

EGYPTAIR CARGO



Board of Directors



Capt. Asaad Mohamed Darwish

Chairman
EGYPTAIR CARGO

Capt. Mohamed Fathy Fathallah Refaat

Chairman
Cairo International Airport Company

Mr. Galal Abu Elfotouh

Advisor
Egyptian Customs Authority

Mr. Magdy Mohamed Ragheb

Vice President, General Planning
EGYPTAIR HOLDING

Eng. Sayed Ayoub Hassan Elsayed

Vice President, Information Technology
EGYPTAIR HOLDING

Mr. Fouad Abdul Kader Ahmed Abdulhady

Senior Clearance Rep.
EGYPTAIR CARGO

Eng. Mohamed Sabry Taha Mohamed

GM Technical Affairs
EGYPTAIR CARGO

Mr. Salah Abdul Salam Abdul Razak

Senior Cargo Officer
EGYPTAIR CARGO

Mr. Mohamed Abdul Moneam Hassan

GM Human Resources
EGYPTAIR CARGO

Mr. Hassan Mohamed Hassan Shehatah

Syndicate Representative

Chairman's Message

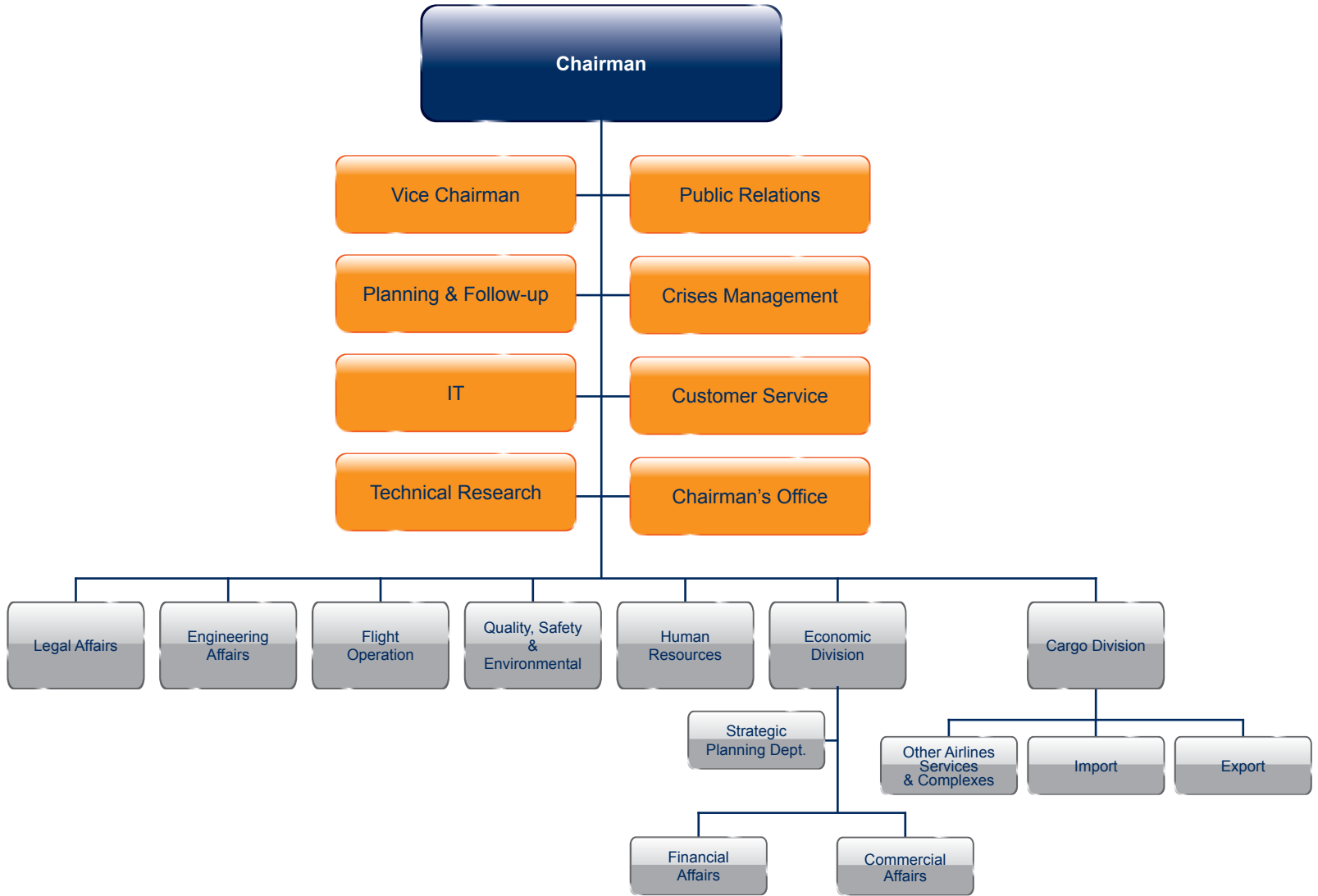
Since the restructuring of EGYPTAIR group in 2002, EGYPTAIR CARGO has been committed to become a cargo handling provider that measures up to the industry standards and supports the implementation of the national cargo strategy. We are proudly playing a key role in developing the Cairo International Airport to be a CARGO HUB airport. With the assistance of Lufthansa consulting, we have accomplished many milestones including a functional and performance improvement project to develop our facilities and enrich the qualifications of our staff. Remapping of our processes, modernizing the IT infrastructure, enhancing commercial activities and an overall plan to comply with C2K requirements and E-Freight initiatives are all in place.

