



Princess Juliana
International Airport

LEADING THE WAY

2014 Annual Report





VISION

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

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.



BRIEF HISTORICAL BACKGROUND

Few aviation facilities in the region can boast of being seven decades old. SXM, which began as a small US Military airstrip at the height of World War II, can look back with pride at over 70 years of constant transformation. It is now an award winning, modern international airport that serves as a major hub in the Northeastern Caribbean.

Apart from being the international airport and gateway to country partners such as French St. Martin, Anguilla, St. Barths, Saba, St. Eustatius, Nevis, Dominica and Tortola, SXM is also a major contributor to their economies. Its impact on the St. Maarten economy is similarly undeniable, with a study by the Central Bank of Curacao and St. Maarten estimating that SXM airport 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. The study was carried

out in 2012 and given the performance of SXM since then, the impact the airport has on the economy of the island remains very significant and may have even increased.

It is not known how many passengers and crew were onboard that first commercial flight that landed at the Princess Juliana International Airport, on December 43, 1943, but given the capacity of the KLM Kolibrie aircraft that brought them and the level of international travel at the time, it could not have been more than 15 people. They were not tourists because tourism was not remotely in the cards for the island then. But as SXM airport developed, so did the island. In fact, some say that St. Maarten grew on the wings of the airport, leaping forward from a dreamy backwater that survived largely on a postal economy into one of the leading tourist destinations in the Caribbean.

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 70 years.

A new Terminal Building was constructed in 1964, as tourism began to take root on the island, to replace the original almost ramshackle 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 a priority, which is reflected in the enviable safety record of the airport. SXM is equipped with a state-of-the-art Air Traffic Control and Radar facility, Category 9 Fire and Rescue Service, and 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. This is aimed at minimizing the risk of damage to an aircraft undershooting or overrunning the runway.

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 30,500 m² and consist of 12 boarding gates, including 4 passenger loading jet bridges; 46 check-in positions all equipped with CUTE (Common use Terminal Equipment) and 12 Common Use Self Service 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

	2014	2013	2012	2011	2010	2009
Statistics						
Passenger Movements	1,795,117	1,671,763	1,671,715	1,644,270	1,645,105	1,625,964
Aircraft Movements ¹	60,371	58,400	58,909	60,314	60,870	62,627
Cargo & Mail Movements ²	3,027	3,010	3,078	2,832	2,658	1,983
Destinations Served	36	34	34	34	33	32
Commercial Airlines	27	26	21	21	22	21
Long Haul Charters (average number per month) **	37	22	12	12	12	13
Income Statement³						
Total Revenues	106,954,353	94,491,725	87,645,879	85,101,474	84,647,901	83,027,823
Total Expenses	83,578,196	89,090,448 ⁴	100,571,206	81,322,922	80,817,679	78,412,215
Net Income (loss)	8,737,639	8,631,892	(12,925,327) ⁵	3,778,552	3,830,222	4,615,608
Balance Sheet						
Total Assets	359,475,608	360,682,393	367,369,453	272,669,650	289,688,573	296,344,652
Liabilities	253,246,667	263,212,199	278,481,110	170,855,890	191,653,455	202,139,755
Shareholders Equity	106,228,941	97,470,194	88,888,343	101,813,760	98,035,118	94,204,896
Personnel as of Dec. 31st	268	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 Excludes profit tax figure. Previous years included profit tax figure. All figures in Netherlands Antilles Florins.

⁴ 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

What a year 2014 has been for the global aviation industry and also for St. Maarten. It was the worst of years in terms of air disasters, with Malaysia Airlines accounting for two airline tragedies that claimed the lives of a total of 537 passengers. In fact, according to Plane Crash Info, 2014 has been so far the deadliest year in air travel in recent years with an estimated 976 airline passengers killed in crashes during the year. However, despite the gloomy death toll from air crashes in 2014, the number of casualties still remains about one-third of the victims of the dreaded Ebola virus that ravaged some countries in West Africa in the same year. The Ebola scare sowed panic all around the aviation world, with St. Maarten being no exception. SXM Airport was involved in establishing official government policies to deal with the pandemic, should in case the virus showed up at our gates. But thankfully, this has not been the case.

2014 could also be considered the best of times for the aviation industry. Plummeting oil prices and stronger worldwide GDP growth were the two main drivers of improved profitability for airlines, according to the International Air Transport Association (IATA) in its Economic Performance of the Air Transport Industry report. Airlines, IATA announced, were expected to record a collective global net profit of some \$19.9 billion in 2014 (up from the \$18.0 billion projected in June). In fact, by mid-November, 2014, IATA had reported that the price of oil had declined by 20% compared to 2013, resulting in a saving of USD7 billion for the global airline industry in 2014. What does this mean for our region and especially for St. Maarten?

While noting that 2014 was a “complex year”, Eduardo Iglesias, Executive Director, of the Latin American and Caribbean Air Transport Association, ALTA, said ALTA’s Airlines transported “50 million more passengers than five years ago and 9.5 million additional passengers as compared to 2013.” This achievement in passenger growth,

he said, “confirms the projections made by analysts and supports the projected future traffic in our region.” He, however stressed that “attention must be paid to airport infrastructure, air traffic management, and facilitation of immigration, security, and customs processes so that the experience of our customers can be improved.”

These are precisely the areas which SXM Airport has focused on in 2014 and will continue to emphasize as part of our strategic goal of leading the way in regional aviation.

In terms of infrastructure, a number of projects that form part of our Capital Improvement Program were either initiated, continued or completed in the year under review. Priorities in this regard were the relocation of Goddard Catering, which would facilitate the construction of a new Fuel Farm depot, the upgrading and renovation of the Cargo Building, and the construction of a new Fixed Based Operator facility. All these projects are revenue generating investments.

SXM Airport posted a rather robust performance in virtually every sector in 2014, including operations and finance. Total Enplaned Passenger Traffic, including transit passengers, increased by 6.3% compared to the preceding year. Aircraft movements went up by 3.1% during the twelve month period ending December 31, 2014. Compared to the same period in 2013, Charter, Scheduled, and Corporate Jets flights increased by 40.6%, 12.2%, and 6.4%, respectively.

On November 10, 2014, the eve of St. Martin Day, we welcomed Thomas Cook Airlines, a British based charter company, which began a bi-weekly flight from Sweden. By the end of 2014, it had brought about 1,100 passengers to the island.

Also in the year under review, Seaborne Airlines started non-stop daily service between San Juan, Puerto Rico and



SXM Airport. In general, however, the SXM Airport’s airline market share remained largely unchanged in relation to the same period in 2013, with American Airlines, JetBlue, US Airways, Delta and Winair accounting for more than 50% of total passengers using SXM.

Financially, our Total Revenue increased by 13% from US\$52.5M in 2013 to US\$59.M in 2014. Aeronautical Revenue and Non-Aeronautical Revenue increased by 13% and 15%, respectively over the same period. The increase in the Aeronautical Revenue was due to a growth in passenger traffic, passenger fees increases, and airport fee revenue stemming from increased aircraft movements.

SXM Airport remained a profitable enterprise as its EBITDA (Earnings before Interest Tax Depreciation and Amortization) margins increased slightly to 42.0% in 2014 from 40.6% in the preceding year. We continue to operate

as a financially efficient and self-supporting government-owned company that receives no direct funding from government. In spite of a global economy that was still in recovery, we have been able to maintain our Moody’s credit rating. Our strong financial position is exemplified in the fact that we remained in compliance with the Debt Service Coverage Ratio Covenant of 1.25x. In fact, as of December 31, 2014, our Debt Service Coverage Ratio was 1.76x.

In September 2014, the first parliamentary elections were held since St. Maarten obtained its autonomous status within the Kingdom of the Netherlands on October 10, 2010 (popularly referred to as “10-10-10”). This brought some changes in the political landscape, with “Integrity” being the buzz word on everyone’s lips. Management made several presentations to Parliament and to other stakeholders, bringing them up to date about the plans, activities and strategic vision of SXM Airport all in a spirit of transparency and openness, while complying with the requirements of good corporate governance as enshrined in the Articles of Incorporation of the company. SXM Airport will continue this modus operandi and improve its processes where necessary to continue to lead the way as a dynamic, forward-looking, well-functioning company.

SXM Airport continued to attract very positive international attention throughout 2014, with several prestigious awards and commendations. This is a trend that began in earnest in 2013 and spilled over into 2014 as we continued the celebration of our 70th anniversary throughout the year with various activities, all of them geared towards giving back, in tangible ways, to the society we have been serving for the last four generations.

As successful as 2014 has been, despite the passing of Hurricane Gonzalo in October, which forced us to close the airport for one day, in compliance with the regulatory requirements and best practices in such circumstances, none of our achievements would have been possible without the hard work, dedication, commitment and enthusiasm of the entire staff of SXM Airport, the unflinching support of the Supervisory Board of Directors, and the cooperation of all our stakeholders. I am personally indebted to all for another productive year. Despite the challenges, leading the way has been made easier by your professionalism.

Regina LaBega,
Managing Director



2.0 EXECUTIVE SUMMARY

1. ONE OF THE FIRST AIRPORTS IN THE WORLD TO INSTALL LED LIGHTS ON RUNWAY AND TAXIWAY

Following the completion of the rehabilitation of the airport runway—one of the main projects in our Capital Improvement Program—SXM Airport replaced the existing airfield ground lighting with the more economical LED lights and an entirely new remote system installed at the Control Tower. The Princess Juliana International Airport, SXM, thus became one of the first airports in the world to install LED lighting at both its runway and taxiway. In fact, all of the runway mandatory signs and directional signs as well as the two windsocks on both ends of the runway have also been replaced with LED lighting.

The LED lights will not only result in substantial energy savings, but last 10 times more than the normal halogen lights that were there before. Similarly, they make landing at night even safer. The new, more effective and efficient lights can be seen as part of SXM Airport’s “going green” initiatives.

2. THE “GREENING” OF SXM IN ACTION

SXM Airport takes the preservation and conservation of our environment seriously and continues to partner with the Nature Foundation and other environmental groups to

make sure that not only the airport, but also our mangrove areas and beaches remain environmentally sustainable. This partnership was demonstrated when we teamed up with the Nature Foundation to replant palm trees in the Cay Hill area that had been destroyed by Hurricane Gonzalo.

The greening of SXM Airport includes the replanting of trees and new landscaping and irrigation project at the airport, which allows for water to be recycled. SXM Airport is therefore committed to conducting its operations in an environmentally responsible manner. This commitment is in keeping with our goal of providing efficient aviation services while striving to achieve the highest environmental quality of air, soil, and water standards.

3. “HEALTHFAST: BREAKFAST IN A BOX”

SXM Airport strongly believes that education is the key to a better society, consequently, and as a concrete expression of our corporate social responsibility, we launched the “Healthfast: Breakfast in a Box” program as a pilot project, to provide nutritious breakfast to our students. It goes without saying that ALL St. Maarten children should begin school every day with a nutritious breakfast. In other words, no St. Maarten child should start school on an empty stomach. This is why we decided to launch “HEALTHFAST: Breakfast in a Box” for public schools as a pilot program,

which we hope will eventually become permanent, with the collaboration and participation of other government-owned companies and private sector entities.

The program so far has been very successful, covering all public schools in the southern part of the island. Over 300 students are currently benefiting from the “Healthfast Program.”

The importance of such a program can be seen in the fact that a country as wealthy as the United States of America (USA) spent \$3.3 billion in fiscal year 2012 on its School Breakfast Program, with some 13 million children participating in this program every day during that year. The School Breakfast Program in the USA actually began by an Act of Congress as a two-year pilot program in 1966 and became a permanent entitlement program almost a decade later in 1975. It has continued to grow tremendously ever since. We hope that the SXM Airport’s Healthfast program would experience similar growth and enjoy support from the public and private sectors.

4. THE JEAN CHRISTIAN AVIATION SCHOLARSHIP

In the drive to continue building a company of excellence, SXM Airport is investing in the development of its employees through knowledge and skill upgrading. Core programs

to support the strategic business objectives as well as training opportunities have been introduced. To provide a systematic and sustainable framework for our community-support initiatives in aviation, SXM Airport launched an aviation scholarship.

This major educational undertaking, which formed an integral part of SXM Airport’s 70th Anniversary celebrations, was the establishment of The Jean Christian Aviation Scholarship. This is a full scholarship that will be awarded every two years to a deserving St. Maarten student. It is a merit-based financial grant to cover full tuition and fees, room and board, and a stipend for books, for a maximum four-year college level course in any aviation related field.

The scholarship, named after one of our pioneers in the aviation field, Ms. Jean Christian, St. Maarten’s first female Air Traffic Controller, was established to support and encourage the next generation of aviation leaders on the island.

Careers in the field of aviation are, of course, not cheap. But our youth deserve the opportunity and the financial backing to pursue their dreams and to return to contribute to the development of their island. The Jean Christian Aviation Scholars, upon completion of their studies will have to return to St. Maarten to make their contribution

in their chosen field. This is part of the conditions of the scholarship. The first winner was Kevin Jeffers, a young man who has through this scholarship been able to continue his commercial pilot studies.

5. THE PELICAN ROUNDABOUT

Anywhere one goes in the world, airports are constantly engaged in beautifying their surroundings in an attempt to enhance the destination as a product, while at the same time offering a heightened visitor experience. The beautification of the airport roundabout was our anniversary gift to the government and people of St. Maarten who have made the airport into what it is today: a leader in Caribbean aviation.

To turn it into a true landmark, we decided to immortalize our national bird, the Brown Pelican, by placing three bronze statues of the bird at the roundabout, after totally renovating this, complete with new landscaping and lighting. It has already become a site where several tourists and people of our island stop to take pictures of the bronze pelicans. The Pelican symbolizes grace, resourcefulness, courage, and sacrifice. All these are the values that form an integral part of the St. Maarten personality. For SXM Airport, it also symbolizes flying, as we continue to lead the way in regional aviation.

6. FINANCIALS

Total Revenue in the twelve-month period ending December 31, 2014, increased by 13%, going from US\$52.5M to US\$59.4M in comparison with the same period in 2013. Aeronautical Revenue increased by 13%, going from about US\$43M in 2013 to US\$48.6M in 2014, while Non-Aeronautical Revenue went up by 15% or an upward swing of US\$9.5M in 2013 to US\$10.8M in 2014. The increase in the Aeronautical Revenue was due to a growth in passenger traffic, passenger fee increases and airport fee revenue resulting from increased aircraft movements. The Passenger Accommodation Fees revenue increase of 15%, which represents 51% of Total Revenue, was driven by a combination of the growth in passenger traffic and the increases in the Airport Departure Fee (ADF) and Transfer Fee.

On the expenditure side, Total Expenses went up by 12%, from US\$41.6M to US\$46.4M in the twelve-month period ending December 31, 2014, as compared to the same period in 2013. General and Administrative Expenses posted the largest absolute value increase, growing by US\$1.8M or 17.9% during the period under review, while Maintenance Expenses registered the largest percentage growth of 23%, from US\$1.9M to US\$2.3M. SXM generated EBITDA (Earnings before Interest, Tax, Depreciation and Amortization) of \$25.5 million for the twelve-month period

ending December 31, 2014, an increase of \$3.9 million or 17.3% compared to the same period in 2013. SXM Airport's profitability has marginally increased as EBITDA margins increased slightly to 42.9% from 41.4%. EBIT (Earnings before Interest and Tax) margins also decreased modestly to 20.7% from 21.8%, reflecting SXM's growth in revenues, which effectively offset the increased expenses.

COVENANT COMPLIANCE

SXM Airport's Debt Service Coverage Ratio Covenant Requirement (DSCR) of 1.25x has been met over the past twelve months as required by the Indenture for the Bonds Maturing 2027. As of December 31, 2014, SXM Airport reported a DSCR ratio of 1.76x, which exceeds the DSCR compliance covenant. In other words, SXM has been able to service its debt conveniently over the calendar year ending December 31, 2015.

7. DELIVERING STRONG OPERATIONAL RESULTS

Compared to the same period in 2013, total Enplaned Passenger Traffic, including transit passengers, increased by 6.3% in 2014. The largest increase in passenger traffic during the period came from Transit passengers, which improved by 8.7% compared to the same period in 2013. International and Transfer passenger levels improved by 6.9% and 13.8%, respectively; while Domestic and Exempt passengers declined by 3.6% and 52.4%, respectively. Exempt passengers consist of children less than two years of age, dignitaries, diplomats, and deadheading flight crews. Exempt passengers pay the Screening Fee and the Airport Improvement Fee but not the Airport Departure Fee (ADF) or the Transfer Fee.

Aircraft movements also increased by 3.1% during the period under review. Compared to the same period in 2013, Charter, Scheduled, and Corporate Jets flights increased by 40.6%, 12.2%, and 6.4%, respectively. Cargo recorded a slight decrease of 0.9% and a sharp decline of 59.3% was recorded by General Aviation, while Military flights shot up by 163.8%. Military flights are non-revenue generating and General Aviation currently represents less than 1.0% of Total Revenue.

8. AIR SERVICE AND HUB DEVELOPMENT

The Princess Juliana International Airport, SXM, is no longer the international airport for St. Maarten alone; it is now de facto the international airport for seven of our hub partners—Anguilla, St. Barths, Saba, St. Eustatius, St. Martin, Nevis, and Dominica. This has become a major selling point in attracting new air service to SXM Airport.

Most of the airlines servicing SXM Airport performed quite well during 2014. Delta Airlines increased the frequency of its flights from JFK, New York to a daily service, while Air Transat disclosed that year to date (YTD) its average load factor reached 72% up from 54% in 2013. It added an additional flight from Toronto, in December. And with a load factor of between 75 – 80%, COPA Airlines recorded a strong performance in 2014, increasing its frequency from four to five flights weekly in December.

New and increased airlift during 2014 came from Thomas Cook Airlines, which began seasonal service between SXM Airport and Stockholm in November, while Sunwing commenced service from Ottawa in December. Air Canada Rouge added an additional flight from Toronto, effective December 2014.

The merger and consolidation of airlines such as American Airlines and US Airways has resulted in less service to some airports in the region but it has so far not had any negative effect on SXM Airport. As a matter of fact, AA and US Airways combined account for some 60% of traffic from the US, our main source market, to SXM Airport.

9. CONFERENCES

SAFETY AND SECURITY CONFERENCE

We practically closed off our 70th anniversary celebrations in December 2014 more or less the way we started it a year earlier by hosting an international conference. The theme we chose was "Prioritizing Safety, Security and Revenue Growth to Maximize Aviation Efficiency in the Caribbean." This was in consideration of the fact that the founding principles of international civil aviation laid down coincidentally 70 years ago at the Chicago Convention that established the International Civil Aviation Organization (ICAO), were safety, security, order, equal opportunity and sound and economical operation of air transport services. The two-day conference was a huge success.

ACI PANEL DISCUSSION

Not only did we organize conferences and symposia here on the island, SXM Airport's Managing Director, Regina LaBega was invited to be a panelist at the Airports Council International Latin-America Caribbean (ACI LAC) Conference in Cancun, Mexico in November 2014. The theme of the panel discussion was: "Sustainable Tourism: Key for Caribbean Airports." According to LaBega, the topic can be considered an axiomatic tenet of the aviation industry. The reverse is also true, she contended. In other words, the development of Caribbean airports is key to sustainable tourism in the region.

10. CAPITAL IMPROVEMENT PROGRAM

The Capital Improvement Program began during the first quarter of 2013 and continued throughout 2014. It includes the following projects:

IMPLEMENTATION OF THE NEW COMMERCIAL STRATEGY AND FACILITY RENOVATIONS

Following the industry trend, a new commercial strategy was adopted and implemented to increase SXM Airport's non-aeronautical revenues, streamline the number of concessionaires and thus avoid duplication of services and create an ambiance that would be conducive to shopping and create a sense of place. The new strategy ultimately reduced the number of concessionaires from 42 to 26 and also minimized inconsistent pricing between similar concessionaires.

The renovation of the departure area will feature a new and exciting terminal that will include design and process innovations to captivate and excite passengers and raise operational efficiency. It's expected to be completed by the end of the second quarter of 2015.



To facilitate the execution of the Capital Improvement projects, SXM Airport has set as a priority the relocation of Goddard Catering to make way for the construction of a new Fuel Farm. Other priorities include the upgrading of the Cargo Building, and the construction of a new Fixed Based Operator facility since they are all revenue-generating investments.

GODDARD CATERING

In order to build the new Fuel Farm on the premises currently occupied by Goddard Catering, SXM Airport needs to relocate the Goddard Catering facility. SXM Airport and Goddard signed a Memorandum of Understanding at the end of October 2014. About a week later, SXM received permission from the Government of St. Maarten (Ministry of Infrastructure, VROMI) to lease and use a parcel of land next to the Airport Road near La Terrasse in the Maho area for logistical purposes of Goddard (mainly vehicle and equipment parking and turnarounds). SXM Airport subsequently purchased the property in the Maho area. This property will serve as the new Goddard Catering facility. Construction and relocation of the new Goddard Catering facility are scheduled to start in the third quarter of 2015.

RELOCATION OF THE FUEL FARM

Negotiations between SXM Airport and two fuel suppliers, SOL Aviation Services Ltd. and GB Group for the construction of the new fuel farm are still ongoing. These will result in the signing of Concession Agreement and Fuel Farm Development Agreement with both fuel suppliers. The St. Maarten government has already approved the location of the Fuel Farm, however, SXM Airport is still awaiting the building permit from government. Upon the granting of the building permit, the current Goddard Catering building will be demolished, and construction of the new Fuel Farm will commence in the fourth quarter of 2015, to be financed by the fuel suppliers who will also manage the fuel farm under a joint operating agreement.

RENOVATION OF THE CARGO BUILDING

The existing Cargo Building can no longer meet the current cargo demands of the market. Therefore, upgrading it has become necessary. The renovations will be carried out in two phases. The building design has been completed and it is expected that Phase 1 of the rehabilitation will commence in the first quarter of 2015, while Phase 2 will begin in the first quarter of 2016. On October 31, 2014, Landrum & Brown (Cincinnati, Ohio, USA) completed an Air Cargo Operations Competitive Analysis ("Air Cargo Study"). Based on the results of the Air Cargo Study, SXM Airport has introduced a new concession fee in the form of a cargo handling fee based on the weight volume of inbound cargo along with an increase

in the rental rate for cargo storage and office space at the renovated Cargo Facility. SXM Airport has held meetings with the Cargo Handlers to discuss the new fees and provided the draft agreements to them for review and input.

NEW FIXED BASE OPERATION (FBO) FACILITY - FURTHER DEVELOPING THE BUSINESS AVIATION SECTOR

Consumer affluence is rising in the Hemisphere and as part of SXM Airport's strategy to position itself as a General Aviation Airport in the region, all parties forged on with plans for enhancing the airport's infrastructure.

On November 21, 2014, SXM Airport and Signature Flight Support (owned by BAA Aviation) signed a 15-year Lease and Concession Agreement for the new FBO Terminal. Additionally, TLC (a St. Maarten FBO Operator) has been presented with the Lease & Concession Agreement, which will hopefully be signed in early 2015.

Furthermore, construction of the FBO facility is dependent on the relocation of the current Meteorological ("Met") and Civil Aviation Offices. SXM Airport is awaiting government approval for the Memorandum of Understanding that would allow the Met Office to be relocated to a temporary location, before the new Met Office can be constructed. The whole project is scheduled to be completed in the fourth quarter of 2016. The new FBO facility will significantly increase the size of the FBO operations, while improving the revenue generation from private aircraft at SXM Airport.

NEW RESCUE AND FIRE FIGHTING (RFF) BUILDING

The existing RFF building has exceeded its life span and is not able to meet SXM Airport's fire safety and security standards. We are awaiting the detailed design by the architect, at which point a building permit will be requested. It is expected that approval from the government for the construction and design of the new RFF building and Ambulance Sub-Station will be forthcoming at the end of 2015. Construction of the new building is scheduled to start at the end of the fourth quarter of 2015, and completed approximately one year later.

11. INCREASED SOCIAL MEDIA PRESENCE

In just over a year of being on the world's most popular social network media, Facebook, SXM has been able to generate interest in the airport as a brand and as an attraction unto itself, by reaching the 10,000 "likes" milestone.

Posts of the famous landings at SXM reached over 50% engagement in some cases. This kind of fan advocacy has led to exceptionally rapid fan growth resulting in a standout achievement for a page that relies on unpaid organic growth and on user generated photography for its daily content.



3.0 BUSINESS DEVELOPMENT REPORT

3.1 EXECUTIVE SUMMARY

This report describes aeronautical activities at Princess Juliana International Airport's (SXM) particularly passenger volumes that contribute some 68% to the airport's total revenues, and to compare how St. Maarten, as a Caribbean destination, has done relative to comparable Caribbean island competitors. Five sets of statistics have been utilized for this purpose:

- SXM Airport Passengers as reported by airlines operating at the airport;
- Tourist Arrivals at St. Maarten as captured by St. Maarten Customs/Immigration; and
- Competing Caribbean island visitors, as provided by the Caribbean Tourism Organization (CTO)
- SXM Airport Air Cargo
- SXM Airport Aircraft Movements

SXM PASSENGER STATISTICS

DEFINITIONS

SXM Airport passenger statistics cover travelers in and out of SXM Airport as well as St. Maarten residents'

travel whereas St. Maarten Tourist arrival statistics only account for inbound travel excluding St. Maarten residents. All sets of statistics are up to date up to the end of December 2014.

