

ANNUAL REPORT 2006



*Princess Juliana International Airport
operating company N.V.*

YOUR REGIONAL LEADER

The Measure of Excellence

Excellence is an art won by training and habituation.
 We do not act rightly because we have virtue or excellence,
 but we rather have those because we have acted rightly.
 We are what we repeatedly do. Excellence, then, is not an act but a habit.

Aristotle,
 Greek philosopher

CHRONOLOGICAL OVERVIEW AND PHOTOGRAPHS OF THE MANAGERS AND/OR MANAGING DIRECTORS OF THE AIRPORT OF ST. MAARTEN (PJIA)

PJIA

- _____ 1964 - 1973 Mr. A. Van Spanje, Airport Manager PJIA (1)
- _____ 1973 - 1974 Ing. J. Nicholaas, Airport Manager (interim)
- _____ 1974 - 1976 Mr. J. King, Airport Manager
- _____ 1976 - 1983 Mr. C. Schotborgh, Airport Manager (2)



PJIA N.V

- _____ 1983 - 1985 Mr. C. Schotborgh, Managing Director (2)
- _____ 1985 - 1994 Mr. F. Arnell, Managing Director (3)
- _____ 1994 - 1996 Mr. K. Kong, Acting Managing Director (4)
- _____ 1996 - 1997 drs. H. Messelink, Managing Director (ad interim) (5)

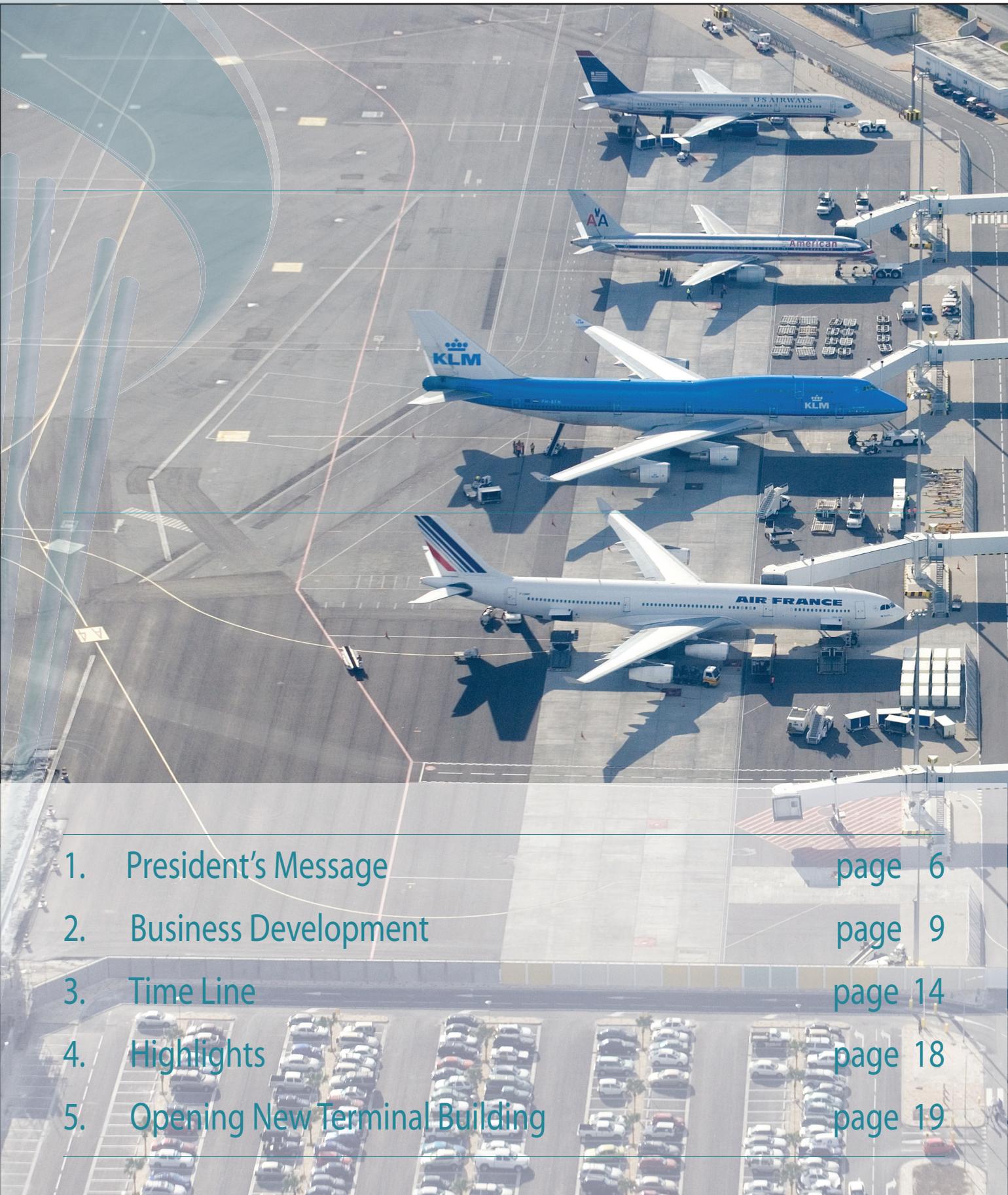
PJIAE N.V

- _____ 1997 - 1998 drs. H. Messelink, Managing Director (ad interim) (5)
- _____ 1998 - present drs. E. Holiday, President Director

MISSION STATEMENT

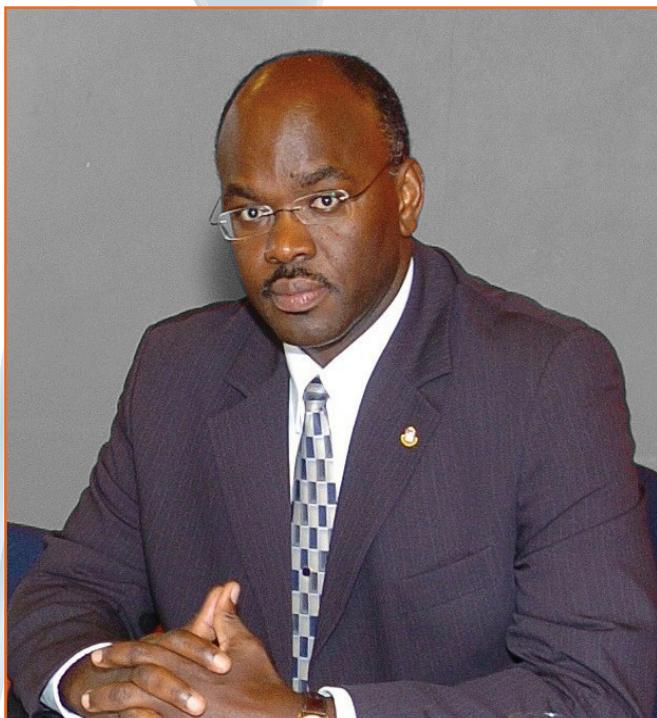
To be the regional leader in providing safe, secure, quality and profitable airport services, that contribute to the general economic and tourism development of St. Maarten/ St. Martin and the region we serve.