Aiming to further satisfy our customers, we launched a program to measure our performance levels to ensure that we achieve according to the industry standards. EGYPTAIR CARGO Air Freight market share has grown by 1.5%, the load factor by 2%, and the cargo handling volumes by 2.4%. The freighter network has been expanded to reach 6 more African destinations and 2 European destinations. Also, there is a 14% increase in the company's profit margin that has been achieved as a result of the efforts of our experienced, hard-working employees.

We know that challenges will always be out there, but we are committed to deliver our promises, doing our business in a way that provides quality, safety, reliability, punctuality and value to our customers.

Capt. Asaad Mohamed Darwish
Chairman
EGYPTAIR CARGO

Organizational Chart



Background

EGYPTAIR CARGO was founded in 2002, as a subsidiary business unit of EGYPTAIR HOLDING. Since its foundation, EGYPTAIR CARGO has been on the forefront of transporting and handling general and special cargo.

Fleet / Network

EGYPTAIR CARGO fleet is composed of four medium range wide body aircrafts; "two A300B4F and two A300-600F" which covers our existing freighter network reaching the Middle East, Europe, and major African destinations. The combination of the freighter network and the passenger network of our sister company "EGYPTAIR AIRLINES" allows us to serve more than 60 scheduled international destinations in the major cities in USA, Canada, Europe, Africa, Gulf area, and Far East. A fleet evolution plan to match the best possible fleet structure with the capacity needs is in place.

HUBs

Our main cargo Hub is located at Cairo International Airport. We established several hubs at (Ostende-Belgium, Manston-U.K., Hahn-Germany, Chateauroux-France, and Sharjah-U.A.E.) offering direct access from and to the most important trading centers in Europe and the Middle East.

Terminals

EGYPTAIR CARGO's handling facility at Cairo International Airport is under a reconstruction phase including improvement of working environment through optimizing of infrastructure, equipment, better maintenance, increased utilization of IT system, change warehouse structure for use of LSP (this will help to minimize the process time and considered as a cost saving element), installation of new storage racks, as well as the administrative areas. Since October 2007, all cargo acceptance and customs inspection for all export cargo have been proceeding through a new building offering a better work environment.

A plan for improving EGYPTAIR CARGO handling facility at Al-Nozha (Alexandria) Airport has been initiated. An evolution theory leads us to start a study to use the 10th of Ramadan facility for delivering some types of import shipments.

In February 2006, another cargo terminal at Luxor International Airport was established with a capacity of 20,000 tons/year to better serve the southern region of Egypt.

Staff

EGYPTAIR CARGO prides itself in having a team of more than 1000 qualified employees serving around 40 International Airlines and more than 80 Cargo agents.

