swissport

Swissport Tanzania Limited

ANNUAL REPORT 2009

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OUR ESTEEMED CUSTOMERS

Kilimanjaro International Airport

AIRKENYA

Condor

540 fly540.com

MALEV Hungarian Airlines

Julius Nyerere International Airport

air malawi Africa's Friendly Airline

ASTRAL AVIATION

air uganda

EGYPTAIR A STAR ALLIANCE MEMBER

swiss Swiss International Air Lines

BRITISH AIRWAYS

Emirates

Kenya Airways The Pride of Africa

LAM

SOUTH AFRICAN AIRWAYS

COMORES AVIATION INTERNATIONAL

QATAR AIRWAYS القطرية

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Julius Nyerere and Kilimanjaro International Airports

Air Tanzania

Ethiopian የኢትዮጵያ

Rwandair Express From the heart of Africa

KLM SKYTEAM

Executive Aviation Operators

Cargo Customers

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 2009, in accordance with section 166 of the Tanzanian Companies Act 2002.

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

An interim dividend of TShs 1,440 million or TShs 40.00 per share was paid in November 2009. The Directors recommend a final dividend of TShs 1,798 million equal to TShs 49.94 per share making the total dividend to be TShs 3,238 million or TShs 89.94 per share.

Juan Jose Andres Alvez
Board Chairman
Swissport Tanzania Limited

18 March 2010

CHAIRMAN'S STATEMENT

Mid last year, I took over the stewardship of Swissport Tanzania Limited when I assumed the role of Board Chairman and I am, to say the least, honoured to be leading this impressive company.

During the recent years and specifically in 2009, the world experienced and went through heavy economic imbalances whose outcome was financial instability in most business sectors and business organisations. The aviation industry worldwide was not exempted from this crisis. Nevertheless, Swissport Tanzania Limited managed to withstand the turbulent times and maintained its positive performance trend. I am therefore delighted to present this Annual Report for the year ended 31 December 2009. In all respects, the outstanding results being shown were hard won.

As you may be aware, the ground handling business in Tanzania has been partially liberalised, somehow altering our market position. In accordance with TCAA decision, self-handling was allowed for domestic licensed operators at all airports and Precisionair one of the domestic carriers took benefit of this decision and started to self handle their flights from 1 November 2009. We had anticipated this situation and hence prepared ourselves adequately with counter measures that helped us to maintain our profitability levels.

The exit of Precisionair as one of our ground handling customers indeed affected our market share in terms of number of flights handled, but without impacting our profits. Further liberalisation may not be favourable for the industry and the country, therefore we have addressed our concerns and it is our belief the authorities will look at the matter critically in the interest of the customers and the public.

On the positive side, Kilimanjaro Airport Development Company (KADCO) granted the Company a concession to operate at Kilimanjaro airport for five years with effect from 1 January 2010 and as decided by TCAA we will remain the sole handler at that airport for a few more years to come. We have applied to Tanzania Airports Authority for extension of our Julius Nyerere International airport concession for at least another five years and our request is still under consideration.

For the year 2010, we have set challenging goals in terms of financial performance, improved operational performance and people development. Expansion into other airports and product development is high on our agenda for 2010 as well. It is also our underlying objective to give emphasis to service delivery.

Those initiatives will result in a first-class service and more competitive offer to our customers which will impact positively in the attractiveness of Tanzania as a destination.

As an integral part of Swissport International, worldwide leader, we will continue with innovation and further invest in ground support equipment and resources to make sure that Swissport Tanzania is exceeding our customers' and authorities' expectations.

Under the leadership of an enhanced management team and with the support of our main asset "our staff", Swissport Tanzania will continue to excel.

To our esteemed customers, I want to give my sincere gratitude for their continued patronage over the years. I also want to thank the Government of the United Republic of Tanzania and its Authorities for excellent cooperation.

Finally, I would like to salute my predecessor, Mr. Urs Sieber, the former Board Chairman of Swissport Tanzania Limited for setting up a stone for me to step on and of course my fellow Board Directors for their support.

Asanteni sana!

Juan Jose Andres Alvez
BOARD CHAIRMAN

18 March 2010

CEO'S REPORT

It was quite clear at the dawn of the New Year that 2009 was not going to be business as usual as the year appeared to be full of challenges to businesses and governments as the world experienced its worst recession after many years. We nevertheless remained optimistic that with proper, timely and appropriate actions our company was not only going to survive but would emerge out of the crisis stronger and more focused. This is exactly what happened!

Having successfully gone through such a turbulent year, I am pleased to report that our company managed to remain profitable as depicted in this annual report while at the same time continued to distinguish itself as one of the most respectable companies in Tanzania and in the Swissport International group. All this was achieved mostly through shrewd cost cutting initiatives including right sizing, immense support from Swissport International and of course teamwork. At the same time, significant steps were taken to improve the quality of our services to our customers; most of whom have shown appreciation.

"it is imperative for any company to remain profitable if it is to continue sustaining quality and reliable services"

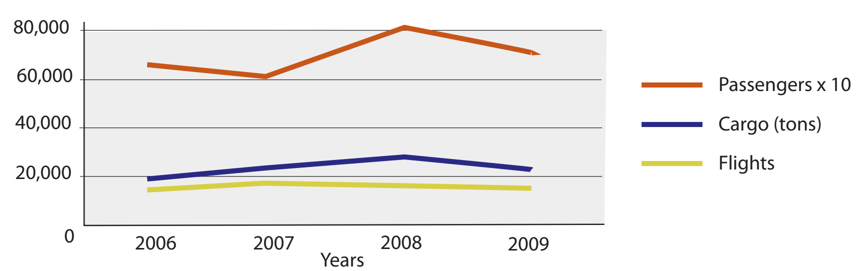
In parallel to cost leadership and improved customer service, financial controls were intensified especially in billing and cash collection. We salute our staff and customers for their understanding and cooperation in these initiatives as it is imperative for any company to remain profitable if it is to continue sustaining quality and reliable services.

Operating results

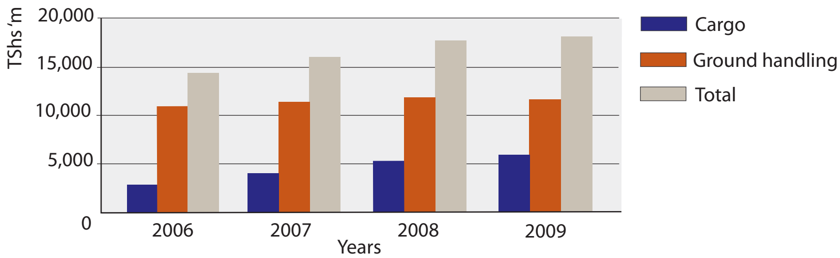
During the year we experienced a reduction in the number of flights as we handled 15,030 flights against 16,315 flights handled in 2008. The decrease is mainly a result of a brief suspension of flights by Air Tanzania Company Limited and the collapse of Zambian Airways in January 2009. Additionally, Air Zimbabwe suspended flights to Julius Nyerere International Airport whereas Air Uganda suspended flights to Kilimanjaro International Airport. Again due to the global recession, a good number of airlines cancelled significant number of flights especially during mid year 2009 as part of their survival strategy. On the positive side, Egypt Air started operating into Dar es Salaam in June followed by Zambezi Airlines in July while South African Airways increased 2 frequencies from October 2009 thereby mitigating the shortfall.

