



ANNUAL REPORT 2009

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

Creating Value for Stakeholders





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

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

* The numbers for previous years were adjusted in this report.

- 1 Includes transit passengers
- 2 Excludes over flying aircraft
- 3 All figures in Netherlands Antillean Florins



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1. President's Message



Operating in 2009 was particularly challenging due to the impact of the global financial and economic crisis on business activity at PJIA. By meeting the challenges head on with determinate actions we at PJIAE managed, despite the unfavorable external environment, to strengthen the financial position of the company and thus create value for our stakeholders. As a result and because it is my last full fiscal year as president of this unique St. Maarten institution, I am pleased and proud to present you with this annual report as an account of the developments at PJIAE N.V. in 2009.

TRAFFIC DEVELOPMENTS

Following mixed developments in the previous year traffic movements at PJIA declined in 2009.

The number of passenger movements dropped by 5.8% to 1,625,964 and the number of aircraft handled declined by 12.9% to 62,627 compared to 2008.

These developments are to be seen against the backdrop of adverse economic conditions with, un-

precedented high international fuel prices in 2008 and the global economy nose diving into recession placing the travel industry under severe pressure. The impact was strongest followed by the global recession reaching its low in 2009. Whereas the impact was only partially felt in 2008, we felt the full impact of the recession in 2009. The decline with 2.5% in the last quarter of 2008 continued during the first three quarters of 2009, as passenger movements at PJIA declined by 9%. Meanwhile aircraft movements continued to decline recording a loss of 14%. As the year progressed and signs of recovery began to take effect passenger movements improved by 6.1% in the fourth quarter. As a result the passenger movements closed off down 5.8% for the entire year. However, a similar rebound in aircraft movements in the last quarter did not occur as airlines continued to rationalize their business against the backdrop of lower passengers demand.

MEETING THE CHALLENGES

Starting in 2008 and continuing in 2009 we moved to implement measures aimed at mitigating the effects of the global economic storm on air traffic and at strengthening the long term position of PJIAE. This strategy involves policies that focused on increasing non-aeronautical revenues, implementing measures that would reduce operating costs, maintaining rates and charges to airlines at the current levels and strengthening of air service developments efforts. Some of the key policies include the retention of capital through tightening cost controls, rationalizing of energy costs, freezing the hiring of personnel, investing in increased safety and customer comfort and implementing debt service burden reduction strategies. Major achievements in this regard include:

- a. The rerouting of the airport road north of the terminal building to ensure a smoother flow of traffic;
- b. The expansion of the public parking lot including parking for car rental companies;
- c. The initiation of the process for the introduction of the mandatory runway end safety areas (RESAs) and associated rerouting of the airport road east of the runway. This project is currently under construction;



- d. The initiation of preparations for the implementation of Common Use Self Service check-in as formalized by contract in 2010;
- e. The expansion of the Transfer facilities and the increase in the number of gates to increase the capacity for the processing of transferring and of enplaning passengers;
- f. The securing of airlift along with government and our industry partners by holding discussions with Jet blue which led to the decision by the carrier to introduce a new service from Boston in February 2009 as well as efforts which resulted in American Eagle partly cancelling its plans to reduce flights on the San Juan route;
- g. Our proactive approach to managing the ever changing environmental and financial challenges, with the repurchase and retirement of some \$15.1 million of our bonds as part of our liability management strategy during the fourth quarter of 2009. This has produced positive effects on cash flow in 2009 and we expect to see further improvements in 2010 and beyond.

The advantages of mentioned measures and in particular of mentioned debt retirement measures were further strengthened by the negotiated lowering of the required debt services coverage ratio as concluded in June of 2010. These measures serve to solidify and secure the long term business and financial health of PJIAE.

CORPORATE GOVERNANCE

The governance approach is critical to the realization of the objectives of any organization. It is our policy to apply and encourage strict adherence to the principles of best business practices. Essential in that regard is our emphasis on compliance with pertinent legislation and on being the leader in our sector and community. The recent introduction of the Corporate Governance Code by means of the Island Ordinance Corporate Governance (AB 2009, 10), amended by Island Decree number 1756 dated December 10, 2009, provides a good yardstick for the measurement of the observance of the best business practices. In this regard we continuously evaluate our policies and procedures for observance with

developments in the area of corporate governance. Moreover, it is in that context noteworthy that our governance approach during 2009 in keeping with the provisions of the Corporate Governance Code has been reviewed for compliance with the Code by our external auditors, PricewaterhouseCoopers. As such I am pleased to inform you of the positive results of that review as captured in our Corporate Governance Report 2009.

CORPORATE CITIZENSHIP

In 2009 PJIAE continued its activities in support of the local community. The focal points of our community activities are support for the physical and educational wellbeing of our youth, our health care and our natural environment. Over the years and in 2009 PJIAE has and continues to support the initiatives and work of various organizations and institutions in these areas. Noteworthy are the adopting of classrooms or projects at our primary, secondary and tertiary educational institutions, our annual sponsorship of the little league, our involvement in the [Red] Campaign and our ongoing support for the Nature Foundation. As PJIAE we take great pride in maintaining these socio-economic activities as a core part of our business strategy.

LOWER REVENUES PARTIALLY OFFSET BY EXPENDITURE MANAGEMENT

The developments in traffic and the accompanying management measures highlighted above are clearly reflected in the financial statements of the company. Total revenues declined by NAf.4.3 million in 2009. The decline can be fully ascribed to the NAf.4.9 million fallout in aeronautical revenues derived from lower passenger and aircraft traffic associated with the global economic downturn. In anticipation of the lower revenues various expenditure reduction measures were implemented. These measures translated in lower general and administrative expenses (NAf 2.3 million or 11.1%) and lower finance costs (NAf 0.4 million or 2.3%). The effects of the economic downturn were therefore only partially mitigated.

DEBT RETIREMENT AND THE BALANCE SHEET

The decline in net finance costs is attributable to the successful repurchase and retirement of USD15.1



million in the face value of the outstanding debt. As a result scheduled interest payments as well as principle payments on the 15 year 8.25% Notes were lower in 2009 and will continue to be lower during the remaining term of the Notes. The immediate impact of the debt buy back is visible in the balance sheet. Namely, long term liabilities declined by Naf 43.3 million (USD 24.0 million) due to the bond buy back and the regular repayment on the 15 year 8.25% Notes issued in 2004 for funding of the airport development plan. As a result the balance sheet total declined by 14.1% from Naf 326.0 million (USD 181.1 million) in 2008 to Naf 280.1 million (USD 155.6 million) in 2009.

POSITIVE FINANCIAL PERFORMANCE AND IMPROVED FINANCIAL POSITION

Thanks to the proactive and determinate management actions to limit the effects of the global economic downturn the financial performance of the company was positive in 2009. Overall PJIAE recorded a positive net result of Naf 4.6 million (USD 2.6 million) in 2009, despite the less than favorable economic environment. Corrected for deferred taxes, which includes significant releases of earlier year provisions, the net result amounted to Naf 0.5 million (USD 0.28 million) in 2009 down Naf 2.1 million (USD 1.2 million) compared to 2008. The mitigation of the negative effects on the operating result of the global economic downturn combined with the deleveraging of our balance sheet through the debt buy back operation resulted in us maintaining a stable return on asset at some 6.4%. This entails a further strengthening of the financial position of the company in keeping with our dynamic vision "En Route To New Horizons, Creating Value for our Stakeholders".

OUTLOOK

Navigating through 2008, 2009 and continuing into 2010 required exceptional measures, as outlined above, to maintain and guarantee the position of PJIAE as a leading and preferred airport in the region, in keeping with our mission. The global economic environment and that of the US in particular, continues to be fragile despite some signs of recovery. In fact throughout the first half of 2010 passenger movements at PJIAE have increased over

2009 but remain below 2008 levels. Meanwhile however aircraft movements continued to decline. As such we are clearly not out of the woods as yet. With the US economy continuing to show signs of weakness with high unemployment, the outlook for the rest of 2010 and 2011 remains uncertain. The resulting financial economic challenges therefore call for continued application of best business practices, caution and prudence in the management of the affairs of the company. It is my hope that the future management of PJIAE will adhere to these sound principles, to guarantee the continuity of our islands single most important economic engine and thus secure and build on PJIAE's position as the third busiest airport in the region.

