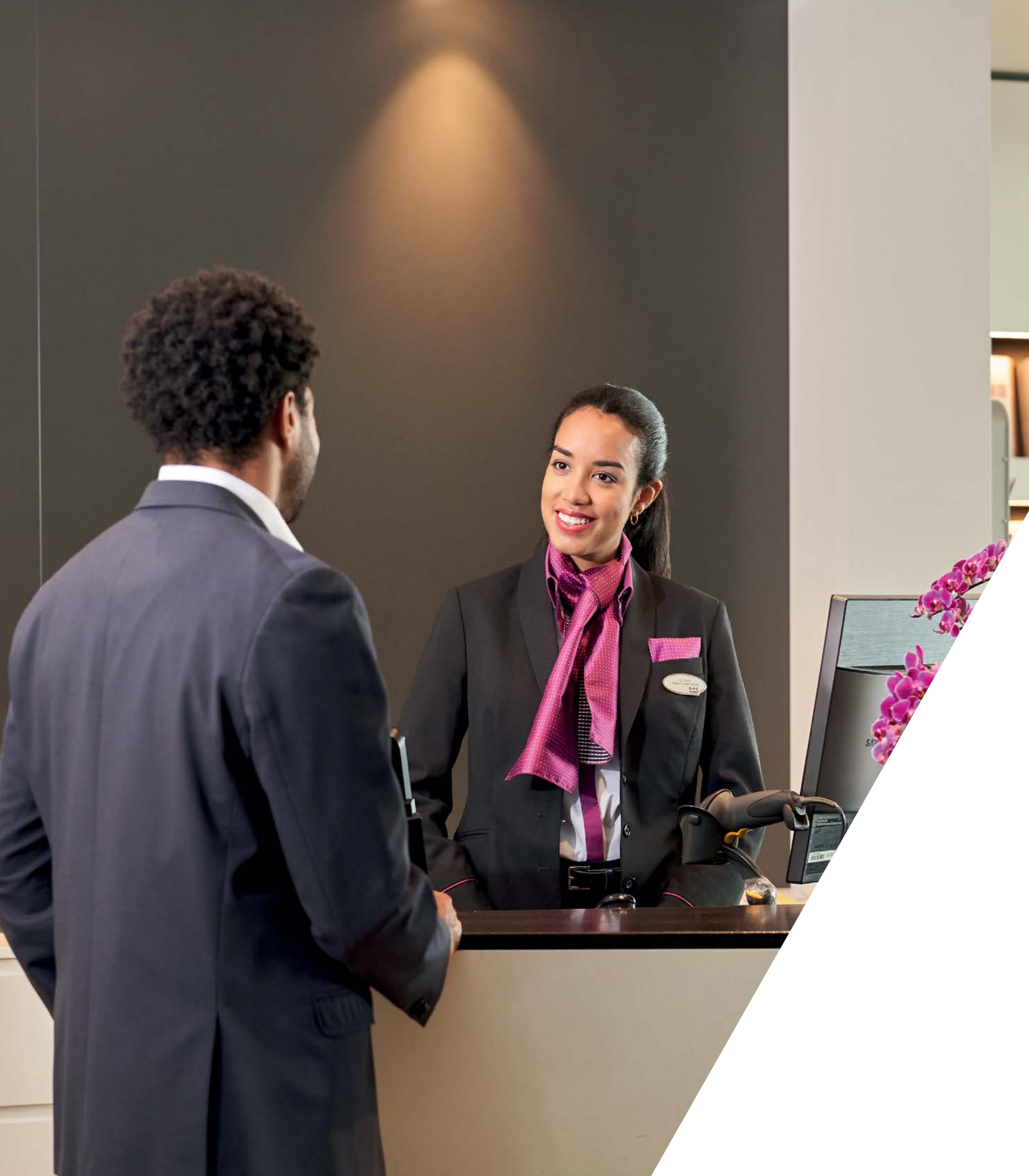


SWISSPORT TANZANIA PLC

ANNUAL REPORT 2020



CONTENTS

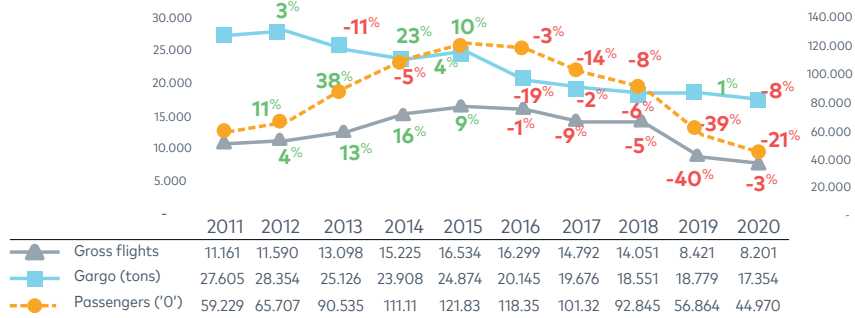
Financial summary and production trends	4
Director's profile	5
2020 key facts	6
Letter of transmittal	6
Our esteemed customers	7
Swissport customer trend from 2016	8
The chairman's statement	9
Taarifa ya mwenyekiti	11
2020 CEO report	13
Ripoti ya Mkurugenzi Mkuu 2020	16
Report of the directors	20
Statement of directors' responsibilities	40
Declaration of the chief financial officer	41
Independent auditors' report	42
Financial statements	
Statement of profit or loss and other comprehensive income	47
Statement of financial position	48
Statement of changes in equity	49
Statement of cash flows	51
Notes to the financial statements	52
Management team	95
General information	96



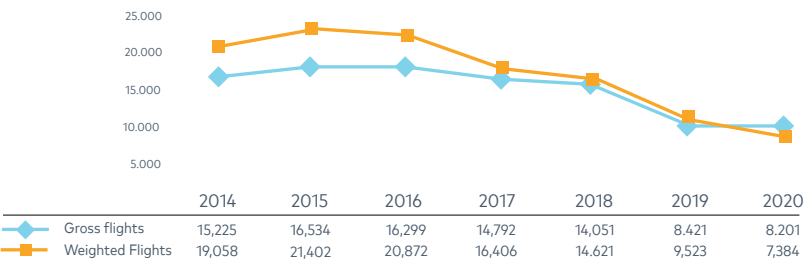
Certified:
ISAGO
ISO 9001: 2015 Quality Management System
ISO 14001: 2015 Environmental Management System

FINANCIAL SUMMARY AND PRODUCTION TRENDS

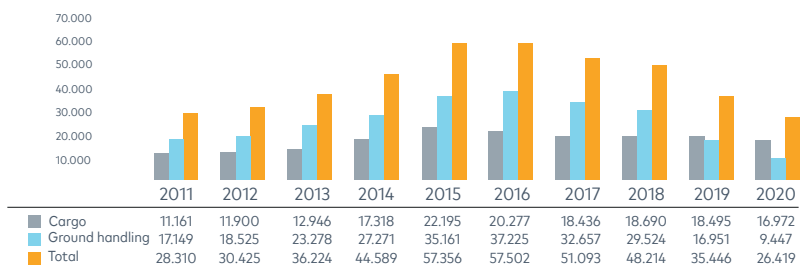
PRODUCTION TREND



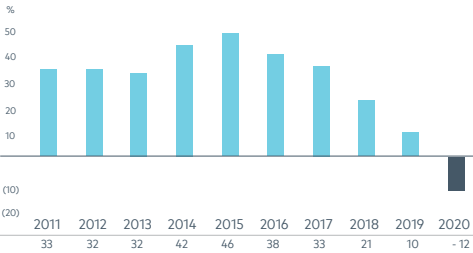
GROSS VS WEIGHTED FLIGHTS



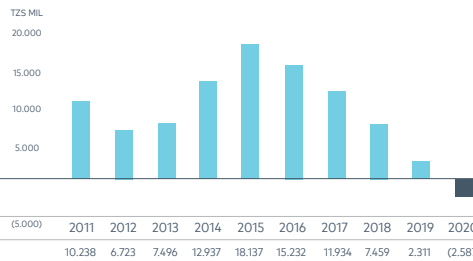
REVENUE TREND



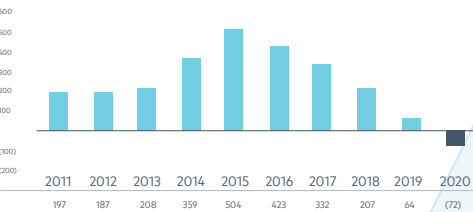
EBIT MARGIN TREND



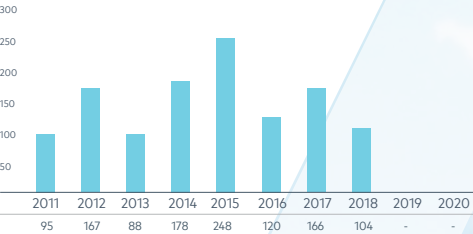
PROFIT/LOSS AFTER TAXATION



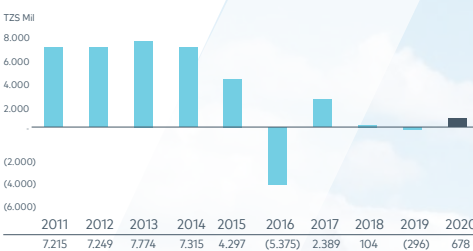
EARNINGS PER SHARE



DIVIDEND PER SHARE



NET CURRENT ASSET/LIABILITY



CURRENT DIRECTORS' PROFILES



Jeroen de Clercq
Chairman of the Board
BSc. Business Admiration

Dutch, Age 58

Mr. de Clercq has over 30 year of experience in the aviation industry and currently is Senior Vice President Sub-Saharan Africa & Israel of Swissport International Ltd (SPI). He held various positions within the Swissport Group including those of Chief Executive Officer for Swissport Kenya Limited and Swissport South Africa (Pty) Ltd. Prior to Swissport he worked for KLM Royal Dutch Airlines where he held various operational and commercial management positions. He serves as a chairman of the board of Swissport Ghana Ltd, Swissport Kenya Ltd, Swissport Cargo Services Israel Ltd and QAS Israel Ltd. He has been in the Board of Directors of Swissport Tanzania Plc (SPT) since June 2006, representing SPI.



Eric Muriithi
Non-Executive Director
MBA. Accounting and Finance

Kenyan, Age 36

Mr. Muriithi has over 11 years of experience in finance, audit and strategic advisory roles for multinationals. Currently is a Chief Financial Officer Kenya & Head of Finance Sub-Saharan Africa and Israel of Swissport International Ltd. Before joining Swissport he worked as an Internal Auditor and Assistant Vice President, Finance of Barclays Bank Kenya. He has external audit background having worked with KPMG as Auditor Senior. He was appointed to SPT Board of Directors in March 2020 representing SPI.



Dr. Charles Kimei
Independent Non-Executive Director
Doctor of Philosophy-Phd. Money and Finance

Tanzanian, Age 68

Dr. Kimei has over 40 years of experience in the banking and financial sector. He is the former banker who was MD & CEO of CRDB Bank Plc for 21 years. Prior to joining CRDB Bank he worked with Bank of Tanzania as Director of Banking Supervision, Director of Economic Research, Head of Domestic Division Research Department and Manager Economic Research and Policy. He serves on various board including Trustees of Halo Pesa as the chairman and Research Policy for Development (REPOA) as a member. He joined the Board of Directors of SPT in April 2019 representing the minority shareholders.



Raymond Mbilinyi
Independent Non-Executive Director
BSc in Engineering; MBA in Marketing

Tanzanian, Age 56

Mr. Mbilinyi is the Chairman & CEO TanBizLink. Prior to that he held various position with the Government of the United Republic Of Tanzania. His previous roles within the Government includes Executive Secretary Tanzania National Business Council, Executive Director, Director of Investment promotion and Director of Promotion of Tanzania Investment Centre. He serves in various board including Equity Bank Tanzania as the chairman and Tanga Cement Plc as a member. He joined the Board of Directors of SPT in April 2016 representing minority shareholders

Financial summary and production trends
Director's profile
2020 key facts
Letter of transmittal
Our esteemed customers
Swissport customer trend from 2016
The chairman's statement
Taarifa ya mwenyekiti
2020 CEO report
Ripoti ya Mkurugenzi Mkuu 2020
Report of the directors
Statement of directors' responsibilities
Declaration of the chief financial officer
Independent auditors' report
Financial statements
Statement of profit or loss and other comprehensive income
Statement of financial position
Statement of changes in equity
Statement of cash flows
Notes to the financial statements
Management team
General information

Financial summary and production trends
Director's profile
2020 key facts
Letter of transmittal
Our esteemed customers
Swissport customer trend from 2016
The chairman's statement
Taarifa ya mwenyekiti
2020 CEO report
Ripoti ya Mkurugenzi Mkuu 2020
Report of the directors
Statement of directors' responsibilities
Declaration of the chief financial officer
Independent auditors' report
Financial statements
Statement of profit or loss and other comprehensive income
Statement of financial position
Statement of changes in equity
Statement of cash flows
Notes to the financial statements
Management team
General information



2020 KEY FACTS



Certified:
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ISO 14001: 2015 Environmental Management System

LETTER OF TRANSMITTAL

To
The shareholders
Swissport Tanzania Plc.

Letter of Transmittal,

The Directors of Swissport Tanzania Plc. have the pleasure to submit to you the Annual Report of the company for the year ended 31st December 2020, in accordance with section 166 of the Companies Act, CAP 212 Act No. 12 of 2002.


The annual report contains the Chairman's Statement, CEO's Report, Report of the Directors, Auditors' Report on the Financial Statements and the Audited Financial Statements for the year ended 31st December 2020.

Jeroen Clercq
Board Chairman
Swissport Tanzania Plc.
16 June 2021




OUR ESTEEMED CUSTOMERS




Financial summary and production trends
Director's profile
2020 key facts
Letter of transmittal
Our esteemed customers
Swissport customer trend from 2016
The chairman's statement
Taarifa ya mwenyekiti
2020 CEO report
Ripoti ya Mkurugenzi Mkuu 2020
Report of the directors
Statement of directors' responsibilities
Declaration of the chief financial officer
Independent auditors' report
Financial statements
Statement of profit or loss and other comprehensive income
Statement of financial position
Statement of changes in equity
Statement of cash flows
Notes to the financial statements
Management team
General information







AB AVIATION









AIR TANZANIA









AS SALAAM AIR









AIRLINK









AIR ZIMBABWE









CONDOR AIR









FLIGHTLINK









ETHIOPIAN AIRLINES









EWA AIR







KENYA AIRWAYS









KLM ROYAL DUTCH AIRLINES









MOZAMBIQUE AIRLINES









AIR MAURITIUS









MALAWI AIRLINES









MARTINAIR









EGYPT AIR









OMAN AIR









QATAR AIRWAYS









SOUTH AFRICAN AIRWAYS









SWISS INTERNATIONAL AIRLINES









TURKISH AIRLINES









EMIRATES







UGANDA AIRLINES



- 

Julius Nyerere International Airport (JNIA)
- 

Kilimanjaro International Airport (KIA)
- 

Cargo customers



CLEARING AND FORWARDING AGENTS



SWISSPORT CUSTOMER TREND FROM 2016

Financial summary and production trends
Director's profile
2020 key facts
Letter of transmittal
Our esteemed customers
Swissport customer trend from 2016
The chairman's statement
Taarifa ya mwenyekiti
2020 CEO report
Ripoti ya Mkurugenzi Mkuu 2020
Report of the directors
Statement of directors' responsibilities
Declaration of the chief financial officer
Independent auditors' report
Financial statements
Statement of profit or loss and other comprehensive income
Statement of financial position
Statement of changes in equity
Statement of cash flows
Notes to the financial statements
Management team
General information

S/ No.	AIRLINE	AIRLINE CODES	2016	2017	2018	2019	2020
1	QATAR AIRWAYS	QR	✓	✓	✓	✓	✓
2	TURKISH AIRLINE	TK	✓	✓	✓	✓	✓
3	ETHIOPIAN AIRLINES	ET	✓	✓	✓	✓	✓
4	FASTJET	FN	✓	✓	✓	✗	✗
5	SOUTH AFRICAN AIRWAYS	SA	✓	✓	✓	✓	✓
6	RWANDA AIR	WB	✓	✓	✓		
7	KLM	KL	✓	✓	✓	✓	✓
8	ETIHAD AIRWAYS	EY	✓	✓	✓	✗	✗
9	AIR ZIMBABWE	UM	✓	✓	✓	✓	✓
10	AIR MAURITIUS	MK	✓	✓	✓	✓	✓
11	KENYA AIRWAYS	KQ	✓	✓	✓	✓	✓
12	OMANAIR	WY	✓	✓	✓	✓	✓
13	EGYPTAIR	MS	✓	✓	✓	✓	✓
14	MALAWIAN	3W	✓	✓	✓	✓	✓
15	SWISS INTERNATIONAL AIR LINES	LX	✓	✓	✓	✓	✓
16	MARTINAIR	MP	✓	✓	✓	✓	✓
17	AIR MOZAMBIQUE	LAM	✓	✓	✓	✓	✓
18	EMIRATES	EK	✓	✓	✓	✓	✓
19	EXECUTIVE AVIATION	ZZ	✓	✓	✓	✓	✓
20	EWA AIR	ZD	✓	✓	✓	✓	✓
21	AIR SEYCHELLES	HM	✓	✗	✗	✗	✗
22	FLY DUBAI	FZ	✓	✓			
23	AIR TANZANIA	TC	✓	✓	✓	✓	✓
24	CONDOR	DE	✓	✓	✓	✓	✓
25	FLY 540	SH	✓	✓	✓	✓	✓
26	Z AIRLINES		✓	✓	✓	✓	✓
27	PROFLIGHT ZAMBIA LIMITED	ZJ	✓	✗	✗	✗	✗
28	PRECISION AIR	PW		✓	✓	✓	✓
29	AB AVIATION				✓	✓	✓
30	AIR UGANDA/ UGANDA AIRLINES	U7/UR	✗	✓	✗	✓	✓
31	AIRLINK	4Z					✓
✓ HANDLED BY SWISSPORT TANZANIA PLC.							
✗ EXIT THE MARKET							



THE CHAIRMAN'S STATEMENT

Esteemed shareholders,

The year 2020 was exceptional as a consequence of the economic and social impact associated with the global outbreak of COVID-19. The pandemic had a dramatic impact upon the aviation industry, along with numerous other businesses globally. Governments were forced to close airspace and introduce lockdowns, which, among other things, suppressed flying. In addition, airlines unilaterally put flying on hold due to limited demand. These measures were intended to stop the spread of the coronavirus, in order to protect health and ensure the safety of people. This resulted in a depressed aviation industry and, consequently, the financial performance presented in the report is significantly lower than the results achieved last year.

In response to the pandemic, Swissport Tanzania introduced various measures to protect the health and safety of its workforce, the airport and the travelling community. These measures were developed and implemented in line with the directives issued by the World Health Organization (WHO), under the guidance of the Company's majority shareholder, Swissport International Ltd.

Additionally, steps were taken to mitigate the financial impact attributed to the pandemic through a cost mitigation program spearheaded by Swissport International Ltd. The program was successful and assisted the Company in reducing operating costs, as well as preserving cash, to achieve the sustainability of its operations during these unprecedented times.

Despite curbing the outflow of cash from the business, the Company invested TShs 2.4 billion to complete the upgrade of the export cold-room, at Julius Nyerere International Airport (JNIA), and to purchase some essential ground support equipment (GSE) to enhance service delivery to airline customers. Plans are in place to continue investing in our warehouse facilities and ground support equipment based upon operational demand and health and safety requirements.

We continued in our endeavors to deliver services which meet and exceed customer expectations, despite reduced business volumes and the health and safety threats attributed to the pandemic. We played a key role in assisting our customers to resume operations, whilst ensuring strict health and safety requirements, introduced by the airlines and Governments, were met.

We successfully retained all our operating customers and commenced the provision of ground handling services to Air Tanzania, the National Carrier, on 1st January 2020. Additionally, we secured contracts to provide ground handling services to FlightLink and As Salaam Air. I take this opportunity to thank our esteemed airline customers, for their unwavering patronage and support during the pandemic. I recognize that the survival of our businesses was under threat, however, we engaged in partnership to review operational and commercial terms to support each other to remain sustainable.

During the the course of the year, the Tanzania Airports Authority awarded a concession to a 3rd ground handling company to operate at JNIA. This decision further intensifies competition at JNIA, in a ground handling market that is barely large enough for two ground handling companies. This is likely to further negatively impact the return on investment, given current market conditions and the limited business growth opportunities. Disregarding the impact of COVID-19 in 2020, the financial performance of the company from years 2017 to 2019 has deteriorated significantly due to increased competition, the loss of a small number of customers and the price dumping strategy deployed in an aggressive bid to gain/retain market share. In as much as we believe in competition, and competing in other markets, a healthy competitive landscape is crucial for the prosperity of the ground handling business; this should be backed up by the size and growth of the market. This, unfortunately, is not the case in Tanzania, hence we would urge the authorities to reconsider the liberalization policy.

Financial summary and production trends
Director's profile
2020 key facts
Letter of transmittal
Our esteemed customers
Swissport customer trend from 2016
The chairman's statement
Taarifa ya mwenyekiti
2020 CEO report
Ripoti ya Mkurugenzi Mkuu 2020
Report of the directors
Statement of directors' responsibilities
Declaration of the chief financial officer
Independent auditors' report
Financial statements
Statement of profit or loss and other comprehensive income
Statement of financial position
Statement of changes in equity
Statement of cash flows
Notes to the financial statements
Management team
General information

Financial summary and production trends
Director's profile
2020 key facts
Letter of transmittal
Our esteemed customers
Swissport customer trend from 2016
The chairman's statement
Taarifa ya mwenyekiti
2020 CEO report
Ripoti ya Mkurugenzi Mkuu 2020
Report of the directors
Statement of directors' responsibilities
Declaration of the chief financial officer
Independent auditors' report
Financial statements
Statement of profit or loss and other comprehensive income
Statement of financial position
Statement of changes in equity
Statement of cash flows
Notes to the financial statements
Management team
General information



» Continuous improvement is at the heart of everything we do. «

In pursuit of boosting the company's revenue, we were able to secure a 10-year concession to develop and operate a business class lounge at Kilimanjaro International Airport (KIA). The lounge is still in the development phase, shall be opened in October 2021. This opportunity will enable Swissport to unveil its premium lounge brand "ASPIRE" in Tanzania, and compliment business recovery from the impact of the pandemic.

The future financial performance of the Company depends largely on the rate of business recovery from the pandemic, as well as the impact of the further liberalization of the ground handling business. As the world is rolling out COVID-19 vaccination programs, it is expected that flying

will eventually normalize, and the business will recover to the pre-covid volumes. To respond to the competition, we shall continue investing in state-of-the-art ground service equipment (GSE) and warehouse facilities. We shall also continue investing in technology, process improvement and the development of our people. We shall always comply with industry standards, with the aim of delivering consistent quality services to airline customers in order to meet the agreed service requirements. Our objective is to be the partner of choice in aviation and to maintain our number one position in the ground handling business in Tanzania.

We thank our esteemed customers for their loyalty towards Swissport. We also appreciate the support we receive from the Ministry of Works & Transport, the Tanzania Civil Aviation Authority (TCAA), the Tanzania Airport Authority (TAA), the Kilimanjaro Airport Development Company (KADCO) and other stakeholders. Your support was, and continues to be, vital for the Company's success.

I would also like to thank the management team and employees for their hard work and dedication during these unprecedented times.

On behalf of my fellow board directors, I would like to convey my condolences to those who lost their loved ones from COVID-19, and to the people of the United Republic of Tanzania for the untimely passing of President Dr. John Pombe Joseph Magufuli. May their souls rest in peace and may perpetual light shine upon them.

I would also like to take this opportunity to congratulate Her Excellency Samia Suluhu Hassan for being sworn in to be the 6th President of the United Republic of Tanzania.

Jeroen de Clercq
Board Chairman
Swissport Tanzania Plc.