A total of 692,206 passengers were handled during 2009, which is 129,053 less passengers compared to 2008. The difference is mainly a result of Precisionair starting doing self handling in November 2008 although we continued to support them with ground support equipment until the end of the year.

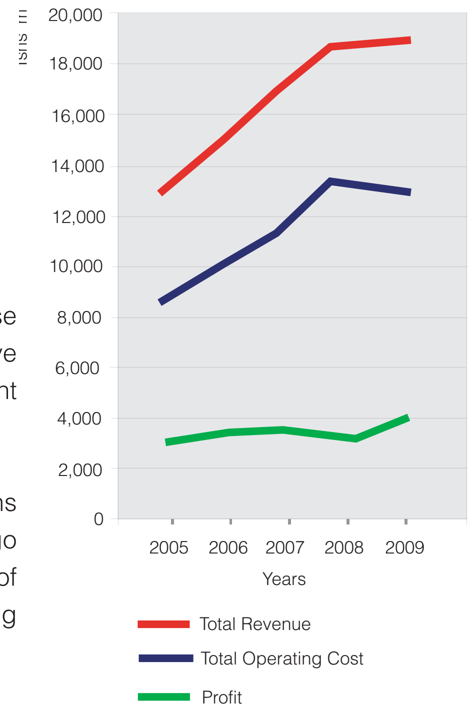
Production Trends



Revenue Trends



Total Revenue, Cost and Profitability Trends



The cargo volume handled in 2009 was 22,901 tons which reflects a decrease of 7.7% when compared to cargo handled in 2008 (26,944 tons). The negative trend is mainly attributed to the global economic recession as air freight customers looked for other alternatives or had reduced air freight.

During the period, the Company realised a consolidated turnover of TShs 18,819M out of the two product lines of ground handling and cargo services signifying an increase of 1.6% when compared to 2008 revenue of TShs 18,528M. The increase is partly attributed to correction of past billing errors.

The total cost for year 2009 was TShs 13,151M as compared to TShs 13,681M incurred in 2008. The decrease is a result of the cost saving strategy put in place by management.

Profitability

From the foregoing, the Company's total net profit was TShs 4,047M which is 23% higher compared to TShs 3,279M in 2008.

Investments

A total of TShs 1,482M was committed to investments during year 2009 which involved ground support equipment and Information, Communication and Technology. One of the major achievements in our investments is the deployment of an ambulift at Julius Nyerere International Airport which is of a great relief to passengers with reduced mobility (PRM's). The equipment (worth TShs 254M) was officially launched by Hon. Shukuru Kawambwa MP, Minister for Infrastructure Development. Another major achievement in 2009 was introduction of a new cargo system known as Cargo Spot and its subsequent extension to KIA whose cargo processes were hitherto manual.

A total of TShs 1,283M and TShs 682M have been set aside for investments in ground handling and cargo handling services respectively for year 2010.

Accolades

In 2009 we received three major accolades. The Association of Tanzania Employers (ATE) awarded Swissport Tanzania the second runner up overall best employer of the year in the country. This followed the result of a survey conducted by an independent consultant Ernst & Young in some specific areas such as staff training and development, occupational health and safety. The second recognition was by Tanzania Revenue Authority (TRA) who awarded our company for two consecutive years as one of the best ten compliant tax payers in the country. Finally National Board of Accountants (NBAA) awarded the company the third winner for the best IFRS presented financial statements for the year 2008.

In 2009, the company quality management system was successfully re-certified under IS0 9001:2008. The well managed system is fundamental for passing most of the airline audits which are in most cases of high level standards. Concurrently, the ISO14001:2004 environmental management system conformity audit also took place with positive results.

Corporate social responsibility

The Company has continued engaging itself in issues of corporate social responsibility. We have maintained close relationship with our preferred Kurasini National Children's Home. Towards the end of year 2009 we handed over a classroom building worth TShs 48M. Thanks to contributions from Swissport International and Ferrovial employees.

Outlook

We remain committed to ensuring sustainability of our company. The flagship for our attention is, of course, bold future whereby our current underlying focus is on service delivery to our customers and operational efficiency. We expect to complete refurbishment of our Freight Terminal at Julius Nyerere International Airport and ensure that handling processes are re-engineered with the view to enhancing controls and at the same time improving customer service as well as safety and security in line with ICAO standards.

Indeed, liberalisation of ground handling business has taken its order and we have already seen Precisionair starting self handling. Much as we have lost this customer, we have taken it as a challenge as we have propagated our momentum to provide better services to the remaining as well as other potential customer airlines. Much as we foresee a promising future for our company, it is obvious that uneconomical competition can end up with adverse results to the industry and we have notified the relevant authorities accordingly. We are optimistic that they will manage the process well.

Appreciation

I extend a big thank you to our customers who continued to patronise us even during the difficult year and the Government of Tanzania through its executive agencies for excellent cooperation. I also thank our employees who continued to work hard and supported the company when many changes were introduced to brace the recession. It is my understanding that these were difficult times, and yet they responded with skill, imagination and goodwill to all measures taken during the year.

In closing, I extend my sincere appreciation to our outgoing CFO, Mr. Rashid Mbonde who is about to retire voluntarily and honorably after serving the company for more than 18 years in different positions in the finance department. At the same time I wish to welcome the new CFO, Mr. Mrisho Yasin who has demonstrated a high level of professionalism.

Asante Sana!