On the SXM Airport 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 including Transit passengers who stay onboard the aircraft as it unloads and then boards other passengers. Secondly, there is the total that actually spends time within the SXM Airport terminal itself. The latter group is considered the more relevant passenger type, as they use the terminal building, pay airport fees and make a contribution towards capital expenditures on new facilities.

FIGURES

In terms of the passenger grand total, there were 1,795,117 passengers in 2014, a 7.4% increase over 2013. Total relevant SXM Airport passengers, on the other hand, saw an increase of 7.3%. The difference between the two numbers is because Transit passengers that grew by 8.7% caused the grand total to increase slightly more than the relevant total.

Of the relevant passengers, the most important are those departing SXM Airport (enplaned), as they pay the actual passenger fees while arriving (deplaned) passengers do not. These 2014 outbound passengers had a 5.9% increase over those in 2013.

In the category of relevant departing passengers, International were the largest component in 2014, representing 91.5% of the total commercial passengers (this excludes transit passengers), with Domestic at 8.5%. International grew by 6.6% in 2014 compared to 2013 while Domestic dropped by 4.8%. A Domestic passenger is considered as a traveler to or from one of the former Netherland Antilles islands that include Saba, St. Eustatius, Bonaire, or Curacao.

Transfer passengers, are a sub-category of both International & Domestic passengers, and they increased by 12.9%, over those in 2013. Exempt passengers (those under 12 years of age that pay no departure fee) decreased by 59%.

The biggest contributor to SXM Airport's growth in 2014, in terms of the absolute number of passengers from a single region, was the USA market that saw 27,094 more SXM Airport travelers in 2014 versus 2013. In terms of highest percentage increase of a region in 2014, Central/South America topped the list at an 81.4% increase over 2013.

The seasonality of SXM Airport's departing passengers has a peak in March and a low month in September which has been consistent over the years.

TOURIST ARRIVAL STATISTICS

St. Maarten Tourist Arrivals were up by 7.0% in 2014 compared to 2013 which compares favorably to a 10-Caribbean island average increase over this time frame of 4.5%. Aruba had the highest increase at +9.5% but St. Maarten was second highest at +7.0%.

Total St. Maarten Tourist Arrivals in 2014 were 499,920 which compares to the number of arriving passengers at SXM Airport, (excluding transfers passengers), of 746,679. The difference is that Tourist Arrivals do not include local St. Maarten residents whereas SXM Airport's statistics do.

St. Maarten had the third highest number of USA resident Tourists of the ten Caribbean islands, the third highest number of Europeans and the third highest number of Canadians in 2014.

OTHER PERTINENT STATISTICS

Ten airlines at SXM Airport contributed to the movement of 5,313,835 kgs of cargo in 2014 of which 83% was inbound. In

addition, there was 678,164 kgs of SXM Airport mail in 2014. Of the ten carriers, four operated with all-cargo aircraft that accounted for 55% of total cargo.

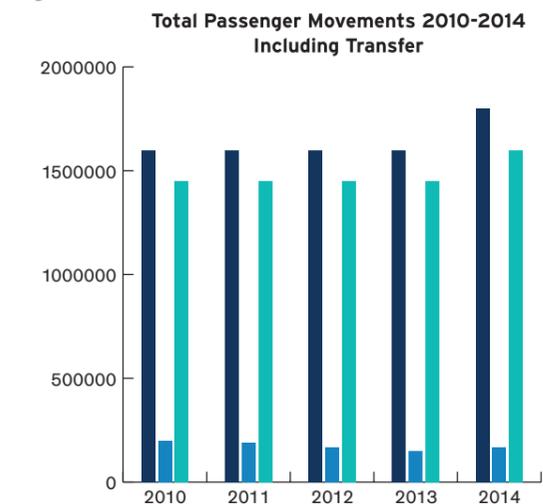
For SXM Airport aircraft movements, 2014 experienced an increase of 3.4 % over 2013.

3.2 PASSENGER MOVEMENTS

RELEVANT PASSENGER NUMBERS

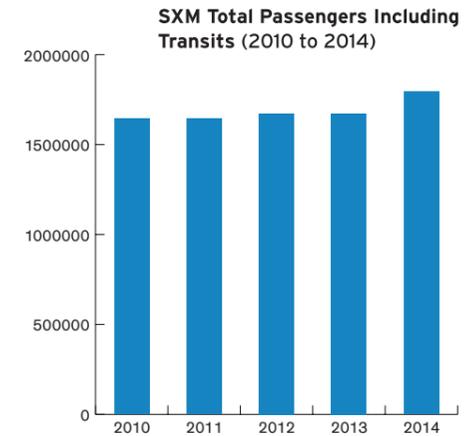
As previously described, there are two levels of passenger totals; (1) The overall Grand Total of every passenger that passes through SXM Airport and (2) Those passengers that spend time in the airport terminal building, pay various airport fees and make purchases at SXM Airport's Retail and Food & Beverage facilities. The latter are referred to as relevant passengers for the purpose of measuring SXM Airport's performance as they are reflected in the SXM Airport's 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 Airport. 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.

The bar chart below shows how the 2014 passenger Grand Total, including Transit passengers, compares to previous years with 2014 being 7.4% higher than 2013 and 9.1% higher than 2010.



TOTAL RELEVANT PASSENGERS

The history of the relevant passenger totals, over a five year period, is shown in the bar chart below with 2014 7.3% over 2013 and 12.6% over 2010.



Of the two types of enplaned passengers, International and Domestic, the former is the much larger component representing 91.5% of the total. These International enplaned passengers increased by 47,434 in 2014 compared to 2013 or an increase of 6.6%, while Domestic passengers decreased by 3,557 relative to 2013, or a reduction of 4.8%.



PASSENGER CATEGORIES

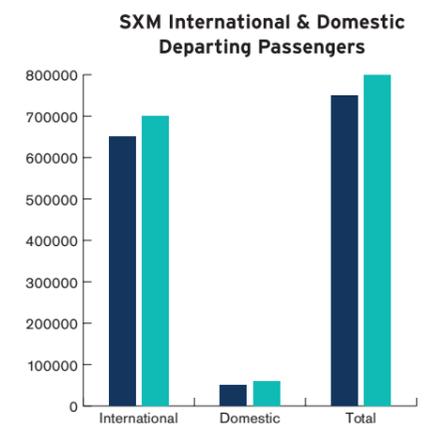
There are essentially three types of passengers at SXM Airport with two sub-categories – international and domestic:

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

ENPLANED (DEPARTING) 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 Airport's total revenues. Enplaned passenger movements in 2014 were 834,902, a 5.9% increase compared to such passenger movements in 2013.

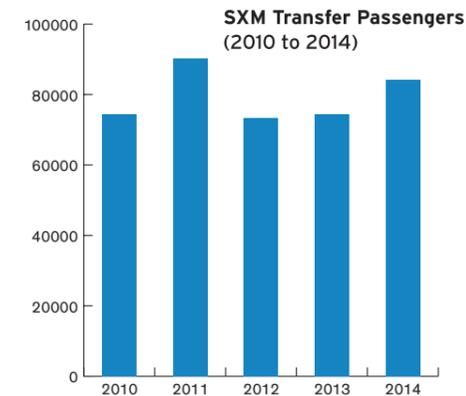
In 2014, there were 10.7 times more International passengers than Domestic.





TRANSFER PASSENGERS

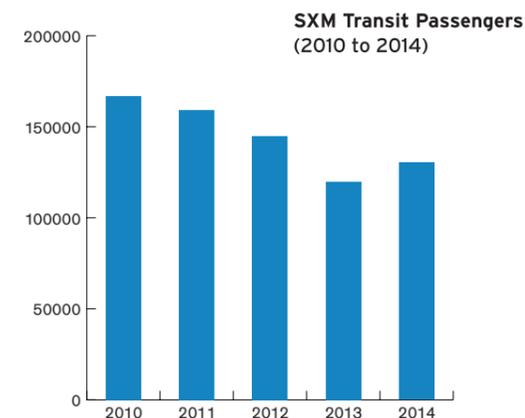
A Transfer passenger is a traveler that makes a same-day connection at SXM Airport from an inbound flight to an outbound one. The 2014 Transfer passenger volume was 84,138 which was a 12.9% increase when compared to the 2013 total of 74,493.



It should be noted that this 84,138 Transfer passenger volume in 2014 refers to outbound travel, but a connection involves both inbound and outbound passenger movements so that overall, in 2014, SXM Airport had a total of 168,276 Transfer passengers as part of the 1,664,819 relevant passenger total, or 10.1% of all passengers.

TRANSIT PASSENGERS

Transit passengers are not really a pertinent measure of SXM Airport's performance as they do not contribute to airport revenues nor do they utilize the airport terminal for purchase of Retail/Food & Beverage. Furthermore, SXM Airport's marketing efforts are not focused on these passengers nor would they have any influence on the volume. Such passengers are a function of airline routing patterns through SXM Airport and the total fluctuates from year-to-year depending upon airline operational considerations as seen in the bar chart below.



COMMERCIAL VS PRIVATE AIRCRAFT PASSENGERS

Passengers arrive or depart SXM Airport on five types of aircraft:

- | Commercial | Private |
|-------------|--------------------|
| • Scheduled | • FBO assisted |
| • Charter | • General Aviation |
| | • Military |

Scheduled and charter passengers use the main terminal building, whereas FBO serviced aircraft go through any one of the three FBO buildings at SXM Airport and General Aviation aircraft utilize neither the SXM Airport terminal nor the FBO, and are simply fueled and parked on the apron. By far the greatest number of aircraft movements in 2014 was accounted for by commercial aircraft at approximately 84.2% of the total.

COMMERCIAL PASSENGER MARKETS

There are five market regions that contribute enplaned passenger traffic to SXM Airport's total commercial airline passenger volumes:

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

Note that Commercial airline passengers accounted for 98.6% of SXM Airport's total passengers in 2014 with the residual being passengers carried on Private or FBO serviced aircraft. Flight origin or destination information of passengers is available for commercial airline passengers but not those of Private or FBOs and as a consequence all regional market references in this section pertain to commercial airline passengers.

The USA continues to be the largest market for SXM Airport in enplaned passengers, accounting, in 2014, for 50.3% of the total commercial passengers. In 2014 such passengers totaled 414,170, a 7.0% increase when compared to the 2013 total of 387,076.

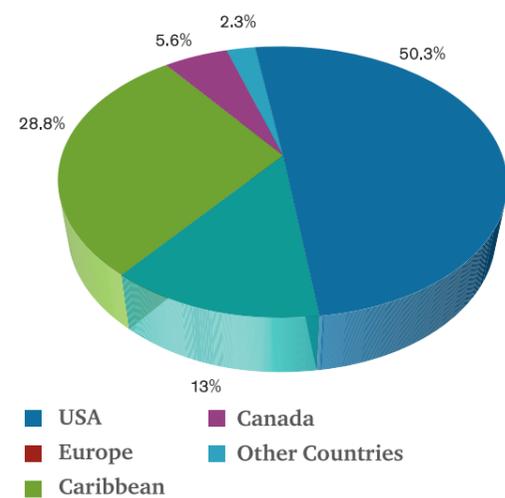
The Caribbean market contributes the second highest number of commercial passengers to SXM Airport (236,617) at 28.8% of the total in 2014, a 6.2% increase in such enplaned passengers compared to 2013.

The European market, accounting for 13.0% of the SXM Airport's commercial total in 2014, had an enplaned passenger volume of 107,247 which was a decrease of 2.6% in comparison to the 2013 total of 110,114.

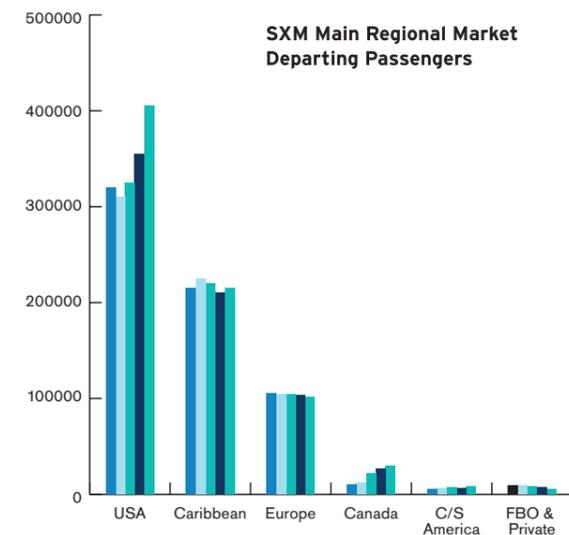
In 2014, the Canadian market at 45,798 passengers was 5.6% of the commercial total with the enplaned passenger volume increasing by 9.7% relative to 2013. This followed a 2013 increase of 25.6% over 2012.

The Central/South American market served by Copa and some charter operations, had a phenomenal 81.4% increase in 2014 relative to 2013 but only accounted for 2.3% of the total.

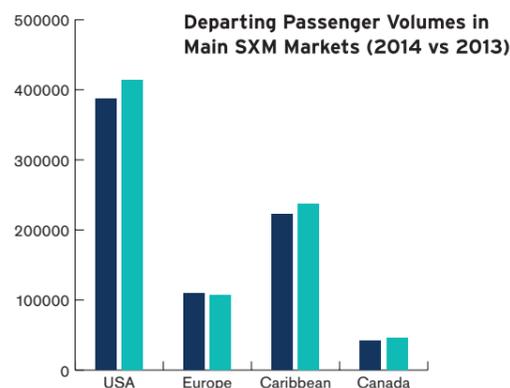
SXM 2014 Regional Market Shares of Commercial Airline Passengers



Over a broader time frame of five years, it can be seen that the USA market has seen steady increases (other than a reduction in 2011), the Caribbean market year-to-year variations, Europe a slow decline as the economy has stayed in recession, Canada good steady growth and Central/South America fairly steady growth with the introduction of Copa air services.



The bar chart below shows the change in passenger volumes between 2013 and 2014 in the main SXM Airport markets.



CARIBBEAN TOURIST ARRIVALS

Competing Caribbean Islands

Islands in the Caribbean compete for tourists from North America, Europe, Central/South America and the rest of the world. In order to determine how St. Maarten is doing in terms of tourist volumes and growth, it is instructive to compare St. Maarten to a selection of other Caribbean island destinations of similar size and nature. The islands selected include the following:

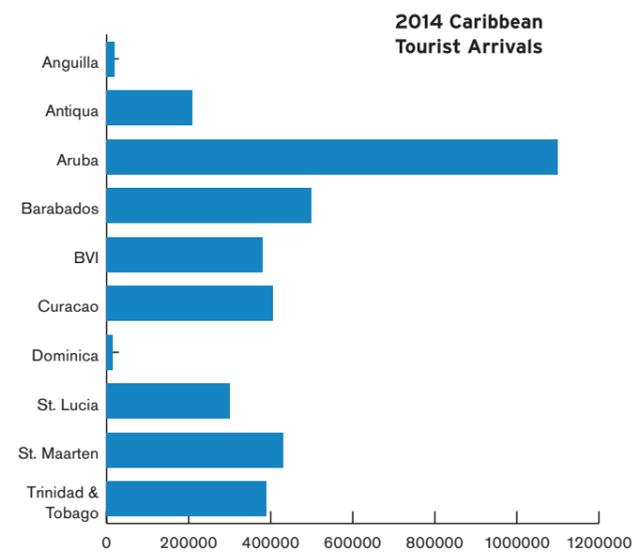
Anguilla	Antigua	Aruba
Barbados	BVI	Curacao
Dominica	St. Lucia	Trinidad/Tobago

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 Tourist Arrivals relative to other destinations in the region. The information itself is provided by the various Tourism Authorities of the respective islands. As these statistics are gathered by many different organizations with alternative methods of doing so, consequently the consistency of the information and validity of the statistics cannot be determined. However, the CTO, and in some cases Government Statistical Departments, are the only source of such information and results should be viewed in this context.

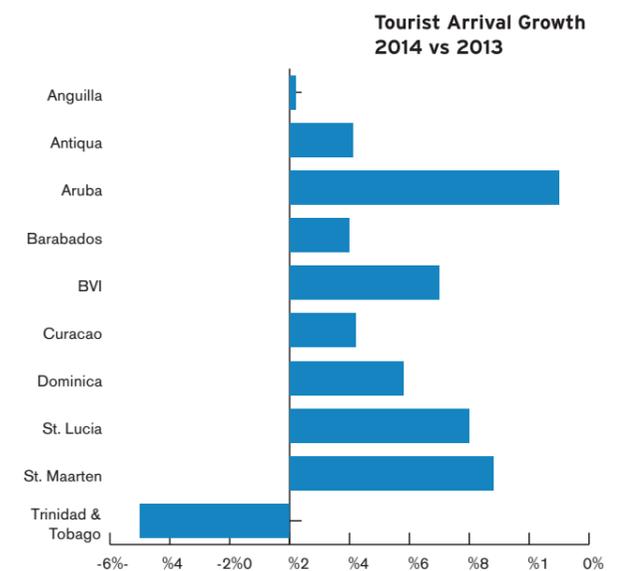
It should be noted that the word tourist refers to any visitor who stays overnight at a destination whereas the word visitor encompasses tourists plus same day visitors.

TOTAL CARIBBEAN ISLANDS TOURISTS AND GROWTH

At 499,920 tourists in 2014, St. Maarten had the third highest volume of tourists of the selected Caribbean islands. This total compares to Aruba at 1,072,082 and Barbados at 519,598.



In terms of 2014 growth over 2013, St. Maarten saw a 7.0% increase in Tourist Arrivals which was the second highest growth rate after Aruba at +9.5%.



The specific Tourist Arrival volumes for 2013 and 2014 as well as specific growth factors are shown in the table below.

Selected Caribbean Island Tourist Arrivals and Growth (2014 vs 2013)			
Islands	2013	2014	Change
Anguilla	69,068	70,927	2.7%
Antigua	243,235	249,316	2.5%
Aruba	979,256	1,072,082	9.5%
Barbados*	508,520	519,598	2.2%
BVI	366,108	386,049	5.4%
Curacao	440,044	450,953	2.5%
Dominica	78,277	81,261	3.8%
St. Lucia	318,626	338,158	6.1%
St. Maarten	467,259	499,920	7.0%
Trinidad/Tobago	434,044	412,537	-5.0%

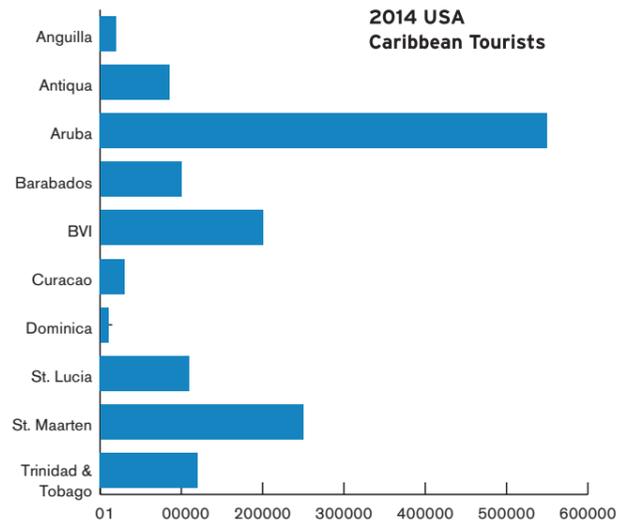
Source: Caribbean Tourism Organization (CTO) & Government Statistical Departments of Some Countries

ST. MAARTEN'S RANKING IN TERMS OF TOURIST VOLUMES

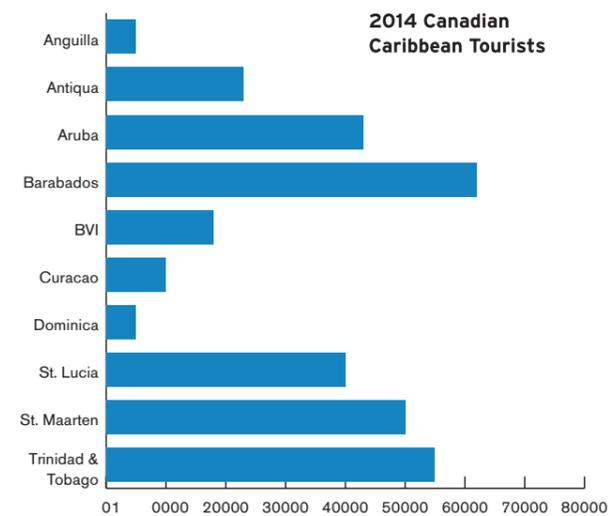
Highlights of St. Maarten's Tourist Arrivals relative to other selected Caribbean islands, by origin market for 2014, are as follows.

Of the ten Caribbean islands, St. Maarten had:

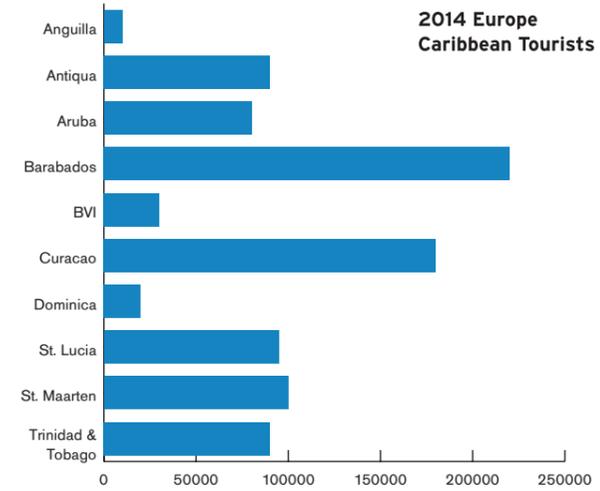
- The second highest number of USA Tourists



- The third highest number of Canadian Tourists



- The third highest number of European Tourists



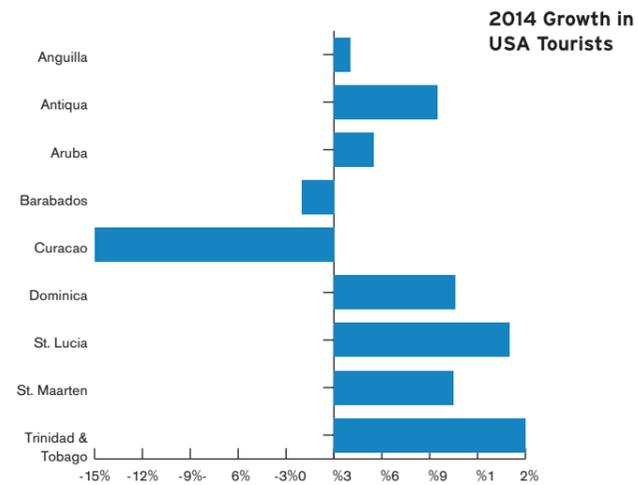
The full details of these statistics, by origin market, are provided in the table below

Island	USA	Canada	Europe	Other*	Total
Anguilla	45,446	3,709	7,968	13,804	70,927
Antigua	95,332	27,701	91,277	35,006	249,316
Aruba	576,783	43,767	80,155	371,377	1,072,082
Barbados	118,508	65,813	231,559	103,718	519,598
BVI*	218,345	17,522	39,445	91,540	366,852
Curacao	52,942	12,406	185,446	200,159	450,953
Dominica	19,585	3,001	14,633	44,042	81,261
St. Lucia	142,746	41,502	93,610	60,300	338,158
St. Maarten	266,611	51,146	106,848	75,315	499,920
Trinidad/Tobago	158,501	54,877	79,839	119,320	412,537

*Note: BVI 2014 results are not yet available so 2013 results have been used.
Source: Caribbean Tourism Organization (CTO) & Government Statistical Departments of Some Countries

ST. MAARTEN'S RANKING IN TERMS OF 2014 TOURISM GROWTH

At an increase of +8.3%, St. Maarten had the fourth highest growth rate in 2014 of tourists from the USA.



For Canadians, St. Maarten had the third highest growth at +10.5% after Curacao at +29.7% and St. Lucia at +15.3%.

For European Tourist Arrivals, St. Maarten had the lowest growth of any of the selected islands.

The specific changes in such Tourist Arrivals, for 2014, are shown in the table below.