TAARIFA YA MWENYEKITI

Ndugu Wana hisa,

Mwaka 2020 ulikuwa wa kipekee kutokana na madhara ya kiuchumi na kijamii yaliyotokana na kuzuka kwa janga la UVIKO-19. Janga hili lilikuwa na madhara makubwa hasa katika biashara ya anga sambamba na biashara nyingine ulimwenguni. Serikali zililazimika kufunga anga za nchi zao na kuanzisha karantini, ambayo pamoja na vitu vingine ilipelekea usitishwaji wa safari za anga. Kwa kuongezea mashirika ya ndege kwa upande wake yalisitisha safari zake kutokana na uchache wa abiria. Hatua hizi zililenga kupunguza kuenea kwa UVIKO-19, ili kulinda afya na kuhakikisha usalama wa watu. Hii ilipelekea kuathirika kwa sekta ya anga na matokeo yake utendaji wa kifedha wa kampuni ulioainishwa katika ripoti hii umeshuka kwa kiwango kikubwa ikilinganishwa na utendaji wa kifedha wa mwaka jana.

Katika kukabiliana na janga hili, Swissport Tanzania ilichukua hatua mbalimbali ili kulinda afya na usalama wa wafanyakazi wake, wafanyakazi katika viwanja vya ndenge na jumuiya ya wasafiri. Hatua hizi ziliendelezwa na kutekelezwa sambamba na maelekezo yaliyotolewa na Shirika la Afya Duniani (WHO), chini ya uangalizi wa kampuni mama ya Swissport International Ltd.

Kwa kuongezea, hatua zilichukuliwa kupunguza madhara ya kifedha yaliyotokana na janga la korona kwa kutumia mpango wa kupunguza gharama ulioongozwa na kampuni mama ya Swissport. Programu hii ilifanikiwa na iliisaidia kampuni katika kupunguza gharama za uendeshaji, pamoja na kuhifadhi fedha taslimu hali iliyopelekea kampuni kuendesha shughuli zake za uzalishaji katika kipindi hiki kigumu kwa uendeleu.

Licha ya ya kuzuia matumizi ya pesa, kampuni iliwekeza Kiasi cha shilingi bilioni 2.4 kukamilisha maboresho ya bohari ya mizigo inayoharibika haraka kwa ajili ya kusafirishwa nje ya nchi, katika Uwanja wa Ndege wa Kimataifa wa Mwl. Julius Nyerere (JNIA), na kununua vifaa muhimu vya kutolea huduma za ndege (GSE) ili kuimarisha utoaji wa huduma kwa wateja. Tuna mipango ya kuendelea kuwekeza katika bohari zetu na vifaa vya kutolea huduma za aridhini kulingana na mahitaji ya kiutendaji na mahitaji ya afya na usalama.

Tuliendelea na juhudi zetu za kutoa huduma ambazo zinakidhi na kuzidi matarajio ya wateja, licha ya kupungua kwa kiwango cha biashara na vitisho vya afya na usalama vinavyohusishwa na janga la korona. Tulitimiza jukumu muhimu katika kuwasaidia wateja wetu kurejesha safari za ndege, huku tukihakikisha kwamba masharti madhubuti ya kiafya na kiusalama, yaliyowekwa na mashirika ya ndege pamoja na Serikali, yakitimizwa.

Tulifanikiwa kuwabakiza wateja wetu wote waliokuwa wanatoa huduma na kuanza kutoa huduma za aridhini kwa Air Tanzania, Shirika la Ndege la Taifa, mnamo Januari, 1 2020. Kwa kuongezea, tulipata mikataba ya kutoa huduma za aridhini kwa Kampuni ya FlightLink na As Salaam Air. Natumia fursa hii kuwashukuru wateja wetu wa mashirika ya ndege, kwa ushirikiano usiotetereka na kutuunga mkono wakati wa jangala korona. Natambua kuwa uhai wa biashara zetu ulikuwa kwenye tishio, hata hivyo, tuliingia ubia na kufanya mapitio ya vigezo vya uendeshaji na biashara kwa kuungana mkono ili tuweze kubaki endelevu.

Katika kipindi cha mwaka 2020, Mamlaka ya Viwanja vya Ndege Tanzania ilitoa kibali kwa kampuni ya tatu (3) ya kutoa huduma za aridhini katika uwanja wa JNIA. Uamuzi huu unazidisha ushindani kwenye uwanja wa JNIA, kwenye soko la kutoa huduma ardhini ambalo bado si kubwa kiasi cha kutosha hata kwa kampuni mbili za kushughulikia utoaji huduma ardhini. Hili linaweza kuwa na athari hasi kwenye faida ya uwekezaji, ikizingatiwa hali ya soko la sasa na fursa ndogo za ukuaji wa biashara. Bila kujali athari za UVIKO-19 mnamo mwaka 2020, utendaji wa kifedha wa Kampuni kutoka mwaka 2017 hadi 2019 umeporomoka sana kutokana na kuongezeka kwa ushindani, kupoteza kiasi kidogo cha wateja, na mkakati wa kushusha bei kama mbinu ya kutumia nguvu kuweza kupenya na kupata sehemu

Financial summary and production trends
Director's profile
2020 key facts
Letter of transmittal
Our esteemed customers
Swissport customer trend from 2016
The chairman's statement
Taarifa ya mwenyekiti
2020 CEO report
Ripoti ya Mkurugenzi Mkuu 2020
Report of the directors
Statement of directors' responsibilities
Declaration of the chief financial officer
Independent auditors' report
Financial statements
Statement of profit or loss and other comprehensive income
Statement of financial position
Statement of changes in equity
Statement of cash flows
Notes to the financial statements
Management team
General information

Financial summary and production trends
Director's profile
2020 key facts
Letter of transmittal
Our esteemed customers
Swissport customer trend from 2016
The chairman's statement
Taarifa ya mwenyekiti
2020 CEO report
Ripoti ya Mkurugenzi Mkuu 2020
Report of the directors
Statement of directors' responsibilities
Declaration of the chief financial officer
Independent auditors' report
Financial statements
Statement of profit or loss and other comprehensive income
Statement of financial position
Statement of changes in equity
Statement of cash flows
Notes to the financial statements
Management team
General information



» Maboresho
endelevu ndio
msingi wa kila
jambo tunalofanya. «

ya soko. Licha ya kwamba tunaamini katika ushindani, na tunashindana katika masoko mengine, tunaamini mazingira mazuri ya ushindani ni muhimu kwa ustawi wa biashara ya kutoa huduma za ardhini; hii inapaswa kuungwa mkono na ukubwa na ukuaji wa soko. Kwa bahati mbaya, hali haiko hivyo kwa Tanzania, hivyo, tungependa kuziomba mamlaka zifikirie tena sera ya soko huria.

Katika jitihada za kuongeza mapato ya kampuni, tuliweza kupata idhini ya miaka 10 ya kuendeleza na kuendesha ukumbi wa kupumzikia wasafiri wa daraja la kwanza katika Uwanja wa Ndege wa Kimataifa wa Kilimanjaro (KIA). Tunaendelea kutekeleza mradi na nimatarajio yetu utakamilika na kuanza kufanya kazi mwezi Oktoba 2021. Fursa hii itaiwezesha Swissport kuzindua chapa yake

mahili ya "ASPIRE" nchini Tanzania, na kusaidia kukuza mapato ya kampuni yaliyoporomoka kutokana na athari za janga la korona. Mustakabali wa baadaye wa kiutendaji wa Kampuni unategemea sana kiwango cha kurejea kwa biashara kutokana kwa janga la UVIKO-19, na vile vile athari za kuongezeka zaidi kwa soko huria katika biashara ya utoaji huduma za aridhini. Wakati dunia ikisambaza programu za chanjo ya UVIKO-19, inatarajiwa kwamba safari za ndege hatimaye zitarejea katika hali ya kawaida na biashara zitarejea kwenye kiwango cha kabla ya UVIKO-19. Ili kukabiliana na ushindani, tutaendelea kuwekeza katika vifaa vya kisasa vya kutolea huduma za aridhini (GSE) na bohari za kuhifadhiya mizigo. Tutaendelea pia kuwekeza katika teknolojia, kuboresha mifumo ya kutotea huduma na mafunzo kwa wafanyakazi. Mara zote tutazingatia viwango vya tasnia, kwa lengo la kutoa huduma bora kwa wateja ili kukidhi mahitaji ya huduma yaliyokubaliwa. Lengo letu ni kuwa mshirika chaguo la kwanza katika huduma za usafiri wa anga na kudumisha nafasi yetu ya kwanza katika biashara kutoa huduma za aridhini nchini Tanzania.

Tunawashukuru wateja wetu wapendwa kwa kuendelea kuiamini Swissport. Tunashukuru pia kwa uungwaji mkono tunaupata kutoka kwa Wizara ya Ujenzi na Uchukuzi, Mamlaka ya Usafiri wa Anga Tanzania (TCAA), Mamlaka ya Viwanja vya Ndege Tanzania (TAA), Kampuni ya Maendeleo ya Uwanja wa Ndege wa Kilimanjaro (KADCO) na wadau wengine. Msaada wenu ulikuwa, na unaendelea kuwa muhimu kwa mafanikio ya Kampuni.

Pia Ningependa kuishukuru timu ya menejimenti na wafanyakazi kwa bidii yao na kujitoa kwao katika nyakati hizi ambazo hazijawahi kutokea.

Kwa niaba ya wakurugenzi wenzangu wa bodi, ningependa kutoa salamu zangu za pole kwa wale waliopoteza wapendwa wao kutokana na ugonjwa wa UVIKO-19, na kwa Watu wa Jamhuri ya Muungano wa Tanzania kwa kifo kisocho tarajiwa cha Rais Dkt John Pombe Joseph Magufuli. Roho zao zipumzike kwa amani na mwanga wa milele uwaangazie.

Vile vile napenda kuchukua fursa hii kumpongeza Raisi wa awamu ya 6, Mheshiwa Samia Suluhu Hassan kwa kuapishwa kuwa Raisi wa Jamhuri ya Muungano wa Tanzania. Namwombea mafanikio katika kuliongoza taifa la Tanzania.

Jeroen de Clercq
Mwenyekiti wa Bodi
Swissport Tanzania Plc.

2020 CEO REPORT

The outbreak of COVID-19, towards the end of 2019, caused significant financial and operational impact to the business. As a result, the financial performance of the business in year 2020 declined to unexpected levels and, for the first time in its history, the company recorded a net loss.

COVID-19 endangered, and continues to endanger, our livelihood. In order to control the spread of the coronavirus and protect our livelihood, several Governments around the world, including our own Government, temporarily closed air space, imposed travel restrictions and adopted quarantine measures (lockdowns and/or curfews). To ensure the safety of the travelling community, airlines also suspended flights and later reduced flight schedules due to the decreased demand.

The above measures led to a significant reduction in the number of flights and, to some extent, the volume of cargo handled during the year. The impact on cargo volume was not substantial, because cargo was moving freely during the pandemic. In fact, several airlines utilized space in the cabin of passenger aircraft, to accommodate increased cargo demand.

As a result of the disruption and decreased level of operations caused by the pandemic, the Company's total revenue fell by 25% from the previous year. This also led to a drop-in profit by 212%, whilst operating costs declined by 7%.

The impact of the pandemic on the business was dramatic and unprecedented, however, the Company was able to react quickly to the deterioration in revenue, by introducing several cost cutting measures and suspending investment expenditure, in favor of reducing operating costs and preserving cash respectively. High operational demands on health & safety and unforeseen retrenchment costs prevented the Company from fully mitigating the revenue loss, however, we were able to maintain enough cash to finance the Company's operations; we are pleased that our efforts to preserve cash were complimented by an inter-company loan of US\$ 2 million (Tshs 4.6 billion) received from the majority shareholder, Swissport International Ltd.

Despite the challenges posed by the pandemic, which to a large extent crippled the aviation industry, our airline customers resumed flights into Dar es Salaam and Kilimanjaro immediately after the re-opening of the airspace, albeit with either less frequencies and/or smaller aircraft. As flights resumed, airlines and several Governments introduced strict safety measures to protect the health and safety of the travelling community. As a business, we played our role to help airline-customers to ramp up operations while fully recognizing and meeting health and safety requirements. This did not come cheaply as we were required to invest in new health and safety measures to meet airline and regulatory requirements.

Except for Swiss International Air Lines, EWA Air, South African Airways and Air Mauritius, who suspended their operations into Tanzania for various reasons, all other airlines customers are still operating, and we did not lose any customer to our competitors. We hope our airline customers will grow stronger and remain stable, and those who exited the market will re-introduce their operations into Tanzania in the near future.

We thank all our customers Air Tanzania, As salaam Air, FlightLink, EgyptAir, Flight540, Airlink, Emirates, Swiss International Air Lines, Qatar Airways, Turkish Airlines, Oman Air, Air Zimbabwe, Kenya Airways, South African Airways, Ethiopian Airlines, KLM, Martin Air, Cargo, CONDOR, AB Aviation, Air Mauritius, Malawian Airlines, EWA Air, Air Mozambique and Uganda Airlines for their support during the pandemic.

Special thanks to Air Tanzania, the National Carrier, for whom we started providing ground handling services on 1st January 2020, for continuing to operate its domestic routes during the pandemic. Their operations contributed massively to the Company survival amidst the COVID-19 crisis.

Financial summary and
production trends

Director's profile

2020 key facts

Letter of transmittal

Our esteemed customers

Swissport customer trend from 2016

The chairman's statement

Taarifa ya mwenyekiti

2020 CEO report

Ripoti ya Mkurugenzi Mkuu 2020

Report of the directors

Statement of directors' responsibilities

Declaration of the chief
financial officer

Independent auditors' report

Financial statements

Statement of profit or loss and
other comprehensive income

Statement of financial position

Statement of changes in equity

Statement of cash flows

Notes to the financial statements

Management team

General information

Financial summary and production trends
Director's profile
2020 key facts
Letter of transmittal
Our esteemed customers
Swissport customer trend from 2016
The chairman's statement
Taarifa ya mwenyekiti
2020 CEO report
Ripoti ya Mkurugenzi Mkuu 2020
Report of the directors
Statement of directors' responsibilities
Declaration of the chief financial officer
Independent auditors' report
Financial statements
Statement of profit or loss and other comprehensive income
Statement of financial position
Statement of changes in equity
Statement of cash flows
Notes to the financial statements
Management team
General information



» Safety:

Our Duty: Our Life. «

Investments

We continued serving our airline customers using young-aged and well-maintained Ground Support Equipment (GSE). We are also proud to have completed the expansion of the export cold room, which has positively improved the quality of services during the handling of perishable exports at JNIA.

The suspension of the investment expenditures to preserve cash did not affect the premium quality of our services.

Safety at the Work Place

The Company invested in and provided adequate safety facilities, 'safe' cleaning detergents and protective gear to protect the health of staff, airline staff and the travelling community during the pandemic.

To reduce physical contact and exposure to the corona virus, expiry dates of the operating licenses of staff were formally extended and, where necessary, online training was provided to staff. Staff deployed in operations were all adequately trained and certified. The business was also able to send home a significant number of staff due to the reduced level of operations. These measures mitigate risk of contracting corona virus among staff. Staff members that were called back from home were re-trained before being deployed in operations to ensure are equipped to serve customers as per the Company's standards.

Further to the steps taken to address the risk of COVID-19, the business continued to focus on the delivery of a safe operation. Our focus on product differentiation via premium customer service and safety, remains firmly in place.

Human Resources and Training of Staff

The financial and operational performance realized during the year was attained through the commitment of employees – our number one asset. As a team we worked tirelessly to better serve our airline customers, despite the health and safety challenges presented by the pandemic.

To respond to the declining of the business volume and avoiding unsustainable financial loss, we reduced operational headcount and entered into an agreement with the Workers Union to implement a pay cut from May to August 2020, and introduce unpaid leave from September to December 2020, in order to reduce operating costs in line with volume reduction, while monitoring business recovery. We also implemented several cost cutting measures to further mitigate the revenue loss.

We reduced headcount by around 353 employees during the year and finally retrenched 132 staff in December 2020 to cope with reduced business volume. Retrenchment costs, which to a larger extent pushed up staff costs, were provided in the books and subsequently paid in March 2021. Our decision was backed up by a thorough analysis of our operational needs based upon service level agreements (SLA's) signed with airline customers.

Our Training Centre continued to play a vital role in ensuring operational staff are well trained and certified in their specific area of operations. The efforts to certify our staff are also achieved through working hand in hand with our airline customers and industry regulators.

Training records are well maintained in the INTELEX system, which flags all non-compliances with business-critical and functional training.



Accolades

During the year we received the financial reporting award from the National Board of Accountants and Auditors (NBAA), 2019 best presented financial statements 2nd winner in the category of service trading entities, in recognition of our excellence in financial reporting among companies in Tanzania. We have won this award for the 8th year in a row. This demonstrates transparency and compliance in financial reporting.

Future Outlook

The future of the aviation industry is still clouded with uncertainties due to the ongoing reported COVID-19 cases, ongoing travel restrictions and depressed passenger numbers. However, it is our expectation that the roll-out of COVID-19 vaccine programs around the globe will, to a large extent, accelerate business recovery. Business recovery in Tanzania has been modest and encouraging; the ground handling business is now operating at approximately 55% of the pre-covid volume, while the cargo business has fully recovered. A significant number of our airline customers have resumed operations, albeit with less frequencies, and some are operating with smaller aircraft types compared to the pre-covid time. The Company's future business estimates have been prepared based on the current airline performance trend and the expected business recovery rate, and the management is confident that the Company estimates for year 2021 will be achieved.

The management is carefully monitoring the ongoing situation and taking appropriate cost cutting measures to ensure the sustainability of the business. Measures are also being taken to protect the safety and health of our staff, and the travelling community, while supporting the airlines as they continue to ramp-up their operations and respond to the rapidly changing business landscape.

Commercial contracts with our airline customers are valid and we will continue maintaining our relationship to the end of the contract duration. We are also confident to renew a small number of expired contracts, which are currently under negotiation.

Towards the end of 2020, Swissport won a 10-year contract to develop, manage and operate the business lounge at KIA. The lounge is owned by Air Tanzania and the Company will be operating the lounge on their behalf. The Company is executing the project and expect the lounge to be operational in October 2021. The additional revenue from the lounge is expected to accelerate business recovery from COVID-19.

Business growth opportunities and chances to establish operations at other airports within the country are limited and we, therefore, do not anticipate starting a new business, or establish new operations, at additional sites. We are, however, optimistic that there will be no further negative revenue impact, because of price reduction recorded by the business, and we shall continue reviewing the Company's cost structure to ensure the Company return to the profit making position.

The focus in year 2021 going forward is to monitor business recoverability from the impact of COVID-19 and continue growing the business as businesses return to normal.

Appreciation

I would like to thank our esteemed customers for showing confidence in us and for their continued engagement with us. I would also like to thank the Board of Directors, Ministry of Works and Transport, Tanzania Civil Aviation Authority, Tanzania Airports Authority and all other stakeholders for their support during the year 2020. A special thanks to the staff and the management colleagues for their commitment and hard work during the year.

I bank on your continued support going forward.

Asante sana!

Mrisho Yassin
Chief Executive Officer

Financial summary and
production trends

Director's profile

2020 key facts

Letter of transmittal

Our esteemed customers

Swissport customer trend from 2016

The chairman's statement

Taarifa ya mwenyekiti

2020 CEO report

Ripoti ya Mkurugenzi Mkuu 2020

Report of the directors

Statement of directors' responsibilities

Declaration of the chief

financial officer

Independent auditors' report

Financial statements

Statement of profit or loss and
other comprehensive income

Statement of financial position

Statement of changes in equity

Statement of cash flows

Notes to the financial statements

Management team

General information

RIPOTI YA MKURUGENZI MKUU 2020

Kuzuka kwa ugonjwa wa UVIKO 19 mwishoni mwa mwaka 2019 kumesababisha athari kubwa za kifedha na utendaji katika biashara. Hali hii ilisababisha matokeo ya biashara katika mwaka 2020 kushuka kwa kiwango ambacho hakikutarajiwa na kwa mara ya kwanza katika historia kampuni yetu imepata hasara.

Ugonjwa wa UVIKO 19 unahatarisha maisha yetu. Ili kudhibiti kuenea kwa virusi vya korona na kulinda maisha yetu, serikali kadhaa ulimwenguni, ikiwemo serikali yetu zilisitisha kwa muda usafiri wa anga, zikaweka vikwazo vya kusafiri na kuanzisha karantini (zuio la kutokutoka nje kwa muda fulani). Katika kuhakikisha usalama wa wasafiri wa anga mashirika ya ndege nayo yalisimamisha safari zake kutokana na kupungua kwa wasafiri.

Hatua zilizotajwa hapo juu za kukabiliana na maambukizi ya virusi vya korona, zilipelekea kupungua kwa kiwango kikubwa kwa miruko ya ndege na kwa kiasi fulani kupungua kwa wingi wa mizigo tuliyoihudumia. Athari katika wingi wa mizigo haikuwa kubwa kwa sababu mizigo ilikuwa ikisafirishwa bila vikwazo wakati wa janga la korona. Tulishuhudia kampuni kadhaa za ndege zikitumia ndege za abiria kusafirisha mizigo kukidhi mahitaji ya usafirishaji mizigo yaliyojitokeza.

Changamoto za operesheni na kupungua kwa shughuli za operesheni kulikosababishwa na janga la korona zilipelekea mapato ya kampuni kushuka kwa asilimia 25 kutoka yale ya mwaka 2019. Hali hii ilipelekea pia kushuka kwa faida kwa kiasi cha asilimia 212% huku gharama za uendeshaji zikishuka kwa asilimia 7.

Athari za janga la korona katika biashara zilikuwa ni kubwa na hazikutarajiwa, hata hivyo, kampuni iliweza kuchukua hatua za haraka kukabiliana na upungufu mkubwa wa mapato kwa kuchukua hatua mbali mbali za kupunguza gharama na kusitisha matumizi ya uwekezaji, ili kupunguza gharama za uzalishaji na kuhifadhi fedha taslimu. Mahitaji makubwa ya kiutendaji katika afya na usalama na gharama za upunguzaji wa wafanyakazi zisizotarajiwa zilikwamisha mipango ya kampuni ya kupunguza gharama sambamba na upunguaji wa mapato, hata hivyo, tuliweza kutunza fedha za kutosha kusimamia uendeshaji wa Kampuni; tunayo furaha kwamba juhudi zetu za kuhifadhi fedha zilisaidiwa na mkopo wa kiasi cha dola za Marekani milioni mbili (2) (Tsh 4.6 bilioni) kutoka kwa kampuni mama ya Swissport International Ltd.

Licha ya changamoto zilizosababishwa na janga la korona ambazo kwa kiasi kikubwa zimeathiri sekta ya anga, wateja wetu walirejesha safari zao za ndege kwenda Dar es salaam na Kilimanjaro mara tu baada ya kufunguliwa kwa anga japo kwa kupunguza idadi ya safari na/au wakati mwingine kufanya safari kwa kutumia ndege ndogo. Kadiri safari za ndege zilivyokuwa zikirejea, baadhi ya kampuni za ndege na serikali zilianzisha hatua kali za kiusalama ili kulinda afya na usalama wa wasafiri. Kampuni yetu ilitimiza wajibu wa kuwasaidia wateja wetu kurejesha safari zao huku ikitambua na kutimiza matakwa ya kiusalama na afya ya wateja na serikali. Hali hii ilihitaji uwekezaji katika mfumo wa afya na usalama ili kukidhi mahitaji ya wateja na wadhibiti wa sekta ya anga.

Licha ya mashirika ya ndege ya Swiss International Air, EWA Air, South African Airways na Air Mauritius kusitisha kufanya shughuli zao nchini Tanzania kwa sababu mbalimbali, mashirika mengine ya ndege yanaendelea kufanya safari zao nchini Tanzania na hatukupoteza mteja yeyote kwenda kwa washindani wetu. Tuna matumaini kuwa wateja wetu wataendelea kuwa imara licha ya changamoto za janga la korona, na wale ambao wamesitisha safari zao nchini Tanzania watarejea siku za usoni.



» Usalama: Wajibu Wetu: Maisha Yetu «

Tunawashukuru wateja wetu wote Air Tanzania, As salaam Air, FlightLink, EgyptAir, Flight540, Airlink, Emirates, Swiss International Air Lines, Qatar Airways, Turkish Airlines, Oman Air, Air Zimbabwe, Kenya Airways, South African Airways, Ethiopian Airlines, KLM, Martin Air Cargo, CONDOR, AB Aviation, Air Mauritius, Malawian Airlines, EWA Air, Air Mozambique na Uganda Airlines kwa kutuunga mkono kipindi cha janga la korona.

