TANZANIA PORTS AUTHORITY

ANNUAL REPORT

AND

ACCOUNTS

FOR THE YEAR ENDED 30TH JUNE, 2007

Tanzania Ports Authority

Office of the Director General

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Date: March 27, 2011

The Honourable Minister for
Infrastructure Development
P O Box 9144
Dar Es Salaam

Dear Mr. Minister,

Submission of the 2006/07 TPA Annual Report

I am pleased and honoured to submit the 2nd Annual Report and Accounts of the Tanzania Ports Authority for the financial year 2006/07 pursuant to Section 75(1) of the Ports Act 2004. The report was adopted by the Board of Directors at their …..th Special meeting held on ….th ….., 2007.

Yours sincerely,

Mr. Raphael O.S. Mollel
CHAIRMAN OF THE BOARD OF DIRECTORS.

TPA CORPORATE VISION, MISSION AND VALUES STATEMENT

Vision Statement

"To lead the regional maritime trade and logistics services to excellence".

Mission Statement

"To develop and manage ports that provide world class Maritime services and promote excelling total logistics services in Eastern, Central and Southern Africa".

Values Statement

"A stable systematic caring organization" with Integrity/Trust, Stability, Good Governance, Recognition, Customer Care and Team Work.

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CHAIRMAN'S STATEMENT

It is my pleasure to present TPA second Annual Report and Accounts for the financial year 2006/07. The overall results continued to uphold the healthful growth trend which demonstrates the Authority's ability to live to its mission and vision of being the gateway and first port of choice for the Central, Southern and Eastern Africa maritime trade.

This year our report reverts to the normal accounting circle of twelve months, (July 2006 - June 2007) as opposed to the preceding one where we reported results of fourteen and a half months from 15th April 2005 to 30th June 2006 so as to accommodate the effective operationalisation date for TPA.

Operationally, the Authority registered a record performance by handling 8,670,347 tons of cargo and realized a surplus of Tshs 35,375 million, which is 23.7% of profit margin.

Following the enactment and operationalization of the Ports Act No. 17, the lake ports and related assets were transferred to TPA effective of July 2006. This has an impact on the level of TPA operations which has now expanded in terms of costs and responsibilities

TPA has commissioned study to streamline its structure to reflect the new scope of services which will incorporate the additional role of managing, operating and developing the Lake Ports. Implementation of the study's recommendations will take place during 2007/08 financial year.

In July 2006, TPA was "de-specify" and empower to improve the state of infrastructure, equipment and capacity utilization. As a specified organization for privatization, TPA could not invest in any major capital projects. This situation led to poor availability of equipment and consequently low efficiency.

Following de-specification, TPA had to revise it's development capital budget upward from Tshs.32,020 million to Tshs.40,910 million so as to procure the most critical

equipment and facilities to alleviate the shortage and to set in motion long term plans to turn round the port business.

In April 2007, the Authority commissioned a Master Plan Study covering both sea and inland ports. The study will be completed by December 2008 and is expected to come up with comprehensive investment plans for all ports which will eventually enhance economic growth of Tanzania as a maritime nation

TPA has been pursuing a strategy towards private sector involvement in port operations as well management and financing of port investments. The major private sector participation in port business started by the leasing of the Dar es Salaam Container Terminal to the Tanzania International Container Terminal Services (TICTS) in 2000. By the end of the year under review, a process of leasing Kigoma and Kassanga port cargo terminals was at final stage.

I am pleased to report, on behalf of the entire board that the Authority continued to provide required services to the commercial and economic activities of our nation and the neighbouring land locked countries. Our mission is not limited to supervision of the national maritime transport sub-sector, but to provide an effective logistic chain for all international maritime trade and to steer up value added activities.

The 2006/07 was a very busy year for the Board of Directors. The Board held a total of 18 meetings of which 6 were regular, 6 were special and the rest were meetings of the Board Committees in accordance with regulations. It discussed both in-house and international issues covering mainly, operational, marketing, investments, logistics chain, security, safety and environment, all aimed at making the ports to provide value for money port services.

The members of Board of Directors who saved during the period is made up of the following:

1.	Mr. Raphael O.S. Mollel	Chairman
2.	Mr. Dunstan G. Mrutu	Vice-Chairman
3.	Dr. Edmund B. Mndolwa	Director
4.	Mr. Hassan M. Raha	Director
5.	Eng. George H. Alliy	Director
6.	Eng. Godfred J. Shuma	Director
7.	Mrs Lucy K. Kachele	Director
8.	Mr. Onesmo K. Nangole	Director
9.	Hon. Richard S. Nyaulawa (MP)	Director

It is my hope that our collaborating partners and all stakeholders will continue to support us in facing up the challenges to perform even better to meet the expectations of the Government and the Tanzanian public in general.

We in TPA are committed to satisfy our customers' requests for the best services. We shall endeavor to do this in recognition of the fact that they have a number of route options at hand.