	2006	2005	2004	2003	2002
Statistics					
Passengers	1,640,297	1,663,225	1,646,066	1,504,995	1,440,061
Aircraft	80,357	78,884	73,630	67,638	63,512
Cargo	10,175	8,359	8,498	8,199	8,858
Destinations served	28	28	26	25	25
Scheduled airlines	19	19	18	17	18
Charters (seasonal)	14	19	18	19	21
Income statement					
Total revenues	67,030,352	59,418,633	43,777,092	37,014,987	30,962,942
Total expenses	52,623,344	40,197,646	38,866,253	33,363,041	29,990,220
Net income	14,407,008	19,220,987	4,910,839	3,651,946	972,722
Balance sheet					
Total assets	356,941,166	323,791,314	289,589,389	94,771,255	92,565,887
Liabilities	283,334,212	264,591,368	249,610,430	59,703,135	61,149,713
Shareholders equity	73,606,954	59,199,946	39,978,959	35,068,120	31,416,174
Personnel PJIAE as of December 31st	269	218	213	213	207



1. President's Message	page 6
2. Business Development	page 9
3. Time Line	page 14
4. Highlights	page 18
5. Opening New Terminal Building	page 19

1. President's Message



The year 2006 has been a historic year for the Princess Juliana International Airport operating company and for the entire community of the Island of St. Maarten/St. Martin. We completed the construction of our new terminal building and enjoyed the distinct pleasure of having Her Majesty Queen Beatrix of the Kingdom of the Netherlands crown that achievement by inaugurating the terminal on November 10, 2006, on the eve of the celebration of St. Maarten's Day. A truly remarkable ceremony, during which we were able under the watchful eyes of many persons locally and abroad to redo history; it was Her Majesty The Queen's Mother, the late Princess Juliana who opened the original airport building in March 1944. We sincerely appreciated Her Majesty Queen Beatrix' presence at our opening ceremonies. Our airport has special ties with our Royal Family; ties we look forward to continuing.

Aside from the aforementioned historic milestone, PJIAE in 2006 continued to do well as business activities grew albeit at a slower pace mainly due to increasing oil price and the resulting adverse impact on demand for travel. In line with global passenger developments origin and destination passenger traffic growth slowed down in 2006. Inbound and outbound passenger movements increased from 1,494,733 in 2005 to 1,502,378 in 2006, representing a slight increase of 0.5% compared to 1.1 % in 2005. However, transit traffic declined resulting in drop in overall traffic from 1,663,226 in 2005 to 1,640,297 in 2006. Aircraft movements increased by 1.9% in 2006 compared to 2005; in 2005 78,884 movements were recorded, while in 2006 this number rose to 80,357. This is the result of a mix of schedule, charter and corporate jet aircraft business, with the all categories posting growth except for the latter where the trend seems to be an increase in the size of the aircraft.

A closer look at the developments in 2006 as outlined above, reveal that we now not only have the traffic but also the capacity to handle it, as well as future growth. That is not by chance, it is the result the result of almost a decade of planning and execution, which culminated in us transforming and delivering, in the tradition of those who went before us, a sound St. Maarten aviation institution for the future. To do so we had to overcome significant challenges, including but by no means complete:

- The restructuring of the corporate and organizational structure along with the development and implementation of the required business and commercial approach, which were necessary to

lay the foundation for the new facilities, like all change, did not come without resistance;

- The translation and communication of our wishes as operators and those of our airlines and other users into design and construction drawings by the Netherlands Airport Consultants, NACO, involved complicated and meticulous work, but above all persistence and commitment to the vision and task amidst sometimes great opposition;

- The difficulties of engineering a technically viable project of this magnitude were compounded by rising steel prices, thereby making the international tendering process for the engagement of a qualified contractor, as was found in Koop Holding Europe, even more challenging;

- The complications of planning and structuring a financially feasible project to raise debt financing, as a first time issuer on the international capital market, against the backdrop of the threat of terrorism and of an aviation industry in financial crisis, need no explanation, except that they were overcome, thanks to the confidence of the RBTT Merchant bank in the airport and in St. Maarten;

- And the critical task of selecting a strong and balance project team, comprised of individuals with diverse and sometimes conflicting personalities, to steer, manage and oversee the execution and delivery of the project according to specifications and within budget, was to say the least major balancing act.

These were but some of the issues we have had to face and overcome, leading up to, and in 2006. The result, however is testimony of our search for excellence; our new terminal facility is a jewel in St. Maarten's developing landscape; enough to make any challenge bleak in comparison. Spanning an astounding 27,000 square meters, our four-level, fully air-conditioned building, with 46 airline check-in counters with Common Use Terminal Equipment and 11 gates, four of which with jet bridges, stands

out with its glass exterior which gives especially departing passengers a panoramic view of airport activities and of the island's beauty.