Selected Caribbean Island Tourist Arrival Growth in 2013 vs. 2014 by Region of Origin					
Island	USA	Canada	Europe	Other	Total
Anguilla	-0.1%	3.7%	7.2%	10.0%	2.7%
Antigua	7.6%	-8.4%	3.3%	-2.8%	2.5%
Aruba	3.7%	-1.3%	4.1%	23.1%	9.5%
Barbados	-1.7%	-2.2%	10.4%	-6.4%	2.2%
Curaco	-13.9%	29.7%	5.8%	3.3%	2.5%
Dominica	8.5%	-0.6%	8.0%	0.9%	3.8%
St. Lucia	11.2%	15.3%	5.8%	-8.4%	6.1%
St. Maarten	8.3%	10.5%	2.7%	6.4%	7.0%
Trinidad & Tobago	12.4%	11.2%	46.6%	-32.6%	-5.0%

Source: Caribbean Tourism Organization (CTO) & Government Statistical Departments of Some Countries

SEASONALITY (BASED ON SXM STATISTICS)

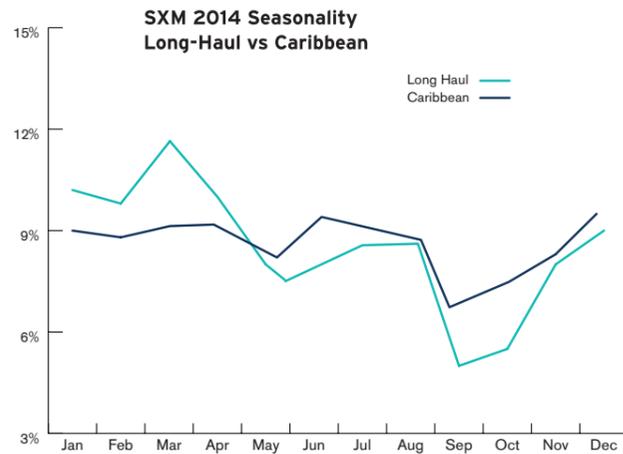
CONSISTENT SEASONALITY

Passenger seasonality has remained quite consistent over the last three years, although in 2014 there was considerable growth in the shoulder months of April/May and October/November which somewhat evened out SXM Airport's seasonality. The line diagram below shows the percentage share of annual departing passengers with 2013 peak month of March accentuated relative to 2012 and 2014. Easter took place in March of 2013 causing this disparity with other years.

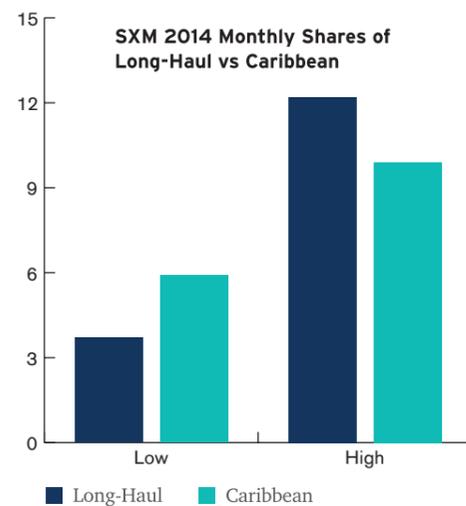


LONG-HAUL VS CARIBBEAN PASSENGER SEASONALITY

The long-haul passengers from USA, Europe and Canada have a much more pronounced seasonal peak and valley than does the Caribbean market as seen in the line chart below which shows the percentage share of annual departing passengers for the two types of markets.



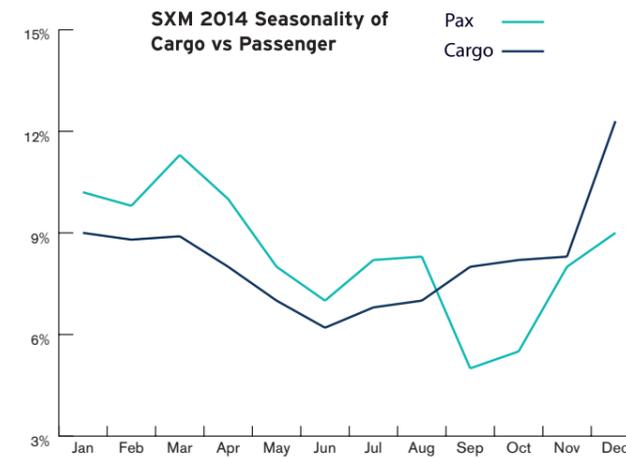
The range in Long-haul passengers goes from a low of some 4% in September to a high of 12% in March. Caribbean passengers on the other hand ranged from some 6% in September to 10% in June.



3.3 CARGO MOVEMENTS

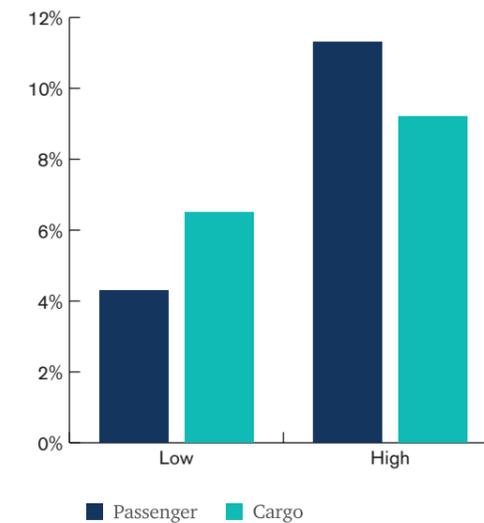
CARGO SEASONALITY

Cargo, like Caribbean passengers, has less seasonality than Long-haul passengers as seen in the line chart below. Other than a peak in December the volume of cargo is fairly evenly distributed throughout the year.



The range in 2014 monthly departing passenger share from the lowest month, September, to the highest month, March, was some 4% to 11% respectively whereas for cargo, other than December, it was 6.5% in June and 9% in January.

SXM 2014 Monthly Shares of Departing Passengers & Cargo

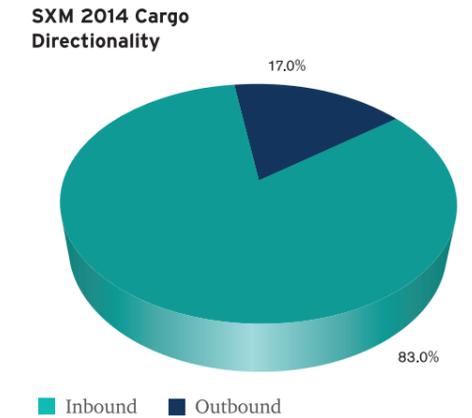


CARGO AND MAIL

CARGO

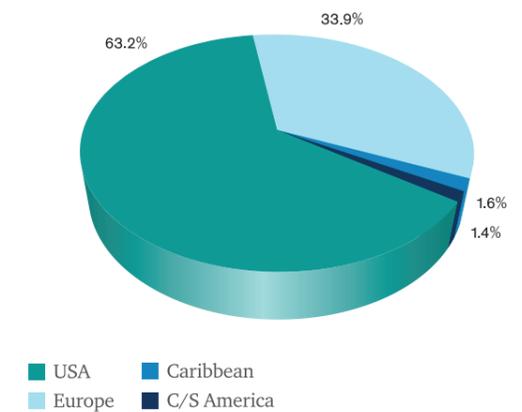
In 2014 there were 5,313,835 kilos of air cargo at SXM Airport or 5,314 tonnes. Unfortunately 2013 cargo statistics are incomplete and it is not possible to determine the change in volume over the two year period 2013 to 2014.

In terms of 2014 cargo directionality, 83% was inbound and 17% outbound as imports outpaced exports by a ratio of almost 5 to 1.

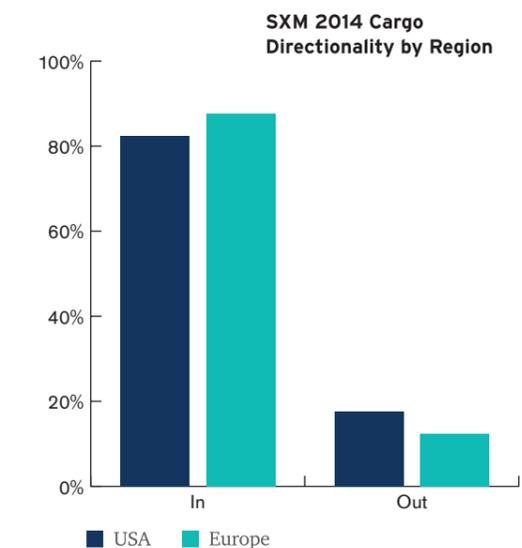


The USA had the greatest volume of cargo representing 63.2% of the total followed by Europe at 33.9%.

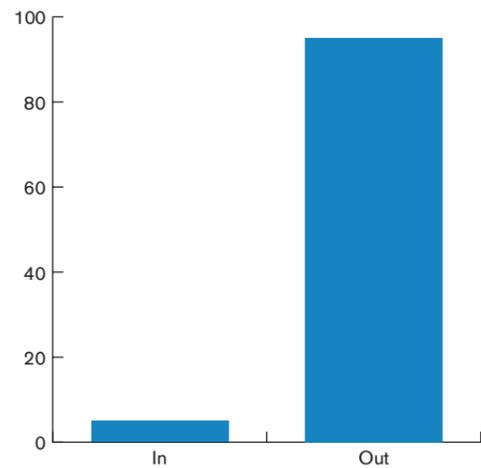
SXM Cargo by Region



Cargo directionality for USA and Europe was similar to the total but Europe had a higher proportion of inbound than the USA at 87.6% compared to the USA at 82.3%.

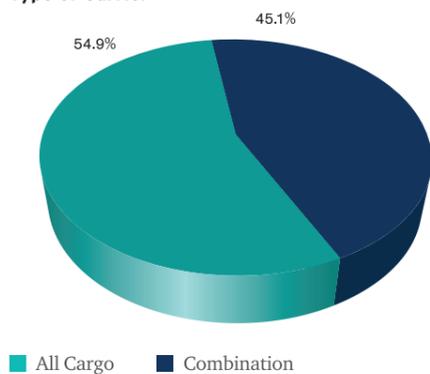


Cargo within the Caribbean on the other hand had quite the opposite directionality with inbound being only 5% of the total and outbound 95%.



There are two types of commercial airlines used for air cargo carriage at SXM; 1. All-cargo carriers and, 2. Combination, passenger/cargo airlines that carry the cargo in the belly of the aircraft. In 2014 some 55% of SXM Airport's cargo moved in the first category aircraft, All-cargo, while 45% were in the Combination carriers.

SXM 2014 Cargo by Type of Carrier



The ten airlines that provided air cargo service at SXM Airport in 2014 are listed in the table below.

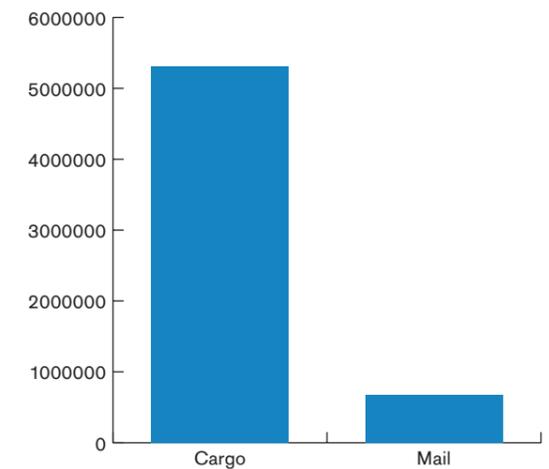
Carriers Providing Air Cargo Service at SXM			
Air France- C	Copa- C	KLM -C	Winair- C
American- C	DHL- AC	LIAT- C	
Amerijet- AC	Fedex- AC	UPS- AC	

Legend: C= Combinations psgr/cargo, AC+All-Cargo



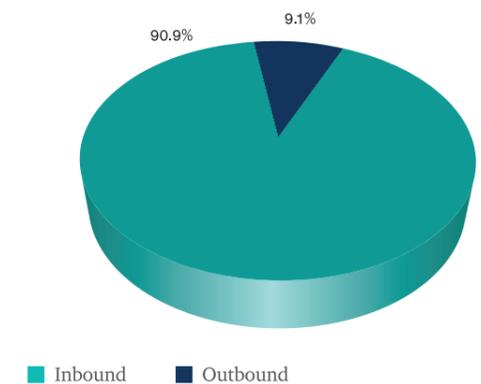
MAIL

Mail carried in combination aircraft serving SXM Airport amounted to 678,164kgs in 2014 or 11.3% of the cargo/mail total. No mail was carried in all-cargo aircraft.



The directionality of mail was more accentuated than cargo with some 91% inbound and 9% outbound.

SXM 2014 Mail Directionality



3.4 AIRCRAFT MOVEMENTS

SXM Airport Landings and Takeoffs

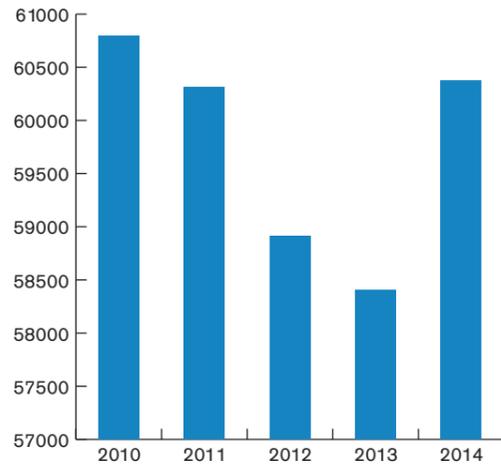
Landing fees at SXM Airport in 2014 accounted for 8.6% of aeronautical revenues and 7.2% of total SXM revenues. In addition SXM Airport charges for air traffic control navigation services, also based on aircraft flight movements, contributed 9.3% towards SXM aeronautical revenues and 7.7% to total revenues.

Aircraft involving a landing or takeoff at SXM Airport in 2014 increased to 60,099 movements, up 3.4% from 2013.

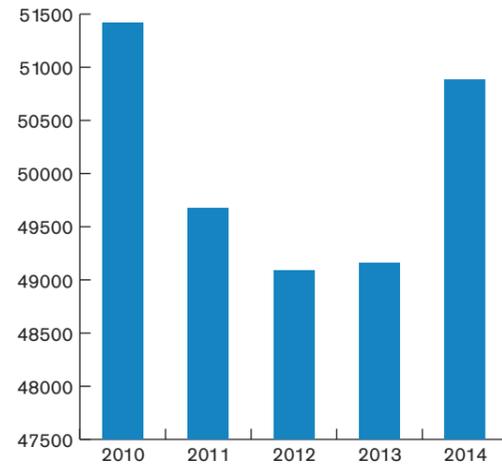
This was the first year in four that aircraft movements had not decreased from the previous year as depicted in the bar chart below.

The total commercial flight movements in 2014 was up by 3.5% over 2013 but still below the level of 2010 as shown in the table below.

SXM Flight Movements Excluding Overflights



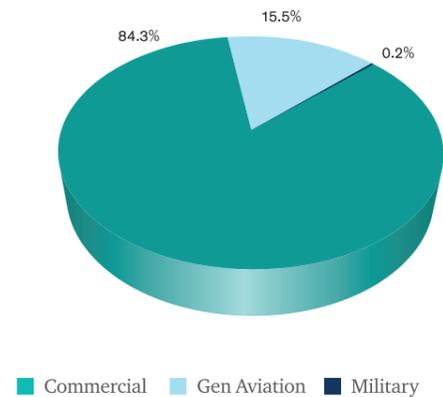
SXM Commercial Aircraft Flight Movements



COMMERCIAL AIRCRAFT MOVEMENTS

The main contributor to aircraft movements at SXM Airport in 2014 are commercial flights as depicted in the pie chart below.

SXM 2014 Share of Flight Movements by Type



Commercial flights include three types of flight operations:

- Scheduled
- Charter
- All-cargo

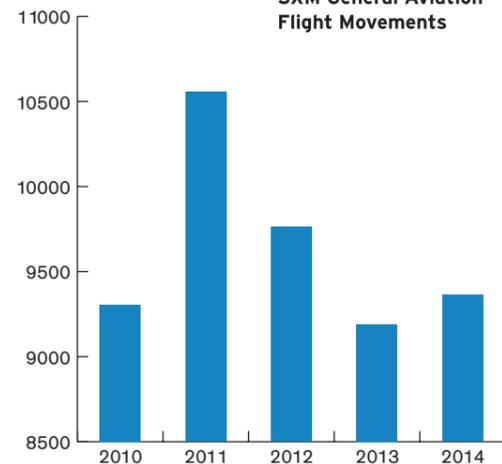
GENERAL AVIATION AIRCRAFT MOVEMENTS

Non-commercial flights are classified as General Aviation and consist of two types:

1. Flights utilizing the services of Fixed Based Operators (FBOs)
2. Flights by Private Operators

General Aviation flights were up 1.9% in 2014 over 2013 but still 11.3% below that of 2011 as depicted in the bar chart below.

SXM General Aviation Flight Movements



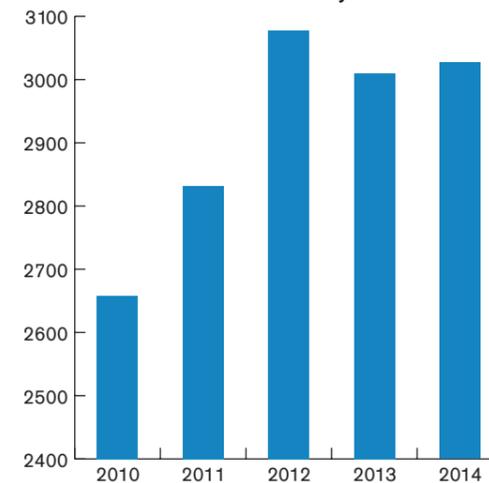
ALL-CARGO FLIGHTS

All-cargo flight operations are offered by four airlines at SXM Airport:

- Amerijet
- DHL
- Fedex
- UPS

The number of such flight operations has been rather stable in the last several years as depicted in the bar chart below.

SXM All-cargo Aircraft Flight Movements

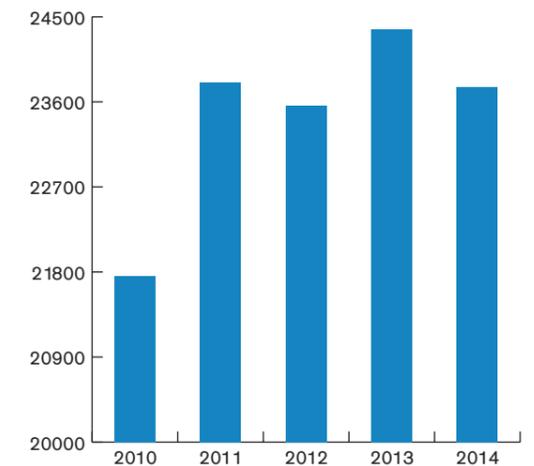


While All-cargo flights are important they currently only involve USA operations at SXM Airport. In 2014 these flights accounted for 55% of SXM Airport's cargo with the rest being carried in the belly of scheduled combination passenger/cargo aircraft. In the European market such all-cargo aircraft accounted for zero cargo but in the USA market in 2014 they had an 87% share of such cargo.

OVERFLIGHTS

Over and above the aircraft that are landing and taking off at SXM Airport are flights utilizing the air space controlled by SXM Air Traffic Services (ATS) but landing at another airport within the region of 36 miles radius of SXM Airport. In addition, there are aircraft flying through SXM Airport's ATS air space and not landing at any airport within the 36 mile radius. Both of these types of operations are known as Overflights which amounted to 28% of all flights controlled by ATS in 2014. The bar chart below describes the number of such flights over the last five years.

SXM Overflight Aircraft Movements



After a 9.4% increase in such flights in 2011, the volume of such flights has been rather stable.

The reason for including statistics on such flights in the 2014 Annual Report is that SXM Airport in 2015 will start charging for services provided to these flights.

4.0 MILESTONES & ACHIEVEMENTS

“INTERNATIONAL AWARD FOR BUSINESS LEADERSHIP IN IMAGE AND QUALITY”

SXM Airport received the International Award for Business Leadership in Image & Quality. Granted by the Global Trade Leaders' Club headquartered in Madrid, Spain the award is presented to organizations as encouragement and in recognition of their work, devotion, innovation, and quality to develop the industry and trade in their own countries.

The award was received by Mr. Raul van Heyningen, Director of Air Traffic Services at SXM Airport and member of the Supervisory Board of Directors, Mr. Cleavland Beresford, on behalf of management and the Supervisory Board of Directors.

According to Beresford, “It is significant to note that PJIAE was selected from a worldwide search which resulted in our airport being one of the forty international companies,

which were also selected as recipients of the award for their successful business leadership, in image and quality at a time of challenging economic times in the world.”

For his part, Van Heyningen, noted that SXM Airport “also serves as the international airport for French St. Martin, Anguilla, St. Barths, Saba and St. Eustatius.” He said this means “that the economies of these islands, all based on tourism, depend by and large on the engine of growth which Princess Juliana International Airport has become.”

For him, “This International Award for Business Leadership in Image and Quality is therefore an encouragement for us to continue on the path management has drawn, especially seeing that we are among the few airports in the world that depend solely on our own resources in financing major projects, without government subsidy as is customary in this field.”





Although several airports have received awards from the GLTC, SXM Airport is the first airport to be granted the International Award for Business Leadership in Image and Quality, which was instituted in 1975, according to GTLC. Selection of award recipients is based on recommendations from companies, from all industrial and service sectors, who are already members of the GTLC.

EVERYTHING ST. MAARTEN EXCELLENCE AWARD

This Award for Excellence for Outstanding Managerial Leadership, Strategy Development, Customer Orientation, and Strategy Implementation was granted to SXM Airport in March 2014, by JMB Communications which owns the well-known website, www.everythingsxm.com

Jeff Berger, CEO of JMB Communications, surprised Regina LaBega, Managing Director of SXM Airport with the award during an interview at her office for his newsletter SXM Weekly News.

Berger said he was “highly impressed by SXM Airport’s operations in all respects.” He described SXM Airport as “fast, positive, and comfortable all around.”

It was the second year JMB gave out [Everythingsxm.com](http://www.everythingsxm.com) Awards of Excellence, Berger explained. “We look at a spectrum of businesses whose focus is largely tourists. Where we feel a business is doing an exceptional job, we recognize that level of accomplishment. We look at strategy development, execution, (and) management where the main focus of the business is on providing a customer experience that consistently surpasses expectations.”

Berger explained that SXM Airport was chosen because it now “delivers an outstanding passenger experience and is working very hard to make it even better.” Awards are usually given out in February or March by JMB, Berger said.

The website, www.everythingstmaarten.com, is the largest, most complete guide to Everything St. Maarten/St. Martin, while the newsletter, SXM Weekly News is focused on the needs of tourists with a readership that is close to 200,000.

EUROPEAN AWARD FOR BEST PRACTICES

SXM Airport stood out once again in the international arena when it received the European Award for Best Practices in Brussels, Belgium, in June 2014.

President of Parliament, drs. Gracita Arrindell, and deputy Minister Plenipotentiary Josianne Fleming-Artsen accompanied the SXM Airport delegation led by Managing Director Regina LaBega to the awards ceremony at which around 70 companies, organizations, and public administrations from around the world were honored. SXM Airport and by extension the destination, was the clear favorite among the awardees. Many congratulated LaBega on her excellent speech, and noted that because of how well she sold the destination, they plan to visit St. Maarten.

“Attending the award ceremony was a great way to not only showcase our airport and island, but to network with business executives from around the world,” said LaBega.

SXM Airport along with a company from Cuba, were the only two companies from the Caribbean that received the award. Award recipients, consisting of hospitals, universities, industrial companies, IT companies, health organizations, etc., hailed from Ghana, Togo, Mexico, Georgia, Ethiopia, Sri Lanka, Dubai, Malaysia, Japan, and other nations.

The European Awards for Best Practices program is one of the pillars of the European Society for Quality Research (ESQR) recognition programs, which seeks to expand the quality culture and motivate the commitment to the quality implementation models and programs.

The award winning companies and organizations are selected by ESQR based on the results of the ESQR’s polls, consumer opinion research and market study. Past winners of the award in the aviation sector include Air Baltic from Latvia, All Nippon Airways from Japan, Ethiopian Airways, and Aeropuertos Argentina 2000.

STAFF APPRECIATION DAY TO CELEBRATE AWARDS

As a token of appreciation, employees of SXM Airport were treated by management to dinner followed by a dance at Tantra in what Managing Director Regina LaBega referred to as “an evening of togetherness.”

Addressing the over 100 staff members before they took to the dance floor, LaBega said: “It is your hard work that we are here to celebrate; your dedication and commitment, which have earned our company numerous international awards, including the European Award for Best Practices.”

Noting that it is easier to reach the top than to remain there, LaBega said, “We are therefore doing everything possible to improve our facilities and services. This is a goal we will achieve together, as we have done with every accomplishment so far.” She urged the staff not to slow down, but to continue to give of their best, “so that the Princess Juliana International Airport will be what it is destined to be: among the very best, not only in the region, but in the world as well.”

4.1 SXM CELEBRATES ITS 70TH ANNIVERSARY AND 2014 HIGHLIGHTS

HEALTHFAST BREAKFAST PROGRAM

Approximately 270 students from the seven public schools on St. Maarten benefited from the Princess Juliana International Airport’s (SXM) HealthFast Breakfast in a Box pilot program, themed “A Serving of Smarts”, which was launched at the Prince Willem Alexander School on Friday, February 7, 2014.

