



ANNUAL REPORT 2007

Princess Juliana International Airport
operating company N.V.



ADAPTING TO CHANGE



PJIAE MISSION STATEMENT

"To be the regional leader in providing safe, secure, quality and profitable airport services that contribute to the general economic and tourism development of St. Maarten / St. Martin and the region we serve"

Airport Key Figures

	2007	2006	2005	2004	2003
Statistics					
Passenger Movements ¹	1,651,826	1,640,297	1,663,226	1,646,066	1,504,995
Aircraft Movements ²	75,055	80,357	78,884	73,630	67,638
Cargo & Mail Movements (in tons)	4,895	10,175	8,359	8,498	8,199
Destinations Served	29	28	28	26	25
Scheduled Airlines	20	19	19	18	17
Charters (average number per season)	12	14	19	18	19
Income Statement³					
Total Revenues	80,482,439	67,030,352	59,418,633	43,777,092	37,014,987
Total Expenses	78,321,407	52,623,344	40,197,646	38,866,253	33,363,041
Net Income	2,161,032	14,407,008	19,220,987	4,910,839	3,651,946
Balance Sheet³					
Total Assets	344,199,039	356,941,166	319,331,346	289,589,389	94,771,255
Liabilities	268,431,053	283,334,212	260,131,400	249,610,430	59,703,135
Shareholders Equity	75,767,986	73,606,954	59,199,946	39,978,959	35,068,120
Personnel PJIAE as of Dec. 31st	271	269	218	213	213

1 Includes transit passengers

2 Excludes over flying aircraft

3 All figures in Netherlands Antillean Florins

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1. President's Message



In 2007, after having successfully delivered the new expanded and upgraded terminal and related facilities in October of 2006, we faced the critical challenge of adapting to the changed operations in the new facilities. Meeting that challenge is imperative to establish the foundation for sustainable financial and airport operations. As with any major investment the initial years are critical to set the tone for the operational and financial success of the company. Looking back at the results over the first full year of business operations in the new facilities, we can safely state that the first positive steps were made and hereby proudly present you with our annual report as an account of the developments at PJIAE N.V. in 2007.

In 2007 aviation business saw strong growth on a global level. According to the ACI World Airport Traffic Report 2007, top-line figures show 4.8 billion passengers, up 7% from 2006 and 76 million aircraft movements up 2.4%. Developments at PJIA however, were mixed. Passenger traffic amounted to 1,651,826 in 2007; that is a marginal increase of 0.7% compared to 2006 and significantly less than the growth globally. In contrast aircraft movements declined by 6.6% to 75,055 compared to 2006. These developments indicate that the main drivers of PJIAE's business and financial performance were sluggish due to cessation of activities of two regional carriers – sister airlines Caribbean Sun and Caribbean Star – and to the depressed global economic

environment as a result of the impact of increasing oil prices and the onset of the credit crises in the United States.

Despite of these less favorable developments we at PJIAE remained and remain committed to our vision “En Route to New Horizons” to create value for our stakeholders – shareholder, airlines, passengers, tenants, other tourism partners, and government. We did so through our tireless pursuit of our objective as stated in our mission statement: To Be The Regional Leader In Providing Safe, Secure, Quality And Profitable Airport Services That Contribute To The General Economic And Tourism Development Of St. Maarten/St. Martin And The Region We Serve. In 2007 this meant inter alia:

- a.** A significant investment in training of and in new personnel to handle the new and increased responsibilities of managing the new facilities in keeping with international standards;
- b.** Steering of personnel and other stakeholder's demands and expectations to align them within the financial and budgetary bandwidth of the company in view of the deteriorating operating environment;
- c.** Increase efforts, in cooperation with tourism partners, to attract new air service which led to the startup of several new services: (i) the first ever low cost service to St. Maarten by Spirit Airlines from Fort Lauderdale and (ii) the direct service to St. Maarten by Arkefly from Amsterdam;
- d.** Managing the process of revenue enhancement through among others the introduction of the airport improvement fee (AIF) in July to meet the increased financial obligations associated with the financing and operation of the new facilities; this in the face of strong resistance from airlines;
- e.** The construction of the east apron extension to increase the parking capacity and the erection of a three-storey operations tower to enhance the level of efficiency and effectiveness in the safe management of air side operations; representing an investment of NAf.23 million and comprising a further transformation of the airside landscape at PJIA; and
- f.** Ensuring compliance with the financial covenants and in particular the first full year of debt service payments, under the 15 year 8.25% bond loan issued to finance the realization of the phase II works.

An evaluation of the financials of the company provides some insight into how the above noted developments in traffic, the investments in the physical infrastructure and the accompanying management measures impacted the financial statement of the company. The balance sheet total declined from NAf.356.9 million (USD.198.3 million) in 2006 to NAf.344.2 million (USD.191.2 million) in 2007 primarily



as a result of the decline in long term liabilities due to the repayment of principle on the 15 year 8.25% bond loan. To service the liabilities and support the cost associated with investment in the terminal building, revenues increased by Naf.13.4 million (US\$.7.4 million) to Naf.80.5 million (US\$.44.2 million) in 2007. This was possible mainly because of the implementation of measures to increase rates and charges as outlined above. The increase in revenues were however insufficient to offset the increase in operating and finance costs, respectively.

Operating expenses rose by Naf.18.0 million (US\$.10.0 million) – primarily due to an increase in costs to run the new and expanded facilities as reflected in the Naf.9.4 million (USD.5.2 million) higher depreciation expenses, the Naf.7 million (USD.3.9 million) increased in general and administrative expenses and the Naf.1.6 million (USD.0.9 million) growth in personnel costs. The increase in the general and administrative expenses is due in large part to the increase in energy cost as a result of the larger facilities and the increased price of fuel. The increase in personnel expenses is ascribed to increase in the number of personnel to 271 and to investments in human resource development. Finance costs increased by Naf.12.4 million (USD.6.9 million) to Naf.20.6 million (USD.11.4 million) in 2007. This is the result of the first full year of payment of interest on the 15 year 8.25% bond loan of Naf.213.5 million (US\$.118.6 million).

These developments translated in a net result of Naf.2.2 million (USD.1.2 million) in 2007 down from Naf.14.4 million (US\$.7.9 million) in 2006. This decline in the net result of the company can be ascribed to the increase in all expense categories but, as expected, primarily to the higher interest payments on the 15 year 8.25% bond loan. The net result represents a return on assets of 5.3% and provides the first indication of the performance of the new facilities.