Maintaining that success will call for continued commitment to the mission of PJIAE by all stakeholders -, future management, board of supervisory directors, shareholder and government -, based on the principles of good corporate governance in concert with the needs of our customers, the passengers, the airlines, the handling companies, the concessionaires and our neighboring islands.

Looking ahead, as I have stated on previous occasions, it is a strategic imperative that St. Maarten and PJIAE do all that is necessary to stand out positively and maximize returns from the limited business opportunities in these difficult times. In general I wish to advise that PJIAE must continue to focus on ensuring safe and secure operations in keeping with international safety standards, and on the provision of efficient and quality services with the aim of improving its competitive position. This should be PJIAE's only mission.

CONCLUSION

My message to you this year is special and personal for me, as it is my last complete fiscal year as President of PJIAE. Upon joining PJIAE twelve and two thirds years ago I was convinced of the tremendous untapped potential of this remarkable institution and the individuals that make up PJIA, provided the institution could be steered based on best business practices. As a result I set out with the PJIAE Team "En Route to New Horizons" to realize our vision and position PJIAE as a regional leader. Today, as I reflect



on my twelve plus years tenure I believe that PJIAE has delivered on that vision and mission, creating a truly outstanding airport with a distinctive corporate culture, one in which every Sint Maartener can take a great deal of pride. As someone who steered this airport for over a decade, I am deeply proud of its accomplishments and more so of the team of people responsible for its ongoing success and commitment to serving Sint Maarten/St. Martin and surrounding islands. PJIA by any measure is the island's single most strategic asset and economic engine, accommodating 1.6 million passengers, offering business opportunities to some 80 companies, generating employment for over 1000 persons and producing turnover of over NAf 400 million annually.

Overall it can be concluded that like the previous years of my tenure 2009 was a successful year for PJIAE despite the unfavorable external environment. It was a year that demanded additional effort from our employees and from the entire PJIA family. Thanks to their effort we all can continue to be proud of PJIA. As I end my tenure as President, I hereby on behalf of the management and staff of PJIAE N.V. express my thanks to all who have contributed - and in particular our passengers, airlines, handling companies and financiers - towards the achievements of PJIAE in 2009 and look forward to your continued support in building this unique St. Maarten institution. Moreover, I wish to convey a special thanks to and acknowledge the efforts and contributions of all the supervisory directors, shareholders and commissioners who I have worked with over the years.

In closing, I want to express my sincere thanks to all of the employees and my management team for their input, dedication and friendship. Overall it has always been an honor and a pleasure for me to serve our island as part of the PJIAE family.

drs. E.B. Holiday
President, PJIAE





2. Business Development Report 2009

2.1 Passenger Movements

While 2009 has proven to be a very turbulent year for the aviation industry, preliminary reports show that the global results for the year were less depressed than originally anticipated. Airports Council International (ACI) preliminary results show a 2.7% decline in global passenger traffic for 2009. The economic downturn, which started in 2008 with staggering fuel prices and the outbreak of the H1N1 virus in the early part of 2009, have had a signifi-

Transit passengers rebounded strongly in 2008 and continued to hold steadily in 2009 in spite of the 10.3% drop in the first quarter, resulting in an overall 1.0% increase compared to 2008.

Table 2.1 gives an overview of the traffic developments in the last five years, showing the growth patterns, which sharply declined in 2009.

Tabel 2.1

YEARLY COMPARISON

	2005	2006	2007	2008	2009
Inbound % change	742,972 0.3%	746,003 0.4%	739,617 -0.9%	768,229 3.9%	721,736 -6.1%
Outbound % change	756,077 2.4%	759,465 0.4%	775,618 2.1%	783,178 1.0%	727,248 -7.1%
Total In and Out % change	1,499,049 1.3%	1,505,468 0.4%	1,515,235 0.6%	1,551,407 2.4%	1,448,984 -6.6%
Transit % change	168,493 0.8%	137,919 -18.1%	137,097 -0.6%	175,249 27.8%	176,980 1.0%
Grand Totals % Change	1,667,542 1.3%	1,643,387 -1.4%	1,652,332 0.5%	1,726,656 4.5%	1,625,964 -5.8%

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

cant impact on global traffic, and traffic at Princess Juliana International Airport was not exempted. As a result of these developments PJIAE has also seen a decline in traffic volumes in 2009, recording a total in passenger movements of 1,625,964 compared to 1,726,656 in 2008 – a 5.8% decrease. Table 2.1 gives an overview of the yearly passenger traffic from 2005 through 2009.

According to ACI, global traffic reflected steep declines in the first quarter in most regions but a return to growth activity by year-end. This pattern of traffic developments was also evident at PJIAE, where a sharp decline was recorded in the first quarter of 2009, gradually leveling off during the second and third quarters to finally return to an upward curve in the fourth quarter. Graph 2.2 reflects these developments.



Traffic in the first quarter 2009 fell 14% below that of 2008 namely from 546,319 in 2008 to 469,582 in 2009. In the second quarter the decrease was less dramatic, registering just 6.8% below that of 2008,

while the third quarter continued to show a slight improvement, namely a 4.4% decrease compared to 2008. Table 2.2 gives an overview of these developments.

