swissport

Swissport Tanzania Limited

ANNUAL REPORT 2010

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Julius Nyerere International Airport

air malawi
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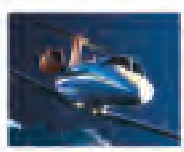
edelweiss air
Condor

Julius Nyerere and Kilimanjaro International Airports

Air Tanzania
Ethiopian
540 fly540.com
KLM
Rwandair Express From the heart of Africa



Executive Aviation Operators

Cargo Customers

swissport

To

The shareholders,
Swissport Tanzania Limited

Letter of Transmittal,

The Directors of the Swissport Tanzania Limited (the "Company") have the pleasure to submit to you the Annual Report of the Company for the year ended 31 December 2010, in accordance with section 166 of the Tanzanian Companies Act, CAP 212 Act no. 12 of 2002.

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

An interim dividend of TShs 1,530 million or TShs 42.50 per share was paid in November 2010. The Directors recommend a final dividend of TShs 1,968 million equal to TShs 54.67 per share making the total dividend to be TShs 3,498 million or TShs 97.17 per share.

Juan Jose Andres Alvez
Board Chairman
Swissport Tanzania Limited

10 March 2011

CHAIRMAN'S STATEMENT

On behalf of the Board of Directors of Swissport Tanzania Ltd, it is my great pleasure to present to you the Company's 2010 Annual Report. Once again, the report shows a solid performance and another year of profitability.

As it will be recalled, 2010 started with anxiety following the 2009 world economic recession and resultant tough economic conditions worldwide. Our industry was also hit by the volcanic eruptions in Iceland that covered central European skies in April 2010 thereby affecting aircraft movements to and from Europe. In Tanzania the foregoing negative picture was mitigated by increased traffic following resumption of operation by Oman air and Yemenia Yemen Airways. In addition, Turkish Airlines and Comair introduced their flights to Dar es Salaam while Edelweiss air started to operate at Kilimanjaro Airport. Likewise, Fly540 introduced flights between Dar es Salaam and Nairobi and as a result, our revenues and profitability improved compared to 2009 as shown in this report.

During the year, Swissport Formula, which is a KPI driven system that balances resources and demands was introduced in Tanzania. We therefore re-organized our operations and staff deployment to attain an optimum utilization of resources. Our Company is one of the first companies to have successfully implemented this program, which is introduced worldwide within the Swissport network.

Our Management team has always been keen on cost leadership and this is one of the factors behind the good performance in 2010. However, the cost containment did not touch areas where service levels could be adversely impacted. Investment was hence done where services needed improvement. In that vein, during the year, we paid a special attention to Cargo Services whereby TAS 700M was spent in the rehabilitation of the Freight Terminal at JNIA, acquisition of additional handling equipment and installation of cargo X-ray screening machines at both stations.

Further improvements are planned in 2011 including modernization of the warehouse operations by implementing bar code technology and replacement of analogue weighing scales by digital weighing scales to meet customer requirements and also to improve service. Additionally we are going to embark on phase two of the warehouse improvement program that will entail investment in additional facility for cold storage at JNIA since the existing one does not meet the demand. It is also our intention to upgrade our fleet of ground support equipment and strengthen our cargo sales and customs clearance business areas in 2011.

On 1st October 2010, we marked a Silver Jubilee since our company became operational at JNIA. We look back with pride as the record show absolutely positive trends in terms of revenues and profitability. Some airlines namely Air Tanzania, Kenya Airways, KLM Royal Dutch Airlines, Swiss International Airlines, Ethiopian Airlines and last but not the least British Airways patronized us since the establishment of our company. To these and our other customer airlines that we serve today, I have to take off my hat and say Asante sana! We foresee many opportunities and challenges ahead of us but we are well prepared to meet them both. We have made our way up to where we are today and as masters of our own destiny; we know the road that will help us realize our vision.

As done in the past, we continued addressing our concerns to the relevant authorities on further liberalization of ground handling business before first addressing infrastructure limitations. It is still our plea to the Government to critically look at the liberalization of the industry so that quality, safety and security standards are not jeopardized, but sustained.

The company's success story in 2010 as well as the previous year's underscores the strength and dynamism of our operations, the commitment of my fellow Board Directors, the Management and all employees in our pursuit of growth and sustainability. To these people I must say "Bravo and Keep it up". Certainly each one of them has a share in this success story.

Juan Jose Andrez Alves
Board Chairman.

CEO'S REPORT

Notwithstanding many unforeseen challenges in 2010 such as flight disruption due to volcanic ashes in European skies and excessive snow, air space control issues, as well as industrial unrest faced by some of our customer airlines, I am happy to report yet another year of solid performance. Both our revenues and profitability increased as compared to 2009.

Drawing from lessons of the world economic crisis experienced in the previous years, we started year 2010 with result oriented strategies and periodical performance reviews to ensure that our targets are met and our customer expectations exceeded. During the second half of the year, we observed significant developments in our market whereby new airline customers namely Oman Air, Turkish Airlines, Comair, Yemeni Airways and Edelweiss joined our customer portfolio. Furthermore, our other customers either increased frequencies or changed to bigger aircraft. All of the foregoing had a positive impact on our business.

During the year, we completed the process re-engineering of our Freight Terminal at Julius Nyerere international airport that enhanced the operational efficiency and controls. We also implemented Swissport Formula, intensified our efforts in customer services, cost control, billing and cash collection. This resulted into good financial performance, customer satisfaction and significant improvement in our liquidity as witnessed in this report.

Production and Operating Revenue

In 2010 the company handled a total of 8,923 flights which is a 41% drop when compared to 15,030 flights handled in 2009. Embarking passengers handled were 509,071 as compared to 692,206 passengers in 2009. The sharp drop is mainly a result of Precisionair entering selfhandling following liberalization of the industry.

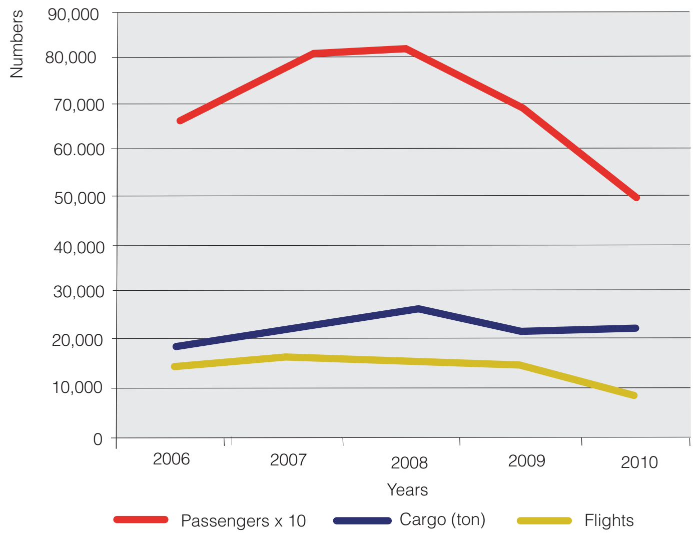
23,582 tons of cargo was handled in 2010 which is 2.6% increase compared to 22,989 tons handled in 2009. The increase is a direct result of increased import volumes. As it will be recalled, cargo handling is yet to be liberalized at JNIA due to infrastructure limitations.

Despite of the sharp decrease of the number of flights handled as seen above, Ground Handling revenue for the year was TShs 12,305 signifying an increase of 0.8% over the revenue realized in year 2009. The revenue increase is mainly due to frequency increase by Ethiopian Airlines, Emirates, South African Airways, SEA, Fly 540 and the introduction of flights by Turkish Airlines, Oman Airways, Comair and Yemen Airways.

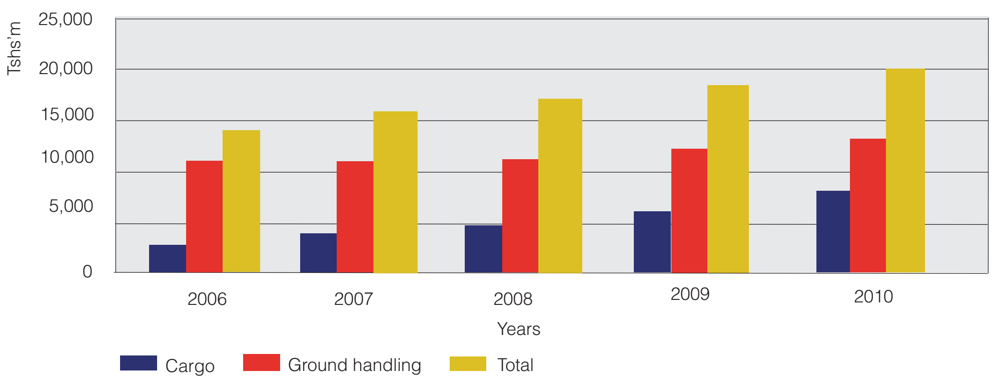
Cargo revenue for the year was TShs 8,121 which is an increase of 23.7% compared to what was realized in year 2009. The increase is mainly a result of increased import volumes, separation of cargo from ground handling contracts, enhanced controls after the implementation of CargoSpot and review of terminal charges.

