



ANNUAL REPORT 2010

SOARING AT NEW HEIGHTS







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

	2010	2009	2008	2007	2006	2005
Statistics						
Passenger Movements ¹	1,645,105	1,625,964	1,726,656	1,652,332	1,643,387	1,667,542
Aircraft Movements ² *	60,870	62,627	71,936	74,769	79,014	78,553
Cargo & Mail Movements (in tons)*	7,544	8,620	9,449	8,505	8,057	9,024
Destinations Served	33	32	31	29	29	28
Scheduled Airlines	22	21	20	20	19	19
Charters (average number per season)	12	13	13	12	14	19
Income Statement³						
Total Revenues	84,647,901	83,027,823	87,250,093	80,482,439	67,030,352	59,418,633
Total Expenses	84,222,114	78,412,214	84,163,070	78,321,407	52,623,344	40,197,646
Net Income	425,787	4,615,609	3,087,023	2,161,032	14,407,008	19,220,987
Balance Sheet³						
Total Assets	268,377,624	280,064,607	326,005,681	344,199,039	356,941,166	319,331,346
Liabilities	184,301,178	196,413,947	246,970,630	268,431,053	283,334,212	260,131,400
Shareholders Equity	84,076,446	83,650,659	79,035,051	75,767,986	73,606,954	59,199,946
Personnel PJIAE as of Dec. 31 st	266	266	270	271	269	218

* The numbers for previous years were adjusted in 2010 for accuracy.

- 1. Includes transit passengers
- 2. Excludes overflying aircraft
- 3. All figures in Netherlands Antillean Florins



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1. Interim Managing Director's Message



In October 2010, I was handed the responsibility to hold the helm of Princess Juliana International Airport Operating Company. I was charged with the management and representation of PJIAE, which I did to the best of my ability. I was privileged and honored; very proud and excited to lead the great team that PJIAE is.

During this period I held two positions, namely Interim Managing Director and Director Operations Division. I have a bond with this organization which covers over 26 years and I will continue to give my utmost to this organization. In this industry we face challenges on a daily basis and I sincerely hope that efforts by all to face these challenges will continue.

My first priority was to prepare the airport for the upcoming winter season 2010 – 2011. I paid much needed attention to "Human Factors" and "Strategy for Change".

It was a wonderful experience, one that was anticipated and expected looking at my career development at PJIAE. Looking ahead and at what is yet to come, I can only repeat words I spoke back in July 2006, when I was asked: "What's next?" I am never at a standstill.

We must take the task ahead serious and acknowledge that the air transport world in general is changing and that to maintain our position we must face changes, not only in the way we define PJIAE airport vision, but also in the way we manage our airport daily. While attention to operations, technology, traffic growth and market- share are important, these alone are not sufficient to ensure success. Measures of success, such as customer priorities, share of value, innovation and leadership are presently significant factors in the development of a successful airport strategy.

We must now adapt our approach in this ever changing environment. Management and staff must adopt a new orientation, centered on the creation of value for business. We must take on the challenge and focus on also creating value through our employees. It is important to align our airport community with the value that is being created. This requires an extensive and ongoing communication strategy, both internal and external. We must continue to build a pool of knowledgeable staff, managers and leaders whose expertise will determine the contours of our business.

We must acknowledge that customers and other stakeholders often hold PJIAE accountable for the



level of service provided airport-wide; even though many others are responsible for the delivery of service. We must anticipate the needs of passengers and visitors and strive to fulfill those needs. A great facility creates an atmosphere of engagement with everyone who uses it; it enhances the entire air travel experience. To provide a genuine welcome and to demonstrate a genuine desire to serve our passengers and visitors, these are the cornerstones for our service. Our ultimate task is to create an airport that provides an atmosphere and the services that touch passengers and visitors, provide superior hospitality and provide leadership through service.

Everybody is, whatever their role and responsibilities, indispensable for our company. We must listen to each other and most importantly to our customers; there are opportunities to be had for us all – and if we all pull together, we're going to make it happen.

Once again my personal and heartfelt thanks to all, for your cooperation, assistance and support.

Larry Donker

Interim Managing Director, PJIAE

2. Business Development Report 2010

2.1 Passenger Movements

Airports Council International (ACI) preliminary traffic results for 2010 indicate a global passenger increase of 6.3% compared to 2009. While this increase is better than expected on a global scale, PJIAE in comparison recorded a slightly less dramatic

ger numbers are still below pre-crisis levels, which started in 2008 with increasing fuel prices. These developments are reflected in table 1 below.

The most significant increase in passenger traffic

Table 1. YEARLY PASSENGER MOVEMENT COMPARISON

	2007	2008	2009	2010
Inbound	739,617	768,229	721,736	729,945
% change*	-0.9%	3.9%	-6.1%	1.1%
Outbound	775,618	783,178	727,248	748,225
% change*	2.1%	1.0%	-7.1%	2.9%
Total In and Out	1,515,235	1,551,407	1,448,984	1,478,170
% change*	0.6%	2.4%	-6.6%	2.0%
Transfers#	110,129	95,813	80,312	87,689
% change	-26.1%	-13.0%	-16.2%	9.2%
Transit	137,097	175,249	176,980	166,935
% change*	-0.6%	27.8%	1.0%	-5.7%
Grand Totals	1,652,332	1,726,656	1,625,964	1,645,105
% Change*	0.5%	4.5%	-5.8%	1.2%

*Percentage change in comparison with the previous year.

Transfers are included in the total in and out passengers and are therefore not added to the grand totals.

increase in passenger traffic in 2010. Total passenger movements for 2010 amounted to 1,645,105 compared to 1,625,964 in 2009. Although Origin and Destination passengers in 2010 were slightly up by 2.0% compared to 2009, the sharp decline of 5.7% in Transit passengers offset this total, resulting in an overall increase of 1.2%.

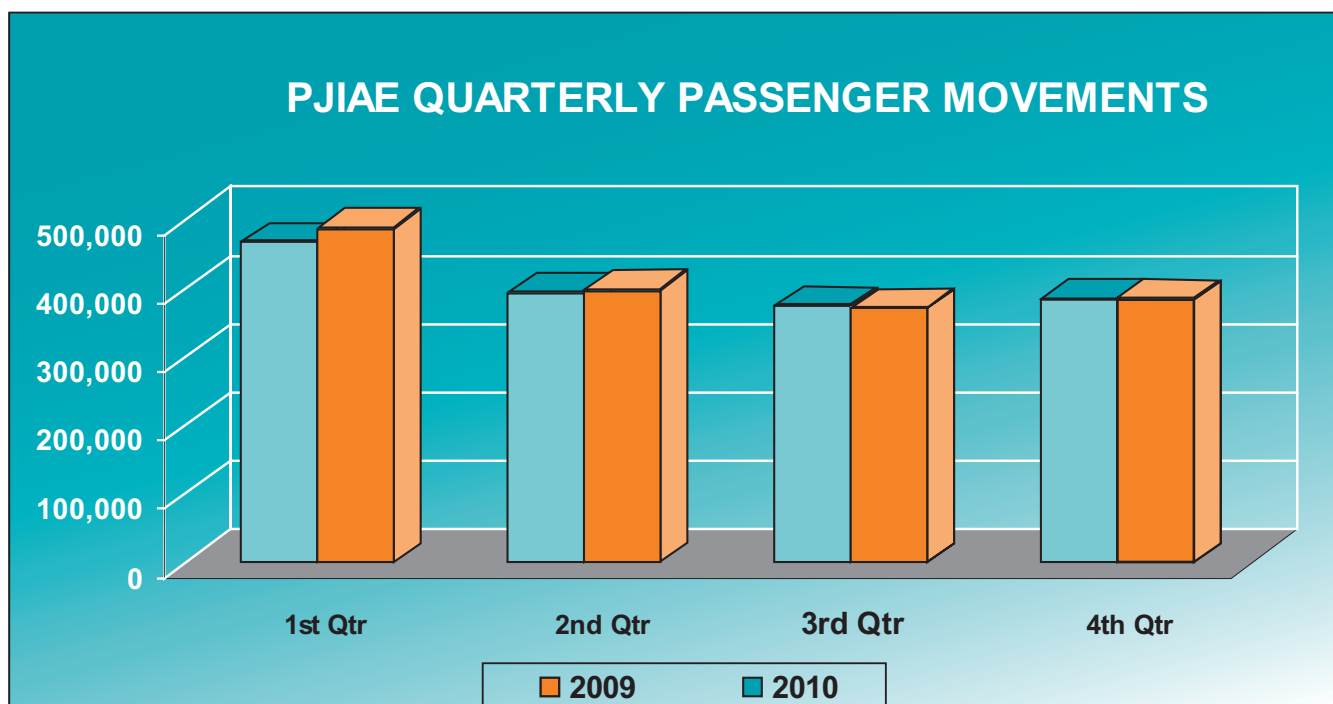
Year on year comparison for the past 4 years shows that in spite of the slight increase in 2010, passen-

was noted in the first quarter of 2010, where traffic grew by 4.5% over the same period in 2009; Transit passenger traffic also grew some 3.6% in the first quarter of 2010. The first quarter of the year represents the peak of the high season and the numbers indicate that after a rather turbulent 2009, passenger traffic seemed to have picked up.

