

ANNUAL FINANCIAL STATEMENTS

For the year ended 31 March 1999

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## DIRECTORS' RESPONSIBILITY FOR FINANCIAL REPORTING

For the year ended 31 March 1999

The directors are responsible for the Company's system of internal control, which includes internal financial controls, that are designed to provide reasonable, but not absolute, assurance against material misstatement and loss.

The company maintains internal financial controls which provide reasonable assurance as to the integrity and reliability of the financial statements and to safeguard, verify and maintain accountability of the Company's assets.

The controls contain self-monitoring mechanisms, and actions are taken to correct deficiencies as they are identified. Even an effective system of internal control, no matter how well designed, has inherent limitations, including the possibility of circumvention or the overriding of controls. Further, because of

changes in conditions, the effectiveness of internal financial controls may vary over time.

The following are some of the key procedures that the directors have established to provide effective internal financial controls. These procedures are subject to regular review. The system of internal control includes a documented organisational structure and reasonable division of responsibilities, together with established policies and procedures, including a code of conduct to foster a strong ethical climate, communicated throughout the Company, and the careful selection, training and development of our people.

The Company has an independent internal audit function, which has the objective of assisting executive management and the Audit Committee in the discharge of their responsibilities, and which monitors the effectiveness of the accounting system and related internal financial and operational controls on a continuing basis. The internal audit function performs a critical examination of the financial and operating information for management, and reports its findings and its recommendations to management, the Board of Directors and the Audit Committee.

Procedures are in place to identify key business risks timeously, to determine the likelihood of the risks

crystallising, and to determine the significance of the consequential financial impact on the business. This process is ongoing and is focused on measuring business risks throughout the Company with a view to ensuring all material risks are adequately addressed, and to promote and enhance a risk

management culture throughout the Company.

There is an Audit Committee of the Board of Directors, which meets regularly with management, the internal auditors and external auditors, to review specific accounting, reporting and internal control matters, and to satisfy itself that the system of internal control is operating effectively. Both the internal auditors and the external auditors have access to the Audit Committee. The committee also reviews the annual results of the Company prior to publication.

Nothing has come to the attention of the Board of Directors to indicate that any material breakdown, as defined and documented by the Board of Directors, in the functioning of the aforementioned controls, procedures and systems has occurred during the year ended 31 March 1999.

After making all the necessary inquiries, the directors have no reason to believe that the Company will not be a going concern in the year ahead.

The auditors concur with the above statement by the directors.

T N CHAPMAN  
ACKERMAN

Chairman

D A

Managing Director o.

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## REPORT OF THE INDEPENDENT AUDITORS

For the year ended 31 March 1999

# TO THE MEMBERS OF AIRPORTS COMPANY SOUTH AFRICA LIMITED

We have audited the annual financial statements of Airports Company South Africa Limited set out on

pages 56 to 69 for the year ended 31 March 1999. These financial statements are the responsibility of the Company's directors. Our responsibility is to express an opinion on these financial statements based on our audit.

## SCOPE

We conducted our audit in accordance with statements of South African Auditing Standards. Those standards require that we plan and perform the audit to obtain reasonable assurance that the financial statements are free of material misstatement. An audit includes:

- examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements,
- assessing the accounting principles used and significant estimates made by management, and
- evaluating the overall financial statement presentation.

We believe that our audit provides a reasonable basis for our opinion.

## AUDIT OPINION

In our opinion, the annual financial statements fairly present, in all material respects, the financial position of the company at 31 March 1999 and the results of its operations and cash flows for the year then ended in accordance with generally accepted accounting practice, and in the manner required by the Companies Act. We concur with the directors decision not to prepare group accounts as the only subsidiary is not material to the operating results and financial position of the company.

PRICEWATERHOUSECOOPERS INC  
Sunninghill

Centurion

ABD&T

CHARTERED ACCOUNTANTS (SA)  
Registered Accountants and Auditors

**26 May 1999**



## DIRECTORS' REPORT

For the year ended 31 March 1999

The Company is established in terms of the Airports Company Act of 1993 as amended and the Companies Act of 1973 as amended.

The directors present their report which forms part of the audited financial statements of the Company for the year ended 31 March 1999.

## PRINCIPAL ACTIVITIES OF THE COMPANY

The principal activities of the Company are the acquisition, development, provision, maintenance, management and operation of airports or parts of airports or any facilities or services that are normally performed at an airport.

## REVIEW OF OPERATIONS

Turnover amounted to R844,2 million (31 March 1998 – R710,4 million) including non-aeronautical revenue of R296,5 million (31 March 1998 – R222,7 million).

Income before taxation amounted to R436,5 million (31 March 1998 – R363,2 million).

The net income for the year was R280,1 million (31 March 1998 – R227,9 million) after making provision

for taxation of R156,4 million (31 March 1998 – R135,3 million).

Capital expenditure on improvements, expansion and replacements amounted to R442,8 million (31 March 1998 – R337,9 million).

# DIVIDENDS

A dividend of R60 million has been proposed for the year under review (31 March 1998 – R44,5 million).