Above noted developments in traffic, the investments in the physical infrastructure and the accompanying management measures are reflected in the financial figures of the company. The balance sheet total increased from NAf.323.7 million in 2005 to NAf.356.4 million in 2006 primarily as a result of the increased investments 34.5 % and associated debt 3.2 % to finance the investments. To service the increase in liabilities and support the higher level of assets, revenues increased by NAf.7.6 million to NAf.67.0 million in 2006. This was possible because of the increase in rates and charges and the increase in traffic. The increase in revenues was fully offset by the NAf.12.5 million rise in expenses – primarily because of the move to the new facilities leading to:

(a) higher personnel expenses (NAf 2.4 million) due to the increase in the number of personnel and the required training;

(b) increased depreciation costs (NAf.5.3 million) associated with the start of operations in and thus activation of the new assets; and

(c) higher interest obligations (NAf.2.2 million) emanating from start of repayments on the loan

These developments translated in a decline in the net result with NAf.4.8 million to NAf.14.4 million in 2006. The net result of the company is essential in view of the need to fund reserve accounts and meet principle payments on the 8.25% bond loan of NAf.213.5 million (US\$.118.6 million). As stated previously, maintaining net results that ensure sufficient free cash flow for debt servicing are a "conditio sine qua non" for the successful operation and maintenance of the new improved facilities in the years ahead. It is therefore imperative that we continue to maintain strict budgetary controls aimed at keeping expenses at sustainable levels while im-

plementing revenue enhancing measures through our retail and food and beverage program and the agreed phased increase in rates and charges through 2007. The latter is to be executed without undermining the competitive position of the airport and our island.

Considering all things it can be concluded that 2006 was a successful year for the company, despite the slowdown in traffic growth and the challenges of maintaining operations in the old while constructing the new facilities.

As I consider these achievements I believe that it is important that we recognize the contributions of those who have preceded us, for without them we could not have been here today and it is for that reason that we have dedicated the first page of this annual report to my predecessors as the representatives of their period and staff that supported them. Likewise we may never forget our employees and I therefore commend them for their performance in our mission for excellence; because PJIAE is the employees and the employees are PJIAE. Without the daily contribution of every single one of our staff members, our company would not be what it is. Cognizant of this we will continue to nurture and strengthen employees' relationships, as stronger relationships result in unity and shared objectives. Shared objectives is a pre-condition to reaching "New Horizons" for the company and thus for the employees and the wider community of the island and the region we serve.

We will continue to look ahead at the future, be it with cautious optimism. While Airports Council International (ACI) forecasts indicate that Caribbean visitor numbers will continue to grow in keeping with predictions that traffic worldwide will double in the next 10 to 15 years we must be vigilant as we face 2007 and beyond. Whereas travel has rebounded from the various setbacks (911, Sars, Avian flu), there are a number of threats to growth. These are in addition to the concerns of increasing traffic congestion, the high fuel prices and the resulting increase

in airline fares, the liquid ban introduced in the summer of 2006, and the US decision that traveling US citizens must have passports. It is therefore imperative that the island manage those issues which are within its span of control and make good on the available opportunities. As an airport, PJIAE is preparing to play its role.

The realization of new terminal facility will prove an important element as our island readies itself further for this growth. At PJIAE we have mapped out several projects for 2007 and beyond, which should make our position as a Regional Leader even stronger: the construction of Runway Extension Safety Areas (RESA) in accordance with international safety requirements; the demolition of the old terminal building to increase apron space; the construction of the operations tower to better manage and optimize ground operations; and the construction of the Fixed Based Operations terminal for handling corporate flights.

Cognizant of our critical role as the gateway to our dual island nation and as hub airport for the surrounding islands we consider it of utmost importance to share our vision through our annual reports and other publications. We hope that in providing our stakeholders with this information we can continue to foster sound relationships towards a concerted pursuit to facilitate the economic and tourism development of our communities. It is with this hope that I hereby on behalf of management and staff of PJIAE N.V. express my appreciation to all who supported us and in particular to our passengers for their patronage in the past year and look forward to continue working with you.

And finally I hereby on behalf of Management and Staff of PJIAE N.V. convey gratitude to the great team of airline, passenger, ground and cargo handling staff, concessionaires and their staff, consultants, contractors, financiers, Government officials and all others who were instrumental in the realization of St. Maarten's milestone in 2006.

2. Business Development





2.1 PASSENGER MOVEMENTS

Direct passenger movements – inbound and outbound – rose a slight 0.5% in 2006 compared to 2005, moving from 1,494,733 in 2005 to 1,502,378 in 2006. This was in line with global traffic results for 2006 released by the International Air Transport Association (IATA), which showed a global passenger growth that is slower than the previous year. Next to this slight increase in direct passengers however, PJIAE experienced a drop in transit passengers over the past year. Transit passengers decreased by 18.1% in 2006 compared to 2005, bringing the overall passenger movements for 2006 to 1,640,297 compared to 1,663,226 in 2005. (table 1 reflects these numbers).

This increase, albeit slightly, indicates that passenger traffic has remained stable. The first quarter of the year, which usually records the highest number of passengers, showed a decrease of -2.3% overall, while the second and third quarters recorded increases of 2.4% and 0.7% respectively. The dominant factor that resulted in the overall decrease is the 5.9% decrease recorded in the fourth quarter. Although the ‘high’ season officially begins in December, the full effects of the season are not felt until the first quarter of the following

YEARLY PASSENGER MOVEMENTS

	2002	2003	2004	2005	2006
Inbound	641,343	679,363	740,569	742,601	745,279
% change	1.0%	5.9%	9.0%	0.3%	0.4%
Outbound	632,146	677,741	738,412	752,132	757,099
% change	0.3%	7.2%	9.0%	1.9%	0.7%
Totals	1,273,489	1,357,104	1,478,981	1,494,733	1,502,378
% change	0.7%	6.6%	9.0%	1.1%	0.5%
Transit	166,572	147,891	167,084	168,493	137,919
% change	-35.9%	-11.2%	13.0%	0.8%	-18.1%
Grand Totals	1,440,061	1,504,995	1,646,065	1,663,226	1,640,297
	-5.6%	4.5%	9.4%	1.0%	-1.4%

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

table 1

YEARLY PASSENGER MOVEMENTS
(Excl. Transit Passengers)

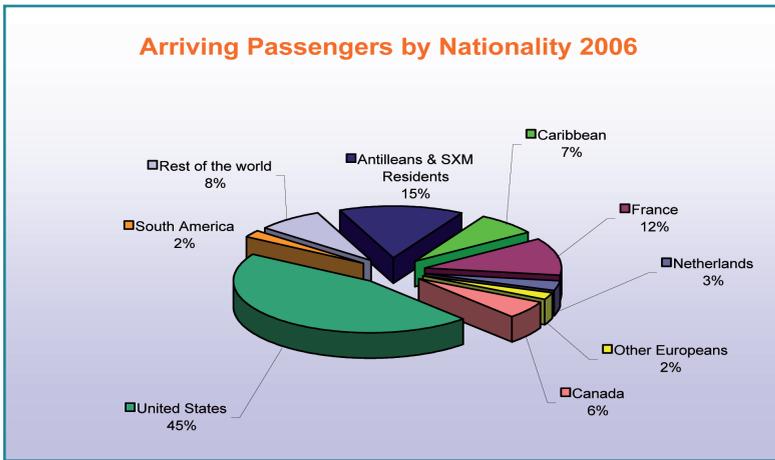


graph 1

year. In the case of this year's figures, this indicates that the 2005-2006 high season was below the 2004-2005 season. This development negatively impacted the overall yearly result of PJIAE passenger traffic, which resulted in a 1.4% decrease compared to 2005. See table pictured above.

