SWISSPORT TANZANIA LTD

ANNUAL REPORT

2006

www.swissport.co.tz

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swissport

To

The shareholders
Swissport Tanzania Ltd

Letter of Transmittal

The Directors of the company have the pleasure to submit to you the Annual Report for the Company for the year ended on 31st December 2006, in accordance with section 166 of the Companies Act.

The report contains the Chairman's statement, the Report of the CEO on the state of affairs of the Company, the Director's Report and Auditors Report on the accounts.

An interim dividend of Tshs. 1,080M equal to Tshs. 30.00 per share was paid in October, 2006. The Directors recommend a final dividend of Tshs. 1,716M equal to Tshs.47.65 per share making the total dividend for 2006 to be Tshs. 2,796M or Tshs.77.65 per share.

Urs Sieber

CHAIRMAN
SWISSPORT TANZANIA LIMITED

6th March, 2007

CHAIRMAN'S STATEMENT

I am delighted to report another excellent year for Swissport Tanzania Ltd. Our company achieved significant progress in its financial and transformation process.

Our past investments have enabled us to Build a strong position in the aviation industry which offer long-term growth. Looking forward, we continue to lay the foundation for long-term success and value creation in a demanding international business environment. Last year we continued our effort to revamp the fleet of our ground support equipment in order to satisfy our customer needs. I expect the company will continue to make progress in 2007, as the returns from past investments grow while we continue to invest in new technologies and products.

In 2006, the aviation industry continued to be faced with many challenges including security and safety concerns as well as swelling fuel prices. Due to shareholder misunderstandings Air Tanzania who is one of our major customers performed below expectations but despite of all these, Swissport Tanzania was able to register yet another profitable year.

The total turnover in 2006 amounted to Tshs. 14,933M which is an increase of 14% above that of the preceding year. Profit before tax amounted to Tshs. 5,062M which is an increase of 14% above that of year 2005. Net profit for the year amounted to Tshs.3,495M representing 11% increase compared to that of 2005.

Swissport Tanzania continued to do well in the stock market and we believe this is the result of our financial performance and corporate rebranding which was launched in 2005. As of year end, the share price stood at Tshs. 680 resulting into market capitalization of Tshs. 24,480M which is a 12% increase compared to that of 2005.

An interim dividend of Tshs. 1,080M was paid to shareholders out of 2006 results and the Board of Directors has recommended a final dividend of Tshs. 1,716M making the total dividend for the year to amount to Tshs. 2,796M which translates itself to Tshs 77.65 per share as compared to Tshs. 70.10 paid out of year 2005 results. The total dividend for 2006 represents an increase of 11% over that of 2005.

At this juncture I would like to thank all our customers for their continued patronage. It is my hope that the well established business relationship existing between us will be sustained. It is gratifying to note that many of our customers are growing fast and spreading their wings.

The future appears bright and buoyant despite of the planned liberalization ground handling business mid this year. Our belief is that market liberalization if handled properly offers many benefits especially to the consumers. However, before liberalization the relevant authorities should take into account the small market size, limited infrastructure of airports and safety concerns. We have engaged the Government in a dialogue aimed at having our exclusivity concession extended and we are optimistic that our request will be granted. We have also taken several measures to enhance our company's image and competitiveness such as rebranding, cost control, staff training and retention as well as improvement on our service delivery.

We will continue striving towards fully integrating the company into the global economy and adapting to the aviation services revolution for truly sustainable growth in the coming future.

I would like to thank the management team and all our employees for yet another successful year as their commitment has been outstanding. I would also like to thank the Government of the United Republic of Tanzania for creating a conducive environment for doing business through several policy reforms. Finally, I would like to pay tribute to my predecessor Mr. Joseph In Albon for his immense contribution towards the growth of our company.

Urs Sieber
CHAIRMAN

CEO'S REPORT

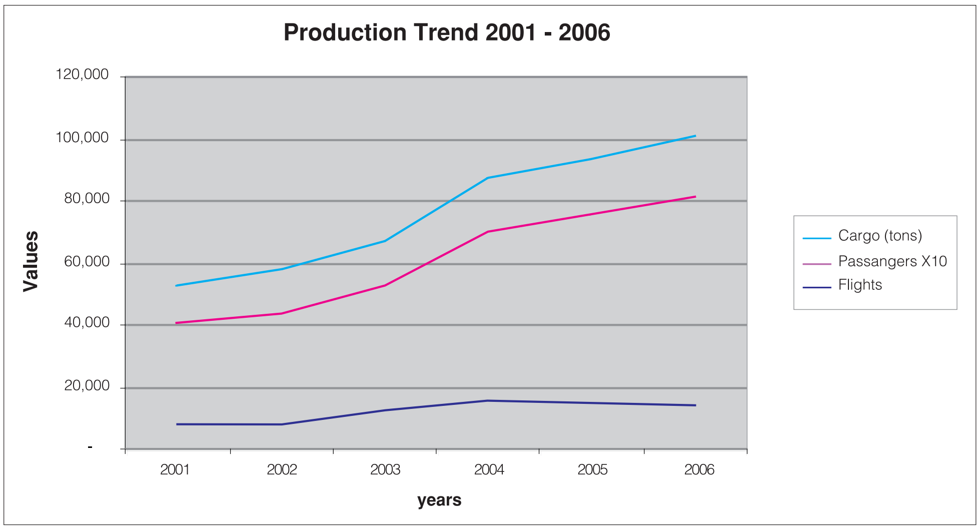
Despite the many challenges that faced the airline industry in 2006, I am pleased to report yet another successful year for our Company. Both revenues and profitability was on the increase representing a double digit growth. Stable business environment, careful management of our resources, and outstanding performance by our employees and Management combined to drive Swissport Tanzania towards success in 2006.

