

13. **ACCOUNTANTS' REPORT (Cont'd)**  
*(Prepared for the inclusion in this Prospectus)*

## ARTHUR ANDERSEN

### (vi) MAATS

MAATS was incorporated in Malaysia as a private limited company on 7 July, 1997. The authorised share capital of MAATS as at the date of this report is RM500,000,001 comprising 500,000,000 ordinary shares of RM1.00 each and 1 special rights redeemable preference share of RM1.00. The issued and paid-up share capital of MAATS as at the date of this report is RM2 comprising 2 ordinary shares of RM1.00 each.

There has been no change in the issued and paid-up share capital of MAATS since its incorporation.

The intended principal activity of MAATS is the provision of air traffic management and consultancy services. MAATS has not commenced operations since the date of incorporation.

### (vii) MA Properties

MA Properties was incorporated in Malaysia as a private limited company on 28 May, 1999. The authorised and issued and paid-up share capital of MA Properties as at the date of this report are RM100,000 and RM2 respectively comprising 100,000 and 2 ordinary shares of RM1.00 each.

There has been no change in the issued and paid-up share capital of MA Properties since its incorporation.

The principal activities of MA Properties are investment holding, management and operation of car park, **airside** hotel, Free Commercial Zone and Southern Common Amenities all at KLIA.

### (viii) MAAH

MAAH was incorporated in Malaysia as a private limited company on 25 August, 1998. The authorised and issued and paid-up share capital of MAAH as at the date of this report are RM10,000,000 and RM1,000,000 respectively comprising 10,000,000 and 1,000,000 ordinary shares of RM1.00 each.

Details of changes in the issued and paid-up share capital of MAAH since its incorporation are as follows:

<u>Date of allotment</u>	<u>No. of ordinary shares of RM1.00 each allotted</u>	<u>Consideration</u>	<u>Resultant issued and paid-up share capital</u> RM
25.08.98	2	Subscribers' shares	2
10.09.98	999,998	Cash	1,000,000

MAAH is principally engaged in the cultivation and selling of oil palm, rubber and other agricultural products.

13. **ACCOUNTANTS' REPORT (Cont'd)**  
*(Prepared for the inclusion in this Prospectus)*

# ARTHUR ANDERSEN

**KLAH**

KLAH was incorporated in Malaysia as a private limited company on 16 January, 1995. Both the authorised and issued and paid-up share capital of KLAH as at the date of this report is **RM10,900,000** comprising **10,000,000** ordinary shares and **900,000** redeemable preference shares of RM1.00 each.

Details of changes in the issued and paid-up share capital of KLAH since its incorporation are as follows:

<u>Date of allotment</u>	<u>No. of shares of RM1.00 each allotted</u>	<u>Consideration</u>	<u>Resultant issued and paid-up share capital</u> RM
<b>Ordinary Shares</b>			
16.01.95	2	Subscribers' shares	2
22.11.95	999,998	Cash	1,000,000
08.04.96	8,000,000	Cash	9,000,000
20.08.96	1,000,000	Cash	10,000,000
<b>Redeemable Preference Shares</b>			
16.09.96	200,000	Cash	200,000
26.12.96	120,000	Cash	320,000
30.04.97	80,000	Cash	400,000
30.05.97	120,000	Cash	520,000
30.09.97	200,000	Cash	720,000
04.02.98	180,000	Cash	900,000

KLAH is the owner of a hotel known as Pan Pacific KLIA.

## 2.4 The Associated Companies

The information on the associated companies, all of which are private limited companies, is as follows:

(i) **CAMS**

CAMS was incorporated in Cambodia as a limited company on 15 October, 1995 and is owned jointly by Aeroport de Paris and MAMTS under an agreement dated 7 December, 1995. The authorised and issued and paid-up share capital of CAMS as at the date of this report are **USD100,000** and **USD25,000** respectively comprising **10,000** and **2,500** ordinary shares of **USD10** each. MA Holdings has an equity interest of 40% in CAMS through MAMTS.

There has been no change in the issued and paid-up share capital of CAMS since its incorporation.

CAMS is principally engaged in the operation, management and commercial promotion of the Pochentong Airport in Cambodia.

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13. **ACCOUNTANTS' REPORT (Cont'd)**  
*(Prepared for the inclusion in this Prospectus)*

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## ARTHUR ANDERSEN

**(ii) KAFS**

KAFS was incorporated in Malaysia as a private limited company on 24 July, 19%. The authorised share capital comprise RM10,000,000 redeemable preference shares and RM40,000,000 ordinary shares comprising 10,000 and 40,000 units respectively of RM1,000 each.

The issued and paid-up share capital as at the date of this report comprise RM2,000,000 redeemable preference shares and RM3,000,000 ordinary shares comprising 2,000 and 3,000 units respectively of RM1,000 each. MA Holdings has **an equity interest of 20% in KAFS through MASB.**

Details of changes in the issued and paid-up share capital of KAFS since its incorporation are as follows:

<u>Date of allotment</u>	<u>No. of shares of RM1,000 each allotted</u>	<u>Consideration</u>	<u>Resultant issued and paid-up share capital</u> RM
<b>Ordinary Shares</b>			
24.07.96	2	Subscriber's share	2,000
16.01.97	2,998	Cash	3,000,000
<b>Redeemable Preference Shares</b>			
16.01.97	2,000	Cash	2,000,000

The principal activity of KAFS is to develop, manage and operate an aviation fuelling system at KLIA.

**(iii) UTW**

UTW was incorporated in Malaysia as a private limited company on 25 March, 1998. The authorised and issued and paid-up share capital of UTW as at the **date** of this report are RM1,000,000 and RM500,000 respectively comprising 1,000,000 and 500,000 ordinary shares of RM1.00 each. MA Holdings has an equity **interest of 49% in UTW through MAMTS.**

Details of changes in the issued and paid-up share capital of UTW since its incorporation are as follows:

<u>Date of allotment</u>	<u>No. of ordinary shares of RM1.00 each allotted</u>	<u>Consideration</u>	<u>Resultant issued and paid-up share capital</u> RM
<b>25.03.98</b>	<b>2</b>	Subscribers' shares	<b>2</b>
22.12.98	499,998	Cash	500,000

UTW is principally engaged in the provision of mechanical, electrical and civil engineering and maintenance works at KLIA.

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13. **ACCOUNTANTS' REPORT (Cont'd)**  
*(Prepared for the inclusion in this Prospectus)*

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# ARTHUR ANDERSEN

2.5 **Auditors and Audited Accounts**

We have **acted as auditors** of MA Holdings and all its subsidiaries since the date of incorporation. The said accounts were reported by us without any qualification. The accounts of the associated companies for the period covered in this report were audited by other firms of public accountants and their reports under review were not subject to any qualification.

3. **SUMMARISED PROFIT AND LOSS ACCOUNTS**

3.1 The summarised proforma consolidated results of the Group for the last six financial years/ periods ended 31 March/31 December/31 May, 1994 to 1999 are provided for illustrative purposes only, on the assumption that the proposed restructuring has been completed for the relevant years/periods as set out below.

**MA Holdings' results are not included as the** Company was only incorporated on 28 June, 1999 and commenced operations after the acquisition of MASB, MA Properties Group and MASB Subsidiaries, which was only completed on 23 October, 1999. Accordingly, MA Holdings has no profit track record and the proforma consolidated results of the Group is based on the audited consolidated accounts of MASB and its subsidiaries.

	Year ended 31 March		01.04.95 to 31.12.95	Year ended 31 December			01.01.99 to 31.05.99
	1994 RM'000	1995 RM'000	RM'000	1996 RM'000	1997 RM'000	1998 RM'000	RM'000
<b>Turnover</b>	<b>282,801</b>	<b>346,483</b>	310,003	525,271	614,334	658,586	330,363
<b>Profit before depreciation, interest and taxation</b>	<b>163,163</b>	<b>201,220</b>	171,456	341,272	374,445	345,740	126,721
<b>Interest expense</b>							
<b>Depreciation</b>	(9,393)	(20,466)	(14,764)	(31,613)	(25,815)	(22,800)	(20,086)
<b>Profit before taxation</b>	<b>153,770</b>	<b>180,754</b>	156,692	309,659	348,630	322,940	106,635
<b>Share of profit of associated companies</b>		-				613	386
	153,770	180,754	156,692	309,659	348,630	323,553	107,021
<b>Taxation</b>	23,000	(737)	(51,795)	47,791	(112,248)	18,093	(121)
<b>Profit after taxation but before minority interest</b>	<b>176,770</b>	<b>180,017</b>	104,897	357,450	236,382	341,646	106,900
<b>Minority interest</b>				(59)	(110)	86	1,283
<b>Profit after taxation and minority interest</b>	<b>176,770</b>	<b>180,017</b>	<b>104,897</b>	<b>357,391</b>	<b>236,272</b>	<b>341,732</b>	<b>108,183</b>

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13. ACCOUNTANTS' REPORT (Cont'd)  
*(Prepared for the inclusion in this Prospectus)*


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## ARTHUR ANDERSEN

	Year ended		<b>01.04.95</b>	Year ended 31 December			<b>01.01.99</b>
	31 March		to	19%			to
	1994	1995	31.12.95	<b>1997</b>	<b>1998</b>	<b>1999</b>	<b>31.05.99</b>
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b>Number of ordinary shares assumed to be in issue ('000)</b>	<b>990,000</b>	<b>990,000</b>	<b>990,000</b>	<b>990,000</b>	<b>990,000</b>	<b>990,000</b>	<b>990,000</b>
<b>Gross earnings per share (sen)</b>	<b>15.5</b>	<b>18.3</b>	<b>15.8</b>	<b>31.3</b>	<b>35.2</b>	<b>32.7</b>	<b>10.8</b>
<b>Net earnings per share (sen)</b>	<b>17.9</b>	<b>18.2</b>	<b>10.6</b>	<b>36.1</b>	<b>23.9</b>	<b>34.5</b>	<b>10.9</b>
<b>Gross dividend rate (%)</b>	<b>.</b>	<b>8</b>	<b>4</b>	<b>4</b>	<b>5</b>	<b>10</b>	

**Notes:**

- (1) *The above consolidated financial results have been prepared based on the audited accounts of the respective companies after making relevant adjustments as we considered appropriate for the respective years. The consolidated results have been prepared based on accounting policies consistent with those previously adopted in the preparation of the audited financial statements of the individual companies.*
- (2) *The significant increase in turnover and profit before taxation of the Group for the year ended 31 December, 2006 was mainly contributed by MASB as a result of the increase in passenger traffic, both domestic and international, and the increase in the airport tax levied on passengers from RM20 to RM40 for international flights with effect from January 2006.*
- (3) *The decrease in profit before taxation despite the increase in turnover of the Group for the year ended 31 December, 2008 was mainly because the expanded revenue base from the opening of KLIA resulted in higher operating expenses largely due to the utilities, supplies and maintenance costs associated with high levels of technology, the greater design capacity and the size of the facilities at KLIA compared to Sultan Abdul Aziz Shah Airport in Subang.*
- (4) *There are no extraordinary or exceptional items for all the financial years/periods under review.*
- (5) *The net EPS of MA Holdings Group is calculated based on the profit after taxation and minority interest and on the number of ordinary shares assumed to be in issue of 990,000,000 MA Holdings shares after the proposed acquisition of MASB, MA Properties Group and MASB Subsidiaries but before the Public Issues in the respective years/periods under review.*

13. **ACCOUNTANTS' REPORT (Cont'd)**  
*(Prepared for the inclusion in this Prospectus)*

# ARTHUR ANDERSEN

3.2 We provide below the audited results of each of the companies within the MA Holdings Group for the relevant years/periods.

(i) MASB

	Year ended 31 March		01.04.95 to 31.12.95	Year ended 31 December			01.01.99 to 31.05.99
	1994 RM'000	1995 RM'000	RM'000	1996 RM'000	1997 RM'000	1998 RM'000	RM'000
Turnover	280,397	317,342	269,384	466,960	531,323	352,967	76,601
Profit before depreciation, interest and taxation	163,908	199,112	167,826	333,707	374,296	263,157	48,346
Interest expense		-			-		-
Depreciation	(9,380)	(20,437)	(14,644)	(31,050)	(25,375)	(18,365)	(15,688)
Profit before taxation	154,528	178,675	153,182	302,657	348,921	244,792	32,658
Taxation	23,000		(50,620)	50,620	(109,650)	41,050	(121)
Profit after taxation	177,528	178,675	102,562	353,277	239,271	285,842	32,537
Weighted average number of ordinary shares in issue	2	64,129,865	360,113,846	360,113,846	360,113,846	360,113,846	360,113,846
Gross earnings per share (RM)	77,264,000	2.79	0.43	0.84	0.97	0.68	0.09
Net earnings per share (RM)	88,764,000	2.79	0.28	0.98	0.66	0.79	0.09
Gross dividend rate (%)	-	a	4	4	5	10	

Note:

*There are no extraordinary or exceptional items in the financial years/periods under review.*

13. **ACCOUNTANTS' REPORT (Cont'd)**  
*(Prepared for the inclusion in this Prospectus)*

# ARTHUR ANDERSEN

**(ii) MA Sepang**

	<b>01.04.95</b>	<b>Year ended 31 December</b>			<b>01.01.99</b>
	<b>to</b>	<b>19%</b>	<b>1997</b>	<b>1998</b>	<b>to</b>
	<b>31.12.1995</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>31.05.99</b>
	<b>RM'000</b>				<b>RM'000</b>
Turnover				193,528	174,539
Profit/ (loss) before depreciation, interest and taxation	359	835	(4,247)	77,441	77,619
Interest expense					
Depreciation		(11)	(68)	(2,605)	(2,933)
Profit/ (loss) before taxation	359	824	(4,315)	74,836	74,686
Taxation	(108)	(553)	-	(21,913)	-
Profit/(loss) after taxation	<b>251</b>	<b>271</b>	<b>( 4 , 3 1 5 )</b>	<b>52,923</b>	<b>74,686</b>
Weighted average number of ordinary shares in issue ('000)	14,818	25,000	48,836	50,000	50,000
Gross earnings per share (sen)	2.4	3.3	(8.8)	149.7	149.4
Net earnings per share (sen)	1.7	1.1	(8.8)	105.8	149.4
Gross dividend rate (%)	-	-			

Notes:

- (1) *There are no extraordinary or exceptional items in the financial years/periods under review.*
- (2) *No profit and loss account was prepared prior to the financial period ended 31 December, 1995 as MA Sepang was incorporated on 20 October, 1994 and commenced operations on 30 June, 1998.*

13. ACCOUNTANTS' REPORT (Cont'd)  
(Prepared for the inclusion in this Prospectus)

# ARTHUR ANDERSEN

## (iii) MA Niaga

	11.11.93 to 31.03.94 RM'000	Year ended 31 March 1995 RM'000	01.04.95 to 31.12.95 RM'000	Year ended 1996 RM'000	31 December 1997 RM'000	1998 RM'000	01.01.99 to 31.05.99 RM'000
Turnover	2,843	34,785	40,620	69,079	77,536	85,061	39,839
(Loss)/ profit before depreciation, interest and taxation	(781)	2,233	2,390	7,559	7,947	6,153	5,120
Interest expense						-	
Depreciation	(14)	(117)	(187)	(554)	(315)	(977)	(722)
Profit before taxation	(795)	2,116	2,203	7,005	7,632	5,176	4,398
Taxation		(736)	(785)	(2,128)	(2,838)	(1,275)	-
Profit after taxation	(795)	1,380	1,418	4,877	4,794	3,901	4,398
Number of ordinary shares in issue ('000)	5,000	5,000	5,000	5,000	5,000	5,000	5,000
Gross (loss)/ earnings per share (sen)	(15.9)	42.3	44.1	140.1	152.6	103.5	88.0
Net (loss)/ earnings per share (sen)	(15.9)	27.6	28.4	97.5	95.9	78.0	88.0
Gross dividend rate (%)				40	25	50	

Notes:

- (1) There are no extraordinary or exceptional items in all the financial years/periods under review.
- (2) No profit and loss account was prepared prior to the financial period ended 31 March, 1994 as MAN was incorporated on 11 November, 1993 and commenced operations on 1 January, 1994.