Kipekee naishukuru Air Tanzania, Shirika la Ndege la Taifa, ambao tulianza kuwapatia huduma za ardhini tarehe 1 Januari, 2020, kwa kuendelea kufanya safari za ndani ya nchi kipindi cha janga la korona. Safari zao za ndani zilichangia kwa kiasi kikubwa kampuni ya Swissport kuendelea kuwa endelevu wakati wa janga la korona.

Uwekezaji

Tuliendelea kuwahudumia wateja wetu kwa kutumia vifaa vya kisasa vya kutolea huduma za ardhini (GSEs) vyenye umri mdogo na vinavyotunzwa vizuri. Pia tunajivunia kumaliza upanuzi wa bohari la kuhifadhi mizigo inayoharibika haraka kwa ajili ya kusafirishwa nje ya nchi 'export cold room' ambao umechangia kuleta maboresho chanya ya huduma zetu wakati wa kuhudumia mizigo inayoharibika haraka katika Uwanja wa Kimataifa wa Mwl. Julius Nyerere (JNIA).

Kusitishwa kwa uwekezaji ili kutunza fedha hakukuathiri ubora wa huduma zetu.

Usalama kazini

Kampuni iliwekeza na kutoa vifaa stahiki na toshelezi kwa ajili ya usalama, vitakatishi stahiki za kusafishia ndege na mavazi ya kinga ili kulinda afya za watumishi, wafanyakazi katika viwanja vya ndege na wasafiri wakati wa janga la korona.

Ili kupunguza mwingiliano na kujiweka katika hatari ya kuambukizwa ugonjwa wa UVIKO 19, tarehe za kuisha muda wa matumizi ya leseni za wafanyakazi zilisogezwa mbele na ilipolazimu mafunzo kwa njia ya mtandao yalitolewa kwa wafanyakazi. Wafanyakazi waliopangiwa kazi walikua wamefunzwa vizuri na kupatiwa vyeti. Kupungua kwa shughuli za uendeshaji kulisababisha kurudishwa nyumbani kwa wafanyakazi wengi. Hatua hii ilipunguza athari ya kupata maambukizi miongoni mwa wafanyakazi. Baadhi ya watumishi waliorejeshwa kazini walipatiwa tena mafunzo kabla ya kuanza kuhudumia wateja ili kuhakikisha wanatoa huduma kwa wateja kulingana na viwango vya kampuni.

Licha ya jitihada zilizochukuliwa katika kukabiliana na ugonjwa wa UVIKO 19, kampuni iliendelea kujikita katika uendeshaji na utoaji huduma salama. Mtazamo wa kampuni wa kujitofautisha na watoa huduma wengine kupitia utoaji wa huduma bora, nzuri na salama kwa wateja unadumishwa.

Rasilimali watu na utoaji mafunzo kwa watumishi

Matokeo ya kifedha na operesheni yaliyopatikana katika mwaka 2020, yametokana na juhudi za wafanyakazi – hazina yetu namba moja. Tulifanya kazi kama timu bila kuchoka ili kuhudumia vizuri wateja wetu licha ya kuwepo kwa changamoto za kiafya na kiusalama zilizoletwa na janga la ugonjwa wa UVIKO 19.

Financial summary and production trends
Director's profile
2020 key facts
Letter of transmittal
Our esteemed customers
Swissport customer trend from 2016
The chairman's statement
Taarifa ya mwenyekiti
2020 CEO report
Ripoti ya Mkurugenzi Mkuu 2020
Report of the directors
Statement of directors' responsibilities
Declaration of the chief financial officer
Independent auditors' report
Financial statements
Statement of profit or loss and other comprehensive income
Statement of financial position
Statement of changes in equity
Statement of cash flows
Notes to the financial statements
Management team
General information

Financial summary and production trends
Director's profile
2020 key facts
Letter of transmittal
Our esteemed customers
Swissport customer trend from 2016
The chairman's statement
Taarifa ya mwenyekiti
2020 CEO report
Ripoti ya Mkurugenzi Mkuu 2020
Report of the directors
Statement of directors' responsibilities
Declaration of the chief financial officer
Independent auditors' report
Financial statements
Statement of profit or loss and other comprehensive income
Statement of financial position
Statement of changes in equity
Statement of cash flows
Notes to the financial statements
Management team
General information

Katika kukabiliana na kupungua kwa shughuli za operesheni na kuepuka kupoteza fedha katika kipindi hiki kifupi, tulipunguza idadi ya wafanyakazi na kuingia makubaliano na Chama cha Wafanyakazi kutekeleza mpango wa kupunguza viwango vya mishahara kutoka mwezi Mei mpaka Agosti 2020, na kuanzisha mfumo wa likizo bila malipo kuanzia Septemba mpaka Disemba 2020, kwa lengo la kupunguza gharama za uendeshaji sambamba na kupungua kwa shughuli za operesheni, huku tukifuatilia mwenendo wa biashara. Pia tulitekeleza hatua kadhaa za kupunguza gharama za uendeshaji ili kukabiliana na changamoto ya kupungua kwa mapato.

Tulipunguza idadi ya wafanyakazi wapatao 353 katika mwaka 2020 na hatimae ilipofika mwezi Disemba tulipunguza wafanyakazi wengine 132 ili kuendana na kupungua kwa kiwango cha biashara. Gharama za kupunguza wafanyakazi, ambazo kwa kiwango kikubwa ziliongeza gharama za wafanyakazi, ziliingizwa kwenye vitabu vya hesabu za mwaka 2020 na kisha kulipwa mwezi Machi 2021. Uamuzi wa kupunguza wafanyakazi ulifanywa baada ya kufanya uchambuzi wa kina wa mahitaji yetu ya kiutendaji kulingana na makubaliano ya viwango vya huduma tuliyosaini na wateja wetu.

Kituo chetu cha mafunzo kiliendelea kutimiza jukumu muhimu katika kuhakikisha wafanyakazi wanapatiwa mafunzo vizuri na kupewa vyeti katika maeneo yao mahususi ya kiutendaji. Jitihada za kuwathibitisha (kuwapa vyeti) wafanyakazi wetu pia zinafanikiwa kwa kufanya kazi bega kwa bega na wateja wetu na wadhibiti wa sekta ya usafiri wa anga.

Rekodi za mafunzo zinatunzwa vizuri katika mfumo wa INTELEX, ambao hutoa ishara kuonyesha mapungufu yaliyopo kwenye mafunzo muhimu ya lazima kwa kila mfanyakazi na mafunzo mahususi ya kiutendaji

Tuzo

Katika kipindi cha mwaka 2020 tulipokea tuzo ya Ripoti Bora ya Mahesabu ya Kampuni kutoka kwa Bodi ya Taifa ya Wahasibu na Wakaguzi wa Hesabu (NBAA), Mshindi wa pili (2) wa ripoti bora ya taarifa ya mahesabu iliyowasilishwa kwa mwaka 2019 katika kundi la mashirika ya biashara ya huduma kwa kutambua ubora wetu katika utoaji wa taarifa za kifedha. Tumeshinda tuzo hii kwa mwaka wa nane (8) mfululizo. Hii inaonyesha uwazi na uzingatiaji wa viwango vya utoaji taarifa za kifedha.

Mtazamo wa mbeleni

Mustakabali wa sekta ya anga bado umefunikwa na hali ya sintofahamu, kutokana na kesi za maambukizi ya ugonjwa wa UVIKO 19 zinazoendelea kuripotiwa, vizuizi vya safari na idadi ndogo ya abiria. Hata hivyo, ni matarajio yetu kwamba utoaji wa chanjo ya ugonjwa wa UVIKO 19 kote ulimwenguni, kwa kiwango kikubwa, kutaharakisha kurejea kwa biashara katika hali ya kawaida. Hali ya kurejea kwa biashara nchini Tanzania ni ya kuridhisha; biashara ya kuhudumia ndege viwanjani imerejea kwa wastani wa asilimia 55 ya kiwango cha kabla ya mlipuko wa ugonjwa wa UVIKO 19, wakati biashara ya kuhudumia mizigo imerudi katika hali yake ya kawaida kabisa. Idadi kubwa ya wateja wetu wamerejesha tena shughuli zao, japo kwa kiwango kidogo, na wengine wanafanya shughuli zao kwa kutumia aina ndogo za ndege ikilinganishwa na kipindi cha kabla ya korona. Makadirio ya biashara ya baadaye ya Kampuni yameandaliwa kulingana na mwenendo wa sasa wa utendaji wa mashirika ya ndege na kiwango kinachotarajiwa cha kurejea kwa biashara, na menejimenti ina hakika kuwa makadirio ya kampuni kwa mwaka 2021 yatafikiwa.

Menejimenti inafuatilia kwa karibu mwenendo wa hali ya biashara na kuendelea kuchukua hatua stahiki za kupunguza gharama kuhakikisha kampuni inaendelea kua endelevu. Hatua pia zinachukuliwa kulinda afya na usalama wa wafanyakazi wetu na jumuiya ya wasafiri, huku tukiendelea kushirikiana na mashirika ya ndege kadri yanavyorejesha shughuli zao na kuchukua hatua stahiki kukabiliana na mabadiliko ya hali ya biashara.



Financial summary and production trends
Director's profile
2020 key facts
Letter of transmittal
Our esteemed customers
Swissport customer trend from 2016
The chairman's statement
Taarifa ya mwenyekiti
2020 CEO report
Ripoti ya Mkurugenzi Mkuu 2020
Report of the directors
Statement of directors' responsibilities
Declaration of the chief financial officer
Independent auditors' report
Financial statements
Statement of profit or loss and other comprehensive income
Statement of financial position
Statement of changes in equity
Statement of cash flows
Notes to the financial statements
Management team
General information

Mikataba ya kibiashara na wateja wetu ipo hai na tutaendelea kudumisha uhusiano wetu mpaka mwisho wa kipindi cha mikataba. Pia tuna uhakika wa kuihuisha idadi ndogo ya mikataba ambayo inafika mwisho, tayari tupo kwenye majadiliano na wateja.

Kuelekea mwishoni mwa mwaka 2020, Swissport ilishinda kandarasi ya miaka 10 ya kutengeneza na kuendesha ukumbi wa kupumzikia wa wasafiri wa daraja la biashara katika Uwanja wa Ndege wa Kimataifa Wa Kilimanjaro (KIA). Ukumbi huo wa kupumzikia unamilikiwa na Air Tanzania na Kampuni (Swissport) itakuwa ikiendesha kwa niaba yao. Kampuni inatekeleza mradi huo na ukumbi huo unatarajiwa kuanza kufanya kazi ifikapo Oktoba 2021. Mapato ya ziada kutoka kwenye ukumbi huo yanatarajiwa kuongeza mapato ya kampuni yaliyoporomoka kutokana na madhara ya ugonjwa wa UVIKO 19.

Fursa za ukuzaji wa biashara na nafasi za kuanzisha shughuli za kibiashara katika viwanja vingine vya ndege ndani ya nchi ni ndogo na hivyo hatutarajii kuanzisha biashara mpya, au kuanzisha shughuli mpya, kwenye maeneo mapya. Hata hivyo, tunayo matumaini kwamba hakutakuwa na athari mbaya zaidi kwenye mapato yatakayotokana na punguzo la bei kulikoshuhudiwa katika biashara katika miaka miwili iliyopita, na tutaendelea kupitia muundo wa gharama wa Kampuni kuhakikisha kuwa kampuni inarudi katika nafasi yake ya kutengeneza faida.

Lengo katika mwaka wa 2021 na kuendelea ni kufuatilia kurejea kwa biashara kutokana na athari za ugonjwa wa UVIKO 19 na kuendelea kukuza biashara kadri hali ya biashara itakavyokua inarejea.

Shukrani

Napenda kuwashukuru wateja wetu kwa kutuamini na kwa kuendelea kushirikiana na sisi kibiashara. Napenda pia kuwashukuru Bodi ya Wakurugenzi, wizara ya Kazi na Usafirishaji, Mamlaka ya Anga Aanzania, Mamlaka ya Viwanja vya Ndege Tanzania, na wadau wetu wote wengine kwa kutuunga mkono katika mwaka wa 2020. Shukrani za kipekee kwa wafanyakazi na wenzangu katika menejimenti kwa kujitoa na kujituma kwao katika mwaka 2020.

Ni matarajio yangu mtaendelea kuniunga mkono, kadri tunavyosonga mbele

Asanteni sana!

Mrisho Yassin
Mkurugenzi Mkuu



REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31 DECEMBER 2020

Financial summary and production trends
Director's profile
2020 key facts
Letter of transmittal
Our esteemed customers
Swissport customer trend from 2016
The chairman's statement
Taarifa ya mwenyekiti
2020 CEO report
Ripoti ya Mkurugenzi Mkuu 2020
Report of the directors
Statement of directors' responsibilities
Declaration of the chief financial officer
Independent auditors' report
Financial statements
Statement of profit or loss and other comprehensive income
Statement of financial position
Statement of changes in equity
Statement of cash flows
Notes to the financial statements
Management team
General information

The directors submit their report together with the audited financial statements for the year ended 31 December 2020, which disclose the statement of profit or loss and other comprehensive income, statement of financial position, statement of changes in equity, statement of cash flow and notes to the financial statements of Swissport Tanzania Plc (the "Company").

1 DIRECTORS

The directors of the Company at the date of this report, who served since 1 January 2020, except where otherwise stated, are:

	Name	Nationality	Position	Age	Appointment	Resignation
1	Mr. Jeroen de Clercq ⁽¹⁾	Dutch	Chairman	58	June, 2006	-
2	Mr. Luzius Wirth (1)	Swiss	Director	47	March, 2020	April 2021
3	Mr. Eric Muriithi (1)	Kenyan	Director	36	March, 2020	-
4	Mr. Raymond P Mbilinyi (2)	Tanzanian	Director	56	April, 2016	-
5	Dr. Charles S Kimei (2)	Tanzanian	Director	68	April, 2019	-
6	Mr. Mark Skinner (1)	Swiss	Former chairman	55	June, 2016	March 2020
7	Mr. Rene Sutter (1)	British	Director	41	June, 2017	March 2020

Mark Skinner and Rene Sutter who were the directors representing Swissport International Ltd (SPI), resigned in March 2020 and did not attend any Board of Directors meeting during the year.

- (1) Representing Swissport international Ltd (SPI)
- (2) Representing minority shareholders



1 DIRECTORS (CONTINUED)

In accordance with the Company's Articles of Association, the directors are not required to retire by rotation.

All the directors are non-executive, 3 directors are representing SPI and are senior executives at SPI and 2 directors are representing minority shareholders.

Directors' interest in the shares of the Company

Directors representing minority shareholders have interest in issued and fully paid up shares of the Company as shown below:

Name	Shares 2020	Shares 2019
Mr. Raymond P Mbilinyi	140	140
Dr. Charles S Kimei	1,200	1,200

Directors' remuneration

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

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

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

Name	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 KW Kapinga and Partners.

2 COMPANY SHAREHOLDINGS

As at 31 December 2020, the Company had 10,782 shareholders (31 December 2019 –10,480 shareholders). The Pension Funds owns 8% of the Company's shares (2019: 9%). Ten major shareholders of the Company are listed below:

	Name	Nationality	%
1	Swissport International Ltd.	Swiss	51
2	SCB(T) RE:SSB: Chage Global Frontier Markets, LP Fund	Tanzanian	6
3	National Social Security Fund	Tanzanian	5
4	PSSSF	Tanzanian	3
5	SBSA ACC Barca Global Master Fund LP	Tanzanian	3

2 COMPANY SHAREHOLDINGS (CONTINUED)

	Name	Nationality	%
6	SCB (T) Nominee Ltd Standard Chartered Bank	Tanzanian	2
7	SCB Mauritius A/C SANLAM Centre Sub Saharan Africa Equity	Tanzanian	2
8	Sayeed H. Kadri &/or Basharati Kadri	Tanzanian	1
9	Umoja Unit Trust Scheme	Tanzanian	1
10	G.A.K. Patel & Co. Limited	Tanzanian	1

As at 31 December 2019 the Company had 10,480 shareholders (31 December 2018 –10,812 shareholders). The Pension Funds owns 9% of the Company's share. Ten major shareholders of the Company are listed below:

	Name	Nationality	%
1	Swissport International Ltd.	Swiss	51
2	SCB(T) RE:SSB: Chage Global Frontier Markets, LP Fund	Tanzanian	6
3	National Social Security Fund	Tanzanian	5
4	PSSSF	Tanzanian	4
5	SBSA ACC Barca Global Master Fund LP	Tanzanian	3
6	SCB (T) Nominee Ltd Standard Chartered Bank	Tanzanian	2
7	SCB Mauritius A/C SANLAM Centre Sub Saharan Africa Equity	Tanzanian	2
8	Sayeed H. Kadri &/or Basharati Kadri	Tanzanian	1
9	G.A.K. Patel & Co. Limited	Tanzanian	1
10	Social Action Trust Fund	Tanzanian	1

3 ACCOUNTING PERIOD

The Company's accounting circle is January to December. The financial information presented in these financial statements are for the year ended 31 December 2020 together with the comparative information for the year ended 31 December 2019.

4 PRINCIPAL ACTIVITIES

The Company's principal activities are the provision of airport ground handling and cargo handling services. During the year, the Company operated at Julius Nyerere International Airport-(JNIA) and Kilimanjaro International Airport (KIA). Operations at Songwe and Mtwara airports were closed in 2019.

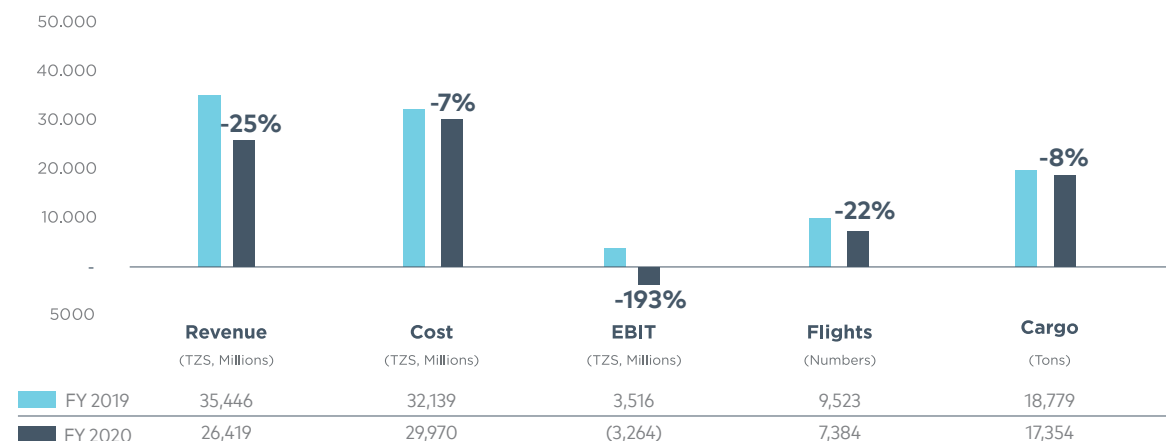
5 OPERATING AND FINANCIAL REVIEW

2020 was a challenging year for the Company and the aviation industry worldwide. We started with excitement following winning of the ground handling contract for handling Air Tanzania flights at JNIA and KIA. The opportunity was expected to accelerate business recovery from the impact of competition suffered in the previous years. However, the dynamics of business changed soon after the outbreak and spread of COVID-19 pandemic across the globe in March 2020. The resulting impact of the pandemic to the operations following measures taken by various Governments to contain the spread of the virus did adversely affect the company's financial and operational performance during the year. To protect and ensure sustainability of the business, we implemented various cost

5 OPERATING AND FINANCIAL REVIEW (CONTINUED)

cutting strategies which includes but not limited to headcount reduction, salary cuts and suspension of investments in order to reduce operating costs and preserve cash.

OPERATIONAL AND FINANCIAL OVERVIEW



Revenue for the year decreased by 25% from the revenue realized in year 2019. The decrease in revenue was mainly caused by significant drop of yield per flight and use of smaller equipment by airline customers and reduction of flight frequencies and cargo volumes because of COVID-19 pandemic. This was caused by suspension of international flights by our airline customers and Government closure of airspaces to control the spread of corona virus between March and May 2020. International airlines resumed their suspended flights into Tanzania between June and August 2020 although with less frequencies.

Ground handling services

Ground handling services were severely impacted by the pandemic as a result, revenue decreased by 44% when compared to year 2019 from TShs 16,951 billion to TShs 9,447 billion. The decrease in ground handling revenue was attributed by significant drop of yield per flight and use of smaller equipment by airline customers, decrease in the number of flights handled due to the suspension of international flights, and reduced frequencies by our airline customers when resumed operation. As a result, the ground handling segment performance was largely dependent of domestic flights operated by Air Tanzania (ATCL), the national carrier. Air Tanzania sustained its domestic operations throughout the year.

During the year the Company handled 7,384 to flights frequencies (2019 – 9,523 flight frequencies) which is a decrease of 22% on flights frequencies from prior year.

Ground handling revenue versus budget:

Winning Air Tanzania ground handling business at JNIA and JRO international airports in January 2020 was expected to significantly improve the financial performance when compared to 2020 budget. However, as a result of the outbreak of COVID-19 pandemic in March 2020 the Company's financial and operational projections were severely impacted. Consequently, ground handling revenue decreased to TShs 9.4 billion from the budget of TShs 15.6 billion. This was a decrease of 40% from the budgeted revenue. The ground handling revenue loss against the budget was partly compensated by the revenue earned from handling Air Tanzania operations. Air Tanzania was not included in the Company's 2020 budget which was concluded in November 2019.

5 OPERATING AND FINANCIAL REVIEW (CONTINUED)

Cargo handling services

Cargo handling services were relatively stable during the year. Revenue decreased by 8% from TShs 18,495 billion to TShs 16,972 billion when compared to year 2019. The decrease was attributed to decrease in the volume of cargo handled by 8% from 18,779 tons handled in 2019 to 17,354 tons handled in 2020.

Cargo volumes were not significantly affected by the pandemic because the introduced travel restrictions did not affect cargo movement. Airlines continued moving cargo by using cabin flights and freighters.

Cargo revenue versus budget

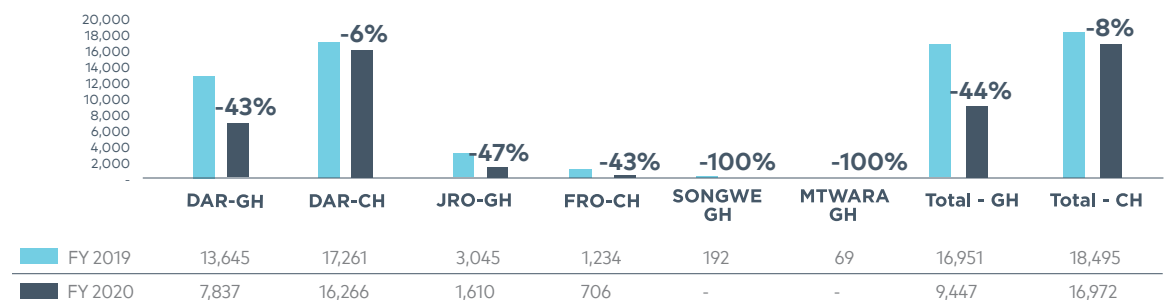
Revenue realized from cargo handling services of TShs 16,973 million was 8% below budgeted revenue of TShs 18,682 million. Actual performance was below budget mainly due to decrease in the volume of cargo handled. We budgeted to handle 18,437 tons of cargo while 17,354 tons were handled during the year.

The Company earned its revenue from JNIA and KIA operations. Songwe and Mtwara stations were closed in year 2019 however closure of the stations did not result to a notable financial loss.

Mtwara station was loss making while Songwe operations contribution to the Company were significantly reduced following the cessation of Fastjet operations in 2018.

Revenue realised from ground handling (GH) and cargo handling services (CH) operations at Julius Nyerere International Airport (DAR), Kilimanjaro International Airport (JRO), Songwe International Airport (MBI) and Mtwara (MYW) are as follows:

REVENUE BY BUSINESS LINE



Profitability

During the year, the Company recorded operating loss before tax (LBT) of TShs 3,551 million, which was TShs 6,858 million or 207% lower when compared to a profit before tax (PBT) of TShs 3,307 million realized in 2019. The decrease in earnings before tax (EBT) was led by plunge in revenue because of the severe financial and operational impact caused by COVID-19 pandemic. Cost saving initiatives adopted by the Company aimed at protecting profitability and cash flow of the company did not fully compensated the revenue loss.