The project, conceived as part of the celebrations of the airport’s 70th anniversary, is estimated to cost US\$271,339 in its first year or US\$1,214 per day including delivery.

Attending the launch were the Minister of Education, Culture, Youth and Sports, Hon. Patricia Lourens-Philip, Minister of Health, Labor and Social Welfare, Dr. Cornelius de Weever, and Minister of Tourism, Economic Affairs, Transport and Telecommunications, Hon. Ted Richardson, who also has responsibility for the airport.

Also in attendance were President of Parliament, drs. Gracita Arrindell and Member of Parliament Romain Laville, who addressed the gathering, reading from the motion he had tabled on the floor of Parliament a long time ago concerning a breakfast program for schools.

While the ministers expressed satisfaction that the pilot program was getting off the ground, they also praised the management and the board of SXM Airport for their initiative, which shows that they take their corporate social responsibility seriously, and called on others to jump on the bandwagon so that the program could become permanent and expand to include all the schools on St. Maarten.



UNVEILING AND HANDING OVER OF AIRPORT ROUNDABOUT

Managing Director Regina LaBega led the unveiling of the airport roundabout, which features 3 bronze brown pelicans, St. Maarten’s national bird. She proudly proclaimed that the pelican has traits that are inherent in the St. Maarten personality: grace, resourcefulness, courage and sacrifice.

The roundabout and the three brown pelicans that adorn it were handed over to the Government of St. Maarten, represented by Prime Minister (PM) Sarah Wescot-Williams and Minister of Health Cornelius de Weever, who was substituting for Minister of Aviation Affairs Ted Richardson.

LaBega and other speakers focused in part on the importance of immortalising the national bird in this manner for the world to see. She went on to say that the pelicans are an expression of SXM Airport’s gratitude to the people and Government of St. Maarten, without whom the airport would not be what it is today. She said, in some ways, the pelican is also a reflection of the airport and St. Maarten. The brown pelican is the smallest in the pelican species, but still considered a large bird, while St. Maarten is the smallest island in the world, divided between two nations, while the airport is one of the busiest in the Caribbean.

LaBega thanked everyone who assisted with the acquisition of, and in the decision-making process for, the pelicans, including sculptor Michael Maghiro. She said St. Maarten's national bird has now been immortalised with the greatest respect and artistic reverence, and will be a landmark for visitors and residents alike.



RUNWAY REHABILITATION PROJECT COMPLETED

The runway rehabilitation project which commenced in 2013, was completed in May 2014. With a ceremonial "touch of a button", SXM Airport's Managing Director turned on the newly installed LED runway lights during an unveiling ceremony.

SXM Airport is among the first in the world to install LED lights on its runways. The newly lit runway is one of the most important projects of the Capital Improvement Program. This program, is aimed at upgrading the facilities at SXM, improving service thus allowing SXM to continue to maintain its competitive edge.

The rehabilitation project included replacement of the old asphalt runway with a fresh layer and an overlay to correct the longitudinal profile of the runway, which would serve to significantly improve the structural integrity of the pavement surface.

Additional changes included the implementation of the required Runway End Safety Area (RESA) to the west, a modified taxiway to allow for larger commercial aircraft to have better access to the ramps and shorten the backtracking on the runway prior to takeoff, and the construction of a helipad.

THE JEAN CHRISTIAN AVIATION SCHOLARSHIP AWARD

As part of the celebration of its 70th anniversary and in keeping with its continuous corporate social responsibility, SXM Airport introduced a biennial scholarship program, named after Jean Christian, the first female Air Traffic Controller on St. Maarten. The Jean Christian Aviation Scholarship is designed to support the next generation of aviation leaders.

Kevin Jeffers, who was awarded the first scholarship on June 23, in his acceptance remarks noted that an investment in the youth of St. Maarten is an "investment in a better St. Maarten."

Jeffers received a US\$28,500 grant that would allow him to complete his studies to become a commercial pilot.

"If we consider our youth to be truly our most important resource, then providing the best education for them must be seen as an investment that would yield the greatest dividends, Regina LaBega, SXM Airport's Managing Director said at the ceremony.

"This is why, for us at SXM Airport, education is a priority," she added. "We take the continuing education of our staff seriously, as evidenced in the many training programs we offer them or encourage them to take, whether they are firefighters, Air Traffic Controllers or even management staff."

"In the same manner, we consider education to be one of the cornerstones of our corporate social responsibility. Hence our adoption of the Prins Willem Alexander School, the launch of our 'HEALTHFAST: Breakfast in a Box' pilot program for elementary schools at the beginning of this year, and now the establishment of the Jean Christian Aviation Scholarship," LaBega said.

An emotional Jean Christian, who received a standing ovation as she rose to address the gathering, disclosed that it had always been the dream of her father to establish a Flight Academy on St. Maarten. This scholarship, she said, broadened the horizon to include other sectors of the aviation industry. She urged the recipient to heed the advice of senior pilots and to be disciplined.

SAFETY & SECURITY CONFERENCE

Under the theme: "Prioritizing Safety, Security, and Revenue Growth to Maximize Aviation Efficiency in the Caribbean," over 100 aviation professionals, including members of St. Maarten's Civil Aviation Authority, airline representatives,

SXM Airport employees and other groups, gathered at the Westin Dawn Beach Resort and Spa from September 30 to October 1, 2014 to take part in the Safety and Security Conference & Exhibition organized by SXM.

US expert, Dr. Gerald Dillingham, Director of Civil Aviation at the U.S. Government Accountability Office, was among the featured speakers at the Conference.

Dr. Dillingham who served on the National Commission on Terrorist Attacks Upon the United States (The 9/11 Commission), directs program evaluations and policy analysis with respect to all aspects of civilian aviation, including safety, finance, environment, air traffic control, airport development, and international aviation issues.

Other speakers included Michael Nicolaas, ICAO TCB expert in Airport Operations and Management, Lionel van der Walt, newly appointed IATA representative for the Caribbean and Jurgen Benschop, COO of Aruba Airport Authority (AAA) and ACI Chairman of Latin America and the Caribbean.

Nicolaas, a Postgraduate in Air Transport Planning and Economics at MIT, is a veteran of four decades in civil aviation, specializing in air service development and marketing as well as airport security and planning. For over a dozen years, he has been involved in developing airport projects around Latin America and the Caribbean.

"This is a very important conference for all the stakeholders involved in aviation on the island," said Regina LaBega, SXM Airport's Managing Director. "The quality and caliber of the featured speakers is an indication of the high priority we at SXM Airport place on safety and security," she added.

The SXM Airport Safety and Security Conference and Exhibition is held every two years as a means of raising safety and security awareness in the aviation industry and creating networking opportunities with colleagues and counterparts in the Caribbean region.

ST. MARTIN BOOK FAIR 2014 OPENING RECEPTION

On Thursday, June 5, 2014, the Opening Ceremony of the 12th annual St. Martin Book Fair was held for the first time at the Princess Juliana International Airport (SXM) Gate A1.

The ceremony attracted over 400 participants and featured new books, available for sale on site, a book signing and a

Meet & Greet with regional and international guest writers. SXM Airport sponsored the book fair's opening ceremony as part of its 70th anniversary.

Authors participating in the book fair hailed from Turkey, South Sudan, the USA, the Pacific, Puerto Rico, Jamaica, Antigua, Guadeloupe, Martinique, Anguilla/Venezuela, and the USVI, said Reiph. "Over 15 upcoming and famous writers met with St. Martin people; exchanging exciting books; visiting schools; conducting free workshops; and giving live multilingual literary readings," added Reiph.



TOPPIX 2014

A record 43 participants, including six from abroad, participated in the SXM Airport's Aviation Photography Competition, Toppix 2014 under the theme "Sint Maarten, The Most Beautiful Approach".

Approximately 81 photos were submitted by the deadline of November 13, 2014, all capturing the most beautiful approach of an aircraft flying into SXM Airport.

World renowned photographer Max Dereta who was on the panel of judges, gave a presentation on Wednesday November 12, 2014 sharing photography tips with the participants.

The prize-giving ceremony took place on Friday, November 14. In the end, Bernie Verhoeven came out triumphant, for the 2nd year in a row, capturing a beautiful image of Copa Airlines just over Maho Beach. The photos of the 6 finalists are exhibited in the Arrival Hall of SXM Airport.



GOVERNOR HOLIDAY VISITS SXM AIRPORT

It was “welcome back home” for His Excellency Governor Eugene Holiday when he paid an official working visit to the Princess Juliana International Airport, SXM, on October 30, 2014.

From the moment he alighted from his official vehicle to the steel pan sounds of the popular song, “St. Maarten is my Home” performed by the island’s foremost pianist, Sir Isidore York (The Mighty Dow), until he drove off after a tour of the ATC facilities at the end of the visit, Governor Holiday was not only pleased to be back on familiar grounds, but also wished the Holding Company, the Supervisory Board of Directors, the Management and employees success and strength with their plans to take the airport to the next level.

Drs. Eugene Holiday was president of the airport prior to his appointment as the first Governor of St. Maarten in 2010. Under his stewardship, the new terminal building and the new ATC tower were built.

“It was indeed a very special opportunity to officially welcome His Excellency Governor Holiday back to the Princess Juliana International Airport,” said Managing Director Regina LaBega who succeeded Holiday at the helm of affairs. Governor Holiday and LaBega held a one-on-one meeting in the latter’s office at the beginning of the visit, which was followed by a presentation to the Governor by the SXM Airport’s Managing Director on the airport’s Capital Improvement Strategies and other ongoing projects at the facility.

Also attending the presentation were the Chairman of the Holding Company, the Supervisory Board of Directors, and other top management staff.

Governor Holiday showed keen interest in the detailed presentation and shared some thoughts with the team. “These are familiar grounds and topics that His Excellency is very versed in,” remarked LaBega.

The Governor toured the Airport Facility and Baggage Handling System as well as the ATC, where the relevant directors and managers made presentations to him.

PRESENTATIONS TO CFT, IMF AND OTHERS

Members of the Committee for Financial Supervision, CFT, said they were not only well-informed but were also quite impressed with the ongoing developments at the Princess Juliana International Airport, SXM. They expressed this opinion at the end of a presentation given to the Committee by SXM Airport Managing Director, Regina LaBega which was followed by a tour of the airport facilities.

In her presentation, LaBega shared with the CFT ongoing and new initiatives that SXM Airport has embarked on and which can generate revenue for the government. These included but are not limited to inter-island pre-clearance, and a future car park facility.

SIMPSON BAY COMMUNITY COUNCIL

SXM Airport also met with the Simpson Bay Community Council (SBCC) to brief the latter about the airport’s Capital Improvement Program and engage in a dialogue concerning how some of the projects might affect the Simpson Bay Community.

A detailed presentation was given to the gathering highlighting projects such as the bypass taxiway east, land reclamation, property acquisition, relocation of the fuel farm, and renovations to the cargo building. Special

Projects Coordinator, Robert Brown, who conducted the presentation, also spoke about the commercial strategy and the aerotropolis concept, as well as the construction of a new state-of-the-art FBO facility, and the relocation and remodeling of the airport fire department.

“The reason SXM Airport made the presentation to the Simpson Bay Community Council is because we know that our plans would affect this community in some way and we wanted to engage them as we move forward. We had a very meaningful exchange of ideas and SXM Airport really got a feel of the needs and the concerns of the people of Simpson Bay,” said Regina LaBega.

“We will surely consider the feasibility of the suggestions made by the Council during the meeting and assess these in line with the airport’s safety and security requirements as well as compliance with ICAO and FAA regulations,” LaBega concluded.

IMF DELEGATION

A presentation was also given to the visiting delegation of the International Monetary Fund (IMF). The eight-member delegation, led by Mr. Menno Snel, Executive Director of the IMF Executive Board, was also given a tour of the terminal building.

The presentation included the economic impact of the airport on St. Maarten’s economy and on SXM Airport’s hub partners as well. LaBega and her team informed the IMF delegation about discussions SXM has been having with various carriers to maintain and secure service to the destination.

Other areas of discussion included coordination between SXM Airport and the Harbor Group of Companies in terms of passenger flow as well as the issue of dividends or concession fees.

The IMF delegation was informed about the Moody’s rating of Baa2 which SXM Airport received, the bond issue and the interest rate of 5.5% secured in refinancing the old loan, which resulted in a savings of over US\$10 million for the airport over the duration of the loan.

Also discussed were the Car Park project and its importance, especially since the park would offer government a new revenue stream.

“We were very pleased with the meeting and the response from the delegation on the information provided,” said LaBega.

SXM AIRPORT MANAGING DIRECTOR AMONG CEO PANELISTS AT CANCUN CONFERENCE

Managing Director, Regina LaBega, was among the CEOs invited to participate in several panel discussions at the annual meeting of top airport executives organized by Airports Council International – Latin America and the Caribbean (ACI-LAC).

The conference, which was hosted by Aeropuertos del Sureste (ASUR) was held in Cancun, Mexico from November 8 – 11, 2014, under the theme “Airports Contributing to Sustainable Tourism.”

“It is an honor to be invited to this prestigious conference as a panelist representing the Princess Juliana International Airport, and of course, St. Maarten.”

LaBega was featured on the panel, “Sustainable Tourism: Key for Caribbean Airports.” This panel, brought together “the CEOs of Airports in the Caribbean to discuss the role of airports for a sustainable tourism development based on the fundamental dependence of the economies of these countries in the tourism industry.”

“It is an honor to be invited to this prestigious conference as a panelist representing the Princess Juliana International Airport, and of course, St. Maarten,” said LaBega, who prior to her current position, headed the St. Maarten Tourist Bureau for many years.

Other topics discussed at the conference included connectivity, infrastructure development, sustainability, fostering the growth of air travel, airport management, Airport Service Quality, commercial management, and safety.

CAPITAL IMPROVEMENT PROGRAM

RELOCATION OF FIRE DEPARTMENT

“Beneficial to all parties,” was how Prime Minister Sarah Wescot-Williams described the agreement to relocate the government’s fire department at the airport, which was signed on Thursday, February 13, 2014 on behalf of government with the Princess Juliana International Airport operating company (PJIAE), which was represented by its Managing Director, Regina LaBega.

The signing was held one year to the date that SXM Airport had submitted the letter requesting the transfer of the Public Fire Department at the airside of the airport. The decree authorizing the Prime Minister to sign this relocation and use agreement with SXM became effective only on February 4, 2014.

Mrs. Wescot-Williams said Government had long intended to have a substation for the public fire department “over the hill” which she said is “extremely important for the services of the Fire Department.”

The agreement will allow SXM to demolish the existing airside public fire department building and start work on the construction of its new state of the art Fixed Base Operations (FBO) facility at the same location.

In exchange for this, SXM Airport would provide a temporary location for the public fire department at the Turtle Pier and also offer a new rent-free landside substation for the public fire station.

Moreover, it agreed to pay the rent of a storage space, which is to be used exclusively by Government and solely to store all materials and equipment stored at the present location

of the public fire department for a period of 24 months. Furthermore, SXM Airport will build a new facility, which will house on the airside the SXM Airport’s Fire Station and on the landside a Substation for the Government Fire Station. Government will have the right of this substation free of charge.

The substation will also be equipped to house St. Maarten’s ambulance, following a request for an ambulance outpost in the Simpson Bay area in order to provide timely responses for medical emergencies to residents and visitors in the Cole Bay, Simpson Bay, Airport, Maho, Mullet Bay and Cupecoy areas.

NEW CONCESSION AND LEASE AGREEMENT WITH ARRINDELL AVIATION BY SIGNATURE NV

SXM Airport also took another step forward in its Capital Improvement Program when it signed a new concession and lease agreement on Wednesday, November 19, 2014 with Arrindell Aviation by Signature NV, owned by Signature Flight Support, the world’s largest fixed base operation (FBO) and distribution network for business aviation services. The agreement would allow Signature to operate fully from the new, ultra-modern Fixed Base Operation (FBO) facility, which will be constructed by SXM Airport.

The non-exclusive agreement calls for Signature to offer passenger, ground handling, and plane fuel services for General Aviation (“GA”) from the new FBO Terminal.

Signing on behalf of Signature was Maria Sastre, President and COO for Signature Flight Support who remarked that, “Signature’s acquisition of Arrindell Aviation Services in 2011 was our first foray into the Caribbean.”

The agreement was a result of the airport’s management team and Signature’s Flight Support working together to bring positive economic impact and infrastructure growth to the community. “SFS has relationships with over 120 airports around the world - our relationship with Princess Juliana International Airport is at the top of the list,” Sastre said.

Sastre went on to say that “General aviation is critical to the region’s economy and Signature supports the growth of this dynamic industry here in St. Maarten. We want to ensure that our premium services continue to build the reputation of St. Maarten as a high end leisure destination that services the most discerning customers in the world.”

Construction on the new FBO facility is expected to begin in the fourth quarter of 2015 and will become operational by the 2016 high season.

MOU WITH GODDARD CATERING TO FACILITATE RELOCATION OF FUEL FARM

A Memorandum of Understanding (MOU) signed between the Princess Juliana International Airport operating company, PJIAE, and Goddard Catering Group St. Maarten NV, in November, was a step forward in the direction of relocating the current catering services provided by Goddard at SXM Airport.

The relocation in turn will facilitate the realization of SXM Airport’s strategic objective of moving the fuel farm from its present location on the airport ramp to the location currently occupied by Goddard Catering.

Following the relocation, SXM Airport will proceed with the construction of a new fuel farm on the vacated premises. The new fuel farm will have an increased storage capacity, from its present current one-day supply of 3,000 barrels to a minimum of 10,000 barrels, which represents a supply of four days.

“All of this is not only to ensure adequate fuel supply, but also to enhance safety and security at the airport, given the safety challenges the current fuel farm poses,” said LaBega.

AGREEMENT WITH ST. MAARTEN WRAPPING SERVICES

Baggage wrapping services at the Princess Juliana International Airport, SXM, became operational following an agreement signed between SXM and a local company, St. Maarten Wrapping Services.

Under the agreement, St. Maarten Wrapping Services operates one mobile unit in the check-in area of the terminal building, providing the mentioned service to SXM Airport passengers. The unit is open daily during the general business hours of the airport.

Cleon Frederick, Owner of St. Maarten Wrapping Service, said he was happy for the opportunity to render this service at the airport.

“Clients can expect professionalism, customer friendliness and the same overall quality of service that SXM Airport provides to all their clients”

“I am very pleased about winning the contract for this particular service,” he said at the time of signing. “This service is widely used throughout major airports in Europe, North and South America, Asia and Africa and I’m now pleased to say ‘also in St. Maarten.’”

“Clients can expect professionalism, customer friendliness and the same overall quality of service that SXM Airport provides to all their clients,” Frederick said.

HURRICANE GONZALO

SXM Airport sprang back into operations within hours, following the passage of Hurricane Gonzalo on Monday, October 13, 2014.

SXM Airport had shut down as of noon on that day as a precautionary safety measure consistent with international norms under similar weather conditions.

However, since SXM Airport did not suffer any major damage as a result of the hurricane, its personnel worked diligently from the crack of dawn to ensure the airport was re-opened by 8 o’clock the next day, October 14, 2014.

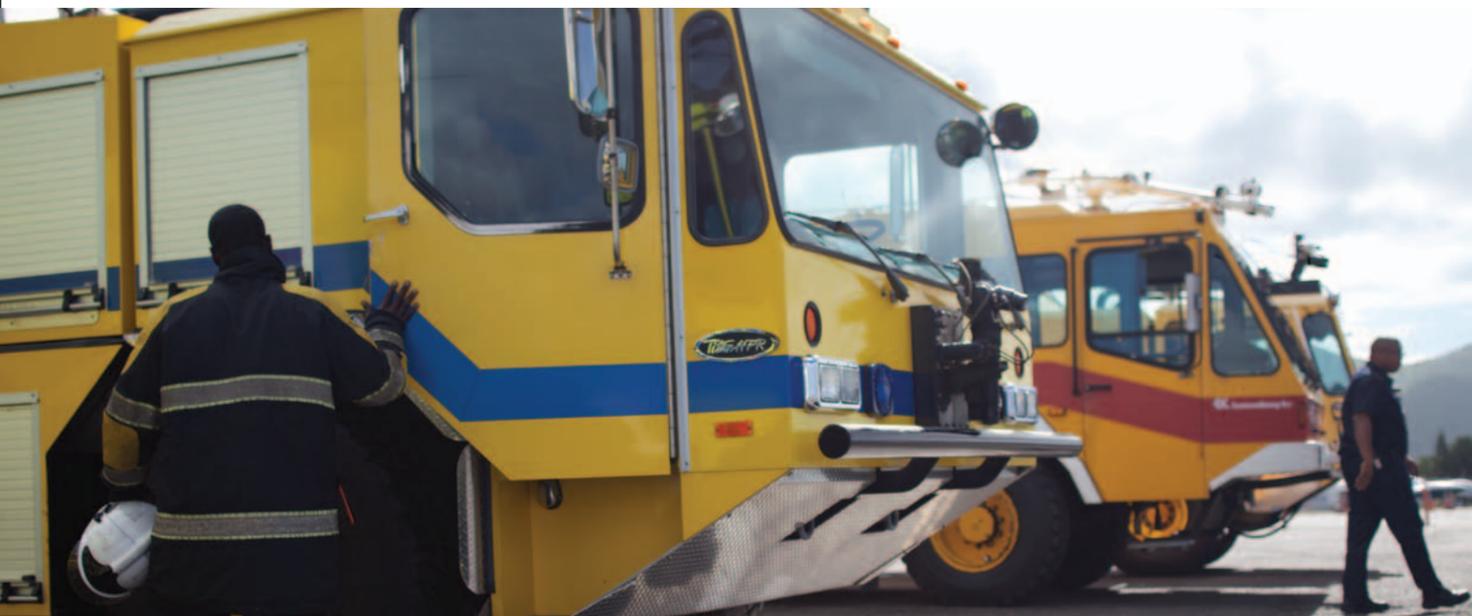
SXM Airport was in close contact with the airlines, airport community, and all the other stakeholders in the period before the island was hit by Gonzalo, as well as during and immediately after the passage of the storm and kept them all well-informed about developments at the airport.

It should be noted that the economic life of St. Maarten is often measured under these circumstances by what happens to and at the airport, therefore, bouncing back as soon as possible after a natural disaster such as Gonzalo sends out the right signal that St. Maarten is open for business.

AIR SERVICE MAINTENANCE AND DEVELOPMENT

INAUGURAL MEETING OF AIR SERVICE DEVELOPMENT COMMITTEE

The Air Service Development Committee (ASDC) which was established in 2013, following the recommendation by El Perial’s Air Service Maintenance and Development study, called on LIAT and WINAIR to work together to improve connectivity to and from SXM Airport, considering that effective connectivity is a critical factor in increasing the hub function.



The call was made at the inaugural meeting of the Committee, set up to further develop air service to SXM Airport.

The meeting was attended by representatives from the country partners, St. Maarten, St. Martin, Anguilla, St. Barths, Dominica, St. Eustatius, Nevis, as well as regional carriers LIAT and WINAIR, and St. Maarten Immigration officials.



The country partners said they recognize the importance of SXM Airport's contribution to the success of their respective economies and agreed to work with SXM Airport to make it an effective hub.

While the airport is not responsible for the physical movement of passengers, it is part of its tasks to create an environment that would encourage airlines to provide the much needed connectivity.

In addition, the ASDC members agreed to the following joint activities:

- Obtaining primary and secondary data to support market development and access
- Increasing existing airlift and improving connectivity
- Joint marketing to maximize airline seating capacity to ensure profitability for airlines.

The ASDC members agreed to create a complementary brand that would reflect the partnership among all participants and country partners.

ROUTE DEVELOPMENT

Seaborne Airlines, one of the fastest-growing airlines in the region, was airborne from San Juan, Puerto Rico to the Princess Juliana International Airport (SXM) as it executed its maiden flight to St. Maarten on Saturday, March 1, 2014.

The service which was met with the traditional water cannon salute, is operated with a Saab 340B 34-seater aircraft and takes approximately 1 hour.

“St. Maarten is yet another exciting destination in the Caribbean that Seaborne is offering to our customers, as we build important trade and tourism links throughout the Caribbean,” said Gary D. Foss, president and chief executive officer at Seaborne Airlines.

“We are indeed happy to welcome Seaborne Airlines to SXM Airport and see its expansion into this destination as an opportunity to further consolidate airlift into San Juan, Puerto Rico, and thus increase connectivity to the larger US market, our main source of tourists,” said Regina LaBega, Managing Director of SXM Airport.

Given its code-sharing and interline agreements with American, JetBlue and Delta, Seaborne Airlines will have connecting agreements covering more than two-thirds of the seats operating in and out of San Juan from the US mainland.

With 12,048 daily seats from 22 US locations, San Juan has by far the largest number of seats from the US mainland to the Caribbean.

LaBega further pointed out that Seaborne's service to SXM Airport from San Juan will benefit its country partners.

Within its first year of operations, Seaborne Airlines projects that it would have carried about 10,000 passengers to St. Maarten, and have an estimated US\$14 million impact on the St. Maarten economy.