During the year under review we handled 14,763 flights which are 319 flights less as compared to 15,082 flights handled in 2005. The decrease is mainly due to termination of operation into Tanzania by Oman Air and Yemen Air as well as frequency reduction by ATCL, Air Malawi, Air Mozambique and Zanair who in total operated 1,737 flights less than those they operated in 2005. On the positive side, frequency increase by Precisionair, Ethiopian Airlines, Swiss International Ltd, South African Airways, Kenya Airways and Air Zimbabwe to a greater extent covered the shortfall. Introduction of Rwanda and Zambian Airways into Kilimanjaro and Julius Nyerere International Airports respectively impacted positively on our overall performance.

It is however worth mentioning that in absolute terms the decrease in number of flights handled is insignificant to our revenues or even the number of passenger handled given that the decrease was mainly from light aircraft with small revenue yield and seating capacity. On the other hand some carriers operated using bigger equipment. It is therefore not surprising that the number of passengers handled in 2006 increased by 11% to reach 671,887 as compared to 605,052 we handled in 2005.

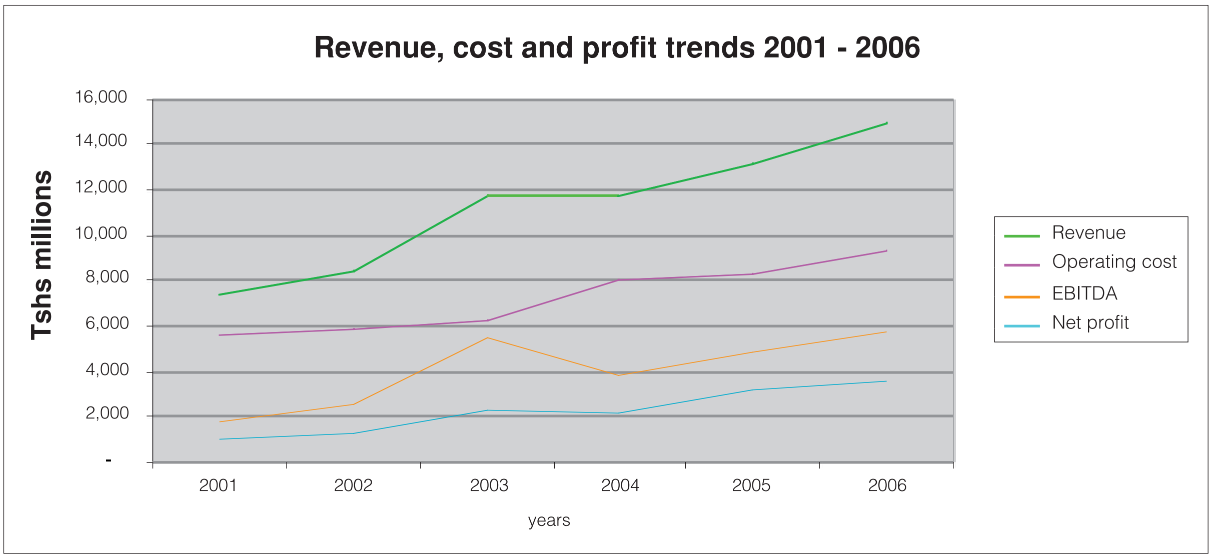
As far as our Cargo business segment is concerned, I am equally pleased to report a successful year for our company. In total we handled 19,378 tons of both perishable and general cargo in 2006 which is 8.5% higher than 17,865 tons handled in 2005. This product line contributed Tshs. 3,373 Million which is 22.5% of our total turnover.

The graph below depicts our production trend for the last 6 years.



The company's operating revenue for the year under review increased by 14% to reach Tshs. 14,992,974,000 as compared to previous year's turnover of Tshs. 13,108,000,000. Operating expenses on the other hand increased to Tshs.9,931,000,000 compared to 8,759,000,000 incurred in 2005 which is an increase of 13%. In view of the foregoing, our company's pretax profit reached Tshs. 5,062,000,000 signifying an increase of 14% when compared to that of 2005. The profit after tax for the year which amounted to Tshs. 3,495,000,000 is 11% higher than that realized in the preceding year.

The graph below shows the revenue, cost and profitability trend for the last six years



Earning per share was Tshs 97.08 while that reported for 2005 was Tshs 87.64 as depicted below

Corporate Social Responsibility

Swissport Tanzania is not a company of numbers only. We are aware of our social responsibility and have integrated Corporate Social Responsibility into our operations. We strive to achieve a balance on how we do things instead of adopting a narrow definition of CRS to mean altruism which is the case with other companies. We at Swissport Tanzania have adopted a wider defination which encompasses all our economic, social and environmental impacts of our operations. In this regard, we have supported various voluntarily initiatives involving codes of conduct, reporting and disclosure, establishment of both quality and environmental management systems as a way of addressing a wide range of our stakeholder's interests for our sustainable development.

We recognize that our employees are one of the company's key stakeholders and in this regard have introduced policies which are geared towards ensuring that they are safe at work, are alerted of all potential hazards and are trained to work safely. As an airport handling company we are aware of the health and safety issues which might affect our employees and have taken steps such as provision of safety gear, training on safety best practices, medicare for them and their dependants etc.

Our commitment to providing a safe and healthy workplace was in 2006 recognized whereby the company was awarded compliance certificates by the Occupational Safety and Health Authority of Tanzania (OSHA). This was archieved after thorough review and inspection of the company's activities at both Julius Nyerere and Kilimanjaro International Airports, which were found to be in compliance with the requirements of the prevailing Occupational Health and Safety Act No 5 of 2003.