Gaudence K. Temu
CHIEF EXECUTIVE OFFICER

REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31 DECEMBER 2009

The directors submit their report together with the audited financial statements for the year ended 31 December 2009, 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 2009, except where otherwise stated, are:

	Name	Nationality	Position	Remarks
1.	Mr. Juan Jose Andres Alvez	Spanish	Chairman	Appointed 1 June 2009
2.	Hon. Joseph Mungai MP	Tanzanian	Director	
3.	Prof. Letitia Rutashobya	Tanzanian	Director	
4.	Mr. Jeroen de Clercq	Dutch	Director	
5.	Mr. John Batten	British	Director	
6.	Mr. Urs Sieber	Swiss	Chairman	Retired 1 June 2009


Mr. Juan Jose Andres Alvez

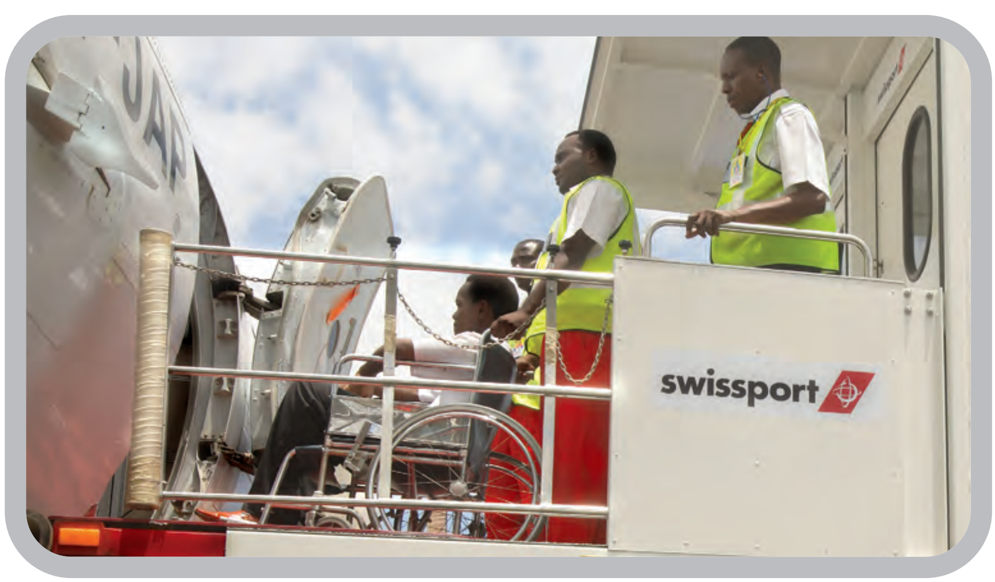

Hon. Joseph Mungai MP


Prof. Letitia Rutashobya


Mr. Jeroen de Clercq


Mr. John Batten


Mr. Urs Sieber



Ambulift: *giving a sense of respect, dignity and safety to passengers with reduced mobility.*

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 1 out of 6 board members, as listed hereunder, has an interest in the issued and fully paid up shares of the Company.

Hon. Joseph Mungai MP holds 242,696 shares

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

	US $
The Chairman of the Board	9,000
Other directors	7,000

The directors are also entitled to sitting allowance for every meeting of the board or committee as follows:

	US $
The Chairman of the Board	900
Other directors	700

2. COMPANY SHAREHOLDING

As at 31 December 2009 the company had 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	Gak Patel & Co. Limited	Tanzanian	1
8	Social Action Trust Fund	Tanzanian	1
9	Government Employees Provident Fund	Tanzanian	1
10	Amniel Andrew Sikawa	Tanzanian	1

3. ACTIVITIES

The Company's principal activities are airport ground-handling and cargo handling services. Performance during the year was as follows:

	2009 Revenue TShs M	2008 Revenue TShs M	2007 Revenue TShs M
Dar-es-Salaam			
Ground handling services	**9,774**	9,666	9,218
Cargo handling services	**5,724**	5,050	3,453
Sub total	**15,498**	14,716	12,671
Kilimanjaro			
Ground handling services	**2,431**	2,657	3,004
Cargo handling services	**843**	1,090	1,016
Sub total	**3,274**	3,747	4,020
Grand total	**18,772**	18,463	16,691

Revenue was 1.6% above year 2008. Ground handling contributed substantially to the revenue increase. The increase in ground handling revenue was due to additional billing made to KLM for previous years under billing, introduction of flights by Egypt Air and additional flights by South African Airways at Julius Nyerere International Airport (JNIA).

4. FUTURE DEVELOPMENTS

The Company foresees a decrease of flight frequencies during the financial year 2010. This is mainly attributed to Precision Air going for self handling effective November 2009 and additional use of Arusha airport, cancellation of routes by various airlines and introduction of small aircraft. The Company expects some improvement from the second half of 2010 with Oman Air and Turkish Airlines potentially commencing operations. Freighter operations at Kilimanjaro are expected to increase during year 2010. Likewise the Air Tanzania Company Limited (ATCL) situation is likely to be on the negative side during 2010. The increased demand of the cold storage facility services at JNIA and the warehouse renovation will further improve the cargo performance in 2010.

The Company's exclusive concession agreement with Tanzania Airports Authority (TAA) to operate as a ground handler at Julius Nyerere International Airport will expire on 31 March 2010 and has not been formally renewed.

The Company made a formal application to TAA before the year-end to request for the extension of concession agreement for at least five years and the directors are optimistic that TAA will grant the extension either in its current structure or in another arrangement that will allow the company to operate as a ground handler in a competitive environment.

5. RESULTS AND DIVIDEND

The Company achieved net profit for the year of TShs 4,047 million (2008: Tshs 3,279 million). The directors recommend the approval of a final dividend of TShs 1,798 million equal to TShs 49.93 per issued and fully paid in share.

An interim dividend of TShs 1,440 million or TShs 40.00 per share was approved in August 2009 making the total dividend for the year 2009 to be TShs 3,238 million or TShs 89.94 per share (2008: TShs 72.86 per share).

6. SOLVENCY

The Company's state of affairs at 31 December 2009 is set out on page 19 of the financial statements. Further details on the Company's solvency are provided in Note 3 to these financial statements.

7. STOCK EXCHANGE INFORMATION

49% of the Company's shares are traded at the Dar es Salaam Stock Exchange. During the year, the Company's shares were continuously traded on the secondary market through auctions organized by Dar es Salaam Stock Exchange (DSE). In the year 2009 the performance of the Company's shares in the secondary market was as follows: Market capitalisation as at 31 December 2009 was TShs 20,800 million (2008 – TShs 21,600 million), total turnover of Company's shares at DSE was TShs 5,986 million (2008 – TShs 3,796 million), average price of company shares was TShs 580 (2008 – TShs 650) and share price prevailing as at 31 December 2009 was TShs 580 per share. (IPO price TShs. 225 per share).

8. DISABLED PERSONS EMPLOYMENT AND TRAINING

It remains the Company's policy to accept disabled persons for employment for those vacancies that they are able to fill. Training is offered to all employees according to needs without segregation.

9. 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: 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. Three full board meetings were held during year 2009 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 on page 45 of 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 defined organisational 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 control activity is delegated and carried out by the Board Audit Committee.

During the year the Board Audit Committee was comprised of three directors, Hon. Joseph J. Mungai, Prof. Letitia Rutashobya and Mr. Jeroen de Clercq a director representing Swissport International. The committee met three times during 2009 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. 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.

