



REDEFINING THE PASSENGER EXPERIENCE

2013 ANNUAL REPORT



Princess Juliana
International Airport



MISSION

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 surrounding islands.

VISION

SXM Airport, a regional leader in the provision of airport services, offering a world of experience to all its customers.





Brief Historical Background

2013, OUR 70TH ANNIVERSARY YEAR



On December 3, 1943 the first KLM commercial flight, a Kolibrie aircraft, landed at the Princess Juliana International Airport, SXM. That was 70 years ago, hence the real kick-off of our 70th Anniversary celebrations began on December 3, 2013 with a master lecture by the world-renowned founder of the aerropolis concept, Dr. John D. Kasarda. Looking back at those 70 years when SXM was a tiny airstrip used by the US Military during World War II, it is evident that the airport has developed into an award-winning modern international airport anchored on the twin pillars of safety and security. As a major hub in the Northeastern Caribbean, we continue with no stone unturned in an effort to improve our services and offer passengers and others using our facilities an experience they will not only remember but that will also move them.

SXM serves as the international airport for multiple destinations including French St. Martin, Anguilla, St. Barths, Saba, St. Eustatius, Nevis and Dominica. Apart from being the gateway to these hub partners, we are also a major contributor to their economies. A study by the Central Bank of Curacao and St. Maarten estimated that SXM contributes a total of 7.5% of the revenue of the government of St. Maarten, 52% of the total employed on the island and 33% of the balance of payments. Such is the impact SXM has on the economy of St. Maarten itself. The performance of SXM can therefore be considered a good barometer of the whole economy of the island.

Seventy years ago, it was impossible for anybody to have forecast that the island would have developed into one of the leading tourist destinations in the Caribbean; neither could anyone have foreseen that the airport would become such a powerful and reliable engine of economic growth.

The Terminal Building and its several transformations since 1943 may be seen as the symbol of the development of not only the airport, but also of the island's tourism economy over the last seven decades.

A new Terminal Building was constructed in 1964, as tourism began to take root on the island, to replace the original one. This was again replaced by another Terminal Building in 1986, as tourism peaked and passenger volume skyrocketed. Twenty years later, a brand new, US\$100 million ultra-modern Terminal Building was completed to cater to increased passenger traffic and the demands of the hub function of the airport.

And all through its history, safety has always been priority number one, which is reflected in the enviable safety record of the airport. SXM is equipped with a state-of-the-art Air Traffic Control Tower and Radar facility, Category 9 Fire and Rescue Service, General Security and Centralized Pre-screening. Safety considerations also resulted in the construction of a Runway End Safety Area (RESA) at the East end of the runway, to meet International Civil Aviation Organization (ICAO) standards. A RESA is aimed at minimizing the risk of damage to an aircraft undershooting or overrunning the runway. As part of the runway rehabilitation works, a RESA was constructed at the West end of the runway as well.

The new Terminal Building is designed to handle an estimated 2.5 million passengers annually. Its four-level, fully air-conditioned, and spacious modern facilities span an area of 30,500m² and consists of 12 boarding gates, including 4 passenger loading jet bridges; 46 check-in positions all equipped with Common Use Terminal Equipment (CUTE) and 12 Common Use Self Service (CUSS) kiosks or self-service check-in systems. With these and other amenities, our goal remains, however, to enhance customer satisfaction and ensure that the average 1.7 million passengers that make use of our facilities each year have an experience that will move them.

AIRPORT KEY FIGURES



	2013	2012	2011	2010	2009
Statistics					
Passenger Movements	1,671,763	1,671,715	1,644,270	1,645,105	1,625,964
Aircraft Movements ¹	58,400	58,909	60,314	60,870	62,627
Cargo & Mail Movements ²	3,010	3,078	2,832	2,658	1,983
Destinations Served	34	34	34	33	32
Commercial Airlines*	26	21	21	22	21
Long Haul Charters (average number per month) **	22	12	12	12	13
Income Statement³					
Total Revenues	94,491,725	87,645,879	85,101,474	84,647,901	83,027,823
Total Expenses	89,090,448 ⁴	100,571,206	81,322,922	80,817,679	78,412,215
Net Income	8,631,892	(12,925,327) ⁵	3,778,552	3,830,222	4,615,608
Balance Sheet					
Total Assets	360,682,393	367,369,453	272,669,650	289,688,573	296,344,652
Liabilities	263,212,199	278,481,110	170,855,890	191,653,455	202,139,755
Shareholders Equity	97,470,194	88,888,343	101,813,760	98,035,118	94,204,896
Personnel as of Dec. 31st.	274	278	271	266	266

* In previous years, the airline count represented only Scheduled carrier results, but the new category in 2013, Commercial, includes both Scheduled and Charter services.

** Previous years were understated

¹ Excludes overflights.

² Represents aircraft movements; previous published figures represented tonnage. 2009 statistics may be understated but accurate numbers cannot be ascertained.

³ All figures in Netherlands Antilles Florins.

⁴ Excludes profit tax figure. Previous years included profit tax figure.

⁵ Includes non-recurring expenses of 18,279,00 ANG, related to the December 2012 exchange offer to retire existing bond for the new \$142M bond issue.



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1.0 MANAGING DIRECTOR'S MESSAGE

Three generations and a decade ago, the first commercial flight landed at the Princess Juliana International Airport. It was an experience that moved St. Maarten into the aviation age and propelled the island into a pioneering role in the tourism industry that would begin to take root another generation later. The year 2013 is therefore of special significance to us, not only because it is our 70th anniversary year, but also because we began to attract international attention with the several prestigious awards we received from organizations that recognized excellence and leadership in the business sector.

From December 3, 1943, with no end in sight for World War II, the fortunes of Princess Juliana International Airport which had started as a military airstrip for the US became inextricably tied to those of St. Maarten. In terms of economic development therefore, the way the airport went was the way the island went as well. It is no wonder then that a recent study of the Central Bank of Curacao and St. Maarten (CBCS) showed that the economic impact of the airport on St. Maarten was in the order of 60% of its GDP.

However, while we can look back with a certain tinge of nostalgia at a humble past, and bask in the achievements of the present, our eyes are firmly fixed on a glorious future which we see as our manifest destiny. This is why, in celebrating our 70th anniversary, we invited Dr. John D. Kasarda, the world renowned aviation expert who is considered the father of the aerotropolis concept, to deliver the keynote lecture at our Anniversary Symposium held on December 3, 2013. Dr. Kasarda's master lecture lived up to his reputation and opened up the eyes of many participants to a new vision of what the future could hold for SXM as an airport city. It is a vision that had already been embraced by management and one that indeed guides all the actions that are planned or are being executed with regards to the development of the airport.

Our anniversary year also offered the opportunity to rebrand the airport as a leader in Caribbean aviation, and strengthen its position as a major hub in the region. We launched the rebranding in February, with a new logo, new corporate colors, a new, interactive website, new audio and video ads with the tagline, "The experience will move you," and a new e-mail address (jdoe@sxmairport.com). Actually, it was a strong belief in our rebranding efforts, which began in 2012 that sealed the deal which made Moody's grant the airport a Baa2 rating that in turn led to a Nomura

Securities International bond issue of US\$132 million that we floated on the international financial market. It also led to the refinancing of our outstanding loan at a much lower interest rate and the funding of our Capital Improvement Program.



This program took off at full speed in 2013 with the implementation of the new commercial strategy aimed at increasing revenues from non-aeronautical sources in accordance with international standards, and to boost the bottom line for the concessionaires, while improving

passenger experience.

Pursuing this win-win-win strategy was not without its challenges, but a well-designed and successful media campaign contributed to making the public understand the need for such a new commercial approach. In fact, we took our message not only to the airwaves but also directly to various stakeholders, government entities such as Parliament, Dutch government officials, including the Hon. Prime Minister Mark Rutte and his delegation as well as other interested parties, in presentations that were all well-received.

Transparency in our actions, and engaging the stakeholders and the public in taking SXM to the next level were the hallmarks of management's endeavors throughout 2013. This was evident with one of the major projects under our Capital Improvement Program, the Rehabilitation of the

“As if they were birthday gifts, international recognition and awards kept pouring in for SXM throughout the year.”

2.0 EXECUTIVE SUMMARY

Runway. With a total price tag of over US\$19million, the project, which was critical in enhancing the safety at the airport, involved re-paving the runway with fresh layers of asphalt, the implementation of the required Runway End Safety Area (RESA) to the west. It also included the modification of the taxiway to allow larger commercial aircraft to have better access to the ramps and shorten the backtracking on the runway prior to take off. In addition, the existing airfield ground lighting will be completely replaced with the more economical LED lights and an entirely new remote system installed at the Control Tower.

Airlift continued to receive priority attention, as this is considered the core business of the airport. SXM was at the forefront of efforts to establish an Air Service Development Committee made up of representatives of all the hub partners (St. Barths, Anguilla, St. Martin, Nevis, Saba, St. Eustatius and Dominica). This was in accordance with the recommendations of El Perial Management Services in its study of where SXM is at present, its competitive positioning against selected airports, and the potential direction for air service development over the next five years.

We soon began to reap the fruits of such a joint effort as COPA airlines, the island's major connection to the South American market, returned in December to offering four flights weekly from its Panama hub. British Airways indicated interest in offering a London to SXM service. Discussions will continue to establish the viability of this. On the other hand, DAE went belly up, and therefore stopped its Curacao – St. Maarten – Santo Domingo/Haiti service.

Our financial performance shows improvement over the preceding year. And in terms of passenger movement there

was a slight increase of 0.8% in 2013 compared to 2012, while in aircraft movement the increase was an almost similar one percent over the preceding year.

With almost 2,500 stranded passengers of the Carnival Dream cruise ship stranded on the island in March, our ability to deal with such emergency situations was put to serious test. The stranded cruise passengers were airlifted out of the airport on board charter flights operated by Delta Airlines in March in a seamless operation that attracted international media attention.

The outbreak of the Chikungunya virus towards the end of the year was another emergency that also required that we handle the situation expeditiously but tactfully.

All of the above achievements would not have been possible without the commitment, hard work and dedication of the management and staff of SXM with the enlightened support of the Supervisory Board of Directors. I wish to thank all of them for their contributions in making 2013 a most rewarding award-winning year.

Unfortunately, we, the SXM family, had to mourn the loss of Mr. Henri Laurence who passed in August after a brief illness. He was a loyal, hard-working, dedicated and competent member of the management team. His legacy will continue to inspire all of us as we continue to emulate his contributions.

Team work is the solid foundation upon which the success of SXM is built. That is what we are convinced will make the New Year another chapter in our march towards a brighter future.

Regina LaBega,

INTRODUCTION

An increase in air travel is inevitable in the next 10 – 15 years, due to the increasing traveling middle class. This was the view expressed by Ms. Angela Gittens, Director General of the Airports Council International (ACI) at the World Routes 2013 conference held in Las Vegas, Nevada.

Gittens said airports know that their passengers are looking for a “sense of place,” variety and quality. “So, what we do now and how our monies are spent are crucial,” she said. “In such a fragile yet resilient industry, we must give our passengers ‘a voice’. Our customers must be heard.”

Additionally, with increased security and safety measures since 9-11, it has been getting more and more difficult to get through airports. Some are even of the opinion that the aviation industry has lost its “sexiness” and is no longer exciting.

“Capacity, efficiency, service and experience are the 4 levels on which to build every experience for your passengers,” Dr. John Kasarda, the “Father of the Aerotropolis” concept, said in his presentation at the event. He noted that studies have shown that happy passengers are spenders.

All these tie in with the strategic planning at SXM, showing that we are following the same path as industry experts have been predicting for the future. Against this background, and with our 70th Anniversary celebrations on course, we can safely say that 2013 has been a year of “early harvesting” in some areas, and of consolidation and “watering of the seeds” in others.

LAUNCH OF REBRANDING PROJECT

Although all of the preparatory work for the rebranding, including interchanging the old logo with the new one, happened in 2012, we kicked off the year 2013 with the official launch of the new brand. The general feedback has been positive and by now it has become clear that

the Princess Juliana International Airport is known by its IATA code, SXM. Since this is not a short term affair but one that takes some time to crystallize, we shall continue to vigorously display our new brand. Our new interactive website, as well as our presence in the social media – Facebook and Twitter – have helped to stamp our new brand in the minds of the public.

NEW COMMERCIAL STRATEGY

The implementation of our new commercial strategy has been carried out in a most transparent manner. Even though there were challenges here and there, the overall consensus is that it is a change whose time has come.

As an integral part of our Capital Improvement Program, the new commercial strategy is giving the airport a new, more attractive face that has been well received by all users of our facilities.

One of the ideas SXM is working on is to make the airport a tax-free zone, which will give departing passengers an added incentive to shop at the airport and further enhance the win-win situation with the concessionaires. Most of the concessionaires who may have been initially apprehensive about the changes are back and happy about the new look which they have contributed to constructing. All the available space has been allocated and more than 85% of the concessionaires are returning.

A well-coordinated public information campaign saw to it that whatever doubts that may have been lingering still with regards to the new commercial strategy were effectively addressed.

INFORMING PARLIAMENT AND OTHERS

The information campaign included giving presentations to various organizations and entities, including the Parliament of St. Maarten. On February 19, 2013, Management of SXM, accompanied by the Chairman of the Supervisory



Board of Directors and other members, appeared before the Permanent Committee of Parliament on Tourism, Economic Affairs, Transport and Telecommunications. Members of Parliament (MPs) were given detailed information about the Moody's rating of Baa2 the airport received and the successful issue of a US\$132 million bond on the international market that was oversubscribed.

The MPs were also given a clear explanation that part of the loan was to fund the much-needed Capital Improvement Program. They were apprised of a Central Bank of Curacao and St. Maarten (CBCS) study which showed that the Princess Juliana International Airport and its users accounted for a total impact of 60% of the island's GDP, 7.5% of total government revenues and 52% of the total employment.

This was an eye-opener and the Parliamentary Committee applauded the efforts and initiatives SXM was taking to make it competitive and expressed satisfaction with the presentation.

CAPITAL IMPROVEMENT PROGRAM

Apart from the new commercial strategy, other projects in the Capital Improvement Program that got off the ground during 2013 included the rehabilitation of the runway. The US\$19.4 million project started without any fanfare and the asphalt works were completed by the end of November 2013. In connection with this project, **SXM donated**

milled asphalt worth some US\$150,000 to the government of St. Maarten, which was used to pave and repair roads. The asphalt was removed during the runway rehabilitation works.

The runway rehabilitation project also included the construction of taxiways in order to increase runway efficiency, construction of a helipad and expanding the aprons to provide additional aircraft parking during peak traffic periods.

Similarly, a portion of the loan was allocated for acquiring property adjacent to SXM to allow for expansion of SXM facilities. Also, the beautification of the roundabout falls under the Capital Improvement Program. All of these were started and those that were not completed on schedule in 2013 will be finished by 2014.

FINANCIAL PERFORMANCE

There was a 1.0% increase in enplaned/deplaned passengers in 2013 relative to 2012, while aircraft movement registered a slight decrease of 0.8% over the preceding year. As a result of the increase in enplaned passengers and late 2012 fee increases, the full effect of which were realized in 2013, net revenue actually went up by 7.8%.

The company's assets decreased by 2% from 367,369,453 in 2012 to 360,682,393 in 2013, while liabilities went down by 5%. However, shareholder's equity registered a healthy 10% increase over the same period.

INTERNATIONAL AWARDS

Three international awards in one year made SXM stand out in the region and further helped to cement our image as the international airport for seven destinations in the Northeastern Caribbean. It is the kind of encouragement that fuels more determination to achieve the set goals of the company.

CRISIS MANAGEMENT

The first quarter of 2013 and the last month of the year challenged our crisis management skills. The evacuation of almost 2,500 stranded passengers of the Carnival Dream cruise ship in a couple of days required us to perform under the full glare of the international media. From all indications, we were up to the challenge.

A second emergency situation occurred, this time at the end of the year, with the outbreak of the Chikungunya virus (CHIKV), which also attracted a lot of international media

attention. Again, swift and resolute action on the part of SXM has resulted in at least the situation not deteriorating any further from the point of view of public relations. A PSA was issued for arriving visitors instructing them of what measures they could take to avoid mosquito bites and thus protect themselves against the CHIKV. In addition, they were given mosquito repellants for their personal use.

SAFETY AND SECURITY

At SXM, the number one priority is human safety. It is for this reason that we concluded phase one of the installation of what is considered "the most sophisticated security system in the Caribbean" in 2013. The system consists of ultra-modern, weather-tested cameras supplied by Bosch, a global leader in this field. It was designed by United Technologies Group N.V. (UTG), a company established on St. Maarten in collaboration with Mako Systems Inc. of Sun Valley, California.

UTG's Managing Director, Christian Lont, noted that more than 30 cameras were installed covering 80% of SXM, from the Operations tower to the luggage-handling areas, including even the jet bridges. Fourteen security officers and 13 Tower personnel were trained in the use of the cameras.



3.0 BUSINESS DEVELOPMENT REPORT

3.1 EXECUTIVE SUMMARY

The purpose of this report is to describe developments in Princess Juliana International Airport's (SXM) aeronautical activities, particularly passenger volumes that contribute some 60% to the airport's total revenues, and to compare how St. Maarten as a Caribbean destination has done relative to its Caribbean island competitors. Three sets of statistics have been utilized for this purpose:

1. Traffic at SXM itself as reported by airlines operating at the airport;
2. Visitor arrivals in St. Maarten as captured by St. Maarten Customs/Immigration; and
3. Competing Caribbean island visitors, as summarized by the Caribbean Tourism Organization (CTO)

SXM STATISTICS

SXM statistics cover passengers in and out of SXM as well as St. Maarten resident travel whereas St. Maarten visitor arrival statistics only account for inbound travel and do not include St. Maarten residents. All sets of statistics are up to date to the end of December 2013.

On the SXM passenger side, there are two types of totals that are often quoted. The first is the grand total, which records all passengers that pass through the airport and includes transit passengers who stay onboard the aircraft as it unloads and then boards other passengers. Then there is the total that actually spends time within the SXM terminal. The latter group are considered part of the more relevant passenger type, as they use the terminal building, pay airport fees and make some contribution towards capital expenditures on new facilities.

In terms of relevant passengers, 2013 was 4.5% higher than the volume in 2011 and 1.0% over 2012. Of these passengers, the most important are those departing SXM (enplaned), as they pay the actual passenger fees while arriving (deplaned)

passengers do not. These outbound passengers had a somewhat higher increase in 2013 over those in 2012 at +1.4% compared to the total relevant passenger (enplaned & deplaned) volume increase of +1.0%.

In the category of departing relevant passengers, international were the largest component, representing 91% of the total (not including transit passengers), and domestic at 9% followed by transfer passengers, which are a part of both international & domestic passengers, at 11.1%, and exempt (passengers under 12 years of age that pay no departure fee) at 2.0%. A transfer passenger can be either an international or domestic passenger with the latter being a traveler to one of the former Netherland Antilles islands. These include Saba, St. Eustatius, Bonaire, and Curacao. Over three years, international departing passengers grew by +8.4% while domestic increased at about half that rate, of 4.7%.

The biggest contributor to SXM's three year growth, in terms of a total enplaned passenger increase (+ 53,299) passengers, was from USA travelers which grew by 15.3% over this time frame whereas in terms of percentage increase, Canada at + 110.8%, showed the best growth.

Transfer passengers in 2013 were down 17.4% relative to 2011, but up 1.5% relative to 2012.

For aircraft movements, 2013 experienced a small decline with the total down by 0.9% from 2012 and 3.2% from 2011.

VISITOR STATISTICS

Visitor arrivals in St. Maarten had a 10.1% increase in 2013 over 2011 which compares favorably to an eight Caribbean island average increase over the same time frame of 9.4% with Curacao achieving the highest growth rate at +12.7%. For growth in 2013 versus 2012, St. Maarten showed an increase of 2.3%.

Total St. Maarten visitors in 2013 were 467,259 which compares to SXM deplaned passengers, excluding transfers, of 688,943 which suggests that the difference between the two figures (221,684) are St. Maarten resident travelers that would appear to be 29.0% of the SXM total. Some of the 29% also includes visitors to St. Maarten, those traveling by boat to Anguilla or St. Barths, and those leaving SXM by yacht.

For visitors, St. Maarten had the third highest number of USA residents of the eight Caribbean islands, the second highest number of Europeans and the highest number of Canadians in 2013.

Seasonally, 34% of SXM 2013 passengers travelled in the three month peak, January through March, which is 40% more than the lowest quarter of the year.

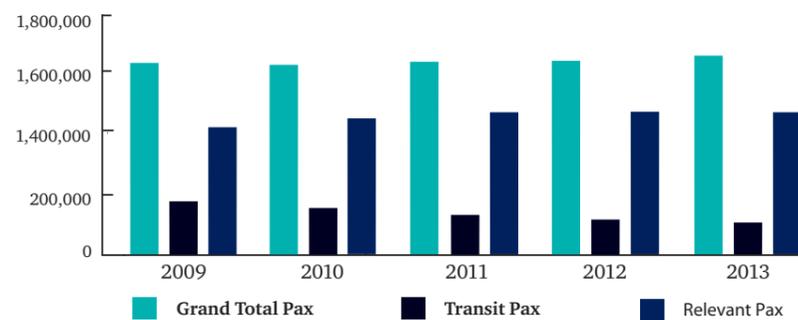
3.2 PASSENGER VOLUMES

RELEVANT PASSENGER NUMBERS

As previously mentioned, there are two levels of passenger totals; (1) The overall grand total of every passenger that passes through SXM and (2) Those passengers that actually pass through the airport terminal building, pay various airport fees and make purchases at SXM Retail and Food & Beverage facilities. The latter are referred to as relevant passengers for the purpose of measuring SXM performance as they are reflected on SXM financial statements in terms of earned revenues. The former total includes transit passengers who normally stay on an aircraft as it operates between two other Caribbean islands via SXM. Occasionally, these passengers offload the aircraft and temporarily stay in a holding room while the aircraft is fueled or groomed but that is the extent of their airport terminal usage.

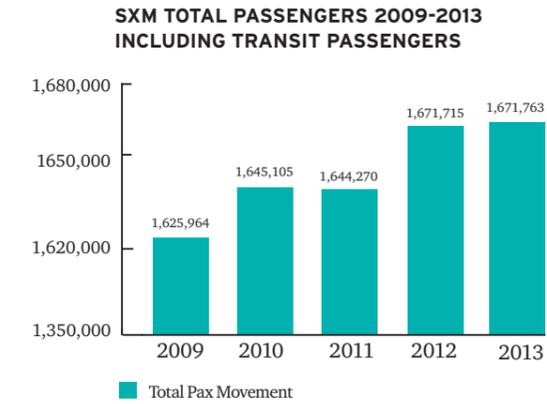
As noted, with regards to relevant passenger volumes, 2013 was 1.0% higher than 2012 and, at 1,551,912, 4.5% higher than 2011, an increase of 66,333 passengers over the three year time frame.

TOTAL PASSENGER MOVEMENTS 2009-2013 (ENPLANED & DEPLANED)



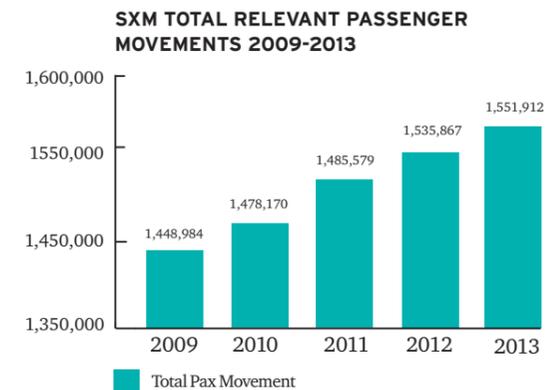
TOTAL PASSENGER MOVEMENTS Total Passenger Details (excluding transit passengers)

Total passenger movements over a five year period is shown in the bar chart below:



TOTAL PASSENGER DETAILS Total Passenger Details (excluding transit passengers)

A more visual picture of the relevant passenger totals over a five year period is shown in the bar chart below:



PASSENGER MOVEMENT CATEGORIES

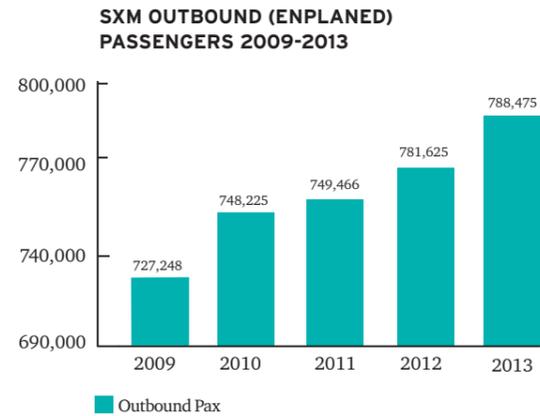
There are essentially three types of passengers at SXM with two sub-categories – international and domestic

- Outbound (Enplaned) – Departing passengers traveling to international or domestic destinations and passengers making connections (transfers) at SXM for either international or domestic travel.
- Inbound (Deplaned) – Arriving passengers traveling from international or domestic origins and passengers making connections (transfers) at SXM for either international or domestic travel.
- Transit – Those staying onboard an aircraft as it passes through SXM and not paying fees at SXM.

