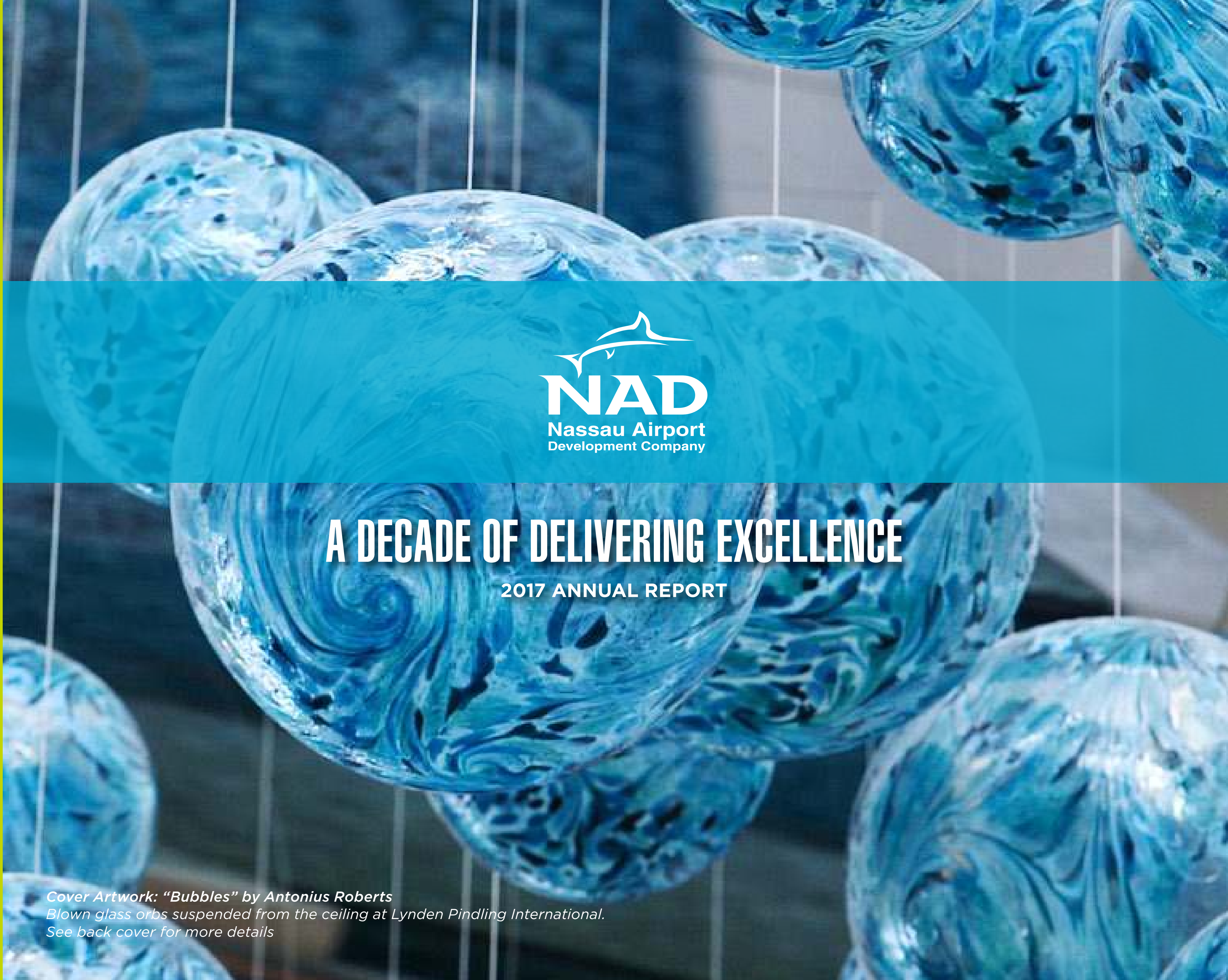
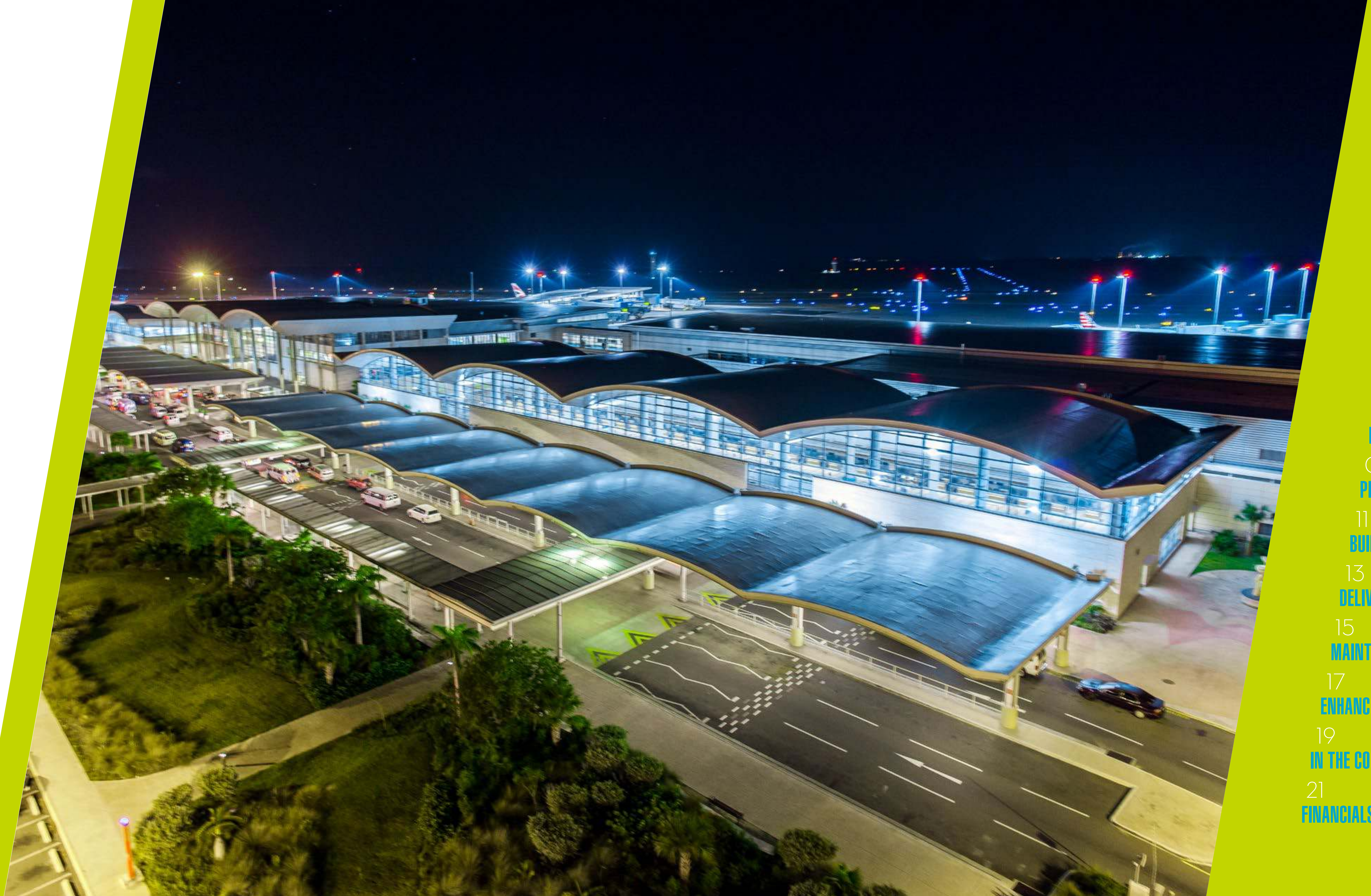


A DECADE OF DELIVERING EXCELLENCE

2017 ANNUAL REPORT

Nassau Airport Development Company

Cover Artwork: “Bubbles” by Antonius Roberts
Blown glass orbs suspended from the ceiling at Lynden Pindling International.
See back cover for more details



PRESIDENT'S MESSAGE

VERNICE WALKINE
President & CEO
Nassau Airport Development Company Limited (NAD)

2017 was a very special year as it marked the 10th anniversary of NAD's operation of LPIA. It was an occasion for us to come together and take stock of the transformation that has taken place during our tenure.