Cash flow

Despite decreasing the operating activities of Company due to COVID-19 pandemic, the Company generated enough cash flow from its operations to maintain a positive free cash flow position. During the year the Company generated TShs 3,465 million from its operating activities (2019 – TShs 6,169 million). The decrease in the cash flow from operations was mainly due to loss before income tax of TShs 3,551 million incurred during the year.

5 OPERATING AND FINANCIAL REVIEW (CONTINUED)

Investments

During the year, the Company invested TShs 2,514 million which was spent in upgrading cold room facility at JNIA and to purchase few Ground Support Equipment (GSE), vehicles and computers (2019 – TShs 2,416 million).

The upgrade of the cold room facility at JNIA was completed during the year. The facility is now operational and has transformed the way we are handling perishable goods at JNIA such that temperature maintenance throughout the handling of perishables at our facility is now guaranteed. Temperature maintenance is one of the key success factors during the handling of perishables. Also, safety of our operations while handling perishable products has been improved.

To enhance quality of services to airline customers, we acquired the Main Deck Loader (High- Loader) during the year. The equipment was delivered at JNIA in December 2020 and became operational in March 2021.

The Company will cautiously continue investing in GSE, People, Safety, Training and ICT of strategic importance to enhance the quality of services and safety of staff and customers.

Airline performance and retention

Despite the impact of COVID-19 pandemic significant number of our airline customers continued to operate into Tanzania albeit with less frequencies. We lost Air Mauritius who went bankrupt during the pandemic and Swiss International Airlines Ltd who suspended its flights into Tanzania in October 2020. The Company did not lose any customer to the competitors.

During the year, we won a tender to handle Air Tanzania operations at JNIA and KIA. We are proud of the opportunity to handle the national carrier and we believe our service quality will positively contribute to the government strategy to revamp the airline.

The Company's operational performance was firmly measured by our customers by using set of Key Performance Indicators (KPIs) which are part of the agreed Service Level Agreements (SLAs). The agreed KPIs were to a great extent achieved.

Overall Performance

The outbreak of COVID-19 towards the end of 2019 severely impacted the aviation industry worldwide. Industry disruption was caused by measures such as suspension of flights, travel restrictions, closure of air spaces and lockdowns introduced to control the spread of corona virus.

The aforementioned measures taken to control the spread of corona virus significantly affected operational and consequently financial performance of the Company. We responded by introducing several cost cutting measures, establishing contingent plans and re-evaluating our business model in order to remain afloat and sustainable during and post-pandemic. These measures helped to mitigate the financial impact of the loss of business and preserve cash.

Because of a significant reduction of the business volumes we right sized the business, we did so by retrenching 131 operational staff and incurred TShs 1,219 million as retrenchment cost.

The pandemic did not only affect the financial performance of the Company but did as well affect health of staff, travelling community and society, and claimed lives of our beloved ones. The pandemic also challenges usual norms of our social interactions, the way we work and the way we do businesses.

Financial summary and production trends
Director's profile
2020 key facts
Letter of transmittal
Our esteemed customers
Swissport customer trend from 2016
The chairman's statement
Taarifa ya mwenyekiti
2020 CEO report
Ripoti ya Mkurugenzi Mkuu 2020
Report of the directors
Statement of directors' responsibilities
Declaration of the chief financial officer
Independent auditors' report
Financial statements
Statement of profit or loss and other comprehensive income
Statement of financial position
Statement of changes in equity
Statement of cash flows
Notes to the financial statements
Management team
General information

5 OPERATING AND FINANCIAL REVIEW (CONTINUED)

Overall Performance (continued)

The Company had to respond by being resilient and adopting new ways of doing things. Various measures to protect health of our staff and the travelling community while meeting strict health requirements pronounced by various Governments and self-developed measures were introduced to make flying and handling of flights safe. These measures negatively affected our cost structures.

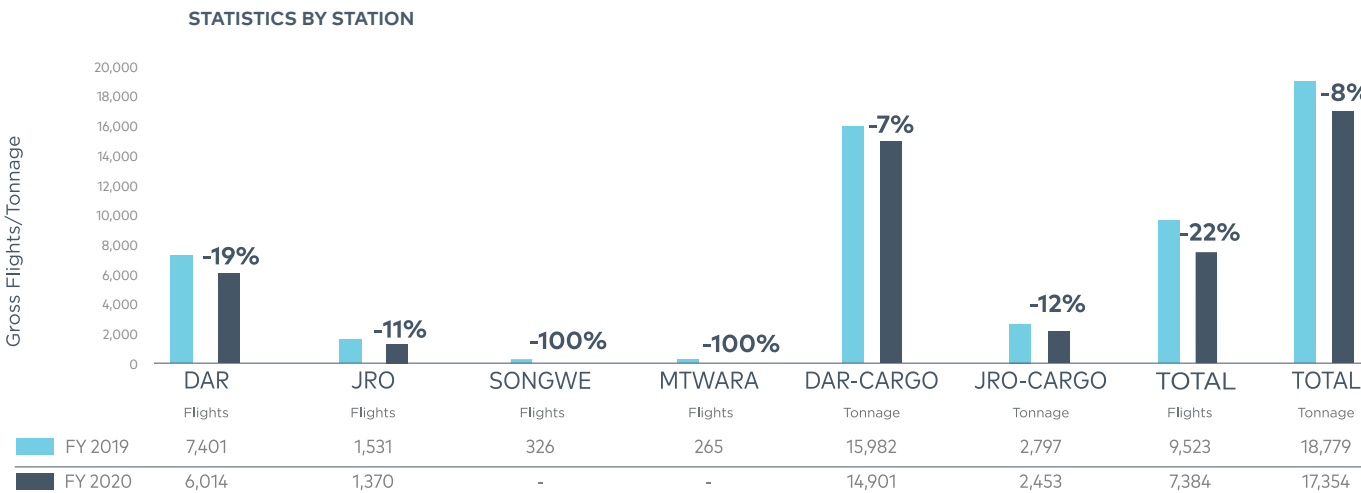
Despite these unprecedented developments, the Company continued to focus on quality, health, safety, security and environment (QHSSE) performance, training, compliance and investments. Appropriate measures were taken to ensure compliance with best industry practices.

Several achievements were realized on QHSSE and these achievements helped the Company to enhance the quality of services and relationships with our customers.

The Company continues to face various operational and commercial challenges. In response, long and short-term strategies such as meeting and discussing commercial and operational issues with relevant stakeholders has been key in addressing some of the critical matters. In addition, business re-organization, training of staff and investments in ground operating equipment and warehouse facilities were implemented to address the challenges faced by the Company.

The main source of funding for the business is cash from operations, however, where there is a need for additional funding, bank loans, head office loans and any other sources approved by the Board were used to fund the additional requirements.

The following are key operational indicators for the performance of the Company.

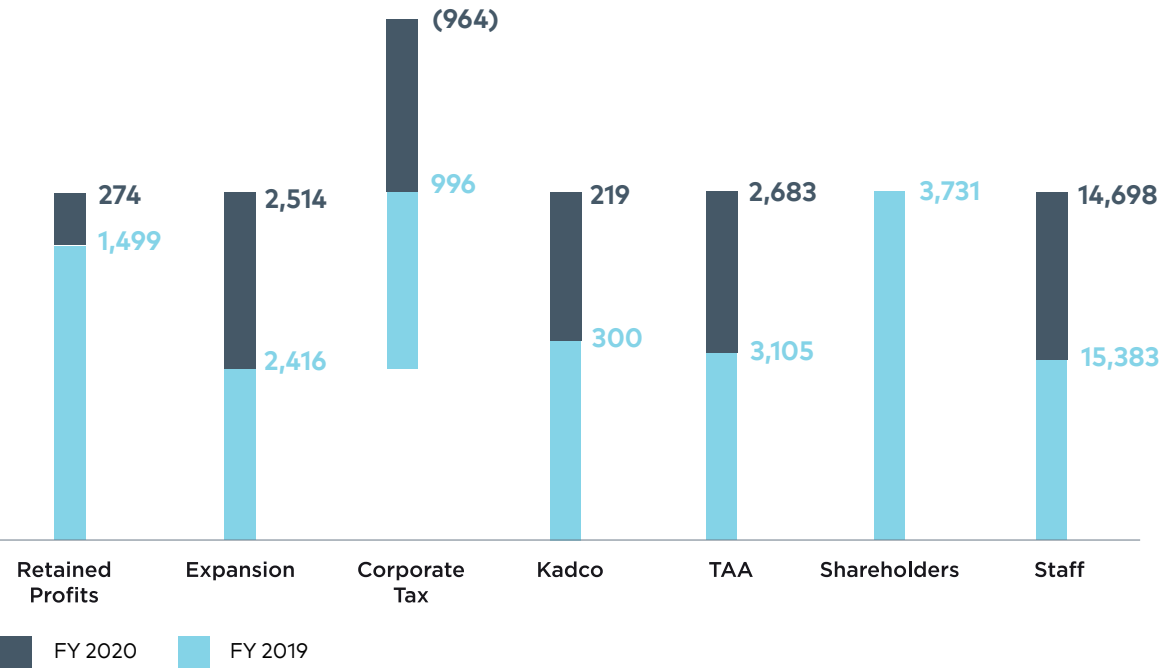


6 VALUE ADDED STATEMENT

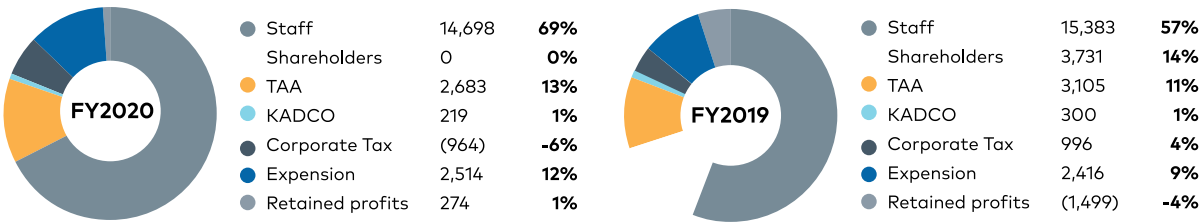
The value generated by the Company is distributed as follows:

	2020	2019
Million Tanzania Shillings		
Revenue (including other operating income)	26,739	35,814
Purchase of materials (fuel, maintenance, rent and other purchases)	(7,315)	(8,384)
Value Added	19,424	27,430

VALUE ADDED STATEMENT



VALUE ADDED DISTRIBUTION - AMOUNT IN TSHS M



Financial summary and production trends
Director's profile
2020 key facts
Letter of transmittal
Our esteemed customers
Swissport customer trend from 2016
The chairman's statement
Taarifa ya mwenyekiti
2020 CEO report
Ripoti ya Mkurugenzi Mkuu 2020
Report of the directors
Statement of directors' responsibilities
Declaration of the chief financial officer
Independent auditors' report
Financial statements
Statement of profit or loss and other comprehensive income
Statement of financial position
Statement of changes in equity
Statement of cash flows
Notes to the financial statements
Management team
General information

7 FUTURE DEVELOPMENTS

Short and long-term plans are prepared to provide strategic direction, financial projections as well as investment plans of the Company. The directors do review and approve annual budget and business plan of the Company.

The directors are cognizant of the factors (risks and opportunities) which are currently affecting the aviation industry in Tanzania and at global level and its related financial impacts. Where appropriate, the impacts are fully recognized into the Company's projections.

The focus in year 2021 going forward is to monitor business recoverability from the impact of COVID-19 and continue growing the business as businesses return back to normal.

Further to the ongoing challenges brought by COVID-19, other challenges facing the ground handling business in Tanzania are small size of the market (few airlines are operating in the country), market being dominated by few big players, decreasing yield, limited business expansion opportunities and increased number of ground handlers. In combination, the aforementioned challenges are negatively impacting business growth and lead to significant revenue loss and profit of the Company.

To minimize the impact of the revenue loss, the directors always embark on process restructuring and effective cost management measures with the intention of reducing operating costs. Ground handling rate negotiations, customer retention and pursuing new business opportunities are steps taken to improve the top line of the business.

Towards the end of 2020, the Company won a 10-year contract to develop, manage and operate the business lounge at KIA. The lounge is owned by Air Tanzania and the Company will be operating the lounge on their behalf. The Company is executing the project and expect the lounge to be operational in October 2021.

Swissport International Ltd. operates lounges at several airports globally under ASPIRE Brand. The directors are excited to have the opportunity to introduce the Aspire brand in Tanzania.

The additional revenue from the lounge is expected to accelerate business recovery from COVID-19.

The directors support steps taken by the Government of Tanzania to promote the development of the aviation and tourism sectors in the country and have formulated plans to pursue new opportunities arising from the Government's initiatives and where appropriate make the necessary investments to complement efforts taken the by Government.

The Company's 5 years' business plan took into considerations IATA estimates of aviation industry recovery from COVID-19 impact.

8 COMPETITION

The ground handling business at Julius Nyerere International Airport (JNIA) and Kilimanjaro International Airport (KIA) are fully liberalised. Apart from Swissport Tanzania Plc, there is a competitor providing both ground handling and cargo handling services at JNIA and KIA and another competitor offering exclusively cargo handling services at JNIA.

During the year, TAA finalise the process of recruiting a third handler at JNIA making a total of three ground and cargo handlers at the airport. The addition of the new handler at the airport is expected to increase the competitive landscape.

8 COMPETITION (CONTINUED)

As per the Tanzania Civil Aviation Authority (TCAA) Board decision of 2016, three ground and cargo handlers are allowed to operate at JNIA and two operators are allowed to operate at KIA.

The directors are aware of the threats from the competition and have formulated several plans and strategies that will provide consistent performance in a competitive environment. Customer retention through offering enhanced quality services, cost control, investments, business re-engineering and pursuing new revenue opportunities and working capital management are key steps taken by the Company to sustain the financial performance.

9 PRINCIPLE RISK AND UNCERTAINTIES

The Company's financial performance depends largely on the airline customers' operational performance. We therefore have no full control of the business. This is considered high risk for the Company. In view of this, our top line is influenced by the airline performance while we have control of costs. It is due to this, we consistently implement cost control initiatives which in return sustain the financial performance of the Company. As the business evolves, the Company is constantly working on proactive cost saving and revenue increase initiatives.

The significant uncertainties to our business are the loss of airline customers and/or variation in production volumes (flights and tonnage). The reduction of either number of flights or volume of cargo negatively impacts the financial performance of the Company. However, we always react to a change by reviewing cost structure and by implementing strong cost cutting measures to reduce the possible financial impact of the loss of the business volumes.

More detail on the financial risks facing the Company are presented in Note 9.

10 RESULTS AND DIVIDENDS

The Company Incurred a net loss for the year of TShs 2,587 million (2019 – realised a net profit of TShs 2,311 million). The directors resolved not to declare and pay dividend for the year ended 2020 (2019 – no dividend was declared and paid except for 2018 final dividend which was declared and approved in 2019). The decision was reached because the Company incurred a net loss and to allow the Company build up enough cash to be able to finance its maturing obligations and strategic objectives.

11 SOLVENCY

The Company's state of affairs as at 31 December 2020 is set out on page 48 of the financial statements. The cash flow forecast demonstrates the ability of the Company to meet both its short term and long-term liabilities as they fall due.

12 LIQUIDITY

The Company has a positive liquidity position. Financial obligations of the Company are mainly met by the use of internally generated cash flows and supported by an intercompany loan of US\$ 2 million (United States Dollars two million) equivalent to TShs 4.6 billion acquired in November 2020 repayable by February 2023. Loan repayment started on February 2021.

13 USES OF FUNDS AVAILABLE

Cash and cash equivalents held by the Company are used to finance operating activities, settle maturing obligations and approved dividends, financing investment projects and where necessary excess cash is invested into fixed deposit or call account.

Financial summary and production trends
Director's profile
2020 key facts
Letter of transmittal
Our esteemed customers
Swissport customer trend from 2016
The chairman's statement
Taarifa ya mwenyekiti
2020 CEO report
Ripoti ya Mkurugenzi Mkuu 2020
Report of the directors
Statement of directors' responsibilities
Declaration of the chief financial officer
Independent auditors' report
Financial statements
Statement of profit or loss and other comprehensive income
Statement of financial position
Statement of changes in equity
Statement of cash flows
Notes to the financial statements
Management team
General information

Financial summary and production trends
Director's profile
2020 key facts
Letter of transmittal
Our esteemed customers
Swissport customer trend from 2016
The chairman's statement
Taarifa ya mwenyekiti
2020 CEO report
Ripoti ya Mkurugenzi Mkuu 2020
Report of the directors
Statement of directors' responsibilities
Declaration of the chief financial officer
Independent auditors' report
Financial statements
Statement of profit or loss and other comprehensive income
Statement of financial position
Statement of changes in equity
Statement of cash flows
Notes to the financial statements
Management team
General information

14 SHARE CAPITAL AND STOCK EXCHANGE INFORMATION

The authorized share capital of the Company is TShs 500 million divided into 50 million ordinary shares of TShs 10 each. The issued and paid up share capital of the Company is TShs 360 million divided into 36 million ordinary shares of TShs 10 each. Presently, Swissport International Ltd. owns 51% of the Company's share capital and different companies and individuals through the Dar es Salaam Stock Exchange (DSE) own the remaining 49% of the share capital. 34.57% of the Company's share capital is owned by local shareholders.

Shares of the Company are listed at the DSE and 49% of the Company's issued shares are actively traded as free float. In the year 2020, the performance of the Company's shares in the secondary market was as follows: Market capitalization as at 31 December 2020 was TShs 40,320 million (2019 – TShs 57,600 million), total turnover of Company's shares at DSE was TShs 90 million (2019 – TShs 86 million), average price of Company shares was TShs 1,270 (2019 – TShs 1,814) and the closing share price as at 31 December 2020 was TShs 1,120 per share (2019 – TShs 1,600). IPO price in 2003 was TShs 225 per share.

15 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 2020, the Company had 2 disabled employees (2019 – 4 disabled employees).

16 TRAINING

At Swissport we intend to set standards of operational excellence in airport ground services and air cargo handling. We provide a wide range of training to support our employees in realizing their full potential. By continuously investing in staff qualifications, we are able to do an even better job fulfilling the expectations of our key clients, such as reliability, service quality, standardization and consistency. Swissport Tanzania Plc. has its own approved training unit, which is tasked with ensuring that all staff members are thoroughly trained to meet the regulatory standard that governs the industry (ICAO, IATA and TCAA) as well as meeting airline specific protocols.

The Swissport Tanzania Training Centre is approved by the International Air Transport Association (IATA ATC) and an Approved Training Organisation (ATO) by Tanzania Civil Aviation Authority (TCAA). In addition to the in-house training program, has a broad syllabus of training that is offered to airline partners and to members of the general public. Amid the pandemic challenges, IATA approved training courses, along with numerous aviation related courses, were offered throughout 2020 for the programmes enrolled for 2020. During the year, the Company's training compliance regime was adjusted to cope with health challenges caused by COVID-19 pandemic.

During the year, the Company spent TShs 171 million in external training (2019 – TShs 173 million). Focus remains on building our trainer's capacity and we aim to achieve the intended objective of providing better training and better facilities for employees, reduction of training costs and providing training opportunities to various stakeholders in the aviation industry.

17 STAFF PERFORMANCE MANAGEMENT

Performance of staff at all levels is reviewed annually based on pre-agreed goals and Key Performance Indicators (KPIs). During the year, the Company suspended the use of TALEO system as a tool for performance management evaluation for senior management staff and Head of Units. A new system of managing performance is being developed that will be used to manage management team performance. Presently, a well-designed manual system is used to evaluate the performance of all staff.

Financial summary and production trends
Director's profile
2020 key facts
Letter of transmittal
Our esteemed customers
Swissport customer trend from 2016
The chairman's statement
Taarifa ya mwenyekiti
2020 CEO report
Ripoti ya Mkurugenzi Mkuu 2020
Report of the directors
Statement of directors' responsibilities
Declaration of the chief financial officer
Independent auditors' report
Financial statements
Statement of profit or loss and other comprehensive income
Statement of financial position
Statement of changes in equity
Statement of cash flows
Notes to the financial statements
Management team
General information

18 LICENSE

Swissport Tanzania Plc is licensed by Tanzania Civil Aviation Authority (TCAA) to provide ground handling and cargo handling services in Tanzania. Our current license is valid up to 03 December 2023.

19 CONCESSION AGREEMENTS

The Company has concession agreements with the Tanzania Airports Authority (TAA) to operate at Julius Nyerere (JNIA) and with the 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	30 April 2022
Kilimanjaro International Airport	30 June 2024

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

20 EMPLOYEE WELFARE

i) Relationship between management and employees

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

The existing agreement between COTWU and the management (CBA) provides details of employees' benefits. Employees' benefits are paid as stipulated in the agreement. The contract expired on 31 December 2020, negotiations with COTWU are continuing and the new 3-year agreement to year 2023 is expected to be signed soon.

COTWU provides a link between the management and the employees. Matters affecting employees are discussed between COTWU and the management on a monthly basis.

The 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 the management, the Company has a documented human resources manual. The manual clearly stipulate rights, obligations and benefits of the 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, business improvement plans, cost control measures and investments. Employees are also informed about the financial performance of the Company.

ii) Industrial safety

The Company continued to comply with the standards of industrial safety established by Tanzania Civil Aviation Authority (TCAA), International Civil Aviation Organisation (ICAO), International Air Transport Association (IATA) and Occupational Safety and Health Authority (OSHA). The company is dully registered with OSHA, WCF, and has been issued with a compliance certificate.

Financial summary and production trends
Director's profile
2020 key facts
Letter of transmittal
Our esteemed customers
Swissport customer trend from 2016
The chairman's statement
Taarifa ya mwenyekiti
2020 CEO report
Ripoti ya Mkurugenzi Mkuu 2020
Report of the directors
Statement of directors' responsibilities
Declaration of the chief financial officer
Independent auditors' report
Financial statements
Statement of profit or loss and other comprehensive income
Statement of financial position
Statement of changes in equity
Statement of cash flows
Notes to the financial statements
Management team
General information

20 EMPLOYEE WELFARE (CONTINUED)

- iii) Medical facilities**

We have an agreement with National Health Insurance Fund (NHIF) and Strategies Insurance where all staff their families are covered as per Employment and Labour Relations Act 2004 requirements.
- iv) Uniforms and protective gears**

To ensure staff are operating in a safe environment and are protected from operational hazards, staff are properly trained on safety related matters and are provided with uniforms and all relevant protective gear that meets international standard per the aviation industry.
- v) Employee benefits (Pension obligations – defined contribution plan)**

All employees on permanent and fixed contracts are enrolled with the National Social Security Fund (NSSF) after the changes of the law governing social security schemes, where the government deregistered and merged various pension funds and formed two Funds to cater for public and private sectors and NSSF was earmarked to serve the private sector.

The Company contributes to NSSF at 10% of gross salary for contract staff and 15% of gross salary for permanent pensionable staff.

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 up to on death. Detailed financial information of the arrangement is provided in Note 26 to the financial statements.
- vi) Group life insurance policy**

The Company has a group life cover where all employees with employment contracts of over one year are covered and their estates are compensated when they are demise. Funeral benefits are also provided on deaths of dependants and biological parents.
- vii) Workers' compensation fund (WCF)**

As required by the law, we contribute on monthly basis 1% of an employee's gross salary towards workers' compensation fund. The fund compensates employees for all work-related hazards.
- viii) Swissport SACCOS**

Swissport employees, with the support of the management, established Swissport SACCOS in 2005, all employees are free to join. SACCOS is meant to help employees build a culture of saving, secure short- term and soft loans. Management of SACCOS is under the independent SACCOS management, which is overseen by the SACCOS board.

21 GENDER PARITY

At 31 December 2020, the Company had 715 (December 2019: 745) full time employees, out of which 222 (December 2019: 227) were female and 493 (December 2019: 494) were male.

22 INVESTMENTS

The Company has a clear investment policy, where all investment requirements are established by Heads of Sections, reviewed, priced and included in the Company's budget. The planned investments are thereafter presented and approved by Swissport International and the Board of Directors. During the implementation of the planned investment plan, investment requests are raised by the Chief Financial Officer (CFO) and approved by either the Chief Executive Officer (CEO) or Swissport International (SPI); the approval level is determined by the approved limits set by SPI.