13. ACCOUNTANTS' REPORT (Cont'd)  
(Prepared for the inclusion in this Prospectus)

# ARTHUR ANDERSEN

(iv) MAMTS

	Year ended 31 1997 RM'000	December 1998 RM'000	01.01.99 to 31.05.99 RM'000
Turnover	5,475	13,438	6,626
(Loss)/profit before depreciation, interest and taxation	(1,791)	531	(232)
Interest expense	-	-	-
Depreciation	(10)	(57)	(36)
(Loss)/ profit before taxation	(1,801)	474	(268)
Taxation		(76)	
(Loss)/profit after taxation	(1,801)	398	(268)
Weighted average number of ordinary shares in issue ('000)	367	500	500
Gross (loss)/earnings per share (sen)	(490.7)	94.8	(53.6)
Net (loss)/earnings per share (sen)	(490.7)	79.6	(53.6)
Gross dividend rate (%)	-	-	-

Notes:

- (1) There are no extraordinary or exceptional items in all the financial years/period under review.
- (2) No profit and loss account was prepared prior to the financial year ended 31 December, 1997 as MAMTS was incorporated on 24 January, 1996 and commenced operations on 1 January, 1997.

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13. **ACCOUNTANTS' REPORT (Cont'd)**  
*(Prepared for the inclusion in this Prospectus)*

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## ARTHUR ANDERSEN

**(v) SIC**

	01.01.99 to 31.05.99 <b>RM'000</b>
Turnover	<u>2.789</u>
Loss before depreciation, interest and taxation	(9,012)
Interest expense	-
Depreciation	(12)
Loss before taxation	<u>(9,024)</u>
Taxation	
Loss after taxation	<u>( 9 , 0 2 4 )</u>
Weighted average number of ordinary shares in issue ('000)	6,490
Gross loss per share (sen)	139
Net loss per share (sen)	139
Gross dividend rate (%)	-

Notes:

(1) *There are no extraordinary or exceptional items in the financial period under review.*

(2) *No profit and loss account was prepared prior to the financial period ended 31 May, 1999 as SIC was incorporated on 23 January, 1998 and commenced operations in February 1999.*

**(vi) MAATS**

No profit and loss account was prepared prior to the financial period ended 31 May, 1999 as MAATS is dormant since the date of incorporation on 7 July, 1997.

**(vii) MA Properties**

No profit and loss account was prepared prior to the financial period ended 31 May, 1999 as MA Properties was incorporated on 28 May, 1999.

13. **ACCOUNTANTS' REPORT (Cont'd)**  
*(Prepared for the inclusion in this Prospectus)*

**ARTHUR  
ANDERSEN**

**(viii) MAAH**

	<b>2508.98</b>	<b>01.01.99</b>
	to	to
	31.12.98	31.05.99
	RM'000	RM'000
Turnover	673	<b>1,444</b>
(Loss)/profit before depreciation, interest and taxation	(993)	622
Interest expense		(17)
Depreciation	(2)	<b>(54)</b>
(Loss)/ profit before taxation	<b>(995)</b>	551
Taxation	-	-
Loss after taxation	<b>(995)</b>	551
Weighted average number of ordinary shares in issue ('000)	876	<b>1,000</b>
Gross (loss)/earnings per share (sen)	(113.6)	55.1
Net (loss)/earnings per share (sen)	(113.6)	55.1
Gross dividend rate (%)	-	-

Notes:

- (1) There are no **extraordinary** or exceptional items **in the financial periods under review**.
- (2) No profit **and loss account was prepared prior to the financial period ended 31 December, 1998** as MAAH was **incorporated on 25 August, 1998**.

13. **ACCOUNTANTS' REPORT (Cont'd)**  
(Prepared for the inclusion in this Prospectus)

# ARTHUR ANDERSEN

(ix) **KLAH**

	Year ended 31 December			01.01.99
	19% RM'000	1997 RM'000	1998 RM'000	to 31.05.99 RM'000
Turnover	-		13,553	11,745
Profit before depreciation, interest and taxation	212	385	94	813
Interest expense	-			(2,949)
Depreciation	-		(742)	(638)
Profit/ (loss) before taxation	212	385	(648)	(2,774)
Taxation	(64)	(110)		-
Profit/ (loss) after taxation	148	275	(648)	(2,774)
Weighted average number of ordinary shares in issue ('000)	3,570	10,000	10,000	10,000
Gross earnings/ (loss) <b>per share (sen)</b>	5.9	3.9	(6.5)	(27.7)
Net earnings/ (loss) per share (sen)	4.1	2.8	(6.5)	(27.7)
Gross dividend rate (%)				

Notes:

(1) There are no extraordinary or exceptional items in the financial years/period under review.

(2) No profit and loss account was prepared prior to financial year ended 31 December, 1996 as KLAH was incorporated on 16 January, 1995 and commenced operations on 23 June, 1998.

4. **DIVIDENDS**

The Company, MA Sepang, MAMTS, SIC, MAATS, MA Properties, MAAH and KLAH have neither declared nor paid any dividends in respect of the financial periods/years under review.

No dividend has been paid or proposed by MASB and MA Niaga in the respective financial periods/years under review other than as follows:

**MASB**

Period/Year ended	Issued and paid-up share capital RM'000	Final dividend rate %	Tax rate %	Gross dividend RM'000	Net dividend RM'000
31.03.95	360,114	4	32	14,286	10,000
31.12.95	360,114	4	32	14,286	10,000
31.12.96	360,114	4	30	14,404	10,083
31.12.97	360,114	5	28	18,006	12,964
31.12.98	360,114	10	28	36,011	25,928

13. ACCOUNTANTS' REPORT (Cont'd)  
(Prepared for the inclusion in this Prospectus)

# ARTHUR ANDERSEN

## MA Niaga

Year ended	Issued and paid-up share capital RM'000	Final dividend rate %	Tax rate %	Gross dividend RM'000	Net dividend RM'000
31.12.96	5,000	40	30	2,000	1,400
31.12.97	5,000	25	28	1,250	900
31.12.98	5,000	50	28	2,500	1,800

## 5. SUMMARISED BALANCE SHEETS

5.1 The proforma consolidated balance sheets of the Group at the end of the relevant years/periods are set out below:

	← As at 31 March →			← As at 31 December →				As at
	1993 RM '000	1994 RM '000	1995 RM '000	1995 RM '000	1996 RM '000	1997 RM '000	1998 RM '000	31 May 1999 RM '000
Current assets	424,107	579,070	716,405	778,728	976,116	1,009,814	1,129,901	812,894
Current liabilities	48,056	41,494	63,655	133,344	125,000	283,265	280,533	365,986
Net current assets	376,051	537,576	652,750	645,384	851,116	726,549	849,368	446,908
Fixed assets	58,924	75,191	85,424	163,930	279,858	627,016	814,784	1,266,287
Intangible assets	-	-	161	-	9	75	262	765
Investments	-	-	9,856	33,570	56,953	88,785	87,698	148,198
Deferred expenditure	-	-	-	1,800	10,714	4,682	11,342	9,166
Provision for retirement benefits	(1,238)	(3,507)	(6,757)	(8,403)	(11,080)	(12,610)	(14,281)	(15,251)
Provision for pension	(34,352)	(34,352)	(34,352)	(34,352)	(34,881)	(34,352)	(34,352)	(34,352)
Deferred taxation	(1,247)	-	(50)	-	-	(38)	(38)	(38)
Minority interest	-	-	-	-	(12,059)	(36,169)	(40,083)	(38,800)
	<u>398,138</u>	<u>574,908</u>	<u>707,032</u>	<u>801,929</u>	<u>1,140,630</u>	<u>1,363,938</u>	<u>1,674,700</u>	<u>1,782,883</u>
Shareholder's funds								
Share capital	*	*	360,114	360,114	360,114	360,114	360,114	360,114
Investment by Government	360,114	360,114	-	-	-	-	-	-
Retained profits	38,024	214,794	346,918	441,815	780,516	1,003,824	1,314,586	1,422,769
	<u>398,138</u>	<u>574,908</u>	<u>707,032</u>	<u>801,929</u>	<u>1,140,630</u>	<u>1,363,938</u>	<u>1,674,700</u>	<u>1,782,883</u>
Net tangible assets per share (RM)	<u>199,069,000</u>	<u>287,454,000</u>	1.96	2.22	3.14	3.77	4.62	4.92

\* The issued and paid-up share capital is Rh42.

13. **ACCOUNTANTS' REPORT (Cont'd)**  
(Prepared for the inclusion in this Prospectus)

# ARTHUR ANDERSEN

5.2 We provide below the audited results of each of the companies within the MA Holdings Group for the relevant years/periods.

(i) M A S B

	← As at 31 March →			← As at 31 December →				As at
	1993	1994	1995	1995	1996	1997	1998	31 May 1999
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Current assets	424,107	572,297	704,157	738,625	945,672	1,119,761	1,268,550	860,802
Current Liabilities	48,056	38,788	56,136	122,891	105,320	223,120	178,476	164,024
Net current assets	376,051	533,509	648,021	615,734	840,352	896,641	1,090,074	696,778
Fixed assets	58,924	75,016	84,680	162,461	222,253	311,964	369,769	726,703
Investments	-	-	9,856	33,570	56,953	88,760	87,066	146,935
Investment in subsidiaries	-	5,000	5,000	30,000	60,000	109,500	116,500	126,500
Provision for retirement benefits	(1,238)	(3,507)	(6,757)	(8,403)	(11,080)	(12,610)	(14,281)	(15,251)
Provision for pension	(34,352)	(34,352)	(34,352)	(34,352)	(34,881)	(34,351)	(34,352)	(34,352)
Deferred taxation	(1,247)							
	<u>398,138</u>	<u>575,666</u>	<u>706,448</u>	<u>799,010</u>	<u>1,133,597</u>	<u>1,359,904</u>	<u>1,614,776</u>	<u>1,647,313</u>
Shareholder's funds								
Share capital	.*	.*	360,114	360,114	360,114	360,114	360,114	360,114
Investment by Government	360,114	360,114						
Retained profits	38,024	215,552	346,334	438,896	773,483	999,790	1,254,662	1,287,199
	<u>398,138</u>	<u>575,666</u>	<u>706,448</u>	<u>799,010</u>	<u>1,133,597</u>	<u>1,359,904</u>	<u>1,614,776</u>	<u>1,647,313</u>
Net tangible assets per share (RM)	<u>199,069,000</u>	<u>287,833,000</u>	1.96	2.22	3.15	3.78	4.48	4.57

\* The issued and paid-up share capital is RM2.

(ii) MA Sepang

	As at	← As at 31 December →				As at
	31 March 1995	1995	1996	1997	1998	31 May 1999
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Current assets		25,415	27,300	51,941	132,326	164,911
Current liabilities	161	1,964	32,079	207,085	291,095	340,997
Net current (liabilities)/assets	(161)	23,451	(4,779)	(155,144)	(158,769)	(176,086)
Intangible assets	161					-
Fixed assets			28,501	199,551	256,459	348,612
Deferred expenditure		1,800	1,800	1,800	1,440	1,290
		<u>25,251</u>	<u>25,522</u>	<u>46,207</u>	<u>99,130</u>	<u>173,816</u>
Shareholder's funds						
Share capital	.*	25,000	25,000	50,000	50,000	50,000
Profit and loss account		251	522	(3,793)	49,130	123,816
		<u>25,251</u>	<u>25,522</u>	<u>46,207</u>	<u>99,130</u>	<u>173,816</u>
Net tangible assets per share (RM)	<u>(80,499)</u>	<u>0.94</u>	<u>0.95</u>	<u>0.89</u>	<u>1.95</u>	<u>3.45</u>

\* The issued and paid-up share capital is RM2.

13. ACCOUNTANTS' REPORT (Cont'd)  
(Prepared for the inclusion in this Prospectus)

# ARTHUR ANDERSEN

(iii) MA Niaga

	As at 31 March		As at 31 December				As at
	1994	1995	1995	1996	1997	1998	31 May
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Current assets	<b>10,248</b>	<b>14,634</b>	<b>18,444</b>	<b>27,003</b>	<b>32,945</b>	<b>30,029</b>	<b>37,791</b>
Current liabilities	<b>6,218</b>	<b>9,743</b>	<b>12,909</b>	<b>18,095</b>	21,393	22,248	25,622
Net current assets	4,030	4,891	5,535	8,908	11,552	7,781	12,169
Fixed assets	175	744	1,468	1,572	2,860	8,732	8,742
Deferred taxation	-	(50)	-	-	(38)	(38)	(38)
	<u>4,205</u>	<u>5,585</u>	<u>7,003</u>	<u>10,480</u>	<u>14,374</u>	<u>16,475</u>	<u>20,873</u>
Shareholder's funds							
Share capital	5,000	5,000	5,000	5,000	5,000	5,000	5,000
Profit and loss account	(795)	585	2,003	5,480	9,374	11,475	15,873
	<u>4,205</u>	<u>5,585</u>	<u>7,003</u>	<u>10,480</u>	<u>14,374</u>	<u>16,475</u>	<u>20,873</u>
Net tangible assets per share (RM)	<b>0.84</b>	1.12	1.40	2.10	2.87	3.30	4.17

(iv) MAMTS

	As at 31 December			As at
	1996	1997	1998	31 May
	RM'000	RM'000	RM'000	RM'000
Current assets		6,293	6,671	7,268
Current liabilities	10	7,660	8,348	9,628
Net current liabilities	(10)	(1,367)	(1,677)	(2,360)
Fixed assets		41	749	920
Investment		25	25	270
Intangible assets	10			
	<u>-</u>	<u>(1,301)</u>	<u>(903)</u>	<u>(1,170)</u>
Shareholder's deficit				
Share capital	-*	500	500	500
Accumulated losses	-	(1,801)	(1,403)	(1,670)
	<u>-</u>	<u>(1,301)</u>	<u>(903)</u>	<u>(1,170)</u>
Net tangible assets per share (RM)	(2.60)	(1.999)	(1.81)	(2.34)

\* The issued and paid-up share capital is RM2.

13. ACCOUNTANTS' REPORT (Cont'd)  
(Prepared for the inclusion in this Prospectus)

ARTHUR  
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(v) SIC

	As at 31 December 1998 RM'000	As at 31 May 1999 RM'000
Current assets		28,611
Current liabilities	110	20,620
Net current (liabilities)/assets	(110)	7,991
Fixed assets		248
Intangible assets	110	562
	-	8,801
Shareholder's funds		
Share capital	-*	10,000
Profit and loss account		(1,199)
		8,801
Net tangible assets per ordinary share (RM)	(54,999)	0.82

\* The issued and paid-up share capital is RM2.

(vi) MAATS

	As at 31 December 1997 RM'000	1998 RM'000	As at 31 May 1999 RM'000
Current assets	75	153	203
Current liabilities			
Net current liabilities	(75)	(153)	(203)
Intangible assets	75	153	203
Shareholder's funds			
Share capital	-*	-*	-*
Net tangible assets per ordinary share (RM)	(37,499)	(76,499)	(101,499)

\* The issued and paid-up share capital is RM2.

(vii) MA Properties

No balance sheet was prepared prior to financial year ended 31 December, 1998 as MA Properties was incorporated on 28 May, 1999.



13. ACCOUNTANTS' REPORT (Cont'd)  
(Prepared for the inclusion in this Prospectus)

# ARTHUR ANDERSEN

(viii) MAAH

	As at 31 December 1998 RM'000	As at 31 May 1999 RM'000
Current assets	514	785
Current liabilities	534	2,715
Net current liabilities	(20)	(1,930)
Fixed assets	25	2,486
	<u>5</u>	<u>556</u>
Shareholder's funds		
Share capital	1,000	1,000
Accumulated losses	(995)	(444)
	<u>5</u>	<u>556</u>
Net tangible assets per share (sen)	<u>0.5</u>	<u>55.6</u>

(ix) KLAH

	← As at 31 December →				As at 31 May 1999
	1995 RM'000	1996 RM'000	1997 RM'000	1998 RM'000	RM'000
Current assets	1,000	10,257	771	10,700	14,747
Current liabilities	3	4,356	19,831	23,173	24,147
Net current assets/ (liabilities)	997	5,901	(19,060)	(12,473)	(9,400)
Fixed assets		35,852	112,601	178,618	178,575
Deferred expenditure	3	395	2,882	8,680	7,876
Advances from holding company			(6,000)	(75,050)	(80,050)
Advances from a corporate shareholder		-	(8,000)	-	-
	<u>1,000</u>	<u>42,148</u>	<u>82,423</u>	<u>99,775</u>	<u>97,001</u>
Shareholders' funds					
Share capital	1,000	10,320	10,720	10,900	10,900
Share premium		31,680	71,280	89,100	89,100
Profit and loss account		148	423	(225)	(2,999)
	<u>1,000</u>	<u>42,148</u>	<u>82,423</u>	<u>99,775</u>	<u>97,001</u>
Net tangible assets per share (RM)	<u>1.00</u>	<u>4.05</u>	<u>7.42</u>	<u>8.36</u>	<u>8.18</u>

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13. ACCOUNTANTS' REPORT (Cont'd)  
*(Prepared for the inclusion in this Prospectus)*


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# ARTHUR ANDERSEN

## 6. STATEMENTS OF ASSETS AND LIABILITIES

We set out below the statements of assets and liabilities of the MA Holdings Group based on their audited **consolidated** accounts of MASB Group as at 31 May, 1999 and the proforma MA Holdings Group which has been prepared for **illustrative** purposes based on the assumption that the acquisitions of MASB, MA Properties Group and MASB Subsidiaries, and the proposed Public Issue were completed on 31 May, 1999.

