PrecisionAir
YOU ARE WHY WE FLY

Annual Report and Financial Statements 2015 / 2016

Precision Air Services PLC
Annual Report and Financial Statements
2015 / 2016

You Are Why
We Fly

Contents

Corporate Information

Principal Place of Business:	Diamond Plaza Mirambo Street, 1st Floor PO Box 70770, Dar es Salaam
Registered Office:	New Safari Hotel Boma Road PO Box 1636, Arusha
Bankers:	CRDB Bank Plc PO Box 3150, Arusha Stanbic Bank PO Box 3062, Arusha Kenya Commercial Bank (T) Limited PO Box 804, Dar es Salaam NBC Bank Limited PO Box 157, Zanzibar Standard Chartered Bank PO Box 30003 Nairobi, Kenya I&M Bank PO Box 30238 Nairobi, Kenya Citi Bank Tanzania Limited PO Box 71625, Dar es Salaam Twiga Bancorp PO Box 10119, Dar es Salaam
Group Secretary:	Imani Kaduma PO Box 70770, Dar es Salaam
Group Auditors:	PRICEWATERHOUSECOOPERS Certified Public Accountants 369 Toure Drive, Oyster Bay PO Box 45, Dar es Salaam

Highlights for the year ended 31 March 2016

	31-Mar-16	31-Mar-15
	TZS '000	TZS '000
Revenue		
Passenger	**69,238,390**	81,728,164
Freight & Mail	**725,361**	819,040
Fuel Surcharge	**20,787,521**	22,830,462
Total	**90,751,272**	105,377,666
Direct expenditure	**71,285,082**	71,457,890
Gross profit	**19,466,190**	33,919,776
Gross profit margin %	**21%**	32%
Operating loss	**(25,403,700)**	(53,087,716)
Loss before income tax	**(91,383,864)**	(83,600,086)
Income tax charge	**(292,173)**	(297,812)
Loss for the year	**(91,676,037)**	(83,897,898)

OPERATING STATISTICS (UNAUDITED)	31-Mar-16	31-Mar-15
Passengers	**374,877**	451,769
Revenue Passenger per Kilometre (RPK's) ('000)	**160,662**	190,000
Available Seats per Kilometre (ASK's) ('000)	**311,213**	323,000
Passenger Load factor	**52%**	59%
Yield per RPK - USc	**19.59**	24.47
Employees	**509**	510
ASK's per employee - '000	**611**	633
Revenue per employee - US$'000	**89**	120
Loss per employee - US$'000	**(76.38)**	(101.12)
Block hours	**14,613**	14,939
Aircrafts in service at year end		
ATR 72 - 500	**5**	5
ATR 42 - 600	**2**	2
ATR 42 - 500	**2**	2
ATR 42 - 320	**1**	1
Total numbers of aircraft	**10**	10
Grounded aircrafts		
ATR 42 - 320	**1**	1
ATR 42 - 600	**2**	2
ATR 42 - 500	**1**	1
ATR 72 - 500	**1**	2

1 INTRODUCTION

The Directors present their report together with the audited financial statements for the financial year ended 31 March 2016 which disclose the state of affairs of Precision Air Services Plc (the "Company") and its subsidiaries (together the "Group").

The financial statements for the year ended 31 March 2016 were approved and authorised for issue by directors as indicated on the statement of financial position.

2 INCORPORATION

The Company and its subsidiaries are incorporated in Tanzania.

3 GROUP'S VISION

''To be the airline of choice''

4 GROUP'S MISSION

''To develop and provide superior air transport services that exceed customers' expectations''.

5 PRINCIPAL ACTIVITIES

The principal activities of the Company are regional and domestic air carriage of passengers and cargo.

The Company flies to nine (2015: ten) destinations within Tanzania and the region.

Whereas one subsidiary; Precision Handling Limited carries out ground handling services in Dar es Salaam, Kilimanjaro, Mwanza, Mbeya and Arusha presently serving only the Company; the other, Precise Systems Limited, holds the franchise for distributing the Galileo reservation system to airlines and travel agents within Tanzania.

6 PERFORMANCE FOR THE YEAR

Capacity Offered to Market

The Available Seats per Kilometre (ASK) released to the market amounted to 311 million against a prior year level of 323 million thus a drop of 4% compared to prior year.

Capacity Utilised

Total passengers carried in the network during the financial year amounted to 374,877 compared to a prior year level of 451,769 thus a drop of 17% compared to prior. The shortfall on prior year is partly due to the reduced scale of operation due to engine problems that led to reduction of frequency on key routes and suspension of some routes and also subdued demand due to perceived uncertainty around electioneering period and subsequent Government ban on travel.

The Revenue Passenger per Kilometre (RPK) achieved from the market amounted to 161 million against prior year level of 190 million; thus a drop of 15% compared to prior year.

Significant deficit is also explained by the reduced scale of operation due to engine problems that led to reduction of frequency on key routes and suspension of some routes.

The drop in RPK is explained by reduced scale of operations but also by subdued demand due to perceived uncertainty around electioneering period in Q3 and Government ban on travel in Q4.

Yields

Yield achieved on passenger revenue during the financial year was Yield per RPK of 19.59 US Cents (USc) compared to a prior year level of USc 23.32.

Profitability

Whereas the Company incurred a loss of TZS 91 billion during the year (2015: loss of TZS 83 billion); the Group incurred a loss of TZS 92 billion (2015: loss of TZS 84 billion)

Detailed financial results of the Group and Company for the year are set out on page 19.

7 FUTURE DEVELOPMENTS AND PLANS

The Group will continue focusing on improving profitability and liquidity by increasing revenues and maintaining costs at reasonable levels. The Key focus areas will be:

- Stabilization of the operations- operate a minimum of 6 aircraft (moving to 7) to enhance operational reliability;
- Increase of frequencies on niche markets;
- Steering and selective increase of fares depending on demand;
- Continuous focus on cost control at all functional levels;
- Expansion of distribution option to emphasise on cheaper alternatives like online platform, direct access to corporate and non IATA agents;

- Revival of the JV agreement with KQ in order to increase feeds/defeeds onto PW network;
- Staff rationalization to enhance productivity in line with the active number of aircraft
- Review all processes, evaluate jobs and multitask to increase productivity;
- Review and improve the product offering and focus particularly on Niche Markets;
- Aggressive pursuit of alternative revenue streams like charter, cargo, third party handling and maintenance opportunities; and
- Continuous engagement of creditors to agree on payments plans based on paying ability of the company and in line with projected cash flows.

8 STOCK EXCHANGE INFORMATION

During the year, there was minimal fluctuation in the Company's share price. At the close of the financial year the Company's share was trading at the Dar es Salaam Stock exchange at TZS 470 per share (2015: TZS 470 per share).

9 DIVIDENDS

The Directors do not recommend payment of dividend (2015: Nil).

10 SUBSEQUENT EVENTS

Subsequent events are detailed on Note 35 of these financial statements.

11 SOLVENCY AND GOING CONCERN EVALUATION

The Group's state of affairs is set out on page 20 to 21 of the financial statements.

The Group incurred a net loss of TZS 92 billion for the year ended 31 March 2016 (31 March 2015: loss of TZS 84 billion) and as at that date, the Group's current liabilities exceeded its current assets by TZS 232 billion (31 March 2015: TZS 139 billion). The Group was also in a shareholders' deficit position of TZS 206 billion as at that date (31 March 2015: TZS 114 billion).

Furthermore, the Company incurred a net loss of TZS 91 billion for the year ended 31 March 2016 (31 March 2015: loss of TZS 83 billion) and as at that date, the Company's current liabilities exceeded its current assets by TZS 228 billion (31 March 2015: TZS 136 billion). The Company was also in a shareholders' deficit position of TZS 204 billion as at that date (31 March 2015: TZS 113 billion).

The Group continues to face working capital challenges to support its working capital requirements and to honour, in time, repayment of maturing loan obligations. The Group also has delayed remittance of statutory deductions and taxes to relevant authorities.

These conditions give rise to uncertainty that may cast doubt about the Group's ability to continue as a going concern and, therefore, the Group may be unable to realise its assets and discharge its liabilities in the normal course of business.

Management have reviewed these considerations and the results of this assessment have been documented and presented to the directors and major lenders for their consideration as set forth in Note 2 of the financial statements.

Subject to the comments and the conclusions made in note 2 of these financial statements the directors believe that the Group will remain a going concern for at least twelve months from the date of this report.

12 RELATED PARTY TRANSACTIONS

Details of transactions with related parties are disclosed in Note 25 of the financial statements.

13 CAPITAL STRUCTURE

The capital structure for the year under review is shown below:

Authorised Share Capital

242,000,000 ordinary shares of TZS 20 each (2015: 242,000,000 ordinary shares of TZS 20 each).

Called up and fully paid share capital

160,469,800 ordinary shares of TZS 20 each (2015: 160,469,800 ordinary shares of TZS 20 each).

Share premium
The Company realised from the 2012 IPO, a share premium of TZS 10,491 million.

Long Term Loans

The Group is financed by long-term loans amounting to TZS 302 billion as at year end (2015: TZS 238 billion). For more details, refer to Note 23 of the financial statements.

14 SHAREHOLDING

The shareholding of the Company as at year end is as stated below:

Name	2016		2015	
	No. of shares	% Shareholding	No. of shares	% Shareholding
Michael N. Shirima	68,857,650	42.91	68,857,650	42.91
Kenya Airways Limited	66,157,350	41.23	66,157,350	41.23
Public	25,454,800	15.86	25,454,800	15.86
	160,469,800	**100.00**	**160,469,800**	**100.00**

The distribution of shareholders as at 31 March 2016 were as follows:

Name of shareholder	No. of shares	% Shares	Type	Nationality
Michael N. Shirima	68,857,650	42.91%	Individual	Tanzanian
Kenya Airways Ltd	66,157,350	41.23%	Corporate	Kenyan
Precision Air Employee Share Option Scheme	1,765,300	1.10%	Corporate	Tanzanian
Damas Dismas Kamani	475,700	0.30%	Individual	Tanzanian
Fahad Saleh Nahdi	421,000	0.26%	Individual	Tanzanian
Shinyanga Emporium (1978) Ltd	400,000	0.25%	Corporate	Tanzanian
Tanzania Standard (News Papers) Ltd	300,000	0.19%	Corporate	Tanzanian
Quality Group Ltd	210,500	0.13%	Corporate	Tanzanian
Raj Chintan Kakkad	200,000	0.12%	Minor	Tanzanian
Shilpa Pratish Kakkad	200,000	0.12%	Individual	Tanzanian
Chintan Maganlal Kakkad	200,000	0.12%	Individual	Tanzanian
Dhiraj Chintan Kakkad	200,000	0.12%	Individual	Tanzanian
Pratish Maganlal Kakkad	200,000	0.12%	Individual	Tanzanian
Than Investments Ltd	200,000	0.12%	Corporate	Tanzanian
NICOL (T) Ltd	200,000	0.12%	Corporate	Tanzanian
Others individually holding less than 0.12%	20,482,300	12.79%		
	160,469,800	**100.00%**		

15 COMPOSITION OF THE BOARD OF DIRECTORS

The Directors of the Company who served during the year and to the date of this report were:

Name	Title	Age	Nationality
Mr Michael N. Shirima	Chairman	72 years	Tanzanian
Ms Sauda Rajab	Managing Director &CEO	52 years	Kenyan
Mr Titus T. Naikuni (Retired on 18/12/2015)	Director	62 years	Kenyan
Mr Mbuvi Nguze (Commenced on 04/03/2015)	Director	48 years	Kenyan
Mr Vincent M. Shirima	Director	40 years	Tanzanian
Mr Ron Schipher	Director	70 years	Dutch
Mrs Elizabeth Minde	Director	67 years	Tanzanian
Mr Manzi Rwegasira (Retired on 14/12/2015)	Director	33 years	Tanzanian

With the exception of Ms Sauda Rajab,the Group Managing Director &CEO, all other Directors are non-executive.

The Group Company Secretary during the year was Imani Kaduma.

16 DIRECTORS' INTEREST IN THE SHARES OF THE COMPANY

As shown in item 14 above, Mr. Michael N. Shirima holds 42.91% of the Company's issued ordinary share capital.

17 DIRECTORS' EMOLUMENTS

Details of directors 'emoluments are shown in Note 25(ii) of the financial statements.

18 ORGANISATION STRUCTURE

The Management of the Group is under the Group Managing Director &CEO and is organised in the following functions:

- Managing Director's Office
- Finance
- Commercial Strategy and Network planning
- Human Resources and Administration
- Flight Operations
- Information Systems
- Technical and Engineering
- Ground Operations
- Quality & Safety
- Legal
- Internal Audit

19 KEY MANAGEMENT PERSONNEL OF THE GROUP

The key management personnel who served the Group during the year ended 31 March 2016 were:

Ms Sauda Rajab	-	Group Managing Director &CEO
Mr Elly Osewe	-	Finance Director
Mr Robert Owusu	-	Commercial Director
Ms Reynada Sikira	-	Director Human Resources
Mr Gaudenz Kusekwa	-	Director Operations – Retired on March 2015
Mr Ngamba Mamuya	-	Director Operations – Commenced on April 2016
Mr Gennaro Sicureza	-	Technical Director
Mr Alvin Silayo	-	Director Ground Handling – Retired onMay 2015
Christine Cyprian	-	Director Ground Handling – Commenced on 9 June 2015
Mr Patrick Mwanri	-	Head Quality and Safety
Mramba Nkalang'ango	-	Head Information Systems

With the exception of Ms Sauda Rajab, none of the above mentioned directors are members of the Company's Board of Directors.

20 ACCOUNTING POLICIES

The annual financial statements are prepared on the underlying assumption of a going concern.

The Company's accounting policies, which are laid out on pages 28 to 41 are subject to an annual review to ensure continuing compliance with International Financial Reporting Standards.

21 INVESTMENTS

Precision Handling Limited was incorporated in Tanzania during the year 2010 and 99 % of its share capital is held by the Company. The subsidiary provides ground handling services to Precision Air Services Limited and is yet to obtain a licence to serve other airlines. The subsidiary's share capital is yet to be allotted and paid in pending obtaining of licence to serve third parties.

Another subsidiary, Precise Systems Limited; was incorporated in Tanzania during the year 2011 and 99 % of its share capital is held by the Company. Precise Systems distributed the Galileo Reservation system to Airlines and Travel Agents in Tanzania. The organisation stopped operation as of March 2015.

22 ACQUISITIONS AND DISPOSALS

There was no material disposal or acquisition of business during year 2016 (2015: Nil). Acquisitions and disposals of property and equipment are disclosed on Notes 13 of the financial statements.

23 POLITICAL AND CHARITABLE DONATIONS

During the year, the Group contributed TZS 2.6 million (2015: TZS 5.6 Million) to community projects and other charitable organizations. No political donations were made during the year (2015: Nil).

24 EMPLOYEES’ WELFARE

Management and Employees’ Relationship

A healthy relationship continues to exist between management and employees. There were no unresolved complaints received by Management from the employees during the year.

The Group is an equal opportunity employer. It gives equal access to employment opportunities and ensures that the best available person is appointed to any given position, free from discrimination of any kind and without regard to factors like gender, marital status, tribe, religion or disability.

Training Facilities

The Group sponsors its employees for both short and long term courses within and outside the country in various disciplines depending on the corporate needs and financial resources available.

Medical Assistance

The Group provides medical care to all employees under its medical scheme. Benevolence expenses are also covered in the employee welfare program. The Company has taken an insurance policy for workman’s compensation for all staff on permanent and contract terms.