EGYPTAIR CARGO employees are expected to grow within the coming years. As part of the national strategy, EGYPTAIR CARGO has a significant role in developing and operating Cairo International Airport as a HUB airport. EGYPTAIR CARGO achieved a 99% of its training plan for all operational staff. EGYPTAIR CARGO staff handled during 2007/2008 at all cargo terminals in Egypt around 187,000 tons.

Customers

EGYPTAIR CARGO is focusing on providing the highest levels of services that satisfy its customers' needs, since the pursuit of quality and safe services to customers is essential to the development and growth of the company.

EGYPTAIR CARGO considers customers' satisfaction as a great value for its operations. A survey has been conducted to half of our customers as a sample to find out how far we are satisfying their needs. The results were quite encouraging, showing that almost 70% in average of our customers are satisfied with the services we provide.

Business

EGYPTAIR CARGO has a competitive advantage that enhances its operation; the location where Egypt enables EGYPTAIR CARGO to attract more transit cargo to serve three continents, the friendly management and the employees enforce EGYPTAIR CARGO in front of other carriers, the good network for EGYPTAIR AIRLINES which EGYPTAIR CARGO is using gives us the opportunity to serve more destinations worldwide.

EGYPTAIR CARGO extended its business to include the managing and operating of other related projects like the perishable center at Cairo International Airport in conjunction with HEIA (Horticulture Export Improvement Association) Community.

Product

For the time being EGYPTAIR CARGO is offering the regular and traditional cargo services (secure and safe cargo handling and dispatch of cargo from airport to airport), other services like door to door are offered only when required under conditions and agreement. Moreover, we assure safe handling and perfect arrangements for all kinds of special cargo.

Strategic Alliances

EGYPTAIR CARGO has signed many special prorated agreements with 20 large airlines (SU, CO, HM, BG, CI, AA, AF, LO, OZ, RG, CX, CA, KE, SV, UL, OS, KZ, JL, MP, XM) in order to serve more destinations worldwide and increase the revenues and load factor on its flights.

Company Strategic Goals

EGYPTAIR CARGO management believes that “the process which can not be measured can not be controlled”. EGYPTAIR CARGO set a group of strategic key performance indicators to measure and monitor the critical activities, aiming to reach the industry level of performing the services and to achieve the group strategic goals. EGYPTAIR CARGO formulated its marketing & sales strategy, fleet strategy, aircraft operation strategy, network strategy, pricing strategy, position strategy, distribution channel strategy, advertising-promotion-PR strategies, learning & growth strategy, and IT strategy, in order to achieve the stated strategic goals.

EGYPTAIR CARGO prepared an action plan aiming to:

- Improve the operational quality.
- Analyse the customer requirements.
- Define the service feature “on time definite promises”.
- Application of efficient sales steering.
- Development of systematic and proactive sales activities.
- Develop upgraded services in line with customer requirements.



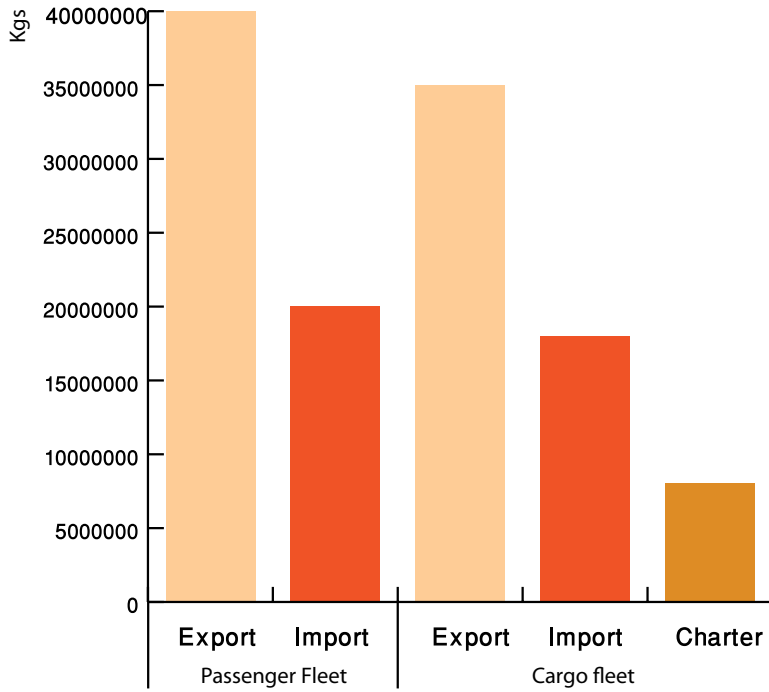
Functional and performance improvement project:

EGYPTAIR CARGO has embarked on a functional and performance improvement program in 2006. The program was driven by Egypt’s national cargo strategy to develop Cairo International Airport (CIA) into an international cargo hub, following a comprehensive assessment of the company performance of different areas, EGYPTAIR CARGO has successfully started the implementation phase focusing on commercial and warehouse operations as they are the two critical areas that have direct interface towards customers and hence have the potential to sustainably improve the success of EGYPTAIR CARGO and lead to increasing profitability.

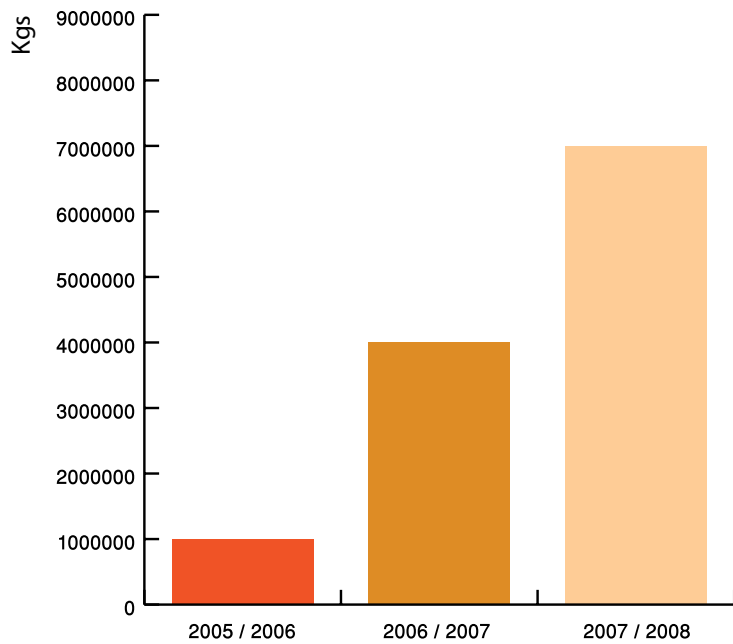
EGYPTAIR CARGO started:

- The application of professional and streamlined marketing, sales, pricing, and network management process.
- The application of a quick and reliable cargo handling process.
- The upgrading and renovation of the cargo handling facility at Cairo International Airport.
- The setting up of a staff qualification system which considers first of all the qualification requirements for each function and brings it in line with the individual qualification profile of the possible candidate or job holder “twenty training courses in different functions were defined from which ten courses were delivered in the year 2007”.
- The proper application of the available source of information. The application of a quality management system and performance measurement system to assure constant and consistent quality standard “EGYPTAIR CARGO has joined IATA Cargo 2000 program as an associated member, a process matching the C2K requirements compliance was established”.