Based on the above it can be concluded that 2007 was a successful year for the company despite the sluggish development in traffic and the challenges of operating in the new facilities. Operationally and financially we implemented the necessary measures to adapt to the changed environment of new integrated systems and higher costs aimed at delivering safe, secure, quality and sustainable airport services. Looking ahead to 2008 and considering the deteriorating global economy and the prolonged high fuel costs it is imperative, if we are to build on this positive first year that we continue to focus on safe and secure and efficient operations, on the one hand, and on our growth strategy aimed at maximizing tourism growth of St. Maarten and surrounding islands, on the other. Essential programs

in this regards include (i) the relocation of the fuel supply systems and the introduction of runway end safety-areas on air side (ii) the formalization of an airport area around the PJIA aerodrome, (iii) strict budgetary controls (iv) revenue enhancements in the form of increased air service development initiatives and increased product-diversification and finally (v) improvement of the competitive position of PJIA in the form of product and service enhancements. Whereas the realization of these programs is essential to the sustainability of PJIAE as St. Maarten's primary strategic development tool, it is expected that this will not be easy in light of the expected less favorable financial economic climate. It is my view that it is only through cooperation and concerted action of all stakeholders that we can forge forward and successfully navigate through the difficult times ahead.

Thus, as I look ahead at 2008, I do so with caution, and I hereby on behalf of the management and staff of PJIAE N.V. express my thanks to all who have contributed - and in particular our passengers, airlines and handling companies - towards the achievements of PJIAE in 2007 and look forward to your continued support. And finally, I hereby wish to convey my special thanks to the employees for their continued commitment to our mission and to the supervisory directors and the shareholders for their support and confidence in PJIAE.

drs. E.B. Holiday
President



2. Business Development





2.1 PASSENGER MOVEMENTS

Global passenger traffic recorded a strong increase of approximately 6.4% in 2007 compared to 2006. The results at Princess Juliana International Airport were relatively flat. Passenger movements in 2007 saw little change in terms of numbers compared to 2006 – 1,651,826 in 2007 compared to 1,640,297 in 2006 – showing a slight increase of 0.7%. Inbound and Outbound traffic in 2007

percentage dropped to 18.6%; this is due to the fact that although the total enplanements remained rather unchanged in 2006, the number of transfers decreased sharply. The transfers continued to slide downwards in 2007 – in spite of a 2.4% increase in total enplanements – resulting in a 12.0% share of total enplanements – substantially lower than the yearly average of 25% previously experienced.

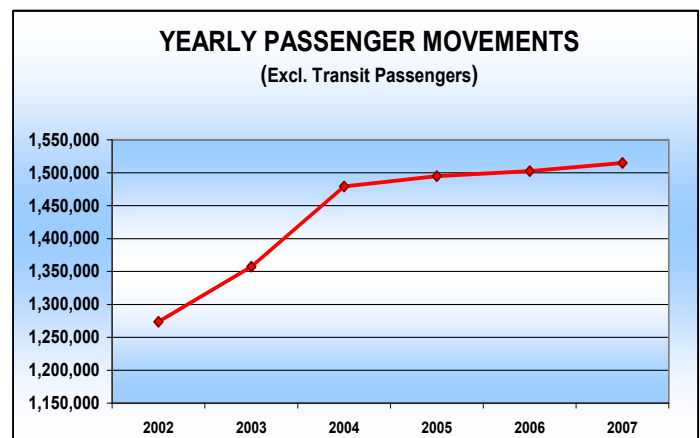
YEARLY PASSENGER MOVEMENTS

	2002	2003	2004	2005	2006	2007
Inbound	641,343	679,363	740,569	742,601	745,279	739,617
% change	1.0%	5.9%	9.0%	0.3%	0.4%	-0.8%
Outbound	632,146	677,741	738,412	752,132	757,099	775,112
% change	0.3%	7.2%	9.0%	1.9%	0.7%	2.4%
Transfers*	143,606	182,495	169,385	184,630	141,095	93,177
% of total enplanements	22.7%	26.9%	22.9%	24.5%	18.6%	12.0%
Totals	1,273,489	1,357,104	1,478,981	1,494,733	1,502,378	1,514,729
% change	0.7%	6.6%	9.0%	1.1%	0.5%	0.8%
Transit	166,572	147,891	167,084	168,493	137,919	137,097
% change	-35.9%	-11.2%	13.0%	0.8%	-18.1%	-0.6%
Transit in % of total Pax	11.6%	9.8%	10.2%	10.1%	8.4%	8.3%
Grand Totals	1,440,061	1,504,995	1,646,065	1,663,226	1,640,297	1,651,826
	-5.6%	4.5%	9.4%	1.0%	-1.4%	0.7%

*Percentage change in comparison to the same period of the previous year.

increased 0.8% over 2006, while in 2006, the results showed a 0.5% growth compared to 2005. This shows that the total movements in passengers saw very little change since 2005. Total amount of passengers – inbound and outbound – for 2007 amounted to 1,514,729, while in 2006 this number was 1,502,378. The tables above reflect the numbers mentioned.

Although the number of transfer passengers over the past few years has widely fluctuated, the amount in percentage of the total enplanements has averaged between 20 to 25 percent annually. In 2006 however, the average transfer





The number of transit passengers on the other hand, remained rather stable in 2007 compared to 2006; the slight difference in numbers (from 137,919 in 2006 to 137,097 in 2007) represents a decrease of -0.6%. Except for transit passengers, each quarter showed little or

no increase. The number of passengers in the first quarter of the year, which is usually the busiest period of the year in terms of passenger traffic, increased with an amount of 200, (from 453,857 in 2006 to 454,057 in 2007), which is too insignificant to reflect any real change.

QUARTERLY PASSENGER MOVEMENTS

	2006 I	2006 II	2006 III	2006 IV	2007 I	2007 II	2007 III	2007 IV
Inbound	224,779	183,628	165,933	170,939	229,807	187,427	165,590	161,261
% change	0.8%	2.7%	4.1%	-5.8%	2.2%	2.1%	-0.2%	-5.7%
Outbound	229,078	198,271	168,541	161,209	224,250	198,182	172,543	171,713
% change	-1.6%	6.6%	2.9%	-4.9%	-2.1%	0.0%	2.4%	6.5%
Totals	453,857	381,899	334,474	332,148	454,057	385,609	338,133	332,974
% change	-0.4%	4.7%	3.5%	-5.3%	0.0%	1.0%	1.1%	0.2%
Transit*	39,518	32,208	30,994	35,199	43,922	37,990	27,994	27,191
% change	-19.9%	-19.1%	-21.9%	-11.2%	11.1%	18.0%	-9.7%	-22.8%
Grand Totals	493,375	414,107	365,468	367,347	497,979	423,599	366,127	360,165
% change	-2.3%	2.4%	0.7%	-5.9%	0.9%	2.3%	0.2%	-2.0%

*Transfer passengers are passengers arriving on one carrier, deplaning at PJIAE and transiting through the terminal to board another aircraft – different airline, different flight number – to continue onto their final destination. Transfer passengers are included in the total arrivals and departures and are therefore not added again to these totals. Transit passengers on the other hand, are passengers traveling from one destination to the other, with a stop at PJIAE. These passengers may sometimes deplane, but do not necessarily always do so. Remaining on board, these transit passengers continue their flight to their final destination with the same airline and on the same flight number.