Financial Assistance to Staff

Financial assistance is available to all employees depending on the assessment of and the discretion of management as to the need and circumstances. Financial assistance and salary advances are provided on case-by-case basis.

Retirement Benefits

All of the Group employees are members of either the National Social Security Fund ("NSSF"), Parastatal Pension Fund ("PPF"), Local Authorities Pension Fund ("LAPF") or Government Employees Provident Fund ("GEPF"). The Group and employees both contribute 10% of the employees' gross salaries to the pension schemes.

The Group's employment terms are regularly reviewed to ensure they continue to meet statutory compliance and market conditions. The Group communicates with its employees through regular management and staff meetings and through circulars. The Group has continued to maintain a conducive working environment in terms of providing suitable work place, offices and washrooms.

The number of employees in the Group at the end of year totalled 509 as compared to 536 at the end of year 2015.

25 GENDER PARITY

The Group is an equal opportunity employer. It gives equal access to employment opportunities and ensures that the best available person is appointed to any given position free from discrimination of any kind and without regard to factors like gender, marital status, tribes, religion and disability which does not impair ability to discharge duties. As at 31 March 2016, the Group had 321 (63%) male and 188 (34%) female employees (2015: 337 (63%) male and 199 (37%) female employees).

26 DISABLED PERSONS

It remains the Group's policy to accept disabled persons for employment for those vacancies that they are able to fill. Opportunities for advancement are provided to each disabled person when a suitable vacancy arises within the organization and all necessary assistance is given with initial training. Where an employee becomes disabled during the course of his or her employment, the Group will seek suitable alternate employment and necessary training thereof. The Group's policy is not discriminatory against people with regards to race, gender, religion or disability

27 STATEMENT OF CORPORATE GOVERNANCE

"Corporate governance is the process by which companies are directed, controlled and held to account".

The Board of Precision Air Services Plc is responsible for the governance of the Group and is accountable to the Shareholders for ensuring that the Group complies with the law and the highest standards of corporate governance and business ethics. The Directors attach great importance to the need to conduct the business and operations of the Group with integrity and in accordance with generally accepted corporate governance practice and endorse the internationally developed principles of good corporate governance.

Board of Directors

The full Board meets at least four times a year. The Directors are given appropriate and timely information so that they can maintain full and effective control over strategic, financial, operational and compliance issues. Except for direction and guidance on general policy, the Board has delegated authority for conduct of day-to-day business to the Managing Director who is also the Chief Executive Officer (CEO). The Board nonetheless retains responsibility for establishing and maintaining the airline's overall internal control of financial, operational and compliance issues.

Seven out of the eight members of the Board are non-executive including the chairman of the Board.

Committees of the Board

The Board has one standing committee, namely Audit Committee of the Board, which meets regularly under the terms of reference set by the Board. The committee meets four times a year or more as necessary. Its members comprise Mr. Vincent M. Shirima, Mr Mbuvi Nguze who replaced Mr Titus Naikuni on December 2015, and Mrs Elizabeth Minde. Its responsibilities include review of the financial statements, compliance with Accounting Standards, liaison with the external auditors, remuneration of the external auditors, and maintaining oversight on internal control systems. The Chief Internal Auditor, Finance Director and Managing Director / Chief Executive Officer attend all meetings of the committee. The external auditors attend the meetings on invitation.

Internal controls

The Group has defined procedures and financial controls to ensure the reporting of complete and accurate financial information. These cover systems for obtaining authority for major transactions and for ensuring compliance with laws and regulations that have significant financial implications. Procedures are also in place to ensure that assets are subject to proper physical controls and that the Group remains structured to ensure appropriate segregation of duties.

In reviewing the effectiveness of the systems of internal control, the Board takes into account the results of all the work carried out to audit and review the activities of the Group. A comprehensive management accounting system is in place providing financial and operational performance measurement indicators. Weekly and monthly meetings are held by the management to monitor performance and to agree on measures for improvement.

Code of ethics

The Group is committed to the highest standards of integrity, behaviour and ethics in dealing with all its stakeholders. All employees of the Group are expected to avoid activities and financial interests that could clash with their responsibilities to the airline.

Directors' emoluments and loans

The aggregate amount of emoluments paid to Directors for services rendered during the financial year 2016 are disclosed in note 25(ii) of the financial statements. Neither at the end of the financial year nor at any time during the year was there any arrangement to which the Group is a party, whereby Directors might acquire benefits by means of the acquisition of the Company's shares. There were no directors' loans at any time during the year.

28 CORPORATE SOCIAL RESPONSIBILITY

The Group has identified three key community areas of support in which it participates under the corporate social responsibility program. These are education, assisting orphans and environmental conservation. During the year the Group supported the Cornel Ngaleku Children's Centre - an orphanage located in the Kilimanjaro region.

29 SECRETARY TO THE BOARD

The Secretary to the Board is responsible for advising the Board on legal and corporate governance matters and, in conjunction with the Chairman, for ensuring the efficient flow of information between the Board, its Committees and Management. All members of the Board and Management have access to his legal advice and services.

30 STATEMENT OF COMPLIANCE

The directors' report has been prepared in full compliance with Tanzania Financial Reporting Standard No. 1 (Directors Report) and constitutes an integral part of the financial statements.

31 AUDITOR

The auditor, PricewaterhouseCoopers, has expressed its willingness to continue in office and is eligible for reappointment.

A resolution proposing the reappointment of PricewaterhouseCoopers as auditors of the Company for the year ended 31 March 2017 will be put to the Annual General Meeting.

BY THE ORDER OF THE BOARD

Mr. Michael Shirima **Chairperson**	18th August 2016 **Date**
Ms Sauda Rajab **Managing Director &CEO**	17th August 2016 **Date**

Statement of Director's Responsibilities

The Companies Act, CAP 212 Act No.12 of 2002 requires directors to prepare financial statements for each financial year that give a true and fair view of the state of affairs of the Group and of the Company as at the end of the financial year and of the Group's and Company's profit or loss for the year. It also requires the directors to ensure that the Group and Company keep proper accounting records that disclose, with reasonable accuracy, the financial position of the Group and of the Company. They are also responsible for safeguarding the assets of the Group and of the Company and hence taking reasonable steps for the prevention and detection of fraud, error and other irregularities.

The directors accept responsibility for the financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgments and estimates, in conformity with International Financial Reporting Standards (IFRS) and the requirements of the Companies Act, CAP 212 Act No.12 of 2002. The directors are of the opinion that the financial statements give a true and fair view of the state of the financial affairs of the Group and of the Company, and of the Group's and Company's loss in accordance with International Financial Reporting Standards (IFRS).

The directors further accept responsibility for the maintenance of accounting records that may be relied upon in the preparation of financial statements, as well as designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement whether due to fraud or error.

The external auditors are responsible for independently reviewing and reporting on the Group's financial statements. The financial statements have been audited by the external auditors and their report is presented on pages 16 to 18.

Subject to the comments and the conclusions made in Note 2 of these financial statements, the directors strongly believe that the Group and Company will remain a going concern for at least twelve months from the date of this report.

Mr. Michael Shirima	18th August 2016
Chairperson	**Date**
Ms Sauda Rajab	17th August 2016
Managing Director &CEO	**Date**

We have audited the financial statements of Precision Air Services Plc (the “Company”) and its subsidiaries, together the (“Group”),which comprise the Group’s and Company’s statements of financial position as at 31 March 2016, and their respective statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes, all set out on pages 19 to 74.

Directors’ responsibilities for the financial statements

The directors are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and the requirements of the Tanzanian Companies Act, CAP 212 Act No. 12 of 2002, and for such internal controls, as the directors determine necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors’ Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform our audit to obtain reasonable assurance that the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor’s judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity’s preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity’s internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the accompanying financial statements give a true and fair view of the state of the Group’s and of the Company’s financial affairs at 31 March 2016 and of their loss and cash flows for the year then ended in accordance with International Financial Reporting Standards and the Companies Act, CAP 212 Act No. 12 of 2002.

Emphasis of matter

Without qualifying our opinion, we draw attention to Note 2 of the financial statements which shows that:

1 The Group
- o incurred a net loss of TZS 92 billion for the year ended 31 March 2016 (31 March 2015: loss TZS 84 billion);
- o had it current liabilities exceed its current assets at 31 March 2016 by TZS 232 billion (31 March 2015: TZS 139 billion); and that
- o it was also in a shareholders' deficit position at 31 March 2016 of TZS 206 billion (31 March 2015: TZS 114 billion).

2 The Company
- o incurred a net loss of TZS 91 billion for the year ended 31 March 2016 (31 March 2015: TZS 83 billion);
- o had its current liabilities exceed its current assets at 31 March 2016 by TZS 228 billion (31 March 2015: TZS 136 billion); and that
- o it was also in a shareholders' deficit position at 31 March 2016 of TZS 204 billion (31 March 2015: TZS 113 billion).

3 The Group has defaulted on its loan obligations to its lenders which would ordinarily render the loans to be repayable on demand thus being classified as current liabilities. If the non current portion of the loans was to be classified as current, the Group's current liabilities would exceed its current assets at 31 March 2016 by TZS 362 billion (31 March 2015: TZS 284 billion) while the Company's current liabilities would exceed its current assets at 31 March 2016 by TZS 359 billion (31 March 2015: TZS 281 billion).

These conditions, together with the significant uncertainties embodied in management's plan for ensuring the going concern status of the Group and Company, as set forth in Note 2 of the financial statements, indicate the existence of material uncertainties which cast significant doubt on the Group's and Company's ability to continue as a going concern.

Report on other legal and regulatory requirements

This report, including the opinion, has been prepared for, and only for, the members of Precision Air Services Plc as a body in accordance with the Companies Act, CAP 212 Act No. 12 of 2002 and for no other purposes.

As required by the Companies Act, CAP 212 Act No. 12 of 2002, we are also required to report to you if, in our opinion, the directors' report is not consistent with the financial statements, if the Group and Company have not kept proper accounting records, if the financial statements are not in agreement with the accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the Group and Company is not disclosed. In respect of the foregoing requirements, we have no matter to report.

The Company has not complied with statutory requirements for remittance of statutory deductions and taxes to relevant authorities. The outstanding amount at 31 March 2016 was TZS 30 billion (31 March 2015: TZS 23 billion).

24th August 2016

Patrick Kiambi
ACPA

Date

For and on behalf of PricewaterhouseCoopers
Certified Public Accountants
Dar es Salaam

Statements of Profit or Loss
and other Comprehensive Income

	Note	Group 31-Mar-16 TZS '000	Group 31-Mar-15 TZS '000	Company 31-Mar-16 TZS '000	Company 31-Mar-15 TZS '000
Revenue	6	**90,751,272**	105,377,666	**90,751,272**	100,206,111
Cost of sales	7	**(71,285,082)**	(71,457,890)	**(71,285,082)**	(68,856,522)
Gross Profit		**19,466,190**	33,919,776	**19,466,190**	31,349,589
Other income	8	**3,271,563**	1,425,689	**3,271,563**	1,425,689
Marketing expenses	9	**(1,101,809)**	(1,297,835)	**(1,101,809)**	(1,297,835)
Impairment of receivables	18	**(4,587,949)**	(19,581,324)	**(4,587,949)**	(19,130,271)
Write off of unknown debits	18	**(8,032,297)**	-	**(8,032,297)**	-
Administrative expenses	10	**(34,419,398)**	(33,531,022)	**(34,236,959)**	(30,627,180)
Aircraft impairment loss	13	**-**	(11,629,514)	**-**	(11,629,514)
Aircraft fair value loss	34	**-**	(22,393,486)	**-**	(22,393,486)
		(44,869,890)	(87,007,492)	**(44,687,451)**	(83,652,597)
Operating loss		**(25,403,700)**	(53,087,716)	**(25,221,261)**	(52,303,008)
Finance costs	11	**(15,484,626)**	(8,811,510)	**(15,484,626)**	(8,800,704)
Loss on foreign currency exchange	12	**(50,495,538)**	(21,700,860)	**(50,183,815)**	(21,700,860)
Loss before income tax		**(91,383,864)**	(83,600,086)	**(90,889,702)**	(82,804,572)
Income tax expense	21(b)	**(292,173)**	(297,812)	**(272,255)**	(331,414)
Loss for the year		**(91,676,037)**	(83,897,898)	**(91,161,957)**	(83,135,986)
Other comprehensive loss (items that will not be reclassified to profit and loss)					
Aircraft impairment loss	13	**-**	(7,265,561)	**-**	(7,265,561)
Total comprehensive loss		**(91,676,037)**	(91,163,459)	**(91,161,957)**	(90,401,547)
Loss for the year attributable to the owners of the Parent		**(91,676,037)**	(91,163,459)	**(91,161,957)**	(90,401,547)
Earnings per share - Basic and Diluted (TZS)	31	**(571.30)**	(522.83)		

Statements of **Financial Position**

	Notes	**Group 31-Mar-16 TZS '000**	Group 31-Mar-15 TZS '000	**Company 31-Mar-16 TZS '000**	Company 31-Mar-15 TZS '000
ASSETS					
Non-current assets					
Property and equipment	13	**108,930,957**	122,820,897	**107,655,593**	121,343,310
Intangible assets	14	**290,582**	333,016	**61,840**	104,274
Investment in subsidiaries	15	**-**	-	**-**	80,419
Other non-current financial assets	16	**7,808**	6,405	**7,808**	6,405
Deferred income tax	21(d)	**-**	19,918	**-**	-
		109,229,347	123,180,236	**107,725,241**	121,534,408
Current assets					
Inventories	17	**8,331,665**	8,874,968	**8,331,665**	8,874,968
Trade and other receivables	18	**12,239,937**	8,866,188	**15,508,019**	10,309,242
Prepayments	19	**28,825**	510,908	**28,825**	510,908
Other current financial assets	16	**4,096,974**	3,614,104	**4,096,974**	3,614,104
Cash and short-term deposits	20	**4,715,374**	1,306,581	**4,662,110**	1,264,584
		29,412,775	23,172,749	**32,627,593**	24,573,806
Non-current assets held for sale	34	**46,488,681**	46,488,681	**46,488,681**	46,488,681
TOTAL ASSETS		**185,130,803**	192,841,666	**186,841,515**	192,596,895

EQUITY AND LIABILITIES	Notes	Group 31-Mar-16 TZS '000	Group 31-Mar-15 TZS '000	Company 31-Mar-16 TZS '000	Company 31-Mar-15 TZS '000
Equity					
Share capital	22	**3,209,396**	3,209,396	**3,209,396**	3,209,396
Share premium	22	**10,490,987**	10,490,987	**10,490,987**	10,490,987
Accumulated losses		**(219,664,540)**	(127,988,503)	**(218,024,675)**	(126,862,718)
		(205,964,157)	(114,288,120)	**(204,324,292)**	(113,162,335)
Non-current liabilities					
Borrowings	23	**130,153,293**	145,418,797	**130,153,293**	145,418,797
		130,153,293	145,418,797	**130,153,293**	145,418,797
Current liabilities					
Borrowings	23	**171,846,554**	92,862,454	**171,846,554**	92,862,454
Trade and other payables	24	**77,172,200**	59,528,260	**77,181,409**	58,096,006
Sales in advance of carriage		**10,372,705**	7,738,389	**10,372,705**	7,738,389
Current income tax	21(a)	**1,550,208**	1,581,886	**1,611,846**	1,643,584
		260,941,667	161,710,989	**261,012,514**	160,340,433
TOTAL EQUITY AND LIABILITIES		**185,130,803**	192,841,666	**186,841,515**	192,596,895