# INTEREST IN SUBSIDIARY

The Company continues to hold a 51% interest in OSI Airport Systems (Pty) Limited. The principal activity of the company is the integration of airport specific computer installation systems, software and networks.

As the investment is not material in relation to the Company's operating results and financial position, the investment is reflected at cost in the financial statements.

Had the investment been consolidated reserves attributable to outside shareholders would increase by R1,1 million (31 March 1998 – R0,6 million).

No dividend was declared in respect of the year to 31 March 1999 by OSI Airport Systems (Pty) Limited.

# DIRECTORS AND SECRETARY

T N Chapman	(Chairman)
D A Ackerman *	(Managing Director)
C Bassetti * †	(Appointed 6 April 1998)
F Battaglia †	(Appointed 6 April 1998)
M Doglio †	(Appointed 6 April 1998)
M L Leoka	
Y I Mahomed	
M S G Mareletse *	

B M Stocks

L I Weil

A J Williamson \*

ALTERNATE DIRECTORS

**Alternate to**

A Brunini †	F Battaglia †	(Appointed 6 May 1998)
P Laura †	M Doglio †	(Appointed 6 May 1998)
R Paschina †	C Bassetti * †	(Appointed 6 May 1998)

\* Executive Director

† Italian

Mr F M Rossouw was the company secretary until 31 March 1999. Mr L E D Hlatshwayo has been appointed as company secretary with effect from 1 April 1999. His business and postal addresses are:

**Business address**

**Postal address**

Riverwoods Office	Park P O Box 75480
The Maples	Gardenview
24 Johnson Road	2047
Bedfordview	
2008	

The following sub-committees of the Board meet regularly with members of the management team:

**Audit Committee**

B M Stocks	(Chairman)
D A Ackerman *	
P Laura †	



## Remuneration Committee

L I Weil (Chairman)

D A Ackerman \*

F Battaglia †

T N Chapman

Y I Mahomed

## Human Resources and Transformation Committee

Y I Mahomed (Chairman)

D A Ackerman \*

T N Chapman

M L Leoka

Property Committee

L I Weil (Chairman)

M Doglio †

B M Stocks

## SHARE CAPITAL

There were no changes to the authorised and issued share capital of the company during the financial year. Capital and reserves at the year end amounted to R1,529 billion (1998 – R1,303 billion).

## EVENTS SUBSEQUENT TO BALANCE SHEET DATE

The directors are not aware of any matter or circumstance arising since the end of the financial year not otherwise dealt with in the financial statements which could significantly affect the financial position of the Company or the results of its operations.

## APPROVAL OF ANNUAL FINANCIAL STATEMENTS

The directors have approved the annual financial statements on pages 56 to 69 which are signed on their behalf by:



T N CHAPMAN

D A ACKERMAN

**Chairman**

**Managing Director**

**26 May 1999**



# INCOME STATEMENT

For the year ended 31 March 1999

		1999	1998
	Note	R 000	R 000
<b>Turnover</b>		<b>844 215</b>	710 388
<b>Operating income</b>	1	<b>374 996</b>	281 327
Financing costs		(681)	(902)
Dividends received - unlisted		2 300	-
Other income		59 913	82 765
<b>Income before taxation</b>		<b>436 528</b>	363 190
<b>Taxation</b>	2	<b>(156 415)</b>	(135 270)
<b>Income after taxation</b>		<b>280 113</b>	227 920
<b>Dividends proposed</b>	3	<b>(60 000)</b>	(44 500)
<b>Net income for the year</b>		<b>220 113</b>	183 420
<b>Retained income at the beginning of the year</b>		<b>552 697</b>	369 277
<b>Retained income at the end of the year</b>		<b>772 810</b>	552 697
<b>Earnings per share (cents)</b>	4	<b>56,02</b>	45,58
<b>Dividends per share (cents)</b>		<b>12,00</b>	8,9
<b>Headline earnings per share (cents)</b>	4	<b>52,24</b>	45,58



## BALANCE SHEET

For the year ended 31 March 1999

	Notes	1999 R 000	1998 R 000
<b><u>CAPITAL EMPLOYED</u></b>			
Ordinary share capital	6	500 000	500 000
Share premium	6	250 000	250 000
Retained income		772 810	552 697
Ordinary shareholders' interest		<b>1 522 810</b>	1 302 697
Long term liabilities	7	10 420	8 720
Deferred taxation	8	(10 111)	(7 277)
		<b>1 523 119</b>	1 304 140
<b><u>EMPLOYMENT OF CAPITAL</u></b>			
<b>Property plant and equipment</b>	9	<b>1 526 487</b>	1 208 660
<b>Investments</b>	10	<b>60 000</b>	-
<b>Interest in subsidiary</b>	11	<b>1 700</b>	1 700
Accounts receivable		<b>116 749</b>	90 167
Investments	10	<b>103 002</b>	372 865
Cash resources		<b>137 726</b>	24 117
<b>Current assets</b>		<b>357 477</b>	487 149
Accounts payable	12	<b>265 542</b>	247 602
Taxation		<b>97 003</b>	101 267
Shareholders for dividend		<b>60 000</b>	44 500
<b>Current liabilities</b>		<b>422 545</b>	393 369
<b>Net current (liabilities)/assets</b>		<b>(65 068)</b>	93 780
		<b>1 523 119</b>	1 304 140



