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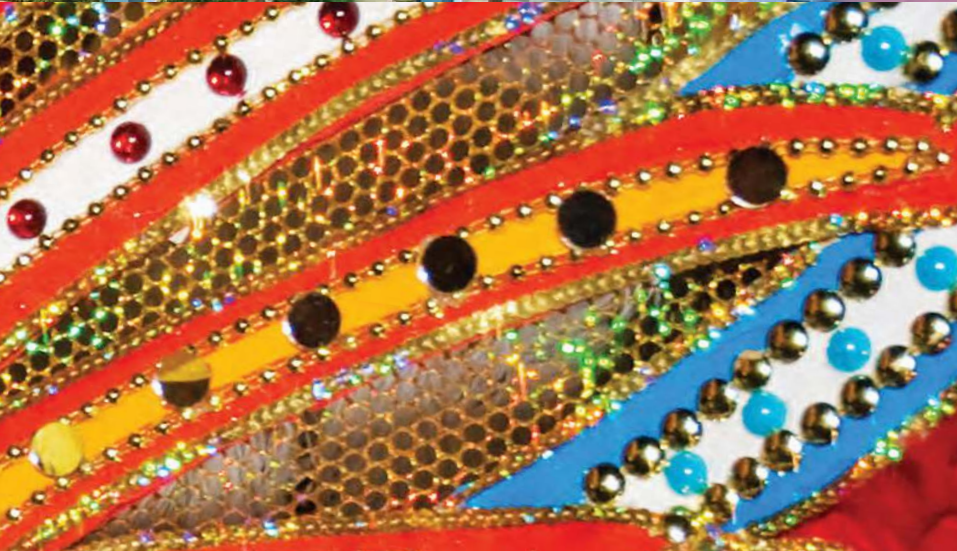
NASSAU AIRPORT DEVELOPMENT COMPANY 2015 ANNUAL REPORT

OUR PEOPLE.
OUR AIRPORT.
OUR PRIDE.

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Renewal and redevelopment have transformed LPIA into a stunning facility that reflects a Bahamian sense of place.

But an airport is more than its physical structure.

LPIA is the people's airport, and our people are its driving force. They aspire to take it higher. They will make it **soar**. They will complete its transformation into a truly world-class airport – one that all Bahamians can be proud to call their own.

MESSAGE FROM THE CHAIRMAN



We have a bold vision for Lynden Pindling International Airport – to be one of the world’s leading airports. We want to be known for providing an exceptional customer experience that truly reflects The Bahamas and our people.

For our customers that means being and feeling safe. Being greeted by friendly faces, in a space that is clean and bright. Being able to navigate quickly and efficiently. Being entertained. And receiving a welcoming and memorable first and last impression of our islands.

Over the past seven years, LPIA has been physically transformed into a stunning facility. The completion of the construction hasn’t marked the end of the journey, but the start of a new chapter.

2015 was an important year for NAD. To achieve our vision, the organization has been

working to capitalize on the advantages that the new facility has given us. We’ve been focusing on improving efficiency, maximizing capacity, strengthening the customer experience, and building and training a strong team. We have been laying the groundwork that will allow LPIA to truly soar.

The effort is generating results. In an increasingly competitive market, we have seen the steady growth of passengers to 3.3 million, the highest it has been since 2008. Since 2009 NAD has more than doubled revenue to \$74.6 million. Non-aeronautical revenue from commercial operations, parking, and other sources is up nearly 70 percent over that same period.

The future may be unclear and we know we can expect turbulence ahead. But through the hard work, dedication, and passion of the people who work on the front lines and behind the scenes at LPIA, we are positioned to meet those

challenges and rise above them.

On behalf of the Board of Directors, I would like to thank the NAD team and the broader airport community for making LPIA a place we can be proud to call our own.

A handwritten signature in black ink, appearing to read 'Anthony McKinney', written in a cursive style.

Anthony McKinney
Chairman

MESSAGE FROM THE PRESIDENT



For the past seven years, NAD has been in construction mode, putting the infrastructure in place to help LPIA soar. With the ribbon cutting firmly in the rear-view mirror, 2015 was a time for us to redirect our attention from construction to operations.

We focused on a number of key initiatives to increase efficiency and deliver the extraordinary customer experience for which we want to be known.

The accomplishment that I am most proud of this year has been our performance on the Airport Service Quality (ASQ) survey. LPIA has been ranked as the fourth best airport in the Latin American and Caribbean region. The survey results reflect the efforts of our employees, our partners and the entire airport community.

Our most ambitious initiative was the installation and launch of the Automated Passport Control programme – 20 BorderXpress kiosks installed to address wait times at the U.S. preclearance facility. Thanks to our employees and tourism stakeholders this project has been hugely successful. An 89 percent reduction in wait times has greatly improved the departure experience for our guests.

2015 also saw the introduction of our Maintenance Promotion Assessment Programme (MPAP), a voluntary proficiency testing programme for maintenance and engineering employees. MPAP allows them to take charge of their careers, demonstrate their knowledge and receive promotions. Moving forward, we will be rolling out more opportunities for career advancement for team members.

Our team has been implementing information and reporting systems to gather data to help us make more timely, informed decisions. Behind the scenes, the Finance team also worked tirelessly to prepare for and implement VAT.

With our shift in focus, the time was right to create a clear blueprint for the future. Our team developed a five-year strategic plan outlining six key objectives that will guide us as we work to become one of the world's leading airports. This plan will serve as a tool to unite our efforts and a means for us to measure our progress.

We are mindful that the future isn't without its challenges. The delay in Baha Mar's opening is a disappointment and we can expect strong competition from Cuba as it reopens to American

travellers. However, The Bahamas continues to be a demand destination and our hotel industry is experiencing steadily increasing occupancy levels and revenue gains.

LPIA has become a phenomenal facility, but it can only be as good as the people who work here. Its future lies in the hands of a proud crew who are committed to seeing it succeed. I would like to extend a sincere thank you to them for their hard work and dedication.

I look forward to the year ahead as we continue to take LPIA higher.

A handwritten signature in black ink that reads "Vernice Walkine". The signature is fluid and cursive.

Vernice Walkine
President and Chief Executive Officer



ABOUT US

As the primary international gateway to The Bahamas, **Lynden Pindling International Airport (LPIA)** is the fourth busiest airport in the Caribbean. Named after Sir Lynden Pindling, the first Prime Minister of the Commonwealth of The Bahamas, the airport sits just west of the city of Nassau and a short drive from some of the finest resorts and hotels in the world.

Services include scheduled and charter flights to the United States, Canada, Europe and The Caribbean. In Fiscal Year 2015, LPIA served 3.3 million passengers and safely handled more than 85,000 aircraft take-offs and landings.

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

NAD is responsible for the majority of LPIA's infrastructure including parking lots, terminals, runways and taxiways and all revenue-generating and commercial projects. As a private company, NAD receives no government guarantees or grants and is a self-sustaining commercial entity based on international best practices.

Vantage Airport Group is an industry-leading investor, developer, and operator of airports around the world. The company brings the expertise and airport management techniques honed at the award-winning Vancouver International Airport (YVR) to LPIA. Vantage has a current portfolio of eight airports on three continents.

BOARD OF DIRECTORS

NAD is governed by a Board with nine Directors.

ANTHONY MCKINNEY
Chairman



MANITA WISDOM
Deputy Chairman



DEEPAK BHATNAGAR



DR. GREGORY CAREY



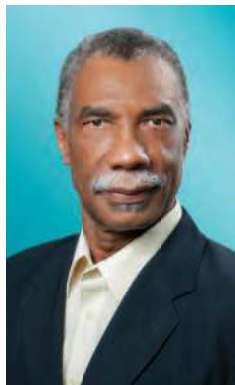
GEORGE CASEY
Vantage Airport Group



MICHAEL FOSTER



DOUGLAS HANNA



ANNISCHKA HOLMES-MONCUR



REV. LLOYD SMITH



EXECUTIVE MANAGEMENT TEAM

**VERNICE
WALKINE**
President &
Chief Executive Officer



**DEBORAH
COLEBY**
Vice President
of Operations



**JAN
KNOWLES**
Vice President
of Marketing
& Communications



**KEVIN
MCDONALD**
Vice President
of Maintenance
& Engineering



**CHRIS
RYAN**
Chief Financial Officer
& Vice President
of Finance

NAD is led by an Executive Management team with expertise in airport operations, maintenance, finance, business, and marketing.