Swissport Tanzania is also committed to reducing its operations impact on the environment by complying with applicable environmental laws, regulations and standards, implementing pollution prevention and waste minimization programs to eliminate or reduce wastes and emissions, conserving energy and materials through resource management, using safety analysis and review system in order to control and reduce environmental safety and health risks.

As a way of giving assurance to the aforementioned commitment, we have taken steps to implement an environmental management system according to the requirements of ISO 14001:2004. The EMS will be an important vehicle for improving environmental performance of our company. As of today the company has put in place an environmental policy, and a team has been set up whose main task is to spearhead the impact assessment in the operations to ensure that procedures are not only established but also implemented for continuous improvement. Our target is to be certified under ISO 14001:2004 in 2007 of course without losing sight of our Quality Management system under ISO 9001-2000 that is also due for re-certification.

In 2006, our Company participated actively in various social initiatives in Tanzania. Following a looming draught in the country and in response to a call by the President of the United Republic of Tanzania, His Excellency Jakaya Mrisho Kikwete to help, Swissport Tanzania Limited contributed Tshs. 60,000,000/= towards the food relief fund that was set up under the Prime Ministers office. Fifty percent of this amount was contributed by our parent company Swissport International. In the same spirit, our company donated Tshs. 14,000,000 to support education in the country through the Tanzania Education Authority or directly to various beneficiaries. Towards the end of the year we shifted our focus to helping children living under difficult conditions specifically orphans and we donated Tshs. 1,200,000/= to Kurasini Children's Home. Additional donation of Euro 10,000 was made available to the Kurasini Children's Home by the Swissport Group of companies. These initiatives will be continued in the years to come.

OUTLOOK

As earlier announced, our company's exclusivity concessions at Julius Nyerere and Kilimanjaro international airports are coming to an end on 30th May, 2007. Since we do not believe the infrastructure at these airports is adequate and the market is matured enough to allow for more than one operator to survive economically, we have lodged an application to the Government for an extension and are waiting for a response. Whatever the outcome, Swissport Tanzania has re-positioned itself to remain competitive.

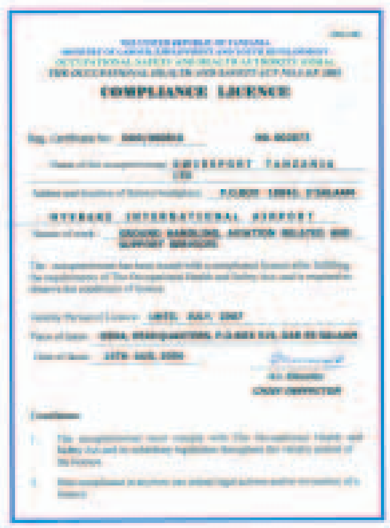
APPRECIATION

I would like to end my report by thanking all our customers for their continued patronage. As a customer focused company, we will continue to build and maintain cordial and close working relationship with all our customers. We view each one of them as an important building block of our success today and in the future. I would therefore like to renew our commitment to continuous improvement of our services through various strategies including investment in lifting the competence of our human resources and procurement of additional ground support equipment. We are optimistic that all of them will continue to partner with us in the coming years. Our staff have been very hardworking and supportive to the company throughout the year. I would therefore like to say to them ASANTENI SANA!

Last but not the least, I would like to recognize the good work done by the outgoing Board Chairman Mr. Joseph In Albon not only for bringing Swissport Tanzania into the mainstream of Swissport International but also for being a true friend of Tanzania. I would also like to use this opportunity to salute Dr. Ludwig Berstch who retired last year and at the same time to welcome our new Board Directors and our new Chairman Mr. Urs Sieber.

Gaudence Kilasara Temu
Chief Executive Officer

COMPLIANCE LICENCE



COMPLIANCE LICENCE

REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31 DECEMBER 2006

The Directors submit their report together with the audited financial statements for the year ended 31 December 2006, 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 2006, except where otherwise stated, are:

	Name	Nationality	Position	Remarks
1.	Mr Urs Sieber	Swiss	Chairman,	*appointed 19th February, 2007*
2.	Mr Joseph In Albon	Swiss	Chairman,	*retired 6th March, 2007*
3.	Hon Joseph Mungai MP	Tanzanian	Director	
4.	Mr George Fumbuka	Tanzanian	Director	
5.	Mr. Michel Jansen	Dutch	Director,	*appointed 19th February, 2007*
6.	Mr Jeroen de Clercq	Dutch	Director,	*appointed 21th June 2006*
7.	Dr Ludwig Bertsch	German	Director,	*retired 19th February, 2007*


Mr Urs Sieber


Mr Joseph In Albon


Hon Joseph Mungai MP


Mr George Fumbuka


Mr Michel Jansen


Mr Jeroen de Clercq


Dr Ludwig Bertsch

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 5 board members, as listed hereunder, have an interest in the issued and fully paid up shares of the company.

Hon Joseph Mungai MP holds	387,795 shares
Mr George Fumbuka holds	2,335 shares

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

	US $
The Chairman of the Board	8,500
Other directors	6,000

The directors are also entitled to sitting allowance for every sitting as follows:

	US $
The Chairman of the Board	850
Other directors	600

2. COMPANY SHAREHOLDING

As at 31 December 2006 the company had 12,679 shareholders. Ten major shareholders are listed below:

	Name	Nationality	% of Holding
1	Swissport International Limited	Swiss	51
2	Orbit Securities Company Limited	Tanzanian	6
3	National Social Security Fund	Tanzanian	5
4	Public Service Pensions Fund	Tanzanian	4
5	Parastatal Pensions Fund	Tanzanian	3
6	Mr Ernest Saronga Massawe	Tanzanian	2
7	Hon Joseph Mungai (MP)	Tanzanian	1
8	GAK Patel & Co. Ltd	Tanzanian	1
9	Social Action Trust Fund	Tanzanian	1
10	Government Employees Provident Fund	Tanzanian	1
	Others	Tanzanians	25
	Total		**100**