## CASH FLOW STATEMENT

For the year ended 31 March 1999

	Notes	1999 R 000	1998 R 000
<b><u>CASH FLOWS FROM OPERATING ACTIVITIES</u></b>			
Cash receipts from customers		<b>817 633</b>	690 930
Cash paid to suppliers and employees		<b>(351 134)</b>	(217 959)
Cash generated from operations	13.1	<b>466 499</b>	472 971
Interest paid		<b>(681)</b>	(902)
Taxation paid	13.2	<b>(163 513)</b>	(242 805)
Dividends paid	13.3	<b>(44 500)</b>	(36 300)
Net cash inflow from operating activities		<b>257 805</b>	192 964
<b><u>CASH FLOWS FROM INVESTING ACTIVITIES</u></b>			
Increase in investments		<b>(110 000)</b>	-
Proceeds on disposal of property plant and equipment	13.4	<b>155</b>	328
VAT input credit		<b>88 624</b>	-
Additions to property plant and equipment		<b>(442 838)</b>	(337 883)
Net cash outflow from investing activities		<b>(464 059)</b>	(337 555)
Net decrease in cash and cash equivalents		<b>(206 254)</b>	(144 591)
Cash and cash equivalents at beginning of year		<b>396 982</b>	541 573
Cash and cash equivalents at end of year	13.5	<b>190 728</b>	396 982



## SUMMARY OF ACCOUNTING POLICIES

For the year ended 31 March 1999

# ACCOUNTING POLICIES AND BASIS OF PREPARATION

The principal accounting policies of the Company, which are set out below, conform with Generally Accepted Accounting Practice in South Africa and are consistent in all material respects with those applied in the previous year. The financial statements have been prepared on the historical cost basis.

## GROUP ACCOUNTS

The only subsidiary of the Company has been accounted for as an investment, as it is not material to the Company's operating results and financial position.

## INVESTMENTS

Investments are stated at cost less any provisions for permanent diminution in value.

## PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment is stated at cost and depreciated on a straight line basis at the following rates which are considered appropriate to reduce book values to estimated residual values over their estimated useful lives. Land is not depreciated.

Depreciation rates used are:	Per annum
Buildings	3,5%
Plant and equipment	10% – 33,3%
Vehicles	20%

## **BORROWING COSTS**

Interest costs incurred on the financing of major projects are capitalised. Such interest costs relate to expenditure incurred prior to the project becoming operational.

## **DEFERRED TAXATION**

Deferred taxation is accounted for on the balance sheet basis in respect of all material timing differences which arise from the inclusion of income and expenses or losses in taxable income in periods different from those in which they are included in accounting income. Deferred tax assets are created where their future realisability is assured beyond reasonable doubt.

## **FOREIGN CURRENCIES**

Transactions in foreign currencies are accounted for at the rates of exchange ruling on transaction dates. Gains and losses arising from the settlement of such transactions are recognised in the income statement.

Monetary assets and liabilities denominated in foreign currencies are translated at the rates of exchange ruling at the balance sheet date or at forward rates where related forward exchange contracts have been entered into. Unrealised differences on monetary assets and liabilities are recognised in the income statement in the period in which they occur.

## **RETIREMENT BENEFIT INFORMATION**

The company contributes a portion of the membership fees for staff who are members of pension funds and medical aid schemes. These are charged to income as incurred.

The Company makes provision for post-retirement medical benefits in the form of providing for a portion of the post retirement medical aid contribution for eligible employees and pensioners. The cost of continuation of the present practice is assessed in accordance with the advice of qualified actuaries and recognised on a systematic basis over the estimated employees service lives.

# TURNOVER

Turnover comprises the invoiced value of landing, passenger, parking fees and non-aeronautical revenue, and excludes investment income, non-operating revenue and value added tax.

# CONSUMABLE STORES

Consumable stores are written off on date of purchase.

# CASH FLOWS

For purposes of the cash flow statement cash includes cash on hand, deposits held on call with banks and investments in money market instruments.





## NOTES TO THE ANNUAL FINANCIAL STATEMENTS

For the year ended 31 March 1999

	<b>1999</b>	<b>1988</b>
	<b>R 000</b>	<b>R 000</b>
<b><u>1 OPERATING INCOME</u></b>		
Operating income is arrived at after taking into account the following items:		
<b>Income</b>		
Turnover from		
-Aeronautical revenue	<b>547 732</b>	487 657
-Non-Aeronautical revenue	<b>296 483</b>	222 731
Total turnover	<b>844 215</b>	710 388
Other income		
-Interest on short term deposits	<b>59 684</b>	82 695
-Profit/(loss) on disposal of property plant and equipment	<b>9</b>	-144
-Gains on foreign exchange contracts	<b>220</b>	214
Total other income	<b>59 913</b>	82 765
<b>Expenses</b>		
Auditors' remuneration		
Audit fees		
- Current year	<b>500</b>	313
- Prior year under provision	<b>-</b>	144
Other services		
- Five year permission	<b>-</b>	1 099
- Tender process	<b>22</b>	21
- Other	<b>303</b>	236
Internal audit	<b>84</b>	111
Expenses	<b>20</b>	30
Depreciation		
- Buildings	<b>15 791</b>	4 824
- Plant and machinery	<b>38 887</b>	37 202
- Vehicles	<b>3 864</b>	7 673
- Effect of VAT input adjustment (refer note 5)	<b>(22 301)</b>	-
Master planning technical and consulting fees	<b>29 459</b>	20 665
Rentals in respect of operating leases	<b>5 247</b>	2 761
Directors' emoluments		
- For services as directors	<b>376</b>	518
- For managerial services	<b>2 130</b>	1 426

