swissport

SWISSPORT TANZANIA LTD

ANNUAL REPORT 2007

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swissport

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ZAMBIAN Airways CHANGING THE WAY AFRICA FLIES

Executive Aviation Operators

Cargo Customers

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 31st December 2007, in accordance with section 166 of the Companies Act, 2002.

The report contains the Chairman's Statement, CEO's Report on the status of affairs of the company, the Directors' Report and Auditors' Report on the accounts.

An interim dividend of TAS 1,260 Million or TAS 35.00 per share was paid in November, 2007. The directors recommend a final dividend of TAS 1,602 Million equal to TAS 44.48 Million per share making the total dividend for 2007 to be TAS 2,862 Million or TAS 79.48 per share.

Urs Sieber
Board Chairman
SWISSPORT TANZANIA LTD

11th March, 2008

CHAIRMAN'S STATEMENT

It is with pleasure that I am able to report impressive achievements of Swissport Tanzania Ltd for the year ended 31st December 2007.

During 2007, there were a number of significant events for the company's future but none is more momentous to shareholders than the successful extension of the exclusivity concession rights for a period of up to 31st December 2008. The Government through the Tanzania Civil Aviation Authority is still pondering on the way forward and is expected to come up with the final position after getting recommendations from a consultant especially on the required infrastructure improvements before liberalization of the ground handling market can take place. I wish to thank all those who understood our reasoning and supported us during the enquiry process.

Another notable positive development is on our product innovations and process re-engineering which met an excellent appreciation from our customers. We shall continue to focus on our core business and at the same time improve to suit the changing customer needs and the industry in general.

In 2007 there were growing impacts on operational costs resulting mainly from high fuel prices. At the same time, staff salaries were improved to cope with inflation. On the other hand, the drastic appreciation of the shilling against the dollar impacted negatively on our profitability.

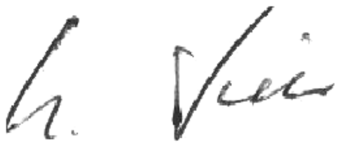
Despite all the aforementioned challenges, we recorded yet another strong financial performance as reflected in this report.

As a customer focused company, Swissport Tanzania will continuously address customer needs and invest in equipment and new technologies for the future. I wish to thank all the customers for support and patronage throughout the year. We are grateful for the confidence they have placed on us and we trust that they will continue to patronise our company.

The future outlook appears to be bright and promising despite of many hitches facing the aviation industry as a whole. Swissport Tanzania is well equipped for the anticipated changes through the strong premium brand which stands for quality, reliability, safety, expertise and affordability. We have highly qualified staff whose enthusiasm, service mindset and knowhow play a vital role in the company's success. The company is immensely adoptable, responding fast to crises and act on time whenever opportunities arise. We have created the basis for that and we are excellently positioned.

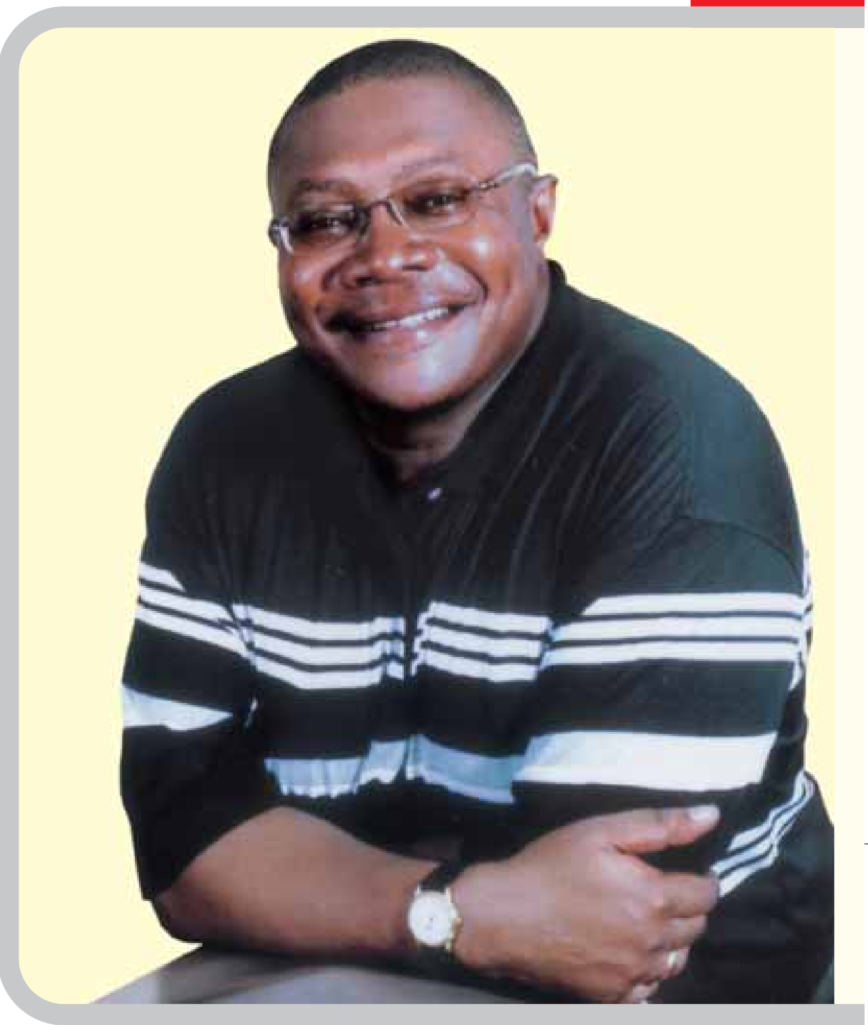
Last but not the least; I heartly congratulate the staff and Management team for the excellent achievements. I also thank you our shareholders, the Government of the United Republic of Tanzania and my fellow Board Directors for the ongoing support and encouragement.

