FROM LANDING
TO TAKE OFF: WE CARE!

Swissport Tanzania Plc
ANNUAL REPORT
2014

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fastjet

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QATAR AIRWAYS

RwandAir

BidAir Cargo
every kilo counts

TURKISH AIRLINES
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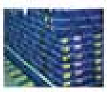
A STAR ALLIANCE MEMBER

flydubai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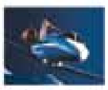
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Julius Nyerere International Airport

LAM

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Our sign is a promise.

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LETTER OF TRANSMITTAL

To

The shareholders
Swissport Tanzania Plc

Letter of Transmittal

The Directors of the company have the pleasure to submit to you the Annual Report of the company for the year ended 31st December 2014, in accordance with section 166 of the Companies Act, 2002.

The report contains the Chairman's Statement, CEO's Report, Report of the Directors, Audited Financial Statements and Auditors' Report on the Financial Statements.

An interim dividend of TShs 3,927 million or TShs 109.07 per share was paid in November, 2014. The Directors recommend a final dividend of TShs 6,424 million equal to TShs 178.43 per fully issued and paid up share making the total dividend to be TShs 10,351 million or TShs 287.50 per share.

Juan Jose Andrez Alvez
Board Chairman
Swissport Tanzania Plc
March, 2015

FROM LANDING
TO TAKE OFF: WE CARE!

Swissport Tanzania Plc
ANNUAL REPORT
2014

Certified under:
ISO 9001: 2008 Quality Management System
ISO 14001: 2004 Environmental Management System

CHAIRMAN'S STATEMENT

I am delighted to report that Swissport Tanzania Plc delivered excellent results for the year 2014 whereby revenue and profitability have continued to grow; this year in particular with a significant and steady increase. Our 2014 performance reflects the underlying strengths of our business, our strategy, our market positioning, our organic growth prospects, consolidation of opportunities, the focus and leadership of our strong management team and concrete Management Systems.

The cost leadership strategies that have been well maintained, with a downstream support from Swissport International also resulted in continued strong profit generation and this year's performance is a testament to our capabilities in cost control. Swissport Tanzania is an innovative company, both in "what we do and how we do it", we pursue continuous transformation, in the way we deliver services to our clients, in our own operations and management best practices.

During 2014, we experienced an even higher traffic increase than anticipated with a number of new carriers flying to our airports and some existing ones increasing frequencies. As a result we faced a number of challenges in service delivery including need to enlarge our Ground Support Equipment (GSE) and to bring on board qualified additional manpower. To address it, we accelerated and enhanced our investment plan, and we procured new GSE worth TAS 1.7 Billion. Most of these are already delivered and deployed in operations. Additional investment in GSE in the amount of TAS 2.7 billion will be made in 2015. This will include a higher capacity high loader in order to support handling of heavy shipments and 2 passenger buses.

We recruited new staff and subjected them to both practical and classroom training at our Training Centre in Dar Es Salaam to acquire the required skills and competences. On top, we continued with our annual training programme for the existing employees with special focus on customer care and leadership behaviors. We are currently in the process of re-organising the way we deploy our employees in service delivery in order to strengthen the operational performance as we will introduce dedicated Service Controllers for each airline.

The construction of the state of the art Import Cargo Facility that commenced in late 2013 is now at an advanced stage. It is our expectation that by mid 2015, the USD 10 million Terminal will be fully operational in import cargo handling process and our corporate offices will have shifted to the new building and Swissport will also be able to provide modern offices to some interested customers. The completion of this project will allow the beginning of another project at Kilimanjaro International Airport whereby we are planning to construct a new warehouse since the existing one is not any longer adequate due to age.

November 2014 was exactly one year since we started operations at our new station of Songwe in Mbeya, Tanzania's Southern Highlands. The station has continued to perform well thanks to the only one carrier Fastjet Airlines who operates double daily flights to the destination. It is our hope that there will be more carriers and flights there in the future. At this juncture, I wish to commend the Ministry of Transport through Tanzania Airports Authority for the efforts made in the development of airports infrastructure in the county to support aviation growth. This new airport of Songwe and of course the upcoming Terminal III at JNIA as well as other projects in the country are a testimony of these efforts.

We are also present at Mtwara airport although business has not yet picked up as expected nevertheless the station's future is still bright since there are a number of positive prospects in the area including gas and oil exploration.

It is easier said than done, I would like to record, my own and the Board's sincere gratitude to all of Swissport Tanzania employees, at our four stations of Dar Es Salaam, Kilimanjaro, Mbeya and Mtwara who work tirelessly to make sure that our company objectives are met, our customer requirements are exceeded and value for all our stakeholders is sustained. As of 31st December 2014 Swissport Tanzania workforce reached a record 768 being the highest number since the company was established in 1985.

We are optimistic that the future of Swissport Tanzania Plc is bright and that the company will continue to gain momentum to move forward, to innovate, to change with and ahead of time, to develop our people, to fulfill customer expectations and to add value to the stakeholders. We are grateful with the cooperation we receive from the Government through Ministry of Transport and its autonomous agencies namely Tanzania Airports Authority and Tanzania Civil Authority as well as Kilimanjaro Airport Development Company (KADCO). Many thanks to the Management team and my fellow Board Directors for helping me to steer this wonderful company.

The last to be thanked will not be the least, these are our esteemed customers who patronize us, some of whom have been with us for almost thirty years. To these, I say "thank you very much"!

Juan José Andrés Alvez
BOARD CHAIRMAN

THE CEO REPORT

2014 was yet another remarkable year for our company as we recorded an impressive top and bottom line growth. This enviable performance was primarily driven by increasing traffic, forex exchange gain and strict cost reduction initiatives implemented across Swissport International Group.

Fastjet's expansion on domestic and international routes, start of operation into Tanzania by Etihad Airways, Flydubai, and Air Seychelles as well as increased frequencies and/or change of equipment by Kenya Airways, Turkish Airlines, Emirates, South African Airways, RwandaAir and ad-hoc operators all contributed to our significant growth in 2014.

Cargo volumes handled during the year were slightly lower compared to year 2013, mainly due to less imports; and reduced exports of meat, fish and vegetables. We however remain optimistic that the cargo volumes will improve in the near future given the export drive initiated by the government of Tanzania in partnership with the private sector. In view of the situation, strictly operational efficiency improvement programs and upward revision of terminal charges led to the achievement of the planned financial targets.

Our upcountry stations continued to operate successfully and we recorded good performance especially at Kilimanjaro and Songwe airports. However, we recorded decimal performance at Mtwara airport due to low traffic. To turnaround the situation, we are persuading operators currently doing self-handling for an opportunity to handle their flights at Mtwara.

The sudden growth of our business beyond what we had forecasted at the beginning of the year resulted into several operation challenges but we responded quickly by making necessary investments in ground support equipment and manpower. Towards the end of the year, we re-organized our operation teams and introduced dedicated service controllers as one of the strategies of enhancing service delivery. Service Controllers have been allocated to each airline customer and are responsible for all operation matters relating to the assigned customer airline.

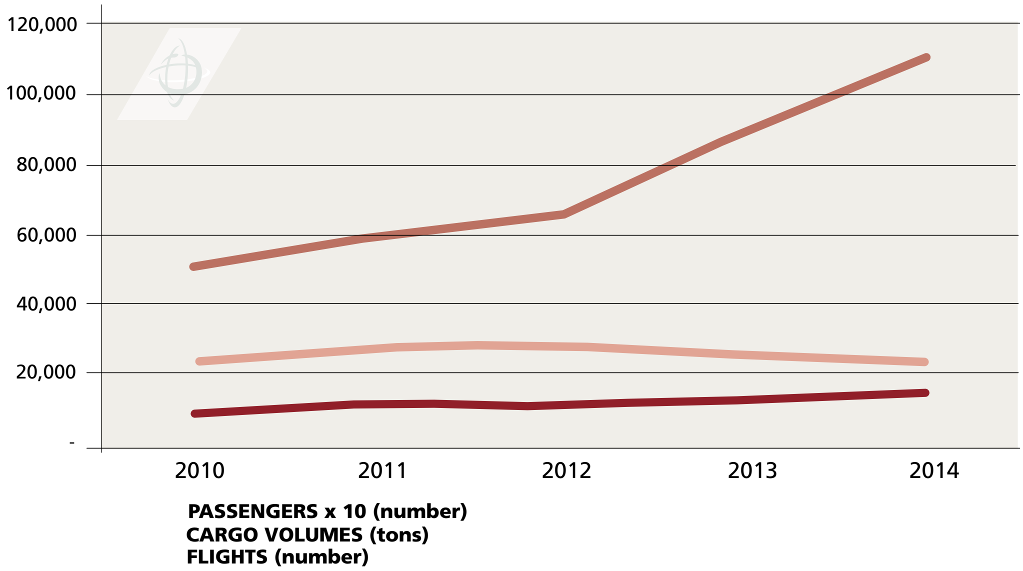
During the year under review, we received both negative and positive feedbacks from our customers and we did our best to address customer concerns and build up on good points. As part of the process of improving service delivery to our cargo customers, we are keen to have the new import warehouse commissioned by end of April 2015 as planned.

Production and Operating Revenue

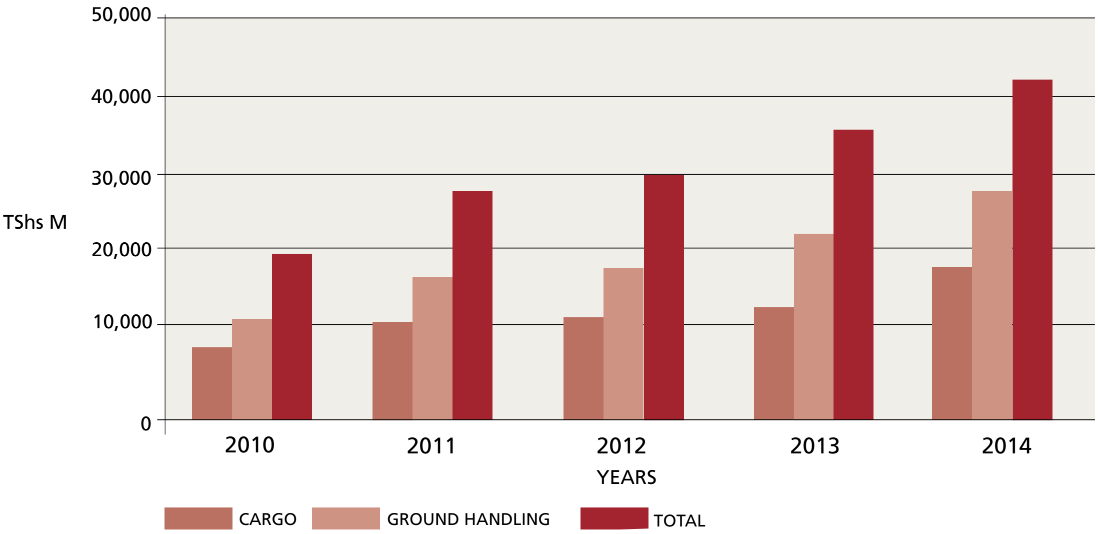
In 2014 the Company handled a total of 15,225 flights which is an increase of 16% when compared to 13,098 flights handled in 2013. Embarking passengers handled were 1,111,156 as compared to 905,347 passengers handled in 2013, this is an increase of 23% when compared to 2013. Cargo handled in 2014 was 23,908 tons recording a decrease of 5% compared to 25,126 tons handled in 2013. Significant increase in flights handled during the year is behind the ground handling revenue growth by 17% to TShs 27,181 million compared to TShs 23,215 million realized the previous year. Cargo handling revenue grew by 33% to TShs 17,206 million compared to TShs 12,900 million earned in 2013 and this revenue growth was driven mostly by timely review of terminal charges and foreign exchange gain.

Total operating revenue for the year grew by 23% to TShs 44,387 million as compared to TShs 36,115 million that was realized in 2013.