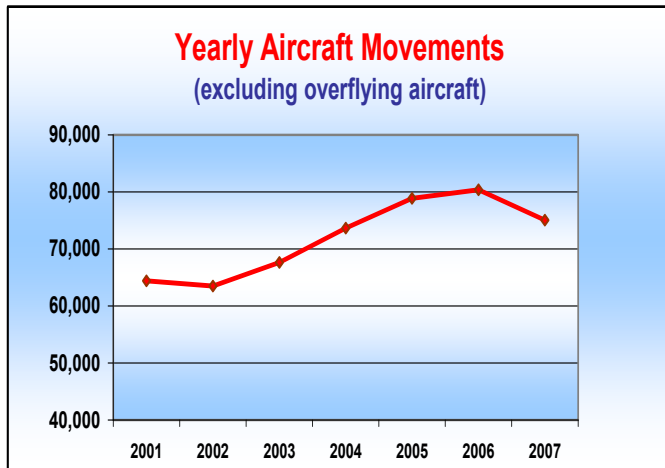




2.2 AIRCRAFT MOVEMENTS

PJIAE recorded 75,055 aircraft movements in 2007 – down from 80,357 in 2006 – a 6.6% decrease; this, in spite of the fact that two new carriers started service to Princess Juliana International Airport in 2007. Spirit Airlines started service in April 2007, the first low-cost carrier to serve PJIAE, offering direct service from/to Fort Lauderdale. Initially operating three times per week, Spirit later reduced operations to once per week in the latter

cessation of operations of two leading commuter airlines, namely Caribbean Star and Caribbean Sun Airlines, which ceased operations in January of 2007. These two airlines had a combined average of 6,450 movements per year. In addition to the fallout of these two airlines, the continuous rise in fuel prices, have lead some airlines to decrease frequencies, while increasing capacity by operating larger aircraft. This also accounts for the fewer frequencies.



part of 2007. In December 2007 Arkefly also commenced scheduled service to PJIAE, operating a weekly flight from The Netherlands. These new services however, were not enough to offset the decrease in total aircraft movements. The notable drop in movements is mainly due to the



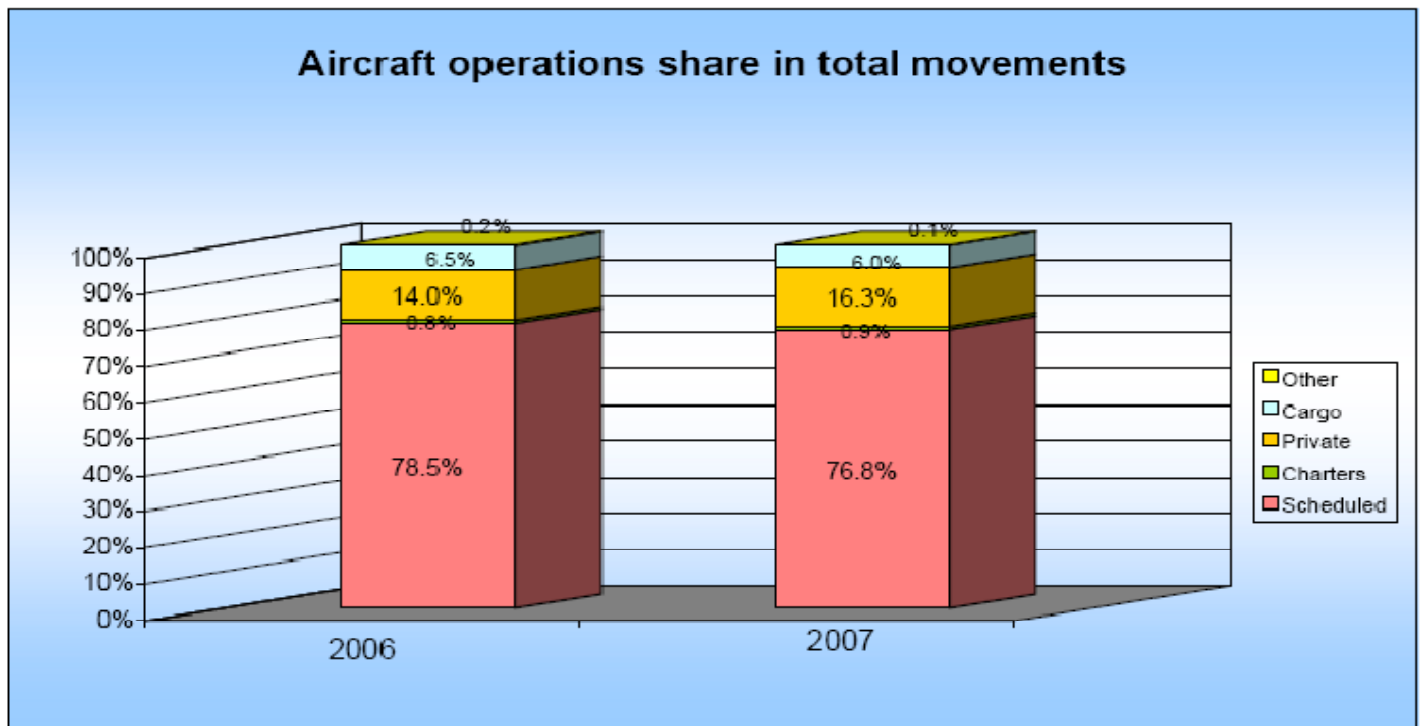
YEARLY COMPARISON AIRCRAFT MOVEMENT BY CATEGORY

OPERATIONS TYPE	2005	Diff.	% Chg.	2006	Diff.	% Chg.	2007	DIFF	% Chg.
SCHEDULED	61,650	4,519	7.9%	62,049	399	0.6%	57,391	(4,658)	-7.5%
CHARTERS	489	(161)	-24.8%	616	127	26.0%	644	28	4.5%
PRIVATE	14,757	1,616	12.3%	12,408	(2,349)	-15.9%	12,474	66	0.5%
CARGO	1,874	(772)	-29.2%	5,142	3,268	174.4%	4,495	(647)	-12.6%
OTHER	114	52	83.9%	142	28	24.8%	51	(91)	-64.1%
TOTALS	78,884	5,254	7.1%	80,357	1,473	1.9%	75,055	(5,302)	-6.6%
OVERFLYING AIRCRAFT	23,249	877	3.9%	27,224	3,975	17.1%	28,881	1,657	6.1%
TOTAL MOVEMENTS	102,133	6,131	6.4%	107,581	5,448	5.3%	103,936	(3,645)	-3.4%



Nevertheless, passenger movements increased slightly as noted above, which implies an increase in load factors. While scheduled carriers showed a marked decrease in movements, private aircraft movements on the other hand increased 0.5%; from 12,408 in 2006 to 12,474 in 2007. Charter movements also increased some 4.5% in 2007. As oil prices continued to rise, airlines sought new ways to increase revenues to offset the consequent increase in costs. Unprofitable routes have been dropped, while new routes offering more lucrative results are being considered.

PJIAE, taking advantage of this development, is using opportunities at airport and airline forums such as Routes and Network, to attract new air service. Considering the effect the increasing fuel prices have on the sustainability of the airline industry and as a result the sustainable future of the airport as well, it is even more crucial for PJIAE to examine the best means possible to foster and maintain customer service excellence at all levels at the airport. This will encourage customer loyalty and thereby ensure a more stable traffic development.