I take this opportunity to thank my fellow Board members and the entire management team, whose support I have greatly appreciated. It is my conviction that we will continue working together to pursue a dynamic but strategic framework for prosperity of the port industry in Tanzania.

Mr. Raphael O. S. Mollel
CHAIRMAN OF THE BOARD OF DIRECTORS

Chief Executive Statement

The year 2006/07 was a very remarkable one to both the port and shipping industry as it witnessed global traffic growth beyond forecast and continued increase ship sizes beyond the expectation. All these have had their pros and cons on our performance.

Notwithstanding the cons, operationally, the Authority registered a successive impressive performance.

On physical operations, a total of 8,670,347 tons were handled at all our sea and lake ports.

The major sea ports handled a total of 8,035,846 tons of which 6,224,976 were imports, 1,304,199 tons exports and 506,671 tons were transshipped. Dar es Salaam, the leading major port handled 7,432,220 tons (92.48%), Tanga 460,554 tons (5.73%), Mtwara 143,072 tons (1.78%). Small sea ports (Kilwa, Lindi and Mafia) handled a total 27,845 tons.

Tanzania ports are geographically strategically located to handle transit traffic. During the period, 20.70% (1,663,827 tons) of the total cargo handled by the sea ports was transit cargo

The major Lake ports on the other hand handled a total of 606,656 tons, of which Mwanza recorded 480,568 tons, Kigoma 107,990 tons and Kyela 18,098 tons. Categorically, 348,354 tons of the destined locally while 258,302 tons transited.

Financially, the Authority also registered record operating revenue of Tshs. 149,082.60 million. Expenditure totaled Tshs. 113,707.40 million, thus, realizing an operating surplus of Tshs 35,375.2 million, a 23.7% profit margin. Dar es Salaam port also continued to take the lead by contributing over 90% of the port revenue.

There was a substantial increase in Tanzania exports due to increase in agricultural production and copper from Zambia.

The forthcoming World cup in South Africa has also had an impact during the year. Commodities traditionally sourced from South Africa for the landlocked countries such as steel, cement and other allied building materials are now being entirely consumed in the local South Africa market to satisfy the upgrading of infrastructure for the 2010 tournament. The land locked countries have had to source these commodities from countries such as China, and ship through Dar es Salaam.

The World maritime trade growth, coupled with some inherent constraints at the Dar es Salaam Container Terminal resulted into constant congestion of container traffic. During the period under review, the terminal's capacity which was originally designed to handle 250, 000 TEUs was exceeded by 8.7%.

In a bid to alleviate the congestion problem at the terminal, TPA in collaboration with key stakeholders had to evolve and implement short term and long term measures.

As a short term measures, TPA and the operator were prompted to provide a 24 hour cargo clearance services, creating additional spaces within and outside the terminal. The designed area was also expanded by transfering berth 8 and yard and the Ubungo Inland Container Depot (ICD) for use by the terminal operator. The Tanzania Revenue Authority on the other hand continued to speed up auctioning of the containers which have overstayed in the port.

Implementations of these short term measures have started to reduce the level of congestion though remained far from been solved. The problem is compounded further by several factors including insufficient rail wagons and road trucks to deliver the containers and long dwell times on imported containers.

For the long term measures, TPA intends to develop 2 containers handling berths, constructing new modern container terminal at Mbegani Bagamoyo in the Coastal Region and container freight stations. Feasibility studies for these

projects will be undertaken in 2007/08 financial year. Future port developments are expected to be availed under the Master Plan Study for improvement and modernization of both sea and inland lake ports. The study which is set to take place in the 2007/08 financial year under the Word Bank financing is expected to come up with comprehensive investment plans.

In a bid to further enhancement of efficiency in port operation activities, TPA in collaboration with the World Bank, plans to implement a on Port Community System project which aims at establishing a platform for all port users to exchange information electronically. Further efforts to computerize operation activities at the Dar es Salaam General Cargo Terminal are also underway. Two key computer packages have been acquired and are being installed.

Required land areas for port expansion have been earmarked already and acquisition processes are underway.

i) Outlooks

The challenge ahead of TPA is to turn round the port industry into a vibrant center that provides a whole range of services in line with our customers' services.

I believe that, the Government and other service providers will continue to give us the necessary support.

I wish to also recognize in a special way, the role played by the Board, my fellow management team and employees at all levels. It is their commitment and tireless efforts, which brought about these impressive results.

E. N. Mgawe
THE DIRECTOR GENERAL

OVERALL PERFORMANCE

Financial Results

During the year under review, the Authority's financial results recorded an operating surplus of Tshs 35,375.2 million as summarized on the **table No. I** below. Revenue totaled Tshs. 149,082.80 million as against the operational expenditure of Tshs. 113,707.40 million.

Table No. 1: Center-Wise Financial Performance 2006/07 (Tshs. Ml.)