The United States of America being the primary market for PJIAE in terms of origin of passengers, was severely hit by an early winter season in 2010 – December being unusually harsh.

Except for the first quarter, the subsequent quarterly developments in 2010 therefore show very little change compared to 2009, as is reflected in graph 1 below.

Graph 1. PJIAE QUARTERLY PASSENGER MOVEMENTS



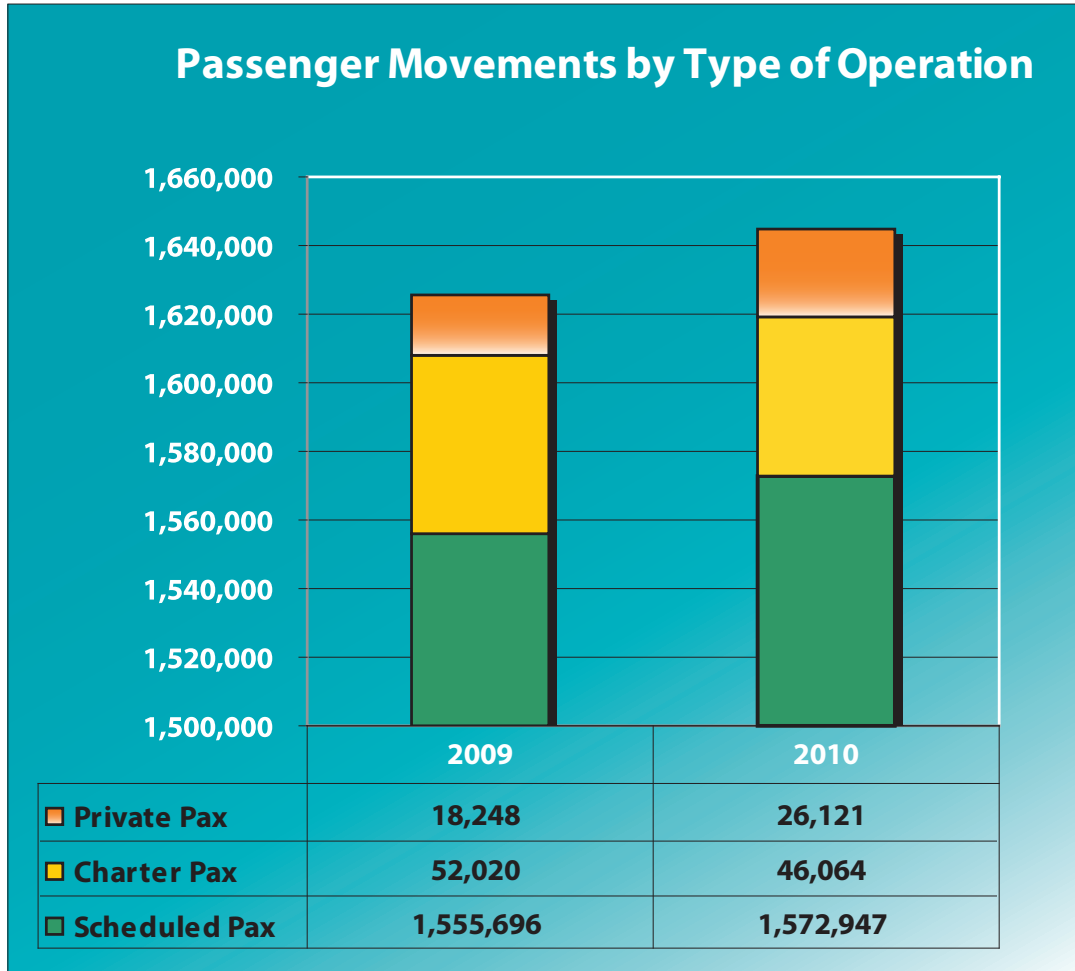
This resulted in many flight delays and some cancellations from the USA thereby affecting passenger numbers at PJIAE particularly for November and December, which reflected a decrease of 1.5% and 1.7% respectively.

In spite of this however, the last quarter still shows a minimal decrease in passenger movements overall of -0.1%; this was largely due to the surge in passenger numbers in October offset by a decrease in transit passengers for the whole quarter of -7.1%.

The harsh winter of 2010-2011 would have a far greater impact on passenger traffic in the first two months of 2011, as will be reflected in the numbers for 2011.

In addition to the early harsh winter, the economic downturn particularly in the USA continued in 2010 to play a major role in the passenger traffic developments as well; increased cost of fuel resulted in higher ticket fares, which in turn curbed demand for travel. In spite of this however, scheduled passengers increased slightly by 1.1% in 2010.

Graph 2. PASSENGER MOVEMENTS BY TYPE OF OPERATION



While it seemed more expensive to fly commercially, private and corporate passenger travel on the other hand increased by some 43.1%, climbing from 18,248 passengers in 2009 to 26,121 in 2010. Graph 2 above gives an overview of the passenger share per carrier operation.

With regard to transit passengers however, quite a different development is noted; after finally gaining ground in 2008 - recording the highest number since 2001 - transit passenger numbers dipped dramatically in 2010 after remaining practically unchanged in 2009.

This change may indicate once again that airlines are operating more direct flights to surrounding destinations, rather than flights with a transit stop at PJIA. Transfers on the other hand, after a continuous downward slide yearly since 2005, finally recorded an increase of 9.2% in 2010 compared to 2009 – an indication that preference for PJIA as a hub may be on the rise again. These developments are reflected in table 1 on page 8.

2.2 Aircraft Movements

Unlike passenger movements, aircraft movements continued on its downward slope in 2010, recording a total of 60,870 movements compared to 62,627 in 2009 – a change of -2.8%. This change however, reflects a less dramatic decrease than in 2009, which recorded a decrease of -12.9% compared to 2008; possibly indicating that aircraft movements may be leveling off after a very turbulent 2009. Total movements however, remain far below the pre-crisis year (2008) levels.

The following graph reflects the yearly developments in aircraft movements.

Noteworthy is the fact that while passenger volumes on scheduled carriers grew by some 1.1% in 2010, movements in scheduled carriers on the other hand, declined by some -6.4% in the same period. This is due to the fact that while many carriers have had to cut frequencies or drop unprofitable routes in an effort to reduce costs, efforts have been made to operate with fuller aircrafts, resulting

in higher load factors. To increase revenues, some carriers increased seat capacity. One such carrier is KLM which increased seat capacity to the Dutch Caribbean including St. Maarten, in April 2010 and therefore transported more passengers through PJIAE compared to 2009. This also contributed to the slight increase in passenger movements as noted above.

Thus, a subsequent increase in scheduled passenger movements did not necessarily mean that there was an increase in scheduled aircraft movements. In contrast to this however, proportionately to the increase in passenger movements on private and corporate aircraft, movements in that category (private and corporate aircraft movements) did increase by some 8.1%. Charter movements however decreased, while the other categories show increases in movements compared to 2009. Table 2 on page 12 below reflects these developments.

