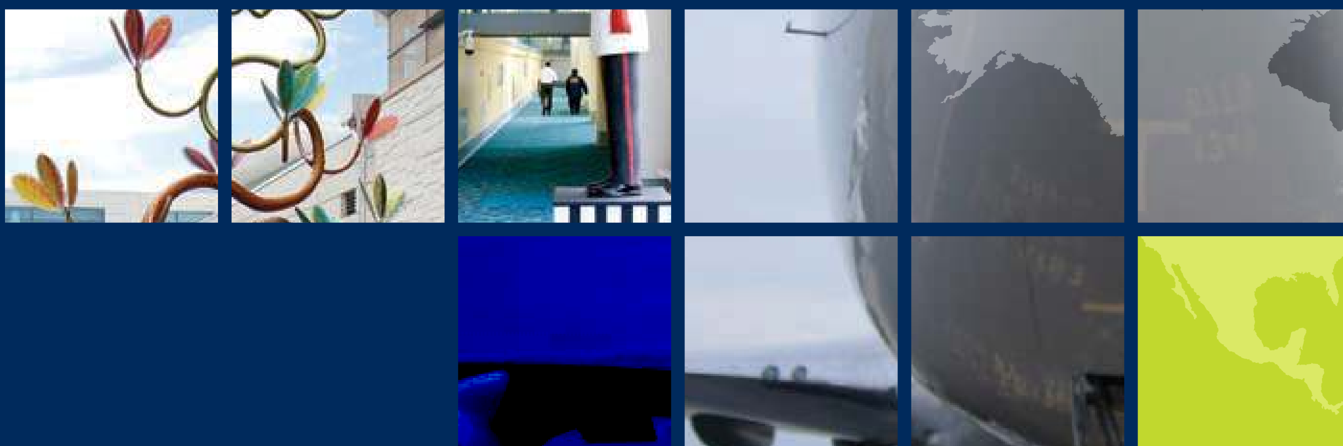
making
connections



NASSAU AIRPORT DEVELOPMENT COMPANY

ANNUAL REPORT 2014

NAD
Nassau Airport
Development Company

OUR MISSION

To distinguish Lynden Pindling International Airport (LPIA) as one of the world's leading airports known for providing an exceptional and uniquely Bahamian customer experience in a safe, friendly, clean, efficient and profitable operation

LYNDEN PINDLING INTERNATIONAL AIRPORT

Creating connections in The Bahamas for the Caribbean, the United States and destinations around the world, LPIA is the country's premier international gateway and its busiest airport. Last year, LPIA served some 3.2 million visitors and safely handled more than 85,000 aircraft takeoffs and landings. Over the past five years, the airport has undertaken a $409.5 million redevelopment project that has transformed LPIA into a modern, efficient and culturally reflective facility that presents a uniquely Bahamian experience to every visitor. With all three stages completed, the new terminal complex has a total size of 606,000 square feet with an additional one million square feet of aircraft operating surface. LPIA can now comfortably handle 5 million passengers annually. Operating 24 hours a day, the airport is served by 24 airlines flying to 11 international, 18 US and 24 domestic destinations.

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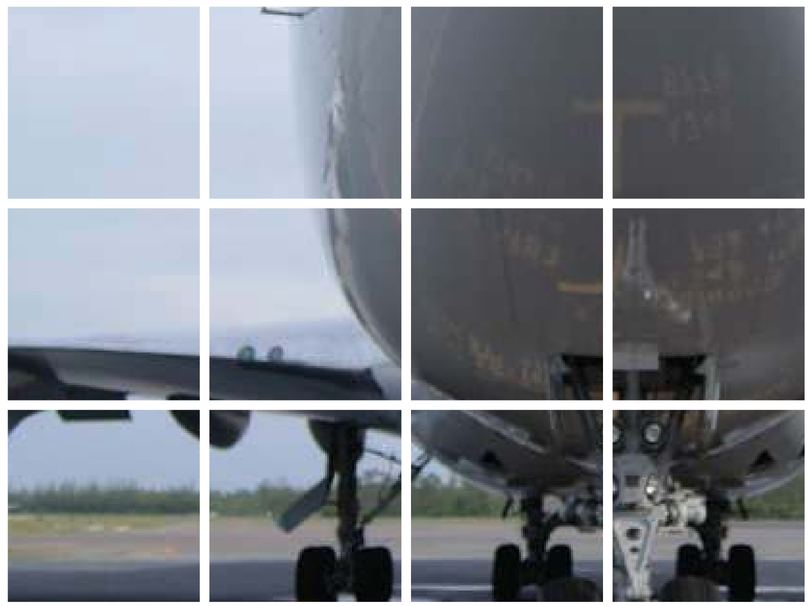
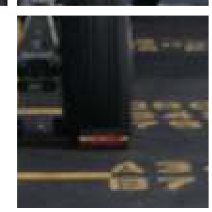
ABOUT US



Nassau Airport Development Company

Nassau Airport Development Company Limited (NAD) is a Bahamian company, owned by the Government of The Bahamas. We are managed by a Canadian company, Vantage Airport Group, under a 10-year agreement. In April 2007, NAD signed a 30-year lease with the government to manage and operate Lynden Pindling International Airport on a commercial basis while providing opportunities for business and investment to Bahamians.

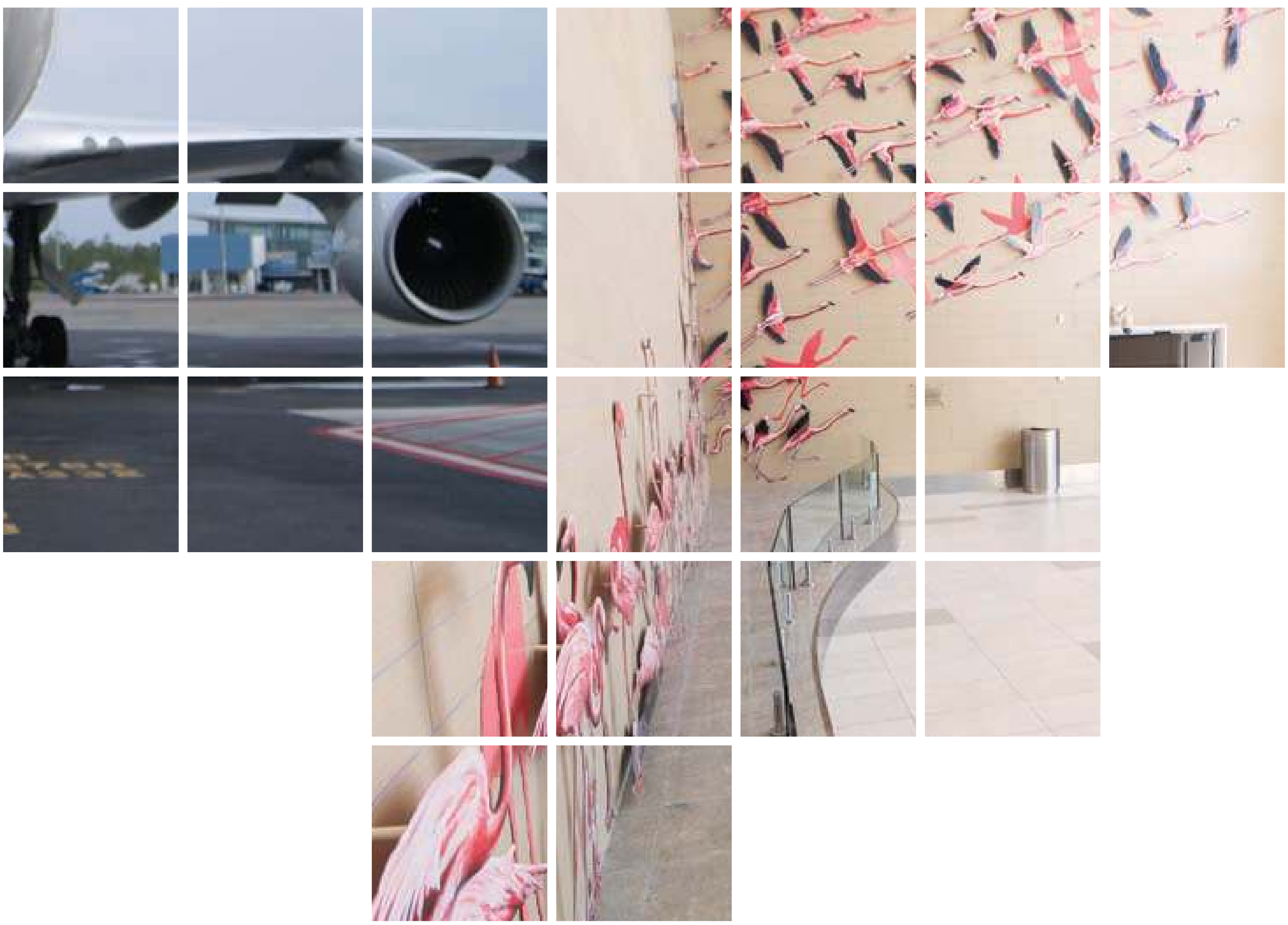
To meet the needs of the local community and continue to grow The Bahamas as a leading destination for tourism, NAD oversaw a $409.5 million airport redevelopment project. The three-stage redevelopment project was successfully completed in October 2013. LPIA now has three new, modern and efficient passenger terminals and 1,000,000 square feet of aircraft operating surface. The terminals now total 606,000 square feet, with the capacity to handle 5 million passengers.



NAD is responsible for most of the infrastructure of the airport including parking lots, terminals, runways and taxiways and all revenue-generating and commercial development activities. As a private company, NAD receives no government guarantees or grants and is a self-sustaining commercial entity based on international best practices. A Board with nine Directors governs NAD and is led by a Senior Management team with expertise in airport operations, maintenance, finance, business and marketing.

Vantage Airport Group is one of the world's premier airport operators, bringing the expertise, operating philosophies and leading-edge systems developed at Vancouver International Airport (YVR) to LPIA. The company's portfolio of nine airports spans three continents.

> "As a private company, NAD receives no government guarantees or grants and is a self-sustaining commercial entity based on international best practices."