3. ACTIVITIES

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

	2006 Actual Revenue TShs M	2005 Actual Revenue TShs M	2004 Actual Revenue TShs M
Julius Nyerere (Dar es Salaam)			
Ground handling revenue	**8,650**	8,103	7,531
Cargo handling revenue	**2,901**	2,481	1,966
Sub total	**11,551**	10,584	9,497
Kilimanjaro			
Ground handling revenue	**2,970**	2,176	1,895
Cargo handling revenue	**421**	348	320
Sub total	**3,391**	2,524	2,215
Grand total	**14,942**	13,108	11,712

Revenue was 14% above year 2005. Ground handling contributed substantially to the revenue increase. The increase in ground handling revenue was due to increased frequencies by Precision Air, Emirates, KLM, Ethiopian Airlines, Kenya Airways and South African Airways. The handling of courier and postal parcels was a source of additional revenue for the Company during year 2006.

4. FUTURE DEVELOPMENTS

The Company foresees an increase in flight frequencies during the financial year 2007. This is mainly attributed to introduction of new carriers such as Qatar Airways and Zambian Airways and increased operations by Ethiopian Airlines, Precision Air, Kenya Airways and Executive Aviation operations. Freighter operations at Kilimanjaro are expected to increase during year 2007. However the Air Tanzania Company Limited (ATCL) situation is uncertain. The increased demand for the cold storage facility services at JNIA will further improve our performances in 2007.

The Company's exclusivity concession is coming to an end on 30 May 2007. However management is negotiating with relevant authorities for a possible extension.

5. RESULTS AND DIVIDEND

The Company achieved net profit for the year of TShs 3,495 M (2005: TShs 3,155 M). The directors recommend the approval of a final dividend of TShs 1,716 M equal to TShs 47.65 per issued and fully paid in share.

An interim dividend of TShs 1,080 M or TShs 30.00 per share was paid in October 2006 making the total dividend for the year 2006 to be TShs 2,796 M or TShs 77.65 per share (2005: TShs 70.10 per share).

6. SOLVENCY

The Company's state of affairs at 31 December 2006 is set out on page 20 of the financial statements. The following matters may assist in the assessment of quality of the net assets:

a) Included in the trade receivable balance of TShs 3,135 M is TShs 608 M overdue for more than 30 days at the balance sheet date, which is the average period of credit given to customers. A provision of TShs 84 M exists against these debts. The directors believe that the net book value of the trade receivables will be realised in the ordinary course of business.

b) Most of the Company's suppliers are paid within 45 days of either the receipt of goods or provision of service.

7. STOCK EXCHANGE INFORMATION

In 2003 the Company went public and its shares started to trade at the Dar es Salaam Stock Exchange. During the year shares of the Company were continuously traded in the secondary market through auctions organized by Dar es Salaam Stock Exchange (DSE). In the year 2006 the performance of the Company's shares in the secondary market was as follows: Market capitalization for the year was TShs 24,120 M (2005 - TShs 21,600 M), total turnover of the Company's shares at DSE was TShs 2,100 M (2005 - TShs 1,060 M), the average price company shares was TShs 670 (2005 - TShs. 556) and share price prevailing as at 31 December, 2006 was TShs 680 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 possess a range of experience and are sufficiently of 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 2006 and were attended by the Company Chief Executive Officer, who is also a Secretary of the Board of Directors; and the Chief Finance Officer.

ii) Directors remuneration

Directors' and key management remunerations are highlighted on page 41 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. Control environment is strong by having well a organizational structure, risk identification and evaluation process, information and financial reporting systems, investment appraisal process, strong internal audit department and fraud management. Review of effectiveness of system of internal control activity is delegated and carried out by the Audit Committee.

During the year the Audit Committee comprised of three directors, Hon. Joseph J. Mungai, Mr. George L. Fumbuka and Mr. Jeroen de Clercq a director (effective 26th June 2006) from Swissport International, met once. The Chief Executive Officer, the Chief Finance Officer, a representative of the Company's external auditors and the Head of Internal Audit attended the meeting. 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 before their submission to the Board and monitoring the controls which are in force to ensure the integrity of the information reported to the shareholders. The Audit Committee advises the Board on the appointment of the external auditors approves their remuneration and discusses the nature, scope and results of the audit with the external auditors.

11. AUDITORS

The auditors, PricewaterhouseCoopers, have expressed their willingness to continue in office and are eligible for re-appointment. A resolution proposing the re-appointment as auditors of the Company for year 2007 will be put to the Annual General Meeting.

BY ORDER OF THE BOARD

Urs Sieber
Chairman

6th March 2007

STATEMENT OF DIRECTORS' RESPONSIBILITIES FOR THE YEAR ENDED 31 DECEMBER 2006

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.

Urs Sieber
Chairman

6th March 2007

REPORT OF THE INDEPENDENT AUDITORS

We have audited the accompanying financial statements of Swissport Tanzania Limited, which comprise the balance sheet as at 31 December 2006, the profit and loss account, 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 in accordance with International Financial Reporting Standards and with the requirements of the Tanzanian Companies Act 2002. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; 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 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 appropriatenss 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 of 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 2006 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.

PRICEWATERHOUSECOOPERS

Certified Public Accountants
Dar es Salaam

PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31st DECEMBER 2006

	Notes	2006 TShs M	2005 TShs M
Revenue			
Ground and cargo handling revenue	5	**14,942**	13,108
Other revenue	6	**51**	82
		14,993	13,190
Operating expenses			
Staff costs	11	**4,009**	3,785
Rent and other occupancy costs		**591**	564
Concession fees		**963**	782
Telecommunication costs		**574**	539
Depreciation		**557**	534
Fuel and maintenance costs		**1,006**	785
Other operating costs	7	**2,231**	1,770
		9,931	8,759
Profit before income tax		**5,062**	4,431
Income tax expense	8	**(1,567)**	(1,276)
Profit for the year		**3,495**	3,155
Earnings per share (TShs) - Basic	9	**97.08**	87.64
- Diluted	9	**97.08**	87.64

The notes on pages 24 to 42 form an integral part of these financial statements.