	DSM	TICTS	HQs	Tanga	Mtwara	Mwanza	Kigoma	Kyela	TOTAL
Operating Revenue	84,048.70	52,369.40	0	8,737.90	2,849.70	819.1	216.5	41.3	149,082.60
Operating Expenses	70,948.30	3,989.10	21,147.30	10,653.40	5,098.20	1,272.30	442.5	156.3	113,707.40
Operating Surplus	13,100.40	48,380.30	-21,147.30	-1,915.50	-2,248.50	-453.20	-226.00	-115.00	35,375.20

Dar es Salaam, the principal port contributed about 85.71% of the total earned by the TPA ports. The rest of the major ports, Tanga and Mtwara experienced a deficit of about Tsh. 1,915.50 milion and 2,248.5 million respectively.

Dar es Salaam Container Terminal under private operator (TICTS) earned the Authority a total of Tshs. 48,380.30 million comprising of a fixed rental income of Tshs. 6,327.68 million, royalty Tshs. 5,141.76 million and Tshs. 36,910.85 million wharfage collected on behalf of TPA. A total of Tshs. 3,989.10 million was spent by the Authority for maintenance of equipment and facilities at the Container Terminal.

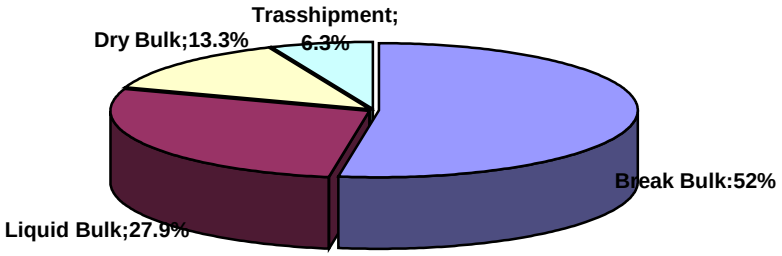
Cargo Traffic.

The major sea ports handled a total of 8,035,846 tons, of which 6,224,976 tons were imports, 1,304,199 tons exports and 506,671 tons transshipment. The port of Dar es Salaam handled 7,432,220 tons or 92.48%, Tanga port 460,554 tons or 5.73% and Mtwara port 143,072 tons or 1.78% tons as shown on the **table No. 2** below.

Table No. 2. Cargo traffic by type 2006/07 (DWT)

	D'Salaam	Tanga	Mtwara	Total
Imports				
Dry Bulk	993,295	81,558	-	1,074,853
Break Bulk	2,852,811	68,483	57,505	2,978,799
Liquid Bulk	2,050,821	115,067	5,436	2,171,324
Total Imports	**5,896,927**	**265,108**	**62,941**	**6,224,976**
Exports				
Break Bulk	953,840	195,446	80,131	1,229,417
Liquid Bulk	74,782			74,782
Total Export	**1,028,622**	**195,446**	**80,131**	**1,304,199**
Transshipments	506,671	-	-	506,671
Grant Total	**7,432,220**	**460,554**	**143,072**	**8,035,846**

The major type of cargo handled were break bulk 4,208,216 tons (52%), liquid bulk 2,246,106 (27.9%), dry bulk 1,074,853 tons (13.3%) and transshipment 506,671 tons (6.3%).



The major Lake ports handled a total of 606,656 tons of which Mwanza 480,568, Kigoma 107,990 and Kyela 18,098 as shown on the **table No. 3** below.

Table No. 3. Cargo Traffic at Major Lake Ports 2006/07 (DWT)

	Mwanza	Kigoma	Kyela	Total
Local	334,446	11,732	2,176	348,354
Transit	146,122	96,258	15,922	258,302
Total	**480,568**	**107,990**	**18,098**	**606,656**

Shipping Traffic

The major sea ports, received a total of 2,086 ship calls, of which 1,221 were made by the international going vessels (deep sea vessels) and 865 calls by coastal playing vessels (Coasters) as shown on **table No. 4** bellow.

Table No. 4: Shipping Traffic at Major ports 2006/07

Ship Type	D'Salaam	Tanga	Mtwara	Total
Deep-Sea				
No. of calls	1,069	123	29	**1,221**
GRT ('000)	16,904	897	303	**18,104**
Coasters				
No. of calls	661	108	96	**865**
GRT ('000)	300	65	53	**602**
TOTAL				
No. of calls	**1,730**	**231**	**124**	**2,086**
GRT ('000)	**17,204**	**952**	**356**	**18,522**

Deep sea ship calls comprises of 477 calls made by dry general cargo vessels, 593 calls made by container vessels and 151 calls made by tanker vessels. Coasters calls were made of 816 calls made by dry cargo vessels and 49 tankers vessels.

In terms of Gross Registered Tonnage (GRT) deep sea vessels registered 18.104 million tons while coasters registered 0.418 million tons.

Passenger Traffic

The number of passengers through major sea ports during the period was 698,273, of which 331,555 passengers embarked and 366,718 disembarked.