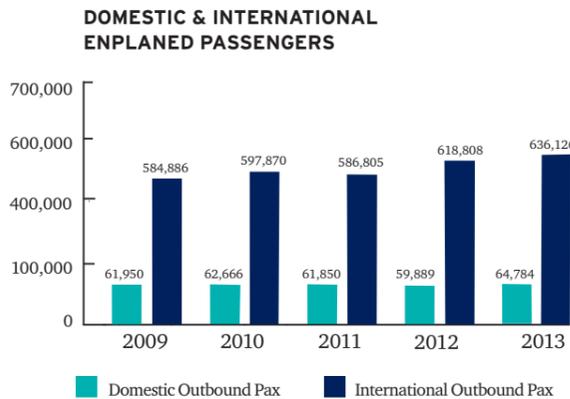
ENPLANED PASSENGERS

Enplaned passengers are the most important of the three passenger categories as such departing passengers pay the various fees that contribute to approximately 60% of SXM total airport revenues. Enplaned passenger movements for 2013 were 788,475, a 0.9% increase compared to such passenger movements of 781,623 in 2012 and a 5.2% increase over 2011.

Of the two types of enplaned destination passengers, international and domestic, the former is the much larger component representing 91% of the total. These international enplaned passenger volume increased by 49,321 within the three year period, with 2013 at 636,126 being 2.8% more than the 2012 total of 618,808 and 8.4% higher than 2011.



Relative to the 2012 total of 59,889, domestic passenger volumes in 2013 increased by 8.2% to 64,784, but within the three year time frame, 2013 was only 4.7% higher than 2011.

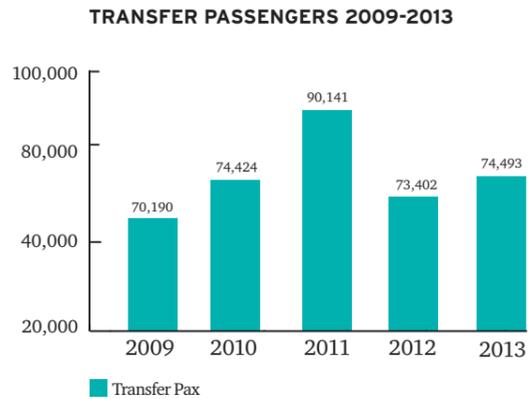


Note: The above numbers exclude transfer and exempt passengers.

TRANSFER PASSENGERS

A transfer passenger is a traveler that makes a same-day connection at SXM. The 2013 transfer passenger volume was 74,493 which was a 1.5% increase when compared to the 2012 total of 73,402 but 17.4% less than in 2011, possibly due to the restructuring of local carrier Winair, as they are the primary transfer passenger carrier.

It should be noted that this 74,493 transfer passenger volume in 2013 refers to outbound travel, but a connection involves both inbound and outbound passenger movements so that overall, in 2013, SXM had a total of 148,986 transfer passengers as part of the 1,551,912 relevant passenger total, or 9.6% of the total.



TRANSIT PASSENGERS

Transit passengers are not a relevant measure of SXM performance as they do not contribute to SXM revenues nor do they utilize the airport terminal. Transit passenger volume decreased in 2013 to 119,851 passengers, a 17.2% drop compared to 2012 (144,699) and a 24.6% reduction from the level in 2011.

COMMERCIAL VS. PRIVATE AIRCRAFT PASSENGERS

Passengers arrive or depart SXM on five types of aircraft:

COMMERCIAL

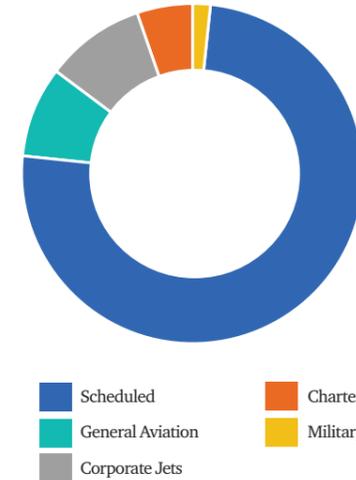
- Scheduled
- Charter

PRIVATE

- Corporate Jets
- General Aviation
- Military

Scheduled and charter passengers use the main terminal building, whereas corporate passengers are handled at the Fixed Based Operator (FBO) facilities and General Aviation aircraft utilize neither the SXM terminal or the FBO, and are simply fueled and parked on the apron. By far the greatest number of aircraft movements is provided by scheduled aircraft at approximately 73% of the total.

TYPES OF AIRCRAFT MOVEMENT 2013



COMMERCIAL PASSENGER MARKETS

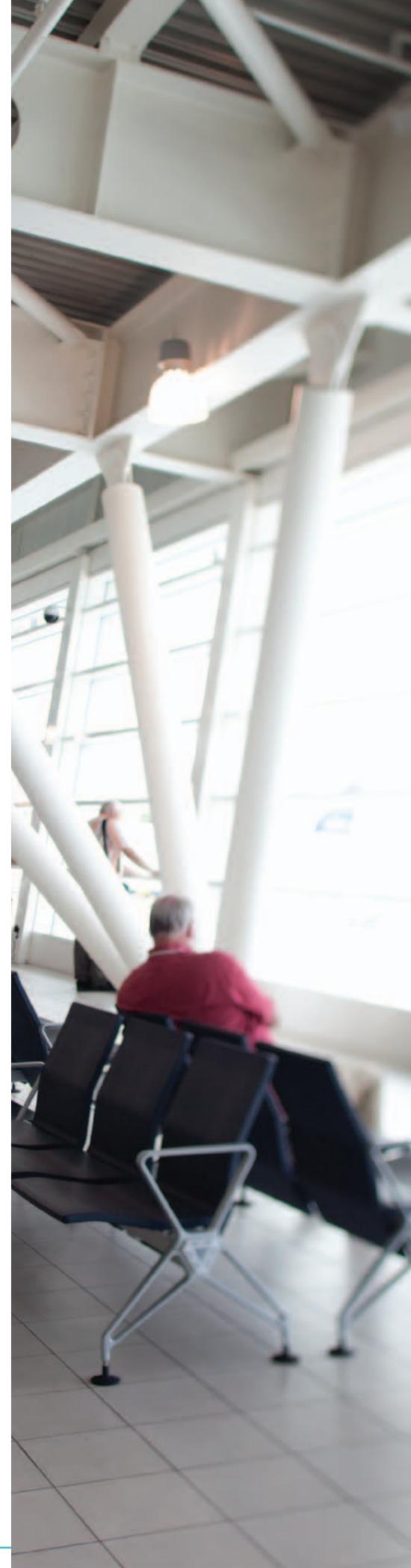
There are five market regions that contribute enplaned passenger traffic to SXM's total volume

- United States
- Caribbean
- Europe
- Canada
- Central/South America

The USA continues to be the largest market for SXM in enplaned passenger movements, accounting, in 2013, for 50% of the total scheduled passengers. In 2013 such passengers totaled 386,073, a 6.9% increase when compared to the 2012 total of 361,225 and 15.4% over the level in 2011 of some 334,674 passengers.

The Caribbean market contributes the second highest number of passengers to SXM (223,908) at 28.4% of the total in 2013, a 7.4% decrease in such enplaned passengers compared to the 2012 total of 241,866.

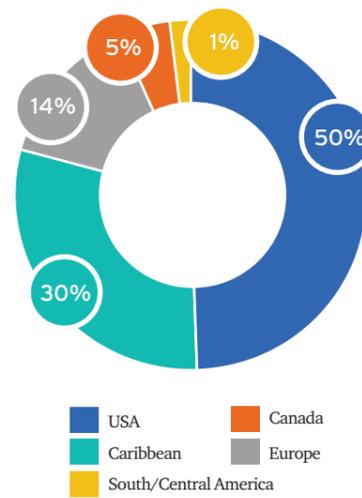
The European market, accounting for 14.0% of the SXM total in 2013, had an enplaned passenger volume of 110,115 which was a decrease of 2.5% in comparison to the 2012 total of 112,953 with a similar decrease relative to 2011 as 2011 and 2012 were virtually at the same level.



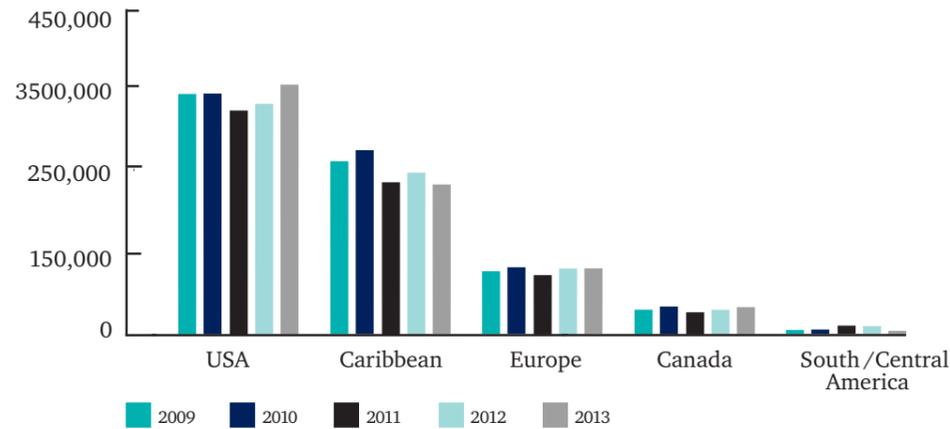
In 2013, the Canadian market at 41,750 passengers was 5.3% of the total with the enplaned passenger volume increasing by 25.6% relative to 2012, ostensibly due to increased services of Sunwing and WestJet. Over the three year time frame, 2011 to 2013, the increase however was a phenomenal 110.8%.

The Central/South American market served by Copa, had a 26.0% reduction in 2013 from 2012 but virtually the same level of passengers as in 2011 at 10,540. The reduction can be attributed to the airline's decrease in frequency from four to two times weekly, however, in December 2013, Copa reinstated its four times weekly service to SXM.

COMMERCIAL PASSENGER MARKETS 2013



SXM OUTBOUND (ENPLANED) PASSENGERS BY MARKET 2009-2013



CARIBBEAN VISITOR ARRIVALS

The Caribbean Tourism Organization (CTO) collects statistics for over 20 different Caribbean islands and consequently is a good source for comparison of St. Maarten growth experience in visitor arrivals relative to other destinations in the region. The information itself is provided by the various Tourism Authorities of the respective islands.

Eight of the most relevant Caribbean islands have been selected for visitor arrival comparison to St. Maarten with 2013 being the year of the comparison and the growth period 2011 to 2013.

COMPARATIVE CARIBBEAN ISLAND VISITOR GROWTH

St. Maarten saw a +10.1% increase in visitor arrivals over the three year period compared to the market with the most growth, Curacao, at +12.7% and the one with least growth, Antigua at +1.1%. Overall, St. Maarten's +10.1% growth was higher than the eight island average increase of +9.4% over the three year time frame and not too far off the two highest growth markets of Curacao and Aruba.

The actual volumes and growth rates for 2011 and 2013 are shown in the table below:

SXM Enplaned Passengers by Region					
2009 to 2013					
	2009	2010	2011	2012	2013
USA	352,765	351,907	334,674	361,225	386,073
Caribbean	227,893	234,383	246,973	241,866	223,908
Europe	109,274	113,064	112,987	112,953	110,115
Canada	13,050	20,033	19,807	33,229	41,750
Central/South America	1,041	4,297	10,586	14,240	10,540
Other	23,225	24,541	24,439	18,112	16,089
Total	727,248	748,225	749,466	781,625	788,475

Source: SXM

Selected Caribbean Island Visitor Arrivals			
(2013 vs 2011)			
Island	2011	2013	Change
Anguilla	65,783	69,068	5%
Antigua	241,331	243,932	1.1%
Aruba	868,973	979,256	12.7%
Curacao	390,297	440,044	12.7%
Dominica	75,546	78,277	3.6%
Puerto Rico	1,448,710	1,588,795	9.7%
St. Lucia	312,404	318,626	2.0%
St. Maarten	424,340	467,259	10.1%
Total	3,827,384	4,185,257	9.4%

Source: Caribbean Tourism Organization (CTO) as of Jan 31, 2014



CARIBBEAN ISLAND OVERALL VISITORS BY MARKET ORIGIN

Highlights of St. Maarten’s size of various markets relative to other selected Caribbean islands, by origin market for 2013, are as follows:

Of the eight Caribbean islands, St. Maarten had:

- The third most number of USA visitors,
- The highest number of Canada visitors,
- The second highest number of visitors from Europe.
- The fourth highest number of visitors from the Caribbean & Central/south America.
- Overall, St. Maarten ranked third of all 8 islands in total visitors.

The full details of these statistics are provided in the table below:

Selected Caribbean Island 2013 Visitor Arrivals					
Island	USA	Canada	Europe	Other*	Total
Anguilla	45,510	3,575	7,434	12,549	69,068
Antigua	88,818	30,442	88,864	36,204	243,932
Aruba	556,258	44,338	77,006	301,654	979,256
Curacao	61,477	9,568	175,217	193,782	440,044
Dominica	18,049	3,018	13,552	43,658	78,277
Puerto Rico	1,444,734	22,374	31,585	90,102	1,588,795
St. Lucia	129,331	35,985	88,492	65,818	319,626
St. Maarten	246,188	46,300	104,019	70,752	467,259
Total	2,590,365	195,600	585,773	814,519	4,186,257

*Note: Other includes Caribbean and Central/South America Source: Caribbean Tourism Organization (CTO)

CARIBBEAN ISLAND 2013 VISITOR GROWTH, RELATIVE TO 2011, BY MARKET ORIGIN

St. Maarten had the highest growth in USA visitors (+12.3%) compared to the eight island average of 8.4% with the least growth being at Curacao at negative growth of 1.4%.

For Canadians, St. Maarten also had the highest growth at +39.2% followed by Antigua at +35.9% while Puerto Rico suffered a 6.3% drop in Canadian visitors.

European traffic at St. Maarten was up by 2.3% with only two other islands having positive growth with Dominica achieving the most at +17.5% and Aruba showing a 4.8% reduction.

For other visitors that include Caribbean and Central/South America residents, Aruba (+39.3%) and Curacao (+28.5%) had the most growth, while St. Maarten had minor growth at +0.8% but two other islands had reductions.

The changes in such traffic, for 2013, is shown in the table below:

Selected Caribbean Island 2013 Visitor Arrivals					
Island	USA	Canada	Europe	Other*	Total
Anguilla	6.3%	26.6%	-1.2%	-0.5%	5.0%
Antigua	4.7%	35.9%	-3.9%	-13.8%	1.1%
Aruba	4.7%	9.5%	-4.8%	39.3%	12.7%
Curacao	-1.4%	9.1%	4.1%	28.5%	12.7%
Dominica	1.3%	1.1%	17.5%	1.1%	3.6%
Puerto Rico	10.4%	-6.3%	10.0%	2.7%	9.7%
St. Lucia	4.9%	1.7%	-3.6%	4.6%	2.0%
St. Maarten	12.3%	39.2%	2.3%	0.8%	10.1%
Total	8.4%	15.1%	0.6%	18.8%	9.4%

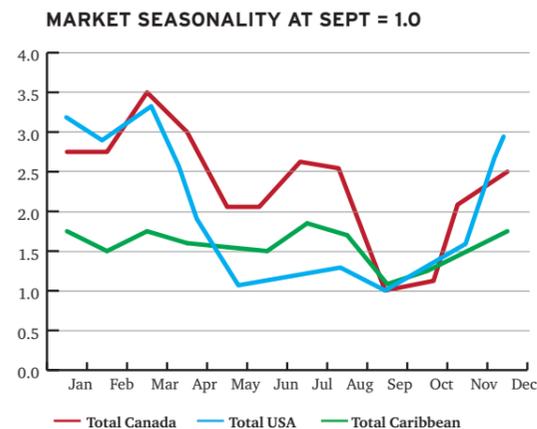
*Note: Other includes Caribbean and Central/South America Source: Caribbean Tourism Organization (CTO)

SEASONALITY (BASED ON SXM AIRPORT STATISTICS) Total Enplaned Passenger Seasonality

The peak seasonality at SXM has become more accentuated over the last several years. The first quarter of the year (January – March) enplaned passenger growth for instance has increased relative to what it was in 2011 by +1.3%. The first quarter increases relative to previous years have been as follows:

2013	▲ 1.3%
2012	▲ 8.0%
2011	▲ 0.9%
2011 to 2013	▲ 9.5%

The graph below shows the overall seasonality at SXM in 2013, by origin market, with September as the base at 1.0 and all other months indexed relative to September. For instance, for the USA and Canada, the month of March has 3.5 times the number of passengers as the month of September. It can also be seen in this graph that Caribbean travel has much less of a peak than American or Canadian travelers and thus to some extent moderates the overall level of the SXM peak.

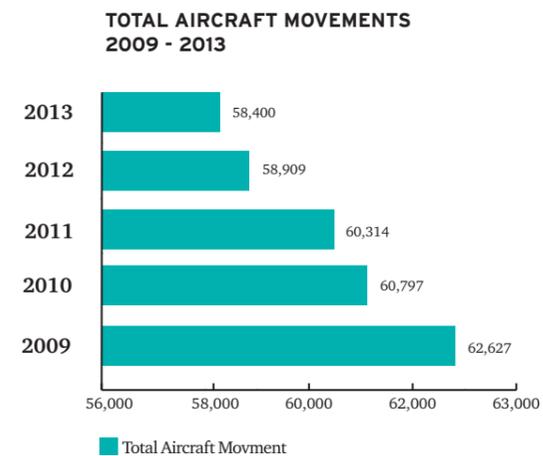


3.3 AIRCRAFT MOVEMENTS

TOTAL AIRCRAFT MOVEMENTS

Aircraft movements in 2013 were down ever so slightly from 2012 by 0.9% and by 3.1% from 2011. This has been a continual trend since 2009 as described in the bar chart below as a result of the average passenger load, per aircraft, going up as total passengers have increased since 2009 but movements have gone down.

2009 to 2013	▼ -6.7%
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COMMERCIAL AIRCRAFT MOVEMENTS

Commercial aircraft movements consist of three components:

- Scheduled airline passenger flights
- Charter airline passenger flights, and
- All-cargo flights

The total of such movements in 2013 was up ever so slightly relative to 2012 with a 0.2% increase but down 1.0% relative to 2011.

COMMERCIAL AIRCRAFT MOVEMENTS 2009 - 2013



GENERAL AVIATION AIRCRAFT MOVEMENTS

General aviation represented the second highest share of aircraft movements in 2013, at 11.4%, of the total which remained consistent with 2012.

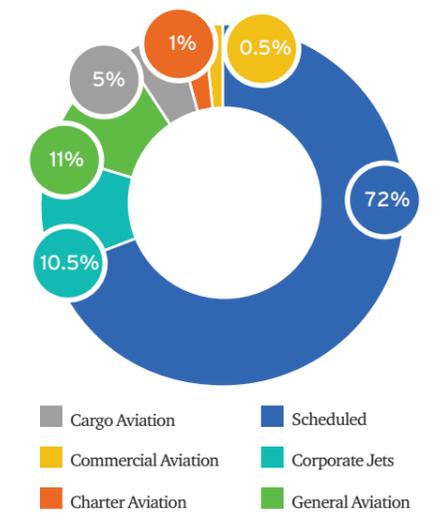
CORPORATE JET AIRCRAFT MOVEMENTS

Corporate jet aircraft movements were the third highest number of movements representing 10.7% of the total in 2013. This remained consistent with the 2012 corporate jet movements.

CHARTER AIRCRAFT MOVEMENTS

Charter aircraft movements represented 0.8% of the total movements in 2013 which decreased slightly in comparison to 2012.

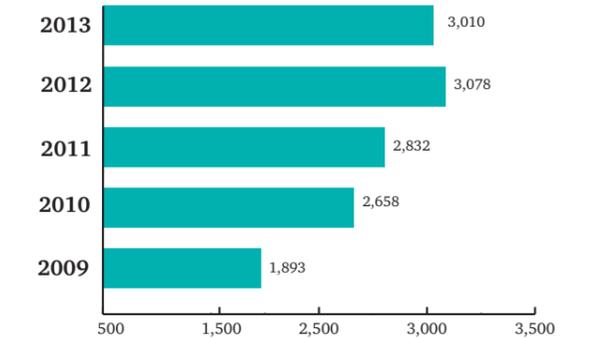
TYPES OF AIRCRAFT MOVEMENTS 2013



3.4 CARGO AIRCRAFT MOVEMENTS

Total cargo aircraft movements represented 5.2% of total aircraft movements in 2013 which was consistent with 2012 but a 9.2% increase in comparison to 2011.

CARGO AIRCRAFT MOVEMENTS 2009 - 2013



Note: The 2009 total may be understated but more accurate numbers cannot be ascertained at this time.

4.0 MILESTONES & ACHIEVEMENTS



4.1 Celebrating 70 years

70TH ANNIVERSARY SYMPOSIUM

From the very launch of the rebranding project at the beginning of 2013, every activity we have embarked upon has been against the background of our 70th Anniversary celebrations, the day itself – December 3 - featured our Anniversary Symposium held under the theme: “Leveraging your airport for non-aeronautical revenue and economic development.” World-renowned expert on airport and aviation development, Dr. John D. Kasarda, Director of the Center for Air Commerce of the University of North Carolina, was the special guest presenter.

Dr. Kasarda is the author of more than 100 articles and 10 books on airport cities, aviation infrastructure, urban economic development, and competitiveness. He is a much sought after advisor to airports worldwide. Dr. Kasarda also chairs the annual Airport Cities World Conference and Exhibition, the very conference at which he met SXM Managing Director, Regina LaBega, and her team in Johannesburg in April 2013.

According to Dr. Kasarda, “Airports are not just transportation infrastructure. They are multimodal, multifunctional enterprises generating considerable

commercial development. Airports are now cities themselves.” He added: “airport planning must include just as much emphasis on commercial strategies as aeronautical strategies. There should be synergies between the two.”

The originator of the “aerotropolis concept”, which Time magazine named among the “10 Ideas That Will Change the World,” Dr. Kasarda gave a master class expounding on the concept. After explaining that airports have become multimodal, multifunctional, economic engines, driving commercial development well beyond their boundaries, and after giving several examples of this, with particular reference to Schipol Airport in Amsterdam, Dr. Kasarda stressed that “airports are where the local and the global converge.”

Dr. Kasarda said “Airports are now destinations,” in and of themselves, and cited how some people, for example, now respond to the question; “where are you going?” with “To the airport to get married.”

Airport hotels, he continued, are becoming in his view, “virtual corporate headquarters where people fly in for one day conferences and fly out.” They now serve as a “calling card” for a country.



For Dr. Kasarda, the one factor that is imperative for the success of developing an airport city or aerotropolis is a committee or task force with a visionary leader at the helm. However, he warned that “vision without action is a daydream, while action without vision is a nightmare.”

He expressed confidence that the management of SXM was on the right path and reiterated in response to questions from the audience that size was not necessarily an impediment, while speed in decision-making and action was a sure way to success.

“Airports serve markets, not only airlines. Airports also serve their whole islands, not only travelers,” he said.

Speed, Dr. Kasarda stressed, has become an “economic weapon.” “It’s the fast that are leading the slow, not necessarily the big, (in other words, the economies of scale), leading the small,” he added.

According to him, smaller airports have been adopting and adapting the aerotropolis model. Even airports that have space limitations, he said, are developing in the direction of a structure that looks more like an airport city or aerotropolis.

Earlier, in her own presentation at the symposium, Regina LaBega had more or less set the stage for Dr. Kasarda by taking the audience on what she called a “short flight into



Dr. Kasarda with SXM delegation in Johannesburg, South Africa.

the future,” painting a picture of what SXM could look like in the year 2020 as an airport city. “SXM Airport City is not just a transportation infrastructure but a reliable engine of sustainable economic development, catering to at least seven hub destinations,” she said.

HIS EXCELLENCY GOVERNOR HOLIDAY CONGRATULATES SXM

His Excellency drs. Eugene Holiday, Governor of St. Maarten, who returned to the island in the afternoon of the same day of the Symposium, walked straight from the aircraft to present Ms. Regina LaBega, Managing Director of Princess Juliana International Airport, a beautiful bouquet of flowers which he had brought with him to congratulate her, the Management Board, and all the employees of the airport on the occasion of the 70th Anniversary celebrations.

Holiday, who was President of SXM until he took office as the first Governor of an autonomous St. Maarten on October 10, 2010, was unable to attend the Anniversary Symposium held earlier in the morning at the Westin St. Maarten Resort and Spa. He was represented by Acting Governor, Reynold Groeneveldt.

In an accompanying letter addressed to Ms. LaBega, Governor Holiday wrote: “Today, December 3, 2013, marks 70 years since PJIA was officially inaugurated by Her Royal Highness Princess Juliana as a civilian airport. Ever since this day in 1943, our airport has and continues to play a central role in the development of our island.

“In fact,” he continued, “any analysis will show that the economic growth of St. Maarten and developments at PJIA are closely linked. This thanks to 70 years of dedicated service of many generations of the people of our island. PJIA is, therefore, as I have called it in the past, a true St. Maarten institution.”

Managing Director Regina LaBega, who took over from him at the airport, described his gesture as a “class act.”

“We are really grateful for his thoughtfulness and know that he must be proud too, to have been instrumental in the transformation of the airport into what it is today,” she added.

If the Symposium was the main dish on our 70th Anniversary multi-course menu, a series of other activities that will continue throughout 2014 will form part of the dessert and wine list. Some of these will be directed at schools and the youth in general, while others will have a more celebratory flavor.