3. Highlights 2007





JANUARY - FEBRUARY

BWIA BECOMES CARIBBEAN AIRLINES

BWIA made a transition to Caribbean Airlines on New Year's Day 2007. Caribbean Airlines said that the transition from BWIA proceeded smoothly and the new airline is up and running. On the company's website, Caribbean Airlines' vision statement says a flight on one of its planes is tantamount to experiencing the warmth of the Caribbean. "We are local and nobody knows the Caribbean like we do," the statement concluded.

PRIVATE JET MOVEMENTS INCREASE

Princess Juliana International Airport (PJIA) has recorded a steep increase in the number of private jets that landed here during the Christmas 2006 holidays. More than 830 executive flights were handled from December 23, 2006, to January 5, 2007, an increase of some 16 percent over the same period last year. Handling agents like Arrindell Aviation Services (AAS) and TLC are surpassing their numbers of the high season of 2005-2006. In fact, business has been so good that there was a shortage of jet fuel on certain days.

FORMER TERMINAL DEMOLISHED

Demolition of the very last part of the original old airport terminal building that housed the former control tower started on February 13th. With the clearing of the last debris a part of history has been removed to create more apron space at PJIA. The demolition of the old building is part of the east apron extension project; this project is separate from the new terminal building and related facilities works. The demolition left many with mixed feelings. On the one hand there was the sense of achievement to be able to realize the new facility, the new terminal building, which was very necessary for the airport to provide proper service to all users, including passengers. But, "with that sense of achievement also comes the feeling of having lost something in which many of us have worked for years. Some of us have worked here for more than 30 years. Looking back at good old times, it is sometimes not easy to let go of something we knew so well," drs. Holiday said.



MARCH

DAE STARTS JET SERVICE

Dutch Antilles Express (DAE) is working hard on its public image as a true Antillean airline, there for all the islands. "It is your Antillean airline. We have been there all the time, also for St. Maarten," says the airline's Chief Executive Officer Mr. Floris van Pallandt. DAE started in February 2007 with jet service between Curaçao and St. Maarten and the airline is very satisfied with this development. "St. Maarten is very important to DAE," said Mr. Van Pallandt.

APRIL

NTB A TRUE SHOWPIECE, SAYS ARUBA GOVERNOR

Aruba's Governor Mr. Freddis Refunjol is truly impressed with the New Terminal Building. "It is very beautiful. It gives the impression of being well-organised and efficient," said the Governor during a tour of the new facilities in March. The tour was given by PJIAE President drs. Eugene Holiday and Director of the Technical Division Mr. Larry Donker. Mr. Refunjol said he got the impression the NTB was run very professionally and in a manner that was well thought through.

"The new airport is a true showpiece. It is the first thing you see and it looks really good," said Refunjol.



SPIRIT STARTS ST. MAARTEN FLIGHTS

Adding St. Maarten to the itinerary of Spirit Airlines was a natural next move after servicing several other destinations in the Caribbean. That is how Spirit's President and CEO Mr. Ben Baldanza looks at Spirit's newest destination, St. Maarten/St. Martin. On the day of the inaugural flight, April 20 2007, Mr. Baldanza said it gave him a good feeling as an individual to be in St. Maarten, but as Spirit CEO he was even happier.

He said it was his first visit and especially praised the New Terminal Building, which he called "wonderful." He said the NTB had given his company an "even stronger confidence" that the local business community is very committed to the product St. Maarten. He called St. Maarten an "excellent" market. "Who doesn't want to come here?"



CURACAO'S TOURISM COMMISSIONER IMPRESSED

Tourism Commissioner Ivan Strick during a recent visit to St. Maarten admitted that he was blown away by the new facility of the Princess Juliana International Airport. "It is a very beautiful building. I must admit that I am almost a bit jealous," Commissioner Strick told Horizons.

He was impressed with the functionality of the facility and how easy it is to find one's way through the airport. "It is a very good representation for St. Maarten. Every first time visitor gets a perfect first impression and he can only think: if my visits starts here, it must be interesting to see what else there is here," said the Commissioner.

MAY - JUNE

KENNETH KONG MOVES TO MENZIES

After working at PJIAE for 18 years as Deputy Director and as Director of Operations, Mr. Kenneth Kong took on a new challenge. Per July 1 this year, he is the Station Manager of Menzies Aviation Services. "Menzies offered me a very attractive package," says Mr. Kong. The 48-year-old Aruba-born joined the airport team in 1989 as Deputy Director. "PJIAE gave me the necessary exposure, experience and knowledge to take on this challenge," he says, with a bright outlook at his future at Menzies. "As PJIAE continues to grow, our commitment will grow along. We make a good team," he said. Menzies has the exclusive rights to do ground handling at PJIA.

NEW AIR FRANCE/KLM MANAGERS

A new, two-member female team is now heading operations of Royal Dutch Airline KLM and Air France at PJIA. Marianella Vacondio is KLM's new joint station manager St. Maarten/St. Martin for Air France and KLM and regional station manager for the Netherlands Antilles, Aruba and Suriname. Corinne Brunel is KLM/Air France's deputy station manager for St. Maarten/St. Martin. Air France has always had a station manager, but KLM hasn't had a person in this function for several years. Like the two airlines, Vacondio and Brunel will be working as partners.

JULY - AUGUST

PJIAE OFFERS TO HOST AIRPORTS CONFERENCE

PJIAE President drs. Eugene Holiday took part in the 2007 Airports Conference of the Americas in Cancun, Mexico from July 15 to 17, an annual meeting of the American Association of Airports Executives (AAAE). drs. Holiday qualified the conference as very interesting and announced that Princess Juliana International Airport is vying to be the venue for next year's conference. We are currently in discussions to bring the conference to St. Maarten, to have it here in 2008 with PJIA as host," said drs. Holiday on his return from the Cancun meeting.

AIR FRANCE ADDS ST. MAARTEN TO REGIONAL NETWORK

Air France will include St. Maarten in the itinerary of its expanded regional service. Starting November 1,

passengers can fly to Miami, via Port-au-Prince (Haiti), and to Pointe-a-Pitre (Guadeloupe) on board of Air France's Airbus 320. Also served will be Santo Domingo, from Pointe-à-Pitre. The airline is further looking at flying to Paramaribo (Suriname) and Panama in the future. "The service between Port-au-Prince and St. Maarten will greatly benefit the Haitian community on St. Maarten/St. Martin," said KLM's St. Maarten Station Manager Marianella Vacondio.



CARL & SON'S 25 YEARS

Carl & Son's celebrated its 25th anniversary in July 2007 with a customer appreciation day at all branches, including the store at Princess Juliana International Airport. Carl & Son's opened its store at the airport in December 1994 and business has ever since been good, especially in the New Terminal Building where the shop is more visible and subsequently better patronised. The Housen's consider the move to the New Terminal Building positive. "Moving to the new building was part of progress," says Gladys, adding that the move was challenging in the sense that the store had to be set up in a relatively short time. But since the opening of the store in November 2006, nestled between Kaffé and Teriyaki in the Food Court, things have been running smoothly. The shop is popular among locals and visitors, but is even more frequently patronised by people working at the airport.