INDIVIDUAL PORT PERFORMANCE

Dar es Salaam

General

Dar es Salaam, is the Authority's principal port with annual rated capacity of handling 5.10 million tones of general cargo, 6.0 million tones of bulk liquid cargo and 250,000 TEUs of containers.

During the year, the port handled a total of 7,432,220 tons, comprising of 5,896,927 tons or 79.3% imports, 1,028,622 tons or 13.8% exports and 506,671 tons or 6.8% transshipment.

The major cargo type handled were dry bulk 993,295 tons or 13%, break bulk 4,313,022 tons or 58% and bulk liquid 2,123,603 or 28%.

Table No. 5: Cargo Traffic at Dar es Salaam Port 2006/07 (DWT)

	IMPORTS	EXPORTS	TRANSSHIPMENT	TOTAL
Break Bulk	2,852,811	953,540	506,671	4,313,022
Dry Bulk	993,295	-		993,295
Bulk Liquid	2,050,821	74,782		2,125,603
Sub Total	**5,896,927**	**1,028,322**	**506,671**	**7,431,920**

Transit and Transhipment Traffic

Dar es Salaam, is the only port which handles transit and transshipment cargo, serving the neighbouring countries of Zambia, Malawi, Rwanda, Burundi, Democratic Republic of Congo (DRC).

Transit and trans-shipment traffic constituted of 2,267,494 tons or 30.5% of the total traffic handled at the port, as shown **in table No. 5**.

Table No. 6: Transit & Transshipment Traffic 2006/07

Zambia	DRC	Burundi	Rwanda	Malawi	Uganda	Other & TRM	TOTAL
909,723	467,958	135,709	84,178	120,099	43,156	506,671	2,267,494

Although, Dar es Salaam port is strategically located to handle more transit traffic, it has been hindered by poor inland road connections, inadequacy of rail wagons and political instability of the land locked countries.

Containerized Traffic

The port handles container vessels at her dedicated fully fledged Container Terminal which is under private operator, Tanzania International Container Terminal Services (TICTS). Some containerized traffic in particular mixed carries and RoRo are handled at the General Cargo Terminal.

During the year, Dar es Salaam port, handled a total of 278,960 TEUs containers carrying 2,634,237 tons equivalent to 35% of the total cargo handled. The Container Terminal handled 271,793 TEUs carrying 2,536,117 tons, consisting of 141,012 TEUs for imports and 847,620 TEUs for exports.

The General Cargo Terminal handled 7,167 TEUs comprising of 3,427 TEUs for imports and 3,737 TEUs for export, carrying 98,120 tons.

Shipping Traffic

The port received a total of 1,730 ship calls of which 1,069 were deep sea ships and 661 coasters. Deep ship calls comprised of 348 dry general cargo ships, 593 container ships and 128 tankers. Coaster calls consist of 624 calls made by dry cargo ships and 37 tanker ship calls.

In terms of Gross registered Tonnage (GRT) deep sea ships registered 16,904 tons while coasters recorded 300 tons.

The average stay in port for deep-sea vessels was 4.1 days for dry general cargo ships, 3.9 days for container vessels and 8.8 days for tankers.

Port Productivity

i) **Containers (moves) per Crane Hour.**

During the period under review, productivity at the port's Container Terminal declined to an average of 494.3 moves per 24 hours compared to 556.8 moves per 24 hours achieved in 2005/06 and 600 moves of the agreement.

Table No. 7 Productivity at the Container Terminal.

	2006/07	2005/06
Moves/crane/24 hours	494.3	556.8
Ship turn-round time (days)	3.9	3.8
Dwell time (days) - Imports	22.6	22.2
- Exports	5.0	5.3
Berth occupancy (%)	67.7	43.9

ii) **Ship turn-round time**

Ship turn-round time (from arrival anchorage to departure port) registered a slight decline to an average of 3.9 days per ship from 3.8 days in 2006/07. The decline was associated mainly by inadequate capacity at the Container Terminal relative to the increase in traffic which resulted into congestion and bunching of ships.

iii) **Container Dwell Time (Days/container)**

Decline in productivity was also recorded on dwell time for import containers from an average of 22.2 days/container to 22.6 days, attribute mainly to the increase in cargo traffic coupled with poor take-off.

Dwell time for export containers Howe ever, improved slightly to an average of 5 days from 5.3 days per container registered over 2005/06.

iv) **Berth Occupancy (%)**

Berth occupancy at the Container Terminal averaged 67.7% days, 44.5% at the general cargo, 80.8% at the Kurasini Oil Jetty (KOJ No. I) and 27.3 days at KOJ No. II.

v) **Cargo Clearance by Mode of Transport at Dar es Salaam Port.**

During 2006/07, a total of 1,397,198 tons and 151,032 tons of dry cargo were cleared by roads and railway respectively.

Over the last year 2005/06, roads cleared a total of 693,149 tons of dry cargo while railway cleared 68,774 tons.

vi) **Productivity at the General Cargo Terminal**

At the General Cargo Terminal productivity per shift per gang attained 208.4 tons, 367.3 tons and 127 units for break bulk, dry bulk and motor vehicles compared to 233.8 tons, 430.5 tons and 117units achieved in 2005/06 respectively.