70TH ANNIVERSARY APPRECIATION

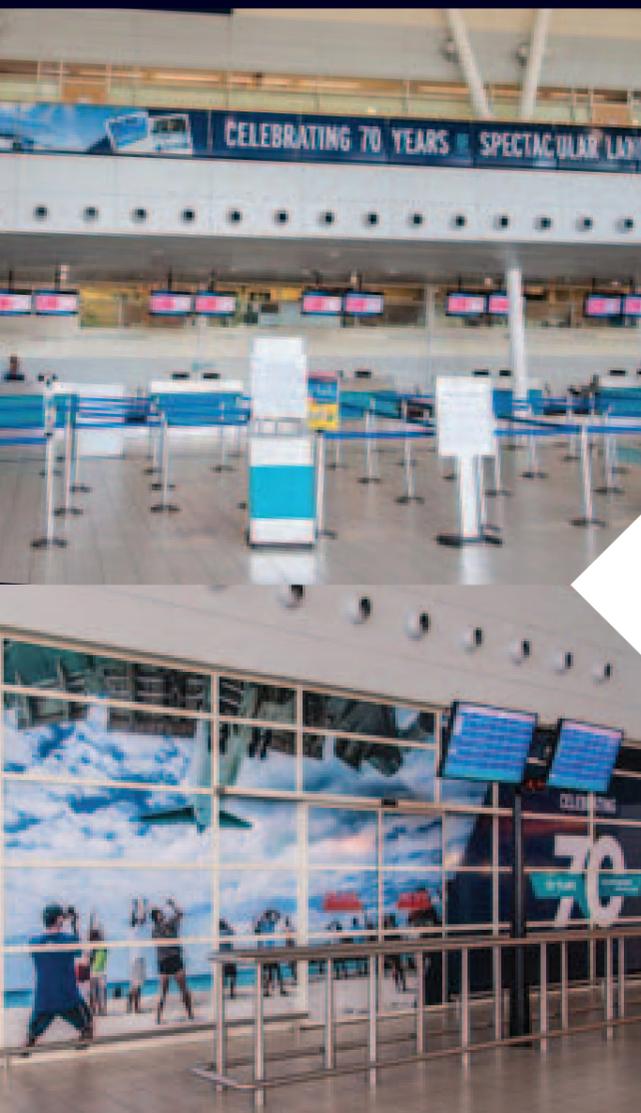
Although SXM has a staff of 274, the total number of people employed at the airport and providing services to the airport’s users is well over 1,300. These include those businesses such as airlines, handlers, security, retail and Food & Beverage outlets, etc. SXM would not be what it is today if it were not for the dedication of the men and women of both the operating company and the airport community. As such, both groups were recognized during the airport’s 70th Anniversary celebrations. Airport employees were treated to a special Happy Hour at Mooba’s restaurant in the Maho area where employees got a chance to unwind with coworkers in a relaxed setting with lots of food, music and fun. The Happy Hour also featured raffles throughout the evening for which employees were able to win an ipad, iphone and other prizes. In addition, a special “SXM Gives Back” day was organized for the members of the airport community whereby they were provided branded tokens of appreciation for their service to SXM over the years.



His Excellency Governor Holiday and SXM Managing Director Regina LaBega

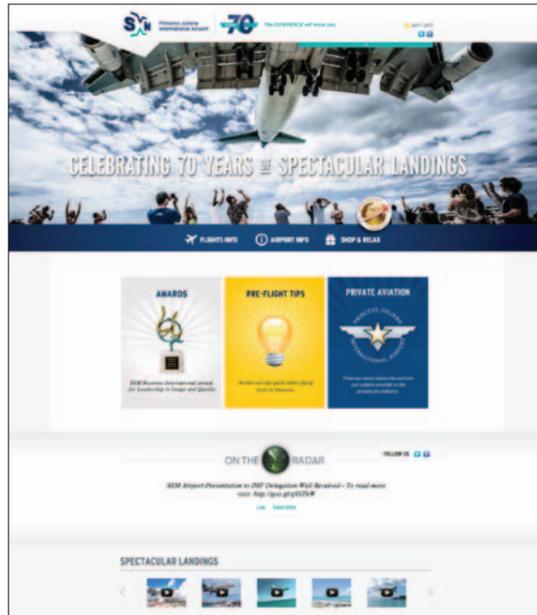
70TH ANNIVERSARY DÉCOR

The “Meet and Greet” area at SXM was spruced up to mark the airport’s 70th Anniversary and also to reflect the stunning landing approach for which it has become world famous, with CNN also listing SXM among the world’s most dramatic landings. All of this falls in line with the airport’s drive to heighten the “sense of place” that would distinguish it positively and impact on the passenger experience. The check-in hall also featured a 70th Anniversary themed banner and several other areas featured the milestone such as videos in the arrival hall, signage in the service elevators and even signage on the air traffic control tower proudly reflected the airport’s 70th Anniversary.



4.2 2013 HIGHLIGHTS

OFFICIAL REBRANDING LAUNCH & LAUNCH OF NEW WEBSITE



Our 70th Anniversary year began with the official launching of our new brand: a totally redesigned logo, with new corporate colors, and a new, easy to navigate, interactive website – www.sxmairport.com - that offers up-to-the-minute flight information among other things. The logo was inspired by the IATA destination code of the airport – SXM. It is eye-catching and easy to identify and remember. PJIAE chose it based on a comprehensive review of how other airports around the world are named and identified. The new website also features user-generated YouTube videos in the “Spectacular Landings” section that show the world-famous approach. In addition, the rebranding includes a new e-mail address: jdoe@sxmairport.com.

NEW SXM BRAND IS “A SYMBOL OF GROWTH AND PROSPERITY” FOR ST. MAARTEN AIRPORT IN THE 21ST CENTURY

Over 200 invited guests gathered at Gate A1 of the Princess Juliana International Airport, SXM, on February 3, 2013 for a first class presentation of the rebranding of the airport. SXM serves as a leading Caribbean travel and transit hub.

Prime Minister Sarah Wescott-Williams, along with the Deputy Prime Minister, Minister of Transport, Economic Affairs and Telecommunications and other Ministers and Members of Parliament all joined a full range of airport stakeholders, tourism officials from both parts of the island, and leaders of the legal, insurance, banking and business communities to mark the launch of the new brand.

SXM board and management officers and personnel, and the media among others met for what the airport’s Supervisory Board of Directors Chairman Clarence Derby called, a “historical evening.”

“After... 70 years of wearing the same look... we are all gathered here... to officially unveil... the new 21st Century look of Princess Juliana International Airport,” said Regina LaBega, Managing Director of the Princess Juliana International Airport (SXM) Operating Company.

In her opening address, LaBega told an attentive audience that, “Re-branding is a universal phenomenon, which is common among businesses all over the world. Companies re-brand in order to remain relevant, keep abreast of the times, or to get an edge over the competition,” and as “an effective marketing tool.”

At SXM, “our whole aim is to re-position the Princess Juliana International Airport as a leading hub in the Caribbean and to promote our ultra-modern facilities and the quality of our services,” said LaBega.

“The re-branding is a comprehensive make-over, with a logo inspired by the IATA destination code for the airport - SXM - which is eye-catching and easy to identify and remember,” said LaBega.

Derby joined LaBega in pointing out that, “The timing for this event could not be more perfect: with the airport acquiring its Baa2 investment grade ratings from Moody’s,” repurchasing its old bonds, offering of new bonds - oversubscribed from the inception by foreign and St. Maarten investors; raising over \$130 Million at a 5.5% interest rate; and recently voted as the airport with the most stunning landing in the world by privately.com.

The new brand image launch also coincided with the just re-branded website; the start of runway resurfacing, and airport expansion project, which includes a new FBO building to better service private plane passengers; construction of a new 15,000 barrel fuel farm at the airport to eliminate running out of fuel, and “revamping the concession space, integrating art with retail, and food and beverage, to maximize non-aeronautical revenues and “provide a first class environment to radically improve passenger experience,” all “coupled with the lady celebrating her seventieth birthday,” said Derby.

Rafael Cardozo, president of the marketing agency Tambourine, explained the research and design process that produced the new brand.

Cardozo said that special note was taken of “the lines and forms of the architecture of the airport.” He emphasized that Tambourine listened to the story of the island, its



people, including those who worked at SXM, and then “put all of the ingredients together” to create the new brand, “a symbol of growth and prosperity.”

A much-enjoyed feature of the launch was a fashion show of past and present airport uniforms by SXM staff and managers - Robin, Stefania, Peggy, Mirto, Hilda, Ambrose, and Erica. They also showcased the spiffy new grey and navy and teal uniforms that would bear the new brand.

Manager of Marketing & Communications and Chairperson of the re-branding planning committee, Kalifa Hickinson, expressed her delight at officially launching the new look of SXM. “We have worked very hard and have been looking forward to this day - we are very, very proud,” she noted.

Special Projects Coordinator Robert Brown, a rebranding planning committee member, said that the SXM airport “employees felt good after working long hours on getting it right.”

The rebranding tasks included “changing all the visible logos in the facility and on service vehicles, then other gradual changes,” which culminated with the rebranding ceremony Brown noted.

A celebrity-style “after party” with the live performance by the band Onyan took place at Tantra nightclub for all of the guests of the SXM rebranding launch.

SPREADING LOVE ON VALENTINE’S DAY

Arriving and departing passengers and other users were pleasantly surprised on Valentine’s Day 2013 when SXM firemen turned cupids as they gave out candies and roses, with their bows and arrows slung around their necks. Decked appropriately in white T-shirts with red lettering,

4.0 MILESTONES & ACHIEVEMENTS

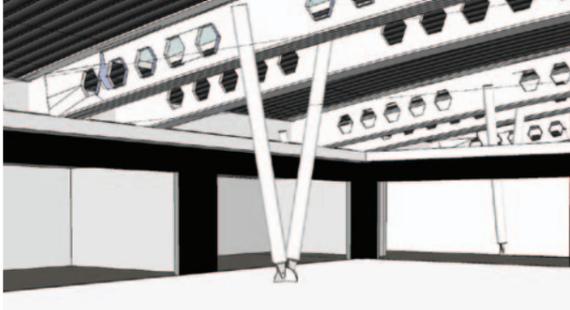
many of the cadet firefighters were in high spirits as they spread the love at the meet-and-greet area of the arrival hall, and later upstairs at the Departure Hall, where saxophonist, Connis Vanterpool was an obvious hit. Music was indeed the food of love as love ballads filled the air at the Arrival Hall, where the pianist from Soprano's Piano Bar entertained the people. In addition, several passengers received surprise gifts for Valentine's Day from SXM. All gifts were sponsored by SXM concessionaires. The passengers that received gifts were both surprised and excited by their winnings, as presented by SXM's Marketing & Communications Department. A Valentine's Day booth was also set up in the meet-and-greet area where flowers and teddy bears were on sale. 2013 was the second year the event was organized and it will no doubt be an annual activity at SXM.

SXM SPONSORS FIRST AVIATION CONTEST IN THE CARIBBEAN - TOPPIX

SXM was one of the major sponsors of the first aviation photography competition in the Caribbean region, offering a cash prize of US\$2,500 to the overall winner. The competition, which is organized by Toppix under the theme, "St. Maarten: Aircraft Spotters' Paradise" was held on St. Maarten, from March 17 - 23, 2013.

The competition was the brainchild of Robbie Cijntje, a renowned photographer. Cijntje, a dedicated aircraft spotter on the island, said that the photo competition provided an opportunity to show off SXM's unique scenic and panoramic approach.

Ms. Bernie Verhoeven was the overall winner of the competition with her photo being chosen out a total of 75 entries submitted, at final count, by 26 participants.



Verhoeven's photo depicts the underbelly of an Air France jet zooming in with the clouds almost as a shroud around it and people on the beach snapping away as if in a choreographed action to catch the big bird as it descends on the runway at SXM.

NEW COMMERCIAL STRATEGY

One of the reasons SXM had such a successful bond issue was that it was able to show that it was taking serious steps to improve its financial performance by diversifying its revenue stream. During the first quarter of 2012, SXM had commissioned InterVISTAS Consulting Group to conduct a Non-Aeronautical Revenue Enhancement study. Based on the results of this study, as well as other market research, InterVISTAS, submitted a report on revenue enhancement opportunities with a focus on Food & Beverage and Retail.

The report concluded among other things that SXM's revenue from non-aeronautical sources was considerably below the industry standard in the region and internationally for an airport of its size.

In accordance with the recommendations of the Non-Aeronautical Revenue Enhancement study and following extensive consultations with the concessionaires, at various Facilitation Meetings, SXM started to execute a two-phase, open, transparent and public tender process to introduce a new commercial strategy. This will replace the current landlord – tenant relationship with the concessionaires with one of partnership. In other words, rather than pay rent for their retail stores as well as for the sitting area they

use, concessionaires will only pay a concession fee that will vary depending on the category of products they offer. This is similar to what is applied at various international airports at present.

The objectives of the new commercial strategy is to create a win-win-win situation for all by:

- Increasing the sales volume of the concessionaires. In other words, the more passengers spend, the more the concessionaires will make and consequently, the more SXM's revenue will increase.
- Reducing or even eliminating passenger confusion from product offering and pricing
- Improving the Food & Beverage and Retail space, particularly in its mix and lay-out.
- Creating a tempting airside lounge reflective of an SXM "sense of place" (i.e. by effective use of culture, music, flavors, etc.) and
- Upgrading the airside Food & Beverage and Retail area with existing and/or new concessionaires.

The first phase of an Expression of Interest (EOI) or a Request for Qualification (RFQ) started in January, 2013. The conditions to qualify for the second phase of Request for Proposal (RFP) required that the applicants should be in good standing with regards to their financial obligations with PJIAE; that they should not be in litigation with PJIAE and have a minimum turnover which varies according to the concession package. By October 2013, over 85% of the available space had been allocated with about the same percentage of local and already existing stores returning. Work has been progressing satisfactorily to ensure the success of the new commercial strategy.

PRESENTATIONS TO PARLIAMENT AND OTHERS

In accordance with our belief in transparency and keeping all stakeholders abreast of the exciting developments at SXM, we gladly accepted the invitation by Parliament to give a detailed presentation to its members. This was held at the Committee level in February 2013 and all MPs praised the Supervisory Board of Directors and Management for their vision, and efforts to take the airport to the next level.

Similar presentations were made to the Dutch Representative (VNP) on the island when he paid a courtesy call on the Managing Director. Mr. Gert Versluis, who incidentally, has quite some experience working in the aviation sector, was briefed the about the ongoing Capital Improvement Program the airport has embarked on, including the Runway Rehabilitation Project, the new commercial strategy, acquisition of properties and other strategic initiatives aimed at expanding the facilities and services of the airport and at maintaining its all-important hub function.

Versluis said that at Schipol airport in Amsterdam, non-aeronautical revenue is more than the revenue derived from aeronautical sources. In actual fact, it represents some 70% of total revenue. For SXM, however, the goal is to raise non-aeronautical revenue to about 28% of its total income. The implementation of the new commercial strategy continued in full swing, with the objective to create a win-win situation for both concessionaires and the airport, while improving passenger experience.

Also, the Dutch Prime Minister, Mark Rutte, and his delegation were informed about the latest developments at SXM, a presentation which was well-received.



Spreading love on Valentine's Day



Toppix Aviation Contest



International Transportation Award

Meeting with Mr. Gert Versluis

International Award for Business Leadership in Image and Quality

Hon. Prime Minister, Mark Rutte of The Netherlands and his delegation

PR campaign

Runway aerial photo

World Route Development Forum, Las Vegas

Amerijet International landing

SXM delegation with Colm Lacy of British Airways

In addition, SXM embarked on a successful media campaign to explain its new commercial strategy and other aspects of its Capital Improvement Program to the whole population.

RUNWAY REHABILITATION PROJECT

The Runway Rehabilitation Project is among the most important elements of the much-needed Capital Investment Program, aimed at upgrading the facilities at the airport, improving service and thus allowing SXM to continue to maintain its competitive edge.

Work on the project progressed steadily without interruption of aircraft flight operations.

The full length of the 2,300 meter (7,545ft) airport runway is being replaced with a fresh layer of asphalt and an asphalt overlay intended to correct the longitudinal profile of the runway, serving to significantly improve the structural integrity of the pavement surface.

It is customary to have a major resurfacing of the runway done every 15-20 years depending on the circumstances. The last resurfacing of the SXM Airport runway took place in 1997.

An integral part of the project is the implementation of the required Runway End Safety Area (RESA) to the west.

In addition, the taxiway is being modified to allow larger commercial aircraft to have better access to the ramps and shorten the backtracking on the runway prior to take off.

Also, the existing airfield ground lighting will be replaced with the more economical and environmentally-friendly LED lights and an entirely new remote system is being installed in the control tower.

The runway rehabilitation project also includes the construction of a helipad for helicopters at the southeasterly end of the runway.

INTERNATIONAL AWARDS



SXM became the first Caribbean Airport to receive the prestigious International Transport Award granted by the 35 year-old Global Trade Leaders' Club, with a membership of over 7,500 businesses worldwide. According to its president, GTLC was created "exclusively for the promotion

of trade relations among businessmen from all over the world and who are linked by the fact that they have all been awarded with GTLC trophies for being leaders of trade or industry within their respective countries."

Prior to this award, Privatefly.com had declared SXM the "Most Stunning Landing Approach" in the world.

Another award came later in the year: the International Award for Business Leadership in Image and Quality. SXM was recognized for "the quality and excellence" of its

services. The awards were just the icing on the cake for the dedication, commitment and hard work of the management and staff of SXM in its 70th Anniversary year.

AIRLIFT

No doubt, the establishment of the Air Service Development Committee was the single most important measure taken in 2013 to guarantee sustainable airlift to SXM and its hub partners, Anguilla, St. Barths, Saba, St. Eustatius, St. Martin (French), Nevis and Dominica. This was done in accordance with the main recommendation of an El Perial study which addressed the issue of increasing service levels to and from Canada and the Intra-Caribbean as well as the quality of service at SXM. Detailed recommendations on ensuring expanded service from the USA, UK and Latin America are also included in the report.

While **Dutch Antilles Express (DAE)** was forced to discontinue its service to SXM, COPA Airlines returned to its four flights a week schedule in December.

There seems to be some serious interest on the part of **British Airways (BA)** to explore the possibility of a London –SXM service. With 14,500 visitors from the UK to St. Maarten in the period October 2010 – September 2011, a figure achieved without any marketing and with no direct flights from the UK to SXM, BA had also taken note of the capacity of SXM as well as the initiative to establish pre-clearance to Anguilla and St. Barths, all of which could tilt the scale in favor of opening a BA service to SXM.

The potential of increasing airlift to SXM was the main focus of our participation at the World Routes conference in Las Vegas. US Airways, for example, expressed its satisfaction with the St. Maarten market and revealed plans to use a larger aircraft to operate its weekend flights into SXM. This larger aircraft, Airbus 330, will result in an increase of approximately 70 seats per flight.

JetBlue's San Juan service performed well and the airline was looking into the possibility of increasing service. The company said it was considering a possible interline agreement with LIAT as well as "sharing flights" between two markets. In the latter case, a flight would, for example, operate 4 times weekly into SXM, and the other three days the aircraft would be used to operate in and out of St. Thomas.

LIAT has also expressed interest to operate in and out of SXM after 9:00 PM, to maximize aircraft utilization and profitability, while **Fly Montserrat** is interested in flying between Antigua and SXM to complement the existing service from carriers like LIAT.

Amerijet International landed its Boeing 767-200 cargo jet at SXM on Wednesday, May 22, 2013. It was the maiden flight of the cargo aircraft, one of five in Amerijet International's fleet of 767-200 freighter aircraft. Until now, the company had been servicing the destination with its 727-200 cargo planes. The 767s will allow the carrier to increase capacity on its scheduled service routes, and expand its charter availability.

EMERGENCIES

EVACUATION OF STRANDED CARNIVAL DREAM PASSENGERS



The plight of the almost 2,400 Carnival Dream passengers stranded at the Port of St. Maarten became an emergency situation that required SXM to deploy all its resources to deal effectively with the crisis. The passengers were airlifted out of SXM on charter flights operated by Delta Airlines on Friday and Saturday, March 15 and 16 respectively. The collaborative effort between SXM, representatives of Delta Airlines and Carnival Cruise Lines resulted in the smooth evacuation of the passengers. Throughout, reporters from US news organizations such as NBC, CBS, ABC, etc were seen in the Terminal Building interviewing passengers. Overall, the passengers seemed upbeat and in high spirits. Passengers were offered complimentary treats at the airport courtesy of SXM and all the Carnival Cruise passengers received a 10% discount on all purchases at SXM's retail and Food and Beverage outlets.

THE CHIKUNGUNYA VIRUS

The Chikungunya virus (CHIKV) was first reported in the northern part of the island in December, but cases were later confirmed on the Dutch side of the island as well.

The international attention it received made it very delicate and potentially dangerous to our economy, especially given the fact that the US Center for Disease Control and Prevention (CDC) in December, 2013 issued a Travel Notice (a Level 1 Watch), which advised travelers to "practice usual precautions". The Notice was updated on December 31, 2013 and described the situation at the time as follows:

"On December 22, 2013, the World Health Organization (WHO) reported 27 cases of chikungunya in St. Martin. Laboratory testing is being carried out to confirm other possible cases. Two cases were also confirmed in Martinique. One case was also found in a person in French Guiana who had recently traveled from Martinique.

"This is the first time that local transmission of chikungunya has been reported in the Americas. Local transmission means that mosquitoes in the area have been infected with chikungunya and are spreading it to people."

The CDC further stated that "Travelers who go to St. Martin and Martinique in the Caribbean are at risk of getting chikungunya."

SXM responded to this situation with a PSA alerting arriving passengers about CHIKV and offering them mosquito repellants, while favoring a coordinated and collective approach to stem the increasing bad press the island was receiving internationally.

SELF-SERVICE CHECK-IN KIOSKS (CUSS)

As part of its program to improve service, reduce long lines at check-in counters, and enhance passenger experience, SXM installed a total of 12 self-service check-in kiosks – 11 at the Departure Hall and one in the Transit Area. Six carriers which service the destination - Air France, KLM, Delta, American Airlines, US Airways and Caribbean Airlines – are featured on the self-service kiosks. This is because the airlines must have agreements with SITA, a Europe-based organization that specializes in air transport communications and information technology. Not all airlines have the software to enjoy such connectivity with SITA to allow them to appear on the self-service kiosks.



R&FF DEPARTMENT MARKS 18 YEARS

It was not only SXM that was in celebratory mood in 2013. If the Rescue and Fire Fighting (R&FF) Department had been a young man or woman, it would have been considered to have reached the age of maturity on celebrating its 18th birthday on July 25, 2013. In fact, when 25 young St. Maarteners moved in to establish the Rescue and Fire

Fighting Department of SXM 18 years ago, they were quite oblivious to the fact that theirs would have been literally a baptism of fire because weeks later, the biggest natural disaster the island has ever known – Hurricane Luis - hit with devastating fury.

Currently 28-men strong, the R&FF Department of SXM continues to lay emphasis on training, readiness and well-maintained modern equipment.



"We are well-equipped, and the whole department is undergoing rigorous NSTA training," said Manilo Penijn, head of the department. "We're in transition to the American system and we're half-way through with it now."

SXM FIRST FEMALE RADAR CONTROLLER



Sophia Peterson Rismay became SXM's first female radar controller in November 2013. Following in the footsteps of Ms. Jean Christian, the first female Air Traffic Controller in St. Maarten, Saba, and St. Eustatius (and the second by a very narrow miss in the now defunct Netherlands Antilles), the feat achieved by Ms. Peterson

Rismay can only be truly appreciated when one considers the responsibilities of a radar controller. "You have more responsibility as a Radar Controller. As a Tower Controller, you have a beautiful view and you're more active. But with Radar Control, it's like a TV game. You actually see all that the aircraft is doing on the screen. You have a visual contact with the aircraft 100 miles out. It is my responsibility then to tell the pilot what to do," Peterson Rismay said. A go-getter, Peterson Rismay, a Milton Peters College alumna, did her Air Traffic Service (ATS) training in Canada and Trinidad and Tobago. She served nine years as a Tower Controller. "The job places a lot of demand on you. You have to have full concentration," she said. Asked whether being the only woman among a group of men affected her performance in any way, Peterson Rismay responded: "Not at all. As an Air Traffic Controller, the guys didn't look at me as a woman. I had no special treatment and didn't want any either. They

(her male counterparts) say they consider me one of the boys. I had to work the late shifts, the busy schedules, etc., just like anyone else. I've had to do my job and do it well so everyone feels safe."

SXM AIRPORT RAISES US\$132 MILLION IN RATED BONDS FOR CAPITAL IMPROVEMENT PROGRAM

It was all smiles at the ceremonial closing of the US\$132 million SXM bond issue underwritten by Nomura Securities International Inc.

The closing was attended by a high-powered St. Maarten delegation led by Hon. Minister Romeo Pantophlet of Tourism and Economic Affairs, whose portfolios include the airport; and Finance Minister Roland Tuitt.

Speaking at the ceremony held at the offices of Nomura Securities International in New York on Thursday, January 10, 2013, both ministers thanked the team that made this historic bond issuance possible.

Minister Tuitt said the bond issue was good for St. Maarten, adding that it was precisely this that led him to finalize the official Moody's rating for the island. For his part, Minister Pantophlet said it would further facilitate the hub function of the island.