Graph 3. YEARLY AIRCRAFT MOVEMENTS

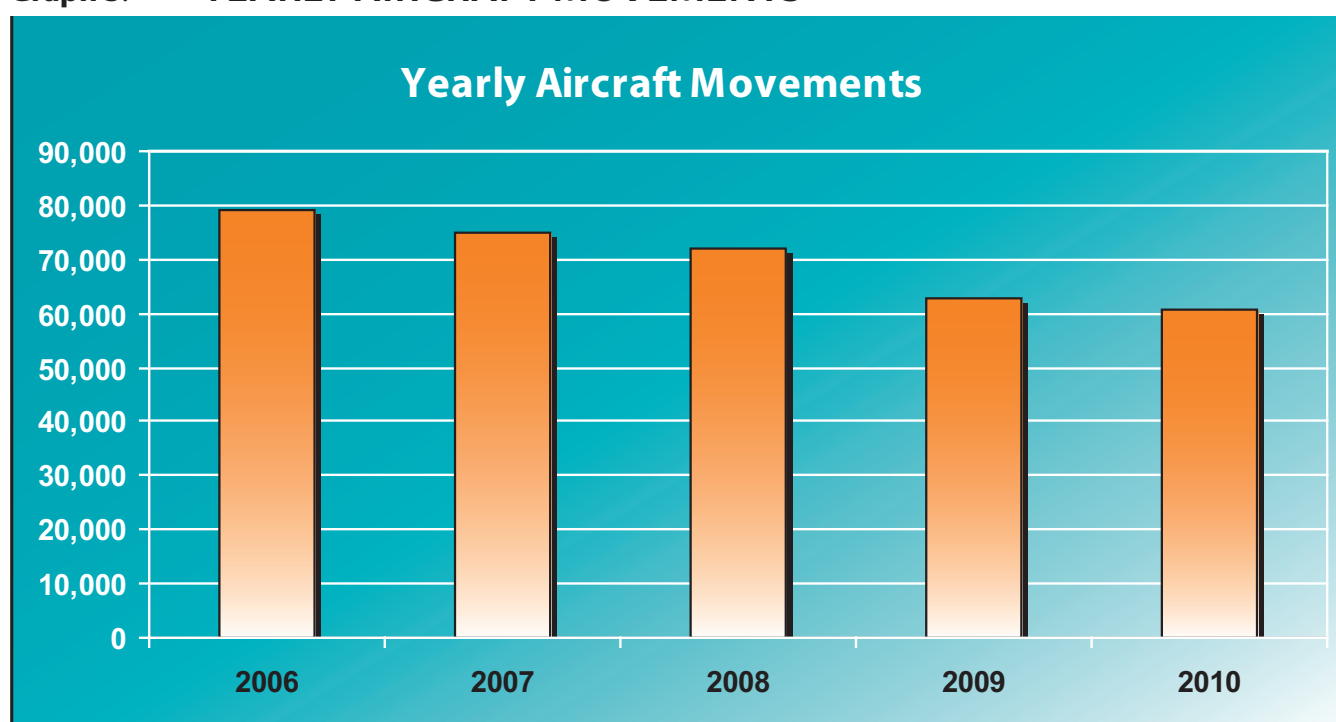
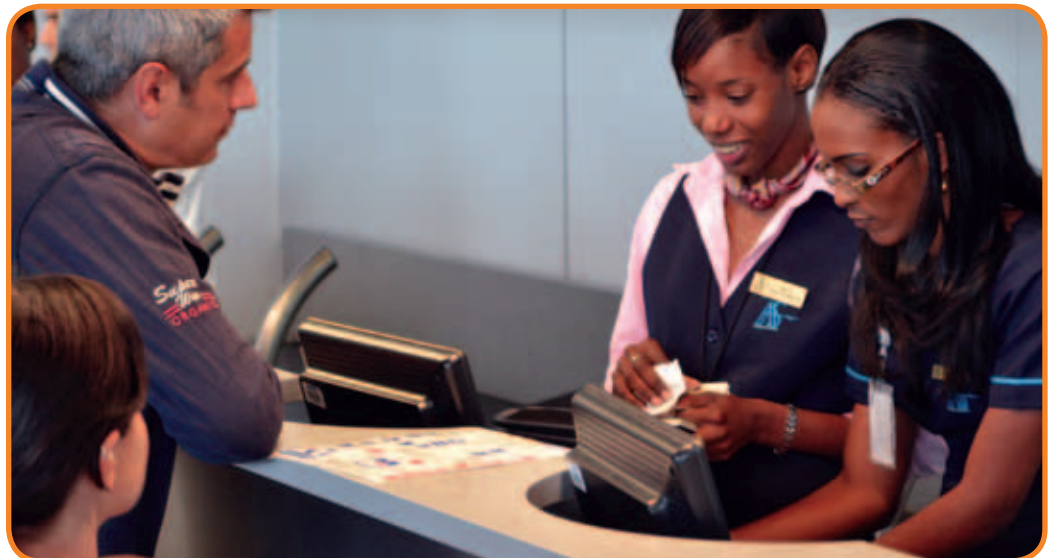


Table 2. ANNUAL AIRCRAFT MOVEMENT 2006-2010 BY MARKET

	2007	2008	% Chg	2009	% Chg	2010	% Chg
SCHEDULED	57,410	54,642	-4.8%	48,195	-11.8%	45,102	-6.4%
CHARTER	476	478	0.4%	600	25.5%	526	-12.3%
CORPORATE JETS	5,202	5,294	1.8%	5,302	0.2%	6,143	15.9%
PRIVATE/CORPORATE JETS	14,024	14,531	3.6%	11,549	-20.5%	12,480	8.1%
CARGO	2,808	2,214	-21.2%	2,237	1.0%	2,699	20.7%
OTHER	51	71	39.2%	46	-35.2%	63	37.0%
TOTAL AIRCRAFT MOVEMENTS	74,769	71,936		62,627		60,870	
% CHANGE	-19.2%	-3.8%		-12.9%		-2.8%	

In December of 2010 COPA Airlines started scheduled direct service to PJIAE from Panama, increasing the number of scheduled carriers serving PJIAE to 22 and the number of direct destinations served to 33. This addition however, being at the end of the year, was not enough to impact the total amount of aircraft movements for the year; the effect of this addition would be reflected in the numbers for 2011.

Efforts to increase air service to PJIAE are still ongoing and contacts have been made with many carriers from various parts of the world - who may have demonstrated some interest in starting service to PJIAE - through aviation networking events, such as World Routes, Routes Americas, Network USA and Network Latin America, which are attended by PJIAE Marketing staff annually since 2005. Meetings with airlines at these events have resulted in at least one new airline starting service to PJIAE on average per year since 2007.



Scheduled Carrier	Country of Origin	Scheduled Carrier	Country of Origin
Air Canada (Seasonal)	Canada	Delta Airline	USA
Air France	France	Dutch Antilles Express	Curacao
Air Caraibes	Guadeloupe	JetBlue Airways	USA
American Airline	USA	KLM	The Netherlands
American Eagle	USA	LIAT	Antigua
Air Transat (Seasonal)	Canada	Spirit Airline	USA
Insel Air	Curacao	St. Barths Commuter	St. Barths
Caribbean Airline	Trinidad & Tobago	United Airlines	USA
Continental Airline	USA	US Airways (USAir)	USA
Copa	Panama	Westjet Airlines	Canada
Corsair	France	Winair	St. Maarten

Of the 22 scheduled carriers, direct service is offered to 33 destinations, with onward connections to other Caribbean islands and to many other cities in the US, South and Central America, Canada and Europe. PJIA provides for direct service to the following cities:

USA	St. Croix
Atlanta	St. Kitts
Boston	St. Thomas
Charlotte	Tortola
Chicago	Trinidad
Fort Lauderdale	
Miami	Western Caribbean
New York	Haiti
Newark	Jamaica
Philadelphia	San Juan
Washington	Santo Domingo
	Panama City
Eastern Caribbean	
Anguilla	Canada
Antigua	Montreal
Curacao	Toronto
Dominica	
Guadeloupe	Europe
Montserrat	Amsterdam
Saba	Paris (CDG & ORY)
St. Eustatius	

A breakdown of the 1,645,105 passengers passing through PJIA shows American Airlines to be the carrier having the largest share, namely 14.2% of the total passenger movements. This is followed closely by Winair with 10.8% and then US-Air with 10.6%. As of December 2010, we have Copa Airlines out of Panama, Central America servicing PJIA directly. We have no other carriers yet from South and Central America or the United Kingdom currently serving PJIA directly, so that travel between these countries and St. Maarten is therefore usually done in combination with other carriers or by means of seasonal charters.

It is our goal to attract business from those regions so as to start up regular scheduled service between these countries and St. Maarten (PJIA). In an effort to do so, we have increased our presence at international aviation conferences and airline/ airport forum, such as Network USA, Network Latin America and Routes.

PJIAE hosted Network Latin America 2009 in December 2009, which gave PJIAE the opportunity to meet with a number of airlines from Latin America and to discuss possible new service.

2.3 Cargo Movements

Although PJIAE recorded an increase in cargo *aircraft* movements in 2010 (see table 2 on page 12), the cargo movements itself dropped 12.5% in 2010 compared to 2009. In 2010 PJIAE moved some 7,544 tons of cargo compared to 8,619 in 2009. Monthly developments show that the largest movements of cargo are recorded in January, February and March and December. As has been evident from previous years, particularly

in December, cargo movements are significantly higher than the other months of the year, indicating the increased demand for goods in that month. Cargo movements at PJIAE will continue to fluctuate as shipments by air are highly dependent on the need for time-sensitive and perishable goods.

Table 3 below reflects the development of cargo over the past five years.