A highlight for me was celebrating the invaluable contributions that our employees have made, and continue to make, at LPIA. In March, we organized an event to thank our staff and give special recognition to the 65 employees who have been with NAD since the very beginning. The following day, we invited guests from the wider community — including the governor general and the prime minister — to mark the anniversary here at the airport.

2017 also saw us win a coveted Airports Council International Airport Service Quality (ASQ) Award, naming us as the second-best airport in our region. This success is the result of a number of initiatives to improve the passenger experience — from automated passport control kiosks that streamline the preclearance process to providing BahamaHost customer service training to front-line staff.

With a decade of experience under our belts, we are now in a position to share our expertise with other airports in The Bahamas. In spring 2017, we signed an agreement to deploy members of NAD's technical teams to Leonard M. Thompson International Airport in Marsh Harbour, Abaco to provide guidance and best practices to the airport's management team.

However, FY2017 was not without its challenges. Hurricane Matthew damaged airport equipment and negatively impacted what was expected to be a strong fall travel season. However, it was truly inspiring to see the LPIA community — even those whose homes were damaged — rally to get the airport back up and running. I am grateful for their dedication and solidarity during such a challenging time.

Despite Matthew's impact on the tourism industry, we maintained a firm financial position and met all our debt covenants. NAD's team responded with pragmatic solutions to minimize costs, all while delivering an excellent customer experience.

I would like to take this opportunity to thank our past board members for their service and extend a warm welcome to our new board members. We look forward to working closely together in the years to come.

To our NAD employees, our partners and the entire airport community, I thank you for the critical role you have played in making LPIA a Bahamian success story. If this is what we can accomplish in 10 years, I cannot wait to see what the next decade will bring.

Vernice Walkine, President & CEO

ABOUT US: NAD & VANTAGE

As the main 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, Latin America and the Caribbean as well as a robust Domestic travel sector. In FY2017, LPIA served 3.3 million passengers and safely handled more than 78,000 aircraft takeoffs and landings.

Nassau Airport Development Company (NAD) is a Bahamian company owned by the government of The Bahamas and operated by Vantage Airport Group, making LPIA part of Vantage's worldwide network.

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 development 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 manager of airports around the world. The company brings the expertise and airport management techniques honed at the multi-award-winning Vancouver International Airport (YVR) to LPIA. Vantage has a current portfolio of 10 airports on two continents.

BOARD OF DIRECTORS & MANAGEMENT TEAM

In FY2017, NAD welcomed eight new members to its Board of Directors.

NEW BOARD MEMBERS

- Walter Wells, Chairman
- Wendy Warren, Deputy Chairman
- Pastor Lyall Bethel
- George Casey, Vantage Airport Group
- Andrew Malone
- Maria O'Brien
- Christiaan Sawyer
- Vincent Wallace-Whitfield

PREVIOUS BOARD MEMBERS FOR FY2017

- 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

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

- Vernice Walkine, President & Chief Executive Officer
- Deborah Coleby, Vice President of Operations
- Jan Knowles, Vice President of Marketing & Commercial Development
- Kevin McDonald, Vice President of Maintenance & Engineering
- Paula Rigby, Vice President of Finance & Chief Financial Officer

ROUTES & CARRIERS

With 23 airlines serving 57 destinations-22 US, 12 international and 23 domestic-LPIA offers more travel options than any other airport in the Caribbean.

We serve three market segments: domestic, US and international (non-US), making us a key hub for passengers coming to The Bahamas or connecting to destinations in the US or around the globe.

ROUTES

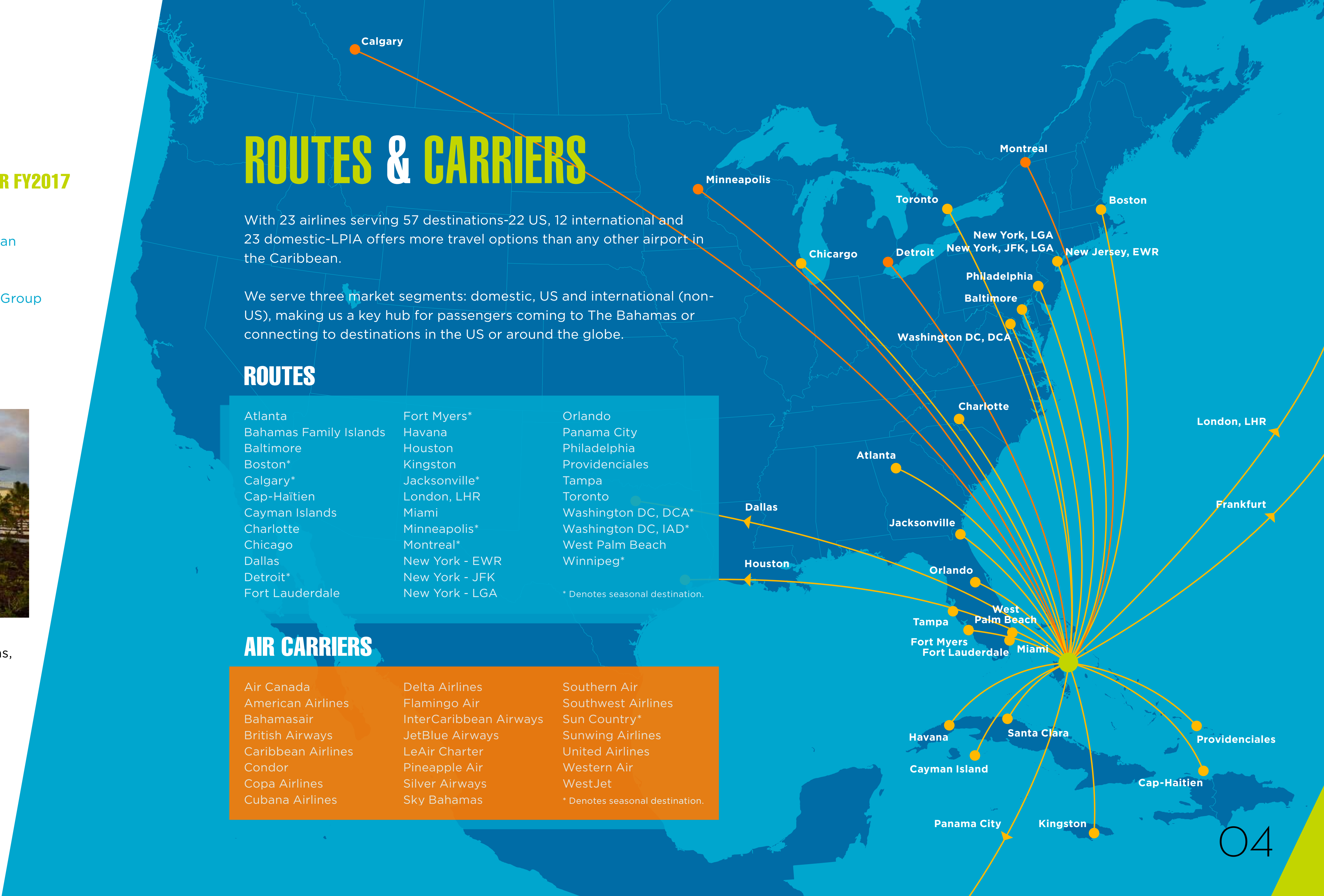
Atlanta	Fort Myers*	Orlando
Bahamas Family Islands	Havana	Panama City
Baltimore	Houston	Philadelphia
Boston*	Kingston	Providenciales
Calgary*	Jacksonville*	Tampa
Cap-Haïtien	London, LHR	Toronto
Cayman Islands	Miami	Washington DC, DCA*
Charlotte	Minneapolis*	Washington DC, IAD*
Chicago	Montreal*	West Palm Beach
Dallas	New York - EWR	Winnipeg*
Detroit*	New York - JFK	
Fort Lauderdale	New York - LGA	

* Denotes seasonal destination.

AIR CARRIERS

Air Canada	Delta Airlines	Southern Air
American Airlines	Flamingo Air	Southwest Airlines
Bahamasair	InterCaribbean Airways	Sun Country*
British Airways	JetBlue Airways	Sunwing Airlines
Caribbean Airlines	LeAir Charter	United Airlines
Condor	Pineapple Air	Western Air
Copa Airlines	Silver Airways	WestJet
Cubana Airlines	Sky Bahamas	

* Denotes seasonal destination.