APRON EAST EXTENSION PROJECT COMPLETED

Construction Company MNO Vervat (formerly Koop) has completed the project Apron East Extension. Part of the works included the construction of a three-storey 25m2 operations tower, also called the OPS tower. Late August, MNO Vervat also did maintenance on the runway. The works were completed ahead of the scheduled date. The works were carried out under the one-year maintenance contract that went into effect late October 2006, when the new terminal building became operational and the contractor officially handed over the facility.



The Apron East area will be used for parking of ICAO type A & B aircraft, which will ease the apron constraints challenges that are encountered during the season.

PJIAE STAFF GETS CUSTOMER SERVICE TRAINING

19 PJIAE employees followed and passed the CKA 8000 customer service, sales and marketing training conducted by Mr. Keith Nethersole of Cohen and Klein consulting. The course was conducted at Holland House Beach Hotel, from June 18 to 22, 2007. "Overall this segment of the training was quite participative and interactive. Throughout the duration of the training it was apparent that PJIAE's quest is to be in the forefront of Airport functions and facilities. These proactive goals are indeed evident from a mere glance at the New Airport terminal building. Splendid, excellent, magnificent, impressive, majestic, first class are all understatement when used to describe PJIAE," Mr. Nethersole said afterwards.

PJIAE INTRODUCES AIF FEE

PJIAE NV has introduced an Airport Improvement Fee as of July 1, 2007. The AIF, temporary charge of US\$ 5, is meant to help offset the cost for the improvement of the infrastructure and services at Princess Juliana International Airport. It is projected to be in place until December 31, 2011, subject to the developments in passenger traffic.

SEPTEMBER

PJIAE REPRESENTED AT ROUTES

Marketing and Customer Service (MCS) Department Manager Ms. Juliette Hassell and Director of Operations Mr. Larry Donker, attended the 13th World Route Development Forum in Stockholm, Sweden, from 23 to 25 September 2007. They were accompanied by Robert Brown, Business Development Officer at the MCS department. Organized by Stockholm Arlanda Airport and the City of Stockholm, the forum saw a gathering from nearly 750 airports and 300 airlines across 110 countries, there to strike deals and identify opportunities for new routes. "It was a good forum to lay new contacts and service the old contacts," said Ms. Hassell.

OCTOBER

PJIAE WORKERS GET IATA CERTIFIED

Representatives from different departments within PJIAE in the first week of October 2007 took part in a five-day Airport Certification Standard Course, conducted by instructor Ralph Plourde of the International Air Transport Association (IATA). PJIAE is a certified aerodrome and as such it is important that staff is familiar with the requirements of the International Civil Aviation Organisation (ICAO), regarding the aerodrome certificate. It is also important that PJIAE staff knows all technical standards has followed all recommended courses and knows all procedures. Mr. Plourde said: "It is a good training to show employees that things are not as easy as they look and that there are a

lot of standards and procedures. It gives them a broader view of things, but also a detailed view of specifics that are important to their work."

TERMINAL BUILDING FORMALLY HANDED OVER

PJIAE formally had the terminal building maintenance handed over from the main contractor Koop Holding Europe on October 26 2007. "It was pretty hectic to prepare for this event, but in the end it all worked out," said PJIAE President Mr. Eugene Holiday. The building was handed over after having established a few issues that were outstanding, which the main contractor was responsible for. The only area that was not handed over was the visitors' parking lot. The defects liability period of the parking lot has been extended by another year. When the terminal building was provisionally handed over on October 25 2006, the main contractor had a period of one year to make sure that everything was constructed and functional, in line with the design. In that period of one year, also referred to as the trial period, the main contractor was still liable for defects to the building.

NOVEMBER

OPEN HOUSE FOR FIRST ANNIVERSARY

Scores of people flocked to PJIA for the open house on Saturday November 10, 2007 to celebrate the first anniversary of the terminal building. Members of the public, visitors and persons working at the airport lined up for food and drinks.



DRS. HOLIDAY: 'FIRST YEAR WAS CHALLENGING'

During the open house to celebrate the first anniversary of the opening of the terminal building, PJIAE President Drs Eugene Holiday looked back at one year of operations in the new terminal building. He called the past year challenging. "I look back with great pleasure to the moment one year ago when Her Majesty Queen Beatrix officially inaugurated the new terminal building.

4. PJIAE Historical Overview



PJIA's new terminal facility was commissioned in 2006

Princess Juliana International Airport (PJIA) has come a long way from the modest airstrip that was built in 1942 for US military use. From its transformation into a civil airport in 1943 and its subsequent official opening by Her Royal Highness, Princess Juliana in 1944, the airport has been the catalyst of development in St. Maarten and its immediate sub-region. Today, PJIA is the second busiest airport in the North Eastern Caribbean, in terms of aircraft movements, behind San Juan, Puerto Rico .

Princess Juliana International Airport is located 15 kilometers northwest of Philipsburg, the capital of St. Maarten. Spanning 16 square miles in the southern part of the smallest landmass in the world shared by two nations, St. Maarten is a territory of the Netherlands Antilles, a autonomous country that forms part of the Kingdom of the Netherlands . The northern side (St. Martin) is governed by the French. While English is the main language on both sides, Dutch is the official language in St. Maarten and French the official language on the northern side.

PJIAE PLAYS A STRATEGIC ROLE IN THE DEVELOPMENT OF THE ECONOMIES AND TOURISM INDUSTRIES OF SURROUNDING DESTINATIONS ST. MARTIN, SABA, ST. EUSTATIUS , ST. BARTH'S AND ANGUILLA.

The Princess Juliana International Airport, which serves as the international gateway for both sides of the 37-square mile island, is operated by Princess Juliana International Operating Company NV (PJIAE), a limited liability company, which is wholly owned by PJIA Holding N.V. The Holding is owned by the Island Government of the Island Territory of St. Maarten. The airport is also the main hub that feeds the airports of surrounding islands, Saba, St. Eustatius , St. Barths and Anguilla . As a matter of fact, on average about 20 percent of the passengers that arrive at PJIAE annually in the past 5 years, have one of the abovementioned islands as their final destination. It is safe to say therefore that from its primary establishment, PJIAE has played a strategic role in the development of the economies and tourism industries of these islands.

The potential was obvious from the time the first civil flight -Royal Dutch Airline KLM's "Kolibríe"- touched down on December, 3, 1943, but it took till 1964 for Government to facilitate the first upgrade of the airport, which included remodeling and relocation of the facility. A new terminal building and an operational Control Tower were constructed, the runway angle was changed to a heading of 090/270 degrees with a length of 1400 meters. Steady growth was recorded from then on; from 1964 to



The former terminal building of PJIAE which was expanded in 1985, served our island until the new terminal building was commissioned in 2006.