10. AUDITORS

The auditors, PricewaterhouseCoopers, have expressed their willingness to continue in office and are eligible for re-appointment. A resolution proposing the re-appointment of PricewaterhouseCoopers as auditors of the Company for year 2010 will be put to the Annual General Meeting.

BY ORDER OF THE BOARD

Mr. Juan Jose Andres Alvez
Director
18 March 2010

STATEMENT OF DIRECTORS' RESPONSIBILITIES
FOR THE YEAR ENDED 31 DECEMBER 2009

The Tanzanian Companies Act 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 or loss. 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 Tanzanian Companies Act 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
Director

18 March 2010

Corporate Social Responsibility: Launching of classrooms building worth TShs 48 million at Kurasini National Children's home.

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 as at 31 December 2009, and the profit and loss account, 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
As described in the Statement of Directors' Responsibilities, the Company's directors are responsible for the preparation and fair presentation of these financial statements inaccordance with International Financial Reporting Standards and with the requirements of the Tanzanian Companies Act 2002. This responsibility includes: designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, 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 controls 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 controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the accompanying financial statements give a true and fair view of the state of the Company's affairs as at 31 December 2009 and of its profit and cash flows for the year then ended in accordance with International Financial Reporting Standards and have been properly prepared in accordance with the Tanzanian Companies Act 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 Tanzanian Companies Act 2002 and for no other purposes.

As required by the Tanzanian Companies Act 2002, we are also required to report to you if, in our opinion, the Directors' Report is not consistent with the financial statements, if the Company has not kept proper 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. There is no matter to report in respect of the foregoing requirements.

PRICEWATERHOUSECOOPERS

Certified Public Accountants
Dar es Salaam Date: 18 March 2010

Signed by Nelson E Msuya

PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2009

		Notes	2009 TShs M	2008 TShs M
Revenue		6	**18,772**	18,463
Other income		7	**47**	65
			18,819	18,528
Operating expenses				
Staff costs		8	**(6,579)**	(6,602)
Concession fees			**(1,316)**	(1,272)
Fuel and maintenance costs			**(1,079)**	(1,277)
Depreciation			**(856)**	(791)
Rent and other occupancy costs			**(632)**	(581)
Telecommunication costs			**(528)**	(447)
Other operating expenses		9	**(2,161)**	(2,711)
			(13,151)	(13,681)
Profit before income tax			**5,668**	4,847
Income tax expense		10	**(1,621)**	(1,568)
Profit for the year			**4,047**	3,279
Earnings per share (TShs)	- Basic	11	**112.42**	91.08
	- Diluted	11	**112.42**	91.08

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2009

	2009 TShs M	2008 TShs M
Profit for the year	**4,047**	3,279
Other comprehensive income		
Actuarial losses on defined benefit pension plan	-	(723)
Income tax relating to a component of other comprehensive income	-	-
Other comprehensive income for the year, net of tax	-	(723)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	**4,047**	2,556

Customer Services: *Passion for customer care even to the little ones is what Lulu and the rest of Swissport Tanzania employees are all about.*

BALANCE SHEET
AS AT 31 DECEMBER 2009

	Notes	2009 TShs M	2008 TShs M
ASSETS			
Non-current assets			
Property and equipment	13	**4,979**	4,353
		4,979	4,353
Current assets			
Inventories	15	**365**	466
Trade and other receivables	16	**3,408**	4,899
Income tax recoverable		**60**	3
Cash at bank and in hand	17	**1,965**	798
		5,798	6,166
Total assets		**10,777**	10,519
EQUITY			
Share capital	18	**360**	360
Retained earnings		**7,567**	6,143
Total equity		**7,927**	6,503
LIABILITIES			
Non-current liabilities			
Retirement benefit obligations	19	**1,081**	1,315
Deferred income tax liabilities	20	**28**	169
		1,109	1,484
Current liabilities			
Trade and other payables	21	**1,741**	2,532
Total liabilities		**2,850**	4,016
Total equity and liabilities		**10,777**	10,519

The financial statements on pages 17 to 46 were authorised for issue by the board of directors on 18 March 2010 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 2009

	Share capital TShs M	Retained earnings TShs M	Total TShs M
Year ended 31 December 2008			
At the beginning of the year	360	7,142	7,502
Total comprehensive income for the year	-	2,556	2,556
Dividends paid	-	(3,555)	(3,555)
At 31 December 2008	**360**	**6,143**	**6,503**
Year ended 31 December 2009			
At the beginning of the year	360	6,143	6,503
Total comprehensive income for the year	-	4,047	4,047
Dividends paid	-	(2,623)	(2,623)
At 31 December 2009	**360**	**7,567**	**7,927**

Cargo Services: *Cargo handling process have been improved to provide better services, warehouse renovation is implemented in 2010*

CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2009

	Notes	2009 TShs M	2008 TShs M
Cash flows from operating activities			
Cash generated from operations	22	**7,858**	6,342
Retirement benefit obligations paid	19	**(767)**	(130)
Tax paid		**(1,819)**	(1,509)
Net cash generated from operating activities		**5,272**	4,703
Cash flows from investing activities			
Purchase of property and equipment	13	**(1,482)**	(847)
Cash used in investing activities		**(1,482)**	(847)
Cash flows from financing activities			
Dividends paid to Company's shareholders		**(2,623)**	(3,555)
Cash used in financing activities		**(2,623)**	(3,555)
Net increase in cash and cash equivalents		**1,167**	301
Movement in cash and cash equivalents			
Cash and cash equivalents at the beginning of the year		**798**	497
Exchange gains on cash and cash equivalents		**16**	71
Net increase in cash and cash equivalents		**1,151**	230
Cash and cash equivalents at the end of the year	17	**1,965**	798

NOTES
FOR THE YEAR ENDED 31 DECEMBER 2009

1. GENERAL INFORMATION

Swissport Tanzania Limited is a limited liability company incorporated under the Tanzanian Companies Act 2002 and is domiciled in the United Republic of Tanzania. The Company is listed on the Dar es Salaam stock exchange. The address of its registered office is as follows:

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Basis of preparation
These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS), and under the historical cost convention.

Inauguration of Ambulift: *Hon. Shukuru Jumanne Kawambwa, Minister for Infrastructure Development reading a banner after officiating the ambulift on December 3rd 2009. Looking on are Director General of Tanzania Civil Aviation Authority Mrs Margaret Munyagi and Swissport Tanzania CEO Mr. Gaudence Temu.*

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company's accounting policies. The areas involving a higher degree of judgment or complexity, or where assumptions and estimates are significant to the financial statements, are disclosed in Note 4.