RESULTS SUMMARY

2017 AT A GLANCE

Passenger traffic **3.3m**

Revenue 1.4% **$77.0m**

Operating income 4.2% **$53m**

Aircraft movements **78,512**

Airlines **23**

Destinations **57**

	Passengers (millions)	Aircraft Movements	Revenue (millions)	Operating Expenses (millions)	Retained Earnings (millions)	Long Term Debt (millions)
2017	3.3	78,512	$77.0	$23.9	($56.4)	$519.2
2016	3.3	83,158	$75.9	$25.0	($42.3*)	$523.6
2015	3.3	85,006	$74.6	$25.5	($25.8*)	$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

Financial statements for 2015 and 2016 were restated in 2017, resulting in changes to retained earnings for both fiscal years.

STRATEGIC PLAN

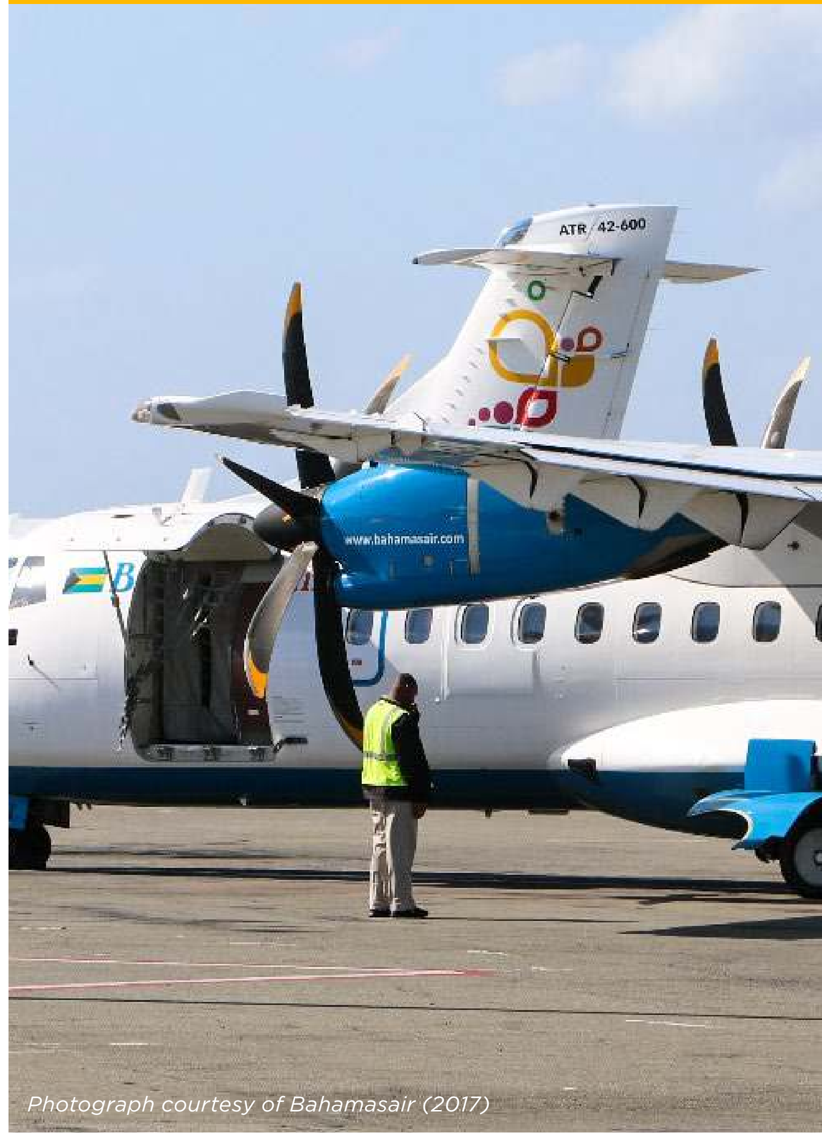
2015-2019

On our way to becoming one of the world's best.

In 2015, NAD launched a five-year strategic plan with an overarching objective to become one of the world's leading airports.

Over the past year, the organization has been working to deliver on this strategy by focusing on six key objectives. Corresponding goals, plans, timelines and points of accountability provide the framework for measuring progress towards successfully meeting our mandate.

1. WE'RE INVESTING IN OUR PEOPLE.
2. WE'RE PROVIDING A SAFE, SECURE AND EFFICIENT OPERATION.
3. WE'RE BUILDING CAPACITY TO MEET GROWTH POTENTIAL.
4. WE'RE DELIVERING AN EXTRAORDINARY CUSTOMER EXPERIENCE.
5. WE'RE MAINTAINING A FISCALLY RESPONSIBLE AND PROFITABLE OPERATION.
6. WE'RE ENHANCING STAKEHOLDER RELATIONSHIPS.



Photograph courtesy of Bahamasair (2017)

01

INVESTING IN OUR PEOPLE

Looking back over the past 10 years, it is hard to imagine accomplishing all that NAD has without the hardworking and dedicated employees who form the backbone of our organization.

Our anniversary provided us with the ideal opportunity to recognize our employees for all that they have done, and continue to do, to make LPIA a world-class airport. During an employee appreciation event in March, we paid special tribute to 65 employees who have been with the airport since NAD began its revitalization efforts.

As we look towards the next 10 years, we reaffirm our commitment to invest in our employees to help them grow professionally and succeed in their careers.

MAINTENANCE PROMOTION ASSESSMENT PROGRAMME

The Maintenance Promotion Assessment Programme (MPAP), now in its third year, offers a clear path for upward career mobility for NAD's Maintenance and Engineering team members. Through the programme, employees can take charge of their own careers and complete annual, voluntary exams. Those who demonstrate strong knowledge of their specific area of work will be promoted through five levels of expertise. This year saw even higher participation than last year with nine candidates successfully passing their exams.

BAHAMAHOST TRAINING

In April 2017, airport partners and NAD team members completed the BahamaHost certification programme. This training programme was designed by the Ministry of Tourism to equip Bahamians – particularly those working in the tourism sector – with the skills necessary to provide a world-class experience to visitors.

MEDICAL EMERGENCY TRAINING

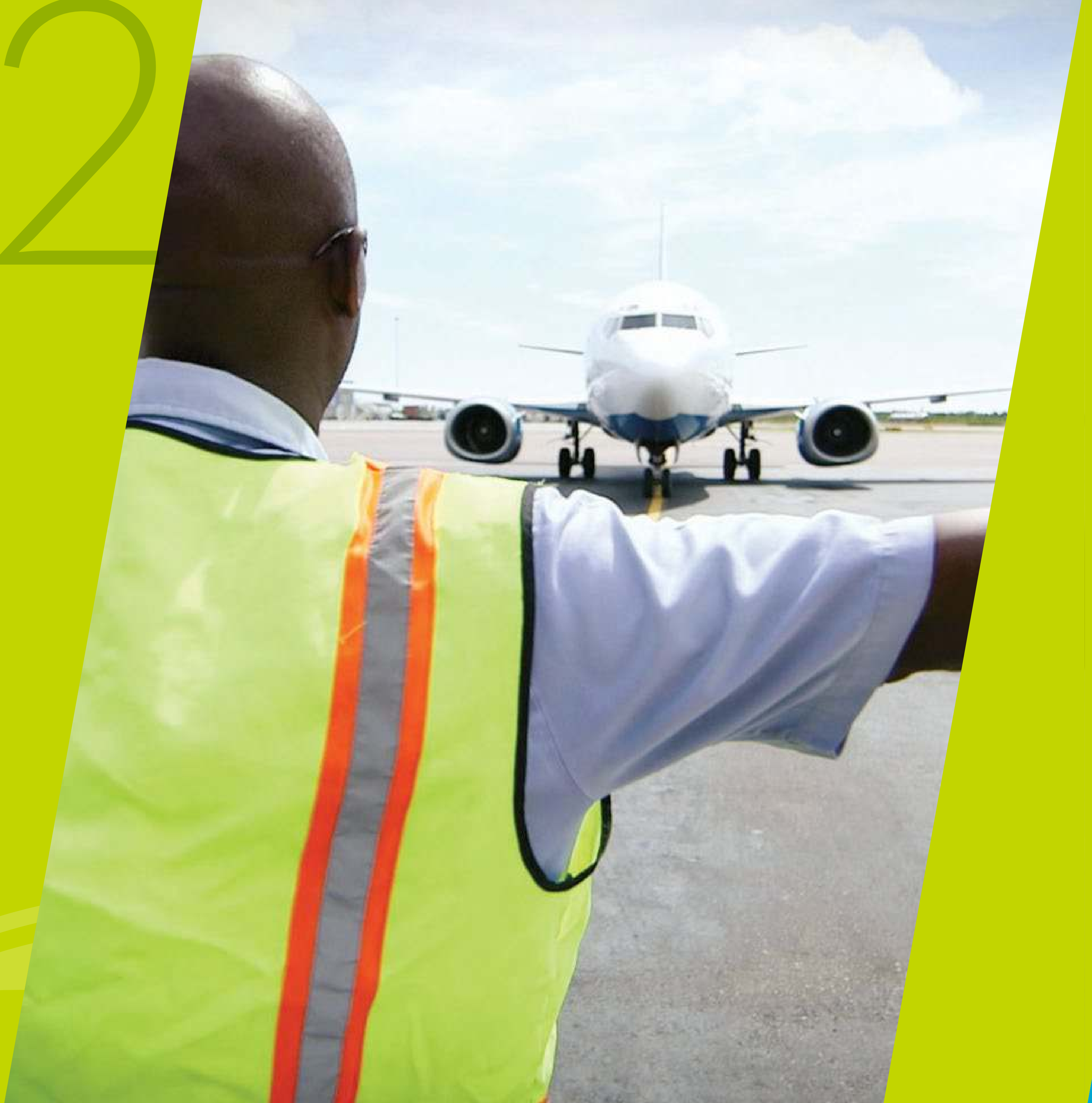
Over three days in March, 37 NAD employees received training and certification in CPR, first aid and the use of automated external defibrillators. Each department now has more than two team members certified.