In 1964, the airport building was extended; new arrival and departure halls were added.



PJIA's first terminal building in 1943

1970 the annual passenger traffic grew at an average of 22% and during the decade 1970-1980 it stabilized at an annual average of approximately 12%. By 2001, PJIA had become the major connection of European and American flights to the Caribbean .

The Airport Master Plan, prepared in 1991 by NACO B.V. was approved and accepted by PJIAE on May 2, 1997; it consisted of several phases dealing with the immediate and future development of the airport in accordance with the expected passenger traffic.

Projects such as the runway resurfacing improvement, construction of the new Airport Rescue and Fire Fighters facility and the rearrangement of the parking lot facilities were completed soon after. Phase I of the Airport master plan consisting of 15 projects was concluded in 2001 with the completion of the last project, the construction of the first ever Airport Business Class Lounge. The US\$ 11 million new Integrated Radar and Air Traffic Control Facilities financed by Barclays Bank, was realized in the period 2002 – through October 2003.

Then, on Friday June 18th 2004, ground was officially broken for the new terminal building and related facilities.

Over the next two years, St. Maarten and its visitors looked on as a bare plot of land was turned into the most modern aviation facility in this region. The facilities were designed and supervised by NACO B.V., financed by RBTT Merchant Bank and constructed by Koop Holding Europe under the direction of PJIAE Management.

Some of the milestones signifying this transformation were the pile driving on August 25th, 2004 , the steel structure going up in January 2005, the roof wetting on June 3rd 2005 and the opening of the new airport boulevard a month later.

The operational opening, which included the provisional hand-over ceremony took place on October 25th 2006. On November 10th 2006, the whole of St. Maarten and invited guests from the surrounding islands attended the ceremonial opening of the new facility.

Hosted on the eve of the observance of St Maarten Day, which marks the first sighting of St. Maarten by Christopher Columbus on November 11, 1493, the ceremony also paid homage to St. Maarten's special relationship with the Netherlands ' House of Oranje; Her Majesty Queen Beatrix officiated the new terminal building as her mother, the late Princess Juliana had done in 1944.

5. Corporate Information

5.1 CORPORATE STRUCTURE

Princess Juliana International Airport is the airport of St. Maarten, Netherlands Antilles. It is located 15 kilometers northwest of Philipsburg and is operated by Princess Juliana International Airport Operating Company (PJIAE) N.V. PJIAE N.V. is a limited liability company, wholly owned by PJIA Holding N.V., which in turn is fully owned by the government of St. Maarten. The Operating Company was incorporated on September 13, 1996 on St. Maarten, Netherlands Antilles. The Government has issued a concession to PJIAE, for a period of 20 years effective January 3, 1997 to manage, maintain, operate and develop the airport facilities, and conduct all financial and commercial activities related to the airport business on St. Maarten. The concession was extended in 2004 and expires in 2025.

Pursuant to the articles of incorporation, PJIAE has three corporate bodies: the General Shareholder's Meeting, the Board of Supervisory Directors and the Managing

Board. The two latter corporate bodies are appointed by the General Shareholders' Meeting. The Supervisory Board of Directors comprises six non-executive directors including the chairperson, providing a wide range of skills and experience. The roles of the Supervisory Board and Management are separate and clearly defined. The Board meets regularly with management to review financial performance and strategy.

COMPOSITION OF THE BOARD

There were no changes in the composition of the Board of Supervisory Directors for 2007. At the end of 2007 the Board consisted of the following persons:

Miguel L. Alexander	<i>chairman</i>
Andre Dijkhoffz	<i>vice chairman</i>
Peggy-Ann T. Dros-Richardson	<i>secretary</i>
Regina M. Labega	<i>member</i>
Rolando Tobias	<i>member</i>
M. Gary Matser	<i>member</i>

PJIAE SUPERVISORY BOARD



Mr. Gary Matser
Member

Ms. Regina Labega
Member

Mr. Andre Dijkhoffz
Vice Chairperson

Mr. Miguel Alexander
Chairperson

Ms. Peggy Ann Dros
Secretary

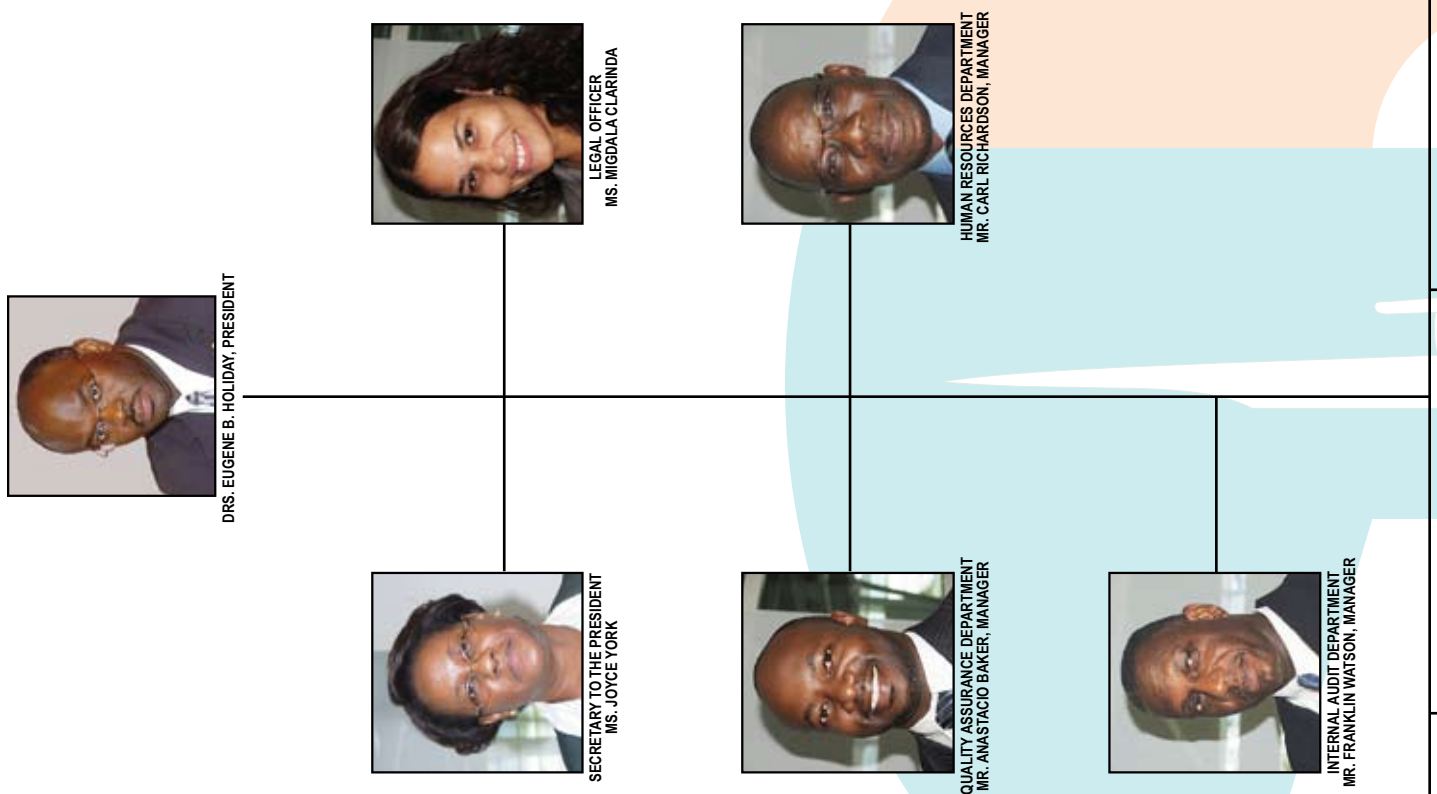
Mr. Rolando Tobias
Member



5.2 ORGANIZATION

This chart provides an overview of the organizational structure of PJIAE N.V. This chart includes the pictures of the statutory executive director, non-statutory directors and department managers as of December 31, 2007, who together make up the management team of the company.