RESULTS

SUMMARY

2015 AT A GLANCE

PASSENGERS

↑ **1.83%**

3.3 m 

REVENUE

↑ **4.2%**

74.6 m 

AIRCRAFT MOVEMENTS

85,006 movements 

AIRLINES

23 airlines 

DESTINATIONS

52 destinations 

20 NEW AUTOMATED PASSPORT CONTROL KIOSKS

WAIT TIMES

↓ **89%**

Reduction in wait times for
United States Customs and
Border Protection 

PRODUCTIVITY

↑ **400%**

Increase in
USCBP productivity 

REVENUE

↑ **8%**

Increase in
post-security sales revenue 

SALES PER PASSENGER

↑ **9%**

Increase in
sales per passenger 

	PASSENGERS (MILLIONS)	AIRCRAFT MOVEMENT	REVENUE (MILLIONS)	OPERATING EXPENSES (MILLIONS)	RETAINED EARNINGS (MILLIONS)	LONG TERM DEBT (MILLIONS)
2015	3.3	85,006	\$74.6	\$25.5	(\$11.2)	\$506.3
2014	3.2	85,900	\$71.6	\$24.6	\$3.9	\$513.3
2013	3.2	85,700	\$64.3	\$23.0	\$20.3	\$497.0
2012	3.2	82,100	\$55.9	\$21.2	\$24.4	\$445.4
2011	3.1	86,700	\$46.7	\$19.2	\$31.6	\$318.2
2010	3.1	88,700	\$41.4	\$17.7	\$23.8	\$209.6
2009	3.0	92,000	\$37.0	\$18.6	\$11.7	\$138.2
2008	3.5	87,000	\$34.5	\$20.2	\$1.4	N/A

STRATEGIC PLAN 2015-2019

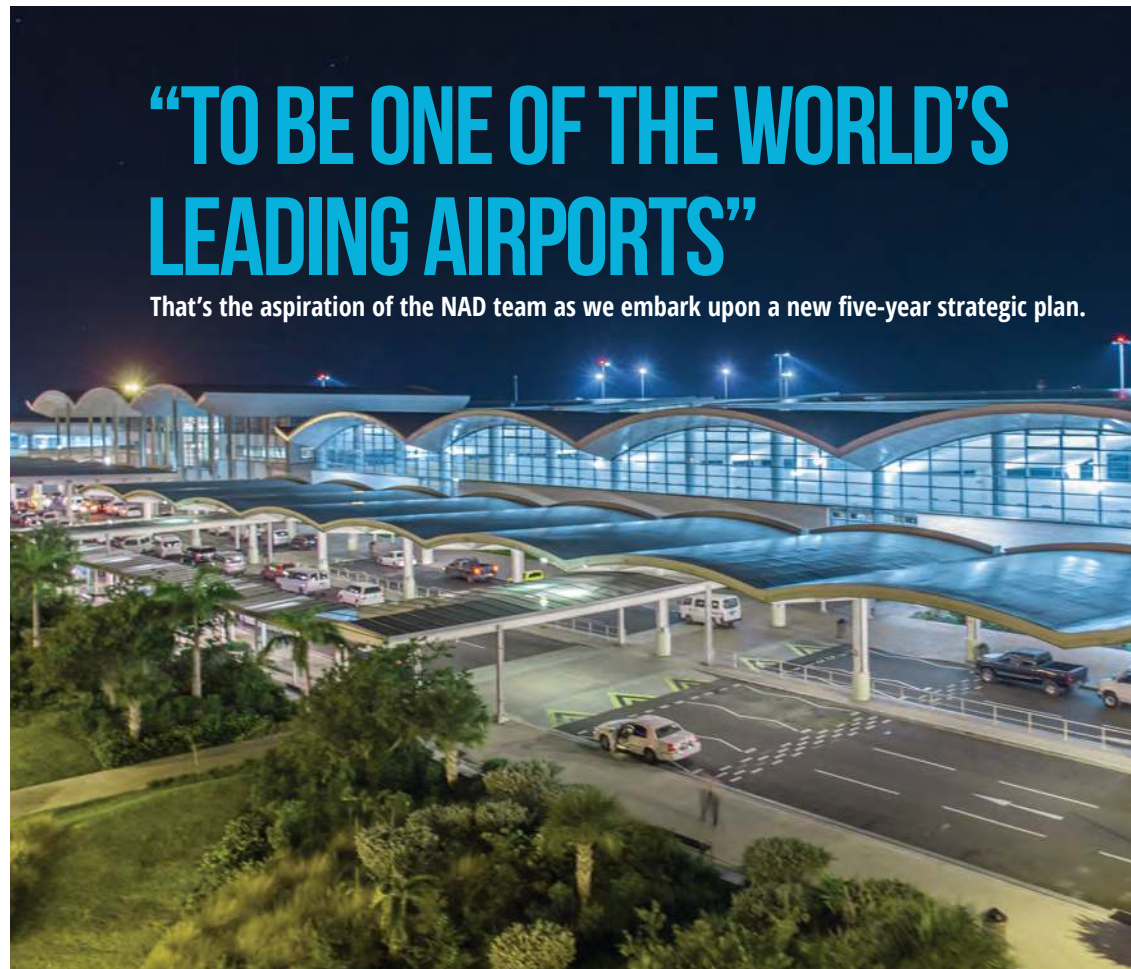
WE WILL DELIVER OUR STRATEGIC PLAN BY FOCUSING ON SIX KEY OBJECTIVES:

- 1 Investing in Our People
- 2 Providing a Safe, Secure & Efficient Operation
- 3 Building Capacity to Meet Growth Potential
- 4 Delivering an Extraordinary Customer Experience
- 5 Maintaining a Fiscally Responsible & Profitable Operation
- 6 Enhancing Stakeholder Relationships

Each objective has a set of corresponding goals, strategies, timelines and point of accountability. These will provide the framework for measuring NAD's progress towards successfully meeting our mandate.

“TO BE ONE OF THE WORLD’S LEADING AIRPORTS”

That's the aspiration of the NAD team as we embark upon a new five-year strategic plan.



FOR MORE DETAILS, OR TO READ THE FULL PLAN, PLEASE VISIT: www.nassaulpia.com/about-lpia/

OUR PEOPLE

While modern, sleek terminals are a big draw, it is our people that bring LPIA to life. Our team of highly trained, skilled and motivated individuals is instrumental in delivering the safe, efficient and friendly experience enjoyed by our customers every day.

Our team of 223 people provides services and expertise in areas such as operations, customer service, finance, IT, maintenance, marketing, communications, commercial development and environmental sustainability.

LPIA belongs to the people of The Bahamas and NAD is committed to recruiting and developing Bahamian talent. Our team is truly reflective of our country – 100 percent of our employees and 99 percent of our managers are Bahamian.

We made a commitment to have three of the five executives on our leadership team be Bahamian within one year of the completion of the airport's redevelopment. With the promotion of Deborah Coleby to the position of Vice President of Operations and the appointment of Jan Knowles as Vice President of Marketing and Communications, we are proud to have exceeded this goal in 2015. Four of our five executives now hail from The Bahamas.



DEBORAH COLEBY
Vice President of Operations



JAN KNOWLES
Vice President of Marketing
and Communications



NAD'S OPERATIONS COORDINATION TEAM

CAREER DEVELOPMENT

We place a high priority on employee development. We invest in our team by providing opportunities for skill acquisition and training.

Our high performance evaluation system rewards well-performing employees with higher wage increases and we are implementing structured development plans to ensure staff members can all reach their potential.

In 2015, 24 employees attended specialized training courses and more than 20 employees were promoted within the organization. Four employees received certification from external organizations such as the

Federal Aviation Administration (FAA), the International Civil Aviation Organization (ICAO) and the American Academy of Project Management.

As part of the installation of the Automated Passport Control Kiosks, NAD staff acquired new skills. They enhanced their computer networking skills, electronic skills and project management skills. Our IT team, with support from the Maintenance Department, installed the infrastructure with remote support from Vancouver Airport Authority's team. Our technicians also learned basic project management skills at the front-end of the project.

MAINTENANCE PROMOTION ASSESSMENT PROGRAMME (MPAP)

NAD has a 46-person team that is responsible for maintaining the state-of-the-art facilities at LPIA. This team includes electricians, plumbers, heating ventilation and air condition (HVAC) experts and baggage handling system (BHS) technicians.

To create advancement opportunities for these employees and empower them to be in charge of their own careers, NAD was proud to launch the Maintenance Promotion Assessment Programme (MPAP) in 2015.

The programme, developed internally by NAD's management team, allows interested employees to complete annual, voluntary exams. Those who

demonstrate "strong knowledge" of their specific area of work will be promoted through five levels of expertise.

The inaugural exams were conducted in June and five technicians were promoted.

MPAP is open to all Maintenance and Engineering Department employees who are looking for upward mobility and who have satisfied the required criteria - specifically, number of years of relevant work experience and meeting the performance appraisal benchmark for their level.



JONATHAN HANNA, OPERATIONAL DUTY SUPERVISOR
NAD's first employee to obtain an FAA Aircraft Dispatcher License and is now recognized as a "captain on the ground."