QBITS CONFERENCE

In June, members of the Information Technology team and the Capital Projects team attended the Qbits conference in Montreal, Canada. They heard from leading IT industry manufacturers and explored solutions to help the airport respond to new and changing technology.

PROVIDING A SAFE, SECURE, AND EFFICIENT OPERATION

To achieve this objective, NAD is making strategic investments in infrastructure and continuously identifying new ways to optimize our operations to better serve our stakeholders.



RUNWAY LIGHTING UPGRADE

NAD upgraded the electrical infrastructure of Runway 09/27 in May, which included installing 22,000 feet of trenches, conduits and cabling as well as 90 FAA L868 light base cans. The project improved the reliability and performance of the runway lighting system and Precision Approach Path Indicator (PAPI) lights.

OVERSIZED BAGGAGE HANDLING SYSTEM

Preliminary work has begun on the design of a new oversized baggage handling system. Set for completion in FY2019, the project will reduce our direct labour costs and provide passengers with a smoother baggage handling experience.

SAFETY MANAGEMENT SYSTEM

Efforts continued to familiarize the entire airport community with NAD's Safety Management System (SMS). Through monthly meetings, printed materials and reporting channels, NAD worked to promote safety awareness amongst all airport stakeholders and generated findings to reduce hazards and mitigate risks. We assess our operations and procedures regularly and when necessary our standard operating procedures and manuals are updated appropriately.

03 BUILDING CAPACITY TO MEET GROWTH POTENTIAL

We're undertaking projects today to ensure that LPIA is ready to meet the needs of tomorrow. We're investing in new infrastructure to respond to future growth and provide passengers with a more convenient and enjoyable airport experience.

TERMINAL 1 SERVICE MIGRATION

To facilitate the future expansion of the airport, in January NAD began to migrate existing services and utilities housed in the old Terminal 1 to the new Terminal A. This is the first step in decommissioning the terminal, which will ultimately be demolished.

Once complete in 2018, the project will include the transfer of IT, electrical, fibre, telephone and cable infrastructure.

AUTOMATED PASSPORT CONTROL

NAD continues to benefit from the 2015 installation of the Automated Passport Control (APC) system. The 20 self-service BorderXpress kiosks were installed to cut wait times at the US preclearance facility, improve the airport's efficiency and ultimately provide a more enjoyable experience for travellers. In July 2016, the system was updated to allow US-bound passengers with B1 or B2 visas in e-passports to use the self-service kiosks as well – allowing more people to take advantage of this time-saving service.

SWING GATES

Two existing international gates have been converted into swing gates, allowing them to be used to accommodate US passengers during periods of high demand. Mobile food and beverage carts have also been stationed by the swing gates in order to better serve passengers.

04

DELIVERING AN EXTRAORDINARY CUSTOMER EXPERIENCE

To provide customers with a world-class experience we're investing in employee training, providing new services and finding ways to inject fun into passengers' journeys.

ACCESSIBILITY

In January 2017, a group of NAD employees and tenant partners attended a training session conducted by professionals from the Centre for the Deaf, the Salvation Army School for the Blind and Visually Impaired Children, the Department of Social Services, Disability Affairs and Senior Citizens and REACH Bahamas to learn how to better accommodate travellers with special needs.

CUSTOMER SERVICE

LPIA was ranked the second-best airport in Latin America and the Caribbean by Airports Council International (ACI) Airport Service Quality (ASQ) survey. LPIA received

a score of 4.43 in the Overall Satisfaction category, out of a possible five points. Areas where LPIA performed well include: ambiance, wayfinding, feeling safe and secure, cleanliness, and availability of washrooms. We are aiming for the number one position.

To further improve our performance in the "Courtesy of Airport Staff" category, we have partnered with the Ministry of Tourism to provide a number of customer service training initiatives for our front-line staff. Thus far, 82 airline staff members, security officers and tenants have been trained while 40 employees have passed the BahamaHost customer service programme and six have become BahamaHost certified trainers.

A CLEAN AIRPORT

LPIA has consistently received high ASQ scores for airport cleanliness. Our goal now is to achieve the region's highest airport cleanliness score. In order to achieve this goal, we have re-evaluated our standard operating procedures, provided coaching and training for cleaning staff, ensured the availability of proper equipment, and conducted regular skills assessments. Our efforts have been paying off as we achieved an ASQ score of 4.52 for Cleanliness of Airport Terminal in 2016, putting us in second place for the South American and Caribbean region.

PARKING

We recently launched a "Park 'N Go Programme" to meet the needs of frequent business travellers looking to park near the terminals. The programme offers a range of discount options.

BAGGAGE CLAIM GAME

To delight arriving passengers during the holidays in 2017, the LPIA luggage carousel was turned into a roulette-style baggage claim game, with passengers whose bag landed on a lucky green decal winning a prize. Hundreds of passengers arriving on flights operated by American Airlines, United and JetBlue played the game, and more than 50 walked away winners.

05

MAINTAINING A FISCALLY RESPONSIBLE AND PROFITABLE OPERATION

Sound financial management is key to LPIA's success. Despite challenging circumstances, our team pulled together in 2017 to improve efficiency, trim costs and deliver a strong fiscal performance.

COMPUTER MAINTENANCE MANAGEMENT SYSTEM

In January 2017, we selected a new computer maintenance management software to manage call reporting and service requests across the organization. This new system will increase the efficiency with which service requests are handled, reducing operating costs and equipment downtime.

DEBT REPAYMENT

NAD has consistently met all its debt covenants and has even gone above and beyond the requirements of its debt repayment schedule.

ENVIRONMENT

Environmental sustainability is a priority at LPIA. The design features of the redeveloped airport along with our ongoing environmentally friendly initiatives allow us to minimize our impact on the environment and generate economic benefits.

Our in-house Environmental Coordinator oversees a number of eco-conscious activities, such as robust internal and external recycling programmes as well as the conversion of used cooking oil into biodiesel. We continue to explore innovations that will allow us to further reduce our footprint and our operating costs.

ENHANCING STAKEHOLDER RELATIONSHIPS

We're working in close collaboration with all of our stakeholders to ensure that LPIA consistently meets and exceeds travellers' expectations. We're launching new and innovative projects that will further enhance airport operations while bolstering existing initiatives.

AIRPORT IMPROVEMENT PROCESS MEETINGS

NAD hosts regular meetings with key stakeholders such as United States Customs and Border Protection (USCBP) as well as domestic, US and international airlines in order to discuss strategies to improve operations and ensure compliance with pre-existing agreements. These meetings also allow us to receive feedback from our partners and stakeholders on our operational strengths and areas for improvement.