Due to financial constraints resulting from decrease in revenue due to COVID-19 impact, the Company cautiously invested in projects of significant importance with the focus on safety. In the year 2020, the Company invested TShs 2,514 million into the upgrade of cold room facility, Ground Support Equipment (GSE), vehicles, Information & Communication Technology and leasehold improvement (2019 – TShs 2,416 million). Details of the investments are provided in Note 21(a) to the financial statements.

23 RELATIONSHIP WITH STAKEHOLDERS

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

Our relationships with stakeholders is built upon mutual understanding and in compliance with the agreed and stipulated terms.

24 ACCOUNTING POLICIES

Accounting policies applied are consistent, unless where new standards have been applied. New standards applied in 2020 did not result in a significant change in the financial performance but led to increased disclosures in the Company's financial statements. Future changes are not expected to bring any significant change in the financial performance or disclosures of the Company's financial statements.

25 RELATED PARTY TRANSACTIONS

Other than charges for the use of Cargospot, MAXIMO, D.A.T.E, GS Planning, FindNet, FSC, World tracer, Uniform tool, SPASS+, Infraport systems, IT support recharges, trade mark fee, procurement fee and insurance recharges, the Company does not have other transactions with its holding Company.

The Company pays directors' fees and sitting allowances to its directors and salaries and bonuses to its key management personnel. The directors who served the Company during the year are disclosed on page 20. The key management personnel of the Company are:

	Name	Title
1	Mr. Mrisho Yassin	Chief Executive Officer
2	Brendan Cummings	Chief Operating Officer
3	Mr. Imani Mtafya	Chief Financial Officer
4	Mr. Wandwi Muges	Cargo Business Lead
5	Ms. Amina Bilali	Commercial Manager
6	Mr. Shamba Mlaga	Dar es Salaam Station Manager
7	Mr. Deogratius Haule	QHSE Manager
8	Mr. Daniel Jonas	Training Manager
9	Ms. Joyce Jeremiah	Kilimanjaro Station Manager
10	Mr. Jumbe Onjero	Human Resources Manager
11	Mr. Godfrey Rweyemamu	Security Business Lead

Financial summary and production trends
Director's profile
2020 key facts
Letter of transmittal
Our esteemed customers
Swissport customer trend from 2016
The chairman's statement
Taarifa ya mwenyekiti
2020 CEO report
Ripoti ya Mkurugenzi Mkuu 2020
Report of the directors
Statement of directors' responsibilities
Declaration of the chief financial officer
Independent auditors' report
Financial statements
Statement of profit or loss and other comprehensive income
Statement of financial position
Statement of changes in equity
Statement of cash flows
Notes to the financial statements
Management team
General information

25 RELATED PARTY TRANSACTIONS (CONTINUED)

Detailed financial information with related parties are provided in Note 29 to the financial statements.

26 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 9001:2015 standards, and the environmental management system is certified to the ISO 14001:2015 standards. The two standards help the Company to sustain and improve the quality of its services and ensure compliance with the environmental laws/regulations. These certifications are audited, reviewed and updated annually to maintain our certifications. Our two systems were recertified in the reporting period and the renewed certificates for ISO 9001:2015 and 14001:2015 are valid up to December 2023 and November 2023 respectively.

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

27 IATA SAFETY AUDIT FOR GROUND OPERATIONS (ISAGO)



The Company was audited by IATA and subsequently approved as ISAGO compliant and received accredited certificates from IATA for JNIA on 11 June 2019. This means our operations in organisation and management, load control, passenger and baggage handling, aircraft handling and loading, aircraft ground movement and cargo and mail handling are compliant with IATA safety requirements.

28 SWISSPORT FORMULA



Swissport Formula is a management tool kit, which was introduced by SPI throughout the Swissport Network. At the Dar es Salaam Office, this tool was rolled out in 2008 aiming at changing the Swissport culture from a 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 the 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. The Swissport Formula consists of two key elements namely: **KPI's** and **Active Supervision**.

Key Performance Indicators (KPI's) are performance measurements that play a very important role in our daily operations, helping us to measure our own performance for the purpose of continuous improvement. Active Supervision is a structured management system that empowers middle managers, in a formal and structured way, to control the entire daily operation. This enables the delivery of consistent and robust operational performance, along with the management of operational anomalies, by a strong and well-trained middle management team.

In addition to this, we have implemented Cargo2000 for the management of cargo operations.

29 SAFETY

Delivering a safe and secure operation is the primary objective of Swissport internationally and Swissport Tanzania. The business operates a robust Safety Management System (SMS) alongside its Quality Management System (QMS). Implementation is governed by the corporate policy whose objectives are achieved through the implementation of the Safety and Health Management Manual.



Financial summary and production trends
Director's profile
2020 key facts
Letter of transmittal
Our esteemed customers
Swissport customer trend from 2016
The chairman's statement
Taarifa ya mwenyekiti
2020 CEO report
Ripoti ya Mkurugenzi Mkuu 2020
Report of the directors
Statement of directors' responsibilities
Declaration of the chief financial officer
Independent auditors' report
Financial statements
Statement of profit or loss and other comprehensive income
Statement of financial position
Statement of changes in equity
Statement of cash flows
Notes to the financial statements
Management team
General information

29 SAFETY (CONTINUED)

The SMS is structured in the manner that ensures that everyone participates in ensuring safety within the Company, via a healthy reporting culture. Our aim is to consistently ensure compliance with regulatory, airport, airline and corporate safety requirements.

To ensure safety is promoted, safety campaigns are regularly carried out. Safety alerts and posters are issued to enhance staff awareness. Safety inspections and audits are done frequently, as a component of safety assurance. Incidents and safety observations (both good practise and deviations) are regularly captured and analysed to assess the effectiveness of SMS.

A unique initiative, the Safety Health Improvement Program (SHIP), was launched in Swissport Tanzania Plc. in 2017, which is a facilitation program aimed at engaging our people by creating awareness, developing knowledge and ensuring proactive safety leadership. The program has also helped the team to develop quick wins and has resulted in the improvement of operational safety as well as the safety culture. The program also continues to engage the executive management team, who have committed to support and drive the program. The management of safety requires engagement at every level of the business. It is organic and continues to evolve; it is a culture; a way of doing business. A strong safety culture is good business.

30 ENVIRONMENT

We promote environmental responsibility in our services and among our employees, and we encourage the development and application of environmentally conscious technologies across our business. Environmental concerns are an integral part of our planning and decision making processes and we commit sufficient resources to implement effective environmental programs.

Environmental management is part of our Quality, Health, Safety and Environment (QHSE) management system. As part of our commitment to improve our environmental programs and to ensure compliance with ISO 14001:2015, we are currently refining our environmental management system. We also intend to expand it to cover all business areas. Completion is scheduled for 2022. Having the new system in place will enable us to improve our internal and external reporting, and significantly increase our contribution to environmental management at the airports we serve.

There are three main drivers for Swissport's environmental impact: operational, managerial and behavioural. Our vast fleet of Ground Support Equipment (GSE) offers the greatest potential and most effective levers for improvement. This is why we have made this the focus of our environmental protection efforts.

31 CORPORATE SOCIAL RESPONSIBILITY

We have a corporate social responsibility policy. Our policy is directed towards contributing to the country's economic development and environmental sustainability, while improving the welfare of our employees and their families, shareholders as well as of the community and society at large.

In addition to what we offer to our staff in terms of staff benefits and shareholders in terms of dividends, the Company has engaged in various training, safety and environmental programs, which benefit society. The Company has been setting aside a budget of TShs 100 million for supporting various community development initiatives.

During year 2020, the Company contributed for treatment of malaria and firefighting. Total amount spent for year 2020 for Corporate Social Responsibilities activities was TShs 10 million (2019 – TShs 40 million). The decrease in amount spent on corporate social responsibility was due to cash constraints caused by the impact of COVID-19 pandemic.

Financial summary and production trends
Director's profile
2020 key facts
Letter of transmittal
Our esteemed customers
Swissport customer trend from 2016
The chairman's statement
Taarifa ya mwenyekiti
2020 CEO report
Ripoti ya Mkurugenzi Mkuu 2020
Report of the directors
Statement of directors' responsibilities
Declaration of the chief financial officer
Independent auditors' report
Financial statements
Statement of profit or loss and other comprehensive income
Statement of financial position
Statement of changes in equity
Statement of cash flows
Notes to the financial statements
Management team
General information

32 STATION MANAGEMENT

The Company has two operating stations, namely Julius Nyerere International Airport (JNIA), Kilimanjaro International Airport (KIA). All stations have operational autonomy and have independent operational teams. Each is controlled from the Head Office (JNIA).

The two stations have full accounting functions and the Company's CFO is responsible for all accounting functions.

33 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: Non-executive Directors, Directors remuneration, Relations with shareholders, and Accountability and Audit.

i) Directors

The Board of Directors has five directors; all of them are non-executive directors hence not involved in the day to day running of the business. All directors are considered by the Board to be independent of the 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 a 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 2020 (2019 – two board meetings), which were attended by the Chief Executive Officer and Chief Financial Officer. Mr. Jeroen de Clercq chaired the Board and he was responsible for the assessment of the performance of board members.

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 policy to remunerate its directors, and key management personnel, in accordance with their responsibilities and the prevailing market conditions. Directors' and key management remuneration is highlighted in Note 29 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 investors portal** <https://swissport.co.tz/>. 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 robust organizational structure, risk identification and evaluation process, information and financial reporting systems, investment appraisal process, strong internal audit and a robust fraud management system. Review of the

33 CORPORATE GOVERNANCE (CONTINUED)

iv) Accountability and Audit (continued)

effectiveness of the system of internal controls is delegated and carried out by the Board Audit Committee.

During the year the Board Audit Committee comprised of three directors; Mr. Raymond P Mbilinyi, Dr. Charles Stephen Kimei and Mr. Eric Muriithi, a director representing Swissport International. The committee met virtually three times during 2020 (2019 – three times) where the Chief Executive Officer, the Chief Financial Officer and the Internal Auditors attended. A representative of the Company's external auditor attended two meetings (2019 – two meetings). The Audit Committee is chaired by Mr. Eric Muriithi.

The Company Secretary attended all meetings conducted during the year.

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 auditor approves their remuneration and discusses the nature, scope and results of the audit with the external auditor.

v) Attendance of the Board and Audit Committee meetings

	Name	91 th BOD_meeting	92 th BOD meeting	44 th BAC_meeting	45 th BAC_meeting	46 th BAC_meeting
1	Mr. Jeroen de Clercq	✓	✓	*	✓	*
2	Mr. Raymond P Mbilinyi	✓	✓	✓	✓	✓
3	Dr. Charles S Kimei	✓	✓	✓	✓	✓
4	Mr. Luzius Wirth	✓	✗	✓	*	*
5	Mr. Eric Muriithi	✓	✓	✓	*	✓

* not a member; ✓ attended the meeting; ✗ absent with apology.

34 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.

As required by Capital Markets & Securities Authority, the directors do confirm compliance with Guidelines on Corporate Governance Practices by Public Listed Companies in Tanzania.

35 GOING CONCERN

The operational and financial performance of the Company was impacted by the outbreak of COVID-19 pandemic around the globe in March 2020. The impact of the pandemic was severe because of measures such as closure of airspaces, lockdowns, travel restrictions and flight suspensions taken by various Governments and airline customers to control the spread of coronavirus.

Financial summary and production trends
Director's profile
2020 key facts
Letter of transmittal
Our esteemed customers
Swissport customer trend from 2016
The chairman's statement
Taarifa ya mwenyekiti
2020 CEO report
Ripoti ya Mkurugenzi Mkuu 2020
Report of the directors
Statement of directors' responsibilities
Declaration of the chief financial officer
Independent auditors' report
Financial statements
Statement of profit or loss and other comprehensive income
Statement of financial position
Statement of changes in equity
Statement of cash flows
Notes to the financial statements
Management team
General information

35 GOING CONCERN (CONTINUED)

As a result, the Company incurred a net loss of TShs 2,587 million (2019: profit of TShs 2,311 million).

The Company's net current assets as at 31 December 2020 were at TShs 678 million (2019: net current liabilities of TShs 296 million).

Despite the aforementioned facts as well as the uncertainty as to when the ground handling business will fully recover from the pandemic (cargo business has recovered fully), the Board of directors has reasonable belief that the Company has adequate resources to support its operations and shall continue operating for a foreseeable future.

Directors have performed an assessment of the future economic environment and the Company's prospects and have taken measures to ensure the Company continue to be operational for the foreseeable future. See Note 2 (b) for detailed disclosure.

36 AUDITOR

The auditor, KPMG, have expressed their willingness to continue in office and are eligible for re-appointment. A resolution proposing the re-appointment of KPMG as auditor of the Company for year 2021 will be put to the Annual General Meeting.

BY ORDER OF THE BOARD



Mr. Jeroen de Clercq
Chairman of the Board of Directors
Date: **16 June 2021**



STATEMENT OF DIRECTORS' RESPONSIBILITIES

FOR THE YEAR ENDED 31 DECEMBER 2020

Financial summary and production trends
Director's profile
2020 key facts
Letter of transmittal
Our esteemed customers
Swissport customer trend from 2016
The chairman's statement
Taarifa ya mwenyekiti
2020 CEO report
Ripoti ya Mkurugenzi Mkuu 2020
Report of the directors
Statement of directors' responsibilities
Declaration of the chief financial officer
Independent auditors' report
Financial statements
Statement of profit or loss and other comprehensive income
Statement of financial position
Statement of changes in equity
Statement of cash flows
Notes to the financial statements
Management team
General information

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 2020, 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 information, 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 as disclosed in Note 2(b) of these financial statements and have no reason to believe that the business will not be a going concern in the period of at least twelve months from the date of approval of these financial statements. However, the directors acknowledge existence of uncertainties of the future financial position and performance of the Company resulting from the impact of COVID-19 in the aviation industry which may cast significant doubt upon the Company's ability to continue as a going concern. The directors have performed an assessment of the future business environment and the Company's future prospects and performance considering reduction of volume from the airline customers and profitability. In response to these matters, the company has taken actions that includes rightsizing the business by reducing the workforce and cost base, reduced capital expenditure to manage working capital, Furthermore, the Company obtained funding from the group to ensure the Company continues as a going concern. While uncertainties exist as a result of COVID-19, based on measures undertaken by the Company, directors have concluded no material uncertainty exists and the use of going concern assumption is appropriate.

The auditor is 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 and authorised for issue by the board of directors on 16 June 2021 and signed by:



Mr. Jeroen de Clercq
Chairman of the Board of Directors

DECLARATION OF CHIEF FINANCIAL OFFICER

FOR THE YEAR ENDED 31 DECEMBER 2020


The National Board of Accountants and Auditors (NBAA) according to the power conferred under the Auditors and Accountants (Registration) Act. No. 33 of 1972, as amended by Act No. 2 of 1995, requires financial statements to be accompanied with a Statement of Declaration issued by the Head of Finance responsible for the preparation of financial statements of the entity concerned.

It is the duty of a professional accountant to assist the Board of Directors to discharge the responsibility of preparing financial statements of an entity showing true and fair view position of the entity in accordance with international accounting standards and statutory reporting requirements. Full legal responsibility for financial statements rests with the Board of Directors as under Directors Responsibilities' statement on an earlier page.

I Imani Mtafya being the Chief Financial Officer of Swissport Tanzania Plc hereby acknowledge my responsibility of ensuring that financial statements for the year ended 31 December 2020 have been prepared in compliance with applicable accounting standards and statutory requirements.

I thus confirm that the financial statements comply with applicable accounting standards and statutory requirements as on that date and that they have been prepared based on properly maintained financial records.

Signed by: Imani Mtafya



Position: Chief Financial Officer

NBAA Membership No: ACPA 3993

Date: 16 June 2021



INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF SWISSPORT TANZANIA PLC



Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Swissport Tanzania Plc ("the Company"), set out on pages 47 to 94, which comprise the statement of financial position as at 31 December 2020, 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, including a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 31 December 2020, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS) and in the manner required by the Companies Act, 2002.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants International Code of Ethics for Professional Accountants' (including International Independence Standards) (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Tanzania, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report.

Financial summary and production trends
Director's profile
2020 key facts
Letter of transmittal
Our esteemed customers
Swissport customer trend from 2016
The chairman's statement
Taarifa ya mwenyekiti
2020 CEO report
Ripoti ya Mkurugenzi Mkuu 2020
Report of the directors
Statement of directors' responsibilities
Declaration of the chief financial officer
Independent auditors' report
Financial statements
Statement of profit or loss and other comprehensive income
Statement of financial position
Statement of changes in equity
Statement of cash flows
Notes to the financial statements
Management team
General information

Report on the Audit of the Financial Statements (continued)

1

Valuation of the defined benefit plan

Refer to the revenue accounting policy Note 6(c) employees benefits and the retirement benefit obligations Note 26

Key audit matter

The Company has an unfunded non-contributory employee gratuity arrangement for permanent and pensionable employees 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 die while in employment.

The employee gratuity is based on the length of service and salary at the time of retirement.

This arrangement qualifies as a defined benefit plan in terms of IAS 19 Employee Benefits.

The directors engaged a firm of professional actuaries to perform an actuarial valuation of the defined benefit plan.

Due to the high level of judgement applied and estimation involved in the valuation of the defined benefit plan arrangement, the valuation of the defined benefit plan was considered a key audit matter.

How the matter was addressed in our audit

Our audit procedures in this area included, among others:

- Engaging our own actuarial specialists in evaluating the actuarial valuation performed by the Company's actuaries and challenging the assumptions applied by comparing inputs in the valuation to the benchmarks;
- Assessing the competence, capability and objectivity of the Company's actuaries who perform the actuarial valuation;
- Assessing the assets position, existing obligations and evaluating the ability of the Company to fund the defined benefit plan when they fall due. This included evaluating the assumptions of the Company's cash flow forecast and challenging whether they are reasonable and supportable; and
- Evaluating whether the accounting treatment for the defined benefit obligation and the related disclosure in the financial statements are adequate in accordance with IAS 19 Employee Benefits including disclosures of key judgements, sensitivities and assumptions.

2

Revenue recognition

Refer to the revenue accounting policy Note 6(a) revenue and the revenue streams Note 10(a)

Key audit matter

Revenue of the Company comprises of two categories, cargo handling and ground handling.

Revenue recognition in its nature may be susceptible to fraud. Moreover, revenue is among the main key performance indicators of the Company.

The Company operates in the aviation industry and performance has been severely impacted by the COVID-19 pandemic leading to a significant decline in revenue during the year.

Given the degree of risk of fraud over the recognition of revenue, and due to the size, impact of COVID-19 pandemic to the Company's operations and associated significant risk of fraud we have considered revenue recognition as a key audit matter.

How the matter was addressed in our audit

Our audit procedures in this area included, among others:

- Engaging our information technology specialists to assess the software system that is used to initiate, process and recognize revenue. Our specialists tested the controls by comparing the terms and pricing data on the system against the approved price lists and checked the recorded revenue agrees with the reports from the system.
- Testing whether controls around revenue recognition are appropriately designed to prevent and detect identified risk of fraud in revenue recognition. The controls tested included the management's review of reconciliations between sales ledgers, billing schedules and daily flight reports. These controls are designed to ensure that the recognized revenue is appropriate;
- Testing whether the recognized revenue agrees with the charging rates in the customer contracts and approved airway bills;
- Testing completeness of the recognized revenue by performing a gap analysis and revenue cut-off procedures on both Cargo and Ground handling revenue; and
- Evaluating the revenue recognition policy for compliance with IFRS 15 Revenue from contracts with customers and whether this has been applied accurately.

Financial summary and production trends
Director's profile
2020 key facts
Letter of transmittal
Our esteemed customers
Swissport customer trend from 2016
The chairman's statement
Taarifa ya mwenyekiti
2020 CEO report
Ripoti ya Mkurugenzi Mkuu 2020
Report of the directors
Statement of directors' responsibilities
Declaration of the chief financial officer
Independent auditors' report
Financial statements
Statement of profit or loss and other comprehensive income
Statement of financial position
Statement of changes in equity
Statement of cash flows
Notes to the financial statements
Management team
General information

Report on the Audit of the Financial Statements (continued)

Other information

The Directors are responsible for the other information. The other information comprises the information included in the document titled Swissport Tanzania Plc report of the directors and financial statements for the year ended 31 December 2020 but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

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

Responsibilities of the Directors for the Financial Statements

The Directors are responsible for the preparation of financial statements that give a true and fair view in accordance with IFRS 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.

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Company's internal control.

Financial summary and production trends
Director's profile
2020 key facts
Letter of transmittal
Our esteemed customers
Swissport customer trend from 2016
The chairman's statement
Taarifa ya mwenyekiti
2020 CEO report
Ripoti ya Mkurugenzi Mkuu 2020
Report of the directors
Statement of directors' responsibilities
Declaration of the chief financial officer
Independent auditors' report
Financial statements
Statement of profit or loss and other comprehensive income
Statement of financial position
Statement of changes in equity
Statement of cash flows
Notes to the financial statements
Management team
General information

Report on the Audit of the Financial Statements (continued)

Auditor's Responsibilities for the Audit of the Financial Statements (continued)

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.
- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Directors with a statement that we have complied with relevant ethical requirements regarding independence and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the Directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

As required by the Companies Act, 2002 we report to you, based on our audit 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;
- we obtained all the information and explanations which, to the best of our knowledge and belief, are necessary for the purposes of our audit; and
- information specified by the law regarding Directors' emoluments and other transactions with the Company is disclosed.

KPMG
Certified Public Accountants (T)

Signed by engagement partner: CPA Alexander Njombe (ACPA 2714)
Dar es Salaam

Date: 16 June 2021

Financial summary and
production trends
Director's profile
2020 key facts
Letter of transmittal
Our esteemed customers
Swissport customer trend from 2016

The chairman's statement
Taarifa ya mwenyekiti
2020 CEO report
Ripoti ya Mkurugenzi Mkuu 2020
Report of the directors
Statement of directors' responsibilities
Declaration of the chief
financial officer
Independent auditors' report

Financial statements

Statement of profit or loss and
other comprehensive income
Statement of financial position
Statement of changes in equity
Statement of cash flows
Notes to the financial statements

Management team

General information



STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2020

Tshs M	Notes	2020	2019
Revenue	10	26,419	35,446
Other operating income	11	320	368
Staff costs	13	(14,698)	(15,383)
Concession fees	12	(2,902)	(3,405)
Fuel and maintenance costs	14	(1,334)	(1,615)
Depreciation of property and equipment	21(a)	(2,300)	(2,414)
Amortization of intangible assets	21(b)	(2,410)	(2,312)
Depreciation of right of use assets	30(b)	(665)	(609)
Rent and other occupancy costs	15	(587)	(668)
Impairment loss on trade receivables	23	(312)	(63)
Other operating expenses	16	(4,795)	(5,829)
Total operating expenses		(30,003)	(32,298)
Total operating (loss) / profit		(3,264)	3,516
Finance costs	31	(287)	(209)
(Loss) / profit before income tax		(3,551)	3,307
Income tax credit/(expense)	17(a)	964	(996)
(Loss) / Profit for the year		(2,587)	2,311
Other comprehensive income:			
Items that will not be reclassified to profit or loss			
Actuarial (loss) / gain	26	196	(1,750)
Deferred tax (expense)/credit	17(b)	(138)	525
Total other comprehensive income/(loss) for the year net of tax		58	(1,225)
Total comprehensive (loss) / income for the year		(2,529)	1,086
Earnings per shares (TShs)			
– Basic	19	(71.9)	64.2
– Diluted	19	(71.9)	64.2

The notes on pages 52 to 94 are an integral part of these financial statements.