Graph 1 reflects the yearly traffic development of the inbound and outbound passengers.

Although the traffic growth rate is slower than the buoyant



North America and South America. North America takes up some 52% of the total passenger base of which 45% originate in the United States. Europe's share of the total passenger base amounts to 18% of which passengers from France make up the largest share; namely 12%. Passengers originating out of South America reflect the lowest share of the overall total passengers, while the share of passengers originating out of the UK is practically non-existent. It is therefore that PJIAE has

chart 1

rates seen in 2003 and especially in 2004, it is still in line with long term industry average growth rate.

The passenger mix at PJIAE consists of passengers originating from the Caribbean, Europe,

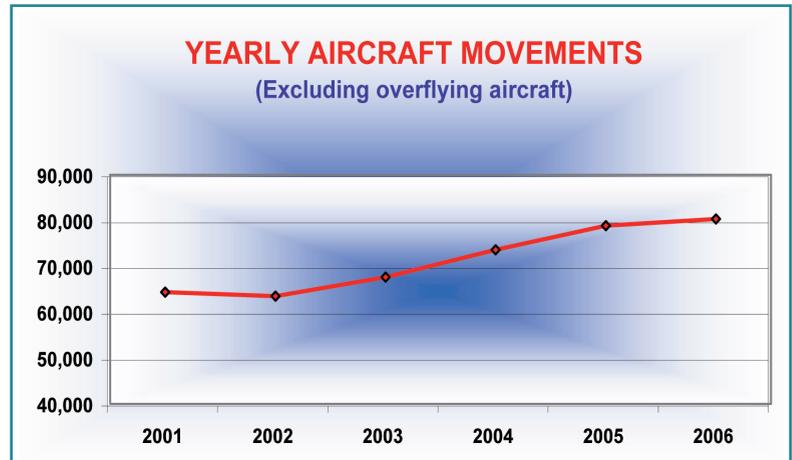
developed an Air Service Development Program aimed at establishing relationships with carriers from South America and the UK in an effort to attract more air service from those parts of the world. Chart 1 reflects the numbers mentioned above.



2.2 AIRCRAFT MOVEMENTS

Aircraft movements at PJIA increased by 1.9% in 2006 compared to 2005. In 2005 a total of 78,884 movements were recorded, while in 2006 this number rose to 80,357. Like passenger movements, growth in aircraft movements also slowed in 2006. Due to the high cost of fuel, carriers resorted to careful capacity management and withdrew unprofitable capacity where necessary in an effort to improve efficiency. This has led to fewer flights but higher load factors, thus reducing costs and improving revenue for the airlines.

No new carriers started service to PJIA in 2006, however, scheduled carrier movements in-



graph 2

TOP 10 CARRIERS FOR 2006

Compared to 2005

(In percentage of the total passengers)

Carrier	2006	2005
1. American Airline	16.5	15.7
2. Winair	13.1	14.0
3. USAIR	10.4	10.2
4. Air France	9.0	8.4
5. LIAT	7.9	11.2
6. American Eagle	6.7	7.1
7. Continental Airlines	4.4	4.2
8. KLM	3.9	4.3
9. Caribbean Airline	3.2	2.5
10. DCA	2.8	3.1

graph 3

creased from 61,650 in 2005 to 64,671 in 2006 a 4.9% increase. Charter movements also increased from 489 in 2005 to 616 in 2006 representing a 26% increase. Private aircraft movements however, decreased somewhat in 2006. In 2005 a total amount of 14,757 private aircraft movements were recorded, while in 2006 this number dropped to 13,382 – a 9.3% decrease.

(See the accompanying graph, which reflects the development of aircraft movements over the years).

In an effort to increase air service to Princess Juliana International Airport, PJIAE N.V. attended

Routes in September 2005 and Network in March 2006. These are events where airlines and airports meet to discuss new air service opportunities. The events revolve around formal, productive pre-arranged one to one meetings with airlines. As a result of these meetings dialogue was started with airlines who may be considering adding PJIAE to their route network. Although no new airline started service in 2006, discussions continued during this year for new service to start some time in 2007 and later.

In 2006 a total of 19 scheduled carriers served PJIAE, while 14 different carriers provided charter service from Europe, Canada, the U.S. and South America.

In the past few years PJIAE had become a haven for many Private & Corporate Jets as a result of PJIA's safe, secure and hassle-free environment and 2006 saw the continued influx of less though larger Corporate Jets, especially during the first few months and the last month of the year. Some 28 direct destinations are served from PJIAE, while providing connections to many other destinations in Europe, the U.S. and South America. PJIA also serves as an ideal transfer point to many other destinations in the northeastern Caribbean.

2.3 CARGO MOVEMENTS

Cargo movements have always been very unpredictable and do not show any particular trend. Over the past few years since 2001, cargo movements have consistently shown a net decrease, except in 2004, when a positive result was recorded. Movements again decreased in 2005 by

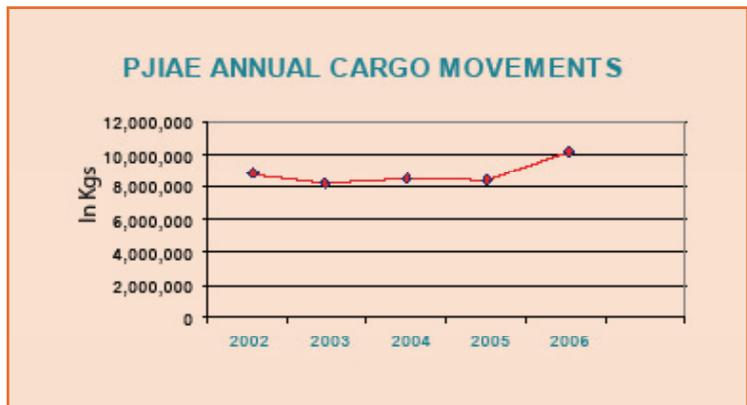
-1.7%, only to increase considerably again in 2006 by 21.7%. It is difficult to explain the sudden increase in cargo movements, as shipments by air is dependent on the goods being shipped and the urgency of the need of the goods. In 2005 a total amount of 8,359 tons of cargo was shipped through PJIAE, while in 2006 this figure jumped to 10,175 tons – an increase of 21.7%. While dedicated aircraft movements increased slightly in 2006, the large increase in the total amount of cargo shipped is also due to the revenue increasing measures taken by combination aircraft to improve efficiencies, by transporting more cargo.