BAGGAGE

In FY2017, NAD along with USCBP and US airlines completed the work required to implement a new strategy to improve the baggage screening process. The strategy will include changes to information reporting practices that will deliver operational improvements while maintaining passenger safety.

ENVIRONMENT

NAD works closely with our tenants and aircraft maintenance operators to address environmental concerns. Our inspection programme ensures that all tenants adhere to their industry's best environmental management practices.

HEALTH

To ensure that airport employees, travellers and the wider public are protected against communicable diseases, we work closely with government entities such as the Department of Agriculture, Environmental Health Services and the Ministry of Health.

IN THE COMMUNITY

We know that we have a role to play beyond the airport property. We are proud of the strong ties and generosity that characterize our NAD family. Every year, we look forward to donating our talent and time to support the local community.

As part of NAD's 10th anniversary, airport Operations and Maintenance team members spent hundreds of volunteer hours upcycling wooden pallets and large cable spools into outdoor furniture. The furniture was donated to two local schools to create outdoor reading and relaxation areas. A company-wide book drive also collected hundreds of books for the school children to enjoy.

In March, 24 university and high school students took part in a job shadowing exercise to get an in-depth look at careers in the aviation industry. Students were placed with employees in IT and Engineering, Finance, Parking and Ground Transportation, Public Safety and Maintenance based on their specific career interests.

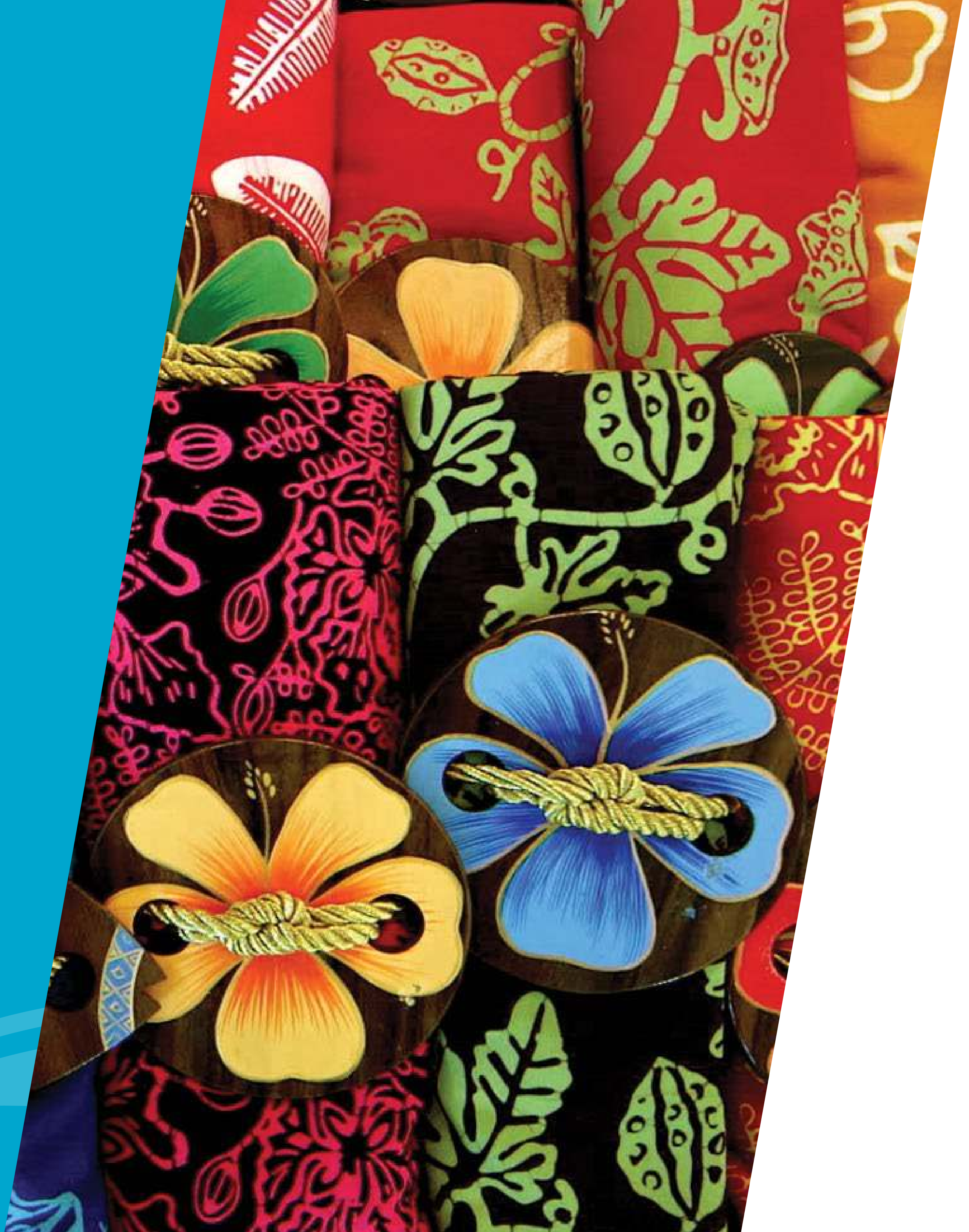
In recognition of International Women's Day and to help celebrate Bahamas Girl Guides Week, NAD officials invited members of the Bahamas Girl Guides Association (BGGA) to tour LPIA. The tour was designed to encourage the girls to consider careers in the field of aviation and to expose them to vocations in science, technology, engineering and mathematics, where women have been historically under-represented.

NAD also presented the BGGA with a donation collected from our Give. Change. donation boxes. The funds will go towards the construction of the group's new headquarters.

In addition to the BGGA, NAD's Give. Change. programme made donations to The Mitchell Ekedede Brain Injury Foundation, The Bahamas National Trust, The Bahamas AIDS Foundation and the Children's Emergency Hostel. Since the 2015 inception of the Give. Change. initiative, NAD has collected approximately $22,175 for charity through its branded collection stations throughout the terminal.

LPIA proudly supports the post-secondary efforts of local students through the Vantage Airport Group International Education Award. Established in 2016, the annual award provides tuition support for Bahamian students to attend Thompson Rivers University in Kamloops, B.C., Canada, where Vantage manages the airport. The launch of the award resulted in an uptick in applications to TRU from The Bahamas, going from one student in 2015 to an anticipated 30 in January 2018. Following this success, a second education award is planned, focused on aviation training, in partnership with another airport in Vantage's global network.

FINANCIALS



INDEPENDENT AUDITORS' REPORT

To the Board of Directors of Nassau Airport Development Company Limited

OUR OPINION

In our opinion, the financial statements present fairly, in all material respects, the financial position of Nassau Airport Development Company Limited (the Company) as at June 30, 2017, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS).

WHAT WE HAVE AUDITED

The Company's financial statements comprise:

- the statement of financial position as at June 30, 2017;
- the statement of comprehensive loss for the year then ended;
- the statement of changes in equity for the year then ended;
- the statement of cash flows for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies.

BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditors' responsibilities for the audit of the financial statements* section of our report.

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

INDEPENDENCE

We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code). We have fulfilled our other ethical responsibilities in accordance with the IESBA Code.

OTHER INFORMATION

Management is responsible for the other information. The other information comprises the Annual Report 2017, Nassau Airport Development Company (but does not include the financial statements and our auditors' report thereon), which is expected to be made available to us after the date of this auditors' report.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

When we read the Annual Report 2017, Nassau Airport Development Company, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

RESPONSIBILITIES OF MANAGEMENT AND THOSE CHARGED WITH GOVERNANCE FOR THE FINANCIAL STATEMENTS

Management is responsible for the preparation and fair presentation of the 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.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

AUDITORS' RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

OTHER MATTERS

PRIOR AUDITOR

The financial statements of the Company for the year ended June 30, 2016 were audited by another firm of auditors whose report dated February 8, 2017, expressed an unmodified opinion on those statements.

As part of our audit of the June 30, 2017 financial statements, we also audited the adjustments described in Note 17 that were applied to amend the June 30, 2016 financial statements. In our opinion, such adjustments are appropriate and have been properly applied. We were not engaged to audit, review, or apply any procedures to the June 30, 2016 financial statements of the Company other than with respect to the adjustments and, accordingly, we do not express an opinion or any other form of assurance on the June 30, 2016 financial statements taken as a whole.