Financial summary and
production trends

Director's profile

2020 key facts

Letter of transmittal

Our esteemed customers

Swissport customer trend from 2016

The chairman's statement

Taarifa ya mwenyekiti

2020 CEO report

Ripoti ya Mkurugenzi Mkuu 2020

Report of the directors

Statement of directors' responsibilities

Declaration of the chief

financial officer

Independent auditors' report

Financial statements

Statement of profit or loss and
other comprehensive income

Statement of financial position

Statement of changes in equity

Statement of cash flows

Notes to the financial statements

Management team

General information

STATEMENT OF FINANCIAL POSITION

FOR THE YEAR ENDED 31 DECEMBER 2020

Tshs M	Notes	2020	2019
ASSETS			
Intangible asset	21(b)	14,510	16,920
Property and equipment	21(a)	16,345	16,131
Right of use asset	30(b)	1,930	1,099
Deferred tax asset	18	1,421	513
Staff receivable	23	148	157
Non-current assets		34,354	34,820
Inventories	22	423	408
Trade and other receivables	23	7,720	6,944
Income tax recoverable		1,983	1,678
Cash and cash equivalents	24	7,735	3,435
Current assets		17,861	12,465
Total assets		52,215	47,285
EQUITY			
Share capital	25	360	360
Retained earnings		28,021	30,550
Total equity		28,381	30,910
LIABILITIES			
Lease liabilities (long term)	30(a)	1,510	587
Related party loan (long term)	28	2,574	-
Retirement benefit obligations	26	2,567	3,027
Non-current liabilities		6,651	3,614
Related party loan (short term)	28	2,055	-
Trade and other payables	27	14,605	12,192
Lease liabilities (short term)	30(a)	523	569
Current liabilities		17,183	12,761
Total liabilities		23,834	16,375
Total equity and liabilities		52,215	47,285

The financial statements on pages 47 to 94 were approved and authorised for issue by the board of directors on 16 June 2021 and signed on its behalf by:

Mr Jeroen de Clercq
Chairman of the Board of Directors

Mr Raymond P Mbiliyini
Director

The notes on pages 52 to 94 are an integral part of these financial statements.

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2020

Tshs M	Notes	Share capital	Retained earnings	Total
Year ended 31 December 2020				
Balance at 1 January 2020		360	30,550	30,910
Comprehensive income:				
Loss for the year		-	(2,587)	(2,587)
Other comprehensive income:				
Actuarial gain – net of tax		-	58	58
Total comprehensive income for the year		-	2,529	2,529
Transactions with owners:				
Dividends	20	-	-	-
Balance at 31 December 2020		360	28,021	28,381
Year ended 31 December 2019				
Balance at 1 January 2019		360	33,195	33,555
Comprehensive income:				
Profit for the year		-	2,311	2,311
Other comprehensive income:				
Actuarial gain – net of tax		-	(1,225)	(1,225)
Total comprehensive income for the year		-	1,086	1,086
Transactions with owners:				
Dividends	20	-	(3,731)	(3,731)
Balance at 31 December 2019		360	30,550	30,910

The notes on pages 52 to 94 are an integral part of these financial statements



STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2020

TShs M	Note	2020	2019
Cash flows from operating activities			
(Loss) /profit before income tax		(3,551)	3,307
Adjustment for:			
Depreciation of property and equipment	21(a)	2,300	2,414
Amortization of intangible assets	21(b)	2,410	2,312
Depreciation of right of use assets	30(b)	665	609
Provision for retirement benefit obligations	26	392	436
Gain on disposal/write-off of equipment		(6)	(141)
Interest expense on lease liabilities	30(c)	253	186
Interest expense on loan	28	34	23
Impairment loss in trade receivables	23	312	63
Rent concession	30(c)	(169)	-
Adjustments for :			
Inventories		(15)	(16)
Trade and other receivables ¹		2,938	(675)
Trade and other payables ¹		(1,036)	710
Cash generated from operating activities		4,527	9,228
Retirement benefits paid ²	26	(422)	(1,354)
Interest paid on lease liability	30(c)	(253)	(186)
Interest paid on loan	28	-	(23)
Income tax paid		(387)	(1,496)
Net cash generated from operating activities		3,465	6,169
Cash flows from investing activities			
Proceeds from sale of property and equipment		6	162
Acquisition of property and equipment and intangible asset	21(a)	(2,514)	(2,416)
Net cash used in investing activities		(2,508)	(2,254)
Cash flows from financing activities			
Proceeds from loan	28	4,595	-
Repayment of borrowings	28	-	(959)
Dividends paid to the Company's shareholders ³	20	(802)	(3,246)
Payment of lease liabilities	30(d)	(450)	(552)
Net cash from / (used) in financing activities		(3,343)	(4,757)
Net decrease in cash and cash equivalents		4,300	(842)
Movement in cash and cash equivalent			
Increase / (decrease) in cash and cash equivalents		4,300	(842)
Cash and cash equivalents at 1 January	24	3,435	4,277
Cash and cash equivalents at 1 January to 31 December	24	7,735	3,435
Significant non-cash transactions not included:			
¹ Capital gain tax payable to TRA and receivable from SPI		4,017	-
² Unclaimed retirement obligation	26	234	831
³ Dividends distributed during the year but not yet paid	20	-	3,929
Net addition on right of use and lease liability	30(b)	1,496	-

The notes on pages 52 to 94 are an integral part of these financial statements

Financial summary and production trends

Director's profile

2020 key facts

Letter of transmittal

Our esteemed customers

Swissport customer trend from 2016

The chairman's statement

Taarifa ya mwenyekiti

2020 CEO report

Ripoti ya Mkurugenzi Mkuu 2020

Report of the directors

Statement of directors' responsibilities

Declaration of the chief

financial officer

Independent auditors' report

Financial statements

Statement of profit or loss and

other comprehensive income

Statement of financial position

Statement of changes in equity

Statement of cash flows

Notes to the financial statements

Management team

General information

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020

1 REPORTING ENTITY

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.

2 BASIS OF ACCOUNTING

a) Statement of compliance and basis of measurements

These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and in the manner required by the Companies Act, 2002. They were authorized for issue by the Company's Board of Directors on 16 June 2021.

The financial statements have been prepared on a historical cost basis, except where fair value measurements have been applied.

b) Going concern

The operational and financial performance of the Company were impacted by the outbreak of COVID-19 pandemic around the globe in March 2020. The impact of the pandemic was severe because of measures such as closure of airspaces, lockdowns, travel restrictions and flight suspensions taken by various Governments and airline customers to control the spread of coronavirus.

For the year ended 31 December 2020, the Company incurred a net loss of Tshs 2,587 million (2019: profit of Tshs 2,311 million). The Company's net current assets as at 31 December 2020 were at Tshs 678 million (2019: net current liabilities of Tshs 296 million). Concession agreement for Julius Nyerere International Airport will expire on 30th April 2022. Management is required to apply for renewal once concession expires.

There is still uncertainties over how the third wave of COVID-19 will impact the Company's business in future periods and customer demand for its services. Management and directors have performed an assessment of future economic environment, prospects and performance considering a period of at least 12 months from the date of approval of these financial statements. Based on the management and directors' assessment the Company will continue to be a going concern on the following assumptions:

- Swissport International has confirmed its intention not to demand payment of an amount equal to TShs 9.1 billion as disclosed in Note 29 in satisfaction of the liability at least for the next 12 months from date of approval of these financial statements.;
- Business continues to recover from effect of COVID-19, local flights continues to operate without disruption, cargo business not significantly affected by COVID-19; and
- Positive outcome will continue to be realised from ongoing measures such as adaptation of workforce and cost base taken to manage working capital and reduce capital expenditure.
- On December 2020, the Company secured a loan of USD 2 Million (TZS 4.6 Billion) from the parent Company to finance working capital requirements.
- The concession agreement for Julius Nyerere International Airport will be extended for a period of at least another two years.

Management and directors have has performed an assessment on the entity's ability to continue as a going concern and concluded that no material uncertainty exists relating to events or conditions that individually or collectively may, cast significant doubt on entity's ability to continue as a going concern. As such, the financial statements have been prepared on a going concern basis

Financial summary and production trends
Director's profile
2020 key facts
Letter of transmittal
Our esteemed customers
Swissport customer trend from 2016
The chairman's statement
Taarifa ya mwenyekiti
2020 CEO report
Ripoti ya Mkurugenzi Mkuu 2020
Report of the directors
Statement of directors' responsibilities
Declaration of the chief financial officer
Independent auditors' report
Financial statements
Statement of profit or loss and other comprehensive income
Statement of financial position
Statement of changes in equity
Statement of cash flows
Notes to the financial statements
Management team
General information



Financial summary and production trends
Director's profile
2020 key facts
Letter of transmittal
Our esteemed customers
Swissport customer trend from 2016
The chairman's statement
Taarifa ya mwenyekiti
2020 CEO report
Ripoti ya Mkurugenzi Mkuu 2020
Report of the directors
Statement of directors' responsibilities
Declaration of the chief financial officer
Independent auditors' report
Financial statements
Statement of profit or loss and other comprehensive income
Statement of financial position
Statement of changes in equity
Statement of cash flows
Notes to the financial statements
Management team
General information

3 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'). These financial statements are presented in the Tanzanian shillings, which is the Company's functional and presentation currency rounded to the nearest Tanzanian million shillings, unless otherwise indicated.

4 USE OF JUDGEMENTS AND ESTIMATES

In preparing these financial statements, management has made judgements and estimates that affect the application of the Company's accounting policies and the reporting amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on ongoing basis. Revisions to estimates are recognized prospectively.

a) Judgements, assumptions and estimation uncertainties

Information about judgements made in applying accounting policies including estimates and assumptions that have the most significant effects on the amounts recognized in the financial statements and 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 26 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 recognizes 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 as disclosed in Note 6 (j) of these financial statements 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.

Going concern

Whether there are material uncertainties that may cast significant doubt on entity's ability to continue as a going concern as disclosed in Note 2 (b) of these financial statements.

4 USE OF JUDGEMENTS AND ESTIMATES (CONTINUED)

a) Judgements, assumptions and estimation uncertainties (continued)

Measurement of ECL allowance for trade receivable
The Company estimates expected credit loss by assessing the loss that will be incurred given customer default based on past payment experience and by assessing the probability of default taking into account information specific to the customer as well as pertaining to the country and economic environment in which the customer operates. The estimate also incorporates forward looking data.

Lease term
In determining the lease term at the commencement date for leases that include renewal options exercisable by the Company, the Company evaluates the likelihood of exercising the renewal options taking into account all relevant facts and circumstances that create an economic incentive for the Company to exercise the option.

The lease term is reassessed when there is a significant event or significant change in circumstance that is within the Company's control. Any increase or decrease in the lease term would affect the amount of lease liabilities and right-of-use assets recognised in future years.

b) Determination and measurement 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.

The Company has an established control framework with respect to the measurement of fair value. This include a management team that monitors need for fair valuation and sources for experts that will perform the valuation.

When measuring the fair value of an asset or liability, the Company uses observable market data as far as possible. Fair values are categorized into different levels in a fair value hierarchy based on the input used in the valuation techniques as follows;

- Level 1: quoted prices (unadjusted) in active markets for identical assets and liabilities.
- Level 2: inputs other than quoted prices included in Level 1 that are observed for the assets or liabilities, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobserved inputs)

If the input used to measure the fair value of an asset or liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement. Fair value disclosure is made in Note 33 to the financial statements.

Financial summary and production trends
Director's profile
2020 key facts
Letter of transmittal
Our esteemed customers
Swissport customer trend from 2016
The chairman's statement
Taarifa ya mwenyekiti
2020 CEO report
Ripoti ya Mkurugenzi Mkuu 2020
Report of the directors
Statement of directors' responsibilities
Declaration of the chief financial officer
Independent auditors' report
Financial statements
Statement of profit or loss and other comprehensive income
Statement of financial position
Statement of changes in equity
Statement of cash flows
Notes to the financial statements
Management team
General information

5 CHANGES IN SIGNIFICANT ACCOUNTING POLICIES

The Company has early adopted COVID-19-Related Rent Concessions – Amendment to IFRS 16 issued on 28 May 2020. The amendment introduces an optional practical expedient for leases in which the Company is a lessee – i.e. for leases to which the Company applies the practical expedient, the Company is not required to assess whether eligible rent concessions that are a direct consequence of the COVID-19 coronavirus pandemic are lease modifications. The amendment has no impact on retained earnings at 1 January 2020.

A number of other new standards listed below are also effective from 1 January 2020 but they do not have a material effect on the Company's financial statements.

New currently effective standards/amendments

- Amendments to References to Conceptual Framework in IFRS Standards
- Definition of a Business (Amendments to IFRS 3)
- Definition of Material (Amendments to IAS 1 and IAS 8)

6 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) Revenue

The Company applies IFRS 15 in accounting for revenue from contract with customers. The Company recognizes revenue to depict the transfer of promised services to customers in an amount that reflects the consideration to which the entity expects to be identified in exchange of those services. The Company follows five step model frame work in recognition of revenue from contract with customers as follows.

- Identify the contract with a customer.
- Identify the performance obligation in the contract.
- Determine the transaction price.
- Allocate the transaction price to performance obligation in the contract.
- Recognise revenue when (or as) the entity satisfies a performance obligation.

As required by IFRS 15, the Company has disaggregated revenue recognised from contracts with customers into categories that depict how the nature, amount, timing and uncertainty of revenue and cash flows are affected by economic factors.

Ground handling

Contracts with customers on the ground handling service line do not have variable considerations and have only one performance obligation. Billing and revenue recognition is only done after the discharge of the performance obligation that is turnaround for ground handling.

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 the entity will collect the consideration to which it will be entitled in exchange for the storage services that was provided to the customer.

6 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

a) Revenue (continued)

(i) Contract balances

As noted on Note 6(a) above, the Company is in the business of providing ground and cargo handling services. Prices for ground handling services are bundled (but with no variable consideration) whereas prices for cargo handling services are individually identified separately. The whole receivable balance is included under trade and other receivables. The Company does not have obligations to transfer services to a customer for which the entity has received consideration (or an amount of consideration is due) from the customer that is conditional. As such the Company does not have contract liabilities and contract assets.

(ii) Performance obligation and revenue recognition policy

Revenue is measured based on the consideration specified in a contract with a customer. The Company recognises revenue when it transfers control over a good or service to a customer. Contracts with customers on the ground handling service line do not have variable considerations and have only one performance obligation. Billing and revenue recognition is only done after the discharge of the performance obligation that is turnaround. On the cargo handling service line, since the Company has pricing for each service provided for and billing is only made upon provision of the service and discharge of performance obligation. The services under the cargo business line have been clearly disaggregated. 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 the entity will collect the consideration to which it will be entitled in exchange for the storage services that was provided to the customer.

b) Other operating income

Interest income

Interest earned on short-term investments is calculated using the effective interest method and recognized in the profit or loss statement over the investment period as 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. Further details have been covered in Note 6 (I)(ii) of these financial statements.

Commissions

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

Foreign exchange gain and losses

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 recognized in profit and loss within 'other operating income' or 'other operating expenses'.

Gain or loss on disposal of property plant and equipment

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.

c) Employees benefits

Short-term employee benefits

The cost of short-term employee benefits, (those payable within 12 months after the service is rendered, such as paid vacation leave and sick leave, bonuses, and non-monetary benefits such as medical care),

Financial summary and production trends
Director's profile
2020 key facts
Letter of transmittal
Our esteemed customers
Swissport customer trend from 2016
The chairman's statement
Taarifa ya mwenyekiti
2020 CEO report
Ripoti ya Mkurugenzi Mkuu 2020
Report of the directors
Statement of directors' responsibilities
Declaration of the chief financial officer
Independent auditors' report
Financial statements
Statement of profit or loss and other comprehensive income
Statement of financial position
Statement of changes in equity
Statement of cash flows
Notes to the financial statements
Management team
General information

6 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

c) Employees benefits (continued) *Short-term employee benefits (continued)*

are recognised in the period in which the service is rendered and are not discounted. The expected cost of compensated absences is recognised as an expense as the employees render services that increase their entitlement or, in the case of non-accumulating absences, when the absence occurs.

The expected cost of bonus payments is recognised as an expense when there is a legal or constructive obligation to make such payments as a result of past performance.

Defined contribution plan

All of the Company's employees are members of the National Social Security Fund ("NSSF"), which is a defined contribution plans. Law prescribes these plans. The Company and employees both contribute 10% or the Company and employees contribute 15% and 5% of the permanent and pensionable employees' basic salaries to the scheme, respectively. The Company also contributes 10% of non-permanent and pensionable employees' gross salary towards NSSF. The contribution is charged to the profit or loss account when incurred.

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.

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 recognized 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 recognized 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 26), less past service costs.

Terminal benefits

Terminal benefits are payable whenever an employee's employment is terminated before the normal retirement date or whenever an employee accepts voluntary redundancy in exchange of these benefits. The Company recognizes terminal benefits when it is constructive obliged to either terminate the employment formal plan without possibility of withdrawal or to provide terminal benefits because of an offer made to encourage voluntary redundancy.

d) Concession fees

The Company has concession agreements with Tanzania Airports Authority for provision of ground handling services at Julius Nyerere and with Kilimanjaro Development Corporation for provision of 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.

e) Finance costs

Finance expense comprises of interest expense on loans, Interest on lease liabilities and charge for loan arrangement fees. Interest expense is recognised using the effective interest method.

6 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

f) Taxes

Income tax

Income tax expense comprises current and deferred tax. It is recognized in profit or loss except to the extent that it relates to items recognized 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 recognized directly in equity is recognized in equity and not in the statement of profit or loss.

Deferred tax

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss;
- temporary differences related to investments in associates and joint arrangements to the extent that the Company is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and
- taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Future taxable profits are determined based on the reversal of relevant taxable temporary differences. If the amount of taxable temporary differences is insufficient to recognise a deferred tax asset in full, then future taxable profits, adjusted for reversals of existing temporary differences, are considered, based on the business plans for the Company. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised; such reductions are reversed when the probability of future taxable profits improves.

Unrecognised deferred tax assets are reassessed at each reporting date and recognised to the extent that it has become probable that future taxable profits will be available against which they can be used.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date, and reflects uncertainty related to income taxes, if any.

Deferred tax

The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Company expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset only if certain criteria are met.

Value added tax

Revenues, expenses and assets are recognized 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

6 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

f) Taxes (continued)
Value added tax (continued)

which case the value added tax is recognized 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.

Capital gain taxes
Capital gain taxes arising as result of a change in control at the ultimate Parent Company level are recognized as tax liabilities in Company's books as other payables to revenue Authorities and other receivable from the parent Company

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.

g) Operating profit

Operating profit is a result generated from the continuing principal revenue-producing activities of the Company as well as other income and expenses related to operating activities. Operating profit excludes net finance costs and income taxes

h) 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 8 to the financial statements.

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.

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.

Financial summary and production trends
Director's profile
2020 key facts
Letter of transmittal
Our esteemed customers
Swissport customer trend from 2016
The chairman's statement
Taarifa ya mwenyekiti
2020 CEO report
Ripoti ya Mkurugenzi Mkuu 2020
Report of the directors
Statement of directors' responsibilities
Declaration of the chief financial officer
Independent auditors' report
Financial statements
Statement of profit or loss and other comprehensive income
Statement of financial position
Statement of changes in equity
Statement of cash flows
Notes to the financial statements
Management team
General information

6 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

i) Intangible asset

The Company has a 15 years land lease agreement with Tanzania Airport Authority (TAA) for the land measuring 15,000 sqm. The agreement is effective from 25 April 2013 and will expire on 24 March 2028. The agreement requires the Company to build, own and transfer the warehouse to TAA after the expiration of the lease term. The Company completed the construction of the warehouse in June 2016.

The Company reviewed the terms of the agreement and concluded that the arrangement is falling within the scope of IFRIC 12 and therefore accounting the arrangement as intangible asset. The warehouse is measured at cost and amortized over the remaining lease period of 8 years.

j) Property and equipment

Property, plant and equipment are tangible assets which the Company holds for its own use or for rental to others and which are expected to be used for more than one year.

Recognition and measurement
Items of equipment are stated at cost less accumulated depreciation and accumulated impairment losses.

An item of property, plant and equipment is recognised as an asset 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 measured reliably.

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the asset to the working condition for its intended use and the costs of dismantling and removing the items and restoring the site on which they are located. Borrowing costs related to the acquisition or construction of qualifying assets are capitalised as incurred.

Subsequent cost
Expenditure incurred subsequently for major services, additions to, major renovations or replacements of parts of property, plant and equipment are recognised in the carrying amount of the item if it is probable that future economic benefits associated with the expenditure will flow to the company and the cost can be measured reliably 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 and day to day servicing costs are included in profit or loss in the year in which they are incurred.

Depreciation
Depreciation of an asset commences when the asset is available for use as intended by management. Depreciation is recognised in the statement of profit or loss and other comprehensive income on a straight-line basis over the estimated useful life of each part of an item of equipment. When parts of an item of equipment have different useful lives, they are accounted for as separate items (major components) of equipment.

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:

6 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

J) Property and equipment (continued) *Depreciation (continued)*

Description	Years
Leasehold improvements	8
EDP Equipment and software	4
Motorized ground support equipment	10-15
Non-motorized ground support equipment	7
Furniture and equipment	8
Motor vehicles	4
Fuel and water tank	8
Internet installation	4

The residual value, useful life and depreciation method of each asset are reviewed at the end of each reporting year. If the expectations differ from previous estimates, the change is accounted for prospectively as a change in accounting estimate. The depreciation charge for each year is recognised in profit or loss unless it is included in the carrying amount of another asset.

Derecognition

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its continued use or disposal. Any gain or loss arising from the derecognition of an item of property, plant and equipment, determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item, is included in profit or loss when the asset is derecognised.

k) 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. 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 recognized 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 recognized 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 recognized 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 recognized. 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 recognized for the asset in prior years. Such reversal is recognized in the profit and loss account.

6 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

I) Leases

At inception of a contract, the Company assess whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company uses the definition of a lease in IFRS 16.

i. Leases in which the Company is a lessee

At commencement or on modification of a contract that contains a lease component, the Company allocates the consideration in the contract to each lease component on the basis of its relative stand-alone prices. However, for the leases of property the Company has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

The Company recognises a right of use asset and lease liability at the lease commencement date. The right of use of asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or restore the underlying asset or the site on which it is located, less any lease incentives received.

The right of use asset is subsequently depreciated using the straight line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Company by the end of the lease term or the cost of the right of use asset reflects that the Company will exercise a purchase option. In that case the right of use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of the property and equipment. In addition, the right of use asset is periodically reduced by impairment losses, if any and adjusted for certain remeasurements of the lease liability.

The lease liability is measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate. Generally, the Company uses its incremental borrowing rate as the discount rate.

The Company determined its incremental borrowing rate by obtaining interest rates from various external financing sources

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments;
- Variable lease payments that depend on an index or rate, initially measured using the index or rate as at the commencement date;
- Amounts expected to be payable under a residual value guarantee; and
- The exercise price under a purchase option that the Company is reasonably certain to exercise, lease payments in an optional renewal period of the Company is reasonably certain to exercise an extension option, and penalties for early termination of lease unless the Company is reasonably certain not to terminate early.

The lease liability is measured at amortized cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Company's estimate of the amount expected to be payable, under a residual guarantee, if the Company changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment.

Financial summary and production trends
Director's profile
2020 key facts
Letter of transmittal
Our esteemed customers
Swissport customer trend from 2016
The chairman's statement
Taarifa ya mwenyekiti
2020 CEO report
Ripoti ya Mkurugenzi Mkuu 2020
Report of the directors
Statement of directors' responsibilities
Declaration of the chief financial officer
Independent auditors' report
Financial statements
Statement of profit or loss and other comprehensive income
Statement of financial position
Statement of changes in equity
Statement of cash flows
Notes to the financial statements
Management team
General information

6 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

- I) Leases (continued)
i) Leases in which the company is a lessee (continued)

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right of use asset, or is recorded in profit or loss if the carrying amount of the right of use asset has been reduced to zero.

The Company presents right of use assets that do not meet the definition of investment property in 'property, plant and equipment' and lease liabilities separately in the statement of financial position.

Short-term leases and leases of low-value assets

The Company has elected not to recognize right of use assets and lease liabilities for leases of low value assets and short term leases, including IT equipment. The Company recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

COVID-19-related rent concessions

The Company has applied COVID-19-Related Rent Concessions – Amendment to IFRS 16. The Company applies the practical expedient allowing it not to assess whether eligible rent concessions that are a direct consequence of the COVID-19 pandemic are lease modifications. The Company applies the practical expedient consistently to contracts with similar characteristics and in similar circumstances. For rent concessions in leases to which the Company chooses not to apply the practical expedient, or that do not qualify for the practical expedient, the Company assesses whether there is a lease modification.

ii. Leases in which the Company is a lessor

At inception or on modification of a contract that contains a lease component, the Company allocates the consideration in the contract to each lease component on the basis of their relative stand-alone prices.

When the Company acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease.