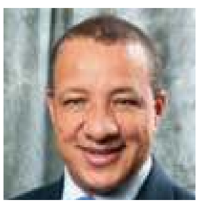


BOARD OF DIRECTORS

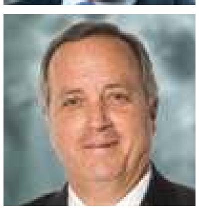
Anthony McKinney
Chairman

Manita Wisdom
Deputy Chairman

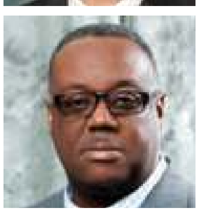
Deepak Bhatnagar



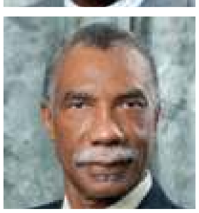
Dr. Gregory Carey



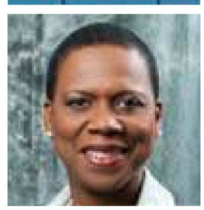
George Casey
Vantage Airport Group



Michael Foster

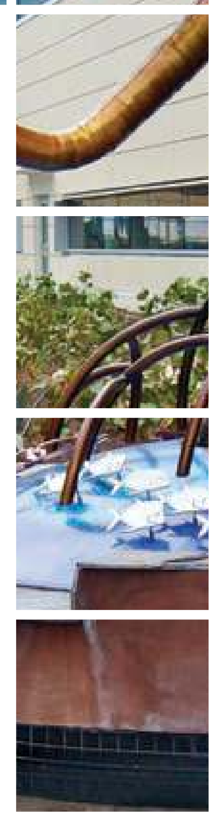


Douglas Hanna

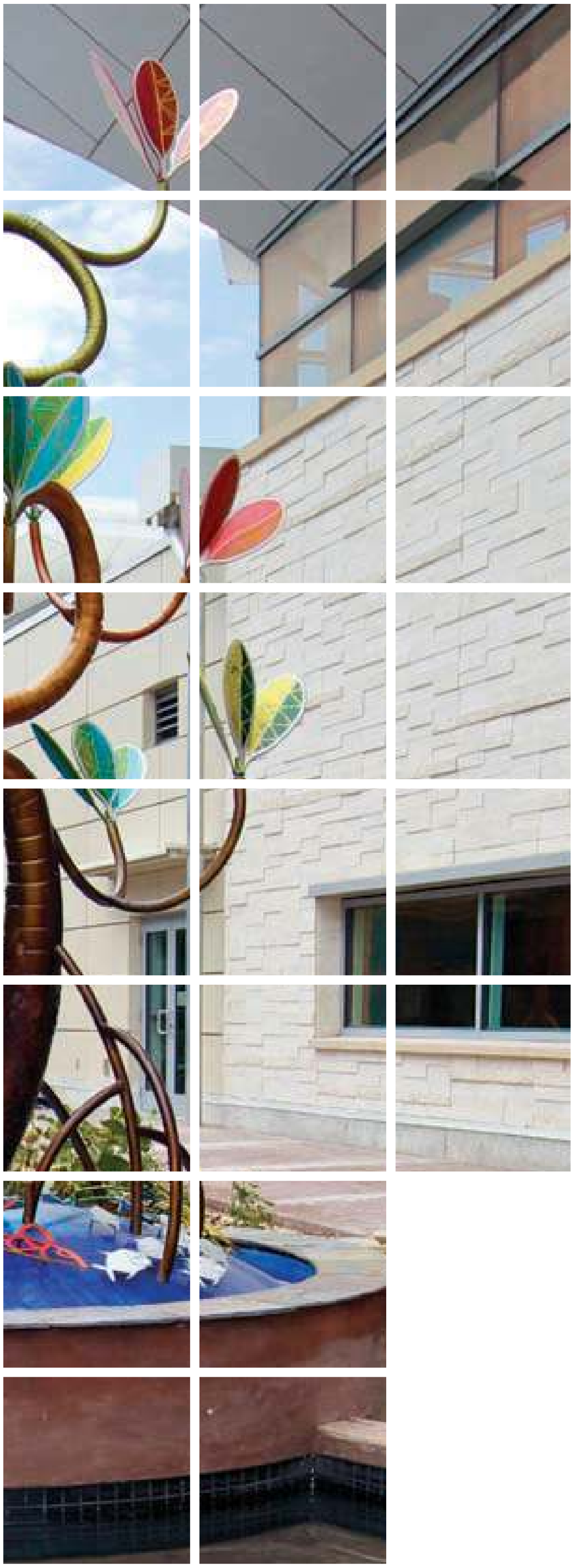


Annischka Holmes-Moncur

Rev. Lloyd Smith



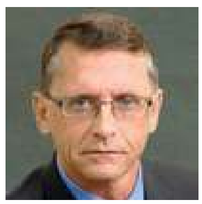
EXECUTIVE MANAGEMENT TEAM



Vernice Walkine
President & CEO

Kevin McDonald
Vice President – Maintenance & Engineering

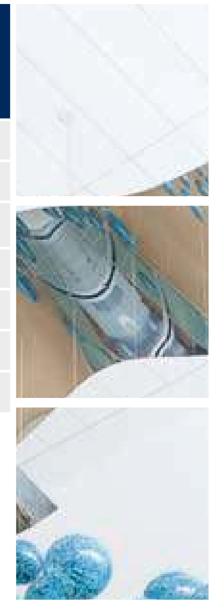
Chris Ryan
Vice President – Finance & CFO



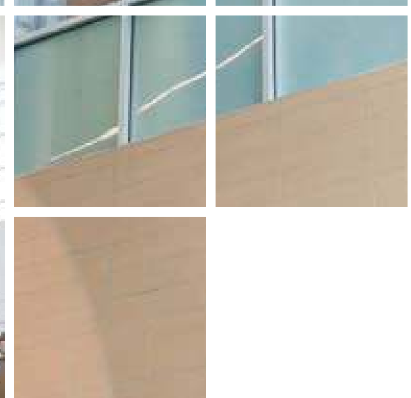
John Terpstra
Vice President – Operations

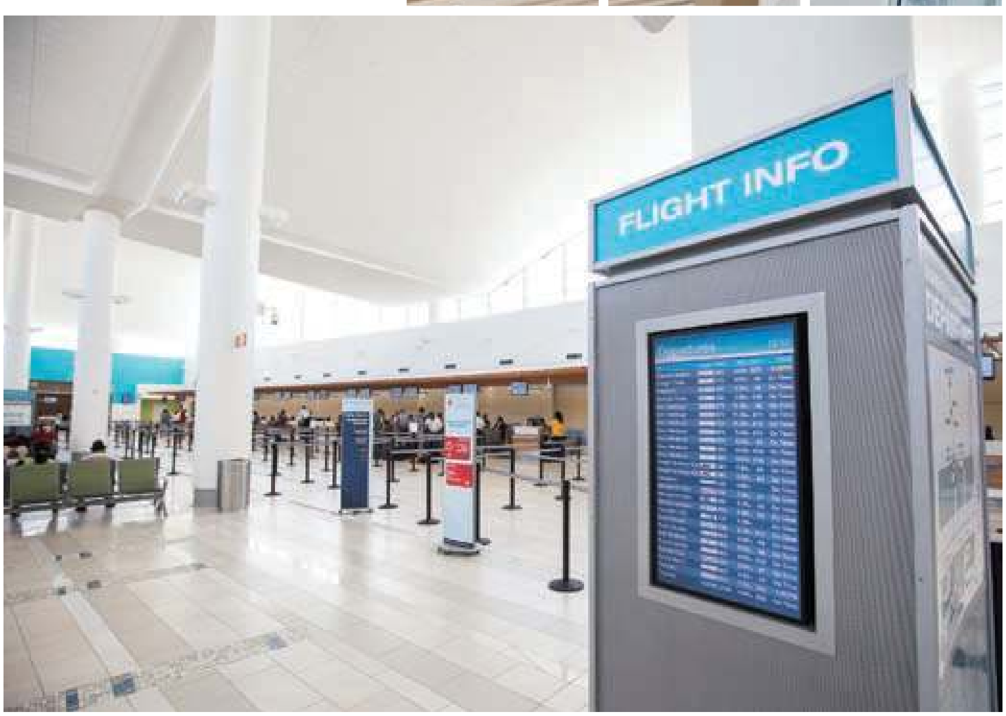
RESULTS SUMMARY

	Passengers	Aircraft Movements	Revenue *(millions)*	Operating Expenses *(millions)*	Retained Earnings *(millions)*	Long-Term Debt *(millions)*
2014	3.2 million	85,900	$71.6	$24.6	($4.9)	$513.3
2013	3.2 million	85,700	$64.3	$23.0	$13.4	$497.0
2012	3.2 million	82,100	$55.9	$21.2	$24.4	$445.4
2011	3.1 million	86,700	$46.7	$19.2	$31.6	$318.2
2010	3.1 million	88,700	$41.4	$17.7	$23.8	$209.6
2009	3.0 million	92,000	$37.0	$18.6	$11.7	$138.2
2008	3.5 million	87,000	$34.5	$20.2	$1.4	N/A



All figures and statistics are for the year ending on June 30, 2014.





MESSAGE FROM THE CHAIRMAN

For the past six years, those of us who live in The Bahamas have been watching the transformation of LPIA with both excitement and pride. We've watched as our airport was transformed into an environmental, technological and artistic reflection of our beloved country. We immediately felt a connection.

We embraced the changes and couldn't help but notice the positive contributions we saw the airport making to our communities. The redevelopment has provided economic benefits through local jobs and contracts, and has become a venue in which we can showcase the very best of The Bahamas through our art, our music and the ingenuity of our people.

In the aviation world a "final approach" is when an aircraft is lined-up for the runway and coming in to land. We completed Stage Three of the redevelopment project in October 2013 and it was clear to see that we had reached a safe landing. And while this is a significant milestone, it is really only the beginning of LPIA's journey. Our new airport now provides a foundation and a platform upon which we must build and deliver our vision for the airport becoming a gateway to the Caribbean. In an increasingly competitive airport industry, our new facilities provide us an advantage – one we must capitalize on to truly realize the potential of what we've started.

This past year, NAD operated under the direction of its first Bahamian President & CEO, Vernice Walkine. From the time NAD came to an agreement with the Bahamian Government to manage and redevelop the airport, one of the commitments was to have local management in place. After all, this is and always will be, the people's airport.

Ms. Walkine's appointment reaffirms this commitment and her experience and leadership will ensure the airport's continued success as we continue to build a better airport.

> We've watched as our airport was transformed into an environmental, technological and artistic reflection of our beloved country.

NAD is dedicated to creating an airport that provides The Bahamas with the connections it wants and needs. One that is as connected to the world as it is to our neighbours, and one that we can all be proud to call our own – it's our promise to you.

Anthony McKinney, Chairman

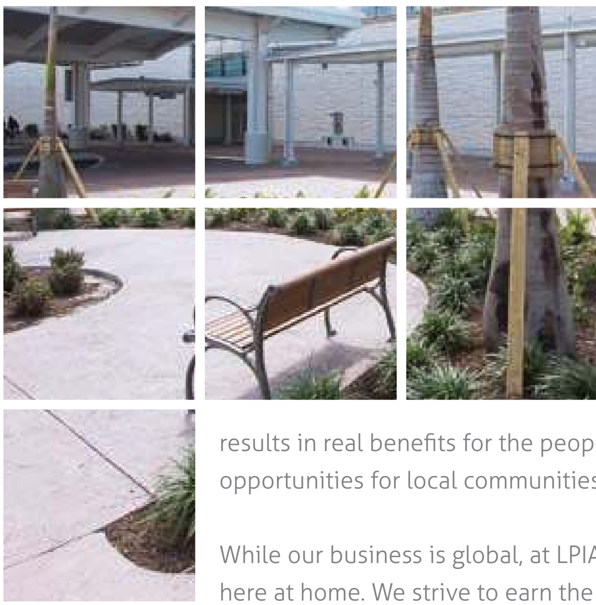
MESSAGE FROM THE PRESIDENT

Airports are all about making connections. Connections are the foundation of our business and at the heart of who we are. In its simplest form, an airport connection is ensuring we have the infrastructure and systems in place to get our customers from one flight to the next, smoothly and efficiently. While quick transfers and superior customer service are key to our success, at LPIA we know our role is just as much about making connections with our communities as it is with our customers.

Our airport connects local businesses to the global marketplace and facilitates the growth and success of our key industry, tourism. Our new, modern, world-class airport sends a strong and confident message to the world and has generated a sense of pride and accomplishment right here at home.

With the opening of Stage Three in October 2013, we brought domestic and international passengers the same high quality service and Bahamian style our customers have seen in our other terminals.

But just building world-class facilities doesn't mean the world will come. We have a lot of work ahead to realize our vision of making LPIA a hub for the islands of the Caribbean region. To do that, we will need to build our network of connections by attracting new airlines and encouraging our existing airlines to expand their routes. Increasing our connections



> While our business is global, at LPIA our most important connections are the ones right here at home.

results in real benefits for the people of The Bahamas by generating jobs and economic opportunities for local communities.

While our business is global, at LPIA our most important connections are the ones right here at home. We strive to earn the trust and approval of our local community and we are committed to keeping you informed and updated about our plans, progress and activities.

This past year, thanks to our dedicated NAD team and the entire airport community, we achieved completion of the redevelopment project, delivered superior customer service and we have defined a vision for the future for LPIA as a gateway to the Caribbean. I look forward to another exciting and challenging year ahead.

Vernice Walkine

Vernice Walkine, President & CEO

MAKING CONNECTIONS

As an island nation, air connections provide vital links to the people and businesses of The Bahamas facilitating the flow of tourists, goods and families to, from and within the islands. These connections create jobs and opportunities for our local communities and help us develop strong ties to global markets.

LPIA has a unique and distinct strategic advantage over our Caribbean airport competitors, in that we serve three market segments – domestic, U.S. and international. This makes us a key hub for passengers coming to The Bahamas or connecting to destinations in the U.S. or around the globe.

OUR DESTINATIONS

With 24 airlines serving 11 international, 18 U.S. and 24 domestic destinations, LPIA offers more travel options than any other airport in the Caribbean.

In order to meet the growing demand for air travel and to serve our customers better, NAD works hard to attract potential and existing airlines to start or increase service to Nassau. As part of our efforts, we are working with industry partners on a Route Service Development Programme with representatives from Atlantis, Baha Mar, Nassau Paradise Island Promotion Board and the Ministry of Tourism.