This report, including the opinion, has been prepared for and only for the Company in accordance with the terms of our engagement letter and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

PricewaterhouseCoopers

Chartered Accountants
Nassau, Bahamas

February 7, 2018

NASSAU AIRPORT DEVELOPMENT COMPANY LIMITED

(Incorporated under the laws of The Commonwealth of The Bahamas)

STATEMENT OF FINANCIAL POSITION

As at June 30, 2017
(Expressed in Bahamian dollars)

	Notes	June 30, 2017 $	June 30, 2016 $ (Restated Note 17)	June 30, 2015 $ (Restated Note 17)
ASSETS				
CURRENT ASSETS:				
Cash and cash equivalents	15			
Operating accounts		5,164,336	5,524,934	6,612,641
Construction and controlled accounts		12,590,959	6,838,388	4,964,775
Restricted cash	7 & 15	22,609,905	18,735,173	17,870,188
Accounts receivable	3 & 15			
Private sector		11,218,222	15,354,782	12,495,941
Government		4,024,490	3,123,682	3,386,276
Prepaid expenses and deposits		402,345	449,665	601,452
Inventories and supplies		2,382,353	2,582,210	2,521,692
Total current assets		**58,392,610**	**52,608,834**	**48,452,965**
NON-CURRENT ASSETS:				
Fixed assets – operational	6 & 17	24,621,765	29,172,942	32,862,209
Intangible assets – leasehold and financing	4	32,942,628	34,607,097	36,271,566
Intangible assets – resurfacing runways	9	8,693,074	7,086,237	5,717,576
Intangible assets – operational	5 & 17	359,778,999	376,751,982	391,978,679
Total non-current assets		**426,036,466**	**447,618,258**	**466,830,030**
TOTAL		**484,429,076**	**500,227,092**	**515,282,995**

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

STATEMENT OF FINANCIAL POSITION (CONTINUED)

	Notes	June 30, 2017 $	June 30, 2016 $ (Restated Note 17)	June 30, 2015 $ (Restated Note 17)
LIABILITIES AND EQUITY				
CURRENT LIABILITIES:				
Accounts payable and accrued liabilities:				
Construction project	15	1,477,604	1,762,631	1,803,432
Trade	15	3,556,447	4,020,178	3,460,218
Management fees payable	10 & 15	214,258	24,689	80,874
Payable to Government entities	8, 10 & 15	6,545,877	5,137,424	4,974,494
Current portion of long-term debts	7 & 15	11,677,500	18,095,000	18,147,500
Total current liabilities		**23,471,686**	**29,039,922**	**28,466,518**
NON-CURRENT LIABILITIES:				
Provision for obligation to resurface runways	9	9,945,419	8,001,142	6,372,591
Long-term debts	7 & 15	507,504,512	505,525,196	506,294,341
Total non-current liabilities		**517,449,931**	**513,526,338**	**512,666,932**
EQUITY:				
Share capital				
Authorized issued and fully paid:				
5,000 ordinary shares of 5 shares of par value 1.00 each		5	5	5
Deficit		(56,492,546)	(42,339,173)	(25,850,460)
Total Equity		**(56,492,541)**	**(42,339,168)**	**(25,850,455)**
TOTAL		**484,429,076**	**500,227,092**	**515,282,995**

These financial statements were approved by the Board of Directors on February 7, 2018 and are signed on its behalf by:

Director　　　　Director

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

STATEMENT OF COMPREHENSIVE LOSS

For the year ended June 30, 2017
(Expressed in Bahamian dollars)

	Notes	2017 $	2016 $ (Restated Note 17)
OPERATING REVENUE:			
Aeronautical operations revenue:			
Passenger facility charge		45,464,431	45,726,670
Passenger processing fee		7,525,014	7,590,660
Landing fees		6,715,080	6,440,491
Terminal fees		1,167,897	1,166,909
Loading bridges		535,923	495,118
Aircraft parking fees		134,440	124,657
Total aeronautical operations revenue		**61,542,785**	**61,544,505**
Commercial operations revenue:			
Terminal leases and concessions	14	10,858,690	10,052,502
Car parking		2,927,622	2,670,344
Refueling royalties		1,584,339	1,586,062
Interest and other income		114,313	116,303
Total commercial operations revenue		**15,484,964**	**14,425,211**
TOTAL OPERATING REVENUE		**77,027,749**	**75,969,716**

	Notes	2017 $	2016 $ (Restated Note 17)
OPERATING EXPENSES:			
Material, supplies and services	12	10,846,699	11,528,552
Salaries and benefits	11	8,847,103	9,460,454
Management fees	10	2,619,645	2,146,279
Rent	10 & 14	1,540,555	1,534,394
Provision for doubtful accounts	3	110,454	370,274
Total operating expenses		**23,964,456**	**25,039,953**
OPERATING INCOME		**53,063,293**	**50,929,763**
NON-OPERATING EXPENSES:			
Interest	7	42,305,604	42,155,749
Amortisation – operational	5 & 17	17,673,895	17,940,324
Amortisation – leasehold and financing	4	1,664,469	1,664,469
Depreciation – operational	6 & 17	4,892,049	5,141,757
Amortisation – resurfacing runways	9	337,440	259,890
Financing cost		344,831	264,464
Gain on disposal of operational assets		(1,622)	(8,177)
Total non-operating expenses		**67,216,666**	**67,418,476**
NET COMPREHENSIVE LOSS		**(14,153,373)**	**(16,488,713)**

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

STATEMENT OF CHANGES IN EQUITY

For the year ended June 30, 2017
(Expressed in Bahamian dollars)

	Capital $	Deficit $	Total $
Balance at June 30, 2015 (as previously reported)	**5**	**(11,207,511)**	**(11,207,506)**
Effect of prior period adjustment (Note 17)	-	(14,642,949)	(14,642,949)
Balance as at June 30, 2015, (as restated)	**5**	**(25,850,460)**	**(25,850,455)**
Comprehensive Loss 2016, as restated	-	(16,488,713)	(16,488,713)
Balance as at June 30, 2016, (as restated)	**5**	**(42,339,173)**	**(42,339,168)**
Comprehensive Loss	-	(14,153,373)	(14,153,373)
Balance as at June 30, 2017	**5**	**(56,492,546)**	**(56,492,541)**

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

STATEMENT OF CASH FLOWS

For the year ended June 30, 2017
(Expressed in Bahamian dollars)

	Notes	2017 $	2016 $ (Restated Note 17)
CASH FLOWS FROM OPERATING ACTIVITIES:			
Net loss		(14,153,373)	(16,488,713)
Adjustments to reconcile net loss to net cash provided by operating activities:			
Adjustments for items not involving use of cash:			
Amortisation – operational	5 & 17	17,673,895	17,940,324
Amortisation – leasehold and financing	4	1,664,469	1,664,469
Amortisation – resurfacing runways	9	337,440	259,890
Depreciation – operational	6 & 17	4,892,049	5,141,757
Provision for doubtful accounts	3	110,454	370,274
Interest expense		42,305,604	42,155,749
Gain on disposal of operational assets		(1,622)	(8,177)
Accounts receivable written-off		(1,276,462)	(1,354)
		51,552,454	51,034,219
Changes in operating assets and liabilities:			
Increase in restricted cash		(3,874,732)	(864,985)
Decrease/(increase) in accounts receivable		4,401,760	(2,965,167)
Decrease in prepaid expenses and deposits		47,320	151,787
Decrease/(increase) in inventory and supplies		199,857	(60,518)
(Decrease)/increase in accounts payable and accrued liabilities		(463,731)	559,960
Increase in payable to Government entities		1,408,453	162,930
Increase/(decrease) in management fees payable		189,569	(56,185)
Cash generated from operations		53,460,950	47,962,041
Interest paid		(28,648,788)	(29,329,894)
Net cash from operating activities		**24,812,162**	**18,632,147**

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

STATEMENT OF CASH FLOWS (CONTINUED)