EXTENSION OF EXCLUSIVE CONCESSION AGREEMENT – (JNIA)

The Company's exclusive concession agreement with Tanzania Airports Authority (TAA) to operate as a ground handler at Julius Nyerere International Airport expired on 31 March 2010 and has not been formally renewed. This contract is material to the Company and the Company may have to restructure its operations if the contract is not renewed.

The Company made a formal application to TAA before the year-end to request for the extension of its concession agreement for at least five years and the directors are optimistic that TAA will grant the extension, either under the current terms or in another arrangement that will allow the company to operate as a ground handler in a competitive environment.

(i) New and amended standards adopted by the Company

- IFRS 8, 'Operating segments' and IAS 1 (revised), 'Presentation of financial statements' – effective 1 January 2009. These standards were early adopted by the Company in 2008.

- IFRS 7 'Financial Instruments – Disclosures' (amendment) – effective 1 January 2009. The amendment requires enhanced disclosures about fair value measurement and liquidity risk. In particular, the amendment requires disclosure of fair value measurements by level of a fair value measurement hierarchy. As the adoption of the amendment results in additional disclosures, there is no impact on earnings per share.

(ii) Amendments to existing standards effective in 2009 but not relevant to the company

In 2009, the following amendments to existing standards became effective but are not relevant to the Company's operations.

- IFRS 2 (amendment), 'Share-based payment' – (effective from 1 January 2009) deals with vesting conditions and cancellations. It clarifies that vesting conditions are service conditions and performance conditions only. Other features of the share-based payments are not vesting conditions. All cancellations, whether by the entity or by other parties, should receive the same accounting treatment.

- IAS 23 (amendment), 'Borrowing costs' – (effective from 1 January 2009). The amendment requires an entity to capitalise borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset (one that takes a substantial period of time to get ready for use or sale) as part of the cost of that asset.

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

The following standards and amendments to existing standards have been published and are mandatory for the Company's accounting periods beginning on or after 1 January 2010 or later periods, but the company has not early adopted them:

- IFRIC 17, 'Distribution of non-cash assets to owners' (effective on or after 1 July 2009). The interpretation is part of the IASB's annual improvements project published in April 2009. 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. IFRS 5 has also been amended to require that assets are classified as held for distribution only when they are available for distribution in their present condition and the distribution is highly probable. The company will apply IFRIC 17 from 1 January 2010. It is not expected to have a material impact on the company's financial statements.

- IAS 27 (revised), 'Consolidated and separate financial statements', (effective from 1 July 2009). The revised standard requires the effects of all transactions with noncontrolling interests to be recorded in equity if there is no change in control and these transactions will no longer result in goodwill or gains and losses. The standard also specifies the accounting when control is lost. Any remaining interest in the entity is remeasured to fair value, and a gain or loss is recognised in profit or loss. The company will apply IAS 27 (revised) prospectively to transactions with non-controlling interests from 1 January 2010.

- IFRS 3 (revised), 'Business combinations' (effective from 1 July 2009). The revised standard continues to apply the acquisition method to business combinations, with some significant changes. For example, all payments to purchase a business are to be recorded at fair value at the acquisition date, with contingent payments classified as debt subsequently re-measured through the income statement. There is a choice on an acquisition-by-acquisition basis to measure the non-controlling interest in the acquiree at fair vale or at the non-controlling interest's proportionate share of the acquiree's net assets. All acquisition-related costs should be expensed. The company will apply IFRS 3 (revised) prospectively to all business combinations from 1 January 2010.

- IAS 38 (amendment), 'Intangible Assets'. The amendment is part of the IASB's annual improvements project published in April 2009 and the company will apply IAS 38 (amendment) from the date IFRS 3 (revised) is adopted. The amendment clarifies guidance in measuring the fair value of an intangible asset acquired in a business combination and it permits the grouping of intangible assets as a single asset if each asset has similar useful economic lives. The amendment will not result in a material impact on the company's financial statements.

- IFRS 5 (amendment), 'Measurement of non-current assets (or disposal groups) classified as held-for-sale'. The amendment is part of the IASB's annual improvements project published in April 2009. The amendment provides clarification that IFRS 5 specifies the disclosures required in respect of non-current assets (or disposal groups) classified as held for sale or discontinued operations. It also clarifies that the general requirement of IAS 1 still apply, particularly paragraph 15 (to achieve a fair presentation) and paragraph 125 (sources of estimation uncertainty) of IAS 1. The company will apply IFRS 5 (amendment) from 1 January 2010. It is not expected to have a material impact on the company's financial statements.

- IAS 1 (amendment), 'Presentation of financial statements'. The amendment is part ofthe IA SB's annual improvements project published in April 2009. The amendment provides clarification that the potential settlement of a liability by the issue of equity is not relevant to its classification as current or non current. By amending the definition of current liability, the amendment permits a liability to be classified as non-current (provided that the entity has an unconditional right to defer settlement by transfer of cash or other assets for at least 12 months after the accounting period) notwithstanding the fact that the entity could be required by the counterparty to settle in shares at any time. The company will apply IAS 1 (amendment) from 1 January 2010. It is not expected to have a material impact on the company's financial statements.

- IFRS 2 (amendments), 'Group cash-settled and share-based payment transactions'. In addition to incorporating IFRIC 8, 'Scope of IFRS 2', and IFRIC 11, 'IFRS 2 – Group and treasury share transactions', the amendments expand on the guidance in IFRIC 11 to address the classification of group arrangements that were not covered by that interpretation. The new guidance is not expected to have a material impact on the company's financial statements.

B. 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.

C. 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.

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.

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 recognised within other (losses)/income in the profit and loss account.

E. Impairment of assets

Assets that are subject to depreciation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separable identifiable cash flows (cash-generating units).

F. Operating leases

An operating lease is a lease that does not transfer substantially all the risks and rewards incidental to ownership of an asset. Payments made under operating leases (net of any incentives received from the lessor) are charged to the profit and loss account on a straight-line basis over the period of the lease.

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. Trade receivable

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for impairment of trade receivables is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of the receivables. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in the profit and loss account. When a trade receivable is uncollectible, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited in the profit and loss account.

I. Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less.

J. Income tax

Income tax expense is the aggregate of the charge to the profit and loss account in respect of current income tax and deferred income tax. Current income tax is the amount of income tax payable on the taxable profit for the year determined in accordance with the Tanzanian Income Tax Act, 2004.

Deferred income tax is provided in full using the liability method on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset on liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted at the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised to the extent that the directors consider that it is probable that future taxable profit will be available against which the temporary differences can be utilised. Deferred income tax is recognised as income tax benefit or expense in the year in which it arises.

K. Employees benefits

Pension obligations

The Company has defined benefits and defined contributions plans. The Company has an unfunded non-contributory employee gratuity arrangement (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, based on length of service and salary at retirement and qualifies as a defined benefits plan. Payments to the retired employees are made from the Company's internally generated funds.

