'000 (Unaudited)	31 December 2015 US\$'000 (Audited)
Non-current assets			
Other intangible assets	510	331	487
Property, plant and equipment	12,763	458	18,338
Other non-current trade and other receivables	2,054	1,185	2,054
	15,327	1,974	20,879
Current assets			
Cash and cash equivalents	3,870	70,938	29,890
Trade and other receivables	8,587	5,757	9,087
Assets held for sale in disposal groups	-	8,797	-
	12,457	85,492	38,977
Total assets	27,784	87,466	59,856
Equity			
Called up equity share capital	144,923	144,923	144,923
Share premium account	108,366	105,211	108,366
Reverse acquisition reserve	11,906	11,906	11,906
Retained earnings	(280,191)	(214,317)	(245,138)
Translation reserve	4,272	3,714	3,822
Equity attributable to shareholders of the Parent Company	(10,724)	51,437	23,879
Non-controlling interests	-	(20,438)	(20,438)
Total equity	(10,724)	30,999	3,441
Liabilities			
Non-current liabilities			
Loans and other borrowings	4	10,631	-
Trade and other payables	1,764	1,968	1,786
	12,395	1,968	1,786
Current liabilities			
Bank overdrafts	-	-	975
Loans and other borrowings	-	-	-
Obligations under finance leases	-	-	14,406
Trade and other payables	25,719	22,080	38,940
Liabilities directly associated with assets held for sale in disposal groups	-	32,213	-
Taxation	394	206	308
	26,113	54,499	54,629
Total liabilities	38,508	56,467	56,415
Total liabilities and equity	27,784	87,466	59,856

Condensed consolidated cash flow statement

	6 months ended 30 June 2016 US\$'000 (Unaudited)	6 months ended 30 June 2015 US\$'000 (Unaudited)	12 months ended 31 December 2015 US\$'000 (Audited)
Operating activities			
Result for the period	(15,014)	6,431	(21,941)
Tax charge /(credit)	90	253	353
Profit on disposal of aircraft	-	-	(2,250)
Loss on disposal of other property, plant and equipment	40	-	-
Profit on disposal of subsidiary	(17,148)	(17,694)	(17,694)
Impairment of aircraft	-	920	4,020
Depreciation and amortisation	902	116	1,137
Finance (income)/charges	804	(2,763)	(1,441)
Increase in trade and other receivables	(2,596)	(931)	(3,285)
Increase in trade and other payables	6,956	3,702	3,583
Tax paid	-	(159)	(159)
Share option charges	399	72	778
Net cash flow from operating activities	(25,567)	(10,053)	(36,899)
Investing activities			
Purchase of intangibles	(82)	(30)	(226)
Disposal of discontinued operation net of cash disposed of	921	4,357	4,356
Sale of property, plant and equipment	92	-	11,000
Purchase of property, plant and equipment	(119)	(80)	(13,304)
Net cash flow from investing activities	812	4,247	1,826
Financing activities			
Proceeds from the issue of shares	-	71,918	71,918
Interest paid	(277)	(112)	(192)
Finance lease payments	-	(222)	(11,319)
Net cash flow from financing activities	(277)	71,584	60,407
Net movement in cash and cash equivalents	(25,032)	65,778	25,334
Foreign currency difference	(13)	2,861	2,204
Opening net cash	28,915	1,377	1,377
Closing net cash	3,870	70,016	28,915
Classified on the balance sheet as:			
Cash and cash equivalents	3,870	70,991	29,890
Bank overdrafts	-	(975)	(975)
Closing net cash	3,870	70,016	28,915

Closing cash balances held at 30 June 2016 include bank balances of US\$ Nil (30 June 2015 US\$ 54,000) and overdrafts of US\$ Nil (30 June 2015 US\$ 975,000) The balances at 2015 were held by the Angola CGU in the held for sale disposal group on the consolidated balance sheet.