MPAP INAUGURAL GRADUATES
Vernice Walkine and Kevin McDonald (centre) congratulate Mardio Bastian and Ishmael Francis (front), Foster Lloyd, Raynard Miller (rear). (Not pictured: Brent Stubbs)

OUR AIRPORT NETWORK

As an island nation and tourism destination, air connections provide vital links to the people and businesses of The Bahamas and facilitate the flow of tourists, goods and families. These connections create jobs and opportunities and help The Bahamas develop strong ties to global markets.

With 23 airlines serving 52 destinations – 20 U.S., 10 international, and 22 domestic – LPIA offers more travel options than any other airport in the Caribbean.

We have a distinct 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.





ROUTES

Atlanta
Bahamas Family Islands
Baltimore
Boston
Calgary*
Cap-Haitien
Cayman Islands
Charlotte
Chicago
Dallas
Detroit
Fort Lauderdale
Havana
Houston
Indianapolis*
Kingston
London, LHR
Miami
Minneapolis*
Montreal
New York - JFK
Newark
Orlando
Panama City
Philadelphia
Providenciales
Toronto
Washington, DC - DCA
West Palm Beach

*SEASONAL ROUTES

CARRIERS

Air Canada
American Airlines
Bahamasair
British Airways
Caribbean Airlines
Copa Airlines
Cubana
Delta Air Lines
Flamingo Air
IBC Airways
InterCaribbean Airways
JetBlue Airways
LeAir Charter
Pineapple Air
SkyBahamas
Southern Air
Southwest Airlines
Sun Country
Sunwing Airlines
United Airlines (Skywest)
US Airways (Republic)
Western Air
Westjet Airlines

OUR AIRPORT FACILITIES & OPERATIONS



“The entire team here at NAD is committed to ensuring that these facilities remain in world-class condition for a long time. We always enjoy the opportunity to show Bahamians what we have built for their benefit, and trust that it gives them a sense of pride.”

- Vernice Walkine
President and CEO, NAD

Since 2009, LPIA has undergone significant revitalization. In 2013, we concluded our \$410 million redevelopment, transforming LPIA into a modern, efficient and culturally reflective airport. The airport increased in size by 24 percent and is capable of accommodating 50 percent more passengers – more than 5 million.

The terminals now feature a Bahamian sense of place through thoughtful architectural elements and custom-designed local artwork that conveys the islands’



celebrated culture and geography. Expanded amenities as well as shopping and dining options also await passengers wishing for one last piece or taste of paradise to take home with them.

With the redevelopment complete, our team has turned its focus to ensuring a smooth and enjoyable experience for our guests while maximizing the efficiency of our operations.



AUTOMATED PASSPORT CONTROL

One of our most important initiatives in 2015 was the launch of our Automated Passport Control (APC) system. The 20 BorderXpress kiosks, developed by Vancouver Airport Authority, were installed to reduce wait times at the U.S. pre-clearance facility, improve the airport's efficiency and ultimately provide a more enjoyable experience for visitors.

Passengers use the self-service kiosks to submit their customs declaration forms and biographic information. They follow the on-screen instructions to scan their passport, answer the customs declaration questions, have their photo taken and receive a confirmation receipt, which they then show to a USCBP officer to finalize processing.

APC has significantly reduced wait times by as much as 89 percent, allowing each USCBP officer to increase their productivity by 400 percent. Now that passengers have time to spare before boarding their flight, post-security sales revenue increased by 8 percent and sales per passenger increased by 9 percent.

MAXIMIZING CAPACITY AT PEAK TIMES

Although LPIA is open 24 hours a day, there are peak times for airline movements in each of the terminals. We work closely with our partners, Airport Authority and USCBP, to facilitate airline requests for specific arrival and departure times. While we have significant open capacity to accommodate new international (non-US) flights we are also increasing our ability to accommodate more US flights at desired times.

We are installing an additional Apron Drive Bridge (ADB) at the US Departures Pier and will have future use of two additional swing gates for US travellers that are currently only used for non-US flights. These changes will increase our capacity to accommodate US flights by 50 percent.



NAD'S DYNAMIC IT TEAM
Left to right: Willard Barr, James Bartlett, Crispin Knowles, Theotis Taylor, Kenzi Thompson, Orris Marshall and Howard Bullard. (Not pictured: Billy Sands)



OUR AIRPORT ENVIRONMENT

Visitors from around the world come to The Bahamas to experience the breathtaking beauty of our islands. Preserving our fragile ecosystem is essential for the health of our environment, our people and our economy.

At NAD we understand the importance of our natural environment and we have made environmental sustainability a priority. The redeveloped airport was designed 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 percent glass and 50 percent 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 people enter and exit these spaces.

TIMERS, SENSORS & 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.

Operating LPIA in an environmentally responsible manner is critical as we journey towards improved environmental sustainability.

NAD has recently hired an Environmental Coordinator and we are currently developing and implementing new environmental policies and initiatives across our business to minimize environmental impacts. Some of these include:

REDUCTION OF VEHICLE FUEL CONSUMPTION

We have changed approximately 75 percent of our fleet from large trucks to more fuel efficient Utility Task Vehicles (UTVs), resulting in an approximate 70 percent reduction in fuel consumption company-wide.

RECYCLING

We continue to work on an initiative to divert recyclable items, such as cardboard and plastic bottles, from the local landfill.

PROPER DISPOSAL OF WASTE OIL

We are working with tenants to ensure proper disposal of waste cooking oil from restaurants located within our terminals and the nearby food vendor stations.



As our environmental policies are implemented and exercised regularly, we are certain that the direct results will not only be reflected 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 industries.

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



OUR AIRPORT SAFETY

Safety is the number one priority at LPIA. The airport community is built around a culture of safety and we work together with many business and government partners including the Bahamas Civil Aviation Department, the airlines, the Airport Authority, the police, Emergency Medical Services and the Public Hospitals Authority.

EMERGENCY PREPAREDNESS

Planning and preparing for an emergency, either aviation-related or natural, is a part of our business. We regularly review our written plans and test them through tabletop exercises and emergency preparedness drills.

Emergency Full Scale exercises are conducted every two years. These drills bring representatives from many agencies together to simulate a major airport emergency, which would primarily be an aircraft crash. The information and experience gleaned from these exercises contribute to an improved rate of response and higher levels of preparedness.

AIRFIELD

Keeping our airfield – including our runways, taxiways and aprons in top working condition helps us maintain the highest safety standards.

Our Foreign Object Debris (FOD) prevention programme plays a critical role in keeping the airfield safe. FOD can be any loose object – a piece of metal, a rock or baggage tag – located on the airfield that can potentially damage an aircraft or pose a risk to personnel. We reduce this risk by promoting FOD awareness daily and

in our monthly ramp safety meetings. Semi-annual FOD walks are conducted to harness the efforts of the airport community to remove FOD from the airside while underscoring the point that the removal of FOD is everyone's responsibility.

Wildlife, including birds and mammals, can pose a serious threat to aircraft safety. To minimize this risk, NAD's Wildlife Management Programme, which includes habitat management, seeks to discourage wildlife from coming to LPIA. Additionally, wildlife is removed from the operating areas as required.

AIRPORT CERTIFICATION

A major focus for NAD's Operations Department in 2015 has been working towards achieving airport certification of LPIA according to local and international aviation standards. This certification further enhances the safety

culture at LPIA through a systematic approach to the rules and regulations set forth in the Bahamas Aviation Safety Regulations Schedule 21.

A few of the key projects undertaken were:

IMPLEMENTATION OF SAFETY AREAS

ESTABLISHMENT OF RUNWAY STRIPS

IMPLEMENTATION OF A SAFETY

MANAGEMENT SYSTEM

DEVELOPMENT OF THE AERODROME MANUAL



OUR PRIDE



At NAD we put a lot of energy into creating a positive experience for our customers. It's what we want to be known for. And we're proud of it.

CUSTOMER SATISFACTION

To make sure that we are delivering an outstanding customer experience, we use the Airport Service Quality (ASQ) survey by the Airports Council International (ACI) to track our performance against the best airports in the world.

In the first quarter of 2015, LPIA scored a 4.45 out of a possible five points, placing it in the top four airports in the Latin American and Caribbean region.

As a result of our investment in the Automated Passport Control system, our scores in Waiting Time at Passport/Personal ID Inspection improved from 4.19 to 4.37 in one quarter.

Areas where LPIA received scores greater than 4.4 include: courtesy and efficiency of check-in staff, cleanliness, wayfinding, ambiance and feeling safe and secure.

The survey is extremely useful to us. It provides us with an unbiased view of our facilities and services and allows us to identify areas for improvement. Because of it, we are able to continually improve our performance as we work to become one of the best airports in the region and in the world.