The liability recognized in the balance sheet in respect of the defined benefits plan is the present value of the defined benefit obligations at the balance sheet date. The defined retirement benefit obligations are calculated each year by independent actuaries using the projected unit credit method. Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to the profit and loss account in the period in which they arise.

For the defined contribution plans, the Company contributes to the publicly administered pension plans (NSSF or PPF) on a mandatory basis. The Company has no further payment obligations once the contributions have been paid. The contributions are recognised as an employee benefits expense when they are due.

L. Provisions

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events; it is more likely than not that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated.

M. 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.

N. Revenue

Revenue comprises the fair value for the sale of services net of value added tax, rebates and discounts. Revenue is recognised upon performance of services and customer acceptance, if any. No revenue is recognised if there are significant uncertainties regarding recoveries of the consideration due, associated costs and the possible rejection of services rendered.

O. Dividend distribution

Final dividend distribution to the Company's shareholders is recognised as a liability in the Company's financial statements 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.

3. FINANCIAL RISK MANAGEMENT

3.1 Financial risk factors

The Company's activities expose it to a variety of financial risks; foreign currency, credit and liquidity risks. The Company's overall risk management programme seeks to minimize potential adverse effects on the Company's financial performance. Risk management is carried out by the management on behalf of the Board of Directors.

Credit risk

Credit risk arises from credit exposures to customers and cash and cash equivalents. The Company has no significant concentrations of credit risk. It has policies in place to ensure that services are offered to customers with an appropriate credit history. Ground handling services are mainly made on credit terms and in cash for adhoc operators. However, cargo services are made in cash or on strict credit terms. In addition to the existing credit policy, the exposure to credit risk is monitored on an ongoing basis. Credit evaluations are performed on all customers requiring credit over the approved limits.

The amount that best represents the company’s maximum exposure to credit risk at 31 December 2009 is made up as follows:

	2009 Tshs M	2008 Tshs M
Cash at bank	**1,958**	791
Trade receivables	**2,784**	3,932
Other receivables	**624**	967
	5,366	5,690

Foreign Exchange risk

As and when the need arises, the Company enters into transactions denominated in foreign currencies (primarily United States Dollars). Foreign exchange risk arises from future commercial transactions, and recognised assets and liabilities

Currency exposure arisng from liabilities denominated in foreign currencies is managed primarily through the holding of bank balances in the relevant foreign currencies. Currently, the management does not hedge against foreign exchange risk.

At 31 December 2009, if the functional currency had strengthened/weakened by 10% against the US dollar with all other variables held constant, post-tax profit for the year would have been TShs 405 million (2008: TShs 171 million) lower/higher, mainly as a result of foreign exchange gains on translation of US dollar denominated trade receivables. Profit is more sensitive to movement in functional currency/US dollar exchange rates in 2009 than in 2008 because of the increased amount of US dollar denominated trade receivable balance.

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 17) 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 2009 is as follows:

	2010	2011
	TShs M	TShs M
As at 1 January	1,965	1,807
Operating proceeds	16,626	18,280
Operating cash outflows	(15,036)	(17,450)
Investing activities	(1,748)	(575)
As at 31 December	1,807	2,062

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	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
	TShs M	TShs M	TShs M	TShs M
At 31 December 2009				
Trade and other payables	1,741	-	-	-
Retirement benefit obligations	170	41	191	2,096
At 31 December 2008				
Trade and other payables	2,532	-	-	-
Retirement benefit obligations	767	170	41	2,287

3.2 Capital risk management

The Company's objectives when managing capital are to safeguard its ability to continue as a going concern in order to provide regular returns for shareholders and benefit for other stakeholders. In order to maintain or adjust capital structure, the company may adjust the amount of dividends paid to shareholders so as to preserve the internally generated funds for both the capital and revenue expenditure.

3.3 Fair value estimation

The carrying values of trade receivables (less impairment provision) and payables are assumed to approximate their fair values due to the short term nature of trade receivables and payables.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

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

(i) Critical accounting estimates and assumptions

Post-employment benefit obligations

Critical assumptions are made by the actuary in determining the present value of retirement benefit obligations. The key assumptions are set out in Note 19.

Income tax

Significant judgement is 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.

Property and equipment

Critical estimates are made by the directors in determining depreciation rates for property and equipment and their residual values. The rates used are set out in Note 2 (d) above.

Receivables

Critical estimates are made by the directors in determining the recoverable amount of any impaired receivables.

(ii) Critical judgments in applying the entity's accounting policies

In the process of applying the Company's accounting policies, management has made judgements in determining whether assets are impaired or not and classification of financial assets and liabilities.

Pushing back Antonov 225: *the world's biggest cargo aircraft was handled by Swissport Tanzania when it landed at Dar-es-Salaam.*

5. SEGMENT INFORMATION

Management has determined the operating segments based on the discrete financial information reviewed by the Board of Directors to assess performance and make strategic decisions.

The Board of Directors considers the business from product perspective. The Company is currently organized into two operating segments - ground handling and cargo handling services. Segment information about the Company's operations is presented below.

2009

	Ground handling TShs M	**Cargo handling** TShs M	**Total** TShs M
Revenue	12,205	6,567	**18,772**
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**
Communication costs	370	158	**528**
Other operating costs	1,431	730	**2,161**
Other income	(23)	(24)	**(47)**
	8,963	**4,141**	**13,104**
Profit before income tax	**3,242**	**2,426**	**5,668**

Segment assets and liabilities and capital expenditure

	Ground handling TShs M	Cargo handling TShs M	Unallocated TShs M	Total TShs M
Total assets	5,279	3,533	1,965	**10,777**
Total liabilities	1,965	885	-	**2,850**
Capital expenditure	1,053	418	11	**1,482**

Note:
In the opinion of the Directors, it is not possible to obtain segmental information for cash at bank and in hand.

2008	Ground handling TShs M	Cargo handling TShs M	Total TShs M
Revenue	12,323	6,140	18,463
Staff costs	4,992	1,610	6,602
Fuel and maintenance costs	846	431	1,277
Concession fees	864	408	1,272
Depreciation	561	230	791
Rent and other occupancy costs	186	395	581
Telecommunication costs	305	142	447
Other operating costs	1,636	1,075	2,711
Other income	-	(65)	(65)
	9,390	**4,226**	**13,616**
Profit before income tax	**2,933**	**1,914**	**4,847**

Segment assets and liabilities and capital expenditure

	Ground handling TShs M	Cargo handling TShs M	Unallocated TShs M	Total TShs M
Total assets	5,742	3,979	798	**10,519**
Total liabilities	2,939	1,077	-	**4,016**
Capital expenditure	331	315	201	**847**

Note:
In the opinion of the Directors, it is not possible to obtain segmental information for cash at bank and in hand.