Table 3. ANNUAL CARGO AND MAIL MOVEMENTS 2006-2010

	2006	2007	2008	2009	2010
Inbound Cargo and Mail	7,021,000	7,245,193	7,699,240	7,108,000	6,147,201
% change	-9.7%	3.2%	6.3%	-7.7%	-13.5%
Outbound Cargo and Mail	1,036,221	1,259,736	1,749,489	1,511,095	1,396,825
% change	-16.8%	21.6%	38.9%	-13.6%	-7.6%
Total Cargo and Mail movements	8,057,221	8,504,929	9,448,729	8,619,095	7,544,026
% change	-10.7%	5.6%	11.1%	-8.8%	-12.5%

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



3. Year in Review

JANUARY

PJIAE SPONSORS RELIEF FLIGHT FOR HAITI



PJIAE organized a drive in collaboration with the Red Cross St. Maarten Chapter, to send relief goods to Haiti which was hit by a devastating earthquake on January 12, 2010. As part of this initiative, PJIAE appealed to the general public of St. Maarten/ St. Martin to donate bottled water, clothing and canned goods, to the Red Cross headquarters in Simpson Bay, from where they were sent directly to Haiti by chartered aircraft. PJIAE covered the cost of the aircraft, which arrived in Haiti on Wednesday, January 20, 2010. PJIAE thanked the community for supporting its efforts to assist those affected by the earthquake in Haiti.

PJIAE ADOPTS CLASSROOM



PJIAE has adopted the classroom of Group 8, Grade 6 at St. Joseph School. In informing St. Joseph School Management of the decision to adopt the classroom, PJIAE President Drs. Eugene Holiday

said he hoped the airport company's contribution would help to ensure that the school could continue to provide quality education on the island. PJIAE also expressed hope that many other companies would follow its example and help out. The Adopt a Classroom program was established between the school management, staff and the Parents and Teachers Association (PTA), with as main focus refurbishing the classroom of Groups 3 to 8.

FEBRUARY

PJIAE WORKERS HONORED



Princess Juliana International Airport operating company (PJIAE) on Friday, February 19, 2010 honored five of its workers for exemplary service in the second half of 2009 and two Firemen 2nd Class received their stripes, as part of the company's employees' recognition policy and to show appreciation to employees whilst promoting service excellence.



MARCH RESA WORKS UNDERWAY



Construction company MNO Vervat started on March 8, 2010 with constructing the Runway End Safety Area. The company started removing the "old existing road and utilities and relocating the fence. This project was completed on March 8 2011.

APRIL SAFETY COMMITTEE MEETS IN STATIA



The Islands Airports Safety Committee met in Statia in April. PJIAE's Manager of the Quality Assurance Department Anastacio Baker, who chairs the committee, says that the committee has come a long way.

PJIAE WAS [RED] IN APRIL

PJIAE was the [Red] business of April; throughout the month several HIV/AIDS awareness activities were held, in line with this year's [Red] Campaign theme, "Act [Red], Go Test." Under this year's theme, which places emphasis on testing and the importance of knowing your status, PJIAE employees came to work sporting



"Act [Red], Go Test" T-shirts, throughout the month of April. PJIAE also hosted three days of sensitization sessions with Red Campaign PMT Manager, Suzette Moses to encourage employees to know their status and get tested. The sensitization sessions were so well received, that an extra day of sessions was scheduled to accommodate employees who were not able to attend. The [Red] Campaign was launched in 2008 by the HIV/AIDS Program Management Team of the Island Government of St. Maarten Sector Health Care Affairs, to foster and broaden private sector and community-based involvement in the island's HIV/AIDS program, and to raise public awareness and provide education about the issues related to HIV/AIDS on St. Maarten.

MAY**FOB BUILDING COMMISSIONED**

The main private jet handlers at PJIA (TLC and Arrindell Aviation) operate from PJIAE's Fixed Based Operations (FBO) building since May 1, 2010. The FBO building is located west of the airport terminal, adjacent to the Menzies building; during the construction of the terminal building, it housed the Planning, Project and Systems Department. The building is divided in two sections, to facilitate comfortable operations by both handlers. TLC's offices are in the western part of the building; Arrindell Aviation Services uses the south eastern side. Entrances/exits for private jet passengers are on the north landside and south side. Both companies have lounges for their passengers, which, like their offices are decorated in company colors. There are lounges for the private aircraft crews as well.

Caribbean's aviation regulatory bodies are making good headway in terms of information exchange, which reflected good will and constant support by the Directors of Civil Aviation of the participating countries to develop continuously.

JUNE WAS F.O.D MONTH

PJIAE held its annual FOD activities in June. During the entire month, workers from all companies operating at PJIA take part in activities meant to increase the awareness to the causes and effects of foreign objects damage to aircraft, people, and property. Instructors stressed on good work hab-



its through work disciplines to eliminate Foreign Objects and Debris (FOD); staff who work at the airside attended a class session on FOD. At the start and the end of the FOD activities on the airside, staff took part in an FOD walk alongside the runway to remove all FOD from the airside. It was the third time PJIAE observed the FOD month.

JUNE**PJIAE HOSTS ICAO MEETING**

Over 35 delegates representing nine countries from the region and two international organizations met in St. Maarten from June 15 to 18 for a meeting of the ICAO Eastern Caribbean Working Group. The Meeting, which was hosted by the PJIAE got underway on Tuesday June 15th 2010, at the Westin Resort, under the auspices of the International Civil Aviation Organization (ICAO), North American and Central Caribbean (NACC) Regional Office. Officials reported afterward that the Eastern



SECURITY OFFICERS RECEIVE CERTIFICATES

Thirteen airport security screening officers who took part in the Aviation Security (AVSEC) 123 Basic Training received their certificates of completion on Friday June 18th. The training, conducted by Mr. Arthur Tholel, AVSEC Inspector at the Federal



Directorate of Civil Aviation, started on June 7th, also included a special module, which Security Department Manager Jerry Sprott, Manager Investigative Department Wayne van Putten and Section Head Security Antonio Janga followed, to be able to conduct the training themselves, as certified Civil Aviation trainers in the future.

JULY

BUSINESSES SUPPORT ROADWORKS

Business people who have been requested to relocate their signage to allow for speedy progress of the construction of the Runway Extension Safety Area, have shown all willingness to work with airport authorities. During a meeting with management of PJIAE, Managers of Bada Bing, Mary's Boon Hotel, Karakter Restaurant, Rent 4 Less Car Rental and The Horny Toad Guesthouse, showed much appreciation for the upgrade that the ongoing RESA construction east of the airport runway means to the area. Generally, the business people appreciated that the airport company took the time to brief them on the project. PJIAE offered the businesses assistance with removing the signage; the businesses then had to apply at the Island Government for new licenses to erect them again.

ATS DIRECTOR RETIRES

Jan Brown retired as Director of the Air Traffic Services (ATS) Division on July 30, bringing an end to a stellar 37 year career at the Princess Juliana International Airport (PJIA) and 41 years in the field of aviation. Recognised and respected as the visionary force behind the development of the Air Traffic Control (ATC) facility at PJIA, Mr. Brown leaves a legacy of vaulting St. Maarten to the technological forefront of air traffic services. In his capacity as



Director of the ATS Division, along with a team of department managers, he was responsible for the management of the procedural and radar control within PJIA's area of responsibility and for flight information services. It is in the area of radar and related technological advancements that Mr. Brown left his mark.

AUGUST

OPS UPDATED ON DOCKING GUIDANCE SYSTEM

Workers from the Operations Department were updated on how to operate the Docking Guidance System. During the sessions, which were conducted by Rick Weyandt, Operations Manager of Safegate Airport Systems Inc. in the USA. The system was also given regular maintenance and upgrade, to recognize all types of aircraft that fly into PJIA. The guidance system gives information to pilots attempting to park their aircraft at the airport stand, usually via visual methods. This allows them to remain clear of obstructions and ensures that the jet bridges can reach the aircraft. With the training, PJIAE workers

can now perform maintenance tasks and upgrades themselves, without especially having to fly someone in.

OCTOBER

MR HOLIDAY GETS GRAND FAREWELL

PJIAE said farewell to Drs. Eugene Holiday with an elaborate farewell party on October 2nd, 2010. Drs. Holiday assumed the task of Governor of St. Maarten on October 10, after 12 years as President of PJIAE. Various speakers credited Drs. Holiday with the development of PJIA as a pillar of stability and solidifying the claim that PJIA is the island's single



most strategic asset. The former PJIAE President, who said he was "deeply humbled" by the ceremony, entitled his speech "A Tribute to the Employees, Mission Accomplished." He delivered what he called a "special and personal message" to employees who in essence are PJIAE and PJIAE its employees. This, he reminded the gathering, was his management philosophy. Speakers who praised the departing President, all hinted that the airport was losing a good leader, but that St. Maarten was gaining one. Acting Lt. Governor Reynold Groeneveldt, who has since been appointed Acting Governor of country St. Maarten, pledged to work along with Mr. Holiday for the betterment of the people of St. Maarten and trusts that Holiday, just as he did with PJIA, will put St. Maarten "En Route to New Horizons."

