

## Retail

Malaysia Airports (Niaga) Sdn. Bhd. (MA (Niaga)), which operates and manages the duty free and non-duty free operations at all international and selected domestic airports under the brand name *Eraman*, performed well in the financial period under review.

The opening of KLIA, which has approximately 11,980 sqm in commercial space, provided us more opportunity, improved facilities and a more conducive

shopping environment to significantly improve our retail and food & beverage offering with renowned brand names like *Burberry's*, *Tie Rack* and *Bally*. MA (Niaga)'s total retail space at KLIA is 2,209 sqm.

The Government's recent move to remove duties on handbags, shoes, luggage, leather goods, accessories and related items will provide a boost to our retail business, and will undoubtedly contribute to our objective of making

KLIA a premier shopping destination for all travellers, and add to its attractiveness as a regional hub.

With the retail business segment contributing about 14.9% of the Group's total turnover in 1999, steps are being undertaken to improve the retail mix at KLIA and our outlets at other airports, and to significantly increase marketing activities, providing the necessary impetus needed to encourage greater spending at all our outlets.



*System Berhad dan penyedia perkhidmatan berkaitan di KLIA.*

*Kumpulan juga sedang menjalin hubungan strategik dengan perunding pemasaran lapangan terbang untuk mempertingkatkan jalinan rangkaian lapangan terbangnya dengan dunia serta mempertingkatkan daya tarikkannya kepada syarikat penerbangan serantau dan antarabangsa.*

*Kumpulan juga komited untuk meneroka berbagai cara untuk memaksimumkan taraf operasi dan perkhidmatannya dengan penekanan utama terhadap keselamatan, sekuriti dan keselesaan penumpang.*

## Gedung Runcit

*Malaysia Airports (Niaga) Sdn. Bhd. (MA (Niaga)) yang mengendalikan dan mengurus operasi bebas cukai dan bukan bebas cukai di semua lapangan terbang antarabangsa dan lapangan terbang domestik tertentu beroperasi di bawah jenama Eraman. Ia mencatatkan prestasi yang memuaskan pada tempoh kewangan yang ditinjau.*

*Pembukaan KLIA yang mempunyai ruang lantai perdagangan seluas kira-kira 11,980 mps memberikan kami peluang yang lebih besar, kemudahan yang lebih baik dan persekitaran membeli-belah yang lebih sesuai untuk membantu*

*kami mempertingkatkan dengan ketara tawaran gedung runcit dan perkhidmatan makanan & minuman kami dengan beberapa jenama terkemuka seperti Burberry's, Tie Rack dan Bally. MA (Niaga) mempunyai ruang lantai runcit seluas 2,209 mps di KLIA.*

*Langkah yang diambil oleh Kerajaan untuk menghapuskan duti ke atas beg tangan, kasut, beg pakaian, barangan kulit, aksesori dan barangan berkaitan baru-baru ini akan merangsangkan perniagaan gedung runcit kami. Ia juga akan menyumbang kepada pencapaian matlamat kami untuk menjadikan KLIA sebuah destinasi membeli-belah*

### Event Promotion and Management

Event promotion and management activities achieved a quantum leap in 1999, with the official launch of the Sepang FI Circuit in March 1999 spearheading the Group's involvement in this area.

The Circuit played host to two major events in the course of the year — the Federation Internationale Motorcyclistes (FIM) World Motorcycle Grand Prix from 16 – 18 April, 1999 and the inaugural Federation Internationale Automobile

(FIA) Formula One Championship from 15 – 17 October, 1999, in addition to a number of local races and events.

The Circuit was recently awarded the 1999 World's Best Grand Prix award by Formula One Management Limited, a significant accolade at any time, more so considering the fact that it was awarded for an inaugural race.

The positive publicity arising from the hosting of these events and the award is expected to bring significant

contributions in coming years, not just to the Group, but to also tourism and other related industries in Malaysia, especially when taken into consideration the fact that Formula One races have a worldwide exposure of 600 million viewers via 750 TV stations in over 260 countries.