In view of the foregoing, our total operating revenue for the year grew by 9% to TShs 20,426 million as compared to TShs 18,772 million that was earned in 2009.

Production Trends



Revenue Trends



Profitability

The total, operating costs for the year was TShs 14,420 which is a 10% increase when compared to 2009 thereby resulting into an Operating profit of TShs 6,322 million which is 12% increase when compared to TShs 5,668 million realized in year 2009. Net profit for 2010 was TShs 4,372 million which is 8% increase compared to the previous year. Earnings per share increased to TShs 121.44 per share from 112.42 in 2009.

Investments

In 2010 TShs 814 million was spent in investments (2009: TShs 1,482 million). Majority of our investments were made in cargo services by way of improving the warehouse facility, ground support equipment, service vehicles and Information Technology. Towards the year end, TShs 581 million was committed to purchase a new Hi-Loader in year 2011 to cope with increasing demand. More investments are expected to take place in 2011 and TShs 1,628 Million has been set aside in our budget for this purpose.

Prospects

We remain committed to ensuring sustainability of our Company by focusing on service delivery to our customers, safety and improved operational efficiency.

We foresee increase in flight frequencies during the financial year 2011. This is evidenced by the plans presented by our airline customers, which are always implemented. We also anticipate positive business growth in our executive aviation wing, mainly by increase in chartered and adhoc flights. All of the aforementioned factors will contribute positively towards our ground handling business. We are also planning to continue investing in our cargo handling business by expanding our cold storage facility, further refurbishment of warehouses, introduction of bar coded technology and enhancing CargoSpot system to better serve our customers and improve efficiency in our business. It is our expectation that various export initiatives programs which are currently being implemented will bring positive change in the volumes of exports hence slightly boost our export business and cargo revenues.

The liberalization of the ground handling business at Julius Nyerere International Airport (JNIA) is likely to move into the second phase in the near future, whereby a second ground handler will be concessioned. It is however not known when exactly this will happen. We shall therefore continue taking steps that will ensure our company is able to compete effectively. Our core strategy of defending and growing profitable revenue, while aggressively managing our cost, is non-negotiable and will be enhanced. We will also ensure that service delivery to our customers continues to be at acceptable levels. It is our understanding that, our customers both local and foreign are quality and safety sensitive and they are ready to pay for the best services.

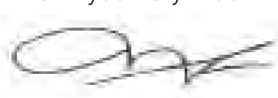
Appreciation

I sincerely thank all our customers for their business throughout 2010 and I want to assure them that we shall continue investing in human and fixed assets in order to serve them even better. It is my hope our customers will not shy away from giving us open and honest feedback on our service levels that will help us continue improving services rendered to them.

Last but not the least; I thank our Board of Directors, employees and Management colleagues for working hard and smart and for supporting the Company throughout 2010.

Together we made it and the good performance you witness is a product of our teamwork.

Thank you very much.



Gaudence Kilasara Temu
CHIEF EXECUTIVE OFFICER

REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31 DECEMBER 2010

The directors submit their report together with the audited financial statements for the year ended 31 December 2010, which disclose the state of affairs of Swissport Tanzania Limited (the “Company”).

1 DIRECTORS

The directors of the Company at the date of this report, all of whom have served since 1 January 2010, except where otherwise stated, are:

Name	Nationality	Position	Remarks
1. Mr. Juan Jose Andres Alvez	Spanish	Chairman	
2. Prof. Letitia Rutashobya	Tanzanian	Director	
3. Mr George Fumbuka	Tanzanian	Director	Appointed on 06 April 2010
4. Mr. Jeroen de Clercq	Dutch	Director	
5. Mr. John Batten	British	Director	
6. Hon. Joseph Mungai MP	Tanzanian	Director	Retired on 06 April 2010


Mr. Juan Jose Andres Alvez


Prof. Letitia Rutashobya


Mr. George Fumbuka
Appointed on 06 April 2010


Mr. Jeroen de Clercq


Mr. John Batten


Hon. Joseph Mungai MP
Retired on 06 April 2010

Swissport Tanzania Ltd ensures that its fleet of Ground Support Equipment is highly reliable.

In accordance with the Company's Articles of Association, the directors are not required to retire by rotation. None of the directors are executive, and only 2 out of 6 board members, as indicated hereunder, have an interest in the issued and fully paid up shares of the Company.

Name	Shares 2010	Shares 2009
1. Mr George Fumbuka	547	547
2. Hon. Joseph Mungai MP	100,000	242,696

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

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

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

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

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

2 COMPANY SHAREHOLDING

As at 31 December 2010 the company had 11,491 shareholders (31 December 2009 – 11,670 shareholders). Ten major shareholders are listed below:

	Name	Nationality	% of Holding
1	Swissport International Limited	Swiss	51
2	Barclays (T) Nominee Limited	Tanzanian	9
3	National Social Security Fund	Tanzanian	5
4	Public Service Pensions Fund	Tanzanian	4
5	Parastatal Pensions Fund	Tanzanian	3
6	Orbit Securities Company Limited	Tanzanian	1
7	Sayeed H. Kadri &/or Basharati Kadri	Tanzanian	1
8	G.A.K. Patel & Co. Limited	Tanzanian	1
9	Social Action Trust Fund	Tanzanian	0.91
10	Government Employees Provident Fund	Tanzanian	0.84

3 ACTIVITIES

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

4 OPERATING AND FINANCIAL REVIEW

Revenue realised from ground and cargo handling services are as follows:

	2010 Revenue TShs M	2009 Revenue TShs M	2008 Revenue TShs M
Dar-es-Salaam			
Ground handling services	**10,196**	9,774	9,666
Cargo handling services	**6,750**	5,724	5,050
Sub total	**16,946**	15,498	14,716
Kilimanjaro			
Ground handling services	**2,109**	2,431	2,657
Cargo handling services	**1,371**	843	1,090
Sub total	**3,480**	3,274	3,747
Grand total	**20,426**	18,772	18,463

Revenue was 9% above year 2009. Both ground and cargo handling service contributed substantially to the revenue increase. The increase in ground handling revenue was due the increase in frequencies by Ethiopian Airlines, Emirates, South African Airways, SEA, the use of bigger aircrafts by certain airlines and the introduction of flights by Turkish Airlines, Oman Air, Yemenia Yemen Airways, Comair and Fly 540. The increase in cargo handling revenue is due to the increase in volume of cargo handled and increased efficiency due to cargo processes re-engineering which started in 2009.

The performances during the year in both ground and cargo handling services were good. We realised 0.8% increase in ground handling revenue and 23.7% in cargo handling revenue when compared to 2009. Our earnings before tax increased by 11.5% to TShs 6,322 million. (2009: TShs 5,668 million)

The following are key performance indicators for the performance of the Company:

	2010	2009
Flights handled – numbers	**8,923**	15,030
Passenger handled – embarked	**509,071**	692,206
Cargo handled – tons	**23,582**	22,989

The Company generated enough cash flow to finance its operating activities. During the year the Company generated TShs 7,260 million from its operating activities (2009 – TShs 5,272 million).

5 FUTURE DEVELOPMENTS

The Company foresees increase in flight frequencies during the financial year 2011. This is evidenced by the plans presented by our airline customers, which are always implemented. We also anticipate positive business growth in our executive aviation wing, mainly by increase in chartered and adhoc flights. All of the aforementioned factors will contribute positively towards our ground handling business. However, poor performance by Air Tanzania Company Limited (ATCL) will have a negative impact to our business.

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

The Company will continue investing in both ground support equipment and technology to support the business. All the investments will be financed by the internally generated funds. The directors are of the opinion that good financial performance of the Company will be sustained in year 2011.

6 RESULTS AND DIVIDEND

The Company achieved net profit for the year of TShs 4,372 million (2009: TShs 4,047 million). The directors recommend the approval of a final dividend of TShs 1,968 million equal to TShs 54.67 per issued and fully paid in share.

An interim dividend of TShs 1,530 million or TShs 42.50 per share was approved in August 2010 making the total dividend for the year 2010 to be TShs 3,498 million or TShs 97.17 per share (2009: TShs 3,238 million or TShs 89.94 per share).

7 SOLVENCY

The Company's state of affairs at 31 December 2010 is set out on page 23 of the financial statements.

8 STOCK EXCHANGE INFORMATION

The Company's shares are listed at the Dar es Salaam Stock Exchange and during the year they were continuously traded. In the year 2010 the performance of the Company's shares in the secondary market was as follows: Market capitalization as at 31 December 2010 was TShs 21,600 million (2009 – TShs 20,160 million), total turnover of Company's shares at DSE was TShs 367 million (2009 – TShs 473 million), average price of company shares was TShs 587 (2009 – TShs 580) and the closing share price as at 31 December 2010 was TShs 600 per share. (IPO price in 2003 was TShs 225 per share).