"I strongly believe that LPIA is one of the best, if not the best, airport in the entire region and one we can be very proud of. From a hotelier's perspective, it gets visitors through quickly and efficiently when they arrive and is well covered with facilities on the return. It also has large capacity, which presents options in terms of expansion. If we wanted to add rooms at any of our resorts, we're comfortable that the airport can handle it with ease."

- Adam Stewart

Chief Executive Officer, Sandals Resorts International

OUR PRIDE CUSTOMER EXPERIENCE

SHOP. DINE. RELAX.

With more than 12 retail outlets in our U.S. terminal and an additional seven in the Domestic Arrivals & Departures and International Departures terminal, LPIA is the perfect place to do some last-minute shopping before a flight.

For passengers who would rather sit back and relax, we have 13 food and beverage outlets and four outdoor patios to soak up some sun. For our youngest passengers, there is a play area to burn off energy before boarding. Passengers can also surf the web anywhere in the terminal using our free Wi-Fi service.

With the opening of our new airport lounge, The Lignum Club, passengers will have access to a business centre, a full-service bar, cable TV, food and beverage options, private meeting space and concierge services.

SERVICES

LPIA is almost like a small city. Our Post Office, Banking & Currency Exchange, and Nurse's Station provide travellers with many of the same services they would find in their own neighbourhood.

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. Through the redevelopment of the airport, approximately \$2 million was allocated to secure permanent art celebrating

the rhythm, culture and colours of The Bahamas. We also have a Rotating Exhibits programme in partnership with the National Art Gallery of The Bahamas to feature more works.

In 2015 we expanded our in-terminal entertainment programme and provided seasonal entertainment within the airport. We welcomed local bands and choirs to perform at Christmas and Easter as well as native dancers, magicians and face painters during the summer to entertain kids.

We also recently unveiled a life-sized statue of former Bahamian Prime Minister, Sir Lynden Pindling, at the entrance of the International wing. The statue, which took two years to build, was created by local sculptor, Peter Johnston.

BARRIER-FREE

We want to ensure that people with all physical abilities have the same positive experience when they come through our doors. Through our design 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.

WEBSITE

In March we launched a redesigned website, NassauLPIA.com, that offers quick access to real-time flight information, easy navigation to frequently-used information and a responsive design that is adaptable across a wide-range of digital platforms.



OUR PRIDE COMMUNITY

We recognize that we have a role to play beyond the physical airport property. Community ties are vital and we're working hard to make sure that the people of The Bahamas feel connected to LPIA.

Every year we invest our time and money in causes that are meaningful to our neighbours and employees. This year we created opportunities for travellers and the airport community to help local non-profit organizations.

LPIA joined airports around the world to commemorate International Shoreline Cleanup Week. A NAD team of 25 collected more than 400lbs of waste from Coral Harbour Beach.

NAD employees, LPIA tenants and even airline passengers went PINK for the Cure in recognition of Breast Cancer Awareness Month. We raised funds through a bake sale and organizers presented information about genetic testing.

We installed see-through boxes branded with the slogan, "Give. Change." in the departures terminals for travellers to deposit their loose change and paper notes. The Children's Emergency Hostel, the National Museum of The Bahamas, The Persis Rodgers Home for the Aged and R.E.A.C.H. (the Resource and Educational source for Autism and other related Challenges) all benefited from the programme this year.

In December, we teamed up with the Salvation Army and raised funds through red kettles and bell ringers

stationed in the terminals. We also partnered with Hands for Hunger to place donation containers around LPIA. The airport community donated 400 pounds of food.

We're committed to providing open and timely information about our plans and operations. We keep our stakeholders – the public, media and our government and business partners – informed through our website, this report, presentations and airport tours.



OUR FINANCIALS





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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of **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, 2015, 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, 2015, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

EMPHASIS OF MATTER

We draw attention to Note 17, which discloses the restatement of prior periods for the application of IFRIC 12 "Service Concession Arrangements." Our opinion is not modified in respect to this matter.

February 8, 2016

NASSAU AIRPORT DEVELOPMENT COMPANY LIMITED

STATEMENT OF FINANCIAL POSITION

AS AT JUNE 30, 2015

(Expressed in Bahamian dollars)

ASSETS

	2015	2014	2013
		(Restated, Note 17)	(Restated, Note 17)
CURRENT ASSETS:			
Cash and cash equivalents (Note 15):			
Operating accounts	\$ 6,612,641	\$ 6,911,041	\$ 48,794,072
Construction and controlled accounts	4,964,775	15,081,885	28,709,567
Restricted cash (Notes 7 and 15)	17,870,188	16,118,148	14,951,547
Accounts receivable, net (Notes 4 and 15):			
Private sector	12,495,941	12,724,057	11,214,009
Government	3,386,276	3,456,506	2,554,493
Prepaid expenses and deposits	601,452	370,873	943,676
Inventories and supplies	2,521,692	2,680,705	2,501,525
Total current assets	48,452,965	57,343,215	109,668,889
NON-CURRENT ASSETS:			
Intangible assets:			
Leasehold and financing (Note 5)	36,271,566	37,936,035	39,600,504
Intangible assets:			
Resurfacing runways (Notes 9 and 17)	5,717,576	4,555,923	3,573,604
Intangible assets:			
Operational (Notes 6 and 17)	439,483,837	457,392,490	443,182,694
Total non-current assets	481,472,979	499,884,448	486,356,802
TOTAL	\$ 529,925,944	\$ 557,227,663	\$ 596,025,691

SEE NOTES TO FINANCIAL STATEMENTS.

NASSAU AIRPORT DEVELOPMENT COMPANY LIMITED

STATEMENT OF FINANCIAL POSITION

AS AT JUNE 30, 2015

(Expressed in Bahamian dollars)

LIABILITIES AND SHAREHOLDERS' EQUITY

	2015	2014	2013
		(Restated, Note 17)	(Restated, Note 17)
CURRENT LIABILITIES:			
Accounts payable and accrued liabilities:			
Construction project (Notes 6 and 15)	\$ 1,803,432	\$ 15,438,610	\$ 9,353,725
Trade (Note 15)	3,460,218	2,639,531	2,888,725
Provision for obligation to resurface runways (Notes 9, 15 and 17)	6,372,591	5,012,854	3,881,635
Management fees payable (Notes 10 and 15)	80,874	27,581	-
Interest payable - construction project (Note 7)	-	-	1,449,000
Interest payable - operations (Note 7)	-	-	5,027,250
Payable to Government entities (Notes 8, 10 and 15)	4,974,494	4,529,993	4,151,588
Current portion of long-term debts (Notes 7 and 15)	18,147,500	12,362,500	52,112,991
Total current liabilities	34,839,109	40,011,069	78,864,914
NON-CURRENT LIABILITY:			
Long-term debts (Notes 7 and 15)	506,294,341	513,323,339	496,926,325
Total liabilities	541,133,450	553,334,408	575,791,239
SHAREHOLDERS' EQUITY:			
Share capital:			
Authorized 5,000 shares;			
Issued and fully paid: 5 shares of par value \$1.00 each	5	5	5
(Deficit)/retained earnings (Note 17)	(11,207,511)	3,893,250	20,234,447
Total shareholders' equity	(11,207,506)	3,893,255	20,234,452
TOTAL	\$ 529,925,944	\$ 557,227,663	\$ 596,025,691

SEE NOTES TO FINANCIAL STATEMENTS.

These financial statements were approved by the Board of Directors on February 5, 2016, and are signed on its behalf by:

CHAIRMAN



DIRECTOR



NASSAU AIRPORT DEVELOPMENT COMPANY LIMITED

STATEMENT OF COMPREHENSIVE INCOME

YEAR ENDED JUNE 30, 2015

(Expressed in Bahamian dollars)

	2015	2014
OPERATING REVENUE:		(Restated, Note 17)
AERONAUTICAL OPERATIONS REVENUE:		
Passenger facility charge	\$ 44,915,439	\$ 42,423,920
Passenger processing fee	7,441,242	7,295,118
Landing fees	6,302,048	6,167,783
Terminal fees	1,167,268	1,205,045
Loading bridges	424,863	364,460
Aircraft parking fees	110,822	109,384
Total aeronautical operations	60,361,682	57,565,710
COMMERCIAL OPERATIONS REVENUE:		
Terminal leases and concessions (Note 14)	9,941,077	9,911,362
Car parking	2,508,803	2,423,623
Refueling royalties	1,633,876	1,594,287
Interest and other income	121,662	96,461
Total commercial operations revenue	14,205,418	14,025,733
TOTAL OPERATING REVENUE	74,567,100	71,591,443
OPERATING EXPENSES:		
Material, supplies and services (Note 12)	12,886,033	12,424,869
Salaries and benefits	8,940,820	8,001,610
Management fees (Note 10)	1,935,334	2,028,796
Rent (Notes 10 and 14)	1,506,342	1,447,064
Provision for doubtful accounts (Note 4)	220,533	665,512
Total operating expenses	25,489,062	24,567,851
OPERATING INCOME	49,078,038	47,023,592

SEE NOTES TO FINANCIAL STATEMENTS.