Moving forward, the Circuit is expected to embark on an aggressive marketing campaign to promote the venue both locally and internationally as a destination for all motorsports,



*bertaraf perdana yang dapat memenuhi keperluan semua kembara dan menambah daya penarikannya sebagai hub serantau.*

*Segmen perniagaan gedung runcit menyumbang sebanyak 14.9% kepada jumlah perolehan Kumpulan pada tahun 1999. Justeru itu, beberapa langkah telah diambil untuk mempertingkatkan tawaran gedung runcit di KLIA dan di lapangan terbang lain. Pada masa yang sama, kami akan menambah aktiviti pemasaran untuk menyediakan dorongan yang diperlukan bagi menggalakkan kembara berbelanja lebih banyak di semua rangkaian runcit kami.*

### Promosi dan Pengurusan Acara

*Pelancaran rasmi Litar F1 Sepang pada bulan Mac 1999 telah membantu aktiviti promosi dan pengurusan acara mencapai kemajuan yang pesat pada tahun 1999 dan seterusnya mengembangkan lagi penglibatan Kumpulan di dalam bidang ini.*

*Litar ini menjadi tuan rumah kepada dua acara utama pada tahun ini — Grand Prix Motosikal Dunia Federation Internationale Motorcyclistes (FIM) dari 16 – 18 April, 1999 dan pelancaran Kejuaaran Formula One Federation Internationale Automobile (FIA) yang pertama dari 15 – 17 Oktober, 1999 di*

*samping beberapa perlumbaan dan acara tempatan.*

*Baru-baru ini, Litar tersebut telah diberi anugerah Grand Prix Terbaik Dunia 1999 oleh Formula One Management Limited, satu pengiktirafan penting, memandangkan acara perlumbaan tersebut julung-julung kali diadakan di negara kita.*

*Publisiti positif yang timbul daripada penganjuran acara-acara sedemikian dijangka akan memberi sumbangan besar dalam tempoh beberapa tahun akan datang, bukan sahaja kepada Kumpulan, malah terhadap sektor pelancongan dan berbagai industri berkaitan di Malaysia,*

including go-karting and 4x4 racing, as well as a venue for launches, motorsports exhibitions and other related activities.

Since ceasing operations at Terminal 1 in Subang Airport with the move to KLIA in June 1998, we have been using what was previously the main international terminal at Subang as the International Trade and Exhibition Centre (ITECS). The venue has hosted a number of international and local events in the course of the past year.

#### **Hotel**

K.L. Airport Hotel Sdn. Bhd., a company which is 60% owned by the Group, manages and operates the 441-room Pan Pacific at KLIA, which enjoyed an average occupancy of about 62% throughout 1999. The hotel's 300-metre long skybridge provides a direct link to the passenger arrival hall at KLIA, making it an attractive option for transit passengers, as well as those with business in and around the Klang Valley.

#### **Agriculture**

As part of our efforts to increase revenue growth opportunities, the Group manages the high density oil palm plantation on the land earmarked for the future development of KLIA.

The plantation covers an area of over 6,000 hectares and falls under the management of wholly-owned subsidiary, MAB Agriculture-Horticulture Sdn. Bhd. The company is also responsible for landscaping the 25,000 acres of land under the KLIA concession and lease



*memandangkan acara Formula One mempunyai pendedahan kepada 600 juta penonton di seluruh dunia melalui 750 stesen TV di lebih 260 negara.*

*Untuk memenuhi perkembangan masa depan, Litar ini dijangka akan melancarkan kempen pemasaran secara agresif untuk mempromosi lokasinya di peringkat dalam negeri dan antarabangsa sebagai destinasi untuk semua sukan bermotor termasuk go-kart dan pelumbaan 4X4 serta sebagai lokasi untuk pelancaran pameran sukan permotoran dan berbagai aktiviti berkaitan.*

*Sejak menamatkan operasi Terminal 1 Lapangan Terbang Subang berikutan pemindahan ke KLIA pada bulan Jun 1998, kami telah menggunakan terminal antarabangsa utama di Subang sebagai Pusat Perdagangan dan Pameran Antarabangsa (ITECS). Lokasi ini telah menganjurkan berbagai acara bertaraf antarabangsa dan tempatan sepanjang tahun lepas.*

#### **Hotel**

*K.L. Airport Hotel Sdn. Bhd., sebuah syarikat yang 60% kepentingannya dimiliki oleh Kumpulan, mengurus dan mengendalikan hotel 441 bilik Pan*