Asante Sana!
Urs Sieber



Board Chairman
Swissport Tanzania Ltd

CEO'S REPORT

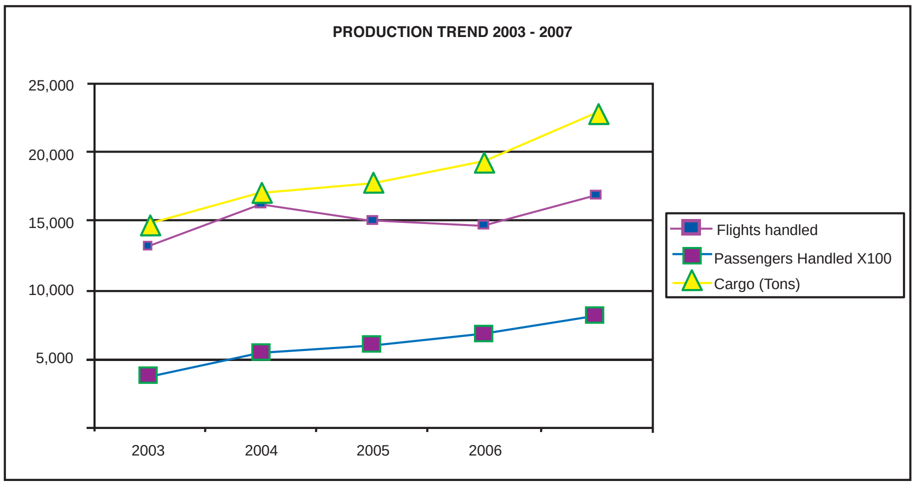


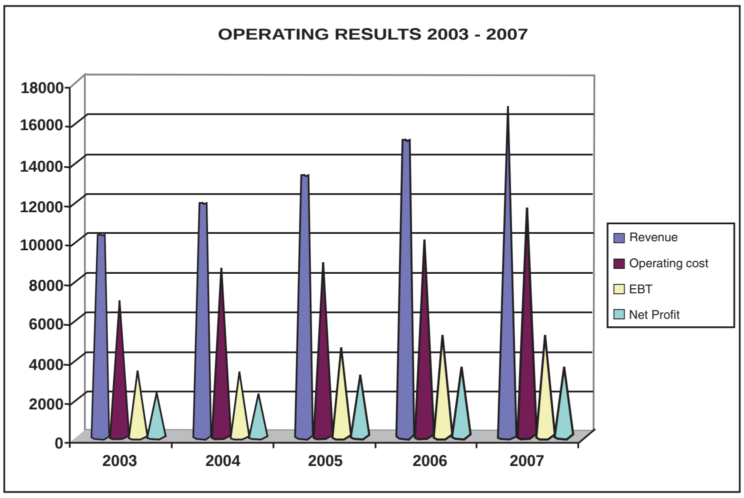
2007 was once again a successful year for SWISSPORT TANZANIA LTD as the company recorded reasonable growth in production, revenues and profitability.

During the year, the company handled 16,906 flights, 812,100 passengers and 22,937 tons of cargo thereby realizing a total turnover of TAS 16,725 Million as compared to TAS 14,942 Million realized in 2006.

For the year ended 31st December, 2007, the company achieved a profit before tax of TAS 5,166M which is an increase of 2% when compared to that of 2006 (TAS 3495 M). The net profit for the year reached TAS 3,577 Million (2006: TAS 3,495 Million)

The production and operating results trend for the last 5 years is shown on the graphs appearing below.





INVESTMENTS

Swissport Tanzania continued to invest in ground support equipment (GSE) as way of improving the reliability of its fleet. In total TAS. 1,098 Million was spent in 2007 for this purpose and more investments are planed to take place in 2008 to cope with the increasing demand.

CORPORATE SOCIAL RESPONSIBILITY

Like in the past, Swissport Tanzania participated actively in various social initiatives including making a donation of TAS. 12,000M to support education in the country through the Tanzania Education Authority. This initiative was recognized by being issued with a Certificate of Education Appreciation. In addition, a team made up of members of the Board and Management successfully climbed Mount Kilimanjaro mainly to promote Tanzania and eventually made a donation of TAS. 15,000M to the Kurasini Children's Home. This money will be utilized in alleviating classroom shortage at the centre.

In May 2007, Swissport Tanzania CEO was awarded a Certificate by the Trade Union Congress of Tanzania for being best CEO in recognition of his efforts of promoting workers participation in the company and excellent leadership. On the other hand, the Communications and Transport Workers Union (COTWU) nominated one of the Swissport Tanzania employees Philo Mahali as the best employee in the country under the sector. Both awards were handed over to the recipients by His Excellency Jakaya Mrisho Kikwete the President of the United Republic of Tanzania.

Furthermore, Swissport Tanzania was nominated by the Association of Tanzania Employers (ATE) as the overall second runners up best employer in the country in its second bi-annual contest. The result followed an independent survey conducted by Ernst & Young which was based on various categories including Corporate Social responsibility & ethics, staff training and development etc. The foregoing awards are a clear testimony that the company is adhering to good practices governing industrial relations and is socially responsible.

OUTLOOK

As earlier announced, our company's exclusivity concession at Julius Nyerere was extended to 31st December, 2008 while that of Kilimanjaro international airport was extended to 31st August, 2008. Since we do not believe the infrastructure at those airports is adequate and the market is matured enough to allow for more than one operator to survive economically, we are patiently waiting for the outcome of the study initiated by the Tanzania Civil Aviation Authority to determine the way forward. We have also lodged an application to the TCAA for a license to operate at airports that currently do not have a ground handling service provider and chances of success are quite high. Despite of challenging infrastructure, we are seeing a notable development of the aviation industry in Tanzania and our company definitely stands to benefit.

APPRECIATION

I would like to use this opportunity to once again thank all our customers for giving us business in 2007 and even before. We are renewing our commitment to continue improving our services through our dedicated teams and various strategies that we have put in place. I would also like to thank our staff for their loyalty, commitment and hard work day and night while serving our customers.