NASSAU AIRPORT DEVELOPMENT COMPANY LIMITED

STATEMENT OF COMPREHENSIVE INCOME

YEAR ENDED JUNE 30, 2015

(Expressed in Bahamian dollars)

	2015	2014
		(Restated, Note 17)
NON-OPERATING EXPENSES:		
Interest (Note 7)	\$ 41,812,837	\$ 41,435,532
Amortization - operational (Notes 6 and 17)	20,071,088	18,979,368
Amortization - leasehold and financing (Note 5)	1,664,469	1,664,469
Financing cost	282,740	604,893
Amortization - resurfacing runways (Notes 9 and 17)	198,084	148,900
Loss on disposal of service concession assets	149,581	128,137
Write-off of obsolete inventory	-	403,490
Total non-operating expenses	64,178,799	63,364,789
NET AND COMPREHENSIVE LOSS	\$ (15,100,761)	\$ (16,341,197)

SEE NOTES TO FINANCIAL STATEMENTS.

NASSAU AIRPORT DEVELOPMENT COMPANY LIMITED

STATEMENT OF CHANGES IN EQUITY

YEAR ENDED JUNE 30, 2015

(Expressed in Bahamian dollars)

	SHARE CAPITAL	RETAINED EARNINGS/ (DEFICIT)	TOTAL
Balance at June 30, 2013, as previously reported	\$ 5	\$ 13,367,996	\$ 13,368,001
Prior period adjustment (Note 17)	-	6,866,451	6,866,451
Balance at June 30, 2013, as restated (Note 17)	5	20,234,447	20,234,452
Comprehensive loss, as restated (Note 17)	-	(16,341,197)	(16,341,197)
Balance at June 30, 2014, as restated (Note 17)	5	3,893,250	3,893,255
Comprehensive loss	-	(15,100,761)	(15,100,761)
BALANCE AT JUNE 30, 2015	\$ 5	\$ (11,207,511)	\$ (11,207,506)

SEE NOTES TO FINANCIAL STATEMENTS.

NASSAU AIRPORT DEVELOPMENT COMPANY LIMITED

STATEMENT OF CASH FLOWS

YEAR ENDED JUNE 30, 2015

(Expressed in Bahamian dollars)

CASH FLOWS FROM OPERATING ACTIVITIES:

	2015	2014
		(Restated, Note 17)
Net loss	\$ (15,100,761)	\$ (16,341,197)
Adjustments to reconcile net loss to net cash provided by operating activities:		
Adjustments for items not involving use of cash:		
Amortization - operational (Notes 6 and 17)	20,071,088	18,979,368
Amortization - leasehold and financing (Note 5)	1,664,469	1,664,469
Amortization - resurfacing runways (Notes 9 and 17)	198,084	148,900
Provision for doubtful accounts (Note 4)	220,533	665,512
Interest expense	41,812,837	41,435,532
Loss on disposal of service concession	149,581	128,137
Write-off of obsolete inventory	-	403,490
Accounts receivable written-off (Note 4)	(6,237)	(100,867)
	49,009,594	46,983,344
CHANGES IN OPERATING ASSETS AND LIABILITIES:		
Increase in restricted cash	(1,752,040)	(1,166,601)
Decrease (increase) in accounts receivable	84,050	(2,976,706)
(Increase) decrease in prepaid expenses and deposits	(230,579)	572,802
Decrease (increase) in inventory and supplies	159,013	(582,670)
Increase (decrease) in accounts payable and accrued liabilities	820,687	(249,192)
Decrease in interest payable - operations	-	(5,027,251)
Increase in payable to Government entities	444,501	378,405
Increase in management fees payable	53,293	27,581
TOTAL CHANGES IN OPERATING ASSETS AND LIABILITIES	48,588,519	37,959,712
Interest paid	(29,694,335)	(28,124,010)
NET CASH FROM OPERATING ACTIVITIES	18,894,184	9,835,702

SEE NOTES TO FINANCIAL STATEMENTS.

NASSAU AIRPORT DEVELOPMENT COMPANY LIMITED

STATEMENT OF CASH FLOWS

YEAR ENDED JUNE 30, 2015

(Expressed in Bahamian dollars)

CASH FLOWS FROM INVESTING ACTIVITIES:

	2015	2014
		(Restated, Note 17)
Investment in intangible assets - operational (Note 6)	\$ (2,354,016)	\$ (31,506,095)
Proceeds from sale of assets	42,000	-
(Decrease) increase in construction payable	(13,635,178)	6,084,885
Decrease in interest payable - construction	-	(1,449,000)
Interest received - capitalized to intangible assets	-	45
Interest paid - capitalized to intangible assets (Note 7)	-	(1,811,250)
Net cash used in investing activities	(15,947,194)	(28,681,415)

CASH FLOWS FROM FINANCING ACTIVITIES:

Principal payment of senior notes (Note 7)	(3,862,500)	(1,665,000)
Principal payment of participating debt (Note 7)	(9,500,000)	(35,000,000)
Net cash used in financing activities	(13,362,500)	(36,665,000)

NET DECREASE IN CASH AND CASH EQUIVALENTS (10,415,510) (55,510,713)

CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR 21,992,926 77,503,639

CASH AND CASH EQUIVALENTS AT END OF YEAR \$ 11,577,416 \$ 21,992,926

CASH AND CASH EQUIVALENTS IS REPRESENTED BY:

Operating accounts	\$ 6,612,641	\$ 6,911,041
Construction and controlled accounts	4,964,775	15,081,885
	\$ 11,577,416	\$ 21,992,926

NON CASH TRANSACTIONS:

Increase in provision for restructuring runways capitalized to intangible **\$ 1,359,737** **\$ 1,131,219**

SEE NOTES TO FINANCIAL STATEMENTS.

NASSAU AIRPORT DEVELOPMENT COMPANY LIMITED

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2015

(Expressed in Bahamian dollars)

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.

These agreements have been deemed as service concessions arrangements under IFRIC 12.

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, the Company has adopted all of the new and revised Standards and Interpretations issued by the International Accounting Standards Board (the "IASB") and the International Financial Reporting Interpretations Committee (the "IFRIC") of the IASB that are relevant to its operations and effective for annual reporting periods beginning on July 1, 2014. The adoption of the following standards and interpretations has not led to any changes in the Company's accounting policies:

IFRS 2	Share Based Payments (amendments)
IFRS 3	Business Combinations (amendments)
IFRS 8	Operating Segments (amendments)
IFRS 10	Consolidated Financial Statements (amendments)
IFRS 12	Disclosure of Interests in Other Entities (amendments)
IFRS 13	Fair Value Measurement (amendments)
IAS 16	Property, Plant, and Equipment (amendments)
IAS 19	Employee Benefits (amendments)
IAS 24	Related Party Disclosures (amendments)
IAS 36	Impairment of Assets (amendments)
IAS 38	Intangible Assets (amendments)
IAS 39	Financial Instruments: Recognition and Measurement (amendments)

At the date of authorization of these financial statements, the following relevant Standards were issued but not yet effective:

IFRS 5	Non-Current Assets Held for Sale and Discounted Operations (amendments)
IFRS 7	Financial Instruments: Disclosures (amendments)
IFRS 9	Financial Instruments
IFRS 10	Consolidated Financials (amendments)
IFRS 11	Joint Arrangements (amendments)
IFRS 12	Disclosure of Interests in Other Entities (amendments)
IFRS 14	Regulatory Deferral Accounts
IFRS 15	Revenue from Contracts with Customers
IAS 1	Presentation of Financial Statements (amendments)
IAS 16	Property, Plant, and Equipment (amendments)
IAS 19	Employee Benefits (amendments)
IAS 27	Separate Financial Statements (amendments)
IAS 28	Investments in Associates and Joints Ventures (amendments)
IAS 34	Interim Financial Reporting (amendments)
IAS 38	Intangible Assets (amendments)
IAS 39	Financial Instruments Recognition & Measurements (amendments)
IAS 41	Agriculture (amendments)

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.

NASSAU AIRPORT DEVELOPMENT COMPANY LIMITED

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2015

(Expressed in Bahamian dollars)

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. Actual results could materially differ from those estimates.