	Note	MASB Group RM'000	Prof orma Group RM'000
<b>CURRENT ASSETS</b>			
Cash and bank balances	6.2	499,865	760,865
Trade debtors	6.3	232,841	232,841
Other debtors		61,386	61,386
Stocks	6.4	18,802	18,802
		<u>812,894</u>	<u>1,073,894</u>
<b>CURRENT LIABILITIES</b>			
Trade creditors		36,084	36,084
Other creditors		218,282	218,282
Taxation		111,620	111,620
		<u>365,986</u>	<u>365,986</u>
<b>NET CURRENT ASSETS</b>		446,908	707,908
<b>INVESTMENTS</b>	6.5	148,198	148,198
<b>FIXED ASSETS</b>	6.6	<b>1,266,287</b>	<b>1,266,287</b>
<b>INTANGIBLE ASSETS</b>	6.7	765	765
<b>DEFERRED EXPENDITURE</b>	6.8	9,166	9,166
<b>PROVISION FOR RETIREMENT BENEFITS</b>	6.9	(15,251)	(15,251)
<b>PROVISION FOR PENSION</b>		(34,352)	(34,352)
<b>DEFERRED TAXATION</b>	6.10	(38)	(38)
<b>MINORITY INTERESTS</b>		(38,800)	(38,800)
		<u><b>1,782,883</b></u>	<u><b>2,043,883</b></u>
<b>SHAREHOLDERS FUNDS</b>			
Share capital	6.11	360,114	<b>1,100,000</b>
Share premium	6.12	-	824,095
Profit and loss account		<b>1,422,769</b>	119,788
		<u><b>1,782,883</b></u>	<u><b>2,043,883</b></u>

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13. **ACCOUNTANTS' REPORT (Cont'd)**  
*(Prepared for the inclusion in this Prospectus)*

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**6.1 SIGNIFICANT ACCOUNTING POLICIES**

(a) Basis of Accounting

The accounts are prepared under the historical cost convention and comply with approved accounting standards.

(b) Basis of Consolidation

The consolidated accounts include the accounts of the Group and its subsidiaries made up to the end of the financial period. MASB is consolidated on the merger method of accounting under the provisions of Malaysian Accounting Standard Number 2 and the other subsidiaries, MA Sepang, MA Niaga, MAMTS, SIC, MAATS, MA Properties, MAAH and KLAH, are consolidated on the acquisition method of accounting. Under the merger method, the results of the subsidiaries for the entire year have been included without any adjustment in respect of the part of the year prior to merger. Under the acquisition method, the results of the subsidiaries acquired during the year are included in the consolidated profit and loss account from the date of their acquisition.

Related company transactions are eliminated on consolidation and the consolidated accounts reflect external transactions only.

(c) Fixed Assets and Depreciation

Fixed assets are stated at cost less accumulated depreciation.

It is the Group's practice to maintain its hotel property in a high standard and condition in order to maintain its image and market share. Because of this, the hotel property maintains residual value at least equals to its book value such that depreciation would be insignificant. Accordingly, no depreciation is provided on the hotel property.

The related maintenance expenditure is dealt with in the profit and loss account. In order to establish whether hotel property has maintained residual value at least equal to its book value, the hotel property is appraised by independent professional valuers at least once in every three years on the existing use basis. Revaluation surplus, if considered by the directors to be permanent in nature, is incorporated in the accounts through the Asset Revaluation Reserve. Any reduction in the value of hotel property below its original cost is charged against operating profit in the profit and loss account.

Crockery, glassware, cutlery and linen are capitalised at the minimum level requirements for normal operations. Additions and replacement are written off in the period in which they are acquired.

Capital improvements relate to the upgrading and resurfacing of runway.

13. ACCOUNTANTS' REPORT (Cont'd)  
(Prepared for the inclusion in this Prospectus)

## ARTHUR ANDERSEN

Capital work-in-progress in relation to the construction of buildings, renovation and racing circuit in progress is not depreciated.

Depreciation of other fixed assets is provided on a straight line basis calculated to write off the cost of each asset over its estimated useful life.

The principal annual rates of depreciation are:

Leasehold land	Over 94 years
Terminal buildings	2% - 4%
Plantations	4% - 20%
Vehicles	20%
Office, communication and electronic equipment	10% - 20%
Furniture and fittings	10% - 25%
Plant and machinery	20%
Racing circuit	4%
Capital improvements	12.5%

(d) Stocks

Stocks are stated at the lower of cost (determined on the first-in, first-out basis) and net realisable value.

(e) New Planting Expenditure

New planting expenditure incurred on land clearing and upkeep of trees to maturity are capitalised under plantations.

(f) Replanting Expenditure

Replanting expenditure incurred in the period is charged to the profit and loss account. Replanting expenditure represents the total cost incurred from land clearing to the point of harvesting.

(g) Investments

(i) Investments in subsidiaries and unquoted investments are stated at cost, less permanent diminution in value, if any.

(ii) Investment in associated companies include companies other than subsidiaries in which the Group has a long term equity interest of between 20% to 50% and where it exercises significant **influence** through management participation.

The consolidated profit and loss account includes the Group's share of the results of the associated companies and the Group's interest in the associated companies is stated at cost plus adjustments to reflect changes in the Group's share of the net assets of the associated companies.

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13. ACCOUNTANTS' REPORT (Cont'd)  
*(Prepared for the inclusion in this Prospectus)*

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## ARTHUR ANDERSEN

- (iii) Malaysian Government Securities are stated at cost adjusted for amortisation of premiums calculated on a straight line basis, to maturity date.
- (iv) Bonds are stated at cost adjusted for accretion of discount or amortisation of premiums calculated on a straight line basis, to maturity date.
- (v) Quoted private debt securities are stated at cost adjusted for accretion of discount or amortisation of premiums calculated on a straight line basis, to maturity date.
- (vi) Investment in unit trusts and quoted shares are stated at the lower of cost and market value on the aggregate basis by category of investment.

(h) Intangible Assets

Intangible assets comprise preliminary and pre-operating expenses stated at cost and are written off upon the commencement of operations of the subsidiaries.

(i) Deferred Expenditure

Deferred expenditure relate to expenses incurred for preparation of opening a hotel and project management cost on development of the Kuala Lumpur International Airport at Sepang. The deferred expenditure is written off over a period of five years upon commencement of operations.

(j) Currency Conversion and Translation

Transactions in foreign currencies during the period are converted into Ringgit Malaysia at rates of exchange approximating those ruling at the transaction dates. Foreign currency monetary assets and liabilities at the balance sheet date are translated into Ringgit Malaysia at rates of exchange approximating those ruling at that date. All exchange gains or losses are dealt with in the profit and loss account.

(k) Deferred Taxation

Deferred taxation is provided under the liability method for all material timing differences except where there is reasonable evidence that these timing differences will not reverse in the foreseeable future.

(l) Retirement Benefits

Provision for non-funded retirement benefits has been made in the accounts for all qualifying staff who have been confirmed in service which is equivalent to 17.5% of salaries paid less contributions by the employer to the Employees' Provident Fund. The Company is in the process of establishing a fund in respect of which the approval of the Inland Revenue Board will also be sought. The provision made for retirement benefits will be paid to the fund when the fund has been established.

13. ACCOUNTANTS' REPORT (Cont'd)  
(Prepared for the inclusion in this Prospectus)

ARTHUR  
ANDERSEN

(m) Provision for Pension

Provision made for the services of the staff of DCA as recorded in the books and records of DCA as at 31 October, 1992 has been transferred to the Company. The Company intends to pay the book balance to the Government after appropriate confirmations and instructions are received.

6.2 CASH AND BANK BALANCES

	MASB Group RM'000	Prof orma Group RM'000
Cash in hand and at banks	26,586	287,586*
Deposits with :		
Licensed banks	357,799	357,799
Licensed finance companies	106,480	106,480
Other financial institutions	9,000	9,000
	<u>499,865</u>	<u>760,865</u>

\* The proforma Group cash in hand and at banks includes the proceeds from the proposed Public Issue net of listing expenses of RM14 million.

6.3 TRADE DEBTORS

	MASB Group RM'000	Proforma Group RM'000
Trade debtors	297,865	297,865
Provision for doubtful debts	(65,024)	(65,024)
	<u>232,841</u>	<u>232,841</u>

6.4 STOCKS

	MASB Group RM'000	Prof orma Group RM'000
Spares and consumables	11,437	11,437
Trading stocks	6,985	6,985
Food and beverages	380	380
	<u>18,802</u>	<u>18,802</u>

13. ACCOUNTANTS' REPORT (Cont'd)  
(Prepared for the inclusion in this Prospectus)

# ARTHUR ANDERSEN

## 6.5 INVESTMENTS

	<b>MASB Group RM'000</b>	<b>Prof orma Group RM'000</b>
INVESTMENT IN ASSOCIATED COMPANIES		
Unquoted shares, at cost	16,963	16,963
Group's share of post acquisition profits	993	993
	<u>17,956</u>	<u>17,956</u>
OTHER INVESTMENTS		
Malaysian Government Securities - net of amortisation of premium	20,039	20,039
Bonds - net of accretion of discount	59,725	59,725
Quoted private debt securities - net of accretion of discount	21,462	21,462
Unquoted shares, net of provision for diminution in value	9,279	9,279
Unit trusts, net of provision for diminution in value	16,506	16,506
Quoted shares, net of provision for diminution in value	3,231	3,231
	<u>130,242</u>	<u>130,242</u>
	<u>148,198</u>	<u>148,198</u>
Market value :		
Malaysian Government Securities	21,060	21,060
Private debt securities	23,000	23,000
unit trusts	16,506	16,506
Quoted shares	3,231	3,231
	<u>63,797</u>	<u>63,797</u>

## 6.6 FIXED ASSETS

	<b>MASB Group RM'000</b>	<b>Prof orma Group RM'000</b>
COST		
Leasehold land	93,602	93,602
Buildings	510,810	510,810
Hotel property	164,814	164,814
Plantations	2,093	2,093
Safety and motor vehicles	40,361	40,361
Office, communication and electronic equipment, furniture and fittings	63,136	63,136
Plant and machinery	140	140
Crockery, glassware, cutlery and linen	4,925	4,925
Racing circuit	321,895	321,895
Capital improvements	32,089	32,089
Capital work-in-progress	132,754	132,754
	<u>1,366,619</u>	<u>1,366,619</u>

13. **ACCOUNTANTS' REPORT (Cont'd)**  
*(Prepared for the inclusion in this Prospectus)*



6.6 FIXED ASSETS (CONT'D)

	<b>MASB Group RM'000</b>	<b>Proforma Group RM'000</b>
ACCUMULATED DEPRECIATION		
Leasehold land	788	788
Buildings	32,849	32,849
Hotel property		
Plantations	31	31
Safety and motor vehicles	29,933	29,933
Office, communication and electronic equipment, furniture and fittings	22,852	22,852
Plant and machinery	15	15
Crockery, glassware, cutlery and linen		
Racing circuit	5,375	5,375
Capital improvements	8,489	8,489
Capital work-in-progress		
	<u>100,332</u>	<u>100,332</u>
NET BOOK VALUE		
Leasehold land	92,814	92,814
Building	477,961	477,961
Hotel property	164,814	164,814
Plantations	2,062	2,062
Safety and motor vehicles	10,428	10,428
Office, communication and electronic equipment, furniture and fittings	40,284	40,284
Plant and machinery	125	125
Crockery, glassware, cutlery and linen	4,925	4,925
Racing circuit	316,520	316,520
Capital improvements	23,600	23,600
Capital work-in-progress	132,754	132,754
	<u>1,266,287</u>	<u>1,266,287</u>

6.7 INTANGIBLE ASSETS

	<b>MASB Group RM'000</b>	<b>Prof orma Group RM'000</b>
At cost,		
Preliminary expenses	713	713
Pre-operating expenses	143	143
	<u>856</u>	<u>856</u>
Amount written off	(91)	(91)
	<u>765</u>	<u>765</u>



**13. ACCOUNTANTS' REPORT (Cont'd)**  
*(Prepared for the inclusion in this Prospectus)*

**ARTHUR  
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**6.8 DEFERRED EXPENDITURE**

	<b>MASB Group</b> RM'000	<b>Prof orma Group</b> RM'000
Deferred expenditure, at cost	11,444	11,444
Amount amortised	( 2 , 2 7 8 )	(2,278)
	<u>9,166</u>	<u>9,166</u>

**6.9 PROVISION FOR RETIREMENT BENEFITS**

	<b>MASB Group</b> RM'000	<b>Prof orma Group</b> RM'000
At the beginning of period	14,281	14,281
Transfer from profit and loss account	1,022	1,022
Paid during the period	(52)	(52)
At the end of period	<u>15,251</u>	<u>15,251</u>

**6.10 DEFERRED TAXATION**

	<b>MASB Group</b> RM'000	<b>Prof orma Group</b> RM'000
At the beginning and end of period	<u>38</u>	<u>38</u>
Deferred taxation is in respect of timing differences between depreciation and corresponding capital allowances	<u>136</u>	<u>136</u>

**6.11 SHARE CAPITAL**

	<b>MASB Group</b> RM	<b>Prof orma Group</b> RM
Authorised :		
Ordinary shares of RM1 each	500,000,000	2,000,000,000
Special rights redeemable preference share of RM1 each	1	1
	<u>500,000,001</u>	<u>2,000,000,001</u>
Issued and fully paid :		
Ordinary shares of RM1 each	360,113,846	1,100,000,000
Special rights redeemable preference share of RM1 each	1	1
	<u>360,113,847</u>	<u>1,100,000,001</u>

13. **ACCOUNTANTS' REPORT** (Cont'd)  
(Prepared for the inclusion in this Prospectus)

**ARTHUR  
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Subsequent to the financial period ended 31 May, 1999, MASB redeemed the Special Share held by the Minister of Finance for a consideration of RM1.

6.12 SHARE PREMIUM

The movement of the share premium account is as follows:

	Proforma Group RM'000
Share premium arising from acquisition of MASB	673,095
Share premium arising from proposed Public Issue net of listing expenses	151,000
	<u>824,095</u>

7. NET TANGIBLE ASSETS COVER

The proforma Group net tangible assets cover of MA Holdings based on the statement of assets and liabilities as at 31 May, 1999 set out in Section 6 above is illustrated below:

	RM'000
Net assets as per Proforma Group accounts as at 31 May, 1999	2,043,883
Less: Intangible assets	(9,931)
Proforma net tangible assets	<u>2,033,952</u>

Number of MA Holdings shares of RM1.00 each that are in issue:

	No. of shares
Special share	1
Ordinary shares -	
As at 31 May, 1999	2
Issued as consideration for the acquisition of MASB	989,999,998
Proposed <b>Public Issue</b>	110,000,000
Issued and paid-up share capital of the Company	<u>1,100,000,001</u>

On the basis of the issued and paid-up share capital of 1,100,000,000 ordinary shares of RM1.00 each, the Group net tangible assets cover per ordinary share of MA Holdings is RM1.85.

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13. **ACCOUNTANTS' REPORT (Cont'd)**  
*(Prepared for the inclusion in this Prospectus)*

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**ARTHUR  
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**8. AUDITED ACCOUNTS**

No audited accounts of the Company and its subsidiaries have been prepared in respect of any period subsequent to 31 May, 1999.