Production Trends



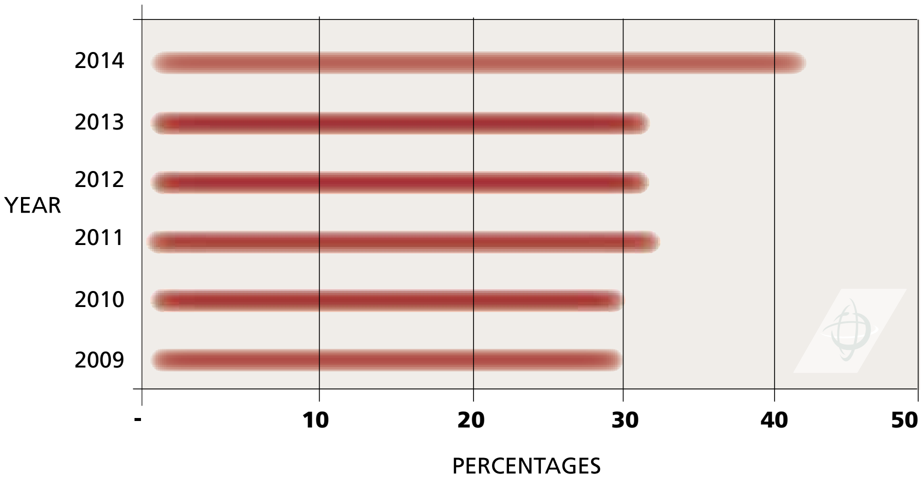
Revenue Trends



Profitability

The total operating costs for the year was TShs 25,896 million which is a 4% increase when compared to TShs 24,837 million reported in 2013. This resulted into an operating profit of TShs 18,693 million which is a 64% increase when compared to TShs 11,387 million realized in year 2013. On the other hand EBITDA of the Company was TShs 20,272 million compared to TShs 12,888 million reported in year 2013, this represent 57% increase of our EBITDA. The company's total assets grew by 27% from Tshs 21,895 million in 2013 to Tshs 27,799 million at the end of 2014. This growth is attributed to the investments made during the year; indicating that, we are reinvested significant part of the revenue we earn.

EBIT Margin Trends



Earnings per share

Earnings per share for the Company was TShs 359.36 as compared to TShs 208.22 reported in 2013. This represents an increase of 73% which is in line with the increased profitability of the Company.

Human Resource

In 2014 several steps were taken to improve staff welfare such as improvement of their remuneration, training as well as enhancement of both medical and insurance covers. Measures were also taken to secure recertification under OSHA. More importantly, industrial relations in the company were maintained at an excellent level through regular consultative meetings with the Trade Union-COTWU. Swissport Tanzania for the second time was recognized for having in place a workers council where staff participate openly in airing their views on how to improve service and their welfare.

Investments

In 2014, TShs 7,923 million was invested compared to TShs 3,164 million that was invested in 2013. Out of the foregoing, TShs 6,819 million was spent on the construction of the new warehouse and TShs 1,104 was spent on ground support equipment and staff transport. Investments worth TShs 938 million for push back tractor and container and pallet dollies were commissioned in 2015 hence its costs shall be reported in 2015. All investments were funded internally.

Awards

In 2014 we received financial reporting award, NBAA best presented financial statements, 1st winner in the category of service entities in recognition of our excellence in the financial reporting among companies in Tanzania. We have won this award for the 4TH time in a row.

Future Outlook

We are projecting a slight increase in flight frequencies and cargo throughout in 2015. We are also projecting improved performance at our two new stations and are looking forward to start serving other scheduled operators at Mtwara and Songwe airports. The construction of a new import warehouse facility at Julius Nyerere International Airport is progressing well, we commissioned the bulk handling area in November 2104 as planned. We expect to complete and migrate to the main warehouse by end April 2015. Phase 2 of the project involving construction of corporate and customer offices will be completed and commissioned latest by August 2015. Plans to convert our existing warehouse into a well-structured export perishable center are at advanced stage and will be rolled out soon after migrating our import operations to the new warehouse.

Our business landscape is expected to continue changing in 2015 and we are taking steps to ensure the company is not going to be affected adversely.

Appreciation

On behalf of the entire management team I would like thank all our esteemed customers for their patronage, the Board of Directors for guidance and support, our employees at all levels; not forgetting our other stakeholders for their cooperation throughout 2014.

Asanteni Sana!

Gaudence Kilasara Temu
Chief Executive Officer

REPORT OF THE DIRECTORS

FOR THE YEAR 31 DECEMBER 2014

The directors submit their report together with the audited financial statements for the year ended 31 December 2014, which disclose the statement of profit and loss and other comprehensive income, statement of financial position, statement of changes in equity, statement of cash flow and notes of Swissport Tanzania Plc (the “Company”).

1 DIRECTORS

The directors of the Company at the date of this report, all of whom have served since 1 January 2014, except where otherwise stated, are:

DIRECTORS OF THE COMPANY

Chairman
Mr. Juan J.A. Alvez
Spanish
Representing SPI*

Director
Prof. Letitia Rutashobya
Tanzanian
Representing local shareholders

Director
Mr. George Fumbuka
Tanzanian
Representing local shareholders

Director
Mr. Jeroen de Clercq
Dutch
Representing SPI*

Director
Mr. Nils Pries Knudsen
Danish
Representing SPI*

* SPI: Swissport International Ltd.

In accordance with the Company's Articles of Association, the directors are not required to retire by rotation. None of the directors are executive, 3 of the directors are representing Swissport International Ltd (SPI) and are senior executives at SPI and 2 of the directors are representing local shareholders. 2 out of 5 board directors, as indicated hereunder, has an interest in the issued and fully paid up shares of the Company.

Name	**Shares 2014**	Shares 2013
1 Mr. George Fumbuka	447	547
2 Prof. Letitia Rutashobya	500	500

The directors are each entitled to the directors' fees paid annually as follows:

	US$
The Chairman of the Board	10,000
Other directors	8,000

The directors are also entitled to sitting allowance for every meeting of the Board or its committees as follows:

	US$
The Chairman of the Board	1,000
Other directors	800

The Company Secretary as at the date of this report who has served throughout the period was Mr Gaudence K. Temu.

Fees for the directors representing SPI are paid directly to SPI.

2 COMPANY SHAREHOLDING

As at 31 December 2014 the Company had 11,148 shareholders (31 December 2013 – 11,178 shareholders). Ten major shareholders of the Company are listed below:

	Name	**Nationality**	**% of Holding**
1	Swissport International Ltd.	Swiss	51
2	SBSA ACC Barca Global Master Fund LP	Tanzanian	7
3	National Social Security Fund	Tanzanian	5
4	Public Service Pensions Fund	Tanzanian	4
5	Parastatal Pensions Fund	Tanzanian	3
6	Sayeed H. Kadri&/or Basharati Kadri	Tanzanian	1
7	SCB (T) Nominee Ltd Standard Chartered Bank	Tanzanian	1
8	SCB (T) Nominees SCBM Re: Altree Custody Services A/C Frontier Market Select Fund II L.P	Tanzanian	1
9	G.A.K. Patel & Co. Limited	Tanzanian	1
10	Social Action Trust Fund	Tanzanian	0.91

2 COMPANY SHAREHOLDING (continued)

As at 31 December 2013 the Company had 11,178 shareholders (31 December 2012 – 11,307 shareholders). Ten major shareholders of the Company are listed below:

	Name	Nationality	% of Holding
1	Swissport International Ltd.	Swiss	51
2	SBSA ACC Barca Global Master Fund LP	Tanzanian	7
3	National Social Security Fund	Tanzanian	5
4	Public Service Pensions Fund	Tanzanian	4
5	Parastatal Pensions Fund	Tanzanian	3
6	SCB (T) Nominee Ltd Standard Chartered Bank	Tanzanian	2
7	G.A.K. Patel & Co. Limited	Tanzanian	1
8	Sayeed H. Kadri&/or Basharati Kadri	Tanzanian	1
9	SCB (T) Nominees SCBM Re: Altree Custody Services A/C Frontier Market Select Fund II L.P	Tanzanian	1
10	Social Action Trust Fund	Tanzanian	0.91

3 ACCOUNT PERIOD

The Company's accounting circle is January to December. The financial information presented in this financial statements are for the year ended 31 December 2014.

4 ACTIVITIES

The Company's principal activities are the provision of airport ground handing and cargo handling services.

The Company is presently operating at Julius Nyerere and Kilimanjaro International Airports, Songwe and Mtwara Airports. The execution of the existing expansion plans may lead to the application of the concession to operate at any other airport in the United Republic of Tanzania.

The Company has also licenses for the provision of aircraft maintenance and fuelling services. These services were not provided during the year.

5 OPERATING AND FINANCIAL REVIEW

Revenue realised from ground handling and cargo handling services for JNIA, KIA, Songwe and Mtwara operations are as follows:

	2014 Revenue TShs M	2013 Revenue TShs M
Dar es Salaam		
Ground handling services	20,055	16,716
Cargo handling services	15,527	11,148
Sub total	35,582	27,864

	2014 Revenue TShs M	2013 Revenue TShs M
Kilimanjaro		
Ground handling services	6,295	6,356
Cargo handling services	1,679	1,752
Sub total	7,974	8,108
Songwe		
Ground handling services	791	86
Sub total	791	86
Mtwara		
Ground handling services	40	57
Sub total	40	57
Grand total	44,387	36,115

Revenue for the year was 23% higher than the revenue realised in the year ended 31 December 2013. Both ground and cargo handling services contributed to the revenue increase. The increase in ground handling revenue was due to increase in flight frequencies by Fastjet, Kenya Airways, Turkish Airlines, Emirates, South African Airways, RwandAir and ad-hoc operators, start of new operation by Air Seychelles, Etihad Airways and Flydubai and the use of bigger aircrafts by certain airline customers. This good performance by other airline customers was affected by unexpected departure of Air Uganda when they stopped operations in June 2014.

The increase in cargo handling revenue is due to increase in cargo handling charges, the Company increased cargo handling charges in April 2014, and increased efficiency due to the ongoing cargo processes re-engineering. Volumes of cargo handled during the year decreased to 23,908 tons from 25,126 tons in 2013, mainly due to decrease in imports and export of vegetables, fish, meat and flowers. Cargo export is still contributing less towards our cargo revenue.

5 OPERATING AND FINANCIAL REVIEW (continued)

The financial performances during the year in both ground and cargo handling services were good. The Company realised 17% (2013 – 25%) increase in ground handling revenue and 33% (2013 – 9%) in cargo handling revenue. Profit before tax increased by 64% to TShs 18,693 million (2013: increased by 17% to TShs 11,387 million), mainly due to increase in revenue and cost control measures instituted by management. The following are key operational performance indicators for the performance of the Company:

	2014	2013
Flights handled – numbers	**15,225**	13,098
Passenger handled – embarked	**1,111,156**	905,347
Cargo handled – tons	**23,908**	25,126
Number of flights handled per station		
Dar es Salaam (JNIA)	**10,806**	8,972
Kilimanjaro (KIA)	**3,839**	4,058
Mbeya (Songwe)	**567**	39
Mtwara	**13**	29
	15,225	13,098
Volume of cargo handled per station		
Dar es Salaam (JNIA)	**20,681**	21,593
Kilimanjaro (KIA)	**3,227**	3,533
	23,908	25,126

The Company generated enough cash flow to finance its operating activities. During the year the Company generated TShs 12,913 million from its operating activities (2013 – TShs 12,291 million). Operating cash flow was mainly influenced by revenue for the year and corporate tax paid during the year. Corporate tax paid during the year was Tshs 5,935 million (2013 – TShs 3,461 million). The construction of a new import warehouse continued, this necessitated more spending on investments and in return affected the Company's cash flow. However, we continue to review the Company's cash flow and were satisfied that the investment spending is not affecting the ability of the Company to meet its maturing obligation. Management continue monitoring its cash flow on monthly basis to avoid lack of funds to meet its obligations.

During the year the Company faced various operational and commercial challenges. Long and short-term strategies such as meeting and discussing commercial and operational issues with customers, training of staff, recruitment of new staff and investments implemented to address the challenges faced by the Company. The challenges were fully addressed and had no significant impact on the Company's financial performance and its cash flow.

6 VALUE ADDED STATEMENT

The value generated by the Company is distributed as follows:

	2014 TShs M	2013 TShs M
Revenue (including other revenue)	**44,589**	36,224
Purchase of materials (fuel, maintenance, rent and others purchases)	**(8,161)**	(9,278)
Value added	**36,428**	26,946
Valued Added applied in the following ways:		
To employee wages, pensions and other benefits	**12,127**	10,844
To pay dividends to shareholders	**7,106**	5,766
To pay concession to TAA	**3,612**	2,809
To pay concession to KADCO	**417**	405
To pay corporation tax (charge)	**5,756**	3,891
To provide for maintenance and expansion of assets:		
Depreciation	**1,579**	1,501
Retained profits	**5,831**	1,730
	36,428	26,946

7 FUTURE DEVELOPMENTS

The Company foresee a further increase in flight frequencies during the financial year 2015. The increase in frequencies will be attributed by the plans of airline customers to increase frequencies. The plans presented by our airline customers have historically been executable. We also anticipate continued business growth in our executive aviation wing, mainly from increase in chartered and adhoc flights.

The completion of Terminal III is expected to stimulate further growth in the aviation sector and this will automatically benefit our Company. The impact of Terminal III is not included in our 2015 projections but will be included in our 2015 business plan.

The aforementioned factors will contribute positively towards our ground handling business.