9 DISABLED PERSONS

It remains 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 for continued employment of employees who become disabled while in service. At 31 December 2010, the Company has 4 disabled employees (2009 – 4 disabled employees).

10 TRAINING

The Company has a training unit which is also responsible for quality management systems. The unit is headed by a Training, Quality and Compliance Manager. The Manager receives annual training needs from each unit and compiles a company wide training calendar. Trainings are offered to all employees according to needs without segregation. However, priority is given to all mandatory trainings as required in the airline industry and/or by the individual airline customer. During the year the Company spent TShs 101 million in training (2009 – TShs 23 million).

11 SUBSEQUENT EVENTS

On 1 November 2010, the then ultimate holding Company Ferrovial, S.A a Company incorporated in Madrid, Spain reached an agreement to sell its stake in Swissport International Limited (SPI), our majority shareholders to PAI Partners SAS. PAI Partners is a leading private equity firm in Europe headquartered in Paris and has offices in Paris, Copenhagen, London, Luxembourg, Madrid, Milan and Munich. PAI Partners have committed to support Swissport's growth strategy. The sale transaction of SPI stake to PAI Partners was completed in February 2011. Directors are confirming that a change of the ultimate holding Company will bring no change in our strategy and management team. The Company is committed to meet its 2011 budget and 2011 – 2015 business plans.

Directors are confirming that a change of the ultimate holding Company will bring no change in our strategy and management team. The Company is committed to meet its 2011 budget and 2011 – 2015 business plans.

12 EMPLOYEE WELFARE

(a) Relationship between management and employees

A collective agreement entered into between the Communication and Transportation Workers Union (COTWU) and management governs the relationship between management and employees. The existing agreement between COTWU and management provides details of employees benefits. Employees benefits are paid as stipulated in the agreement. Three years agreement to year 2013 was signed on 1 March 2011.

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

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

(b) Industrial safety

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

(c) Medical facilities

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

(d) Uniforms and protective gears

The Company provides uniforms and protective gears to all employees. Uniforms and protective gears are provided annually.

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

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

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

The Company has an unfunded non-contributory employee gratuity arrangement for permanent and pensionable (the "Arrangement") which provides for lump sum payments to its employees on their retirement at the age between 55 and 60 years, on early retirement for approved reasons and on death. Detailed financial information of the arrangement are provided in Note 26 to the financial statements.

(g) Group personal accident insurance policy

The Company has a group personal accident policy where all employees are covered and compensated when they are injured at the work place.

13 RELATED PARTY DISCLOSURES

Other than charges for the use of Cargo Spot and MPC systems, travel and insurance re-charges the Company does not have significant transactions with its Holding Company.

The Company entered into several transactions with its directors and key management personnel. The key management personnel of the Company are:

	Name	Title
1	Mr Gaudence K. Temu	Chief Executive Officer
2	Mr Mrisho B. Yassin	Chief Financial Officer
3	Ms Stella Kitali	Ground Handling Manager
4	Mr Wandwi Mugesi	Cargo Services Manager
5	Mr James Mhagama	Contracts and Marketing Manager
6	Mr Ali Sarumbo	Kilimanjaro Station Manager
7	Mrs Nyasso Gama	Training and Quality Manager
8	Ms Esta Maro	Human Resources Manager

Detailed financial information with related parties are provided in Note 28 to the financial statements.

14 COMPETITION

The Ground handling business at Julius Nyerere International Airport (JNIA) has been liberalised. Certain airlines have been allowed to provide self handling for their own aircrafts.

Further liberalisation of the ground handling business is expected as Tanzania Airports Authority (TAA) has been considering recruiting a second ground handler at the JNIA. We believe that a second ground handler will be recruited anytime during the financial year 2011.

Despite the expected competition, the directors believe that 2011 financial performance will not be significantly affected by the expected competition.

The directors have also formulated several plans and strategies that will provide consistent performance even with the competition.

15 PROCESS MANAGEMENT

The Company implements well managed quality and environmental management systems, which are both internationally certified. The quality management system is certified to the ISO 9001:2008 standards, and the environmental management system is certified to the ISO 14001:2004 standards. These certifications are audited, reviewed and updated annually to maintain our certifications.

16 CORPORATE SOCIAL RESPONSIBILITY

The Company has a policy of given back part of its profit to the community by a way of charitable donations. During year 2010, the Company financed the construction of 2 water wells at Coast region and made a financial contribution of TShs 16 million (2009: TShs 25 million) to Tanzania Education Authority and various schools in the country.

17 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 and all of them are non-executive directors hence not involved in day to day running of the business. All directors are considered by the Board to be independent of management and free from any business or other relationship, which could materially interfere with the exercise of their independent judgment. The Board of Directors possesses a range of experience and is of sufficiently high calibre to bring independent judgment to bear on issues of strategy, performance, resources and standards of conduct that is vital to the success of the Company. A clear separation is maintained between the responsibilities of the Chairman, who is concerned with the running of the Board, and executive management responsible for the running of the Company s business. The Board is responsible to shareholders for the proper management of the Company and is responsible for the Company s objectives and policies and providing effective leadership and control required for a public Company. Two board meetings were held during year 2010 (2009 – Three board meetings) and were attended by the Company Chief Executive Officer, who is also a Secretary of the Board of Directors, and the Chief Financial Officer.

ii) Directors remuneration

Director’s remunerations are approved at the Annual General Meeting (AGM). These include director’s fees and sitting allowances. Key management remunerations are approved by the Board of Directors. It is the Company’s principle to remunerate its directors and key management personnel in accordance with their responsibilities and prevailing market conditions. Directors and key management remuneration is highlighted in Note 28 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 website www.swissport.co.tz. The Board uses the Annual General Meeting to communicate with institutional and private investors and welcomes their participation. Furthermore, the Company has a newsletter that is issued quarterly to highlight important activities.

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 Chairman s statement, the Chief Executive's Report, and Director's Report. The internal control systems have been designed to manage rather than eliminate the risk of failure to achieve business objectives and provide reasonable assurance against material misstatement or loss. The control environment is strong with a well organizational structure, risk identification and evaluation process, information and financial reporting systems, investment appraisal process, strong internal audit and robust fraud management system. Review of the effectiveness of the system of internal controls is delegated and carried out by the Board Audit Committee. During the year the Board Audit Committee was comprised of three directors, Mr. George Fumbuka, Prof. Letitia Rutashobya and Mr. Jeroen de Clercq a director representing Swissport International. The committee met three times during 2010 (2009 – three times) where the Chief Executive Officer, the Chief Financial Officer and the Internal Auditors also attended. A representative of the Company's external auditors attended two meetings (2009 – two meetings). The Audit Committee is responsible for reviewing the effectiveness of the Company's risk management, internal control systems and operations which includes the half year and annual financial statements and the company budgets before their submission to the Board, and monitoring the controls which are in force to ensure the integrity of the financial information reported to the shareholders. The Board Audit Committee advises the Board on the appointment of the external auditor, approves their remuneration and discusses the nature, scope and results of the audit with the external auditors.

18 STATEMENT OF COMPLIANCE

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

19 AUDITORS

The auditors, PricewaterhouseCoopers, have expressed their willingness to continue in office as auditors and are eligible for re-appointment. A resolution proposing the appointment of PricewaterhouseCoopers as external auditors of the Company for year 2011 will be put to the Annual General Meeting.