The financial statements on page 19 to 74 were approved by the board of directors and authorised for

issue on 29th July 2016 and were signed on its behalf by:

Name: Mr. Michael Shirima Title: Chairperson Signature:

Name: Ms Sauda Rajab Title: Managing Director &CEO Signature:

Group	Note 22 Issued capital TZS '000	Note 22 Share premium TZS '000	Note 13 and 22 Revaluation reserve TZS '000	Accumulated losses TZS '000	Total equity TZS '000
At 1 April 2015	**3,209,396**	**10,490,987**	**-**	**(127,988,503)**	**(114,288,120)**
Loss for the year	-	-	-	(91,676,037)	(91,676,037)
Other comprehensive income	-	-	-	-	-
Total comprehensive income			**-**	**(91,676,037)**	**(91,676,037)**
At 31 March 2016	**3,209,396**	**10,490,987**	**-**	**(219,664,540)**	**(205,964,157)**
Group					
At 1 April 2014	3,209,396	10,490,987	7,265,561	(44,090,605)	(23,124,661)
Loss for the year	-	-	-	(83,897,898)	(83,897,898)
Other comprehensive income	-	-	(7,265,561)	-	(7,265,561)
Total comprehensive income	-	-	(7,265,561)	(83,897,898)	(91,163,459)
At 31 March 2015	**3,209,396**	**10,490,987**	**-**	**(127,988,503)**	**(114,288,120)**
Company					
At 1 April 2015	3,209,396	10,490,987	**-**	(126,862,718)	(113,162,335)
Loss for the year	-	-	-	(91,161,957)	(91,161,957)
Other comprehensive income	-	-	-	-	-
Total comprehensive income	-	-	-	(91,161,957)	(91,161,957)
At 31 March 2016	**3,209,396**	**10,490,987**	-	**(218,024,675)**	**(204,324,292)**
Company					
At 1 April 2014	3,209,396	10,490,987	7,265,561	(43,726,732)	(22,760,788)
Loss for the year	-	-	-	(83,135,986)	(83,135,986)
Other comprehensive income	-	-	(7,265,561)	-	(7,265,561)
Total comprehensive income	-	-	(7,265,561)	(83,135,986)	(90,401,547)
At 31 March 2015	**3,209,396**	**10,490,987**	-	**(126,862,718)**	**(113,162,335)**

	Note	Group	Group	Company	Company
		31-Mar-16	31-Mar-15	**31-Mar-16**	31-Mar-15
		TZS '000	TZS '000	**TZS '000**	TZS '000
Operating activities					
Loss before income tax		**(91,383,864)**	(83,600,086)	**(90,889,702)**	(82,804,572)
Adjustments for:					
Depreciation of property and equipment	13	**21,326,193**	20,067,430	**21,123,968**	19,496,648
Gain/(loss) on disposal of property and equipment		**(23,425)**	(59,565)	**(23,425)**	(59,565)
Amortisation of intangible assets	14	**53,822**	91,058	**53,822**	65,642
Interest on borrowings	11	**15,484,626**	8,811,510	**15,484,626**	8,800,704
Exchange loss on borrowings	12	**49,707,384**	20,629,760	**49,707,382**	20,629,760
Impairment of subsidiaries		**-**	-	**80,419**	-
Impairment of property and equipment	13	**-**	11,629,514	**-**	11,629,514
Fair value loss on non-current assets held for sale	34	**-**	22,393,486	**-**	22,393,486
Changes in working capital:					
• inventories		**543,303**	(2,071,181)	**543,303**	(2,071,181)
• trade and other receivables		**(3,373,749)**	11,502,744	**(5,198,777)**	12,092,962
• prepayments		**482,083**	1,037,136	**482,083**	(22,395)
• deferred revenue		**2,634,316**	4,177,056	**2,634,318**	4,177,056
• Other financial assets	16	**553,269**	-	**553,269**	-
• trade and other payables		**17,643,998**	(2,839,445)	**19,085,403**	(3,012,856)
Cash utilised in/ generated from operations		**13,647,956**	11,769,417	**13,636,689**	11,315,203
Income tax paid	21(a)	**(303,993)**	(307,963)	**(303,993)**	-
Net cash flows from operating activities		**13,343,963**	11,461,454	**13,332,696**	11,315,203
Investing activities					
Acquisition of computer software	14	**(11,388)**	(72,376)	**(11,388)**	(59,169)
Aircraft security deposit	16	**(1,037,542)**	(1,992,029)	**(1,037,542)**	(1,992,029)
Proceeds from sale of property and equipment		**39,002**	64,548	**39,002**	64,548
Purchase of property and equipment	13	**(7,451,830)**	(6,974,858)	**(7,451,830)**	(6,806,127)

	Note	Group	Group	Company	Company
		31-Mar-16	31-Mar-15	**31-Mar-16**	31-Mar-15
		TZS '000	TZS '000	**TZS '000**	TZS '000
Net cash flows used in investing activities		**(8,461,758)**	(8,974,715)	**(8,461,758)**	(8,792,777)
Financing activities					
Repayment of borrowings					
-interest		**(1,521,608)**	(1,844,781)	**(1,521,608)**	(1,833,975)
-principal		**(1,402,754)**	(4,489,380)	**(1,402,754)**	(4,489,380)
-Principal and Interest reclassified to overdraft		**(7,522,398)**	-	**(7,522,398)**	-
Net cash (used in) / generated from financing activities		**(10,446,760)**	(6,334,161)	**(10,446,760)**	(6,323,355)
Net (decrease)/increase in cash and cash equivalents		**(5,564,555)**	(3,847,422)	**(5,575,822)**	(3,800,929)
Cash and cash equivalents at start of the year	20	**(5,521,702)**	(1,674,280)	**(5,563,699)**	(1,762,770)
Cash and cash equivalents at year end	20	**(11,086,257)**	(5,521,702)	**(11,139,521)**	(5,563,699)

1. CORPORATE INFORMATION

The Company is incorporated in Tanzania under the Companies Act, CAP 212 Act No. 12 of 2002, as a limited liability Company and it is domiciled in Tanzania. The Company's shares are publicly traded at the Dar es Salaam Stock Exchange. The wholly owned subsidiaries, Precision Handling Limited and Precise Systems Limited were incorporated in Tanzania during the year 2010 and 2011 respectively and 99 % of their share capital is held by the Company.

The registered office is New Safari Hotel, Boma Road, P. O. Box 1636, Arusha Tanzania. Principal place of business is Diamond Plaza, Mirambo Street, P. O. Box 70770, Dar es Salaam Tanzania.

Principal activities

The principal activities of the Company are regional and domestic air carriage of passengers and cargo. The principal activity of Precision Handling Limited is the provision of ground handling services while that of Precise Systems Limited is to provide computerized reservation system to airlines and travel agents.

2. GOING CONCERN

The Group incurred a net loss of TZS 92 billion for the year ended 31 March 2016 (31 March 2015: loss of TZS 84 billion) and as at that date, the Group's current liabilities exceeded its current assets by TZS 232 billion (31 March 2015: TZS 139 billion). The Group was also in a shareholders' deficit position of TZS 206 billion as at that date (31 March 2015: TZS 114 billion).

Furthermore, the Company incurred a net loss of TZS 91 billion for the year ended 31 March 2016 (31 March 2015: loss of TZS 83 billion) and as at that date, the Company's current liabilities exceeded its current assets by TZS 228 billion (31 March 2015: TZS 136 billion). The Company was also in a shareholders' deficit position of TZS 204 billion as at that date (31 March 2015: TZS 113 billion).

The directors take note of the fact that continued operating losses, net current liability position, shareholders' deficit position, maturing debt obligations (including significant liabilities in arrears) and cash flow constraints present a material uncertainty that may cast doubt on the Group's and Company's ability to continue as a going concern and hence its ability to realize its assets and discharge its liabilities in the normal course of business.

The directors further take note of the fact that given the defaults and arrears on borrowings, the covenants applying to the loan agreements have not been honored and therefore the lenders have the right to recall the said facilities, technically calling for the recognition of the full amounts as current liabilities.

However, in view of the ongoing negotiations to close the sale and leaseback transaction which has been endorsed and accepted by the lenders collectively, management and the directors are of the strong view that such rights will not be exercised in the next twelve months and therefore continues to report the portions of the aircraft loans not yet due, as non current.

The directors however remain confident that the Group and Company will remain a going concern over the next 12 months. In making this assessment the directors have considered in detail all pertinent facts as outlined below:

a. A thorough review of the budgetary and forecasting process to ascertain whether appropriate assumptions have been considered in developing the Group's forecast.

b. Consideration of the timing and uncertainty of the cash flows to reflect the underlying maturity of the liabilities and assets.

c. A review of the Group's loan agreements and borrowing covenants.

d. Consideration of the Group's financial adaptability.

e. Review of possible exposures to contingent liabilities.

f. Review of the Group's risk mitigation practices and their adequacy for business related risks such as interest rates, currency exchange rate risk and credit risk.

g. Continuous improvement and tightening of credit controls to minimize credit losses.

h. Review of other considerations relevant to business continuity such as maintenance of key suppliers and customers; maintenance of stable labour work force and key staff.

i. Review of the stability of the Group's cost structure.

The directors and management have consequently taken the following measures to address and mitigate the above conditions:

a. Conducted a thorough assessment and review of the market (both domestic and regional), competition and competition trends and strengths and the potential impact. Directors are convinced that the domestic Tanzanian market remains largely under serviced and thus presents vast business opportunities that it can tap into by improving its production capacity and product offering. Measures to achieve this have been outlined in a revised 5 year strategic plan and the budget /plan for the 12 months ending 31 March 2017.

b. Continues to review and monitor the action plans as outlined in the Revised 5 year strategic plan developed last year. Main focus areas being;

    o Improve production capacity by operating a minimum of 5 aircraft (to increase to 7 by October 2016) - ensuring reliability and superior product offering thereby getting an opportunity to attract more and higher yielding passengers.

- o Network and fleet rationalization – focusing on low competition routes with high yield and grow frequencies/ start new operations where demand so dictates.
- o Tighter focus on cost control and pursue productivity initiatives across all operating cost drivers, with the Central Reservation System (CRS) system already changed to a web based system realising significant reduction in distribution costs; review of agents' commissions to performance based; and structured focus on process improvements for operational efficiencies through embracing the World Class Organizational concept (WCO).
- o Focus on alternative revenue streams including charter operations, lease of aircraft where applicable, third party aircraft maintenance, and handling and cargo opportunities.

c. Progressing negotiations for the Sale and Leaseback of 5 aircrafts and naked sale of 4 others. A revised term sheet following a recent assessment and validation of the asset and business situation is currently being awaited. The Group anticipates improved revised terms for the Sale and Leaseback (SLB) transaction following the positive change in business situation and asset conditions. This includes:

- o Substantially improved purchase price following the improvement in asset conditions within the period, translating into improved payoff of the outstanding aircraft liabilities. This will substantially deleverage the Group and will ease pressure on cash flow attributed to payoff of loans.
- o Subsequent restructure of the terms of repayment for the balance of aircraft liabilities post SLB to suit the ''cash paying ability'' of the Group going forward.
- o Faster recovery of the rest of the aircraft engines since only a limited number remains. This will provide the Group with an opportunity to engage full operating capacity earlier, generate more revenues, service the loans better and secure smooth operations of the business.
- o Improved amount to be retained as working capital since retention for recovery of engines would be less (occasioned by a number of engines already recovered from operations).
- o An opportunity to renegotiate the balance of the outstanding aircraft loans from a better operating cash flow point of view, coupled with a one year moratorium during which payment for outstanding aircraft loans post the SLB will be deferred.

d. Perfect working relationship with partners for guaranteed supply of key operational services such as fuel and technical spares for maintenance, including an arrangement with Maintenance Repair Overhaul (MRO) for recovery of engines, through which a total of 10 engines have already been recovered.

e. Closure and settlement of some of the old debts through workable payment plans and negotiations in which some reductions have been achieved. A number of creditors have expressed willingness to grant substantial discounts in exchange for lump sum payments.

f. Continuous search for a private equity investor – the Group is currently in discussion with a potential investor.

After due consideration of the opportunities available in the market, the planned measures as outlined above, the directors strongly believe that the Group and Company will have adequate resources and have arrangements in place to ensure continued operational existence in the next 12 months and thus continues to adopt the going concern basis for the preparation of the financial statements.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied to all years presented, unless otherwise stated.

(a) Basis of preparation

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS).The financial statements have been prepared under the historical cost convention unless otherwise specified in the accounting policies below. The financial statements are presented in Tanzanian Shillings (TZS), rounded to the nearest thousand.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the group's accounting policies. The areas involving a higher degree of judgement or complexity, or where assumptions and estimates are significant to the financial statements, are disclosed in Note 5.

Changes in accounting policies and disclosures

(i) New standards, amendments and interpretations adopted

The following standards and amendments have been applied by the Group for the first time for the financial year beginning 1 April 2015:

Annual Improvements to IFRSs 2010-2012 and 2011-2013 cycles. The following amendments are effective 1 July 2014:-

- IFRS 3 – clarifies that an obligation to pay contingent consideration is classified as financial liability or equity under the principles in IAS 32 and that all non-equity contingent consideration (financial and non-financial) is measured at fair value at each reporting date.

- IFRS 3 – clarifies that IFRS 3 does not apply to the accounting for the formation of any joint arrangement.

- IFRS 8 – requires disclosure of the judgements made by management in aggregating operating segments and clarifies that a reconciliation of segment assets must only be disclosed if segment assets are reported.
- IFRS 13 confirms that short-term receivables and payables can continue to be measured at invoice amounts if the impact of discounting is immaterial.

- IFRS 13 – clarifies that the portfolio exception in IFRS 13 (measuring the fair value of a group of financial assets and financial liabilities on a net basis) applies to all contracts within the scope of IAS 39 or IFRS 9.

- IAS 16 and IAS 38 – clarifies how the gross carrying amount and accumulated depreciation are treated where an entity measures its assets at revalued amounts.

- IAS 24 – where an entity receives management personnel services from a third party (a management entity), the fees paid for those services must be disclosed by the reporting entity, but not the compensation paid by the management entity to its employees or directors.

Amendments to IAS 19,'Defined Benefit Plans: Employee Contributions'. Effective 1 July 2014. The amendments clarify the accounting for defined benefit plans that require employees or third parties to contribute towards the cost of the benefits. Under the previous version of IAS 19, most entities deducted the contributions from the cost of the benefits earned in the year the contributions were paid. However, the treatment under the 2011 revised standard was not so clear. It could be quite complex to apply, as it requires an estimation of the future contributions receivable and an allocation over future service periods. To provide relief, changes were made to IAS 19.

These allow contributions that are linked to service, but that do not vary with the length of employee service (e.g. a fixed % of salary), to be deducted from the cost of benefits earned in the period that the service is provided. Therefore many entities will be able to (but not be required) continue accounting for employee contributions using their existing accounting policy.

The adoption of the improvements made in the 2010-2012 and 2011-2013 cycles did not have a significant impact on the current period or any prior period and is not likely to affect future periods.

(ii) New standards and interpretations not yet adopted

A number of new standards and amendments to standards and interpretations are effective for annual periods beginning after 1 April 2015, and have not been applied in preparing these financial statements. None of these is expected to have a significant effect on the financial statements of the Group, except the following set out below.