**2 TAXATION**

## South African normal taxation

## Comprising:

## Current taxation

- Current year	<b>160 704</b>	139 091
- Prior year	<b>(8 667)</b>	(1 839)

## Deferred taxation

- Current year	<b>(2 834)</b>	(3 488)
- Prior year	-	(4 009)
	<b>149 203</b>	129 755

## Secondary tax on companies

	<b>7 212</b>	5 515
	<b>156 415</b>	135 270

%

%

## Reconciliation of rate of taxation:

Standard rate of taxation	<b>35</b>	35
Disallowable expenses	<b>1.1</b>	2.3
Secondary tax on companies	<b>1.7</b>	1.5
Prior year	<b>-2</b>	-0.5
Other	-	-1.1

## Effective rate of taxation

	<b>35.8</b>	37.2
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# For the year ended 31 March 1999

## 3 DIVIDEND POLICY

It is the Company's intention to maintain a sustainable growth in dividends and there is a need to be prudent in the management of funds based on capital expenditure requirements necessitating the retention of a portion of after tax profits. The Company strives to secure a sound long-term growth on shareholder's investment.

The dividend recommended amounted to R60 million (1998 – R44,5 million). This reflects an increase of 35%.

## 4 EARNINGS PER SHARE

The calculation of earnings per ordinary share is based on the net profit attributable to ordinary shareholders before extraordinary items of R280,1 million (1998 – R227,9 million) and a weighted average of 500 000 000 (1998 – 500 000 000) ordinary shares in issue during the year.

The calculation of headline earnings per ordinary share is based on the net profit attributable to ordinary shareholders of R261,1 million (1998 – R227,9 million) and a weighted average of 500 000 000 (1998 - 500 000 000) ordinary shares in issue during the year.

Reconciliation between earnings and headline earnings:

Profits	Taxation	Net profit		
R 000	R 000	R 000		
Per the financial statements		436 528	(156 415)	280 113
Adjustments:				
Deemed VAT input credit		(22 301)	3 364	(18 937)
Headline earnings		414 227	(153 051)	261 176

Headline earnings per share (cents)

52,24

## 5 DEEMED VAT INPUT CREDIT

During the year, the company claimed and received a deemed VAT input credit of R88,6 million arising from the fixed assets purchased on establishment of the company. The cost of fixed assets has been adjusted by this amount and depreciation recalculated on the new cost. The effect of this is a cumulative reduction in depreciation of R22,3 million which has been accounted for as a reduction in the depreciation charge for the current year. The cumulative effect on wear and tear claimed in prior years is R9,6 million and has been reflected as a recoupment in taxable income in the current year.



# For the year ended 31 March 1999

## 7 PENSION AND OTHER POST-RETIREMENT BENEFITS

All full time employees of the Company are members of the pension fund, a defined contribution fund, subject to the Pension Funds Act 1956.

In the interest of its employees, the Company voluntarily requires an actuarial valuation, every three years. On 28 February 1997 an actuarial valuation was performed by independent consulting actuaries, who found the fund to be in a sound financial position.

No events have had a significant effect on the fund's position since this valuation.

The Company makes provision for post-retirement medical benefits for eligible employees and pensioners. The actuarial valuation of benefits to current employees and pensioners which may accrue from the continuation of present practice, in respect of both past and future service, has been estimated at 31 December 1997 to be R30,5 million. The valuation in respect of past service for current employees and pensioners as at 31 March 1999 has been estimated and provided for at R10,42 million (1998 – R8,7 million). The valuation in respect of anticipated future service for current staff will be accrued and provided for evenly over the period to retirement.