Yours faithfully



**ARTHUR ANDERSEN & CO.**

No. AF 0103

Public Accountants



**DATO' HJ. ZAINAL ABIDIN PUTIH**

No. 575/3/00(J/PH)

Partner of the Firm

14. **PROFORMA CONSOLIDATED BALANCE SHEETS AND THE REPORTING ACCOUNTANTS' LETTER THEREON**  
(Prepared for the inclusion in this Prospectus)

**MALAYSIA AIRPORTS HOLDINGS BERHAD**  
**PROFORMA CONSOLIDATED BALANCE SHEETS**  
**AS AT 31 MAY, 1999**

	<b>Unaudited as at 31 May, 1999*</b>	<b>1</b>	<b>2</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>CURRENT ASSETS</b>			
Cash and bank balances		499,865	760,865
Trade debtors		232,841	232,841
Other debtors		62,386	61,386
Stocks		18,802	18,802
		<u>812,894</u>	<u>1,073,894</u>
<b>CURRENT LIABILITIES</b>			
Trade creditors		36,084	36,084
Other creditors		218,282	218,282
Taxation		111,620	111,620
		<u>365,986</u>	<u>365,986</u>
NET CURRENT ASSETS		446,908	707,908
INVESTMENT IN ASSOCIATED COMPANIES		17,956	17,956
OTHER INVESTMENTS		130,242	130,242
FIXED ASSETS		1,266,287	1,266,287
INTANGIBLE ASSETS		765	765
DEFERRED EXPENDITURE		9,166	9,166
DEFERRED TAXATION		(38)	(38)
PROVISION FOR RETIREMENT BENEFITS		(15,251)	(15,251)
PROVISION FOR PENSION		(34,352)	(34,352)
MINORITY INTEREST		(38,800)	(38,800)
		<u>1,782,883</u>	<u>2,043,883</u>
SHARE CAPITAL	- **	990,000	1,100,000
SHARE PREMIUM		673,095	824,095
PROFIT AND LOSS ACCOUNT		119,788	119,788
		<u>1,782,883</u>	<u>2,043,883</u>
NET TANGIBLE ASSETS PER SHARE (RM)	<u>1.00</u>	<u>1.79</u>	<u>1.85</u>

The Company was incorporated on 28 June, 1999. However it is assumed for the purposes of preparing this proforma consolidated balance sheet that the Company was in existence as at 31 May, 1999.

The issued and paid up capital is RM2.

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14. **PROFORMA CONSOLIDATED BALANCE SHEETS AND THE REPORTING ACCOUNTANTS' LETTER THEREON** (Cont 'a')  
(Prepared for the inclusion in this Prospectus)

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**MALAYSIA AIRPORTS HOLDINGS BERHAD**  
**NOTES TO THE PROFORMA CONSOLIDATED BALANCE SHEETS**

The Proforma Consolidated Balance Sheets of Malaysia Airports Holdings Berhad ("MA Holdings") have been prepared for illustrative purposes only based on accounting principles and bases consistent with those previously adopted in the preparation of the audited financial statements and are based on:

- audited balance sheets of Malaysia Airports Sdn Bhd ("MASB"), Malaysia Airports (Sepang) Sdn Bhd ("MA Sepang"), Malaysia Airports (Niaga) Sdn Bhd ("MA Niaga"), Malaysia Airports Management & Technical Services Sdn Bhd ("MAMTS"), Sepang International Circuit Sdn Bhd ("SIC"), Malaysia Airports (Air Traffic Services) Sdn Bhd ("MAATS"), MAB Agriculture-Horticulture Sdn. Bhd. ("MAAH") and K.L. Airport Hotel Sdn Bhd ("KLAH"), as at 31 May, 1999; and
- unaudited balance sheets of MA Holdings and Malaysia Airports (Properties) Sdn Bhd ("MA Properties") as at 31 May, 1999 assuming that both companies have been incorporated as at 31 May, 1999.

and have been prepared after implementation in **full** the proposals and relevant adjustments.

1. **PROFORMA 1**

Proforma 1 incorporates the following:

- The proposed acquisition by MA Holdings of the entire issued and paid-up capital of MASB for a purchase consideration of **RM1,663,094,840** to be satisfied by the issuance of **989,999,998** new ordinary shares of RM1.00 each in MA Holdings at an issue price of RM1.68 per share ("Proposed Acquisition of MASB").
- Upon completion of Proposed Acquisition of MASB, MA Properties, a wholly owned subsidiary of MA Holdings, proposes to acquire from MASB the following:
  - i) **1,000,000** ordinary shares of RM1.00 each representing the entire issued and paid-up share capital of MAAH for a cash consideration of **RM4,986**.
  - ii) **6,000,000** ordinary shares of RM1.00 each and **540,000** preference shares of **RM1** each representing **60%** of the issued and paid-up share capital of KLAH for a cash consideration of **RM54,656,938**.
  - iii) **254** ordinary shares of **RM1,000** each and **190** preference shares of **RM1,000** each representing **12.5%** of the issued and paid-up share capital of GDC for a cash consideration of **RM7,471,444**.

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14. **PROFORMA CONSOLIDATED BALANCE SHEETS AND THE REPORTING ACCOUNTANTS' LETTER THEREON (Cont'd)**  
*(Prepared for the inclusion in this Prospectus)*

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- iv) 600 ordinary shares of **RM1,000** each and 400 preference shares of **RM1,000** each representing 20% of the issued and paid-up share capital of KAFS for a cash consideration of **RM18,234,333**.

The abovementioned proposed acquisitions will hereafter be collectively referred to as "Proposed Acquisition of MA Properties Group".

- Upon completion of Proposed Acquisition of MASB and Proposed Acquisition of MA Properties Group, MA Holdings proposes to acquire from MASB the following:

- i) 50,000,002 ordinary shares of **RM1.00** each representing the entire issued and paid-up share capital of MA Sepang for a cash consideration of **RM97,689,523**.
- ii) 5,000,002 ordinary shares of **RM1.00** each representing the entire issued and paid-up share capital of MA Niaga for a cash consideration of **RM16,475,490**.
- iii) 500,002 ordinary shares of **RM1.00** each representing the entire issued and paid-up share capital of MAMTS for a cash consideration of **RM1**.
- iv) 10,000,000 ordinary shares of **RM1.00** each representing the entire issued and paid-up share capital of SIC for a cash consideration of **RM9,890,441**.
- v) 2 ordinary shares of **RM1.00** each representing the entire issued and paid-up share capital of MAATS for a cash consideration of **RM1**.

The abovementioned proposed acquisitions will hereafter be collectively referred to as "Proposed Acquisition of MASB Subsidiaries".

2. **PROFORMA 2**

Proforma 2 includes the transactions in Proforma 1 and the following:

- A proposed issue of **110,000,000** new ordinary shares of **RM1.00** each in MA Holdings at an issue price of **RM2.50** per share to Malaysian institutional investors ("Proposed Public Issue").
- The write off of the estimated listing expenses of **RM14,000,000** against the share premium account.

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14. **PROFORMA CONSOLIDATED BALANCE SHEETS AND THE REPORTING ACCOUNTANTS' LETTER THEREON** *(Cont'd)*  
*(Prepared for the inclusion in this Prospectus)*

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**3. SHARE CAPITAL AND SHARE PREMIUM**

The movement in the share capital and share premium is as follows:

	<b>Share capital RM'000</b>	<b>Share premium RM'000</b>	<b>Profit and loss account RM'000</b>
<b>As at 31 May, 1999</b>	<b>_*</b>		
Pursuant to the acquisition of <b>MASB</b>	<b>990,000</b>	<b>673,095</b>	<b>1,422,769</b>
Merger deficit			<b>(1,302,981)</b>
As per Proforma 1	<u>990,000</u>	<u>673,095</u>	<u>119,788</u>
Public Issue	110,000	165,000	
Listing expenses		(14,000)	
As per Proforma 2	<u><b>1,100,000</b></u>	<u><b>824,095</b></u>	<u><b>119,788</b></u>

\* The issued and paid up capital is RM2.

14. **PROFORMA CONSOLIDATED BALANCE SHEETS AND THE REPORTING ACCOUNTANTS' LETTER THEREON** (*Cont'd*)  
(Prepared **for** the inclusion in this Prospectus)

## ARTHUR ANDERSEN

25 October, 1999

The Board of Directors  
**Malaysia Airports Holdings Berhad**  
Head Office MAB  
Sultan Abdul Aziz Shah Airport  
47200 Subang  
Selangor Darul Ehsan

Arthur Andersen & Co.  
Public Accountants

Level 1- Block C (South),  
Pusat Bandar Damansara, 50490 Kuala Lumpur,  
P O Box 11040, 50734 Kuala Lumpur, Malaysia.  
603-255 7000  
603-255 5332 (Fax) Main  
603-255 9076,255 9078 (Fax) Audit

Dear Sirs

### **PROFORMA CONSOLIDATED BALANCE SHEETS AS AT 31 MAY, 1999**

We have examined the presentation of the Proforma Consolidated Balance Sheets of Malaysia Airports Holdings Berhad and its subsidiaries as at 31 May, 1999, together with the notes thereon, for which the directors are solely responsible, as set out in the Prospectus to be dated 27 October, 1999, in connection with the public issue of 110,000,000 new ordinary shares of RM1.00 each at an offer price of RM2.50 per ordinary share, the offer for sale of 88,000,000 ordinary shares and the listing of and quotation for its entire issued and paid-up share capital on the Main Board of the Kuala Lumpur Stock Exchange.

In our opinion, the Proforma Consolidated Balance Sheets have been prepared incorporating the effects of the proposals as set out in the accompanying statement.

Yours faithfully,



**ARTHUR ANDERSEN & CO.**

No. AF 0103

Public Accountants



**DATO' HJ. ZAINAL ABIDIN PUTIH**

No. 575/3/00(J/PH)

Partner of the Firm



Air Transport Group

*Cranfield*  
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Fax +44 (0) 1234 752207  
Direct Dial +44 (0) 1234 754242  
E-mail: [P.S.Morrell@cranfield.ac.uk](mailto:P.S.Morrell@cranfield.ac.uk)

21 October, 1999

The Directors  
Malaysia Airports **Berhad**  
Sultan Abdul Aziz Shah Airport  
47200 Subang  
Selangor Darul Ehsan  
Malaysia

Dear Sirs,

#### INDEPENDENT AIR TRAFFIC FORECASTS

This summary has been prepared for inclusion in the Prospectus to be dated 27th October 1999 in relation to the Public Offering for Malaysia Airports **Berhad (MAB)**.

##### i) Introduction

The main report on which this summary is based was prepared by the Air Transport Group, College of Aeronautics, Cranfield University, UK, and carried out between May and June 1999.

The Air Transport Group combines a wealth of practical expertise together with extensive research and teaching experience in one centre of excellence. Cranfield has been serving the air transport industry for over a quarter of a century. The Group is the main European centre for strategic and applied research and consultancy in all aspects of the operation and management of airlines, airports and air **traffic** control services. The Group is engaged in four major activities: post-graduate teaching, air transport industry short courses, research and consultancy.

The Group has extensive worldwide consultancy experience. Its professional staff are engaged in a variety of **consultancy** projects for a very wide range of clients, ensuring a thorough understanding of industry requirements. Services are offered in the following major areas:

- Airport marketing, operations and planning
- Airline marketing, operations and planning
- Air transport systems planning
- Airspace and air traffic control
- Air safety and accident investigation

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**15. AIRPORT TRAFFIC CONSULTANT'S REPORT (Cont'd)**

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The client list includes major international bodies such as ICAO, UNDP, the World Bank, the Asian Development Bank and other regional development banks, and the European Commission. In the UK, work has been undertaken for the Civil Aviation Authority and Ministries of Transport, Trade & Industry and Defence. A large number of airlines (both scheduled and charter), airports and civil aviation departments worldwide have also benefited from consultancy assignments performed by the Group's staff. The Air Transport Group's recent previous experience of greatest relevance to this assignment can be summarised as follows:

- their involvement in an advisory capacity in many of the major airport privatisations to date (eg Argentina, Australia, Mexico and Germany)
- their experience in forecasting air traffic for airports in countries worldwide especially in cases where a major economic discontinuity has been experienced, and in particular Asia (eg Brunei, Vietnam, Thailand, Nepal)

**ii) Air Traffic Forecasts Study**

Passenger, cargo and air transport movements were considered under three scenarios to provide base, low and high case forecasts up to the year 2050. Annual traffic forecasts were produced separately for international and domestic traffic and for the following international airports:

- Kuala Lumpur International Airport
- Penang
- Kota Kinabalu
- Kuching

Forecasts were also produced for all MAB airports combined in one total, such that domestic traffic, and the very small amount of international traffic, at those MAB airports not in the four mentioned above could be estimated in total.

**iii) Methodology**

The approach adopted was to develop relatively simple econometric models for each of the traffic flows, and to modify these, where appropriate using judgement based on the Consultants' knowledge of the air transport industry in Asia and elsewhere. Actual data for passengers, cargo and air transport movements for 1989 to 1998 for Kuala Lumpur, Penang, Kota Kinabalu, Kuching, and the total Malaysia market were correlated against real GDP figures for Malaysia over the same period. High regression coefficients indicated that real GDP was a good predictor of both passenger numbers and cargo tonnes. Air transport movements (the arrivals and departures of commercial aircraft) were also forecast by dividing the total annual passenger number projections by the average number of passengers per air transport movement. This latter figure is the product of the average number of seats per aircraft movement and the average seat factor. This was projected judgementally, based on the Consultants' knowledge of airline seat factors, and likely future fleet and route planning under an increasingly competitive environment.

The simple econometric models outlined above were used for forecasting **traffic** for total Malaysia (international and domestic), and Kuala Lumpur (international and domestic). **Traffic**

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**15. AIRPORT TRAFFIC CONSULTANT'S REPORT (Cont'd)**


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for the other three airports was forecast by applying their projected share of total Malaysian traffic, using judgement based on past trends and knowledge of airline network and economic factors. The passenger models all gave a good fit with the historical data from 1989 to 1998 used for calibration. The model real GDP elasticities were as follows:

Total Malaysia airports: Passengers

- Domestic 0.735
- International 1.128

Kuala Lumpur International Airport: Passengers

- Domestic 1.092
- International 1.275

The above elasticities were kept unchanged throughout the period 1998 to 2010 for international passengers at KLIA and total domestic Malaysian traffic. For total international Malaysian traffic the elasticity was gradually increased to 1.135 between 2010 to 2020, to take into account the higher growth rates likely to be achieved at other international airports, once higher frequencies and traffic levels had been built up at KLIA. On the other hand, the KLIA domestic passenger elasticity was gradually reduced between 2007 and 2020 to 1.07, to allow for surface transport improvements in west Malaysia.

Passenger traffic at Penang, Kota Kinabalu and Kuching were made by estimating their likely future percentage share of total Malaysian traffic. For international passengers, this was forecast to decline from just under 10% in 1998 to 4.5% in 2020 for Penang, and decline from 3% to 2% over the period 2010 to 2020 for Kuching (after remaining constant for the first 10 years). For Kota Kinabalu, some increase in the percentage was envisaged from 4% in 1998 to 5% in 2013, levelling out thereafter.

The cargo models all gave a good fit with the historical data from 1989 to 1998 used for calibration. The model real GDP elasticities were as follows:

- Kuala Lumpur International Airport: International air cargo 1.59
- Kuala Lumpur International Airport: Total air cargo: 1.57

The model and GDP elasticity were applied to 2020 for KLIA international cargo, and to 2007 for KLIA domestic cargo. For all other airports and periods, judgmental growth rates were applied ranging from 4% a year for international cargo at Kota Kinabalu and Penang to lower 1-1.5% a year for domestic cargo.

For the period 2020 to 2050, the models were not used for any of the forecasts, and thus economic forecasts were not required. Instead, the average traffic growth rates were reduced judgementally over successive five year periods.

## 15. AIRPORT TRAFFIC CONSULTANT'S REPORT (Cont'd)

## iv) Base Case Results to 2020

Base case forecasts were produced by applying the following forecasts of Malaysian real GDP to the models and adjustments described above:

<i>Year</i>	<i>% change vs previous year</i>
1999	+ 2.0
2000	+ 4.0
2001	+ 4.5
2002	+ 5.0
Av. 2003 to 2005	+ 5.5
Av. 2005 to 2010	+ 5.0
Av. 2010 to 2015	+ 4.5
Av. 2015 to 2017	+ 4.0
Av. 2017 to 2020	+ 3.5

These were in line with official Malaysian government projections of 6% growth between 1998 and 2000, and assumed export led growth, together with economic reforms over the longer term.