Graph 2.1

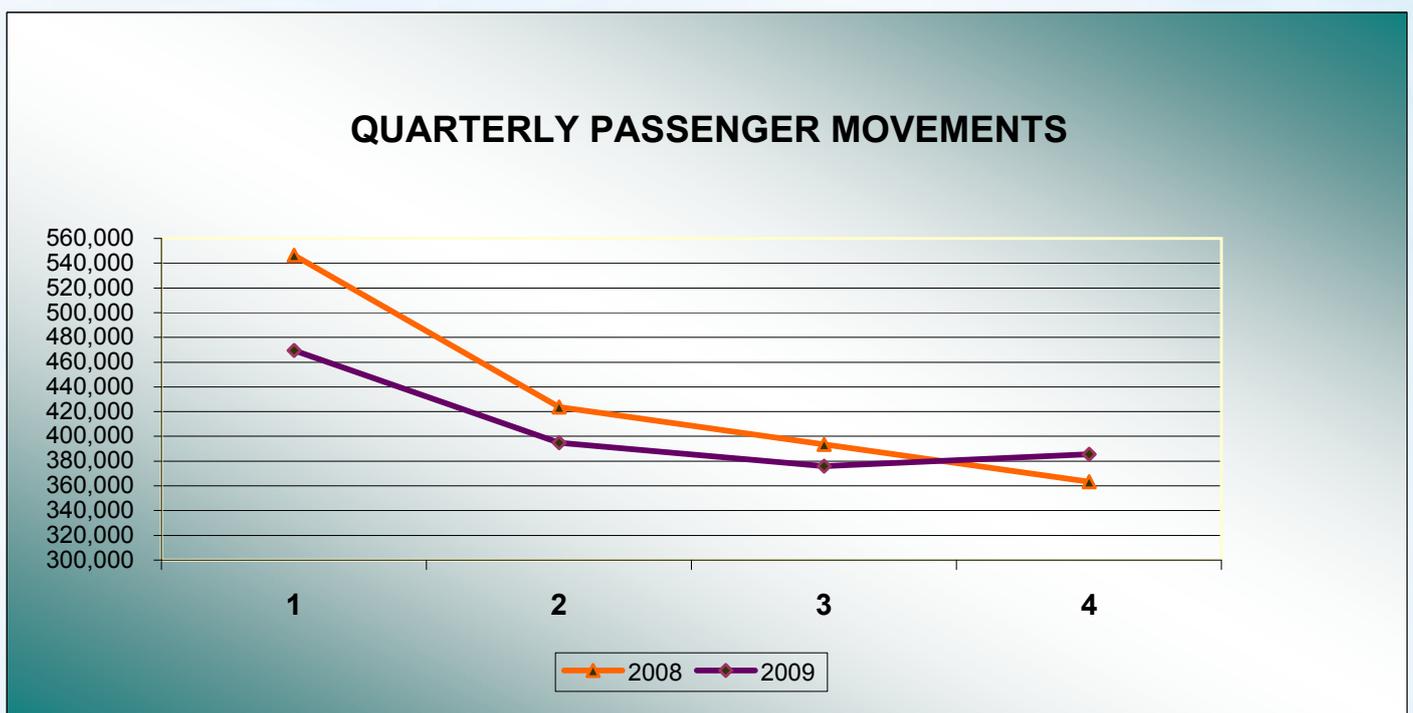




Table 2.2

QUARTERLY PASSENGER MOVEMENTS

Description	2008				2009			
	I	II	III	IV	I	II	III	IV
Inbound	251,371	186,826	165,127	164,904	210,698	173,691	160,067	177,280
% change	11.7%	-0.3%	-0.5%	2.3%	-16.2%	-7.0%	-3.1%	7.5%
Outbound	247,401	196,455	182,018	157,304	216,255	179,172	168,548	163,273
% change	6.7%	-0.9%	5.0%	-8.7%	-12.6%	-8.8%	-7.4%	3.8%
Totals	498,772	383,281	347,145	322,208	426,953	352,863	328,615	340,553
% change	9.2%	-0.6%	2.3%	-3.4%	-14.4%	-7.9%	-5.3%	5.7%
Transit	47,547	40,399	46,262	41,042	42,629	42,019	47,316	45,016
% change	8.3%	6.3%	65.3%	50.9%	-10.3%	4.0%	2.3%	9.7%
Grand Totals	546,319	423,680	393,407	363,250	469,582	394,882	375,931	385,569
	9.1%	0.0%	7.1%	0.7%	-14.0%	-6.8%	-4.4%	6.1%

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

The sharp decline in the first quarter is – apart from the economic downturn – also largely due to the public health fears over the spread of the influenza

A Virus H1N1, which caused a drop in air travel, particularly in the Americas. The first and second quarters represented the peak of the crisis, while during



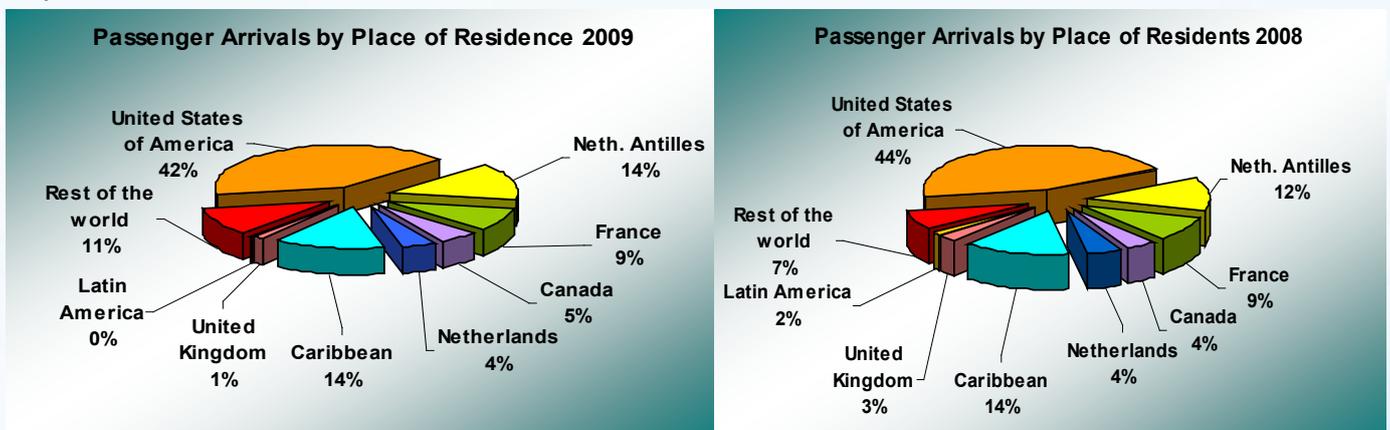


the third quarter, confidence in economic recovery gradually started to return and passenger numbers slowly increased.

While the decline in the origin and destination passengers gradually lessened in the second and third quarters after the dramatic drop in the first quarter, the transit passengers on the other hand made a full recovery in the second quarter and held firm during the rest of the year, increasing to 9.7% in the last

with the weak US dollar, has had a significant effect on passenger traffic, especially from the US. This is because the high fuel costs resulted in increased airfares, which in turn affected passenger demand for air travel and particularly for international travel. In addition, the economic downturn in the US, which started in late 2008 and ran through 2009 also affected passenger traffic at PJIAE, particularly traffic in the first quarter of the year, which is the peak of the season.

Graph 2.3



quarter. This shows that in spite of economic cycles and extraordinary events (such as the H1N1 virus) PJIAE still remains the preferred transit point to and from the surrounding islands.

Ongoing surveys of arriving passengers conducted at PJIAE, show that the United States continues to be the primary market for St. Maarten in terms of the origin of visitors. In 2009 however, survey results show a decrease in the percentage of US passengers' share in the total amount of arrivals at PJIAE. These results are reflected in graph 2.2.

While in 2007 arriving passengers from the US made up 46% of our total passenger base, in 2008 this amount fell to 44% and in 2009 it fell again by 2% to 42%.

The drop in the number of passengers from the United States accounted to a large degree for the overall decrease in total passenger numbers in 2009. The cost of fuel which started to rise in 2007 and reached a historic high in early 2008, coupled

The upswing in passenger traffic in the last quarter of 2009 may suggest that the downturn may have bottomed out. ACI forecast a small return to growth in 2010 with a recovery to pre-crisis demand by 2012. Data indications for January through June 2010 indicate that the recovery which started in 2009 is continuing.



2.2 Aircraft Movements

ACI preliminary results also show a decrease in global aircraft movements of -5.5% compared to 2008. In line with global traffic developments PJIAE also recorded a decrease in aircraft movements of -12.9% compared to 2008. The downward trend which started in 2008, continued throughout 2009, with a total recorded movement in aircraft of 62,627 compared to 71,936 in 2008. The weakened demand in passenger travel due to reasons outlined above, prompted airlines to manage rethink their alloca-

in some yield improvements and stronger revenues for airlines, it meant that fewer aircraft landed at PJIAE, especially during the low season, resulting in the lower yearly result. Table 2.3 reflects these developments, while the corresponding chart.

Although the first and second quarters of 2009 recorded the sharpest decrease in passenger movements, representing the peak of the crisis, the aircraft movements show a different development.

Table 2.3

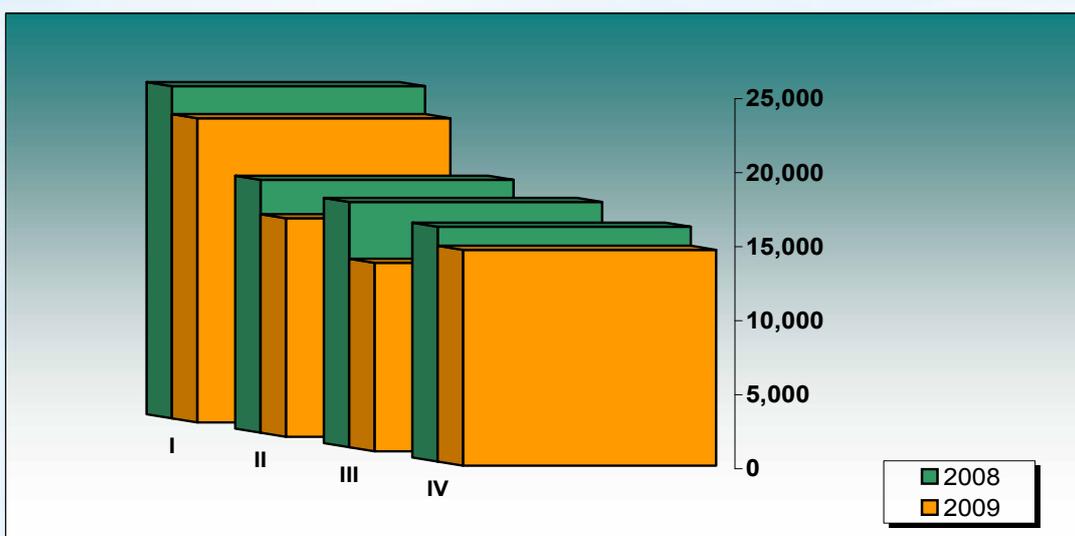
YEARLY AIRCRAFT MOVEMENTS

	2005	2006	2007	2008	2009
Aircraft Movemnts	78,553	79,014	74,769	71,936	62,627
Amt. Change*	5,053	461	(4,245)	(2,833)	(9,309)
% change	6.9%	0.6%	-5.4%	-3.8%	-12.9%

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

Graph 2.4

QUARTERLY AIRCRAFT MOVEMENTS



tion of capacity. As a result, the combined impact of increased capacity and the higher cost of fuel, forced airlines to reduce frequencies and or drop unprofitable routes, in an effort to keep operating costs under control. While these measures resulted

The sharpest decline in movements is recorded in the second and third quarters, registering -13.5% and -23.1% respectively. Although passenger demand started to improve slowly in the second and third quarters, aircraft movements however, did not



increase proportionately. In matching capacity to demand, airlines were flying with fewer yet fuller aircrafts, thereby pushing load factors upward.