NOTES TO THE ANNUAL FINANCIAL STATEMENTS

For the year ended 31 March 1999

9 PROPERTY PLANT AND EQUIPMENT

	Land and buildings R 000	Plant and machinery R 000	Vehicles R 000	Capital work in progress R 000	Total R 000
<b>Year ended 31 March 1999</b>					
Opening net book value	445 282	390 004	7 587	365 787	1 208 660
Deemed input VAT adjustment (refer note 5)	(47 004)	(35 536)	(4 610)	(1 474)	(88 624)
Additions	198 353	121 524	866	122 095	442 838
Disposals	-	(73)	(73)	-	(146)
Transfers	-245	253	-8	-	-
Depreciation charge	(15 791)	(38 887)	(3 864)	-	(58 542)
Effect of VAT input on depreciation charge	4 789	12 902	4 610	-	22 301
Closing net book value	<b>585 384</b>	<b>450 187</b>	<b>4 508</b>	<b>486 408</b>	<b>1 526 487</b>
<b>At 31 March 1999</b>					
Cost	633 292	600 046	34 839	486 408	1 754 585
Accumulated depreciation	(47 908)	(149 859)	(30 331)	-	(228 098)
Net book value	<b>585 384</b>	<b>450 187</b>	<b>4 508</b>	<b>486 408</b>	<b>1 526 487</b>
<b>Year ended 31 March 1998</b>					
Opening net book value	435 010	446 240	14 300	25 398	920 948
Additions	34 658	111 542	1 246	190 437	337 883
Disposals	-	-391	-81	-	-472
Transfers	(19 562)	(130 185)	-205	149 952	-
Depreciation charge	(4 824)	(37 202)	(7 673)	-	(49 699)
Closing net book value	<b>445 282</b>	<b>390 004</b>	<b>7 587</b>	<b>365 787</b>	<b>1 208 660</b>
<b>At 31 March 1998</b>					
Cost	482 265	514 615	39 345	365 787	1 402 012
Accumulated depreciation	(36 983)	(124 611)	(31 758)	-	(193 352)
Net book value	<b>445 282</b>	<b>390 004</b>	<b>7 587</b>	<b>365 787</b>	<b>1 208 660</b>

Details of the freehold land and buildings are recorded in a register which may be inspected by members or their duly authorised agents at the Company's registered office.

Plant and machinery include air corridors, runway systems, ILS equipment and other equipment. The registration of ownership of assets has been substantially completed at year end. In accordance with section

6(6) of the Airports Company Act, the Company became the owner of these assets on vesting date irrespective of the date of registration of ownership.



## NOTES TO THE ANNUAL FINANCIAL STATEMENTS

For the year ended 31 March 1999

10 INVESTMENTS

The following investments of surplus funds were made in accordance with the Company's treasury policy:

	Number of shares held		Class of	1999	1998
	1999	1998	shares	R 000	R 000
<b>Unlisted</b>					
<b>Long term</b>					
AEL Investment Holdings (Pty) Ltd Redeemable preference shares in a wholly owned subsidiary of Investec Bank Ltd. The shares yield a return of 68,5% of prime and are redeemable on 17 March 2002	60 000	-	Preference	60 000	-
				60 000	-
<b>Short term</b>					
Electra Investments (SA) Ltd Redeemable preference shares in a wholly owned subsidiary of Sanlam Life Insurance Ltd. The shares yield a return of 63% of prime and are redeemable on 18 December 1999	50 000 000	-	Preference	50 000	-
Fixed term deposits				53 002	372 865
				103 002	372 865





# NOTES TO THE ANNUAL FINANCIAL STATEMENTS

For the year ended 31 March 1999

	<b>1999</b>	<b>1998</b>
	<b>R 000</b>	<b>R 000</b>
<b><u>1 1 INTEREST IN SUBSIDIARY</u></b>		
Shares at cost	<b>1 700</b>	1 700

The Company holds a 51% interest in OSI Airport Systems (Pty) Limited. The premium on acquisition amounted to R1 489 164. The nature of the operation is that of an Information Technology company.

**Unconsolidated subsidiary**  
**Aggregate abridged financial statements**

**Capital employed:**

Share capital	1	1
Retained earnings	<b>3 434</b>	1 174
	<b>3 435</b>	1 175

**Employment of capital:**

Computer equipment	538	293
Deferred taxation	-	60
Net current assets	<b>2 897</b>	822
	<b>3 435</b>	1 175

**1 2 ACCOUNTS PAYABLE**

Trade accounts payable	<b>166 316</b>	133 928
Accrued expenses and provisions	<b>99 226</b>	113 674
	<b>265 542</b>	247 602

**1 3 CASH FLOW INFORMATION**

**13.1 Reconciliation of net profit before taxation to cash generated from operations**

Net profit before taxation and net interest income	<b>377 525</b>	281 397
Adjustments for:		
- Depreciation	<b>36 241</b>	49 699
- Investment income	<b>59 684</b>	82 695
- (Profit)/loss on sale of property, plant and equipmen	<b>(9)</b>	144
- Post-retirement liabilities	<b>1 700</b>	8 720
- Net provisions realised	<b>(14 448)</b>	(2 910)
Operating profit before working capital changes	<b>460 693</b>	419 745
Working capital changes	<b>5 806</b>	53 226

Increase in accounts receivable	<b>(26 582)</b>	(19 459)
Increase in accounts payable	<b>32 388</b>	72 685
Cash generated by operating activities	<b>466 499</b>	472 971

**13.2 Taxation paid is reconciled to the amounts disclosed in the cash flow as follows:**

Balance at beginning of year	<b>101 267</b>	201 305
Current taxation provided	<b>159 249</b>	142 767
Balance at end of year	<b>(97 003)</b>	(101 267)
	<b>163 513</b>	242 805