NOVEMBER

SAFETY, SECURITY TRAINING WELL ATTENDED

The PJIA Safety and Security Workshop of 2010 had the best attendance numbers in comparison to the previous workshops. Workers from PJIAE, as well as their fellow airport workers from airlines and handlers since November 2010 followed presentations on safety and security awareness matters; the workshops, scheduled to end on December 28, were extended until Jan 28, 2011. "We're recording good attendance numbers, partially because this year there has been an increase in new hires by companies that operate at PJIA. Many of the people who followed the workshops were therefore doing this for the first time," Mr. Robert Brown, Quality Assurance Officer at the Quality Assurance Department (QAD) said. The workshops are given every year, since 2007. They serve as a guideline to ensure consistent and thorough application of rules and regulations on airport premises. They are mandatory for all people holding a security pass at the airport.

NEW CRASH TENDER COMMISSIONED

PJIAE commissioned a new crash tender made especially for use at airports on November 18. The 2010 P7-11, made by E1 in Ocala Florida, is a 6 X 6 vehicle, capable of carrying 3,000 gallons of water and 400 gallons of foam, as well as 500 pounds of dry chemical. The new No. 2 crash tender replaced the previous No. 2 vehicle that was bought in 1995. "PJIAE is proud to introduce its newest crash tender.



We are proud that we are able to remain in tune with international safety and security requirements, and also hopeful that we will not need to make use of this wonderful piece of equipment. We never have; hopefully we never will – only for training purposes,” PJIAE’s Interim Managing Director Mr. Larry Donker said.

PJIAE AT NETWORK LATIN AMERICA



PJIAE was well represented at the fourth Network Latin America, which was held from December 5 to 7 in San Jose, Costa Rica. Network Latin America brings several airports and airlines together in one place. The event is based around a series of formal face-to-face meetings where airports get a chance to discuss their marketing plans with a choice of key carriers. The conference is held annually to foster route development, specifically in the Latin American and Caribbean region.

DECEMBER

NEW AIRPORT ROAD OPENED

PJIAE officially opened the new section of the Airport Road, with a special Road Opening ceremony where Prime Minister Sarah Wescott-Williams, chauffeured in her E-1 vehicle, was the first to drive on the new road. The road has been rerouted in keeping with the airport master plan and the ongoing works to construct a Runway End Safety Area (RESA) at the East end of the Runway. PJIAE Interim



Managing Director Larry Donker told attendees at the ceremony he was pleased to present the new road that will now take motorists on a “scenic drive alongside the lagoon.” The ceremony was also attended by Governor Eugene Holiday.



COPA AIRLINES STARTS SERVICE

Panamanian carrier Copa Airlines carried out its first flight to Princess Juliana International Airport on Saturday December 18. Flight 288, direct out of Panama City, a Boeing 737 aircraft, carried 124 passengers. Prime Minister Sarah Wescot-Williams and Deputy Prime Minister Theo Heyliger were joined at the welcoming ceremony by Minister of Finance Hiro Shigemoto, members of Parliament George Pantophlet and Roy Marlin, French-side Senator Louis Constant-Fleming, PJIAE Supervisory Board of Directors Chairman Clarence Derby and tourism industry representatives of St. Maarten and St. Martin.

4. Corporate Information



4.1. PJIAE Supervisory Board of Directors

Princess Juliana International Airport is the airport of St. Maarten, Dutch Caribbean. It is located 15 kilometers northwest of Philipsburg and is operated by Princess Juliana International Airport Operating Company 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 government has issued a concession to PJIAE for a period of twenty years, effective January 3, 1997, to manage, operate, maintain and develop the Princess Juliana International Airport. In doing so, PJIAE plays a central role in the economy of St. Maarten and functions as a premier gateway for the surrounding islands.

PJIAE is headed by a Supervisory Board of Directors. Managing Directors are appointed by the General meeting of the shareholders, based on a recommendation from the Supervisory Board. The Managing Board has full authority to appoint non-statutory directors. 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.

At the end of 2009, the Supervisory Board consisted of the following persons:

- | | |
|-------------------------|------------------|
| 1. Mr. Miguel Alexander | Chairperson |
| 2. Mr. Andre Dijkhoffz | Vice Chairperson |
| 3. Mrs. Peggy Ann Dros | Secretary |
| 4. Mr. Gary Matser | Member |
| 5. Mr. Rolando Tobias | Member |
| 6. Mr. Clarence Derby | Member |
| 7. Ms. Regina Labega | Member |

Effective January 1, 2010, the term of Mr. Miguel Alexander, Mr. Andre Dijkhoffz, Mrs. Dros, Ms. Labega and Mr. Tobias expired. The term of Mr. Matser expired on August 24, 2010.

On July 2, 2010 Ms. Melinda Hoeve, Ms. Regina Labega and Mr. Whitfield Vlaun were appointed to the new Board. At the time of compiling this report, the board is comprised of the following persons.

1. Mr. Clarence Derby
2. Mr. Gary Matser
3. Mr. Whitfield Vlaun
4. Ms. Melinda Hoeve

The following persons make up PJIAE's senior management personnel:

- | | |
|-------------------------------------|---|
| 1. Drs. Eugene Holiday | President (till 10-10-2010) |
| 2. Mr. Larry Donker | Director, Operations Division/Interim Managing Director |
| 3. Drs. Shirley Pantophlet-Gregoria | Director, Financial Division |
| 4. Mr. Raul van Heyningen | Director, Air Traffic Services Division |
| 5. Mr. Mirto Breell | Director, Technical Division |

Within each division there are a number of departments headed by department managers. At the end of 2009, PJIAE's workforce consisted of a total of 266 employees.



Mr. Clarence Derby
Chairman

Senior Vice President and General Manager at Sun Resorts
and General Manager at the Towers at Mullet Bay



Ms. Melinda Hoeve
Secretary

Attorney at Law, Partner at Law Office Duncan, Brandon, Hoeve & Marica



Mr. Gary Matser
Member

Businessman, Owner and Managing Director of MGM Consulting NV



Mr. Whitfield Vlaun
Member

Senior Sales Manager at First Caribbean International Bank, St. Maarten

4.2 PJIAE Management

The following persons make up PJIAE's senior management personnel:

- | | |
|-------------------------------------|---|
| 1. Mr. Larry Donker | Director, Interim Managing Director |
| 2. Drs. Shirley Pantophlet-Gregoria | Director, Financial Division |
| 3. Mr. Raul van Heyningen | Director, Air Traffic Services Division |
| 4. Mr. Mirto Breell | Director, Technical Division |

Within each division there are a number of departments headed by department managers. At the end of 2010, PJIAE's workforce consisted of 266 employees.



4.2.1 Corporate Affairs



INTERIM MANAGING
DIRECTOR

Mr. Larry Donker

Interim Managing Director

Mr. Larry Donker

Interim Managing Director/ Director Operations Division

Mr. Larry Donker currently holds two positions. Since October 2010, he is Interim Managing Director of PJIAE, and Director of the Operations Division of the Company.

As Interim Managing Director he is responsible for the general management of the airport, with the support of five staff departments and three other division directors.

As Director of Operations Division he is responsible with a team of department managers for the management of airport operations, security, and rescue and fire fighting functions. Mr. Donker holds a degree in AirTraffic Control from the ATC Training Centre in Curaçao. He has been engaged in aviation for over 30 years and has received his training in airport operations and management at the Aviation Development & Training Institute of IATA in Montreal, Canada. Mr. Donker started working at PJIA in 1984 as air traffic controller and has since held various functions. He was the manager of operations for 11 years and the Director of the Technical Division for almost one year before assuming his current position.



SECRETARY TO THE PRESIDENT

Ms. Joyce York



LEGAL COUNSEL / INTERIM HUMAN
RESOURCES MANAGER

Mrs. Migdala Artsen-Clarinda



QUALITY ASSURANCE DEPARTMENT

Mr. Anastacio, Baker, Manager



INTERNAL AUDIT DEPARTMENT
Mr. Franklin Watson, Manager



MARKETING AND COMMUNICATIONS
Mrs. Lucrecia Lynch-Matinburgh, Manager

4.2.2 PJIAE Operations Division



OPERATIONAL DIVISION
Mr. Larry Donker,
Director

Mr. Larry Donker

Director Operations Division

Mr. Larry Donker is the Director of the Operations Division of the Company, a post he assumed on July 1, 2007. In that capacity he is responsible with a team of department managers for the management of airport operations, security, and rescue and fire fighting functions. Mr. Donker holds a degree in Air Traffic Control from the ATC Training Centre in Curacao. He has been engaged in aviation for over 30 years and has received his training in airport operations and management at the Aviation Development & Training Institute of IATA in Montreal, Canada. Mr. Donker started working at PJIA in 1984 as air traffic controller and has since held various functions. He was the manager of operations for 11 years and the Director of the Technical division for almost one year before assuming his current position.