Not only is the Princess Juliana International Airport is the first and so far the only company in St. Maarten to have rated bonds. This huge amount of money was secured at very favorable terms of a fixed rate of 5.5% over 15 years. This is a significant decrease from the 8.25% interest rate obtained in the 2004 financing of US\$118 million.

"There can be no better way to begin the New Year - and kick off the 70th anniversary celebrations of our Princess Juliana International Airport - than with the official closing of this bond issue that would permit the airport to diligently pursue its multi-million dollar Capital Improvement Program," LaBega said.



5.0 CORPORATE SOCIAL RESPONSIBILITY

Charity begins at home, the saying goes, and at SXM, our corporate social responsibility starts with our staff and at our facilities. From recognizing the tremendous responsibility of our Air Traffic Controllers on International Air Traffic Controllers' Day to supporting the annual Fireman's Ball of the Friends of the Island Government Firefighters Foundation (FIGFFF) which celebrated its half-century mark this year, our corporate social responsibility indeed begins at home. SXM also sponsored the Annual Business Basketball knockout competition and through our full weight behind the SXM Sporting Club to participate in the annual International Airport Slam Games which featured volleyball, softball, indoor soccer, target shooting and dominoes.

GETTING VISITORS IN THE MOOD BY DECORATING SXM

Whether it is Valentine's Day, Heineken Regatta, Carnival, St. Martin Day, or Christmas, SXM has made it an annual habit to decorate its facilities to reflect the festivity that is being celebrated and thus get our visitors not only in the know, but also in the mood to participate in these activities. It is a way of creating a welcoming, festive atmosphere that uplifts the spirit and gives a taste of what the visitors can expect during their stay on the island.

THE HEINEKEN REGATTA

SXM Airport has been a steady wind behind the sails of one of the Caribbean's foremost regattas – The Heineken Regatta. The event is promoted with giant posters on the exterior wall of the Terminal Building as well as inside the Arrival and Departure Halls. An information booth was also set up at the Arrival Hall area next to the Reception Office to ensure smooth sailing for all those visitors interested in having "Serious Fun" as the slogan for the event proclaims.

CARNIVAL

Carnival is not only the most important manifestation of the island's culture it is also a draw for visitors from around the region and beyond. SXM therefore dresses up for the national

fete and gives substantial sponsorship to events such as the Teen, Senior and Mature Queen Pageants. SXM rolled out the red carpet for these carnival royalty prompting the St. Maarten Carnival Development Foundation (SCDF) to describe SXM as a "dedicated partner."



This partnership, according to SXM Managing Director, Regina LaBega, is "an expression of our corporate policy of supporting, whenever possible, activities that reflect the cultural enhancement of St. Maarten, especially during this year of the celebration of our 70th anniversary."

ST. MARTIN DAY

Set aside as a public holiday by both administrations on the island to celebrate our "two-getherness," November 11, St. Martin Day, is truly a "National Day." SXM not only serves as the international airport for both halves of the island, but also employs persons from the two parts. In this respect, it is a truly St. Martin institution, as His Excellency Governor Eugene Holiday, former President of SXM has called it. Making our visitors and all airport users aware of the significance of this day is therefore a logical thing to do.

SXM takes its corporate social responsibility seriously. In accordance with our stated philosophy of not only "giving back to the community," but being an active participant and contributor in the development of the island, our





“We are offering a long-term, structural support system that would affect every aspect of the students’ lives.” SXM “adopted” PWAS for a two-year period beginning April 2012.

For example, for the second consecutive year, students of the graduating class of PWAS were given an aerial tour of the island in a joint effort between SXM and WINAIR. Those students who did not go on the flight were given a tour of the terminal building.

Afterwards, the students were taken to SXM’s Rescue & Fire Fighting Department where the firefighters already had hotdogs and hamburgers on the grill waiting for them. They received an additional treat of SXM branded backpacks with supplies.

At the graduation ceremony held under the theme, “Hold on to your dreams,” SXM which sponsored the event, surprised two students, Willem Labardy and Juan Carlo Galva, with the announcement that they will be receiving complementary uniforms for the coming school year.



AID FOR MLK SCHOOL

SXM’s educational outreach program is, of course, not confined to the adoption of the Prins Willem Alexander School. The airport hearkened to the cries for help of the Dr. Martin Luther

actions are directed at empowering our youth, helping to preserve and propagate our cultural heritage, supporting the conservation and sustainability of our environment and generally making the people identify with and take pride in their airport.

It is for this reason that SXM encourages its entire staff to get actively involved in every meaningful initiative that could enhance the experience of both our visitors and residents and emphasize the role of the airport as a major partner in the development of the island.

EDUCATION

ADOPTION OF PWAS

Special education is an area that requires special attention on St. Maarten, hence the “adoption” of the Prins Willem Alexander School (PWAS). By this, SXM seeks to establish a binding relationship with the school that is not limited to financial assistance. “We are benefactors, a fairy god-mother committed to offering the school all the help it needs to achieve its goal of providing meaningful and effective education to our special needs students,” SXM Managing Director, Regina LaBega said.



King School when a concerned citizen brought the school’s urgent need for janitorial supplies to our attention.

“It is a standing policy of ours to extend a helping hand to our schools whenever and wherever possible,” Regina LaBega said. “A school carrying the name of Dr. Martin Luther King Jr., and needing assistance during a month like February, Black History Month? It was just natural for SXM to quickly do what it could to help.”

BRONZE SPONSOR OF CHARLOTTE BROOKSON ACADEMY FOR THE PERFORMING ARTS

Furthermore, SXM remained a Bronze sponsor of the Charlotte Brookson Academy for the Performing Arts, which opened in August 2012 as an “experimental” school for secondary education. Modeled after the Charter Schools in the US the school has a special curriculum that places equal emphasis on academic subjects as well as the performing arts, especially music and dance

BON VOYAGE

For the second consecutive year, SXM organized a send-off event for students bound for The Netherlands in pursuit of tertiary education. Themed “Bon Voyage”, it is intended to mitigate the traditional scenes of tearful farewells when the students leave the island each year.

Bon Voyage in 2013 was done with the flare and energy that characterized the inaugural edition. Popular DJ’s entertained the departing students, who received gift items and snack packs, with the Prime Minister, the Minister of Education and the Managing Director of SXM offering encouraging words to them.

“St. Maarten needs you not only to be good students, but also responsible ambassadors who will do the island proud anywhere you may find yourself in the world,” said Ms. LaBega. “We are counting on you to do your best, and return through this same airport, to take your rightful positions on this island,” she added.

SPORTS

Our commitment to sporting activities on the island is exemplified in the support and encouragement we give our own staff to embrace physical fitness as a healthy lifestyle. The week-long SXM’s Annual Business Basketball knockout competition saw twelve teams divided into two pools of six each locking horns to see who would dethrone last year’s champions, Nagico Insurances.

In the end, it took two overtimes (OTs) before B & C Beverages could finally beat defending champions Nagico to be crowned this year’s winners. The battle for third place was also hard fought as Halley Aviation Services narrowly defeated Menzies.

Similarly, eight teams, including defending champions, GEBE, vied for top honors at the Softball Business Knockout Competition organized by the Sporting Club of the Princess Juliana International Airport at the Jose Lake Sr./John Cooper Ballpark.

The business teams that took part in the knockout included the Windward Islands Bank Ltd., Caribbean Liquors and Nagico Insurances. Three government departments also



“It is a standing policy of ours to extend a helping hand to our schools whenever and wherever possible,”





participated in the competition. They are the Fire Department, Casino Controllers and Civil Servants. Of course, the hosts, SXM also fielded a team. The Casino Controllers softball team brushed aside defending champions GEBE to clinch this year's title.

CULTURE

Culture is an important element in the holistic development of a people. Preserving our cultural heritage is central to SXM's corporate social responsibility. We have therefore, not only been supportive of the efforts of the Emilio Wilson Historical and Cultural Foundation to preserve the patrimony of the people at the Emilio Wilson Park, but have also been a reliable partner with other organizations working in the field of culture.

ART SAVES LIFE



When Broadway star, Nicole de Weever came up with the idea of the Art Saves Life Foundation and needed support for this venture geared towards introducing talented young people to dance through workshops given by her professional colleagues, SXM jumped on the bandwagon without reservations. True to her character, Ms. De Weever of FELA! Fame brought 48 students under her wings to give a short but exciting performance of a Flash Mob dance. It was the first time such an event would take place at the airport. As unsuspecting passengers streamed out into the Check-in Area, they were greeted by a group of young, energetic dancers, doing the Flash Mob dance with spectators forming a circle around them. Some of the visitors immediately brought out their cameras to take pictures.

The success of this Flash Mob dance was summed up in the comments posted by one departing passenger, Charlotte K. Forster who posted the following on Facebook: "You guys ROCKED!! Got to see you just before I went through security for my Miami flight. So proud of all of you. My angels were looking out for me by scheduling my flights for today. Sending you all love, love, LOVE."



A second serving of the Flash Mob dance was offered in December with similar rave reviews. Michelle Knotteck, another departing passenger, sent the following handwritten note to SXM's Managing Director, Ms. Regina LaBega: "St. Maarten is a beautiful place and the send off at the airport with the flash mob made it all a better experience even with my plane being delayed 2 hours. Everyone was amazing and it was a great experience. Thank you."

5.1 ENVIRONMENTAL AWARENESS

A BLUE FLAG COMPANY

As a good corporate citizen, SXM Airport strongly believes that sustainable development and environmental responsibility are not mutually exclusive ideas. In fact, they complement each other, particularly when we consider the phenomenon of global warming.

With global air traffic increasing at an average rate of 4-5% annually, environmental concerns about carbon emission, for example, are becoming more a matter of priority.

It is in view of this that SXM became a Blue Flag company back in 2012. Throughout 2013, however, SXM continued to maintain the area in Belair where trees were planted to kick off its Blue Flag partnership. It is also in recognition of this that SXM commissioned an Environmental Impact Study before embarking on the runway rehabilitation project.

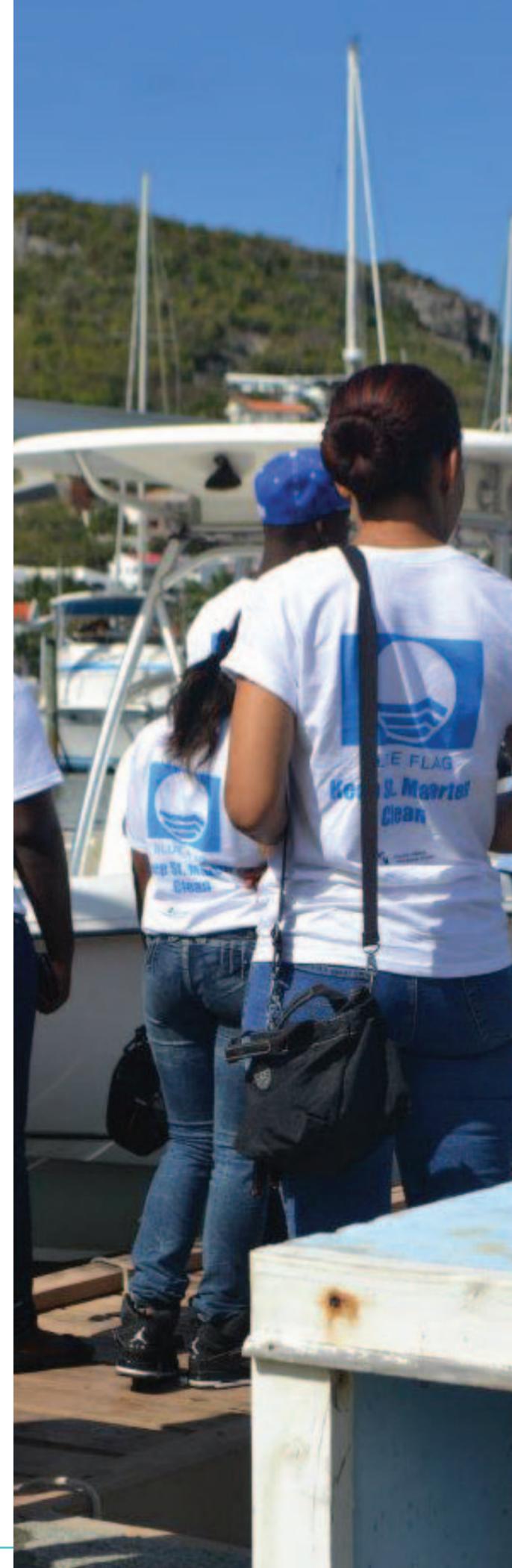
LED LIGHTS

Furthermore, SXM decided to use LED lights on the runway not only as an energy saving measure, but also as a means of reducing our carbon footprint.

BRONZE SCULPTURES OF THE PELICAN

Although an anniversary such as ours this year calls for making a significant contribution that would benefit the whole island. Beautification of the Airport roundabout became an obvious choice, with the decision to erect three bronze sculptures of the national bird, the Pelican, there in consonance with what has become customary with roundabouts on the island.

Work started on June 19, 2013. Phase 1 was the construction of the roundabout itself including the erection of the concrete walls and installation of the pavement. This was followed by the installation of the lighted signs of our main hub partners while the third phase was the landscaping to beautify the whole structure. The final phase consists of the bronze sculptures of the pelicans, made by renowned sculptor, Mike Maghiro.





6.0 CORPORATE STRUCTURE

The Princess Juliana International Airport Operating Company (PJIAE N.V.) is fully owned by the Princess Juliana International Airport Holding Company (PJIAH N.V.), which in turn is owned 100% by the Government of St. Maarten.

PJIAE N.V. was established by Notary Deed of September 13, 1996, with the purpose of managing and operating the Princess Juliana International Airport, SXM. The then Government of the island territory of St. Maarten granted the company a concession for an initial period of 20 years as per Island Decree number 2031, of October 14, 1997. Seven years later, the government via Island Decree number 638, of May 27, 2004 extended the concession by an additional eight years until January 2, 2025. The concession was once again extended in 2012 for another 15 years, thus facilitating the company's Moody's Baa2 rating.

The Government of St. Maarten is the Concessor, while the Holding Company is the Landlord with PJIAE N.V. being the tenant, operator and concessionaire of the airport and all its facilities.

MANAGEMENT

PJIAE N.V. is managed by a Managing Director, as established in the Articles of Incorporation of the company. A Supervisory Board of Directors consisting of at least three and a maximum of seven members, including the chairperson, has the statutory duty of supervising the Managing Director.

The Managing Director is assisted by the four Division Directors and several Department Managers along with their respective specialized department staff in the management of the company.

The Managing Director and the members of the Supervisory Board are appointed by the Holding Company, PJIAH N.V. as the sole Shareholder of PJIAE N.V. The Supervisory Board

meets regularly with the Managing Director to review strategic policy matters and business and financial performance.

This organizational structure allows government to implement its "arms length" policy in accordance with the principles of good corporate governance. In other words, this means that neither the Supervisory Board of Directors, nor the Shareholder Representative, or any other instance for that matter, may get involved in the day-to-day operations of SXM.

PJIAE N.V. has a lease agreement with the Holding Company (PJIAH N.V.) for the commercial use of the airport facilities (including buildings, etc.). The lease expires either 10 years after the final settlement of all outstanding debts incurred with regards to the financing of the extension of the airport, referred to as the Airport Development Plan Phase 2 in the Strategic Business Plan of PJIAE N.V. dated March 2, 2000, or 25 years with effect from the date of the signing of the lease agreement, whichever is later.

Unlike other similar airport companies in the region and elsewhere, PJIAE does not receive nor depend on any direct subsidy from Government. The airport operates as a self-sufficient company deriving its revenues from both aeronautical and non-aeronautical sources to cover its annual operating costs and finance charges. However, under the current terms, PJIAE N.V. is permitted to keep the Airport Departure Fee (ADF), which it collects on behalf of Government.

On the other hand, the company is fully responsible for the Air Traffic Service, a department that usually falls under government's jurisdiction in other countries. Similarly, it is also in charge of Security and Security personnel at PJIAE N.V., a responsibility that normally belongs to government in other places.

In addition, government agencies such as Immigration and Customs do not pay for the use of offices at the airport, which is another direct contribution to government.

6.1 SUPERVISORY BOARD OF DIRECTORS



CLARENCE DERBY Chairperson
MARLON GARY MATSER Vice Chairperson
MELINDA HOEVE Secretary
WHITFIELD VLAUN Member
CLEAVLAND BERESFORD Member
LUDWIG OUENNICHE Member
MICHEL HODGE Member

There were two additions to the membership of the Supervisory Board of Directors in 2013, as Mr. Michel Hodge and Mr. Abdellatif “Ludwig” Ouenniche were appointed on December 2, 2013.

At the end of 2013, the Supervisory Board consisted of the following members:

- Mr. Clarence Derby, Chairperson.** Mr. Derby is the Senior Vice President and General Manager at Sun Resorts, the owners of Mullet Bay. He is also General Manager of the Towers at Mullet Bay.
- Mr. Marlon Gary Matser, Vice Chairperson.** Mr. Matser is a businessman. He is owner and Managing Director of MGM Consulting N.V.
- Ms. Melinda Hoeve, Secretary.** Ms. Hoeve is an Attorney at Law and Partner in the law firm, Duncan, Brandon, Hoeve and Marica.
- Mr. Whitfield Vlaun, Member.** Mr. Vlaun is a Senior Sales Manager at First Caribbean International Bank in St. Maarten.

- Mr. Cleavland Beresford, Member.** Mr. Beresford is the Managing Director of CBI Consultants and Services N.V., consultant for ICWI, Captive Insurance Manager, and Insurance Manager for setting up the TOR and bidding process for Government properties. Mr. Beresford is also a commercial aviation pilot.
- Mr. Abdellatif “Ludwig” Ouenniche, Member.** Mr. Ouenniche is the Personal Advisor and Chef de Cabinet of the Minister of Economic Affairs, Tourism, Traffic and Telecommunication.
- Mr. Michel Hodge, Member.** Mr. Hodge is a businessman. He is also the former president of the St. Maarten Chamber of Commerce and Industry, former Vice Chairman of the Supervisory Board of Directors of the Sint Maarten Harbour Holding Group of Companies, Social Economical Counsel of the former Netherlands Antilles, and Former captain of Windward Islands Airways, with a flight instructor rating. Mr. Hodge also holds a degree in Airport management from the Florida institute of technology.



REGINA LABEGA
Managing Director



MIGDALA ARTSEN-CLARINDA
Chief of Administration



LARRY DONKER
Director, Operations Division



MIRTO BREELL
Director, Technical Division



RAUL VAN HEYNINGEN
Director, Air Traffic Services Division



JOYCE YORK
Executive Secretary

6.2 MANAGEMENT TEAM

The Management Team of SXM is headed by the Managing Director, Ms. Regina LaBega who is assisted by the following senior management staff:

- Mr. Larry Donker, Director, Operations Division
- Mr. Raul van Heyningen, Director, Air Traffic Services Division
- Mr. Mirto Breell, Director, Technical Division
- Mrs. Migdala Artsen-Clarinda, Chief of Administration

Within each division, there are a number of departments headed by department managers.

The total number of employees in 2013 was 274, with about a third of these being Security personnel.



ROBERT BROWN
Specials Projects Coordinator



SHIRLEY PANTOPHLET-GREGORIA
Manager, Enterprise Risk Management & Compliance



KALIFA HICKINSON
Corporate Communications Specialist



EVANS MARSHAM
Manager, Procurement Department



KENDALL DUPERSOY
Manager, ITT Department



SUZY KARTOKROMO
Acting Manager, Marketing & Customer Service Department



KETTY PAINES
Manager, Passenger Services Department



MANILO PENIJN
Manager, Rescue & Fire Fighting Department



DEREK HILMAN
Manager, Project Planning and Systems Control Department



GREGORY HASSEL
Manager, Procedural Control Department



ANASTACIO BAKER
Manager, Quality Assurance Department



NORMA BRILL
Manager, Human Resources Department



JUSTINIEN JOE
Manager, Facility Maintenance & Housekeeping Department



WAYNE VAN PUTTEN
Manager, Investigation Department



LLOYD HINDS
Manager, Radar Control Department



JERRY SPROTT
Manager, Security Department



MICHAEL LAKE
Manager, Accounting & Reporting Department



MICHEL HYMAN
Manager, Operations Department

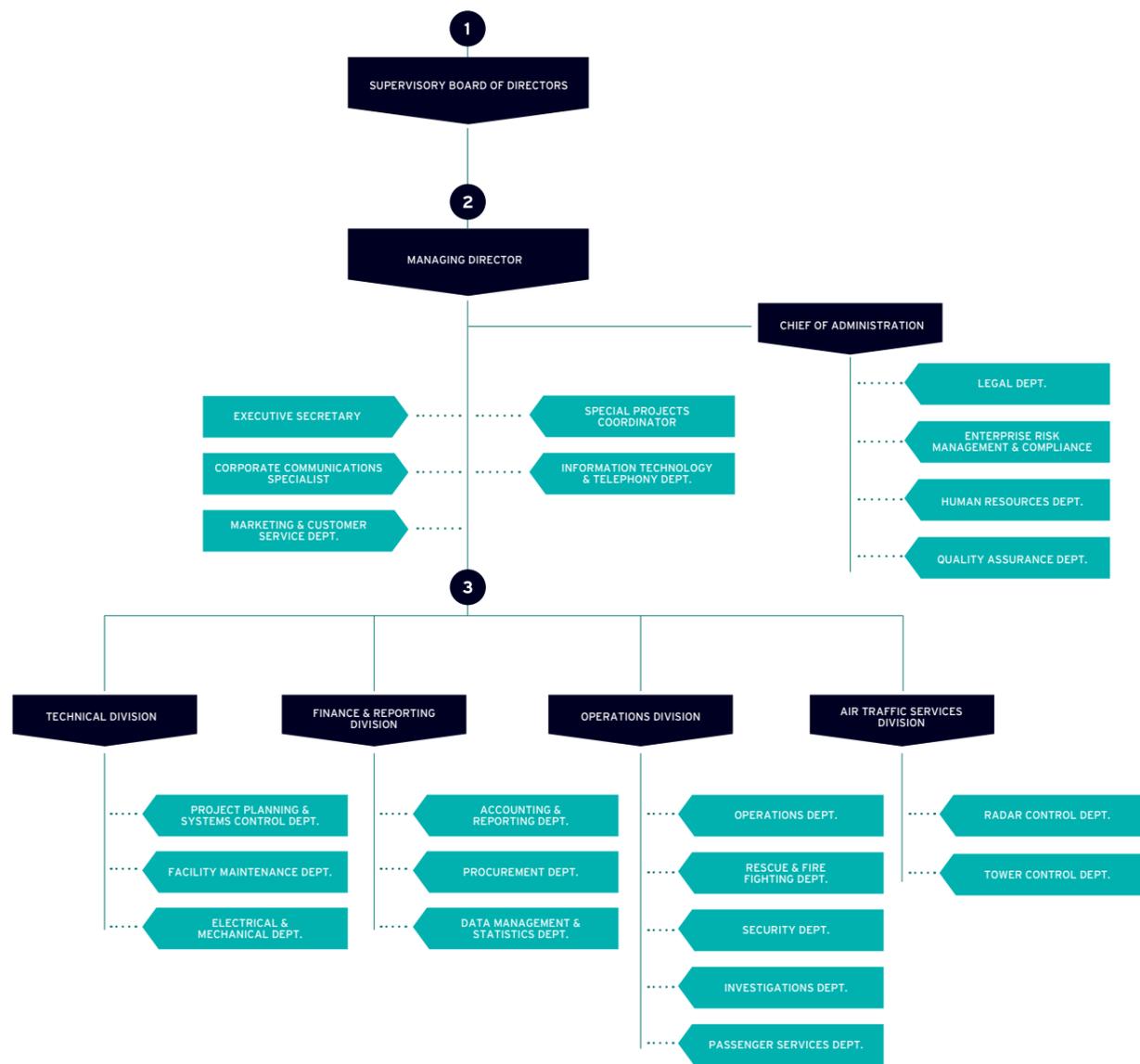


DENNISCIO BOASMAN
Manager, Electrical & Mechanical Department



SANDY OFFRINGA
Legal Officer

6.2.1 ORGANIZATIONAL CHART



WE REMEMBER

MR. HENRI LAURENCE
January 1, 1961 - August 25, 2013

He served as Manager of Statistics and Former Finance Manager. He was employed at SXM for 27 years.



6.2.2 IN MEMORIAM

The entire board, management, and staff of the Princess Juliana International Airport operating company was thrown into mourning when the tragic news of the passing of Mr. Henri Laurence broke. Laurence passed on in August after a brief illness. Managing Director, Regina LaBega described Mr. Laurence as a “hard-working, dedicated and competent member of the management team.”

Laurence began work as an Accounts Clerk at SXM Airport on December 1, 1986 at the age of 25 and within 10 years, worked his way up to Chief of Finance. He was the recipient of the Yearly Gratification Program under former director of SXM, Mr. Messelink. He was also acknowledged by drs. Eugene Holiday, former SXM President, for his special performance that enabled SXM to accomplish the important task of maintaining operations in the old facilities and preparing and ultimately starting operations in the new Terminal building.

Henri Laurence was a member of several SXM negotiating teams, committees and work groups and twice served as the company’s temporary replacement Manager of the Finance and Accounting Department.