The growth of the ground handling business necessitates investment into ground handling equipment (GSE). We reviewed our investment requirements in line with the ongoing developments in the aviation industry and invest on necessary GSE to better serve our airline customers.

Our future growth of ground handling business will be affected by the recruitment of a second ground handler at JNIA; we are aware of this factor and have critically analysed the situation and incorporated its impact in our 2015 budget.

7 FUTURE DEVELOPMENTS (continued)

Future outlook of our cargo business is also good, we however do not expect growth of the volume of cargo handled. The growth of the volume of cargo handled is affected by the improved efficiency of the port and decline of air cargo from telecommunication companies, Medical Store Department and oil and gas exploration companies.

The completion of a new warehouse during year 2015 is expected to improve operational efficiency.

On the other hand cargo exports are still very low. As a Company we have taken various measures to promote exports. In 2012, we constructed a new cold room to provide more space for storage of perishables and ensure that perishable imports and exports are not mixed. It is the Company's plan to convert the existing cargo warehouse to a perishable handling centre once the construction of the new import warehouse is completed and our import operations are shifted to the new warehouse.

We are planning to continue investing in our cargo handling business by improving our processes, enhancing of bar coded technology, CCTV and cargo spot system to better serve our customers and improve our efficiency. Our actions in improving service delivery and efficiency are expected to have positive impact to our business. It is also our expectation that various export initiatives which are ongoing will bring positive change in the volumes of exports, hence increasing our export revenues.

We are also planning to expand our operations into other airports countrywide. This is in line with our growth strategy and will depend on the volume of business and if the Tanzania Airports Authority will grant concessions to us.

In line to our growth strategy we applied and are licensed to provide aircraft line maintenance and plane fuelling services. We are yet to start providing these services but we are evaluating various available business opportunities.

The Company will continue investing in both ground support equipment and technology to support the business. Depending on the Company's cash flow position, future investments will be partly financed by internally generated funds and bank loans. The directors are of the opinion that good financial performance of the Company will be sustained in year 2015.

8 NEW CARGO FACILITY

The warehouse construction is progressing well, phase 1 of the construction which entails the construction of the warehouse will be completed by 31 March 2015 and all import operations will be shifted to the new warehouse by end of April 2015. This will result to the improvement of operational efficiency. Phase 2 of the project, which entails the construction of offices, will be completed before end of June 2015. Some of the offices shall be used as the Headquarters of the Company and some of the offices shall be rented to the airline customers. The move is intended to let the airline customers keep track of the service delivery.

8 NEW CARGO FACILITY (continued)

The construction works are still carried out by Nandhra Engineering and Construction Company Limited. At completion the facility will cost US$ 10.5 million, which includes construction costs, consultancy fees, fit outs and taxes.

The project has so far been financed by internally cash generated funds. The applied and approved bank loan of US$ 3.5 million from FNB Tanzania Ltd is yet to be drawn down.

9 COMPETITION

The ground handling business at Julius Nyerere International Airport (JNIA) has been liberalised and several companies have been given Class 1 license, which allow them to provide ground handling services at the existing International Airports in Tanzania provided that they are given concession to operate at such airport by Tanzania Airports Authority (TAA). Certain airlines have also been licensed to self-handle own flights and are doing so.

Further liberalisation of the ground handling business is expected as Tanzania Airports Authority (TAA) has been considering recruiting a second ground handler at the JNIA. We believe that a second ground handler will be recruited in the near future.

Cargo handling services are yet to be officially liberalised. However, in the year 2011 some companies were licensed to provide cargo services at Julius Nyerere and Kilimanjaro International Airports. Some of these companies applied for and have been granted land by TAA for the construction of warehouse facilities. We expect one new warehouse constructed at JNIA to be operational soon.

Despite the expected competition, the directors believe that 2015 financial performance will not be significantly affected.

The directors have formulated several plans and strategies that will provide consistent performance in a competitive environment. Some of the plans established by the directors are:products and market diversification, introduction of key account managers' and service controllers' roles to properly manage services offered to airline customers, training of staff to improve service delivery, improving efficiency and re-negotiate long-term contracts with airline customers.

10 RESULTS AND DIVIDENDS

The Company achieved net profit for the year of TShs 12,937 million (2013: TShs 7,496 million). The directors recommend the approval of a final dividend of TShs 6,424 million equal to TShs 178.43 per issued and fully paid share (2013 – final dividend of TShs 3,179 million equal to TShs 88.31 per issued and fully paid in share).

An interim dividend of TShs 3,927 million or TShs 109.07 per share was approved in August 2014 making a total dividend for year 2014 to be TShs 10,351 million or TShs 287.50 per share (2013 – interim dividend of TShs 2,818 million or TShs 78.29 per share was approved in August 2013 making the total dividend for the year 2013 to be TShs 5,997 million or TShs 166.58 per share).

11 SOLVENCY

The Company's state of affairs at 31 December 2014 is set out on page 23 of the financial statements. The Company has a net current asset position, meaning is able to settle all its current liabilities. Long-term liabilities are well covered by the long-term assets and the net current asset. The Company has not drawn down its approved bank loan.

12 STOCK EXCHANGE INFORMATION

49% of the Company's issued shares are listed at the Dar es Salaam Stock Exchange and during the year they were continuously traded in a secondary market. In the year 2014, the performance of the Company's shares in the secondary market was as follows: Market capitalization as at 31 December 2014 was TShs 180,360 million (2013 – TShs 96,480 million), total turnover of Company's shares at DSE was TShs 4,882 million (2013 – TShs 667 million), average price of Company shares was TShs 4,346 (2013 – TShs 2,198) and the closing share price as at 31 December 2014 was TShs 5,010 per share (2013 – TZS 2,680). (IPO price in 2003 was TShs 225 per share).

13 DISABLED PERSONS

It is the Company's policy to accept disabled persons for employment for those vacancies that they are able to fill. The Company also maintains its policy of continued employment of employees who become disabled while in service. At 31 December 2014, the Company had 4 disabled employees (2013 – 4 disabled employees).

14 TRAINING

The Company has a training unit, which is also responsible for quality management systems. A Training, Quality and Compliance Manager head the unit. The Manager receives annual training needs from each department and compiles a Companywide training calendar. Trainings are offered to all employees according to the needs without segregation. However, priority is given to all mandatory trainings as required in the airline industry and/or by the individual airline. During the year the Company spent TShs 139 million in training (2013 – TShs 223 million).

Advanced Active Leadership and Active Leadership trainings continue to be run by Swissport International. No Managers and Supervisors were trained in 2014 (2013: 5 Managers and Supervisors were trained). A large number of our Managers and Supervisor have now attended the trainings.

Swissport Training Centre continued to operate and we continued training our own staff and other various external stakeholders. IATA courses and several other aviation courses were offered in 2014. We continue building our capacity and we hope to achieve the intendedobjective of providing better training place for the employees, reduction of training costs and proving training opportunity to various stakeholders in the aviation industry.

Our training centre, which is, now located at DRTC House, will be relocated to our new cargo facility when the construction is completed.

15 PERFORMANCE MANAGEMENT

Performances of staff at all levels are reviewed annually based on pre-agreed goals and Key Performance Indicators (KPIs). Performance management process for all key management staff is managed using TALEO system. A well-designed manual system is used to evaluate the performance of all other remaining staff.

16 SUBSEQUENT EVENTS

There were no events subsequent to the year-end up to the date of this report that required either a disclosure or an adjustment in the financial statements.

17 LICENSE

We are licensed by Tanzania Civil Aviation Authority (TCAA) to provide ground handling and cargo handling services in Tanzania. In addition to ground and cargo handling services our new license, which will expire on 15 May 2018, allows us to offer aviation fuelling and aircraft maintenance services.

18 CONCESSION AGREEMENTS

The Company has concession agreements with Tanzania Airports Authority (TAA) to operate at Julius Nyerere International Airport (JNIA), Songwe and Mtwara Airports and with Kilimanjaro Airport Development Corporation (KADCO) to operate at Kilimanjaro International Airport (KIA). The expiry dates of all concession agreements are as follows:

Julius Nyerere International Airport	December 2020
Kilimanjaro International Airport	December 2020
Songwe Airport	March 2018
Mtwara Airport	November 2016

The directors are confirming compliance with terms and conditions of the existing concession agreements as stipulated by TAA and KADCO.

19 EMPLOYEE WELFARE

(a) Relationship between management and employees

A collective agreement entered into between the Communication and Transportation Workers Union (COTWU) and management governs the relationship between management and employees.

The existing agreement between COTWU and management provides details of employees' benefits. Employees' benefits are paid as stipulated in the agreement. Three years agreement to year 2016 was signed on 30 December 2013.

COTWU provides a link between management and employees. Matters affecting employees are discussed between COTWU and management on monthly basis. Management also holds departmental and general staff meetings where issues affecting employees are discussed and appropriate solutions are established.

Further to the existing agreement between COTWU and management, the Company has documented human resource policies. These policies clearly stipulate rights and benefits of employees.

The Company also has a Master Workers Council (MWC), which is made up by members from the management and general employees. MWC meets at least twice a year to discuss the Company's budget and the financial results of the Company. Employees through their representatives who are members of the MWC are involved in the decision making process regarding the budget and the financial results.

(b) Industrial safety

The Company continued to comply with the standards of industrial safety established by Occupational Safety and Health Authority (OSHA), Tanzania Civil Aviation Authority (TCAA), International Civil Aviation Organisation (ICAO) and International Air Transport Association (IATA).

(c) Medical facilities

The Company through its contracted hospitals fully meets the cost of medical consultation and treatment for all permanent and pensionable employees and their immediate families. Contract staff are encouraged to join NSSF medical scheme.

In August 2014, we entered into an agreement with National Health Insurance Fund (NHIF) where all staff with over one year employment contract are covered through National Health Insurance Fund. This agreement halts all prior medical arrangements.

(d) Uniforms and protective gears

To ensure that our staff are operating in safe environment and are protected from operational hazards, staff are properly trained on safety issues and are provided with uniforms and all relevant protective gears

19 EMPLOYEE WELFARE (continued)

(e) Employee benefits (Pension obligations - defined contribution plan)

Permanent and pensionable employees are members of Parastatal Pension Fund (PPF) and all contract staff are members of the National Social Security Fund (NSSF). The Company contributes 15% of basic salary to PPF and 10% of gross salary to NSSF on behalf of permanent and pensionable, and contract employees respectively. The Company also contribute 10% of some of contract staff basic pay to PPF.

(f) Employee benefits (Pension obligations – defined benefit plan)

The Company has an unfunded non-contributory employee gratuity arrangement for permanent and pensionable employees (the "Arrangement") which provides for lump sum payments to its employees on their retirement at the age between 55 and 60 years, on early retirement for approved reasons and on death. Detailed financial information of the arrangement are provided in Note 22 to the financial statements.

g) Group life insurance policy

The Company has a group life cover where all employees with employment contract of over one year are covered and compensated when they are injured or demise. Funeral benefits are also provided on deaths of dependants and biological parents.

(h) Swissport SACCOS

Company's employees established Swissport SACCOS, where employees are free to join. SACCOS is meant to help employees to secure short term and soft loans. Management is overseeing the operations of SACCOS. In 2014, Swissport SACCOS secured additional loan of TShs 450 million (2013 – TZS 200 million) from PPF and the money was lent to willing staff who are members of SACCOS. The loan is repaid back through monthly payroll deductions. SACCOS is financially sound and has adequate funds to lend its members.

20 INVESTMENTS

The Company has a clear investment policy, where all investment requirements are established by Head of Sections, reviewed, valued and included in the Company's budget. The planned investments are thereafter presented and approved by SPI and Board of Directors. At implementation of the planned investment, investment requests are raised by the Chief Financial Officer and approved by either the CEO or SPI, the approval level is determined by the approved limits set by SPI.

The Company continued with its initiatives to modernise its asset. In year 2014, the Company invested TShs 7.9 billion in various assets (2013 – TShs 3.2 billion). TShs 6.8 billion were spent on the construction of the warehouse and TShs 1.1 billion was spent on operational equipment. Details of the investments are provided in Note 17 to the financial statements.

21 RELATIONSHIP WITH STAKEHOLDERS

The Company has good and strong relationship with its customers, suppliers, bankers, lawyers, employees, tax authority, airports authority and regulators.

22 ACCOUNTING POLICIES

Accounting policies applied are consistent, unless where new standards have been applied. New standards applied in 2014 did not result to any significant change in the financial performance or disclosures of the Company's financial statements. Future changes are also not expected to bring any significant change in the financial performance or disclosures of the Company's financial statements.

23 RELATED PARTY TRANSACTIONS

Other than charges for the use of Cargospot and Infraport systems, travel and IT support recharges and insurance recharges, the Company does not have significant transactions with its holding Company.