As passenger demand continued to increase in the fourth quarter of 2009, the decline in aircraft movements finally slowed. These numbers are reflected in graph 2.4.

Table 2.4

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 Caraïbes	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, N.A.	St. Barths Commuter	St. Barths
Caribbean Airline	Trinidad & Tobago	United Airlines	USA
Continental Airline	USA	US Airways (USAir)	USA
Corsair	France	Westjet Airlines	Canada
		Winair	St. Maarten

In November 2009 Westjet Airlines started scheduled services to St. Maarten, bringing the total number of carriers operating scheduled services into Princess Juliana International Airport to 21. In addition to scheduled carriers, PJIA is also serviced by

Table 2.5

DIRECT DESTINATIONS SERVED FROM PJIA			
<u>USA</u>	<u>Eastern Caribbean</u>		
Atlanta	Anguilla	St. Kitts	<u>Canada</u>
Boston	Antigua	St. Thomas	Montreal
Charlotte	Curacao	Tortola	Toronto
Chicago	Dominica	Trinidad	
Fort Lauderdale	Guadeloupe		
Miami	Montserrat	<u>Western Caribbean</u>	<u>Europe</u>
New York	Nevis	Haiti	Amsterdam
Newark	Saba	Jamaica	Paris (CDG & ORY)
Philadelphia	St. Eustatius (Statia)	San Juan	
Washington	St. Croix	Santo Domingo	

many charter airlines, cargo airlines and corporate and private aircraft. Table 2.4 lists all the scheduled carriers operating at PJIA.

Of the 21 scheduled carriers, direct service is offered to 32 destinations, with onward connections to other Caribbean islands as well as to many other

cities in the US, South and Central America, Canada and Europe.

PJIA provides for direct service to the following cities as outlined in table 2.5.



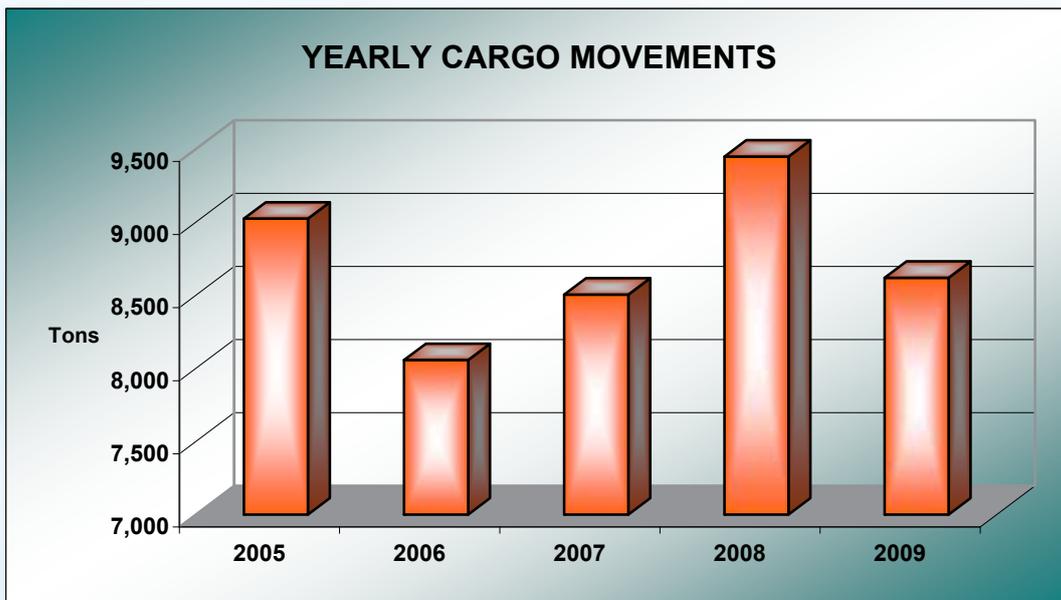
2.3 Cargo Movements

Cargo movements at PJIAE has always been rather unpredictable and does not show any particular trend. Cargo is transported both by dedicated cargo aircraft and by combination aircraft, carrying both passenger and cargo. While aircraft movements decreased in most major categories, such as scheduled carriers and general aviation, movements in cargo aircraft increased slightly by 1%. Like passenger demand, the demand for cargo also increased in the last quarter of 2009, particularly in December, thereby pushing total aircraft movements upwards. This was not enough however, to offset the overall decrease in cargo movements recorded for 2009. In 2009 PJIAE recorded total movements of 8,620 tons of cargo, compared to 9,449 tons recorded in 2008

– a drop of 8.8%. The slight increase in cargo aircraft movements could be an indication that besides dedicated cargo carriers, much of the cargo transported is also by means of scheduled carriers transporting both passengers and cargo. Therefore, the decrease in scheduled carrier movements in 2009 of 11.8% partially explains the drop in overall cargo movements. In the last five years from 2005 through 2009, cargo movements have displayed an up-and-down swing, moving between 8,000 and 9,500 tons. At present however, cargo movements are not a significant source of revenue for PJIAE N.V.

Graph 2.5 shows the development of cargo movements over the past 5 years.

Graph 2.5





3. Year in Review

JANUARY

SPECIAL ON MEMBERSHIP TO UPGRADED SOULIGA LOUNGE

PJIAE NV offered a special on its membership to the Soualiga Business Class Lounge. Under the theme “Turn Waiting into an Experience”, the airport company launched a promotion to increase awareness about the lounge that offers travelers extra comfort while they wait to board their flight.



DRS. HOLIDAY: NEW COUNTRY ST. MAARTEN SHOULD ADOPT EXISTING AVIATION LEGISLATION

St. Maarten Government should, except where the new constitution of its country status dictates otherwise, adopt the existing aviation legislation of the Netherlands Antilles in full. Speaking at a conference on Air Traffic Relations in Curacao on January 26 2009, PJIAE President drs. Eugene Holiday explained that adopting the existing legislation would ensure continuity and a sense of confidence among the operators within the system. “From an economic development perspective it is important that the country do everything to maintain stability. This step will be instrumental in that regard,” he said.

WARNING SIGNS RE-ERECTED

The signs warning people against the dangers of jetblasts, were re-erected in January. During the passing of Hurricane Omar in 2008, the signs were

blown off, so new ones were made. The signs are placed at the western end of the runway, to caution people against the dangerous practice of standing behind aircraft that are taking off.



FEBRUARY

AA CELEBRATED 30 YEARS OF SERVICE TO ST. MAARTEN

American Airlines on Tuesday, January 27, 2009 celebrated 30 years of service to the Princess Juliana International Airport. The airline operates nonstop service to St. Maarten from Miami International Airport, John F. Kennedy International Airport in New York and San Juan Luis Muñoz Marin International Airport in Puerto Rico “This is a significant and exciting milestone for American,” said Bennett Bell, American’s Country Manager in St. Maarten.



JETBLUE STARTS BOSTON FLIGHT

The inauguration of JetBlue’s Boston/ St. Maarten flight on Saturday February 14, 2009 has been char-



acterized as an expansion of the relationship between the airline and St. Maarten. Jetblue since January 2008 operates a New York/St. Maarten service.



RUNWAY MAINTENANCE

On Friday night January 30th, 2009, PJIAE Facility Maintenance workers commenced what would be 3 nights of the rather difficult job of cleaning the runway and scrubbing away markings. After removing tire marks as well as runway markings, water was sprayed from a fire truck, to help loosen the paint and rubber, after which they were scraped off with heavy equipment.