BY ORDER OF THE BOARD

Mr Juan Jose Andres Alvez
Chairman of the Board of Directors

Date: 10 March 2011

STATEMENT OF DIRECTORS' RESPONSIBILITIES
FOR THE YEAR ENDED 31 DECEMBER 2010

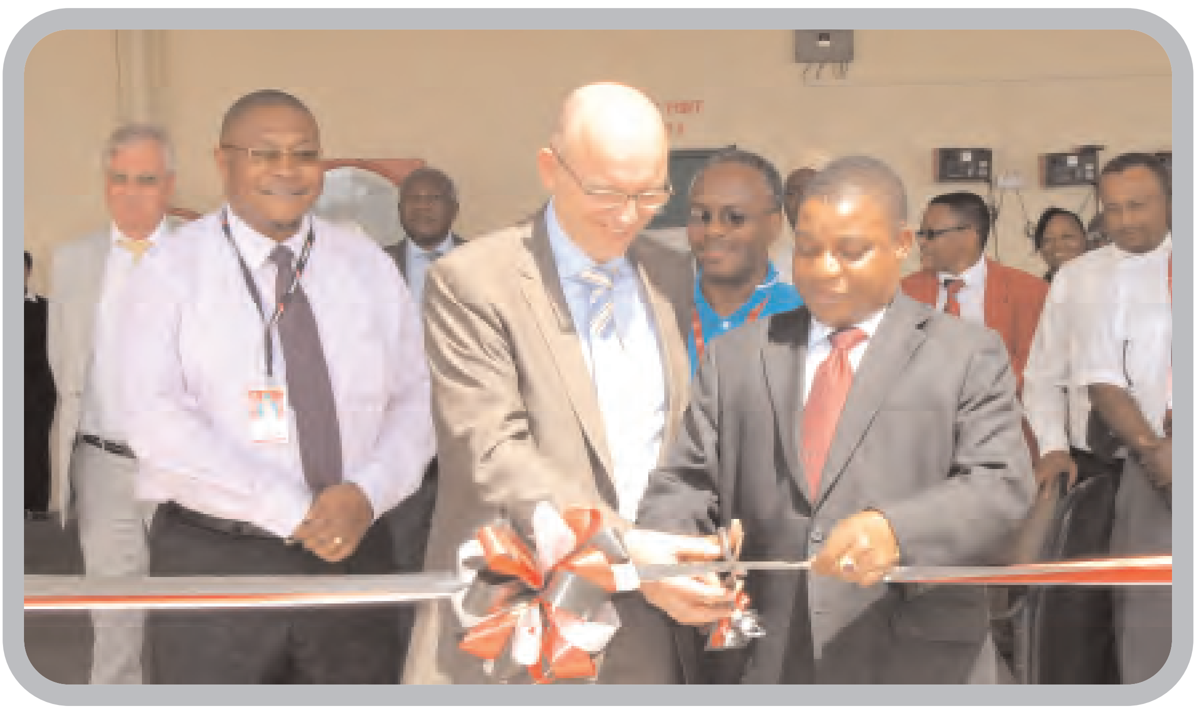
The Companies Act, CAP 212 Act No. 12 of 2002 requires the directors to prepare financial statements for each financial period that give a true and fair view of the state of affairs of the Company as at the end of the financial period and of its profit and loss account. It also requires the directors to ensure that the Company keeps proper accounting records that disclose, with reasonable accuracy, the financial position of the Company. The directors are also responsible for safeguarding the assets of the Company.

The directors accept responsibility for the annual financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgement and estimates, in conformity with International Financial Reporting Standards and the requirements of the Companies Act, CAP 212 Act No. 12 of 2002. The directors are of the opinion that the financial statements give a true and fair view of the state of the financial affairs of the Company and its profit. The directors further accept responsibility for the maintenance of accounting records that may be relied upon in the preparation of financial statements, as well as adequate systems of internal financial control.

Nothing has come to the attention of the directors to indicate that the Company will not remain a going concern for at least twelve months from the date of this statement.

Mr Juan Jose Andres Alvez
Chairman of the Board of Directors

Date: 10 March 2011



Eng. Omary Chambo, Permanent Secretary of the then Ministry of Infrastructure Development (now Ministry of Transport) together with Swissport Tanzania Board Director Jeroen de Clerq cutting a tape to officiate completion of Phase 1 of the Freight Terminal rehabilitation project at JNIA.

REPORT OF THE INDEPENDENT AUDITOR
TO THE MEMBERS OF SWISSPORT TANZANIA LIMITED

Report on the financial statements

We have audited the accompanying financial statements of Swissport Tanzania Limited, which comprise the balance sheet at 31 December 2010, the profit and loss account and statement of comprehensive income, statement of changes in equity and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Directors' responsibility for the financial statements

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

Auditor's responsibility

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

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

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

Opinion

In our opinion the accompanying financial statements give a true and fair view of the state of the company's financial affairs at 31 December 2010 and of its profit and cash flows for the year then ended in accordance with International Financial Reporting Standards and the Companies Act, CAP 212 Act No. 12 of 2002.

Report on Other Legal and Regulatory Requirements

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

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

PRICEWATERHOUSECOOPERS

Certified Public Accountants

Dar es Salaam

Signed by Nelson E Msuya Date: 10 March 2011

No nonsense Security staff are deployed to ensure safety and security at all times...

Swissport ensures staff are well trained on safety issues, they are equipped with safety gear and it is mandatory to use them (reflector jackets, gloves, safety boots etc)

PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2010

	Note	2010 TShs M	2009 TShs M
Revenue	9	**20,426**	18,772
Other operating income	10	**326**	47
Staff costs	11	**(6,805)**	(6,579)
Concession fees	12	**(1,694)**	(1,316)
Fuel and maintenance costs	13	**(1,220)**	(1,079)
Depreciation	21	**(868)**	(856)
Rent and other occupancy costs	14	**(850)**	(632)
Telecommunication costs	15	**(543)**	(528)
Other operating expenses	16	**(2,440)**	(2,161)
Total operating expense		**(14,104)**	(13,104)
Operating profit before income tax		**6,322**	5,668
Income tax expense	17	**(1,950)**	(1,621)
Profit for the year		**4,372**	4,047
Earnings per share (TShs) - Basic	18	**121.44**	112.42
- Diluted	18	**121.44**	112.42

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2010

	2010	2009
	TShs M	TShs M
Profit for the year	**4,372**	4,047
Other comprehensive income	**-**	-
Total comprehensive income for the year	**4,372**	4,047

Dangerous goods training for all staff in operations is mandatory, at the appropriate level depending on the responsibilities. Dangerous goods handling certification for cardgo employees is adhered to as per IATA/ICAO requirements

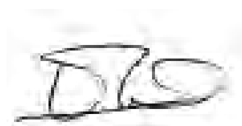
BALANCE SHEET
AS AT 31 DECEMBER 2010

	Note	2010 TShs M	2009 TShs M Restated	2008 TShs M Restated
ASSETS				
Non-current assets				
Property and equipment	21	**4,915**	4,979	4,353
Deferred tax assets	18	**394**	318	177
Staff receivable	23	**53**	42	-
		5,362	5,339	4,530
Current assets				
Inventories	22	**116**	365	466
Trade and other receivables	23	**2,730**	3,366	4,899
Income tax recoverable		**-**	60	3
Cash at bank and in hand	24	**5,110**	1,965	798
		7,956	5,798	6,166
Total assets		**13,318**	11,095	10,696
EQUITY				
Share capital	25	**360**	360	360
Retained earnings		**7,804**	6,759	5,335
Total equity		**8,164**	7,119	5,695
LIABILITIES				
Non-current liabilities				
Retirement benefit obligations	26	**2,364**	2,235	2,469
Current liabilities				
Trade and other payables	27	**2,720**	1,741	2,532
Current income tax liabilities		**70**	-	-
		2,790	1,741	2,532
Total liabilities		**5,154**	3,976	5,001
Total equity and liabilities		**13,318**	11,095	10,696

The financial statements on pages 21 to 57 were authorised for issue by the board of directors on 10 March 2011 and signed on its behalf by:

Mr. Juan Jose Andres Alvez

Director



Prof. Letitia Rutashobya

Director

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2010

	Note	Share capital TShs M	Retained earnings TShs M	Total TShs M
Year ended 31 December 2010				
At start of year				
- As previously stated		360	7,567	7,927
- Prior year adjustment	30	-	(808)	(808)
As restated		360	6,759	7,119
Profit for the year		-	4,372	4,372
Other comprehensive income		-	-	-
Total comprehensive income		-	4,372	4,372
Transactions with owners				
Dividends paid	20	-	(3,327)	(3,327)
At end of year		**360**	**7,804**	**8,164**
Year ended 31 December 2009				
At start of year				
- As previously stated		360	6,143	6,503
- Prior year adjustment	30	-	(808)	(808)
As restated		360	5,335	5,695
Profit for the year		-	4,047	4,047
Other comprehensive income		-	-	-
Total comprehensive income		-	4,047	4,047
Transactions with owners				
Dividends paid	20	-	(2,623)	(2,623)
At end of year		**360**	**6,759**	**7,119**
Year ended 31 December 2008				
At start of year		360	7,142	7,502
Profit for the year		-	3,279	3,279
Other comprehensive income		-	(1,531)	(1,531)
Total comprehensive income		-	1,748	1,748
Transactions with owners				
Dividends paid		-	(3,555)	(3,555)
At end of year		**360**	**5,335**	**5,695**

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2010

	Note	2010 TShs M	2009 TShs M
Operating activities			
Profit before income tax		**6,322**	5,668
Adjustment for:			
Depreciation of property and equipment	21	**868**	856
Provision for retirement benefit obligations	26	**433**	533
Gain on disposal of property and equipment	10	**(16)**	-
Working capital adjustments:			
Decrease in inventories		**249**	101
Decrease in trade and other receivables		**625**	1,491
Increase/(decrease) in trade and other payables		**979**	(791)
		9,460	7,858
Retirement benefits paid	26	**(304)**	(767)
Income tax paid		**(1,896)**	(1,819)
Net cash generated from operating activities		**7,260**	5,272
Investing activities			
Proceeds from disposal of property and equipment		**26**	-
Purchase of property and equipment	21	**(814)**	(1,482)
Net cash used in investing activities		**(778)**	(1,482)
Financing activities			
Dividends paid to the Company's shareholders	20	**(3,327)**	(2,623)
Net cash used in financing activities		**(3,327)**	(2,623)
Net increase in cash and cash equivalents		**3,145**	798
Movement in cash and cash equivalent			
Increase		**3,145**	798
At 1 January	24	**1,965**	1,167
At 31 December	24	**5,110**	1,965

NOTES
FOR THE YEAR ENDED 31 DECEMBER 2010

1 GENERAL INFORMATION

Swissport Tanzania Limited is a limited liability company incorporated under the Companies Act, CAP 212 Act No. 12 of 2002 and is domiciled in the United Republic of Tanzania. The Company is listed on the Dar es Salaam stock exchange. The principal activities of the Company are disclosed in the Report of the Directors and full details of the Company's general information are disclosed on Page 59.