IFRS 9, 'Financial instruments', addresses the classification, measurement and recognition of financial assets and financial liabilities. The complete version of IFRS 9 was issued in July 2014. It replaces the guidance in IAS 39 that relates to the classification and measurement of financial instruments. IFRS 9 retains but simplifies the mixed measurement model and establishes three primary measurement categories for financial assets: amortised cost, fair value through OCI and fair value through P&L. The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset. Investments in equity instruments are required to be measured at fair value through profit or loss with the irrevocable option at inception to present changes in fair value in OCI not recycling. There is now a new expected credit losses model that replaces the incurred loss impairment model used in IAS 39. For financial liabilities there were no changes to classification and measurement except for the recognition of changes in own credit risk in other comprehensive income, for liabilities designated at fair value through profit or loss.

IFRS 9 relaxes the requirements for hedge effectiveness by replacing the bright line hedge effectiveness tests. It requires an economic relationship between the hedged item and hedging instrument and for the 'hedged ratio' to be the same as the one management actually use for risk management purposes.

Contemporaneous documentation is still required but is different to that currently prepared under IAS 39. The standard is effective for accounting periods beginning on or after 1 January 2018. Early adoption is permitted. The company is yet to assess IFRS 9's full impact.

IFRS 15, 'Revenue from contracts with customers' deals with revenue recognition and establishes principles for reporting useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers. Revenue is recognised when a customer obtains control of a good or service and thus has the ability to direct the use and obtain the benefits from the good or service.

The standard replaces IAS 18 'Revenue' and IAS 11 'Construction contracts' and related interpretations. The standard is effective for annual periods beginning on or after 1 January 2018 and earlier application is permitted. The company is assessing the impact of IFRS 15.

IFRS 11, 'Joint arrangements'. This amendment adds new guidance on how to account for the acquisition of an interest in a joint operation that constitutes a business. The amendments specify the appropriate accounting treatment for such acquisitions. The amendment is effective for annual periods beginning on or after 1 January 2016.

IAS 16, 'Property, plant and equipment', and IAS 41, 'Agriculture'. These amendments change the financial reporting for bearer plants, such as grape vines, rubber trees and oil palms. The IASB decided that bearer plants should be accounted for in the same way as property, plant and equipment because their operation is similar to that of manufacturing. Consequently, the amendments include them within the scope of IAS 16, instead of IAS 41. The produce growing on bearer plants will remain within the scope of IAS 41. The amendments are effective for annual periods beginning on or after 1 January 2016.

IAS 27, 'Separate financial statements'. These amendments allow entities to use the equity method to account for investments in subsidiaries, joint ventures and associates

in their separate financial statements. The amendments are effective for annual periods beginning on or after 1 January 2016.
IFRS 10, 'Consolidated financial statements' and IAS 28, 'Investments in associates and joint ventures'. These amendments address an inconsistency between the requirements in IFRS 10 and those in IAS 28 in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The main consequence of the amendments is that a full gain or loss is recognised when a transaction involves a business (whether it is housed in a subsidiary or not).

A partial gain or loss is recognised when a transaction involves assets that do not constitute a business, even if these assets are housed in a subsidiary. The amendments are effective for annual periods beginning on or after 1 January 2016.

IAS 1, 'Presentation of financial statements'. These amendments are as part of the IASB initiative to improve presentation and disclosure in financial reports. Effective for annual periods beginning on or after 1 January 2016.

Annual improvements 2014. These set of amendments, effective 1 January 2016, impacts 4 standards:

- IFRS 5, 'Non-current assets held for sale and discontinued operations' regarding methods of disposal.
- IFRS 7, 'Financial instruments: Disclosures', (with consequential amendments to IFRS 1) regarding servicing contracts.
- IAS 19, 'Employee benefits' regarding discount rates.
- IAS 34, 'Interim financial reporting' regarding disclosure of information

There are no other IFRSs or IFRIC interpretations that are not yet effective that would be expected to have a material impact on the Group.

(b) Consolidation – Subsidiaries

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group 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. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

(c) Foreign currency translation

(i) Functional and presentation currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The financial statements are presented in Tanzanian Shillings ("TZS") which is the Group's functional and presentation currency.

(ii) Transactions and balances

Foreign currency transactions are translated into Tanzanian Shillings using the exchange rates prevailing at the dates of the transactions. Monetary assets and liabilities at the statement of financial position date, which are expressed in foreign currencies, are translated into Tanzanian Shillings at the rates ruling at that date.

Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents and all other foreign exchange gains and losses are presented in the income statement within 'Loss on foreign currency exchange'.

(d) Current versus non-current classification

The Group presents assets and liabilities in the statement of financial position based on current/non-current classification. An asset is classified as current when it is:

- Expected to be realised or intended to be sold or consumed in its normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realised within twelve months after the reporting period, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in its normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

The Group classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

(e) Revenue

Passenger ticket and cargo airway bills, net of discounts, are recorded as current liabilities in 'sales in advance of carriage' account. When the transportation service is provided, the corresponding amounts are transferred to revenue from 'sales in advance of carriage' account.

Commission costs are recognized at the same time as the revenue to which they relate and are charged to cost of sales.

The Group has a program to reward its passengers which is designed to award the frequent flying passengers with free or discounted services. The level of bonus points earned by passengers under the reward program determines the reward they are entitled to. The Group accounts for the obligation to provide free or discounted services offered to the passengers under the reward program using the incremental costs method. The estimated incremental cost to provide free or discounted services is recognized as expenses and accrued as a current liability when passengers are entitled to bonus points. When passengers redeem awards or their entitlements expire, the incremental cost liability is reduced accordingly to reflect the outstanding obligations.

Unutilized expired tickets are recognized as revenue when the holder of the ticket is no longer entitled to the refund.

All other revenues are recognised at the time the service is provided.

Dividend income from investments is recognized when the Group's rights to receive payment as a shareholder have been established.

(f) Inventories

Inventories are valued at the lower of cost and net realizable value. Cost is determined on a First in First Out (FIFO) basis and includes transport and handling charges. Provision is made for obsolete, slow moving and defective stocks. Net realizable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

(g) Property and equipment

Motor vehicles, furniture and equipment are stated at cost less accumulated depreciation and accumulated impairment. Work in progress is stated at cost less accumulated impairment, and is transferred to the respective category of property and equipment when it is available for use. Work in progress is not depreciated. The cost of work in progress includes the borrowing costs for long-term construction projects if the recognition criteria are met. Aircraft and aircraft components are carried at fair value less accumulated depreciation and accumulated impairment.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. Major repairs of aircraft components – airframe, engines and landing gears are initially capitalized and depreciated on an hourly usage basis up to the next overhaul.

Routine maintenance costs including annual airframe checks are written off to profit or loss in the accounting period in which they are incurred.

Depreciation is calculated on a straight-line basis, at annual rates estimated to write off carrying values of the assets over their expected useful lives. The annual depreciation rates in use are:

	%
Aircraft*	6.75
Aircraft improvements	20.00– 25.00
Motor vehicles	20.00– 25.00
Computers	25.00– 33.33
Furniture, equipment and structures	12.50– 15.00

* For aircraft components the depreciation is on hourly usage basis up to next overhaul.

Aircrafts were revalued in 2011 by a professional valuer.Revaluation of aircraft is done every three to five years. Upon revaluation, accumulated depreciation as at the revaluation date is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset.

Any revaluation surplus is recognised in other comprehensive income and accumulated in the revaluation reserve as a separate component of equity, except to the extent that it reverses a revaluation decrease of the same asset previously recognised in profit or loss, in which case the increase is recognised in profit or loss. A revaluation deficit is recognised in profit or loss, except to the extent that a deficit directly offsets a previous surplus on the same asset, in which case it is recognised in other comprehensive income as an offset against the surplus in the asset revaluation reserve.

A transfer from the asset revaluation reserve to retained earnings is made when the asset is disposed of.

The assets' residual values, useful lives and methods are reviewed and adjusted prospectively if appropriate at each financial year end. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (Note 2(j)).

An item of property and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset is included in profit or loss in the year the asset is derecognised.

(h) Leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the income statement on a straight-line basis over the period of the lease.

(i) Intangible assets – Computer software

Intangible assets are measured on initial recognition at cost. Directly attributable costs that are capitalised as part of the software product include the software development employee costs and an appropriate portion of relevant overheads. Other development expenditures that do not meet these criteria are recognised as an expense as incurred. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment.

The useful lives of intangible assets are assessed to be finite. Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired (Note 2(j)). The annual rate of amortisation which has been consistently applied is 20%.

The amortisation period and the amortisation method for an intangible asset are reviewed at least at each financial year-end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for by changing the amortisation period or method, as appropriate, and treated as changes in accounting estimates. The amortisation expense on intangible assets is recognised in profit or loss.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in profit or loss when the asset is derecognised.

(j) Impairment of non-financial assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Group makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash generating unit's fair value less costs of disposal and its value in use and is determined for an individual asset, unless the asset does not generate cash flows that are largely independent of those from other assets or groups of assets.

Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Impairment losses of continuing operations are recognised in profit or loss in those expense categories consistent with the function of the impaired asset.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated.

A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in profit or loss.

After such a reversal, the depreciation charge is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

(k) Borrowing costs

General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowing pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

(l) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand and short term deposits with an original maturity of three months or less.

For the purpose of statement of cash flows, cash and cash equivalents consist of cash and cash equivalent as defined above, net of outstanding bank overdrafts.

(m) Employee benefits

Wages, salaries, bonuses, social security contributions, paid annual leave and sick leave are accrued in the period in which the associated services are rendered by employees of the Group.

The Group has a statutory requirement to contribute to publicly administered pension schemes (defined contribution schemes). The Group has no further payment obligations once the contributions have been paid. The contributions are recognized as an employee benefits expense when they are due.

The estimated monetary liability for employees' accrued entitlements at the reporting date is recognized as accrued expenses.

(n) Financial assets

(i) Classification

The Group's financial assets include loans and receivables, and cash and bank balances. The Group determines the classification of its financial assets on initial recognition and, where allowed and appropriate, re-evaluates this designation at each financial year end.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market.

They are included in current assets, except for maturities greater than 12 months after the end of the reporting period. These are classified as non-current assets. The Group's loans and receivables comprise 'trade and other receivables', 'cash and cash equivalents' and other financial assets in the statement of financial position.

(ii) Recognition and measurement

Loans and receivables are initially recognised at fair value and subsequently carried at amortised cost using the effective interest method.

(iii) Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Company or the counterparty.

(o) Impairment of financial assets

The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

Evidence of impairment may include indications that a debtor or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation, and where observable data indicate that there is measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

For loans and receivables category, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognised in profit or loss. As a practical expedient, the Group may measure impairment on the basis of an instrument's fair value using an observable market price.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the reversal of the previously recognised impairment loss is recognised in the profit or loss.

(p) Financial liabilities

Financial liabilities include trade and other payables, accruals and borrowings. The Group does not have any financial liabilities at fair value through profit or loss or other instruments classified as held for trading which are carried on the statement of financial position at fair value with gains or losses recognized in profit or loss.

Financial liabilities are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

(q) Borrowings

Borrowings are initially recognised at the fair value of the consideration received less directly attributable transaction costs.

After initial recognition, borrowings are subsequently measured at amortised cost using the effective interest rate method.

(r) Derecognition of financial assets and liabilities

Financial assets

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognised where:

- the rights to receive cash flows from the asset have expiredĐ
- the Group retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a 'pass-through' arrangementĐ or
- the Group has transferred its rights to receive cash flows from the asset and either (a) has transferred substantially all the risks and rewards of the asset, or (b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Where the Group has transferred its rights to receive cash flows from an asset and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the Group's continuing involvement in the asset.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

(s) Dividend distribution

Dividend distribution to the shareholders is charged to equity and recognized as a liability in the Group's financial statements in the period in which they are declared, and after being approved by the shareholders at the Annual General Meeting.

(t) Taxation

Income tax represents the sum of the current and deferred tax.

Current tax

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted by the reporting date. The current rate of corporation tax is 30% (2015: 30%).

Deferred tax

Deferred tax is provided on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred tax liabilities are recognised for all taxable temporary differences, except:

- where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of taxable temporary differences associated with investments in subsidiaries and associates, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised except:

- where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of deductible temporary differences associated with investments in subsidiaries and associates, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Current tax and deferred tax relating to items recognised outside profit or loss is also recognised outside profit or loss.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Value added tax
Revenues, expenses and assets are recognised at amounts net of value added tax except where the value added tax incurred on a purchase of assets or services is not recoverable from the taxation authority in which case the value added tax is recognised as part of the cost of acquisition of the asset or part of the expense item as applicable.

Receivables and payables are stated with the amount of Value added Tax (VAT) included. The net amount of value added tax recoverable from, or payable to, the taxation authority is included as part of the receivables or payables in the statement of financial position.

(u) Share capital

Ordinary shares are classified as 'share capital' in equity. Any premium received over and above the par value of the shares is classified as 'share premium' in equity.

Incremental costs directly attributable to the issue of new ordinary shares are shown in equity as deduction from the proceeds.

(v) Non-current assets held for trade

Non-current assets are classified as assets held for sale when their carrying amount is to be recovered principally through a sale transaction and a sale is considered highly probable. They are stated at the lower of carrying amount and fair value less costs to sell.

(w) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors that makes strategic decisions.

4. FINANCIAL RISK MANAGEMENT

The Group's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk.

The Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework. The Group's risk management policies are designed to identify and analyse these risks, to set appropriate risk limits and controls, and to monitor the risks and adherence to limits by means of reliable and up-to-date information systems. The Group regularly reviews its risk management policies and systems to reflect changes in markets, products and emerging best practice.

The notes below provide detailed information on each of the above risks and the Group's objectives, policies and processes for measuring and managing risk.

a. Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in raising funds to meet obligations associated with financial instruments. The Group manages its liquidity risk to ensure it is able to meet estimated expenditure requirements. This is achieved through prudent liquidity risk management which includes maintaining sufficient cash and cash equivalents.

The Group's liquidity is managed by forecasting the cash and currency requirements. The table below analyses the financial liabilities that will be settled on a net basis into relevant maturity groupings based on the remaining period at the reporting date to the contractual maturity date.

The amounts disclosed in the table below are the contractual undiscounted cash flows;

Group	**On demand TZS' 000**	**Less than 1 year TZS' 000**	**1 to 5 years TZS'000**	**After 5 years TZS' 000**	**Total TZS' 000**
At 31 March 2016					
Borrowings	134,101,799	37,744,756	135,359,425	-	307,205,980
Trade and other payables	-	46,987,125	-	-	46,987,125
	134,101,799	**84,731,881**	**135,359,425**	**-**	**354,193,105**
At 31 March 2015					
Borrowings	6,828,283	86,034,171	125,633,474	26,709,006	245,204,934
Trade and other payables	-	36,836,282	-	-	36,836,282
	6,828,283	**122,870,453**	**125,633,474**	**26,709,006**	**282,041,216**
Company					
At 31 March 2016					
Borrowings	134,101,799	37,744,756	135,359,425	-	307,205,980
Trade and other payables	-	46,996,334	-	-	46,996,334
	134,101,799	**84,741,090**	**135,359,425**	**-**	**354,202,314**
At 31 March 2015					
Borrowings	6,828,283	86,034,171	125,633,474	26,709,006	245,204,934
Trade and other payables	-	35,404,028	- -	- -	35,404,028
	6,828,283	**121,438,199**	**125,633,474**	**26,709,006**	**280,608,962**

b. Treasury risk management

The Group operates a treasury function to provide competitive funding costs, invest and monitor financial risk. The Group does not use derivative financial instruments for speculative purposes.

c. Foreign currency risk

Foreign exchange risk is the risk that the value of a financial instrument will fluctuate because of changes in foreign exchange rates.

