

ACSA

AIRPORTS COMPANY SOUTH AFRICA LIMITED



Interim Report

For the six months ended 30 September 1998



Summary Income Statement

for the six months ended 30 September 1998

| | 30 Sep 1998 R'000 | 30 Sep 1997 R'000 | Audited 31 Mar 1998 R'000 |
|--|----------------------|----------------------|---------------------------------|
| Revenue | 402 472 | 340 573 | 710 388 |
| <i>Operating income</i> | 185 460 | 161 111 | 281 327 |
| Financing costs | 0 | 0 | (902) |
| Other income | 34 057 | 46 781 | 82 765 |
| Income before taxation | 219 517 | 207 892 | 363 190 |
| Taxation | (83 416) | (82 824) | (135 270) |
| Income after taxation | 136 101 | 125 068 | 227 920 |
| Dividend proposed | 0 | 0 | (44 500) |
| Net income for the period | 136 101 | 125 068 | 183 420 |
| Retained income at the beginning of the year | 552 697 | 354 299 | 369 277 |
| As previously reported | 552 697 | 354 299 | 354 298 |
| Prior year adjustment | 0 | 0 | 14 979 |
| Retained income at the end of the period | 688 798 | 479 367 | 552 697 |
| Earnings per share (cents) | 27 | 25 | 46 |



Business Review

The Directors of Airports Company South Africa Limited take pleasure in reporting a good performance for the six months ended 30 September 1998.

Passenger volumes grew by 5,5% overall with domestic, regional and international passenger growth at 3,2%, 17,9% and 10,2% being achieved respectively. Air traffic movements (landings) decreased marginally, mainly as a result of the drop in the low margin non-scheduled sector. Domestic ATMs also reflected a small decline due to aircraft mix changes by certain carriers on selected local routes.

Retail revenues performed well reflecting a 46,4% increase on the previous year due to increased passenger volumes, additional concessionaires and increased retail space. Property income is in line with the previous year and is meeting our expectations.

Operating income at R185,5 million is 15,1% ahead of last year. It is expected that the results for the second half of the year will be similar to the first six months of the current year.



Abridged Balance Sheet

as at 30 September 1998

| | 30 Sep 1998 R'000 | 30 Sep 1997 R'000 | Audited 31 Mar 1998 R'000 |
|--------------------------------|----------------------|----------------------|---------------------------------|
| CAPITAL EMPLOYED | | | |
| Ordinary share capital | 500 000 | 500 000 | 500 000 |
| Share premium | 250 000 | 250 000 | 250 000 |
| Retained income | 688 798 | 479 367 | 552 697 |
| Ordinary shareholders interest | 1 438 798 | 1 229 367 | 1 302 697 |
| Long term liabilities | 8 720 | 0 | 8 720 |
| Deferred taxation | (7 277) | 15 199 | (7 277) |
| | 1 440 241 | 1 244 566 | 1 304 140 |
| EMPLOYMENT OF CAPITAL | | | |
| Property, plant and equipment | 1 326 050 | 996 482 | 1 208 660 |
| Interest in subsidiary | 1 700 | 1 700 | 1 700 |
| Current assets | 461 587 | 534 191 | 487 149 |
| Accounts receivable | 115 369 | 73 874 | 90 167 |
| Short term investments | 190 299 | 566 993 | 372 865 |
| Cash resources | 155 919 | (106 676) | 24 117 |
| Current liabilities | 349 096 | 287 807 | 393 369 |
| Accounts payable | 277 910 | 140 215 | 247 602 |
| Taxation | 26 686 | 147 592 | 101 267 |
| Shareholders for dividend | 44 500 | 0 | 44 500 |
| Net current assets | 112 491 | 246 384 | 93 780 |
| | 1 440 241 | 1 244 566 | 1 304 140 |



Despite high investment rates, lower cash resources due to capital expenditure and further large tax payments resulted in reduced investment income.

Income before tax of R219,5 million was achieved, which represents an increase of 5,6% on the previous year.

The company's results are pleasing, particularly in view of the global economic crisis.