*Pacific di KLIA. Hotel ini menikmati kadar penghunian kira-kira 62% sepanjang tahun 1999. Jambatan awangan hotel ini sepanjang 300 meter menyediakan hubungan terus ke dewan ketibaan penumpang di KLIA, menjadikannya pilihan menarik bagi penumpang transit serta mereka yang mempunyai urusan perniagaan di sekitar Lembah Klang.*

#### **Pertanian**

*Sebagai sebahagian daripada usaha kami untuk meningkatkan peluang pertumbuhan hasil, Kumpulan menguruskan ladang kelapa sawit berkepadatan tinggi di atas tanah yang*

agreements. This includes the land in and around KLIA and the Sepang F1 Circuit. For the financial period ended 31 December, 1999, the agriculture business generated a turnover of RM3.0 million and a profit before tax of RM1.4 million.

#### **Caring for Our Communities**

With operations throughout the country and an employee base of over 4,000, the Group continues to place emphasis on caring for the communities in which we operate.

Among initiatives undertaken through the year were a comprehensive training programme to upgrade the skills and competency levels of our staff, increasing career and growth opportunities for both existing and new employees, and a proactive programme for our staff and their families to increase their contact with and understanding of our businesses. Where possible, we initiated activities to meet the needs of communities in the vicinity of our operations, including blood

donation campaigns, contributions to organisations such as Malaysian Liver Foundation, Cancerlink Foundation, National Kidney Foundation and others; as well as Hari Raya festivities and visits to KLIA for underprivileged children.

#### **Challenges and Prospects**

For 1999, the ratio of the Group's aeronautical to non-aeronautical revenues was approximately 46% to 54%, as compared to a ratio of approximately 70% to 30% when we



*diperuntukkan bagi pembangunan KLIA pada masa depan.*

*Ladang ini meliputi kawasan seluas lebih 6,000 hektar dan diletakkan di bawah pengurusan syarikat subsidiari milik penuh, MAB Agriculture-Horticulture Sdn. Bhd. Syarikat ini juga bertanggungjawab melanskap 25,000 ekar tanah dalam lingkungan perjanjian konsesi dan pajakan KLIA. Ini meliputi tanah di dalam dan di sekitar KLIA dan Litar F1 Sepang. Pada tahun 1999, perniagaan pertanian menjana perolehan sebanyak RM3.0 juta dan keuntungan sebelum cukai sebanyak RM1.4 juta pada tahun 1999.*

#### **Prihatin Terhadap Masyarakat**

*Dengan operasi yang tersebar ke seluruh negara dan kakitangan seramai lebih 4,000 orang, Kumpulan peka terhadap masyarakat sekeliling di mana ia beroperasi.*

*Antara aktiviti yang dijalankan sepanjang tahun adalah program latihan yang menyeluruh untuk mempertingkatkan tahap kemahiran serta kecekapan kakitangan kami, mempertingkatkan peluang kerjaya dan pembangunan diri untuk kakitangan baru dan yang sedia ada serta satu program proaktif untuk kakitangan dan keluarga mereka*

*supaya dapat mendekatkan diri serta memahami perniagaan yang kami jalankan. Kami turut menganjurkan berbagai aktiviti bagi memenuhi keperluan masyarakat setempat di mana kami beroperasi, termasuk kempen derma darah, menghulur sumbangan kepada badan-badan amal seperti Yayasan Hati Malaysia, Yayasan Cancerlink, Yayasan Buah Pinggang Kebangsaan dan berbagai badan lain. Di samping itu, kami juga mengaturkan lawatan ke KLIA pada Hari Raya dan musim-musim perayaan lain untuk kanak-kanak yang kurang bernasib baik.*



were corporatised in 1992. This enforces our need to place equal emphasis on the growth of non-aeronautical businesses, which will be a key challenge in this new millennium.

The Group also clearly needs to focus on achieving continuous operational excellence. To this end, we are looking towards maximizing the efficiencies offered by our Total Airport Management System (TAMS), which is the only one of

its kind in the world, and acknowledged by industry experts as a gold standard in airport management services.

The Group continues to be committed to growing our core businesses and making them leaders in their respective sectors. We will meet these challenges by continuing to examine our processes, streamlining organisational structures and instilling a culture of excellence amongst our employees.