In 2014, United Airlines started four times weekly service from Chicago's O'Hare Airport. The route has grown by more than 20,000 seats with an average load factor of 86%. In the same year, JetBlue added non-stop service from Washington, DCA, growing seats from DCA by 13, 960 over FY 2013. Air Canada introduced Rouge in April 2014, with services from Nassau to Toronto. This move increased seats by 9.4% for the period May-June over the same period in the previous year. In May 2014, Delta discontinued LGA service in favor of JFK.

Atlanta
Bahamas Family Islands
Baltimore
Boston
Calgary
Cap Haitien
Charlotte
Chicago
Cleveland
Dallas
Detroit
Fort Lauderdale
Grand Cayman Island
Havana
Houston
Kingston
London, LHR
Miami
Montego Bay
Montreal
New York, JFK
New York, LGA
New York, EWR
Orlando
Panama City
Philadelphia
Providenciales
Toronto
Washington, DCA
West Palm Beach

Airlines serving LPIA

Air Canada
Airtran Airways
American Airlines/Executive
American Eagle Airlines
Atlantic Southeast Airlines/United Airlines
Bahamasair
British Airways
Caribbean Airlines
Copa Airlines
Cubana
Delta Airlines
Flamingo Air
Interisland Airways
JetBlue Airways
Le Air Charter
Pineapple Air
Republic Airlines *(U.S. Airways Express)*
SkyBahamas
Southern Air
Sunwing Airlines
United Airlines
U.S. Airways
Western Air
Westjet Airlines

373,544

# of domestic travelers in FY2014

$18 million

Total contribution of NAD to the local economy via support services to air transportation

2,600

Number of persons directly employed at LPIA

US 1.03 million
South America 14,806
UK 25,300

# of US, South American and UK visitors who came through LPIA

53

Number of international, U.S. and local destinations connected by LPIA

$14 million

Amount airlines operating out of LPIA contribute to the local economy

FACILITIES

The New LPIA

Five years ago, a groundbreaking ceremony marked the official beginning of the construction on the $409.5 million redevelopment of Lynden Pindling International Airport. Today, with all three stages of the project completed, the airport's facilities allow us to make the connections the people of The Bahamas want and need. Our modern, beautiful and efficient airport is Bahamian through-and-through. Built by local workers, our facilities are a reflection of the Caribbean providing a "sense of place" as unique as the people it represents.

Now passengers travelling within The Bahamas and departing for International destinations will experience the same beauty and function that has become the standard for LPIA.

The third and final stage of the redevelopment project involved the construction of a Domestic/International Departures and Domestic Arrivals Terminal. The $84 million project was completed in October 2013. Features include nine retail locations and five food locations, bars and lounges, a bank and a post office, and three significant Bahamian art installations.

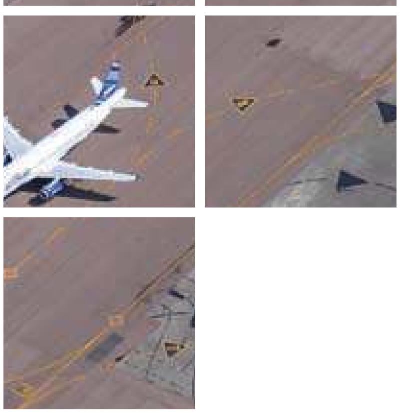
As with previous stages of the project, NAD placed high priority on using local materials, awarding local contracts and utilizing local labour. During the one year of construction for this stage, 350 jobs were created at the peak of construction.

From groundbreaking to opening, Stage One of the airport redevelopment was completed in less than two years, and was on time and under budget. The $198 million, 250,000 square foot U.S. Departures Terminal features leading-edge systems including the most sophisticated and complex baggage system ever installed at a U.S. preclearance facility and an energy efficient design that makes it one of the greenest buildings in the Caribbean.

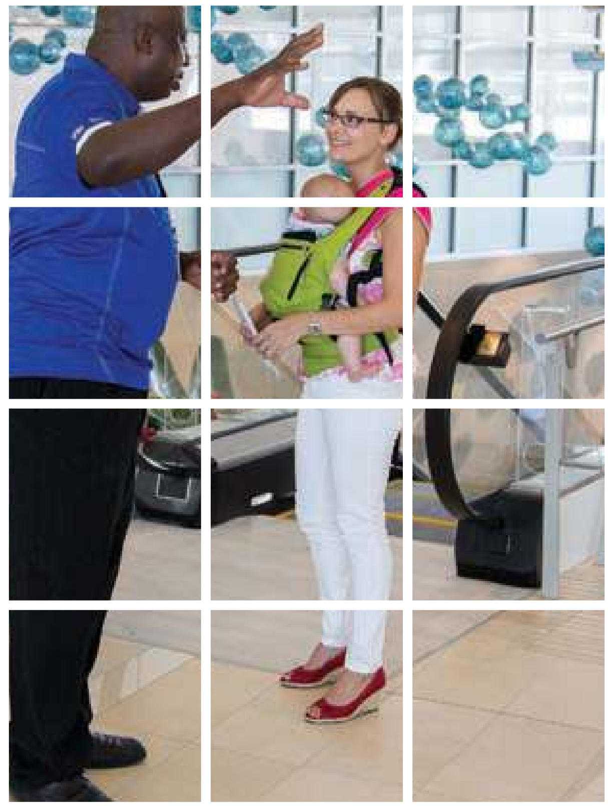
Stage Two, which opened in 2012, saw the addition of a new 226,000 square foot, $129 million International Arrivals Terminal and pier with five new jet bridges. The Arrivals Terminal provides new facilities for key government agencies including Bahamas Immigration and Bahamas Customs.

All of our new facilities take advantage of the natural beauty of the islands, utilizing environmentally-minded design features and glass walls to allow The Bahamas to shine through. Local art has become a signature of the new LPIA with sculptures and paintings commissioned from some of the country's best and favourite artists.

But the airport must also be as functional as it is beautiful. With customer experience as a top priority, the new terminals include wireless internet, state-of-the-art baggage systems and expanded retail and food outlets to provide passengers more shopping and dining choices.



CUSTOMER EXPERIENCE



We're proud of the new LPIA and it shows. The entire airport community – from the airlines to our retail and government partners to our own customer service staff – take pride in showing each and every visitor our signature Bahamian style.

Customer Service

We regularly ask the people who know best, our passengers, how we're doing. Using quarterly customer satisfaction surveys conducted by an independent consulting firm, we ask our customers to rate us on areas such as cleanliness of the airport terminal and overall ambiance of the airport. We saw a significant increase in our overall passenger satisfaction in the final quarters of 2013, with scores jumping from 4.12 in quarter three to 4.46 in quarter four. The increase is largely attributed to the completion of the domestic/international terminal. Changes to the overall terminal ambiance including the introduction of music in the departure lounges, plants and artwork throughout the facilities also contributed to passenger satisfaction. With scores increasing steadily, we are focused on positioning LPIA as one of the top three airports within the region.

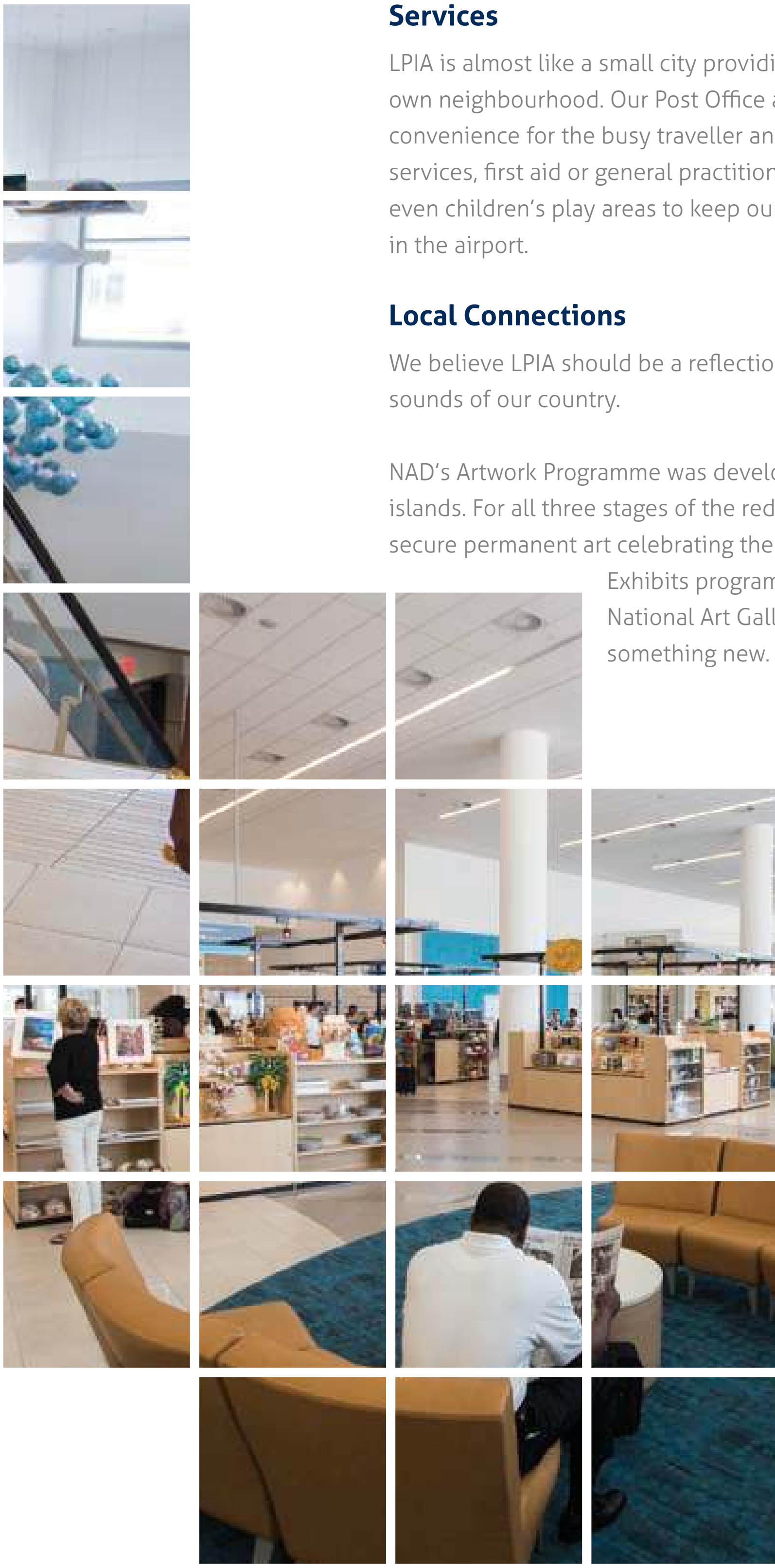
Whether it's welcoming a first-time visitor to Nassau or helping a frequent business traveller to make their connection, our goal is to deliver a unique passenger experience.

Shop. Dine. Relax.

Leave yourself plenty of extra time when you're visiting LPIA because our ever-expanding choices of things to do, see and buy means there's something for every taste and style.

With more than 21 retail and food and beverage outlets in our new U.S. terminal, 5 in our International Arrivals terminal and an additional 14 in the new Domestic Arrivals & Departures and International Departures terminal, LPIA is the perfect place to shop, dine and relax.

Shop at one of the duty-free or retail outlets featuring cosmetics, jewellery and the best selection of Bahamian souvenirs, or grab a taste of The Bahamas at one of our sit-down or quick-serve restaurants. If you'd rather sit back and relax when you get to the airport, we've got you covered too. We have four outdoor patios to soak up some sun or check out our mini spa for a relaxing finish to your trip, surf the web anywhere in the terminal with free Wi-Fi.



Services

LPIA is almost like a small city providing many of the same services you would find in your own neighbourhood. Our Post Office and Banking & Currency Exchange locations provide convenience for the busy traveller and our medical staff are equipped to provide emergency services, first aid or general practitioner services for all your health care needs. There are even children's play areas to keep our smallest customers happy and busy during their time in the airport.

Local Connections

We believe LPIA should be a reflection of The Bahamas, greeting visitors with the sights and sounds of our country.

NAD's Artwork Programme was developed to reflect the vibrant and rich culture and art of the islands. For all three stages of the redevelopment approximately $2 million was allocated to secure permanent art celebrating the rhythm, culture and colours of The Bahamas. A Rotating Exhibits programme has also been launched in partnership with the National Art Gallery of The Bahamas so even frequent flyers might notice something new.