Finally, I would like to thank our Board of Directors under the leadership of our Chairman Mr. Urs Sieber for their guidance.

FROM LANDING TO TAKE OFF: WE CARE!

Gaudence Kilasara Temu
Chief Executive Officer

REPORT OF THE DIRECTORS

FOR THE YEAR ENDED 31 DECEMBER 2007

The Directors submit their report together with the audited financial statements for the year ended 31 December 2007, 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 2007, 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, *retired 27th March, 2007*	
5.	Prof. Letitia Rutashobya	Tanzanian	Director, *appointed 27th March 2007*	
6.	Dr Ludwig Bertsch	German	Director, *retired 19th February, 2007*	
7.	Mr Jeroen de Clercq	Dutch	Director	
8.	Mr. Michel Jansen	Dutch	Director, *appointed 19th February, 2007*	


Mr Urs Sieber


Mr Joseph In Albon


Hon Joseph Mungai MP


Prof. Letitia Rutashobya


Mr Michel Jansen


Mr Jeroen de Clercq


Mr George Fumbuka


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	178,047 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

The Swissport team that conquered Mount Kilimanjaro last year

2. COMPANY SHAREHOLDING

As at 31 December 2007 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	8
3	National Social Security Fund	Tanzanian	5
4	Public Service Pensions Fund	Tanzanian	5
5	Parastatal Pensions Fund	Tanzanian	3
6	GakPatel & Co. Ltd	Tanzanian	1
7	Social Acion Trust Fund	Tanzanian	1
8	Government Employees Provident Fund	Tanzanian	1
9	Aunal Rajabali	Tanzanian	1
10	Sajjad Rajabali	Tanzanian	1

3. ACTIVITIES

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

	2007 Actual Revenue TShs M	2006 Actual Revenue TShs M	2005 Actual Revenue TShs M
Julius Nyerere (Dar es Salaam)			
Ground handling revenue	**9,218**	8,650	8,103
Cargo handling revenue	**3,453**	2,901	2,481
Sub total	**12,671**	11,551	10,584
Kilimanjaro			
Ground handling revenue	**3,004**	2,970	2,176
Cargo handling revenue	**1,016**	421	348
Sub total	**4,020**	3,391	2,524
Grand total	**16,691**	14,942	13,108

Revenue was 12% above year 2006. Cargo handling contributed substantially to the revenue increase. The increase in Cargo handling revenue was due to increased cargo through-put at both Julius Nyerere International Airport (JNIA) and Kilimanjaro International Airport (KIA). The handling of courier and postal parcels was a source of additional revenue to the Company during year 2007.

4. FUTURE DEVELOPMENTS

The Company foresees an increase of flight frequencies during the financial year 2008. This is mainly attributed to introduction of new carriers such as Community Airlines and Air Uganda and increased operations by Ethiopian Airlines, Kenya Airways and Executive Aviation operations. Freighter operations at Kilimanjaro are expected to increase during year 2008. Likewise the Air Tanzania Company Limited (ATCL) situation is very much on the positive side during 2008. The increased demand of the cold storage facility services at JNIA will further improve the performance in 2008.

5. RESULTS AND DIVIDEND

The Company achieved net profit for the year of TShs 3,577million (2006: Tshs 3,495million). The directors recommend the approval of a final dividend of TShs 1,602million equal to TShs 44.48 per issued and fully paid share.

An interim dividend of TShs 1,260million or TShs 35.00 per share was approved in November 2007 making the total dividend for the year 2007 to be TShs 2,862million or TShs 79.48 per share (2006: Tshs 77.65 per share).

6. SOLVENCY

The Company's state of affairs at 31 December 2007 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

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 2007 the performance of the Company's shares in the secondary market was as follows: Market capitalization as at 31 December 2007 was TShs 25,200million (2006 – TShs 25,920million), total turnover of Company's shares at DSE was TShs 1,280 million (2006 – TShs 2,100million), average price of company shares was TShs 710 (2006 – TShs 720) and share price prevailing as at 31 December, 2007 was TShs 700 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