OPERATIONS DEPARTMENT
Mr. Michel Hyman, Manager



SECURITY DEPARTMENT
Mr. Jerry Sprott, Manager



RESCUE & FIRE FIGHTING
DEPARTMENT
Mr. Manilo Penijn, Manager



INVESTIGATION DEPARTMENT
Mr. Wayne Van Putten, Manager



PASSENGER SERVICES
Ms. Ketty Paines, Manager

4.2.3 PJIAE Air Traffic Service Division



AIR TRAFFIC SERVICES
DIVISION

Mr. Raoul Van Heyningen,
Director

Mr. Raul van Heyningen,

Director Air Traffic Services Division

Mr. Raul van Heyningen is the Director of the Air Traffic Service Division, a post he assumed on September 1, 2010. As Director he is, along with a team of department managers, responsible for the management of the Procedural and Radar Control in the PJIA area of responsibility and for Flight Information Services.

Within the area of responsibilities lie the airports of St. Eustatius, Saba, St. Barths, Grand Case and Anguilla. Mr. van Heyningen graduated from the ICAO approved Air Traffic Training Center in Mahuma, Curacao. He was later certified as an On the Job Training Instructor, and certified radar controller. Prior to his current position, he was Radar Manager from June 2006.



RADAR CONTROL DEPARTMENT
Mr. Lloyd Hinds, Manager



PROCEDURAL CONTROL DEPARTMENT
Mrs. Jean Christian, Manager



4.2.4 PJIAE Financial Division



Drs. Shirley Pantophlet-Gregoria

Director Financial Division

Drs. Shirley Pantophlet-Gregoria is the Director of the Financial Division of the Company, a post she assumed on January 1, 2005. In that capacity, she is responsible with a team of department managers for the management of the Airport's financial administration, statistics, purchasing and information technology. She holds a doctoral degree in business economics from the Catholic University of Brabant in the Netherlands.

Prior to this position, Drs. Pantophlet-Gregoria worked at RBTT Bank (formerly ABN-AMRO) from 1989-2004 in various functions.

FINANCIAL DIVISION

Drs. Shirley Pantophlet-Gregoria, Director



FINANCIAL & ACCOUNTING
DEPARTMENT

Ms. Michael Lake, Manager



STATISTICAL DEPARTMENT

Mr. Henri Laurence, Manager



PURCHASING DEPARTMENT

Mr. Evans Marsham, Manager



INFORMATION TECHNOLOGY AND
TELEPHONY DEPARTMENT

Mr. Kendall Dupersoy, Manager

4.2.5 PJIAE Technical Division



TECHNICAL DIVISION
Mr. Mirto Breell, Director

Mr. Mirto Breell

Director Technical Division

Mr. Mirto Breell is the Director of the Technical Division of the Company, a post he assumed on October 1, 2007. In that capacity, he is responsible with a team of department managers for the management of projects, control of systems and for the electrical, mechanical and physical maintenance of the airport facilities.

Mr. Breell has a Bachelors degree in Aviation Management and Flight Technology from Florida Tech, in the USA. He is also a licensed pilot. He has been engaged in aviation for over 17 years. Mr. Breell started working at PJIAE in February of 2004 as the manager of Quality Assurance Department before assuming his current position. Prior to joining PJIAE Mr. Breell flew for Winair as a commercial pilot for 11 years.



PROJECT PLANNING AND
SYSTEMS CONTROL DEPARTMENT
Mr. Derek Hillman, Manager



ELECTRICAL DEPARTMENT
Mr. Vernon Rombley , Manager



FACILITY MAINTENANCE
DEPARTMENT
Mr. Justinien Joe, Manager



5. Financial Statements

5.1 Report of the Board of Supervisory Directors

The Board of Supervisory Directors is pleased to present Princess Juliana International Airport Operating Company (PJIAE) N.V. the 2010 Financial Statements as prepared by Management. The Financial Statements have been audited by the external auditors Price-WaterhouseCoopers, who gave an unqualified opinion regarding same. The Board of Supervisory Directors approved the 2010 Financial Statements on June 17th, 2011.

The Board's activities in 2010

The year 2010 was a challenging year for the Board. At the end of 2009, the board said farewell to its chairperson for many years, Mr. Miguel Alexander along with the vice-chairperson Mr. Andre Dijkhoffz and other Board members. For the first half of the year the Board consisted of two members only and in the second half the Board was reinforced with three additional members bringing it to a total of five members at year-end.

In October of 2010, the Board also had to say farewell to the President of PJIAE for 12.5 years, Drs. Eugene Holiday, who went on to become the first Governor of St. Maarten. Mr. Larry Donker was appointed Interim Managing Director of PJIAE; a position he held for 9 months, after which Ms. Regina Labega was appointed Managing Director of PJIAE as per July 1, 2011. All in all, 2010 was a year with many changes both in the Supervisory Board as in the Managing Board.

Despite and during all these changes, the Board continued to meet monthly to consider a broad range of policy issues relating to the activities of the Airport. In the monthly meetings, Management of PJIAE NV gave a report on Operational, Air Traffic Control, Technical and Financial, Commercial, Human Resources and Legal issues. The Board of Supervisory Directors was also 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. During the last two months of the year, the Chairperson had also regular informal meetings with the then Interim Managing Director.

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 2010 budget and audited figures for 2009.

The Board had regular discussions with Management concerning the strategy of PJIAE. The 2011 Budget was discussed and approved and various investment decisions were approved in view of the successful operations of the New Terminal Building.

Overall, PJIAE managed to break even for the year 2010 as is reflected in the financial results of PJIAE, despite difficult situations associated with the global financial and economic crisis.

Corporate Governance

The Supervisory Board acknowledges its responsibility for securing compliance with the Corporate Governance Code.

The Board herewith confirms that the Management has procedures in place designed to achieve compliance and the Board also confirms that Management has reviewed the effectiveness of the procedures.

The Board confirms that in its opinion Management has used all reasonable endeavors to secure PJIAE's compliance.

Furthermore, PJIAE external auditors PriceWaterhouse Coopers examined whether the Corporate Governance Report 2009 of PJIAE correctly presented the governance approach followed by the Managing and Supervisory Boards of PJIAE in accordance with the Corporate Governance Code issued by the Island Government of St. Maarten in December 2009. This assurance report was finalized in August 2010 and concluded that the Corporate Governance Report 2009 of PJIAE, in all material respects, correctly presented the governance approach followed by the Managing and Supervisory Boards of PJIAE in accordance with the Corporate Governance Code issued by the Island Territory of St. Maarten in December 2009. The examination of the Corporate Governance Code report 2010 of PJIAE was not concluded at the time of this report.

Board's advice to the Shareholder

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

- a. To approve and adopt the Financial Statements of the Company over the financial year January 1st through December 31st, 2010
- b. To allocate the net profit of the year ad ANG425,787 (after tax) to the Retained Earnings;
- c. To discharge Management and Board of Supervisory Directors of any and all responsibility and liability in respect of its management and supervisory duties for the year ended December 31st, 2010

The Board says farewell to board members, Mr. M. Alexander, Mr. A. Dijkhoffz, Mrs. P Dros, Mr. R. Tobias and Ms. R. Labega and would like to thank Drs. Eugene Holiday and Mr. Larry Donker for their combined effort and input during 2010.

In conclusion, the Board would like to take this opportunity to also 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
Clarence Derby, Chairman

5.2 Independent Auditor's Report



Independent Auditor's Report

To the Shareholders and
Board of Supervisory Directors of
Princess Juliana International Airport Operating Company N.V.
St. Maarten

Reference number
PP/CR/67.600.3/37818

Report on the condensed financial statements

We have audited the financial statements of Princess Juliana International Airport Operating Company N.V. for the year ended December 31, 2010, from which the accompanying condensed balance sheet and condensed statement of income and selected notes (as set out on pages 33 - 38) were derived, in accordance with International Standards on Auditing. In our report dated June 6, 2011, we expressed an unmodified opinion on these financial statements.

Opinion with respect to the condensed financial statements

In our opinion, the accompanying condensed balance sheet as of December 31, 2010 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.

Emphasis of a matter

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.

St. Maarten, February 3, 2012
PricewaterhouseCoopers St. Maarten



Cees Rokx

PricewaterhouseCoopers St. Maarten, Emmaplein Building, P.O. Box 195, Philipsburg, St. Maarten
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"PwC" is the brand under which PricewaterhouseCoopers St. Maarten (Chamber of Commerce 9378) operates and provides services. PricewaterhouseCoopers refers to the St. Maarten Office of PricewaterhouseCoopers Dutch Caribbean or, as the context requires, the PricewaterhouseCoopers global network or other member Firms of the network, each member firm of which is a separate legal entity. These services are governed by General Terms and Conditions ("Algemene Voorwaarden en Condities"), which include provisions regarding our liability. At www.pwc.com/dutch-caribbean further information on the Firm may be found, including the General Terms & Conditions, which are also filed with the Court of First Instance, St. Maarten.