2 BASIS OF THE PREPARATION

These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and comply with the Companies Act, CAP 212 Act No. 12 of 2002.

The measurement basis applied if the historical basis. The financial statements are presented in Tanzanian Shillings and all values are rounded to the nearest million (TShs'M) except when otherwise indicated.

3 CHANGES IN ACCOUNTING POLICY AND DISCLOSURES

The accounting policies adopted are consistent with those of the previous financial year except for the following new and amended IFRS and IFRIC interpretations effective as of 1 January 2010:

- IFRS 2 *Share-based Payment: Group Cash-settled Share-based Payment Transactions effective 1 January 2010;*
- IFRS 3 *Business Combinations (Revised) and IAS 27 Consolidated and Separate Financial Statements (Amended) effective 1 July 2009, including consequential amendments to IFRS 2, IFRS 5, IFRS 7, IAS 7, IAS 21, IAS 28, IAS 31 and IAS 39;*
- IAS 39 *Financial Instruments: Recognition and Measurement – Eligible Hedged Items effective 1 July 2009;*
- IFRIC 17 *Distributions of Non-cash Assets to Owners effective 1 July 2009;*
- Improvements to IFRSs (May 2008); and
- Improvements to IFRSs (April 2009).

The adoption of the standards or interpretations is described below:

IFRS 2 *Share-based Payment (Revised)*
The IASB issued an amendment to IFRS 2 that clarified the scope and the accounting for group cash-settled share-based payment transactions. The Company adopted this amendment as of 1 January 2010. It did not have an impact on the financial position or performance of the Company.

IFRS 3 ***Business Combinations (Revised) and IAS 27 Consolidated and Separate Financial Statements (Amended)***
IFRS 3 (Revised) introduces significant changes in the accounting for business combinations occurring after becoming effective. Changes affect the valuation of non-controlling interest, the accounting for transaction costs, the initial recognition and subsequent measurement of a contingent consideration and business combinations achieved in stages. These changes have no impact on the Company's financial statements.

IAS 27 (Amended) requires that a change in the ownership interest of a subsidiary (without loss of control) is accounted for as a transaction with owners in their capacity as owners. Therefore, such transactions will no longer give rise to goodwill, nor will it give rise to a gain or loss. Furthermore, the amended standard changes the accounting for losses incurred by the subsidiary as well as the loss of control of a subsidiary. These changes have no impact on the Company's financial statements.

IAS 19 ***Employee Benefits***
The Company has assessed its accounting policy with regard to the recognition of actuarial gains and losses arising from its defined benefit plans. The changes in IAS 19 did not have impact on accounting for actuarial gains and losses arising from its defined benefit plans.

IAS 39 ***Financial Instruments: Recognition and Measurement – Eligible Hedged Items***
The amendment clarifies that an entity is permitted to designate a portion of the fair value changes or cash flow variability of a financial instrument as a hedged item. This also covers the designation of inflation as a hedged risk or portion in particular situations. The Company has concluded that the amendment will have no impact on the financial position or performance of the Company as the Company has not entered into any such hedges.

IFRIC 17 ***Distribution of Non-cash Assets to Owners***
This interpretation provides guidance on accounting for arrangements whereby an entity distributes non-cash assets to shareholders either as a distribution of reserves or as dividends. The interpretation has no effect on either, the financial position or performance of the Company as the Company is not distributing non-cash assets to owners.

4 SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the Company's financial statement requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the reporting date. However, uncertainty about these assumptions and estimates could require a material adjustment to carrying amount of the asset or liability affected in the future periods.

Judgments

In the process of applying the Company's accounting policies, management has made the following judgment, apart from those involving estimations, which has the most significant effect on the amounts recognised in the financial statements:

Operating lease commitments – Company as a lessee
The Company has entered into lease agreements for office space, warehouse and equipment. The Company has determined that it does not retain significant risks and rewards of ownership of these properties and so accounts for them as operating leases.

Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

Post-employment benefit obligations

Significant assumptions are the directors and actuary 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.

Income tax

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

Asset useful lives

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

Impairment of non-financial assets

The Company assesses whether there are any indicators of impairment for all non-financial assets at each reporting date. Intangibles are tested for impairment annually and at other times when such indicators exist. 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.

5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a) Revenue recognition

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

Rendering of service

Revenue is recognised when service is rendered. No revenue is recognized if there are significant uncertainties regarding recoveries of the consideration due, associated costs and the possible rejection of services rendered.

b) Foreign currency translation

i. *Functional and presentation currency*

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

ii. *Transactions and balances*

Foreign currency transactions are translated into functional currency using the exchange rates prevailing at the dates of the transactions. Monetary assets and liabilities at the balance sheet date, which are expressed in foreign currencies, are translated into Tanzanian Shillings at rates ruling at that date. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at the year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the profit and loss account.

c) 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.

d) Property and equipment

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

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

Major renovations are depreciated over the remaining useful life of the related asset or to the date of the next major renovation, whichever is sooner. All other repairs and maintenance expenditure is charged to the profit and loss account during the financial period in which it is incurred.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset, (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the profit and loss account in the year the asset is derecognised.

The assets residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

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

e) 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 recognised in the profit and loss account in those expense categories consistent with the function of the impaired asset.

For assets excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Company estimates the asset's or cash-generating unit's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised.

The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the profit and loss account.

f) Leases

The determination of whether an arrangement is, or contains a lease is based on the substance of the arrangement at the inception date of whether the fulfillment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset.

Company as a lessee

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

g) Inventories

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

h) Financial assets

Financial assets within the scope of IAS 39 are classified as financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, or available-for-sale financial assets. The Company determines the classification of its financial assets at initial recognition.

The Company's financial assets include cash and short-term deposits and trade and other receivables.

(a) *Financial assets at fair value through profit or loss*

Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term. Derivatives are also categorised as held for trading unless they are designated as hedges. Assets in this category are classified as current assets if expected to be settled within 12 months; otherwise, they are classified as non-current.

(b) *Loans and receivables*

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement loans and receivables are carried at amortised cost using the effective interest method less any allowance for impairment. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, as well as through the amortisation process.

(c) Available-for-sale financial assets

Avaiable-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless the investment matures or management intends to dispose of it within 12 months of the end of the reporting period.

i) Derecognition of financial assets

Financial assets

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

- the rights to receive cash flows from the asset have expired; or
- the Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to the received cash flows in full without material delay to a third party under a „pass through arrangement; and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass through arrangement, and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the Company's continuing involvement in the asset.

j) Impairment of financial assets

The Company assesses at each balance sheet date whether there is any objective evidence that a financial asset or a group of the financial assets is impaired. A financial asset or a group of the financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (as incurred „loss event') and that loss event has an impact on the estimated future cash flows of the financial assets or the group of financial assets that can be reliably estimated.

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

In relation to trade receivables, a provision for impairment is made when there is objective evidence (such as the probability of insolvency or significant financial difficulties of the debtor) that the Company will not be able to collect all the amounts due under the original terms of invoice. The carrying amount of receivable is reduced through use of an allowance account. Impaired debts are derecognized when they are assessed as uncollectible.

k) Financial liabilities

Initial recognition and measurement

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

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

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

l) Offsetting of financial instruments

Financial assets and liabilities are offset, only if, there is a current enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

m) Derecognition of financial liabilities

Financial liabilities

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

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a de-recognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

n) Fair value of financial instruments

For financial instruments not traded in an active market, the fair value is determined using appropriate valuation techniques. Such techniques may include using recent arm's length market transactions; reference to the current fair value of another instrument that is substantially the same; a discounted cash flow analysis or other valuation models.

o) Cash and cash equivalents

Cash and cash equivalents in the balance sheet comprise cash at banks and cash on hand, net of overdrawn bank balances.

p) Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, if is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of obligation. The expense relating to any provision is recognised in the profit and loss account net of any reimbursement. If the effect of the time value of money is material, provisions are discounted using pre-tax rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to passage of time is recognised as a finance cost.

q) Employees' benefits

(i) Defined contribution plan

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

(ii) Defined benefit plan

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

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. Such actuarial gains and losses are also immediately recognised in retained earnings and are not reclassified to profit or loss in subsequent periods.

The past service costs are recognised as an expense on a straight line basis over the average period until the benefits become vested. If the benefits have already vested, immediately following the introduction of, or changes to, a pension plan, past service costs are recognised immediately.