6. REVENUE

	2009 TShs M	2008 TShs M
Ground handling	**12,205**	12,525
Cargo handling	**6,567**	5,938
	18,772	18,463

7. OTHER INCOME

	2009 TShs M	2008 TShs M
Miscellaneous receipts	**47**	65

8. STAFF COST

	2009 TShs M	2008 TShs M
Salaries and wages	**4,036**	4,436
Pension cost – defined contribution plans	**802**	859
Pension cost – defined benefits plan	**533**	380
Other staff costs	**1,208**	927
	6,579	6,602

9. OTHER OPERATING COSTS

	2009 TShs M	2008 TShs M
IT and other information services	**513**	612
Purchase of ground services	**373**	407
Insurance	**159**	170
Travel and transportation	**118**	199
Legal and consultancy fees	**110**	100
Provision for doubtful debts	**92**	166
Advertising and publicity	**91**	157
Auditors' remuneration - statutory audit	**49**	44
Directors' emoluments	**67**	63
Bank charges	**57**	44
Foreign exchange loss	**(50)**	(54)
Other administration expenses	**582**	803
	2,161	2,711

10. INCOME TAX EXPENSE

	2009 TShs M	2008 TShs M
Current income tax		
- Current year	**1,702**	1,599
- Prior period	**60**	94
Deferred income tax credit (Note 20)	**(141)**	(125)
	1,621	1,568

10. INCOME TAX EXPENSE (CONTINUED)

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

	2009	2008
	TShs M	TShs M
Profit before income tax	**5,668**	4,847
Tax calculated at a tax rate of 30%	**1,700**	1,454
Expenses not deductible for tax purposes	**78**	20
Utilisation of retirement gratuity charged to reserves	**(217)**	-
Prior period income tax	**60**	94
Income tax expense	**1,621**	1,568

The Tanzania Revenue Authority (TRA) has issued final income tax assessments up to 2005.

11. EARNINGS PER SHARE

The calculation of the basic earnings per share as at 31 December 2009 was based on the net profit attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding during the year ended 31 December 2009, calculated as follows:

	2009	2008
	TShs M	T Shs M
Profit for the year (TShs M)	**4,047**	3,279
Average number of shares (millions)	**36**	36
Earning per share (TShs) - Basic and diluted	**112.42**	91.08

There being no dilutive or potentially dilutive share options, the basic and diluted earnings per share are the same.

12. DIVIDENDS

	2009	2008
	TShs M	T Shs M
Interim dividend for 2009 of TShs 40.00 per share (2008: TShs 40.00 per share)	1,440	1,440
Final dividend for 2008 of TShs 32.86 per share (2007 – TShs 58.75 per share)	1,183	2,115
	2,623	3,555

The directors propose payment of a final dividend of TShs 49.94 per share, amounting to TShs 1,798 million out of 2009 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.

13. 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
At 1 January 2009						
Cost	205	1,440	4,024	1,295	1,922	8,886
Accumulated depreciation	(201)	(988)	(1,252)	(1,007)	(1,085)	(4,533)
Net book amount	**4**	**452**	**2,772**	**288**	**837**	**4,353**
Year ended 31 December 2009						
Opening net book amount	4	452	2,772	288	837	4,353
Additions	-	115	875	202	290	1,482
Depreciation charge	(4)	(210)	(369)	(118)	(155)	(856)
Closing Net book amount	**-**	**452**	**3,278**	**372**	**972**	**4,979**
At 31 December 2009						
Cost	205	1,555	4,899	1,497	2,212	10,368
Accumulated depreciation	(205)	(1,198)	(1,621)	(1,125)	(1,240)	(5,389)
Net book amount	**-**	**357**	**3,278**	**372**	**972**	**4,979**

13. 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
At 1 January 2008						
Cost	205	1,549	3,164	1,294	2,467	8,679
Accumulated depreciation	(194)	(1,115)	(465)	(978)	(1,630)	(4,382)
Net book amount	**11**	**434**	**2,699**	**316**	**837**	**4,297**
Year ended 31 December 2008						
Opening net book amount	11	434	2,699	316	837	4,297
Adjustment to costs	-	(321)	509	(88)	(740)	(640)
Adjustment to accumulated depreciation	-	321	(509)	88	740	640
Additions	-	212	351	89	195	847
Depreciation charge	(7)	(194)	(278)	(117)	(195)	(791)
Closing net book amount	**4**	**452**	**2,772**	**288**	**837**	**4,353**
At 31 December 2008						
Cost	205	1,440	4,024	1,295	1,922	8,886
Accumulated depreciation	(201)	(988)	(1,252)	(1,007)	(1,085)	(4,533)
Net book amount	**4**	**452**	**2,772**	**288**	**837**	**4,353**

14. FINANCIAL INSTRUMENTS

(a) By category

The accounting policies for financial instruments have been applied to the following line items;

Loans and receivables	**Trade and other receivables** TShs M	**Cash and cash equivalents** TShs M	**Total** TShs M
31 December 2009	3,408	1,965	5,373
31 December 2008	4,899	798	5,697

Other financial liabilities at amortised cost	**Trade and other payables** TShs M	**Total** TShs M
31 December 2009	1,741	1,741
31 December 2008	2,532	2,532

(b) Credit quality of financial assets

The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to historical information about counterparty default rates:

Trade receivable	**2009** **TShs M**	2008 TShs M
Group 1 - Balances from customers with no past history of default and no provision for impairment raised against their balances	**2,763**	2,862
Group 2 - Balances from customers with no past history of default but provision has been made in the past against their balances	**391**	1,348
Group 3 - Balances from customers with past history of default and provision made against them in the past	-	-
Total trade and other receivable (Note 16)	**3,154**	4,210
Cash at bank		
Citibank Tanzania Limited - A subsidiary of CITIGROUP incorporated in USA	**965**	758
Twiga Bancorp - Highly regarded mid tier bank in Tanzania	**500**	-
CRDB Bank - Top bank in the country in terms of total assets	**493**	33
Total cash at bank (Note 17)	**1,958**	791

15. INVENTORIES

	2009 TShs M	2008 TShs M
Spare parts	**231**	258
Stationery	**56**	108
Cleaning materials	**15**	25
Fuel	**39**	23
Uniforms	**52**	65
	393	479
Less: Provision for impairment loss on inventories	**(28)**	(13)
	365	466

The cost of inventories recognised as an expense and included in the fuel and maintenance costs amounted to TShs 412 million (2008: TShs 444 million).