The Group can experience adverse or beneficial effects arising from foreign exchange rate movements. The Group seeks to reduce foreign exchange exposures arising from transactions in various currencies through a policy of matching, as far as possible, receipts and payments in each individual currency. Surpluses of convertible currencies are sold, either at spot rates, for US dollars or Tanzanian Shillings.

The following table demonstrates the sensitivity of financial instruments to a reasonably possible change in the US dollar exchange rates and other currencies, with all other variables held constant, on profit before tax and equity.

	Increase/decrease in the value	Effect on profit before tax TZS'000	Effect on profit after tax TZS'000
Group and Company			
Net effect based on statement of financial position as at 31 March 2016	3%	10,717,067	7,501,947
Net effect based on statement of financial position as at 31 March 2015	3%	7,508,800	5,256,160

d. Interest rate risk

The Group has adopted a non- speculative approach to the management of interest rate risk. For the past twelve months, there have been no significant changes in interest rates obtained by the Group from its Bankers for its borrowings. Furthermore, no significant change in interest rates is expected for the coming twelve months.

The following table demonstrates the sensitivity to possible changes in interest, with all other variables held constant, on the Group's profit before tax and equity:

	Increase/decrease in interest rate	Effect on profit before tax TZS' 000'	Effect on profit after tax TZS' 000
Group and Company			
Net effect based on statement of financial position as at 31 March 2016	1%	3,019,998	2,113,998
Net effect based on statement of financial position as at 31 March 2015	1%	2,382,813	1,667,969

e. Credit risk management

Credit risk is the risk that a customer or counter party to a financial instrument will fail to perform or fail to pay amounts due causing financial loss to the Group. Concentration of credit risk relates principally to short term cash and cash equivalents, and trade receivables. The Group deposits short term cash surpluses with banks considered to be reputable. These banks do not have independent credit ratings.

The Group has a credit policy that is designed to ensure that consistent processes are in place throughout the Group to measure and control credit risk. Credit risk is considered as part of the risk-reward balance of doing business. On entering into any business contract, the extent to which the arrangement exposes the Group to credit risk is considered. Key requirements of the policy are formal delegated authorities to the sales and marketing teams to incur credit risk and to a specialized credit function to set counterparty limits.

Trade account receivables comprise a widespread customer base. Ongoing credit evaluation of the financial position of customers is performed. The granting of credit is made on application and is approved by the directors.

Trade receivables are presented net of allowance for doubtful debts. With respect to the trade and other receivables that are neither impaired nor past due, there are no indications as of the reporting date that the debtors will not meet their payment obligations. The analysis of trade and other receivables (including the credit quality)is shown on Note 18.

Maximum exposure

The amount that best represents the Group's maximum exposure to credit risk at 31 March is made up of as follows:

	Group		Company	
	2016	2015	**2016**	2015
	TZS'000	TZS'000	**TZS'000**	TZS'000
Cash and short-term deposits	**4,715,374**	1,306,581	**4,662,110**	1,264,584
Trade and other receivables	**11,469,876**	8,819,560	**14,737,958**	10,262,614
	16,185,250	10,126,141	**19,400,068**	11,527,198

f. Fuel price risk

The Group's fuel risk management strategy aims to provide the airline with protection against sudden and significant increases in oil prices. To meet this objective, the Group's strategy is to charge fuel surcharge for every ticket sold.

5. CRITICAL ACCOUNTING ESTIMATES AND ASSUMPTIONS

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below:

i. Impairment of aircrafts

Aircrafts were revalued in 2011 by a professional valuer. Revaluation of aircraft is done every three to five years or in a lesser period when evidence indicates that the values have significantly changed.

A decline in the value of aircraft could have a significant effect on the amount recognised in the financial statements. Management assesses the impairment of aircraft whenever events or changes in circumstances indicate that the carrying value may not be recoverable. Factors that are considered important, which could make an impairment review necessary include the following:

a) Significant decline in the market value beyond that which would be expected from the passage of time and normal use.
b) Significant changes in technology and regulatory environment.
c) Evidence from internal reporting which indicates that the performance of the asset is, or will be, worse than expected.

Since 1 April 2015, there have been no developments in the sale and lease back of aircraft transaction under discussion that indicate the need to revise the carrying value of aircrafts included in both property and equipment and non-current assets held for sale.

ii. Unused ticket revenue

Unused tickets are recognised as revenue using estimates regarding the timing of recognition based on terms and conditions of the ticket and historical trends. Tickets that remains unused for a period exceeding 24 months are recognised in income. Due to pending backlog processing of sales tickets, management have not recognise income during the year in this regard, until all the backlog have been cleared.

iii. Impairment of trade and other receivables

The Group assesses recoverability of trade and other receivables where there is objective evidence (such as the probability of insolvency or significant financial difficulties of the debtor) that the Group will not be able to collect all of the amounts due under the original terms of trade. The carrying amount of trade receivables is reduced to reflect the recoverable amount. Impairment provision for trade receivables at year end is disclosed on Note 18.

iv. Useful lives of property and equipment, and intangible assets

Critical estimates are made by the Directors in determining the useful lives and residual values of property and equipment, and intangible assets based on the intended use of the asset and the economic lives of those assets. Subsequent changes in circumstances such as technological advances or prospective utilization of the assets concerned could result in the actual useful lives or residual values differing from initial estimates. The useful lives of assets are disclosed in Note 3(g) and Note 3(i).

v. Sale and leaseback (SLB) transaction

The significant judgement taken by the directors in concluding that the SLB transaction explained in Note 2 is highly probable for the purposes of the 31 March 2015 financial statements remains valid for the purposes of the 31March 2016 financial statements. This judgement is fundamental to adoption of the going concern basis of preparing the financial statements. The highly probable SLB transactions resulted in an impairment charge for aircraft and aircraft components (Note 13).

vi. Going concern basis and non current classification of borrowings

These financial statements do not reflect adjustments that would be necessary if both the Group and the Company were unable to continue as a "going concern". While the directors and management believe that the actions already taken or planned, will mitigate the adverse conditions and events which raise doubt about the validity of the going concern assumption used in preparing these financial statements, there can be no absolute assurance that these actions will be successful.

If the Group and Company were unable to continue as a going concern, substantial adjustments would be necessary to the carrying values of assets, the reported amounts of its liabilities, the reported revenues and expenses, and the classifications used on the statement of financial position.

Significant assumptions and judgements underlying the going concern basis of preparation of these financial statements as well as non current classification of borrowings are disclosed in Note 2.

vii. Income taxes

Significant judgement is required in determining the overall income tax provision. There are many transactions and calculations, for which the ultimate tax determination is uncertain. The Group and the Company recognise liabilities for anticipated tax audit issues, based on estimates of whether additional taxes will be due. Where the final outcome of tax matters is different from the amounts that were initially recorded, such differences will have an impact on the income tax and any deferred tax provisions in the period in which the determination is made.

The directors have exercised significant judgement in concluding that sufficient taxable profits will not be available in the foreseeable future to utilise the net deferred tax asset (Note 21) that has not been recognised.

6. REVENUE

	Group	Group	**Company**	Company
	31-Mar-16	31-Mar-15	**31-Mar-16**	31-Mar-15
	TZS '000	TZS '000	**TZS '000**	TZS '000
Passenger revenue	**68,952,163**	74,961,553	**68,952,163**	74,961,553
Passenger interline revenue	**286,227**	1,595,056	**286,227**	1,595,056
Freight and mail	**725,361**	819,040	**725,361**	819,040
Commission	**-**	5,171,555	**-**	-
Fuel Surcharge	**20,787,521**	22,830,462	**20,787,521**	22,830,462
Other	**-**	-	-	-
	90,751,272	105,377,666	**90,751,272**	100,206,111

7. COST OF SALES

	Group	Group	**Company**	Company
	31-Mar-16	31-Mar-15	**31-Mar-16**	31-Mar-15
	TZS '000	TZS '000	**TZS '000**	TZS '000
Fuel and oil	**14,917,723**	17,245,274	**14,917,723**	17,245,274
Lease of aircraft and engines	**1,873,974**	2,881,416	**1,873,974**	2,881,416
Aircraft landing, handling and navigation	**7,814,474**	5,232,453	**7,814,474**	5,232,453
Aircraft maintenance	**9,751,500**	7,207,081	**9,751,500**	7,207,081
Depreciation of aircraft components	**2,079,388**	855,944	**2,079,388**	855,944
Passenger services	**2,114,925**	1,780,739	**2,114,925**	1,780,739
Commission on sales	**3,268,150**	3,546,052	**3,268,150**	3,546,052
Aircraft, passengers and cargo insurance	**69,460**	71,311	**69,460**	71,311
Depreciation of aircraft and engines	**18,094,150**	18,094,150	**18,094,150**	18,094,150
Crew route expenses	**1,232,382**	1,625,253	**1,232,382**	1,625,253
Centralised reservation systems	**9,804,943**	10,076,786	**9,804,943**	10,076,786
Aircraft cleaning and certification	**264,013**	240,063	**264,013**	240,063
Other	**-**	2,601,368	**-**	-
	71,285,082	71,457,890	**71,285,082**	68,856,522

8. OTHER INCOME

	Group	Group	**Company**	Company
	31-Mar-16	31-Mar-15	**31-Mar-16**	31-Mar-15
	TZS '000	TZS '000	**TZS '000**	TZS '000
Cancellation income	**357,034**	131,067	**357,034**	131,067
Gain on disposal of property and equipment	**23,425**	59,412	**23,425**	59,412
Passenger interline commission				
No show and other charges	**2,312,681**	943,573	**2,312,681**	943,573
Miscellaneous	**578,423**	291,637	**578,423**	291,637
	3,271,563	1,425,689	**3,271,563**	1,425,689

9. MARKETING EXPENSES

Advertising and publicity	**1,100,925**	1,292,895	**1,100,925**	1,292,895
Entertainment	**884**	4,940	**884**	4,940
	1,101,809	1,297,835	**1,101,809**	1,297,835

10. ADMINISTRATIVE EXPENSES

Salaries and wages	**18,452,396**	16,823,429	**18,452,396**	16,823,429
Contribution to pension fund	**1,598,905**	1,317,691	**1,598,905**	1,317,691
Payroll levies	**1,001,337**	757,500	**1,001,337**	757,500
Other employment costs	**3,110,064**	2,289,104	**3,110,064**	2,289,104
Bank charges	**129,443**	201,145	**129,311**	201,145
Motor vehicle expenses	**1,767,753**	1,943,963	**1,767,753**	1,943,963
Legal and professional fees	**2,517,658**	1,805,039	**2,517,658**	1,805,039
Rent, maintenance and supplies	**2,615,861**	3,250,072	**2,617,861**	3,250,072
Taxes and levies	**-**	716,878	**-**	716,878
General specified expenses	**1,946,791**	3,134,826	**1,964,709**	827,182
Amortization of intangible assets	**53,822**	91,058	**53,822**	65,642
Board meeting expenses	**72,713**	77,389	**72,713**	77,389

	Group	Group	**Company**	Company
	31-Mar-16	31-Mar-15	**31-Mar-16**	31-Mar-15
	TZS '000	TZS '000	**TZS '000**	TZS '000
Donations	**-**	5,592	**-**	5,592
Depreciation-motor vehicles, structure, computers, furniture and equipment	**1,152,655**	1,117,336	**950,430**	546,554
	34,419,398	33,531,022	**34,236,959**	30,627,180

11. FINANCE COSTS

Interest on debts and borrowings	**15,484,626**	8,811,510	**15,484,626**	8,800,704

12. FOREIGN CURRENCIES

Loss on foreign currency exchange on borrowings	**49,707,384**	20,629,760	**49,707,384**	20,629,760
Loss on foreign exchange on other items	**788,154**	1,071,100	**476,431**	1,071,100
Term loan	**50,495,538**	21,700,860	**50,183,815**	21,700,860

Loss on foreign currency denominated transactions and balances largely relates to translation of US$ borrowings and US$ suppliers balances.

13. PROPERTY AND EQUIPMENT

GROUP	Aircraft	Aircraft components	Motor vehicles	Computers	Furniture, equipment & structures	Work in progress	Total
	TZS '000	TZS '000	TZS '000	TZS '000	TZS '000	TZS '000	TZS '000
Cost or valuation:							
At 1 April 2015	183,227,074	30,891,934	1,380,921	2,388,343	13,902,206	296,118	232,086,596
Additions	-	7,192,197	24,563	70,715	12,540	151,815	7,451,830
Disposals	-	-	(56,496)	-	(29,319)	-	(85,815)
Transfer from work In progress	-		-	-	314,118	(314,118)	-
At 31 March 2016	**183,227,074**	**38,084,131**	**1,348,988**	**2,459,058**	**14,199,545**	**133,815**	**239,452,611**
Depreciation and impairment:							
At 1 April 2015	89,736,776	14,519,440	1,086,861	1,933,105	1,989,517	-	109,265,699
Charge for the year	18,094,150	2,079,388	165,509	95,045	892,101	-	21,326,193
Impairment losses	-	-	-	-	-	-	-
Disposals	-	-	(56,496)	-	(13,742)	-	(70,238)
At 31 March 2016	**107,830,926**	**16,598,828**	**1,195,874**	**2,028,150**	**2,867,876**	**-**	**130,521,654**
Carrying amount							
At 31 March 2016	**75,396,148**	**21,485,303**	**153,114**	**430,908**	**11,331,669**	**133,815**	**108,930,957**
At 31 March 2015	93,490,298	16,372,494	294,060	455,238	11,912,689	296,118	122,820,897

Refer to Note 23 for assets pledged as security.

	Aircraft	Aircraft components	Motor vehicles	Computers	Furniture, equipment & structures	Work in progress	Total
	TZS '000	TZS '000	TZS '000	TZS '000	TZS '000	TZS '000	TZS '000
Cost or valuation:							
At 1 April 2014	275,915,879	24,702,944	1,399,312	2,181,099	3,464,333	10,155,367	317,818,934
Additions	-	6,188,990	-	207,244	282,507	296,117	6,974,858
Disposals	-	-	(18,391)	-	-	-	(18,391)
Transfer to non-current assets held for sale	(92,688,805)	-	-	-	-	-	(92,688,805)
Transfer from work in progress	-	-	-	-	10,155,366	(10,155,366)	-
At 31 March 2015	**183,227,074**	**30,891,934**	**1,380,921**	**2,388,343**	**13,902,206**	**296,118**	**232,086,596**
Depreciation and impairment:							
At 1 April 2014	76,554,189	13,663,496	897,090	1,474,840	1,533,625	-	94,123,240
Charge for the year	18,094,150	855,944	203,179	458,265	455,892	-	20,067,430
Impairment losses	18,895,075	-	-	-	-	-	18,895,075
Disposals	-	-	(13,408)	-	-	-	(13,408)
Transfer to non-current assets held for sale	(23,806,638)	-	-	-	-	-	(23,806,638)
At 31 March 2015	**89,736,776**	**14,519,440**	**1,086,861**	**1,933,105**	**1,989,517**	**-**	**109,265,699**
Carrying amount							
At 31 March 2015	**93,490,298**	**16,372,494**	**294,060**	**455,238**	**11,912,689**	**296,118**	**122,820,897**
At 31 March 2014	199,361,690	11,039,448	502,222	706,259	1,930,708	10,155,367	223,695,694

Refer to Note 23 for assets pledged as security.