“He was well-respected by his colleagues and remains a shining example of loyalty and commitment to the Princess Juliana International Airport, where he served with distinction for 27 years,” said Clarence Derby, chairman of the Supervisory Board of Directors of SXM.

6.3 CORPORATE AFFAIRS

6.3.1 CHANGES TO THE CORPORATE DIVISION



The Corporate Division consists of those departments and positions that report directly to the Managing Director of SXM. In the beginning of April 2013, the Corporate Division saw changes when the Marketing & Communications Department was divided into two separate departments. As a result, former Manager of Marketing & Communications, Ms. Kalifa Hickinson, became the first Corporate Communications Specialist at SXM, handling all communications on behalf of SXM and assuming the role of SXM's principal media contact. Ms. Hickinson holds a Master's degree in Communications from Florida State University.



Accordingly, the customer service representatives, previously members of the Passenger Services Department, were joined with Marketing and that department became the Marketing & Customer Service Department, effective June 1, 2013. This was not unusual, as the department previously operated as such from its inception until mid-2009. Ms. Suzy Kartokromo, former Senior Business Development Officer, was appointed Acting Manager, Marketing & Customer Service.

During the fourth quarter of 2013, a new executive level position was installed within the Corporate Division, namely Chief of Administration. SXM welcomed Mrs. Migdala Artsen-Clarinda as the new Chief of



Administration on October 1, 2013. Mrs. Artsen-Clarinda was formerly SXM's Legal Counsel and worked with the company from July 1, 2007 until December 31, 2011. As Chief of Administration, Mrs. Artsen-Clarinda oversees and directs the administrative processes of the

Legal, Human Resource, Enterprise Risk Management & Compliance, and Quality Assurance departments, which previously reported directly to the Managing Director.

The Chief of Administration position is designed to provide executive level support to the Managing Director. The introduction of the COA is to "streamline the efforts of the supporting departments to assist with the preparatory work and proper implementation and support of SXM's initiatives in an efficient and effective manner," Mrs. Artsen-Clarinda said. For 2014, the Chief of Administration hopes to complete the Airport Regulation Project, paperless initiatives, and assist with the completion of the necessary administration for ongoing and new projects.

6.3.2 LEGAL DEPARTMENT



Legal Officer, Ms. Sandy Offringa joined SXM on August, 20, 2012.

The legal officer provides legal counsel to SXM, assisting the organization in understanding laws pertaining to tax, security, licensing, bankruptcy, contracts and labor, amongst others, in order to find the optimal balance between positioning, commercial value and risk management. In case of litigation, the legal officer also acts as first contact point for the external counsel for the provision of information in preparation of court cases.

2013 ACCOMPLISHMENTS

In 2013, the Legal Department completed the implementation and execution of the new commercial strategy, including the signing of 23 concession agreements. This was done in collaboration with the commercial team. The Legal Department also successfully completed three property purchase agreements, 25 miscellaneous agreements (e.g. confidentiality agreements, rental agreements, contractor agreements), and eight service level



Signing of new concession agreement

agreements (SLAs) for the technical, ATS and operations divisions.

The completion of these agreements were accomplished through in-depth drafting, review, and negotiations between PJIAE and the respective third parties and through close teamwork with various departments of the company.

WHY THESE ACCOMPLISHMENTS ARE IMPORTANT

Many of the agreements (concession and rental) will result in revenue streams for the company, which fulfills its mission of providing quality and profitable airport services. SXM's goal is to increase its revenue streams, and the new commercial strategy (retail and F&B agreements) aims at achieving this. Rental agreements also result in steady and secure income for the airport.

The property purchases are directly related to SXM's master plan and contribute significantly to the development and enhancement of SXM. The acquired properties focus on taking SXM to the next level in the future.

OVERCOMING CHALLENGES

Though much was accomplished in the Legal Department in 2013, it was not without challenges. However, Ms. Offringa explains that these challenges were overcome by "focusing on prioritization and working effectively; applying more pressure and stricter deadlines where needed; and through being open-minded."

6.3.3 SPECIAL PROJECTS DEPARTMENT

Robert Brown, former Quality Assurance Officer, was appointed Special Projects Coordinator effective January, 3 2012. The Special Projects Coordinator, under the direction of the Managing Director, plans and manages a variety of short term and long-range projects pertaining to and related

to developing the strategic plan of the company. In 2013, two additional members were added to the Special Projects team.



The Special Projects department was established as a result of SXM's Capital Improvement Program. It is based in part on this Capital Improvement Program that the airport was successful in issuing bonds on the international financial market, which were immediately oversubscribed.

The bond issue refinanced the outstanding loan of the airport bringing the interest rate down from 8.25% to 5.5% and the additional amount was specifically obtained for the Capital Improvement Program. It is this program that made it possible for the airport to be granted a Baa2 rating by Moody's, one of the world's foremost financial ratings companies.

Projects that form part of the Capital Improvement Program include the Runway Rehabilitation; Land reclamation/land acquisition; Relocation of the Meteorological Building; New FBO and Rescue & Fire Fighting Facility; Relocation of the Fuel Farm; Renovation of the Cargo Building; New Technical Building; New Commercial Strategy; and the Beautification of the Roundabout.

2013 ACCOMPLISHMENTS



Design of new FBO building

- Design for the new Fixed Based Operator (FBO) completed
- Various properties for expanded land development acquired:
 - Al Wathey apartments (for the new Technical Building)
 - Turtle Pier (for the temporary MET office location)
 - Lagoon Dock (for future pre-clearance facility)
- Revetment project for the acquired properties completed
- Upgrades to current Cargo building (e.g. electrical, lighting, bathrooms & new ramp)
- Design for the new cargo building completed
- Upgrades to Rescue & Fire Fighting (RFF) Building (e.g. roofing, bathrooms, lockers, & paving)
- Design for the new RFF building completed
- SBOD Resolution on the Irrigation System secured (Green Initiative including water reclamation)



Design of new technical building



Design of new RFF building

- Instrumental in the implementation of the new Bosch CCTV Surveillance System for the Operations Division
- Finalized the design and commissioned the works for the beautification of the airport roundabout

OTHER PROJECTS

- Installation of new Wi-Fi system for SXM Airport and implementation of free Wi-Fi services for all passengers in the terminal building
- New landscaping strategy with new vendor
- New VIP Passenger Strategy with two new vendor partners
- Organized for donation of \$150,000 worth of milled asphalt from the runway rehabilitation works to be provided to the Government of St. Maarten

COMMERCIAL STRATEGY (RETAIL AND FOOD & BEVERAGE)

- Joined and participated in the New Retail Strategy team
- Led the deconstruction and renovation of the Departure Hall
- Completed deconstruction of East Side (Phase I)
- Began deconstruction of West Side (Phase II)

LOOKING AHEAD

Some of the projects that will begin and/or be completed in 2014 include:

- Construction of a jogging path along Airport Blvd
- New Irrigation & Water Recycling System
- New landscaping project
- Implementation of Solar panels at cargo building and other areas

- Fire Truck housing
- Construction of a Refreshment Bar in bus holding area
- Completion of Departure Hall deconstruction and reconstruction
- Renovation of the Cargo Building
- Land reclamation & dredging for airport expansion
- Relocation of Catering building & Construction of new fuel farm
- Construction of the new FBO building

6.3.4 INFORMATION TELEPHONY & TECHNOLOGY

In November 2013, Mr. Kendall Dupersoy returned to the company as Manager Information Telephony & Technology Department (ITT) after a leave of absence for one and a half years. During his absence, and for the greater part of 2013, Mr. Benson Richardson was Acting Manager of ITT. The ITT department was placed within the Corporate Division during 2013, reporting directly to the Managing Director.

ITT PROVIDES SUPPORT TO EACH DEPARTMENT WITHIN PJIAE. THE FUNCTIONS OF THE ITT DEPARTMENT INCLUDE:



Kendall Dupersoy



Benson Richardson

- To provide service in the administrative area of information technology and telephony.
- To configure and test the network in order to guarantee data and voice communication for the entire airport community.
- To maintain the server park.
- To supply consumables to all IT and Telephony equipment, which entails maintaining adequate stock.
- To assist other departments with any project or issue which is connected to IT equipment.

2013 ACCOMPLISHMENTS

- Upgrade and implement new target infrastructure environment for the organization and department specific application and data.
- Repair of multiple Public Address (PA) System issues and training on how to replace several hardware related items for the PA System.
- Implementation of the latest Microsoft Office 2013 Plus application for the Organization
- Implementation of the PABX Call Conference Bridge to allow multiple users from different geographic locations to join a SXMConference Call to reduce telephone costs



WHY THESE ACCOMPLISHMENTS ARE IMPORTANT

These accomplishments were part of a major system upgrade/replacement to ensure that the organization data is not at risk due to potential hardware failure, and to allow continued use of the systems and software to increase productivity and significantly minimize downtime.

The above accomplishments also allowed for a reduction of power consumption by some 35%.

In addition, the use of virtual technology reduced the footprint of the Server Park, from 18 Servers down to seven. The previous Server Park was four years past the end of its useful life. Due to constant monitoring and minimal memory upgrades, ITT was able to keep the system running way past normal replacement time. In consultation with an Infrastructure expert, ITT planned an upgrade that would suffice for the coming five years with less physical servers but more processing power and more capacity.

The PA System was installed during the construction of the building and there was no contact available for upgrades and repairs locally. ITT was able to identify a vendor in the United States that is an expert in the area. Through our relationship with this vendor we were able to acquire knowledge of the system as well as replace outdated equipment at very reasonable cost. The vendor has also assisted in the creation and adjustment of PA announcements, sometimes with no cost attached.

The department's accomplishments ensure that the company's systems, equipment and software are kept up-to-date with evolving IT technology while allowing SXM Airport to move easily ahead in the industry, as the foundation for upgrades is already in place.

In 2013, ITT was able to reduce cost, increase productivity, and ensure data reliability and ease of communications for the organization and airport community.

OVERCOMING CHALLENGES

2013 also presented challenges to the ITT department, namely maintaining and reinforcing the integrity of the Department's standards, which was overcome by making firm decisions that took into account the overall vision of upper management.

LESSONS LEARNED

- The importance of replacing systems hardware within a 4-5 year period is crucial and highly recommended to prevent unexpected system failures.

- The importance of maintaining equipment to such a standard that any unforeseen circumstance can be easily serviced when capacity is available.

LOOKING AHEAD

In 2014, ITT is looking forward to:

- Further minimizing cost in several areas including implementing a Telephony Policy to minimize the company's telecommunication costs.
- Implementing an Executive Lounge Call Accounting Solution for passenger use.
- Updating the ITT Policy Document in accordance with new Corporate Governance Standards.

6.3.5 QUALITY ASSURANCE DEPARTMENT



The Quality Assurance Department (QAD) is charged with the responsibility of designing, developing, monitoring, maintaining, and managing the SXM Airport's Safety Management System (SMS) and Training programs. The department is divided into two units:

1) Safety and 2) Training. The Safety unit is responsible for the effective management of and ensuring compliance with the SMS program. The Training unit is responsible for ensuring that new employees are indoctrinated according to the safety requirements of the SMS program as soon as possible. Also, recurrent training is provided where appropriate for effective compliance with the SMS program.

The Quality Assurance Department's audit process provides assurance to managers that activities within their areas of responsibility are being conducted at the highest safety level possible. PJIAE will maintain an aviation safety audit program in an effort to verify compliance with the SMS program, document industry safety standards, and determine the effectiveness of the overall safety program. It also demonstrates to all employees that management has a continuous interest in safety. The main objective of the audits is to improve the level of service while ensuring compliance to international and regional aviation standards and regulations.

"It is very important that we constantly test ourselves in order to maintain the positions of being the regional leader in providing safe, secure, quality and profitable aircraft service as mentioned in our mission statement," said Quality Assurance Manager, Mr. Anastacio Baker.

2013 ACCOMPLISHMENTS

- Launched Orientation program (All newly hired employees on airport premises must now take an orientation class and pass a written examination before they can obtain a security access card)
- Completed Audit on Electrical Maintenance Department regarding Passenger Boarding Bridges
- Completed Audit on Electrical Maintenance Department section Explosive Detection system Machines
- Launched Emergency Committee
- (Committee discusses emergency procedures and ensures more internal emergency testing is carried out to better prepare employees for emergencies)
- Testing of the security procedures

(QAD and the Manager of Security periodically test the screeners and guards on their attentiveness on the job by allowing a passenger or an employee to go through screening with a prohibited object. This exercise is closely monitored and discontinued once the person passes the check point.)

- Launched the Quality Improvement Program
- Completed Audit on Operations Department "General Aviation"
- Completed Audit on RFF along with SMCAA
- Formed part of and assisted the Commercial team with the new commercial strategy

QAD was able to accomplish the above through proper planning, while taking into account the SXM Airport's Mission Statement, which is "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."

"Each accomplishment, from the launching of the orientation program to testing the internal system, was done to ensure we provide safe, secure and quality service so that SXM continues to be a profitable aviation business," Mr. Baker said.

The abovementioned accomplishments were also a major push forward in the direction of SXM Airport's success and future operations. "By re-educating current staff on safety and security, educating newcomers on the importance of remaining safe at all times, and constantly testing our security system, we put ourselves in the position to succeed presently and in the future." Mr. Baker concluded.

LOOKING AHEAD

In 2014, QAD is looking forward to:

- Hosting an SXM Airport Safety and Security Conference
- Launching a Safety Promotion Campaign
- Developing the SXM Airport Training Center
- Implementing an Airport Management Center (AMC) at SXM Airport

6.3.6 HUMAN RESOURCES DEPARTMENT



Human Resource Management (HRM) is the effective use of an organization's human resources – its people, including their knowledge, skills and abilities – to improve its performance. In spite of the increased use of technology in businesses today, it is the people within each organization who make the difference in organizational performance. In 2013, SXM Airport's Human Resource Department consisted of four (4) employees, including the Manager of Human Resource, Ms. Norma Brill.

SXM Airport HR Department provides a variety of services to:

- Other departments
- Employees of the organization
- The organization as a whole

The department is also tasked with detailed arrangements of other personnel activities, such as employee recognition programs, employee social events, etc. The company organizes at least two (2) social events per year for its employees and their families. These are done in an effort to encourage togetherness and unity among employees, but also to show appreciation to employees for their work and commitment to the company.

While it is the primary responsibility of the HR Department to look after the people in an organization, everyone in a managerial/supervisory role performs certain HR functions. The HR Department provides assistance to these departments by issuing policies, regulations and or guidelines and by helping them to implement improvements.

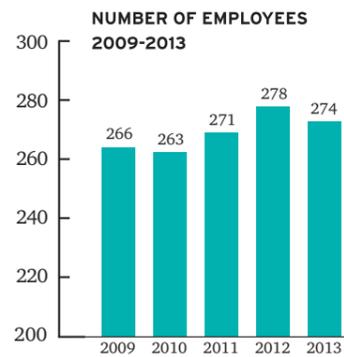
PERSONNEL

The number of employees fell from 278 in 2012 to 274 in 2013. This was due in part to employees retiring. Sadly, SXM Airport also lost one employee in death, namely the manager of the Statistics Department, Mr. Henri Laurence,

in August 2013. In October 2013, there was one new hire, namely Mrs. Migdala Artsen-Clarinda, who occupies the position of Chief of Administration. Mrs. Artsen-Clarinda worked previously with SXM as Legal Counsel from July 1, 2007 until December 31, 2011. The employee numbers below represent a decrease of -1.4% in personnel compared to the previous year.

Number of Employees 2009 - 2013			
YEAR	NR. OF EMPLOYEES	INCR/DECR	PERC. DIFF
2009	266	-4	-1.5%
2010	263	-3	-1.1%
2011	271	8	3.0%
2012	278	7	2.6%
2013	274	-4	-1.4%

The following graph reflects the numbers mentioned above.



2013 ACCOMPLISHMENTS

- In September 2013, in-house training was given on Protocol, which was attended by selected persons from various departments who come in regular contact with or deal directly with government officials and other dignitaries, whether escorting them to official functions or performing security tasks, such as screening, etc. The training equipped those persons to properly deal with high ranking officials in the correct and proper manner when visiting our airport.
- A new Performance Appraisal System, proposed by Linkels & Partners, was implemented in April 2013; this system is based on a number of competencies especially

selected for each employee depending on his or her function or position. An extensive training on how to perform effective performance appraisals was also given in June 2013, by PriceWaterhouseCoopers (PwC).

- A Change Management course took place November 26 through December 7, 2012, followed by 2-on-1 coaching sessions for Managers and group sessions for Supervisors on January 14 – 18, 2013.
- The initial phase of the job description and reclassification project, which was carried out by Linkels & Partners, was also completed in 2013. New scales were created and all the functions were classified in the relevant scales according to the tasks to be performed. The final drafts of these job descriptions were completed in December 2013.

LOOKING AHEAD

In 2014 HR is looking forward to:

- Enhancing customer service at SXM Airport by providing specifically tailored Customer Service training for all personnel.
- As much as and whenever possible, HR will strive to have training done ‘in-house’, thereby reducing expenses of travelling abroad.
- Restructuring departments where necessary, which may include the reorganizing, regrouping and designing of tasks, in order to ensure that the right people with the right skills are in the right positions, in an effort to improve productivity and efficiency.
- Maintaining the company’s competitive advantage and improving employee performance – and as a result – corporate performance, by upgrading employee skills through training and through professional and career development.
- Reducing personnel expenses as much as possible reasonable level in order to counterbalance expected revenues, in an effort to sustain the company’s expansion plans.
- Ensure that adequate staff is available, with the qualifications and skills necessary to carry out the work needed in assisting the company to follow its strategic path into the future; this is done through recruitment, whether internally or externally.
- Implementing an HRM System, which will alleviate much of the paper work and facilitate storage and retrieval of personnel information;
- Introducing a Health and Wellness program to help promote general health, which in turn will reduce sick-leave;



6.4 FINANCE & REPORTING DIVISION

6.4.1 RE-STRUCTURING THE FINANCIAL DIVISION

During the second quarter of 2013, SXM contracted a Financial Advisor through Pricewaterhouse Coopers (PwC) to revamp its Financial Division. This came as a result of an assessment carried out earlier by PwC in April 2013. The main purpose of the exercise was to re-organize the Financial Division based on the findings of the assessment. This was achieved with the assistance of an incoming consultant. As part of the re-organization process, the Financial Division was renamed **Finance & Reporting Division**, effective August 1, 2013.

ORGANIZATIONAL CHANGES

The organizational changes within the division began with the then Finance & Accounting Department, which was subsequently renamed the Accounting & Reporting Department. The intent was to provide the ability for the department to continue operations in the absence of any of its employees (such as vacation, sick leave, etc.). In addition, the organizational changes would also provide staff development opportunities with the implementation of a job rotation schedule.



Michael Lake
Manager, Accounting & Reporting Department

This new rotation schedule enables each member of the Accounting team to assume the role of each function in the department while on rotation for a specified period of time. The time period is six months. This means that every six months, each employee of the accounting department will assume a different function until they have all assumed each function of the department – a process which is

expected to take approximately two years.

This new schedule allows each individual within the department to learn new skills, while maintaining and enhancing the current operations. Another aspect of the re-organization was putting more focus on collection from

outside debtors. To achieve this, a new function – Credit & Collections Clerk – was created within the Accounting Department and the position was filled by existing member of the finance team, Ms. Erica Lake.

PROCUREMENT DEPARTMENT



Evans Marsham

Formerly the Purchasing Department, this department now expands to cover the entire procurement process including, identifying bidders, evaluating service providers, vendor quotes, vendor selection, managing requisitions and purchase orders, etc. – essentially all aspects of the procurement process.

DATA MANAGEMENT & STATISTICS DEPARTMENT

Formerly the Statistics Department, this department continues to perform the same basic functions, but given the re-organization, there will be more opportunity for future growth and expansion. Currently, this department collects passenger and aircraft movement statistics for airline billing purposes. This department will eventually be responsible for expanded data collection, data management, and data analysis to help support SXM strategic business initiatives.

PASSENGER CONTROL

As part of the re-structuring of the new Finance & Reporting Division, Passenger Control (previously within Finance), now falls within the Operations Division under the supervision of the Security Department, as the duties are more in line with this department.

INFORMATION TECHNOLOGY & TELEPHONY (ITT) DEPARTMENT

As part of the re-structuring of the new Finance & Reporting Division, ITT now falls within the corporate division as this department provides support to the entire organization.

6.5 TECHNICAL DIVISION



Mr. Mirto Breell is the Director of the Technical Division. He started at SXM in February 2004 as the manager of the Quality Assurance Department, before assuming his post as Technical Director on October 1, 2007. Mr. Breell oversees the planning, projects & systems control; electrical & mechanical; and facility maintenance departments at SXM. He has a Bachelor's degree in Aviation Management and Flight Technology from the Florida Institute of Technology and has been engaged in aviation-related industries for over seventeen years. Prior to joining PJIAE, Mr. Breell flew for WINAIR as a commercial pilot for eleven years.

OVERVIEW OF THE DEPARTMENTS WITHIN THE TECHNICAL DIVISION

- **The Facility Maintenance Department (FMD)** is charged with the daily maintenance, repairs, upkeep and cleaning of the airport facilities and supervision of third party cleaning contractors.
- **The Electrical & Mechanical Department (EMD)** is charged with the maintenance, repairs and upkeep of the electrical, mechanical and electronically designed machinery and installations on the airport premises.
- **The Planning, Projects & Systems Control Department (PPS)** is charged with the planning and supervision of projects as well as the control, monitoring and auditing of the various systems at the airport. The department carries various engineering disciplines namely electrical, mechanical, architectural and civil.

2013 ACCOMPLISHMENTS

- Prioritized the preventative maintenance planning and scheduling by critical system, including creating/updating checklists, creating a preventative maintenance schedule for all systems, and programming

the schedule into Computer Maintenance Management Software (CMMS) to prompt maintenance dates

- Implemented 45% of CMMS, which allows logging and tracking of technical system failures
- Completed civil works of the Runway Rehabilitation project I.E. runway asphalt rehabilitation
- Installed 2 new Explosive Detection System (EDS) machines
- Purchased new tractor for ongoing maintenance
- Installed new lighting for the Executive Lounge
- Installed additional CUSS kiosks at check-in counters
- Installation of new Dyson Hand Dryers
- Renovation of elevator flooring

HOW WE ACCOMPLISHED OUR GOALS

Many internal meetings and discussions were required to create a documented program of requirements which was sent out to potential contractors. In addition, evaluating proposals and managing the process to ensure on time delivery, within budget, was very crucial.

WHY THESE ACCOMPLISHMENTS ARE IMPORTANT

Runway rehabilitation. The rehabilitation of the runway was required at this time after 15 years of use. It is customary to have a major resurfacing of your runway every 15- 20 years. If the runways are not regularly resurfaced it can become a potential safety issue as the integrity of the pavement surface breaks down. The entire length of the 2300-meter (7545ft) airport runway was replaced with a fresh layer of asphalt, serving to significantly improve the structural integrity and correct the longitudinal profile of the runway. The last resurfacing of the runway took place in 1997. The project also included the implementation of the required Runway End Safety Area (RESA) to the east. The runway threshold was also moved 70 meters to the east.

6.6 OPERATIONS DIVISION

During the project we constructed 3 Helipads to the east of the Golf ramp to separate rotary aircraft (helicopters) from the fixed wing aircraft (airplanes). This increases the safety operations of movement on the ramp. An additional taxiway was to the Golf Ramp constructed in preparations for a maintenance hangar that will be constructed in the near future. Taxiway Bravo was redesigned to allow larger aircraft better access to the main ramp.

Explosive Detection System (EDS) machines. The two EDS machines in operation at the terminal were at the end of their lifecycle, for which they are expected to be phased out by September 2014. After that time, there would be no technical support and parts available for those machines. Cognizant of this, and our role as a hub airport in the region, it was sought fit to replace the old machines with two new machines that will be operational until 2018.

New tractor. To increase reliability and productivity, the department purchased a larger, more robust John Deere Tractor, outfitted with various necessary accessories to assist with the ongoing maintenance at the airport. This additional tractor also ensures redundancy.

New lighting in Executive Lounge. As the original fixtures were being damaged too often and the replacement/repair parts were very costly and cumbersome to work with, new lighting was provided. All fixtures were replaced with a more durable, cost effective, easily attainable alternative. It is important that the airport have a clean, beautiful, updated executive lounge.

Additional Check-in kiosks. Installation of kiosks in the check-in area increased the check-in capabilities at the airport.

Preventive Maintenance Plan to improve equipment life and avoid any unplanned maintenance activity was pursued. By minimizing breakdowns and excessive

depreciation it reduces overtime costs and more economical use of maintenance workers due to working on a proactive scheduled basis instead of a reactive crash basis to repair breakdowns.

Implementation of **Computerized Maintenance Management Software (CMMS)** to better plan and track the required maintenance activities and costs, while providing maintenance reports on the availability of the respective systems.

OVERCOMING CHALLENGES

The Technical Division overcame several challenges in 2013. During the year it was discovered that the EDS machines were not working optimally. This required numerous visits from external technicians to repair the machines. Given the challenges with the machines, the decision was taken to replace the machines one year earlier than was planned.

LOOKING AHEAD

In 2014, the Technical Division is looking forward to:

Reducing energy costs at the airport by implementing energy saving measures identified in the in a report carried out by the global energy consultancy company KEMA.