During the peak summer travel weekends our music programme welcomes local bands and musicians to our terminals to connect our passengers with the best of Bahamian-style music.

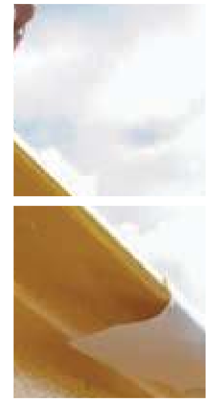
Barrier-Free

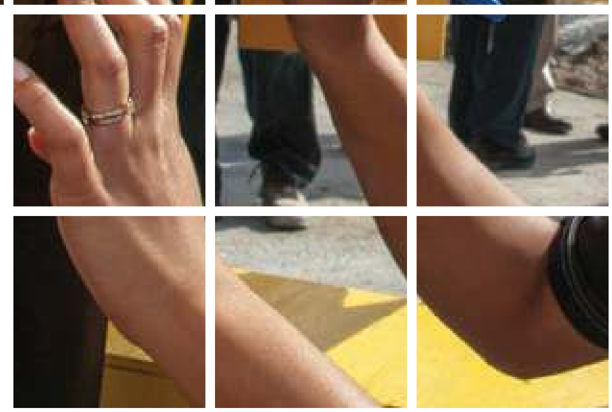
We want to ensure that people with all physical abilities have the same positive experience when they come through our doors so through our designs and services, we're working to make LPIA as accessible as possible. Our building includes accessible parking, washrooms and elevators and escalators at every transition level.

PEOPLE

LPIA is a great place to visit and an even better place to work. Our people are the face of the airport working on the front lines and behind the scenes to make sure our customers have a safe, efficient and friendly airport experience.

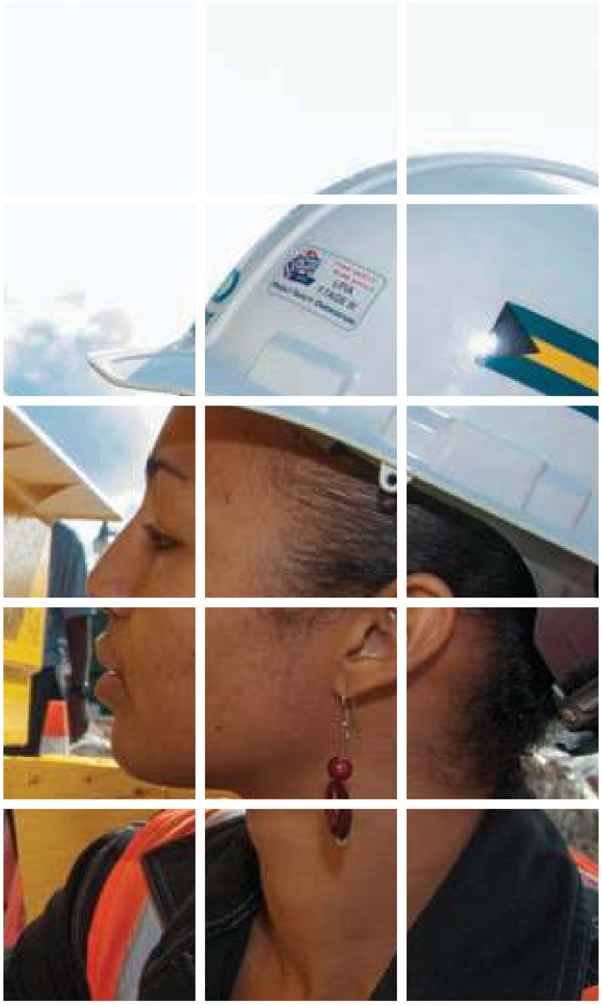
Jobs at the airport are exciting and varied. The NAD team is made up of more than 250 highly trained and skilled and highly motivated individuals who provide their services and expertise in areas such as operations, customer service, finance, IT, maintenance, marketing, communications and the environment.





Our people are critical to the success of LPIA and we are equally committed to the success of our employees. We invest in our team by providing opportunities for skills development and training and providing opportunities for advancement.

Last year, we introduced a cross-training programme aimed at bringing leaders from interconnected industries together to share ideas, strategies and best practices. In the first of this series, NAD's management spent the day with industry peers at the Atlantis Resort discussing tourism trends, current challenges and future prospects for industry growth. The second in the series brought the Governor of the Central Bank of The Bahamas and her senior managers to discuss with NAD managers, the impact of LPIA on the economy of The Bahamas. Additionally, two of our managers completed the Airport Management Professional Accreditation Programme (AMPAP) delivered by Airports Council International.



In June, 2013 NAD signed a five-year industrial agreement with the Bahamas Public Service Union (BPSU), a move that impacts nearly 200 employees at the airport management company. The new agreement preserves NAD's high performance evaluation system, rewarding well performing employees with higher wage increases. Final negotiations also included a signing bonus paid to employees in two installments, increase in shift premiums, increase in travel allowances and a cost of living adjustment on an annual basis for employees at their maximum salary band. The five-year term agreement expires on December 31, 2016.

Lynden Pindling International Airport belongs to the people of The Bahamas and we want to ensure that our team is reflective of our country. Ninety nine per cent of our employees are Bahamian and 100 per cent of our management team is Bahamian. We're committed to having three of the five Executives on our leadership team be Bahamian within one year of the completion of the redevelopment project.

> "Lynden Pindling International Airport belongs to the people of The Bahamas and we want to ensure our team is reflective of our country."

ENVIRONMENT

As a society, Bahamians are increasingly becoming more environmentally conscious and are now more than ever aware of what is required to protect the country's delicate natural resources. At LPIA, NAD has made environmental sustainability a priority in long range planning and during our daily operations. Strategically, we designed all three stages of the completed LPIA redevelopment project with sustainable features and environmentally friendly initiatives to help us minimize environmental impacts while achieving economic benefits. Some of these features include:

- **Deep Water Wells**
  These wells provide geothermal cooling, deferring the need for traditional cooling towers that could consume 10 million gallons of water annually.

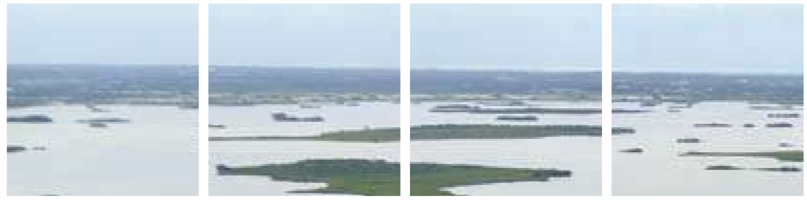
- **Large Overhangs**
  By utilizing a design of 50 per cent glass and 50 per cent solid walls, we are able to maximize the light benefits of sunshine while minimizing heat intrusion.

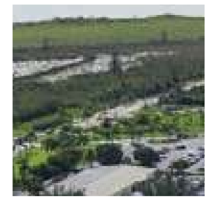
- **Occupancy Sensors**
  These sensors have been installed in office areas and washrooms to ensure lights are activated when persons enter and exit these rooms.

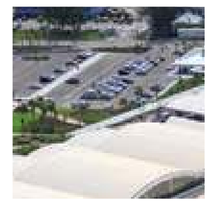
- **Timers, Sensors and Multiple Zone Controls**
  These allow high-efficiency chillers to work only when and where they are needed.

- **Rainwater Collection**
  Rainwater is collected from the roof and re-used in low-flush, automatic plumbing fixtures.

- **Material Sourcing**
  Materials used in construction were locally sourced when possible, and selected for their low volatile organic compound (VOC) emissions.





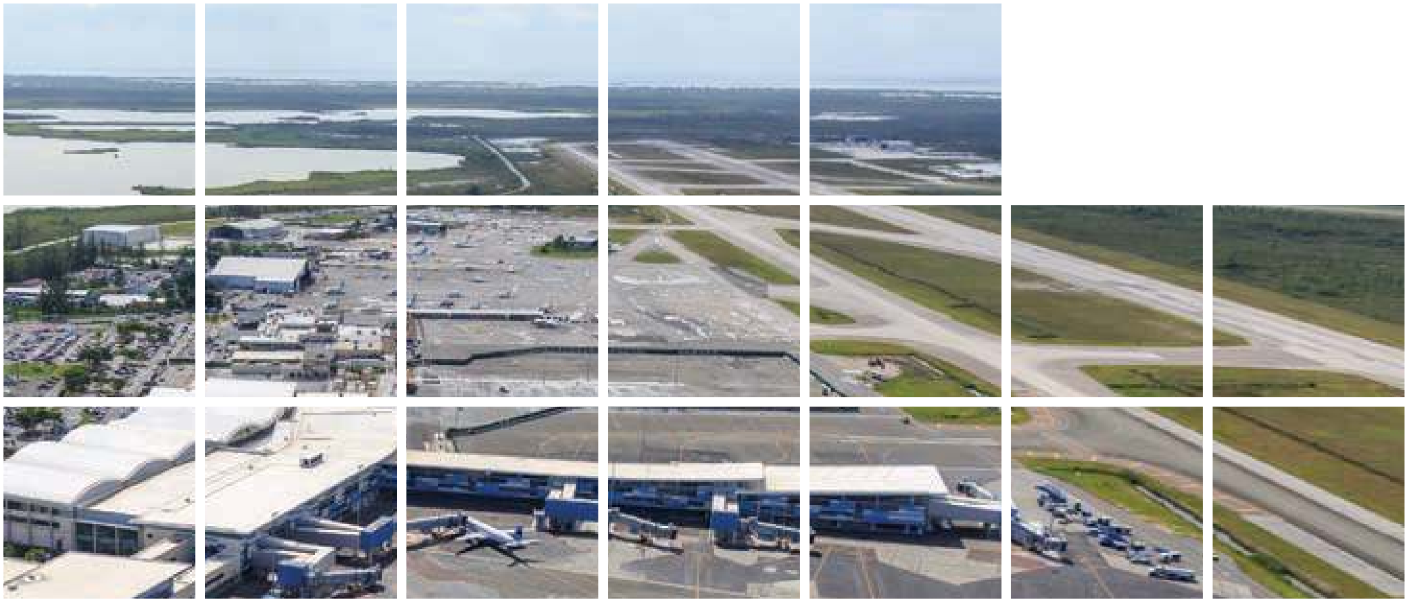


Maintaining and operating our new facilities in an environmentally responsible manner is critical as we journey towards improved environmental sustainability. We will continue to develop and implement new environmental policies and proactive eco-friendly initiatives throughout our business activities that aid in minimizing environmental impacts. NAD is currently developing environmental policies, such as the Spill Prevention Control and Countermeasure Plan (SPCCP) and the Storm Water Pollution Prevention Plan (SWPPP). Once fully implemented, these plans will aid in monitoring and mitigating negative environmental impacts to and around LPIA. Other initiatives being planned include commitments to set specific and measurable environmental targets, some of which include:

- **Reduction of Vehicle Fuel Consumption**
  In 2014, NAD began the process of reducing its fleet of site vehicles from larger, less efficient vehicles to more economical and fuel-efficient units.

- **Recycling**
  In 2015, LPIA plans to integrate a waste diversion initiative to enable some waste, primarily cardboard, to be diverted from the local landfill for recycling. Based on the progress, this programme may be expanded to additional waste items.

- **Proper Disposal of Waste Oil**
  We want to ensure that restaurants located within our terminals and the nearby food vendor stations are properly disposing of waste cooking oil.



> We at NAD view our company as an environmentally friendly establishment and one of the nation's forerunners in better environmental practices.

As our environmental policies are implemented and exercised regularly, we are certain that the direct results will reflect not only in the continued reduction of our environmental footprint but also in our overall operational costs. Some of the benefits that we have seen to date include:

- **A sustained reduction in our energy consumption.**
- **A reduction in the use of potable water for flushing bathroom fixtures and for landscape purposes.**

NAD also continues to work with our tenants and various aircraft maintenance operations to ensure that environmental concerns are being addressed. A revamped Inspection Programme has been instituted to confirm that all tenants are adhering to Best Management Practices as it relates to their respective industry.