#### ***Cabaran dan Prospek Masa Hadapan***

*Nisbah hasil daripada aktiviti aeronautikal dan bukan aeronautikal Kumpulan pada tahun 1999 adalah kira-kira 46% kepada 54%, berbanding 70% kepada 30% ketika kami diperbadankan pada tahun 1992. Ini memerlukan kami memberikan penekanan yang seimbang terhadap pertumbuhan perniagaan bukan aeronautikal yang akan menjadi satu cabaran utama pada alaf baru ini.*

*Kumpulan juga perlu memfokus tumpuannya untuk mencapai kecemerlangan operasi yang berterusan. Bagi memenuhi matlamat tersebut,*

*kami sedang berusaha untuk memaksimumkan kecekapan yang ditawarkan oleh Sistem Pengurusan Lapangan Terbang Menyeluruh (Total Airport Management System-TAMS), satu-satunya sistem seumpamanya di dunia dan diiktiraf oleh pakar industri sebagai piawaian bertaraf emas dalam perkhidmatan pengurusan lapangan terbang.*

*Kumpulan akan terus komited kepada berbagai perniagaan teras kami yang semakin berkembang supaya mampu muncul sebagai peneraju dalam sektor masing-masing. Kami akan memenuhi*

*cabaran ini dengan terus meneliti proses kami, mengemaskinikan struktur organisasi serta memupuk budaya cemerlang di kalangan kakitangan.*





# financial statements

## penyata kewangan

**41|45** *Directors' Report*  
**66|69** *Laporan Para Pengarah*

**46** *Statement by Directors*  
**70** *Penyata Para Pengarah*

**46** *Statutory Declaration*  
**70** *Akuan Berkanun*

**47** *Auditors' Report*  
**71** *Laporan Juruaudit*

**48** *Balance Sheets*  
**78** *Kunci Kira-kira*

**49** *Profit and Loss Accounts*  
**79** *Akaun Untung Rugi*

**50|51** *Consolidated Cash Flow Statement*

**80|81** *Penyata Aliran Tunai yang Disatukan*

**52|65** *Notes to the Accounts*  
**82|91** *Nota-nota kepada Akaun*

# directors' report

The directors hereby submit their report together with the audited accounts of the Company and of the Group for the financial period from 28 June, 1999 (date of incorporation) to 31 December, 1999.

## Principal Activities

The principal activity of the Company is investment holding. The Company commenced operations during the financial period.

The principal activities of the subsidiaries are described in Note 9 to the accounts.

There have been no significant changes in these activities during the financial period other than the activities arising from the newly acquired subsidiaries.

## Results

AMOUNT IN RM ('000)	GROUP	COMPANY
Profit after taxation and minority interest	274,619	112,186
Dividends	(110,000)	(110,000)
Retained profits carried forward	164,619	2,186

## Dividends

No dividend has been paid or declared by the Company since the date of incorporation. The directors recommend a final tax exempt dividend of 7% and a special tax exempt dividend of 3% in respect of the current financial period totalling RM110,000,000.

## Reserves and Provisions

There were no material transfers to or from reserves or provisions during the financial period.

## Bad and Doubtful Debts

Before the profit and loss accounts and balance sheets were made out, the directors took reasonable steps to ascertain that action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts and satisfied themselves that all known bad debts had been written off and that adequate provision had been made for doubtful debts.

At the date of this report, the directors are not aware of any circumstances which would render the amount written off as bad debts or provided for as doubtful debts in the accounts of the Company and of the Group inadequate to any substantial extent.

# directors' report *(continued)*

## **Current Assets**

Before the profit and loss accounts and balance sheets were made out, the directors took reasonable steps to ensure that any current assets which were unlikely to be realised in the ordinary course of business their values as shown in the accounting records have been written down to an amount which they might be expected so to realise.

At the date of this report, the directors are not aware of any circumstances which would render the values attributed to the current assets in the accounts of the Company and of the Group misleading.

## **Valuation Methods**

At the date of this report, the directors are not aware of any circumstances which have arisen which render adherence to the existing methods of valuation of assets or liabilities of the Company and of the Group misleading or inappropriate.