- Replacing the beacon and parking lot lighting
- Replacing the HVAC system at the ATC facility
- Implementing a robust preventive maintenance program for all the systems
- Installing LED runway lights



Mr. Larry Donker is the Director of the Operations Division. He started SXM in 1984 as an air traffic controller and has since held various positions within the management team. He was the Manager of Operations for eleven years and the Director of the Technical Division for almost one year before assuming his current position on July 1, 2007. As Director of Operations, Mr. Donker supervises a team of department managers responsible for airport operations, security, investigations, passenger services, and rescue and firefighting. He is responsible for the safe, secure and efficient operation of aircraft and flow of passengers at the airport. Mr. Donker holds a degree in Air Traffic Control from the ATC Training Centre in Curacao. He has been engaged in aviation-related industries for over 30 years and received training in airport operations and management at the Aviation Development & Training Institute of IATA in Montreal Canada.

OVERVIEW OF THE DEPARTMENTS WITHIN THE OPERATIONS DIVISION

- **The Security Department** assures the protection and safeguarding of passengers, crew, ground personnel, the general public and facilities established at the airport against acts of unlawful interference perpetrated on the ground or in flight. The objective of the security department is to work towards achieving safety and security standards in a manner that is friendly, fair and efficient.
- **The Operations Department** works collaboratively with PJIAE users to deliver, maintain and improve quality day-to-day operational service within a safe and secure environment, and improving airport
- **The Rescue and Fire Fighting (R&FF) Department's** primary objective is to save lives in the event of an aircraft emergency on the airport or aerodrome, permit rescue operations to proceed smoothly; maintain or improve current levels of service and improve firefighting effectiveness while stabilizing or reducing costs of said service and its associated equipment.
- **The Passenger Services Department** delivers exceptional customer experience to business and leisure passengers in a comfortable setting. This department oversees SXM's Executive Lounge and also handles VIP clients of the airport. Excellent customer service is one of the greatest assets for SXM Airport and the airport community in today's competitive environment. The dialogue between airport personnel and passengers and visitors is best served on a face-to-face basis, though that is not always possible.
- **The Investigative Liaison Department** functions as the coordination point between the local authority, Prosecutor's Office and other legal entities with regard to security and safeguarding the general public against unlawful activities locally and internationally.

2013 ACCOMPLISHMENTS

- Became the most intelligent airport in the region:
- Upgraded outdated technology for SITA's Common Use Terminal Equipment (CUTE) and Flight information Display Systems (FIDS)



- Installed two additional Common Use Self Service Equipment (CUSS) for improved passenger self-service check-in
- Purchased the SITA PAX/SEC system to scan and capture boarding pass information from the 2D barcodes
- Installed video walls to display advertisements and other useful information to passengers
- Implemented the new Bosch CCTV Surveillance System which aids the security department with identifying and resolving several security related matters successfully.
- Re-routed Transit passenger flow through Security to Departure Gate, eliminating the need to exit and enter the country through Immigration
- Placed safety buoys in the aircraft approach path to ensure boats stay outside of the safety zone.
- Trained Fire Department personnel on the US National Fire Protection Agency (NFPA) safety standards and obtained associated certifications. Courses included:

- Phase 1 of the NFPA 1003 Aircraft rescue Fire Fighting (completed by all 27 R&FF staffers)
- NFPA 1001 Professional Fire Fighter Level I and II (completed by 12 R&FF staffers)
- Phase2 of the NFPA 1003 Aircraft rescue Fire Fighting (completed by 6 R&FF) staffers
- Replaced the Fire Department's Turn Out gear with new state of the art gear that meets safety standards
- Obtained and put into operation a handheld Security Device for baggage screening
- Purchased portable Trace Detector equipment which is a safety measure that allows the security department to ascertain whether travelers have been in contact with bomb making residue or the like.

The above accomplishments of the Operations Division support the operational efficiency, safety, and security of the airport community and the travelling public. Each is in line with the overall mission of the company, and most

explicitly in the way SXM Airport is managed on a day-to-day basis. The mandate for the Operations Division looks toward meeting the following objectives:

- Keeping safety and security as the first priority
- Contributing to the development of an airport second-to-none in the region
- Maintaining and improving operating efficiency and exceptional customer service
- Maintaining the airport's competitive edge
- Helping, along with the airport community, to continue fulfilling the company's mission

OVERCOMING CHALLENGES

The Operations Division did encounter challenges in 2013, however, the division worked through these challenges by encouraging & motivating staff and remaining focused on

the drivers of the general success and future operational effectiveness of the company.

LESSONS LEARNED

These include keeping all parties informed at all times and updating all concerned accordingly as well as following up to ensure understandings.

LOOKING AHEAD

In 2014, the Operations Division is looking forward to:

- Ongoing Airport Certification/Compliance to ICAO and SXMCAA regulations,
- BI-Annual Live Drill
- Annual Terminal Building Evacuation
- Acquiring of the additional R&FF Crash Tender and the sale of old vehicles.

6.7 AIR TRAFFIC SERVICES DIVISION



Mr. Raul van Heyningen is the Director of the Air Traffic Services (ATS) Division. From June 2006 until he assumed his current position on September 1, 2010, he was the manager of the Radar Control Department. Mr. van Heyningen began at PJIAE in 1971 and has over 40 years of aviation experience. As Director of ATS, Mr. van Heyningen oversees the Radar Control and Tower Control departments as well as Flight Information Services. This area of responsibility includes the airports of St. Eustatius, Saba, St. Barths, French St. Martin (Grand Case) and Anguilla. He is ultimately responsible for ensuring the safe, orderly and expeditious handling of aircraft arriving, departing and overflying St. Maarten. He also oversees the administration of aeronautical information and the provision of rescue and alerting services. Mr. van Heyningen graduated from the ICAO approved Air Traffic Training Center in Curacao. He was later certified as an On the Job Training Instructor, and certified Radar Controller.

OVERVIEW OF THE DEPARTMENTS WITHIN THE AIR TRAFFIC SERVICES DIVISION

- **The Radar Control department** is responsible for providing radar approach control service within SXM Airport's area of responsibility according to ICAO standards, recommended practices, company policies and published procedures.
- **The Tower Control Department** is responsible for providing procedural air traffic and flight information service within the area of responsibility according to ICAO Standards, recommended practices, company policies and published procedures.

2013 ACCOMPLISHMENTS

- **Replacing of the Rotary Joint.** The rotary joint is the base that supports the radar antenna for rotation.

- **Training five flight information officers** without interruption of service to the users or in-house operations.
- **Training seven aerodrome flight information officers** from Sint Eustatius and Saba. SXM instructors, who also perform active controller duties, were sent to Sint Eustatius. With the cooperation from all the staff this was accomplished.
- **Training and certification of four radar controllers.**

ACHIEVING OUR GOALS

In 2013, SXM was able to meet all the requirements set by ICAO, which are all important for ensuring a safe, orderly and expeditious service.

This was achieved by planning ahead and working with the departments and external bodies capable of assisting where need be and with the cooperation of the entire staff.

Changing of the rotary joint was scheduled during the slowest period of the week. All air traffic service was provided procedurally by the Aerodrome Control Tower. After the new rotary joint was installed, the system was monitored before radar service resumed. This was to ensure that the operability of the rotary joint and that the targets appearing on the monitors were actually correct.

Completing all required training in 2013 and having our own instructors is a huge saving for the company. In order to remain competitive and stay ahead in providing quality, safe and expeditious service, SXM Airport ensured that the required training was provided.

Any negative report or incident can have economic consequences for the company and the island in general, hence meeting the operational and administrative requirements for certification by St. Maarten Civil Authority was very crucial.

In addition, ATS was able in 2013 to perform the required service to equipment such as automation and navigation equipment, and ensure the upkeep of certain equipment that have become obsolete, while providing uninterrupted service. The department also successfully handled the high density traffic during the busy holiday period.

OVERCOMING CHALLENGES

Training of the five flight information officers was a challenge due to the fact that the office had to remain open for providing the service. The full cooperation from other staff made it possible for the training to take place and be completed on schedule.

Scheduling the training on St. Eustatius for six weeks was also challenging for both Roosevelt Airport and SXM Airport, but with the cooperation of all the staff it was also completed on schedule.

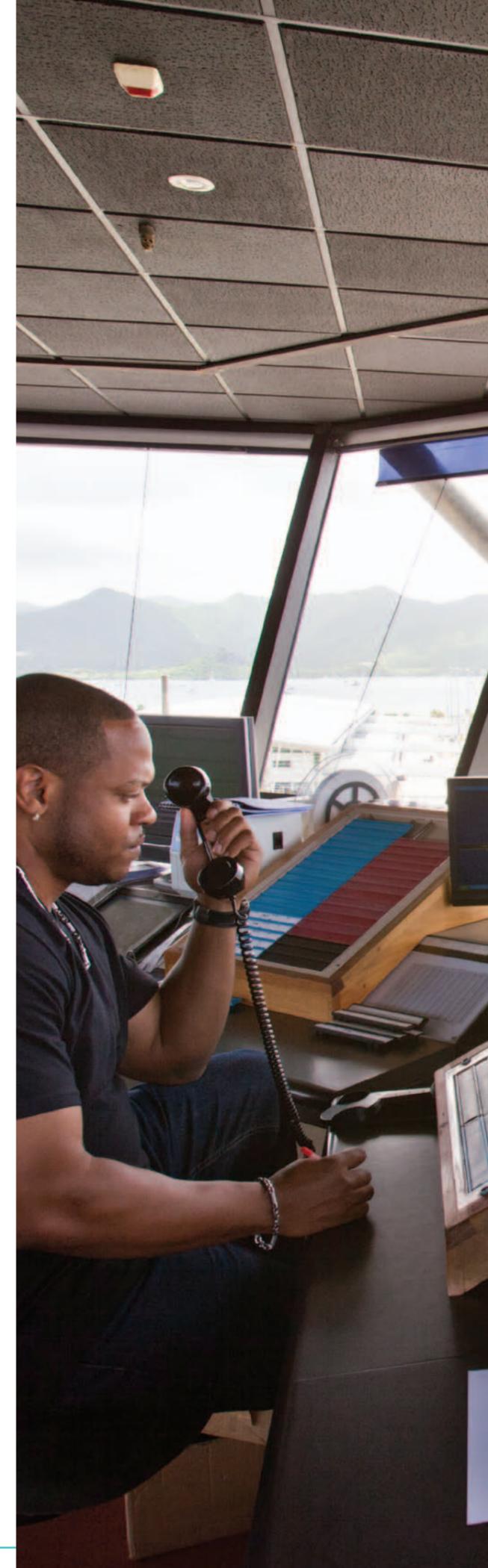
LESSONS LEARNED

Throughout the year, the key lessons for this division were **1)** always be prepared and **2)** plan ahead.

LOOKING AHEAD

In 2014, ATS is looking forward to:

- Upgrading the Raytheon hardware such as computers, radar monitors, voice recorder and several other components of the system.
- Hiring new personnel
- Completing all Safety Management System Documents for air traffic control.
- Performance Based Navigation training for all staff.
- Completing flight inspection of all navigation aid at SXM Airport and possibly St. Eustatius.
- Training the second group of officers in St. Eustatius and Saba.
- Reaching agreement and implementation of the upgraded ground to ground voice and data communication thru the MEVA-III satellite network.
- Installation of an Automated Terminal Information Service that would reduce controller radio telephony time on the frequency.
- Contribute to development of new revenue opportunities that will help cost recovery of the service such as overflight fees.



7.0 CONCLUSION

The “harvesting” we predicted would occur in 2013 stemming from the “sowing” we carried out in the preceding year has already begun. Several initiatives and projects got off the ground in 2013. Among these were the launching of the new brand,, the rehabilitation of the runway, and the new commercial strategy - including the sprucing up of the retail area and new agreements with concessionaires all aimed at increasing the non-aeronautical revenues of the airport, the profitability of the concessionaires and a substantial improvement in the travel experience of passengers.

Our 70th Anniversary celebrations began in earnest on December 3, 2013 with the Anniversary Symposium. And the celebrations will continue throughout 2014.

The establishment of the Air Service Development Committee will further improve communication and cooperation between our hub partners and hopefully usher in a new era in terms of joint efforts to attract more air lift to our destinations.

In terms of our financial performance in 2013, this is highlighted by a healthy Balance Sheet with total revenues up by almost 8% and net profit increasing by over 150%. Our assets went up by about 2% while our liabilities recorded a decrease of 5%.

If 2013 was a year of international recognition, consolidation of our position as a leading hub, proactive public information campaigns and concentration on the execution of our Capital Improvement Program, the year ahead should be one of continued hard work, focus and dedication to ensure that we achieve similar success.



8.0 AIRPORT FACTS

GEOGRAPHICAL LOCATION: SIMPSON BACY, ST. MAARTEN

Longitude 63.1 / Latitude 18.3
Airport area: 642, 415 m²

RUNWAY

Identification numbers: No. 10/28
Length: 2300 m
Width: 45 m
Capacity: 36-40 movement per hour
Runway End Safety Areas (RESA)

APRON

Main: 72,500 m²
Length: 5,000 m²
General aviation: 45 m
General aviation cargo: 7000 m²

TERMINAL

Area: 30,500 m²
Design capacity: 2,5 mln passengers annual
Check-in counters: 46 outfitted with Common Use Terminal Equipment (CUTE)
Boarding gates: 13
Passenger Boarding Bridges: 4
Transfer desks: 8
Immigration booths: 5
Emigration booths: 5
FBO facility

CARGO TERMINAL

Area: 2,000 m²
Capacity: 5 tonne per m² annual

PARKING LOT

Public parking lot: 383 lots
Employee parking lot: 290 lots

NAVIGATION AIDS

NDB, VOR/DME, LOC/BCN
Opening hours: 07:00 - 22:00 hours

SELF SERVICE CHECK-IN

SXM has installed 12 Common Use Self-Service (CUSS) kiosks to ease passenger flow, and is the first airport in the direct vicinity of St. Maarten to bring this technology online. This development represents SXM's aim at remaining in the forefront of the aviation industry in our region. The CUSS kiosks allow passengers to perform automatic check-in, which cuts check-in time by more than half for passengers with checked luggage and offers an even quicker option for those without. This allows PJIAE to accommodate the extra flow of travelers during peak hours by reducing facility congestion and enabling better use of checkin positions and gates. By introducing CUSS kiosks, PJIAE is providing faster check-in desks. The aviation industry has welcomed airport self-service check-in kiosks, as they improve passenger processing and customer service.

OUR TRAFFIC

Some 35 direct destinations/cities are serviced from SXM with onward connections to many other cities in the US, Canada, Caribbean, Central America and Europe.

USA

Atlanta
Boston
Charlotte
Chicago
Fort Lauderdale
Miami
Minneapolis
New York
Newark
Philadelphia
Washington

Canada

Montreal
Toronto

Europe

Amsterdam
Paris (CDG & ORY)

Central America

Panama

Caribbean

Anguilla
Antigua
Curacao
Dominica
Guadeloupe
Haiti
Jamaica
Montserrat
Saba
Santo Domingo
San Juan

St. Barths
St. Eustatius
St. Croix
St. Kitts
St. Thomas
Tortola
Trinidad

PASSENGER COMMERCIAL AIRLINES (SCHEDULED)

- Air BVI
- Air Canada
- Air Caraibes
- Air France
- Air Sunshine
- Air Transat
- American Airlines
- Anguilla Air Services
- CanJet
- Caribbean Airlines
- Copa
- Delta Airlines
- Dutch Antilles Express (discontinued)
- Insel Air
- JetBlue Airways
- KLM
- Liat
- Spirit Airlines
- St. Barths Commuter
- Sun Country Airlines
- Sunwing Airlines
- United Airlines
- US Airways
- WestJet
- Winair
- Windward Express

PASSENGER COMMERCIAL AIRLINES (CHARTER)

- Air Antilles Express
- Air Canada
- Air Transat
- Sun Country Airlines
- Sunwing Airlines
- TAM Airlines

MISSION
SAFETY SECURITY
QUALITY AND PROFITABILITY

2013 FINANCIAL STATEMENTS



Princess Juliana
International Airport



Princess Juliana
International Airport
Operating Company N.V.

Princess Juliana International Airport

Operating Company N.V.

St. Maarten

Financial Statements

December 31, 2013



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Princess Juliana
International Airport
Operating Company N.V.

1 General



Report from the Supervisory Board of Directors

While 2012 was a year of refinancing, better understanding of our future needs with an updated master plan and completion of the strategic business plan that helped focus on means of improving our financial returns, 2013 was a year of starting to put the funds to good use, strengthening our financial results, and moving forward on numerous new facility developments.

The major capital expenditure outlay in 2013 was on the repaving of the runway and various ancillary facility improvements. The repaving was undertaken during the night time so as to not disrupt flight operations and from that perspective was a total success, as not a single flight was impacted. The new runway was completed well in advance of the peak travel period so as not to create any negative impact on high season results. The additional runway enhancements included redesign of taxiway Bravo to allow easier aircraft access to the ramp from runway 10, three new helicopter pads, an additional taxiway for Jet Bridge air ambulance service and Windward Express, as well preparation for new energy efficient LED lighting.

In addition, strategic purchases of land were pursued for future buildings and facilities identified in the master plan, and a new Retail and Food & Beverage strategy was initiated that required major revamping and renovation of departure level outlets and some changes to the landside outlets for this non-aeronautical revenue generating source. The objective of this non-aeronautical strategy is to increase revenues from this source, which has involved redesign of the area to make it more appealing to passengers and encourage sales. The overall space available for Retail and Food & Beverage, again to increase revenues, was also increased by moving airline offices and using that space for the expanded non-aeronautical revenue outlets.

From a revenue increase perspective, 2013 was a successful year as overall revenues were up by 7.8% over 2012 driven primarily by management decision and Board approval to increase fees to departing passengers and higher throughput fees to the fuel suppliers, introduced in late 2012, but with full impact in 2013, and to a lesser extent additional passenger traffic. The fee adjustment along with more passengers increased revenues from this source by approximately 13% over 2012.

The increase in the number of enplaned passengers, those that contribute to SXM revenues, was driven by a very positive increase in Americans with 6.9% and Canadians with 25.6% but negatively impacted by a 7.4% decrease in Caribbean traffic and a 2.5% reduction in Europeans. The phenomenal Canada increase in passengers was led by WesJet and Sunwing. For the Caribbean, the negative growth was essentially a result of the DAE bankruptcy.

A handwritten signature in blue ink, located in the bottom right corner of the page. The signature is stylized and appears to be a name, possibly 'A. ...'.



The implications of the very positive revenue increase resulted in a profit before tax of ANG 5.4 million compared to a pre-tax loss of ANG 14.3 million in 2012, which of course was dramatically impacted by the refinancing that took place in that year. The financial turnaround in 2013 also allowed the airport to improve its performance with respect to various financial ratios. For instance, debt to EBITDA ratio went from 7.4 at the beginning of 2013 down to 6.1 by the end of the year and the debt service coverage ratio from 1.3 at the beginning of 2013 to 1.5 by the end of the year.

The financial statements for 2013 were prepared by Management and were approved by the Audit Committee and all members of the Board of Supervisory Directors.

The Board of Supervisory Directors recommends that the General Meeting of Shareholders approves the financial statements for 2013.

On behalf of the Supervisory Board of Directors

A handwritten signature in blue ink, appearing to read 'Clarence Derby', is written over a blue diagonal line that extends from the bottom left towards the center of the page.

Clarence Derby Chairman
May 28, 2014



Managing Director's Message

Historian Will Johnson, writing in the *Saba Islander*, stated the following: "The Windward Islands were not considered important enough for an airport. However, the KLM station manager on Curacao, Eric O. Holmberg, made a report to the Governor that an airport could be built on St. Maarten from three possible choices, either in the valley between the two hills at Pointe Blanche, the Great Salt Pond or at Simpson Bay. To his credit he suggested his preference for Simpson Bay. On December 3, 1943, the first plane landed on the partially completed airport and the pilot was Gerrit Jan Schipper."

That was 70 years ago. World War II was still raging on. From a tiny military airstrip to one of the leading hubs in the Northeastern Caribbean, the transformation of the Princess Juliana International Airport, SXM, has been nothing short of phenomenal. We celebrate all those people who have worked at the airport in the last seven decades and therefore contributed to this milestone. But while we cast a look back, our focus is firmly on the future. It is for this reason that we invited world-renowned expert, Dr. John D. Kasarda, the father of the aerotropolis concept, to be the keynote speaker at the Anniversary Symposium held on December 3, 2013.

We successfully launched the rebranding of the airport at the beginning of February, complete with a new logo, new corporate colors, a new interactive website, new audio and video ads with the tagline, "The experience will move you," and a new e-mail address (jdoe@sxmairport.com). The purpose of this exercise was to re-position the Princess Juliana International Airport, SXM, as a leading hub airport in the Caribbean and to promote our ultra-modern facilities and the quality of our services. It was, in fact, a strong belief in the rebranding efforts of SXM, which began in 2012, that tipped the scales in our favor for Moody's to grant us a rating of Baa2. This, in turn, paved the way for Nomura Securities International to underwrite the bond issue of US\$132 million to refinance the outstanding loan at a much lower interest rate and to fund the airport's Capital Improvement Program.

There is no doubt that the introduction of a new commercial strategy was a significant step taken by SXM in the year under review. At the close of the deadline for submission of Requests For Proposals (RFPs), a total of 48 entries were received for the 24 concession packages available. By the end of October 2013, about 85% of the available space at the airport had already been allocated, with a similar percentage of local and already existing stores returning. SXM embarked on a highly successful media blitz to explain the new commercial strategy to the public as well as various aspects of its Capital Improvement Program. The implementation of the new commercial strategy



continued at full speed, the objective of which is to increase non-aeronautical revenue and boost earnings for the concessionaires at the same time, while improving passenger experience.

Indeed, throughout the year, SXM gave presentations to various stakeholders and interested parties, starting with the Parliament of St. Maarten, the Dutch Representative (VNP) on the island, and even the Dutch Prime Minister himself, Hon. Mr. Mark Rutte. The Dutch Prime Minister showed keen interest in the facts and figures presented to him and his delegation and was quite impressed with developments at the airport.

In earlier separate meetings, SXM's vision of establishing a training center for the region at the airport was discussed. The idea was met with much enthusiasm by Mr. Van Brakel, director of De Braak, a Dutch firm which counts Schiphol Management as one of its clients and which also has experience working in Curacao. Van Brakel is expected to draft a proposal to this end for consideration by SXM.

In the presentation to Parliament, SXM disclosed the impact the airport has on the island's economy, which, according to a report of the Central Bank of Curacao and St. Maarten, represents 60% of the GDP! Members of Parliament applauded the airport for its vision and commitment to further developing the St. Maarten economy.

Similar presentations were made to St. Maarten's Minister Plenipotentiary in The Hague, Mr. Mathias Voges, the Rotary Club and virtually every organization or entity that showed interest in learning about developments at the airport.

Awards Galore

As if they were birthday gifts, international recognition and awards kept pouring in for SXM throughout the year. Starting with being declared the World's Most Stunning Landing out of 32 airports worldwide that were shortlisted for the title by a panel of high-profile travel industry experts in this year's PrivateFly.com. SXM also became the first airport in the Caribbean to win the International Transport Award granted by the Global Trade Leaders' Club, and also the International Award for Business Leadership in Image and Quality. All these awards are testimony to the hard work, dedication, and commitment of the management and staff of the Princess Juliana International Airport Operating Company (PJIAE) to make SXM a true leader in 21st century aviation in the Caribbean.

Our performance reflects this dedication of the entire management and staff, supported by the Supervisory Board of Directors. These factors helped us achieve 1.0% increase in enplaned/deplaned passengers in 2013 relative to 2012, while aircraft movement registered a slight decrease of 0.8% over the preceding year. As a result of the increase in enplaned passengers and



late 2012 fee increases, the full effect of which were realized in 2013, net revenue actually went up 7.8%.

SXM led the effort to establish an Air Service Development Committee comprising of representatives of all the hub partners (St. Barths, Anguilla, St. Martin, Nevis, Saba, St. Eustatius and Dominica) in accordance with the recommendations made by El Perial Management Services in its study of where SXM is at present, its competitive positioning against selected airports, and the potential direction for air service development over the next five years.

The results of such a joint effort in increasing airlift to the island were not long in coming. COPA airlines, the island's major connection to the South American market, was back to offering four flights weekly from its Panama hub in December. Similarly, British Airways expressed interest in establishing service from London to SXM. Dutch Antilles Express (DAE), however, folded up and hence discontinued its Curacao – St. Maarten – Santo Domingo/Haiti service.

2013 also tested SXM's capacity to handle emergency situations, as evidenced by the almost 2,500 stranded passengers of the Carnival Dream cruise ship who were airlifted out of the airport on board charter flights operated by Delta Airlines in March. We had to put our best foot forward to ensure that the passengers had an experience that would move them to consider returning to our island in future for a more relaxed and enjoyable vacation. The whole operation was seamless and is thought to be part of the reason SXM has been receiving accolades from all over the world.

The year ended with an outbreak of the Chikungunya virus which started in the northern half of the island, prompting SXM into action. We released a Public Service Announcement for arriving visitors alerting them of the potential risk of being bitten by the mosquito that carries the virus and the measures they should take to protect themselves. We also began providing free mosquito repellants to arriving passengers as part of our sustained effort to minimize the probability of visitors becoming infected. Nonetheless, this did not appear to negatively impact passenger traffic, as enplaned passengers increased by 2% in the last quarter of 2013.