Seaborne, which relocated its headquarters to San Juan, Puerto Rico, in early 2014, has 20 years of experience as an operator focusing exclusively on the Caribbean.

SXM Airport also saw the following new and increased service in 2014:

- Thomas Cook Airlines began seasonal service between SXM and Stockholm in November
- Sunwing commenced service from Ottawa in December
- COPA increased frequencies from 4 to 5 flights weekly, starting in December
- Air Canada Rouge added an additional flight from Toronto, effective December
- Air Transat added an additional flight from Toronto, starting in December

NEW COMMERCIAL STRATEGY PROGRESSING STEADILY

The last three contracts under the New Commercial Strategy were signed in early 2014. Moreover, as the year progressed, we saw the opening of a number of Retail and Food & Beverage concessions under this new strategy. With the opening of these businesses, SXM Airport saw the realization of a new and improved departure lounge.



The New Commercial Strategy has as objective to create a win-win-win partnership for all by:

- Increasing the sales volume of the concessionaires
- The more passengers spend, the more revenue concessionaires generate and consequently, the more
- SXM Airport's non-aeronautical revenue will increase.
- Reducing or even eliminating passenger confusion from product offering and pricing at multiple locations.
- Improving the Food & Beverage and Retail spaces, particularly in its mix and layout
- Creating a tempting airside lounge reflective of an SXM Airport “Sense of Place” by effective use of culture, color, music, flavors, etc.
- Upgrading the airside Food & Beverage and Retail area with existing and/or new concessionaires

HOT LOOK SUNGLASSES OPENS ULTRA MODERN STORE AT SXM AIRPORT

With a fashion show featuring some of the latest designer sunglasses modeled by SXM Airport staff, Hot Look Sunglasses officially opened its ultra-modern store, the newest in the Caribbean, located just past the current immigration post on the airside of the Airport in August.

“This very modern look with TV monitors, is the latest of HOTLOOK and the first in the Americas; it is exclusive today

at the Princess Juliana International Airport,” said Isabelle Souccar, of B2B Consultant/HOT LOOK Sunglasses, who was speaking at the opening ceremony on behalf of Laurent Vialenc, CEO of the company.

She said HOT LOOK “is a chain of sunglass retailer and we are proud to say ‘born in SXM’ with many other locations throughout the Caribbean islands and soon to come in the US. We are a leading retail sunglasses chain in the region with certainly the largest selection of fashion designer brands as well as sports sunglasses.”

The company has been a “success story” over the eight years it has operated at SXM Airport “to the point that we have done better than certain major international airports, (as) told by our suppliers,” said Souccar, providing quality, the latest and limited editions of top designers, Duty Free prices, and an outstanding customer service.

Commenting on the opening of the store, SXM Airport's Managing Director, Regina LaBega, expressed satisfaction that HOT LOOK has actually increased employment opportunities with this new outlet with its staff increasing by 50% at the new store, and further increases planned as we move into the high season.”

By the start of the 2014 high season, approximately 95% of all Retail and F&B operators were operational, including Princess Promenade, and the Walkthrough Duty Free, which opened its doors on December 3, 2014.



5.0 CORPORATE SOCIAL RESPONSIBILITY

SXM AND SCDF: CELEBRATING TOGETHERNESS

The Princess Juliana International Airport (SXM), came out “big time” in support of the island’s foremost cultural event, Carnival, which celebrated its 45th anniversary in 2014.

“Apart from a substantial donation to the St. Maarten Carnival Development Foundation (SCDF), the airport was also a major sponsor of several contestants, namely the three St. Maarten Carnival Queen Pageant winners, Miss Mature, Anna Rabess Richardson, Senior Carnival Queen, Bria Sorton and Teen Carnival Queen, D’Shnay York.

“We welcome Princess Juliana International Airport to Carnival Village as one of our major corporate supporters,” SCDF President, Michael Granger said at the presentation of the check to the carnival committee. “SXM Airport and Carnival Village – Where the experience will move you!” Granger added, echoing the airport’s slogan.

An eye-catching SXM Airport 70th Anniversary banner was displayed prominently, covering the width of the VIP section that was also branded by the airport for its use throughout the Carnival season.

“It is a double celebration of sorts,” noted Regina LaBega, SXM Airport’s Managing Director. “We are celebrating our 70th anniversary and carnival is celebrating its 45th year. That calls for something special and we decided to support not only the pageants, but also contribute to the resurgence of carnival floats while backing several other carnival activities, including the SCDF lead band, HD Prince & Unique Band and the NBA booth as well as J’Ouvert Morning T-shirts.”

MAIN SPONSOR OF “SAVE OUR ZOO” FUNDRAISER

SXM Airport came to the assistance of the Zoo, in an effort to save the latter from facing bankruptcy and possible closure.

“The closure of the island’s only Zoo is not an option,” said Regina LaBega. SXM Airport waded into the matter as one of the main corporate sponsors of a gala event dubbed

SXM Airport were most happy to assist her in her efforts,” said managing director Regina LaBega about the airport’s contribution to the symposium on sports and education.



“Save our Zoo,” which took place on Saturday, September 13, 2014 at the Belair Community Center.

Actor, educator and activist, Lamman Rucker, known for his roles in Hollywood hits like “Why did I Get Married” (1 and 2), “Black Coffee,” “The Man In 3B,” and TV series “As the World Turns,” “All My Children,” and “Tyler Perry’s Meet the Browns”, was the special guest at the gala fundraiser.

WIMA CONFERENCE ON AVIATION MEDICINE

SXM Airport was also a major sponsor of the Windward Islands Medical Association’s (WIMA) Aviation Medicine conference, which took place from September 19 – 20, 2014.

Medical doctors, paramedical staff, and management and medical staff of insurance companies from St. Maarten and the surrounding islands attended the conference, and discussed topics such as fear of flying, inflight medical emergencies, and passengers with heart and lung problems, among several other matters.

“This is an important conference not just because of the topics that participants will deal with from a professional point of view, but also because the information that will be shared will benefit our staff and the community at large,” said SXM Airport’s managing director Regina LaBega.

SYMPOSIUM ON SPORTS AND EDUCATION

“The link between Sports and Education is an obvious one, so when former Minister of Education, Culture, Sports and Youth Affairs, Dr. Rhoda Arrindell came calling, we at

The Symposium was held on Saturday, May 10, 2014, at the National Institute of Professional Advancement (NIPA), in Cay Hill, under the theme, “Creating Better Students and Athletes through the Interplay of Sports and Education.”

The symposium, which was open and free to the general public, featured workshops by St. Maarten and international presenters on topics such as “Sports, Health and Nutrition,” “Education and Sports,” “The Role of Coaches,” “Women in Sports,” and “Athletes and Drugs” among others.

OTHER SPONSORSHIPS

Additional donations and sponsorships were given to among others:

- Art Saves Lives
- Video X-Games Foundation
- Lions Club
- Rotary Club
- Meals On Wheels
- St. Maarten Golf Association
- St. Maarten Chamber of Commerce
- The Charlotte Brookson Academy for Arts
- St. Maarten Dance Theatre
- St. Maarten Soccer Educational Foundation
- St. Maarten Hospitality & Trade Association’s SMART 2014 conference

ENVIRONMENTAL AWARENESS AND GREEN INITIATIVES

SXM Airport has as one of its strategic objectives to become the region’s most environmentally friendly and green airport. In keeping with this objective, the airport has embarked on the following initiatives:

- Installation of LED lights throughout the entire building
- Completed the installation of the irrigation System/ water recycling
- Continued collaboration with environmental organizations (e.g. EPIC)
- Replaced all hilltop beacons with LED lights
- Replaced runway lighting with LED lights, a first in the region

The above initiatives and efforts will obviously result in a reduction in energy costs. In addition, SXM Airport is seriously considering the installation of solar panels on the Cargo and Terminal building, and possibly other future buildings.

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 N.V. (PJIAH), 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 of St. Maarten. 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 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 NV 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, can get involved in the day-to-day operations of SXM Airport.

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 the Security and Rescue & Fire Fighting personnel at SXM Airport, 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.



REGINA LABEGA
Managing Director

6.1 MANAGEMENT TEAM



MIGDALA ARTSEN-CLARINDA
Chief of Administration



ANASTACIO BAKER
Manager, Quality Assurance Department



DENNISCIO BOASMAN
Manager, Electrical & Mechanical Department



MIRTO BREELL
Director, Technical Division



NORMA BRILL
Manager, Human Resources Department



ROBERT BROWN
Specials Projects Coordinator



LARRY DONKER
Director, Operations Division



KENDALL DUPERSOY
Manager, ITT Department



GREGORY HASSEL
Manager, Procedural Control Department



KALIFA HICKINSON
Corporate Communications Specialist



DEREK HILMAN
Manager, Project Planning and Systems Control Department



LLOYD HINDS
Manager, Radar Control Department



MICHEL HYMAN
Manager, Operations Department



JUSTINIEN JOE
Manager, Facility Maintenance & Housekeeping Department



SUZY KARTOKROMO
Acting Manager, Marketing & Customer Service Department



MICHAEL LAKE
Manager, Accounting & Reporting Department



EVANS MARSHAM
Manager, Procurement Department



SANDY OFFRINGA
Legal Officer



KETTY PAINES
Manager, Passenger Services Department



SHIRLEY PANTOPHLET-GREGORIA
Manager, Enterprise Risk Management & Compliance



MANILO PENIJN
Manager, Rescue & Fire Fighting Department



JERRY SPROTT
Manager, Security Department



RAUL VAN HEYNINGEN
Director, Air Traffic Services Division



WAYNE VAN PUTTEN
Manager, Investigation Department



JOYCE YORK
Executive Secretary

ORGANIZATION CHART



MARLON GARY MATSER
Vice Chairperson

MELINDA HOEVE
Secretary

WHITFIELD VLAUN
Member

CLEAVLAND BERESFORD
Member

LUDWIG OUENNICHE
Member

MICHEL HODGE
Member

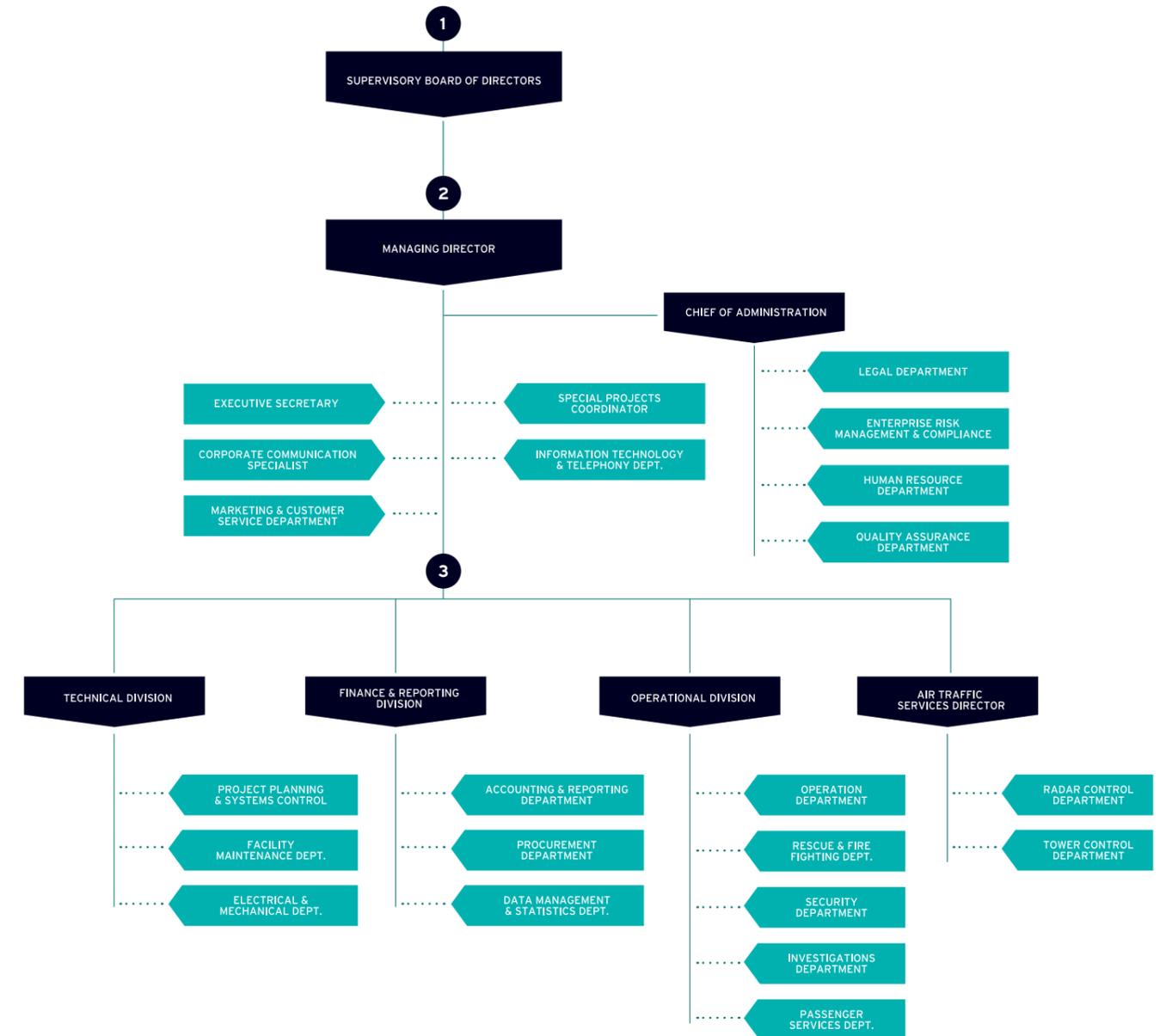
6.2 SUPERVISORY BOARD OF DIRECTORS

The Management and Supervisory Board of Directors of the Princess Juliana International Airport, SXM, bid farewell to Clarence Derby, whose term on the Board came to an end in August 2014.

Mr. Derby served as a member of the Supervisory Board of Directors from 2009 and became chairman in 2011, a position he held until his term expired.

At the end of 2014, the Supervisory Board consisted of the following members:

- Mr. Marlon Gary Matser, Chairperson. Mr. Matser is a businessman and 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 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 Terms Of Reference and bidding process for Government properties. Mr. Beresford is also a commercial aviation pilot.
- Mr. Abdellatif “Ludwig” Ouenniche, Member. Mr. Ouenniche was the Personal Advisor and Chef de Cabinet of the Minister of Tourism, Economic Affairs, Transport & telecommunication up to August 2014.
- 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 Economic Counsel of the former Netherlands Antilles, and former captain of Windward Island Airways, with a flight instructor rating. Mr. Hodge also holds a degree in Airport Management from the Florida Institute of Technology.



6.3 CORPORATE DIVISION

SPECIAL PROJECTS DEPARTMENT

The Special Projects Department is in charge of all the capital projects, new projects, and any other projects assigned by the Managing Director. The department has a total of three employees, and one consultant.

Among the department's accomplishments in 2014 are:

- Completed Phase 1 of the landscaping project, which served not only as beautification, but was also one of SXM Airport's "Going Green" initiatives. Major renewal and replacement works were needed and carried out, including the placement of new soil. The Going Green efforts also included the replanting of removed palm trees at other locations around the island. Throughout the works, all plants were kept in a special nursery. Phase 1, which constitutes 75% of the landscaping was completed in 2014. Phase 2, will continue and be completed in 2015
- Completed 95% of the Departure Hall project, which included the Walk-through Duty Free Store, Princess Promenade, the first of its kind in the Caribbean region. In addition, departure hall light bulbs were also changed to LED lights, which contributes to energy savings, and is in keeping with SXM's initiative to promote sustainable energy
- Signed the Cargo Building Renovation contracts, after the bidding process was initiated and completed. A total of four contracts were signed to complete the cargo building reconstruction, namely with Talisien N.V., Roll Fix, Van Sluisveld, and Studio Acht. With the signing of these contracts, construction works are expected to begin in early 2015.

The Cargo Building was in near dilapidated state and in need of major renovations. A major objective in 2014, the cargo building renovation is a capital improvement project. The building will include solar panels on the roof, upon completion, which will contribute to energy savings, and is in keeping with SXM Airport's green energy initiatives

- Completed the Irrigation Station, another one of SXM Airport's green initiatives and strategies to further beautify its landscaping, and conserve water by recycling water from the sewage plant

- Completed the Lagoon Dock Renovations, which will allow SXM Airport to relocate some of its departments, which are not required to be housed at the airport, making available more valuable real estate space, which can be utilized for revenue generating, and customer services
- Completed the Turtle Pier renovations, a major objective for SXM Airport, as part of the FBO (Fixed Based Operation) project, which would allow for the relocation of the Meteorological Services and Civil Aviation Department to this location.

The construction of a new FBO Building is critical for SXM Airport, who is currently the number two (2) destination in the Caribbean in private jet arrivals. The new FBO building will house the FBO handlers and will enhance the experience for the FBO passengers

The above accomplishments did not come without challenges. The Departure Hall reconstruction especially had many challenges, related to the construction works, such as delays in arrival of materials, as well as other unexpected bottlenecks.

Coordinating the necessary activities with 26 different concessionaires, over 40 contractors, several government departments, and more, made it quite challenging. These challenges were overcome by individually handling each one with a solution-based approach, and intensifying the cooperation between concessionaires, contractors, PJIAE and government.

Perseverance and staying focused were ultimately the driving force behind the accomplishments in 2014.

Looking forward to 2015, the major tasks will include the construction works of the Cargo Building, the construction of the FBO, and the construction of the new catering facility.

INFORMATION TELEPHONY & TECHNOLOGY

The Information Technology & Telephony Department is charged with the maintenance and repair of all administrative automation hard and software in the offices

and ensures that the required materials e.g. printers, scanners etc. are available and in good condition for use.

The department, which consists of four employees, is also responsible for the maintenance and upgrades of the physical and wireless networks as well as all voice and data communications.

Among its accomplishments in 2014 are:

- Implemented a project to develop an IT strategy plan for 2015 -2017
- Increased our ability to be proactive and offer better service to our clients
- Reported monthly on all ITT related equipment and services
- Reduced amount of service calls due to proactive maintenance of equipment, which was accomplished through monthly inspections of equipment and stock leads, in efforts to lower wait times and in some cases preventive actions which led to less downtime.

In order to be the most advanced airport in the region and to offer exceptional service to travelers and tenants, ITT has to remain at a high standard and inspections are a key to providing this level of service

MARKETING AND CUSTOMER SERVICE

This Department (MCS) is responsible for developing a commercial strategy for the airport, as well as

air service development and maintenance. It is also charged with advertising and branding and coordinating SXM Airport events.

Among its strategic objectives are to deliver quality and memorable service by enhancing the customer experience and to expand commercial business through the development of a commercial plan, maintaining existing routes and expanding air service routes and frequencies to SXM Airport, expanding FBO business and increasing cargo business. Other strategic objectives include enhancing retail business and promoting SXM Airport as a good corporate citizen.

In 2014, the Department established the position of a Business Relations Officer in an effort to efficiently manage the relationship between SXM Airport and the concessionaires.

With regards to air service development and maintenance, MCS led quarterly meetings with the Air Service Development Committee (ASDC) comprising of all our hub partners and stakeholders and developed objectives for the grouping.

Similarly, WINAIR signed an interline agreement with Copa Airlines during this period and expressed interest in becoming a hub airline and islands such as Martinique and St. Kitts, which have international airports, have expressed an interest in participating in the ASDC.

The Department also facilitated various individual meetings with ASDC members, as part of the Schedule Optimization Study.



6.4 CHIEF OF ADMINISTRATION (COA)

In pursuit of obtaining new air service to SXM Airport, the Department attended two Routes events in 2014 – Routes Americas in El Salvador, and World Routes in Chicago, USA.

Perhaps as a result, three airlines began flying to the destination in late 2014 and one announced it would commence flights in early 2015.

Seaborne launched a new service from San Juan in February 2014, while Thomas Cook Airlines began service between SXM Airport and Stockholm in November 2014.

Sunwing commenced service from Ottawa in December of the same year, while Delta indicated that it will introduce a new service from Minneapolis, starting in February 2015.

Three airlines added flights to their existing schedule during the period under review. Copa Airlines increased its frequency from four (4) to five (5) flights weekly in the beginning of December 2014, while Air Canada Rouge scheduled an additional flight from Toronto which started also in December 2014. Air Transat also put an additional flight from Toronto in the same month. For its part, Sun Country airline announced that it would add another flight from Minneapolis, starting in February 2015.

Under advertising and branding, the Department coordinated:

- The “Plane Passionate” and “Award Winning Airport” brand concepts at the World Routes 2014 in Chicago, IL.
- The advertisement placement in several industry publications, to increase brand presence and industry awareness.
- Brand presence at a number of events such as Carnival 2014, Art Saves Lives Camp, and all St. Maarten public schools – as part of the “Healthfast” breakfast program and
- Ensured that all marketing and promotional opportunities included the 70th anniversary branding logo.

MCS also coordinated the following activities and events for the company:

- The unveiling ceremony of the SXM Airport Roundabout

- Runway rehabilitation unveiling ceremony
- The 3rd annual Bon Voyage
- The Safety & Security Conference 2014, along with Quality Assurance Dept.
- All matters related to Toppix 2014 Photo contest
- St. Martin Day Family Fun Day
- Signing ceremony between Signature Flight Support and SXM Airport
- All activities surrounding SXM Airport’s participation in Carnival 2014
- Branding for and at SXM Airport’s sponsored events
- The ATS appreciation dinner
- The production and installation of SXM Airport branded donation bins where users of the airport can make charitable contributions. The collections have benefited several non-profit organizations on the island

And with regards to the company’s corporate social responsibility, MCS assisted with the official launch of the Healthfast Breakfast pilot program for schools in February, 2014 and organized and coordinated a “Breakfast Corner,” consisting of tables and chairs, for the Marie Genevieve de Weever primary school, a member of the Healthfast program. The Department also coordinated the donation of milk dispensers to seven (7) public schools as part of the Breakfast program.

In addition, MCS assisted in organizing the awards ceremony for the first Jean Christian Aviation Scholarship, instituted as part of SXM Airport’s 70th Anniversary celebrations, with the purpose of supporting the next generation of aviation professionals in achieving their goals. The first recipient of the scholarship was Mr. Kevin Jeffers, who was studying to become a commercial pilot.

While 2014 was a rather busy and exciting year for MCS, especially due to the 70th anniversary celebrations, it is expected that 2015 would follow in the same vein as many of the programs launched in 2014 will continue into the future.

The Chief Of Administration (COA) oversees and directs the administrative processes of the Quality Assurance Department (QAD), Human Resources (HR), Legal (LEG) and Enterprise Risk Management & Compliance (ERM & Compliance) functions, as well as reviews and screens deliverables from other divisions prior to submission of same to the Managing Director.

By streamlining the efforts of the supporting departments (QAD, HR, LEG, ERM & Compliance) and assisting with the preparatory work and proper implementation and support of PJIAE’s initiatives in an efficient and effective manner, the division was able to accomplish the following:

- Completed the Corporate Governance Code reports 2010, 2011, 2012 and 2013
- Managed the relationship with the National Security Office. Security screenings of PJIAE staff are ongoing and will continue into 2015
- Managing the Aerotropolis project which is aimed at having Dr. Kasarda develop a strategic roadmap and planning guidelines for a SXM Airport City/ Sint Maarten Aerotropolis. This project is ongoing.
- Participated in the IT Governance and IT Roadmap projects along with the IT department. The actual work will be carried out in the coming years.