We at NAD view our company as an environmentally friendly establishment and one of the nation's forerunners in better environmental practices. To that end, NAD is currently a corporate sponsor of the Bahamas National Trust and we also continue to work with local environmental organizations such as the BEST Commission and the Ministry of Environmental Health.

SAFETY & SECURITY

Safety and security are at the foundation of everything we do at LPIA. We adhere to the highest standards of health, safety and security for all airport employees and every person that visits the airport. The airport community is built around a culture of safety and we work together with our many business and government partners including the airlines, police, air traffic control, customs and immigration to continually build on our programmes and results.

Emergency Preparedness

In 2012 we hosted our third full-scale emergency exercise to test the airport's emergency plan including its resources and provide hands-on training for the airport community. The exercise brought together representatives from several agencies to simulate a coordinated response to a crash landing of a passenger aircraft. The information and experience gained from this exercise will contribute to our response and preparedness plans.

Terminals

With each stage of our redevelopment, we have enhanced our safety and security systems. With the opening of Stage Two in the fall of 2012 we added new facilities for key government agencies including Bahamas Immigration and Bahamas Customs. Stage Three includes improvements to our systems and equipment such as new public address and fire-alarm systems to help us meet our commitments to safety and security and new offices for the Royal Bahamas Police Force inside the new Domestic/International Terminal

Airfield

Keeping our airfield – including runways, taxiways – in top working condition helps us maintain the highest safety standards. We've invested in regular upgrades and improvements to our airfield safety infrastructure.

Our airfield maintenance staff carry out regular inspections every day to help ensure we provide the safest aircraft operating environment possible. LPIA also has a successful Foreign Object Debris, or FOD prevention programme. FOD is an industry term used to describe any item on an aircraft operating surface such as a shell or suitcase lock that can damage an aircraft or pose a safety risk. Our FOD programme aims to reduce the risks by raising awareness through monthly ramp safety meetings and semi-annual FOD Walks where LPIA employees pick up debris from the airfield.

Wildlife – including birds and mammals – can pose a serious threat to passenger safety. In order to minimize those risks, NAD undertakes a Wildlife Management Programme that includes habitat management to discourage wildlife from coming to LPIA and removing wildlife from operating areas.

COMMUNITY

While LPIA is the Caribbean's gateway to the world, our roots are firmly planted right here at home. NAD understands the importance of community connections and we're working hard to make sure that the people of The Bahamas feel a connection with LPIA.

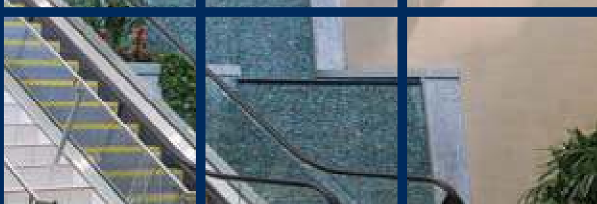
One way we do this is by investing our time and money in causes that are meaningful to our neighbours and employees and make a positive contribution to the success of the community.

This past year, we provided support in the form of monetary donations and in-kind support to several charitable organizations. For the third year running, staff "Put on Purple" (POP) in support of Lupus Bahamas 242 as part of World Lupus Day and participated in Cancer Awareness T-shirt day. We also hosted and supported the NAD Health and Wellness Fair.

Our water feature in the U.S. terminal has become an unexpected benefit for local charities. Passengers leaving The Bahamas generously toss their leftover coins and casino chips into the water, which we collect and distribute to charitable organizations.

We're proud of what we do and we want Bahamians to be proud too. We're committed to keeping our stakeholders – the public, news media and our government and business partners – informed, and to providing open and timely information about our plans and activities. Using tools including our website, this report, presentations and tours for media and local schools, we are able to keep the community informed about our operations.


NAD



FINANCIALS

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INDEPENDENT AUDITORS' REPORT

To the Shareholder and Directors
Nassau Airport Development Company Limited:

We have audited the financial statements of Nassau Airport Development Company Limited (the "Company") which comprise the statement of financial position as at June 30, 2014, and the related statements of comprehensive income, changes in equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' 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. Those Standards require 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 auditors' 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 auditors consider 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

In our opinion, the financial statements present fairly, in all material respects, the financial position of Nassau Airport Development Company Limited as at June 30, 2014, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Deloitte & Touche

December 8, 2014

Statement of Financial Position
As at June 30, 2014
(Expressed In Bahamian Dollars)

	Note(s)	2014	2013
Assets			
Current Assets:			
Cash and cash equivalents	14		
Operating accounts		$ 6,911,041	$ 48,794,072
Construction and controlled accounts		15,081,885	28,709,567
Restricted cash	7, 14	16,118,148	14,951,547
Accounts receivable, net	4, 14		
Private sector		12,724,057	11,214,009
Government		3,456,506	2,554,493
Prepaid expenses and deposits		370,873	943,675
Inventories and supplies		2,680,705	2,501,525
Total current assets		57,343,215	109,668,888
Non-Current Assets:			
Intangible assets	5	37,936,035	39,600,504
Fixed assets	6	448,167,162	436,008,212
Total non-current assets		486,103,197	475,608,716
Total		$ 543,446,412	$ 585,277,604

(Continued)

See notes to financial statements.

(Expressed In Bahamian Dollars)

	Note(s)	2014	2013
Liabilities and Equity			
Current Liabilities:			
Accounts payable and accrued liabilities:			
Construction project	6, 14	$ 15,438,610	$ 9,353,725
Trade	14	2,639,531	2,888,723
Interest payable	7		
Construction project		-	1,449,000
Operations		-	5,027,251
Management fees payable	9, 14	27,581	-
Payable to Government entities	8, 9	4,529,993	4,151,588
Current portion of long-term debts	7, 14	12,362,500	52,112,991
Total current liabilities		34,998,215	74,983,278
Non-Current Liability:			
Long-term debts	7, 14	513,323,339	496,926,325
Total liabilities		548,321,554	571,909,603
Equity:			
Share capital:			
Authorized 5,000 shares;			
Issued and fully paid: 5 shares of par value $1.00 each		5	5
(Deficit) retained earnings		(4,875,147)	13,367,996
Total equity		(4,875,142)	13,368,001
Total		$ 543,446,412	$ 585,277,604

(Concluded)

See notes to financial statements.

These financial statements were approved by the Board of Directors on December 8, 2014, and are signed on its behalf by:

Chairman

Chairperson - Finance Committee

Statement of Comprehensive Income
Year ended June 30, 2014
(Expressed In Bahamian Dollars)

	Note(s)	2014	2013
Operating Revenue:			
Aeronautical revenue:			
Passenger facility charge		$ 42,423,920	$ 36,475,893
Passenger processing fee		7,295,118	7,513,104
Landing fees		6,167,783	6,066,424
Terminal fees		1,205,045	1,180,500
Loading bridges		364,460	368,817
Aircraft parking fees		109,384	97,682
Total aeronautical operations		57,565,710	51,702,420
Commercial operations:			
Terminal leases and concessions	13	9,911,362	8,425,313
Car parking		2,423,623	2,414,009
Refueling royalties		1,594,287	1,747,281
Interest and other income		96,461	49,801
Total commercial operations		14,025,733	12,636,404
Total Operating Revenue		71,591,443	64,338,824
Operating Expenses:			
Material, supplies and services	11	12,424,869	11,761,368
Salaries and benefits		8,001,610	7,588,409
Management fees	9	2,028,796	1,980,570
Rent	9,13	1,447,064	1,286,861
Provision for doubtful accounts	4	665,512	363,219
Total operating expenses		24,567,851	22,980,427
Operating Income		47,023,592	41,358,397
Non-Operating (Income) Expenses:			
Interest	7	41,435,532	35,105,757
Depreciation	6	21,148,849	15,588,428
Amortization	5	1,664,469	1,664,470
Financing cost		604,893	-
Write-off of obsolete inventory		403,490	-
Loss (gain) on disposal of fixed assets		9,502	(4,240)
Total non-operating expenses		65,266,735	52,354,415
Net and Comprehensive Loss		$ (18,243,143)	$ (10,996,018)

See notes to financial statements.

Statement of Changes in Equity
Year ended June 30, 2014
(Expressed In Bahamian Dollars)

		Share Capital		(Deficit)/ Retained Earnings		Total
Balance at June 30, 2012	$	5	$	24,364,014	$	24,364,019
Comprehensive loss		-		(10,996,018)		(10,996,018)
Balance at June 30, 2013		5		13,367,996		13,368,001
Comprehensive loss		-		(18,243,143)		(18,243,143)
Balance at June 30, 2014	**$**	**5**	**$**	**(4,875,147)**	**$**	**(4,875,142)**

See notes to financial statements.

Statement of Cash Flows
Year ended June 30, 2014
(Expressed In Bahamian Dollars)

	Note(s)	2014	2013
Cash flows from operating activities:			
Net loss		$ (18,243,143)	$ (10,996,018)
Adjustments to reconcile net loss to net cash			
provided by operating activities:			
Adjustments for items not involving use of cash:			
Amortization	5	1,664,469	1,664,470
Depreciation	6	21,148,849	15,588,428
Allowance for doubtful accounts	4	665,512	363,219
Interest expense		41,435,532	35,105,757
Loss (gain) on disposal of fixed assets		9,502	(4,240)
Write-off of obsolete inventory		403,490	-
Accounts receivable written-off	4	(100,867)	(53,451)
		46,983,344	41,668,165
Changes in operating assets and liabilities:			
Increase in restricted cash		(1,166,601)	(2,898,180)
Increase in accounts receivable		(2,976,706)	(2,178,188)
Decrease (increase) in prepaid expenses and deposits		572,802	(186,052)
Increase in inventory and supplies		(582,670)	(322,632)
Decrease in accounts payable and accrued liabilities		(249,192)	(432,504)
(Decrease) increase in interest payable - operations		(5,027,251)	2,121,626
Increase in payable to Government entities		378,405	749,127
Increase (decrease) in management fees payable		27,581	(1,360,452)
Total changes in operating assets and liabilities		37,959,712	37,160,910
Interest paid		(28,124,010)	(21,497,397)
Net cash from operating activities		9,835,702	15,663,513
Cash flows from investing activities:			
Purchase of fixed assets		(31,538,357)	(81,216,046)
Proceeds from sale of assets		32,262	-
Increase (decrease) in construction payable		6,084,885	(9,846,616)
(Decrease) increase in interest payable - construction		(1,449,000)	851,983
Interest received - capitalized to fixed assets		45	180
Interest paid - capitalized to fixed assets	7	(1,811,250)	(8,158,289)
Net cash used in investing activities		(28,681,415)	(98,368,788)

(Continued)

See notes to financial statements.

(Expressed In Bahamian Dollars)

	Note(s)	2014	2013
Cash flows from financing activities:			
Proceeds from long-term financing		$ -	$ 90,000,000
Principal payment of senior notes		(1,665,000)	(630,000)
Principal payment of participating debt		(35,000,000)	-
Net cash (used in) from financing activities		(36,665,000)	89,370,000
Net (decrease) increase in cash and cash equivalents		(55,510,713)	6,664,725
Cash and cash equivalents at beginning of year		77,503,639	70,838,914
Cash and cash equivalents at end of year		$ 21,992,926	$ 77,503,639
Cash and cash equivalents is represented by:			
Operating accounts		$ 6,911,041	$ 48,794,072
Construction and controlled accounts		15,081,885	28,709,567
		$ 21,992,926	$ 77,503,639
Non cash information:			
Purchase of fixed assets via trade-ins		$ -	$ 24,110

(Concluded)

See notes to financial statements.

1. General

The Nassau Airport Development Company Limited (the "Company") was incorporated on June 6, 2006, under the provisions of the Companies Act 1992. The Company is a wholly owned subsidiary of The Airport Authority (the "Authority"). The registered office and principal place of business is located at the Lynden Pindling International Airport ("LPIA"), Nassau, Bahamas.

The principal functions of the Company are to manage, develop and maintain LPIA and to transform the airport into a premier world class facility operated in a most efficient and commercial manner.

The Company commenced its operations on October 1, 2006. The Company commenced the collection of revenue and management of the LPIA on April 1, 2007.

On October 19, 2006, the Company entered into a 10-year Management Agreement with Vantage Airport Group (Bahamas) Limited (Vantage) (formerly named, YVR Airport Services Ltd.), to manage, operate and maintain the LPIA and to place certain executives within the Company. Fees paid to Vantage are based on a percentage of revenue and operating income with an annual minimum of $500,000 adjusted by the annual Consumer Price Index, plus the recovery of direct expenses including executive compensation.