**13.3 Dividend paid is reconciled to the amounts disclosed in the cash flow as follows:**

Balance at beginning of year	<b>44 500</b>	36 300
Current dividend provided	<b>60 000</b>	44 500
Balance at end of year	<b>(60 000)</b>	(44 500)
	<b>44 500</b>	36 300

**13.4 Proceeds on disposal of property, plant and equipment**

Book value of property, plant and equipment disposed of	<b>146</b>	472
Profit/(loss) on disposal	<b>9</b>	(144)
	<b>155</b>	328

**13.5 Cash and cash equivalents**

Cash and cash equivalents included in the cash flow statement comprise the following balance sheet amounts:

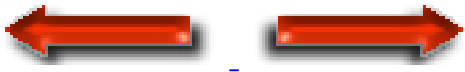
Cash on hand and balances with banks	<b>137 726</b>	24 117
Fixed term deposits	<b>53 002</b>	372 865
	<b>190 728</b>	396 982

The group has undrawn borrowing facilities of R20 million

**1.4 COMMITMENTS**

Capital expenditure		
- Contracted	<b>306 656</b>	385 721
- Authorised by the directors but not yet contracted for	<b>108 249</b>	153 465
- In respect of rental of property	<b>2 344</b>	2 092
- In respect of rentals other than property	<b>4 914</b>	939
	<b>422 163</b>	542 217

The capital expenditure is to be financed substantially out of working capital.



## NOTES TO THE ANNUAL FINANCIAL STATEMENTS

For the year ended 31 March 1999

1 5 FOREIGN CURRENCY INFORMATION

The group has entered into the following forward exchange contracts to cover foreign commitments in respect of future imports.

		Foreign currency	Rand equivalent (at forward cover rates)
	Maturity dates	FC 000	R 000
US Dollars	Apr-99	503	3 134
GB Pounds	Apr-Aug 1999	235	2 122



## STATISTICAL REVIEW

For the year ended 31 March 1999

	1999	1998	1997	1996	1995
<b><u>OPERATIONS</u></b>					
Turnover	844 215	710 388	577 570	455 103	322 112
Operating income	374 996	281 327	224 137	182 735	89 931
Pre-tax income	436 528	363 190	297 809	223 322	143 338
Net income after tax	280 113	227 920	174 086	133 943	80 678
Depreciation	36 241	49 699	45 331	42 906	37 303
Dividends declared	60 000	44 500	36 300	-	-
<b><u>FINANCIAL POSITION</u></b>					
Ordinary shareholders' interest	1 522 810	1 302 697	1 119 277	981 491	847 548
Long term liabilities	10 420	8 720	-	-	-
Deferred taxation	(10 111)	(7 277)	220	(8 662)	(11 407)
	1 523 119	1 304 140	1 119 497	972 829	836 141
Fixed assets	1 526 487	1 208 660	920 948	801 277	751 009
Investments	60 000	-	-	-	-
Investment in subsidiary	1 700	1 700	1 700	-	-
Current assets	357 477	487 149	612 281	456 070	281 279
Total assets	1 945 664	1 697 508	1 534 929	1 257 347	1 032 288
Current liabilities	(422 545)	(393 369)	(415 432)	(284 518)	(196 147)
	1 523 119	1 304 140	1 119 497	972 829	836 141
<b><u>CASH FLOW</u></b>					
Cash available from activities	257 805	192 963	312 336	259 196	234 846
Cash utilised in					
investing activities	(464 059)	(337 554)	(166 509)	(93 007)	(72 481)
Net cash (outflow)/inflow	(206 254)	(144 591)	145 827	166 189	162 365
<b><u>PROFITABILITY</u></b>					
Return on equity	18.40%	17.50%	15.50%	13.60%	9.50%
Earnings per share (cents)	56	45.6	34.8	26.8	16.1
Dividends per share (cents)	12	8.9	7.26	-	-

Earnings and dividend per share information for the five accounting years ended 31 March 1999 have been calculated on the basis of 500 million ordinary shares in issue for the entire period.