The tables and graphics reflect the development of cargo over the past six years.

PJIAE ANNUAL CARGO & MAIL MOVEMENTS					
	2002	2003	2004	2005	2006
Unloaded	7,613,453	7,058,364	7,133,700	7,165,910	9,252,126
% change	-6.5%	-7.3%	1.1%	0.5%	29.1%
Loaded	1,244,282	1,140,790	1,363,895	1,193,072	923,273
% change	-2.6%	-8.3%	19.6%	-12.5%	-22.6%
Total	8,857,735	8,199,154	8,497,595	8,358,982	10,175,399
% change	-5.9%	-7.4%	3.6%	-1.6%	21.7%

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

table 2



graph 3



3. Time Line



3.1 ST. MAARTEN'S MEASURE OF EXCELLENCE

The island of St. Maarten / St. Martin is the smallest landmass in the world shared by two nations. The northern side (St. Martin) is governed by the French and the southern side (St. Maarten) is one of the five island territories that make up the semi autonomous country of the Netherlands Antilles, part of the Kingdom of the Netherlands. While English is the main language on both sides, Dutch is the official language on the southern side and French the official language on the northern side.

Because of its geographical location, the island plays a strategic role in the development of neighboring islands Saba, St. Eustatius (also Netherlands Antilles territories), Anguilla and St. Barth's. As a matter of fact, the Princess Juliana International Airport serves more than the community of St. Maarten and its tourism industry. The airport is the hub that feeds St. Martin and surrounding islands as well. PJIA is the second busiest airport in the North Eastern Caribbean, in terms of aircraft movements, behind San Juan, Puerto Rico. PJIA is the single most important strategic asset of St. Maarten. From its primary establishment, Princess Juliana International Airport has played a very important role in the development of St. Maarten. As a matter of fact, PJIA is a catalyst for development of the island and its entire sub region.

The Airport was built in 1942, initially for military use facilitating refueling and technical stops for US aircraft during World War II. The airport was constructed by the Government of the Netherlands Antilles, following designs of the U.S. Air



Force. Construction work to transfer the military airfield into a civil airport was completed in 1943 and in 1944 the new airport was opened by Her Royal Highness Princess Juliana. The first civil flight to touch down at the new airport was carried out by Royal Dutch Airline KLM, with the "Kolibrie" on the day of the operational opening, December, 3 1943.

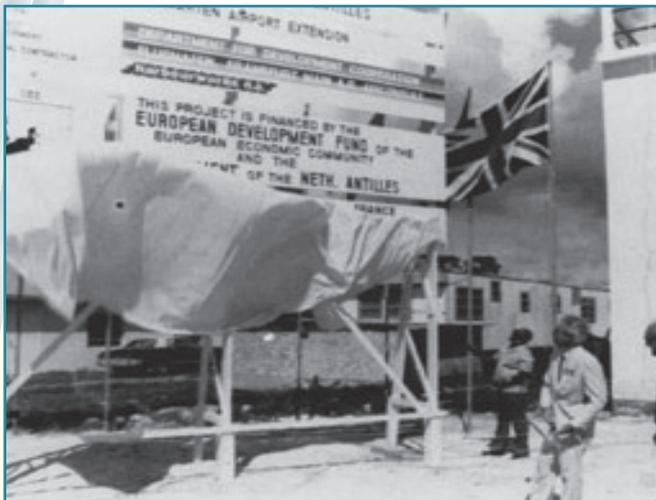
It heralded the beginning of a new era for St. Maarten.



3.2 THE ENGINE OF CONTINUOUS DEVELOPMENT

In 1964, the Princess Juliana International Airport was remodeled and relocated. 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. Dutch Minister Bar-end Biesheuvel officially opened Princess Juliana Airport on the new site in March 1964. From 1964 to 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%.

In 1984 the terminal building was upgraded and expanded to keep pace with the growth.



By 2001, PJIA had to be the major connection of European and American flights to the Caribbean. Within this changed economic environment PJIA faced its own challenges. Following the score of problems with the financing of the airport expansion, which started in 1991, a new corporate structure was proposed within which the role and scope of government and management were clearly defined. In this new structure the Island Territory of St. Maarten was the owner of a holding company, which in turn owned an operating company. Implementation of this new structure took place on September 13, 1996 with the incorporation of the Princess Juliana Interna-

tional Airport operating company N.V. (PJIAE). Effective January 3, 1997 the Island Government of St. Maarten granted PJIAE the concession right to operate the Princess Juliana International Airport. The concession gives PJIAE the right to maintain, develop and operate the airport facilities as well as to conduct all financial and commercial activities related to the airport business on St. Maarten.

The current Airport Master Plan as prepared by NACO B.V. in 1991 and updated in 1997 was approved and accepted by PJIAE on May 2, 1997. The Airport Master Plan consists 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 the first to be completed.

In February 1998 drs. Eugene B. Holiday following in the footsteps of his predecessors was appointed the position of president director and took over the management of the company. With the first phase of the airport master plan well underway preparations were made towards the future developments of the airport in line with the master planning. He amended the organizational structure in April 1999 to its present form, revisited the masterplan and developed the strategic business plan for the further development of PJIAE. One could describe the airport as the engine of continuous development on St. Maarten. Phase I of the Airport master plan consisting of 15 projects was concluded in 2001 with the realization of the Flamingo apron and the completion of the last project, the construction of the first ever Airport Business Class Lounge, financed by the Windward Islands Bank Ltd. Plans to kick off the second phase of the Airports Strategic Business Plan experienced a temporary setback due to the major adverse effect of the September 11, 2001 attacks on air travel and tourism throughout the world.