Table No. 8 Productivity at the General Cargo Terminal.

(Tons/shift/gang)

	2006/07	**2005/06**
Break Bulk	208.4	233.8
Dry Bulk	367,3	430.5
Units of motor vehicles	127	117
Berth occupancy (%)	44.5	49.3

TANGA PORT

General

Tanga port is Tanzania second largest sea port with a rated annual capacity of 500,000 (DWT). It is a lighterage port with 2 shallow water berths.

During the period the port handled 460,554 tons thus attaining 92% capacity utilization level. Imports were 265,108 tons and exports 195,446 tons.

Cargo Types.

The major types of cargo handled were bulk oil 115,067 tons sharing 24.9%, dry bulk 81,558 tons or 17.7% and break bulk 263,929 tons or 57.3% as shown on tha table No. 6 bellow.

Table No.9: Cargo Types 2006/07 (DWT)

	Bulk Liquid	Dry Bulk	Break Bulk	Total
Imports	115,067	81,558	68,483	**265,108**
Exports	-	-	195,446	**195,446**
Total	**115,067**	**81,558**	**263,929**	**460,554**

Containerised Traffic

The port handled a total of 9,547 TEUs equivalent to 130,270 tons. Of the total, import containers were 4,952 TEUs carrying 71,346 tons and loaded containers were 130,781 TEUs carrying 847,620 tons.

Shipping Traffic

The port registered a total of 231 ship calls of which 123 were deep-sea and 108 were coasters. Deep-sea ship calls were made by 100 dry cargo vessels and 23 tankers. Coaster calls were made by 104 dry cargo vessels and 4 tankers. The total size of the vessels was 962 GRT.

Port Productivity

Productivity for general cargo improved to an average of 217.8 tons per gang per shift from 184.5 tons recorded over 2005/06.

Passenger Traffic

The port handled a total of 14,506 passengers whom 7,367 embarked and 7,139 disembarked.

Mtwara Port

General

The port annual throughput capacity is 400,000 tons per annum. During the period, it handled a total of 143,072 tons of cargo equivalent to 28.6% level of capacity utilization. Imports constituted 62,941 and exports 180,131 tons as shown on the table No. 8 below.

Table No. 10: Cargo Traffic Mtwara Port 2006/07 (DWT)

	Imports	Exports	Total
Bulk Liquid	5,436	-	5,436
Break Bulk	57,505	80,131	137,636
Total	62,941	80,131	143,072
TEUs	**4,170**	**3,804**	**7,974**

Cargo Type

The major type of cargo handled were bulk liquid 5,536 tons which was 3.8% of the total traffic and break bulk 137,363 tons making
96.2% of the total.

Containerazation

Containerised traffic totaled 4,170 TEUs carrying 10,290 tons or 7.2% of the general cargo traffic. Imports constituted 4,170 TEUs and exports 3,805 TEUs.

Shipping Traffic

The port registered 125 ship calls with a total carrying capacity of 356,000 GRT. Deep – sea calls were 29 with capacity of 303,000 GRT and 96 coasters calls with a size of 148 GRT.

On average, deep – sea ships stayed for 1.6 days, coasters stayed for 1.7 days for dry cargo vessels and 1.9 days for tankers.

Port productivity.

Productivity in the port was on average of 154.6 tons per gang per shift.

CAPITAL DEVELOPMENT PROGRAMME.

In a bid to enhance the provision of reliable and cost effective port services while satisfying our customers' expectations the Authority continued to invest in modern infrastructure, equipment and technology. The capital development budget for the year was Tshs.40,910 million.

By close of the years on 30th June, 2007 a total of Tshs. 31,009.70 million was spent. Projects which were completed during the period were mainly purchasing of cargo handling equipment inclusive of:

1. 3 tons and 5 tons forklifts for Dar es Salaam port
2. Terminal Tractors and 40 tons Trailers for – Tanga Port.
3. 2No. 3 Tons Forklift Truck with Bale Clamps and 2 No. Forklift Truck (Shifting) Tanga Port.
4. 1No. 50 Tons Mobile Crane Dar es Salaam Port
5. 2No. Breakdown Trucksfor Dar es Salaam port.

Civil works' implementations completed by the end of July, 2007 were repairs to container Terminal Piles, Crane Rails, and Yard areas Phase II at Dar es Salaam port. Projects which were at different stages of implementation by closure of the year were rolled over to 2007/09 as on-going, includes:

1. Kurasini Oil Jetty Improvements.
    - Supply and instillation of air separation equipment (deaerator)
    - Supply and instillation of additional Flow Meters for edible vegetable oil and LPG.
2. New Port Control Tower.
3. Rehabilitation of Port shed Floors.
4. Rehabilitation of jetties and link span in Inland Ports.
5. Rehabilitation of Lighter Quay Tanga Port.
6. Acquisition of Additional Operation Land – Dar es Salaam Port.
7. Provision for Cargo Handling Equipment and Marine Crafts at all ports.