BALANCE SHEET
AS AT 31st DECEMBER 2006

	Notes	2006 TShs M	2005 TShs M
ASSETS			
Non-current assets			
Property and equipment	12	**3,868**	2,663
Staff loans	13	**-**	9
		3,868	2,672
Current assets			
Inventories	14	**383**	425
Trade and other receivables	15	**3,444**	2,585
Income tax recoverable		**19**	198
Cash at bank and in hand	16	**1,362**	1,674
		5,208	4,882
Total assets		**9,076**	7,554
EQUITY			
Share capital	20	**360**	360
Retained earnings		**6,026**	5,199
Shareholders' equity		**6,386**	5,559
LIABILITIES			
Non-current liabilities			
Retirement benefit obligations	18	**526**	831
Deferred income tax liabilities	19	**210**	371
		736	1,202
Current liabilities			
Trade and other payables	21	**1,954**	793
Total liabilities		**2,690**	1,995
Total equity and liabilities		**9,076**	7,554

The financial statements on pages 19 to 42 were approved by the Board of Directors on 6th March, 2007 and signed on its behalf by:

Urs Sieber - Chairman

The notes on pages 24 to 42 form an integral part of these financial statements.


Emirates
AIRBUS A340-300
swissport

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31st DECEMBER 2006

	Share capital	Revaluation surplus	Retained earnings	Total
	TShs M	TShs M	TShs M	TShs M
Year ended 31 December 2005				
At the beginning of the year	360	-	4,096	4,456
Profit for the year	-	-	3,155	3,155
Dividend paid	-	-	(2,052)	(2,052)
Balance at 31 December 2005	**360**	**-**	**5,199**	**5,559**
Year ended 31 December 2006				
At the beginning of the year	360	-	5,199	5,559
Profit for the year	-	-	3,495	3,495
Dividend paid	-	-	(2,668)	(2,668)
Balance at 31 December 2006	**360**	**-**	**6,026**	**6,386**

The notes on pages 24 to 42 form an integral part of these financial statements.

CASH FLOW STATEMENT
FOR THE YEAR ENDED 31st DECEMBER 2006

	Notes	2006 TShs M	2005 TShs M
Cash flows from operating activities			
Cash generated from operations	22	**6,074**	4,477
Retirement benefit obligations paid		**(398)**	(121)
Tax paid		**(1,549)**	(1,213)
Net cash generated from operating activities		**4,127**	3,143
Cash flows from investing activities			
Proceeds from sale of scrapped assets		**-**	41
Purchase of property and equipment	12	**(1,771)**	(1,012)
Net cash used in investing activities		**(1,771)**	(971)
Cash flows from financing activities			
Dividends paid to Company's shareholders		**(2,668)**	(2,052)
Net cash used in financing activities		**(2,668)**	(2,052)
(Decrease)/increase in cash and cash equivalents		**(312)**	120
Movement in cash and cash equivalents			
Cash and cash equivalents at the beginning of the year		1,674	1,554
Net (decrease)/increase in cash and cash equivalents		(312)	120
Cash and cash equivalents at the end of the year	**16**	**1,362**	1,674

The notes on pages 24 to 42 form an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31st DECEMBER 2006

These notes form an integral part of the financial statements.

1. PRINCIPAL ACCOUNTING POLICIES

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

A. Basis of preparation

The financial statements are prepared in accordance with International Financial Reporting Standards (IFRS), under the historical cost convention.

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 3.

i) *Adoption of new and revised standards*

In 2006 new and revised standards and interpretations became effective for the first time and have been adopted by the Company where relevant to its operations. The adoption of these new and revised standards and interpretations had no material effect on the Company's accounting policies or disclosures. The relevant standards include:

- IAS 19 Amendment - Actuarial Gains and Losses, Group Plans and Disclosures
- IAS 19 Amendment - Cash Flow Hedge Accounting of Forecast Intragroup Transactions
- IAS 19 Amendment - The Fare Value Option
- IAS 19 and IFRS 4 Amendment - Financial Guarantee Contracts
- IFRIC 4 - Determining whether an Arrangement contains a lease

ii) *Standards, interpretations and amendments to published standards that are not yet effective.*

The following amendment to an existing standard and new standard will be mandatory for the Company's accounting periods beginning on or after 1 January 2007, but which the Company has not early adopted:

- IAS 1 Amendment, Capital Disclosures. The amendment to IAS 1 introduces disclosures about the level of the Company's capital and how it manages capital

- IFRS 7, Financial Instruments: Disclosures. IFRS 7 introduces new disclosures to improve the information about financial instruments. It requires the disclosure of qualitative and quantitative information about exposure to risks arising from financial instruments, including specified minimum disclosures about credit risk, liquidity risk and market risk, including sensitivity analysis to market risk.

B. Segment reporting

A business segment is a group of assets or operations engaged in providing services (i.e. ground handling and cargo) that are subject to risks and returns that are different from those of other business segments.