AIRPORT ROAD REROUTING BIDS ACCEPTED

PJIAE on Monday February 23, 2009 initiated the process of reviewing the bids for the rerouting of the Airport Road in front of the terminal building. Two companies – Windward Roads and MNO Vervat- had been invited to bid on the project that is meant to create better traffic flow and improve safety for travelers around the airport. MNO Vervat offered to construct the new road for US\$ 2,197,982. Windward Roads bid for US\$ 2,335,668.

MARCH

KLM'S BOEING 747 RETURNS

KLM brought back its Boeing 747 to St. Maarten. The jumbo took over again from the MD11 as of March 29, 2009. The Holland-St. Maarten-Curacao-Holland flights are carried out on Tuesdays and Thursdays. "This is a huge increase in capacity," said Wim Iserief, KLM's General Manager Caribbean and

Suriname. "We're going from 294 seats in the MD11 to 428 in the Boeing; that's like 130 seats more!"

PJIAE RELEASES 2008 TRAFFIC STATS

PJIAE passenger statistics over 2008 that were released in March 2009, showed that developments in traffic at PJIA were mixed. Passenger movements amounted to 1,726,656 in 2008; that is an increase of 4.5% compared to 2007. In contrast the number of aircraft handled declined by 3.8% to 71,936 compared to 2007.



PJIAE LAUNCHES "SO MUCH MORE" RETAIL BRAND

Princess Juliana International Airport has attached a brand name to its retail product. St. Maarten's airport, which in its 65 years of existence metamorphosed from a modest airstrip into an ultramodern gateway, has adopted "So Much More" as its brand for its retail and food-and-beverage product. The new brand, its logo and associated media efforts were launched on Monday March 30, 2009.

APRIL

SOUTH FENCE FINISHED

The new south fence is finished. Facility Maintenance Department workers produced a sturdy barrier, to replace the old fence that was torn down during the passage of Hurricane Omar on October 16, 2008. The new fence is erected on top of a 2,500 feet seawall that was constructed below the sand. Drs. Holiday commended the Facility Maintenance men for the job well done.



INSEL ADDS ST. MAARTEN-PUERTO RICO FLIGHT

Insel Air started flights to Puerto Rico on April 3rd 2009; flights are carried out twice weekly (on Fridays and Mondays). Netherlands Antilles Minister of Traffic Mr. Maurice Adriaens and St. Maarten's Aviation Commissioner Sarah Wescot-Williams commended the airline for the initiative as it came in a time when other carriers in the region were slashing their flight



plans and costs. The airline now serves four destinations out of St. Maarten – Dominican Republic, Haiti, Miami and now Puerto Rico.

PJIAE HELPS NATURE FOUNDATION WITH SEA TURTLE SIGNAGE

PJIAE assisted the St. Maarten Nature Foundation in erecting sea turtle awareness signs on several beaches around the island. Two were erected on sea turtle nesting beaches where turtles often come ashore to lay their eggs, in Guana Bay beach and Gibbs Bay and three on Simpson Bay Beach alongside the airport runway. The signs were unveiled by Foundation Manager Beverly Nisbeth and PJIAE President drs. Eugene Holiday.

MAY

GROUND BROKEN FOR NEW AIRPORT ROAD

PJIAE on Friday May 29th 2009 hosted the groundbreaking ceremony for the new Airport Boulevard. The road and car park works represented yet another step in the development of St. Maarten's Airport. At the ground breaking ceremony drs. Holiday mentioned that this project would reduce traf-

fic congestion, thus reducing the loss of valuable productive time and the chances of people missing flights.



H1N1 FLU BEING MET HEAD-ON

PJIAE rolled out an awareness campaign aimed at workers and travelers to help curb the spread of the virus into the island. The airport company is not taking the H1N1 virus lightly. Since the deadly swine flu was first confirmed in Mexico and subsequently in the US in late April 2009 and worldwide measures were put into place to curb its spread, St. Maarten followed suit.

LIVE EMERGENCY EXERCISE 2009 A SUCCESS

Dozens of St. Maarten rescue workers took part in the live emergency drill at PJIAE to test readiness in case of disaster. For the exercise a nightmare scenario of an aircraft crash at the airport was simulated on Tuesday May 26, 2009. PJIAE President Eugene Holiday said at the end: "The overall exercise was a





walks than we did last year, which shows that everybody is much more pro-active," reported Michel Hyman, PJIAE's acting Manager of the Operations Department.

JULY
BUS STOP RELOCATED AS AIRPORT ROAD RE-ROUTING PROGRESSES

Princess Juliana International Airport Operating Company (PJIAE) has relocated the bus-stop in front of its terminal building, as part of the ongoing project to reroute the Airport Boulevard.

AUGUST
REROUTED AIRPORT ROAD OPENS

The upgraded Airport Road opened for use by motorists as per August 21, 2009. Traffic coming from the direction of the Winair offices was led along the Simpson Bay lagoon's eastern shoreline, around the public parking lot, exiting onto the current road that leads to the Maho area. Motorists coming from the Maho area similarly merged onto the new road, around the lagoon shore line and exited onto the existing road leading to the Winair offices.

NOTHING SHORT OF FUN AT THE AIRPORT EVERY FRIDAY

PJIAE hosted Summer Cool Down parties every Friday during the summer season. There was music, the concessionaires sold food and beverages, and families were invited to bring their children to play around in the playgrounds PJIAE set up. Arriving passengers also joined in the fun. "We know a lot of families will not travel abroad this summer, so we are pleased to offer them an alternative," said Mrs.

success in terms of the overall objective to test the preparedness of the airport."

JUNE
FOD MESSAGE HITS MARK

On June 30 2009, when PJIAE closed off its foreign object and debris (FOD) activities, it was obvious that the message has reached its destination: "We collected far less FOD during the annual FOD





Lucrecia Lynch-Matinburgh, PJIAE’s Marketing and Communications Manager. “This is a wonderful idea from PJIAE Management to increase traffic into our establishments,” said one of the business owners.

NOVEMBER

Commissioner of Aviation Mr. Frans Richardson and President of PJIAE drs. Eugene Holiday welcomed the first seasonal non-stop Westjet flight to St. Maarten on Sunday November 1, 2009, praising the airline as St. Maarten’s newest partner for the Canadian market. Westjet will fly between Toronto and St. Maarten three times per week, non-stop, until April 2010.

ARRINDELL AVIATION SERVICES 20 YEARS

Arrindell Aviation Services (AAS) celebrated its 20th anniversary in November 2009 and looking back, the company’s founder and CEO Mr. Frank Arrindell says “I had fun. We enjoyed what we did.” The company celebrated its anniversary with a gala dinner at Sonesta Maho Beach Resort.

PJIAE REPRESENTED AT CANSO 1ST CARIBBEAN AND LAT-AM CONFERENCE

PJIAE Director of Air Traffic Services Division Mr. Jan Brown and ATC Supervisor Mr. Lloyd Hinds represented St. Maarten at the first conference for Caribbean and Latin American ANSPs of the Civil Air Navigation Services Organization CANSO. The event, held in Curacao and hosted by Netherlands Antilles Air Traffic Control (NAATC) attracted more than 100 delegates from across the Caribbean, Cen-

tral and South America, as well as representatives from the aviation industry world-wide.

PJIAE HOSTS RBTT THANKSGIVING BONANZA

PJIAE on Thursday 26 and Friday 27 November 2009 hosted RBTT’s Thanksgiving Bonanza - a loan campaign of RBTT Bank- inside the terminal building, complete with cars on display in the foyer, and loan officers available to handle queries from potential clients interested in RBTT Standard Mortgage, Personal and Car Loans.

DECEMBER

PJIAE HOSTED SUCCESSFUL NETWORK LAT-AM

PJIAE hosted some 178 delegates representing various companies - namely airlines, airports, handling companies and other aviation related busi-





nesses- on December 7 and 8 2009, during Network Latin America, organized by Airline Business Magazine. The conference featured route planning strategy sessions with key industry players, a platform for scheduled one-to-one meetings for aviation executives and an exhibition. There were some 330 one-to-one meetings between airlines and airports. PJIAE executives had 12 meetings with different airlines.