	Notes	2017 $	2016 $ (Restated Note 17)
CASH FLOWS FROM INVESTING ACTIVITIES:			
Investment in intangible assets – operational	5	(727,204)	(2,713,627)
Investment in fixed assets – operational	6	(326,370)	(1,454,813)
Proceeds from sale of operational assets		13,412	10,500
Decrease in construction payable		(285,027)	(40,801)
Net cash used in investing activities		**(1,325,189)**	**(4,198,741)**
CASH FLOWS FROM FINANCING ACTIVITIES:			
Principal payment of senior notes	7	(10,095,000)	(7,147,5000)
Principal payment of participating debt	7	(8,000,000)	(6,500,0000)
Net cash used in financing activities		**(18,095,000)**	**(13,647,5000)**
NET INCREASE IN CASH AND CASH EQUIVALENTS		**5,391,973**	**785,906**
CASH AND CASH EQUIVALENTS AT BEGINNINGOF YEAR		**12,363,322**	**11,577,416**
CASH AND CASH EQUIVALENTS AT END OF YEAR		**17,755,295**	**12,363,322**
CASH AND CASH EQUIVALENTS IS REPRESENTED BY:			
Operating accounts		5,164,336	5,524,934
Construction and controlled accounts		12,590,959	6,838,388
		17,755,295	**12,363,322**
NON-CASH TRANSACTIONS:			
Increase in provision for restructuring runways capitalized to intangible assets	9	1,944,277	1,628,551
Capitalized interest	7	13,656,816	12,825,855

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

NASSAU AIRPORT DEVELOPMENT COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS
June 30, 2017

1. GENERAL

The Nassau Airport Development Company Limited (the "Company") was incorporated in The Commonwealth of The Bahamas 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 LPIA on April 1, 2007.

On October 19, 2006, the Company entered into a 10-year Management Agreement (the Agreement) with Vantage Airport Group (Bahamas) Limited (Vantage) (formerly named, YVR Airport Services Ltd.), to manage, operate and maintain LPIA and to place certain executives within the Company. The Agreement has been extended for two additional years until April 1, 2019. Fees paid to Vantage are based on a percentage of revenue and operating income with an annual minimum of $800,000 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.

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

1. GENERAL (CONTINUED)

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 on October 23, 2016 with a construction cost of $72.1 million.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

(A) BASIS OF PREPARATION

These financial statements have been prepared under historical cost basis and are expressed in Bahamian dollars. The Bahamian dollar was equivalent to the United States (US) dollar for the period presented. Transactions denominated in US dollars have been translated in Bahamian dollars at this rate.

Critical accounting estimates and assumptions

Use of estimates

The preparation of financial statements in accordance with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company's accounting policies. Changes in assumptions may have a significant impact on the financial statements in the period the assumptions change. Management believes that the underlying assumptions are appropriate and that the Company's financial statements therefore present the financial position and results fairly.

Significant judgements and estimates include the following:

- Provision for doubtful accounts (Note 2d) and 3)
- Carrying value of intangible assets with respect to impairment (Notes 2o), 4, 5 and 9)
- Classification of leases (Note 2h) and 14)
- Revenue recognition with respect to reliable measurement (Note 2i)
- Application of service concession arrangements, including provisions for obligations under the arrangements (Note 2p)
- Going concern assumption (Note 2s)

(B) CHANGES IN APPLICABLE ACCOUNTING POLICY AND DISCLOSURES

(i) *New standards, amendments and interpretations adopted by the Company*

There are no IFRS that are effective for the first time for the financial year beginning on or after July 1, 2016 that would be expected to have a material impact to the Company.

(ii) *New standards, amendments and interpretations not yet adopted by the Company*

A number of new standards and amendments to standards and interpretations have been published but not yet effective for annual periods beginning after July 1, 2016, and have not been applied in preparing these financial statements. None of these are expected to have a significant effect on the financial statements of the Company, except the following set out below:

IFRS 9, *'Financial instruments'*, addresses the classification, measurement and recognition of financial assets and financial liabilities, and replaces the guidance in IAS 39 that relates to the classification and measurement of financial instruments. IFRS 9 retains but simplifies the mixed measurement model and establishes three primary measurement categories for financial assets: amortised cost, fair value through profit or loss and fair value through other comprehensive income. The determination is made at initial recognition, and the classification depends on the Company's business model for managing its financial instruments and the contractual cash flow characteristics of the instrument. In addition, IFRS 9 will require the impairment of financial assets to be calculated using an expected credit loss model that replaces the incurred loss impairment model required by IAS 39. For financial liabilities, there were no changes to classification and measurement, except for the recognition of changes in own credit risk in other comprehensive income for financial liabilities designated at fair value through profit or loss. The Company has not yet assessed the full impact of adopting IFRS 9, which is effective for financial periods beginning on or after January 1, 2018.

IFRS 15, *'Revenue from contracts with customers'*, deals with revenue recognition and establishes principles for reporting useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with its customers. Revenue is recognised when a customer obtains control of a good or service and thus has the ability to direct the use and obtain the benefits from the good or service. The standard is effective for annual periods beginning on or after January 1, 2018, and replaces IAS 18, 'Revenue' and IAS 11, *'Construction contracts'* and related interpretations. The Company has not yet assessed the full impact of adopting IFRS 15.

IFRS 16, *'Leases'* results in lessees accounting for most leases within the scope of the standard in a manner similar to the way in which finance leases are currently accounted for under IAS 17 *'Leases'*. Lessees will recognise a 'right of use' asset and a corresponding financial liability on the statement of financial position. The asset will be amortised over the length of the lease and the financial liability measured at amortised cost. Lessor accounting remains substantially the same as in IAS 17. The standard is effective for annual period beginning on or after January 1, 2019. The Company has not yet assessed the full impact of adopting IFRS 16.

(C) CASH AND CASH EQUIVALENTS

For the purpose of presentation in the statement of cash flows, cash and cash equivalents comprise cash and deposits held with financial institutions with original maturities of three months or less.

(D) ACCOUNTS RECEIVABLE

Accounts receivable, which generally have a 30 to 90 day term, is recognised 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.

(E) INVENTORIES

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

(F) 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 amortised cost which is the fair value of the consideration to be paid in the future for goods and services received.

(G) LOANS AND BORROWINGS

All loans and borrowings are initially recognised at the fair value of consideration received less directly attributable transaction costs, being issue costs associated with the borrowings which are amortised using the effective interest method.

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

All other borrowing costs are recognised in the statement of comprehensive income in the period in which they are incurred.

(H) 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 recognised over the lease term in the same basis as rental income. Operating lease receipts are recognised as income in the statement of comprehensive loss on a straight-line basis over lease term.

(I) REVENUE RECOGNITION

Revenue is recognised 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.

(J) INCOME TAXES

There are no income taxes imposed on the Company in The Commonwealth of The Bahamas.

(K) 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 recognised on the trade date, i.e. the date that the Company commits to purchase or sell the asset.

(L) 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 loss.

(M) DERECOGNITION OF FINANCIAL ASSETS AND LIABILITIES

The Company derecognises 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 derecognised when the obligation under the liability is discharged, cancelled or expires.

(N) FIXED ASSETS

Fixed assets for which a useful life has been assigned are depreciated on a straight-line basis over their assigned useful lives. Fixed assets are recognised on the statement of financial position at cost determined at the date of acquisition, less any accumulated depreciation or impairment losses. Assets are categorized as follows:

Terminal and structures	20 - 25 years
Leasehold improvements	20 - 25 years
Furniture and office equipment	5 years
Computer equipment and software	3 - 5 years
Vehicles and machinery	5 - 7 years
Equipment and systems	7 - 15 years

An item of fixed assets is derecognised upon disposal or when no future economic benefits are expected from its use. Any gain or loss arising on derecognition of the asset, calculated is the difference between net disposal proceeds and the assets carrying amount, and is recognised in other income or expense in the statement of comprehensive loss.

Fixed assets 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 loss. No such write downs were recorded during 2017 and 2016.

(O) INTANGIBLE ASSETS

Intangible assets for which a useful life has been assigned are amortised on a straight-line basis over their assigned useful lives. Intangible assets are recognised on the statement of financial position at cost determined at the date of acquisition, less any accumulated amortisation or impairment losses. Assets are categorized as follows:

Artwork	25 - 30 years
Runways and taxiways	25 - 30 years
Roads and parking lots	25 - 30 years
Terminal and structures	25 - 30 years
Leasehold improvements	25 - 30 years
Furniture and office equipment	25 - 30 years
Equipment and systems	25 - 30 years

An item of intangible assets is derecognised upon disposal or when no future economic benefits are expected from its use. Any gain or loss arising on derecognition of the asset, calculated is the difference between net disposal proceeds and the assets carrying amount, is recognised in other income or expense in the statement of comprehensive loss.