5.3 Balance Sheet

As of December 31 (in ANG)

	2010	2009
Assets		
Current assets and non-liquid accounts	59,113,791	55,829,428
Financial Fixed Assets	3,204,000	3,417,600
Tangible Fixed Assets	206,059,833	220,984,284
Total Assets	268,377,624	280,231,312
Liabilities		
Current Liabilities	30,361,374	23,102,959
Long Term Liabilities	153,084,714	172,720,591
Provisions	855,090	757,103
Total Liabilities and Provisions	184,301,178	196,580,653
Shareholder's Equity		
Share Capital	200,000	200,000
Contributed surplus	5,200,000	5,200,000
Retained earnings	78,676,446	78,250,659
Total Shareholders' Equity	84,076,446	83,650,659
Total Liabilities and Shareholder's Equity	268,377,624	280,231,312

5.4 Income Statement

As of December 31 (in ANG)

	2010	2009
Revenues		
Aeronautical Revenues	69,172,916	67,424,114
Non-Aeronautical Revenues	15,474,985	15,603,709
Total Revenues	84,647,901	83,027,823
Expenses		
Personnel Expenses	22,237,213	21,801,905
General and Administrative Expenses	23,555,756	18,863,248
Depreciation	24,385,367	24,493,345
Total Operating Expenses	70,178,336	65,158,498
Operational Result	14,469,565	17,869,325
Financial Income & Expenses		
Finance Cost - net	14,355,167	17,365,902
Income before taxes	114,398	503,423
Provision for deferred taxes	(311,389)	(4,112,185)
Net Income for the year	425,787	4,615,608

5.5 Accounting policies

5.5.1 General

The Princess Juliana International Airport Operating Company N.V. ('PJIAE') was incorporated on September 13, 1996 on St. Maarten, (formerly St. Maarten, Netherlands Antilles) and is registered at the Chamber of Commerce St. Maarten under number 9660. PJIAE is situated at the Airport Boulevard #99 in Simpson Bay.

On January 13, 1997, the Council of Ministers (formerly Island Council) of St. Maarten has granted a Concession to PJIAE, retroactively to January 3, 1997 to operate the airport. The concession was initially given for a period of 20 years ending January 2, 2017. In May 2004, the concession was extended by 8 years, thus ending on January 2, 2025. The Concession can be revoked if PJIAE does not adhere to the regulations of the Concession agreement. The concession will cease to exist in case of bankruptcy, or if PJIAE will go into a moratorium.

In February 2001 PJIAE entered into a lease agreement with its parent company Princess Juliana International Airport Holding Company N.V. (PJIAH), where by PJIAE leases the Airport facility (premises) for the purpose of operating an international airport. The lease agreement calls for monthly lease payments in the amount of ANG 47,800 for a duration of 25 years. The total annual lease payments amount to ANG 573,600. The lease will automatically be renewed if the Concession is extended or renewed. The lease will be terminated prior to its expiration date in the event the concession is revoked or cancelled in accordance with the relevant stipulations of the Concession.

5.5.2 Summary of significant accounting policies

Basis of preparation

The financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") adopted by the International Accounting Standards Board (IASB), and the interpretations issued by the Standing Interpretations Committee of the IASB. The preparation of financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Management believes that the estimates utilized in preparing these financial statements are reasonable, however actual results could differ from these estimates.

The accounting policies set out below have been applied consistently to all periods presented in these financial statements. Assets and liabilities are stated at nominal value unless mentioned otherwise.

(a) Standards, amendments and interpretations effective for the financial year beginning 1 January 2010 relevant to PJIAE.

There are no standards, amendments and interpretations to existing standards relevant to PJIAE that have been published and are mandatory for PJIAE's accounting periods beginning on or after 1 January 2010 or later periods.

(b) Standards, amendments and interpretations to existing standards relevant to PJIAE that are not yet effective and have not been early adopted by PJIAE.

Revised IAS 24 (revised), 'Related party disclosures', issued in November 2009. It supersedes IAS 24,

'Related party disclosures', issued in 2003. IAS 24 (revised) is mandatory for periods beginning on or after 1 January 2011. Earlier application, in whole or in part, is permitted. The revised standard clarifies and simplifies the definition of a related party and removes the requirement for government-related entities to disclose details of all transactions with the government and other government-related entities. PJIAE will apply the revised standard from 1 January 2011. Given the current level of disclosures, we do not expect any impact of the revised standard.

Reporting Currency

Unless otherwise stated, all amounts in the financial statements are denominated in Netherlands Antillean Guilders (ANG).

Foreign Currencies

A significant volume of PJIAE's transactions is conducted in United States Dollars (USD). As of January 1, 2005, the exchange rate used between the ANG and the USD is fixed at 1.80 guilder per dollar, which approximates the official exchange rates. Transactions in other foreign currencies have been converted into ANG at rates of exchange ruling at the dates of those transactions. The resulting exchange differences are charged to income. Assets and liabilities denominated in foreign currencies are translated to ANG at exchange rates ruling at balance sheet date.

Cash and cash equivalents

Cash and cash equivalents are carried in the balance sheet at cost and include cash and other commercial paper with an original maturity of less than twelve months and bank overdrafts. Bank overdrafts are shown within borrowings within current liabilities on the balance sheet. Restricted cash: in connection with the proceeds from the fixed rate notes, PJIAE maintains a 'debt service account'. This account is under the sole dominion of the Bank of New York.

Accounts Receivable

Accounts receivable are carried at original invoice amount less an estimate made for doubtful receivables based on a review of all outstanding amounts at year-end. Bad debts are written off when identified.

Property and Equipment

All property and equipment are recorded at historical cost less depreciation. Depreciation is calculated based on the straight-line method to write off the cost of each asset to their residual values over their estimated useful life.

Borrowings/Long term liabilities

Borrowings are recognized initially at the proceeds received, excluding transaction costs incurred. In subsequent periods, borrowings are stated at amortized cost. Any difference between proceeds and the redemption value is recognized in the income statement over the period of the borrowings.

Deferred profit tax

Deferred profit tax is provided in full, using the liability method, on temporary differences arising between the tax basis of assets and liabilities and their carrying amounts in the financial statements. The principal temporary differences arise from the fiscal treatment of cessantia provision and the possibility to carry forward taxable losses.

Revenue recognition

Revenue is recognized upon performance of services.

Employee benefits

PJIAE operates a defined contribution pension plan for the majority of its employees, the assets of which are held in a trustee-administered fund. The pension plan is funded by payments from employees and PJIAE. PJIAE's contribution to the pension plan is charged to the income statement in the period to which the contribution relates. The employer contributes 9% and the

employee 3% of the pension calculation basis. PJIAE also contributes to the civil servant pension plan (a defined benefit plan) for a small number of its employees who are former civil servants. Furthermore, PJIAE grants jubilee bonuses after a certain number of service years. This bonus scheme has been provided for on a discounted value basis using the projected unit credit method.

5.6 Financial Risk Management

Risk management structure

The Supervisory Board has the responsibility to oversee the overall risk management process within PJIAE. The Managing Board of Directors is ultimately responsible for managing and controlling risks. As part of the risk management programs, there are separate independent bodies such as the Internal Audit Department, responsible for identification and assessment of risks. The line directors and managers are responsible for the implementation of the risk management policies and procedures.

Financial risk factors

PJIAE's activities expose it to a variety of financial risks, including the effects of foreign exchange risk, cash flow and fair value and interest rate risk, credit risk and liquidity risk. In addition business risks, such as changes in the environment, technology and industry are monitored and controlled through PJIAE's strategic planning process. PJIAE's overall risk management program focuses on minimisation of potential adverse effects on the financial performance of PJIAE.

Foreign exchange rate

PJIAE operates internationally but is not considered to be significantly exposed to foreign currency exchange risk since most foreign transactions are concluded in USD, which currency is directly linked to the ANG.

Cash flow and fair value interest rate risk

PJIAE has interest bearing assets in the form of short term Certificates of Deposits with local banks at fixed interest rates. Additionally, PJIAE has funds on restricted bank accounts (in connection with the borrowings). For these reasons, PJIAE's income and operating cash flows are substantially independent of changes in market interest rates. Financial liabilities consist predominantly of a fixed rate bond loan.

Credit risk

PJIAE has some concentrations of credit risks. Credit risk arises from credit exposures to customers (outstanding receivables). As part of the risk control PJIAE assesses the credit quality of the customer, taking into account its financial position, past experience and other factors. PJIAE provides a 30-day credit limit to customers. Sales to customers are settled in cash or bank transfers.