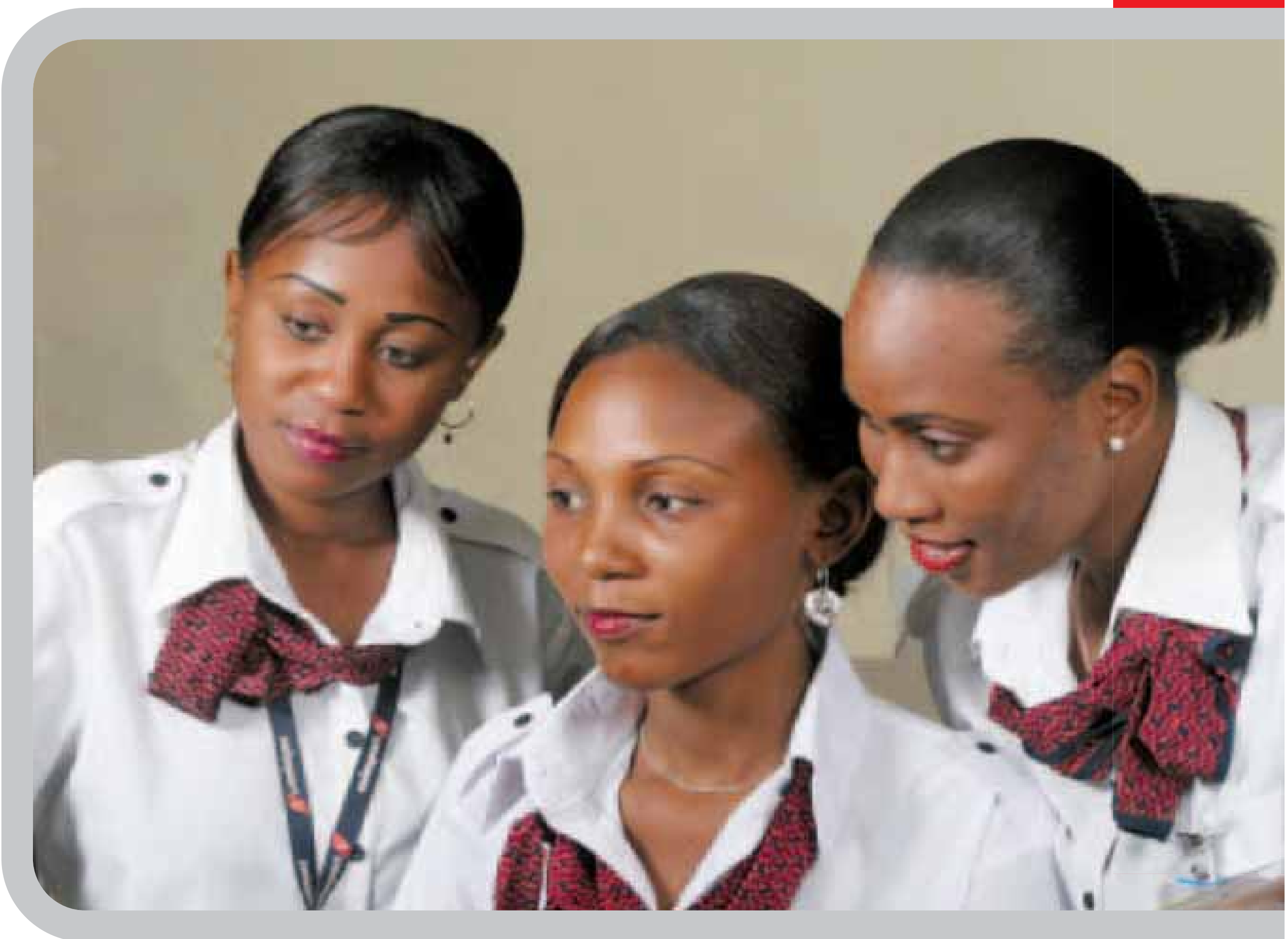
The Board of Directors has eight directors and all of them are non-executive directors hence not involved in day to day running of the business. All directors are considered by the Board to be independent of management and free from any business or other relationship, which could materially interfere with the exercise of their independent judgment. The Board of Directors possesses a range of experience and are 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 2007 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

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 market conditions. Directors' and key management remuneration is 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.



Passenger Handling team at high level of concentration

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.

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 as auditors of the Company for year 2007 will be put to the Annual General Meeting.

BY ORDER OF THE BOARD

Urs Sieber
Chairman

STATEMENT OF DIRECTORS' RESPONSIBILITIES FOR THE YEAR ENDED 31 DECEMBER 2007

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

"We are one solid team"

REPORT OF THE INDEPENDENT AUDITORS

PRICEWATERHOUSECOOPERS

We have audited the accompanying financial statements of Swissport Tanzania Limited, which comprise the balance sheet as at 31 December 2007, 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 2007 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.

Certified Public Accountants
Dar es Salaam

PRICEWATERHOUSECOOPERS

A Tug Master "ready for duty"

PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31st DECEMBER 2007

	Notes	2007 TShs M	2006 TShs M
Revenue			
Ground and cargo handling revenue	6	**16,691**	14,942
Operating expenses			
Staff costs	12	**4,834**	4,009
Rent and other occupancy costs		**588**	591
Concession fees		**1,097**	963
Telecommunication costs		**305**	574
Depreciation		**667**	557
Fuel and maintenance costs		**1,246**	1,006
Other operating costs	8	**2,822**	2,231
Other Income	7	**(34)**	(51)
		9,931	8,759
Profit before income tax		**5,166**	5,062
Income tax expense	9	**(1,589)**	(1,567)
Profit for the year		**3,577**	3,495
Earnings per share (TShs) - Basic	10	**99.35**	97.08
- Diluted	10	**99.35**	97.08

The notes on pages 22 to 42 form an integral part of these financial statements.

BALANCE SHEET

AS AT 31st DECEMBER 2007

	Notes	2007 TShs M	2006 TShs M
ASSETS			
Non-current assets			
Property and equipment	13	**4,297**	3,868
		4,297	3,868
Current assets			
Inventories	15	**347**	383
Trade and other receivables	16	**4,386**	3,444
Income tax recoverable		**187**	19
Cash at bank and in hand	17	**497**	1,362
		5,417	5,208
Total assets		**9,714**	9,076
EQUITY			
Share capital	21	**360**	360
Retained earnings		**7,142**	6,026
Shareholders' equity		**7,502**	6,386
LIABILITIES			
Non-current liabilities			
Retirement benefit obligations	19	**342**	526
Deferred income tax liabilities	20	**294**	210
		636	736
Current liabilities			
Trade and other payables	18	**1,576**	1,954
Total liabilities		**2,212**	2,690
Total equity and liabilities		**9,714**	9,076

The financial statements on pages 18 to 42 were approved by the Board of Directors on 11th March 2008 and signed on its behalf by:

Urs Sieber - Chairman

The notes on pages 22 to 42 form an integral part of these financial statements.

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31st DECEMBER 2007

	Share capital	Revaluation surplus	Retained earnings	Total
	TShs M	TShs M	TShs M	TShs M
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**
Year ended 31 December 2007				
At the beginning of the year	360	-	6,026	6,386
Profit for the year	-	-	3,577	3,577
Dividend paid	-	-	(2,461)	(2,461)
Balance at 31 December 2007	**360**	**-**	**7,142**	**7,502**

The notes on pages 22 to 42 form an integral part of these financial statements.