On April 1, 2007, the Company entered into a 30-year Lease Agreement with the Authority. In accordance with the Lease Agreement, the Company is responsible to manage, maintain and operate LPIA and rent is paid to the Authority based on a percentage of gross revenue with an annual minimum.

On April 1, 2007, the Company also entered into a 30-year Transfer Agreement which provided for the transfer of certain assets, rights, and employees from the Authority to the Company. In accordance with the Transfer Agreement, the Company was obligated to pay the Authority $50,000,000 upon receipt of initial funding which occurred on April 17, 2007.

On April 1, 2007, the Company entered into a 5-year Project Management Agreement with Vantage to manage the redevelopment of the LPIA which was subsequently extended on March 20, 2009 until completion of the project which was on October 23, 2013. Fees paid to Vantage were based on fixed amounts paid monthly or upon project milestones with incentives for early completion, plus the recovery of direct expenses including executive compensation.

The redevelopment of LPIA updated the airport facilities to world-class standards and expanded LPIA terminal capacity. The redevelopment was implemented in three stages as follows:

Stage I - The design, construction and opening of a new United States (US) Departures Terminal. Stage I was completed on February 28, 2011 with a construction cost of $191.2 million.

Stage II - A complete renovation, modernization and reconfiguring of the existing US Terminal to serve as the new US/International Arrivals Terminal, Stage II was completed on October 15, 2012 with a construction cost of $145 million.

Stage III - The design, construction and opening of a new International and Domestic Departures/Domestic Arrivals Terminal. Stage III was completed October 23, 2013 with a construction cost of $72.1 million.

2. Adoption of new and amended International Financial Reporting Standards (IFRS) and International Accounting Standards (IAS)

In the current year, there were several new and amended Standards and Interpretations issued by the International Accounting Standards Board (the "IASB") and the International Financial Reporting Interpretations Committee (the "IFRIC") of the IASB effective for annual reporting periods beginning on or after July 1, 2013. The adoption of these Standards and Interpretations has not led to any changes in the Company's accounting policies.

a. Standards and Interpretations effective but not affecting the reported results or financial position

IFRS 7	(Amended) Financial Instruments: Disclosures – Offsetting Financial Assets and Financial Liabilities
IFRS 10	Consolidated Financial Statements
IFRS 11	Joint Arrangements
IFRS 12	Disclosure of Interests in Other Entities
IFRS 13	Fair Value Measurements
IAS 1	(Amended) Presentation of Financial Instruments - Presentation of Items of Other Comprehensive Income
IAS 2	Inventories
IAS 7	Statement of Cash Flows
IAS 10	Events after the Reporting Period
IAS 12	(Amended) Deferred Tax-Recovery of Underlying Assets
IAS 16	(Amended) Property, Plant and Equipment
IAS 19	(Revised 2011) Employee Benefits - Post Employment and Termination Benefits
IAS 24	(Revised) Related Party Disclosures IAS 27
IAS 28	(Revised 2011) Investments in Associates and Joint Ventures
IAS 32	(Amended) Financial Instruments: Presentation - Classification of Rights Issues
IAS 34	(Amended) Interim Financial Reporting
IAS 39	(Amended) Financial Instruments: Recognition and Measurement

The above standards have not led to changes in the financial position of the Company during the current year.

b. Standards and Interpretations in issue but not yet effective

IFRS 14	Regulatory Deferral Contracts
IFRS 15	Revenue from Contracts with Customers
IFRS 9	(Amended) Financial Instruments
IAS 32	(Amended) Offsetting Financial Assets and Financial Liabilities
IAS 36	(Amended) Recoverable Amount Disclosures for Non-Financial Assets

Management has not assessed whether the relevant adoption of these standards and interpretations in future periods will have a material impact on the financial statements of the Company.

3. Significant Accounting Policies

Statement of Compliance - These financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board.

Basis of preparation - These financial statements have been prepared on the historical cost basis, except for certain financial assets and liabilities that have been measured at fair value, and are expressed in Bahamian dollars. The Bahamian dollar was equivalent to the United States (U.S.) dollar for the period presented. Transactions denominated in U.S. dollars have been translated into Bahamian dollars at this rate. The principal accounting policies are set out below.

Significant accounting estimates - The preparation of financial statements in accordance with IFRS requires management to make estimates and assumptions that affect the reported amounts in the financial statements and the related notes.

(Expressed In Bahamian Dollars)

Actual results could materially differ from those estimates. The most significant uses of judgments, estimates and policies are as follows:

a. ***Cash and cash equivalents*** - Cash and cash equivalents comprise cash and deposits held with financial institutions with original maturity of three months or less.

b. ***Accounts receivable*** - Accounts receivable, which generally have a 30 to 90 day term is recognized and carried at the original invoice amount less an allowance for doubtful accounts. The Company has an agreement with the International Airline Traffic Association ("IATA") wherein payments may remain outstanding for smaller airlines up to 90 days. The provision for doubtful accounts is made on a percentage of operating revenue based on estimated delinquency rates during the year and at year end, is adjusted based on ageing of outstanding balances. Provision for doubtful accounts is also made based on facts and circumstances of individual customer accounts.

c. ***Inventories*** - Inventories are stated at the lower of cost and net realizable value using the weighted average basis.

d. ***Fixed assets*** - Fixed assets are stated at cost less accumulated depreciation and any impairment in value. Depreciation is recorded on a straight-line basis over the estimated lives of the equipment as follows:

Artwork	Not depreciated
Runways and taxiways	15 years
Roads and parking lots	5-15 years
Terminal and structure	20-30 years
Leasehold improvements	5-30 years
Furniture and office equipment	5 years
Computer equipment and software	3-5 years
Vehicles and machinery	7 years
Equipment and systems	7 years

An item of fixed assets is derecognized upon disposal or when no future economic benefits are expected from its use. Any gain or loss arising on derecognition of the asset, calculated as the difference between net disposal proceeds and the asset's carrying amount, is recognized in other income or expense in the statement of comprehensive income. Assets with a cost of $200,090 (2013: $37,828) were derecognized during the year. Net book value of disposed assets amounted to $41,763 (2013: $19,870).

Fixed assets are reviewed on an ongoing basis for possible impairment whenever events or circumstances occur that suggest the carrying value of the asset may not be fully recoverable. If it is determined that the net recoverable value of an asset included in this category is significantly less than the carrying value, a net write down to the net recoverable amount is made with a charge to operations. No such write downs were recorded during 2014 and 2013.

e. ***Accounts payable and accrued liabilities*** - Liabilities classified as accounts payable and accrued liabilities, which are normally settled on 30 to 60 day terms, are carried at cost which is the fair value of the consideration to be paid in the future for goods and services received.

f. ***Loans and borrowings*** - All loans and borrowings are initially recognized at the fair value of consideration received less directly attributable transaction costs, being issue costs associated with the borrowings, which are expensed when incurred. After initial recognition they are recognized at amortized cost using the effective interest method.

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use are capitalized as part of the cost of the respective assets. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

g. ***Leases*** - Leases, where the lessor retains substantially all the risks and benefits of ownership of the asset, are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognized over the lease term in the same basis as rental income. Operating lease receipts are recognized as income in the statement of comprehensive income on a straight-line basis over lease term.

h. ***Revenue recognition*** - Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be measured reliably, regardless of when payment is being made.

i. ***Income taxes*** - There are no income taxes imposed on the Company in the Commonwealth of The Bahamas.

j. ***Trade date accounting*** - Purchases and sales of financial assets that require delivery of assets within the time frame generally established by regulation or convention in the marketplace are recognized on the trade date, i.e. the date that the Company commits to purchase or sell the asset.

k. ***Impairment of financial assets*** - An assessment is made at each statement of financial position date whether there is objective evidence that a financial asset or group of financial assets may be impaired. If such evidence exists, the carrying amount of the asset is reduced to its estimated recoverable amount either directly or through the use of an allowance account and the amount of the loss is included in the statement of comprehensive income.

l. ***Derecognition of financial assets and liabilities*** - The Company derecognizes financial assets when the contractual rights to cash flows from the asset expires or it transfers the asset and the transfer qualities for derecognition in accordance with IAS 39, as amended. A financial liability is derecognized when the obligation under the liability is discharged, cancelled or expires.

m. ***Intangible assets*** - Intangible assets for which a useful life has been assigned are amortized on a straight-line basis over their assigned useful lives. Intangible assets are recognized on the statement of financial position at cost determined at the date of acquisition, less any accumulated amortization or impairment losses.

Intangibles are reviewed for indications of impairment or changes in estimated future benefits annually, or more frequently, if events or changes in circumstances indicate that the carrying value may be impaired. If evidence exists, the asset is written down to its recoverable amount and is included in the statement of comprehensive income. No such write downs were recorded during 2014 and 2013.

n. ***Related-party balances and transactions*** - All balances and transactions with related parties, including the Company's shareholder, other affiliated companies and Vantage, are disclosed in these financial statements.

o. ***Employee pensions*** - The Company sponsors a defined contribution pension plan for its employees. The Company recognized annual contributions to the plan in salaries, and benefits in the statement of comprehensive income. The Company does not have responsibilities related to the plan or its participants subsequent to the separation or retirement of any employee.

p. ***Going concern*** - The Company's management has made an assessment of the Company's ability to continue as a going concern and is satisfied that the Company has the resources to continue for the foreseeable future. Furthermore, management is not aware of any material uncertainties that may cast significant doubt upon the Company's ability to continue as a going concern. Therefore, the financial statements continue to be prepared on the going concern basis.

(Expressed In Bahamian Dollars)

4. Accounts Receivable, Net

At June 30, 2014, accounts receivable comprised:

	Note(s)	2014	2013
Private sector			
Trade receivables		$ 14,183,681	$ 12,093,163
Allowance for doubtful accounts		(1,459,624)	(879,154)
		$ 12,724,057	$ 11,214,009
Government			
Bahamasair Holdings Ltd.		$ 3,294,621	$ 2,572,596
Nassau Flight Services Limited		166,278	-
Bahamas Customs Department		14,400	-
Ministry of Foreign Affairs		14,392	-
Bahamas Immigration Department		11,461	-
The Airport Authority		589	31,781
Others		8,581	19,757
Total	9	3,510,322	2,624,134
Allowance for doubtful accounts		(53,816)	(69,641)
		$ 3,456,506	$ 2,554,493

The ageing of accounts receivable is as follows:

	2014	2013
1-30 days	$ 13,134,244	$ 11,941,484
31-60 days	246,639	169,979
61-90 days	1,991,065	855,385
More than 90 days	2,322,055	1,750,449
	$ 17,694,003	$ 14,717,297

(Expressed In Bahamian Dollars)

Movement in provision for doubtful accounts is as follows:

	Private Sector	Governmental	Total
Balance, June 30, 2012	$ 572,349	$ 66,678	$ 639,027
Write-offs	(53,451)	-	(53,451)
Allowance for doubtful accounts	360,256	2,963	363,219
Balance, June 30, 2013	879,154	69,641	948,795
Write-offs	(80,262)	(20,605)	(100,867)
Allowance for doubtful accounts	660,732	4,780	665,512
Balance, June 30, 2014	$ 1,459,624	$ 53,816	$ 1,513,440

5. Intangible Assets

	Leasehold Acquisitions	Financing Cost	Total
Cost	$ 49,230,000	$ 704,085	$ 49,934,085
Amortization:			
Balance at June 30, 2012	(8,546,875)	(122,236)	(8,669,111)
Charge for the year	(1,641,000)	(23,470)	(1,664,470)
Balance at June 30, 2013	(10,187,875)	(145,706)	(10,333,581)
Charge for the year	(1,641,000)	(23,469)	(1,664,469)
Balance at June 30, 2014	$ (11,828,875)	$ (169,175)	$ (11,998,050)
Carrying Value:			
As at June 30, 2014	$ 37,401,125	$ 534,910	$ 37,936,035
As at June 30, 2013	$ 39,042,125	$ 558,379	$ 39,600,504

Intangible assets include $50,000,000 paid to the Authority as per the Transfer Agreement (Note 1) less all tangible assets transferred to the Company by the Authority. Also included in intangible assets are financing costs for debts raised to fund the Transfer Agreement obligation. The intangible assets are being amortized for thirty (30) years.