## a) Total Malaysia

**Passenger Forecasts (million)**

	<i>Domestic</i>	<i>International</i>	<i>Total</i>
1998 actual	16.28	10.73	27.01
2000	18.62	11.32	29.94
2002	19.93	12.57	32.50
2004	21.56	14.19	35.75
2006	23.25	15.92	39.17
2008	24.98	17.77	42.75
2010	26.83	19.84	46.67
2015	31.54	26.38	57.92
2020	36.05	32.60	68.65

**Air Cargo Forecasts (thousand tonnes)**

	<i>Domestic</i>	<i>International</i>	<i>Total</i>
1998 actual	113.2	431.0	544.2
2000	112.2	563.9	676.1
2002	122.7	642.1	764.8
2004	135.6	744.8	880.3
2006	149.6	860.0	1,009.6
2008	160.0	988.4	1,148.4
2010	166.1	1,136.9	1,303.0
2015	182.8	1,569.4	1,752.2
2020	202.0	2,063.5	2,265.5

## 15. AIRPORT TRAFFIC CONSULTANT'S REPORT (Cont'd)

<b>Air Transport Movement Forecasts (thousands)</b>			
	<i>Domestic</i>	<i>International</i>	<i>Total</i>
1998 actual	284.3	105.2	389.5
<b>2000</b>	<b>324.3</b>	<b>108.5</b>	<b>432.8</b>
<b>2002</b>	<b>344.3</b>	<b>121.5</b>	<b>465.8</b>
<b>2004</b>	<b>368.7</b>	<b>137.6</b>	<b>506.3</b>
<b>2006</b>	<b>391.4</b>	<b>155.4</b>	<b>546.8</b>
<b>2008</b>	<b>414.1</b>	<b>174.7</b>	<b>588.8</b>
<b>2010</b>	<b>439.8</b>	<b>194.4</b>	<b>634.2</b>
<b>2015</b>	<b>500.1</b>	<b>241.4</b>	<b>741.5</b>
<b>2020</b>	<b>545.9</b>	<b>284.4</b>	<b>830.3</b>

## b) Kuala Lumpur International

<b>Passenger Forecasts (million)</b>			
	<i>Domestic</i>	<i>International</i>	<i>Total</i>
1998 actual	5.67	8.84	14.51
<b>2000</b>	<b>6.36</b>	<b>9.04</b>	<b>15.40</b>
2002	7.04	10.18	17.22
2004	7.92	11.67	19.59
2006	8.85	13.30	22.15
2008	9.66	15.06	24.72
2010	10.39	17.05	27.44
<b>2015</b>	<b>12.46</b>	<b>22.58</b>	<b>35.04</b>
<b>2020</b>	<b>14.97</b>	<b>28.46</b>	<b>43.43</b>

<b>Air Cargo Forecasts (thousand tonnes)</b>			
	<i>Domestic</i>	<i>International</i>	<i>Total</i>
1998 actual	39.1	287.3	326.4
2000	43.2	418.3	461.5
2002	49.0	484.8	533.8
2004	56.8	574.8	631.6
2006	65.3	676.4	741.7
2008	70.5	789.9	860.4
2010	71.9	922.5	994.4
<b>2015</b>	<b>75.6</b>	<b>1,309.0</b>	<b>1,384.6</b>
<b>2020</b>	<b>79.4</b>	<b>1,747.3</b>	<b>1,826.7</b>

<b>Air Transport Movement Forecasts (thousands)</b>			
	<i>Domestic</i>	<i>International</i>	<i>Total</i>
1998 actual	78.7	72.3	151.0
<b>2000</b>	<b>78.7</b>	<b>74.0</b>	<b>152.7</b>
<b>2002</b>	<b>87.1</b>	<b>83.3</b>	<b>170.4</b>
<b>2004</b>	<b>97.9</b>	<b>95.4</b>	<b>193.3</b>
2006	107.9	108.7	216.6
2008	114.2	123.1	237.3
2010	119.3	138.1	257.4
<b>2015</b>	<b>132.8</b>	<b>173.9</b>	<b>306.7</b>
<b>2020</b>	<b>148.1</b>	<b>208.6</b>	<b>356.7</b>

## 15. AIRPORT TRAFFIC CONSULTANT'S REPORT (Cont'd)

## c) Penang

## Passenger Forecasts (million)

	<i>Domestic</i>	<i>International</i>	<i>Total</i>
1998 actual	1.34	1.05	2.39
2000	1.68	1.08	2.76
2002	1.79	1.11	2.90
2004	1.94	1.15	3.09
2006	2.09	1.18	3.27
2008	2.24	1.22	3.46
2010	2.41	1.25	3.66
2015	2.84	1.35	4.19
2020	3.24	1.46	4.70

## d) Kota Kinabalu

## Passenger Forecasts (million)

	<i>Domestic</i>	<i>International</i>	<i>Total</i>
1998 actual	1.88	0.37	2.25
2000	2.23	0.45	2.68
2002	2.39	0.50	2.89
2004	2.59	0.58	3.17
2006	2.79	0.68	3.47
2008	3.00	0.80	3.80
2010	3.22	0.93	4.15
2015	3.79	1.32	5.11
2020	4.33	1.63	5.96

## e) Kuching

## Passenger Forecasts (million)

	<i>Domestic</i>	<i>International</i>	<i>Total</i>
1998 actual	1.70	0.24	1.94
2000	1.86	0.29	2.15
2002	1.99	0.38	2.37
2004	2.16	0.43	2.59
2006	2.32	0.48	2.80
2008	2.50	0.53	3.03
2010	2.68	0.58	3.26
2015	3.15	0.71	3.86
2020	3.61	0.80	4.41

15. AIRPORT TRAFFIC CONSULTANT'S REPORT (Cont'd)

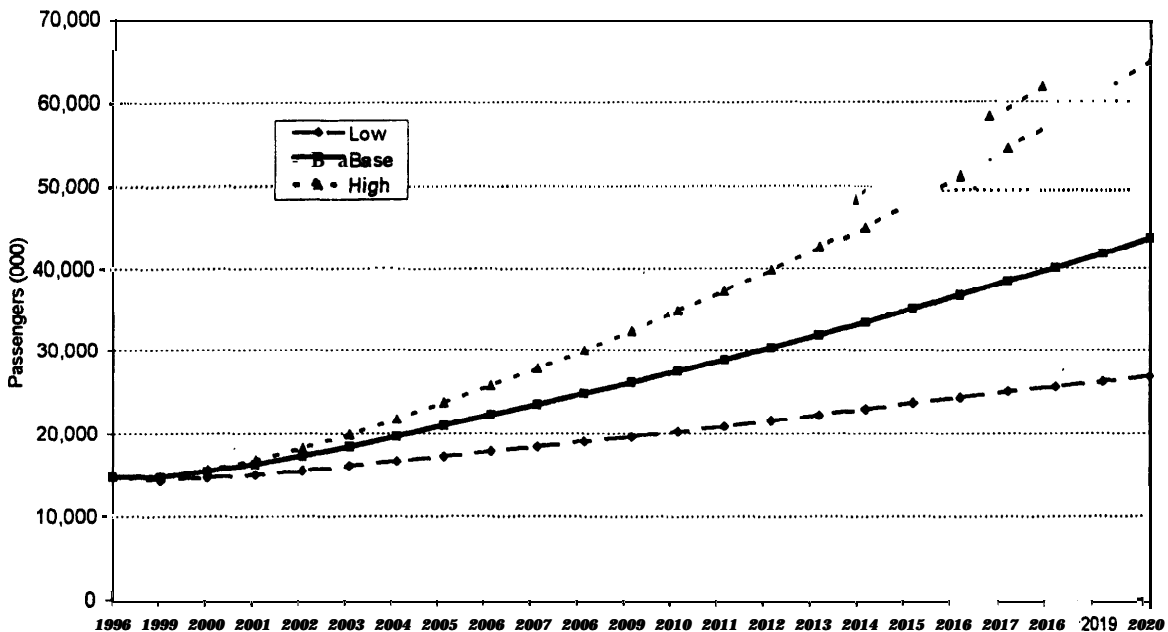
v) Sensitivity Tests

The sensitivity of the base case forecasts to two alternative scenarios of Malaysian real GDP growth was tested:

Year	% change <i>from previous year</i>	
	Low case	High case
1999	+ 0.0	+ 2.5
2000	+ 2.0	+ 5.0
2001	+ 2.0	+ 6.0
2002	+ 2.5	+ 7.0
Av. 2003 to 2005	+ 3.0	+ 7.5
Av. 2005 to 2010	+ 3.0	+ 7.5
Av. 2010 to 2015	+ 3.0	+ 6.0
Av. 2015 to 2017	+ 2.5	+ 5.5
Av. 2017 to 2020	+ 2.0	+ 5.0

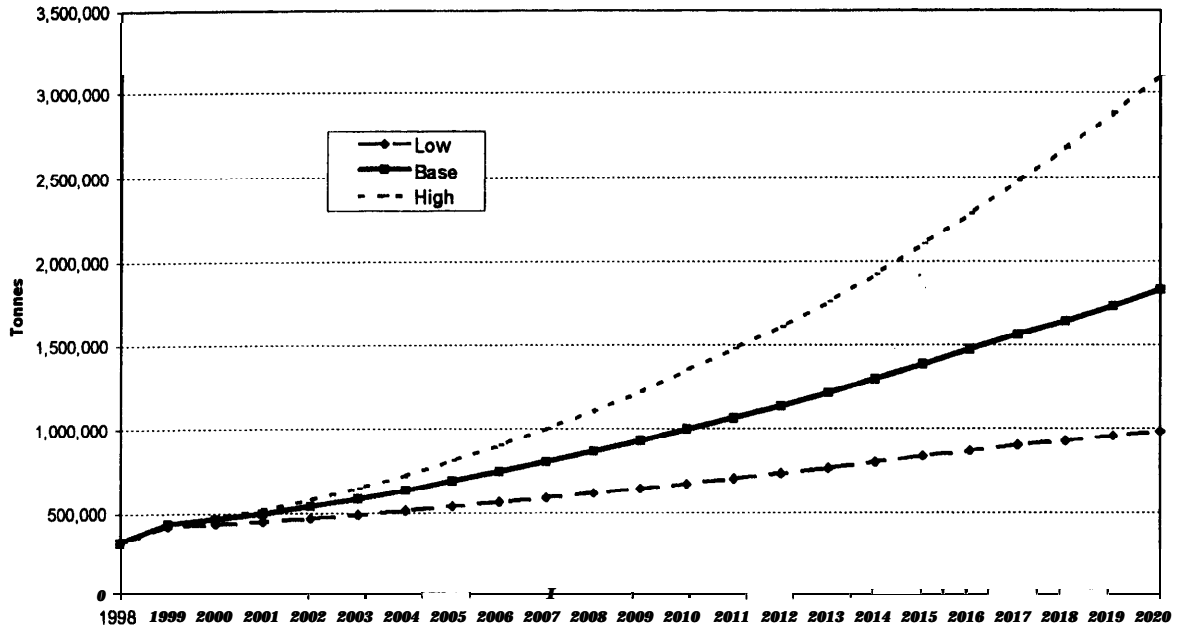
The high economic forecasts corresponded to broader based domestic and export growth for Malaysia, as well as more optimistic assumptions on Japanese, regional and world economic growth. The low economic forecasts envisage continued problems with many regional economies, low world growth and more narrow export led Malaysian growth. The effect of the sensitivity test for KLIA's passenger and cargo volumes is shown below:

KLIA Total Passengers



15. AIRPORT TRAFFIC CONSULTANT'S REPORT (Cont'd)

KLIA Total Air Cargo Forecasts



Yours faithfully,

Air Transport Group



Air Transport Group

**Cranfield**  
UNIVERSITY  
College of Aeronautics

Cranfield, Bedfordshire MK43 OAL, UK

Fax +44 (0) 1234 752207  
Direct Did +44 (0) 1234 754242  
E-mail: P.S.Morrell@cranfield.ac.uk

21 October, 1999

The Directors  
Malaysia Airports Berhad  
Sultan **Abdul Aziz Shah** Airport  
47200 Subang  
Selangor Darul Ehsan  
Malaysia

Dear Sirs,

KUALA LUMPUR INTERNATIONAL AIRPORT AERONAUTICAL CHARGES STUDY

This summary has been prepared for inclusion in the Prospectus to be dated 27th October 1999 in relation to the Public Offering for Malaysia Airports Berhad.

i) Introduction

The main report on which this summary is based was prepared by the Air Transport Group, College of Aeronautics, Cranfield University, UK, and carried out between May and June 1999.

The Air Transport Group combines a wealth of practical expertise together with extensive research and teaching experience in one centre of excellence. Cranfield has been serving the air transport industry for over a quarter of a century. The Group is the main European centre for strategic and applied research and consultancy in all aspects of the operation and management of airlines, airports and air **traffic** control services. It also provides career development training and postgraduate teaching. As well as a full-time staff of ten lecturers and researchers, the Group can draw on expertise and resources **from** elsewhere within **Cranfield**, notably the College of Aeronautics, and externally **from** other air transport specialists. Supported by extensive library facilities and on-line access to databases, the Group is heavily engaged in four **major** activities: post-graduate teaching, air transport industry short courses, research and consultancy.

The Group has extensive world-wide consultancy experience. Its professional staff are engaged in a variety of **consultancy** projects for a very wide range of clients, ensuring a thorough understanding of industry requirements. Services are offered in the following major areas:

16. **AERONAUTICAL CHARGES CONSULTANT'S REPORT**

- **Airport** Marketing, Operations & Planning
- **Airline** Marketing, Operations & Planning
- **Air Transport** Systems Planning
- **Airspace & Air Traffic** Control
- **Air Safety & Accident** Investigation

The client list includes major international bodies such as ICAO, **UNDP**, the World Bank **and** other regional development banks, and the European Commission. In the UK, work has been undertaken for the Civil Aviation Authority and Ministries of Transport, Trade **&** Industry and Defence. A large number of airlines (both scheduled and charter), airports and civil aviation departments world-wide have also benefited from consultancy assignments performed by the Group's **staff**. The Air Transport Group's recent previous experience of greatest relevance to this assignment can be summarised as follows (with a complete listing attached as an appendix):

- their involvement in an advisory capacity in many of the major airport privatisations to date (e.g. Argentina., Australia, Mexico and Germany)
- their prominent world position in the benchmarking of airport and ATC charges in connection with airport privatisations, and in studies for such clients as Aena **Spanish** Airports Authority and the Association of European Airlines

ii) **KLIA Aeronautical Charges Study**

The aim of this study was to establish the position of **KLIA** in terms of user costs among other **major** airports within the SE Asia region, China and Japan.

The study airports were Bangkok, Brunei, Delhi, Hong Kong, Jakarta, Manila, Osaka, Shanghai, Singapore, Taipei and Kuala Lumpur.

iii) **Methodology**

Four aircraft turnrounds were defined to reflect movements typical at KLIA and at the other study airports. These can be seen in table 1

Table 1

	<b>Boeing 747-400</b>	<b>Airbus A330</b>	<b>Boeing 737-400</b>	<b>Fokker 50</b>
<b>Aircraft</b>				
MTOW (tonnes)	<b>395</b>	<b>212</b>	<b>66</b>	<b>21</b>
Length x span (square metres)	<b>4,545</b>	<b>3,641</b>	<b>1,053</b>	<b>732</b>
Total seats	<b>416</b>	<b>261</b>	<b>130</b>	<b>50</b>
<b>Assumptions</b>				
Type of operation	international	international	international	domestic
Parking (hours)	<b>4</b>	<b>2</b>	<b>1</b>	<b>1</b>
Seat factor	<b>60%</b>	<b>70%</b>	<b>70%</b>	<b>70%</b>
<b>Passengers total</b>	<b>333</b>	<b>197</b>	<b>91</b>	<b>35</b>

The user charges attached to each of the turnrounds at each study airport were calculated. The charges were as comprehensive as possible, so as to permit comparisons among airports to be drawn: they included landing charges (together with any charges for air navigation in the terminal area), apron parking, fees for airbridge use, passenger charges, security fees and any

16. AERONAUTICAL CHARGES CONSULTANT'S REPORT

government taxes levied on departing passengers. These latter taxes are not part of airport revenue but may be collected through the passenger ticket, so are part of the cost of using the airport from a passenger point of view. Charges, fees and taxes were obtained **from** published sources and, where required, directly **from** the airports.

iv) Results of the comparison

IUIA has some of the lowest user charges among all the study airports. Only Jakarta was consistently less expensive than KLIA in terms of these costs. Total user charges at IUIA represented between 63% and 66% of the average charges at all eleven study airports..