The Company entered into several transactions with the directors and its key management personnel. The Directors are provided on page 3. The key management personnel of the Company are:

Name		Title
1	Mr. Gaudence K. Temu	Chief Executive Officer
2	Mr. Mrisho B. Yassin	Chief Financial Officer
3	Ms. Stella Kitali	Ground Handling Manager
4	Mr. Wandwi Mugesi	Cargo Services Manager
5	Mr. James Mhagama	Contracts and Marketing Manager
6	Mr. Ali Sarumbo Kilimanjaro	Station Manager
7	Mr. Daniel Simkanga Training,	Quality and Compliance Manager
8	Mrs. Neema Mwang'amba	Human Resources Manager
9	Mr. Konyagi Jandwa	Information, Communication and Technology

Detailed financial information with related parties are provided in Note 24 to the financial statements.

24 PROCESS MANAGEMENT

The Company operates under quality and environmental management systems, which are both internationally certified. The quality management system is certified to the ISO 9001:2008 standards, and the environmental management system is certified to the ISO 14001:2004 standards. The two standards help the Company to sustain and improve quality of its work and ensuring compliance with the environmental laws/regulations. These certifications are audited, reviewed and updated annually to maintain our certifications. Our two systems were recertified in year 2014 and the new certificates are valid up to November 2017.

24 PROCESS MANAGEMENT (continued)

ISO certification requires that we have all our processes documented and we have operation and finance processes documented.

25 SWISSPORT FORMULA

Swissport Formula is a management tool kit, which was introduced by SPI throughout Swissport Network. At DAR, this tool was rolled out in 2008 aiming at changing the Swissport culture from local understanding of "The Swissport way of doing things" to a more global approach reinforcing local strengths with the Swissport core values. Since the introduction of Swissport Formula, we have witnessed service improvements at all levels, and this has enabled the top management to concentrate on important tasks of controlling, directing and not on daily operational issues that are now under first level management or middle managers in order to achieve quality targets in operations. Swissport Formula consists of two key elements namely: **KPI's** and **Active Supervision.**

KPI's are performance measurements that play a very important role in our daily operations, helping to measure our own performance for better improvement. On the other hand Active Supervision is a structured floor management system that empowers middle managers in a very formal and structured way to be able to control the whole daily operation, by doing so, repetitive daily operational issues can be avoided or if they occur they can be followed up and solved by middle management levels.

26 SAFETY

Safety and Health Management System implementation is governed by the Cooperate policy whose objectives are achieved through the implementation of the Safety and Health Management Manual, which is further, summarized in the Standard Managing Procedures (SMP) which makes the implementation of the System easier and effective.

Safety management system is structured in the manner that ensures that everyone participates in ensuring safety within the company. We always ensure compliance with Swissport's safety requirements and customer airlines and Authorities' Safety requirements.

To ensure safety is enhanced and maintained, safety campaigns are carried out from time to time. Safety alerts and posters are issued to sensitize staff. Safety inspections and audits are done from time to time and incidents are collected and analyzed to assess the effectiveness of SMS. No major safety incident was recorded in year 2014 (2013 – Nil)

27 ENVIRONMENT

The Company has implemented the Environmental Management System (EMS), which provides a mechanism for environmental management throughout the company. EMS is designed to address environmental aspects that may influence our operations. These include those, which can be controlled and directly managed, and those, which cannot. Like any other Management systems, EMS is governed by the environmental policy.

27 ENVIRONMENT (continued)

The Company environment policy is designed to ensure compliance with the existing environmental regulations and any other instructions issued within the aviation industry.

No project is implemented without thorough assessment of its impact to the environment and necessary approvals are obtained.

28 CORPORATE SOCIAL RESPONSIBILITY

The Company has a policy of giving back part of its profit to the community by a way of charitable donations. During year 2014, the Company provided various support to the community totalling TShs 107 million (2013 – TShs 96 million).

29 NEW OPERATING STATIONS

In 2013, we established operations at Mtwara and Songwe Airports. Operations at Mtwara Airport started on 1 January 2013 while that of Songwe started on 15 November 2013. Economical and careful investments were made at both stations and the financial performance of the two stations was fairly good during the year, no operational losses were recorded.

Financial information for both stations are maintained at Dar es Salaam.

30 CORPORATE GOVERNANCE

The Board is committed to the principle of best practice in corporate governance. To execute the principle of corporate governance the Board observed four principles namely: Nonexecutive Directors, Directors remuneration, Relations with shareholders, and Accountability and Audit.

i) Directors

The Board of Directors has five directors and all of them are non-executive directors hence not involved in day to day running of the business. All directors are considered by the Board to be independent of management and free from any business or other relationship, which could materially interfere with the exercise of their independent judgment. The Board of Directors possesses a range of experience and is of sufficiently high calibre to bring independent judgment to bear on issues of strategy, performance, resources and standards of conduct that is vital to the success of the Company. A clear separation is maintained between the responsibilities of the Chairman, who is concerned with the running of the Board, and executive management responsible for the running of the Company's business. The Board is responsible to shareholders for the proper management of the Company and is responsible for the Company's objectives and policies and providing effective leadership and control required for a public Company. Two board meetings were held during year ended 31 December 2014 (2013 – two board meetings) which were attended by the Chief Executive Officer, who is also a Secretary of the Board and the Chief Finance Officer.

30 CORPORATE GOVERNANCE (continued)

ii) Directors remuneration

Directors' remunerations are approved at the Annual General Meeting (AGM). These include director's fees and sitting allowances. The Board of Directors approves key management remunerations. It is the Company's principle to remunerate its directors and key management personnel in accordance with their responsibilities and prevailing market conditions. Directors' and key management remuneration is highlighted in Note 24 to the financial statements.

iii) Relations with shareholders

The Board places considerable importance on effective communication with shareholders. All shareholders have access to the annual report and financial statements. Other important information about the Company can be accessed by shareholders through the Company's quarterly newsletter "Oasis" and through Swissport International Ltd's website www.swissport.com. The Board uses the Annual General Meeting to communicate with institutional and private investors and welcomes their participation.

iv) Accountability and Audit

The Board is mindful of its responsibility to present a balanced and clear assessment of the Company's financial position and prospects. This assessment is primarily provided in the Directors' Report. The internal control systems have been designed to manage rather than eliminate the risk of failure to achieve business objectives and provide reasonable assurance against material misstatement or loss. The control environment is strong with a well organizational structure, risk identification and evaluation process, information and financial reporting systems, investment appraisal process, strong internal audit and robust fraud management system. Review of the effectiveness of the system of internal controls is delegated and carried out by the Board Audit Committee.

During the year the Board Audit Committee was comprised of three directors, Mr George Fumbuka, Prof. Letitia Rutashobya and Mr Jeroen de Clercq a director representing Swissport International. The committee met three times during 2014 (2013 – three times) where the Chief Executive Officer, the Chief Financial Officer and the Internal Auditors also attended. A representative of the Company's external auditors attended two meetings (2013 – two meetings).

The Audit Committee is responsible for reviewing the effectiveness of the Company's risk management, internal control systems and operations which includes the half year and annual financial statements and the Company budgets before their submission to the Board, and monitoring the controls which are in force to ensure the integrity of the financial information reported to the shareholders. The Board Audit Committee advises the Board on the appointment of the external auditors, approves their remuneration and discusses the nature, scope and results of the audit with the external auditors.

30 CORPORATE GOVERNANCE (continued)

v) Attendance of the Board and Audit Committee meetings

	Name	77rd BOD meeting	78th BOD meeting	26th BAC meeting	27th BAC meeting	28th BAC meeting
1	Mr. Juan J. A. Alvez	√	√	*	*	*
2	Prof. Letitia Rutashobya	√	√	X	√	X
3	Mr. George Fumbuka	√	√	√	√	√
4	Mr. Jeroen de Clercq	√	√	√	√	√
5	Mr. Nils Pires Knudsen	X	X	*	*	*

*not a member; √ attended the meeting; X absent with apology

31 STATEMENT OF COMPLIANCE

Directors are of the opinion that the Company complied with all laws and regulations and guidelines affecting the Company and its related operations.

32 AUDITORS

The auditors, KPMG, have expressed their willingness to continue in office and are eligible for re-appointment. A resolution proposing the re-appointment of KPMG as auditors of the Company for year 2015 will be put to the Annual General Meeting.

BY ORDER OF THE BOARD

Mr Juan Jose Andres Alvez
Chairman of the Board of Directors

Date: 2 March 2015

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STATEMENT OF DIRECTORS' RESPONSIBILITIES

FOR THE YEAR 31 DECEMBER 2014

The Company's directors are responsible for the preparation of financial statements that give a true and fair view of Swissport Tanzania Plc comprising the statement of financial position as at 31 December 2014, and the statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and the notes to the financial statements, which include a summary of significant accounting policies and other explanatory notes, in accordance with International Financial Reporting Standards, and in the manner required by the Companies Act, 2002.

The directors are also responsible for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and for maintaining adequate accounting records and an effective system of risk management.

The directors have made an assessment of the ability of the Company to continue as going concern and have no reason to believe that the business will not be a going concern in the year ahead.

The auditors are responsible for reporting on whether the financial statements give a true and fair view in accordance with the applicable financial reporting framework.

Approval of financial statements

The financial statements of Swissport Tanzania Plc, as identified in the first paragraph, were approved by the board of directors on 2 March 2015 and signed by:

Mr Juan Jose Andres Alvez
Chairman of the Board of Directors

KPMG
cutting through complexity™

INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF SWISSPORT TANZANIA PLC

Report on the financial statements

We have audited the accompanying financial statements of Swissport Tanzania Plc ("the Company"), which comprise the statement of financial position as at 31 December 2014, and the statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes to the financial statements which include a summary of significant accounting policies and other explanatory notes as set out on pages 22 to 60.

Directors' responsibility for the financial statements

The Company's directors are responsible for the preparation of financial statements that give a true and fair view in accordance with International Financial Reporting Standards, and in the manner required by the Companies Act, 2002 and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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 the audit to obtain reasonable assurance about whether 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 our 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, we consider internal control relevant to the entity's preparation of financial statements that give a true and fair view 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 financial statements give a true and fair view of the financial position of Swissport Tanzania Plc as at 31 December 2014, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards and in the manner required by the Companies Act, 2002.

Report on other legal and regulatory requirements

As required by the Companies Act, 2002 we report that:

- in our opinion, proper accounting records have been kept by Swissport Tanzania Plc;
- the individual accounts are in agreement with the accounting records of the company; and
- we obtained all the information and explanations which, to the best of our knowledge and belief, are necessary for the purposes of our audit.

KPMG
Certified Public Accountants (T)

Signed by: M. Salim Bashir
Dar es Salaam
12 March 2015

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR 31 DECEMBER 2014

	Note	2014 TShs M	2013 TShs M
Revenue	6	**44,387**	36,115
Other operating income	7	**202**	109
Staff costs	8	**(12,127**	(10,844)
Concession fees	9	**(4,029)**	(3,214)
Fuel and maintenance costs	10	**(2,127)**	(1,986)
Depreciation of property and equipment	17	**(1,579)**	(1,501)
Rent and other occupancy costs	11	**(1,547)**	(1,530)
Other operating expenses	12	**(4,487)**	(5,762)
Total operating expenses		**(25,694)**	(24,728)
Operating profit before income tax		**18,693**	11,387
Income tax expense	13	**(5,756)**	(3,891)
Profit for the year		**12,937**	7,496
Other comprehensive income:			
Actuarial loss		**546**	(16)
Deferred income tax		**(164)**	5
Total other comprehensive income net of tax		**382**	(11)
Total comprehensive income for the year		**13,319**	7,485
Earnings per shares (TShs) – Basic	15	**359.36**	208.22
– Diluted	15	**359.36**	208.22

STATEMENT OF FINANCIAL POSITION

AS AT
31 DECEMBER 2014

	Note	2014 TShs M	2013 TShs M
ASSETS			
Non-current assets			
Property and equipment	17	**15,012**	8,669
Deferred tax assets	14	**1,150**	465
Staff receivable	19	**97**	48
		16,259	9,182
Current assets			
Inventories	18	**266**	187
Trade and other receivables	19	**5,144**	4,227
Income tax recoverable		**-**	70
Cash and cash equivalents	20	**6,130**	8,229
		11,540	12,713
Total assets		**27,799**	21,895
EQUITY			
Share capital	21	**360**	360
Retained earnings		**19,619**	12,897
Total equity		**19,979**	13,257
LIABILITIES			
Non-current liabilities			
Retirement benefit obligations	22	**3,595**	3,699
Current liabilities			
Trade and other payables	23	**4,134**	4,939
Current income tax liabilities		**91**	-
		4,225	4,939
Total liabilities		**7,820**	8,638
Total equity and liabilities		**27,799**	21,895