COMPANY	Aircraft	Aircraft components	Motor vehicles	Computers	Furniture, equipment & structures	Work in progress	Total
	TZS '000	TZS '000	TZS '000	TZS '000	TZS '000	TZS '000	TZS '000
Cost or valuation:							
At 1 April 2015	183,227,075	30,891,933	1,353,126	1,297,628	11,701,513	296,118	228,767,393
Additions	-	7,192,196	24,563	70,715	12,539	151,815	7,451,828
Disposals	-	-	(56,496)	-	(29,319)	-	(85,815)
Transfer from work in progress	-	-	-	-	314,118	(314,118)	-
At 31 March 2016	**183,227,075**	**38,084,129**	**1,321,193**	**1,368,343**	**11,998,851**	**133,815**	**236,133,406**
Depreciation and impairment:							
At 1 April 2015	89,736,776	14,519,440	1,065,961	1,181,961	919,945	-	107,424,083
Charge for the year	18,094,150	2,079,388	159,487	88,807	702,136	-	21,123,968
Impairment losses	-	-	-	-	-	-	-
Disposals	-	-	(56,495)	-	(13,743)	-	(70,238)
At 31 March 2016	**107,830,926**	**16,598,828**	**1,168,953**	**1,270,768**	**1,608,338**	**-**	**128,477,813**
Carrying amount							
At 31 March 2016	**75,396,149**	**21,485,301**	**152,240**	**97,575**	**10,390,513**	**133,815**	**107,655,593**
At 31 March 2015	93,490,299	16,372,493	287,165	115,667	10,781,568	296,118	121,343,310

Refer to Note 23 for assets pledged as security.

	Aircraft	Aircraft components	Motor vehicles	Computers	Furniture, equipment & structures	Work in progress	Total
	TZS '000	TZS '000	TZS '000	TZS '000	TZS '000	TZS '000	TZS '000
Cost or valuation:							
At 1 April 2014	275,915,880	24,702,943	1,371,517	1,256,731	1,266,024	10,155,367	314,668,462
Additions	-	6,188,990	-	40,897	280,123	296,117	6,806,127
Disposals	-	-	(18,391)	-	-	-	(18,391)
Transfer from work in progress	-	-	-	-	10,155,366	(10,155,366)	-
Transfer to non-current assets held for sale	(92,688,805)	-	-	-	-	-	(92,688,805)
At 31 March 2015	**183,227,075**	**30,891,933**	**1,353,126**	**1,297,628**	**11,701,513**	**296,118**	**228,767,393**
Depreciation and impairment:							
At 1 April 2014	76,554,189	13,663,496	877,477	1,063,235	694,009	-	92,852,406
Charge for the year	18,094,150	855,944	201,892	118,726	225,936	-	19,496,648
Impairment losses	18,895,075	-	-	-	-	-	18,895,075
Disposals	-	-	(13,408)	-	-	-	(13,408)
Transfer to non-current assets held for sale	(23,806,638)	-	-	-	-	-	(23,806,638)
At 31 March 2015	**89,736,776**	**14,519,440**	**1,065,961**	**1,181,961**	**919,945**	**-**	**107,424,083**
Carrying amount							
At 31 March 2015	**93,490,299**	**16,372,493**	**287,165**	**115,667**	**10,781,568**	**296,118**	**121,343,310**
At 31 March 2014	199,098,697	11,302,441	494,040	193,496	572,015	10,155,367	221,816,056

If the aircrafts and aircraft components were measured using the cost model, the carrying amounts would be as follows:

	31-Mar-16	31-Mar-15
	TZS '000	TZS '000
Cost	**221,311,204**	214,119,008
Accumulated depreciation and impairment	**(124,429,754)**	(104,256,216)
Carrying amount	**96,881,450**	109,862,792

Impairment charge.	
Carrying amount	62,754,715
Valuation	(43,859,640)
Total impairment charge	18,895,075
Charged to OCI	(7,265,561)
Charged to statement of profit or loss	11,629,514

14. INTANGIBLE ASSETS

	Group	Group	**Company**	Company
	31-Mar-16	31-Mar-15	**31-Mar-16**	31-Mar-15
	TZS '000	TZS '000	**TZS '000**	TZS '000
Computer software				
Cost				
At start of the year	**1,214,990**	1,142,614	**960,832**	901,663
Additions	**11,388**	72,376	**11,388**	59,169
At end of the year	**1,226,378**	1,214,990	**972,220**	960,832
Accumulated amortisation				
			856,558	
At start of the year	**881,974**	790,916	**856,558**	790,916
			53,822	
Charge for the year	**53,822**	91,058	**53,822**	65,642
			910,380	
At end of the year	**935,796**	881,974	**910,380**	856,558
Carrying amount	**290,582**	333,016	**61,840**	104,274

15. INVESTMENT IN SUBSIDIARIES

	Company	Company
	31-Mar-16	31-Mar-15
	TZS '000	TZS '000
Precise Systems Limited		
Equity		
At start of the year	**80,419**	80,419
Impairment	**(80,419)**	-
At end of the year	**-**	80,419

The Company's investment in subsidiaries represents investments in Precision Handling Limited and Precise Systems Limited.

- Precision Handling Limited was incorporated in Tanzania during the year 2010 and 100% of its share capital is held by the Company. The subsidiary provides ground handling services to Precision Air Services Plc and is yet to obtain a licence to also serve other airlines. The subsidiary's share capital is yet to be allotted and paid pending obtaining of licence to serve third parties.

- Precise Systems Limited was incorporated in Tanzania on 25 August 2011 and 100% of its share capital is held by the Company. The subsidiary distributes the Galileo Reservation system to Airlines and Travel Agents in Tanzania. The Subsidiary commenced operations on 1 July 2012.

Set out below are the summarised financial information for each of the two subsidiaries; Precision Handling Limited and Precise Systems Limited.

	Total assets	Total liabilities	Revenue	Loss
	TZS '000	**TZS '000**	**TZS '000**	**TZS '000**
Year ended 31 March 2016				
Precision Handling Limited	762,318	2,808,032	-	(202,225)
Precise Systems Limited	1,201,838	148,534	-	-
Year ended 31 March 2015				
Precision Handling Limited	964,543	2,808,032	-	(202,225)
Precise Systems Limited	2,804,311	1,751,007	5,171,555	(559,687)

16. OTHER FINANCIAL ASSETS

	Group	Group	**Company**	Company
	31-Mar-16	31-Mar-15	**31-Mar-16**	31-Mar-15
	TZS '000	TZS '000	**TZS '000**	TZS '000
SITA Global Investment	**7,808 7,808**	6,405	**7,808**	6,405
Aircraft engine security deposit	**- 1,046,422**	858,450	**-**	858,450
IATA security deposit	**2,440,158 2,440,158**	2,001,824	**2,440,158**	2,001,824
Credit card security deposit	**1,006,190 1,006,190**	236,309	**1,006,190**	236,309
Aircraft security deposit	**650,625**	517,521	**650,625**	517,521
	4,104,781	3,620,509	**4,104,781**	3,620,509
Current portion	**4,096,974**	3,614,104	**4,096,974**	3,614,104
Non-current portion	**7,808**	6,405	**7,808**	6,405
	4,104,782	3,620,509	**4,104,782**	3,620,509

Other assets relate to cash deposited by the company to third parties. The deposits do not attract any interest.

The movement in deposit is as follows:

	Group	Group	**Company**	Company
	31-Mar-16	31-Mar-15	**31-Mar-16**	31-Mar-15
	TZS '000	TZS '000	**TZS '000**	TZS '000
At start of the year	**3,620,509**	1,628,480	**3,620,509**	1,628,480
Additions	**1,037,542**	1,992,029	**1,037,542**	1,992,029
Utilised during the year	**(553,269)**	-	**(553,269)**	-
At the end of the year	**4,104,782**	3,620,509	**4,104,782**	3,620,509

17. INVENTORIES

Aircraft spare parts	**8,568,557**	8,568,557	**8,095,132**	8,568,557
Fuel and stationeries	**460,384**	530,262	**460,384**	530,262
Stock provisions	**(223,851)**	(223,851)	**(223,851)**	(223,851)
	8,331,665	8,874,968	**8,331,665**	8,874,968

There was no inventory pledged as security for liabilities as at year end (2015: Nil).

18. TRADE AND OTHER RECEIVABLES

	Group	Group	**Company**	Company
	31-Mar-16	31-Mar-15	**31-Mar-16**	31-Mar-15
	TZS '000	TZS '000	**TZS '000**	TZS '000
Trade receivables - Third party	**43,205,235**	27,561,920	**43,205,235**	25,475,626
Inward bills control	**9,860,043**	9,605,235	**9,869,040**	9,605,235
Less: Allowance for credit losses	**(41,900,239)**	(28,546,730)	**(41,449,186)**	(28,095,677)
	11,165,039	8,620,425	**11,625,089**	6,985,184
Trade receivables - Related party [Note 25]	**-**	143,369	**2,808,032**	3,221,664
Advances to suppliers	**770,061**	46,628	**770,061**	46,628
Staff loans, advances and imprest	**7,959**	39,137	**7,959**	39,137
Other debtors	**296,878**	749,892	**296,878**	749,892
Provision for other receivables	**-**	(733,263)	**-**	(733,263)
	12,239,937	8,866,188	**15,508,019**	10,309,242
Movement in allowance account				
At beginning of the year	**29,279,993**	9,698,669	**28,828,940**	9,698,669
Addition:				
-Trade receivables	**4,587,949**	18,848,061	**4,587,949**	18,397,008
- Other receivables	**-**	733,263	**-**	733,263
- Write off of unknown debits	**8,032,297**	-	**8,032,297**	-
Sub total	**12,620,246**	19,581,324	**12,620,246**	19,130,271
At end of the year	**41,900,239**	29,279,993	**41,449,186**	28,828,940
Trade receivables age analysis				
Neither past due nor impaired	**7,307,938**	12,397	**7,307,938**	12,397
Past due but not impaired	**3,857,101**	7,874,765	**4,317,151**	6,239,524
Overdue and fully impaired	**41,900,239**	29,279,993	**41,449,186**	28,828,940
	53,065,278	37,167,155	**53,074,275**	35,080,861

Trade and other receivables comprise of the following amounts denominated in foreign currencies

United States Dollars	**16,157,406**	5,373,508	**16,157,406**	5,373,508
Euro	**685,063**	1,044,632	**685,063**	1,044,632
Sterling Pound	**209,702**	187,908	**209,702**	187,908
Canadian Dollars	**61,915**	72,907	**61,915**	72,907
South African Rand	**167,392**	175,284	**167,392**	175,284
Kenya Shillings	**94,935**	74,070	**94,935**	74,070
	17,376,413	6,928,309	**17,376,413**	6,928,309

19. PREPAYMENTS

	Group 31-Mar-16 TZS '000	Group 31-Mar-15 TZS '000	Company 31-Mar-16 TZS '000	Company 31-Mar-15 TZS '000
Prepaid insurance	**10,259**	33,187	**10,259**	33,187
Prepaid rent	**-**	107,397	**-**	107,397
Prepaid marketing expenses	**18,566**	370,324	**18,566**	370,324
	28,825	510,908	**28,825**	510,908

Prepayments are non-interest bearing and are non-refundable. They are amortised over the period they cover.

20. CASH AND CASH EQUIVALENTS

	Group 31-Mar-16 TZS '000	Group 31-Mar-15 TZS '000	Company 31-Mar-16 TZS '000	Company 31-Mar-15 TZS '000
Cash and short-term deposits	**4,715,374**	1,306,581	**4,662,110**	1,264,584
Bank overdraft (Note 23)	**(15,801,631)**	(6,828,283)	**(15,801,631)**	(6,828,283)
	(11,086,257)	(5,521,702)	**(11,139,521)**	(5,563,699)

Cash and bank balances comprise of the following amounts denominated in foreign currency:

		Group 31-Mar-16 TZS '000	Group 31-Mar-15 TZS '000	Company 31-Mar-16 TZS '000	Company 31-Mar-15 TZS '000
United States Dollars	USD	**981,194**	343,769	**981,194**	342,149
Euro	EURO	**13,774**	117,407	**13,774**	111,407
South African Rand	ZAR	**1,237,572**	243,694	**1,237,572**	243,694
Kenya Shillings	KES	**949,861**	4,807	**949,861**	4,807
		3,182,401	709,677	**3,182,401**	**702,057**

21. INCOME TAX

(a) Tax payable

At beginning of the year	**1,581,886**	1,547,929	**1,643,584**	1,312,170
Payments during the year	**(303,933)**	(307,963)	**(303,993)**	-
Charge during the year	**-**	10,506	**-**	-
Alternate minimum tax charge	**272,255**	331,414	**272,255**	331,414
At end of the year	**1,550,208**	**1,581,886**	**1,611,846**	**1,643,584**

	Group	Group	**Company**	Company
	31-Mar-16	31-Mar-15	**31-Mar-16**	31-Mar-15
	TZS '000	TZS '000	**TZS '000**	TZS '000
(b) Tax charge /(credit)				
Current year tax	**-**	10,506	**-**	-
Alternate minimum tax- current year	**272,255**	331,414	**272,255**	331,414
Deferred tax charge / (credit)	**19,918**	(44,108)	**-**	-
Total charge to profit or loss	**292,173**	**297,812**	**272,255**	**331,414**

Section 4(1) (a) of the income tax Act of 2004 as amended requires corporations with perpetual unrelieved tax losses to pay tax at the rate of 0.3% of the turnover for that year of income. The company and group have unrelieved tax losses and hence, liable to alternate minimum tax charge.

(c) Reconciliation of the tax based on accounting profit to actual tax				
Loss before income tax	**(91,383,864)**	**(83,600,086)**	**(90,889,702)**	**(82,804,572)**
Tax applicable rate of 30% (2015: 30%)	(27,415,159)	(25,080,026)	(27,266,911)	(24,841,372)
Tax effect of non-deductible expenditure	313,061	2,847,682	144,895	2,642,630
Tax effect of impairment charged through OCI	-	(2,179,668)	-	(2,179,668)
Deferred tax movement not recognized	27,122,016	24,614,521	27,122,016	24,614,521
Effect of tax rate change on deferred income tax	-	(236,111)	-	(236,111)
Alternative minimum tax	272,255	331,414	272,255	331,414
Total tax expense/(credit)	**292,173**	**297,812**	**272,255**	**331,414**

(d) Deferred income tax

The makeup and the movement of deferred income tax is attributable to the following items:

Group	At 31 Mar 15	Prior Year P&L Adjustments	Potential charge/ (credit) to P&L	At 31 Mar 16
	TZS '000	TZS '000	TZS '000	TZS '000
Liabilities				
Accelerated capital deductions	32,854,265	6,506,559	(1,969,972)	37,390,852
	32,854,265	**6,506,559**	**(1,969,972)**	**37,390,852**
Assets				
Impairment provisions	(8,648,682)	(6,718,046)	(12,519,245)	(27,885,973)
	At 31 Mar 15	**Prior Year P&L Adjustments**	**Potential charge/ (credit) to P&L**	**At 31 Mar 16**
	TZS '000	TZS '000	TZS '000	TZS '000
Tax losses	(49,474,295)	8,570,917	(3,698,543)	(44,601,921)
Leave accrual	(374,213)	-	-	(374,213)
Unrealised foreign exchange losses	(6,264,792)	-	(8,934,256)	(15,199,048)
Inventory provisions	(67,155)	-	-	(67,155)
	(64,829,137)	**1,852,871**	**(25,152,044)**	**(88,128,310)**
Net deferred tax (asset)/ lability	**(31,974,872)**	**8,359,430**	**(27,122,016)**	**(50,737,458)**
Deferred tax not recognised	31,954,954	**(8,359,430)**	**27,122,016**	**50,737,458**
Net deferred tax asset	**(19,918)**	**-**	**-**	**-**

Deferred tax asset has not been recognised as there is uncertainty when the Group and the Company will have adequate future profits to fully utilise the tax losses. The tax losses are carried forward indefinitely as permitted by Tanzanian Income Tax Act, 2004.