CASH FLOW STATEMENT

FOR THE YEAR ENDED 31st DECEMBER 2007

	Notes	2007 TShs M	2006 TShs M
Cash flows from operating activities			
Cash generated from operations	23	**4,734**	6,074
Retirement benefit obligations paid	19	**(369)**	(398)
Tax paid		**(1,671)**	(1,549)
Net cash generated from operating activities		**2,694**	4,127
Cash flows from investing activities			
Proceeds from sale of scrapped assets			
Purchase of property and equipment	13	**(1,098)**	(1,771)
Net cash used in investing activities		**(1,098)**	(1,771)
Cash flows from financing activities			
Dividends paid to Company's shareholders		**(2,461)**	(2,668)
Net cash used in financing activities		**(2,461)**	(2,668)
(Decrease)/increase in cash and cash equivalents		**(865)**	(312)
Movement in cash and cash equivalents			
Cash and cash equivalents at the beginning of the year		**1,362**	1,674
Net (decrease)/increase in cash and cash equivalents		**(865)**	(312)
Cash and cash equivalents at the end of the year	**17**	**497**	1,362

The notes on pages 22 to 42 form an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31st DECEMBER 2007

These notes form an integral part of the financial statements.

1. GENERAL INFORMATION

Swissport Tanzania Limited is a limited liability company incorporated under the Companies Act 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
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.

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.

i) Standards, ammendments and interpretation effective in 2007

In 2007 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 relevant standards include:

- IFRS 7 - Financial instruments: Disclosures, and the complementary amendments to IAS 1
- Presentation of financial statements – Capital disclosures. The Company has for the first time adopted these standards in the current year. Both standards are applied retrospectively. IFRS 7 supersedes the disclosure requirements of IAS 32.
- IFRIC 8 - Scope of IFRS 2. This standard does not have any impact on the Company's financial statements.
- IFRIC 10 - Interim financial reporting and impairment. This standard does not have any impact on the Company's financial statements.

- IFRS 4 – Insurance contracts. This standard is not relevant to the Company's operations;
- IFRIC 7 – Applying the restatement approach under IAS 29, Financial reporting in hyperinflationary economies. This standard is not relevant to the Company's operations; and.
- IFRIC 9 – Re-assessment of embedded derivative. This standard is not relevant to the Company's operations;

ii) Standards, interpretations and amendments to published standards those are not yet effective and have not been early adopted by the Company.

The following standards, amendment and interpretation to existing standards have been published and are mandatory for the Company's accounting period beginning on or after 1 January 2008 or later periods, but the Company has not early adopted them:

- IAS 23 (Amendment), Borrowing costs '(effective from 1 January 2009). It 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. The option of immediately expensing those borrowing costs will be removed. The Company will apply IAS 23 (Amended) from 1 January 2009 but is currently not applicable to the Company as there are no qualifying assets.

- IFRS 8, 'Operating segments '(effective from 1 January 2009). IFRS 8 replaces IAS 14 and aligns segment reporting with the requirements of the US standard SFAS 131, 'Disclosures about segments of an enterprise and related information'. The new standard requires a 'management approach', under which segment information is presented on the same basis as that used for internal reporting purposes. The Company will apply IFRS 8 from 1 January 2009, but it is not expected to have any impact on the Company's accounts.

- IFRIC 14, 'IAS 19 – The limit on a defined benefit asset, minimum funding requirements and their interaction' (effective from 1 January 2008). IFRIC 14 provides guidance on assessing the limit in IAS 19 on the amount of the surplus that can be recognised as an asset. It also explains how the pension asset or liability may be affected by a statutory or contractual minimum funding requirement. The Company will apply IFRIC 14 from 1 January 2008, but it is not expected to have any impact on the Company's accounts.

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	6.67

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.

3. FINANCIAL RISK MANAGEMENT

3.1 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.

At 31 December 2007, 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 163 million (2006: TShs 131 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 2007 than in 2006 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 debtor's balances. Management monitors rolling forecasts of the Company's liquidity on the basis of expected cash flows. Forecasted liquidity as of 31 December 2007 is as follows:

	2006 TShs	2005 TShs M
Opening balance for the period	497	3,361
Cash flow from operating activities	7,053	3,984
Cash outflow from investing activities	(1,100)	(1,055)
Payments of dividends	(3,089)	(2,344)
Closing balance for the period	**3,361**	**3,946**

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.

At 31th December 2007	**Less than 1 year Tshs' M**	**Between 1 and 2 years Tshs' M**	**Between 2 and 5 years Tshs' M**
Trade and other payables	1,954	-	-
At 31th December 2006			
Trade and other payables	1,954	-	-

3.2 Capital risk management

The Company's objectives when managing capital are to safeguard its ability to continue as a going concern and to maintain an optimal capital structure to reduce the cost of capital. Consistent with others in the industry, the Company monitors capital on the basis of the gearing ratio. This ratio is calculated as net external borrowings divided by total capital. Net external borrowings are calculated as total borrowings less cash and cash equivalents. Total capital is calculated as equity, as shown in the balance sheet, plus net external borrowings. During 2007, the Company's strategy, which was unchanged from 2006, was to maintain a gearing ratio of 0%.

The gearing ratios at 31 December 2007 and 31 December 2006 were as follows:

	31.12.2007 Tshs'M	31.12.2006 Tshs'M
Total borrowings	-	-
Total equity	7,502	6,386
Total capital	7,502	6,386
Gearing ratio	**0%**	0%

3.3 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.

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 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.

5. BUSINESS SEGMENT INFORMATION

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

2007	Ground handling	Cargo handling	Total
	TShs M	TShs M	TShs M
Revenue	12,222	4,469-	16,691
Other revenue			
Operating expenses			
Staff costs	3,648	1,186	4,834
Rent and other occupancy costs	267	321	588
Concession fees	816	281	1,097
Telecommunication costs	198	107	305
Depreciation	490	177	667
Fuel and maintenance costs	963	283	1,246
Other operating costs	2,469	353	2,822
Other income	-	(34)	(34)
	8,851	**2,674**	**11,525**
Profit / (loss) before income tax	**3,371**	**1,795**	**5,166**

Segment assets and liabilities and capital expenditure	Ground handling	Cargo handling	Internal services (unallocated)	Total
	TShs M	TShs M	TShs M	TShs M
Total assets	6,350	2,867	497	9,714
Total liabilities	1,711	501	-	2,212
Capital expenditure	1,047	51	-	1,098

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.