## **Contingent and Other Liabilities**

At the date of this report, there does not exist:

- (a) any charge on the assets of the Company or of the Group which has arisen since the end of the financial period which secures the liabilities of any other person; or
- (b) any contingent liability of the Company or of the Group which has arisen since the end of the financial period.

No contingent or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial period which, in the opinion of the directors, will or may substantially affect the ability of the Company or of the Group to meet their obligations when they fall due.

## **Change of Circumstances**

At the date of this report, the directors are not aware of any circumstances not otherwise dealt with in this report or the accounts of the Company or of the Group which would render any amount stated in the accounts misleading.

## **Items of an Unusual Nature**

The results of the operations of the Company and of the Group during the financial period were not, in the opinion of the directors, substantially affected by any item, transaction or event of a material and unusual nature.

There has not arisen in the interval between the end of the financial period and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the directors, to affect substantially the results of the operations of the Company and of the Group for the financial period in which this report is made.

## **Significant Events**

During the financial period:

- (i) As part of an overall restructuring and rationalisation exercise of the Group, the Company had on 22 October, 1999 entered into several conditional sale and purchase agreements pursuant to which it:
  - (a) acquired from Khazanah Nasional Berhad 360,113,846 ordinary shares of RM1 each representing the entire issued and paid-up share capital of Malaysia Airports Sdn. Bhd. ("MASB") for a purchase consideration of RM1,663,094,840 which was satisfied by the issuance of 989,999,998 new ordinary shares of RM1 each in the Company at an issue price of RM1.68 per share which is based on the audited Net Tangible Assets as at 31 December, 1998;



# directors' report *(continued)*

## Significant Events *(continued)*

(b) acquired from its wholly-owned subsidiary, MASB, the entire equity interest in the following companies:

COMPANY	TOTAL ISSUED AND PAID-UP SHARE CAPITAL (RM)	CASH CONSIDERATION (RM)
Malaysia Airports (Sepang) Sdn. Bhd.	50,000,002	97,689,523
Malaysia Airports (Niaga) Sdn. Bhd.	5,000,002	16,475,490
Malaysia Airports Management & Technical Services Sdn. Bhd.	500,002	1
Sepang International Circuit Sdn. Bhd.	10,000,000	9,890,441
Malaysia Airports (Air Traffic Services) Sdn. Bhd.	2	1

Malaysia Airports (Properties) Sdn. Bhd., a wholly-owned subsidiary of the Company, had also entered into several conditional sale and purchase agreements pursuant to which it acquired from MASB the following:

COMPANY	% OF SHAREHOLDING	TOTAL ISSUED AND PAID-UP SHARE CAPITAL (RM)	CASH CONSIDERATION (RM)
K.L. Airport Hotel Sdn. Bhd.	60%	10,900,000	54,656,938
MAB Agriculture-Horticulture Sdn. Bhd.	100%	1,000,000	4,986
Kuala Lumpur Aviation Fuelling System Sdn. Bhd.	20%	5,000,000	18,234,333
Gas District Cooling (KLIA) Sdn. Bhd.	12.5%	3,550,000	7,471,444

The above acquisitions were completed on 23 October, 1999 resulting in the increase in the issued and paid-up share capital of the Company from RM3 to RM990,000,001 comprising 990,000,000 ordinary shares of RM1 each and 1 Special Rights Redeemable Preference Share of RM1 each.

Subsequently, the Company increased its issued and paid-up share capital from RM990,000,001 to RM1,100,000,001 via a public issue of 110,000,000 new ordinary shares of RM1 each at an issue price of RM2.50 per share.

The entire issued and paid-up ordinary share capital of the Company of 1,100,000,000 ordinary shares of RM1 each was listed on the Main Board of the Kuala Lumpur Stock Exchange on 30 November, 1999.

- (ii) the Group through a wholly-owned subsidiary, Malaysia Airports (Sepang) Sdn. Bhd., entered into a Concession Agreement with the Government of Malaysia and a Lease Agreement with the Federal Land Commissioner wherein, the subsidiary was granted the right to construct, operate, manage, develop and maintain the airport facilities at K.L. International Airport ("KLIA") in Sepang and to take on a lease of the KLIA land. The concession and lease commenced on 5 May, 1998 for 50 years subject to an extension for an unspecified further period at the discretion of the Government.