During the period under review TPA conceived the idea of developing new modern port at Mbegani - Bagamoyo aiming at relieving traffic congestion at Dar es Salaam port, about 75 kilometers away. A total of 40 hectors of land area has been identified and applied for and survey on hydrographic is being concluded. Surveys on geophysical and geotechnical will take place in the 2007/08 finance year followed by full feasibility study.

REPORT OF THE DIRECTORS FOR THE YEAR ENDED 30TH JUNE, 2007

1.0. INTRODUCTION

The Directors are pleased to present their report and audited financial statements for the year ended 30th June, 2007. This is the second report for the Tanzania Ports Authority (TPA) since coming into operations on 15th April, 2005. TPA was established by the Ports Act No. 17 of 2004 and has taken over the functions and responsibilities of the Tanzania Harbours Authority which ceased to operate from 14th April, 2005.

2.0 STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE FINANCIAL STATEMENTS

The Directors are responsible for preparation of financial statements that show a true and fair view of the financial position of the Authority in accordance with International Financial Reporting Standards. They are also responsible for safeguarding the Assets of the Authority and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

3.0 MEMBERSHIP OF THE BOARD OF DIRECTORS

The names of the members of the Board of Directors who served the Authority during the accounting period are as follows:

1.	Mr. Raphael O.S. Mollel	Chairman
2.	Mr. Dunstan G. Mrutu	Vice-Chairman
3.	Dr. Edmund B. Mndolwa	Director
4.	Mr. Hassan M. Raha	Director
5.	Eng. George H. Alliy	Director
6.	Eng. Godfred J. Shuma	Director
7.	Mrs. Lucy K. Kachele	Director
8.	Mr. Onesmo K. Nangole (MP)	Director
9.	Hon. Richard S. Nyaulawa (MP)	Director

13.0 AUDITORS

On 31st July, 2007, the Authority entered into a contract with M/s TAC Associates to audit the financial statements of the Authority for the year ended on 30th June, 2007. The engagement was made through open competitive tender process and was approved by the Controller and Audit General vide his letter Ref. No. CA.314/641/01/08 dated 27th June,2007.

"BY ORDER OF THE BOARD"

.....…….. **……**

CHAIRMAN **DATE ……** **DIRECTOR**

REPORT OF THE AUDITORS TO THE DIRECTORS

We have audited the financial statements of Tanzania Ports Authority for the year ended 30th June, 2007 and the related income and expenditure account, statements of changes in equity and cash flows for the year then ended. We received all the information and explanations which we considered necessary for audit purpose.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

Under the provisions of the Tanzania Ports Authority Act 2004, the Directors are responsible for the preparation of financial statements which give a true and fair view of the Authority's state of affairs and of the operating results. Our responsibility is to express an independent opinion based on our audit of the financial statements and report our opinion.

BASIS OF OPINION

We conducted our audit in accordance with International Standards on Auditing (ISA) issued by International Auditing and Assurance Standards Board (IAASB). An audit includes examination, on test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of significant estimates and judgements made by the Directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Authority's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatements. In forming our opinion, we also evaluated the overall adequacy of the presentation of information in the financial statements.

OPINION

In our opinion, proper books of account have been kept and the financial statements give a true and fair view of the state of affairs of the Tanzania Ports Authority as at 30th June, 2007, and of its surplus, changes in equity and cash flows for year ended on that date in accordance with the International Financial Reporting Standards and they comply with the Public Finance Act No.6 of 2001 (Revised 2004) and related Regulations, Section 44 (i) (c) of the Public Procurement No.21 of 2004 and its Regulations of 2005 and its establishing act.

Matters of Emphasis not Affecting Opinion

FAIR VALUE OF TPA ASSETS

TPA assets in particular those taken over from the predecessors namely, Tanzania Harbours Authority and Marine Services Company Limited have not been revalued at any point in time in the last five years and the results incorporated in the books of account. International Accounting Standards No 16 recommends revaluation of assets to be done in an interval of between three and five years. In this regard, we could not ascertain and report on the fair value of assets as reflected in the financial statements at net carrying amount of TZS.102,610,191,087.