HUMAN RESOURCES DEPARTMENT

- Continued the restructuring efforts for the Rescue and Fire Fighting Department (RFF) which started in 2011 and are ongoing
- Arranged and coordinated various training programs, including the Customer Service & Protocol training for PJIAE staff and immigration staff, as well as specialized training for RFF and Air Traffic Services

- Completed the job re-evaluation & classification project
- Implemented a Zumba Health & Wellness program
- Organized the Family Fun Day as well as the customary yearly events

LEGAL DEPARTMENT

- Worked on various agreements, SLA’s (negotiations with contract parties, drafting, amending and finalizing agreements)
- Provided advisory services and answered legal inquiries internally and was an active member of the Commercial Committee

ENTERPRISE RISK MANAGEMENT & COMPLIANCE

- Attended the compliance and ethics training and is now a certified compliance officer

QUALITY AND ASSURANCE DEPARTMENT

- The Quality Assurance Department with the assistance of the Marketing & Customer Service Department organized the Caribbean Airport Safety & Security Conference, during which it established the Safety Ambassador Award
- Completed four quarterly building inspections and airside inspections
- Implemented the Customer Complaint & Feedback management process
- Conducted the Safety & Security workshops



6.5 TECHNICAL DIVISION

LOOKING AHEAD TO 2015, THE DIVISION EXPECTS TO:

- Complete the Aerotropolis project
- Complete CLA negotiations with the assistance of the Human Resources department
- Modernize the administration by implementing a paperless program (Phase 1: 2015, phase 2: 2016) in accordance with the IT Roadmap
- Implement the new Payroll Pro and HRM System
- Promote professional development through training, certifications and programs
- Restructure departments, where necessary, in an effort to improve productivity and efficiency, while reducing personnel expenses
- Provide efficient and effective legal services
- Enhance legal contract management
- Assist with the improvement of administrative productivity.
- Work on the implementation of the Compliance Charter and Compliance Policy
- Work on Corporate Governance report for 2014
- Work on Risk Assessment policy along with the Chief of Administration, Quality Assurance Department and various division directors
- Implement an electronic Safety Management Reporting System
- Maintain safety and quality standards - ensure quality assurance with industry safety standards
- Conduct training and hosting conferences

The Technical Division is made up of The Facility Maintenance Department (FMD), The Electrical & Mechanical Department (EMD) and the Planning, Projects & Systems Control department (PPS). Collectively they are charged with:

- Daily maintenance, repairs, upkeep and cleaning of PJIA facilities and supervision of third party cleaning contractors (FMD)
- Daily maintenance, repairs and upkeep of the electrical, mechanical and electronically designed machinery and installations on the airport premises (EMD)
- Planning and supervision of projects as well as the control, monitoring and auditing of the various systems at the airport. The department carries various disciplines namely electrical, mechanical, architectural and civil (PPS)

2014 ACCOMPLISHMENTS:

- Renewed all Airfield Ground Lighting (AGL). The AGL lighting on the runway is brighter and clearer, which makes the lights more visible to the pilots at night thus increasing aircraft safety
- Changed all Runway and Taxiway lighting to LED
- Installed new Precision Approach Path Indicator (PAPI) systems on both sides of the runway
- Installed new LED Wind Direction Indicators
- Installed new LED Taxiway and Directional Signs
- Installed new LED Remaining Runway Available Signs at intersections "C, D, E & F"
- Installed eight new Constant Current Regulators (CCR)
- Installed new primary and secondary cabling in two separated circuits around the runway
- Installed new fiber optic AGL Remote Control System at Air Traffic Control Tower, Operations Tower and AGL Room
- Upgraded backup generator
- Installed Red Flashing LED Lights on all 6 (six) hill top sites, which are more reliable than the older lights
- Departing aircrafts require these lights at night as a visual reference to the hills
- Replaced the Baggage Scanner
- The scanner is used to read the bag tags of the luggage while on the conveyor belt and sorts the luggage to the respective carousel in the baggage make up area
- This upgrade allowed less misreads of baggage tags, which reduces the number of bags going to the wrong carousel resulting in less bags getting to the aircraft late or missing the flight. This also facilitates an increased on time performance
- Replaced the Chillers at the Air Traffic Control (ATC) Tower, which ensures the proper cooling of the building and the sensitive electronics used by the controllers
- Connected the ATC tower and its perimeter gate to the central access control system
- Rehabilitation of deformation on the RWY 10 threshold
- Upgrade of the main access control system used throughout the terminal and parking lot
- Replace all ballast driving lights throughout the terminal with LED replacement lights
- Install solar panels at the hill top beacon lights

LOOKING AHEAD TO 2015, THE DIVISION EXPECTS TO:

- Rehabilitation of deformation on the RWY 10 threshold
- Upgrade of the main access control system used throughout the terminal and parking lot
- Replace all ballast driving lights throughout the terminal with LED replacement lights
- Install solar panels at the hill top beacon lights

6.6 OPERATIONS DIVISION

THE OPERATIONS DIVISION CONSISTS OF THE FOLLOWING DEPARTMENTS:

- **Security Department:** Assures the protection and safety of passengers, crew, ground personnel, the general public and facilities established at the airport, while assisting international civil aviation against acts of unlawful interference perpetrated on the ground or in flight. The security objective is to also work towards achieving safety and security standards in a manner that is friendly, fair and efficient.
- **Operations Department:** Works collaboratively with SXM Airport users to deliver, maintain and improve the quality of day to day operational services within a safe and secure environment, and improving on airport capacity whilst enhancing SXM Airport image as the regional leader.
- **R&FF Department:** Its primary objective is to save lives in the event of an aircraft emergency at the airport or aerodrome, facilitate and permit rescue operations to proceed smoothly; maintain or improve on current levels of service and improve firefighting effectiveness while stabilizing or reducing costs of that service and its associated equipment.
- **Passenger Services Department:** Deliver exceptional customer experience to business and leisure passengers in comfortable surroundings. Excellent customer service is one of the greatest assets of SXM Airport and the airport community in today's competitive environment. The dialogue between airport personnel and their passengers and visitors is best served on a face-to-face basis.
- **Investigative Liaison Department:** This department functions as the coordination point between the local authority, Public Prosecutor's Office and other legal entities with regards to the security and safe-guarding of the general public against unlawful activities locally and internationally.

Safety, security and efficiency are critical in the aviation industry, since they promote the effectiveness of an airport

within the entire tourism industry. It is as a result of this strategic objective that the Operations Division was able to accomplish the following in 2014:

- Maintaining operational excellence and safety
 - Purchased Crash Tender
 - Purchased L3-security back scatter X-ray body screening machine
 - Purchased of a Sweeper truck
 - Purchased a new Operations vehicle
 - Purchased a new vehicle for Security
 - Purchased a portable trace detector
 - Completed RFF certification training
 - Installed CCTVs
 - Conducted building Evacuation and Live Drill Exercise
 - Installed VDGS monitoring equipment (Docking system)
- SXM remains the region's most intelligent airport through:
 - Installed SITA equipment as specified in the signed FIDS/ AMS6/Eclipse-X
 - Upgraded SITA CUSS equipment throughout the terminal building
 - Installed new passenger information displays

LOOKING AHEAD TO 2015, THE DIVISION EXPECTS TO:

- Complete the SITA FIDS installation attached to ongoing construction
- Install L-3 equipment
- Complete NFPA (Rescue & Fire Fighting) training part of 3 year plan
- Complete the CCTV project

6.7 FINANCE AND REPORTING DIVISION

2014 OPERATIONAL EFFICIENCY & IMPROVEMENTS:

- Completed the updated policy and procedure documents, which were submitted to management and approved in the fourth quarter of 2014
- Implemented IATA collections on airline fees starting January 1, 2014
- Continued to proactively address accounts receivable collections, for example, achieved a 12% decrease in total Accounts Receivable from September 2014 to October 2014

ACCOUNTING & REPORTING DEPARTMENT:

- Completed the 2013 Jubilee calculation and audit
- Prepared and delivered the 2013 Audited Financial Statements
- Prepared and delivered Quarterly Investor Reports
- Prepared and delivered the 2015 SXM Budget and submitted this for the approval of the Supervisory Board of Directors, SBOD, in October 2014
- Prepared Liquidity Reports
- Prepared Budget to Actual Expense Reports
- Prepared Accounts Receivables Analysis and Credit & Collections Reports
- Conducted preliminary planning for the 2014 Financial Statement Audit

PROCUREMENT DEPARTMENT:

This department

- Implemented the revised Procurement policy and procedures
- Prepared the requested Purchase Orders (POs) on a timely basis, within 7 days of receipt
- Prepared weekly reports on the POs register with totals

DATA MANAGEMENT & STATISTICS:

- Prepared monthly & quarterly Passenger Movement reports
- Prepared monthly & quarterly Aircraft Movements reports

LOOKING AHEAD TO 2015, THE DIVISION EXPECTS TO:

- Produce monthly, quarterly, and annual reports on a timely basis
- Evaluate and enhance internal controls, where applicable
- Continue to monitor the operating margin to confirm financial ratio requirements are met
- Continue to increase collections on outstanding Accounts Receivable
- Monitor revenue growth to identify opportunities to support additional growth
- Monitor costs to identify opportunities for cost reduction
- Increase fees, where applicable

6.8 AIR TRAFFIC SERVICES DIVISION



STAFFING

This Division, with the Acting Director of Air Traffic Services as its current head, consists of two departments: the Procedural Control Department (PCD) and the Radar Control Department (RCD). Each of these departments has its own manager, with four (4) Air Traffic Service (ATS) supervisors reporting to them. The PCD consists of nine (9) Procedural Air Traffic Controllers rated in Tower and Approach control. It also has one Air Traffic Controller and eight (8) Flight Information Officers. This number includes two (2) student Air Traffic Controllers.

The four (4) ATS supervisors listed in the Procedural Control Department also serve the Radar Control Department, with both departments having a combined staff strength of thirty-four (34). The RCD has nine (9) Surveillance Air Traffic Controllers (Radar Controllers) rated in Procedural Tower and Approach Control and Surveillance Radar Approach Control. In addition to both ATS managers, the position of ATS administrator was established and the administrator reports to both managers.

ACCOMPLISHMENTS

The following are the major accomplishments of the Division in 2014:

- Installed the Raytheon Automation hardware.
- Trained ATS instructors, enabling them to conduct Procedural and Radar refresher training, in addition to already established courses.
- Delivered AIS/AFIS courses to St. Eustatius and Saba candidates. This course recovered ATS capital invested in training instructors, documents required, and generated a profit.
- Purchased an Automatic Terminal Information Service System.
- Conducted Raytheon Radar System Health Check.
- Completed all required draft documents for training, safety management, and assisted in the compilation of the electronic AIP for Dutch Caribbean.

The above mentioned were accomplished with foresight and the identification of needs that will arise in future growth areas for the Division. They can also be attributed to the constant growth within the aviation sector. SXM Airport must take initiatives to place itself ahead of the curve.

The Managing Director provided the necessary support and initiative in order to realize the accomplishments and paid keen attention to the future of the company and the ATS Division in particular.

The accomplishments and preparations by the ATS Division can be directly attributed to the leadership role the company strives to improve upon. With regards to training, the Division strives to become self-sufficient by managing its in-house talent and expertise in aviation.

The accomplishments also ensure the continuation of efficient operations with minimum downtime due to obsolescence of equipment and lack of training in current procedural requirements.

Although expenditures are higher in some areas, the groundwork has been laid to significantly reduce operating costs in comparison to the preceding years by adopting better maintenance programs, reducing and eliminating a large portion of travel and incidental costs, conducting future training in-house (eliminating the need to outsource said training). This means investing in SXM Airport employees which ultimately results in reducing costs.

CHALLENGES

In terms of challenges in 2014, major project timelines had to be adjusted to minimize the risk associated with controllers not being adequately trained in the use of new equipment and procedures.

Staffing levels due to vacation requests were also constantly an issue. Training programs were difficult to realize at times.

It is obvious therefore that a more structured approach should be applied to the granting of vacation in accordance with any new Collective Labor Agreement (CLA). In general, projects are difficult to realize and implement given the short window of opportunity. The high season must be utilized as the period for research and preparation, while implementation and training should be accomplished during the slower months.

LOOKING AHEAD TO 2015, THE DIVISION EXPECTS TO:

- Recruit the required number of ATS personnel that would be in accordance with the revised recruitment procedure, and secure the temporary training center
- Acquire a Tower and Approach simulator.
- Conduct in-house, a Basic Air Traffic Controllers course and a Procedural and Radar Refresher course. (This should be completed in 2016).

7.0 CONCLUSION

Leading the way means never having to rest on our laurels. Consequently, SXM Airport has started planning for other capital projects including a long-term Power Purchase Agreement for Solar Power Installation to help reduce energy costs and a Private Jet Parking to increase parking revenues. A Car Rental Facility is on the drawing board to centralize rental car companies for improved customer service and to increase non-aeronautical revenues. Similarly, we are working towards a Pre-Clearance Facility to enhance airport connectivity. In addition, SXM Airport plans to establish an Airport Multi-Purpose Training Center or Aviation Training Academy to promote SXM Airport as a leading regional training center and increase non-aeronautical revenues. A Dredging and Bypass Project is planned to expand the SXM footprint in the future. All of these projects are designed to help SXM Airport maintain its competitive edge.

According to Tony Tyler, IATA's Director General and CEO, in his review of 2014, "The industry story is largely positive, but there are a number of risks in today's global environment—political unrest, conflicts, and some weak regional economies, among them."

"The industry outlook is improving. The global economy continues to recover and the fall in oil prices should strengthen the upturn next year (2015)," he said.

Given SXM Airport's performance in 2014, we share that optimism and believe that the outlook for SXM Airport in 2015 is positive. We will continue to strive for excellence and continued growth as we lead the way as the Caribbean's premier airport.



8.0 AIRPORT FACTS

GEOGRAPHICAL LOCATION

Simpson Bay, St. Maarten
 Longitude 63.1 / Latitude 18.3
 Airport area: 642, 415 m2

RUNWAY

Identification numbers: No. 10/28
 Length: 2300 m
 Width: 45 m
 Capacity: 36-40 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 mil 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 SXM 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, SXM 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

AIRLINES

- Air Antilles Express
- Air BVI
- Air Canada
- Air Caraïbes
- Air France
- Air Sunshine
- Air Transat
- American Airlines
- Anguilla Air Services
- CanJet
- Caribbean Airlines
- Copa Airlines
- Delta Airline
- Insel Air
- JetBlue Airways
- KLM
- Liat
- Spirit Airline
- St. Barths Commuter
- Sun Country Airlines
- Sunwing Airlines
- TAM
- Thomas Cook
- United Airlines
- US Airways
- WestJet
- Winair
- Windward Express



Princess Juliana
International Airport
Operating Company N.V.

Princess Juliana International Airport

Operating Company N.V.

St. Maarten

Financial Statements

December 31, 2014

2014 FINANCIAL STATEMENTS

Leading the Way



Princess Juliana
International Airport

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1 General

1.1 Message of the Supervisory Board of Directors

Message of the Supervisory Board of Directors

The year 2014 opened with the increases in Airport Departure Fees (ADF) and passenger screening fees going into full effect. This has had a significant impact on SXM Airport's financial performance in the fiscal year under review resulting in total revenues increasing by 13%. The implementation of the new concession agreements as part of our efforts to increase non-aeronautical revenues bore fruit in the form of a 15% increase in this category over the preceding year.

In further realization of several of the strategic facility development projects that form part of our Capital Improvement Program, contracts were signed in 2014 to the tune of ANG28.5million, all of them with the unanimous approval and oversight of the Supervisory Board of Directors. These contracts are in different phases of execution, including the redesigning, and complete renovation of the Departure Hall area to give it a sense of place and enhance the customer experience. This was in its final stages of completion.

Other major strategic projects completed in 2014 included the installation of LED lights on the runway. The Princess Juliana International Airport, SXM, is among the first airports in the world to install such LED lighting at both its runway and taxiway. Apart from the "greening" effect of this initiative, it will also result in substantial energy savings and ultimately cut electricity bills.

The expenditure side of our Financial Statements for 2014 went up by 12% compared to 2013 mainly due to 21% increase in the depreciation of new assets completed during the year and a hefty 17% rise in water and electricity bills largely because of increased usage as all concessionaires were fully functioning in 2014. However, in spite of increased costs, SXM Airport recorded a sizeable operating profit of ANG23.4 million or an increase of 19% over 2013.

Since the core business of SXM Airport is to attract reliable air service, especially given its hub character, significant strides were made in this respect during the year under review. Thomas Cook Airlines began servicing SXM from Stockholm in November, and Delta Airlines started daily flights from JFK, New York. Air Canada Rouge from Toronto, Air Transat and COPA Airlines all increased their flights to SXM Airport effective December 2014 while Sunwing began flying from Ottawa in the same month.

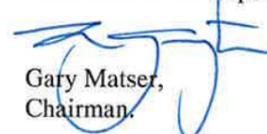
Partly as a result of increased airlift, aircraft movement went up by 3% over 2013 while Enplaned Passenger Traffic volume increased by some 6%, with Transit and Transfer passengers accounting for a growth of almost 9% and 14% respectively over the levels of the preceding year.

Against this background, Profit before Tax shot up by a huge 95% compared to 2013, placing SXM Airport in a strong financial position to more than adequately service its debt and continue to lead the way with pending projects such as the new FBO facility, the relocation of the FuelFarm and the upgrading and renovation of the Cargo Building among others, all of which will result in more revenues.

These Financial Statements were prepared by the Management Team, and approved by the Audit Committee and all members of the Supervisory Board of Directors.

The Supervisory Board of Directors recommends without reservations that the General Meeting of Shareholders approves the Financial Statements corresponding to 2014.

On behalf of the Supervisory Board of Directors,


Gary Matser,
Chairman.

1.3 Managing Director's Message

Message by Managing Director for Financial Statements

This year was a milestone in many respects as we had laid the foundation in 2013 for facility improvements. We started planning and delivering projects to meet the growing demand for aviation services for future years.

As a financially self-sustaining company, the Airport does not rely on tax payer dollars or government funds for its operations. Fiscal prudence is therefore the rule, but this in no way detracts from our commitment to operate Princess Juliana International Airport at the highest levels of safety, security and efficiency for our passengers. The company continues to exceed its bond covenant requirements. Specifically, as of December 31, 2014 the Debt Service Coverage Ratio was 1.76x as appose to the required 1.25x.

In 2014, total revenues increased by ANG12.4 million or 13 percent compared to 2013, primarily reflecting the increase in passenger movements as well as increases in fees. The non-aeronautical revenue increased by ANG 2.5 million or 15 percent, primarily as a result of the new expanded concession program, the increased enplanements as well as our efforts to drive concession sales.

The total fiscal year operating expenses increased by ANG 8.7 million or 12 percent. The increase largely due to the depreciation of new assets, particularly the runway and the modernized Departure Hall. As well, the drive to becoming a green airport also led to an increase in operating and specifically maintenance expenses. Lastly, to decrease the personnel expenses, we outsourced certain services to support manpower costs for labor intensive projects.

The higher revenues and decreased finance cost improved earnings and net income during the year.

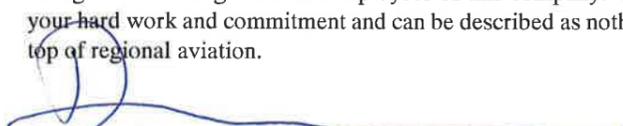
The strong set of results strengthens SXM Airport's ability to compete against the new airports in the region, and to weather any industry or market-cycle volatilities that we may face in the coming year. This puts us in a stronger position to fund some capital investment projects, which are estimated to cost some US\$40 million over the next three years.

SXM Airport's exceptional growth in the last two years, as evidenced in the key indicators, gives reason for continued optimism. Based on the Caribbean Tourism Organization's 2015 outlook, global economies will perform better in 2015 and tourism arrivals to the region should rise between four and five percent. We, however, expect growth to taper off given the recession in Europe, aggravated by a weak Euro, and the impending loss of a scheduled charter in early 2015.

We also expect SXM Airport's earnings in FY15 to be even due to a weakening traffic growth, although we anticipate one off contributions. Notwithstanding this, we are confident that the Multi-Purpose Training Center or Training Academy will be realized and all our efforts to enhance our hub position and competitive edge will allow us to seize opportunities amid anticipated challenges.

We would like to extend our appreciation to all the airlines and airport partners. Thank you for sharing in our commitment to develop the hub and lead the way in providing the best airport experience.

Our gratitude also goes to the employees of this company. What we have achieved thus far has been largely due to your hard work and commitment and can be described as nothing short of exemplary as "we lead the way" to the very top of regional aviation.


Regina La Bega
Managing Director - PJIAE N.V.



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/67.600.3/42051

Report on the financial statements

We have audited the accompanying financial statements 2014 of Princess Juliana International Airport Operating Company N.V., St. Maarten, which comprise the statement of financial position as at December 31, 2014, 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, 2014, and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards.

St. Maarten, June 2, 2015
PricewaterhouseCoopers St. Maarten



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2 Financial Statements

2.1 Statement of financial position

		As at December 31	
		2014	2013
		ANG	ANG
ASSETS			
Current assets			
Cash and cash equivalents	2.5.5	13,117,358	9,379,943
Short-term bank deposits	2.5.6	12,899,190	12,899,190
Restricted cash accounts - current portion	2.5.7	36,812,346	16,862,889
Accounts receivable - net	2.5.8	22,585,318	17,196,368
Loan receivable - current portion	2.5.9	213,600	213,600
Other receivables and prepaid expenses		154,873	129,393
		85,782,685	56,681,383
Non-current assets			
Restricted cash accounts - non-current portion	2.5.7	17,359,396	53,769,011
Deferred tax asset	2.5.21	1,818	1,879,768
Long-term loan receivable	2.5.9	2,349,600	2,563,200
Property and equipment - net	2.5.10	253,982,109	245,789,031
		273,692,923	304,001,010
Total assets		359,475,608	360,682,393
LIABILITIES AND EQUITY			
Current liabilities			
Accounts payable and accrued expenses	2.5.11	13,222,245	11,715,064
Long-term liabilities - current portion	2.5.12	13,317,179	12,627,840
		26,539,424	24,342,904
Non-current liabilities			
Long-term liabilities	2.5.12	218,324,880	230,515,032
Provision for jubilee bonus	2.5.13	2,538,662	2,405,513
Deferred tax liabilities	2.5.21	5,843,701	5,948,750
		226,707,243	238,869,295
Total liabilities		253,246,667	263,212,199
Equity			
Share capital	2.5.14	200,000	200,000
Contributed surplus	2.5.14	5,200,000	5,200,000
Retained earnings		100,828,941	92,070,194
Total equity		106,228,941	97,470,194
Total liabilities and equity		359,475,608	360,682,393

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

2.2 Statement of comprehensive income

	Note	Year ended December 31	
		2014	2013
		ANG	ANG
REVENUES			
Passenger accomodation fee	2.5.16	54,939,084	47,906,770
Airport fees	2.5.16	16,124,415	15,292,734
Passenger screening fees	2.5.16	16,345,075	14,240,018
Rent and concessions	2.5.17	11,550,671	10,004,604
Other revenues	2.5.18	7,995,110	7,047,599
		106,954,355	94,491,725
COSTS AND EXPENSES			
Personnel expenses	2.5.19	28,444,767	28,881,528
Depreciation	2.5.10	22,646,274	18,753,713
Water and electricity		7,035,266	6,031,265
Professional and service fees		5,364,917	3,723,219
Maintenance		4,146,297	3,367,045
Insurance		4,051,634	3,038,760
Cleaning and garbage removal		2,577,254	2,539,958
Provision for (reversal of) bad debts	2.5.8	(108,102)	823,207
Other administrative expenses	2.5.20	9,419,889	7,762,599
		83,578,196	74,921,294
		23,376,159	19,570,431
OPERATING PROFIT			
FINANCE INCOME AND COST			
Interest income		50,290	148,007
Interest expense	2.5.12	(12,915,909)	(13,943,585)
Loss on extinguishment of loan	2.5.12	-	(373,576)
		(12,865,619)	(14,169,154)
PROFIT BEFORE INCOME TAX			
Profit tax benefit (expense)	2.5.21	(1,772,901)	3,230,715
		8,737,639	8,631,992
NET INCOME FOR THE YEAR		8,737,639	8,631,992
Other comprehensive income		21,108	(50,141)
TOTAL COMPREHENSIVE INCOME		8,758,747	8,581,851

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, 2013	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
Net income for the year	-	-	8,737,639	8,737,639
Other comprehensive income	-	-	21,108	21,108
Balance as at December 31, 2014	200,000	5,200,000	100,828,941	106,228,941

2.4 Statement of cash flows

	Note	Year ended December 31	
		2014	2013
		ANG	ANG
Cash flows from operating activities			
Operating profit		23,376,159	19,570,431
Adjustments for:			
Depreciation	2.5.10	22,646,274	18,753,713
Provision for (reversal of) bad debts	2.5.8	(108,102)	823,207
Operating profit before working capital changes		45,914,331	39,147,351
Decrease (increase) in:			
Accounts receivable		(5,280,848)	(2,111,171)
Other receivables and prepaid expenses		(25,480)	288,446
Increase (decrease) in:			
Accounts payable and accrued expenses		1,507,181	(30,166)
Provision for jubilee bonus	2.5.13	154,257	166,481
Cash generated from operations		42,269,441	37,460,941
Interest received		50,290	148,007
Interest paid		(11,788,879)	(12,800,571)
Net cash provided by operating activities		30,530,852	24,808,377
Cash flows from investing activities			
Movement in restricted cash		16,460,158	48,361,292
Acquisitions of property and equipment	2.5.10	(30,839,352)	(53,671,169)
Decrease in long-term loan receivable	2.5.9	213,600	213,600
Net cash used in investing activities		(14,165,594)	(5,096,277)
Cash flows from financing activity			
Repayments on long-term debt		(12,627,843)	(15,621,010)
Net cash used in financing activity		(12,627,843)	(15,621,010)
Net increase in cash and cash equivalents		3,737,415	4,091,090
Cash and cash equivalents at beginning of year		9,379,943	5,288,853
Cash and cash equivalents at end of year		13,117,358	9,379,943

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 Supervisory Board of Directors on June 1, 2015.

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, 2014.

Amendment to IAS 32, 'Financial instruments: Presentation' on offsetting financial assets and financial liabilities. This amendment clarifies that the right of set-off must not be contingent on a future event. It must also be legally enforceable for all counterparties in the normal course of business, as well as in the event of default, insolvency or bankruptcy. The amendment also considers settlement mechanisms. The amendment did not have a significant effect on the Company's financial statements as there are no offsetting of financial assets and financial liabilities.