The 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.

r) Taxes

Current income tax
Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted by the balance sheet date. The current rate of corporate taxation is 30%.

Deferred tax
Deferred tax is provided using the liability method on temporary differences at balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences except:

- where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of taxable temporary differences associated with the investments in associates where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

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

- where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and at the time of transaction, affects neither accounting profit nor taxable profit or loss; and

- in respect of deductible temporary differences associated with the investments in associates, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of the deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is probable that future taxable profit will allow the deferred tax asset to be recovered.

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

Income tax relating to items recognised in equity is recognised in equity and not in the profit and loss account.

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

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

s) Concession fees

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

t) Dividends distribution

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

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

6 STANDARDS ISSUED BUT NOT YET EFFECTIVE

Standards issued but not yet effective up to the date of issuance of the Company's financial statements are listed below. This listing is of standards and interpretations issued, which the Company reasonably expects some of them to be applicable at a future date. The Company intends to adopt those standards when they become effective.

IAS 24 ***Related Party Disclosures (Amendment)***
The amended standard is effective for annual periods beginning on or after 1 January 2011. It clarified the definition of a related party to simplify the identification of such relationships and to eliminate inconsistencies in its application. The revised standard introduces a partial exemption of disclosure requirements for government related entities. The Company does not expect any impact on its financial position or performance. Early adoption is permitted for either the partial exemption for government-related entities or for the entire standard.

IAS 32 ***Financial Instruments: Presentation – Classification of Rights Issues (Amendment)***
The amendment to IAS 32 is effective for annual periods beginning on or after 1 February 2010 and amended the definition of a financial liability in order to classify rights issues (and certain options or warrants) as equity instruments in cases where such rights are given pro rata to all of the existing owners of the same class of an entity's non-derivative equity instruments, or to acquire a fixed number of the entity's own equity instruments for a fixed amount in any currency. This amendment will have no impact on the financial statements of the Company.

IFRS 9 ***Financial Instruments: Classification and Measurement***
IFRS 9 as issued reflects the first phase of the IASBs work on the replacement of IAS 39 and applies to classification and measurement of financial assets as defined in IAS 39. The standard is effective for annual periods beginning on or after 1 January 2013. In subsequent phases, the IASB will address classification and measurement of financial liabilities, hedge accounting and derecognition. The completion of this project is expected in early 2011. The adoption of the first phase of IFRS 9 will have no impact on the financial statements of the Company.

IFRIC 14 ***Prepayments of a minimum funding requirement (Amendment)***
The amendment to IFRIC 14 is effective for annual periods beginning on or after 1 January 2011 with retrospective application. The amendment provides guidance on assessing the recoverable amount of a net pension asset. The amendment permits an entity to treat the prepayment of a minimum funding requirement as an asset. The amendment is deemed to have no impact on the financial statements of the Company.

IFRIC 19 ***Extinguishing Financial Liabilities with Equity Instruments***
IFRIC 19 is effective for annual periods beginning on or after 1 July 2010. The interpretation clarifies that equity instruments issued to a creditor to extinguish a financial liability qualify as consideration paid. The equity instruments issued are measured at their fair value. In case that this cannot be reliably measured, the instruments are measured at the fair value of the liability extinguished. Any gain or loss is recognized immediately in profit or loss. The adoption of this interpretation will have no effect on the financial statements of the Company.

Improvements to IFRSs (issued in May 2010)
The IASB issued Improvements to IFRSs, an omnibus of amendments to its IFRS standards. The amendments have not been adopted as they become effective for annual periods on or after either 1 July 2010 or 1 January 2011.

- IFRS 3 Business Combinations
- IFRS 7 Financial Instruments: Disclosures
- IAS 1 Presentation of Financial Statements
- IAS 27 Consolidated and Separate Financial Statements
- IFRIC 13 Customer Loyalty Programmes

The Company, however, expects no impact from the adoption of the amendments on its financial position or performance.

7 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

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

The Company's activities expose it to a variety of financial risks; foreign exchange, 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 currency risk by holding cash in the relevant foreign currencies (US dollar and EURO).

Foreign currency sensitivity

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

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

	Change in US$ rate	Effect on profit before tax TShs M	Effect on equity TShs M
2010	+10%	618	432
	- 10%	(618)	2009
2009	+10%	(405)	284
	- 10%	405	(284)

Credit risk

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

Trade receivables

Customer credit risk is managed by each business unit subject to the Company's established policy, procedures and control relating to customer credit risk management. Credit quality of the customer is assessed based on an extensive credit rating scorecard. Customers are given a credit of 30 days and there are no credit limits. Outstanding customer receivables are regularly monitored and cash services are delivered to customers who fail to honour 30 days credit period.

The requirement for impairment is analysed at each reporting date on an individual basis for major clients. Additionally, a large number of minor receivables are grouped into homogenous groups and assessed for impairment collectively. The calculation is based on actually incurred historical data. The maximum exposure to credit risk at the reporting date is made up as follows:

	2010	2009
	TShs M	TShs M
Cash at bank	**5,242**	1,958
Trade receivables	**2,529**	3,154
Other receivables	**276**	624
	8,047	5,736

The Company does not hold collateral as security.

Liquidity risk

Prudent liquidity risk management includes maintaining sufficient cash and the availability of funding through an ability to close out market positions. 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.

Forecasted liquidity reserves as extracted from short and medium term future budget of company as at 31 December 2010 is as follows:

	2011 **TShs'M**
At 1 January	**5,110**
Operating proceeds	**18,280**
Operating cash outflows	**(17,450)**
Investing activities	**(575)**
At 31 December	**5,365**

The table below analyses the Company's 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 carrying balances as the impact of discounting is not significant.

	Less than 1 year **TShs'M**	**Between 1 and 2 years** **TShs'M**	**Between 2 and 5 years** **TShs'M**	**Over 5 years** **TShs'M**
At 31 December 2010				
Trade and other payables	2,867	-	-	-
At 31 December 2009				
Trade and other payables	1,741	-	-	-

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 2010 and 31 December 2009. The Company monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt.

The Company's policy is to keep the gearing ratio between 0% and less. As of 31 December 2010, the Company had no borrowings and effectively had a gearing ratio of 0%. (2009: 0%).

8 SEGMENT INFORMATION

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

- Ground handling services; and
- Cargo handling services.

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

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

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

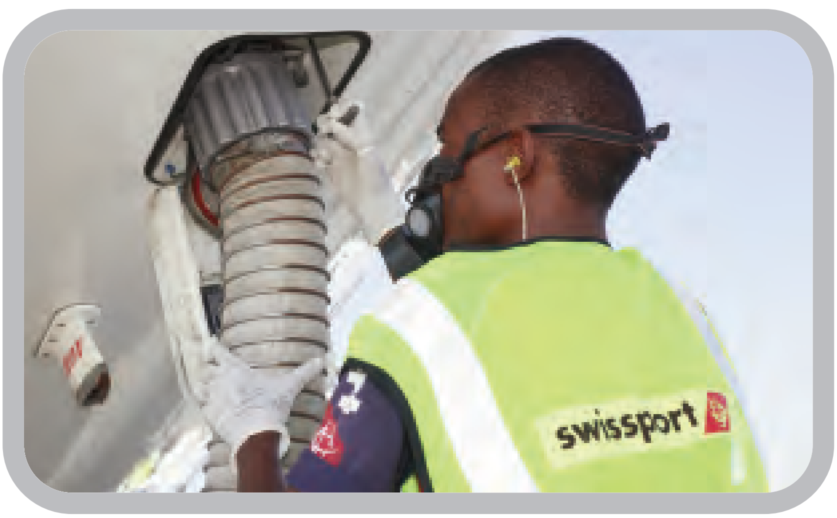
Real time communication is vital in ground operations as all areas must be coordinated to attain on time performance.

2010
Income and expenses

	Ground handling TShs M	Cargo handling TShs M	Total TShs M
Revenue	12,305	8,121	**20,426**
Other operating income	161	155	**316**
Staff costs	(4,520)	(2,285)	**(6,805)**
Concession fees	(1,113)	(581)	**(1,694)**
Fuel and maintenance costs	(789)	(431)	**(1,220)**
Depreciation	(563)	(305)	**(868)**
Rent and other occupancy costs	(152)	(698)	**(850)**
Telecommunication costs	(341)	(202)	**(543)**
Other operating expenses	(1,309)	(1,131)	**(2,440)**
Total expenses	(8,626)	(5,478)	**(14,104)**
Profit before income tax	**3,679**	**2,643**	**6,322**

2010
Assets and liabilities

	Ground handling TShs M	Cargo handling TShs M	Unallocated TShsM	Total TShs M
Total assets	7,725	3,508	2,085	**13,318**
Total liabilities	3,551	1,603	-	**5,154**
Capital expenditure	41	653	120	**814**



When they land we know it is time to work. From landing to take-off: we care!