TAC ASSOCIATES *(Certified Public Accountants)*

S.F. SAYORE - FCCA
MANAGING PARTNER

DAR ES SALAAM
30TH OCTOBER, 2007

BALANCE SHEET AS AT 30TH JUNE, 2007

ASSETS	NOTE	30.06.2007 TZS.	30.06.2006 TZS.
Non Current Assets			
Property, Plant and Equipment – Sea Ports	3(A)	88,146,005,461	76,379,828,261
Property, Plant and Equipment on Lease to TICTS	3(B)	10,975,342,507	11,566,013,182
Property, Plant and Equipment – Lake Ports	3(C)	3,454,334,608	0
Investment Property – Upanga Club	3(D)	287,854,509	293,834,350
		102,863,537,085	88,239,675,793
Investments in Deposits and Securities	4	32,399,954,286	30,794,938,765
		135,263,491,371	119,034,614,558
Assets held for Sale	5	2,072,318,585	2,166,826,098
Current Assets			
Inventories	6	1,172,700,527	1,893,498,660
Trade and Other Receivables	7	10,653,661,586	8,036,981,688
Prepayments	8	11,845,877,376	1,013,849,017
NIC Depository Administrative Scheme	9	2,508,949,567	2,600,706,445
Provision for Taxation	10	319,145,085	0
Cash and Cash Equivalents	11	72,724,637,496	81,627,110,082
		99,224,971,637	95,172,145,892
Total Assets		236,560,781,593	216,373,586,548
EQUITY AND LIABILITIES			
Capital and Reserves			
Capital Fund	12	17,954,735,833	14,134,851,833
Revaluation Reserve	13	58,324,897,096	58,541,627,456
Non-Current Assets Replacement Fund	4	32,029,605,829	30,450,390,568
Self Insurance Fund	4	345,197,057	319,296,797
Surplus/Deficit		84,624,388,508	60,713,545,240
		193,278,824,323	164,159,711,894
Non Current Liabilities			
Long Term Loans	14	15,123,660,176	23,960,183,115
Deferred Tax Liability	15	6,212,574,432	7,373,965,476
		21,336,234,608	31,334,148,591
Current Liabilities			
Trade and Other Payables	16	9,741,416,886	8,375,769,991
Depository Administrative Scheme Payable	9	2,508,949,567	2,600,706,445
Provision for Taxation	10	0	209,165,041
Current Maturity of Long Term Loans	17	9,695,356,209	9,694,084,586
		21,945,722,662	20,879,726,063
Total Equity and Liabilities		236,560,781,593	216,373,586,548

The Notes on pages 11 to 30 form part of the financial statements. Auditors Report on page 6.

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CHAIRMAN **DIRECTOR**

DATE: ….....

INCOME AND EXPENDITURE STATEMENT FOR THE YEAR ENDED ON 30TH JUNE, 2007

INCOME	NOTE	TWELVE MONTHS TO 30.6.2007 TZS.	FOURTEEN AND A HALF MONTHS TO 30.6.2006 TZS.
Operating Revenue	**18**	**137,613,682,319**	132,344,588,463
Fixed Rental Income		**6,327,150,000**	4,164,067,200
Royalty		**5,141,768,220**	4,903,403,317
		149,082,600,539	141,412,058,980
Less: Operating Expenditure			
Salaries and Staff Benefits		**55,473,274,524**	47,829,664,998
Maintenance Expenses		**9,420,273,529**	9,155,665,015
Operating Expenses		**19,465,200,181**	15,320,343,925
General and Administrative Expenses		**16,217,267,502**	13,928,297,510
Depreciation and Amortization		**9,413,419,590**	11,514,191,498
Provision for Audit Fees and Expenses		**91,248,000**	65,000,000
Financial Expenses		**3,626,676,014**	5,882,118,074
		113,707,359,340	103,695,281,020
Surplus/(Deficit) From Operations		**35,375,241,199**	37,716,777,960
Non –Operating Revenue	**19**	**3,646,547,064**	2,195,899,348
Gain/(Loss) on Exchange Rates Fluctuations		**(574,228,780)**	4,910,621,085
Gain/(Loss) on Disposal of Plant and Equipment		**(18,672,272)**	(51,281,109)
		3,053,646,012	7,055,239,324
Less: Non-Operating Expenses	**20**	**2,531,206,616**	5,926,566,955
		522,439,396	1,128,672,369
Surplus/(Deficit) For The Year Before Taxation		**35,897,680,595**	38,845,450,329
Provision for Corporation Tax		**11,779,178,530**	12,657,244,940
Surplus/(Deficit) For The Year After Taxation		**24,118,502,065**	26,188,205,389
Investment in Non-Current Assets Replacement Fund		**0**	11,034,929,706
		24,118,502,065	15,153,275,683
Surplus/(Deficit) Brought Forward		**60,713,545,240**	39,655,568,098
Dividend Paid		**(2,500,000,000)**	
Deferred Tax Adjustment		**2,075,610,842**	(1,070,164,904)
Adjustment Of Revaluation Reserves On Plant and Equipment Disposed Off		**216,730,361**	6,974,866,363
Net Surplus/(Deficit) Brought Forward		**60,505,886,443**	45,560,269,557
Accumulated Surplus/(Deficit) Carried Forward		**84,624,388,508**	60,713,545,240

The Notes on pages 11 to 30 form part of the financial statements. Auditors Report on page 6.

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CHAIRMAN **DIRECTOR**

DATE: ……..