The financial statements on pages 32 to 68 were authorised for issue by the board of directors on 2 March 2015 and were signed on its behalf by:

Juan José Andrés Alvez
Chairman of the Board of Directors

Mr George Fumbuka
Director

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR 31 DECEMBER 2014

	Note	Share capital TShs M	Retained earnings TShs M	Total TShs M
Year ended 31 December 2014				
At start of year		360	12,897	13,257
Comprehensive income:				
Profit for the year		-	12,937	12,937
Other comprehensive income:				
Actuarial loss-net of tax		-	382	382
Total comprehensive income		-	13,319	13,319
Deferred tax on prior year actuarial losses		-	509	509
Transactions with owners:				
Dividends paid	16	-	(7,106)	(7,106)
At end of year		**360**	**19,619**	**19,979**
Year ended 31 December 2013				
At start of year		360	11,178	11,538
Comprehensive income:				
Profit for the year		-	7,496	7,496
Other comprehensive income:				
Actuarial loss-net of tax		-	(11)	(11)
Total comprehensive income		-	7,485	7,485
Transactions with owners:				
Dividends paid	16	-	(5,766)	(5,766)
At end of year		**360**	**12,897**	**13,257**

STATEMENT OF CASH FLOWS

FOR THE YEAR 31 DECEMBER 2014

	Note	2014 TShs M	2013 TShs M
Operating activities			
Profit before income tax		**18,693**	11,387
Adjustment for:			
Depreciation of property and equipment	17	**1,579**	1,501
Provision for retirement benefit obligations	22	**695**	692
Gain on disposal of property and equipment	7	**(17)**	(26)
Working capital adjustments:			
(Increase)/decrease in inventories		**(79)**	100
(Increase)/decrease in trade and other receivables		**(965)**	1,120
(Decrease)/increase in trade and other payables		**(805)**	1,607
		19,101	16,381
Retirement benefits paid	22	**(253)**	(629)
Income tax paid		**(5,935)**	(3,461)
Net cash from operating activities		**12,913**	12,291
Investing activities			
Proceeds from sale of property and equipment		**17**	26
Purchase of property and equipment	17	**(7,923)**	(3,164)
Net cash used in investing activities		**(7,906)**	(3,138)
Financing activities			
Dividends paid to the Company's shareholders	16	**(7,106)**	(5,766)
Net cash used in financing activities		**(7,106)**	(5,766)
Net decrease/(increase) in cash and cash equivalents		**(2,099)**	3,387
Movement in cash and cash equivalent			
Decrease/(increase) in cash and cash equivalents		**2,099**	3,387
At 1 January	20	**8,229**	4,842
At 31 December	20	**6,130**	8,229

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2014

1 GENERAL INFORMATION

Swissport Tanzania Plc is a limited liability Company incorporated under the Companies Act, 2002 and is domiciled in the United Republic of Tanzania. The Company shares are listed on the Dar es Salaam Stock Exchange. The principal activities of the Company are disclosed in the Report of the Directors and full details of the Company's general information are disclosed on Page 1 and 2.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

a) Basis of preparation

These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and the manner required by the Companies Act, 2002.

The financial statements were authorized for issue in accordance with a resolution of the Board of Directors on 12 March 2015. The financial statements have been prepared on a historical cost basis, except where fair value measurements have been applied. The financial statements provide comparative information in respect of the previous period and are presented in Tanzanian Shillings and all values are rounded to the nearest million (TShs M) except when otherwise indicated.

Changes in accounting policies and disclosures

The accounting policies adopted are consistent with those of the previous financial year except for the following new and amended IFRS and IFRIC interpretations effective as of 1 January 2014:

(i) Amended standards which became effective during the year

During the year, the amendments to the following standards became effective

Standard/ interpretation	Content	Applicable for financial years beginning on/after
IFRS 10, 12, 27	Investment Entities	1 January 2014
IAS 32	Offsetting Financial Assets and Financial Liabilities	1 January 2014
IAS 39	Novation of Derivatives and Continuation of Hedge Accounting	1 January 2014
IAS 36	Recoverable Amount Disclosures for Non-Financial Assets	1 January 2014
IFRIC 21	Levies	1 January 2014

The amendments above had no impact to the Company's financial statements.

a) **Basis of preparation (continued)**

(i) Amended standards which became effective during the year (continued)

Annual Improvements 2010-2012 Cycle

In the 2010-2012 annual improvements cycle, the IASB issued seven amendments to six standards, which included an amendment to IFRS 13 Fair Value Measurement. The amendment to IFRS 13 is effective immediately and, thus, for periods beginning at 1 January 2014, and it clarifies in the basis for conclusions that short-term receivables and payables with no stated interest rates can be measured at invoice amounts when the effect of discounting is immaterial. This amendment to IFRS 13 has no impact on the Company's financial statements but lead to further disclosures of fair values.

Annual Improvements 2011-2013 Cycle

In the 2011-2013 annual improvements cycle, the IASB issued four amendments to four standards, which included an amendment to IFRS 1 First-time Adoption of International Financial Reporting Standards. The amendment to IFRS 1 is effective immediately and, thus, for periods beginning at 1 January 2014, and clarifies in the Basis for Conclusions that an entity may choose to apply either a current standard or a new standard that is not yet mandatory, but permits early application, provided either standard is applied consistently throughout the periods presented in the entity's first IFRS financial statements. This amendment to IFRS 1 has no impact on the Company, since the Company is an existing IFRS preparer.

(ii) Standards, amendments and interpretations to existing standards that are not yet effective and have not been early adopted by the Company

During the year, new standards, amendments and interpretations to several existing accounting standards were issued but are not yet effective. Some of these changes are coming from Annual Improvements of 2010-2012 cycle and 2011-2013 cycle. The directors have assessed the relevance of the amendments and interpretations with respect to the Company's operations and concluded that they do not have a material impact on the Company's financial statements. These standards are listed hereunder:

Standard/ interpretation	Content	Applicable for financial years beginning on/after
IFRS 9	Financial Instruments	1 January 2018
IFRS 14	Regulatory Deferral Accounts	1 January 2016
IAS 19	Defined Benefit Plans: Employee Contributions	1 July 2014
IFRS 2	Share-based Payment	1 July 2015
IFRS 3	Business Combinations	1 July 2015
IFRS 8	Operating Segments	1 July 2015
IAS 16	Property, Plant and Equipment	1 July 2015
IAS 38	Intangible Assets	1 July 2015
IAS 24	Related Party Disclosures	1 July 2015
IFRS 13	Fair Value Measurement	1 July 2015
IAS 40	Investment Property	1 July 2015

a) Basis of preparation (continued)

(ii) Standards, amendments and interpretations to existing standards that are not yet effective and have not been early adopted by the Company (continued)

Standard/ interpretation	Content	Applicable for financial years beginning on/after
IFRS 15	Revenue from Contracts with Customers	1 July 2015
IFRS 11	Accounting for Acquisitions of Interests in Joint Operations	1 January 2016
IAS 27	Equity Method in Separate Financial Statements	1 January 2016
IFRS 10 & IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	1 January 2016
Various	Annual Improvements to IFRSs 2012-2014 Cycle	1 January 2016

b) Revenue recognition

Revenue is recognised in profit or loss to the extent that it is probable that future economic benefit will flow to the Company and that the revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivables, taking into account contractually defined terms of payments excluding discounts, rebates and Valued Added Taxation (VAT).

Ground handling
Revenue is recognized when ground handling services are rendered to the airline.

Cargo handling
Documentation, handling and equipment revenue is recognized once the Company handover the shipping documents to the customer to start custom clearance. Storage revenue for all cargo that is in the warehouse is accrued based on the numbers of days the cargo has stayed in the warehouse net of grace period at applicable rates to the extent that it is probable future economic benefits will flow to the Company and that revenue can be reliably measured.

Clearing and forwarding
For imports, the Company recognizes revenue after the completion of clearing process. In case the agreement is on door delivery revenue is recognized when the cargo is delivered and accepted by the customer. Clearing and forwarding revenue from exports is recog nized after shipment upon issue of airway bill and cargo is accepted by the airline for export.

Interest income
Interest earned on short-term investments is recognised in the profit or loss statement on a straight line basis over the investment period and included in finance income.

Rental income
Rental income arising from operating leases is accounted for on a straight-line basis over the lease terms and included in other operating income.

b) Revenue recognition (continued)

Commissions
When the Company acts in the capacity of an agent rather than as the principal in a transaction, the revenue recognised is the net amount of commission.

c) Foreign currencies

i. Functional and presentation currency

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The financial statements are presented in the Tanzanian shillings, which is the Company's functional and presentation currency rounded to the nearest million.

ii. Transactions and balances

Foreign currency transactions are translated into functional currency using the exchange rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated into Tanzanian Shillings at rates ruling at that date. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at the year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit and loss within 'other operating income' or 'other operating expenses'

d) 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.

The Company has two strategic divisions (Ground Handling division and Cargo Services division), which are its reportable segments. These divisions offer different products and services and are managed separately because they require self-assessment of its performance. Financial information of the reportable divisions is provided under Note 5 to the financial statements.

e) Current versus non-current classification

The Company presents assets and liabilities in the statement of financial position based on current/non-current classification. An asset is current if it is expected to be realized or intended to be sold or consumed in normal operating cycle, held primarily for the purpose of trading, expected to be realized 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.

e) Current versus non-current classification (continued)

A liability is current when It is expected to be settled in 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 Company classifies all other liabilities as non-current.

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

f) Determination of fair values

A number of the Company's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either, in the principal market for the asset or liability or in the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible to by the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

Further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

g) Property and equipment

Property and equipment are initially recorded at cost. These assets are subsequently shown at historical cost, less depreciation and impairment losses. Historical cost includes expenditure directly attributable to the acquisition of the items. Subsequent costs are included in asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be reliably measured. Depreciation is calculated using the straight-line method to allocate the cost of each asset to its residual value over its estimated useful life, as follows:

g) Property and equipment (continued)

Description	Years
Leasehold improvements	8
EDP Equipment and software	4
Motorised ground support equipment	10 – 15
Non motorised ground support equipment	7
Furniture and equipment	8
Motor vehicles	4
Fuel and water tank	8
Internet installation	4
Cold storage facility	15

Major renovations are included in the assets' carrying amount only when it is probable that future economic benefits associated with the item will flow to the Company and are depreciated over the remaining useful life of the related asset or to the date of the next major renovation, whichever is sooner. All other repairs and maintenance expenditure is charged to the profit and loss account during the financial period in which it is incurred.

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, (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the profit and loss account in the year the asset is derecognised.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date. 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.

Gain or losses on disposals are determined by comparing the disposal proceeds with the carrying amount and are recognized within other operating (losses)/income in the profit and loss account

h) Impairment of non-financial assets

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or CGU 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. In determining fair value less costs to sell, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used.

h) Impairment of non-financial assets (continued)

The Company bases its impairment calculation on detailed budgets and forecast calculations which are prepared separately for each of the Company's cash-generating units to which the individual assets are allocated. These budgets and forecast calculations are generally covering a period of five years.

Impairment losses of continuing operations, including impairment on inventories, are recognised in the profit and loss account in those expense categories consistent with the function of the impaired asset.

For assets excluding goodwill, 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 Company estimates the asset's or cash generating unit's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor 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 the profit and loss account.

i) Leases

At the inception of an arrangement, the Company determines whether the arrangement is or contains a lease.

The determination of whether an arrangement is (or contains) a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease if fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.

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 profit or loss on a straight-line basis over the period of the lease.

<u>Company as a lessee</u>
An operating lease is a lease that does not transfer substantially all the risks and rewards incidental to ownership of an asset. Operating lease payments are recognised as an expense in the profit and loss account on a straight line basis over the lease term.

j) Comparative figures

Where necessary, prior year comparative figures have been reclassified to conform to presentation in the current year.

k) Inventories

Inventories are carried at the lower of cost and net realisable value. Cost is determined using the weighted average cost method and includes expenditure incurred in acquiring the inventories and bringing them to their existing location and condition. Net realisable value is the estimated selling price in the open market less applicable selling expenses. Stores and consumables are stated at cost less any provision for obsolescence.

l) Financial assets

(i) Classification

All financial assets of the Company are classified as loans and receivables, based on the purpose for which the financial assets were acquired.
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 balance sheet date. These are classified as non-current assets. The Company's loans and receivables comprise 'noncurrent receivables', 'trade and other receivables' and 'cash and cash equivalents' in the statement of financial position.

(ii) Recognition and measurement
Loans and receivables are subsequently carried at amortized cost using the effective interest method. Financial assets are derecognized when rights to receive cash flows from the assets have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership.