IFRIC 21, 'Levies', sets out the accounting for an obligation to pay a levy if that liability is within the scope of IAS 37 'Provisions'. The interpretation addresses what the obligating event is that gives rise to pay a levy and when a liability should be recognized. This interpretation did not have a significant impact on the Company's financial statements since the Company's accounting for the levies is consistent with the guidance provided by IFRIC 21.

Other standards, amendments and interpretations which are effective for the financial year beginning on January 1, 2014 are not relevant to the Company.

(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, 2014, 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. The complete version of IFRS 9 was issued in July 2014. It replaces the guidance in IAS 39 that relates to the classification and measurement of financial instruments. IFRS 9 retains but simplifies the mixed measurement model and establishes three primary measurement categories for financial assets: amortized cost, fair value through 'Other comprehensive income (OCI)' and fair value through profit and loss. The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset. Investments in equity instruments are required to be measured at fair value through profit or loss with the irrevocable option at inception to present changes in fair value in OCI not recycling. There is now a new expected credit losses model that replaces the incurred loss impairment model used in IAS 39. For financial liabilities there were no changes to classification and measurement except for the recognition of changes in own credit risk in other comprehensive income, for liabilities designated at fair value through profit or loss. IFRS 9 relaxes the requirements for hedge effectiveness by replacing the bright line hedge effectiveness tests. It requires an economic relationship between the hedged item and hedging instrument and for the 'hedged ratio' to be the same as the one management actually use for risk management purposes. Contemporaneous documentation is still required but is different to that currently prepared under IAS 39. The

standard is effective for accounting periods beginning on or after January 1, 2018. Early adoption is permitted. The Company is yet to assess IFRS 9's full impact.

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. All financial information presented in ANG has been rounded to the nearest ANG, except when otherwise indicated.

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 2.5.7 and 2.5.12).

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.

Initially, an item of property and equipment is measured at its cost, which comprises its purchase price and any directly attributable cost of bringing the asset to the location and condition for its intended use. 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 to the extent that it is probable that the economic benefits associated with the transaction will flow to the Company and the amount of revenue can be measured reliably. Revenue is measured at the fair value of the consideration received, excluding discounts, rebates and other sales taxes or duties.

Revenue is recognized upon performance of services.

Interest income is recognized as it accrues, taking into account the effective yield on the asset.

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. This pension plan is also accounted for as defined contribution plan

since the contributions are set at a level that is expected to be sufficient to pay the required benefits.

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

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, 2014 and 2013, 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, 2014	ANG	ANG	ANG	ANG
Cash and cash equivalents	13,117,358	-	-	13,117,358
Short-term bank deposits	12,899,190	-	-	12,899,190
Restricted cash accounts	54,171,742	-	-	54,171,742
Accounts receivable	10,170,905	12,414,413	3,017,628	25,602,946
Loan receivable	2,563,200	-	-	2,563,200
Other receivable	69,029	-	-	69,029
	<u>92,991,424</u>	<u>12,414,413</u>	<u>3,017,628</u>	<u>108,423,465</u>
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>

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, 2014	Less than 1 year	Between 1 and 5 years	Over 5 years	Total
	ANG	ANG	ANG	ANG
Accounts payable and accrued expenses	13,222,245	-	-	13,222,245
Long-term liabilities	13,317,179	65,047,550	153,277,330	231,642,059
	<u>26,539,424</u>	<u>65,047,550</u>	<u>153,277,330</u>	<u>244,864,304</u>

At December 31, 2013	Less than 1 year	Between 1 and 5 years	Over 5 years	Total
	ANG	ANG	ANG	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
	<u>24,342,904</u>	<u>41,923,181</u>	<u>188,591,851</u>	<u>254,857,936</u>

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

	2014	2013
	ANG	ANG
Cash on hand	1,224	2,129
Cash in banks	13,116,134	9,377,814
	<u>13,117,358</u>	<u>9,379,943</u>

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

As at December 31, 2014, Management reclassified a total amount of ANG 11,763,237 from ADF bank accounts to cash and cash equivalents available for working capital requirements (see Note 2.5.7)

2.5.6 Short-term deposits

Short-term bank deposits of ANG 12,899,190 (2013: ANG 12,899,190) have maturities of 180 to 360 days and bears effective annual interest rates ranging from 0.10% to 0.25% (2013: 0.10% to 0.25%).

2.5.7 Restricted cash accounts

	2014	2013
	ANG	ANG
<i>Current</i>		
Project account	30,500,000	14,766,726
Airport departure fees account	6,312,346	2,096,163
	<u>36,812,346</u>	<u>16,862,889</u>
<i>Non-current</i>		
Debt service reserve account	12,625,008	9,468,835
Project account	4,734,388	44,300,176
	<u>17,359,396</u>	<u>53,769,011</u>

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

Airport Departure Fee (ADF) Accounts

As part of New Notes due 2027, the Company entered into an ADF Account Agreement with RBC Trust, 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 2.5.12). As at December 31, 2014, Management designated an amount of ANG 6,312,346 equal to one quarterly payment of principal and interest in respect of the new notes as restricted cash. The remaining balance from Airport departure fee accounts was reclassified as 'cash and cash equivalents' (see Note 2.5.5).

Debt Service Reserve Account

As part of New Notes due 2027, 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 maintain a reserve account (the 'Debt Service Reserve Account') to ensure the payment of the principal and interest on the New Notes. 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 on the New Notes.

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. The total funds used for capital investments during the year amounts to ANG 23,832,514 (2013: ANG 43,901,071). The current portion of the project accounts is based on the budgeted capital investments in 2015.

2.5.8 Accounts receivable

	2014	2013
	ANG	ANG
Accounts receivable	25,602,946	20,650,180
Provision for bad debts	(3,017,628)	(3,453,812)
	<u>22,585,318</u>	<u>17,196,368</u>

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

	2014	2013
	ANG	ANG
Balance as at January 1,	3,453,812	6,424,294
Provision for the year	498,432	1,436,807
Recovery/reversal	(606,534)	(613,600)
Write-off	(328,082)	(3,793,689)
Balance as at December 31	<u>3,017,628</u>	<u>3,453,812</u>

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

2.5.9 Loan receivable

	2014	2013
	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	1,495,200	1,708,800
	<u>2,563,200</u>	<u>2,776,800</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 1,893,191 (2013: ANG 2,006,467). 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.

2.5.10 Property and equipment

	Terminal, related works & infrastructure	Land and Buildings	Furniture, fixtures vehicles & equipment	Terminal building improvements	Assets under construction	Total
	ANG	ANG	ANG	ANG	ANG	ANG
As at January 1, 2013						
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	160,367,168	36,653,456	4,867,336	-	43,901,071	245,789,031
Year ended December 31, 2014						
Opening net carrying value	160,367,168	36,653,456	4,867,336	-	43,901,071	245,789,031
Additions	566,568	120,827	1,610,400	-	28,541,557	30,839,352
Reclassification/transfer	43,579,652	-	1,547,772	13,311,218	(58,438,642)	-
Depreciation	(15,593,991)	(4,325,576)	(2,448,552)	(278,155)	-	(22,646,274)
Closing net carrying value	188,919,397	32,448,707	5,576,956	13,033,063	14,003,986	253,982,109
As at December 31, 2014						
Cost	298,733,940	86,645,577	38,651,829	13,311,218	14,003,986	451,346,550
Accumulated depreciation	(109,814,543)	(54,196,870)	(33,074,873)	(278,155)	-	(197,364,441)
Net carrying value	188,919,397	32,448,707	5,576,956	13,033,063	14,003,986	253,982,109

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. The total 'Asset under constructions' related to Capital Improvement Program amounts to ANG 14,003,986 (2013: ANG 43,901,071). The amount capitalized includes borrowing costs amounting to ANG 3,786,777 (2013: ANG 1,887,034) which are recorded as part of 'Asset under construction' and 'Terminal, related works & infrastructure' accounts.

2.5.11 Accounts payable and accrued expenses

	2014	2013
	ANG	ANG
Accounts payable	7,776,917	8,122,516
Deposits received	3,018,730	1,785,640
Accrued expenses	1,307,976	172,085
Accrued vacation days	813,843	1,225,735
Accrued turnover taxes	44,350	45,568
Others	260,429	363,520
	<u>13,222,245</u>	<u>11,715,064</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 (2013: ANG 3,500,000), 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.

2.5.12 Long term liabilities

	2014	2013
	ANG	ANG
5.5% fixed rate senior secured notes	223,775,112	234,644,987
LVFM loan	5,737,352	6,108,831
OBNA loan - Flamingo Pond	2,129,595	2,389,054
	<u>231,642,059</u>	<u>243,142,872</u>
Long-term liabilities - current portion	(13,317,179)	(12,627,840)
Total long-term liabilities	<u>218,324,880</u>	<u>230,515,032</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:

	2014	2013
	ANG	ANG
Bond discount	961,682	1,074,385
Transaction costs	8,668,158	9,682,482
	<u>9,629,840</u>	<u>10,756,867</u>

As of December 31, 2014, the total balance of the New Notes amounts to ANG 223,775,112 (2013: ANG 234,644,987).

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 2.5.7). The Debt Service Reserve Account for the New Notes has been 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.

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, 2014 amounts to ANG 5,737,352 (2013: ANG 6,108,831).

The fair value of LVFM loan as of December 31, 2014 amounts to ANG 4,082,931 (2013: ANG 4,242,296). 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 as of December 31, 2014 amounts to ANG 2,129,595 (2013: ANG 2,389,054).

The fair value of OBNA loan as of December 31, 2014 amounts to ANG 1,734,075 (2013: ANG 1,898,603). 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 in 2014 amounts to ANG 14,379,510 (2013: ANG 15,830,619), of which ANG 1,899,743 (2013: ANG 1,887,034) is capitalized as part of 'Property and equipment' account.

2.5.13 Provision for jubilee bonus

The movement of this account is as follows:

	2014	2013
	ANG	ANG
Balance as at January 1,	2,405,513	2,188,891
Current service cost	175,165	168,173
Interest cost	120,889	114,548
Bonus paid	(141,797)	(116,240)
Actuarial loss (gain)	(21,108)	50,141
Balance as at December 31	<u>2,538,662</u>	<u>2,405,513</u>

The provision for jubilee bonus has been calculated using a discount rate of 5% (2013: 5%) and future salary increase of 3% (2013: 3%).

The effect of a 0.5% change in discount rate is as follows:

	0.5% increase	0.5% decrease
	ANG	ANG
Effect on the provision for jubilee bonus	<u>(123,662)</u>	<u>134,338</u>

2.5.14 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.

2.5.15 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	2014	2013
		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	371,479	362,418
	Interest expense	154,842	164,032

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

	2014	2013
	ANG	ANG
Loan receivable - PJIAH	<u>2,563,200</u>	<u>2,776,800</u>
Loan payable - LVFM	<u>5,737,352</u>	<u>6,108,831</u>

Loan receivable - PJIAH

The loan to PJIAH was provided interest free, repayment is to take place in 25 equal yearly installments (see Note 2.5.9).

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 2.5.12).

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.

As of December 31, the future minimum lease payments under the lease agreement are as follows:

	2014	2013
	ANG	ANG
Not later than one year	573,600	573,600
Later than one year and not later than five years	2,294,400	2,294,400
Later than five years	6,309,600	6,883,200
	<u>9,177,600</u>	<u>9,751,200</u>

The details of key management compensation are as follows:

	2014	2013
	ANG	ANG
Short term benefits	1,299,281	1,066,253
Pension contributions	114,048	90,489
	<u>1,413,329</u>	<u>1,156,742</u>

Key management, including the Supervisory Board of Directors, in 2014 comprised of 11 persons (2013: 12 persons).

2.5.16 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 ANG 64.80 or USD 36.00 (2013: ANG59.40 or USD 33.00) per passenger. ADF for destinations within the former Netherlands Antilles amounts to ANG39.60 or USD 22.00 (2013: ANG 36.00 or USD 20.00) per passenger. ADF for a departing passenger that is transferring between two flights on the same day pays ANG10.80 or USD 6.00 (2013: ANG 9.90 or USD5.50).

AIF charged to departing passengers amounts to ANG 9 or USD 5 (2013: 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:

	2014	2013
	ANG	ANG
Navigation and air traffic control fees	8,050,675	7,624,435
Landing fees	7,486,878	7,094,617
Parking fees	309,535	315,761
Overtime fees	159,500	138,800
Lighting fees	117,827	119,121
	<u>16,124,415</u>	<u>15,292,734</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 passenger screening fee amounts to ANG 19.64 or USD 10.91 per departing passenger effective January 1, 2014 (2013: ANG 18 or USD 10).

2.5.17 Rents and concessions

	2014	2013
	ANG	ANG
Shops and offices in main building	7,916,231	6,840,658
Contract fees	1,875,451	1,499,178
Cargo building rent	707,847	689,708
Car rental	317,339	306,542
Other rent of space	733,803	668,518
	<u>11,550,671</u>	<u>10,004,604</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:

	2014	2013
	ANG	ANG
Not later than one year	4,102,216	5,207,972
Later than one year and not later than five years	2,704,636	6,701,656
Later than five years	236,149	495,000
	<u>7,043,001</u>	<u>12,404,628</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.

2.5.18 Other revenues

	2014	2013
	ANG	ANG
Throughput charges	3,033,166	2,809,461
VIP Lounge income	1,070,177	945,837
Parking	806,592	808,910
Electricity shops and offices	413,750	412,881
Advertising	396,000	396,000
Service charges to concessionaires	261,411	247,885
Other income	2,014,014	1,426,625
	<u>7,995,110</u>	<u>7,047,599</u>

Throughput charges

PJIAE levied a fee of ANG 0.04 (2013: ANG 0.04) per liter of high octane fuel and ANG 0.10 (2013: 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.

Other income

Other income consists of fees collected for security, cleaning, water usage, garbage removal, air-condition, gas, service charge, turnover tax, training income and insurance claim income.

2.5.19 Personnel expenses

	2014	2013
	ANG	ANG
Salaries	20,239,054	21,030,516
Social premiums	3,286,511	3,151,662
Pension premiums	1,623,429	1,676,184
Overtime	1,510,975	1,241,109
Provision for jubilee bonus	154,257	166,481
Other personnel expenses	1,630,541	1,615,576
	<u>28,444,767</u>	<u>28,881,528</u>

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

The average number of employees during 2014 was 268 (2013: 274).

2.5.20 Other administrative expenses

	2014	2013
	ANG	ANG
Advertising and promotion fees	1,531,203	963,066
Corporate social responsibility projects	1,041,146	340,199
Travel expenses	1,018,177	864,605
Turnover tax	915,907	786,790
Bank charges	730,636	735,113
Telephone	597,491	636,961
Rent	573,600	573,600
Food and beverages	528,497	474,016
Outside services	417,027	-
Software support/supplies	238,905	283,182
Supervisory Board fees	178,364	140,437
Vehicle costs	140,370	142,718
Others	1,508,566	1,821,912
	<u>9,419,889</u>	<u>7,762,599</u>

Advertising and promotion fees increased mainly due to the marketing activities during the celebration of 70th anniversary of SXM Airport and some architectural arts built in SXM Airport.

Corporate social responsibility projects increased due to the contributions and sponsorships made to several organizations as part of Company's corporate social responsibility.

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

2.5.21 Profit taxes

	2014	
	ANG	ANG
Profit before taxes according to profit and loss statement		10,510,540
Add:		
Adjustment TOT, 10% of the paid TOT	91,591	
Travel and entertainment	211,656	
Donations	1,013,911	
		1,317,158
Add:		
Addition to the cessantia provision	304,490	
Actuarial gain charged to equity	21,108	
		325,598
Less:		
Investment allowance 2013	(3,977,607)	
Investment allowance 2014	(2,732,355)	
		(6,709,962)
Add: commercial depreciation	22,646,274	
Less: fiscal depreciation	22,646,274	
		-
Fiscal result 2014		5,443,334
Fiscal losses in previous year		(5,443,334)
Taxable result		-

The deferred profit tax benefit is computed as follows:

	2014
	ANG
Temporary differences:	
Cessantia	304,490
Carryforward losses applied in 2014	(5,443,334)
	(5,138,844)
Profit tax rate	34.50%
Deferred profit tax expense	(1,772,901)

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

	2014	2013
	ANG	ANG
<i>Deferred tax asset</i>		
Carry-forward losses	1,818	1,879,768
<i>Deferred tax liabilities</i>		
Cessantia	(674,888)	(779,937)
Difference between commercial and fiscal depreciation	(5,168,813)	(5,168,813)
	(5,843,701)	(5,948,750)

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 5,268 (2013: ANG 5,448,602) which can be claimed as deductions against profit tax until year 2022.

2.5.22 Contingencies

The Company has a pending claim settlement from a person injured due to a departing aircraft. The Court of Appeal made a final ruling in 2005 and ordered the Company to pay the claimant for the damages suffered. Until to date, no sufficiently substantiated claim has been received and therefore the exact amount payable cannot be provided.

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	
	2014	2013
	USD	USD
ASSETS		
Current assets		
Cash and cash equivalents	7,287,421	5,211,079
Short-term bank deposits	7,166,217	7,166,217
Restricted cash accounts - current portion	20,451,303	9,368,272
Accounts receivable - net	12,547,399	9,553,538
Loan receivable - current portion	118,667	118,667
Other receivables and prepaid expenses	86,042	71,885
	47,657,049	31,489,658
Non-current assets		
Restricted cash accounts - non-current portion	9,644,109	29,871,672
Deferred tax asset	1,010	1,044,316
Long-term loan receivable	1,305,333	1,424,000
Property and equipment	141,101,172	136,549,462
	152,051,624	168,889,450
Total assets	199,708,673	200,379,108
LIABILITIES AND EQUITY		
Current liabilities		
Accounts payable and accrued expenses	7,345,691	6,508,369
Long-term liabilities - current portion	7,398,433	7,015,467
	14,744,124	13,523,836
Non-current liabilities		
Long-term liabilities	121,291,600	128,063,906
Provision for jubilee bonus	1,410,368	1,336,396
Deferred tax liabilities	3,246,501	3,304,861
	125,948,469	132,705,163
Total liabilities	140,692,593	146,228,999
Equity		
Share capital	111,111	111,111
Contributed surplus	2,888,889	2,888,889
Retained earnings	56,016,080	51,150,109
Total equity	59,016,080	54,150,109
Total liabilities and equity	199,708,673	200,379,108

Statement of Comprehensive Income (In US Dollars)

	Year ended December 31	
	2014	2013
	USD	USD
REVENUES		
Passenger accomodation fee	30,521,713	26,614,872
Airport fees	8,958,008	8,495,963
Passenger screening fees	9,080,597	7,911,121
Rent and concessions	6,417,039	5,558,113
Other revenues	4,441,728	3,915,333
	59,419,085	52,495,402
COSTS AND EXPENSES		
Personnel expenses	15,802,648	16,045,293
Depreciation	12,581,263	10,418,729
Water and eletricity	3,908,481	3,350,703
Professional and service fees	2,980,509	2,068,455
Maintenance	2,303,498	1,870,581
Insurance	2,250,908	1,688,200
Cleaning and garbage removal	1,431,808	1,411,088
Provision for (reversal of) bad debts	(60,057)	457,337
Other administrative expenses	5,233,272	4,312,555
	46,432,330	41,622,941
OPERATING PROFIT	12,986,755	10,872,461
FINANCE INCOME AND COST		
Interest income	27,939	82,226
Interest expense	(7,175,505)	(7,746,436)
Loss on extinguishment of loan	-	(207,542)
	(7,147,566)	(7,871,752)
PROFIT BEFORE INCOME TAX	5,839,189	3,000,709
Profit tax benefit (expense)	(984,945)	1,794,842
NET INCOME FOR THE YEAR	4,854,244	4,795,551
Other comprehensive income	11,727	(27,856)
TOTAL COMPREHENSIVE INCOME	4,865,971	4,767,695

Statement of Changes in Equity (In US Dollars)

	Share capital	Contributed Surplus	Retained earnings	Total
	USD	USD	USD	USD
Balance as at January 1, 2013	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
Net income for the year	-	-	4,854,244	4,854,244
Other comprehensive income	-	-	11,727	11,727
Balance as at December 31, 2014	111,111	2,888,889	56,016,080	59,016,080



Statement of Cash Flows (In US Dollars)

	Year ended December 31	
	2014	2013
	USD	USD
Cash flows from operating activities		
Operating profit	12,986,755	10,872,462
Adjustments for:		
Depreciation	12,581,263	10,418,729
Provision for bad debts	(60,057)	457,337
Operating profit before working capital changes	25,507,961	21,748,528
Decrease (increase) in:		
Accounts receivable	(2,933,804)	(1,172,873)
Other receivables and prepaid expenses	(14,156)	160,248
Increase (decrease) in:		
Accounts payable and accrued expenses	837,323	(16,759)
Provision for jubilee bonus	85,698	92,489
Cash generated from operations	23,483,022	20,811,633
Interest received	27,939	82,226
Interest paid	(6,549,377)	(7,111,428)
Net cash provided by operating activities	16,961,584	13,782,431
Cash flows from investing activities		
Movement in restricted cash	9,144,532	26,867,384
Acquisitions of property and equipment	(17,132,973)	(29,817,316)
Receipt on long-term loan receivable	118,667	118,667
Net cash used in investing activities	(7,869,774)	(2,831,265)
Cash flows from financing activity		
Repayments on long-term debt	(7,015,468)	(8,678,339)
Net cash used in financing activity	(7,015,468)	(8,678,339)
Net increase in cash and cash equivalents	2,076,342	2,272,827
Cash and cash equivalents at beginning of year	5,211,079	2,938,252
Cash and cash equivalents at end of year	7,287,421	5,211,079

CORPORATE GOVERNANCE REPORT 2014

Leading the Way



Princess Juliana
International Airport



Corporate Governance Report 2014

PJIAE/ CMP/15-01-CGR

June 4, 2015

P.O. Box 2027, St. Maarten • phone: 1-721-546-7549 / 1-721-546-7542 • fax: 1-721-546-7550 • CoC Reg. 9660



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Assurance Report

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

Introduction

We have examined whether the accompanying Corporate Governance Report 2014 of the Princess Juliana International Airport Operating Company N.V., St. Maarten (“the Company”), as initialled by us for identification purposes, correctly presents the governance approach followed by the Managing and Supervisory Boards of the Company in accordance with the Corporate Governance Code issued by the Island Territory of St. Maarten in December 2009.

The Managing Board is accountable for the policy conducted and the execution of the principles and provisions embodied in the Corporate Governance Code. Management renders a report to what extent the principles and provisions laid down by this Corporate Governance Code have been observed. Our responsibility is to issue an assurance report on the Corporate Governance Report 2014.

Scope

We conducted our examination in accordance with International Standard on Assurance Engagements 3000 “Assurance engagements other than audits or reviews of historical financial information”. This standard requires that we plan and perform our examination to obtain reasonable assurance whether Corporate Governance Report 2014 is from material misstatement. An assurance engagement includes examining appropriate evidence on a test basis. We believe that the assurance evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

Conclusion

Based on our examination, we conclude that the Corporate Governance Report 2014 of Princess Juliana International Airport Operating Company N.V. in all material respects correctly presents the governance approach followed by the Managing and Supervisory Boards of the Company in accordance with the Corporate Governance Code issued by the Island Territory of St. Maarten in December 2009.

St. Maarten, August 14, 2015
PricewaterhouseCoopers St. Maarten,



Cees Rokx

Foreword

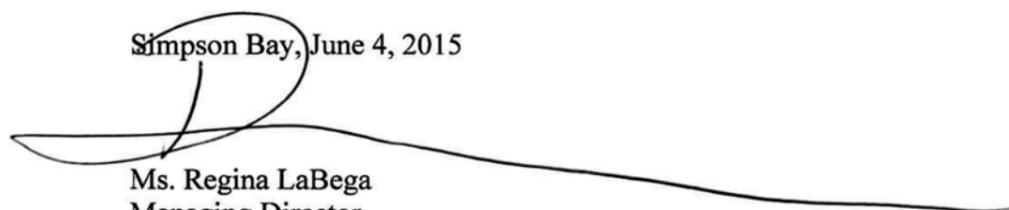
This report has been prepared based on the provisions of the corporate governance regulations, i.e., the Island Ordinance Corporate Governance (AB 2009, 10) and the Corporate Governance Code, amended by Island Decree number 1756 dated December 16, 2009.

It is our policy to apply and encourage strict adherence to the principles of best business practices. Essential in this regard is our emphasis on compliance with existing legislation and, being the leader in our sector and the community. As such we continuously examine our policies and procedures for observance with developments in the area of corporate governance. The Corporate Governance Code provides a good standard for the measurement of that observance. The Corporate Governance Code brings added value in the continued evolution of the corporate governance practices at PJIAE.

This report provides insight into corporate governance at PJIAE, adopted over the years and as observed by the officers of the company. The information contained herein has been furnished by management and has been prepared for the Supervisory Board to assist the external auditor with their assurance report on our evaluation of the status of compliance to the CGC: PJIAE’s corporate governance.