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED

30TH JUNE, 2007

	Capital Fund	Revaluation Reserve	Fixed Assets Replacement and Self Insurance Fund	Accumulated Surplus/ (Deficit)	Total
	TZS.'000'	TZS.'000'	TZS.'000'	TZS.'000'	TZS.'000'
Balance on 15th April 2006	**14,134,852**	**65,516,494**	**19,734,858**	**39,655,567**	**139,041,771**
Deferred Tax Adjustment				(1,070,164)	(1,070,164)
Adjustment on Disposed Properties		(6,974,866)		6,974,866	
Additional Investment Towards Non-Current Assets Replacement Fund			11,034,829	0	11,034,829
Surplus/(Deficit) for the Year				15,153,276	15,153,276
Balance on 30th June, 2006	**14,134,852**	**58,541,628**	**30,769,687**	**60,713,545**	**164,159,712**
Deferred Tax Adjustment				(2,075,610)	(2,075,610)
Adjustment on Disposed Properties		(216,731)		216,731	
Increase in Non-Current Assets Replacement and Self Insurance Funds			1,605,116		1,605,116
Net Carrying Amount of Lake Ports taken over on 1.7.2006	3,569,884				3,569,884
Government Contribution towards rehabilitation of Kasanga and Mbambabay	250,000				250,000
Dividend Paid				(2,500,000)	(2,500,000)
Surplus/(Deficit) for the Year				24,118,502	24,118,502
Balance on 30th June, 2007	**17,954,736**	**58,324,897**	**32,374,803**	**84,624,388**	**193,278,824**

The Notes on pages 11 to 30 form part of the financial statements. Auditors Report on page 6.

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CHAIRMAN **DIRECTOR**

DATE: ……..

CASH FLOW STATEMENT FOR TWELVE MONTHS ENDED ON 30TH JUNE, 2007

CASH FLOWS FROM OPERATING ACTIVITIES		TWELVE MONTHS TO 30.6.2007 TZS.	FOURTEEN AND A HALF MONTHS TO 30.6.2006 TZS.
Surplus/(Deficit) For the Year Before Taxation		**35,897,680,595**	38,845,450,329
Add: Adjustments for:			
Depreciation and Amortization		**9,413,419,590**	11,514,191,498
Adjustment on Property, Plant and Equipment		**932,993,208**	974,078,959
(Gain)/Loss on Sale of Machinery and Equipment		**18,672,272**	51,281,109
		46,262,765,665	51,385,001,895
Operating Surplus/(Deficit) Before Working Capital Items		**46,262,765,665**	51,385,001,895
(Increase)/Decrease in Assets held for Sale		**94,507,513**	5,042,173,930
		46,357,273,178	56,427,175,825
(Increase)/Decrease in Inventories		**720,798,133**	(1,294,887,595)
(Increase)/Decrease in Trade and Other Receivables		**(2,616,679,898)**	2,466,535,514
(Increase)/Decrease Prepayments		**(10,832,028,359)**	1,753,299,302
(Increase)/Decrease NIC Depository Administrative Receivable		**91,756,878**	68,912,823
Increase/(Decrease) in Trade and Other Payables		**1,365,646,895**	2,735,865,162
Increase/(Decrease) in Depository Administrative Scheme Payable		**(91,756,878)**	(68,912,823)
Cash Flows Generated from Operating Activities		**34,995,009,949**	62,087,988,208
Corporation Tax Paid		**(12,097,624,476)**	(10,875,000,000)
Net Cash Flows From/ (Used in) Operating Activities	**A**	**22,897,385,473**	51,212,988,208
Cash Flows From/(Used in) Investing Activities			
Proceeds from Sales of Machinery and Equipment		**64,978,400**	17,537,214
Investments in Capital Work in Progress		**(8,623,267,401)**	(10,429,914,798)
Acquisition of Property, Plant and Equipment		**(19,633)**	(1,156,000)
Investment in Self Insurance Fund		**(25,900,260)**	(16,548,830)
Investments in Non-Current Assets Replacement Fund		**(1,579,215,261)**	(11,018,380,876)
Investments in Capital Goods in Transit		**(14,121,066,588)**	(3,366,638,511)
Net Cash Flows From/(Used in) Investing Activities	**B**	**(24,284,490,743)**	(24,815,101,801)
Cash Flows From/(Used in) Financing Activities			
Loans Repaid		**(10,166,281,419)**	(11,858,776,659)
Dividend Paid		**(2,500,000,000)**	0
Currency Fluctuations on Long Term Loans		**1,331,030,103**	3,048,657,267
Contribution Towards Capital Fund		**3,819,884,000**	0
Net Cash Flows From/(Used in) Financing Activities	**C**	**(7,515,367,316)**	(8,810,119,392)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	**A+B+C**	**(8,902,472,586)**	17,587,767,015
Cash and Cash Equivalents at the Beginning of the Year		**81,627,110,082**	64,039,343,067
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR		**72,724,637,496**	81,627,110,082

The Notes on pages 11 to 30 form part of the financial statements. Auditors Report on page 6.

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CHAIRMAN **DIRECTOR**

DATE: ……..