2006	**Ground handling**	**Cargo handling**	**Total**
	TShs M	**TShs M**	**TShs M**
Revenue	11,620	3,322	14,942
Operating expenses			
Staff costs	3,045	964	4,009
Rent and other occupancy costs	453	138	591
Concession fees	724	239	963
Telecommunication costs	439	135	574
Depreciation	458	99	557
Fuel and maintenance costs	865	141	1,006
Other operating costs	1,690	541	2,231
Other income	-	(51)	(51)
	7,690	2,206	9,880
Profit/(loss) before tax	3,945	1,116	5,062

Segment assets and liabilities and capital expenditure	**Ground handling**	**Cargo handling**	**Unallocated**	**Total**
	TShs M	**TShs M**	**TShs M**	**TShs M**
Total assets	5,772	1,942	1,362	9,076
Total liabities	2,088	602	-	2,690
Capital expenditure	1,565	206		1,771

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

6. GROUND HANDLING AND CARGO HANDLING REVENUE

	2007 TShs M	2006 TShs M
Ground handling	**12,222**	11,620
Cargo handling	**4,469**	3,322
	16,691	14,942

7. OTHER INCOME

	2007 TShs M	2006 TShs M
Miscellaneous receipts	**34**	51

8 OTHER OPERATING COSTS

	2007 TShs M	2006 TShs M
Advertising and publicity	**214**	207
Provision for doubtful debts	**75**	-
Foreign exchange loss	**350**	20
EADP and other information services	**517**	434
Travel and transportation	**166**	130
Purchase of ground services	**331**	331
Bank charges	**42**	34
Legal and consultancy fees	**68**	99
Insurance	**155**	180
Directors' emoluments	**57**	55
Auditors' remuneration - statutory audit	**41**	31
Other administration expenses	**806**	710
	2,822	2,231

9 INCOME TAX EXPENSE

	2007 TShs M	2006 TShs M
Current income tax		
-Current year	**1,512**	1,478
-Prior period	**(7)**	250
Deferred income tax (credit)/charge (Note 19)	**84**	(161)
	1,589	1,567

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

	2007 TShs M	2006 TShs M
Profit before income tax	**5,166**	5,062
Tax calculated at a tax rate of 30 %	**1,550**	1,518
Expenses not deductible for tax purposes	**46**	46
Deferred income tax adjustment on prior year	**-**	(247)
Prior period income tax	**-**	250
Over provision of current tax in prior period	**(7)**	-
Income tax expense	**1,589**	1,567

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

10. EARNINGS PER SHARE

The calculation of the basic earnings per share as at 31 December 2007 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 2007, calculated as follows:

	2007	2006
Net profit after taxation (TShs M)	**3,577**	3,495
Average number of shares (millions)	**36**	36
Earning per share (TShs) - Basic and diluted	**99.35**	97.08

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

11. 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 79.48 per share, amounting to TShs 2,862 million out of 2007 profit (2006:TShs 77.65 per share).

12. STAFF COST

	2007 Tshs M	2006 Tshs M
Salaries and wages	**3,013**	2,803
Pension costs - defined contribution plans	**400**	319
Pension costs - defined benefit plan	**185**	93
Other staff costs	**1,236**	794
	4,834	4,009

13. 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 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 31st December 2006						
Opening net book amount	29	262	937	350	1,085	2,663
Additions	-	358	1,226	138	49	1,771
Disposal	-	-	(9)	-	-	(9)
Depreciation charge	(9)	(148)	(139)	(109)	(152)	(557)
Closing net book amount	20	472	2,015	379	982	3,868
At 31st December 2006						
Cost	205	1,406	2,267	1,245	2,459	77142
Accumulated depreciation	(185)	(934)	(252)	(866)	(1,477)	(3,842)
Net book amount	**20**	**472**	**2,015**	**379**	**982**	**3,868**

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 2007						
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
Year ended 31 December 2007						
Opening net book amount	20	472	2,015	379	982	3,868
Additions	-	143	899	51	5	1,098
Disposals	-	-	0	(2)	-	(2)
Depreciation charge	(9)	(181)	(213)	(1129)	(153)	(667)
Closing net book amount	11	434	2,701	316	834	4,297
At 31 December 2007						
Cost	205	1,549	3,166	1,296	2,464	8,680
Accumulated depreciation	(194)	(1,115)	(465)	(978)	(1,630)	4,382
Net book amount	**11**	**434**	**2,701**	**316**	**834**	**4,297**

14 FINANCIAL INSTRUMENTS

(a) By category

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

	Trade and other receivables TShs M	Cash and cash equivalent TShs M	Total TShs M
31 December 2007	4,386	497	4,883
31 December 2006	3,444	1,362	4,806

(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

	2007 TShs M	2006 TShs M
Group 1 – Balances from customers with no past history of and no default provision for impairment raised against their balances	**2,120**	1,627
Group 2 – Balances from customers with no past history of default but provision has been made in the past against their balances	-	-
Group 3 – Balances from customers with past history of default and provision made against them in the past	-	-
Total trade and other receivable	**2,120**	1,627
Cash at bank		
Citibank Tanzania Limited – Rated globally as AA by S&P	**325**	1,008
CRDB Bank – Top bank in the country in terms of total assets	**165**	347
Total Cash at Bank	**490**	1,355

15 INVENTORIES

	2007 TShs M	2006 TShs M
Spare parts	**237**	308
Stationery	**100**	97
Cleaning materials	**1**	21
Fuel	**15**	16
Uniforms	**3**	-
	356	442
Less: Provision for impairment loss on inventories	**(9)**	(59)
	347	383

The cost of inventories recognised as an expense and included in the ‘fuel and maintenance costs amounted to TShs 460 million (2006: TShs 380million).