Fair value

The carrying amounts of PJIAE's financial assets and liabilities at the balance sheet dates approximated their fair value.

Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and the ability of funding through an adequate amount of committed credit facilities. Due to the dynamics of the business, PJIAE aims to maintain flexibility in funding by keeping committed credit lines available.

5.7 Notes to the Financial Statements

5.7.1 Tangible Fixed Assets

On October 25, 2006, the New Terminal Building (NTB) was officially opened and operational. The amount capitalized includes capitalized borrowing costs amounting to ANG 21,792,968 which will be depreciated over the useful life of the NTB. Capitalized borrowing costs represent attributable costs associated with the attracting of the financing needed for the construction of the NTB and capitalized interest during the construction period.

5.7.2 Shareholder's equity

Share capital

The authorized share capital amounts to ANG 1,000,000 divided into 1,000 shares of ANG 1,000 each. Of this share capital 200 shares are issued and paid-up.

Contributed Surplus

In 1998, PJIAE entered into a loan agreement with Nederlandse Participatiemaatschappij voor de Nederlandse Antillen (NPMNA) in the amount of ANG 6,300,000. At the same time, the Netherlands made available a grant in the amount of ANG 5,200,000, which was designated as contributed surplus.

5.7.3 Passenger accommodation fee

Passenger accommodation fee is paid by passengers departing from St. Maarten by aircraft. The passenger accommodation fee for international destinations amounted to ANG 54 (USD 30) since 2006. Passengers traveling to destinations within the former Netherlands Antilles are charged ANG 18 (USD 10). Starting August 2006, transfer passengers pay a fee of ANG 9 (USD 5). Also included under passenger accommodation fee is the Airport



Improvement see (AIF) charged to all departing passengers as of July 1, 2007 at a rate of ANG 9 (USD 5) per departing passenger. After October 10, 2010, the domestic fees to destinations within the former Netherlands Antilles remain unchanged. By Island Decree of October 14, 1997 (operating concession), PJIAE received the right to operate the airport at St. Maarten. Same ordinance (as amended by decree of July 5, 2005 nr 667) also stipulates that landing and parking fees are established by PJIAE after approval from the Executive Council. Furthermore, PJIAE has to adhere to rules and regulations set by the Federal Aviation Department of the Netherlands Antilles and those of the International Civil Aviation Organization (I.C.A.O.) and provide adequate security and fire department services.

5.7.4 Passenger Screening Fee

Each airline is required to pay a screening fee for their enplaned passengers. The fee amounts to ANG 16.83 per departing passenger (2009: ANG 16.83).



6. Soaring At New Heights



2010 may be characterized as a year of changes at PJIAE. The biggest change was national; our nation as of October 10, 2010 attained the status of Country within the Kingdom of The Netherlands; a constitutional and nationalistic step forward, as St. Maarten now has more autonomy.

Aviation is among matters we make our own decisions on, with our own civil aviation authority that assumes regulatory and oversight responsibilities for aviation matters on the island. With the change of status, St. Maarten will take its place and play a larger role in regional aviation development. As a testament of the exemplary leadership our company enjoyed over the past 12.5 years, PJIAE President Drs. Eugene Holiday was chosen to lead our country through these national changes; as Country St. Maarten's first Governor. PJIAE said

farewell to Drs. Holiday on October 2nd, 2010. Our airport company lost a good leader, but we take solace in the knowledge that our Country St. Maarten gained one.

Within the company this meant reshuffling of positions. Director of the Operations Division Mr. Larry Donker, assumed the position of Managing Director ad interim and Mr. Raul van Heyningen was appointed Director of the Air Traffic Services Division after one of PJIA's longest-standing employees, Mr. Jan Brown, retired in July 2010 after 41 years of service. Accordingly, Mr. Lloyd Hinds was appointed Manager of the Radar Department, filling the position left behind by Mr. Van Heyningen. There were also changes in the Operations Department with Mr. Michel Hyman, being formally appointed as manager of the department, a position he held as acting manager since 2005.

These changes came at a time when worldwide, the aviation industry was facing its own changes; changes that according to Airports Council International (ACI) culminated in an overall strong rebound for 2010 from the two-year industry slump. Global passenger traffic rose by 6.6 per cent, topping the 5 billion passenger mark for the first time.

This did not automatically translate into increases at PJIAE however; total passenger movements at our airport for 2010 amounted to 1,645,105 compared to 1,625,964 in 2009. Although Origin and Destination passengers in 2010 were slightly up by 2.0% compared to 2009, the sharp decline of 5.7% in Transit passengers offset this total, resulting in an overall increase of 1.2%. Year on year comparison for the past 4 years shows that in spite of the

slight increase in 2010, passenger numbers are still below pre-crisis levels, which started in 2008 with increasing fuel prices. The economic downturn particularly in the US continued in 2010 to play a major role in the passenger traffic developments as well; increased cost of fuel, resulted in higher ticket fares, which in turn curbed demand for travel. In spite of this however, scheduled passengers increased slightly by 1.1% in 2010. While it seemed more expensive to fly commercially, private and corporate passenger travel on the other hand increased by some 43.1%, climbing from 18,248 passengers in 2009 to 26,121 in 2010. PJIAE's challenge to overcome lies therefore in the changes the company underwent in 2010. Fortunately, our company has a proven track record of resilience.





When PJIAE NV in November 2006 fulfilled its promise for a brand-new, ultramodern terminal facility, St. Maarten's airport took flight and took aviation in the Northeastern Caribbean to new heights.

Over the years a new mindset was anchored among travelers, users and workers; a mindset that demanded from workers that they perform at the level that users come to expect from an airport headquartered in a topnotch facility.

All have risen to the challenge; the award that declared PJIAE the best airport in the Caribbean speaks a clear testimony thereof.

PJIAE is obviously Soaring comfortably At New Heights.

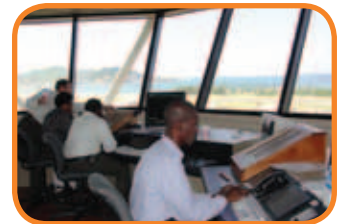
And we're continuously aiming for higher. But PJIAE must continue its approach of caution and prudence, while our focus must remain firmly on business excellence. The International Air Transport Association (IATA) upped its industry outlook for 2010 to a net profit of US\$15.1 billion (from the US\$8.9 million). Similarly the Association revised

upwards its projections for 2011 to a net industry profit of \$9.1 billion (up from the \$5.3 billion forecast in September). Net margins remain weak at 2.7% for 2010 and falling to 1.5% in 2011. According to the Association its profit projections increased for both 2010 and 2011 based on an exceptionally strong third quarter performance. But despite higher profit projections, we still see the recovery pausing next year after a strong post-recession rebound. And the two-speed nature of the recovery is unchanged with European airlines continuing to underperform other regions.

Our response to these challenges in the coming years will therefore be aimed at providing the passenger a positive, seamless travel experience. Airline diversification remains a priority, as does constant improvement of the quality service that our top notch facility promises. PJIAE's only mission is to adhere to the objectives of the company, which include, but are not limited to, safety, quality and professional service to the people it serves. More than ever our government and our airline partners should work closely with our airport to ensure that the required capacity is added in a safe, secure, profitable manner. Returns from the limited business opportunities in the industry must be maximized, as there is no substitute for good business management that rests on a team of workers who are cognizant of their role in our company's combined success.

Our airport's strategic approach is aimed at maintaining St. Maarten's position as a premier tourist destination; a position that can only be ensured by offering airlines, passengers, and other users: airport, air traffic control and commercial services, that meet and exceed the highest possible industry standards.

7. 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. In 2010, PJIAE was serviced by some 22 scheduled airlines, besides many charter airlines, cargo, corporate and private jets, and there is direct service to close to 33 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: No. 10/28

Length: 2300 m

Width: 45 m

Capacity: 36-40 movements per hour

Runway End Safety Areas (RESA)

Apron

Main: 72,500 m²

General aviation: 5,000 m²

General aviation cargo: 7000 m²

Terminal

Area: 30,500 m²

Design capacity: 2,5 mln passengers annual

Check-in counters: 46 outfitted with Common Use Terminal Equipment (CUTE)

Boarding gates: 13

Passenger Boarding Bridges: 4

Transfer desks: 8

Immigration booths: 10

Emigration booths: 5

FBO facility

Cargo Terminal

Area: 2,000 m²

Capacity: 5 tonne per m² annual

Parking lot

Public parking lot: 383 lots

Employee parking lot: 290 lots

Navigation aids

NDB, VOR/DME, LOC/BCN

Opening hours: 07:00 - 22:00 hours



PRINCESS JULIANA INTERNATIONAL AIRPORT OPERATING COMPANY N.V.

P.O. BOX 2027, SIMPSON BAY, ST. MAARTEN,

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