Mr. Kenneth Kong - former Director of Operations - left the company as of June 30, 2007.





TECHNICAL DIVISION
MR. MIRTO BRELL, DIRECTOR



FINANCIAL & COMMERCIAL DIVISION
MRS. SHIRLEY PANTOPHILET, DIRECTOR



OPERATIONAL DIVISION
MR. LARRY DONKER, DIRECTOR



AIR TRAFFIC SERVICES DIVISION
MR. JAN BROWN, DIRECTOR



ELECTRICAL DEPARTMENT
MR. VERNON ROMBLEY, MANAGER



FACILITY MAINTENANCE DEPARTMENT
MR. JUSTINIEN JOE



HOUSEKEEPING DEPARTMENT
MS. HILDA CAINES, MANAGER



PROJECT PLANNING SYSTEMS
MR. DEREK HILLMAN, MANAGER



FINANCIAL & ACCOUNTING DEPARTMENT
MR. HENRI LAURENCE, MANAGER



MARKETING AND CUST. SERVICE DEP.
MS. JULIETTE HASSELL, MANAGER



INFORMATION AND TECHNOLOGY DEP.
MR. KENDALL DUPERSOY, MANAGER



SOULIGA BUSINESS CLASS LOUNGE
MS. KETTY PAINES, MANAGER



PURCHASING DEPARTMENT
MR. EVANS MARSHAM, MANAGER



OPERATIONS DEPARTMENT
MR. MICHEL HYMAN, ACTING MANAGER



RESCUE & FIRE FIGHTING DEPARTMENT
MR. MANILO PENUN, MANAGER



SECURITY DEPARTMENT
MR. WAYNE VAN PUTTEN, MANAGER



APPROACH CONTROL DEPARTMENT
MR. RAOUL VAN HEYNINGEN, MANAGER



TOWER CONTROL DEPARTMENT
MRS. JEAN CHRISTIAN, MANAGER

6.1 REPORT OF THE BOARD OF SUPERVISORY DIRECTORS

The Board of Supervisory Directors is pleased to present Princess Juliana International Airport Operating Company N.V. 2007 Financial Statements as prepared by Management. The Financial Statements have been examined by the external auditors PricewaterhouseCoopers, who gave an unqualified opinion regarding same. On February 3rd, 2009 the Financial Statements were approved by the Board of Supervisory Directors

The Board's activities in 2007

The Board met monthly and considered a broad range of policy issues relating to the activities of the Airport. In the monthly meetings, Management of Princess Juliana International Airport Operating Company N.V. (the "Company") gave a report on Operational, Air Traffic Control, Technical and Financial, Commercial, Human Resources and Legal issues.

The Board of Supervisory Directors was updated on a monthly basis by Management on the progress of the Capital Investments works in terms of compliance with the budget, the quality and the planning.

Every quarter the Board received the Quarterly Management Financial Report for its own perusal, comments and direction. In these reports the actual results were analyzed and compared with the 2007 budget and audited figures for 2006.

The Board had regular discussions with Management concerning the strategy of the Company. The 2007 Budget was discussed and approved and various investment decisions were approved in view of the successful operation of the New Terminal Building.

Overall the year 2007 was a favorable year as is reflected in the financial results of the Company.

Board's advice to the Shareholder

The Board of Supervisory Directors has the honor to submit the following proposals to the Shareholder:

1. To approve and adopt the Financial Statements of the Company over the financial year January 1st through December 31st, 2007
2. To allocate the net profit of the year ad ANG. 2,161,032.00 (after tax) to the Retained Earnings;
3. To discharge Management and Board of Supervisory Directors of any responsibility and liability in respect of its management and supervisory duties for the year ended December 31st, 2007

In conclusion, the Board would like to take this opportunity to thank all employees of the Princess Juliana International Airport Operating Company N.V. for their professionalism, dedication and contribution made during the year in review.

On behalf of the Board of Supervisory Directors
Miguel L. Alexander, Chairman



6.2 INDEPENDENT AUDITOR'S REPORT

We have audited the Financial Statements of Princess Juliana International Airport operating company N.V. for the year ended December 31, 2007, from which the accompanying condensed balance sheet and condensed statement of income (as set out on pages 24 and 25) were derived, in accordance with International Standards on Auditing.

In our report dated July 24, 2008 we expressed an unqualified opinion on these financial statements.

In our opinion, the accompanying condensed balance sheet as of December 31, 2007 and condensed statement of income for the year then ended are consistent, in all material respects, with the financial statements from which it has been derived.

For a better understanding of the Company's financial position and the results of its operations for the period and of the scope of our audit, the condensed balance sheet and condensed statement of income should be read in conjunction with the financial statements from which the condensed balance sheet and condensed statement of income were derived and our report thereon.

Sint Maarten, February 3rd, 2009
PricewaterhouseCoopers Netherlands Antilles
Cees Rokx



6.3 CONDENSED BALANCE SHEET

As of December 31 (in ANG)

	2007	2006
Assets		
Current Assets and non-liquid accounts	79,770,426	93,166,825
Financial Fixed Assets	3,844,800	4,058,400
Tangible Fixed Assets	260,583,813	259,715,941
Total Assets	344,199,039	356,941,166
Liabilities		
Current Liabilities	31,494,205	29,824,248
Long term Liabilities	232,343,879	248,412,631
Provisions	4,592,969	5,097,333
Total Liabilities and Provisions	268,431,053	283,334,212
Shareholders' Equity		
Share Capital	200,000	200,000
Contributed surplus	5,200,000	5,200,000
Retained Earnings	70,367,986	68,206,954
Total Shareholders' Equity	75,767,986	73,606,954
Total Liabilities and Shareholders' Equity	344,199,039	356,941,166



6.4 CONDENSED INCOME STATEMENT

As of December 31 (in ANG)