(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 recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously.

(iv) Impairment

The Company assesses at each balance sheet date 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 the debtors 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 reorganization, and where observable data indicate that there is a measurable decrease in the estimated

l) Financial assets (continued)

(iv) Impairment (continued)

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 recognized in profit or loss.

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 recognized (such as an improvement in the debtor's credit rating), the reversal of the previously recognized impairment loss is recognized in profit or loss.

(v) Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e. removed from the group's consolidated statement of financial position) when, the rights to receive cash flows from the asset have expired, or the Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

m) Fair Values

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either, in the principal market for the asset or liability or in the absence of a principal market, in the most advantageous market for the asset or liability.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest. The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs. The Company measures its financial assets and liabilities at fair value but the assessment of the fair values of these assets revealed that its fair values equal the cost. Mainly due to the fact that these assets and liabilities are short-term in nature. Fair value disclosure is made in Note 26 to the financial statements.

n) Trade receivables

Trade receivables are amounts due from customers for services performed in the ordinary course of business. If collection is expected in one year or less (or in the normal operating cycle of the business if longer), they are a classified as current assets. If not, they are presented as non-current assets.

Trade receivables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method less provision for impairment (Note l).

o) Financial liabilities

(i) Recognition and measurement

Financial liabilities within the scope of IAS 39 are classified as financial liabilities at fair value through profit or loss, loans and borrowings, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. The Company determines the classification of its financial liabilities at initial recognition.

The financial liabilities are recognised initially at fair value and in the case of loans and borrowings plus directly attributable transaction costs.

The Company's financial liabilities include trade and other payables.

(ii) Derecognition

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expires.

When 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 de-recognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is loss.

p) Trade payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade payables are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business). If not, they are presented as non-current liabilities.

Trade payables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method.

q) Cash and cash equivalents

Cash and cash equivalents in the balance sheet comprise cash at banks, cash on hand and bank overdrafts.

r) Provisions

Provisions are recognised when: the Company has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Restructuring provisions comprise lease termination penalties and employee termination payments. Provisions are not recognised for future operating losses.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

s) 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.

t) Concession fees

The Company has concession agreements with Tanzania Airports Authority to provide ground handling services at Julius Nyerere International Airport, Songwe and Mtwara Airport; and with Kilimanjaro Development Corporation to provide ground handling services at Kilimanjaro International Airport. The concession fees are charged to the profit or loss account on a straight-line basis over the period of the concessions.

u) Employees' benefits

(i) Defined contribution plan

All of the Company's employees are either members of the National Social Security Fund ("NSSF") or Parastatal Pension Fund (PPF), which are defined contribution plans. These plans are prescribed by Law. All employees must be a member of at least one of the aforementioned. The Company and employees both contribute 10% of the employees' gross salaries to the NSSF. For PPF, the Company and employees contribute 15% and 5% of the employees' basic salaries to the scheme, respectively. The contribution is charged to the profit and loss account when incurred.

(ii) Defined benefit plan

The Company has an unfunded non-contributory employee gratuity arrangement for its permanent and pensionable employees (the "Arrangement"), which provides for lump sum payments to its employees on their retirement at the age of between 55 and 60 years or those allowed to retire early or who die while in service, based on length of service and salary at retirement and qualifies as a defined benefit plan. Payments to the retired employees are made from the Company's internally generated funds.

u) Employees' benefits (continued)

(ii) Defined benefit plan (continued)

The cost of providing benefits under the defined benefit plan is determined separately for each plan using the projected unit credit method. Actuarial gains and losses are recognized in full in the period in which they occur in other comprehensive income.

The past service costs are recognised as an expense on a straight line basis over the average period until the benefits become vested. If the benefits have already vested, immediately following the introduction of, or changes to, a pension plan, past service costs are recognised immediately. The Company recognizes all actuarial gains and losses arising from defined benefit plans immediately in other comprehensive income and all expenses related to defined benefit plans in employee benefit expense in profit and loss. The defined benefit liability comprises the present value of the defined benefit obligation (using a discount rate based on high quality corporate bonds as explained in note 22), less past service costs.

v) Taxes

Income tax

Income tax expense comprises current and deferred tax. It is recognised in profit or loss except to the extent that it relates to items recognised directly in equity or OCI.

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 tax authority. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the balance sheet date. The current rate of corporate tax is 30%.

Current tax relating to items recognised directly in equity is recognised in equity and not in the statement of profit or loss.

Deferred tax

Deferred tax is provided using the liability method on temporary differences at balance sheet 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 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 the investments in 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.

v) Taxes (continued)

Deferred tax (continued)

Deferred tax assets are recognised for all deductible temporary differences, carry-forward of unused tax credits and unused income tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and carry-forward of unused tax credits and tax losses can be utilized 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 transaction, affects neither accounting profit nor taxable profit or loss; and

- in respect of deductible temporary differences associated with the investments in 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 the deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is 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 liability settled, based on the tax rates that have been enacted or substantively enactedat the balance sheet date.

Deferred tax relating to items recognised in the statement of changes in equity is recognised in equity and not in the profit and loss account.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes assets and liabilities relate to income taxes levied by the same tax authority on the same taxable entity.

Value added tax

Revenues, expenses and assets are recognised at amounts net of value added tax except where the value added tax is incurred on a purchase of an asset or service 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.

The net amount of value added tax recoverable from, or payable to, the tax authority is included as part of the receivables or payables in the balance sheet.

Tax exposures

In determining the amount of current and deferred tax, the Company takes into account the impact of uncertain tax positions and whether additional taxes and interest may be due. This assessment relies on estimates and assumptions and may involve a series of judgments about future events. New information may become available that causes the Company to change its judgment regarding the adequacy of existing tax liabilities; such changes to tax liabilities will impact tax expense in the period that such a determination is made.

w) Dividends distribution

It is the Company's policy to pay 80% of its profit for the year as dividends to its shareholders.

Final dividends distribution to the Company's shareholders is recognised as a liability in the Company's balance sheet in the period in which the dividends are approved by the Company's shareholders. Directors may from time to time pay interim dividend to members as appear to the Directors to be justified by the Profit of the Company.

x) Borrowing

The Company does not have any borrowing from the Bank or from its holding or sister Company. Hence not affected by borrowing costs.

3 SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

In preparing these financial statements, management has made judgements, estimates and assumptions that affect the application of the Company's accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. 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:

Post-employment benefit obligations

Significant assumptions are made by the directors in determining the present value of the retirement benefit obligation as at the balance sheet date. The key assumptions are set out in Note 22 to the financial statements.

Taxes

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

Asset useful lives

The useful lives of items of property, plant and equipment are estimated annually and are in line with the rate at which they are depreciated.

Impairment of non-financial assets

The Company assesses whether there are any indicators of impairment for all non-financial assets at each reporting date. Other non-financial assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable. When value in use calculations are undertaken, management must estimate the expected future cash flows from the asset or cash generating unit and choose a suitable discount rate in order to calculate the present value of those cash flows.

4 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Company's principal financial liabilities comprise of trade payables. The Company does not enter into derivative transactions for trading purposes. The main purpose of these financial liabilities is to raise finance for the Company's operations. The Company has various financial assets such as trade receivables and cash and cash equivalents, which arise directly from its operations.

The Company's activities expose it to a variety of financial risks; foreign currency, credit and liquidity risks. The Company's overall risk management programme seeks to minimize potential adverse effects on the company's financial performance.

Risk management is carried out by the management on behalf of the Board of Directors. The Board of Directors reviews and agrees policies for managing each of these risks which are summarized below.

Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company's exposure to the risk of changes in foreign exchange rates relates primarily to the Company's operating activities (when revenue or expense is denominated in a different currency from the Company's functional currency mostly US dollars, British Pounds and EURO).

The Company manages its foreign exchange risk by forecasting the amount of foreign currencies they require and hold an equivalent amount in foreign currencies (US dollar and EURO). As at 31 December 2014 the Company held USD 5,116 million, USD 3,447 million and USD 113 million (2013: USD 6,501 million, USD 3,247 million and USD 240 million) in cash, trade receivables and trade payables.

Foreign currency sensitivity

The following table demonstrates the sensitivity to a reasonably possible change in the US dollar exchange rates, with all other variables held constant, of the Company's profit before tax (due to changes in the fair value of monetary assets and monetary liabilities).

The Company's exposure to foreign currency changes for all other currencies is not material.

	Change in US$ rate	**Effect on profit before tax TShs M**	**Effect on equity TShs M**
2014	+10%	845	592
	- 10%	(845)	(592)
2013	+10%	951	666
	- 10%	(951)	(666)

Credit risk

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Company is exposed to credit risk from its operating activities (primarily for trade receivables) and from its financing activities, including deposits with banks and financial institutions, foreign exchange transactions and other financial instruments.

Trade receivables

Customer credit risk is managed by each business unit based on the Company's established policy, procedures and control relating to customer credit risk management. Customers are given a credit of 30 days and there are no credit limits. The credit quality of the customer is assessed by taking into account customer's financial position, past experience and other factors. The Company does not grade the credit quality of receivables. Outstanding customer receivables are regularly monitored and cash services are delivered to customers who fail to honour 30 days credit period. Details of ageing are disclosed in Note 19.

The requirement for impairment is analysed at each reporting date on an individual basis for major clients. Additionally, a large number of minor receivables are grouped into homogenous groups and assessed for impairment collectively. The calculation is based on actually incurred historical data. The maximum exposure to credit risk at 31 December 2014 and 31 December 2013 is the carrying value of the financial assets in the balance sheet.

Liquidity risk

Prudent liquidity risk management includes maintaining sufficient cash and the availability of funding. The Company aims at maintaining flexibility in funding and aggressive collection efforts in respect of trade debtor's balances. Management monitors rolling forecasts of the Company's liquidity i.e. cash at bank and in hand (Note 20) on the basis of expected cash flows.

Forecasted liquidity reserves as extracted from short and medium term future budget of company as at 31 December 2014 is as follows:

	2015
	TShs M
At 1 January	**6,130**
Operating activities	**16,959**
Investing activities	**(14,022)**
Financing activities	**(7,341)**
At 31 December	**1,726**

Liquidity risk (continued)

The table below analyses the Company's non-derivative financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months approximate their fair values as the impact of discounting is not significant.

	Less than 1 year TShs'M	Between 1 and 2 years TShs'M	Between 2 and 5 years TShs'M	Over 5 years TShs'M
At 31 December 2014				
Trade and other payables(*)	**4,134**	-	-	-
At 31 December 2013				
Trade and other payables(*)	4,939	-	-	-

(*) Financial liabilities included are concession fees payable, sundry payable and due to related party as depicted in note 23.

Strategic, Commercial operational and financial risks

Through its risk management system, the Company identified strategic, commercial, operational and financial risks that faces the Company and implement strategies to mitigate the impact of the identified risks. These risks are mitigated by either establishing controls, meeting and discussing issues with customers, improving service delivery, investing and training of staff. These risks are well mitigated and have no significant impact to the financial performance of the Company.

Capital risk management

The primary objective of the Company's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximise shareholder value.

The Company manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Company 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 ended 31 December 2014 and 31 December 2013. The Company monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt.

The Company's policy is to keep the gearing ratio at 0%. As of 31 December 2014, the Company had no borrowings and effectively had a gearing ratio of 0%. (2013: 0%).

5 SEGMENT INFORMATION

For chief operating decision maker purposes, the Company is organised into business units based on their products and services and has two reportable segments as follows:

- Ground handling services; and
- Cargo handling services.

No operating segments have been aggregated to form the above reportable operating segments. The chief operating decision maker monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss and is measured consistently with operating profit or loss in the financial statements.

However, Company financing (including finance costs and finance income) and income taxes are managed on a Company basis and are not allocated to operating segments.