2009
Income and expenses

	Ground handling TShs M	Cargo handling TShs M	Total TShs M
Revenue	12,205	6,567	**18,772**
Other operating income	23	24	**47**
Staff costs	(4,631)	(1,948)	**(6,579)**
Concession fees	(851)	(465)	**(1,316)**
Fuel and maintenance costs	(871)	(208)	**(1,079)**
Depreciation	(570)	(286)	**(856)**
Rent and other occupancy costs	(262)	(370)	**(632)**
Telecommunication costs	(370)	(158)	**(528)**
Other operating expenses	(1,431)	(730)	**(2,161)**
Total expenses	(8,963)	(4,141)	**(13,104)**
Profit before income tax	**3,242**	**2,426**	**5,668**

2009
Assets and liabilities

	Ground handling TShs M	Cargo handling TShs M	Unallocated TShs M	Total TShs M
Total assets	5,279	3,533	2,283	**11,095**
Total liabilities	2,528	1,448	-	**3,976**
Capital expenditure	1,053	413	11	**1,482**

9 REVENUE

	2010 TShs M	2009 TShs M
Ground handling	**12,305**	12,205
Cargo handling	**8,121**	6,567
	20,426	18,772

10 OTHER OPERATING INCOME

Recovery of bad debts	**263**	24
Rental income	**37**	23
Gain on disposal of property and equipment	**16**	-
	316	47

11 STAFF COSTS

	2010 TShs M	2009 TShs M
Salaries and wages	**4,147**	4,036
Pension cost – defined contribution plans	**508**	802
Pension cost – defined benefit plan	**433**	533
Other staff costs	**1,717**	1,208
	6,805	6,579

12 CONCESSION FEES

Concession fees – Tanzania Airports Authority	**1,521**	1,144
Concession fees – Kilimanjaro Airport Development Company	**173**	172
	1,694	1,316

Concession fees are paid to Tanzania Airports Authority (TAA) and Kilimanjaro Airport Development Company (KADCO). 5% of the ground and cargo handling revenue is paid to KADCO as concession fees and 8% of our ground and cargo handling revenue is paid to TAA as a concession fees. Concession fees for Julius Nyerere International Aiport (JNIA) was increase from 8% to 10% effective 1 September 2010.

13 FUEL AND MAINTENANCE COSTS

	2010 TShs M	2009 TShs M
Fuel – Ground support equipment	**249**	293
Fuel – Motor vehicles	**180**	212
Maintenance – Ground Support Equipment	**555**	341
Maintenance – Motor vehicles	**236**	233
	1,220	1,079

14 RENT AND OTHER OCCUPANCY COSTS

Rent – TAA	**583**	422
Rent – KADCO	**118**	72
Rent – Others	**10**	9
Utilitity charges	**139**	129
	850	632

15 COMMUNICATION COSTS

Telecommunication and internet charges	**543**	528

16 OTHER OPERATING EXPENSES

	2010 TShs M	2009 TShs M
IT and other information processing services	**545**	513
Purchase of ground services	**552**	373
Insurance	**213**	159
Travel and transportation	**123**	118
Legal and consultancy fees	**191**	110
Provision for doubtful debts	**-**	92
Advertising and publicity	**235**	91
Auditors remuneration - statutory audit	**54**	49
Directors emoluments	**125**	67
Bank charges	**68**	57
Foreign exchange gain	**(198)**	(50)
Other administration expenses	**532**	582
	2,440	2,161

17 INCOME TAX EXPENSE

The major components of income tax expense for the years ended 31 December 2010 and 2009 are:

		2010 TShs M	2009 TShs M
Current income tax			
Current tax charge	– current year	**1,996**	1,702
	– prior year	**30**	60
Deferred tax credit	– current year	**(39)**	(141)
	– prior years	**(37)**	-
		1,950	1,621

	2010	2009
	TShs M	TShs M
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:		
Profit before income tax	**6,322**	5,668
Tax calculated at a tax rate of 30%	**1,896**	1,700
Expenses not deductible for tax purpose	**61**	78
Utilisation of retirement gratuity charged to reserves	**-**	(217)
Prior periods – current income tax	**30**	60
Prior periods – deferred income tax	**(37)**	-
Income tax expense	**1,950**	1,621

The Tanzania Revenue Authority (TRA) has issued final income tax assessments up to 2006.

18 DEFERRED TAX ASSETS

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

	2010	2009
Property and equipment	**530**	525
Provisions	**(924)**	(843)
	(304)	(318)

	2010	2009
The gross movement on the deferred income tax accounts is as follows:		
At 1 January	**(318)**	(177)
Credit to the profit and loss account (Note 17)	**(76)**	(141)
At 31 December	**(394)**	(318)

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:

Attributable profit to ordinary shareholders – TShs	**4,372,000,000**	4,047,000,000
	Number	Number
Weighted average number of ordinary shares	**36,000,000**	36,000,000
Basic earnings per share - TShs	**121.44**	112.42

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.

Attributable profit to ordinary shareholders – TShs	**4,372,000,000**	4,047,000,000
	Number	Number
Weighted average number of ordinary shares	**36,000,000**	36,000,000
Diluted earnings per share – TShs	**121.44**	112.42

20 DIVIDENDS

	2010	2009
	TShs M	TShs M
Final dividends for 2009 of TShs 49.93 per share (2008: TShs 32.86 per share)	**1,797**	1,183
Interim dividends for 2010 of TShs 42.50 per share (2009: TShs 40.00 per share)	**1,530**	1,440
	3,327	2,623

The directors propose payment of a final dividend of TShs 54.67 per share, amounting to TShs 1,968 million out of 2010 profit. The proposed final dividend has not been recognised as a distribution during the year, as the final dividends are not accounted until they have been ratified by Annual General Meeting.

21 PROPERTY AND EQUIPMENT

	Leasehold properties 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 2009	205	1,555	4,899	1,497	2,212	10,368
Additions	358	119	-	217	120	814
Disposals	-	(292)	(54)	(12)	(177)	(535)
At 31 December 2010	**563**	**1,382**	**4,845**	**1,702**	**2,155**	**10,647**
Depreciation						
At 1 January 2010	205	1,198	1,621	1,125	1,240	5,389
Charge for the year	19	167	395	87	200	868
Disposals	-	(292)	(38)	(21)	(174)	(525)
At 31 December 2010	**224**	**1,073**	**1,978**	**1,191**	**1,266**	**5,732**
Net book value						
At 31 December 2010	**339**	**309**	**2,867**	**511**	**889**	**4,915**

21 PROPERTY AND EQUIPMENT (CONTINUED)

	Leasehold properties 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 2009	205	1,440	4,024	1,295	1,922	8,886
Additions	-	115	875	202	290	1,482
At 31 December 2010	**205**	**1,555**	**4,899**	**1,497**	**2,212**	**10,368**
Depreciation						
At 1 January 2010	201	988	1,252	1,007	1,085	4,533
Charge for the year	4	210	369	118	155	868
At 31 December 2010	**205**	**1,198**	**1,621**	**1,125**	**1,266**	**5,389**
Net book value						
At 31 December 2010	**-**	**357**	**3,278**	**372**	**972**	**4,979**

22 INVENTORIES

	2010 TShs M	2009 TShs M
Spare parts	**218**	231
Stationery	**21**	56
Cleaning materials	**18**	15
Fuel	**21**	39
Uniforms	**19**	52
Less: Provision for impairment loss on inventories	**(181)**	(28)
	116	365

The amount of write-down of inventories recognized as an expense is TShs 153 million (2009: TShs 15 million).

The cost of inventories recognized as an expense and included in the fuel and maintenance costs amounted to TShs 616 million (2009: TShs 412 million).

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

	2010 TShs M	2009 Tshs M
At 1 January	**28**	13
Charge for the year	**153**	15
At 31 December	**181**	28

23 TRADE AND OTHER RECEIVABLES

	2010	2009
Trade receivables	**2,529**	3,154
Less: Provision for impairment of receivables	**(22)**	(370)
	2,507	2,784
Deposits and prepayments	**110**	328
Staff receivables	**17**	188
Buidling materials revolving fund	**12**	8
Staff car loans*	**84**	58
	2,730	3,366

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

*Total staff car loans amount to TShs 137 million, of which TShs 53 million (2009: 42 million) are receivable after 1 year.

As at 31 December, the ageing analysis of trade receivables is as follows:

	2010	2009
	TShs M	TShs M
Up to 30 days	**1,728**	1,055
61 days	**495**	593
91 days	**247**	611
122 days	**37**	422
Over 123 days	**22**	473
At 31 December	**2,529**	3,154

As of 31 December 2010, trade receivables of TShs 107 million (2009: TShs 169 million) were past due but not impaired. These relate to a number of independent customers for whom there is no recent history of default.

As of 31 December 2010, trade receivables of TShs 22 million (2009: TShs 370 million) were impaired and provided for. The individually impaired receivables mainly relate to customers, who are in unexpectedly difficult economic situations. It was assessed that a portion of the receivables is expected to be recovered.