	1999	1998	1997	1996	1995
<b><u>PRODUCTIVITY</u></b>					
Number of employees	1 756	1 718	1 646	1 589	1 550
Turnover per employee	480 760	413 497	350 893	286 408	207 814
Operating income per employee	213 551	163 753	136 171	115 000	58 020
Departing passengers per employee	5 418	5 129	4 929	4 701	4 148
<b><u>OTHER KEY STATISTICS</u></b>					
<b><u>Aircraft landings</u></b>					
International	19 428	18 088	16 559	13 959	11 397
Domestic	115 755	113 804	110 472	94 052	75 610
Regional	8 424	7 625	6 802	5 489	4 366
Non-scheduled	43 816	46 807	38 399	42 308	36 938
	187 423	186 324	172 232	155 808	128 311
<b><u>Departing passengers</u></b>					
International	2 620 180	2 389 513	2 101 970	1 885 163	1 415 434
Domestic	6 639 760	6 199 214	5 818 029	5 353 987	4 652 582
Regional	219 524	189 994	170 794	178 464	297 992
Non-scheduled	34 497	32 152	22 100	52 888	63 515
	9 513 961	8 810 873	8 112 893	7 470 502	6 429 523
<b><u>Number of airlines</u></b>					
International	47	54	63	59	56
Domestic	13	12	12	12	12
	60	66	75	71	68
<b><u>OPERATIONAL VOLUME</u></b>					
<b><u>(IN NUMBERS)</u></b>					
<b><u>Aircraft landings</u></b>					
<b>Johannesburg</b>					
International Airport	76 997	71 988	64 514	55 751	43 038
Cape Town International Airport	37 315	34 611	32 128	30 508	22 613
Durban International Airport	21 170	20 618	19 610	15 803	14 558
Port Elizabeth	15 544	16 495	19 287	19 385	21 192
East London	10 361	10 286	9 858	10 071	9 659
George	6 264	8 775	6 918	4 160	5 357
Kimberley	4 969	6 091	4 837	5 199	4 708
Bloemfontein	11 996	13 980	12 367	11 919	4 651
Upington	2 807	3 480	2 713	3 012	2 535
<b>Total</b>	187 423	186 324	172 232	155 808	128 311
<b><u>Departing passengers (x 1 000)</u></b>					
<b>Johannesburg</b>					
International Airport	5 112	4 701	4 318	3 954	3 320
Cape Town International Airport	2 225	2 055	1 807	1 662	1 465
Durban International Airport	1 277	1 194	1 154	1 064	926
Port Elizabeth	417	391	396	359	318

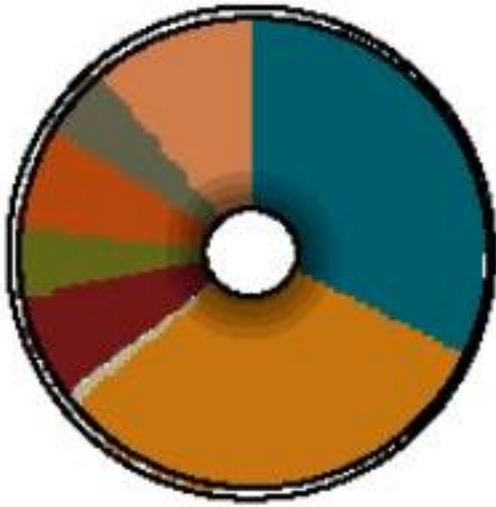
STATISTICAL REVIEW









East London	179	181	179	173	160
George	130	112	93	97	87
Kimberley	43	44	40	40	38
Bloemfontein	117	119	115	112	104
Upington	14	14	11	10	11
<b>Total</b>	9 514	8 811	8 113	7 471	6 429

<b>Staff</b>					
Johannesburg					
International Airport	804	796	768	744	741
Cape Town International Airport	341	323	307	276	209
Durban International Airport	204	199	166	163	162
Port Elizabeth	98	93	88	93	108
East London	62	67	70	72	71
George	52	54	54	54	62
Kimberley	46	47	52	52	65
Bloemfontein	70	70	79	79	84
Upington	12	13	18	22	29
Corporate	67	56	44	34	19
<b>Total</b>	1 756	1 718	1 646	1 589	1 550











**REVENUE**



<i>Landing fees</i>	32%	
<i>Passenger service</i>	32%	
<i>Parking fees</i>	1%	
<i>Car parking</i>	7%	
<i>Car hire</i>	5%	
<i>Retail</i>	7%	
<i>Office rent</i>	5%	
<i>Other</i>	11%	

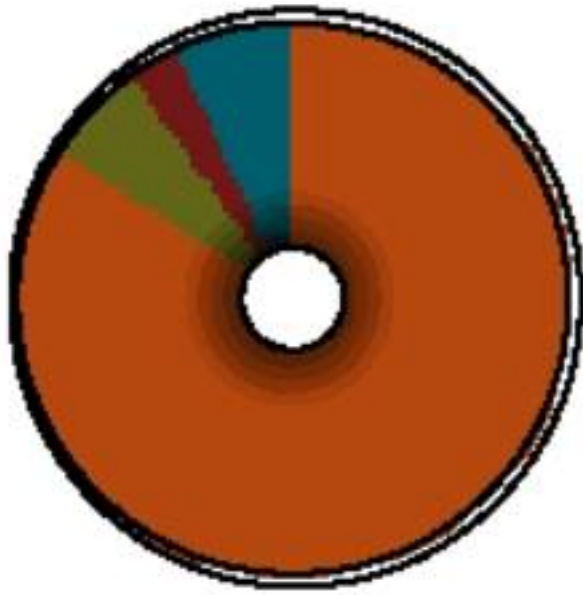
**EXPENDITURE**



<i>Personnel cost</i>	38%	
<i>Depreciation</i>	8%	
<i>Repairs and maintenance</i>	13%	
<i>Professional fees</i>	6%	
<i>Security</i>	5%	
<i>Administration</i>	4%	
<i>Rates, taxes and electricity</i>	7%	
<i>Other expences</i>	19%	



# CAPITAL EXPENDITURE



<i>Johannesburg International Airport</i>	84%	
<i>Cape Town International Airport</i>	6%	
<i>Durban International Airport</i>	3%	
<i>National airports and Corporate</i>	7%	