Cash balances at 30 June 2016 include US\$ Nil (30 June 2015 US\$ 54,000 of cash not available for use by the Group, being held in Angola where the government restricts movements of currency). The Nil balance for the period is due to the disposal of fastjet Aviation Limited (BVI).

Condensed consolidated statement of changes in equity

	Share Capital US\$'000	Share Premium US\$'000	Reverse Acquisition Reserve US\$'000	Translation Reserve US\$'000	Retained Earnings US\$'000	Non- controlling Interests US\$'000	Total Equity US\$'000
Balance at 31 December 2014	69,850	108,366	11,906	11,533	(218,277)	(23,031)	(39,603)
Shares issued	75,073	3,155	-	-	-	-	71,918
Share based payments	-	-	-	-	72	-	72
Changes in Non- controlling interests	-	-	-	-	(2,593)	2,593	-
Transactions with owners	75,073	3,155	-	-	(2,521)	2,593	71,990
Foreign exchange difference	-	-	-	3,118	-	-	3,118
Translation reserve taken to income statement on disposal of subsidiary	-	-	-	(10,937)	-	-	(10,937)
Loss for period	-	-	-	-	6,431	-	6,431
Balance at 30 June 2015	144,923	105,211	11,906	3,714	(214,317)	(20,438)	30,999
Shares issued	-	3,155	-	-	(3,155)	-	-
Share based payments	-	-	-	-	706	-	706
Transactions with owners	-	3,155	-	-	(2,249)	-	706
Foreign exchange difference	-	-	-	108	-	-	108
Loss for period	-	-	-	-	(28,372)	-	(28,372)
Balance at 31 December 2015	144,923	108,366	11,906	3,822	(245,138)	(20,438)	3,441
Share based payments	-	-	-	-	399	-	399
Transactions with owners	-	-	-	-	399	-	399
Foreign exchange difference	-	-	-	435	-	-	435
Translation reserve taken to income statement on disposal of subsidiary	-	-	-	15	-	-	15
Profit for period	-	-	-	-	(35,452)	20,438	(15,014)
Balance at 30 June 2016	144,923	108,366	11,906	4,272	(280,191)	-	(10,724)

On 6 June 2016 a Liquidator was appointed to fastjet Aviation Limited. Control of fastjet Aviation Limited and its subsidiaries has therefore been transferred to the liquidator so this entity no longer forms part of the Group consolidated accounts with effect from this date.

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 2016. 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 12 month period ended 31 December 2015 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 report of the auditor was (i) qualified in respect of the appropriateness of evidence to support the carrying value of assets of US\$1.4m and liabilities of US\$18.1m relating to Fly 540 Angola, (ii) included a reference to an emphasis of matter in which the auditor drew attention, without qualifying their report, in respect of Going concern, and (iii) did not contain a statement under section 498 (2) or (3) of the Companies Act 2006.

These financial statements are prepared applying the recognition and measurement requirements of IFRSs as adopted by the EU but not in compliance with IAS34.

The Directors have considered the appropriateness of the going concern basis of preparation in view of their plans for the Group. Due to the successful placing and open offer that took place in August 2016 which saw capital of approximately US\$20.0m raised, the Group has sufficient funds to continue in business for the foreseeable future.

Group revenue has only marginally increased in the six months to 30 June 2016 compared with the corresponding period while capacity has doubled, yield and load factors also remain disappointing. During the period the Group has continued operating at a loss and incurred a significant operating cash outflow. The Directors believe the implementation of the Stabilisation Plan is essential for the Group to achieve both growth in revenue and significant cost reductions in order to be cash flow positive in the short to medium term.

The Directors have prepared detailed forecasts and projections for the Company to October 2017 which incorporates the impact of the Stabilisation Plan including:

- Rationalising routes and schedules.
- Reconfiguring the aircraft fleet in respect of the size of the fleet and aircraft type operated.
- Relocating the Head Office and streamlining the organisational structure of the operating entities;
- Revenue generating initiatives.