Significant judgements and estimates include the following:

- Provision for doubtful accounts
- Carrying value of intangible assets with respect to impairment
- Classification of leases
- Revenue recognition with respect to reliable measurement
- Application of service concession arrangements

- Including provisions for obligations under the arrangement
- Going concern assumption

These items, along with other policies are detailed 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 aging 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 cost and net realizable value using the weighted average basis.

d. 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.

e. LOANS AND BORROWING COSTS – 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.

f. 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.

g. 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.

h. INCOME TAXES – There are no income taxes imposed on the Company in the Commonwealth of The Bahamas.

i. 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.

j. 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.

k. 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 qualifies 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.

l. 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.

An item of intangible 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 assets carrying amount, is recognized in other income or expense in the statement of comprehensive income.

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 2015 and 2014.

m. SERVICE CONCESSION ARRANGEMENT – This consists of concessions for the construction and operation of LPIA and is recognized according to the intangible asset model, since the Company receives the right to impose a charge on airport users in exchange for the obligation to provide construction and maintenance services.

The determination of the applicability of IFRIC 12 to the Company's operations was made based on the grantor regulating services and prices and the assets being returned to the grantor after the end of the term of the arrangement.

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. The Company has a statutory right to fund its debt

NASSAU AIRPORT DEVELOPMENT COMPANY LIMITED

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2015

(Expressed in Bahamian dollars)

via increases in its rates and fees and retains this rate flexibility as an means to support its ability to continue as a going concern. 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.

q. VALUE ADDED TAX ("VAT") – On January 1, 2015, the government of The Bahamas implemented Value Added Tax ("VAT"). Output VAT related to sales of goods is payable to the government upon delivery of goods and property rights to customers. Input VAT on goods and services purchased is generally recoverable against output VAT. VAT related to sales/purchases and services provision/receipt which are outstanding at the statement of financial position date is recognized in the statement of financial position on a gross basis and disclosed within current assets and current liabilities.

NASSAU AIRPORT DEVELOPMENT COMPANY LIMITED

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2015

(Expressed in Bahamian dollars)

4. ACCOUNTS RECEIVABLE, NET:

	2015	2014
PRIVATE SECTOR		
Trade receivables	\$ 14,832,019	\$ 14,183,681
Allowance for doubtful accounts	(2,336,078)	(1,459,624)
	\$ 12,495,941	\$ 12,724,057
GOVERNMENT		
Bahamasair	\$ 3,182,260	\$ 3,294,621
Ministry of Finance (VAT)	146,885	-
Nassau Flight Services	63,076	166,278
Bahamas Immigration	18,988	11,461
Others	16,637	8,581
Bahamas Customs	14,361	14,400
Ministry of Foreign Affairs	1,963	14,392
The Airport Authority	455	589
Total (Note 10)	3,444,625	3,510,322
Allowance for doubtful accounts	(58,349)	(53,816)
	\$ 3,386,276	\$ 3,456,506

THE AGEING OF ACCOUNTS RECEIVABLE IS AS FOLLOWS:

	2015	2014
1-30 days	\$ 13,049,247	\$ 13,134,244
31-60 days	157,713	246,639
61-90 days	2,026,668	1,991,065
More than 90 days	3,043,016	2,322,055
	\$ 18,276,644	\$ 17,694,003

NASSAU AIRPORT DEVELOPMENT COMPANY LIMITED

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2015

(Expressed in Bahamian dollars)

4. ACCOUNTS RECEIVABLE, NET [CONTINUED]:

MOVEMENT IN PROVISION FOR DOUBTFUL ACCOUNTS IS AS FOLLOWS:

	PRIVATE SECTOR	GOVERNMENT	TOTAL
Balance, June 30, 2013	\$ 879,154	\$ 69,641	\$ 948,795
Write-offs	(80,262)	(20,605)	(100,867)
Provision for doubtful accounts	660,732	4,780	665,512
Balance, June 30, 2014	1,459,624	53,816	1,513,440
Write-offs	(6,237)	-	(6,237)
Provision for doubtful accounts	216,000	4,533	220,533
Reversal of revenue	666,691	-	666,691
BALANCE, JUNE 30, 2015	\$ 2,336,078	\$ 58,349	\$ 2,394,427

RECOGNITION OF REVENUE

As per IAS 18, revenue is recognized in the statement of comprehensive income when it meets the following criteria:

- it is probable that any future economic benefits associated with the item of revenue will flow to the entity; and
- the amount of revenue can be measured with reliability.

During the year, the Company did not recognize \$666,691 (2014: \$Nil) in revenue due to the uncertainty of future economic benefits. As the amounts are still receivable, the reversal was allotted as an allowance for doubtful accounts.

NASSAU AIRPORT DEVELOPMENT COMPANY LIMITED

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2015

(Expressed in Bahamian dollars)

5. INTANGIBLE ASSETS – LEASEHOLD AND FINANCING

	LEASEHOLD ACQUISITIONS	FINANCING COST	TOTAL
COST	\$ 49,230,000	\$ 704,085	\$ 49,934,085
AMORTIZATION:			
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)	37,936,035
Charge for the year	(1,641,000)	(23,469)	(1,664,469)
Balance at June 30, 2015	\$ (13,469,875)	\$ (192,644)	\$ 36,271,566
CARRYING VALUE:			
As at June 30, 2015	\$ 35,760,125	\$ 511,441	\$ 36,271,566
As at June 30, 2014	\$ 37,401,125	\$ 534,910	\$ 37,936,035

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.

NASSAU AIRPORT DEVELOPMENT COMPANY LIMITED

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2015

(Expressed in Bahamian dollars)

6. INTANGIBLE ASSETS - OPERATIONAL

Intangible assets with respect to the service concession arrangements consists of the following:

	ARTWORK	RUNWAYS & TAXIWAYS	ROADS & PARKING LOTS	TERMINAL & STRUCTURE	LEASEHOLD IMPROVEMENTS	FURNITURE & OFFICE EQUIPMENT
COST:						
Balance at June 30, 2013	\$ 1,274,959	\$ 16,974,665	\$ 19,037,450	\$315,928,089	\$ 2,420,561	\$ 2,235,810
Additions	452,243	695,042	1,745,980	26,358,013	910,113	361,281
Transfers	(46,397)	248,439	527,810	59,320,763	401,194	141,989
Disposals	-	(19,212)	(8,310)	-	-	-
Balance at June 30, 2014	1,680,805	17,898,934	21,302,930	401,606,865	3,731,868	2,739,080
Additions	-	-	-	-	305	2,180
Transfers	-	-	-	-	8,284	-
Disposals	-	-	-	-	-	-
Balance at June 30, 2015	\$ 1,680,805	\$ 17,898,934	\$ 21,302,930	\$401,606,865	\$ 3,740,457	\$ 2,741,260
ACCUMULATED AMORTIZATION:						
Balance at June 30, 2013	\$ (76,830)	\$ (1,293,288)	\$ (1,385,682)	\$(20,172,194)	\$(373,436)	\$(166,846)
Amortization	(63,383)	(689,842)	(815,760)	(15,172,868)	(128,073)	(103,222)
Disposals	-	3,898	1,962	-	-	-
Balance at June 30, 2014	(140,213)	(1,979,232)	(2,199,480)	(35,345,062)	(501,509)	(270,068)
Amortization	(67,700)	(699,322)	(839,719)	(16,083,107)	(142,340)	(108,576)
Disposals	-	-	-	-	-	-
Balance at June 30, 2015	\$ (207,913)	\$ (2,678,554)	\$ (3,039,199)	\$ (51,428,169)	\$ (643,849)	\$ (378,644)
CARRYING VALUE:						
As at June 30, ,2015	\$ 1,472,892	\$ 15,220,380	\$ 18,263,731	\$ 350,178,696	\$3,096,608	\$ 2,362,616
As at June 30, ,2014	\$ 1,540,592	\$ 15,919,702	\$ 19,103,450	\$ 366,261,803	\$3,230,359	\$ 2,469,012

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 \$1,803,432 (2014: \$15,438,610) related to the Terminal Redevelopment project.