Figure 1: User charges for international benchmark operations at **KLIA**: indexed at the average total of charges = 100

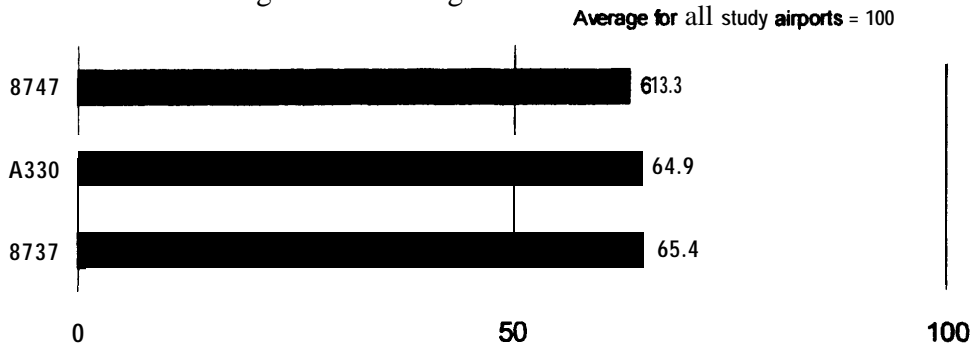
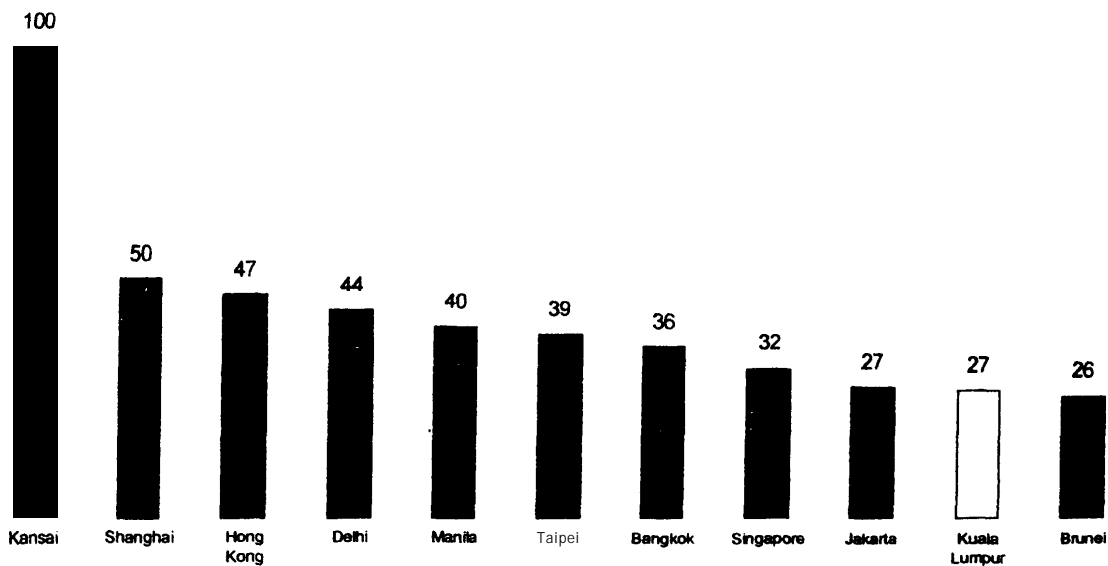


Figure 1 shows the position of KLIA for each of the international benchmark movements, while figure 2 focuses on the Boeing747 operation at all eleven study airports. The low cost associated with use of IUIA relative to costs at the airports is clear.

Figure 2: User charges for the B747 benchmark operation at study airports: indexed at the highest cost airport = 100



Although the international Passenger Facility Charge at **KLIA** is about average for the group of study airports, there is a large discount given to domestic passengers, who are charged only

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16. **AERONAUTICAL CHARGES CONSULTANT'S REPORT**

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**13%** of the international PFC. Charges for services related to **aircraft** movements (landing, apron parking, use of airbridges) are particularly low in comparison to fees for the same services and **facilities** at most of the other study airports.

v) Conclusions

User charges at KLIA are low in comparison with charges at other airports in the region. This is particularly surprising, given the high standards of service and facilities at the new airport. There is scope for increasing user **charges** at **KLIA**.

Yours faithfully,



Peter S. Morrell  
Air Transport Group

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**17. ESS**

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In conjunction with the establishment of the ESS, Jalinan Etika Sdn Bhd (“JESB”), a special purpose vehicle set up to hold shares on behalf of the directors and employees of the Group has entered into a sale and purchase agreement on 25 October 1999 with Khazanah to acquire 11 0,000,000 ordinary shares at the Offer for Sale offer price of **RM2.50** per share. JESB was incorporated in Malaysia on 30 August 1999 with an authorised share capital of 100,000 ordinary shares of RM 1 each and paid-up share capital of 2 ordinary shares of RM 1 each. The directors and substantial shareholders of JESB are Encik Abdul **Rashid** bin Abdul Manaff and **YBhg. Dato’ Mohd Razali bin Abdul Rahman**. JESB will subsequently prior to the listing of MA Holdings allocate all the **110,000,000** ordinary shares held in MA Holdings to eligible employees and directors of the Group. The share allocation is based on job-grade, length of service and performance.

The eligibility criteria for the ESS are as follows :-

- (i) any person who is not less than 18 years of age;
- (ii) any person who is a citizen of Malaysia;
- (iii) any person who has been confirmed in writing as a full-time employee of the respective company in the Group on or before 31 March, 1999;
- (iv) any person who is not a person by virtue of any law or regulation prohibited from owning property or being a beneficiary under the ESS; and
- (v) any person who is director (includes executive and non-executive) of MA Holdings.

Procedures for acceptance of allocation of the ESS are as follows:-

- (i) JESB may at its discretion and as it deems fit make an offer to eligible directors and employees of the Group to purchase MA Holdings shares.
- (ii) The price at which the MA Holdings shares are to be offered is **RM2.50** per share.
- (iii) Should any of the eligible directors and employees fail to accept the offer within the stipulated period stated in the letter of offer by JESB, the offer shall automatically lapse and shall be null and void and of no effect.
- (iv) In the event the offer is accepted, the eligible directors or employee is required to sign and return the letter of acceptance with the relevant required documents and make payment arrangement.
- (v) Eligible directors and employees who have accepted the offer will be allotted the shares before the listing of MA Holdings on the KLSE.

The ESS will be implemented commencing the date of this Prospectus and the expected completion date will be before the listing of MA Holdings on the Main Board of the KLSE.

## 18. PROPOSED INTERNATIONAL OFFERING

Upon completion of the Institutional Public Issue, Retail Offer For Sale and listing of MA Holdings on the Main Board of the **KLSE**, the Company is proposing to implement a subsequent public offering through a proposed offer for sale of up to **220,000,000** ordinary shares in MA Holdings by **MoF** Inc. and Khazanah to non-Malaysian institutional investors at an offer price to be determined based on a **book**-building process. The aforesaid subsequent international offering is envisaged to be implemented in the first quarter of year 2000. Warburg **Dillion** Read, a division of UBS AG has been appointed to act as the sole lead manager for the offering of ordinary shares in the Company outside Malaysia.

The shareholdings of Khazanah and **MoF** Inc. before and after the proposed international offering will be as follows:

Substantial Shareholder	Before The Proposed International Offering				After The Proposed International Offering			
	--- No. Of Shares Held ---		--- No. Of Shares Held -----		--- No. Of Shares Held -----		--- No. Of Shares Held -----	
	Direct	% Share-holding	Indirect	% Share-holding	Direct	% Share-holding	Indirect	% Share-holding
Khazanah	250,113,848	22.74			187,113,848	17.01		
MoF Inc.	54,188,615	49.26			384,886,152	34.99		

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19. **FURTHER STATUTORY AND OTHER GENERAL INFORMATION**

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**19.1 Share Capital**

- (i) No shares will be allotted on the basis of this Prospectus later than six months after the date of issue of this Prospectus.
- (ii) There are no founder, management or deferred shares. There are two classes of shares in the Company, namely ordinary shares of **RM 1** each, all of which rank **pari passu** with one another and the one Special share.
- (iii) Save for the **110,000,000** ordinary shares allocated to eligible employees and directors of the Group under the ESS, there are no other schemes for or involving staff in the capital of the Company or its subsidiaries.
- (iv) AS at the date of this Prospectus, no person has been or is entitled to be given an option to subscribe for any shares, stocks or debentures of the Company or its subsidiary companies.
- (v) Save as disclosed in Section 8.6 of this Prospectus, no shares or debentures of the Company or its subsidiary companies have been issued or proposed to be issued as partly or fully paid-up for cash or otherwise than in cash within the two years preceding the date hereof.

**19.2 Articles Of Association**

The following provisions are reproduced from the Company's Articles of Association that have been approved by the KLSE

**19.2.1 Alteration Of Capital And Variation Of Rights**

The provision in the Company's Articles of Association as to changes/alteration and variation of class rights whether or not such provision are more stringent than required by law are as follows:

**Alteration of Capital**

**Article 62**

The Company may so far after the conditions of its Memorandum of Association by Ordinary Resolution:-

- (a) to consolidate and divide its share capital into shares of larger amount than its existing shares; or
- (b) to cancel any shares not taken or agreed to be taken by any person; or
- (c) to divide its share capital or any part thereof into shares of smaller **amount than** is fixed by its Memorandum of Association by subdivision of its existing shares or any of them, subject nevertheless to the provisions of the Act and so that as between the resulting shares, one or more of such shares may by the resolution by which such subdivision is effected be given any preference or advantage as regards dividend, capital, voting or otherwise over the others or any of the such shares.

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19. **FURTHER STATUTORY AND OTHER GENERAL INFORMATION** (*Cunt'd*)

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And by Special Resolution –

to reduce its capital and any capital redemption reserve fund or any share premium account in any authorised and subject to any conditions prescribed by the Act.

**Variation Of Class Rights**

**Article 6**

- (1) The Special Share may be held only by or transferred only to the Minister of Finance (Incorporated) or its successors or any Minister, representative or any person acting on behalf of the Government of Malaysia.
- (2) The Special Shareholder shall have the right from time to time to appoint any person to be an appointed Director, hereinafter referred to as Government Appointed Director, so that there shall not be more than six (6) Government Appointed Directors at anytime.
- (3) The Special Shareholder or any person acting on behalf of the Special Shareholder shall be entitled to receive notice of and to attend and speak at all general meetings or any other meeting of any class of shareholder of the Company, but the Special Share shall carry no right to vote nor any other rights at any such meeting.
- (4) In a distribution of capital in a winding up of the Company, the Special Shareholder shall be entitled to repayment of the capital paid up on the Special Share in priority to repayment of capital to any other Member. The Special Share shall confer no other right to participate in the capital or profits of the Company.
- (5) The Special Shareholder may subject to the provisions of the Act, require the Company to redeem the Special Share at par at any time by serving written notice upon the Company and delivering the relevant share certificate.
- (6) Each of the following matters shall be deemed to be a variation of the rights attaching to the Special Share and shall accordingly only be effective with the consent in writing of the Special Shareholder :-
- (7) The amendment, or removal, or alteration of the effect of all or any of the following Articles:
  - (a) definition of “corporation under foreign control”, “Entitled Person”, “foreigner”, “foreign corporation”, “share”, “Special Share” and “Special Shareholder” in Articles 1, Articles 5 and 111.
  - (b) A proposal for the voluntary winding-up or dissolution of the Company.



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19. FURTHER STATUTORY AND OTHER GENERAL INFORMATION *(Cont'd)*

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- (c) The creation or issue of any shares with voting rights not identical to those of ordinary shares, and which when aggregated with all other such shares carry right to cast on a poll more than 10 percent of the total voting rights of **all** Members having the right to vote at general meeting of the Company.
- (d) Any disposal by any company in the Group (which **expression** in this Articles means the Company and its subsidiaries for the time being) which, alone or when aggregated with any other disposal or disposals forming part of, or connected with the same or a connected transaction, constitutes a disposal of the whole or a material part of the assets of the Group. A part of the Group's assets shall only be deemed to be material if -
  - (i) the aggregate book value of the assets disposed or the aggregate value of the total consideration to be received on its disposal is more than 20 percent of the book value of the group net tangible assets (excluding goodwill and other intangibles and after deducting loan capital, long term borrowings, minority interest and amounts set aside-for future taxation) represented by such shareholders' fund of the Group.
  - (ii) the average profits attributable to it are more than 20 percent of the average profits of the Group. For this purpose the expression "average profits" means the average of the profits before taxation excluding interest payable and similar charges and extra ordinary items, for the last three financial years for which audited consolidated accounts of the Group have been published, calculated by reference to the profits (or as the case may be) the average profits for the financial year or years for which audited consolidated accounts of the Group have been prepared.
  - (iii) in the case of a disposal of aircraft to which sub-clause (i) and (ii) above would apply, such aircraft are not immediately replaced by the acquisition by the Group of other aircraft of comparable capacity.
- (e) Any disposal which, because of its size, is required by Kuala Lumpur Stock Exchange or any other Exchange on which the Company's shares are listed to be subject to approval by the Company in General Meeting.
- (f) Any acquisitions, take-over by the Company, amalgamation, merger or change in the operations carried on by the Company, which because of its significance is required by the Act, Kuala Lumpur Stock Exchange or any other Exchange on which the Company's shares are listed to be subject to approval by the Company in General Meeting.

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19. **FURTHER STATUTORY AND OTHER GENERAL INFORMATION (Cont'd)**

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**Article 7**

Without prejudice to any special rights previously conferred on the holders of any existing shares or class of shares, any shares in the Company may be issued with such preferred, deferred or other special rights or such restrictions, whether in regard to dividend, voting, return of capital or otherwise as the Company may from time to time by ordinary resolution determine.

**Article 8**

The Company shall have power to issue preference shares carrying a right to redemption out of profits or liable to be redeemed at the option of the Company or to issue preference capital ranking equally with or in priority to preference shares already issued and the Directors may, subject to the provisions of the Act, redeem such shares on such terms and in such manner and either at par or at a premium as they may think fit PROVIDED THAT the total nominal value of issued preference shares shall not exceed the total nominal value of the issued ordinary shares at any time.

**Article 9**

Subject to the provisions of the Act and approval of shareholders in General Meeting, the Directors may allot, grant options, over or otherwise dispose of the shares to such persons on such terms and conditions and either at a premium or at par or (subject to the provisions of the Act) at a discount and at such times as the Directors think fit and with full power to give to any person the right to call for the allotment of any shares either at par or at premium or at a discount for such time and for such consideration as the Directors may see fit. The rights attaching to shares of a class other than ordinary shares shall be expressed in the resolution creating the same.

**Article 10**

Every issue of shares or options to employees and/or Directors shall be approved by shareholders in general meeting and such approval shall specifically detail the amount of shares or options to be issued to each Director. Only Directors holding office in an executive capacity shall participate in such an issue of shares. ***PROVIDED ALWAYS that a Director not holding office in an executive capacity may so participate in an issue pursuant to a public issue or public offer.***

**Article 11**

Preference shareholders shall have the same rights as ordinary shareholders as regards receiving notices, reports and balance sheets and attending general meetings of the Company. Preference shareholders shall also have the right to vote at any meeting convened for the purpose of reducing the capital or winding up or sanctioning a sale of the undertaking or where the proposition to be submitted to the meeting directly affects their rights and privileges, or when the dividend on the preference shares is in arrears for more than six months.

**Article 12**

The Directors may make arrangements on the issue of shares for a difference between the holders of such shares in the amount of calls to be paid and the time of payment of such calls.

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19. **FURTHER STATUTORY AND OTHER GENERAL INFORMATION (*Cont'd*)**

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**Article 13**

If by the conditions of allotment of any share the whole or part of the amount or issued price thereof shall be payable by instalments, every such instalment shall, when due, be paid to the Company by the person who for the time being shall be the registered holder of the share.

**Article 14**

The Company may exercise the powers of paying commissions conferred by the Act, provided that the rate percent or the amount of the commission paid or agreed to be paid shall be disclosed in the manner required by the Act and the commission shall not exceed the rate of 10 percent of the price at which the shares in respect whereof the same is paid are issued or an amount equal to percent of that price (as the case may be). Such commission may be satisfied by the payment of cash or the allotment of fully or partly paid shares or partly in one way and partly in the other. The Company may also on any issue of shares pay such brokerage as may be lawful.

**Article 15**

If any shares of the Company are issued for the purpose of raising money to defray the expenses of the construction of any works or buildings or the provision or acquisition of any plant or equipment which cannot be made profitable for a lengthened period the Company may pay interest on so much of that share capital as is for the time being paid up for the period subject to the conditions and restrictions prescribed by the Act and may charge the sum so paid by way of interest to capital as part of the costs of construction of the work or building or the provision or acquisition of plant or equipment.