	2007	2006
Revenues		
Aeronautical Revenues	65,992,051	56,782,827
Non-Aeronautical Revenues	14,490,388	10,247,525
Total Revenues	80,482,439	67,030,352
Expenses		
Operating Expenses	39,829,583	31,265,610
Depreciation	22,364,864	12,902,547
Total Operating Expenses	62,194,447	44,168,157
Operational Result	18,287,992	22,862,195
Financial Income & Expenses		
Finance Cost - net	16,631,324	7,926,958
Income before taxes	1,656,668	14,935,237
Provision for deferred taxes	(504,364)	528,229
Net income for the year	2,161,032	14,407,008

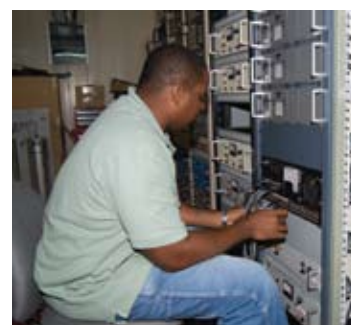
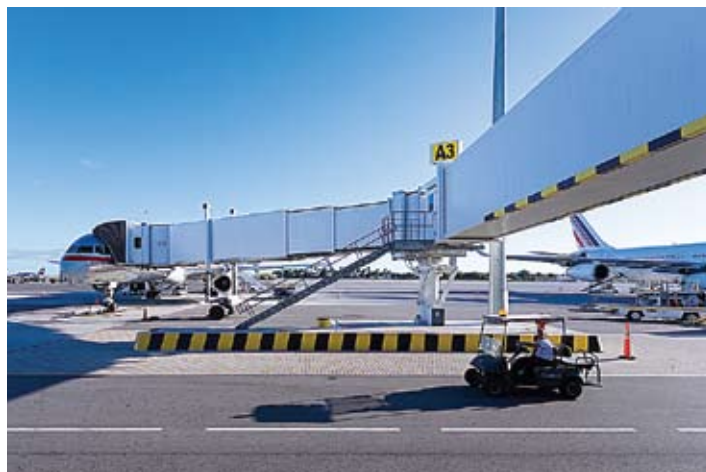
7. Adapting to Change

When the new terminal building of the Princess Juliana International Airport (PJIA) was commissioned on November 10 2006, PJIA's Operating Company (PJIAE) fulfilled its promise for a totally upgraded facility. Spanning an astounding 30,500 square meters, the four-level, fully air-conditioned building stands out with its glass exterior which gives especially departing passengers a magnificent panoramic view of airport activities. There are 46 airline check-in counters with Common Use Terminal Equipment and 11 gates, four of which with jet bridges.

A challenge was conquered. A challenge that saw the emerging of a unique facility that replaced the former airport building; the real challenge now is making it work as envisioned. All who use the facility have to adapt to the new culture that is necessary to take full advantage of the possibilities of the building.

The new reality means adaptation to a new facility which is state-of-the-art for this present time. Aviation in St. Maarten has shifted from a building -which for its time was one of the better airports in the region and has served St. Maarten well. Whereas the former facility had stand-alone systems, the whole array of systems in the new facility is fully integrated. The safety, operational and security systems, the flight information display - and baggage information display, the central air-conditioning system, the centralized communications network and the common use terminal equipment (CUTE) are all integrated.

The CUTE system which all airline counters are equipped with, offers greater flexibility of passenger handling. Through it, users can make more efficient use of space and available financial resources. The accompanying FIDS also allows for constant communication with passengers in the event that there are changes in departure and arrival times. The Building Monitoring System (BMS) system offers the





airport the possibility to see right away when there is something amiss and to respond and remedy the situation.

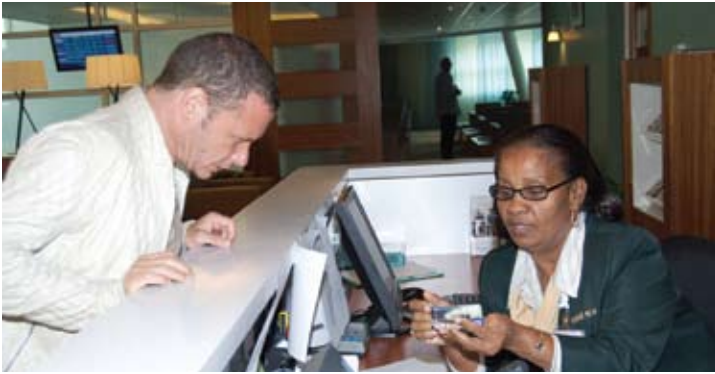
CUTE, FIDS and BMS are just some of the integrated systems that enhance safety, efficiency, management and planning. The new reality at PJIAE calls for users to adopt a very strong common use culture; a shift in philosophy. A culture where everything is properly planned, with a high degree of discipline and coordination. Developing that culture is a challenge in itself.

Since the upgrade several airlines, including Air France, Continental Airlines, US Airways and commuter airline Insel Air increased their flight frequencies. Low-cost carrier Spirit Airlines and Dutch airline ArkeFly also added St. Maarten to their itineraries in 2007.

In addition there was an increase in movements by private and corporate jets. In 2007 PJIAE handled 12,188 private jet movements, an increase of 10.1 percent over 2006, when 11,065 movements were handled.

Potential for further growth is obviously significant, and correct adaptation to the new reality will therefore be beneficial across the board. Just as PJIAE's increased capacity allows for accommodating more flights, so can airlines, concessionaires and related businesses prosper from the investment that has been made in St. Maarten's future; a future that has never looked brighter.





8. Airport Facts

Princess Juliana International Airport (PJIA) is the Regional Leader in Aviation.

Our airport plays an invaluable role in the further development of the tourism industries of St. Maarten and the surrounding destinations St. Martin, Saba, St. Eustatius, Anguilla and St. Barths. PJIAE is serviced by almost 20 airlines, and there is direct service to close to 30 major cities in the US, Europe, Canada and the Caribbean.

Geographical location: Simpson Bay, St. Maarten

Longitude 63.1 / Latitude 18.3

Airport area: 642,415 m²

Runway

Identification numbers 09/27

Length 2,180 m

Width 45 m

Capacity 36-40 movements per hour

Apron

Main 89,000 m²

General aviation 20,000 m²

General aviation cargo 7000 m²

Design capacity 9 wide body aircrafts

Parking lots

Public parking lot 355 lots

Employee parking lot 321 lots

Navigation aids NDB, VOR/DME, LOC/BCN

Terminal

PJIA commissioned an ultra-modern terminal facility in November 2006.

The new terminal building has four floors and is fully air-conditioned, with a capacity to handle 2.5 million passengers per year.

Area 30,500 m²

design capacity 2.5 mln passengers annually

Opening hours 06:00 - 23:00 hours

PRINCESS JULIANA INTERNATIONAL AIRPORT OPERATING COMPANY N.V.

**P.O. BOX 2027, SIMPSON BAY, ST. MAARTEN, NETHERLANDS ANTILLES
TEL: (599) 546-7542 • FAX: (599) 546-7550 • E-MAIL: INFO@PJIAE.COM • WWW.PJIAE.COM**

FEBRUARY 2009



Photo: Iwan Baan