The makeup and the movement of deferred income tax is attributable to the following items:

Group	At 1 Apr 14 (As previously stated)	Prior Year P&L Adjustments	Prior Year OCI Adjustments	At 1 Apr 14 (As restated)	Charge/(credit) to income statement	Charge/ (credit) to OCI	At 31 Mar 15
	TZS '000	TZS '000	TZS '000	TZS '000	TZS'000	TZS'000	TZS '000
Liabilities							
Accelerated capital deductions	31,143,087	7,083,805	-	38,226,892	(5,372,627)	-	32,854,265
Revaluations	2,421,854	-	172,989	2,594,843		(2,594,843)	-
	33,564,941	**7,083,805**	**172,989**	**40,821,735**	**(5,372,627)**	**(2,594,843)**	**32,854,265**
Assets							
Impairment provisions	(2,424,667)	-	-	(2,424,667)	(6,224,015)	-	(8,648,682)
Tax losses	(37,440,229)	(5,560,690)	-	(43,000,919)	(6,473,376)	-	(49,474,295)
Cash flow hedge reserve	(6,159,876)	6,159,876	-	-	-	-	
Leave accrual	(117,549)	-	-	(117,549)	(256,664)	-	(374,213)
Unrealised foreign exchange losses	-	-	-	-	(6,264,792)	-	(6,264,792)
Inventory provisions	-	-	-	-	(67,155)	-	(67,155)
	(46,142,321)	**599,186**		**(45,543,135)**	**(19,286,002)**	-	**(64,829,137)**
Net deferred tax (asset)/ lability	**(12,577,380)**	**7,682,991**	**172,989**	**(4,721,400)**	**(24,658,629)**	**(2,594,843)**	**(31,974,872)**
Deferred tax not recognised	**12,601,570**	(7,682,991)	(172,989)	4,745,590	24,614,521	2,594,843	31,954,954
Net deferred tax (asset)/liability recognised	**24,190**	-	-	**24,190**	**(44,108)**	-	**(19,918)**

The makeup and the movement of deferred income tax is attributable to the following items:

Company	At 31 Mar 15	Prior Year P&L Adjustments	Potential charge/ (credit) to P&L	At 31 Mar 16
	TZS '000	TZS '000	TZS '000	TZS '000
Liabilities				
Accelerated capital deductions	32,874,183	6,506,559	(1,969,972)	37,390,852
	32,874,183	**6,506,559**	**(1,969,972)**	**37,390,852**
Assets				
Impairment provisions	(8,648,682)	(6,718,046)	(12,519,245)	(27,885,973)
Tax losses	(49,474,295)	8,570,917	(3,698,543)	(44,601,921)
Leave accrual	(374,213)	-	-	(374,213)
Unrealised foreign exchange losses	(6,264,792)	-	(8,934,256)	(15,199,048)
Inventory provisions	(67,155)	-	-	(67,155)
	(64,829,137)	**1,852,871**	**(25,152,044)**	**(88,128,310)**
Net deferred tax (asset)/ liability	**(31,954,872)**	**8,359,430**	**(27,122,016)**	**(50,737,458)**
Deferred tax not recognised	31,954,954	**(8,359,430)**	**27,122,016**	**50,737,458**
Net deferred tax (asset)/liability recognised	**-**	**-**	**-**	**-**

Deferred tax asset has not been recognised as there is uncertainty when the Group and the Company will have adequate future profits to fully utilise the tax losses. The tax losses are carried forward indefinitely as permitted by Tanzanian Income Tax Act, 2004.

The makeup and the movement of deferred income tax is attributable to the following items:

	At 1 Apr 14 (As previously stated)	Prior Year P&L Adjustments	Prior Year OCI Adjustments	At 1 Apr 14 Adjustments	Charge/(credit) to income statement	Charge/ (credit)	At 31 Mar 15
Company	**TZS '000**	**TZS '000**	**TZS '000**	**TZS '000**	**TZS '000**	**TZS '000**	**TZS '000**
Liabilities							
Accelerated capital deductions	31,118,897	7,083,805	-	38,202,702	(5,328,519)		32,874,183
Revaluations	2,421,854	-	172,989	2,594,843		(2,594,843)	-
	33,540,751	**7,083,805**	**172,989**	**40,797,545**	**(5,328,519)**	**(2,594,843)**	**32,874,183**
Assets							
Impairment provisions	(2,424,667)	-	-	(2,424,667)	(6,224,015)	-	(8,648,682)
Tax losses	(37,440,229)	(5,560,690)	-	(43,000,919)	(6,473,376)	-	(49,474,295)
Cashflow hedge reserve	(6,159,876)	6,159,876	-	-	-	-	-
Leave accrual	(117,549)	-	-	(117,549)	(256,664)	-	(374,213)
Unrealised foreign exchange losses	-	-	-	-	(6,264,792)	-	(6,264,792)
Inventory provisions	-	-	-	-	(67,155)	-	(67,155)
	(46,142,321)	**599,186**		**(45,543,135)**	**(19,286,002)**	-	**(64,829,137)**
Net deferred tax (asset)fliability	**(12,601,570)**	**7,682,991**	**172,989**	**(4,745,590)**	**(24,614,521)**	**(2,594,843)**	**(31,954,954)**
Deferred tax not recognised	12,601,570	(7,682,991)	(172,989)	4,745,590	24,614,521	2594,843	31,954,954
Net deferred tax (asset)/liability recognised	-	-	-	-	-	-	-

(e) Final tax assessments

The normal procedure for agreeing final income tax liability in Tanzania involves the company filing its final income tax returns with the Tanzania Revenue Authority (TRA) followed by TRA performing their own review of the company's submissions and issuing their notice of final income tax assessments to the company. The final income tax assessment determined by TRA after their review and possible site visit may differ from the assessments determined by the Company and procedures are in place for the company to object and appeal against the TRA assessments. It is common that a timeframe from the Company's own submission of its final tax returns and for TRA performing their reviews and issuing of notice of final tax assessment may take several months or years.

Final assessments by TRA for financial years 2014/15 have not been communicated to the Company by TRA.The Company's final tax return for the financial year ended 31 March 2016 is not yet due until 30 September 2016.

The Company has duly submitted its final tax returns for all previous years including 2014/15, with the final assessments for years prior to 2008 settled with the TRA.

22. EQUITY

	Group	Group	Company	Company
	31-Mar-16	31-Mar-15	31-Mar-16	31-Mar-15
	TZS '000	TZS '000	TZS '000	TZS '000
(a) Share capital				
Authorised:				
242,000,000 Ordinary Shares of TZS 20/= each	**4,840,000**	4,840,000	4,840,000	4,840,000
Issued and fully paid up:				
160,469,800 Ordinary Shares of TZS 20/= each	**3,209,396**	3,209,396	3,209,396	3,209,396

The shareholders of the Company are as indicated in the Director's report.

(b) Share premium	**10,490,987**	10,490,987	**10,490,987**	10,490,987

(c) Revaluation reserve

The revaluation reserve is used to record increases in the fair value of items of property and equipment and decreases to the extent that such decrease relates to a reversal of an increase on the same class of assets previously recognised in equity. This reserve is not available for distribution to shareholders.

23. BORROWINGS - GROUP AND COMPANY

	Average Interest rate	Maturity	Group 31-Mar-16 TZS '000	Group 31-Mar-15 TZS '000	Company 31-Mar-16 TZS '000	Company 31-Mar-15 TZS '000
Secured bank term loans						
Stanbic Bank Tanzania Ltd – US$	8.88%	30.10.2013	28,156 28,156	3,394,245	28,156 28,156	3,394,245
Citibank International Plc and Finfund Industrial Co-operation – US$	4.28%	2008–2022	218,628,280	172,400,745	218,628,280	172,400,745
Export Development Canada(EDC)–US$	4.64%	2013–2022	65,683,339	51,152,746	65,683,339	51,152,746
KCB (T) Limited – US$ (Hangar Loan)	9.00%	30.08.2016	1,545,802 1,545,802	1,919,648	1,545,802 1,545,802	1,919,648
Stanbic Bank Tanzania Limited – US$ (Caravan)	5.50%	31.12.2013	-	2,267,559	-	2,267,559
			285,885,577	**231,134,943**	**285,885,577**	**231,134,943**
Unsecured term loan						
Hassan & Sons – US$	38.00%	31.01.2016	312,639	318,025	312,639	318,025
			286,198,216 **281,839,116**	**231,452,968**	**286,198,216** **281,839,116**	**231,452,968**
Secured bank overdrafts						
Kenya Commercial Bank – US$	9.00%	on demand	2,338,753 2,328,110	1,944,657	2,338,753 2,328,110	1,944,657
Kenya Commercial Bank – TZS	16.00%	on demand	1,329,606 1,300,134 1,300,134	1,640,118	1,329,606 1,300,134 1,300,134	1,640,118
Stanbic Bank Tanzania Limited – US$	9.50%	on demand	12,133,272	3,243,508	12,133,272	3,243,508
			15,801,631 -	**6,828,283**	**15,801,631 -**	**6,828,283**
Grand total			**301,999,847**	**238,281,251**	**301,999,847**	**238,281,251**
Non-current			130,153,293	145,418,797	130,153,293	145,418,797
Current			171,846,554	92,862,454	171,846,554	92,862,454
			301,999,847	**238,281,251**	**301,999,847**	**238,281,251**

KCB (T) Limited: Term loan -US$ 5,794,973

- The loan was granted for the purpose of construction of hanger complex at Mwalimu Julius Nyerere International Airport payable by 2015.
- The facility is secured by the hanger complex.

KCB (T) Limited: Overdraft -US$ 1,000,000 and TZS 1,6000,000,000

The overdrafts are secured by Chattels Mortgage over:

- Debenture over floating assets
- Assignment over monthly BSP receivables

Stanbic Bank Ltd: Term loan - US$ 3,180,076 and Overdraft - US$ 4,000,000

The loan was granted for the purpose of purchasing one ATR 72 aircraft.

The facilities are secured by:

- Single debenture dated 2 April 2003 creating a first ranking fixed charge over the aircraft ATR 42-320 Registration No. 5H-PAG for US$ 4,934,000
- Debenture over floating assets plus aircraft components,excluding assets specifically encumbered to other lenders,registered for US$ 1,424,750
- Comprehensive insurance policy for the full replacement value over all assets which the bank holds as security with an insurance company approved by the bank where in the Bank is noted as First Loss Payee.
- One aircraft with registration no 5H-PAG is mortgaged against banking facilities secured from Stanbic Tanzania Limited respectively.

Citibank International Plc and Finfund Industrial Co-operation loan in the aggregate amount of US$ 127,000,000

- The purpose of the loan was to finance the acquisition of 5 ATR 72-500 and 2 ATR42-500.
- The loan is secured by the aircrafts.

- Seven aircraft in the Precision Air Fleet are registered in the name of Swala Leasing and Finance Limited. Swala Leasing and Finance limited is a fully owned subsidiary of Maples Fiduciary Services (Ireland) Ltd which holds the one share issued by Swala Leasing and Finance Limited in trust for the benefit of a qualified charity in accordance with the terms of the Declaration of Trust. The aircraft are encumbered by charges in favour of Citibank International Plc, and the legal title for the aircraft is to be transferred to Precision Air Services Limited once the Citibank loans are fully repaid.

Export Development Canada(EDC) US$

- The purpose of the loan was to finance the acquisition of 2 ATR 72-600.
- The loan is secured by the aircrafts.

Hassan & Sons loan

- The purpose of the loan was to settle outstanding liabilities on Airport departure tax and service charges that was payable to Zanzibar Revenue Authority by October 2012.
- The loan is unsecured

24. TRADE AND OTHER PAYABLES

	Group	Group	Company	Company
	31-Mar-16	31-Mar-15	**31-Mar-16**	31-Mar-15
	TZS '000	TZS '000	**TZS '000**	TZS '000
Trade payables - third parties	**19,740,397**	22,148,285	**19,740,397**	22,148,285
Trade payables - related parties [Note 25]	**12,243,751**	4,847,947	**12,243,751**	4,847,947
Advances from customers	**7,778,707**	-	**7,778,707**	-
Lease accruals	**3,942,792**	2,899,800	**3,942,792**	2,899,800
Statutory liabilities	**30,185,075**	22,691,978	**30,185,075**	22,691,978
Other accruals	**3,281,478**	6,940,250	**3,290,687**	5,507,996
	77,172,200	59,528,260	77,181,409	58,096,006

Trade and other payables comprise of the following amounts denominated in foreign currency:

United States Dollars	USD	**75,148,646**	19,876,641	**75,148,646**	19,265,943
Euro	EURO	**226,862**	266,198	**226,862**	266,198
Great Britain Pound	GBP	**178,476**	243,934	**178,476**	243,934
South African Rand	ZAR	**132,405**	-	**132,405**	-
Kenya Shillings	KES	**108,153**	4,478	**108,153**	4,478
		75,794,542	20,391,251	**75,794,542**	19,780,553

The carrying values of trade and other payables are assumed to approximate their fair values due to the short term nature of trade receivables and payables.

25. RELATED PARTY DISCLOSURES

	Group	Group	Company	Company
(i) Key management remuneration	**31-Mar-16**	31-Mar-15	**31-Mar-16**	31-Mar-15
	TZS '000	TZS '000	**TZS '000**	TZS '000
Salaries and other short term benefits	**2,162,076**	1,983,552	**2,162,076**	1,983,552
Pension	**168,993**	198,355	**168,993**	198,355
	2,331,069	2,181,907	**2,331,069**	2,181,907
(ii) Directors' remuneration				
Salaries and other short term benefits	**1,054,738**	715,823	**1,054,738**	715,823
Pension	**50,730**	63,843	**50,730**	63,843
	1,105,468	779,666	**1,105,468**	779,666

(iii) Purchase transactions				
Kenya Airways Limited	**9,365,964**	10,960,182	**9,365,964**	10,960,182
	Group	Group	**Company**	Company
	31-Mar-16	31-Mar-15	**31-Mar-16**	31-Mar-15
	TZS '000	TZS '000	**TZS '000**	TZS '000
Ngaleku Children's Home Contribution	**-**	4,187	**-**	4,187
	9,365,964	10,964,369	**9,365,964**	10,964,369
(iv) Sales transactions				
Kenya Airways Limited	**3,071,527**	8,465,160	**3,071,527**	8,465,160
Precise Systems Limited	**-**	668	**-**	668
	3,071,527	8,465,828	**3,071,527**	8,465,828

Kenya Airways Limited owns 41.23 % of the ordinary shares of Precision Air Services Limited. As is common throughout the airline industry, Precision Air Services Limited and Kenya Airways Limited from time to time carry each other's passengers travelling on the other airline's tickets. The settlement between the two carriers is actioned through IATA Clearing House (ICH) of which both airlines are members.

The transactions carried out with Kenya Airways Limited relate to inter-line services and advances.

Ngaleku Children's Home Contribution is a related part by virtue of the board Chairman being a Trustee.