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 functional currency of the Company is the Tanzanian Shillings. The financial statements are presented in the Tanzanian shillings, rounded to the nearest million.

ii) Transactions and balances

Foreign currency transactions are translated into Tanzanian Shillings using the exchange rates prevailing at the dates of the transactions. Monetary assets and liabilities at the 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 the estimated useful life as follows:

Description	**Rates (%) per annum**
Leasehold improvement	12.5
EDP Equipment and software	25
Motorised ground support equipment	6.67,10
Non motorised ground support equipment	14.3
Furniture and equipment	12.5
Motor vehicles	25.0
Fuel and water tank	12.5
Internet installation	25.0
Cold storage facility	7.3

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 included 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 initially recognised at fair value and subsequently measured at their amortised costs using the effective interest method. 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 receivables. The amount of the provision is the difference between the carrying amount and the expected cash flows discounted at the effective interest rate. The amount of the provision is recognised 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 taxes

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. 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. Employee 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 Company's internally generated funds.

The liability recognised 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, together with adjustments for unrecognized actuarial gains or losses and past service costs. The defined retirement benefit obligations are calculated after every three years 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 income over the employees' expected average remaining working lives.

For the defined contributions plan, 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

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.

2. FINANCIAL RISK MANAGEMENT

2.1 Financial risk factors

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

Credit risk

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. 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.

Foreign currency risk
As and when the need arises, the Company enters into transactions denominated in foreign currencies (primarily United States Dollars ("US$")). In addition, the Company has assets and liabilities denominated in United States Dollars ("US$"). As a result, the Company is subject to transaction and translation exposure from fluctuations in foreign currency exchange rates. Exposure to foreign currency risk is mitigated by the fact that a significant part of its earnings are in hard currencies (US Dollars). Furthermore, the Company maintains its sales proceeds in US Dollars. The effect of foreign currency risk is not significant and therefore the management does not hedge against foreign currency risk.

2.2 Fair value estimation
The carrying value less impairment provision of trade receivables and payables are assumed to approximate their fair values due to the short term nature of trade receivables and payables.

3. 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 18.

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 1(D) above.

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.

4. BUSINESS SEGMENT INFORMATION

The Company is currently organized into three operating divisions - ground handling, cargo handling and internal services. Segment information about the Company's operations is presented below.

2006	**Ground handling**	**Cargo handling**	**Internal services (unallocated)**	**Total**
	TShs M	**TShs M**	**TShs M**	**TShs M**
Revenue	11,620	3,322	-	14,942
Other revenue	-	-	51	51
Operating expenses				
Staff costs	2,265	676	1,068	4,009
Rent and other occupancy costs	410	122	59	591
Concession fees	724	239	-	963
Telecommunication costs	397	119	58	574
Depreciation	421	85	51	557
Fuel and maintenance costs	855	137	14	1,006
Other operating costs	1,197	358	676	2,231
	6,269	1,736	1,926	9,931
Profit / (loss) before income tax	**5,351**	**1,586**	**(1,875)**	**5,062**
Segment assets and liabilities and capital expenditure				
Property and equipment	2,549	1,082	237	3,868
Capital expenditure	1,547	200	24	1,771
Inventories - gross	333	35	74	442
Trade and other receivables - gross	2,736	766	26	3,528
Trade and other payables	1,402	394	158	1,954

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

The Company is currently organized into three operating divisions - ground handling, cargo handling and internal services. Segment information about the Company's operations is presented below.

2005	Ground handling	Cargo handling	Internal services (unallocated)	Total
	TShs M	TShs M	TShs M	TShs M
Revenue	10,280	2,828	-	13,108
Other revenue	-	-	82	82
Operating expenses				
Staff costs	1,725	583	1,477	3,785
Rent and other occupancy costs	71	397	96	564
Concession fees	641	141	-	782
Telecommunication costs	315	106	118	539
Depreciation	161	209	164	534
Fuel and maintenance costs	637	107	41	785
Other operating costs	678	213	879	1,770
	4,228	1,758	2,775	8,759
Profit/(loss) before tax	6,052	1,072	(2,693)	4,431
Segment assets and liabilities and capital expenditure				
Property, plant and equipment	1,085	1,137	441	2,663
Capital expenditure	570	139	303	1,012
Inventories-gross	349	145	19	513
Trade and other receivables - gross	2,027	464	190	2,681
Trade and other payables	435	128	230	793

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

5. GROUND HANDLING AND CARGO HANDLING REVENUE

	2006 TShs M	2005 TShs M
Ground handling	**11,620**	10,280
Cargo handling	**3,322**	2,828
	14,942	13,108

6. OTHER INCOME

	2006 TShs M	2005 TShs M
Miscellaneous receipts	**51**	41
Gain on disposal of scrapped assets	**-**	41
	51	82

7 OTHER OPERATING COSTS

	2006 TShs M	2005 TShs M
Other operating costs include:		
Directors' emoluments	**55**	43
Auditors' remuneration - statutory audit	**31**	26
- limited review	**-**	5

8 INCOME TAX EXPENSE

	2006 TShs M	2005 TShs M
Current income tax		
-Current year	**1,478**	1,293
-Prior period	**250**	(94)
Deferred income tax (credit)/charge (Note 19)	**(161)**	77
	1,567	1,276

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

	2006 TShs M	2005 TShs M
Profit before income tax	**5,062**	4,431
Tax calculated at a tax rate of 30 %	**1,518**	1,329
Expenses not deductible for tax purposes	**46**	11
Deferred income tax adjustment on prior year	**247**	30
Prior period income tax	**250**	(94)
Income tax expense	**1,567**	1,276

The Tanzania Revenue Authority (TRA) has issued final assessments up to 2003.

9. EARNINGS PER SHARE

The calculation of the basic earnings per share as at 31 December 2006 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 2006, calculated as follows:

	2006	2005
Net profit after taxation (TShs M)	**3,495**	3,155
Average number of shares (millions)	**36**	36
Earning per share (TShs) - Basic and diluted	**97.08**	87.64

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

10. DIVIDEND

Dividends are not accounted for until they have been ratified at the Annual General Meeting. The Directors propose payment of a dividend of TShs 77.65 per share, amounting to TShs 2,796 million out of 2006 profit (2005:TShs 70.10 per share).