Total Cargo Carried in 2007/2008

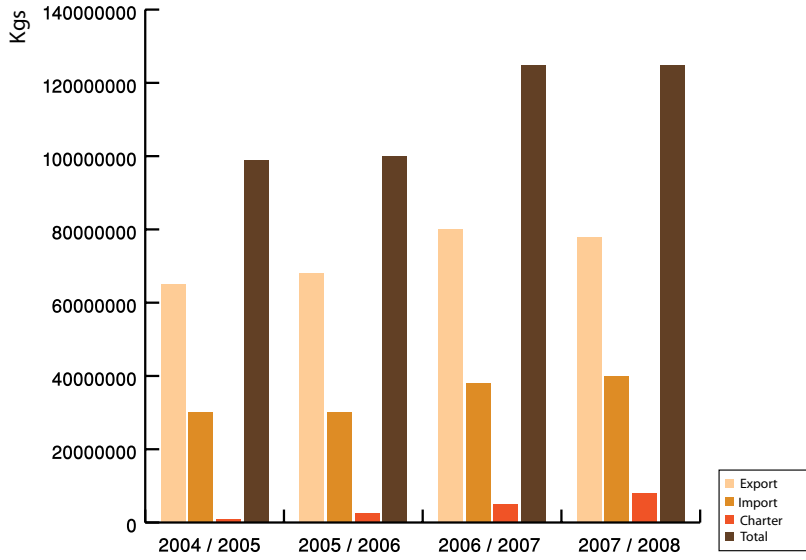


Charter Flights 3 years Comparison

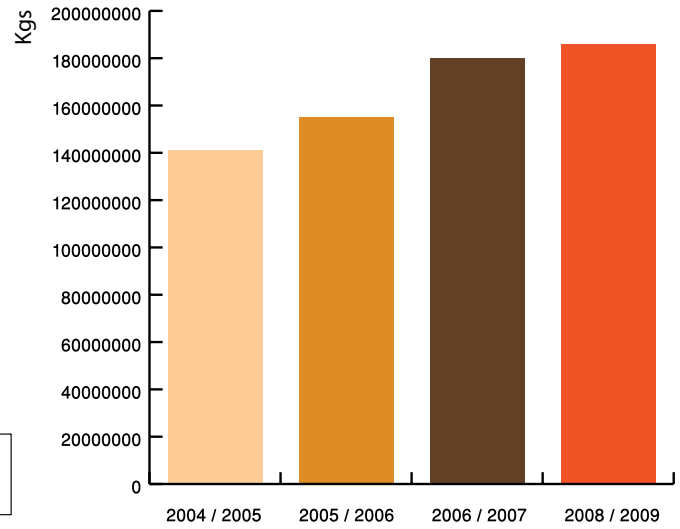


Statistics

Cargo Loads from & to Cairo

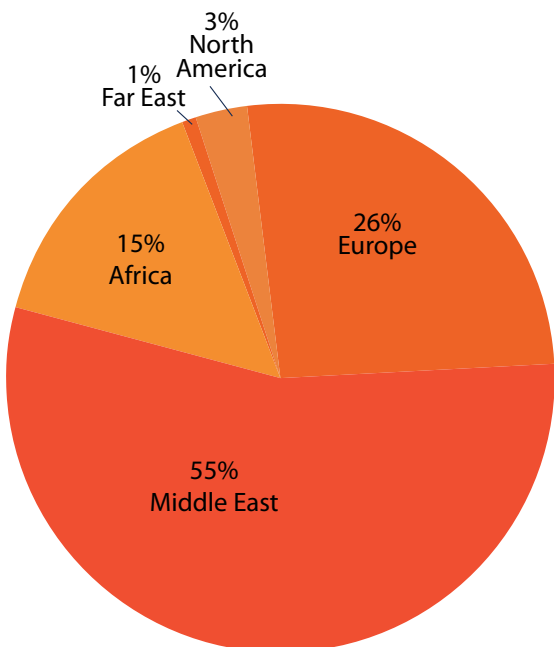


Cargo Handled by EGYPTAIR CARGO

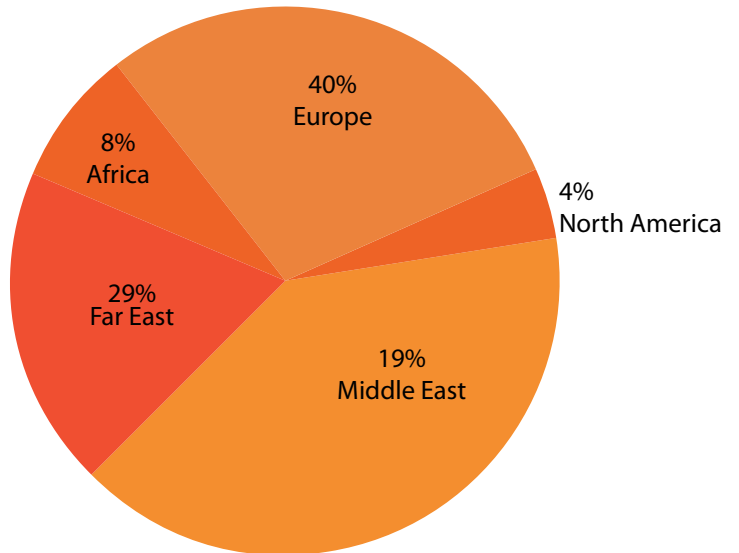




**Exports on Passenger Aircrafts
by Region 2007/2008**



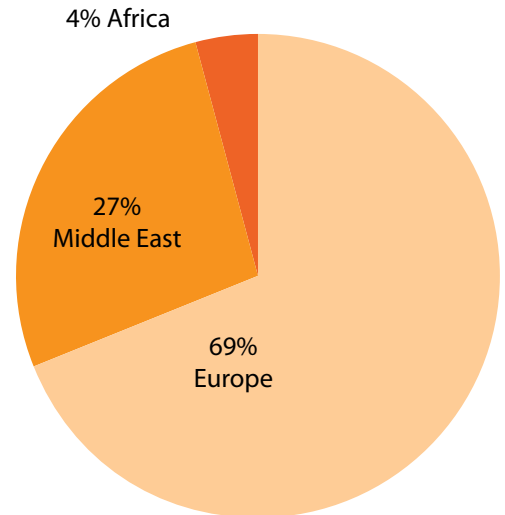
**Imports on Passenger Aircrafts
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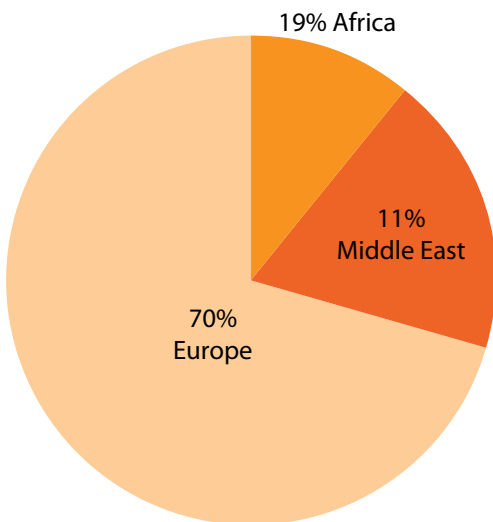
Statistics



Exports on Freighter by Region 2007/2008



Imports on Freighter by Region 2007/2008





Financial Statements

EGYPTAIR CARGO Statement of Financial Position at 30/6/2008 (000EGP)

PARTICULARS	2006/2007	2007/2008
<u>Long-Term Assets</u>		
Fixed assets (net)	238,315	339,380
Projects in progress	8,049	18,295
Long-term investments	385	595
Long-term loans and debit balances		
Total long-term assets (1)	246,749	358,270
<u>Current assets</u>		
Stock	4,676	3,707
Customers, notes receivables and debit accounts	1,254,442	611,279
Cash in banks and in hand	60,008	172,704