COMPUTER EQUIPMENT	COMPUTER SOFTWARE	VEHICLES & MACHINERY	EQUIPMENT & SYSTEMS	CAPITAL ASSETS IN PROGRESS	TOTAL
\$ 2,151,568	\$ 881,921	\$ 1,443,146	\$ 36,576,591	\$ 71,011,711	\$ 469,936,471
422,418	183,183	102,724	1,332,293	786,273	33,349,563
220,300	-	-	9,830,596	(70,644,694)	-
(1,971)	-	(97,793)	(72,804)	-	(200,090)
2,792,315	1,065,104	1,448,077	47,666,676	1,153,290	503,085,944
-	-	-	33,317	2,318,214	2,354,016
132,278	254,094	246,999	44,961	(686,616)	-
-	-	(233,080)	-	-	(233,080)
\$ 2,924,593	\$ 1,319,198	\$ 1,461,996	\$ 47,744,954	\$ 2,784,888	\$ 505,206,880
\$ (205,784)	\$ (128,433)	\$ (227,345)	\$ (2,723,940)	\$ -	\$ (26,753,778)
(102,458)	(38,395)	(57,931)	(1,807,436)	-	(18,979,368)
217	-	20,085	13,530	-	39,692
(308,025)	(166,828)	(265,191)	(4,517,846)	-	(45,693,454)
(114,271)	(49,150)	(58,227)	(1,908,676)	-	(20,071,088)
-	-	41,499	-	-	41,499
\$ (422,296)	\$ (215,978)	\$ (281,919)	\$ (6,426,522)	\$ -	\$ (65,723,043)
\$ 2,502,297	\$ 1,103,220	\$ 1,180,077	\$ 41,318,432	\$ 2,784,888	\$ 439,483,837
\$ 2,484,290	\$ 898,276	\$ 1,182,886	\$ 43,148,830	\$ 1,153,290	\$ 457,392,490

NASSAU AIRPORT DEVELOPMENT COMPANY LIMITED

NOTES TO FINANCIAL STATEMENTS

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7. LONG TERM DEBTS

Long term debts consists of the following:

	INTEREST RATES & MATURITY DATES		BALANCE AT JUNE 30, 2015	BALANCE AT JUNE 30, 2014
CURRENT PORTION				
SENIOR DEBT NOTES:				
USD senior notes	8.50%; December 31, 2031		\$ 360,000	\$ 300,000
USD senior notes	7.00%; November 30, 2033		3,300,000	2,475,000
USD senior Notes	6.34%; March 31, 2035		1,412,500	282,500
USD senior Notes	6.44%; June 30, 2035		900,000	-
BSD senior notes	8.50%; December 31, 2031		900,000	750,000
BSD senior Notes	6.34%; March 31, 2035		275,000	55,000
PARTICIPATING DEBT NOTES:				
USD participating - Series A	13.00%; March 29, 2034		1,430,000	1,275,000
USD participating - Series B	13.00%; March 29, 2034		8,140,000	5,950,000
BSD participating	13.00%; March 29, 2034		1,430,000	1,275,000
TOTAL			\$18,147,500	\$ 12,362,500
	INTERESTS RATES & MATURITY DATES	ORIGINAL LOAN AMOUNT	BALANCE AT JUNE 30, 2015	BALANCE AT JUNE 30, 2015
LONG TERM PORTION				
Senior debt notes:				
USD senior notes	8.50%; December 31, 2031	\$ 12,000,000	\$10,860,000	\$ 11,220,000
USD senior notes	7.00%; November 30, 2033	165,000,000	158,400,000	161,700,000
USD senior notes	6.34%; March 31, 2035	113,000,000	111,305,000	112,717,500
USD senior notes	6.44%; June 30, 2035	90,000,000	89,100,000	90,000,000
BSD senior notes	8.50%; December 31, 2031	30,000,000	27,775,000	28,050,000
BSD senior notes	6.34%; March 31, 2035	22,000,000	21,045,000	21,945,000
PARTICIPATING DEBT NOTES:				
USD participating – Series A	13.00%; March 29, 2034	10,000,000	11,154,079	11,170,667
USD participating – Series B	13.00%; March 29, 2034	50,000,000	65,501,183	65,349,505
BSD participating	13.00%; March 29, 2034	10,000,000	11,154,079	11,170,667
TOTAL		\$ 502,000,000	\$ 506,294,341	\$ 513,323,339

NASSAU AIRPORT DEVELOPMENT COMPANY LIMITED

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MOVEMENT IN DEBT IS AS FOLLOWS:

2015

	SENIOR NOTES	PARTICIPATING NOTES	TOTAL
Balance at June 30, 2014	\$ 429,495,000	\$ 96,190,839	\$ 525,685,839
Principal payments	(3,862,500)	(9,500,000)	(13,362,500)
Capitalized interest	-	12,118,502	12,118,502
Balance at June 30, 2015	\$ 425,632,500	\$ 98,809,341	\$ 524,441,841

ENDING BALANCE IS COMPRISED OF:

Current portion	\$ 7,147,500	\$ 11,000,000	\$ 18,147,500
Long-term portion	418,485,000	87,809,341	506,294,341
TOTAL	\$ 425,632,500	\$ 98,809,341	\$ 524,441,841

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

NASSAU AIRPORT DEVELOPMENT COMPANY LIMITED

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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.

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, 2014 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 \$12,617,924 (2014: \$13,877,177) 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% 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 \$11,441,719 (2014: \$11,542,780) and has been included in the statement of comprehensive income.

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 6 months' principle and interest on the senior debt notes. The debt service reserve account for the outstanding debt as of June 30, 2015, amounted to \$10,692,688 (2014: \$8,940,648). 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 (2014: \$8,559,000) and has been included in the statement of comprehensive income, while \$Nil (2014: \$Nil) of interest has been capitalized to intangible assets.

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 \$5,796,000 (2014: \$3,984,750) and has been included in the statement of comprehensive income, while \$Nil (2014: \$1,811,250) of interest has been capitalized to intangible assets.

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, 2015 amounted to \$7,177,500 (2014: \$7,177,500). Other debt covenants related to the financing are noted above.

NASSAU AIRPORT DEVELOPMENT COMPANY LIMITED

NOTES TO FINANCIAL STATEMENTS

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TOTAL RESTRICTED CASH INCLUDED IN THE DEBT RESERVE ACCOUNT IS COMPRISED OF THE FOLLOWING:

	2015	2014
SENIOR DEBT NOTES:		
Financing 2010 - USD 165 million 7.00%; November 30, 2032	\$ 10,692,688	\$ 8,940,648
Financing 2013 - USD 90 million 6.44%; June 30, 2035	7,177,500	7,177,500
	\$ 17,870,188	\$ 16,118,148

Total interest expense on these facilities amounted to \$41,812,837 (2014: \$41,435,532) while \$Nil (2014: \$1,811,250) has been capitalized to intangible assets and are comprised as follows:

2015			
	INTEREST EXPENSE	INTEREST/COMMITMENT FEES CAPITALIZED	INTEREST PAYABLE
Financing 2009	\$ 16,016,118	\$ -	\$ -
Financing 2010	11,441,719	-	-
Financing 2012	8,559,000	-	-
Financing 2013	5,796,000	-	-
	\$ 41,812,837	\$ -	\$ -

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	\$ -

NASSAU AIRPORT DEVELOPMENT COMPANY LIMITED

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(Expressed in Bahamian dollars)

8. PAYABLE TO GOVERNMENT ENTITIES

At June 30, 2015, the following amounts were payable to Government entities:

	2015	2014
The Airport Authority (security fees)	\$ 2,907,396	\$ 2,919,345
Bahamas Electricity Corporation	1,253,780	684,932
Ministry of Finance	570,710	575,739
Ministry of Finance (VAT)	147,596	-
National Insurance Board	40,859	-
Water & Sewerage Corporation	33,952	334,801
Bahamas Telecommunications Corporation	20,201	15,176
	\$ 4,974,494	\$ 4,529,993

NASSAU AIRPORT DEVELOPMENT COMPANY LIMITED

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2015

(Expressed in Bahamian dollars)

9. PROVISION FOR RESURFACING RUNWAYS

Provision for resurfacing runways include the present value of the estimated \$32,000,000 to resurface the airport runways in 2023 at 13%. As per the Transfer Agreement, NAD is required to “maintain the airport at a world class standard” before it is handed over to the grantor at the end of the service arrangement and NAD must provide for an annual estimate of the expenditures that would be required to settle the present obligation. In accordance with IFRIC 12, this estimate is capitalized as a part of the intangible assets for service concession arrangements. The intangible asset is being amortized over the life of the lease agreement for thirty (30) years.

THE MOVEMENT IS AS FOLLOWS:

	PROVISION	AMORTIZATION	INTANGIBLE
Balance at June 30, 2013	\$ 3,881,635	\$ (308,031)	\$3,573,604
Additional accrual	626,606	-	626,606
Increase from the passage of time	504,613	-	504,613
Charge for the year	-	(148,900)	(148,900)
Balance at June 30, 2014	5,012,854	(456,931)	4,555,923
Additional accrual	708,066	-	708,066
Increase from the passage of time	651,671	-	651,671
Charge for the year	-	(198,084)	(198,084)
Balance at June 30, 2015	\$ 6,372,591	\$ (655,015)	\$ 5,717,576

NASSAU AIRPORT DEVELOPMENT COMPANY LIMITED

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2015

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10. RELATED-PARTY BALANCES AND TRANSACTIONS

The following is a summary of the balances and transactions at June 30, 2015, with related parties:

	2015	2014
	\$ 3,444,625	\$ 3,510,322
	\$ -	\$ 3,073
	\$ 4,974,494	\$ 4,529,993
	\$ 80,874	\$ 27,581
	\$ 79,083	\$ 127,089
	\$ 1,935,334	\$ 2,028,796
	\$ -	\$ 13,342,210
	\$ 1,506,342	\$ 1,447,064
	\$ 116,120	\$ 113,465

Salaries and short-term benefits paid to the Company's key management personnel during the year ended June 30, 2015, amounted to \$1,532,646 (2014: \$1,245,784).