Other than the allocation of costs there are no transactions between the two units. Segment information about the Company's operations is presented below:

2014	**Ground**	**Cargo**	
Income and expenses	**handling**	**handling**	**Total**
	TShs M	**TShs M**	**TShs M**
Revenue	27,181	17,206	**44,387**
Other operating income	90	112	**202**
Staff costs	(8,833)	(3,294)	**(12,127)**
Concession fees	(2,380)	(1,649)	**(4,029)**
Fuel and maintenance costs	(1,661)	(466)	**(2,127)**
Depreciation	(894)	(685)	**(1,579)**
Rent and other occupancy costs	(467)	(1,080)	**(1,547)**
Other operating expenses	(2,718)	(1,769)	**(4,487)**
Total expenses	(16,863)	(8,831)	**(25,694)**
Profit before income tax	10,318	8,375	**18,693**

2014	**Ground**		**Cargo**	
Assets and liabilities	**handling**	**handling**	**Unallocated**	**Total**
	TShs M	**TShs M**	**TShs M**	**TShs M**
Total assets	14,179	12,310	1,310	**27,799**
Total liabilities	5,108	2,621	91	**7,820**
Capital expenditure	808	6,868	247	**7,923**

2013 Income and expenses	**Ground handling TShs M**	**Cargo handling TShs M**	**Total TShs M**
Revenue	23,215	12,900	36,115
Other operating income	63	46	109
Staff costs	(7,600)	(3,244)	(10,844)
Concession fees	(2,004)	(1,210)	(3,214)
Fuel and maintenance costs	(1,535)	(451)	1,986)
Depreciation	(880)	(621	(1,501)
Rent and other occupancy costs	(431)	(1,099)	(1,530)
Other operating expenses	(3,590)	(2,172)	(5,762)
Total expenses	(15,977)	(8,751)	(24,728)
Profit before income tax	7,238	4,149	11,387

2013 Assets and liabilities	**Ground handling TShs M**	**handling TShs M**	**Cargo Unallocated TShsM**	**Total TShs M**
Total assets	13,394	7,819	682	**21,895**
Total liabilities	5,754	2,884	-	**8,638**
Capital expenditure	1,592	1,253	319	**3,164**

Unallocated assets relate to items which are used by both ground handling and cargo handling and cannot be specifically allocated to any of the two segments. These items include: motor vehicles, computer hardware and Accpac software. Unallocated capital expenditure mainly includes motor vehicles.

6 REVENUE

	2014 TShs M	**2013 TShs M**
Ground handling	**27,187**	23,215
Cargo handling	**17,200**	12,900
	44,387	36,115

7 OTHER OPERATING INCOME

	2014 TShs M	2013 TShs M
Rental income	**33**	26
Commission on freight charges	**20**	31
Gain on disposal of property and equipment	**17**	26
Foreign exchange gain	**132**	26
	202	109

8 STAFF COSTS

Salaries and wages	**7,248**	6,647
Pension cost – defined contribution plans	**910**	827
Pension cost – defined benefit plan	**695**	692
Other staff costs	**3,274**	2,678
	12,127	10,844

9 CONCESSION FEES

Concession fees – Tanzania Airports Authority	**3,612**	2,809
Concession fees – Kilimanjaro Airport Development Company	**417**	405
	4,029	3,214

Concession fees are paid to Tanzania Airports Authority (TAA) and Kilimanjaro Airport Development Company (KADCO). 5% of the ground and cargo handling revenue is paid to KADCO as concession fees and 10% of the ground and cargo handling revenue is paid to TAA as concession fees. A further concession of 5% of revenue generated from Mtwara and Songwe Airports is also payable to Tanzania Airports Authority (TAA).

10 FUEL AND MAINTENANCE COSTS

	2014 TShs M	2013 TShs M
Fuel – Ground support equipment	**466**	458
Fuel – Motor vehicles	**298**	304
Maintenance – Ground support equipment	**928**	802
Maintenance – Motor vehicles	**435**	422
	2,127	1,986

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2014

11 RENT AND OTHER OCCUPANCY COSTS

	2014 TShs M	2013 TShs M
Rent – TAA	941	888
Rent – KADCO	199	195
Training Centre	80	147
Rent – Others	-	12
Utility charges	327	288
	1,547	1,530

12 OTHER OPERATING EXPENSES

Telecommunication and internet charges	531	691
IT and other information processing services	937	784
Purchase of ground services	760	704
Insurance	550	485
Travel and transportation	97	215
Legal and consultancy fees	147	275
Provision for doubtful debts	94	228
Advertising and publicity	210	200
Auditors' remuneration - statutory audit	72	56
Directors' emoluments	74	79
Bank charges	111	113
Other administration expenses	904	1,932
	4,487	5,762

13 INCOME TAX EXPENSE

The major components of income tax expense are as follows:

Current tax charge	– current year	5,985	3,477
	– prior year	111	15
Deferred tax credit (Note 14)	– current year	(332)	404
	– prior years	(8)	(5)
		5,756	3,891

13 INCOME TAX EXPENSE (continued)

The tax on the Company's profit before income tax differs from the theoretical amount that would arise using the basic tax rates as follows:

	2014	2013
	TShs M	TShs M
Profit before income tax	**18,693**	11,387
Tax calculated at a tax rate of 30%	**5,608**	3,416
Expenses not deductible for tax purpose	**45**	56
Prior periods – current income tax	**111**	15
Prior periods – deferred income tax	**(8)**	404
Income tax expense	**5,756**	3,891

The Tanzania Revenue Authority (TRA) has issued final income tax assessments up to 2010. The assessments for the period from 2011 to 2013 are currently in progress.

14 DEFERRED INCOME TAX

The analysis of deferred tax assets and deferred tax liabilities is as follows:

	2014	2013
	TShs M	TShs M
Property and equipment	**490**	525
Provisions - Retirement benefit obligations	**(1,640)**	(990)
Net deferred income tax assets	**(1,150)**	(465)

The gross movement on the deferred income tax accounts is as follows:

At 1 January	**(465)**	(864)
(Credit)/debit to the profit or loss statement (Note 13)	**(340)**	399
Debit/(credit) to the other comprehensive income	**164**	(5)
(Credit)/debit to equity – prior deferred tax on actuarial losses	**(509)**	5
At 31 December	**(1,150)**	(465)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2014

15 EARNINGS PER SHARE

Basic earnings per share

Basic earnings per share amounts are calculated by dividing net profit for the year attributable to ordinary equity holders of the Company by the weighted average number of ordinary shares outstanding during the year. The calculation is based on:

Attributable profit to ordinary shareholders –	**TShs 12,937,000,000**	7,496,000,000

	Number	Number
Weighted average number of ordinary shares	**36,000,000**	36,000,000
Basic earnings per share - TShs	**359.36**	208.22

Diluted earnings per share

Diluted earnings per share amounts are calculated by dividing the net profit attributable to ordinary equity holders of the Company (after deducting interest on the convertible noncumulative redeemable preferences shares) by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on the conversion of all the dilutive potential ordinary shares into ordinary shares.

Attributable profit to ordinary shareholders – TShs	12,937,000,000	7,496,000,000

	Number	Number
Weighted average number of ordinary shares	36,000,000	36,000,000
Diluted earnings per share – TShs	359.36	208.22

16 DIVIDENDS PAID

	2014 **TShs M**	**2013** **TShs M**
Final dividends for 2013 of TShs 88.31 per share (2012: TShs 81.89 per share)	**3,179**	2,948
Interim dividends for 2014 of TShs109.07 per share (2013: TShs 78.29 per share)	**3,927**	2,818
	7,106	5,766

The directors propose payment of a final dividend of TShs 178.44 per share, amounting to TShs 6,424 million out of 2014 profit. The proposed final dividend has not been recognised as a distribution during the year; Final dividends are not accounted until they have been ratified by Annual General Meeting.

17 PROPERTY AND EQUIPMENT

	Leasehold property improvements TShs M	EDP hardware & equipment TShs M	Motorized equipment TShs M	Non-Motorized equipment TShs M	Other assets TShs M	Capital WIP TShs M	Total TShs M
Cost							
At 1 January 2014	1,973	1,322	7,941	3,586	1,983	-	16,805
Additions	-	49	808	-	247	6,819	7,923
Write off	-	-	(15)	(22)	(97)	-	(134)
At 31 December 2014	1,973	1,371	8,734	3,564	2,133	6,819	24,594
Depreciation							
At 1 January 2014	551	1,191	3,425	1,724	1,245	-	8,136
Charge for the year	221	65	640	382	271	-	1,579
Write off	-	-	(15)	(22)	(96)	-	(133)
At 31 December 2014	772	1,256	4,050	2,084	1,420	-	9,582
Net book value							
At 31 December 2014	**1,201**	**115**	**4,684**	**1,480**	**713**	**6,819**	**15,012**
Cost							
At 1 January 2013	1,973	1,715	5,699	2,872	2,531	-	14,790
Additions	-	31	2,218	525	390	-	3,164
Reclassification	-	(424)	24	400	-	-	-
Write off	-	-	-	(211)	(938)	-	(1,149)
At 31 December 2013	1,973	1,322	7,941	3,586	1,983	-	16,805
Depreciation							
At 1 January 2013	330	1,168	2,833	1,554	1,899	-	7,784
Charge for the year	221	76	559	362	283	-	1,501
Reclassification	-	(53)	33	20	-	-	
Write off	-	-	-	(212)	(937)	-	(1,149)
At 31 December 2013	551	1,191	3,425	1,724	1,245	-	8,136
Net book value							
At 31 December 2013	**1,422**	**131**	**4,516**	**1,862**	**738**	**-**	**8,669**

18 INVENTORIES

	2014 TShs M	2013 TShs M
Spare parts	**193**	171
Stationery	**33**	48
Cleaning materials	**12**	16
Fuel	**35**	45
Uniforms	**118**	32
Less: Provision for impairment on inventories	**(125)**	(125)
	266	187

The amount of write-down of inventories recognized as an expense is TShs Nil (2013: TShs 12 million).The cost of inventories recognized as an expense and included in the fuel and maintenance costs amounted to TShs 1,692 million (2013: TShs 1,564 million).

Movement on the provision for impairment of inventories is as follows:

	2014 TShs M	2013 Tshs M
At 1 January	**125**	113
Charge for the year	-	12
At 31 December	**125**	125

19 TRADE AND OTHER RECEIVABLES

	2014	2013
Trade receivables	**4,109**	3,765
Less: Provision for impairment of receivables	**(434)**	(340)
Trade receivables - net	**3,675**	3,425
Deposits and prepayments	**1,153**	530
Staff receivables	**202**	146
Building materials revolving fund	**32**	53
Staff car loans(*)	**82**	73
	5,144	4,227

Trade receivables are non-interest bearing and are generally on 30 day terms.
(*) The staff car loans excludes TShs 97 million (2013: TShs 48 million) receivable after 1 year.

19 TRADE AND OTHER RECEIVABLES (continued)

As at 31 December, the ageing analysis of trade receivables that are past due is as follows:

	2014 TShs M	2013 TShs M
- by 31 to 60 days	**492**	787
- by 61 to 90 days	**174**	65
- by 91 to122 days	**268**	248
At 31 December	**934**	1,100

As at 31 December 2014, trade receivables of TShs 934 million (2013: TShs 1,100 million) were past due but not impaired. These relate to a number of independent customers for whom there is no recent history of default.

As at 31 December 2014, trade receivables of TShs 434 million (2013: TShs 340 million) were impaired and provided for. The individually impaired receivables mainly relate to customers, who are in unexpectedly difficult economic situations.

Movement on the provision for impairment of receivables is as follows:

	2014 TShs M	2013 TShs M
At 1 January	**340**	112
Charge for the year	**94**	228
At 31 December	**434**	340

The creation and release of provision for impaired receivables have been included in 'other operating expenses' in the statement of profit or loss and other comprehensive income. Amounts charged to the allowance account are generally written off, when there is no expectation of recovering additional cash. The other classes within trade and other receivables do not contain impaired assets. The maximum exposure to credit risk at the reporting date is the fair value of each class of receivable mentioned above. The Company does not hold any collateral as security.

The carrying amounts of the Company's trade and other receivables are denominated in the following currencies:

	2014 TShs M	2013 TShs M
US dollars	**3,166**	3,038
Tanzanian shillings	**1,697**	980
Euro	**281**	209
	5,144	4,227

20 CASH AND CASH EQUIVALENTS

For the purpose of the cash flow statement, the year-end cash and cash equivalents comprise:

Cash at bank	**6,118**	8,224
Cash on hand	**12**	5
	6,130	8,229

21 SHARE CAPITAL

Authorised:		
50,000,000 Ordinary shares of TShs 10 each	**500**	500
Issued and fully paid:		
36,000,000 Ordinary shares of TShs 10 each	**360**	360
The issued shares were held as follows:-		
Swissport International Ltd. (a foreign shareholder) – 51%	**184**	184
Local shareholders – 49%	**176**	176
	360	360

All shares rank equally with regard to the Company's residual assets. The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company.

22 RETIREMENT BENEFIT OBLIGATIONS

	2014 TShs M	2013 TShs M
As at 1 January	**3,699**	3,620
Current service cost	**158**	167
Interest cost (discount unwinding)	**537**	525
Actuarial (gain)/loss	**(546)**	16
Payments made during the year	**(253)**	(629)
As at 31 December	**3,595**	3,699

22 RETIREMENT BENEFIT OBLIGATIONS (continued)

The Company has an unfunded non-contributory employee gratuity arrangement for permanent and pensionable employees (the "Arrangement") which provides for lump sum payments to its employees on their retirement at the age of between 55 and 60 years or those allowed to retire early or those who dies while in employment, based on length of service and salary at retirement and qualifies as a defined benefit plan. A firm of professional actuaries, Alexander Forbes Financial Services of Nairobi, Kenya, carried out the actuarial valuation of the Arrangement as at 31 December 2014 using the Projected Unit Credit Method.