5. Highlights 2006

JANUARY

- On January 17th 2006, PJIAE formally received the key to the new Ford-350 Life Line Ambulance, which is now in use by the Rescue and Fire Fighting Department.

FEBRUARY

- PJIAE's annual reports are available to view or download from www.pjiae.com. This is in line with PJIAE's tradition of publishing reports on its operational and financial performance, to keep stakeholders informed.

MARCH

- PJIAE on Wednesday March 29th 2006 donated the Ford E350 type 2 ambulance which was no longer in use at the Rescue and Fire Fighting (R&FF) to the Red Cross Brigade of St. Maarten.

APRIL

- A US \$5 transfer fee for passengers making use of the facilities of Princess Juliana International Airport was approved by the Island Council. The fee went into effect as of August 2006.

- Ten new Security Officers were hired and 10 more were to be contracted before the new airport building was taken into operation

MAY

- PJIAE was represented at the Passenger Facilitation Expo in Paris, France, by PJIAE Chairman Mr. Miguel Alexander, Chief Purchasing Department Mr. Evans Marsham and Electrical Engineer Mr. Christian President.

- Dutch State Secretary of Finance Mr. Joop Wijn was impressed with the new facility of PJIAE. Mr. Wijn toured the new facility during a short visit to the Windward Islands.

JULY

- Take Air, a Dominica based airline started direct flights from PJIA into Canefield Airport in Dominica, and aviation officials involved in the new effort are calling the service revolutionary.

AUGUST

- Winair, St. Barth's Commuter and Windward Express became the latest airlines to sign into the Airport Departure Fee program.

- Drs. Eugene Holiday announced that Management and Board of PJIAE are looking forward to having Her Majesty Queen Beatrix of the Netherlands officiate the official opening of the new terminal building.

OCTOBER

- PJIAE hosted the operational opening ceremony of its new terminal building on Wednesday October 25th, 2006. Operations had been switched to the new facility as of that morning.

NOVEMBER

- Her Majesty Queen Beatrix of the Netherlands inaugurated the new facility on Friday November 10, 2006, witnessed by thousands of guests, among whom members of Local and Federal Governments, and visiting Heads of State of nearby islands.

4. Opening New Terminal Building



Fireworks lit the evening sky on November 10 when St Maarten's new US\$100 million airport terminal was inaugurated. "Spectacular" was only but one of the words people used to describe the event; but it didn't come close to the excitement that was in the air as people watched Her Majesty Queen Beatrix of the Netherlands officiate the inauguration of the facility. The inauguration ceremony was attended by thousands. Many accepted the open invitation to the entire population to attend the ceremony. A big crowd lined the roadway near the entrance to the new facility and cheered as Queen Beatrix arrived to unveil the new PJIA sign near the arrivals section of the airport. 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 took on a festive air with performances from some of the island's leading folk performing artistes. "This is an important milestone in the history of St. Maarten," said drs. Eugene Holiday, President of the Princess Juliana International Airport

Operating Company (PJIAE). "This testifies to the potential of our people." Construction of the facility started in June 2004, according to drs Holiday after almost a decade of preparation and planning. He said the airport was in dire need of a new terminal building, as the previous one could barely handle the passenger volumes it experienced, let alone what was being projected. "As we celebrate, we must envision the meaning of today's celebration for our island's future. With our terminal building designed to handle some 2.5 million passengers per year, we can look to the future knowing that we can accommodate projected growth in regional tourism over the next 20 years,"



he said. The four-level, 27,000 square-meter building and related works represents an investment of approximately US\$ 100 million. It was constructed by Koop Europe BV from Groningen, the Netherlands and commissioned on October 25, 2006. The opening ceremony also heard remarks from Mr. Miguel L. Alexander, Chairman of the Board of Supervisors and Commissioner of Aviation Mrs. Sarah Wescott-Williams. Mr. Alexander called to mind a statement he had made to main contractor Koop Europe Holding BV at the ground breaking ceremony on June 18th 2004: "We look forward to a constructive working relationship. We will be demanding the very best of you; you will make sure that the local contractors get their rightful share of the work; of our local contractors we will be

demanding the very best. We will be demanding excellence where this project is concerned," he recalled saying, adding, happily: "I am happy to say that an excellent product is the result. We have constructed a Terminal Building worthy of carrying the name of HRH the late Princess Juliana."

"This is not just another airport, another symbol of progress. If there is one building that we as St. Maarten collectively own it is this, our airport. And as we boast of this accomplishment and seek to stay at cutting edge of international travel, let us not forget our roots are firmly planted in the North Eastern Caribbean. Our neighbors are partners in this celebration," said Mrs. Wescott-Williams. She said PJIA's new building stands tall and proud as testament of St. Maarten's strength and fortitude. After unveiling the PJIA sign, Her Majesty Queen Beatrix toured the facility, talking to workers and marveling at the art on display.



Members of the Supervisory Board of Directors receiving a token of appreciation during the opening ceremony on November 10, 2006. From left to right: Ms. Regina Labega, Mr. Rolando Tobias, Mr. Gary Matser, Mrs. Joan Dovale-Meit, Mrs. Peggy-Ann Dros, Mr. Andre Dijkhoffz and Mr. Miguel Alexander, with Mr. Eugene Holiday, President of PJIAE.

6.1 Corporate Governance 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 twenty years, effective January 3, 1997. The Company's purpose as described in the articles of incorporation and stipulated in the concession agreement is to operate the aviation business on St. Maarten, which is:

The maintenance of the airport facilities

The development of the airport facilities

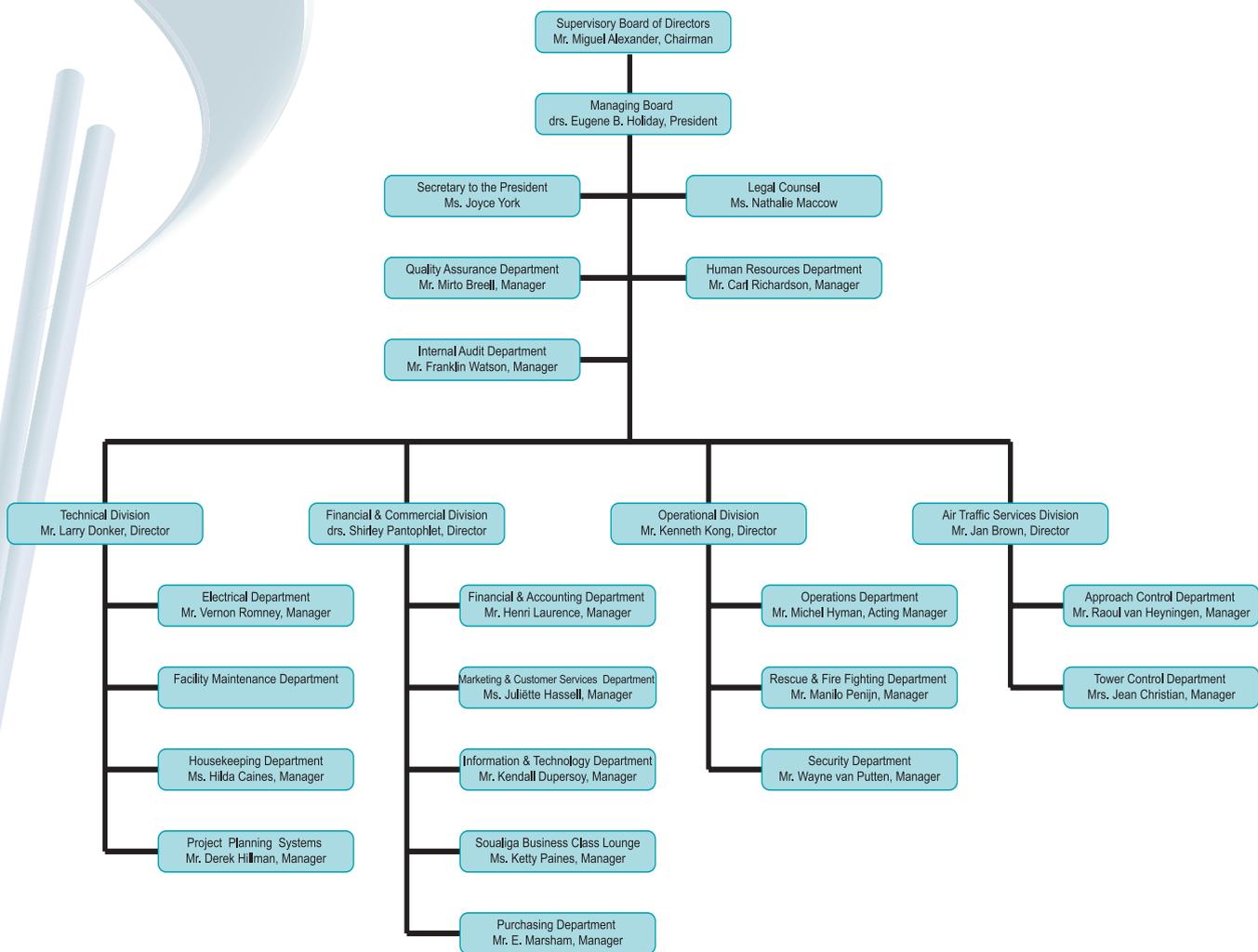
The operations of the airport facilities

The conducting of all financial and commercial activities related to the airport business on St. Maarten.

As a result PJIAE plays a central role in the economy of St. Maarten and functions as a premier gateway for the surrounding islands.

Pursuant to the articles of incorporation PJIAE has three corporate bodies: the General Shareholders 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.

6.2 Organization structure



7. Financial Statement

7.1 Independent Auditor's Report

We have audited the consolidated financial statements of Princess Juliana International Airport operating company N.V. for the year ended December 31, 2006, from which the accompanying condensed balance sheet and condensed statement of income (as set out on pages 27 and 28) were derived, in accordance with International Standards on Auditing. In our report dated May 25, 2007 we expressed an unqualified opinion on these consolidated financial statements.

In our opinion, the accompanying condensed balance sheet as of December 31, 2006 and condensed statement of income for the year then ended are consistent, in all material respects, with the consolidated 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 consolidated balance sheet and condensed consolidated statement of income should be read in conjunction with the consolidated financial statements from which the condensed consolidated balance sheet and condensed consolidated statement of income were derived and our report thereon.

Sint Maarten, [DATE], 2008
PricewaterhouseCoopers Netherlands Antilles

Cees Rokx



7.2 Condensed Balance Sheet

As at December 31 (in NAf.)

	2006	2005
Assets		
Current Assets and non-liquid accounts	93,166,825	126,466,335
Financial Fixed Assets	4,058,400	4,272,000
Tangible Fixed Assets	259,715,941	193,052,979
Total Assets	356,941,166	323,791,314
Liabilities		
Current Liabilities	29,824,248	9,646,335
Long term Liabilities	248,412,631	250,375,929
Provisions	5,097,333	4,569,104
Total Liabilities and Provisions	283,334,212	264,591,368
Shareholder's Equity		
Share Capital	200,000	200,000
Donated Capital	5,200,000	5,200,000
Retained Earnings	68,206,954	53,799,946
Total Shareholders Equity	73,606,954	59,199,946
Total Liabilities and Shareholder's Equity	356,941,166	323,791,314

7.3 Condensed Income statement

As at December 31 (in NAf.)

	2006	2005
Revenues		
Aeronautical Revenues	56,782,827	49,055,785
Non-Aeronautical Revenues	10,247,525	10,362,848
Total Revenues	67,030,352	59,418,633
Expenses		
Operating Expenses	31,265,610	26,785,169
Depreciation	12,902,547	7,652,714
Total Operating Expenses	44,168,157	34,437,883
Operating Result	22,862,195	24,980,750
Financial Income & Expenses		
Finance Costs - Net	7,926,958	5,726,309
Income before Taxes	14,935,237	19,254,441
Provision for deferred taxes	528,229	33,454
Net Income for the year	14,407,008	19,220,987

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	2180 m
Width	45 m
Capacity	36-40 movements per hour

Apron

Main	89,000 m ²
General aviation	20,000 m ²
General aviation cargo	7000 m ²
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 a new, 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	27,000 m ²
design capacity	2,5 mln passengers annual

Opening hours	06:00 - 23:00 hours
---------------	---------------------

Check-in Hall

The spacious check-in hall is located on the ground floor of the new facility. Each check-in counter is equipped with the Common Use Terminal Equipment.

area	2,091 m2
check-in counters	46
ATM's	2
passenger control booth	2
ADF booth	2
Airline counters	25