As at June 30, 2015, the subordinated participating debt notes Series A and B and senior debt notes were held by a related 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.

	2015	2014
National Insurance Board	\$ 80,228,852	\$ 74,250,000

NASSAU AIRPORT DEVELOPMENT COMPANY LIMITED

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2015

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11. DEFINED CONTRIBUTIONS 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, 2015, the Company contributed a total of \$235,673 (2014: \$226,200) to the plan.

As at June 30, 2015, approximately 177 (2014: 173) employees were enrolled in the plan.

NASSAU AIRPORT DEVELOPMENT COMPANY LIMITED

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2015

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12. MATERIAL, SUPPLIES AND SERVICES

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

	2015	2014
Utilities	\$ 5,585,433	\$ 6,050,911
Others	4,677,071	2,028,050
Repairs and maintenance	2,458,501	3,667,401
Professional fees	165,028	168,841
Transition expense	-	509,666
	\$ 12,886,033	\$ 12,424,869

NASSAU AIRPORT DEVELOPMENT COMPANY LIMITED

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2015

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13. COMMITMENTS

The Company is contingently liable for corporate credit cards in the amount of \$50,000 (2014: \$45,000)

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, 2015, the Company had outstanding commitments relating to open capital and maintenance contracts with a value of \$1,335,336 (2014: \$1,429,921). 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, 2015, amounted to \$Nil (2014: \$15,438,610). The duration of the project was 67 months (March 2008-October 2013).

The Company's Board of Directors approved a rate increase to aeronautical fees effective May 1, 2015, in compliance with the procedure stipulated in the Airport Authority Act, (Fees and charges) Regulations established for this purpose.

NASSAU AIRPORT DEVELOPMENT COMPANY LIMITED

NOTES TO FINANCIAL STATEMENTS

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14. 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 \$1,506,342 (2014: \$1,447,064).

Future minimum lease rentals payable due under operating leases as of June 30, 2015 are as follows:

	2015	2014
Within one year	\$ 500,000	\$ 500,000
Between one to five years	\$ 2,500,000	\$ 2,500,000
More than five years	\$ 7,875,000	\$ 8,375,000

In addition, the Company has concessions and terminal leases as lessor. Total rental income relevant to these concessions and leases is \$10,607,768 earned and \$9,941,077 recognized (2014: \$9,911,362).

Future minimum lease rentals receivable due under operating leases as of June 30, 2015 are as follows:

	2015	2014
Within one year	\$ 10,660,943	\$ 10,535,878
Between one to five years	\$ 37,789,934	\$ 38,686,508
More than five years	\$ 28,567,867	\$ 37,410,364

NASSAU AIRPORT DEVELOPMENT COMPANY LIMITED

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2015

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15. 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 counter party 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 credit worthy 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, 2015 and 2014, 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 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.

NASSAU AIRPORT DEVELOPMENT COMPANY LIMITED

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15. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The table below summarizes the maturity profile of the Company's financial assets and financial liabilities at June 30, 2015:

2015					
	WITHIN 3 MONTHS	3-6 MONTHS	6-12 MONTHS	MORE THAN 1 YEAR	TOTAL
FINANCIAL ASSETS					
Cash and cash equivalents:					
Operating accounts	\$ 6,612,641	\$ -	\$ -	\$ -	\$ 6,612,641
Construction and controlled accounts	4,964,775	-	-	-	4,964,775
Restricted cash	17,870,188	-	-	-	17,870,188
Accounts receivable, net:					
Private sector	12,495,941	-	-	-	12,495,941
Governmental	3,386,276	-	-	-	3,386,276
	\$ 45,329,821	\$ -	\$ -	\$ -	\$ 45,329,821

2015					
FINANCIAL LIABILITIES					
Accounts payable and accrued liabilities:					
Construction project	\$ 1,803,432	\$ -	\$ -	\$ -	\$ 1,803,432
Trade	3,460,218	-	-	-	3,460,218
Provision for obligation to resurface runways	-	-	-	6,372,591	6,372,591
Management fees payable	80,874	-	-	-	80,874
Payable to Government entities	4,974,494	-	-	-	4,974,494
Long term debt - current portion	1,702,500	1,702,500	14,742,500	-	18,147,500
Long term debt	-	-	-	506,294,341	506,294,341
	\$ 12,021,518	\$ 1,702,500	\$ 14,742,500	\$512,666,932	\$541,133,450

2014

	WITHIN 3 MONTHS	3-6 MONTHS	6-12 MONTHS	MORE THAN 1 YEAR	TOTAL
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

2014**FINANCIAL LIABILITIES**

Accounts payable and accrued liabilities:

Construction project	\$ 15,438,610	\$ -	\$ -	\$ -	\$ 15,438,610
Trade	2,639,531	-	-	-	2,639,531
Provision for obligation to resurface runways	-	-	-	5,012,854	5,012,854
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	\$ 518,336,193	\$ 553,334,408

NASSAU AIRPORT DEVELOPMENT COMPANY LIMITED

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2015

(Expressed in Bahamian dollars)

15. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

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.

16. 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, 2015 and 2014.

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; 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.

NASSAU AIRPORT DEVELOPMENT COMPANY LIMITED

NOTES TO FINANCIAL STATEMENTS

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(Expressed in Bahamian dollars)

17. PRIOR PERIOD ADJUSTMENTS

During the year, it was discovered that the Company failed to apply the requirements of IFRIC 12, which requires that operational assets acquired or constructed by the operator in a service concession arrangement are amortized over the life of the agreement and recognized as intangible assets.

Prior to the adoption of IFRIC 12, the Company recognized these assets as fixed assets and depreciated them over a period of 3-30 years.

The net effect of the adoption of IFRIC 12 by the Company resulted in an \$8.7 million increase in retained earnings for the period from FY2007 to FY2014.

Also, as part of the requirements of IFRIC 12, the 30-year lease agreement entered into by the Company requires that the runways are refurbished and returned to an acceptable state at the end of the lease term. It is expected that this refurbishment of the runway will be completed by 2023 and will cost approximately \$32 million at that time.

As per IAS 8, Accounting Policies, Changes in Accounting Estimates, and Errors, the Company has made a retrospective restatement of certain items in its financial statements, restating the comparative balances for 2014 and prior periods.

NASSAU AIRPORT DEVELOPMENT COMPANY LIMITED

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2015

(Expressed in Bahamian dollars)

17. PRIOR PERIOD ADJUSTMENTS (CONTINUED)

	2013 AS PREVIOUSLY REPORTED	2013 AND PRIOR PERIODS RESTATEMENT (IFRIC 12)	2013 AS RESTATED
CONSOLIDATED STATEMENT OF FINANCIAL POSITION:			
Fixed assets	\$ 436,008,212	\$ (436,008,212)	\$ -
Total intangible assets	\$ 39,600,504	\$ 446,756,298	\$ 486,356,802
Provision for obligation to resurface runways	\$ -	\$ 3,881,635	\$ 3,881,635
(Deficit)/retained earnings	\$ 13,367,996	\$ 6,866,451	\$ 20,234,447

	2014 AS PREVIOUSLY REPORTED	CARRY FORWARD 2013 AND PRIOR PERIODS RESTATEMENT (IFRIC 12)	2014 RESTATEMENT (IFRIC 12)	2014 AS RESTATED
CONSOLIDATED STATEMENT OF FINANCIAL POSITION:				
Fixed assets	\$ 448,167,162	\$ (436,008,212)	\$ (12,158,950)	\$ -
Total intangible assets	\$ 37,936,035	\$ 446,756,298	\$ 15,192,115	\$ 499,884,448
Provision for obligation to resurface runways	\$ -	\$ 3,881,635	\$ 1,131,219	\$ 5,012,854
(Deficit)/retained earnings	\$ (4,875,147)	\$ 6,866,451	\$ 1,901,946	\$ 3,893,250

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME:

Depreciation	\$ 21,148,849	\$ -	\$ (21,148,849)	\$ -
Amortization - operational acquisitions	-	-	18,979,368	18,979,368
Amortization - resurfacing runways	-	-	148,900	148,900
Loss on disposal of service concession assets	-	-	128,137	128,137
Gain on disposal of fixed assets	9,502	-	(9,502)	-
			\$ (1,901,946)	





Nassau Airport Development Company

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