## SEGMENTAL REPORTING PER AIRPORT

Annual Financial Statements for the year ended 31 March 1999

	<b>JIA</b>	<b>CIA</b>	<b>DIA</b>	<b>GG</b>	<b>PE</b>	<b>EL</b>	<b>BFN</b>	<b>KIM</b>	<b>UPT</b>
	<b>R 000</b>	<b>R 000</b>	<b>R 000</b>	<b>R 000</b>	<b>R 000</b>	<b>R 000</b>	<b>R 000</b>	<b>R 000</b>	<b>R 000</b>
<b><u>INCOMESTATEMENT</u></b>									
<i>For the year ended 31 March 1999</i>									
<b>Turnover</b>	526 256	175 366	83 601	8 025	27 430	11 699	7 345	3 205	1 276
<b>Operating income</b>	334 473	99 538	36 754	1 827	7 330	1 694	(431)	(1 343)	(1 159)
Financing costs	0	(10)	-	-	0	-	-	0	-
<b>Income from investments</b>	0	77	-	-	36	63	0	-	25
<b>Income before taxation</b>	334 473	99 605	36 754	1 827	7 366	1 757	(431)	(1 343)	(1 134)
<b><u>BALANCE SHEET</u></b>									
<i>As at 31 March 1999</i>									
<b>Capital employed</b>									
Investment capital	461 820	112 656	79 711	14 377	32 224	19 816	11 254	8 290	5 305
Distributable reserves	334 473	99 605	36 754	1 827	7 366	1 757	(431)	(1 343)	(1 134)
<b>Ordinary shareholders' interest</b>	796 293	212 261	116 465	16 204	39 590	21 573	10 823	6 947	4 171
<b>Employment of capital</b>									
Property plant and equipment	1 061 980	212 212	111 238	7 164	51 040	27 792	8 246	5 389	2 641
Net current (liabilities)/assets	(265 687)	49	5 227	9 040	(11 450)	(6 219)	2 577	1 558	1 530
Current assets	69 783	28 109	26 694	10 313	3 979	2 110	8 688	2 448	2 335
Current liabilities	(335 470)	(28 060)	(21 467)	(1 273)	(15 429)	(8 329)	(6 111)	(930)	(805)
<b>Total employment of capital</b>	796 293	212 261	116 465	16 204	39 590	21 573	10 823	6 947	4 171
<b><u>CASH FLOW STATEMENT</u></b>									
<i>For the year ended 31 March 1999</i>									
<b>Cash flows from operating activities</b>									
Cash receipts from customers	497 277	172 660	84 333	7 887	26 590	11 356	7 342	3 035	1 364
Cash paid to suppliers and employees	(168 692)	(72 702)	(48 345)	(5 896)	(17 915)	(7 756)	(7 311)	(4 158)	(2 334)
Cash generated from operations	328 585	99 958	35 988	1 991	8 675	3 600	31	(1 123)	(970)
Interest paid	0	(10)	-	-	0	-	-	0	-
<b>Net cash inflow from operating activities</b>	328 585	99 948	35 988	1 991	8 675	3 600	31	(1 123)	(970)

**Cash flows from investing activities**

Proceeds on disposal of property plant and equipment	69	1	-	-	-	2	-	-	-
VAT input credit	52 018	12 518	9 269	1 817	3 831	2 459	1 402	1 058	691
Additions to property plant and equipment	(370 013)	(28 192)	(13 965)	(91)	(16 879)	(4 605)	(120)	(353)	(35)
Movement in intercompany loan accounts	(10 657)	(84 571)	(31 291)	(3 722)	4 373	(1 456)	(1 313)	418	(25)
<b>Net cash (outflow)/inflow from investing activities</b>	<b>(328 583)</b>	<b>(100 244)</b>	<b>(35 987)</b>	<b>(1 996)</b>	<b>(8 675)</b>	<b>(3 600)</b>	<b>(31)</b>	<b>1 123</b>	<b>631</b>
Net movement in cash and cash equivalents	2	(297)	1	(5)	0	0	0	0	(339)
Cash and cash equivalents at beginning of year	3	306	2	1	7	1	1	1	339
<b>Cash and cash equivalents at end of year</b>	<b>5</b>	<b>9</b>	<b>3</b>	<b>(4)</b>	<b>7</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>0</b>



## COMPANY DIRECTORY

## AIRPORTS COMPANY SOUTH AFRICA LIMITED

Registration Number 93/04149/06

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Dirk Ackerman	- Managing Director
Carmine Bassetti	- Executive Director (Aviation Planning)
Kevin Cockcroft	- General Manager (Asset Management)
Stuart Huckwell	- General Manager (Safety)
Piet de Jager	- General Manager (Airport Services)
Charmaine Lodewyk	- General Manager (Marketing)
Rory Mackey	- Regional General Manager - Johannesburg
Mafahle Mareletse	- Executive Director (Retail)
Siva Pillay	- Regional General Manager - Durban
Jan Spies	- General Manager (Human Resources)
Hennie Taljaard	- Regional General Manager - Cape Town
Justin Williamson	- Executive Director (Finance and Information Technology)

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Cape Town International Airport  
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