11. STAFF COST

	2006 Tshs M	2005 Tshs M
Salaries and wages	**2,803**	2,420
Pension costs - defined contribution plans	**319**	296
Pension costs - defined benefit plan	**93**	350
Other staff costs	**794**	719
	4,009	3,785

12. PROPERTY AND EQUIPMENT

	Leasehold properties improvements TShs M	EDP hardware and equipment TShs M	Motorized equipment TShs M	Non-motorized equipment TShs M	Other assets TShs M	Total TShs M
At 1st January 2005						
Cost	205	859	1,165	1,038	2,226	5,493
Accumulated depreciation	(167)	(621)	(687)	(661)	(1,171)	(3,307)
Net book amount	38	238	478	377	1,055	2,186
Year ended 31st December 2005						
Opening net book amount	38	238	478	377	1,055	2,186
Additions	-	189	570	69	184	1,012
Depreciation charge	(9)	(165)	(111)	(96)	(154)	(535)
Closing net book amount	29	262	937	350	1,085	2,663
At 31st December 2005						
Cost	205	1,048	1,735	1,107	2,410	6,505
Accumulated depreciation	(176)	(786)	(798)	(757)	(1,325)	(3,842)
Net book amount	**29**	**262**	**937**	**350**	**1,085**	**2,663**

PROPERTY AND EQUIPMENT *(CONTINUED)*

	Leasehold properties improvements TShs M	EDP hardware and equipment TShs M	Motorized equipment TShs M	Non-motorized equipment TShs M	Other assets TShs M	Total TShs M
At 1st January 2006						
Cost	205	1,048	1,735	1,107	2,410	6,505
Accumulated depreciation	(176)	(786)	(798)	(757)	(1,325)	(3,842)
Net book amount	29	262	937	350	1,085	2,663
Year ended 31 December 2006						
Opening net book amount	29	262	937	350	1,085	2,663
Additions	-	358	1,226	138	49	1,771
Disposals	-	-	(9)	-	-	(9)
Depreciation charge	(9)	(148)	(139)	(109)	(152)	(557)
Closing net book amount	20	472	2,015	379	982	3,868
At 31 December 2006						
Cost	205	1,406	2,267	1,245	2,459	7,582
Accumulated depreciation	(185)	(934)	(252)	(866)	(1,477)	3,714
Net book amount	20	472	2,015	379	982	3,868

13. STAFF LOANS

	2006 TShs M	2005 TShs M
Staff car loans (Note 15)	**-**	9

14. INVENTORIES

	2006 TShs M	2005 TShs M
Spare parts	**308**	368
Stationery	**97**	107
Cleaning materials	**21**	28
Fuel	**16**	9
Uniforms	**-**	1
	442	513
Less: Provision for impairment loss on inventories	**(59)**	(88)
	383	425

The cost of inventories recognised as an expense and included in the 'fuel and maintenance costs' amounted to TShs 709 million. (2005: TShs 633 million).

15. TRADE AND OTHER RECEIVABLES

	2006 TShs M	2005 TShs M
Trade receivables	**3,135**	2,391
Less: Provision for impairment of trade receivables	**(84)**	(87)
Net trade receivables	**3,051**	2,304
Deposits and prepayment	**265**	110
Staff debtors	**75**	70
Building materials revolving fund	**27**	20
Staff car loans	**26**	22
Employees Share Ownership Participation Trust (Note 21)	**-**	68
Less: Long term portion of staff car loans (Note 13)	**-**	(9)
Net other receivables	**393**	281
GRAND TOTAL	**3,444**	2,585

16. CASH AT BANK AND IN HAND

	2006 TShs M	2005 TShs M
Cash at bank	**1,355**	1,668
Cash in hand	**7**	6
	1,362	1,674

17. TRADE AND OTHER PAYABLES

	2006 TShs M	2005 TShs M
Airport Authorities - Concession fees	**725**	330
Sundry payable and accruals	**499**	219
Agency accounts	**358**	24
Bonus payable	**282**	139
Dividend payable	**59**	43
Value Added Tax - net	**31**	38
	1,954	793

18. RETIREMENT BENEFIT OBLIGATIONS

	2006 TShs M	2005 TShs M
As at 1 January	**831**	602
Actuarial loss	**-**	266
Current service cost	**93**	84
Payments made	**(398)**	(121)
As at 31 December	**526**	831

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 2005 using the Projected Unit Credit Method.

As at 31 December 2006 the present value of the accrued (past service) liability in respect of retirement gratuity benefits was TShs 526 million 2005: TShs 831 million). The principal assumptions used in the actuarial valuation are:

i) Discount rate of 9%; and
ii) Rate of salary escalation of 7% 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 2008.

19. DEFERRED INCOME TAX LIABILITIES

	2006 TShs M	2005 TShs M
Details of the deferred income tax liabilities are as follows:		
Property and equipment	**495**	675
Provisions	**(285)**	(304)
	210	371
Movement in deferred tax provision:		
As at 1 January	**371**	294
(Credit)/charge to profit and loss account (Note 8)	**(161)**	77
At 31 December	**210**	371

20. SHARE CAPITAL

	2006 TShs M	2005 TShs M
Authorised:		
50,000,000 Ordinary shares of TShs 10 each	**500**	500
Issued and fully paid:		
36,000,000 Ordinary shares of TShs 10 each	**360**	360
The issued shares were held as follows:-		
Swissport International Limited (foreign shareholder)	**51%**	51%
General public	**49%**	49%
	100%	100%

21. EMPLOYEES SHARE OWNERSHIP PARTICIPATION TRUST

	2006 TShs M	2005 TShs M
Disbursement	**68**	200
Cumulative repayments during the period of loan	**(68)**	(132)
Balance	**-**	68

The amount was advanced by the Company to the Employees Share Ownership Participation Trust (ESOP) to purchase shares on behalf of the Company's employees. The Trust purchased 882,000 shares at a nominal value of TShs 225 per share which were all sold subsequently in the secondary market.