**Article 16**

Except as required by law, no person shall be recognised by the Company as holding any share upon any trust, and the Company shall not be bound by or be compelled in any way to recognise (even when having notice thereof) any equitable, contingent, future or partial interest in any share or any interest in any fractional part of a share or (except only as by these Articles or by law otherwise provided) any other rights in respect of any share except an absolute right to the entirety thereof in the registered holder.

**Article 17**

The Company is empowered to require any Member or transferee prior to registration of transfer, to furnish the nature of this shareholding and may also require a trustee or nominee to provide such particulars to enable the Company to identify the beneficial owners and the nature of their interest.

**Article 18**

Shares may be registered in the name of an incorporated company or other corporate body but not in the name of a minor or a person of unsound mind or who is insolvent or in the name of any firm or partnership.

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19. **FURTHER STATUTORY AND OTHER GENERAL INFORMATION (Cont'd)**


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**Modification of Rights****Article 66**

If at any time the capital by reason of the issues of preferences shares or otherwise is divided into different classes the repayment of such preferred capital or all or any of the rights and privileges attached to each class may subject to the provisions of Section 65 of the Act be varied modified commuted affected abrogated or dealt with by Special Resolution passed by the holders of at least three fourths of the issued shares of the calls at a separate general meeting of the holders of that class *concerned* and all the provisions hereinafter contained as to general meetings shall mutatis mutandis apply to every such meeting except that the quorum hereof shall be two persons at least holding or representing by proxy one third of the issued shares of the class. Provided however that in the event of the necessary majority for such a Special Resolution not having been obtained in the manner aforesaid consent in writing may be secured by Members holding at least three fourths of the issued shares of the class and such consent if obtained within two months from the date of the separate general meeting shall have the force and validity of a resolution duly carried *at the meeting*. To every such Special Resolution the provisions of Section 152 of the Act, shall with such adaptations as are necessary apply.

9.2.2 **Transfer Of Securities And Transmission of Shares**

The provision in the Company's Articles of Association in respect of the arrangement for transfer of the securities and restriction on their free transferability are as follows:

**Transfer of Securities****Article 46**

*The transfer of any securities or class of securities of the Company, shall be by way of book entry by the Central Depository in accordance with the Rules of the Central Depository and, notwithstanding sections IO3 and IO4 of the Act and any exemption that may be made from compliance with subsection 107C(1) of the Act, the Company shall be precluded from registering and effecting any transfer of securities"*

**Article 47**

*Transmission of securities from Foreign Register*

**(1) Where-**

- (a)** *the securities of the Company are listed on an Approved Market Place:  
and*
- (b)** *such company is exempted from compliance with section 14 of the Securities Industry (Central Depositories) Act, 1991, or section 29 of the Securities Industry (Central Depositories) (Amendment) Act, 1998, as the case may be, under The Rules of the Central Depository in respect of such securities,*

*such companies shall, upon request of a securities holder, permit a transmission of securities held by such securities holder from the register of holders maintained by the registrar of the companies in the jurisdiction of the Approved Market Place (hereinafter referred to as "The Foreign Register"), to the register of holders maintained by the registrar of companies in Malaysia (hereinafter referred to as "the Malaysian Register") subject to the following conditions:-*

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**19. FURTHER STATUTORY AND OTHER GENERAL INFORMATION (Cont'd)**

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- (i) *there shall be no change in the ownership of such securities;  
and*
  - (ii) *the transmission shall be executed by causing such securities to be credited directly into the Securities Account of such securities holder.*
- (2) *For the avoidance of doubt, no company which fulfils the requirement of paragraphs (a) and (b) of article 47(1) shall allow any transmission of securities from the Malaysia Register into the Foreign Register.*

**Article 48**

- (1) The Company shall request the Central Depository in accordance with the Rules of the Central Depository, to prepare a Record of Depositors to whom notices of general meetings **shall** be given by the Company.
- (2) The Company shall request the Central Depository in accordance with the Rules of the Central Depository, to prepare a Record Of Depositors as at a date not less than 3 market days before the general meeting (hereinafter referred to as "the General Meeting Record of Depositors")
- (3) Subject to the Securities Industry (Central Depositories) (Foreign Ownership) Regulations, 1996 (where applicable) and notwithstanding any provision in the Act, a depositor shall not be regarded as a Member to attend any general meeting and to speak and vote thereat unless his name appears in the General Meeting Record Of Depositors.

**Article 49**

The Directors may decline to **register** the transfer of a share (not being a fully paid share) to a person of whom they shall not approve, and they may also decline to register the transfer of a share on which **the** Company has a lien.

**Article 50**

The register and any register of holders of debentures of the Company may on due notice being given as required by the Act, be closed at such time or time as the Directors shall deem expedient, so that the same be not closed for any greater period in the aggregate than thirty days in the year.

**Article 51**

- (1) The Company may establish and cause to be kept in any other place outside Malaysia a branch register of its Members in accordance with the provisions of Section 164 of the Act.
- (2) Subject to the provisions of the Act and of these regulations, any such register (hereinafter referred to as a branch register) shall be established and kept in such manner as the Directors may from time to time prescribe.
- (3) For the purpose of any such branch register the Directors may empower any officer of the Company **or other** person or persons or committee (hereinafter referred to as the **local** authority) to keep the registers in such manner and subject to such regulations as the Directors may from time to time prescribe or allow.

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19. FURTHER STATUTORY AND OTHER GENERAL INFORMATION (*Cont'd*)

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**Article 52**

No transfer shall be made to a minor or a person of unsound mind or who is insolvent or to a firm or partnership.

**Transmission Of Shares**

**Article 53**

In case of the death of a Member the survivor or survivors where the deceased was a joint holder, and the legal personal representatives of the deceased where he was a sole holder, shall be the only persons recognised by the Company as having any title to his interest in the shares; but nothing herein contained shall release the estate of a deceased joint holder from any liability in respect of any share which had been jointly held by him with other persons.

**Article 54**

Subject to any other provisions of these Articles, any person becoming entitled to a share in consequence of the death, bankruptcy or insolvency of any Member may, upon such evidence being produced as may from time to time properly be required by the Directors, elect either to be registered himself as a holder of the share (in respect of which registration the Company may require payment of such fee, as the Directors may from time to time determine) or to have some person nominated by him registered as the transferee thereof; but the Company shall, in either case, have the like right and power of refusing to register such transfer as it would have had in the case of a transfer of the share by that Member before his death, bankruptcy or insolvency, as the case may be.

**Article 55**

If the person so becoming entitled shall elect to be registered himself, he shall deliver or send to the Company a notice in writing signed by him stating that he so elects. If he shall elect to have another person registered he shall testify his election by executing to that person a transfer of the share. All the limitations, restrictions and provisions of these Articles relating to the right to transfer and the registration of transfers of shares shall be applicable to any such notice or transfer as aforesaid as if the death, bankruptcy or insolvency of the Member had not occurred and the notice or transfer were a transfer signed by that Member.

**Article 56**

A person becoming entitled to a share by reason of the death, bankruptcy or insolvency of the holder shall be entitled to the same dividends and other advantages to which he would be entitled if he were the registered holder of the share, except that he shall not, before being registered as a Member in respect of the share, be entitled in respect of it to exercise any right conferred by Membership in relation to meetings of the Company.

Provided always that the Directors may at any time give notice requiring any such person to elect either to be registered himself or to transfer the share and if the notice is not complied with within (90) ninety days the Directors may thereafter withhold payment of all dividends, bonuses or other moneys payable in respect of the share until the requirements of the notice have been complied with.

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**19. FURTHER STATUTORY AND OTHER GENERAL INFORMATION (*Cont'd*)**

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**Article 57**

The executors or administrators of a deceased Member shall be entitled at any time to pay up in full all the moneys due upon the shares held by such Member alone beyond the amount called up thereon, unless within two (2) calendar months after being requested in writing so to do, the Directors shall procure some person or persons to purchase such shares at a price equal to the amount paid up or credited as paid up thereon.

**Article 58**

The Company may, from time to time, by resolution of a general meeting convert all or any of its paid up shares into stock and may from time to time, in like manner, reconvert any such stock into paid up shares of any denomination.

**Article 59**

When any shares have been converted into stock, the holders of such stock may transfer their respective interests therein, or any part of such interest, in such manner as the Company in general meeting shall direct but in default of any such direction in the same manner and subject to the same regulations as and subject to which the shares from which the stock arose might previously to conversion have been transferred, or as near thereto as circumstances will admit. But the Directors may, if they think fit from time to time **fix** the minimum amount of stock transferable, and restrict or forbid the transfer of fraction of that minimum, provided that such minimum shall not exceed the nominal amount of the shares from which the stock arose.

**Article 60**

The several holders of stock shall be entitled to participate in the dividends and profits of the Company according to the amount of their respective interests in such stock and such interests shall, in proportion to the amount thereof, confer on the holder thereof respectively the same privileges and advantages for the purpose of voting at meetings of the Company and for other purposes as if they held the shares from which the stock arose, but so that none such privileges or advantages, except the participation in the dividends, profits and assets of the Company, shall be conferred by any holding or part of a holding of stock as would not, if existing in shares have conferred such privileges or advantages.

**Article 61**

All such provisions of these Articles as are applicable to paid up shares shall apply to stock, and in all such provisions the words 'shares' and 'shareholder' shall include 'stock' and 'stockholder'.

**Main Board Listing Requirements of the KLSE**

The provisions of the Main Board Listing Requirements of the KLSE on the transferability of securities are as follows :-

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19. **FURTHER STATUTORY AND OTHER GENERAL INFORMATION (Cont'd)**

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**Section 293A - Transfers of Securities**

The transfer of any securities or class of securities of the company, shall be by way of book entry by the Central Depository in accordance with the Rules of the Central Depository and, notwithstanding Sections 103 and 104 of the Companies Act, 1965, but subject to subsection 107C(2) of the Companies Act, 1965 and any exemption that may be made from compliance with subsection 107C(1) of the Companies Act, 1965 the company shall be precluded from registering and effecting any transfer of securities,

**Section 293B - Transmission of securities from Foreign Register**

(1) Where :-

- (a) the securities of a company are listed on an Approved Market Place; and
- (b) such company is exempted from compliance with Section 14 of the Securities Industry (Central Depository) Act, 1991 or Section 29 of the Securities Industry (Central Depository) (Amendment) Act, 1998, as the case may be, under the Rules of the Central Depository in respect of such securities.

such company shall, upon request of a securities holder permit a transmission of securities held by such securities holder from the register of holders maintained by the registrar of the company in the jurisdiction of the Approved Market Place (hereinafter referred to as "the Foreign Register"), to the register of holders maintained by the registrar of the company in Malaysia (hereinafter referred to as "the Malaysian Register") subject to the following conditions :-

- (i) there shall be no change in the ownership of such securities; and
- (ii) the transmission shall be executed by causing such securities to be credited directly into the securities account of such securities holders.

**Companies Act 1965**

The provisions within the Companies Act 1965 on the transferability of securities are as follows :-

**Section 103(1)**

Notwithstanding anything in its articles a company shall not register a transfer of shares or debentures unless a proper instrument of transfer in the prescribed form has been delivered to the company, but this subsection shall not prejudice any power to register as a shareholder or debenture holder any person to whom the rights to any shares in or debentures of the company has been transmitted by operation of law.



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**19. FURTHER STATUTORY AND OTHER GENERAL INFORMATION (Cont'd)**

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**Section 103(1A)**

Nothing in this section shall be construed as affecting the validity of any instrument which allowed be effective to transfer shares or debentures apart from this section; and any instrument purporting to be made in any form which was common or usual in use, or in any other form authorised or required for that purposed apart from this section before the commencement of this Act, shall be sufficient, whether or not its is completed in accordance with the prescribed form, if it complies with requirements as to execution and contents which apply to a transfer.

Provided that a company shall be precluded from registering a transfer of shares or debentures, the title of which is evidenced by a certificate that is issued on or after the date of coming into operation of this subsection unless a proper instrument of transfer in the prescribed form has been delivered to the company.

**Section 107C( 1)**

On or after the coming into operation of this section, the transfer if any securities or class of securities of a company whose securities or any class of whose securities have been deposited with a central depository shall be by way of book entry by the central depository in accordance with the rules of the central depository and, notwithstanding Sections 103 and 104, such company shall be precluded from registering and effecting any transfer of securities.

**Section 107C(2)**

Subsection (1) shall not apply to a transfer of securities to a central depository or its nominees company.

**Rules of the MCD**

The rules within the MCD on the transferability of securities are as follows :-

**Rule 8.01 (2)**

The Central Depository may, in its absolute discretion reject a transfer request made by a depositor thereunder where the reason for the said transfer does not fall within any of the approved reasons stipulated under Rule 8.03(l)(c).

**Rule 8.05A**

Transfers may be made by the authorised depository agent from the agent's principal or nominee account shall be subject to the Rules in this Chapter.

**Rule 9.03(2)**

It shall be the responsibility of the authorised depository agent, in processing the transfer between two securities accounts belonging to different depositors (hereinafter the transfer is referred to as "the inter-account transfer"), to check and ensure completeness, accuracy and/or genuineness of the documents lodged as follows :-

- (a) the prescribed Form FTFO 10 (request for ordinary transfer of securities form) or Form FTFO15 (request for express transfer of securities form) fully and properly completed in triplicate;

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19. **FURTHER STATUTORY AND OTHER GENERAL INFORMATION (Cont'd)**

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- (b) the Transferring Depositor has executed the Transferor portion on the said form duly witnessed by another person (other than the depositor's spouse);
- (c) the Transferring Depositor has stated his reason for the transfer and that the reason is or are amongst any of the approved reasons as stated herein below :-
  - (i) transmission and transfer of securities arising from the provisions of any written law or an order of court of competent jurisdiction;
  - (ii) rectification of errors;
  - (iii) pledge, charge or mortgage;
  - (iv) mandatory general offer pursuant to the provisions of the Malaysian Code On Takeover and Mergers 1987;
  - (v) any other circumstances as deemed fit by the Central Depository after consultation with the Securities Commission;
- (d) documents to support the reason for the transfer;
- (e) such other accompanying documents duly processed in such manner as the Central Depository may from time to time determine in its Procedures Manual.

**19.2.3 Remuneration Of Directors**

The provisions in the Company's Articles of Association dealing with remuneration of the Directors are as follows:

**Article 112**

The Directors shall be paid by way of remuneration for their services such fixed sum (if any) as shall from time to time be determined by the Company in general meeting and such remuneration shall be divided among the Directors in such proportions and manner as the Directors may determine. Provided always that:-

- (1) Fees payable to Directors who hold no executive office in the Company shall be paid by a fixed sum and not by a commission on or percentage of profits or turnover.
- (2) Salaries payable to Directors who do hold an executive office in the Company may not include a commission on or percentage of turnover.
- (3) Fees payable to Directors shall not be increased except pursuant to a resolution passed at a general meeting where notice of the proposed increase has been given in the notice convening the meeting.
- (4) Any fee paid to an alternate Director shall be agreed between himself and the Director nominating him and shall be paid out of the remuneration of the latter.

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**19. FURTHER STATUTORY AND OTHER GENERAL INFORMATION (Cont'd)**

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**Article 113**

If any Director being willing shall be called upon to perform extra services or to make any special exertions in going or residing away **from** his usual place of business or residence for any of the purpose of the Company or in giving special attention to the business of the Company as a Member of a Committee of Directors, the Company may pay the Director remuneration and expenses **therefor** either by a fixed sum or otherwise (other than by a sum to include a commission on or percentage of turnover) as may be determined by the Company in general meeting and such remuneration and expenses may be either in addition to or in substitution for his or their share in the remuneration from time to time provided for the Directors.

**Article 114**

The Directors shall also be entitled to be repaid all reasonable travelling, hotel and other expenses incurred by them respectively in or about the performance of their duties as Directors, including any expenses incurred in attending meetings of the Directors or of a Committee of Directors or general meetings.