AIRLINE OFFICIALS ADVOCATE OPEN SKY AGREEMENTS

After an encouraging resumption of operations in May 2009, FlyMontserrat is appealing to Caribbean Governments to introduce open sky agreements in the region, as this would not only ease their operations, but boost intra-regional travel as well. Mr. Harris voiced his concerns at the Network Latin America conference, which was held at Westin, St. Maarten on December 6 - 8, 2009.



DRS. HOLIDAY URGES CONTINUED CAUTION FOR 2010

PJIAE President drs. Eugene Holiday called for continued caution in the handling of the affairs of the airport. Addressing employees at the airport company's annual year-end party on December 19 2009, the PJIAE President forecasted that 2010 will present challenges. "There would be continued economic uncertainty globally and high unemployment in the US and it is expected that 2010, like 2009 will continue to present financial economic challenges," he said.



AIR CARAÏBES STARTS PJIA-ORLY SERVICE

Air Caraïbes inaugural transatlantic flight to St. Maarten on Saturday December 12 was greeted with much fanfare at Princess Juliana Airport (PJIA) as airport officials, the two tourism offices, and Government dignitaries from both sides of the island laid on the full red carpet treatment. The arrival of flight 534, a relatively new Airbus 330 with 324 passengers on board, ushered in Air Caraïbes' twice weekly Paris Orly-St. Maarten-Haiti service.

4. Corporate Information





4.1 PJIAE Supervisory Board of Directors

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 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, to manage, operate, maintain and develop the Princess Juliana International Airport, and conduct all financial and commercial activities related to the airport business on St. Maarten.

The concession was extended in 2004 and expires in 2025. Pursuant to the articles of incorporation PJIAE has three corporate bodies:

- The General Shareholders' Meeting
- The Board of Supervisory Directors
- The Managing Board

The two latter corporate bodies are appointed by the General Shareholders' Meeting. 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.

There was no change in the composition of the Supervisory Board of Directors in 2009. At the end of 2009 the Supervisory Board consisted of the following persons:

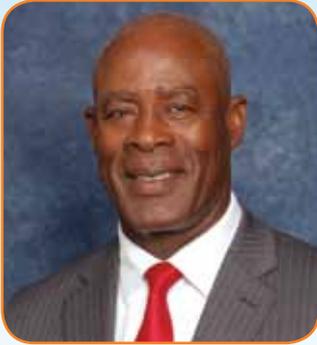
1. Mr. Miguel Alexander, Chairperson
2. Mr. Andre Dijkhoffz, Vice Chairperson
3. Mrs. Peggy Ann Dros, Secretary
4. Ms. Regina Labega, Member
5. Mr. Gary Matser, Member
6. Mr. Rolando Tobias, Member
7. Mr. Clarence Derby, Member

Effective January 1, 2010 the term of Mr. Miguel Alexander, Mr. Andre Dijkhoffz, Mrs. Peggy Ann 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, Vice Chairman
2. Ms. Melinda Hoeve, Secretary
3. Ms. Regina Labega, Member
4. Mr. Whitfield Vlaun, Member

The Managing Board is comprised of one statutory director, the President, drs. Eugene B. Holiday, who will be resigning from the company, effective October 10, 2010.



Mr. Clarence Derby, Vice-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. Whitfield Vlaun, Member
Senior Sales Manager at First Caribbean International Bank, St. Maarten



Ms. Regina Labega, Member
Head of Tourism Department of the Island Territory of St. Maarten



4.2 PJIAE Management

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

1. drs. Eugene Holiday, President
2. Mr. Larry Donker, Director, Operations Division
3. drs. Shirley Pantophlet-Gregoria, Director, Finance 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 266 employees.

*Mr. Jan Brown, former Director of Air traffic Services Division retired effective September 1, 2010, due to reaching pensionable age.





4.2.1 Corporate Affairs



DRS. EUGENE B. HOLIDAY, PRESIDENT

drs. Eugene B. Holiday, President

Drs. Eugene B. Holiday is the President of the Company since February 9, 1998. As such he is responsible for the general management of the airport, with the support of five staff departments and four division directors. Mr. Holiday has a doctoral degree in economics from the Catholic University of Brabant in the Netherlands. He has been engaged in aviation and airport management for over 15 years. Prior to 1998, he served for almost three years as Managing Director of Windward Islands International Airways before assuming his present position. Before that he served for eight years (1987-1995) at the Central Bank of the Netherlands Antilles, where he held various management positions and served as Deputy Director of Monetary and Economic Affairs.



SECRETARY TO THE PRESIDENT
MS. JOYCE YORK



LEGAL COUNSEL
MS. MIGDALA CLARINDA



QUALITY ASSURANCE DEPARTMENT
MR. ANASTACIO BAKER, MANAGER



HUMAN RESOURCES DEPARTMENT
MR. CARL RICHARDSON, MANAGER



INTERNAL AUDIT DEPARTMENT
MR. FRANKLIN WATSON, MANAGER



MARKETING AND COMMUNICATIONS
MS. 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 responsible -along with a team of department managers- for the management of the Procedural and Radar control in the Juliana 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 later became certified as an On the Job Training Instructor, and certified radar controller. Prior to his current position, he was Radar Manager from June 2006.



APPROACH CONTROL DEPARTMENT
MR. LLOYD HINDS, MANAGER



TOWER CONTROL DEPARTMENT
MRS. JEAN CHRISTIAN, MANAGER





4.2.4 PJIAE Financial Divison



FINANCIAL & COMMERCIAL DIVISION
DRS. SHIRLEY PANTOPHLET, DIRECTOR

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 Airport 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 among which as Manager General Affairs.



FINANCIAL & ACCOUNTING DEPARTMENT
MS. MICHAEL LAKE, MANAGER



STATISTICAL DEPARTMENT
MR. HENRI LAURENCE, MANAGER



PURCHASING DEPARTMENT
MR. EVANS MARSHAM, MANAGER



TECHNOLOGY AND TELEPHONY DEPT.
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





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 N.V. 2009 Financial Statements as prepared by Management. The Financial Statements have been examined by the external auditors PricewaterhouseCoopers, who gave an unqualified opinion regarding same. The Board of Supervisory Directors on June 4, 2010 approved the 2009 Financial Statements.

The Board's activities in 2009

The Board met monthly and considered a broad range of policy issues relating to the activities of the Airport. In the monthly meetings, Management of Princess Juliana International Airport Operating Company N.V. (the "Company") gave a report on Operational, Air Traffic Control, Technical and Financial, Commercial, Human Resources and Legal issues. The Board of Supervisory Directors was updated on a monthly basis by Management on the progress of the Capital Investments works in terms of compliance with the budget, the quality and the planning.

Every quarter the Board received the Quarterly Management Financial Report for its own perusal, comments and direction. In these reports the actual results were analyzed and compared with the 2009 budget and audited figures for 2008.

The Board had regular discussions with Management concerning the strategy of the Company. The 2010 Budget was discussed and approved and various investment decisions were approved in view of the successful operations of the New Terminal Building. Moreover, the Board approved management's dividend policy proposal setting out the framework for dividend pay-outs and for further discussion with the Shareholder.

Despite the difficult situations associated with the deepening effects of the global financial and economic crisis, the Company managed, because of the measures put in place immediately as a response to the changed operating circumstances in 2008 paired with additional measures in 2009, to turn the year 2009 into an overall good year as is reflected in the financial results of the Company.

Corporate Governance

The Board acknowledges its responsibility for securing compliance with the Corporate Governance Code. The Board confirms that the company has procedures in place designed to achieve compliance. The Board confirms that management has reviewed the effectiveness of the procedures. We confirm that the Supervisory Directors are of the opinion that management has used all reasonable endeavors to secure the company's compliance.

Board's advice to the Shareholder

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

- a. To approve and adopt the Financial Statements of the Company over the financial year January 1st, through December 31st, 2009
- b. To allocate the net profit of the year ad ANG 4,615,608 (after tax) to the Retained Earnings;
- c. To discharge Management and Board of Supervisory Directors of any responsibility and liability in respect of its management and supervisory duties for the year ended December 31st, 2009.