The loan was interest free and repayable from proceeds of disposal of shares. The proceeds from sale of shares at market price, are used partly to repay the loan and partly for distribution to employees. The holdings of employees are based on their salary levels.

22. CASH GENERATED FROM OPERATIONS

	2006 TShs M	2005 TShs M
Profit before income tax	**5,062**	4,431
Adjustment for:		
Depreciation	**557**	535
Loss/(gain) on disposal of scrapped assets	**9**	(41)
Decrease in staff loans	**9**	-
Provision for retirement benefit obligations	**93**	350
	5,730	**5,275**
Changes in working capital:		
Decrease/(increase) in inventories	**42**	(17)
Increase in trade and other receivables	**(859)**	(488)
Increase/(decrease) in trade and other payables	**1,161**	(293)
Cash generated from operations	**6,074**	4,477

23. RELATED PARTY TRANSACTIONS

i) Directors' remuneration

The total remuneration for individual directors were as follows:

	2006	2005
Mr Joseph In Albon	**14**	10
Hon Joseph Mungai MP	**11**	9
Mr George Fumbuka	**11**	9
Mr Jeroen de Clercq	**9**	-
Dr Ludwig Bertsch	**8**	5
Mr Andreas Ernst	**2**	9
Mr Willy Hallauer	**-**	1
	55	43

ii) Key management's remuneration

	2006	2005
Short term benefits	**272**	222
Bonus	**40**	37
Retirement benefit obligations	**9**	8

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:

	2006 TShs M	2005 TShs M
Commitments expiring in:		
• less than one year	**550**	465
• more than one and not later than five years	**87**	60
• later than five years	**-**	45

During the year, the Company has charged TShs 542 million as an expense in the profit and loss account in respect of these leases (2005: TShs 464 million).

25. CONTINGENT LIABILITIES

As at 31 December 2006, 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 74 million. In the opinion of the Directors and Company's Legal Counsel, no material liabilities are expected to crystallise from these lawsuits.

26. COMMITMENTS

	2006 TShs M	2005 TShs M
As at the balance sheet, the Company had the following capital commitments.		
Approved and contracted for	**538**	-

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

27. COUNTRY OF INCORPORATION AND REGISTERED OFFICE

The Company is incorporated in Tanzania under the Tanzanian Companies Act, 2002 and is domiciled in Tanzania. The address of its registered office is:

Terminal II
Julius Nyerere International Airport
Dar-es-Salaam
Tanzania

28. THE ULTIMATE HOLDING COMPANY

The ultimate holding company is Ferrovial Services, S.A. a Company incorporated in Madrid, Spain.

MANAGEMENT TEAM

AS AT 31 DECEMBER 2006

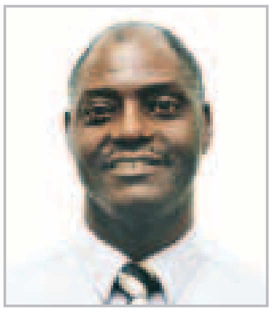
Gaudence K. Temu
Chief Executive Officer

Daniel A. Simkanga
Manager Cargo Services

Rashid A. Mbonde
Director of Finance

Stella S. Kitali
Manager Ground Handling

Robert Butambala
Station Manager - JRO



Wilson S. Ndossi
Manager Quality and Training

Nyasso L. Gama
Manager Passenger Handling

Ali Sarumbo
Manager Ramp Handling

Esta S Maro
Manager Human Resources

Wandwi D. Mugesi
Manager ICT

James F. X Mhagama
Manager Contracts & Marketing

AUDITORS, BANKERS, LAWYERS AND INSURERS

Auditors

PriceWaterhouseCoopers
P. O. Box 45,
Dar Es Salaam,
Tanzania.

Bankers

Citibank Tanzania Ltd
Peugeout House,
P. O. Box 71625,
Dar Es Salaam,
Tanzania.

CRDB Bank,
P. O. Box 96,
Dar Es Salaam,
Tanzania.

Lawyers

Tanzania Legal Corporation
NSSF House,
P. O. Box 2203,
Dar Es Salaam,
Tanzania.

Insurers

Phoenix of Tanzania Assurance Co. Ltd
P. O. Box 5961,
Dar Es Salaam,
Tanzania.

swissport

NOTICE OF 22nd ANNUAL GENERAL MEETING

Notice is hereby given that the 22nd Annual General Meeting of Swissport Tanzania Ltd will be held on Tuesday 27th March, 2007 at the Kivukoni Conference Room, Moevenpick Royal Palm Hotel, Dar es Salaam, Tanzania starting from 1100 hrs.

AGENDA:

No.	Subject
1.	To Confirm The Minutes Of The 21st Annual General Meeting.
2.	To Receive, Consider And Adopt The Directors' Report, Auditors' Report And The Audited Financial Statements For The Year Ended On 31st December, 2006.
3	To Adopt the Dividend Resolution.
4.	To Determine Remuneration of the Directors.
5.	To Elect Directors To Represent The Minority Shareholders.
6.	To Appoint The External Auditors.
7.	Any Other Business.

BY ORDER OF THE BOARD
Dated at Dar es Salaam this 7th day of March, 2007.

Gaudence Kilasara Temu
CHIEF EXECUTIVE OFFICER

NOTES

NOTES


swissport


ZS-SFE
swissport

CONTACTS

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E-mail:	info@swissport.co.tz

Branch Office,

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