16 TRADE AND OTHER RECEIVABLES

	2007	2006
	TShs M	TShs M
Trade receivables	**3,897**	3,135
Less: Provision for impairment of trade receivables	**(157)**	(84)
Trade receivables – Net	**3,740**	3,051
Deposits and prepayment	**443**	265
Staff debtors	**141**	75
Building materials revolving fund	**20**	27
Staff car loans	**42**	26
	4 ,386	3,444
The fair values of trade and other receivables are as follows:		
Trade receivables	**3,740**	3,051
Deposits and prepayment	**443**	265
Staff debtors	**141**	75
Building materials revolving fund	**20**	27
Staff car loans	**42**	26
	4 ,386	3,444

As of 31 December 2007, trade receivables of TShs 3,658 million (2006: TShs 2,989 million) were fully performing.

Trade receivables that are less than three months past due are not considered impaired. As of 31 December 2007, trade receivables of TShs 1,538 million (2006: 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:

	2007	2006
	TShs M	TShs M
Up to 3 months	**1,538**	1,362
3 to 6 months	**-**	-
	1,538	1,362

As of 31 December 2007, trade receivables of TShs 239 million (2006: TShs 146 million) were impaired and provided for. The amount of the provision was TShs 157 million as of 31 December 2007 (2006: TShs 84 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.

16 TRADE AND OTHER RECEIVABLES (CONTINUED)

The ageing of these receivables is as follows:

	2007	2006
	TShs M	TShs M
Up to 3 months	-	-
3 to 6 months	**209**	123
Over 6 months	**30**	23
	239	146

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

Currency

US Dollars	**2,325**	1,874
Tanzanian Shillings	**2,061**	1,570
	4,386	3,444

Movements on the group provision for impairment of trade receivables are as follows:

At 1 January	**84**	87
Provision for receivables impairment	**90**	-
Unused amounts reversed	**(17)**	(3)
At December	**157**	84

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

	2007 TShs M	2006 TShs M
Cash at bank	**490**	1,355
Cash in hand	**7**	7
	497	1,362

18 TRADE AND OTHER PAYABLES

	2007 TShs M	2006 TShs M
Airport Authorities – Concession fees	**970**	725
Sundry payable and accruals	**150**	499
Agency accounts	**129**	358
Bonus payable	**222**	282
Dividend payable	**51**	59
Value Added Tax – net	**54**	31
	1 ,576	1,954

19 RETIREMENT BENEFIT OBLIGATIONS

As at 1 January	**526**	831
Actuarial loss	**-**	-
Current service cost	**185**	93
Payments made	**(369)**	(398)
As at 31 December	**342**	526

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 2007 the present value of the accrued (past service) liability in respect of retirement gratuity benefits was TShs 342 million (2006: TShs 526 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.

20 DEFERRED INCOME TAX LIABILITIES

	2007 TShs M	2006 TShs M
Details of the deferred income tax liabilities are as follows:		
Property and equipment	**492**	495
Provisions	**(198)**	(285)
	294	210
Movement in deferred tax provision:		
As at 1 January	**210**	371
Charge/(Credit) to profit and loss account (Note 9)	**84**	(161)
At 31 December	**294**	210

21 SHARE CAPITAL

	2007 TShs M	2006 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%
Other shareholders	**49%**	49%
	100%	100%

22 EMPLOYEES SHARE OWNERSHIP PARTICIPATION TRUST

	2007 TShs M	2006 TShs M
Disbursement	-	68
Cumulative repayments during the period of loan	-	(68)
Balance	-	-

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.

23 CASH GENERATED FROM OPERATIONS

	2007 TShs M	2006 TShs M
Profit before income tax	**5,166**	5,062
Adjustment for:		
Depreciation	**667**	557
Loss from disposal of scrapped assets	**-**	9
Provision for retirement benefit obligations	**185**	93
	6,018	5,721
Changes in working capital:		
Decrease in inventories	**36**	42
Increase in trade and other receivables	**(942)**	(859)
(Decrease)/Increase in trade and other payables	**(378)**	1,161
Decrease in staff loans	**-**	9
Cash generated from operations	**4,734**	6,074

24 RELATED PARTY TRANSACTIONS

(i) Directors' remuneration

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

	2007	2006
Mr Joseph In Albon	**5**	14
Mr Urs Sieber	**11**	0
Hon Joseph Mungai MP	**9**	11
Prof. Letitia Rutashobya	**6**	0
Mr George Fumbuka	**5**	11
Mr Jeroen de Clercq	**10**	9
Dr Ludwig Bertsch	**5**	8
Mr Andreas Ernst	**0**	2
Mr Michel Jansen	**6**	-
	57	55

(ii) Key management's remuneration

	2007	2006
Short term benefits	**355**	272
Bonus	**46**	40
Retirement benefit obligations	**12**	9

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.

25 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:

	2007 TShs M	2006 TShs M
Commitments expiring in:		
• less than one year	**690**	550
• more than one and not later than five years	**454**	87
• later than five years	**-**	-

During the year, the Company has charged TShs 474 million as an expense in the profit and loss account in respect of these leases (2005: TShs 464 million).

26 CONTINGENT LIABILITIES

As at 31 December 2007, 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.

27 COMMITMENTS

	2007 TShs M	2006 TShs M
As at the balance sheet, the Company had the following capital commitments.		
Approved and contracted for	**401**	538

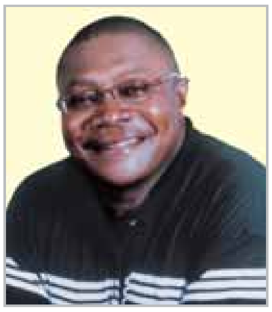
Funds to meet this expenditure will be provided from Company's own resources.