As described above and in Note 4, fastjet Aviation Limited and its sub group no longer forms part of the Group's consolidated accounts. The Directors do not believe that there is recourse to fastjet Plc for any of the liabilities of FAL and do not expect the settlement of any intercompany balances as the entities concerned are unlikely to have sufficient funds to settle them. Accordingly, the forecasts do not include any cash outflows in respect of the liabilities of FAL. However, Loan notes of cUS\$10m issued by fastjet Airlines Limited to FAL, which were previously eliminated on consolidation, now form an external liability of fastjet Airlines Limited and accordingly are included in the Group's Balance Sheet as a Non-current Liability.

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

- Achieving forecast passenger numbers and yield
- Aviation fuel prices, which are currently not hedged
- Adverse currency exchange rate movements
- Achieving the Stabilisation Plan
- No cash impact to fastjet Plc from the liquidation of fastjet Aviation Limited.

The Directors believe, on the basis of current financial projections and funds available, that the Group has sufficient resources to meet its operational needs over the relevant period, being until September 2017 although the headroom over available cash resources is not large. Accordingly the Directors continue to adopt the going concern basis in preparing these Interim Results.

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.

2. Earnings/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. The weighted average number of shares in issue during the six months to 30 June 2016 was 66,422,096 (2015: 35,829,113). In view of the losses from continuing activities, the share options in issue have no dilutive effect.

3. Share capital

On 21 April 2015, 1,642,209,696 Existing Ordinary Shares of 1p each were consolidated into 16,422,096 New Ordinary Shares of £1 each. On 21 April 2015, 50,000,000 New Ordinary Shares of £1 were issued at par.

4. Discontinued activities

In recent periods the Group has been exiting its legacy Fly 540 businesses. In H1 2015, the Fly 540 Ghana CGU was disposed of and has been accounted for within Discontinued Activities. During 2015 the Group was unsuccessful in disposing of the Fly 540 Angola CGU which was accounted for as an "abandoned activity" within the 2015 full year accounts. Following the appointment of a liquidator to fastjet Aviation Limited, the intermediate parent company of the sub-group which included Fly 540 Angola, the entity no longer forms part of the Group's consolidated accounts. Consequently, the Fly 540 Angola CGU is required to be accounted for as a discontinued business and the comparative results have been restated.

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

	6 months ended 30 June 2016 US\$'000	6 months ended 30 June 2015 US\$'000	12 months ended 31 December 2015 US\$'000
Fly 540 Ghana CGU	-	17,118	19,371
Fastjet Aviation Ltd including Fly 540 Angola CGU	16,339	(576)	(5,090)
Profit from discontinued activities net of tax	16,339	16,542	14,281

Fly 540 Ghana

In June 2015, fastjet disposed of its interest in Fly 540 Ghana following which, its financial results, assets and liabilities are no longer consolidated into the fastjet Group's financial statements. The Fly 540 Ghana CGU is included within discontinued activities.

The profit and loss on the discontinued Fly 540 Ghana CGU on the Consolidated Income Statement can be analysed as follows:

	6 months ended 30 June 2016 US\$'000	6 months ended 30 June 2015 US\$'000	12 months ended 31 December 2015 US\$'000
Revenue	-	-	-
Operating costs	-	(3)	-
Operating loss before exceptional items	-	(3)	-
Exceptional items – profit on disposal of aircraft	-	-	2,250
Exceptional items – impairment	-	(460)	(460)
Operating loss after exceptional items	-	(463)	1,790
Finance charge	-	(113)	(113)
Loss before tax	-	(576)	1,677
Profit on sale of Ghana operation	-	6,757	6,757

Transfer from Translation reserve	-	10,937	10,937
Profit for the period	-	17,118	19,371

Fly 540 Angola

In the 2015 Financial Statements the Fly 540 Angola CGU was accounted for as an “abandoned activity”. On 6 June 2016 a liquidator was appointed to Fastjet Aviation Limited, the intermediate parent company of the sub-group which included the Fly 540 Angola CGU. Upon this appointment, control has now been transferred to the liquidator so the entity no longer forms part of the Group consolidated accounts with effect from this date. The Fly 540 Angola CGU now meets the definition of a discontinued business and the comparative results have been restated.