This report concerns the status of compliance to the Corporate Governance Code in 2014. For ease of understanding where necessary we have included information on major subsequent events between reporting date and issuing date.

Simpson Bay, June 4, 2015



Ms. Regina LaBega
Managing Director

1. Background

With the implementation of the Corporate Governance Code by means of the Island Ordinance Corporate Governance (AB 2009, 10) dated May 11, 2009, which became effective as of July 1, 2009 by Island Decree AB 2009, 14, and amended by Island Decree number 1756 dated December 16, 2009), Princess Juliana International Airport Operating Company N.V. (hereinafter referred to as 'PJIAE') incorporated the requirement to follow the stipulations mentioned in the Corporate Governance in PJIAE's Articles of incorporation effective July 30, 2009.

PJIAE's commitment to implementing the principles and best practices from a corporate governance perspective, is evidenced by the preparation of a corporate Governance report on which PricewaterhouseCoopers St. Maarten issues an assurance report.

The commitment by management of PJIAE to the implementation of the principles and best practices of corporate governance continues unabated. To assess the degree of implementation of the Corporate Governance Code for 2014 we have divided the Corporate Governance Code provisions in 4 categories:

1. General Principles: these are provisions regarding adherence to law, transparency, integrity a.o.;
2. Policy Development and Execution: these are provisions regarding development and implementation of effective policy;
3. Reporting and Accountability: these are provisions regarding supplying of budget, management reports and audited financial statements a.o.;
4. Supervision: these are provisions regulating among others adequate corporate checks and balances.

For each category there are four possible levels of observance, as defined below.

Fully	All CGC requirements have been fully observed.
Substantially	All essential CGC requirements have been fully observed.
Largely	Practically all essential CGC requirements have been fully observed with only minor deviations and concrete actions in place to ensure full observance.
None	There are major shortcomings, with a large majority of the essential CGC requirements not being observed.

Taking the above into consideration this report is divided as follows. Section 2 outlines the governance structure of PJIAE. Sections 3, 4, 5, and 6 address the respective four categories of the Corporate Governance Code provisions outlined above. The report ends with some concluding remarks.

2. Corporate Governance Structure

PJIAE N.V. is a limited liability company, wholly owned by PJIA Holding N.V. (hereinafter referred to as 'PJIAH'), which in turn is wholly owned by the government of St. Maarten. On January 3, 1997, PJIAE obtained from the government of St. Maarten, the concession right to manage, maintain, operate and develop the airport facilities, and to conduct all financial and commercial activities related to the airport business on St. Maarten. This Concession was extended in 2004 and again in 2012 and expires in 2030. Diagram 1 below depicts the corporate structure and relationship between the airport operating company (PJIAE) and the airport holding company (PJIAH), the Luchthavenveiligheidsfinancieringsmaatschappij (LVFM) and the Government of St. Maarten.

Diagram 1. Corporate Governance Structure

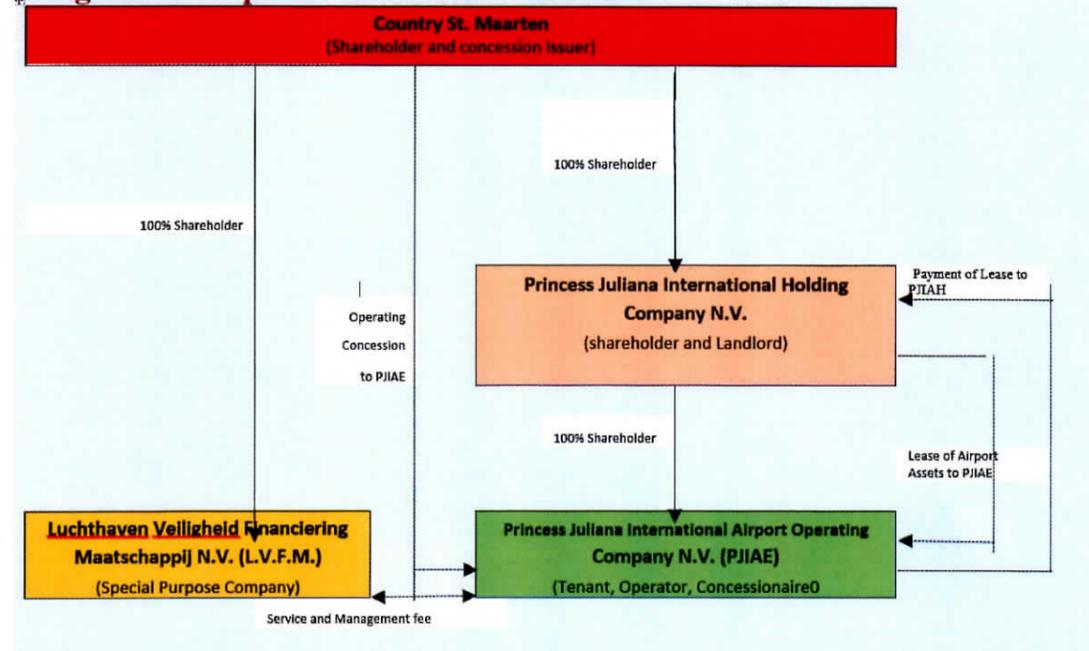


Diagram 2 below provides an overview of the officers of the companies PJIAE and PJIAH as depicted above up to December 31, 2014.

Diagram 2. Overview Supervisory and Managing Directors PJIAH/PJIAE

Functions	PJIAH	PJIAE
Supervisory Board		
1. Chairperson	Dexter Doncher ³	Clarence Derby ¹
2. Vice-Chairperson		Gary Matser ²
3. Secretary		Melinda Hoeve
4. Members	Richard Gibson Jr. ⁴ Gary Matser ⁵ Michel Hodge ^{6, 7} Ludwig Ouenniche ⁶	Whitfield Vlaun Cleavland Beresford Michel Hodge Ludwig Ouenniche
Management	Joseph Peterson	Regina LaBega

Notes:

1. Mr. Derby's tenure expired as per August 14th, 2014.
2. Mr. Matser was re-appointed as board member PJIAE effective April 1st, 2014. Mr. Matser was elected Chairman in September 2014.
3. Mr. Doncher was the Chairman of PJIAH SBOD till August 16, 2013. As of August 16, 2013 till present he is the Acting Chairman.
4. Mr. Gibson Jr. was the acting Chairman as of May 30, 2013 till August 16, 2013. As of August 16, 2013 till present he is the secretary of the PJIAH SBOD.
5. Mr. Matser was the secretary of the PJIAH SBOD from June 1, 2011 till August 16, 2013. From August 16, 2013 till March 31, 2014, he was the chairman. Mr. Matser was not re-appointed to the Holding's Board after March 31, 2014.
6. Messrs. Ouenniche and Hodge were appointed to the PJIAH SBOD as per April 1, 2014
7. Mr. Hodge is at present the Chairman of the PJIAH SBOD

Over the years PJIAE, within this framework, through its prudent management and supervision developed and continues to implement best practices in the management of the company through its various internal policies and procedures, all aimed at achieving the long term objective of the company with a goal of building positive relationships with stakeholders.

The following sections provide an overview of the status of PJIAE's adherence to the corporate governance regulation.

3. Corporate Governance Code: General Principles

It is standard practice and policy to promote the highest standard of integrity, to put the interest of the company first, to avoid conflict of interest situations, and to adhere to the law.

An important note in this regard is that PJIAE, as a company operating in a highly regulated global aviation business, faces many challenges due to physical constraints, external forces and/or practical limitations. Insofar within the control of management, PJIAE continues to seek and find ways to be the best among its peers in complying with national and international aviation standards.

The following table provides a summary of the status pertaining to PJIAE's observance of the general principles provisions category.

	<i>Sub Category:</i>	<i>Ref</i>	<i>Status:</i>
a.	Compliance with the law	CGC:III: 1A; 1B CGC IV: 21A	It is PJIAE's policy and practice to ensure adherence to the law. Noteworthy is that existing physical constraints, external forces and/or practical limitations present challenges in this regard.
b.	Compliance with Articles of Incorporation	CGC:III: 1B CGC IV 21A	It is PJIAE's policy and practice to ensure adherence.
c.	General Principles	General Principles CGC & CGC: IV: 24, 25; CGC: III: 1A, 1B, 3, 5, 6, 7, 8, 9, 10, 11, 12; CGC: IV: 19, 26, 27	It is PJIAE's standard policy and practice to ensure adherence to best business practices.

Conclusion

Based on the above it can be concluded that the policies and practices of the management and the SBOD are substantially consistent with the stipulations outlined under the general principles provisions of the Corporate Governance Code.

4. Corporate Governance Code: Policy Development and Execution

The stipulations falling under this category are part of PJIAE's standard policies and practices.

The SBOD approved the 2012 – 2016 business plan in 2012, and this business plan is guiding PJIAE's activities at present. PJIAE has a wide range of documented policies and procedures. These policies and procedures take the form of business plan, business model, manuals, budgets, memoranda, circulars, resolutions and service agreements.

The following table provides a summary of the status pertaining to PJIAE's observance of the provisions under the category policy development and execution.

Table 2. Category 2: Policy Development and Execution

	<i>Sub Category:</i>	<i>Ref.</i>	<i>Status:</i>
a.	Multi-Annual Business plan	CGC: III: 1B; CGC: IV: 21A	The basis is the approved Business Plan of 2012-2016 and PJIAE's standard policies and practices. This business plan guides PJIAE activities at present.
b.	Dividend Policy	CGC: V: 30 AB 2009/10 art 5, par 1	A dividend policy was prepared by PJIAE Management in June 2009 and was approved by the SBOD ¹ .
c.	Financial Policy	CGC: IV: 21B; CGC:III: 1B	This policy is anchored in the Business Plan and the yearly Budget and is executed in keeping with the finance and accounting manual.
d.	Commercial Policy	CGC:IV: 21C	This policy is anchored in the Business Plan and the yearly Budget and is executed in line with various contracts with commercial partners.
e.	Technical Policy	CGC: IV: 21D	This policy is outlined in a variety of systems and equipment manuals, Service Level Agreements (SLAs) and Circulars. PJIAE has been organizing these policies in a separate Technical Manual as specified in Technical Circular PJIAE/PRS/eh/10-03.

¹ Loan covenants do not permit PJIAE to declare and or make any dividend payments to the shareholder

	Sub Category:	Ref.	Status:
			The Technical Manual is updated accordingly and when necessary.
f.	Social & Human Resource Policy	CGC: IV: 21E	This policy is outlined in a variety of documents. PJIAE organized these policies in a separate Human Resources Manual as specified in Human Resources Circular PJIAE/PRS/eh/10-01. The Human Resources Manual is updated accordingly and when necessary.
g.	Technology & Automation Policy	CGC: IV: 21F	This policy is outlined in a variety of documents. Based on ITT Circular PJIAE/PRS/eh/10-01. PJIAE organized the ITT policies in an ITT Manual. The ITT Manual is updated accordingly and when necessary.
h.	Budget or Annual Business Plan	CGC:III:1B; CGC:IV:21 B-F	Budget with annual business plan is prepared annually.
i.	General Policy	CGC:IV:21A	The stipulations are part of PJIAE standard policy and practice.

Besides the policies mentioned above, PJIAE has a number of other critical policies, namely:

- a. An Aerodrome Manual, which specifies the operational policies and procedures of PJIAE;
- b. An Emergency Management Manual, which specifies the emergency response and management policies of PJIAE;
- c. A Security Manual, developed based on international standards, which specifies the standard security program (measures to safeguard international civil aviation against acts of unlawful interference) that serves as a guideline for security activities of PJIAE
- d. Rescue and Fire Fighting Manual developed with the principle objective in mind that the Airport Rescue and Fire Fighting Services save lives in the event of an aircraft emergency on the airport or aerodrome.

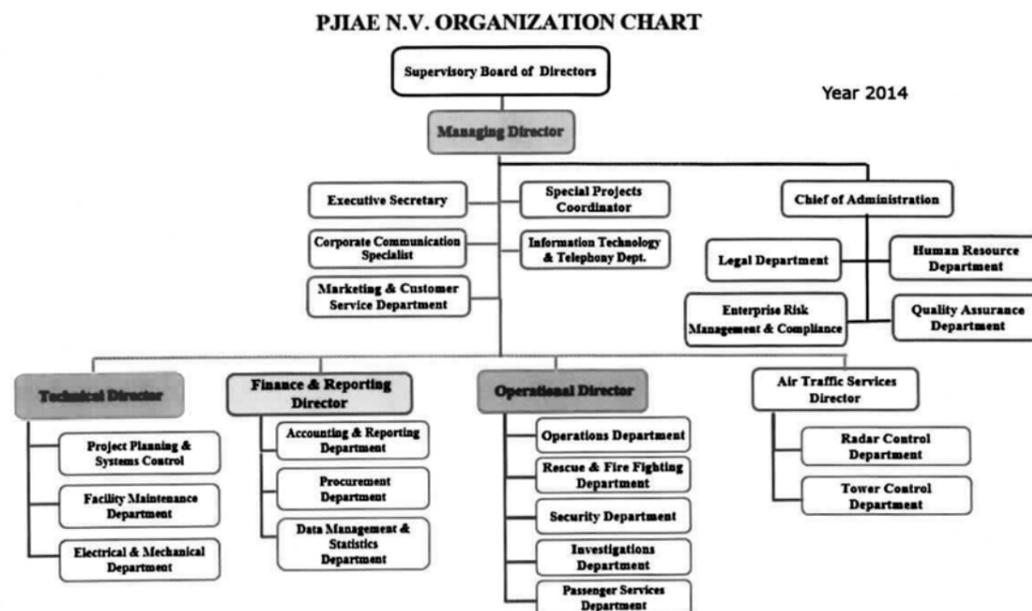
Conclusion

Based on the previous page it can be concluded that PJIAE's policies are substantially consistent with the stipulations outlined under the Policy Development and Execution provisions of the Corporate Governance Code and that PJIAE's practices are fully consistent with the stipulations outlined under the Policy Development and Execution provisions of the Corporate Governance Code.

5. Corporate Governance Code: Reporting and accountability

In keeping with PJIAE's strong corporate governance culture, PJIAE over the years has developed a comprehensive system of reporting based on clearly delineated lines of responsibilities and thus accountability. The starting point is the established organizational structure with well-defined lines of responsibilities and well-trained personnel. Diagram 3 provides an overview of the organization structure.

Diagram 3: Preparation and Execution.



Through the reporting system PJIAE seeks to ensure complete, accurate and timely reporting in view of timely decision making and proper checks and balances aimed at ensuring a proper and effective execution of the business plan and policies.

As part of PJIAE's standard policies and practices PJIAE is in compliance with the majority of the stipulations falling under this category.

The following table provides a summary of the status pertaining to PJIAE's observance of the provisions under the category reporting and accountability.

Table 3: Category 3: Reporting and Accountability

	Sub Category:	Ref:	Status:
a.	General	CGC:IV:20, 21A	PJIAE has a comprehensive system of reporting and accountability.
b.	Financial Statements or Annual Accounts	CGC:III:1B, 3B; CGC:V:28.	It is PJIAE's standard policy and practice to prepare and issue annual financial statements timely.
c.	Annual Report	General Principles CGC V: 35; CGC: III: 4, 11; CGC:VI:36. CGC IV:21B	It is PJIAE's standard policy and practice to prepare and issue annual reports. The 2014 annual report will include the results of this Corporate Governance Report. The Reports are assessed by our external auditor.
d.	Quarterly Management Report	CGC: IV: 23	It is PJIAE's standard policy and practice to prepare and issue quarterly financial management reports.
e.	Risk Management	CGC:III:16; CGC: IV:20	Since January 2009 PJIAE has developed a standard Risk Assessment Report for PJIAE's evolving risk evaluation process. In August 2010 PJIAE

	Sub Category:	Ref:	Status:
			established a Risk Assessment Committee to carry out the risk evaluations based on the standard Risk Assessment Report. The Risk Assessment Committee was dormant in 2014. The Risk Assessment Committee has been reactivated in 2015.
f.	Financial Audit	CGC: VI:37; CGC: V: 34	The developments in connection with the relationship with the external auditor, among which particularly his independence are discussed annually between the SBOD and the external auditors.
g.	Information to the General Shareholders' Meeting	CGC: III:18; CGC: IV: 20; CGC: V:29; CGC: V: 30; CGC: V:33	PJIAE's standard policy and practice is consistent with the pertinent provisions.
h.	Other information or reports	CGC: IV: 22, 23; CGC: III: 1B	It is PJIAE's standard policy and practice to request the required approval from the SBOD by means of Board Resolutions or to inform the SBOD of important changes or matters of PJIAE.
i.	Meeting roster Management and Supervisory Board	CGC: III: 15; CGC: IV: 23	The Management and Supervisory Board meet when considered necessary by the SBOD, and in any event at least once quarterly.

Conclusion

Based on the above it can be concluded that the policies and practices of the management and the SBOD are substantially consistent with the stipulations outlined under the Reporting and accountability provisions of the Corporate Governance Code.

6. Corporate Governance Code: Supervision.

In 2014, based on PJIAE's articles of incorporation the SBOD and Management were comprised as depicted in Table 4 below.

Table 4. Composition and Profile Supervisory Board and Management		
Function	Name	Background
Supervisory Board		
Chairperson	Mr. Clarence Derby (From August 15, 2011 until August 14, 2014)	Mr. Clarence Derby, a Dutch national, was born on February 12, 1949. His profession and also main function is Senior Vice President and General Manager at Sun Resorts and General Manager at the Tower at Mullet Bay in St. Maarten. He was appointed to the SBOD for the first time on August 1, 2008. His last term was in accordance with article 10.7 of the PJIAE articles of incorporation from August 15, 2011 until August 14, 2014.
Vice Chairperson/ Chairperson	Mr. Gary Matser (From April 1, 2014 – present)	Mr. Gary Matser, a Dutch national, was born on November 20, 1972. His profession is an Accountant and Tax consultant. Mr. Matser is the owner and Managing Director of MGM Consultants, an accounting and tax consulting firm established in 1998. He was first appointed to the PJIAE SBOD on March 15, 2004. His current term is for the period April 1, 2014 until March 31, 2017 in accordance with article 10.7 of the articles of incorporation of PJIAE. Mr. Matser was elected chairperson after the tenure of Mr. Derby expired.
Secretary	Ms. Melinda Hoeve (From July 2, 2013 - present)	Ms. Melinda Hoeve, a Dutch national, was born on February 1, 1977. Her profession and also main function is Attorney-at-Law at Duncan Brandon & Hoeve, in St. Maarten. She was appointed to the SBOD for the first

		time on July 2, 2010, when she was appointed for the term running from July 2, 2010 to July 1, 2013. Her current term is from July 2, 2013 to June 30, 2016 in accordance with article 10.7 of the articles of incorporation of PJIAE.
Member	Mr. Whitfield Vlaun (From July 2, 2010 - present)	Mr. Whitfield Vlaun, a Dutch national, was born on October 21, 1964. Mr. Vlaun is a Banker and his main function is Manager Retail Banking at First Caribbean International Bank, in St. Maarten. He was appointed to the SBOD for the first time on July 2, 2010. His first term was from July 2, 2010 to July 1, 2013 and his second term is from July 2, 2013 to June 30, 2016 in accordance with article 10.7 of the articles of incorporation of PJIAE.
Member	Mr. Cleavland Beresford (From April 1, 2012 – present)	Mr. Cleavland Beresford, a Dutch National was born on January 7, 1950. He is the Managing Director of CBI Consultants and Services N.V., Captive Insurance Manager and Insurance Manager for setting up the TOR and bidding process for Government insurable interest. Mr. Beresford is also a Commercial, Instrument Rated Pilot since 1976. He was appointed to the SBOD for the first time on April 1, 2012. His term is from April 1, 2012 to March 31, 2015 in accordance with article 10.7 of the articles of incorporation of PJIAE.
Member	Mr. Michel Hodge From December 1, 2013 – present	Mr. Michel Hodge, of Dutch nationality was born on January 9, 1949. Mr. Hodge is a businessman, specializing in franchising and holds a degree in Airport and Airline Management from the Florida Institute of Technology. He was appointed to the SBOD for the first time on December 1, 2013. His term is from December 1, 2013 to November

		30, 2016 in accordance with article 10.7 of the articles of incorporation of PJIAE.
Member	Mr. Ludwig Ouenniche From December 1, 2013 – present	Mr. Ludwig Ouenniche of Dutch nationality was born on October 31, 1952. Mr. Ouenniche is the Senior Advisor and Chef de Cabinet of the Minister of Finance. He was appointed to the SBOD for the first time on December 1, 2013. His term is from December 1, 2013 to November 30, 2016 in accordance with article 10.7 of the articles of incorporation of PJIAE.
Independence	CGC: III 6	When appointing the members of the SBOD, the shareholder also takes article III 6 of the CGC, concerning political authorities, (in Dutch: “Politieke ambtsdragers”) into consideration and after considerations, the shareholder concludes that the appointment of the SBOD members of PJIAE is not in conflict with the article.
Management		
	Ms. Regina LaBega	Ms. Regina LaBega, a Dutch national, was born on June 25, 1959. Ms. LaBega was appointed Managing Director as per July 1, 2011. After serving for several years as a member of the Supervisory Board of Directors of the Princess Juliana International Airport Operating Company (PJIAE N.V.), Ms. Regina LaBega, (MBA, Business Administration, Morgan State University), became its first female managing director in 2011. Since then, she has spearheaded the re-branding of the Princess Juliana International Airport, SXM Airport, and gotten PJIAE N.V. to be rated by Moody’s (Baa2). This facilitated the floating of a US\$132 million bond issue that was used to refinance the old loan, leading to a saving

		<p>of US\$10million for the company, while the balance has been destined to fund the ongoing Capital Improvement Program aimed at transforming the airport so that it could maintain its position as the leading hub in the Northeastern Caribbean. Previously, she had held several important positions within the tourism industry. She was head of the St. Maarten Tourist Bureau, where she spearheaded the Tourism Master Plan, founding chairperson of Leeward Islands Partners (LIPS), and of the Economic Recovery Fund (ERF) as well as the St. Maarten Annual Regional Trade show (SMART). She was also member of the Caribbean Tourism Organization (CTO) Marketing Board of Directors.</p> <p>LaBega was named among the 100 Most Influential Women in Tourism in the world by Travel Agent Magazine.</p>
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The SBOD consisted for the major part of 2014 of six members, which is in accordance with the articles of incorporation which stipulate that the SBOD should consist of at least three and a maximum of seven members. As per December 1, 2013 till August 14, 2014, the SBOD consisted of a maximum of seven (7) member. From August 15, 2014 till December 31, 2014, the SBOD consisted of six (6) members.

As part of PJIAE's standard policies and practices, PJIAE is in compliance with the majority of the stipulations falling under this category. The main area for PJIAE corporate governance enhancement under the provisions of this category was related to the establishment of an Audit Committee by the SBOD. The PJIAE SBOD Audit Committee was established in March 2014. The first members were Mr. G. Matser (Chairman), Mr. M. Hodge and Mr. W. Vlaun. In line with the code, Mr. Matser stepped down in September 2014, after he became Chairman of the SBOD. Mr. Beresford was appointed Chairman of the Audit Committee in March 2015.

The following table provides a summary of the status pertaining to PJIAE's observance of the provisions under the category supervision.

Table 5. Category 4: Supervision

	Sub Category:	Ref	Status:
a.	General Supervision	CGC: III: 3,13, 16; CGC: IV: 21.	The stipulations are part of PJIAE's standard policy and practice. The supervisory board monitors the activities of management through periodic reports and scheduled meetings with management.
b.	Evaluation by the SBOD (self and management)	CGC: III: 17; CGC: IV: 24; CGC:II	The SBOD performed a self-assessment for the year 2014.
c.	Prior Approval	CGC: II	PJIAE's policies and practices are consistent with these provisions.
d.	Assignment, appointment and meeting with the external auditor	CGC:V:34, 36; CGC: VI:37	PJIAE policies and practices are consistent with these provisions
e.	Signing Annual Account	CGC: VI 37	All Board members present at the Board meeting in which the Annual account was discussed and the findings reported, consented with the annual account and signed it.
f.	Audit Committee/ Other Committees	CGC: III:14	As of March 2014, an Audit committee of the SBOD was established.
g.	Corporate Governance Council	CGC: V: 31	The appointment of the SBOD PJIAE in 2014 was done in line with article 9 of the Island Ordinance.

Conclusion

Based on the above it can be concluded that the management's policies and practices of the management and the supervisory board are largely consistent with the stipulations outlined under the supervision provisions of the Corporate Governance Code.



7. Conclusion

This report confirms the continued commitment of Management and the Supervisory Board to the application of best business practices with the company's governance. Management is continuously enhancing its governance system through new initiatives as specified below, these include among others:

- a. The continued update of various policies in separate manuals, among which the Technical manual, ITT Manual and the Human Resources Manual;
- b. The introduction of a separate Audit Committee in March 2014.

Overall, it may be concluded that PJIAE substantially complies with and is committed to the observance of the Corporate Governance provisions, and its policies and procedures are generally consistent with the letter and spirit of the corporate governance code.