28 ULTIMATE HOLDING COMPANY

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

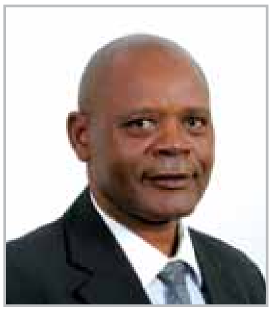
MANAGEMENT TEAM

AS AT 31 DECEMBER 2007



Gaudence K. Temu
Chief Executive Officer

Daniel A. Simkanga
Manager Cargo Services



Rashid A. Mbonde
Chief Finance Officer

Stella Kitali
Manager Ground Handling

Robert Butambala
Station Manager - JRO

James F. X Mhagama
Manager Contracts & Marketing

Nyasso L. Gama
Manager
Training

Wandwi D. Mugesi
Manager
ICT

Esta S Maro
Manager Human Resources

Ali Sarumbo
Manager Quality & Compliance

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,
Hai - Moshi
Tanzania.

Lawyers

Tanzania Law Chambers
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.

NOTICE OF 23rd ANNUAL GENERAL MEETING

Notice is hereby given that the 23rd Annual General meeting of Swissport Tanzania Ltd will be held on Thursday 27th March 2008 at the Kivukoni Conference Room Moevenpick Royal Palm Hotel, Dar es salaam,Tanzania starting from 1100hrs to transact the following business:

AGENDA:

No.	Subject
1.	To Confirm the Minutes of the 22nd Annual General Meeting.
2.	To Receive, Consider And Adopt The Directors' Report, Auditor's Report And The Audited Financial Statements For The Year Ended On 31st December 2007.
3.	To Adopt the Dividend Resolution.
4.	To Determine the Remuneration of the Directors.
5.	To Appoint The External Auditors
6.	To Determine Any Other Business.

NOTES

i. A member wishing to attend the meeting must come with a copy of his/her original Depository Receipt.

ii. A member entitled to attend and vote at the meeting is entitled to appoint a PROXY to attend and vote on his/her behalf in accordance with the provisions of the Articles of Association of the Company.

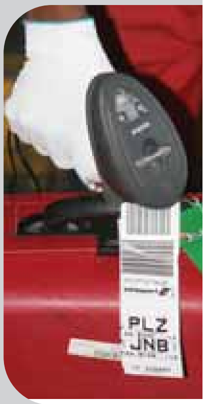
BY ORDER OF THE BOARD
Dated at Dar es Salaam this 7th day of March, 2008.

Gaudence Kilasara Temu
CHIEF EXECUTIVE OFFICER

NOTES

NOTES

Service of course!



......READY FOR BOARDING!

CONTACTS

Registered Office

Terminal II,
Julius Nyerere International Airport,
P. O. Box 18043,
Dar Es Salaam,
Tanzania.

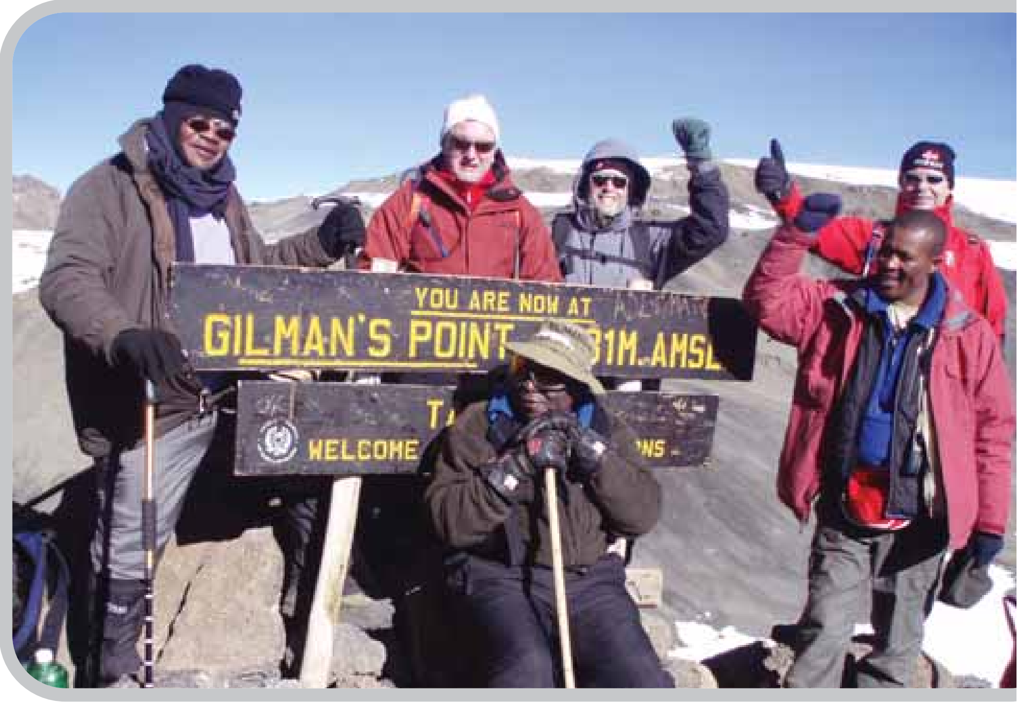
Tel:	+255.22.2844610
Fax:	+255.22.2844343
SITA:	DARHD7X
E-mail:	info@swissport.co.tz

Customer forum event at Bongoyo island, off Dar es Salaam coast

Branch Office,

Kilimanjaro International Airport,
P. O. Box 995,
Arusha,
Tanzania.

Tel:	+255.27.2554941
Fax:	+255.27.2554553
SITA:	JROHD7X
E-mail:	info@swissport.co.tz



"We have made it to the top!"
From left to right standing: Gaudence Temu, Urs Sieber, Simon Widmer, Mark Skinner, Elia Minja (Guide)
Sitting: Hon Joseph Mungai

www.swissport.co.tz