I wish to express sincere gratitude to all the management and staff of SXM for their contributions in making 2013 an award-winning year; a year in which we have continued to earn the confidence of our hub partners and moved steadfastly in the direction of improving our image, as well as our services as an international airport, not just for St. Maarten, but also for seven other destinations in the region. We can only look forward to further progress in the 2014.



Regina LaBega

Managing Director



Independent Auditor's Report

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

Reference number: PP/CR/67.600.3/40857

Report on the financial statements

We have audited the accompanying financial statements 2013 of Princess Juliana International Airport Operating Company N.V., St. Maarten, which comprise the statement of financial position as at December 31, 2013, and the statement of comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's responsibility

Management is responsible for the preparation and fair presentation of these financial statements, in accordance with Book 2 of the Civil Code applicable for St. Maarten. Management has elected to prepare the financial statements in accordance with International Financial Reporting Standards. Furthermore, management is responsible for such internal control as it determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. This requires that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.



Opinion with respect to the financial statements

In our opinion, the financial statements give a true and fair view of the financial position of Princess Juliana International Airport Operating Company N.V. as at December 31, 2013, and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards.

St. Maarten, May 28, 2014
PricewaterhouseCoopers St. Maarten

A handwritten signature in blue ink, consisting of a large, sweeping oval shape with a vertical line extending downwards from the center.

Cees Rokx



Princess Juliana
International Airport
Operating Company N.V.

2 Financial Statements



2.1 Statement of financial position

		As at December 31	
		2013	2012
		ANG	ANG
<i>Assets</i>			
Current assets			
Cash and cash equivalents	2.5.5	9,379,943	5,288,853
Short-term bank deposits	2.5.5	12,899,190	12,899,190
Restricted cash accounts - current portion	2.5.6	16,862,889	2,095,630
Accounts receivable - net	2.5.7	17,196,368	15,908,404
Loan receivable - current portion	2.5.8	213,600	213,600
Other receivables and prepaid expenses		129,393	417,839
		<u>56,681,383</u>	<u>36,823,516</u>
Non-current assets			
Restricted cash accounts - non-current portion	2.5.6	53,769,011	116,897,562
Deferred tax asset	2.5.20	1,879,768	-
Long-term loan receivable	2.5.8	2,563,200	2,776,800
Property and equipment - net	2.5.9	245,789,031	210,871,575
		<u>304,001,010</u>	<u>330,545,937</u>
Total assets		<u><u>360,682,393</u></u>	<u><u>367,369,453</u></u>
<i>Liabilities and Equity</i>			
Current liabilities			
Accounts payable and accrued expenses	2.5.10	11,715,064	11,745,230
Long-term liabilities - current portion	2.5.11	12,627,840	12,478,192
		<u>24,342,904</u>	<u>24,223,422</u>
Non-current liabilities			
Long-term liabilities	2.5.11	230,515,032	244,769,100
Provision for jubilee bonus	2.5.12	2,405,513	2,188,891
Deferred tax liabilities	2.5.20	5,948,750	7,299,697
		<u>238,869,295</u>	<u>254,257,688</u>
Total liabilities		<u><u>263,212,199</u></u>	<u><u>278,481,110</u></u>
Equity			
Share capital	2.5.13	200,000	200,000
Contributed surplus	2.5.13	5,200,000	5,200,000
Retained earnings		92,070,194	83,488,343
		<u>97,470,194</u>	<u>88,888,343</u>
Total liabilities and equity		<u><u>360,682,393</u></u>	<u><u>367,369,453</u></u>

The accompanying notes are an integral part of these financial statements.



2.2 Statement of comprehensive income

	Note	Year ended December 31	
		2013	2012
		ANG	ANG
Revenues			
Passenger accomodation fee	2.5.15	47,906,770	42,355,148
Airport fees	2.5.15	15,292,734	15,201,298
Passenger screening fees	2.5.15	14,240,018	13,192,276
Rent and concessions	2.5.16	10,004,604	10,465,520
Other revenues	2.5.17	7,047,599	6,431,637
		<u>94,491,725</u>	<u>87,645,879</u>
Costs and expenses			
Personnel expenses	2.5.18	28,881,528	27,472,932
Depreciation	2.5.9	18,753,713	19,425,170
Water and eletricity		6,031,265	7,128,291
Professional fees		3,723,219	2,929,646
Maintenance		3,367,045	2,322,423
Insurance		3,038,760	3,053,306
Cleaning and garbage removal		2,539,958	2,344,812
Provision for bad debts	2.5.7	823,207	1,452,635
Other administrative expenses	2.5.19	7,762,599	6,017,670
		<u>74,921,294</u>	<u>72,146,885</u>
Operating profit		<u>19,570,431</u>	<u>15,498,994</u>
Finance income and cost			
Interest income		148,007	263,772
Interest expense	2.5.11	(13,943,585)	(11,794,867)
Loss on extinguishment of loan	2.5.11	(373,576)	(18,278,694)
Net finance costs		<u>(14,169,154)</u>	<u>(29,809,789)</u>
Profit before income tax		5,401,277	(14,310,795)
Profit tax benefit	2.5.20	3,230,715	1,385,468
Net income for the year		<u>8,631,992</u>	<u>(12,925,327)</u>
Other comprehensive income		(50,141)	-
Total comprehensive income		<u>8,581,851</u>	<u>(12,925,327)</u>

The accompanying notes are an integral part of these financial statements.



2.3 Statement of changes in equity

	Share capital	Contributed Surplus	Retained earnings	Total
	ANG	ANG	ANG	ANG
Balance as at January 1, 2012	200,000	5,200,000	96,413,670	101,813,670
Net income for the year	-	-	(12,925,327)	(12,925,327)
Balance as at December 31, 2012	200,000	5,200,000	83,488,343	88,888,343
Net income for the year	-	-	8,631,992	8,631,992
Other comprehensive income	-	-	(50,141)	(50,141)
Balance as at December 31, 2013	200,000	5,200,000	92,070,194	97,470,194

The accompanying notes are an integral part of these financial statements.



2.4 Statement of cash flows

	Note	Year ended December 31	
		2013	2012
		ANG	ANG
Cash flows from operating activities			
Operating profit		19,570,431	15,498,994
Adjustments for:			
Depreciation	2.5.9	18,753,713	19,425,170
Provision for bad debts	2.5.7	823,207	1,452,635
Operating profit before working capital changes		39,147,351	36,376,799
Decrease (increase) in:			
Short-term bank deposits		-	1,956,439
Accounts receivable		(2,111,171)	(464,981)
Other receivables and prepaid expenses		288,446	85,625
Increase (decrease) in:			
Accounts payable and accrued expenses		(30,166)	2,694,571
Provision for jubilee bonus	2.5.12	166,481	1,363,586
Cash generated from operations		37,460,941	42,012,039
Interest received		148,007	263,772
Interest paid		(12,800,571)	(12,325,790)
Net cash provided by operating activities		24,808,377	29,950,021
Cash flows from investing activities			
Movement in restricted cash		48,361,292	(106,750,398)
Acquisitions of property and equipment	2.5.9	(53,671,169)	(11,269,351)
Decrease in long-term loan receivable	2.5.8	213,600	213,600
Net cash used in investing activities		(5,096,277)	(117,806,149)
Cash flows from financing activities			
Repayments on long-term debt		(15,621,010)	(139,908,036)
Proceeds from long-term debt		-	236,503,341
Long-term debt transaction cost		-	(10,711,422)
Net cash provided by (used in) financing activities		(15,621,010)	85,883,883
Net increase (decrease) in cash and cash equivalents		4,091,090	(1,972,245)
Cash and cash equivalents at beginning of year		5,288,853	7,261,098
Cash and cash equivalents at end of year		9,379,943	5,288,853

The accompanying notes are an integral part of these financial statements.



2.5 Notes to the financial statements

2.5.1 General information

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

On January 13, 1997, the Council of Ministers (formerly Island Council) of St. Maarten granted a concession to PJIAE, retroactively to January 3, 1997 to operate the airport. The concession was initially given for a period of 20 years ending January 2, 2017. In May 2004, the concession was extended by 8 years, thus ending on January 2, 2025. On September 21, 2012, the concession agreement was further extended up to January 3, 2030. The concession can be revoked if PJIAE does not adhere to the regulations of the concession agreement. The concession will cease to exist in case of bankruptcy, or if PJIAE goes into a moratorium.

The Company is a wholly-owned subsidiary of Princess Juliana International Airport Holding Company N.V. (PJIAH). PJIAH is fully owned by the Government of St. Maarten.

These financial statements have been authorized for issue by the Board of Supervisory Directors on May 28, 2014.

2.5.2 Summary of significant accounting policies

Basis of preparation

The financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"). The financial statements have been prepared under the historical cost convention.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 2.5.3.



(a) New and amended standards adopted by the Company

The accounting policies applied in these financial statements are consistent with those of the previous financial year except for the adoption of the following new standards and interpretations effective as of January 1, 2013.

The revised IAS 19 is effective as from January 1, 2013. The revised employee benefit standard introduces changes to the recognition, measurement, presentation and disclosure of post-employment benefits. The standard also removes the option to apply the corridor method and requires net interest expense/income to be calculated as the product of the net defined benefit liability/asset and the discount rate as determined at the beginning of the year. The adoption of revised IAS 19 did not materially impact the financial statements.

IFRS 13, "Fair Value Measurement" is effective as from January 1, 2013. This standard does not extend the use of fair value accounting but provides guidance on how it should be applied where its use is already required or permitted by other standards within IFRS. The adoption of IFRS 13 did not materially impact the financial statements. IFRS 13 also requires specific disclosures on fair values. Certain disclosures were already required under existing standards.

(b) New standards and interpretations not yet adopted

A number of new standards and amendments to standards and interpretations are effective for annual periods beginning after January 1, 2013, and have not been applied in preparing these financial statements. None of these is expected to have a significant effect on the financial statements of the Company, except the following set out below:

IFRS 9, 'Financial instruments', addresses the classification, measurement and recognition of financial assets and financial liabilities. IFRS 9 was issued in November 2009 and October 2010. It replaces the parts of IAS 39 that relate to the classification and measurement of financial instruments. IFRS 9 requires financial assets to be classified into two measurement categories: those measured as at fair value and those measured at amortized cost. The determination is made at initial recognition. The classification depends on the entity's business model for managing its financial instruments and the contractual cash flow characteristics of the instrument. For financial liabilities, the standard retains most of the IAS 39 requirements. The main change is that, in cases where the fair value option is taken for financial liabilities, the part of a fair value change due to an entity's own credit risk is recorded in other comprehensive income rather than the income statement, unless this creates an accounting mismatch. The Company is yet to assess IFRS 9's full impact. The Company will also consider the impact of the remaining phases of IFRS 9 when completed by the International Accounting Standards Board.

There are no other IFRSs or IFRIC interpretations that are not yet effective that would be expected to have a material impact on the Company.



Functional and presentation currency

These financial statements are presented in Netherlands Antillean Guilders (ANG), which is the Company's functional and presentation currency.

Foreign Currency Denominated Transactions

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the statement of comprehensive income. The exchange rate between the United States Dollars (USD) and ANG is fixed at ANG 1.80: USD 1.00, which approximates the official exchange rates.

Financial assets

The Company classifies its financial assets in the following categories: at fair value through profit or loss (FVPL), loans and receivables, held-to-maturity (HTM) and available-for-sale (AFS). The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition. The Company has no financial assets at FVPL, HTM investments and AFS securities.

Regular purchases and sales of financial assets are recognized on the trade-date – the date on which the Company commits to purchase or sell the asset. Investments are initially recognized at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets are derecognized when the rights to receive cash flows from the investments have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership. Loans and receivables are subsequently carried at amortized cost using the effective interest method.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the end of the reporting period. These are classified as non-current assets. The Company's loans and receivables comprise 'cash and cash equivalents', 'restricted cash accounts', 'accounts receivable' and 'loan receivables' in the statement of financial position.

Cash and cash equivalents

Cash and cash equivalents include cash on hand, cash in banks and other short-term highly liquid investments with original maturities of three months or less, which are subject to insignificant risk of change in value.

Restricted cash are reserve accounts maintained by the Company in connection with its existing long-term loans (see notes 2.5.6 and 2.5.11).



Accounts Receivable

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

Property and Equipment

Property and equipment are stated at cost less accumulated depreciation and impairment losses, if any. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that the future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. Maintenance, repairs and minor renewals are expensed as incurred. When assets are retired or otherwise disposed of, the related cost and accumulated depreciation are removed from the respective accounts and the resulting gain or loss is charged to income. Costs incurred in projects in progress are capitalized.

Depreciation is calculated using the straight-line method over the estimated useful lives of the respective assets. The estimated useful lives are as follows:

Terminal, related works & infrastructure	10 - 40 years
Buildings	10 years
Furniture & fixtures	5 years
Vehicles	5 – 9 years
Computers	5 years

Trade and other payables

Trade and other payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Trade payables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method.

Borrowings/Long term liabilities

Borrowings are recognized initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortized cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognized in the statement of comprehensive income over the period of the borrowings using the effective interest method.

Fees paid on the establishment of loan facilities are recognized as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is



capitalized as a pre-payment for liquidity services and amortized over the period of the facility to which it relates.

Borrowing or long-term liability is derecognized when the obligation under the liability is discharged or cancelled or has expired.

When an existing borrowing or liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognized in profit or loss.

Borrowing costs

General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization.

All other borrowing costs are recognized in profit or loss in the period in which they are incurred.

Revenue recognition

Revenue is recognized upon performance of services.

Expense recognition

Cost and expenses are recognized when incurred.

Employee benefits

PJIAE operates a defined contribution pension plan for the majority of its employees, the assets of which are held in a trustee-administered fund. The pension plan is funded by payments from employees and PJIAE. PJIAE's contribution to the pension plan is charged to the profit or loss 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 for a small number of its employees who are former civil servants.

Furthermore, PJIAE grants jubilee bonuses after a certain number of service years. This bonus scheme has been provided for on a discounted value basis using the projected unit credit method. Actuarial gains and losses are recognized immediately through profit or loss and all past service cost are recognized immediately.



Income tax

Income tax expense comprises current and deferred tax. Income tax expense is recognized in profit or loss except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the reporting date in the country where the Company operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is recognized on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.

Deferred income tax assets are recognized only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

Related party relationship and transactions

Related party relationship exists when one party has the ability to control, directly or indirectly through one or more intermediaries, the other party or exercises significant influence over the other party in making financial and operating decisions. Such relationship also exists between and/or among entities which are under common control with the reporting enterprise, or between and/or among entities and its key management personnel, directors, or its stockholders. In considering each possible related party relationship, attention is directed to the substance of the relationship, and not merely the legal form.

Comparatives

Where necessary, comparative figures have been adjusted to conform with changes in presentation in the current year.

Contingencies

Contingent liabilities are not recognized in the financial statements. They are disclosed unless the possibility of an outflow of resources embodying benefits is remote. Contingent assets are not recognized in the financial statements but are disclosed when an inflow of economic benefits is probable.



Subsequent events (or events after the reporting date)

Post year-end events that provide additional information about the Company's financial position at reporting date (adjusting events) are reflected in the financial statements. Post year-end events that are not adjusting events are disclosed in the notes to the financial statements when material.

2.5.3 Critical accounting estimates and assumptions

Estimates, assumptions and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Company makes estimates, assumptions and judgments concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates, assumptions and judgments that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Provision for doubtful accounts

Provision for doubtful accounts is maintained at a level considered adequate to provide for potentially uncollectible receivables. The level of provision is based on past collection experience and other factors that may affect collectibility. An evaluation of the receivables, designed to identify potential charges to the provision, is performed on a continuous basis throughout the year. Management evaluates specific accounts of customers who are unable to meet their financial obligations. In these cases, management uses judgment based on the best available facts and circumstances, including but not limited to, the length of relationship with the customers and the customers' payment history. The amount and timing of recorded expenses for any period would therefore differ based on the judgments made.

Estimated useful lives of property and equipment

The Company estimates the useful lives of property and equipment based on the period over which the assets are expected to be available for use. The estimated useful lives of property and equipment are reviewed periodically and are updated if expectations differ from previous estimates due to physical wear and tear, technical or commercial obsolescence and legal or other limits on the use of the Company's assets. There were no changes in the estimated useful lives of property and equipment during the year.

Impairment of property and equipment

The Company's property and equipment is carried at cost less accumulated depreciation. The carrying value is reviewed and assessed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Changes in those judgments could have a significant effect on the carrying value of property and equipment and the amount and timing of impairment for any period.



As at December 31, 2013 and 2012, management believes, based on its assessment and judgment, that there are no indications of impairment or changes in circumstances that the carrying value of its property and equipment may not be recoverable.

Provision for jubilee bonus

The determination of the Company's obligation and cost for jubilee bonus is dependent on the selection of certain assumptions determined by management. Those assumptions include discount rates and rates of future salary increase. While management believes that its assumptions are reasonable and appropriate, significant differences in actual experience or significant changes in the assumptions may materially affect the Company's provision for jubilee bonus.

2.5.4 *Capital and financial risk management*

Risk management structure

The Supervisory Board of Directors 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 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: credit risk, liquidity risk and market risk (including foreign currency risk, cash flow and fair value interest rate 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 the unpredictability of financial markets and seeks to minimize potential adverse effects on the Company's financial performance.

Credit risk

Credit risk refers to the risk that the counterparty will default on its contractual obligations resulting in a financial loss to the Company. Credit risk arises from cash and cash equivalents, restricted cash, accounts receivable, loan receivable and other 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 14-day credit limit to customers. Sales to customers are settled in cash or bank transfers.



The table below provides information regarding the credit risk exposure of the Company.

	Neither past due nor impaired	Past due but not impaired	Past due impaired	Total
At December 31, 2013	ANG	ANG	ANG	ANG
Cash and cash equivalents	9,379,943	-	-	9,379,943
Short-term bank deposits	12,899,190	-	-	12,899,190
Restricted cash accounts	70,631,900	-	-	70,631,900
Accounts receivable	7,678,409	9,517,959	3,453,812	20,650,180
Loan receivable	2,776,800	-	-	2,776,800
Other receivable	43,549	-	-	43,549
	<u>103,409,791</u>	<u>9,517,959</u>	<u>3,453,812</u>	<u>116,381,562</u>
At December 31, 2012	ANG	ANG	ANG	ANG
Cash and cash equivalents	5,288,853	-	-	5,288,853
Short-term bank deposits	12,899,190	-	-	12,899,190
Restricted cash accounts	118,993,192	-	-	118,993,192
Accounts receivable	7,273,755	8,634,649	6,424,294	22,332,698
Loan receivable	2,990,400	-	-	2,990,400
Other receivable	333,515	-	-	333,515
	<u>147,778,905</u>	<u>8,634,649</u>	<u>6,424,294</u>	<u>162,837,848</u>

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. 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.



The tables below summarize the contractual maturities of the Company's financial liabilities based on contractual repayment arrangements.

At December 31, 2013	Less than 1 year ANG	Between 1 and 5 years ANG	Over 5 years ANG	Total ANG
Accounts payable and accrued expenses	11,715,064	-	-	11,715,064
Long-term liabilities	12,627,840	41,923,181	188,591,851	243,142,872
	24,342,904	41,923,181	188,591,851	254,857,936
At December 31, 2012	Less than 1 year ANG	Between 1 and 5 years ANG	Over 5 years ANG	Total ANG
Accounts payable and accrued expenses	11,745,230	-	-	11,745,230
Long-term liabilities	12,478,192	31,471,588	213,297,512	257,247,292
	24,223,422	31,471,588	213,297,512	268,992,522

Foreign exchange risk

The Company operates domestically and is not considered to be significantly exposed to foreign currency exchange risk as the transactions are mostly in USD with fixed exchange rate to the ANG.

Cash flow and fair value interest rate risk

Cash flow interest rate risk is the risk that future cash flows will fluctuate because of changes in market interest rates, while fair value interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates.

As the Company has no significant interest-bearing asset except for its short-term deposits, the Company's income and operating cash flows substantially independent of changes in market interest rates. The Company's interest rate risk arises from long-term borrowings. Borrowings at fixed rates exposed the Company to fair value interest rate risk.

Fair value of financial assets and financial liabilities

The carrying amounts of cash and cash equivalents, accounts receivables, current restricted cash, current loan receivable, other receivable, accounts payable and accrued expenses approximate their fair values due to the short-term maturities.



The estimated fair value of non-current restricted cash, long-term loan receivable and long-term liabilities represents the discounted amount of estimated future cash flows expected to be received or paid. Expected cash flows are discounted at current market rates to determine fair value.

Capital management

The objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. The Supervisory Board of Directors monitors the return on capital, which the Company defines as net operating income divided by total shareholder's equity.

The Company also monitors its compliance with the loan covenant from its existing long-term liabilities which includes debt service coverage ratio.

Total capital is calculated as the sum of share capital, contributed surplus and retained earnings as shown in the statement of financial position. There were no changes in the Company's approach to capital management during the year.

2.5.5 *Cash and cash equivalents*

	2013	2012
	ANG	ANG
Cash on hand	2,129	-
Cash in banks	9,377,814	5,288,853
	<u>9,379,943</u>	<u>5,288,853</u>

Cash in banks earn interest at the respective bank current account rates.

Short-term bank deposits

Short-term bank deposits of ANG 12,899,190 (2012: ANG 12,899,190) have maturities of 180 to 360 days and bears effective annual interest rates ranging from 0.10% to 0.25% (2012: 0.10% to 0.25%).



2.5.6 Restricted cash accounts

	2013	2012
	ANG	ANG
<i>Current</i>		
Project account	14,766,726	-
Airport departure fees account	2,096,163	2,095,630
	<u>16,862,889</u>	<u>2,095,630</u>
<i>Non-current</i>		
Debt service reserve account	9,468,835	6,312,600
Project account	44,300,176	110,584,962
	<u>53,769,011</u>	<u>116,897,562</u>

In connection with PJIAE's existing long-term liabilities, PJIAE has to maintain the following reserve account:

Airport departure (ADF) fees account

The Company entered into an ADF Account Agreement with RBC Trust (Trinidad and Tobago) Limited, in its capacity as Collateral Agent to deposit the Airport Departure Fees it receives directly from passengers and from airlines. On bi-weekly basis, the Collateral Agent will release funds on ADF accounts to the Company and will retain 1/6 of the amount of the next succeeding interest and principal payments in respect of the new notes (see note 2.5.11).

Debt service reserve account

The Company entered into Reserve Account Control Agreement with The Bank of New York Mellon ('BoNY'), in its capacity as Account Control Agent. The Reserve Account Control Agreement provides that the Company will establish and maintained a reserve account (the 'Debt service reserve account') to ensure the payment of at least one quarterly installment of principal and interest on the New Notes. In addition, on each payment date, the Debt service reserve account will also be funded with an amount equal to one-eighth of the next quarterly payments of the principal and interest with respect to the New Notes so that the amount in the Debt service reserve account shall be equal to or greater than the next two quarterly payments of the principal and interest.

Project account

The Company maintained its funds from the new Notes in a project account with The Bank of New York Mellon awaiting future investments.



2.5.7 Accounts receivable

	2013	2012
	ANG	ANG
Accounts receivable	20,650,180	22,332,698
Provision for bad debts	(3,453,812)	(6,424,294)
	<u>17,196,368</u>	<u>15,908,404</u>

Details of changes in provision for bad debts are as follows:

	2013	2012
	ANG	ANG
Balance as at January 1,	6,424,294	6,114,464
Provision for the year	1,436,807	1,902,635
Recovery/reversal	(613,600)	(450,000)
Write-off	(3,793,689)	(1,142,805)
Balance as at December 31	<u>3,453,812</u>	<u>6,424,294</u>

The fair values of the Company's receivables approximate the carrying values due to its relatively short-term maturities.

2.5.8 Loan receivable

	2013	2012
	ANG	ANG
Due within one year	213,600	213,600
Due more than one year but within five years	854,400	854,400
Due beyond five years	1,708,800	1,922,400
	<u>2,776,800</u>	<u>2,990,400</u>

In 2001, PJIAE has lent its shareholder ANG 5,340,000 (USD 3,000,000) over a 25 year period at no interest. This was done to enable the shareholder to purchase the rights of a long lease on an area of land on which PJIAE constructed the new terminal building. The fair value of loan receivable to PJIAH amounts to ANG 2,006,467 (2012: ANG 2,114,350). The fair values of the loan receivable are based on cash flows discounted using a discount rate of 5% which is approximately the market rate.