16. TRADE AND OTHER RECEIVABLES

	2009 TShs M	2008 TShs M
Trade receivables	**3,154**	4,210
Less: Provision for impairment of trade receivables	**(370)**	(278)
Trade receivables - net	**2,784**	3,932
Deposits and prepayment	**328**	416
Staff debtors	**188**	131
Building materials revolving fund	**8**	15
Staff car loans	**100**	107
Other receivables	**-**	298
	3,408	4,899
The fair values of trade and other receivables are as follows:		
Trade receivables - net	**2,784**	3,932
Deposits and prepayment	**328**	416
Staff debtors	**188**	131
Building materials revolving fund	**8**	15
Staff car loans	**100**	107
Other Receivables	**-**	298
Trade receivables - net	**3,408**	4,899

As of 31 December 2009, trade receivables of TShs 2,594 million (2008: TShs 1,499 million) were fully performing.

As of 31 December 2009, trade receivables of TShs 169 million (2008: TShs 1,363 million) were past due but not impaired. These relate to a number of independent customers for whom there is no recent history of default. The ageing analysis of these trade receivables is as follows:

	2009	2008
	TShs M	TShs M
Up to 3 months	**-**	1,285
3 to 6 months	**169**	78
	169	1,363

As of 31 December 2009, trade receivables of TShs 391 million (2008: TShs 1,348 million) were impaired and provided for. The amount of the provision was TShs 370 million as of 31 December 2009 (2008: TShs 278 million). 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.

The ageing of these receivables is as follows:

	2009	2008
	TShs M	TShs M
3 to 6 months	**-**	-
Over 6 months	**391**	1,348
	391	1,348

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

Currency

	2009	2008
	TShs M	TShs M
US Dollars	**2,724**	2,835
Tanzanian Shillings	**402**	2,064
Euro	**28**	-
	3,154	4,899

Movements on the Company provision for impairment of trade receivables are as follows:	**2009 TShs M**	2008 Tshs M
At 1 January	**278**	157
Provision for receivables impairment	**92**	166
Unused amounts reversed	**-**	(45)
At December	**370**	278

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.

17. CASH AT BANK AND IN HAND

	2009 TShs M	2008 Tshs M
Cash at bank	**1,958**	791
Cash in hand	**7**	7
	1,965	798

18. 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 (foreign shareholder) - 51%	**184**	184
Other local shareholders - 49%	**176**	176
	360	360

19. RETIREMENT BENEFIT OBLIGATIONS

	2009 **TShs M**	2008 TShs M
As at 1 January	**1,315**	342
Actuarial loss recognised directly in the statement of comprehensive income	**-**	723
Current service cost	**415**	349
Interest cost (discount unwinding)	**118**	31
Payments made	**(767)**	(130)
As at 31 December	**1,081**	1,315

The Company has an unfunded non-contributory employee gratuity arrangement (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, 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 2009 using the Projected Unit Credit Method.

As at 31 December 2009 the present value of the accrued (past service) liability in respect of retirement gratuity benefits was TShs 1,081 million (2008: TShs 1,315 million). The principal assumptions used in the actuarial valuation are:

(i) Discount rate of 9%; and
(ii) Rate of salary escalation of 3-5% per annum.

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 2010.

The 5-year trend of these non-contributory employee gratuity arrangement is a follows:

	2009 **TShs M**	2008 TShs M	2005-7* TShs M
- Present value of the defined benefit obligation	**1,081**	1,315	342
- Experience adjustments arising on the planned liabilities as a percentage of the defined benefit obligation at the balance sheet date.	-	55%	-

Note:

* *In the opinion of the directors, it is not possible to obtain information pertaining to the 2005 - 2007 financial years.*

20. DEFERRED INCOME TAX LIABILITIES

	2009 TShs M	2008 TShs M
Details of the deferred income tax liabilities are as follows:		
Property and equipment	**525**	483
Provisions	**(497)**	(314)
	28	169
Movement in deferred tax provision:		
As at 1 January	**169**	294
Credit to profit and loss account (Note 10)	**(141)**	(125)
At 31 December	**28**	169

21. TRADE AND OTHER PAYABLES

	2009 TShs M	2008 TShs M
Dividends payable	**689**	970
Airport Authorities - Concession fees	**437**	751
Sundry payable and accruals	**270**	558
Bonus payable	**268**	165
Agency accounts	**44**	57
Value Added Tax - net	**33**	31
	1,741	2,532

22. CASH GENERATED FROM OPERATIONS

	2009 TShs M	2008 TShs M
Profit before income tax	**5,668**	4,847
Adjustment for:		
Depreciation	**856**	791
Provision for retirement benefit obligations	**533**	380
	7,057	6,018
Changes in working capital:		
Inventories	**101**	(119)
Trade and other receivables	**1,491**	(513)
Trade and other payables	**(791)**	956
Cash generated from operations	**7,858**	6,342

23. RELATED PARTY TRANSACTIONS

(i) Directors' remuneration

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

	2009 TShs M	2008 TShs M
Mr Urs Sieber (Retired 1 June 2009)	**5**	15
Mr Juan Jose Andres Alvez (Appointed 1 June 2009)	**9**	-
Hon Joseph Mungai MP	**15**	13
Prof. Letitia Rutashobya	**14**	13
Mr Jeroen de Clercq	**15**	14
Mr John Batten	**9**	8
	67	63

(ii) Key management's remuneration

Short term benefits	**578**	515

Key management personnel are described as those persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly, including any director of the Company.

24. OPERATING LEASES

During the year the Company entered into operating lease agreements for a number of properties, under which the minimum lease payments are as follows:

	2009 TShs M	2008 TShs M
Commitments expiring in:		
- less than one year	**626**	514
- more than one and not later than five years	**626**	472
- later than five years	**-**	-

During the year, the Company has charged TShs 633 million as an expense in the profit and loss account in respect of these leases (2008: TShs 571 million).

25. CONTINGENT LIABILITIES

As at 31 December 2009, 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 222 million. In the opinion of the Directors and Company's Legal Counsel, no material liabilities are expected to crystallise from these lawsuits.

26. COMMITMENTS

	2009	2008
	TShs M	TShs M
As at the balance sheet, the Company had the following capital commitments.		
Approved and contracted for	**960**	447

Funds to meet this expenditure will be provided from Company's own resources.

27. 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 ultimate controlling party is Ferrovial Services, S.A a Company incorporated in Madrid, Spain.

MANAGEMENT TEAM
AS AT 31 DECEMBER 2009

Wandwi Mugesi
Cargo Services Manager

Rashid A. Mbonde
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

AUDITORS, BANKERS, LAWYERS AND INSURERS

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Tanzania

Bankers

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Peugeout House
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Dar Es Salaam
Tanzania

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

Twiga Bankcorp Tanzania Limited
Dar es Salaam Branch
P.O. Box 10119
Dar es Salaam
Tanzania

Lawyers

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Dar Es Salaam
Tanzania

Insurers

Phoenix of Tanzania Assurance Co. Limited
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