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

On behalf of the Board of Supervisory Directors
Mr. Clarence Derby, Vice-Chairman



5.2 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, 2009, from which the accompanying condensed balance sheet, condensed statement of income and selected notes (as set out on pages 34 - 41) were derived, in accordance with International Standards on Auditing. In our report dated May 28, 2010, we expressed an unqualified opinion on these consolidated financial statements.

In our opinion, the accompanying condensed balance sheet as of December 31, 2009 and the 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,
PricewaterhouseCoopers, Netherlands Antilles
Cees Rokx



5.3 Balance Sheet

As of December 31 (in ANG)

	2009	2008
Assets		As restated
Current Assets and non-liquid accounts	55,662,723	82,902,067
Financial Fixed Assets	3,417,600	3,631,200
Tangible Fixed Assets	220,984,284	239,472,413
Total Assets	280,064,607	326,005,681
Liabilities		
Current Liabilities	22,936,253	26,150,196
Long term Liabilities	172,720,591	216,001,873
Provisions	757,103	4,818,560
Total Liabilities and Provisions	196,413,947	246,970,630
Shareholders' Equity		
Share Capital	200,000	200,000
Contributed surplus	5,200,000	5,200,000
Retained Earnings	78,250,659	73,635,051
Total Shareholders' Equity	83,650,659	79,035,051
Total Liabilities and Shareholders' Equity	280,064,607	326,005,681



5.4 Income Statement

As of December 31 (in ANG)

	2009	2008
		As restated
Revenues		
Aeronautical Revenues	67,424,114	72,302,030
Non-Aeronautical Revenues	15,603,709	14,948,063
Total Revenues	83,027,823	87,250,093
Expenses		
Personnel Expenses	21,801,905	21,519,153
General and Administrative Expenses	18,854,295	21,217,641
Depreciation	24,493,345	24,072,783
Total Operating Expenses	65,149,545	66,809,577
Operational Result	17,878,278	20,440,516
Financial Income & Expenses		
Finance Cost - net	17,374,854	17,774,848
Income before taxes	503,424	2,665,668
Provision for deferred taxes	(4,112,185)	(421,355)
Net income for the year	4,615,608	3,087,023



6. Summary of Explanatory Notes

General

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

On January 13, 1997 the 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 with 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 of PJIAE, or if PJIAE will go into a moratorium.

In February 2001, the Company has entered into a

lease agreement with its parent company PJIA Holding Company N.V., whereby 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 ANG47,800.00 for a duration of 25 years. The total annual lease payments amount to ANG573,600.00. 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.

Summary of significant accounting policies

Basis of preparation

These financial statements are prepared in accordance with and comply with International Financial Reporting Standards. These financial statements are prepared under the historical cost convention and





under the assumption of going concern. Assets and liabilities are stated at nominal value unless mentioned otherwise.

(a) Standard, amendment and interpretation effective in 2009 and relevant to the Company

The following standards, amendments and interpretations to published standards are mandatory for accounting periods beginning on or after January 1, 2009 and are relevant to the Company's operations:

IAS 1 (Revised), 'Presentation of financials'. The revised standard prohibits the presentation of items of income and expenses (that is, 'non-owner changes in equity') in the statement of changes in equity, requiring 'non-owner changes in equity' to be presented separately from owner changes in equity. All non-owner changes in equity will be required to be shown in a performance statement, but entities can choose whether to present one performance statement (the statement of comprehensive income) or two statements (the income statement and statement of comprehensive income).

IAS 23 (Amendment), 'Borrowing costs'. It requires an entity to capitalize borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset (one that takes a substantial period of time to get ready for use or sale) as part of the cost of that asset. The option of immediately expensing those borrowing costs has been removed.

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

There are no standards, amendments and interpretations to existing standards relevant to the Company that have been published and are mandatory for the Company's accounting periods beginning on or after 1 January 2009 or later periods.

Reporting Currency

Unless otherwise stated, all amounts in the financial



statements are denominated in Netherlands Antillean Guilders (ANG).

Foreign Currencies

A significant volume of the Company's transactions is conducted in United States Dollars (USD). As of January 1, 2005, the exchange rate used between the Netherlands Antillean Guilder and the United States Dollar is fixed at 1.80 guilder per dollar, which approximates the official exchange rates.

Transactions in other foreign currencies have been converted into Netherlands Antillean Guilders 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 Netherlands Antillean Guilders 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, the Company 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 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 depreciation on property and equipment and the (fiscal) deferred maintenance treatment.

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 the Company. The Company'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 were 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.

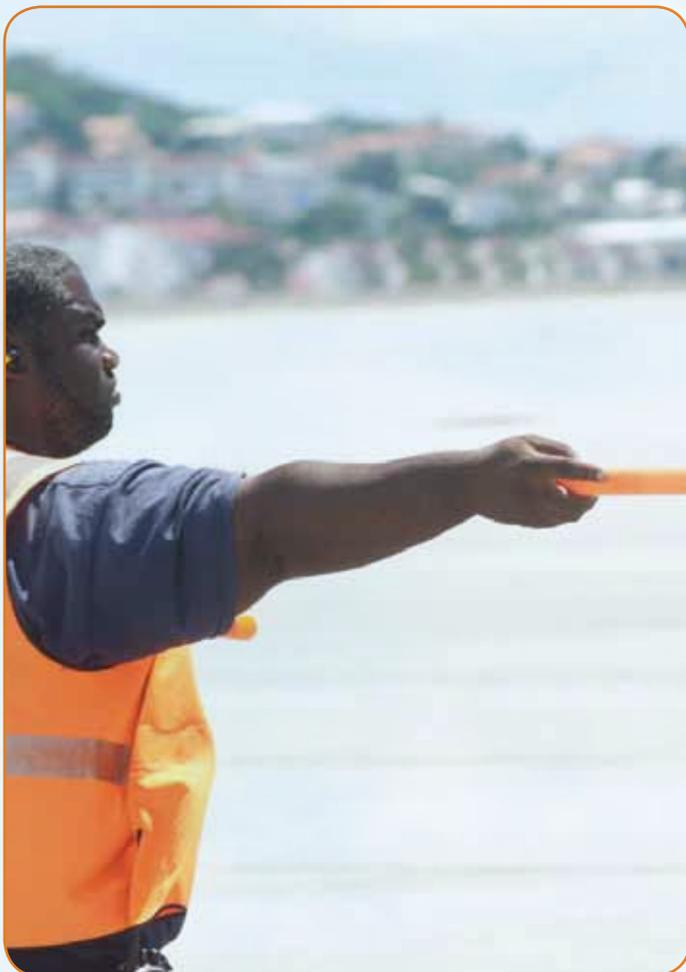
Comparatives

The comparative figures have been restated to reflect the inclusion of the provision for jubilee bonus and to correct prior year entries in the accounts receivables.

Financial Risk Management

Risk management structure

The Supervisory Board has the responsibility to





oversee the overall risk management process within the Company.

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

The Company'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 the Company's strategic planning process. The Company's overall risk management program focuses on minimalisation of potential adverse effects on the financial performance of the Company.

Foreign exchange rate

The Company operates internationally but is not considered to be significantly exposed to foreign currency exchange risk since most foreign transactions are concluded in United States Dollars, which currency is directly linked to the Netherlands Antillean Guilder.

Cash flow and fair value interest rate risk

The Company has interest bearing assets in the form of short term Certificates of Deposits with local banks at fixed interest rates.

Additionally, the Company has funds on restricted bank accounts (in connection with the borrowings). For these reasons, the Company'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

The Company has some concentrations of credit risks. Credit risk arises from credit exposures to customers (outstanding receivables). As part of the risk control the Company assesses the credit quality of



the customer, taking into account its financial position, past experience and other factors. The Company provides a 30 day credit limit to customers. Sales to customers are settled in cash or bank transfers.

Fair value

The carrying amounts of the Company'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, the Company aims to maintain flexibility in funding by keeping committed credit lines available.

Notes to the Financial Statements

Financial fixed assets

In 2001, PJIAE has lent its shareholder ANG5,340,000 (USD3,000,000) over a 25 year period at no interest.

This was done to enable the shareholder to purchase the rights of long lease on an area of land on which PJIAE erected the new terminal building. At year-end 2009, the balance of this loan amounts to ANG3,631,200, including the short-term part of ANG213,600.