Under the terms of the KLIA Concession, the subsidiary is to pay to the Government, a concession fee and annual lease rental comprising fixed and variable payments as disclosed in Note 21 to the accounts.

# directors' report *(continued)*

## Directors

The directors who served since the date of incorporation are:

Tan Sri Dato' Haji Basir bin Ismail	appointed on 23 October, 1999
Izzuddin bin Dali	appointed on 23 October, 1999
Dato' Zaharaah binti Shaari	appointed on 23 December, 1999
Tan Sri Dato' Thong Yaw Hong	appointed on 23 October, 1999
Dato' Zaki bin Tun Azmi	appointed on 23 October, 1999
Adnan bin Shamsuddin	appointed on 23 October, 1999
Rosman bin Abdullah	appointed on 23 October, 1999
Muhammad bin Arshad	first director; resigned on 23 October, 1999
Sabarina Laila binti Mohd. Hashim	first director; resigned on 23 October, 1999
Mohamed bin Omar	appointed on 23 October, 1999; resigned on 23 December, 1999
Dato' Khairuddin bin Ibrahim	appointed on 23 October, 1999; resigned on 1 January, 2000

In accordance with the Company's Articles of Association, all the directors save for Izzuddin bin Dali and Dato' Zaharaah binti Shaari, retire at the first Annual General Meeting and, being eligible, offer themselves for re-election.

Tan Sri Dato' Haji Basir bin Ismail retires pursuant to Section 129 of the Companies Act, 1965 and a resolution is being proposed for his re-appointment as a director under the provision of Section 129(6) of the said Act to hold office until the next Annual General Meeting of the Company.

## Directors' Benefits

During and at the end of the financial period, no arrangements subsisted to which the Company or its subsidiary is a party with the object of enabling directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

Since the date of incorporation, no director has received or become entitled to receive a benefit (other than a benefit included in the aggregate amount of emoluments received or due and receivable by the directors as shown in the accounts or the fixed salary of a full time employee of the Company) by reason of a contract made by the Company or a related corporation with the director or with a firm of which he is a member, or with a company in which he has a substantial financial interest.

## Directors' Interests

According to the register of directors' shareholdings, none of the directors in office at the end of the financial period had any interest in the shares of the Company or its related corporations during the financial period other than as follows:

THE COMPANY	NUMBER OF ORDINARY SHARES OF RM1 EACH			
	28 JUNE, 1999 (DATE OF INCORPORATION)	BOUGHT	SOLD	31 DECEMBER, 1999
Tan Sri Dato' Haji Basir bin Ismail	—	5,000,000	—	5,000,000
Tan Sri Dato' Thong Yaw Hong	—	50,000	—	50,000
Dato' Zaki bin Tun Azmi	—	50,000	—	50,000
Dato' Khairuddin bin Ibrahim	—	500,000	—	500,000
Adnan bin Shamsuddin	—	450,000	—	450,000
Rosman bin Abdullah	—	350,000	—	350,000

# directors' report *(continued)*

## **Ultimate Holding Body**

The directors regard The Minister of Finance (Incorporated), a corporate body incorporated under the Minister of Finance (Incorporation) Act, as the ultimate holding body.

## **Auditors**

Arthur Andersen & Co. retire and have indicated their willingness to accept re-appointment.

Signed on behalf of the Board  
in accordance with a resolution  
of the directors

TAN SRI DATO' HAJI BASIR BIN ISMAIL

ADNAN BIN SHAMSUDDIN

Kuala Lumpur

Dated: 22 February, 2000

# statement by directors

We, TAN SRI DATO’ HAJI BASIR BIN ISMAIL and ADNAN BIN SHAMSUDDIN, being two of the directors of MALAYSIA AIRPORTS HOLDINGS BERHAD, do hereby state that, in the opinion of the directors, the accompanying balance sheets of the Company and of the Group as at 31 December, 1999 and the profit and loss accounts of the Company and of the Group and the cash flow statement of the Group for the period ended 31 December, 1999, together with the notes thereto, give a true and fair view of the state of affairs of the Company and of the Group as at 31 December, 1999 and of the results of the Company and of the Group and cash flow of the Group for the period then ended, and have been properly drawn up in accordance with applicable approved accounting standards in Malaysia.