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

	2010	2009
	TShs M	TShs M
At 1 January	**370**	278
Charge for the year	**-**	92
Unused amounts reversed	**(348)**	-
At 31 December	**22**	370

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

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

	2010	2009
	TShs M	TShs M
US dollars	2,012	2724
Tanzanian shillings	356	402
Euro	161	28
	2,529	3,154

24 CASH AND CASH EQUIVALENTS

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

Cash at bank	5,096	1,958
Cash on hand	14	7
	5,110	1,965

Cash at bank are interest free.

25 SHARE CAPITAL

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

26 RETIREMENT BENEFIT OBLIGATIONS

	2010	2009
	TShs M	TShs M
As at 1 January	**2,235**	2,469
Current service cost	**344**	415
Interest cost (discount unwinding)	**89**	118
Payments made	**(304)**	(767)
As at 31 December	**2,364**	2,235

The Company has an unfunded non-contributory employee gratuity arrangement for permanent andpensionable employees (the "Arrangement") which provides for lump sum payments to its employees on their retirement at the age of between 55 and 60 years or those allowed to retire early or those who dies while in employment, based on length of service and salary at retirement and qualifies as a defined benefit plan. A firm of professional actuaries, Alexander Forbes Financial Services of Nairobi, Kenya, carried out the actuarial valuation of the Arrangement as at 31 December 2010 using the Projected Unit Credit Method.

As at 31 December 2010 the present value of the accrued (past service) liability in respect of retirement gratuity benefits was TShs 2,364 million (2009: TShs 2,235 million). The principal assumptions used in the actuarial valuation are:

(i) Discount rate of 9.5% (2009 – 9%)

(ii) Rate of salary escalation of 11% - 12% (2009: 3% – 5%)

The „notional Company contribution rate to meet the cost of future accrual of gratuity benefits is estimated at 4% of salaries per annum. The next valuation is due on 31 December 2011.

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

	2010	2009	2008
	TShs M	TShs M	TShs M
Present value of the defined benefit obligation	**2,364**	2,235	2,469

27 TRADE AND OTHER PAYABLES

	2010 TShs M	2009 TShs M
Dividends payable	**-**	689
Airport Authorities – Concession fees	**1,175**	437
Sundry payable and accruals	**882**	131
Payable to a related party (note 28)	**102**	139
Bonus payable	**512**	268
Agency accounts	**20**	44
Value Added Tax – net	**29**	33
	2,720	1,741

- Trade payables are non-interest bearing and are normally settled between 15 to 45 days after date of invoice;
- Other payables are non-interest bearing and have an average term of 30 days; and
- For terms and conditions relating to related parties, refer to Note 28.

28 RELATED PARTY DISCLOSURES

Transactions with the related companies

Swissport International Limited is a majority shareholder of the Company. The then ultimate holding Company is Ferrovial Services, S.A a Company incorporated in Madrid, Spain. Other than re-charges for the use of Cargo Spot and MPC systems, travel and insurance recharges the Company did not entered into significant transactions with Swissport International Limited. The Company also did not enter into any transaction with Ferrovial Services, S.A.

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

	2010 TShs M	2009 TShs M
(a) Cargo spot charges	**60**	37
(b) MPC charges	**13**	9
(c) Travel and insurance re-charges	**44**	58
(d) Purchase of x-ray machines	**18**	-
(e) Performance guarantee of US$20,000 (Note 29)	**29**	-
Payable to a related party		
Swissport International Limited	**102**	139

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

	2010	2009
	TShs M	TShs M
Prof. Letitia Rutashobya	**26**	14
Hon. Joseph Mungai MP (Retired 06 April 2009)	**22**	15
Mr Juan Jose Andreas Alvez	**13**	9
Mr Jeroen de Clercq	**10**	15
Mr John Batten	**9**	9
Mr George Fumbuka (Appointed 06 April 2010)	**4**	-
Mr Urs Sieber (Retired 01 June 2009)	**-**	5
	84	67

Transactions with key management personnel
Compensation to key management personnel:

Short-term benefits	**1,073**	866
Post-employment retirement benefits	**620**	790

29 COMMITMENTS AND CONTINGENCIES

Operating lease commitments
The Company has entered into commercial leases on warehouse and office space. vehicles and items of machinery. These leases have an average life of one year with renewal option included in the contracts. There are no restrictions placed upon the Company by entering into these leases.

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

	2010	2009
	TShs M	TShs M
Within one year	**711**	626

The Company does not have a lease agreement, where a Company is a lessor and does not have finance lease agreement.

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

	2010	2009
	TShs M	TShs M
Approved and contracted for	**51**	960
Approved but not contracted	**1,148**	423

Legal claim contingency

As at 31 December 2010, the Company was a defendant in several lawsuits. The plaintiffs are claiming damages and interest thereon for the loss caused by the Company due to breach of contracts and unlawful termination of employment. The Company has filed counter-claims against the plaintiffs. The total principal amount claimed in the various lawsuits approximates to TShs 254 million (2009: TShs 222 million). In the opinion of the Directors and Company's Legal Counsel, no material liabilities are expected to crystallise from these lawsuits.

Guarantee

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

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

30 PRIOR YEAR ADJUSTMENT

The prior year adjustment relates to correction of incorrect assumptions used in the computation of the retirement benefit obligations which qualifies to be a defined benefit plan. While the Company's policy requires the computation of the retirement benefits to be based on 5% of the basic pay for each year of continuous service, the Employment and Labour Relations Act, 2004, which requires the retirement benefits to be computed based on 7 days basic pay for each year of continuous service up to a maximum of 10 years was used erroneously in computing the retirement benefit obligations from 2008 onwards.

When it comes to handling of abnormal cargo our teams prepare adequately...

	As previously reported TShs M	As restated TShs M	Restatement TShs M
Year ended 31 December 2009			
Effect on the balance sheet			
Retirement benefit obligation	1,081	2,235	1,154
Deferred income tax assets	(28)	318	(346)
			808
Effect of statement of changes in equity			
Retained earnings	7,567	6,759	808
Year ended 31 December 2008			
Effect on the balance sheet			
Retirement benefit obligation	1,315	2,469	1,154
Deferred income tax assets	(169)	177	(346)
			808
Effect of statement of changes in equity			
Retained earnings	6,143	5,335	808

31 SUBSEQUENT EVENTS

The following event occurred after the balance sheet.

Change of the ultimate holding company

On 1 November 2010, the then ultimate holding Company Ferrovial, S.A a Company incorporated in Madrid, Spain reached an agreement to sell its stake in Swissport International Limited (SPI), the majority shareholders to PAI Partners SAS. PAI Partners is a leading private equity firm in Europe and has offices in Paris, Copenhagen, London, Luxembourg, Madrid, Milan, Munich. PAI Partners have committed to support Swissport s growth strategy. The sale transaction of SPI stake to PAI Partners was completed in February 2011.

Directors are confirming that a change of the ultimate holding Company will bring no change in our strategy, management team and that the Company is committed to meet its 2011 budget and 2011 – 2015 business plans.

32 ULTIMATE HOLDING COMPANY

51% of the Company's ordinary shares are owned by Swissport International Limited while the remaining 49% of Company's ordinary shares are owned by the general public. The then ultimate controlling entity is Ferrovial Services, S.A a Company incorporated in Madrid, Spain.

Subsequently after the completion of a sale transaction between Ferrovial Services, S.A and PAI Partners SAS, the ultimate holding controlling party changed to PAI Partners SAS.

MANAGEMENT TEAM
AS AT 31 DECEMBER 2009

Wandwi Mugesi
Cargo Services Manager

Mrisho B. Yassin
Chief Financial Officer

Stella Kitali
Manager Ground Handling

Ali Sarumbo
Station Manager - JRO

James F. X. Mhagama
Manager Contracts & Marketing

Nyasso L. Gama
Manager Training and Quality & Compliance

Esta S. Maro
Manager Human Resources

Kaseja Kabaka
Head Information & Communication Technology

Gaudence K. Temu
Chief Executive Officer

GENERAL INFORMATION

Swissport Tanzania Limited

REGISTERED OFFICE AND PRINCIPAL PLACE OF BUSINESS

Terminal II
Julius Nyerere International Airport
P. O. Box 18043
Dar es Salaam

Company secretary

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

Auditors

PricewaterhouseCoopers
6th floor, International House
P. O. Box 45
Dar es Salaam

Tax Advisors

PricewaterhouseCoopers
6th floor, International House
P. O. Box 45
Dar es Salaam

Lawyers

Tanzania Law Chambers
NSSF House
P. O. Box 2203
Dar es Salaam

Main bankers

Citibank Tanzania Limited
P. O. Box 71625
Dar es Salaam

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

Twiga Bancorp Tanzania Limited
P. O. Box 10119
Dar es Salaam

Insurer

Phoenix of Tanzania Assurance Co. Limited
IPS Building
P. O. Box 5961
Dar es Salaam

NOTES

CONTACTS

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Tanzania

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The muscle to do the impossible...