(Expressed In Bahamian Dollars)

6. Fixed Assets

Fixed assets consist of the following:

	Artwork	Runways and Taxiways	Roads and Parking Lots	Terminal and Structure	Leasehold Improvements	Furniture and Office Equipment	Computer Equipment and Software	Vehicles and Machinery	Equipment and Systems	Capital Assets in Progress	Total
Cost:											
Balance at June 30, 2012	$ 663,727	$ 12,896,970	$ 12,613,398	$ 186,146,316	$ 2,420,561	$ 1,250,466	$ 2,815,680	$ 1,375,615	$ 24,193,210	$ 136,200,091	$ 380,576,034
Additions	333,757	1,806,750	3,462,614	16,485,980	-	522,220	217,810	105,359	3,523,096	62,940,680	89,398,266
Transfers	277,475	2,270,945	2,961,438	113,295,793	-	463,124	-	-	8,860,285	(128,129,060)	-
Disposals	-	-	-	-	-	-	-	(37,828)	-	-	(37,828)
Balance at June 30, 2013	1,274,959	16,974,665	19,037,450	315,928,089	2,420,561	2,235,810	3,033,490	1,443,146	36,576,591	71,011,711	469,936,472
Additions	452,243	695,042	1,745,980	26,358,013	910,113	361,281	605,600	102,724	1,332,293	786,273	33,349,562
Transfers	(46,397)	248,439	527,810	59,320,763	401,194	141,989	220,300	-	9,830,596	(70,644,694)	-
Disposals	-	(19,212)	(8,310)	-	-	-	(1,971)	(97,793)	(72,804)	-	(200,090)
Balance at June 30, 2014	$ 1,680,805	$ 17,918,146	$ 21,311,240	$ 401,606,865	$ 3,731,868	$ 2,739,080	$ 3,857,419	$ 1,448,077	$ 47,666,676	$ 1,153,290	$ 503,085,944
Accumulated Depreciation:											
Balance at June 30, 2012	$ -	$ (1,255,865)	$ (1,254,110)	$ (8,094,644)	$ (2,192,583)	$ (466,807)	$ (1,327,586)	$ (706,569)	$ (3,059,626)	$ -	$ (18,357,790)
Depreciation	-	(1,098,251)	(1,150,607)	(9,303,347)	(118,287)	(307,075)	(674,304)	(193,580)	(2,742,977)	-	(15,588,428)
Disposals (Note 17)	-	-	-	-	-	-	-	17,958	-	-	17,958
Balance at June 30, 2013	-	(2,354,116)	(2,404,717)	(17,397,991)	(2,310,870)	(773,882)	(2,001,890)	(882,191)	(5,802,603)	-	(33,928,260)
Depreciation	-	(1,271,702)	(1,388,702)	(12,642,815)	(184,983)	(390,813)	(740,517)	(223,237)	(4,306,080)	-	(21,148,849)
Disposals	-	73,282	5,886	1,862	-	-	-	77,297	-	-	158,327
Balance at June 30, 2014	$ -	$ (3,552,536)	$ (3,787,533)	$ (30,038,944)	$ (2,495,853)	$ (1,164,695)	$ (2,742,407)	$ (1,028,131)	$ (10,108,683)	$ -	$ (54,918,782)
Carrying Value:											
As at June 30, 2014	$ 1,680,805	$ 14,365,610	$ 17,523,707	$ 371,567,921	$ 1,236,015	$ 1,574,385	$ 1,115,012	$ 419,946	$ 37,557,993	$ 1,153,290	$ 448,167,162
As at June 30, 2013	$ 1,274,959	$ 14,620,549	$ 16,632,733	$ 298,530,098	$ 109,691	$ 1,461,928	$ 1,031,600	$ 560,955	$ 30,773,988	$ 71,011,711	$ 436,008,212

Capital assets in progress represent amounts paid in relation to contracts undertaken with respect to the Terminal Redevelopment project for LPIA and refurbishment of airport facilities. Included in accounts payable and accrued liabilities are balances totaling $15,438,610 (2013: $9,353,725) related to the Terminal Redevelopment project.

(Expressed In Bahamian Dollars)

7. Long-Term Debts

Long-term debts consists of the following:

	Interest rates and Maturity dates	Balance at June 30, 2014	Balance at June 30, 2013
Current portion			
Senior debt notes:			
USD senior notes	8.50%; December 31, 2031	$ 300,000	$ 240,000
USD senior notes	7.00%; November 30, 2033	2,475,000	825,000
USD senior notes	6.34%; March 31, 2035	282,500	-
BSD senior notes	8.50%; December 31, 2032	750,000	600,000
BSD senior notes	6.34%; March 31, 2035	55,000	-
Participating debt notes:			
USD participating - Series A	13.00%; March 29, 2034	1,275,000	7,206,856
USD participating - Series B	13.00%; March 29, 2034	5,950,000	36,034,279
BSD participating	13.00%; March 29, 2034	1,275,000	7,206,856
Total		$ 12,362,500	$ 52,112,991
Long-term portion			
Senior debt notes:			
USD senior notes	8.50%; December 31, 2031	$ 11,220,000	$ 11,520,000
USD senior notes	7.00%; November 30, 2033	161,700,000	164,175,000
USD senior notes	6.34%; March 31, 2035	112,717,500	113,000,000
USD senior notes	6.44%; June 30, 2035	90,000,000	90,000,000
BSD senior notes	8.50%; December 31, 2031	28,050,000	28,800,000
BSD senior notes	6.34%; March 31, 2035	21,945,000	22,000,000
Participating debt notes:			
USD participating - Series A	13.00%; March 29, 2034	11,170,667	8,657,550
USD participating - Series B	13.00%; March 29, 2034	65,349,505	50,116,225
BSD participating	13.00%; March 29, 2034	11,170,667	8,657,550
Total		$ 513,323,339	$ 496,926,325

(Expressed In Bahamian Dollars)

Movement in debt is as follows:

2014	Senior Notes	Participating Notes	Total
Balance at July 1, 2013	$ 431,160,000	$ 117,879,316	$ 549,039,316
Principal payments	(1,665,000)	(35,000,000)	(36,665,000)
Capitalized interest	-	13,311,523	13,311,523
Balance at June 30, 2014	$ 429,495,000	$ 96,190,839	$ 525,685,839
Ending balance is comprised of:			
Current portion	$ 3,862,500	$ 8,500,000	$ 12,362,500
Long-term portion	425,632,500	87,690,839	513,323,339
Total	$ 429,495,000	$ 96,190,839	$ 525,685,839

2013	Senior Notes	Participating Notes	Total
Balance at July 1, 2012	$ 431,790,000	$ 104,270,955	$ 536,060,955
Principal payments	(630,000)	-	(630,000)
Capitalized interest	-	13,608,361	13,608,361
Balance at June 30, 2013	$ 431,160,000	$ 117,879,316	$ 549,039,316
Ending balance is comprised of:			
Current portion	$ 1,665,000	$ 50,447,991	$ 52,112,991
Long-term portion	429,495,000	67,431,325	496,926,325
Total	$ 431,160,000	$ 117,879,316	$ 549,039,316

Revolving credit facility - Fifty per cent of the projected outstanding balance is subject to an interest rate swap. The interest capitalized from the interest rate swap amounted to $Nil (2013: $434,414). In 2012, the Company repaid the senior secured revolving credit facility that was used to fund the Terminal Redevelopment project costs. In 2013 the senior secured revolving credit facility was cancelled.

Senior debt notes - In March 2009, the Company entered into an agreement with several syndicated lenders, to provide senior debt notes in the amount of $30 million and $12 million USD to fund the Terminal Redevelopment project costs. The senior debt notes have a 23 year maturity and bear interest at 8.5% per annum. The senior debt notes are secured by a first priority security interest in all assets of the Company.

Interest expense on this facility amounted to $3,471,825 (2013: $3,536,532) and has been included in the statement of comprehensive income. Commitment fees paid amounting to $Nil (2013: $152,500) has been capitalized to fixed assets.

As a part of the debt covenants of the financing arrangements, the Company must maintain a debt service coverage ratio of not less than 1.30 to 1.00 commencing the earlier of the date that is six months after the completion of stage 1, or if approved stage 2, or if approved stage 3. This debt service coverage ratio debt covenant became effective June 30, 2013 and the Company is in compliance.

Subordinated participating debt notes - In March 2009, the Company entered into an agreement with several syndicated lenders, to provide subordinated participating debt notes in the amount of $70 million to fund the Terminal Redevelopment project costs. The subordinated participating debt notes consist of Series A and Series B Notes. Series A in the amount of $10 million USD and $10 million BSD bear interest at 13% per annum. The interest is split with a 2% cash pay and the remaining 11% payment in kind. Series B in the amount of $50 million USD bear interest at 13% per annum with the full 13% payment in kind. The subordinated participating debt notes have no scheduled principal repayment but is repayable, by way of excess cash sweeps after the earlier of the completion of stage 1, or if approved stage 2, or if approved stage 3 or 72 months after financial close, at any time without penalty provided that any prepayment includes a premium as necessary to achieve the target internal rate of collateral securing the senior notes. Interest expense on this facility amounted to $13,877,177 (2013: $14,201,600) and has been included in the statement of comprehensive income.

Financing 2010 - In June 2010, the Company entered into an agreement with several syndicated lenders, to provide senior debt notes in the amount of $165 million USD to fund the Terminal Redevelopment project costs. The senior debt notes have a 23 year maturity and bear interest at 7.00% per annum. The senior notes are secured by a first priority security interest in all assets of the Company and rank pari passu in priority of payment with the other senior debt. Interest expense on this facility amounted to $11,542,780 (2013: $11,305,000) and has been included in the statement of comprehensive income. As of June 30, 2014, accrued interest payable amounted to $Nil (2013: $2,887,500).

As an additional requirement of the financing, the Company has established a restricted debt service reserve account with Citibank, New York. The account balance comprises of 12 months' principle and interest on the senior debt notes. The debt service reserve account for the outstanding debt at June 30, 2014, amounted to $8,940,648 (2013: $7,774,047). Other debt covenants related to the financing are noted above.

Financing 2012 - In May 2012, the Company entered into an agreement with several syndicated lenders, to provide senior debt notes in the amount of $113 million USD and $22 million BSD to fund the Terminal Redevelopment project costs. The senior debt notes have a 23 year maturity and bear interest at 6.34% per annum.

The senior notes are secured by a first priority interest in all assets of the Company and rank pari passu in priority of payment with the other senior debt. Interest expense on this facility amounted to $8,559,000 (2013: $6,062,625) and has been included in the statement of comprehensive income, while $Nil (2013: $2,741,375) of interest has been capitalized to fixed assets. As of June 30, 2014, accrued interest payable amounted to $Nil (2013: $2,139,750).

Financing 2013 - In August 2012, the Company entered into an agreement with several syndicated lenders to provide senior debt notes in the amount of $90 million USD to fund the Terminal Redevelopment project costs.

The senior debt notes have a 23 year maturity and bear interest at 6.44% per annum. The senior debt notes are secured by a first priority security interest in all assets of the Company and rank pari passu in priority of payment with the other senior debt. Interest on this facility amounted to $3,984,750 (2013: $Nil) and has been included in the statement of comprehensive income, while $1,811,250 (2013: $4,830,001) of interest has been capitalized to fixed assets. As at June 30, 2014, the accrued interest payable amounted to $Nil (2013: $1,449,000).

As an additional requirement of the financing, the Company has established a restricted debt service reserve account with Citibank, New York. The account balance comprises six months principal and interest on the senior debt notes. The debt service reserve account for the outstanding debt at June 30, 2013, amounted to $7,177,500 (2013: $7,177,500). Other debt covenants related to the financing are noted above.