As at 31 December 2014 the present value of the accrued (past service) liability in respect of retirement gratuity benefits was TShs 3,595 million (2013: TShs 3,669 million). The principal assumptions used in the actuarial valuation are:

(i) Discount rate of 17.5% (2013 – 14.7%)
(ii) Rate of salary escalation of 10% (2013 – 10%)
(iii) Retirement age 60 years (2013 – 60 years)
(iv) Mortality pre-retirement A1949-1952 (2013 – A1949-1952)

The 'notional' Company contribution rate to meet the cost of future accrual of gratuity benefits is estimated at 7% of salaries per annum. The next valuation is due on 31 December 2015.

The 3-year trend of this non-contributory employee gratuity arrangement is a follows:

	2014	2013	2012
	TShs M	TShs M	TShs M
Present value of the defined benefit obligation	**3,595**	3,669	3,620

The amounts recognised in the profit and loss account are as follows:

	2014	2013
	TShs M	TShs M
Current service cost	**158**	167
Interest cost (discount unwinding)	**537**	525
Total, included in staff costs (Note 8)	**695**	692

Characteristics and risks of the arrangement:
The arrangement provides benefits of a defined nature (i.e salary and service related). One of the main risks relating to the benefits under the arrangement is the rate of salary growth. As the benefits are based on the final salary, any changes in salary that differ from the salary escalation rate assumed will have a direct bearing on the benefits paid under the arrangement. In addition, the benefits are not payable on voluntary termination or resignation. The Company's experience with respect of these withdrawals will also impact the benefits payable under the arrangement, when compared to the assumption made regarding withdrawals.

Sensitivity of the results
The results of the actuarial will be more sensitive to changes in the financial assumptions than changes in the demographic assumptions.

Effect of the reduction of discount rate by -1%	**2014 TShs M**
Present value of the obligation	**3,595**
Present value after 1% reduction	**3,760**
Effect if all staff retire at the age of 55 years	
Present value of the obligation	**3,595**
Present value if all staff retire at the age of 55 years	**4,620**

Effect on Company's cash flow

The arrangement is unfunded and the Company pays benefits from general revenues as and when they arise. The timing of the benefit payments from the arrangement will be influenced by the age at which employees retire from the Company.

Maturity analysis of the liability

The weighted average duration of the liability as at 31 December 2014 is 4.6 (2013 – 5.0). demographic assumptions.

23 TRADE AND OTHER PAYABLES

	2014	2013
	TShs M	TShs M
Airport Authorities – Concession fees	**861**	578
Sundry payable	**797**	1,096
Payable to a related party (Note 24)	**2**	26
Bonus payable	**1,312**	884
Dividend payable to SPI	**-**	1,366
Unclaimed dividend	**994**	620
Agency accounts	**29**	113
Value Added Tax – net	**139**	256
	4,134	4,939

- Trade payables are non-interest bearing and are normally settled between 15 to 45 days after date of invoice. All trade and other payables are current;
- Other payables are non-interest bearing and have an average credit term of 30 days; and
- For terms and conditions relating to related party transactions, refer to Note 24.

24 RELATED PARTY DISCLOSURES

Transactions with the related companies

The Company's parent company is Swissport International Ltd. ("SPI") a majority shareholder of the Company. The ultimate holding Company is PAI Partners SAS incorporated in Paris. Other than recharges for the use of Cargo Spot and MPC systems and insurance recharges the Company did not enter into significant transactions with Swissport International Ltd. The Company also did not enter into any transaction with PAI Partners.

The following are the transactions between the Company and its related party, Swissport International Ltd.

	2014	2013
	TShs M	TShs M
(a) Cargospot charges	**73**	125
(b) MPC systems charges	**64**	70
(c) Insurance re-charges	**162**	147

The details of the performance guarantee issued in favour of the Company through Swissport International Ltd. are disclosed in Note 25 to the financial statements.

24 RELATED PARTY DISCLOSURES (continued)

	2014	2013
	TShs M	TShs M
Payable to a related party		
Swissport International Ltd.	**2**	26

The total remuneration paid to individual directors, which comprised directors fees and sitting allowances were as follows:

Prof. Letitia Rutashobya	**17**	15
Mr Juan J. A. Alvez *	**17**	19
Mr Jeroen de Clercq*	**14**	15
Mr John Batten*	**-**	4
Mr Nils Pries Knudsen*	**14**	11
Mr George Fumbuka	**19**	15
	81	79

At 31 December 2014, directors' fees for year 2014 amounting to TShs 74 million (2013 – TShs 79 million) were accrued and not paid to the directors.

*these are paid directly to Swissport International Ltd.

Transactions with key management personnel

Key management personnel are described as those persons having authority and responsibility for planning, directing and controlling the activities of the Company, comprising senior management.

Compensation to key management personnel:

	2014	2013
	TShs M	TShs M
Salaries and short-term benefits	**1,614**	1,597
Post-employment retirement benefits	**1,795**	1,650

25 COMMITMENTS AND CONTINGENCIES

Operating lease commitments

The Company has entered into commercial leases on warehouse and office space, motor vehicles and items of machinery. These leases have an average life of five years (2013 – five years) with renewal option included in the contracts. There are no restrictions placed upon the Company by entering into these leases.

25 COMMITMENTS AND CONTINGENCIES (continued)

Future minimum rentals payable under non-cancellable operating leases as at 31 December are as follows:

	2014	2013
	TShs M	TShs M
Within one year	**1,314**	1,003
After one year but not more than five years	**5,449**	3,057

Capital commitments

At 31 December, the Company had the following capital commitments:

Approved and contracted for	**938**	7,567
Approved but not contracted	**14,022**	2,415

Legal claims contingency

As at 31 December 2014, the Company was a defendant in several lawsuits. The plaintiffs are claiming damages and interest thereon for the loss caused by the Company due to breach of contracts and unlawful termination of employment. The Company has filed counter-claims against the plaintiffs. The total principal amount claimed in the various lawsuits approximates to TShs 265 million (2013: TShs 265 million). In the opinion of the Directors and Company's Legal Counsel, no material liabilities are expected to crystallize from these lawsuits.

Guarantee

The Company entered into a concession agreement with Tanzania Airports Authority (TAA) on 1 June 2010 for the provision of ground handling services at Julius Nyerere International Airport (JNIA). TAA required the Company to provide on demand a performance guarantee for US$ 20,000 to secure the due and punctual performance of, and full compliance with, its obligation under the concession agreement.

The performance guarantee of US$ 20,000 was issued on 12 July 2010 by Banco de Sabadell S.A (London Branch) through Swissport International Ltd.. The guarantee will expire on 31 May 2015. However, in the event that the term of the concession is extended the validity of this guarantee shall be automatically extended without the necessity of notifying the issuing authority.

26 FAIR VALUES

Set out below, is a comparison by class of the carrying amounts and fair value of the Company's financial instruments:

	Carrying amount		Fair value	
	2014	2013	2014	2013
	TShs'000	TShs'000	TShs'000	TShs'000
Applicable assets				
Trade and other receivables (*)	5,144	4,227	5,144	4,227
Cash and cash equivalents	6,130	8,229	6,130	8,299
Applicable liabilities				
Trade and other payables (**)	4,134	4,939	4,134	4,939

(*) Financial assets included are trade receivables, staff receivables and staff car loans as depicted in note 19.

(**) Financial liabilities included are concession fees payable, sundry payable and due to related party as depicted in note 23.

The management assessed that carrying amounts of cash and cash equivalents, trade and other receivables, trade and other payables approximate their fair values largely due to short-term maturities of these instruments. These are all in level 2 of fair value hierarchy.

27 ULTIMATE HOLDING COMPANY

51% of the Company's ordinary shares are owned by Swissport International Ltd. while the remaining 49% of Company's ordinary shares are owned by the general public. The then ultimate controlling entity is PAI Partners SAS a leading private equity firm in Europe headquartered in Paris.

MANAGEMENT TEAM

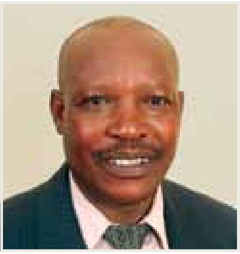
FOR THE YEAR ENDED 31 DECEMBER 2014

Chief Executive Officer
Gaudence K. Temu

Cargo Services Manager
Wandwi Mugesi

Chief Financial Officer
Mrisho B. Yassin

Ground Handling Manager
Stella Kitali



Station Manager - JRO
Ali Sarumbo

Contracts & Marketing Manager
James F.X. Mhagama

Training and Quality & Compliance Manager
Daniel Simkanga

Human Resources Manager
Neema Mwang'amba

Information & Communication Technology Manager
Konyagi Jandwa

GENERAL INFORMATION

SWISSPORT TANZANIA PLC

REGISTERED OFFICE AND PRINCIPAL PLACE OF BUSINESS

Terminal II
Julius Nyerere International Airport
PO Box 18043
Dar es Salaam

COMPANY SECRETARY

Mr Gaudence K. Temu
Terminal II
Julius Nyerere International Airport
PO Box 18043
Dar es Salaam

EXTERNAL AUDITORS

KPMG
11th Floor, PPF Tower
Garden Avenue/Ohio Street
PO Box 1160
Dar es Salaam

INTERNAL AUDITORS

PricewaterhouseCoopers
Pemba House
369 Toure Drive, Oyster Bay
PO Box 45
Dar es Salaam

TAX ADVISORS

PricewaterhouseCoopers
Pemba House
369 Toure Drive, Oyster Bay
PO Box 45
Dar es Salaam

LAWYER

Tanzania Law Chambers
NSSF House
PO Box 2203
Dar es Salaam

MAIN BANKERS

Citibank Tanzania Limited
PO Box 71625
Dar es Salaam

CRDB Bank Plc
PO Box 96
Hai - Moshi

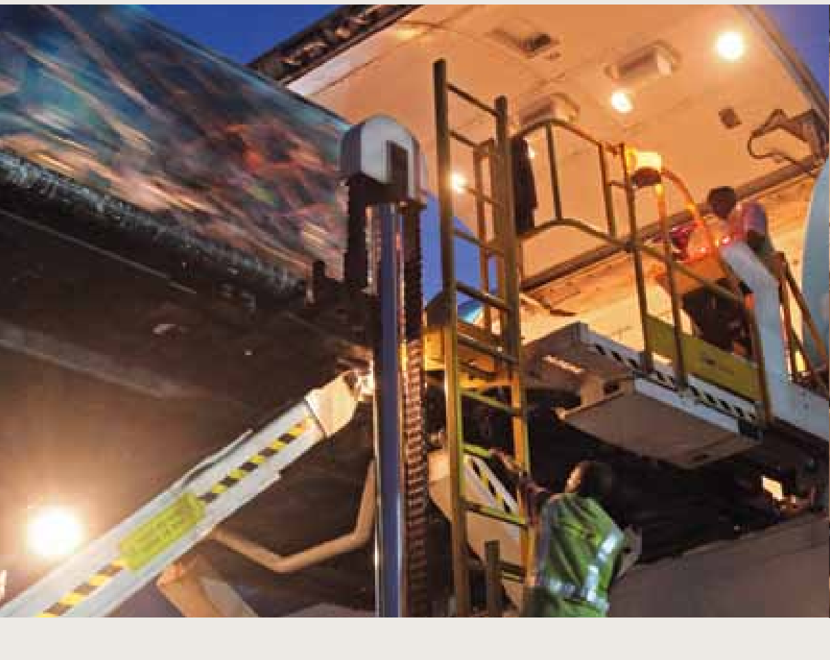
Twiga Bancorp Tanzania Limited
PO Box 10119
Dar es Salaam

INSURERS

Phoenix of Tanzania Assurance Co. Limited
8th Floor, IPS Building
Samora Avenue
PO Box 5961
Dar es Salaam

Alliance Life Assurance Ltd
5th Floor, Exim Tower
Ghana Avenue
PO Box 11522
Dar es Salaam


(NBAA)
THE NATIONAL BOARD OF ACCOUNTANTS AND AUDITORS
TANZANIA
This award is given to
Ms. Swissport Tanzania Plc
as
1st Winner
in the Trading and Distribution Category
for the Best Presented Financial Statements Award
for the year 2013
Awarded on 6th December 2014



FROM LANDING
TO TAKE OFF: WE CARE!

Swissport Core values

Swissport is a people-focused organisation - without our people we simply cannot meet our goals and chieve our vision. As such, we focus on the principles of sustainability and compliance, living by the "Three Ps".