To classify each lease, the Company makes an overall assessment of whether the lease the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease. As part of this assessment, the Company considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

When the Company is an intermediate lessor, it accounts for its interests in the head lease and sub-lease separately. It assesses the lease classification of a sub-lease with reference to the right of use asset arising from the head lease, not with reference to the underlying asset. If a head lease is a short-term lease to which the Company applies the exemption described above, then it classifies the sub-lease as an operating lease.

If an arrangement contains lease and non-lease components, then the Company applies IFRS 15 to allocate the consideration in the contract.

The Company applies the derecognition and impairment requirements in the IFRS 9 to the new investment in the lease. The Company regularly revises estimated unguaranteed residual values (if any) used in calculating the gross investment in the lease.

The Company recognises lease payments received under operating leases as income on a straight-line basis over the lease term as part of 'other income'

Financial summary and production trends
Director's profile
2020 key facts
Letter of transmittal
Our esteemed customers
Swissport customer trend from 2016
The chairman's statement
Taarifa ya mwenyekiti
2020 CEO report
Ripoti ya Mkurugenzi Mkuu 2020
Report of the directors
Statement of directors' responsibilities
Declaration of the chief financial officer
Independent auditors' report
Financial statements
Statement of profit or loss and other comprehensive income
Statement of financial position
Statement of changes in equity
Statement of cash flows
Notes to the financial statements
Management team
General information

6 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

m) Inventories

Inventories are carried at the lower of cost and net realizable 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 realizable 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.

n) Trade and other receivables

Receivables are measured at initial recognition at fair value. Appropriate allowances for estimated irrecoverable amounts are recognised in profit or loss when there is objective evidence that the asset is impaired. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments are considered indicators that the trade receivable is impaired.

o) Cash and cash equivalents

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

p) Share capital and equity

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.

q) Trade and other payables

Trade payables are initially measured at fair value and subsequently at amortized cost.

r) Bank overdraft and borrowings

Bank overdrafts (if any) and borrowings are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method. Any difference between the proceeds (net of transaction costs) and the settlement or redemption of borrowings is recognised over the term of the borrowings in accordance with the company's accounting policy for borrowing costs.

The Company has received an intercompany loan from Swissport International Limited. The loan is denominated in united states dollar (US\$) and is unsecured. Interest expense is recognised using the effective interest method.

s) Provisions

Provisions are recognized 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 recognized 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 recognized as interest expense.

6 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

t) Foreign currencies

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 recognized in profit and loss within 'other operating income' or 'other operating expenses'.

u) Financial instruments

i. Recognition and measurement

Trade receivables and debt securities issued are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Company becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus or minus, for an item not at fair value through profit or loss (FVTPL), transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

ii. Classification and subsequent measurement

Financial assets

On initial recognition, a financial asset is classified as measured at: amortised cost; Fair value through other comprehensive income (FVOCI - debt investment; FVOCI - equity investment); or fair value through profit or loss (FVTPL).

Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

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

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Company may irrevocably elect to present subsequent changes in the investment's fair value in OCI. This election is made on an investment-by-investment basis.

6 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

U) Financial instruments (continued)
ii. Classification and subsequent measurement (continued)

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. On initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial assets - Business model assessment
The Company makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realising cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the Company's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- how managers of the business are compensated - e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, consistent with the Company's continuing recognition of the assets.

Financial assets that are held for trading or are managed and whose performance is evaluated on a fair value basis are measured at FVTPL.

Financial assets - Assessment whether contractual cash flows are solely payments of principal and interest.

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin. In assessing whether the contractual cash flows are solely payments of principal and interest, the Company considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Company considers:

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable-rate features;
- prepayment and extension features; and
- terms that limit the Company's claim to cash flows from specified assets (e.g. non-recourse features).

A prepayment feature is consistent with the solely payments of principal and interest criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable compensation for early termination of the contract. Additionally, for a financial asset acquired at a discount or premium to its contractual par amount, a feature that permits or requires prepayment at an amount that substantially represents the contractual

6 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

U) Financial instruments (continued) ii. Classification and subsequent measurement (continued)

par amount plus accrued (but unpaid) contractual interest (which may also include reasonable compensation for early termination) is treated as consistent with this criterion if the fair value of the prepayment feature is insignificant at initial recognition.

Financial assets - Subsequent measurement and gains and losses

Financial assets at FVTPL	These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss.
Financial assets at amortised cost	These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.
Debt investments at FVOCI	These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognised in profit or loss. Other net gains and losses are recognised in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss.
Equity investments at FVOCI	These assets are subsequently measured at fair value. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are never reclassified to profit or loss.

Financial liabilities - Classification, subsequent measurement and gains and losses

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

iii. Impairment of financial assets and contract assets

An 'expected credit loss' (ECL) model applies to financial assets measured at amortised cost, contract assets and debt investments at FVOCI, but not to investments in equity instruments.

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Company expects to receive.

Loss allowances for trade receivables is measured at an amount equal to lifetime ECLs. Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.

The Company limits its exposure to credit risk from trade receivables by establishing a maximum payment period of 30 days for credit customers. The Company considers reasonable and supportable forward-looking information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis based on the Company's historical experience and

6 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

U) Financial instruments (continued)
iii. Impairment of financial assets and contract assets (continued)

informed credit assessment. Example of micro economic factors considered include changes in inflation rate, GDP rate and interest rates.

The Company recognises in profit or loss, as an impairment gain or loss, the amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognised accordance with the requirement of IFRS 9.

iv. Derecognition

Financial assets

The Company derecognises a financial asset when:

- the contractual rights to the cash flows from the financial asset expire; or
- it transfers the rights to receive the contractual cash flows in a transaction in which either:
- substantially all of the risks and rewards of ownership of the financial asset are transferred; or
- the Company neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Company enters into transactions whereby it transfers assets recognised in its statement of financial position but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognised.

Financial liabilities

The Company derecognises a financial liability when its contractual obligations are discharged or cancelled or expire. The Company also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in profit or loss.

v. Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

v) Comparative figures

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

w) Dividend distribution

It is the Company's policy to pay 50% of its profit for the year as dividends to its shareholders subject to declaration by the directors and approval. Final dividends distribution to the Company's shareholders is recognized as a liability in the Company's balance sheet in the period in which the dividends are approved

6 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

w) Dividend distribution (continued)

by the Company's Board of Directors. 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. Dividends are subject to a withholding tax of 5%. However, the directors resolved not to declare and pay dividend for 2020 because the Company made a loss during the year.

x) Basic and Diluted earnings per share

Basic earnings per share 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.

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 non-cumulative 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.

7. STANDARDS ISSUED BUT NOT YET EFFECTIVE

Relevant new standards, amendments and interpretations issued but not yet effective and not early adopted

A number of new standards, amendments to standards and interpretations are not yet effective for the year ended 31 December 2020, and have not been applied in preparing these financial statements. Those which may be relevant to the Company are set out below. The Company does not plan to adopt these standards early. These will be adopted in the period that they become mandatory.

The following amended standards and interpretations are not expected to have a significant impact on the Company's finance statements.

Forth Coming standards/amendments	Effective date
• Onerous Contracts – Cost of Fulfilling a Contract (Amendments to IAS 37)	1 January 2022
• Annual Improvements to IFRS Standards 2018 - 2020	1 January 2022
• Property Plant and Equipment: Proceeds before Intended Use (Amendments to IFRS 3)	1 January 2022
• Classification of Liabilities as Current or Non-current (Amendments to IAS 1)	1 January 2023
IFRS 17 Insurance Contracts and amendments to IFRS 17 Insurance Contracts	1 January 2023

Financial summary and production trends
Director's profile
2020 key facts
Letter of transmittal
Our esteemed customers
Swissport customer trend from 2016
The chairman's statement
Taarifa ya mwenyekiti
2020 CEO report
Ripoti ya Mkurugenzi Mkuu 2020
Report of the directors
Statement of directors' responsibilities
Declaration of the chief financial officer
Independent auditors' report
Financial statements
Statement of profit or loss and other comprehensive income
Statement of financial position
Statement of changes in equity
Statement of cash flows
Notes to the financial statements
Management team
General information

8. SEGMENT INFORMATION

a) Basis for segmentation

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:

Reportable segments	Operations
Ground handling services	Ground handling mainly includes passenger handling and ramp handling. Under passenger handling the Company does the following activities: Passenger check-in for embarking passengers, passenger luggage handling, flight boarding control, passenger assistance on arrival, baggage tracing for lost/found baggage, Special passenger handling: Unaccompanied minors, the sick, the Senior, the disabled, VIPs and Aircraft Weight and balance of Passenger (Load control). All these activities are done by the well trained, motivated and experienced staff. Under ramp handling the Company offers the following services: Loading and Un-loading of aircraft, Provision of external Ground Power for all types of aircraft, Aircraft towing and pushback, Baggage sorting, Cargo towing, Cabin Dressing, Lavatory Services and Drinking water supply. (The Company also has a license for provision of aircraft maintenance and fueling services).
Cargo handling services.	The main business line in cargo handling is import and export of various types cargo.

Management reviews the internal management reports of each division at least monthly.

No operating segments have been aggregated to form the 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.

b) Information about reportable segments and reconciliation to the amounts reported in the balance sheet and profit and loss accounts

Information related to each reportable segment is set out below. Segment profit(loss) before tax is used to measure performance because management believes that this information is the most relevant in evaluating the results of the respective segments relative to other entities that operate in the same industries.

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

8 SEGMENT INFORMATION (CONTINUED)

b) Information about reportable segments and reconciliation to the amounts reported in the balance sheet and profit and loss accounts (continued)

Financial summary and production trends
Director's profile
2020 key facts
Letter of transmittal
Our esteemed customers
Swissport customer trend from 2016
The chairman's statement
Taarifa ya mwenyekiti
2020 CEO report
Ripoti ya Mkurugenzi Mkuu 2020
Report of the directors
Statement of directors' responsibilities
Declaration of the chief financial officer
Independent auditors' report
Financial statements
Statement of profit or loss and other comprehensive income
Statement of financial position
Statement of changes in equity
Statement of cash flows
Notes to the financial statements
Management team
General information

2020 Income and expenses	Ground handling TShs M	Cargo handling TShs M	Total TShs M
Revenue	9,447	16,972	26,419
Other operating income	150	170	320
Staff costs	(9,620)	(5,078)	(14,698)
Concession fees	(1,068)	(1,834)	(2,902)
Fuel and maintenance costs	(754)	(580)	(1,334)
Depreciation and amortisation	(1,957)	(3,418)	(5,375)
Rent and other occupancy costs	(141)	(446)	(587)
Impairment loss on trade and other receivables	(149)	(163)	(312)
Interest expense	(14)	(20)	(34)
Other operating expenses	(2,473)	(2,322)	(4,795)
Finance cost (excluding interest expense above)	(105)	(148)	(253)
(Loss)/profit before income tax	(6,684)	3,133	3,551

2020 Assets and liabilities	Ground handling TShs M	Cargo handling TShs M	Unallocated TShs M	Total TShs M
Total assets	22,998	28,956	261	52,215
Total liabilities	11,400	10,200	2,234	23,834
Capital expenditure	586	1,691	237	2,514

2019 Income and expenses	Ground handling TShs M	Cargo handling TShs M	Total TShs M
Revenue	16,951	18,495	35,446
Other operating income	202	166	368
Staff costs	(9,230)	(6,153)	(15,383)
Concession fees	(1,622)	(1,783)	(3,405)
Fuel and maintenance costs	(969)	(646)	(1,615)
Depreciation	(1,878)	(3,457)	(5,335)
Rent and other occupancy costs	(134)	(534)	(668)
Impairment loss on trade and other receivables	(63)	-	(63)
Interest expense	(14)	(9)	(23)
Other operating expenses	(3,497)	(2,332)	(5,829)
Finance cost Excluding interest expense above	(67)	(119)	(186)
(Loss)/profit before income tax	(321)	3,628	3,307

2019 Assets and liabilities	Ground handling TShs M	Cargo handling TShs M	Unallocated TShs M	Total TShs M
Total assets	28,371	18,366	548	47,285
Total liabilities	7,387	8,106	882	16,375
Capital expenditure	122	2,221	73	2,416

8 SEGMENT INFORMATION (CONTINUED)

b) Information about reportable segments and reconciliation to the amounts reported in the balance sheet and profit and loss accounts (continued)

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 vehicle.

c) Geographic information

The Company operates in two main regions in Tanzania being Kilimanjaro International Airport and Julius Nyerere International airport during the year. The Company was operating in two additional locations named Songwe International Airport and Mtwara Airport in the financial year 2019, however the Company has already exited from these two additional locations, as such there were no operations during the year 2020.

The geographic information analyses the Company’s revenue, operating costs and total assets by the Company’s area of operation. In presenting the geographic information, segment revenue has been based on customers operations and revenue generated from those customers on the specific geographical location during the year, total operating costs has been based on costs incurred by the Company in provision of ground handling and cargo handling in those specific geographical locations, and segment assets were based on the geographic location of the assets.

GEOGRAPHICAL SEGMENT - 2020

	DAR TShs M	KIA TShs M	Songwe TShs M	Mtwara TShs M
Revenue	24,103	2,316	-	-
Total operating costs (*)	26,433	3,537	-	-
Total assets	49,101	3,114	-	-

GEOGRAPHICAL SEGMENT - 2019

	DAR TShs M	KIA TShs M	Songwe TShs M	Mtwara TShs M
Revenue	30,906	4,279	192	69
Total operating costs (*)	27,996	3,937	131	75
Total assets	43,815	3,279	169	22

(*) Total operating cost is presented net of other operating income.



9. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Company's principal financial liabilities comprise of trade payables and borrowings. 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 2020, the balances denominated in foreign currencies were as Shown on the table below:

	2020		2019	
Balances denominated in foreign currencies	TShs M USD	TShs M EUR	TShs M USD	TShs M EUR
Cash and bank balances	6,251	394	873	1,230
Trade and other receivables	1,399	52	3,086	566
Loan / borrowings	(4,629)	-	-	-
Trade and other payables	(1,336)	(49)	(1,165)	(73)
Lease liabilities	(158)	-	(184)	-
Net exposure	1,527	397	2,610	1,723

Foreign currency sensitivity

The following table demonstrates the sensitivity to a reasonably possible change in the US dollar and Euro 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 not material.

	Effect on profit <u>before tax</u>		Effect on <u>equity</u>	
	Strengthening TShs M	Weakening TShs M	Strengthening TShs M	Weakening TShs M
2020				
USD (10% movement)	153	(153)	107	(107)
EUR (10% movement)	40	(40)	28	(28)

9 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Foreign currency sensitivity (continued)

	Effect on profit <u>before tax</u>		Effect on <u>equity</u>	
	Strengthening	Weakening	Strengthening	Weakening
	TShs M	TShs M	TShs M	TShs M
2019				
USD (10% movement)	261	(261)	183	(183)
EUR (10% movement)	172	(172)	120	(120)

Interest rate risk

In broad terms the interest rate risk is the risk that concerns the sensitivity of the Company's financial performance to changes in the interest rates. The Company's operations are subject to the risk of interest rate fluctuations to the extent that interest earning assets and interest bearing liabilities mature or re-price at different times or in differing amounts. Risk management activities are aimed at optimizing net interest income, given market interest rates levels consistent with the Company's business strategies in order to minimise interest risk. The Company had no exposure to interest rate risks as at 31 December 2020 since the interest from the intercompany loan is fixed (2019: no outstanding loan).

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 24) on the basis of expected cash flows.

The steps taken by the Company to respond to possible future liquidity constraints arising from the COVID-19 pandemic and the impact of those steps on the financial statements include the following.

- In December 2020, the Company obtained unsecured intercompany loan of US\$ 2 Million (TSh 4.6 billion) from Swissport International Limited.
- During the year, the Company requested and obtained rent discount of TShs 169 million as a direct consequence of the COVID-19 coronavirus pandemic. This has been appropriately accounted for as a lease modification in these financial statements.
- Because of a significant reduction of the business volumes, the Company right-sized the business by retrenching 131 operational staff.

Forecasted liquidity reserves as extracted from short and medium-term future budget of company as at 31 December 2021 is as follows:

TShs M	2021
At 1 January	7,735
Operating activities	3,020
Investing activities	(3,020)
Financing activities	(3,929)
Total	3,806

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. For borrowing its interest rate is approximate the market rate.

9 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Liquidity risk (continued)

	Carrying amount TShs M	Un-discounted contractual cash flows TShs M	Less than 1 year TShs M	1 - 2 years TShs M	2- 5 years TShs M
At 31 December 2020					
Lease liabilities	2,033	2,582	818	756	1,008
Trade and other payables (*)	10,539	10,539	10,539	-	-
Borrowings	4,629	4,629	2,055	2,206	368
	17,201	17,750	13,412	2,962	1,376
At 31 December 2019					
Lease liabilities	1,156	1,328	698	630	
Trade and other payables (*)	11,983	11,983	11,983	-	-
Borrowings	-	-	-	-	-
	13,139	13,311	12,681	630	-

(*) Financial liabilities included are concession fees payable of TShs 281 million (2019: TShs 2,004 million), sundry payable of TShs 5,830 million (2019: TShs 5,355 million) and due to related party of TShs 4,428 million (2019: TShs 4,624 million) as depicted in Note 27.

Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Company extension of credit to its customers. For risk management reporting purposes, the Company considers all elements of credit risk exposure such as individual obligator default risk, nature of customer and sector risk.

The carrying amount of financial assets represents the maximum credit exposure. The table below summaries the maximum credit exposure as at the reporting date.

	2020 TShs M	2019 TShs M
Trade and other receivables including staff loan (note 23)	3,545	5,690
Cash and cash equivalents (note 24)	7,735	3,435
At 31 December	11,280	9,125

The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, management also considers the factors that may influence the credit risk of its customer base, including the default risk associated with the industry and country in which customers operate. Details of concentration of revenue are included in note 10.

The Company limits its exposure to credit risk from trade receivables by establishing a maximum payment period of 30 days for credit customers.

9 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Credit risk (continued)

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 movement in the allowance for impairment in respect of trade receivables and contract assets during the year was as follows:

	2020 TShs M	2019 TShs M
Opening balance	2,558	2,495
Net re-measurement of loss allowance	283	63
Closing balance	2,841	2,558

As at 31 December 2020, trade receivables of Tshs 2,766 million (2019: Tshs 2,495 million) were individually (specifically) impaired and provided for. The individually impaired receivables mainly relate to customers, who are in unexpectedly difficult economic situations.

The allowance for credit impairment has been calculated in line with the Company's provisioning policy as described under Note 6 (u)(iii).

The following table provides information about the exposure to credit risk and Expected Credit Losses (ECLs) based on the aging analysis of trade receivables:

2020	Gross TShs M	Impairment TShs M	Net TShs M
Current (not past due)	1,925	-	1,925
31 to 60 days	661	(22)	639
61 to 90 days	84	(5)	79
91 to 122 days	71	(5)	66
Over 181 days	168	(43)	125
Specifically provided	2,766	(2,766)	-
Closing balance (note 23)	5,675	(2,841)	2,834

2019	Gross TShs M	Impairment TShs M	Net TShs M
Current (not past due)	2,030	-	2,030
31 to 60 days	1,471	(38)	1,433
61 to 90 days	582	(15)	567
91 to 122 days	152	(2)	150
Over 181 days	634	(8)	626
Specifically provided	2,495	(2,495)	-
Closing balance	7,364	(2,558)	4,806

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.

9 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

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 2020 as of December 2019 and 31 December 2018. The Company monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. As of 31 December 2020 the Company had a gearing ratio of 14.0% (2019: 0.0%).

10 REVENUE

a) Revenue streams

The Company's generates revenue primarily from ground handling and cargo handling as shown below

	2020 TShs M	2019 TShs M
Revenue from contract with customers		
Ground handling	9,447	16,951
Cargo handling	16,972	18,495
Total revenue	26,419	35,446

b) Disaggregation of revenue from contracts with customers

In the following table, revenue from contracts with customers is disaggregated by primary geographical market and major service lines. The table also includes a reconciliation of the disaggregated revenue with the Company's reportable segments. For more details, see segment reporting on Note 8 of these financial statements.

	Major Service Line			
	Ground Handling		Cargo handling	
	2020 TShs M	2019 TShs M	2020 TShs M	2019 TShs M
Primary geographical markets				
Kilimanjaro International Airport	1,610	3,045	706	1,234
Dar es salaam International Airport	7,837	13,645	16,266	17,261
Mtwara airport	-	69	-	-
Songwe airport	-	192	-	-
Total revenue	9,447	16,951	16,972	18,495

Financial summary and production trends
Director's profile
2020 key facts
Letter of transmittal
Our esteemed customers
Swissport customer trend from 2016
The chairman's statement
Taarifa ya mwenyekiti
2020 CEO report
Ripoti ya Mkurugenzi Mkuu 2020
Report of the directors
Statement of directors' responsibilities
Declaration of the chief financial officer
Independent auditors' report
Financial statements
Statement of profit or loss and other comprehensive income
Statement of financial position
Statement of changes in equity
Statement of cash flows
Notes to the financial statements
Management team
General information

11 OTHER OPERATING INCOME

	2020 TShs M	2019 TShs M
Rental income	182	229
Commission on freight charges	158	1
Gain on disposal of property and equipment	6	162
Foreign exchange (loss)/ gain	(26)	24
	320	368

12 CONCESSION FEES

Concession fees – Tanzania Airports Authority	2,683	3,105
Concession fees – Kilimanjaro Airport Development Company	219	300
	2,902	3,405

Concession fees are paid to Tanzania Airports Authority (TAA) and Kilimanjaro Airport Development Company (KADCO). Concession fee is charged at 10% of the ground and cargo handling revenue earned per year.

13 STAFF COSTS

	2020 TShs M	2019 TShs M
Salaries and wages	8,302	10,047
Pension cost – defined contribution plans	967	1,092
Pension cost – defined benefit plan	392	436
Other staff costs	5,037	3,808
	14,698	15,383

14 FUEL AND MAINTENANCE COSTS

	2020 TShs M	2019 TShs M
Fuel – Ground support equipment	117	120
Fuel – Motor vehicles	319	452
Maintenance – Ground support equipment	625	742
Maintenance – Motor vehicles	130	210
Maintenance – Others	143	91
	1,334	1,615

15 RENT AND OTHER OCCUPANCY COSTS

	2020 TShs M	2019 TShs M
Rent – TAA	129	211
Rent – KADCO	19	-
Utility charges	439	457
	587	668

16 OTHER OPERATING EXPENSES

	2020 TShs M	2019 TShs M
Telecommunication and internet charges	287	690
IT and other information processing services	1,351	1,374
Trade mark fee	-	418
Purchase of ground services	462	528
Insurance	717	643
Travel and transportation	72	164
Legal and consultancy fees	256	350
Advertising and publicity	31	46
Auditors' remuneration	123	157
Directors' emoluments	104	118
Bank charges	170	114
Other administration expenses	1,222	1,227
	4,795	5,829

17 INCOME TAX EXPENSE**a) Amount recognized in profit or loss**

	2020 TShs M	2019 TShs M
Current tax expense		
Current year	-	533
Current year tax charge related to prior years	82	(111)
	82	422
Deferred tax expense		
Origination and reversal of temporary differences	(234)	544
Recognition of tax losses	(812)	-
Recognition of previously unrecognized (derecognition of previously recognized) deductible temporary differences	-	30
	(1,046)	574
Tax credit/expense on continuing operations	(964)	996

17 INCOME TAX EXPENSES (CONTINUED)

b) Amount recognized in OCI

Items that will not be reclassified to Profit or loss

	2020 -TShs M			2019 - TShs M		
	Before tax	Tax expenses	Net of Tax	Before tax	Tax credit	Net of tax
Remeasurements of defined benefit liability (Note 26)	196	(59)	137	(1,750)	525	1,225
Deferred tax charge on payments made against reserve	-	(79)	(79)	-	-	-
	196	(138)	58	(1,750)	525	1,225

c) Reconciliation of effective tax rate

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:

	2020 TShs M	2019 TShs M
(Loss)/profit before tax from continuing operations	(3,551)	3,307
Tax (credit)/ charge	(964)	996
Effective rate	27.15%	30.12%



17 INCOME TAX EXPENSES (CONTINUED)**c) Reconciliation of effective tax rate**

	2020		2019	
Standard tax on current year (loss)/profit	Tax amount (1,065)	Rate 30.00%	Tax amount 992	Rate 30.00%
Tax effect on:				
Depreciation on non-qualifying assets	3	(0.09%)	5	97
Expenditure permanently disallowed	96	(2.71%)	97	-
Other adjustments	(1)	0.03%	2	(62)
Profit on sale of non-qualifying assets	-	0.00%	(14)	-
Deduction against amount previously charged to reserve	(79)	2.22%	(5)	1,209
Under / (over) provision of tax for earlier years:				
Corporation tax	82	(2.30%)	(111)	(3.35%)
Deferred tax	-	0.00%	30	0.90%
Effective tax amount and rate reconciled	(964)	27.15%	996	30.12%

18 DEFERRED TAX**Movement in deferred tax balances**

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

	2020 TShs M	2019 TShs M
Accelerated capital allowance	(1,181)	(1,282)
Retirement benefit obligation charged to reserve	770	908
Provisions	1,021	887
Losses	811	-
Net deferred income tax assets	1,421	513
The gross movement on the deferred income tax accounts is as follows:		
At 1 January	513	562
Credit/(charge) to the profit or loss statement (Note 17(a))	1,046	(574)
Charge to the other comprehensive income (OCI)	(59)	525
Deferred tax charge on payment made against reserve	(79)	-
At 31 December	1,421	513

Tax losses

Tax losses carried forward as at 31 December 2020 amounts to TShs 2.7 billion (2019: Nil)

19 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:

	2020	2019
Attributable (loss)/profit to ordinary shareholders – TShs	(2,587,000,000)	2,311,000,000
	Number	Number
Weighted average number of ordinary shares	36,000,000	36,000,000
Basic earnings per share - TShs	(71.9)	64.2

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 non-cumulative 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.