(Expressed In Bahamian Dollars)

Total restricted cash included in the debt reserve account is comprised of the following:

	2014	2013
Senior debt notes:		
Financing 2010 - USD 165 million 7.00%; November 30, 2032	$ 8,940,648	$ 7,774,047
Financing 2013 - USD 90 million 6.44%; June 30, 2035	7,177,500	7,177,500
	$ 16,118,148	$ 14,951,547

Total interest expense on these facilities amounted to $41,435,532 (2013: $35,105,757) while $1,811,250 (2013: $8,158,289) has been capitalized to fixed assets and are comprised as follows:

			2014
	Interest Expense	Interest/ Commitment fees Capitalized	Interest Payable
Financing 2009	$ 17,349,002	$ -	$ -
Financing 2010	11,542,780	-	-
Financing 2012	8,559,000	-	-
Financing 2013	3,984,750	1,811,250	-
	$ 41,435,532	$ 1,811,250	$ -

			2013
	Interest Expense	Interest/ Commitment fees Capitalized	Interest Payable
Revolving credit facility	$ -	$ 434,414	$ -
Financing 2009	17,738,132	152,500	-
Financing 2010	11,305,000	-	2,887,500
Financing 2012	6,062,625	2,741,375	2,139,751
Financing 2013	-	4,830,000	1,449,000
	$ 35,105,757	$ 8,158,289	$ 6,476,251

(Expressed In Bahamian Dollars)

Interest payable has been allocated as follows:

		2014		2013
Construction project	$	-	$	1,449,000
Operations		-		5,027,251
	$	-	$	6,476,251

8. Payable to Government Entities

At June 30, 2014, the following amounts were payable to Government entities:

		2014		2013
The Airport Authority (security fees)	$	2,919,345	$	2,608,063
Bahamas Electricity Corporation		684,932		1,063,939
Ministry of Finance		575,739		-
Water & Sewerage Corporation		334,801		402,271
Other		15,176		77,315
	$	4,529,993	$	4,151,588

9. Related-Party Balances and Transactions

The following is a summary of the balances and transactions at June 30, 2014, with related parties:

	Note(s)		2014		2013
Accounts receivable - Government entities (gross)		$	3,510,322	$	2,624,134
Accounts receivable - Vantage		$	3,073	$	350,000
Payable to Government entities		$	4,529,993	$	4,151,588
Management fees payable		$	27,581	$	-
Accrued rent payable		$	127,089	$	153,411
Management fees		$	2,028,796	$	1,980,570
Project management bonus payable - Vantage	16	$	13,342,210	$	-
Rent expense		$	1,447,064	$	1,286,861
Director fees		$	113,465	$	112,740

Salaries and short-term benefits paid to the Company's key management personnel during the year ended June 30, 2014, amounted to $1,245,784 (2013: $1,441,455).

As at June 30, 2014, the subordinated participating debt notes Series A and B and senior debt notes were held by a related

(Expressed In Bahamian Dollars)

Government entity. In October 2011, the Government of The Bahamas sold its interest in the Company's subordinated participating debt notes Series B to various lenders including a related Government entity.

		2014		2013
National Insurance Board	$	74,250,000	$	74,600,000

10. Defined Contribution Pension Plan

Effective April 1, 2007, employees from the Authority were offered employment with the Company at no less favorable terms than they enjoyed previously.

On January 1, 2008, the Company entered into a Pension Administration Agreement with a financial institution and the implementation of the plan took effect on July 1, 2008.

The Company's contribution was retroactive from April 1, 2007, contributing 2.50% of employees' salary until June 30, 2008. Employee's contribution to the plan commenced July 1, 2008, with minimum contributions of 2.50% and no maximum. The Company matches employee contributions up to a maximum of 5.00%. The vesting period for the plan is as follows:

5 years	50% vested
6 years	60% vested
7 years	70% vested
8 years	80% vested
9 years	90% vested
10 years	100% vested

As at June 30, 2014, the Company contributed a total of $226,200 (2013: $164,447) to the plan.

As at June 30, 2014, approximately 173 (2013: 152) employees were enrolled in the plan.

11. Material, Supplies and Services

Material, supplies and services for the year are as follows:

		2014		2013
Utilities	$	6,050,911	$	5,972,199
Repairs and maintenance		3,667,401		2,437,741
Others		2,028,050		2,870,926
Transition expense		509,666		253,943
Professional fees		168,841		226,559
	$	12,424,869	$	11,761,368

(Expressed In Bahamian Dollars)

12. Commitments

The company is contingently liable for corporate credit cards in the amount of $45,000 (2013: $65,000).

Since assuming control of the airport, the Company has awarded contracts for undertaking works relating to the terminal building, airport plants and equipment and furniture and fittings. As at June 30, 2014, the Company had outstanding commitments relating to open capital and maintenance contracts with a value of $1,429,921 (2013: $1,116,847). All payments are due within the next 12 months.

The Company is involved in legal actions arising from its normal course of business. No material adverse impact on the financial position of the Company is expected to arise from these proceedings except where accrued.

The Company entered into an agreement with a consulting company and several contractors for the LPIA expansion project. The total project cost is $408.3 million excluding finance related costs. Commitments with respect to construction as at June 30, 2014, amounted to $15,438,610 (2013: $70,695,825). The duration of the project was 67 months (March 2008 - October 2013).

In April 2010, the Company entered into an advisory and financing agreement with a financial services institution in connection with its financing arrangements that include fixed monthly fees creditable against success fees upon completion. The agreement is effective until the completion of the financing for the LPIA expansion project or December 2013 and carried a monthly fixed fee of $40,000, which was credited against success fees and arrangement fees on the conclusion of the financing.

On May 4, 2012, the Company's Board of Directors approved a rate increase to aeronautical fees and passenger fees. The increases were effective October 1, 2013, and were in compliance with the procedure stipulated in the Airport Authority Act, (Fees and charges) Regulations established for this purpose.

13. Operating Leases

The Company has an operating land lease with the Authority for a term of thirty (30) years and expires March 31, 2037. Total rent expense relevant to this operating lease is $1,447,064 (2013: $1,286,861).

Future minimum lease rentals payable and due under operating leases as of June 30, 2014 are as follows:

		2014		2013
Within one year	$	500,000	$	500,000
Between one to five years	$	2,500,000	$	2,500,000
More than five years	$	8,375,000	$	8,875,000

In addition, the Company has concessions and terminal leases as lessor. Total rental income relevant to these concessions and leases is $9,911,362 (2013: $9,425,313).

(Expressed In Bahamian Dollars)

Future minimum lease rentals receivable and due under operating leases as of June 30, 2014 are as follows:

		2014		2013
Within one year	$	10,535,878	$	8,786,626
Between one to five years	$	38,686,508	$	28,792,315
More than five years	$	37,410,364	$	9,524,632

14. Financial Risk Management Objectives and Policies

The Company's financial instruments consist of cash and cash equivalents, accounts receivable, current liabilities, and long-term debt. The Company's financial assets are carried at their carrying value which equates fair value due to their short term nature. Financial liabilities are carried at amortized cost.

The main risks arising from the Company's financial instruments are credit risk, interest rate risk and liquidity risk. The Board of Directors reviews and agrees on policies for managing each of these risks and they are summarized as follows:

Credit risk - Credit risk arising from the inability of a counterparty to meet the terms of the Company's financial instrument contracts is generally limited to the amount, if any, by which the counterparty's obligations exceed the obligations of the Company.

It is the Company's policy to enter into financial instruments with a diverse group of creditworthy counterparties. Therefore, the Company does not expect to incur material credit losses on its risk management or other financial instruments.

In addition, receivable balances are monitored on an ongoing basis with necessary provisions being made. The Company's maximum exposure to credit risk in the event any counterparties fail to perform their obligation at June 30, 2014 and 2013, in relation to each class of recognized financial assets is the carrying amount of those assets as indicated in the statement of financial position.

Due to the nature of its operations, the Company has significant credit risk with Government entities.

Interest rate risk - The Company is exposed to a fair value interest rate risk. Exposure to this risk relates primarily to the Company's debt facilities as they are all fixed rate term debt facilities.

Liquidity risk - Liquidity risk is the risk that the Company will be unable to meet its net funding requirements. This risk is mitigated due to management's ability to increase rates and fees and borrow funds from its bankers.

(Expressed In Bahamian Dollars)

The table below summarizes the maturity profile of the Company's financial assets and financial liabilities at June 30, 2014:

	Within 3 Months	3-6 Months	6-12 Months	More Than 1 Year	Total
					2014
Financial assets					
Cash and cash equivalents:					
Operating accounts	$ 6,911,041	$ -	$ -	$ -	$ 6,911,041
Construction and controlled accounts	15,081,885	-	-	-	15,081,885
Restricted cash	16,118,148	-	-	-	16,118,148
Accounts receivable, net:					
Private sector	12,724,057	-	-	-	12,724,057
Governmental	3,456,506	-	-	-	3,456,506
	$ 54,291,637	$ -	$ -	$ -	$ 54,291,637
Financial liabilities					
Accounts payable and accrued liabilities:					
Construction project	$ 15,438,610	$ -	$ -	$ -	$ 15,438,610
Trade	2,639,531	-	-	-	2,639,531
Management fees payable	27,581	-	-	-	27,581
Payable to Government entities	4,529,993	-	-	-	4,529,993
Long term debt - current portion	2,622,500	622,500	9,117,500	-	12,362,500
Long term debt	-	-	-	513,323,339	513,323,339
	$ 25,258,215	$ 622,500	$ 9,117,500	$ 513,323,339	$ 548,321,554

(Continued)

(Expressed In Bahamian Dollars)

	Within 3 Months	3-6 Months	6-12 Months	More Than 1 Year	Total
					2013
Financial assets					
Cash and cash equivalents:					
Operating accounts	$ 48,794,072	$ -	$ -	$ -	$ 48,794,072
Construction and controlled accounts	28,709,567	-	-	-	28,709,567
Restricted cash	14,951,547	-	-	-	14,951,547
Accounts receivable, net:					
Private sector	11,214,009	-	-	-	11,214,009
Governmental	2,554,493	-	-	-	2,554,493
	$ 106,223,688	$ -	$ -	$ -	$ 106,223,688
Financial liabilities					
Accounts payable and accrued liabilities:					
Construction project	$ 9,353,725	$ -	$ -	$ -	$ 9,353,725
Trade	2,888,723	-	-	-	2,888,723
Interest payable:					
Construction project	1,449,000	-	-	-	1,449,000
Operations	5,027,251	-	-	-	5,027,251
Payable to Government entities	4,151,588	-	-	-	4,151,588
Long term debt - current portion	210,000	210,000	51,692,991	-	52,112,991
Long term debt	-	-	-	496,926,325	496,926,325
	$ 23,080,287	$ 210,000	$ 51,692,991	$ 496,926,325	$ 571,909,603

Fair value of financial instruments - Financial instruments utilized by the Company included recorded assets and liabilities. The majority of the Company's financial instruments are either short-term in nature or have interest rates that are automatically reset to market on a periodic basis. Accordingly, the estimated fair value is not significantly different from the carrying value of each major category of the Company's recorded assets and liabilities.

The Company used the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

Level 1 - quoted (unadjusted) prices in active markets for identical assets or liabilities;

Level 2 - other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly; and

Level 3 - techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

The inputs and methodology used for valuing financial instruments are not necessarily an indication of risk associated with investing in those financial instruments.

(Concluded)

15. Capital Management

The primary objective of the Company's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximize shareholder value. The Company manages its capital structure and makes adjustments to it, in light of changes in economic conditions.

To maintain or adjust the capital structure, the Company may adjust dividend payments to the shareholder, return capital to the shareholder or issue new shares. No changes were made in the objectives, policies or processes during the years ended June 30, 2014 and 2013.

The Company monitors capital using ratios which compare income, assets and liabilities to capital. The Company does not have any statutory or regulatory capital requirements and as such, management adjusts capital levels as required for the Company's future development plans, maintenance of required debt covenants (Note 7) and returns the remainder of its capital to its shareholder.

16. Contingent Liabilities

The final stage of the Terminal Redevelopment Project was completed on October 23, 2013 with the opening of the Domestic Arrivals and Departures and International Departures Terminal (Terminal A). The cost of Terminal A is $72.1 million and the total cost of, the now completed, Terminal Redevelopment Project is $408.3 million.

The Project Manager, Vantage, filed a Request for Arbitration on May 5, 2014 in regard to a claim for an Early Completion Bonus in the amount of $13.3 million. The amount of the claim is in addition to the total project costs of $408.3 million as reported in the foregoing. The Company has issued the Answer to the Request for Arbitration on July 7, 2014.

The Company is subject to a lawsuit by the General Contractor for the Airport Redevelopment Project in the sum of $1.8 million – a defense has been filed by the Company; however the case is currently in abeyance.

While the results are pending resolution, these amounts have been accrued in the financial statements as at June 30, 2014.

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