2.5.9 Property and equipment

	Terminal, related works & infrastructure	Land and Buildings	Furniture, fixtures vehicles & equipment	Assets under construction	Total
	ANG	ANG	ANG	ANG	ANG
As at January 1, 2012					
Cost	251,696,605	72,278,131	31,591,942	-	355,566,678
Accumulated depreciation	(68,912,455)	(41,027,441)	(26,599,388)	-	(136,539,284)
Net carrying value	182,784,150	31,250,690	4,992,554	-	219,027,394
Year ended December 31, 2012					
Opening net carrying value	182,784,150	31,250,690	4,992,554	-	219,027,394
Additions	2,191,076	5,401,008	1,788,097	1,889,170	11,269,351
Depreciation	(12,918,983)	(4,370,569)	(2,135,618)	-	(19,425,170)
Closing net carrying value	172,056,243	32,281,129	4,645,033	1,889,170	210,871,575
As at December 31, 2012					
Cost	253,887,681	77,679,139	33,380,039	1,889,170	366,836,029
Accumulated depreciation	(81,831,438)	(45,398,010)	(28,735,006)	-	(155,964,454)
Net carrying value	172,056,243	32,281,129	4,645,033	1,889,170	210,871,575
Year ended December 31, 2013					
Opening net carrying value	172,056,243	32,281,129	4,645,033	1,889,170	210,871,575
Additions	700,039	8,845,611	2,113,618	42,011,901	53,671,169
Depreciation	(12,389,114)	(4,473,284)	(1,891,315)	-	(18,753,713)
Closing net carrying value	160,367,168	36,653,456	4,867,336	43,901,071	245,789,031
As at December 31, 2013					
Cost	254,587,720	86,524,750	35,493,657	43,901,071	420,507,198
Accumulated depreciation	(94,220,552)	(49,871,294)	(30,626,321)	-	(174,718,167)
Net carrying value	160,367,166	36,653,456	4,867,336	43,901,071	245,789,031

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



Included under land and buildings are the rights of long lease for an area known as the B.B.W. area for a period of 50 years (expiring in 2047). The purchase price of this asset was ANG 6,230,000. Management is in the process of updating the registration of its real estate. No depreciation is calculated on the land.

As part of PJIAE's Capital Improvement Program, funds from the bond loan issued in 2012 was allocated and used to acquire properties and start several projects such as implementation new commercial strategy, runway rehabilitation, beautification of the roundabout and construction of taxiways. All of these projects were started in 2013 and will be finished in 2014. The total 'Asset under constructions' related to Capital Improvement Program amounts to ANG 43,901,071. The amount capitalized includes borrowing costs amounting to ANG 1,887,034 which are recorded as part of 'Asset under construction' account.

2.5.10 Accounts payable and accrued expenses

	2013	2012
	ANG	ANG
Accounts payable	8,122,516	2,016,288
Deposits received	1,785,640	1,901,052
Accrued expenses	172,085	1,048,625
Accrued vacation days	1,225,735	665,156
Accrued turnover taxes	45,568	62,900
Bank overdraft	-	5,274,000
Interest payable	-	454,750
Others	363,520	322,459
	<u>11,715,064</u>	<u>11,745,230</u>

PJIAE has an existing stand-by operating facility at Windward Islands Bank N.V. (WIB) for a maximum amount of ANG 3,500,000 (2012: ANG 9,000,000), which can be used for investment purposes. The interest rate will not exceed 6% per annum and will be determined in consultation with PJIAE when it wishes to make use of the facility.

The bank has requested and received a comfort letter from the Island Government of St. Maarten.

The fair values of the Company's accounts payables and accrued expense approximate the carrying values due to its relatively short-term maturities.



2.5.11 Long term liabilities

	2013	2012
	ANG	ANG
5.5% fixed rate senior secured notes	234,644,987	244,861,119
8.25% fixed rate notes	-	3,272,740
LVFM loan	6,108,831	6,471,249
OBNA loan - Flamingo Pond	2,389,054	2,642,184
	<u>243,142,872</u>	<u>257,247,292</u>
Long-term liabilities - current portion	(12,627,840)	(12,478,192)
Total long-term liabilities	<u>230,515,032</u>	<u>244,769,100</u>

5.5% Fixed Rate Senior Secured Notes

In September 2012, PJIAE offered to the holders of the outstanding 8.25% fixed rate notes due May 28, 2019 ('Existing Notes') to exchange for fixed rate senior secured notes due 2027 ('New Notes') ("Exchange Offer"). In the Exchange Offer, which was completed on December 11, 2012, the Company received 88.9% of the aggregate outstanding principal amount of Existing Notes which was above the 85% threshold consent required under the Existing Notes Trust Indenture.

As a result of the Exchange Offer, USD 10,594,000 of Existing Notes was retained ("Retaining Holders"); USD 59,793,000 of Existing Notes was exchanged and immediately sold in the New Notes offering ("Selling Holders"); and USD 6,980,000 of Existing Notes were repurchased with proceeds from the New Notes offering ("Repurchased Holders").

On December 20, 2012, PJIAE issued 5.50% fixed-rate senior secured notes with an aggregate principal amount of USD 142,645,000 (ANG 256,761,000) ("New Notes"), which include USD 10,594,000 Retaining Holders Notes and USD 132,051,000 new money issuance. The proceeds of the New Notes have been used to (i) finance a capital improvement program, (ii) pay transactions cost incurred in connection with the Exchange Offer and the New Notes offering and (iii) repurchase certain Existing Notes from the Repurchased Holders.

Interest payments and the principal amount of the New Notes will be paid in 60 installments payable on each quarter commencing March 20, 2013 and terminating on December 20, 2027. The issue price of the New Notes is 95.5%.

After consummation of the Exchange Offer and the New Notes offering as described above, PJIAE exchanged the New Notes with a total fair value of ANG 139,260,000 (USD 77,367,000) for the Existing Notes with carrying value of ANG 120,981,905.



PJIAE incurred bond issuance costs totaling ANG 11,899,881. Bond issuance costs are amortized over the term of the Notes using the effective interest method.

The details of unamortized bond issuance cost, presented as a deduction from the Company's long-term liabilities are as follows:

	2013	2012
	ANG	ANG
Bond discount	1,074,385	1,188,459
Transaction cost	9,682,482	10,711,422
	<u>10,756,867</u>	<u>11,899,881</u>

As of December 31, 2013, the total balance of the New Notes amounts to ANG 234,644,987 (2012: ANG 244,861,119).

The New Notes will be secured by (i) all amounts on deposits for ADF accounts; (ii) an assignment under St. Maarten law of PJIAE's right to receive all payments of the Airport Departure Fees payable by airlines that presently have, or will pay in the future, an agreement with PJIAE to pay Airport Departure Fees either directly or through PJIAE into the applicable ADF account or other airlines that pay Airport Departure Fees to the International Airport Transportation Association (IATA) pursuant to a contract with PJIAE for such collection; (iii) an assignment of all relevant insurance policies of PJIAE, including business interruption insurance and third party liability insurance; and (iv) all amounts deposited in Debt Service Reserve Account.

The Debt Service Reserve Account was funded on the issue date with an amount equal to three months of principal and interest with respect to the New Notes from a transfer of ANG 6,312,600 of funds held in the Debt Service Reserve Account previously maintained as security for the 2004 Notes due 2019 (see note 2.5.6). The Debt Service Reserve Account for the New Notes will be funded by eight (8) quarterly transfers from operating cash flow starting March 20, 2013 so that the total Debt Service Reserve Account at all times after December 20, 2014 will be equal at least to the sum of the maximum of six months payment of principal and interest with respect to the New Notes.

Under the New Notes, PJIAE will not permit the Debt Coverage Ratio, as of the last day of any two consecutive fiscal quarters, to be less than 1.25 to 1.0.

8.25% Fixed Rate Notes

On May 28, 2004, a bond loan was issued in the gross amount of USD 118,590,000 initially purchased by RBTT Merchant Bank Ltd. The proceeds of which were used to finance the construction of a new airport terminal building and related infrastructure, prepay certain existing loans of PJIAE, and pay certain fees and expenses incurred in connection with the offering of these Notes. The issue price of the notes was at 97.152%.



The notes carry a fixed interest rate of 8.25%. The maturity date of the notes is May 28, 2019. The principal amount of the notes will be repaid in 51 quarterly installments (each August 28, November 28, February 28 and May 28, commencing on November 28, 2006).

On December 20, 2012, after consummation of the Exchange Offer and offering of New Notes (see above), PJIAE extinguished the Existing Notes with carrying value of ANG 120,981,905. The difference between the carrying value of the Existing Notes and fair value of New Notes exchanged and the consideration paid amounting to ANG 18,278,694 has to be recognized as a loss on extinguishment or tender premium of Existing Notes in accordance with IFRS; however, this event does not impact PJIAE's debt service coverage ratio which was maintained during the year.

The balance of Existing Notes amounting to ANG 3,272,740 as of December 31, 2012 was repaid until August 2013. The remaining balance was repurchased and subsequently cancelled in September and November 2013, which resulted in recognition of loss or tender premium amounting to ANG 373,576.

All of the collateral including the Debt Service Reserve Account for the 8.25% Fixed Rate Notes were transferred to the 5.50% Fixed Rate Notes.

Luchthaven Veiligheid Financierings Maatschappij N.V. (LVFM) loan

In 1999, PJIAE purchased the building rights (which include part of the runway and aircraft taxi platforms) from the former operator of the airport. In this transaction, PJIAE also took over the loan from said former operator with LVFM, who in turn had a loan agreement with the Nederlandse Participatie Maatschappij Nederlandse Antillen (NPMNA) in the amount of ANG 8,800,000.

On March 5, 2008, the Ontwikkelingsbank van de Nederlandse Antillen N.V. (OBNA) purchased this loan from NPMNA. The term of this loan is 30 years with 8 years grace period included for repayment of the principal amount. The loan bears an interest of 2.5 % per year. Interest is first due one year after the first draw on the loan. Redemption of the principal amounts will take place in 22 equal annual installments and started in the year 2006. PJIAE took over all rights and obligations pertaining to the LVFM loan. A first mortgage right is granted to LVFM on the aforementioned building rights, to secure LVFM's rights. The outstanding balance of this loan as of December 31, 2013 amounts to ANG 6,108,831 (2012: ANG 6,471,249).

The fair value of LVFM loan as of December 31, 2013 amounts to ANG 4,242,296 (2012: ANG 4,385,442). The fair values of the loan receivable are based on cash flows discounted using a discount rate of 5% which is approximately the market rate.



OBNA loan - Flamingo Pond

In 1998, the NPMNA has granted PJIAE a loan in the amount of ANG 6,300,000 for the filling of the Flamingo Pond. On March 5, 2008, OBNA purchased this loan from NPMNA. The interest is 2.5% per year. Interest is first due one year after the first draw on the loan. The term of the loan is 30 years, with a grace period of 8 years for repayment of the principal amount. Redemption of the principal amount is to take place in 22 equal annual installments, first one to start in 2007. The outstanding balance of this loan in 2013 amounts to ANG 2,389,054 (2012: ANG 2,642,184).

The fair value of OBNA loan as of December 31, 2013 amounts to ANG 1,898,603 (2012: ANG 2,049,270). The fair values of the loan receivable are based on cash flows discounted using a discount rate of 5% which is approximately the market rate.

Finance cost

The total interest expense for the above long-term liabilities amounts to ANG 15,830,619 (2012: ANG 11,794,867), of which ANG 1,887,034 are capitalized as part of 'Asset under construction' account in 2013.

2.5.12 Provision for jubilee bonus

The movement of this account is as follows:

	2013	2012
	ANG	ANG
Balance as at January 1,	2,188,891	825,305
Current service and past service cost	168,173	1,405,530
Interest cost	114,548	41,265
Bonus paid	(116,240)	(83,209)
Actuarial loss	50,141	-
Balance as at December 31	<u>2,405,513</u>	<u>2,188,891</u>

The provision for jubilee bonus has been calculated using a discount rate of 5% (2012: 5%) and future salary increase of 3% (2012: 3%).

2.5.13 Equity

Share capital

The authorized capital consists of 1,000 shares with a value of ANG 1,000 per share, in which 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). On March 5, 2008, OBNA purchased this loan from NPMNA in the amount of ANG 6,300,000. At the same time, the Netherlands made available a grant in the amount of ANG 5,200,000, which was designated as contributed surplus.

2.5.14 *Related party transactions*

The Company, in the ordinary course of business, has transactions with related parties. Significant related party transactions include the following:

Related party	Transactions	2013	2012
		ANG	ANG
<i>Parent</i>			
PJIAH	Rent expense	573,600	573,600
	Repayment of loan receivable	213,600	213,600
<i>Entity under common control</i>			
LVFM	Repayment of long-term liability	362,418	353,579
	Interest expense	164,032	173,468

The outstanding balances of the Company's related party receivables and payables are as follows:

	2013	2012
	ANG	ANG
Loan receivable - PJIAH	2,776,800	2,990,400
Loan payable - LVFM	6,108,831	6,471,249

Loan receivable - PJIAH

The loan to PJIAH was provided interest free, repayment is to take place in 25 equal yearly installments (see note 2.5.8).



Loan payable - LVFM

LVFM has financed a project for PJIAE with regards to the strengthening and upgrading of the runway. LVFM is fully owned by the Island Government of St. Maarten. PJIAE entered into a loan agreement with LVFM in the amount of ANG 8,800,000 payable in 22 equal annual installments with first payment due in 2006 (refer to note 2.5.11).

Lease agreement with PJIAH

In February 2001, PJIAE has entered into a lease agreement with PJIAH, 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 ANG 47,800 for a duration of 25 years. The total annual lease payment amount to ANG 573,600. The lease will automatically be renewed if the concession is extended or renewed. The lease will be terminated prior to its expiration date in the event the concession is revoked or cancelled in accordance with the relevant stipulations of the concession.

The details of key management compensation are as follows:

	2013	2012
	ANG	ANG
Short term benefits	1,066,253	1,166,353
Pension contributions	90,489	98,678
	<u>1,156,742</u>	<u>1,265,031</u>

Key management, including the Supervisory Board of Directors, in 2013 comprised of 12 persons (2012: 10 persons).

2.5.15 Airport revenues

Passenger accommodation fees

Passenger accommodation fee includes Airport Departure Fee (ADF) for international and domestic destinations, ADF for transfers and Airport Improvement Fee (AIF). ADF for international destinations amounts to ANG59.40 or USD 33 (2012: ANG 59.40 or USD 33 starting November 2012 and ANG 54 or USD 30 prior to November 2012) per passenger. ADF for destinations within the former Netherlands Antilles amounts to ANG36 or USD 20 (2012: ANG 36 or USD 20 starting November 2012, ANG 27 or USD 15 prior to November 2012). ADF for a departing passenger that is transferring between two flights on the same day pays ANG9.90 or USD5.50 (2012: ANG9.90 or USD 5.50 starting November 2012 and ANG 9 or USD 5 prior to November 2012).

AIF charged to departing passengers amounts to ANG 9 or USD 5 (2012: ANG 9 or USD 5) per departing passenger.



Airport fees

Airport fees are charges levied on aircraft that use the airport, either by commercial airlines or general aviation. 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 by the Executive Council. Furthermore, PJIAE has to adhere to rules and regulations set by the Federal Aviation Department of the Netherlands Antilles or its successor and those of the International Civil Aviation Organization (I.C.A.O.) and provide adequate security and fire department services.

Airport fees consist of:

	2013	2012
	ANG	ANG
Navigation and air traffic control fees	7,624,435	7,601,735
Landing fees	7,094,617	7,070,573
Parking fees	315,761	299,385
Overtime fees	138,800	113,000
Lighting fees	119,121	116,605
	<u>15,292,734</u>	<u>15,201,298</u>

Passenger screening fees

Each passenger must pay a screening fee for security at the time of ticket purchase. Airlines collect this fee and remit to PJIAE. The fee amounts to ANG 18 or USD 10 (2012: ANG 18 or USD 10 starting November 2012 and ANG 16.83 or USD 9.35 prior to November 2012) per departing passenger.

2.5.16 Rents and concessions

	2013	2012
	ANG	ANG
Shops and offices in main building	6,840,658	7,638,316
Contract fees	1,499,178	1,289,478
Cargo building rent	689,708	672,610
Car rental	306,542	305,862
Other rent of space	668,518	559,254
	<u>10,004,604</u>	<u>10,465,520</u>



PJIAE entered into various operating leases and concession agreements for its building offices. The lease terms are between 1 and 15 years, and the majority of lease agreements is renewable at the end of the lease period.

The future aggregate minimum rent and concession income under non-cancellable operating leases are as follows:

	2013	2012
	ANG	ANG
Not later than one year	5,207,972	5,782,638
Later than one year and not later than five years	6,701,656	9,688,560
Later than five years	495,000	457,613
	<u>12,404,628</u>	<u>15,928,811</u>

The above future minimum rent and concession income does not include the new concession agreements of which future income is based on a percentage of sales.

2.5.17 Other revenues

	2013	2012
	ANG	ANG
Throughput charges	2,809,461	1,469,351
VIP Lounge income	945,837	803,470
Parking	808,910	916,828
Electricity shops and offices	412,881	481,182
Advertising	396,000	396,000
Service charges to concessionaires	247,885	287,979
Other income	1,426,625	2,076,827
	<u>7,047,599</u>	<u>6,431,637</u>

Throughput charges

PJIAE levied a fee of ANG 0.02 per liter, which increased to ANG 0.04 on December 23, 2012 of high octane fuel and ANG 0.10 (2012: ANG 0.10) for each liter of lubricant sold by SOL and Texaco at the Airport's premises.



Advertising

In 2003, PJIAE entered into a contract with Interspace Airport Advertising N.V. to outsource the rent and sale of advertising space. The term of the contract is effective until August 31, 2015.

2.5.18 Personnel expenses

	2013	2012
	ANG	ANG
Salaries	21,030,516	18,565,389
Social premiums	3,151,662	2,867,033
Pension premiums	1,676,184	2,446,887
Overtime	1,241,109	1,090,608
Provision for jubilee bonus	166,481	1,446,795
Other personnel expenses	1,615,576	1,056,220
	<u>28,881,528</u>	<u>27,472,932</u>

Other personnel expenses include trainings, uniforms, overtime meals and other personnel benefits.

The average number of employees during 2013 was 274 (2012: 278).



2.5.19 *Other administrative expenses*

	2013	2012
	<u>ANG</u>	<u>ANG</u>
Advertising and promotion fees	1,303,265	889,565
Travel expenses	864,605	882,305
Turnover tax	786,790	696,303
Bank charges	735,113	516,460
Telephone	636,961	586,478
Rent	573,600	573,600
Food and beverages	474,016	343,609
Software support/supplies	283,182	158,443
Vehicle costs	142,718	125,843
Supervisory Board fees	140,437	129,349
Others	1,821,912	1,115,715
	<u>7,762,599</u>	<u>6,017,670</u>

Others include fire fighting materials, freight cost, postal charges, entertainment expense, exchange difference, other supplies and services.



2.5.20 Profit taxes

	2013	
	ANG	ANG
Profit before taxes according to profit and loss statement		5,401,277
Add: Adjustment TOT, 10% of the paid TOT	78,679	
Add: Travel and entertainment	169,387	
Add: Donations	340,199	
		588,265
Less: addition to the cessantia provision		(213,916)
Less: actuarial loss charged to equity		(50,141)
Less: Investment allowance 2012	(367,714)	
Less: Investment allowance 2013	(3,977,608)	
		(4,345,322)
Add: commercial depreciation	18,753,713	
Less: fiscal depreciation	14,624,008	
		4,129,705
Fiscal result 2013		5,509,868
Fiscal losses in previous year		(5,509,868)
Taxable result		-

The deferred profit tax benefit is computed as follows:

	2013
	ANG
Temporary differences:	
Cessantia	(213,916)
Depreciation	4,129,705
Permanent difference	
Carryforward losses in 2012	5,448,602
	9,364,391
Profit tax rate	34.50%
Deferred profit tax benefit	3,230,715



The deferred tax asset (liabilities) relate to the following as of December 31:

	2013	2012
	ANG	ANG
<i>Deferred tax asset</i>		
Carry-forward losses	1,879,768	-
<i>Deferred tax liabilities</i>		
Cessantia	(779,937)	(706,135)
Difference between commercial and fiscal depreciation	(5,168,813)	(6,593,562)
	<u>(5,948,750)</u>	<u>(7,299,697)</u>

The deferred tax asset for the unused carry-forward losses amounting to ANG 1,879,768 was recognized in 2013 as the management expects that PJIAE will generate sufficient taxable profit to allow all of its deferred tax asset to be utilized.

The carry-forward losses available for compensation amount to ANG 5,448,602 (2012: 10,958,467) which can be claimed as deductions against profit tax until year 2022.



3 Supplementary information

The information included in this section are the USD translation of the statement of financial position, statement of comprehensive income, statement of changes in equity and statement of cash flows as presented in the financial statements.



Statement of Financial Position (In US Dollars)

	As at December 31	
	2013	2012
	USD	USD
<i>Assets</i>		
Current assets		
Cash and cash equivalents	5,211,079	2,938,252
Short-term bank deposits	7,166,217	7,166,217
Restricted cash accounts - current portion	9,368,272	1,164,239
Accounts receivable - net	9,553,538	8,838,002
Loan receivable - current portion	118,667	118,667
Other receivables and prepaid expenses	71,885	232,133
	<u>31,489,658</u>	<u>20,457,510</u>
Non-current assets		
Restricted cash accounts - non-current portion	29,871,672	64,943,090
Deferred tax asset	1,044,316	-
Long-term loan receivable	1,424,000	1,542,666
Property and equipment	136,549,462	117,150,875
	<u>168,889,450</u>	<u>183,636,631</u>
Total assets	<u>200,379,108</u>	<u>204,094,141</u>
<i>Liabilities and Equity</i>		
Current liabilities		
Accounts payable and accrued expenses	6,508,369	6,525,127
Long-term liabilities - current portion	7,015,467	6,932,329
	<u>13,523,836</u>	<u>13,457,456</u>
Non-current liabilities		
Long-term liabilities	128,063,906	135,982,833
Provision for jubilee bonus	1,336,396	1,216,051
Deferred tax liabilities	3,304,861	4,055,387
	<u>132,705,163</u>	<u>141,254,271</u>
Total liabilities	<u>146,228,999</u>	<u>154,711,727</u>
Equity		
Share capital	111,111	111,111
Contributed surplus	2,888,889	2,888,889
Retained earnings	51,150,109	46,382,414
Total equity	<u>54,150,109</u>	<u>49,382,414</u>
Total liabilities and equity	<u>200,379,108</u>	<u>204,094,141</u>



Statement of Comprehensive Income (In US Dollars)

	Year ended December 31	
	2013	2012
	USD	USD
Revenues		
Passenger accomodation fee	26,614,872	23,530,638
Airport fees	8,495,963	8,445,166
Passenger screening fees	7,911,121	7,329,042
Rent and concessions	5,558,113	5,814,178
Other revenues	3,915,333	3,573,132
	<u>52,495,402</u>	<u>48,692,156</u>
Costs and expenses		
Personnel expenses	16,045,293	15,262,740
Depreciation	10,418,729	10,791,761
Water and eletricity	3,350,703	3,960,162
Professional fees	2,068,455	1,627,581
Maintenance	1,870,581	1,290,235
Insurance	1,688,200	1,696,281
Cleaning and garbage removal	1,411,088	1,302,673
Provision for bad debts	457,337	807,019
Other administrative expenses	4,312,555	3,343,150
	<u>41,622,941</u>	<u>40,081,602</u>
Operating profit	<u>10,872,461</u>	<u>8,610,554</u>
Finance income and cost		
Interest income	82,226	146,540
Interest expense	(7,746,436)	(6,552,704)
Loss on extinguishment of loan	(207,542)	(10,154,830)
Net finance costs	<u>(7,871,752)</u>	<u>(16,560,994)</u>
Profit before income tax	3,000,709	(7,950,440)
Profit tax benefit	1,794,842	769,704
Net income for the year	<u>4,795,551</u>	<u>(7,180,736)</u>
Other comprehensive income	(27,856)	-
Total comprehensive income	<u>4,767,695</u>	<u>(7,180,736)</u>



Statement of Changes in Equity (In US Dollars)

	Share capital	Contributed Surplus	Retained earnings	Total
	USD	USD	USD	USD
Balance as at January 1, 2012	111,111	2,888,889	53,563,150	56,563,150
Net income for the year	-	-	(7,180,736)	(7,180,736)
Balance as at December 31, 2012	111,111	2,888,889	46,382,414	49,382,414
Net income for the year	-	-	4,795,551	4,795,551
Other comprehensive income	-	-	(27,856)	(27,856)
Balance as at December 31, 2013	111,111	2,888,889	51,150,109	54,150,109



Statement of Cash Flows (In US Dollars)

	Year ended December 31	
	2013	2012
	USD	USD
Cash flows from operating activities		
Operating profit	10,872,462	8,610,554
Adjustments for:		
Depreciation	10,418,729	10,791,761
Provision for bad debts	457,337	807,019
Operating profit before working capital changes	21,748,528	20,209,334
Decrease (increase) in:		
Short-term bank deposits	-	1,086,910
Accounts receivable	(1,172,873)	(258,322)
Other receivables and prepaid expenses	160,248	47,569
Increase (decrease) in:		
Accounts payable and accrued expenses	(16,759)	1,496,983
Provision for jubilee bonus	92,489	757,548
Cash generated from operations	20,811,633	23,340,022
Interest received	82,226	146,540
Interest paid	(7,111,428)	(6,847,661)
Net cash provided by operating activities	13,782,431	16,638,901
Cash flows from investing activities		
Movement in restricted cash	26,867,384	(59,305,777)
Acquisitions of property and equipment	(29,817,316)	(6,260,750)
Receipt on long-term loan receivable	118,667	118,667
Net cash used in investing activities	(2,831,265)	(65,447,860)
Cash flows from financing activities		
Repayments on long-term debt	(8,678,339)	(77,726,687)
Proceeds from long-term debt	-	131,390,745
Long-term debt transaction cost	-	(5,950,790)
Net cash provided by (used in) financing activities	(8,678,339)	47,713,268
Net increase (decrease) in cash and cash equivalents	2,272,827	(1,095,691)
Cash and cash equivalents at beginning of year	2,938,252	4,033,943
Cash and cash equivalents at end of year	5,211,079	2,938,252