The company's capital expenditure plans are proceeding in line with expectations. The rate of spend is expected to increase in the second half of the year. The three largest projects currently under construction are at Johannesburg International Airport and include the international terminal expansion, international retail project and the multi-storey carpark. These projects total R600 million and are progressing well. Improvements to Cape Town International Airport and Durban International Airport have been approved and construction will be starting early in 1999.



Cash Flow Statement

for the six months ended 30 September 1998

| | 30 Sep 1998 R'000 | 30 Sep 1997 R'000 | Audited 31 Mar 1998 R'000 |
|--|----------------------|----------------------|---------------------------------|
| Cash flows from operating activities | | | |
| Cash receipts from customers | 377 269 | 352 907 | 690 930 |
| Cash paid to suppliers | (125 454) | (153 190) | (217 959) |
| <i>Cash generated from operations</i> | 251 815 | 199 717 | 472 971 |
| Interest paid | 0 | 0 | (902) |
| Taxation paid | (157 999) | (132 951) | (242 805) |
| <i>Cash available from operations</i> | 93 816 | 66 766 | 229 264 |
| Dividends paid | 0 | (36 300) | (36 300) |
| <i>Cash retained from operations</i> | 93 816 | 30 466 | 192 964 |
| Cash flows from investing activities | | | |
| Proceeds on disposal of property, plant and equipment | (8) | 16 | 328 |
| Additions to property, plant and equipment | (144 572) | (111 738) | (337 883) |
| Net cash flow from investing activities | (144 580) | (111 722) | (337 555) |
| Cash flows from financing activities | | | |
| Increase / (decrease) in cash equivalents | (50 764) | (81 256) | (144 591) |
| Cash and cash equivalent at beginning of year | 396 982 | 541 573 | 541 573 |
| Cash and cash equivalent at end of period | 346 218 | 460 317 | 396 982 |



The Board is satisfied with the results of the six-month period, which included the introduction of new shareholders to the company. In April 1998, ADR International Airports South Africa (Pty) Ltd acquired 20% of the company's equity, with a further 4,2% being acquired by Black Economic Empowerment groups in July 1998. These transactions were concluded on a valuation of R8,19 per share. Furthermore, Government has made 9% of the company's equity available via purchase / option schemes to management and staff.

This period has seen the company being selected as one of the best 49 companies to work for in South Africa, a finalist in the Corporate Governance Award, and in October won the 1998 Non-Listed Company Award. Management and staff have to be applauded for their efforts.



Passenger and Air Traffic Movements

for the six months ended 30 September 1998

| | 30 Sep 1998 | 30 Sep 1997 | Audited 31 Mar 1998 |
|-----------------------------|------------------|------------------|------------------------|
| Departing passengers | | | |
| International | 1 251 982 | 1 136 460 | 2 389 513 |
| Domestic | 3 150 889 | 3 052 966 | 6 199 214 |
| Regional | 111 293 | 94 410 | 189 994 |
| Non-scheduled | 17 776 | 13 377 | 32 152 |
| | 4 531 940 | 4 297 213 | 8 810 873 |

Aircraft landings

| | 30 Sep 1998 | 30 Sep 1997 | Audited 31 Mar 1998 |
|---------------|---------------|---------------|------------------------|
| International | 9 493 | 8 700 | 18 088 |
| Domestic | 57 205 | 57 307 | 113 804 |
| Regional | 4 267 | 3 673 | 7 625 |
| Non-scheduled | 22 082 | 23 453 | 46 807 |
| | 93 047 | 93 133 | 186 324 |



Year 2000

The company is taking the Year 2000 potential problem extremely seriously. Apart from internal Y2K work groups being established and progress being made, external professional consultants have been appointed to oversee the process. ACSA is working closely with other major aviation stakeholders to make every effort to ensure a manageable transition into the new millennium.

For and on behalf of the Board

T N Chapman (Chairman)

D A Ackerman (Managing)



BUSINESS ADDRESS

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DIRECTORS

T N Chapman (Chairman)
D A Ackerman*, M L Leoka, L I Weil,
Y I Mahomed, B M Stocks,
A J Williamson*, M S G Mareletse*,
F Battaggia', M Doglio', C Bassetti**

*Executive Directors

'Italian

ACSA

AIRPORTS COMPANY SOUTH AFRICA LIMITED
(Reg. No. 93/04149/06)



Interim Report

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