Total current assets	1,319,126	787,690
<u>Current liabilities</u>		
Provisions	34,230	6,304
Creditor banks		
Suppliers, notes payable and credit accounts	1,269,683	766,550
Total current liabilities	1,303,913	772,854
Working capital (2)	15,213	14,836
Total investment (1+2)	261,962	373,106
Financed as follows:		
Issued capital	11,500	40,000
Paid up capital-reserves	82,051	88,517
Total equity (3)	93,551	128,517
Long-Term liabilities(4)	168,411	244,589
Total financing of investment (3+4)	261,962	373,106

EGYPTAIR CARGO Profit and Loss Account (July 2007 - June 2008) 000EGP

COSTS & EXPENDITURES

PARTICULARS	2006/2007	2007/2008
Raw material, requisites, fuel & spare parts	172,832	239,518
Wages	48,019	52,965
Expenditures	527,546	573,943
Purchases of goods for sales		
Burdens & losses	40,158	21,748
Total cost and Expenditures	788,555	888,174

REVENUES

PARTICULARS	2006/2007	2007/2008
Activity revenues	763,739	850,958
Grants & donations		
Other revenues & profits	71,619	109,027
Investments revenues & Interests	1,417	1,732
Total Revenues	836,775	961,717
Surplus or Deficit	48,220	73,543