A further consequence of FAL sub-group no longer being consolidated is recognition of intercompany loans and balances. This includes unsecured loan notes issued by fastjet Airlines Limited (fastjet Tanzania) to FAL, together with accrued interest, which are shown within “non-current liabilities” on the Group Balance Sheet as at 30 June 2016. Interest on these unsecured loan notes is accrued at 4% and the first instalment of the loan note repayment by fastjet Airlines Limited is due on 1 July 2017.

The profit and loss arising on the deemed disposal of the fastjet Aviation Limited entity which includes the Fly 540 Angola CGU can be analysed as follows:

	6 months ended 30 June 2016 US\$'000	6 months ended 30 June 2015 US\$'000	12 months ended 31 December 2015 US\$'000
Revenue	-	-	-
Operating costs	(282)	(4)	(845)
Operating loss before exceptional items	(282)	(4)	(845)
Exceptional items – impairment	-	(460)	(3,560)
Operating loss after exceptional items	(282)	(464)	(4,405)
Finance charge	(527)	(112)	(685)
Loss Before Tax	(809)	(576)	(5,090)
Net liabilities no longer consolidated	27,794	-	-
Crystallisation of loan notes to fastjet Aviation Limited from fastjet Airlines Limited	(10,631)	-	-
Transfer from foreign exchange reserve	(15)	-	-
Profit/(loss) for the period	16,339	(576)	(5,090)

fastjet Aviation Limited had provided legacy guarantees in respect of certain liabilities of Fly 540 Ghana and Fly 540 Angola that had not been discharged at 30 June 2016. However, the Directors do not believe that there is any recourse to fastjet Plc in respect of the original liabilities or by fastjet Aviation Limited in respect of its guarantee of them.

As fastjet Aviation Limited is no longer consolidated within the Group’s financial statements loan notes issued by fastjet Airlines Limited (fastjet Tanzania) to fastjet Aviation Limited and the accrued interest, which had previously been eliminated on consolidation, become an external liability for fastjet Tanzania and therefore are classified as a non-current liability for fastjet Tanzania. The loan notes term are for a period of 10 years and accrue interest annually at 4%. The first repayment is due on 1 July 2017.

5. Prior period restatement

The consolidated income statement for the period to 30 June 2015 has been restated for the changes in presentation of administration expenses.

The 31 December 2015 consolidated income statement has been restated to redefine the Fly 540 Angola CGU as a discontinued activity as described more fully in Note 4 above.

6. Related parties

The Company licences the fastjet brand from easyGroup Holdings Limited (“easyGroup”) under a 10 year Brand Licence agreement dated 3 May 2012 (the “Agreement”). easyGroup held 8.6% of the issued share capital of the Company at 1 September 2016

The Agreement provides for an annual royalty payment of 0.5% of total revenue, subject to a minimum royalty payment of US\$ 500,000 per annum. The royalty payments are indexed annually in accordance with US CPI. The present value of the minimum royalty payments was capitalised as a component of brand licence costs.

The Group has related party transactions with subsidiaries which are eliminated on consolidation.

7. Events after the balance sheet date

On 8 August 2016 fastjet raised approximately US\$20.0m before expenses by way of a placing and open offer of new ordinary shares. Participants in the placing and open offer were also issued warrants on the basis of one warrant to subscribe for one new ordinary share in the Company for every share subscribed for. The warrants have an exercise price of 31.5 pence per share and an exercise period from the date of issue until 31 July 2021. The Company is currently seeking to list the warrants on the Channel Islands Securities Exchange (‘CISE’).

At the same time as the placing and open offer the Company also effected a share reorganisation such that the nominal value of each of the Company’s ordinary shares was reduced from £1 to 1p each. Following this reorganisation the Company had 96,747, 604 shares in issue with no shares held in treasury.

Copies of these interim financial statements will be available to view and download shortly from the Company’s website www.fastjet.com