Balances outstanding on account of transactions with related parties are as follows: -

(v) Amounts due from related parties				
Precision Handling Limited	**-**	-	**2,808,032**	2,808,032
Precise Systems Limited (*)	**-**	-	**-**	270,263
Kenya Airways Limited	**-**	143,369	**-**	143,369
	-	143,369	**2,808,032**	3,221,664

Precise Systems Limited obtained a loan of USD 150,000 from Precision Air Services Limited for development of Precise Sky Program, a booking and reservation software for local and non-scheduled airline operators. Precise Systems Limited is a 99% subsidiary of the Company.

(vi) Amounts due to related parties				
Ngaleku Children's Home Contribution	**2,581**	6,566	**2,581**	6,566
Kenya Airways Limited	**12,241,170**	4,841,381	**12,241,170**	4,841,381
	12,243,751	4,847,947	**12,243,751**	4,847,947

Outstanding balances at the year-end are unsecured, interest free and settlement occurs in cash. There has been no guarantee provided or received for any related party receivable or payables. For the year ended 31 March 2016 the Group and Company have not recorded any impairment of receivables relating to amounts owed by related parties (March 2015: Nil).

26. LEASE COMMITMENTS

	Group	Group	Company	Company
	31-Mar-16	31-Mar-15	**31-Mar-15**	31-Mar-15
	TZS '000	TZS '000	**TZS '000**	TZS '000
Office lease rentals				
Within one year	**816,512**	220,850	**816,512**	220,850
One to five years	**-**	883,399	**-**	883,399
More than five years	**-**	178,547	**-**	178,547
	816,512	1,282,796	**816,512**	1,282,796

27. OTHER COMMITMENTS

Capital commitment

The Group has no capital commitments as at year end. (2015: Nil)

28. SEGMENT INFORMATION

The chief operating decision-maker is the Board of Directors. Directors have determined the operating segments based on the reports reviewed by the senior management team for the purposes of allocating resources, assessing performance and proposing strategic direction.

The majority of revenue is derived from passenger revenue (as disclosed in Note 6) and the Board of Directors relies primarily on passenger revenue to assess performance. Management monitors the operating results of its business as indicated on the directors' report for the purpose of making decisions about resource allocation and performance assessment.

Other than the segment revenue information disclosed below, no other segment information regarding performance as related to the statement of profit or loss and other comprehensive income is reviewed by the chief operating decision maker and the senior management team.

The major revenue-earning assets of the Group comprise the aircraft fleet, all of which are registered in Tanzania. Since the Group's aircraft fleet are employed flexibly across its route network, there is no suitable basis for allocating such assets and related liabilities to operating segments. Since aircraft fleet is deployed flexibly across the Group route network, providing information on non –current assets by geographical and business segments is not considered meaningful.

Analysis of revenue according to business segments for the year ended 31 March 2016:

	Group				Company			
	Domestic	Foreign	Unallocated	Total	Domestic	Foreign	Unallocated	Total
	TZS '000	TZS '000	TZS '000	TZS '000	TZS '000	TZS '000	TZS '000	TZS '000
Passengers	48,672,393	18,101,988	2,177,782	68,952,163	48,672,393	18,101,988	2,177,782	68,952,163
Cargo	101,092	339,022	-	440,114	101,092	339,022	-	440,114
Mail services	51,680	-	-	51,680	51,680	-	-	51,680
Excess baggage	183,072	50,495	-	233,567	183,072	50,495	-	233,567
Fuel surcharge	-	-	20,787,521	20,787,521	-	-	20,787,521	20,787,521
Others	-	-	286,227	286,227	-	-	286,227	286,227
	49,008,237	**18,491,505**	**23,251,530**	**90,751,272**	**49,008,237**	**18,491,505**	**23,251,530**	**90,751,272**

Analysis of revenue according to business segments for the year ended 31 March 2015:

	Group				Company			
	Domestic	Foreign	Unallocated	Total	Domestic	Foreign	Unallocated	Total
	TZS '000	TZS '000	TZS '000	TZS '000	TZS '000	TZS '000	TZS '000	TZS '000
Passengers	44,741,273	27,389,566	2,830,714	74,961,553	44,741,273	27,389,566	2,830,714	74,961,553
Cargo	130,360	375,147	-	505,507	130,360	375,147	-	505,507
Mail services	51,436	-	-	51,436	51,436	-	-	51,436
Excess baggage	72,575	189,522	-	262,097	72,575	189,522	-	262,097
Fuel surcharge	-	-	22,830,462	22,830,462	-	-	22,830,462	22,830,462
Others	-	-	6,766,611	6,766,611	-	-	1,595,056	1,595,056
	44,995,644	**27,954,235**	**32,427,787**	**105,377,666**	**44,995,644**	**27,954,235**	**27,256,232**	**100,206,111**

29. CONTINGENCIES

Legal claims

As at 31 March 2016, the Group was a defendant in the following legal actions:

(i) **Airplanes Finance Limited vs. PW, High Court (Commercial Division) Dar es salaam**
Airplanes Finance filed an application with the Court to enforce a foreign judgement and claiming USD. 1.8 million against PW. A garnishee has been issued against the Company bank account at Citibank (Tanzania). The Company engaged an external Counsel, Sheikh Law Chambers to seek to have the execution stayed; and at the same time try to negotiate a settlement for the amounts awarded to Airplanes Finance. Subsequent to year end the matter has been resolved.

(ii) **Alphonce Makau Kioko vs. Precision Air Services Plc**
Labour dispute filed at the Commission for Mediation and Arbitration at Ilala, Dar es Salaam, where the complainant (Kioko) has filed an application for condonation to file his labour complaint out of time. Kioko claims USD 33,000 as terminal dues (end of contract), TZS 103,206,120 as unremitted NSSF contributions, payment of USD 15,600 as subsistence allowance from 05/03/2013 to 07/08/2013. The amount is subject to increase depending on when the date payments are effected. PW engaged M.A Ismail & Co Advocates as external Counsel for the matter. After the initial complaint was dismissed for being filed out of time, a subsequent application for condonation was successful. The Company is seeking revision against this decision with the High Court (Labour Division) at Dar es Salaam.

(iii) **Graf 1 Aviation v. PW**: Graf1 filed an application at the High Court of Tanzania (Commercial Division) at Dar es Salaam to enforce a foreign judgment and claiming USD 5 Million against PW. PW engaged external Counsels M.A Ismail & Co. Advocates and Sheikh Law Chambers. The external Counsels filed an application on behalf of PW to set aside the enforcement of the foreign judgement and this was objected by Graf1 who filed a counter application. An objection of Graf1 was dismissed by Court and hearing of PW's application is now on going.

30. EMPLOYEES

Number of employees for the Group at the end of the year was 509 (2015: 536).

31. EARNINGS PER SHARE (EPS) - BASIC AND DILUTED

Basic earnings per share is calculated on the loss after tax attributable to ordinary equity holders divided by the weighted average number of ordinary shares outstanding during the year.

Diluted earnings per share is calculated on the loss after tax attributable to ordinary equity holders divided by the weighted average number of ordinary shares outstanding after adjustment of dilutive potential ordinary shares.

The basic and diluted earnings per share are the same as there are no dilutive instruments.

	Group	
	2016	2015
Earnings Per Share =	**(91,676,037)**	(83,897,898)
	160,469,800	160,469,800
Earnings Per Share	**(571.30)**	(522.83)

32. FAIR VALUE DISCLOSURES

Set out below is the carrying amount and fair value of the Group's financial instruments.

	Fair values		Carrying amount	
	2016	2015	**2016**	2015
Group	**TZS'000**	TZS'000	**TZS'000**	TZS'000
Financial assets				
Trade and other receivables	11,469,876	8,819,560	11,469,876	8,819,560
Cash and short-term deposits	4,715,374	1,306,581	4,715,374	1,306,581
Financial liabilities				
Borrowings	301,999,848	238,281,251	301,999,848	238,281,251
Trade and other payables	46,987,125	36,836,282	46,987,125	36,836,282
Company				
Financial assets				
Trade and other receivables	14,737,958	10,262,614	14,737,958	10,262,614
Cash and short-term deposits	4,662,110	1,264,584	4,662,110	1,264,584
Financial liabilities				
Borrowings	301,999,848	238,281,251	301,999,848	238,281,251
Trade and other payables	46,996,334	35,404,028	46,996,334	35,404,028
Non-financial assets (Group and Company)				
Aircraft and aircraft components	96,881,450	109,862,792	96,881,450	109,862,792
Non-current assets held for sale	46,488,681	46,488,681	46,488,681	46,488,681

Receivables, deposits with financial institutions; cash and bank balances and payables are held at amortised cost and their carrying amounts approximate their fair values due to short term maturities.

The fair value of the financial assets and liabilities are included at the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at year end. The Group did not have at the reporting date any financial assets and liabilities measured at fair value. The fair value of interest bearing borrowings is estimated by discounting future cash flows using rates currently available for debt or similar terms and remaining maturities.

33. CAPITAL MANAGEMENT

The Group defines capital as the total equity and net debt of the Group. The primary objective of the Group's capital management is to ensure that it maintains healthy capital ratios in order to support its business and maximise shareholder value.

The Group manages its capital structure and adjusts it in light of changes in economic conditions. To maintain or adjust the capital structure, the Group aims to maintain capital discipline in relation to investing activities and may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies, or processes during the years end 31 March 2016 and 31 March 2015.

The Group includes within net debt, borrowings, trade and other payables, less cash and cash equivalents. All components of equity are included in the denominator of the calculation. Trade and other payables are included within net debt due to the liquidity challenges the Group is facing. Once the situation normalises, these will be excluded.

The Group does not have a target debt ratio.

Group	**Group 2016 TZS'000**	Group 2015 TZS'000	**Company 2016 TZS'000**	Company 2015 TZS'000
Borrowings	**301,999,847**	238,281,251	**301,999,847**	238,281,251
Trade and other payables	**77,172,200**	59,528,260	**77,181,409**	58,096,006
Cash and bank balances	**(4,715,374)**	(1,306,581)	**(4,662,110)**	(1,264,584)
Net debt	**374,456,673**	296,502,930	**374,519,146**	295,112,673
Equity	**(205,964,157)**	(114,288,120)	**(204,324,292)**	(113,162,335)
Capital and net debt	**168,492,516**	182,214,810	**170,194,854**	181,950,338
Net debt ratio	**222%**	163%	**220%**	162%

Externally imposed capital requirements

Other than the securities pledged for borrowings (Note 23), requirements imposed by lenders include:

- Debt coverage ratio of 1.1 (which both the Group and Company has not complied with); and
- Obtaining consent from the Bank before changing the Company's capital structure or sale of shares.

34. NON CURRENT ASSETS HELD FOR SALE

	31-Mar-16	31-Mar-15
	TZS'000	TZS'000
Cost	**92,688,805**	92,688,805
Accumulated depreciation	**(23,806,63)**	(23,806,638)
Net book value	**68,882,167**	68,882,167
Fair value loss	**(22,393,48)**	(22,393,486)
Fair value	**46,488,681**	46,488,681

The carrying value of aircrafts subject to outright sale (naked sale) were transferred from property and equipment as the sale and leaseback transaction explained on Note 2 is considered to be highly probable (Note 5 (v)).

35. SUBSEQUENT EVENTS

The sale and lease back transactions whose discussions were initiated last year were not closed in the year. Subsequent to the year end, these discussions have resumed with a view to update the latest aircraft position for purposes of revising the purchase consideration and subsequently provide a revised term sheet that would guide the exercise. This transaction is considered highly probable and will be closed within the year. In the absence of a revised term sheet and new indicative prices, the impairment charges taken in the prior year have been retained.

Notes

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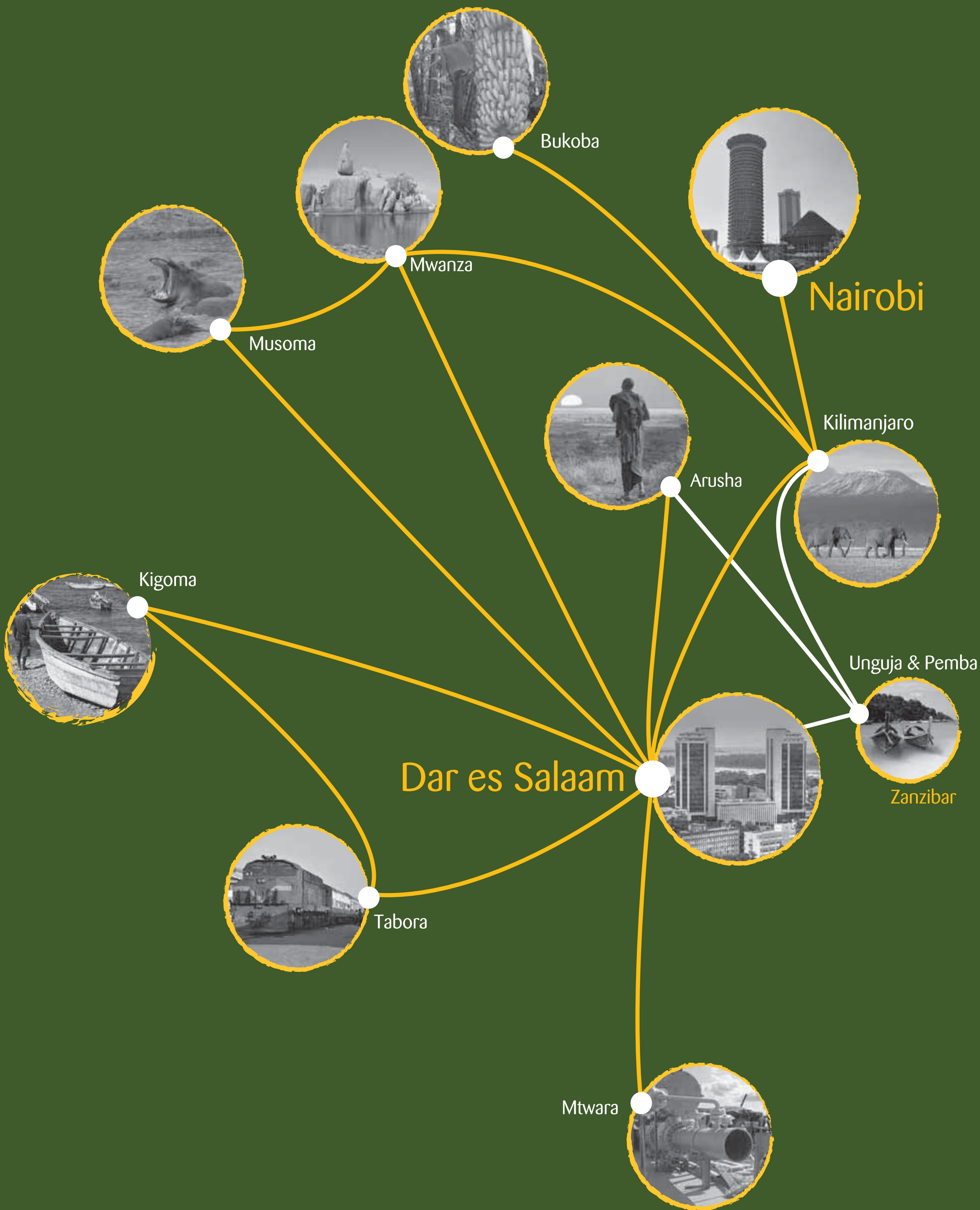
PrecisionAir
YOU ARE WHY WE FLY

Our current path



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