	2020	2019
Attributable loss/profit to ordinary shareholders – TShs	(2,587,000,000)	2,311,000,000
	Number	Number
Weighted average number of ordinary shares	36,000,000	36,000,000
Diluted earnings per share – TShs	(71.9)	64.2

20 DIVIDENDS

	2020 TShs M	2019 TShs M
Dividend	-	3,731(*)

(*) In 2019, the Company declared dividend of TShs 3,731 million relating to financial year 2018. The actual cash paid during the year was TShs 802 million for local shareholders (2019: TShs 3,246). Dividend payable to Swissport International Ltd amounting to TShs 3,210 million (2019: TShs 3,929 million) is yet to be paid.

The directors resolved not to declare and pay dividend relating to financial year 2020 (2019: Nil).

21 (A) PROPERTY AND EQUIPMENT

	Capital work in progress TShs M	Leasehold property improvements TShs M	EDP hardware & equipment TShs M	Motorized equipment TShs M	Non- motorized equipment TShs M	Other assets TShs M	Total TShs M
Cost							
At 1 January 2020	2,013	2,675	769	20,108	5,067	2,676	33,308
Additions	1,349	342	62	571	15	175	2,514
Transfer in/(out)	(2,013)	2,013	-	-	-	-	-
Write offs/disposals	-	(561)	(346)	-	(116)	(97)	(1,120)
At 31 December 2020	1,349	4,469	485	20,679	4,966	2,754	34,702
Depreciation							
At 1 January 2020	-	2,071	555	8,354	3,945	2,252	17,177
Charge for the year	-	297	85	1,386	332	200	2,300
Write offs/disposals	-	(561)	(346)	-	(116)	(97)	(1,120)
At 31 December 2020	-	1,807	294	9,740	4,161	2,355	18,357
Net book value							
At 31 December 2020	1,349	2,662	191	10,939	805	399	16,345

There is no impairment loss relating to property and equipment recognised in the financial statements. Additionally, no assets have been pledged as security to lenders.

	Capital work in progress TShs M	Leasehold property improvements TShs M	EDP hardware & equipment TShs M	Motorized equipment TShs M	Non- motorized equipment TShs M	Other assets TShs M	Total TShs M
Cost							
At 1 January 2019	-	2,675	1,703	20,401	5,276	3,073	33,128
Additions	2,013	-	8	115	207	73	2,416
Write offs/disposals	-	-	(942)	(408)	(416)	(470)	(2,236)
At 31 December 2019	2,013	2,675	769	20,108	5,067	2,676	33,308
Depreciation							
At 1 January 2019	-	1,807	1,413	7,377	3,946	2,435	16,978
Charge for the year	-	264	84	1,364	415	287	2,414
Write offs/disposals	-	-	(942)	(387)	(416)	(470)	(2,215)
At 31 December 2019	-	2,071	555	8,354	3,945	2,252	17,177
Net book value							
At 31 December 2019	2,013	604	214	11,754	1,122	424	16,131

There is no impairment loss relating to property and equipment recognised in the financial statements.

Financial summary and production trends
Director's profile
2020 key facts
Letter of transmittal
Our esteemed customers
Swissport customer trend from 2016
The chairman's statement
Taarifa ya mwenyekiti
2020 CEO report
Ripoti ya Mkurugenzi Mkuu 2020
Report of the directors
Statement of directors' responsibilities
Declaration of the chief financial officer
Independent auditors' report
Financial statements
Statement of profit or loss and other comprehensive income
Statement of financial position
Statement of changes in equity
Statement of cash flows
Notes to the financial statements
Management team
General information

21 (B) INTANGIBLE ASSET

	2020 TShs M	2019 TShs M
Intangible asset (IFRIC 12) under construction		
Cost		
At January	25,265	25,265
Additions	-	-
Write off	-	-
At December	25,265	25,265
Accumulated amortisation:		
At January	8,345	6,033
Write off	-	-
Charge for the year	2,410	2,312
At December	10,755	8,345
Net book value as at the end of the year	14,510	16,920

On 25 April 2013, the Company entered into a land lease agreement with Tanzania Airports Authority. The agreement is for the lease of land measuring 15,000 square meters for the period of 15 years from the date of the last signing of the agreement, which was 25 April 2013. The Company is paying annual land lease of US\$ 75,000 (US\$ 5/sqm).

As per the lease agreement the Company was required to construct an import warehouse under the Built Own and Transfer terms (BOT). Meaning that after the expiration of 15 years period from 25 April 2013 the constructed warehouse will be transferred and be legally owned by the Tanzania Airports Authority.

The construction of the asset was completed in June 2016 and commenced amortization soon after the construction was completed and handed over to the Company ready for use.

The asset is accounted for as intangible assets as it meets criteria stipulated under IFRIC 12 Service Concession Arrangements, which are:

- The grantor controls or regulates services offered by the Company, to whom it has to provide the service (general public) and the prices at which the services are charged; and
- The grantor will control through ownership a significant residual interest in the building at the expiry of the remaining 8 years lease period.

The Company does not have the right to receive any consideration for construction services of the warehouse from the Tanzania Airports Authority.

22 INVENTORIES

	2020 TShs M	2019 TShs M
Spare parts	261	225
Stationery	46	42
Cleaning materials	19	16
Fuel	34	44
Uniforms	63	81
Less: Provision for impairment on inventories	-	-
	423	408

Inventories are not pledged as security.

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

	2020 TShs M	2019 TShs M
At 1 January	-	79
Release	-	(79)
At 31 December	-	-

23 TRADE AND OTHER RECEIVABLES

	2020 TShs M	2019 TShs M
Trade receivables	5,675	7,364
Less: Credit impairment	(2,841)	(2,558)
Trade receivables - net	2,834	4,806
Prepayments	306	1,411
Deposits and other receivables ¹	4,215	47
Staff receivables - short term	228	546
Staff car loans(*)	137	134
	7,720	6,944

Trade receivables are non-interest bearing and are generally on 30-day terms.

- (1) Deposits and other receivables include TShs 4,017 million due from Swissport International Limited in relation to Capital Gain Tax (CGT) in respect of underlying change of ownership of Swissport Tanzania Plc after HNA Group Co acquired 100% shares of Aguila 2 S.A.R.L (2019: TShs Nil).
- (2) The staff car loans exclude TShs 148 million (2019: TShs 157 million) receivable after 1 year.

23 TRADE AND OTHER RECEIVABLES (CONTINUED)

Movement on the credit impairment of trade receivables is as follows:

	2020 TShs M	2019 TShs M
At 1 January	2,558	2,495
Charge for the year	283	63
At 31 December	2,841	2,558

* Charge for the year excludes credit impairment for staff loan amounting TShs 29 Million (2019: Nil)

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

	2020 TShs M	2019 TShs M
US dollars	1,399	3,086
Tanzanian shillings	4,224	3,712
Euro	52	566
	5,675	7,364

Information about the Company's exposure to credit and market risks, and impairment losses for trade receivables is included in note 9.

24 CASH AND CASH EQUIVALENTS

	2020 TShs M	2019 TShs M
For the purpose of the cash flow statement, the year-end cash and cash equivalents comprise:		
Cash at bank	7,719	3,421
Cash on hand	16	14
	7,735	3,435

25 SHARE CAPITAL

	2020 TShs M	2019 TShs M
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

25 SHARE CAPITAL (CONTINUED)

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.

26 RETIREMENT BENEFIT OBLIGATIONS

	2020 TShs M	2019 TShs M
As at 1 January	3,027	3,026
Current service cost	82	83
Interest cost (discount unwinding)	310	353
Actuarial loss/ (gain) ⁽¹⁾	(196)	1,750
Benefits paid during the year	(422)	(1,354)
Unclaimed benefits	(234)	(831)
As at 31 December	2,567	3,027

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 die while in employment, based on length of service and salary at retirement and qualifies as a defined benefit plan. A firm of professional actuaries, Muhanna & Co Actuaries and Consultants, carried out the actuarial valuation of the Arrangement as at 31 December 2020 using the Projected Unit Credit Method.

As at 31 December 2020 the present value of the accrued (past service) liability in respect of retirement gratuity benefits was TShs 2,567 million (2019: TShs 3,027 million). The principal assumptions used in the actuarial valuation are:

- (i) Discount rate of 11.5% (2019 – 11.3%)
- (ii) Rate of salary escalation of 4.5% (2019 – 5.5%)
- (iii) Retirement age 60 years (2019 – 60 years)

The 'notional' Company contribution rate to meet the cost of future accrual of gratuity benefits is estimated at 4.5% of salaries per annum (2019: 5%). The next valuation is due on 31 December 2020. The 3-year trend of this non-contributory employee gratuity arrangement is as follows:

	2020 TShs M	2019 TShs M	2018 TShs M
Present value of the defined benefit obligation	2,567	3,027	3,026

(1) Re-measurements of the net defined benefit liability (asset) are recognised in OCI and are not reclassified to profit or loss in a subsequent period. However, the Company may transfer cumulative amounts recognised through OCI to another component of equity.

26 RETIREMENT BENEFIT OBLIGATIONS (CONTINUED)

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

	2020 TShs M	2019 TShs M
Current service cost	82	83
Interest cost (discount unwinding)	310	353
Total, included in staff costs (Note 13)	392	436

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

Changing parameter	Baseline	Scenario 1	Scenario 2	Scenario 3	Scenario 4
Discount rate	11.50%	12.00%	11.00%	11.50%	11.50%
Inflation rate	4.00%	4.00%	4.00%	4.50%	3.50%

	Base line TShs M	Scenario 1 TShs M	Scenario 2 TShs M	Scenario 3 TShs M	Scenario 4 TShs M
Actuarial liability	2,567	2,523	2,613	2,618	2,517
Service cost	6.40%	6.30%	6.50%	6.50%	6.20%

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.

The weighted average duration of the liability as at 31 December 2020 is 6.37 years (2019 – 6) years.

Retirement contribution plan

	2019 TShs M	2018 TShs M
Contributions to NSSF	967	1,092
Contributions to PSSF	-	91
Total	967	1,183

27 TRADE AND OTHER PAYABLES

	2020 TShs M	2019 TShs M
Airport Authorities – Concession fees	281	2,004
Trade payable	585	1,614
Payable to a related party - dividend and other payable (Note 29)	4,428	4,624
Bonus payable	41	337
Dividend payable	2,280	1,668
Other tax payables ¹	4,066	209
Other payables	2,924	1,736
	14,605	12,192

- 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 30.

- (1) Other tax payables include TShs 4,017 Million in relation to Capital Gain Tax (CGT) in respect of underlying change of ownership of Swissport Tanzania Plc after HNA Group Co acquired 100% shares of Aguila 2 S.A.R.L (2019: Nil).

28 LOAN AND BORROWING

	2020 TShs M	2019 TShs M
Loan movement		
As at 1 January	-	959
loan received from SPI	4,595	-
Repayment of loan	-	(959)
Interest cost ²	34	23
Interest paid	-	(23)
	4,629	-
Loan classification		
Current portion	2,055	-
Non-current portion	2,574	-

- 2) As disclosed in Note 31, Interest cost is disclosed as finance cost (a separate item in the statement of profit or loss and other comprehensive income).

Swissport Tanzania Plc received a loan from Swissport International for 2 years and 3 months with an interest rate margin of 7.5%, with principal repayments commencing on 1 February 2021. The loan is denominated in US\$ and it is unsecured against cession of books debts.

The Company had a loan from FNB Bank which was fully repaid in 2019. The Loan was denominated in US\$ and had an annual interest rate of 3-month LIBOR plus 5.6%.

29 RELATED PARTY DISCLOSURES

Balances and transactions with the related companies

The Company's parent Company is Swissport International Ltd. ("SPI") a major shareholder of the Company. Other than recharges for the use of Cargospot, FindNet, FSC, World tracer, Uniform tool, SPASS+, and Infraport systems, travel and IT support recharges and insurance recharges, the Company did not enter into significant transactions with Swissport International Ltd.

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

	2020 TShs M	2019 TShs M
(a) Cargospot charges	84	78
(b) BIC and IT systems charges	1,107	1,221
(c) Trade mark fees	-	418
(d) Insurance recharge	21	-
(e) Interest on intercompany	34	-
(f) Intercompany Loan	4,595	-
	5,841	1,717

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:

	2020 TShs M	2019 TShs M
Salaries and short-term benefits	1,947	2,451
Post-employment retirement benefits	600	809
	2,547	3,260

The details of the performance guarantee issued in favour of the Company through Swissport International Ltd are disclosed in note 32 of the financial statements.

	2020 TShs M	2019 TShs M
Payable to a related party		
Swissport International Ltd.		
Other payable	1,218	695
Dividend payable to SPI	3,210	3,929
Intercompany Loan and Interest	4,630	-
	9,058	4,624

(*) Swissport International has confirmed its intention not to demand payment in satisfaction of the liability at least for the next 12 months from date of approval of these financial statements.

29 RELATED PARTY DISCLOSURES (CONTINUED)**Transactions with key management personnel (continued)**

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

	2020 TShs M	2019 TShs M
Current Directors		
Mr Jeroen de Clercq	23	18
Mr Raymond P Mbilinyi	28	38
Mr Charles Kimei	28	8
Mr Luzius Wirth	18	-
Mr Eric Muriithi	18	-
Mrs Sujata Jaffer ¹	-	31
Mr Rene Sutter ¹	-	18
Mr Mark Skinner ¹	-	23
	115	136

1) Not a member in the current year

30 LEASES**i. Leases as lessee (IFRS 16)**

Information about leases for which the Company is a lessee is presented below.

a) Lease liabilities

	2020 TShs M	2019 TShs M
Lease Liability classification		
Current portion	523	569
Non-current portion	1,510	587
	2,033	1,156

b) Right-of-use assets

	Buildings 2020 TShs M	2019 TShs M
Cost		
Balance at 1 January	1,099	1,708
Additions	626	-
Lease modification	870	1,156
Depreciation	(665)	(609)
Balance as at 31 December	1,930	1,099

30 LEASES (CONTINUED)

i. Leases as lessee (IFRS 16)

c) Amounts recognised in profit or loss

	2020 TShs M	2019 TShs M
Leases under IFRS 16		
Interest on lease liabilities	253	186
Expenses relating to short-term leases*	611	731
Rent concession	(169)	-

*During the year the Company leased staff buses from Travel partner limited. The hired transport was assessed to be short term lease.

d) Amounts recognised in profit or loss

	2020 TShs M	2019 TShs M
Leases under IFRS 16		
Within operating cash flows (interest on lease liabilities)	253	186
Within financing cash flows (payment of principal lease liabilities)	450	552

e) Extension options

As stated in Note 4 (a), the Company reassesses whether it is reasonably certain to exercise the options if there is a significant event or significant changes in circumstances within its control. The Company has considered extension options in the available contracts to arrive at present lease liability of TShs 2.03 billion (2019: TShs 1.16 billion).

f) Rent concessions

The Company negotiated rent concessions with its landlords for the majority of its office leases as a result of the severe impact of the COVID-19 pandemic during the year. The Company applied the practical expedient for COVID-19-related rent concessions consistently to eligible rent concessions relating to its office leases.

The amount recognised in profit or loss for the reporting period to reflect changes in lease payments arising from rent concessions to which the Company has applied the practical expedient for COVID-19-related rent concessions is TShs 169 million (2019: nil).

ii) Leases as lessor

Operating leases

The Company leases out its buildings to other parties, consisting of offices in new cargo warehouse facility. The leases are classified as operating leases from a lessor perspective.

The Company has classified these leases as operating leases, because they do not transfer substantially all of the risks and rewards incidental to the ownership of the assets. Note 6 (I) sets out information about the operating leases of building properties.

30 LEASES (CONTINUED)

- ii. Leases as lessor (continued)
Operating leases (continued)

Rental income recognised by the Company during 2020 was TShs 182 million (2019: TShs 229 million).

The following table sets out a maturity analysis of lease payments, showing the undiscounted lease payments to be received after the reporting date.

2020 – Operating leases	TShs M
Less than one year	141
Between one and five years	56
More than five years	-
Total	197
2019 – Operating leases	TShs M
Less than one year	179
Between one and five years	120
More than five years	-
Total	299

31 FINANCE COSTS

Finance costs comprise of interest on lease liability and interest on borrowings

	2020 TShs M	2019 TShs M
Interest on lease liabilities - Note 30(c)	253	186
Interest on loan (note 28)	34	23
	287	209

32 COMMITMENTS AND CONTINGENCIES**Capital commitments**

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

	2020 TShs M	2019 TShs M
Approval and contracted for	871	362
Approval but not contracted	-	691

Legal claims contingency

As at 31 December 2020, 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, unlawful termination of employment and staff retrenchment exercise. The Company has filed counter-claims against the plaintiffs. The total principal amount claimed in the various lawsuits approximates TShs 406 million (2019: TShs 350 million). In the opinion of the Directors and Company's Legal Counsel, no material liabilities are expected to crystallize from these lawsuits.

32 COMMITMENTS AND CONTINGENCIES (CONTINUED)

Guarantee

The Company renewed its concession agreement with Tanzania Airports Authority (TAA) on 27 March 2020 for the provision of ground handling services at Julius Nyerere International Airport (JNIA) for a period of two years. TAA required the Company to provide on demand a performance guarantee for US\$ 50,000 to secure the due and punctual performance of, and full compliance with, its obligation under the concession agreement.

The performance guarantee of US\$ 50,000 was issued on 27 October 2020 by Barclays Bank Plc, Trade Operations, One Snow Hill Queensway, Birmingham, B4 6GN.UK. through Swissport International Ltd. The guarantee will expire on 31 October 2022. 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.

33 FAIR VALUES

Set out below, is a comparison by class of the carrying amounts and approximate fair value of the Company's financial instruments not measured at fair value:

	Carrying amount		Approximate Fair value	
	2020 TShs M	2019 TShs M	2020 TShs M	2019 TShs M
Applicable assets				
Trade and other receivables ¹	3,545	5,690	3,545	5,690
Cash and cash equivalents	7,735	3,435	7,735	3,435
Applicable liabilities				
Trade and other payables ²	10,539	11,983	10,539	11,983
Borrowing	4,629	-	4,629	-

(1) Financial assets included are trade receivables, staff receivables, building material, revolving fund and staff car loans as depicted in Note 23.

(2) Financial liabilities included are concession fees payable, sundry payable and due to related party as depicted in Note 27.

The management assessed that fair values of cash and cash equivalents, trade and other receivables, trade and other payables approximate their carrying amounts largely due to short-term maturities of these instruments. Borrowing have interest rate approximating to the market rate.

34 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 through the Dar es Salaam Stock Exchange. The ultimate shareholders of Swissport International Ltd are investors individually holding each less than 25% of its shares (2019: HNA Group Co Ltd (HNA Group)).

35 SUBSEQUENT EVENTS

Tax assessment

Subsequent to year end, the Tanzania Revenue Authority issued tax assessment as a result of tax audit which covered the Company's tax affairs of the financial years 2017 to 2019. The audit resulted to withholding tax expense of TShs 172 million which was adjusted in the Company's books. The directors are not aware of any other material event which occurred after the reporting date and up to the date of this report.

MANAGEMENT TEAM
FOR THE YEAR ENDED 31 DECEMBER 2020



Mrisho B. Yassin
Chief Executive Officer



Brendan Cummings
Chief Operating Officer



Imani Mtafya
Chief Financial Officer
(recruited in July 2019)



Wandwi Muges
Cargo Business Lead



Amina Bilali
Commercial Manager



Shamba Mlaga
Dar es Salaam
Station Manager



Deogratius Haule
Quality and Compliance
Manager



Daniel Jonas
Training Manager



Joyce Jeremiah
Kilimanjaro Station
Manager



Jumbe Onjero
Human Resources
Manager



Godfrey Rweyemamu
Security Business Lead

Financial summary and production trends

Director's profile

2020 key facts

Letter of transmittal

Our esteemed customers

Swissport customer trend from 2016

The chairman's statement

Taarifa ya mwenyekiti

2020 CEO report

Ripoti ya Mkurugenzi Mkuu 2020

Report of the directors

Statement of directors' responsibilities

Declaration of the chief financial officer

Independent auditors' report

Financial statements

Statement of profit or loss and other comprehensive income

Statement of financial position

Statement of changes in equity

Statement of cash flows

Notes to the financial statements

Management team

General information

GENERAL INFORMATION

FOR THE YEAR ENDED 31 DECEMBER 2020

REGISTERED OFFICE AND PRINCIPAL PLACE OF BUSINESS

1st Floor – Swissport Freight Terminal
Julius Nyerere International Airport
PO Box 18043
Dar es Salaam

COMPANY SECRETARY

KW KAPINGA & PARTNERS
Kamanga Wilbert Kapinga
Plot 1, Jitegemee Road
Msasani
PO Box 75886
Dar es Salaam

EXTERNAL AUDITOR

KPMG
The Luminary
Plot No.574, Haile Selassie Road
Msasani Peninsula Area
P.O. Box 1160
Dar es Salaam

INTERNAL AUDITOR

PricewaterhouseCoopers
Pemba House
369 Toure Drive, Oyster Bay
P.O. Box 45
Dar es Salaam

TAX ADVISORS

PricewaterhouseCoopers
Pemba House
369 Toure Drive, Oyster Bay
P.O. Box 45
Dar es Salaam

LAWYERS

KW KAPINGA & PARTNERS
Kamanga Wilbert Kapinga
Plot 1, Jitegemee Road
Msasani
P.O. Box 75886
Dar es Salaam

MAIN BANKERS

NMB Bank Plc.
Airport Branch
P.O. Box 40951
Dar es Salaam

CRDB Bank Plc.
P.O. Box 96
Hai – Moshi

First National Bank Tanzania Limited
P.O. Box 72290
FNB House
Ohio Street
Dar es Salaam

NCBA Bank Tanzania Limited
P.O. Box 20268
Ohio Street, Amani Place
Dar es Salaam

INSURERS

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

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

Heritage Insurance Co. Tanzania Ltd
Oyster bay Office Complex, 368
Msasani Road – Oyster Bay
P.O. Box 7390
Dar es Salaam

Financial summary and production trends
Director's profile
2020 key facts
Letter of transmittal
Our esteemed customers
Swissport customer trend from 2016
The chairman's statement
Taarifa ya mwenyekiti
2020 CEO report
Ripoti ya Mkurugenzi Mkuu 2020
Report of the directors
Statement of directors' responsibilities
Declaration of the chief financial officer
Independent auditors' report
Financial statements
Statement of profit or loss and other comprehensive income
Statement of financial position
Statement of changes in equity
Statement of cash flows
Notes to the financial statements
Management team
General information



Swissport Core values

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



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swissporttanzaniapl



Swissport Tanzania Plc.