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 ANG21,792,968 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.

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 ANG6,300,000. At the same time the Netherlands made available a grant in the amount of ANG5,200,000, which was designated as contributed surplus.

Aeronautical fees are comprised of PAF, AF, PSF.

Passenger accommodation fee (PAF)

Passenger accommodation fee is paid by passengers departing from St. Maarten by aircraft. The passenger accommodation fee for international destinations amounted to ANG54.00 (USD 30) since 2006. Passengers traveling to destinations within the Netherlands Antilles are charged ANG18.00 (USD10).

Starting August 2006, transfer passengers pay a fee of ANG9.00 (USD 5).

Also included under passenger accommodation fee is the Airport Improvement Fee (AIF) charged to all departing passengers as of July 1, 2007 at a rate of

ANG9.00 (USD5) per departing passenger.

Airport fees (AF)

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.

Passenger screening fee (PSF)

Personnel expenses are comprised of Salaries, Pension costs, Other social benefits, Overtime and Other personnel expenses. The average number of employees during 2009 was approximately 266 (2008: 270).

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7. Creating Value for Stakeholders

While the reformulated vision statement “En Route to New Horizons, Creating Value for Stakeholders” of the Princess Juliana International Airport operating company (PJIAE) was first outlined in the 2009/2014 business-plan, St. Maarten’s airport company has always lived this vision. The airport, St. Maarten’s most strategic asset, has always played a vital role in the island’s and its immediate region’s development; the trend was continued in recent years, as the airport company took several elements of the vision from concept to creation, thereby contributing to St. Maarten’s economic advancement, while instilling a sense of pride in residents, neighbours and visitors alike.

A catalyst for development; there is simply not a better fitting characterisation of Princess Juliana International Airport (PJIA). Built in 1942, initially as a US military airstrip during World War II, it was transferred into a civil gateway in 1943. The airport was named after the then Princess Juliana

of the Netherlands. The “Kolibríe” of KLM, was the first commercial aircraft to touch down at PJIA in December 1943. The airport gradually became the centre of continuous growth in the region. PJIA is run by the PJIA Operating Company (PJIAE), owned by a Government owned Holding (PJIAH). The airport is a major connection of European and American flights to the Caribbean.

In 1964, the airport was remodelled and relocated. A new terminal building and an Air Traffic Control Tower were added; the runway angle was changed to a heading of 090/270 degrees with a length of 1400 meters. (note: the current length of the runway is 2,180 meters). Some twenty years later, in 1986, the airport building was extended, new arrival and departure halls were added and more aircraft parking space constructed.

Strategic Business Plan

In 1997 a master plan for further development was





drafted. The Masterplan was revisited in 1999 and incorporated in the 2000 Strategic Businessplan entitled “En Route to New Horizons. The businessplan called for a phased development of the airport and a reorganization of the commercial and operational structure within the company.

Phase I (1997 to 2001)

Phase I focused on upgrading the terminal building, the runway, the taxiways, the aircraft parking and car parking. Phase II focused on transforming the aviation landscape.

Phase II kicked off in 2001

This phase saw the realisation of the 30,500 terminal building which today serves as PJIAE’s headquarters. Besides the new terminal building, the US\$118,6 million project featured the rerouting of a new airport road and additional aircraft and vehicle parking capacity. It also included the addition of the airport’s integrated Air Traffic Control and Radar Facility -which had been completed in 2003- and an

FBO facility. The new building with its glass exterior, four jet bridges and its exciting mall with shops that carry international brands at duty free prices, opened in 2006. Three levels of comfortable and efficient aviation professionalism. The new facility of PJIAE takes travel in this region up several notches.

“En Route to New Horizons” was the appropriate vision statement that guided PJIAE through the realisation of this phase of the strategic plan. As the future beckoned, the vision statement was adapted by adding “Creating Value for Stakeholders” in 2009, evidence of PJIAE’s appreciation of its stakeholders: the almost 1.7 million passengers that the airport handles annually, as well as the stakeholders; businesses and people who directly and indirectly rely on the airport for their livelihood.

An appreciation PJIAE has never lost sight of.

Since the new terminal building was commissioned in 2006, the airport company has spared no effort to remain 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 PJIAE serves, as expressed in its Mission Statement.

SAFE

In February 2009 PJIAE embarked on a road rerouting project to create better traffic flow and improve traffic safety around the airport. The rerouting works in broad lines followed the original Master Plan for the development of the airport, which aimed at securing and enhancing adequate traffic flow to/from the airport; relinquishing the pedestrian crossing over the main road and increasing the car parking capacity; maintaining the possibility of future airport development in line with the master plan. The project was completed in a mere 6 months.

In December 21, 2009 bids from contractors were accepted for the diversion of the road at the eastern end of the airport, extension of the runway and the implementation of the runway end safety areas (RESAs) This project is being executed in keeping with the International Civil Aviation Organization's (ICAO) requirements to have a safety area at both runway ends, to reduce the risk of damage to an

airplane undershooting or overrunning the runway. This project is intended to be completed in 2010.

SECURE

Complying with international requirements and maintaining service quality standards is a high priority embedded firmly within PJIAE culture and the company has continually arranged training courses for the Security Officers. In fact, the Security personnel makes up the largest component (40%) of PJIAE staff.

Moreover PJIAE continues to invest significantly in its security infrastructure, such as in perimeter fences and access control.

QUALITY

PJIAE guards relentlessly the high quality levels of the services that are delivered at the airport. Through the training courses and workshops that are conducted for all airport workers, passengers are assured of high quality safety and security. Non aero-nautical quality is ensured through painstaking selection and regular assessment of all service providers, from the handlers to the concessionaires.



As St. Maarten's most strategic asset, Airport Company PJIAE assures that St. Maarten fares well from its aviation business. The company has maintained a positive balance throughout its operation and places special emphasis on making sure that its dependencies – companies and people who rely on the airport for their livelihood - also fare well. Much effort is placed on marketing the airport's non-aeronautical effort; PJIAE branded its retail product "So Much More" in 2008, produced So Much More shopping guides that promoted the business units in the terminal building and subsequently hosted summer activities to drive business to the facility.

The airport company is also giving ample attention to increasing airlift; several airlines, including Air France, Continental Airlines, US Airways and commuter airline Insel Air have increased their flight frequencies to and from St. Maarten. Low-cost carrier Spirit Airlines started flights to the island, as did Jet-Blue airline and Brazilian airline TAM. There was also an increase in movements by private and corporate jets.

Talks are ongoing with several other carriers that have shown interest in the island; PJIAE event went as far as bringing several aviation conferences to St.

Maarten – AAAE in 2008 and Network Latin America in 2009 -, which helped to boost the island's appeal as a potential vacation and meeting destination, whilst giving airline executives the opportunity to get a taste of the island as a potential destination.

Overall PJIAE may fairly proclaim that it is living its vision. It has ensured continued compliance with the international safety and security standards, met future traffic demand and improved the levels of service at the airport. Because PJIAE has remained a stable factor on St. Maarten, a true gateway that allows for smooth and comfortable facilitation of passengers, the airport company managed to bring economic benefits for the Dutch and French sides of the island, despite global economic volatility and instability.

The year 2009 was definitely a difficult year for the airport, but through continued prudence and caution, PJIAE has created value for its communities and its stakeholders, which contributed to anchoring and enhancing the island's position as a preferred tourist destination and PJIA's position as the premier gateway in the North Eastern Caribbean. PJIAE has and continues to give meaning to "Creating Value for Stakeholders."





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. In 2009 PJIAE was serviced by some 21 scheduled airlines, besides many charter airlines, cargo, corporate and private jets, and there is direct service to close to 32 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 10/28

Length 2,180 m

Width 45 m

Capacity 36-40 movements per hour

Apron

Main 89,000 m²

General aviation 20,000 m²

General aviation cargo 7000 m²

Design capacity 9 wide body aircrafts

Parking lots

Public parking lot 355 lots

Employee parking lot 321 lots

Navigation aids NDB, VOR/DME, LOC/BCN

Terminal

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

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

Area 30,500 m²

design capacity 2.5 mln passengers annually

Opening hours 06:00 - 23:00 hours