Departure Hall

The departure hall is located post security on the 1st floor of the facility. This comfortable waiting area features the Airport Mall, a promenade of carefully selected stores that offer a wide variety of competitively priced goods. Both Windward Islands Bank and RBTT Bank have cash dispensers in this area. The mall is part of PJIAE's extensive retail program, which goes a long way into transforming our gateway into an airport-city where travelers have all necessities and comfort within arm's reach.

area	4,085 m2
emigration booths	5
retail outlets	21
F&B outlets	5
gates	11
Cash dispensers	2

Soualiga Business Class Lounge

The Soualiga Business Class Lounge is a luxurious area where departing passengers can wait for their flight in a private setting. The Lounge has a well-stocked bar and hearty snacks and is manned by courteous, professional staff.

area	167 m2
public computers	2
seating capacity	75

VIP

area	34m2
seating capacity	8

Head of state room

area	44m2
seating capacity	8

Gates

For passenger safety and comfort, PJIA has introduced four jet-bridges to its operations. The entrances to the jet bridges are located on the First Floor, alongside the panoramic glass walls and are capable of serving a variety of aircraft, ranging from DC9 up to and including B777. Aircraft not parked at a jetbridge are served through one of the seven bus gates located at the western and eastern ends of the terminal building.

names jetbridges	A1 to A4
names busgates	B1 to B3 (westgates) and C1 to C4 (eastgates)

Meet & Greet Area

The meet and greet area breathes a welcoming atmosphere. This area is located pre-security on the ground floor, at the eastern end of our facility.

area	
area	865m2
banks	1
rental booths	13

Food Court

At the Food Court –which is also part of PJIAE's Retail program- on the Ground Floor there is a range of local and international cuisine available.

area	283m2
shop outlets	4
F&B outlets	6
restaurants	1

Arrival Hall & Baggage Area

In the Arrival Hall, three baggage belt carousels speedily deliver passenger's luggage.

The Baggage Information Display System (BIDS) indicates on which baggage belt bags from a particular flight will arrive.

area	1,564m2 (baggage claim only)
immigration booths	10
baggage belt carousels	3
transfer check-in booths	4
transfer information counters	4

9. Airport Floorplan

First Floor



Princess Juliana International Airport
operating company N.V.

Ground Floor



Books, Magazines, Souvenirs & Gifts

- F18 David's Gift Shop (Souvenirs, gifts)
- F2 Island News (News stand, books, confectionary)
- F17 Island News (News stand, books, confectionary)
- F3 Shipwreck Shop (Souvenirs, gifts)

Convenience Store

- G3 Dutch Delight (Convenience store)

Clothing

- F7 Last Mango In Paradise (Clothing, souvenirs)

Delicatessen

- F9 Jeff de Bruges (Chocolates)

Food & Beverage

- R8 Caribbean Express Bar & Grill (Bar, hamburgers, sandwiches, pizza)
- R2 Carl & Sons Cheese Shop (Sandwiches, pastries, local food, cheese)
- R5 Domino's Pizza (Pizza)
- R6 Island Grab n' Go (Sandwiches, wraps, salads)
- R7 Island Grab n' Go (Sandwiches, wraps, salads)
- R3 Kaffe (Gourmet coffee and pastries)
- R1 Made In Japan Teriyaki Experience (Asian food)
- R12 Plantation Grill & Bar (Full service restaurant and bar)
- R4 Quiznos Sub (Sandwiches, soups, salad)
- R9 Rum Jumbie Bar (Bar)
- R10 Raphy's (Bar, hamburgers, sandwiches, pizza)
- R11 The Different Twist Pretzel (Pretzels)

Jewelry

- F20 Ama Jewelers (Jewelry)
- F13 Colombian Emeralds International (Jewelry)
- F8 Diamonds International (Jewelry)
- G2 Sparkling Gems (Jewelry)

Liquor & Tobacco

- G1 Airport Liquor Perfume Center (Liquor & cigarettes)
- F21 EDIL Duty Free Liquors (Liquor & cigarettes)
- F14 Island Spirits (Liquor & cigarettes)
- F19 Roblito's (Cigars)
- F11 The Last Stop Rum Shop (Liquor & cigarettes)

Personal Care

- G1 Airport Liquor Perfume Center (Perfume & cosmetics)
- F4 L'Occitane (Mind, body & wellness products)
- G4 Marie-Antoinette Coiffure (Beauty salon)
- F12 Penha (Perfume & cosmetics)
- F15 Penha (Perfume & cosmetics)

Services

- RBTT (ATM, Cash dispenser)
- Windward Island Bank Ltd. (Bank branch, ATM, Cash dispenser)

Specialty Goods, Fashion Accessories

- F5 Ama Bella (Leather goods, custom jewelry)
- F10 Hotlook (Sunglasses, custom jewelry)
- F16 Just Class (Crystal, Specialty gifts)
- F1 Swatch (Watches)

Gates

A1	B1	C1
A2	B2	C2
A3	B3	C3
A4		C4

Airlines

- Air Canada
- Air Caraibes
- Air France
- Air Transat
- American Airlines
- American Eagle
- BWIA
- Caribbean Star
- Caribbean Sun
- Continental Airlines
- Corsair
- Delta Airlines
- Dutch Antilles Express
- KLM
- LIAT
- St. Barths Commuter
- Take Air Dominica
- United Airlines
- US Airways
- Winair

Car Rentals

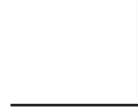
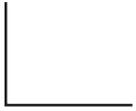
- Alamo / National
- Avis Car Rental
- Best Deal Car Rental
- Budget Car Rental
- Dollar Rent A Car
- Europcar
- Flamingo Rent-A-Way
- Hertz Car Rental
- Paradise Island Car Rental
- Safari Car Rental
- Sidro United
- Sunshine Car Rental
- Thrifty Car Rental

10. PJIAE employees:

Countless individuals, one force

PJIAE is the employees and the employees are PJIAE. Without the daily contribution of every single staff member, our company would not be what it is. PJIAE nurtures and strengthens employees' relationships, as stronger relationships result in unity and shared objectives. Shared objectives are a pre-condition to reaching "New Horizons" for the company and thus for the employees and the wider community of the island and the region we serve.







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
Email: info@pjiae.com
www.pjiae.com

September 2007