**19.2.4 Power To Enabling A Director To Vote On A Proposal, Arrangement, or Contract In Which He Is Interested**

The provisions in the Company's Articles of Association dealing with the voting powers of the Directors in proposals, arrangements or contracts in which they are interested and the borrowing powers exercisable by them and how such borrowing powers can be varied are as follows:

**Article 116**

- (1) Subject to the provisions of the Act, a Director shall not be disqualified by reason of his holding any other office, or place of profit under Company in conjunction with his office of Director, except that of Auditor, and may be appointed thereto for such period and upon such terms as to remuneration and otherwise as the Directors may determine and no Director shall be disqualified by his office from contracting with the Company with regard to his tenure of such other office or place of profit.
- (2) A Director shall not be counted in the quorum at a meeting in relation to any resolution on which he is debarred from voting.

**Article 117**

Subject to the provisions of the Act, no Director shall be disqualified from contracting with the Company either as vendor, purchaser or otherwise, nor shall any **such** contract or arrangement entered into by or on behalf of the Company with any company or partnership of or in which any Director shall be a Member or otherwise interested be avoided nor shall any Director so contracting being such Member or so interested be liable to account to the Company for any profit realised by any such contract or arrangement by reason of such Director holding that office or of the fiduciary relation thereby established but the nature of his interest must be disclosed by him at the meeting of the Directors at which the contract of arrangement is determined on, if the interest then exists or in any other case at the first meeting of the Directors after the acquisition of the interest. A Director shall not vote in respect of any contract or arrangement or proposed contract or arrangement, in which he may be interested as a Director, officer or shareholder of another company, or in which he has directly or indirectly any material interest.

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**19. FURTHER STATUTORY AND OTHER GENERAL INFORMATION (Cont'd)**

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**Article 147**

The business of the Company shall be managed by the Directors who may, in addition to the powers and authorities by these presents or otherwise expressly conferred upon them, exercise all such powers and do all such things as the Company is by its Memorandum of Association or otherwise authorised to exercise and do and are not hereby or by law expressly directed or required to be exercised or done by the Company in general meeting but subject, nevertheless, to the provisions of any law for the time being in force and of these Articles and to any regulations from time to time made by the Company in general meeting (not being inconsistent with provisions of such law or of these Articles), provided that no regulation so made shall invalidate any prior act of the Directors which would have been valid if such regulation had not been made.

**Article 148**

*The Directors shall not, save with the ratification by shareholders in general meeting, dispose or sell of the whole or substantial portion of the Company's main undertaking or property.*

**Article 149**

*The Directors shall not borrow any money or mortgage or charge any of the Company or the subsidiaries' undertaking, property, or any uncalled capital, or to issue debentures and other securities whether outright or as security for any debt, liability or obligation of an unrelated third party.*

**Borrowings Powers**

**Article 67**

The Directors may from time to time **borrow** or raise such sums of money as they think necessary for the purposes of the Company.

**Article 68**

The Directors may borrow or raise any such money as aforesaid upon or by the issue or sale of any bonds, debentures, debenture stock, or securities, and upon such terms as to time of repayment, rate of interest, price of issue or sale, payment of premium or bonus upon redemption or repayment or otherwise as they may think proper. The Company may in general meeting grant a right for the holders of bonds, debentures, debenture stock or securities to securities to exchange the same for shares in the Company of any class authorised to be issued.

**Article 69**

Subject as aforesaid, the Directors may secure or provide for the payment of any moneys to be borrowed or raised by a mortgage of or charge upon all or any part of the undertaking or property of the Company, both present and future, and upon any capital remaining unpaid upon the shares of the Company whether called up or not or by any other security, and the Directors may confer upon any mortgagees or persons in whom any debentures, debenture stock or security is vested, such rights and powers as they think necessary or expedient; and they may vest any property of the Company in trustees for the purpose of securing any moneys so borrowed or so raised, and confer upon the trustees or any receiver to be appointed by them or by any debenture holder, such rights and powers as the Directors may think necessary or expedient in relation to the undertaking or property of the Company, or the management, or the realisation thereof, or the making, receiving or enforcing of calls upon the Members in respect of unpaid capital and otherwise, and may make and issue debentures to trustees for the purpose of further security, and any such trustees may be remunerated.

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**19. FURTHER STATUTORY AND OTHER GENERAL INFORMATION (Cont'd)**


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## Article 70

The Directors may give security for the payment of any moneys payable by the Company in like manner as for the payment of money borrowed or raised, but in such case the amount shall be reckoned as part of the money borrowed.

## Article 71

The Directors shall cause a proper to be kept, in accordance with the requirements of the Act, of all mortgages and charges specifically affecting the property of the Company.

## Article 72

Any debenture or other security may be issued at a discount, premium or otherwise and (with the sanction of the Company in general meeting) with any special privilege as to allotment of shares, attending and voting at general meetings of the Company, appointment of Directors or otherwise.

## 19.3 Directors And Substantial Shareholders

- (1) The names, addresses and occupations of the Directors are set out in Section 3 page 7 of this Prospectus.
- (ii) A Director is not required to hold any qualification shares in the Company or its subsidiaries.
- (iii) None of the Directors or substantial shareholders were or are interested, directly or indirectly in the promotion of or in any assets acquired or disposed of or proposed to be acquired or proposed to be disposed of by or leased or proposed to be leased to the Company or its subsidiary companies within the two years preceding this Prospectus or in any contract or arrangement subsisting at the date of this Prospectus which is significant in relation to the business of the Company and its subsidiaries.
- (iv) None of the Directors have existing or proposed service contracts with the Company or its subsidiary companies which are not terminable by notice without payments or compensation other than statutory compensation.
- (v) Directors' Shareholdings

According to the Register of Directors' Shareholdings as at 25 October, 1999, none of the Directors have direct interests in the shares of the Company.

- (vi) Substantial Shareholders' Shareholdings

The substantial shareholders of Company before and after the Offerings and their respective interests in the shares of the Company as at 25 October, 1999 are as follows:

	----- Before The Offerings --				----- After The Offerings --			
	- No. Of Shares Held -		- No. Of Shares Held -		- No. Of Shares Held -		- No. Of Shares Held -	
Substantial Shareholder	Direct	% Share-holding	Indirect	% Share-holding	Direct	% Share-holding	Indirect	% Share-holding
Khazanah	250,113,848	25.26	-	-	250,113,848	22.74	-	-
MoF Inc.	629,886, 152	63.62	-	-	541,886,152	49.26	-	-

## 19. FURTHER STATUTORY AND OTHER GENERAL INFORMATION (Cont 'd)

- (vii) The remuneration paid to the Directors of the Company and its subsidiaries for services rendered in all capacities to the Company and its subsidiaries for the financial year ended 31 December, 1998 amounted to **RM1,530,000**. For the financial year ending 31 December, 1999, the amount payable to the Directors of the Company and its subsidiaries, for services rendered in all capacities to the Company and its subsidiaries is estimated to be **RM1,658,000**.
- (viii) None of the Directors of the Company has any interest, direct or indirect, in any business carrying on a similar trade as the Company and its subsidiary companies.
- (ix) No Director, senior executive officer as stated in Section 10.2 or person nominated to become a Director or senior executive officer is or has been involved in the following events:
- (a) A petition under any bankruptcy laws filed against such person or any partnership in which he was or is a partner or any corporation of which he was or is an executive officer;
- (b) A conviction in a criminal proceeding or a named subject of a pending criminal proceeding; or
- (c) Being the subject of any order, judgement or ruling of any court, tribunal or Government body of competent jurisdiction permanently or temporarily enjoining him from acting as investment adviser, dealer in securities, director or employee of a financial institution and engaging in any type of business practice or activity.
- (x) No Director was granted or had exercised any option to subscribe for securities of the Company or its subsidiary companies during the financial year ended 31 December, 1998.
- (xi) None of the Directors are materially interested in any contract or arrangement subsisting at the date of this Prospectus which is significant in relation to the business of the company or its subsidiary companies.

## 19.4 General

- (i) The nature of the Company's business is set out in Section 8.4 of this Prospectus. The names of all corporations which are deemed to be related to the Company by virtue of Section 6 of the Companies Act, 1965 are set out in Section 8.5 of this Prospectus.
- (ii) The name and address of the Auditors of the Company are set out in Section 3 of this Prospectus.
- (iii) Information On The Offeror

Set out below is the shareholding of **MoF Inc** in the Company before and after the Offerings:

Offeror	Before The Offerings				After The Offerings			
	Direct		Indirect		Direct		Indirect	
	No. Of Ordinary Shares	%	No. Of Ordinary Shares	%	No. Of Ordinary Shares	%	No. Of Ordinary Shares	%
MoF Inc.	629,886,152	64	-	-	541,886,152	49	-	-

19. FURTHER STATUTORY AND OTHER GENERAL INFORMATION (*Cont'd*)

- (iv) The amount payable in full on application to the Offeror is **RM2.50** per Institutional Issue Share. The amount payable in full on application to the Company is **RM2.50** per Retail Offer Share/Institutional Issue Share.
- (v)
  - (a) Underwriting commission is payable by the Offeror/Company to the Underwriters at the rate of 1% of the offer price of **RM2.50** per ordinary share on the ordinary shares being underwritten which form the subject of this Prospectus.
  - (b) Brokerage is payable by the Offeror/Company at the rate of 1% of the offer/issue price of **RM2.50** per ordinary share to the parties in the circumstances specified in Section 7.4 of this Prospectus.
  - (c) The Offeror shall bear underwriting commission, brokerage, and other incidental expenses relating to the Offer Shares estimated at approximately **RM 18,000,000**. An estimated **RM 14,000,000** in respect of expenses and fees incidental to the listing of and quotation for the entire issued and paid-up share capital of Company on the Main Board of KLSE will be borne by the Company.
- (vi) Save as disclosed in section 7.4 of this Prospectus, no commission, discount, brokerage or other special terms have been paid or are payable by the Company or its subsidiaries within the two preceding years of the date of this Prospectus for subscribing or agreeing to subscribe or procuring or agreeing to procure subscriptions for any shares in or debentures of the Company or its subsidiaries in connection with the issue, sale of any capital of the company or its subsidiaries and no Director or proposed Director or promoter or expert is entitled to receive any such payment.
- (vii) No amount or benefit has been paid or given within the two preceding years of the date hereof nor is it intended to be so paid or given, to any promoter.
- (viii) Save for the employees eligible under the ESS, no person has been or is entitled to be given an option to subscribe for any shares, stocks or debentures of the Company or its subsidiaries.
- (ix) Save as disclosed in section 8.7 of this Prospectus, no properties have been acquired or proposed to be acquired by the Company or its subsidiaries in contemplation of the Offer and Public Issue.
- (x) Save as disclosed in section 4 of this Prospectus, the Directors are not aware of any material information including trading factors or risks which are unlikely to be known or anticipated by the general public and which could materially affect the profit of the Company.
- (xi) Save for the Public Issue, there is no present intention on the part of the Directors of the Company to issue any part of the authorised but unissued share capital of the Company.
- (xii) Save as disclosed in section 11 of this Prospectus, the financial conditions and operations of the Company are not affected by any of the following:
  - (a) Known trends or known demands, commitments, events or uncertainties that will result in or are reasonably likely to result in the Company's liquidity increasing or decreasing in any material way;
  - (b) Material commitments for capital expenditure;

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**19. FURTHER STATUTORY AND OTHER GENERAL INFORMATION (Cont'd)**


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- (c) Unusual or infrequent events or transactions or any significant economic changes that materially affected the amount of reported income from operations;
  - (d) Known trends or uncertainties that have had or that the Company reasonably expects will have a material favourable or unfavourable impact on revenue or operating income of the Company; and
  - (e) Any substantial increase in revenue which is attributable to increase in prices or increase in volume or amount of goods or services being sold or to the introduction of new products or services.
- (xiii) During the last financial year and the current financial year, there were no:
- (a) public take-over offers by third parties in respect of the Company's shares; and
  - (b) public take-over offers by the Company in respect of other companies' shares.
- (xiv) As at the date of this Prospectus, the Company and its subsidiaries do not have any convertible debt securities.
- (xv) The manner in which copies of this Prospectus together with the Application Forms and envelopes may be obtained is set out in Sections 6.1 and 6.2 of this Prospectus.

#### **19.5 Material Contracts**

Save as disclosed below, there are no contracts which are or may be material (not being contracts entered into the ordinary course of business) which have been entered into by the Company and its subsidiaries within the two years preceding the date of this Prospectus.

- (a) Collective Agreement (1) between MASB and Kesatuan Pekerja-Pekerja Malaysia Airports Berhad Semenanjung Malaysia ("KPMAB") dated 1 November, 1997.

The agreement is enforceable for three years from 1 January, 1996 to 31 December 1998 and shall continue to be in force thereafter until such time as MASB and KPMAB agrees to substitute the same.

- (b) Collective Agreement (1) between Malaysia Airports Berhad ("MAB") and Kesatuan Pekerja-Pekerja Malaysia Airports Berhad [Sabah (including **Labuan**)] ("KPMAB (Sh/L)") dated 1 November 1997.

The agreement is enforceable for three years from 1 January, 1996 to 31 December, 1998 and shall continue to be in force thereafter until such time as MAB and KPMAB (Sh/L) agrees to substitute the same.

- (c) Collective Agreement (1) between MASB and Kesatuan Pekerja-Pekerja Malaysia Airports Berhad (Sarawak) ("KPMAB(Sk)") dated 1 November, 1997.

The agreement is enforceable for three (3) years from 1 January, 1996 to 31 December, 1998 and shall continue to be in force thereafter until such time as MASB and KPMAB(Sk) agrees to substitute the same.

- (d) The concession agreement between MA Sepang and the Government dated 18 October 1999 (See "Description of Business - Regulatory Framework").

- (e) The lease agreement between MA Sepang and the Federal Lands Commissioner for a 50 year lease of the KLIA land.



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19. **FURTHER STATUTORY AND OTHER GENERAL INFORMATION (Cont'd)**

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19.6 Material Litigation

Neither the Company nor its subsidiaries are engaged in any litigation, either as plaintiff or defendant, which has a material effect on the financial position of the Company or its subsidiaries, and the Directors do not know of any proceedings pending or threatened or of any fact likely to give rise to any proceeding which might materially and adversely **affect** the position or business of the Company or its subsidiaries.

19.7 Consents

- (i) The written consent of the Adviser, Managing Underwriter, Global Lead Manager, Underwriters, Reporting Accountants, Airport Traffic Consultant, Aeronautical Charges Consultant, Principal Bankers, Issuing House, Registrars and Solicitors to the inclusion in this Prospectus of their names in the form and context in which such names appear have been given before the issue of this Prospectus and have not subsequently been withdrawn.
- (ii) The written consent of the Reporting Accountants to the inclusion in this Prospectus of their Accountants' Report and their letters relating to the Profit Estimate and Forecast for the financial years ending 31 December, 1999 and 31 December, 2000 and Proforma Consolidated Balance Sheets as at 31 December, 1998 in the form and context in which they are contained in this Prospectus has been given before the issue of this Prospectus and has not subsequently been withdrawn.
- (iii) The written consent of the Airport Traffic Consultant and the Aeronautical Charges Consultant to the inclusion in this Prospectus of the Airport Traffic Consultants Report and the Aeronautical Charges Report in the form and context in which they are contained in this Prospectus has been given before the issue of this Prospectus and has not subsequently been withdrawn.

**19.8 Documents For Inspection**

Copies of the following documents are available for inspection at the registered office of the Company during normal business hours for a period of six months from the date of this Prospectus:

- (i) Memorandum and Articles of Association of the Company and its subsidiaries;
- (ii) The Directors' Report and Accountants' Report as included herein;
- (iii) Reporting Accountants' letters relating to the profit forecast and proforma consolidated balance sheets as included herein;
- (iv) The letters of consent referred to under Section 19.7 above;
- (v) The audited accounts of the Company and its subsidiary companies for each of the past five financial years ended 31 December, 1998 and the audited accounts for the five months ended 31 May 1999;
- (vi) The material contracts referred to under Section 19.5 above;
- (vii) The Airport Traffic Consultant's Report.
- (viii) Aeronautical Charges Consultant Report.

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19. FURTHER STATUTORY AND OTHER GENERAL INFORMATION *(Cont'd)*

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19.9 Responsibility

- (i) **Aseambankers acknowledge** that to the best of their knowledge and belief, this Prospectus constitutes a full and true disclosure of all material facts about the Offer, Public Issue, the Group and the Offeror, and are satisfied that the consolidated profit forecast (for which the Directors are solely responsible) have been stated by the Directors of the Company after due and careful inquiry.
- (ii) This Prospectus has been seen and approved by the Directors of the Company and the Offeror, and they collectively and individually accept full responsibility for the accuracy of the information given and confirm that after making all reasonable enquiries and to the best of their knowledge and belief, there are no other facts the omission of which would make any statement herein misleading.