Signed on behalf of the Board  
in accordance with a resolution  
of the directors

TAN SRI DATO’ HAJI BASIR BIN ISMAIL

ADNAN BIN SHAMSUDDIN

Kuala Lumpur  
Dated: 22 February, 2000

I, ROSMAN BIN ABDULLAH, the director primarily responsible for the financial management of MALAYSIA AIRPORTS HOLDINGS BERHAD, do solemnly and sincerely declare that the accompanying balance sheets of the Company and of the Group as at 31 December, 1999 and the profit and loss accounts of the Company and of the Group and the cash flow statement of the Group for the period then ended, together with the notes thereto are, to the best of my knowledge and belief correct, and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by the	)	
abovenamed ROSMAN BIN ABDULLAH	)	
at Kuala Lumpur in Wilayah Persekutuan	)	
on 22 February, 2000	)	ROSMAN BIN ABDULLAH

Before me:  
  
HJ. ZAKARIA HJ. SAID  
Commissioner for Oaths  
Kuala Lumpur



# auditors' report

To the Shareholders of

**MALAYSIA AIRPORTS HOLDINGS BERHAD**

We have audited the accounts of **MALAYSIA AIRPORTS HOLDINGS BERHAD** (the "Company") and the consolidated accounts of **MALAYSIA AIRPORTS HOLDINGS BERHAD AND ITS SUBSIDIARIES** (the "Group") as at 31 December, 1999. These accounts are the responsibility of the Company's directors. Our responsibility is to express an opinion on these accounts based on our audit.

We have conducted our audit in accordance with approved Standards on Auditing in Malaysia. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the accounts are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the accounts. An audit also includes assessing the accounting principles used and significant estimates made by the directors, as well as evaluating the overall accounts presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion,

- (a) the accounts give a true and fair view of the state of affairs of the Company and of the Group as at 31 December, 1999 and of the results of the Company and of the Group and cash flow of the Group for the period then ended, and have been properly drawn up in accordance with the provisions of the Companies Act, 1965 and applicable approved accounting standards in Malaysia; and
- (b) the accounting and other records and the registers required by the Act to be kept by the Company and its subsidiaries have been properly kept in accordance with the provisions of the Act.

We are satisfied that the accounts of the subsidiaries that have been consolidated with the Company's accounts are in form and content appropriate and proper for the purposes of the preparation of the consolidated accounts and we have received satisfactory information and explanations required by us for these purposes.

Our audit reports on the accounts of the subsidiaries were not subject to any qualification or any adverse comment made under subsection (3) of Section 174 of the Act.

**ARTHUR ANDERSEN & CO.**

No. AF 0103

Public Accountants

Dated: 22 February, 2000

**NIK RAHMAT KAMARULZAMAN BIN NIK AB. RAHMAN**

No. 1759/02/02(J)

Partner of the Firm

# balance sheets

31 December, 1999

AMOUNT IN RM ('000)	NOTE	GROUP 1999	COMPANY 1999
<b>CURRENT ASSETS</b>			
Cash and bank balances	3	439,241	97,168
Trade debtors	4	243,507	—
Other debtors	5	89,167	25
Stocks	6	21,502	—
Due from subsidiaries		—	182,500
		793,417	279,693
<b>CURRENT LIABILITIES</b>			
Trade creditors		45,569	—
Other creditors		224,893	6,071
Due to a subsidiary	7	—	23,010
Taxation		91,944	—
Proposed dividend		110,000	110,000
		472,406	139,081
<b>NET CURRENT ASSETS</b>		321,011	140,612
<b>INVESTMENTS</b>	8	345,719	—
<b>INVESTMENT IN SUBSIDIARIES</b>	9	—	1,787,150
<b>FIXED ASSETS</b>	10	1,334,906	—
<b>CONCESSION RIGHTS</b>		175,000	—
<b>INTANGIBLE ASSETS</b>	11	241	—
<b>DEFERRED LIABILITIES</b>	12	(49,622)	—
<b>MINORITY INTEREST</b>	13	(37,060)	—
		2,090,195	1,927,762
<b>SHAREHOLDER'S FUNDS</b>			
Share capital	14	1,100,000	1,100,000
Share premium	15	825,576	825,576
Retained profits		164,619	2,186
		2,090,195	1,927,762

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE BALANCE SHEETS