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 loss. No such write downs were recorded during 2017 and 2016.

(P) SERVICE CONCESSION ARRANGEMENT

This consists of concessions for the construction and operation of LPIA and is recognised 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.

(Q) RELATED-PARTY BALANCES AND TRANSACTIONS

A party is related to the Company if:

(i) directly, or indirectly through one or more intermediaries, the party:

- controls, is controlled by, or is under common control with, the Company;

- has an interest in the Company that gives it significant influence over the Company;

(ii) the party is a member of the key management personnel, including directors and officers, of the Company or its shareholders;

(iii) the party is a close member of the family of any individual referred to in (ii) above; and

(iv) the party is an entity that is controlled, jointly controlled or significantly influenced by, or for which significant voting power in such entities resides with, directly or indirectly, any individual referred to in (ii) or (iii) above.

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(R) EMPLOYEE PENSIONS

The Company has a defined contribution pension plan for all eligible employees whereby the Company makes contributions to a privately administered pension plan. The Company has no legal or constructive obligations to pay further contributions if the plan does not hold sufficient assets to pay all employees the benefits relating to employee service in the current or prior years. The Company and employees make contributions based on eligible earnings, and the Company's contributions are recognised in the statement of comprehensive income in the financial period to which they relate. Enrolment in the defined contribution pension plan is at the discretion of the employee.

(S) 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 via increases in its rates and fees and retains this rate flexibility as a means to support its ability to continue as a going concern. Operating income remains positive, net loss primarily as a result of non-cash expenses for amortisation and depreciation of assets. Management monitors or evaluates company performance based on operating income and cash flows. 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.

3. ACCOUNTS RECEIVABLE

At June 30, 2017, accounts receivable comprised:

	2017 $	2016 $
PRIVATE SECTOR		
Trade receivables	13,285,837	18,639,834
Allowance for doubtful accounts	(2,067,615)	(3,285,052)
	11,218,222	15,354,782
GOVERNMENT		
Bahamasair	3,873,886	2,979,008
Nassau Flight Services	135,476	114,812
Ministry of Finance (VAT)	-	20,715
Others	14,089	18,770
Bahamas Immigration	18,266	16,193
Bahamas Customs	22,468	14,513
The Airport Authority	963	9,876
Ministry of Tourism	24,390	9,557
Ministry of Foreign Affairs	2,223	2,526
TOTAL	**4,091,761**	**3,185,970**
Allowance for doubtful accounts	(67,271)	(62,288)
	4,024,490	**3,123,682**

3. ACCOUNTS RECEIVABLE (CONTINUED)

The ageing of accounts receivable is as follows:

	2017 $	2016 $
1-30 days	14,145,186	14,126,065
31-60 days	-	226,824
61-90 days	1,102,973	2,689,703
More than 90 days	2,129,439	4,783,212
	17,377,598	**21,825,804**

Amounts past due and not impaired totaled $2,360,734 (2016: $1,673,039)

Movement in provision for doubtful accounts is as follows:

	Private Sector $	Governmental $	Total $
Balance, June 30, 2015	2,336,078	58,349	2,394,427
Write-offs	(1,354)	-	(1,354)
Provision for doubtful accounts	366,335	3,939	370,274
Reversal of revenue	583,993	-	583,993
Balance, June 30, 2016	3,285,052	62,288	3,347,340
Write-offs	(1,276,462)	-	(1,276,462)
Provision for doubtful accounts	105,471	4,983	110,454
Recovery of revenue	(46,446)	-	(46,446)
Balance, June 30, 2017	**2,067,615**	**67,271**	**2,134,886**

RECOGNITION OF REVENUE

As per IAS 18, revenue is recognised in the statement of comprehensive loss 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.

In 2016, the Company did not recognise $583,993 in revenue due to the uncertainty of future economic benefits. As the amounts are still receivable, the reversal was recorded as an allowance for doubtful accounts and subsequently written off in 2017.

4. INTANGIBLE ASSETS – LEASEHOLD AND FINANCING

	Leasehold Acquisitions $	Financing Cost $	Total $
COST	**49,230,000**	**704,085**	**49,934,085**
AMORTISATION:			
Balance at June 30, 2015	(13,469,875)	(192,644)	(13,662,519)
Charge for the year	(1,641,000)	(23,469)	(1,664,469)
Balance at June 30, 2016	(15,110,875)	(216,113)	(15,326,988)
Charge for the year	(1,641,000)	(23,469)	(1,664,469)
Balance at June 30, 2017	(16,751,875)	(239,582)	(16,991,457)
CARRYING VALUE:			
As at June 30, 2017	32,478,125	464,503	32,942,628
As at June 30, 2016	34,119,125	487,972	34,607,097

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.

5. INTANGIBLE ASSETS – OPERATIONAL

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 $1,477,604 (2016: $1,762,631).

5. INTANGIBLE ASSETS – OPERATIONAL (CONTINUED)

	Artwork $	Runways and Taxiways $	Roads and Parking Lots $	Terminal and Structure $	Leasehold Improvements $	Furniture and Office Equipment $	Equipment and Systems $	Capital Assets In Progress $	Total $
COST:									
Balance at June 30, 2015 (As restated)	1,680,805	17,898,934	21,302,930	401,580,912	1,339,670	419,248	4,865,385	1,252,330	450,340,214
Additions	-	94,960	-	-	10,230	-	15,653	2,592,784	2,713,627
Transfers	-	536,143	-	-	334,635	-	83,995	(954,773)	-
Disposals	-	-	-	-	-	-	-	-	-
Balance at June 30, 2016 (As restated)	1,680,805	18,530,037	21,302,930	401,580,912	1,684,535	419,248	4,965,033	2,890,341	453,053,841
Additions	-	-	76,240	-	-	-	-	650,964	727,204
Transfers	-	-	-	-	-	-	-	-	-
Disposals	-	-	-	(29,503)	-	-	-	-	(29,503)
Balance at June 30, 2017	1,680,805	18,530,037	21,379,170	401,551,409	1,684,535	419,248	4,965,033	3,541,305	453,751,542
ACCUMULATED AMORTISATION:									
Balance at June 30, 2015 (As restated)	(207,635)	(2,697,633)	(3,013,347)	(51,689,768)	(102,012)	(45,265)	(605,875)	-	(58,361,535)
Amortisation	(67,473)	(724,290)	(838,163)	(16,025,468)	(68,801)	(17,027)	(199,102)	-	(17,940,324)
Disposals	-	-	-	-	-	-	-	-	-
Balance at June 30, 2016 (As restated)	(275,108)	(3,421,923)	(3,851,510)	(67,715,236)	(170,813)	(62,292)	(804,977)	-	(76,301,859)
Amortisation	(67,473)	(726,035)	(840,565)	(15,750,652)	(72,659)	(17,027)	(199,484)	-	(17,673,895)
Disposals	-	-	-	3,211	-	-	-	-	3,211
Balance at June 30, 2017	(342,581)	(4,147,958)	(4,692,075)	(83,462,677)	(243,472)	(79,319)	(1,004,461)	-	(93,972,543)
CARRYING VALUE:									
As at June 30, 2017	1,338,224	14,382,079	16,687,095	318,088,732	1,441,063	339,929	3,960,572	3,541,305	359,778,999
As at June 30, 2016 (As restated)	1,405,697	15,108,114	17,451,420	333,865,676	1,513,722	356,956	4,160,056	2,890,341	376,751,982
As at June 30, 2015 (As restated)	1,473,170	15,201,301	18,289,583	349,891,144	1,237,658	373,983	4,259,510	1,252,330	391,978,679

6. FIXED ASSETS - OPERATIONAL

	Terminal and Structure $	Leasehold Improvements $	Furniture and Office Equipment $	Computer Equipment $	Computer Software $	Vehicles and Machinery $	Equipment and Systems $	Capital Assets In Progress $	Total $
COST:									
Balance at June 30, 2015 (As restated)	25,953	2,400,787	2,319,832	2,924,593	1,321,378	1,461,996	42,879,569	1,532,558	54,866,666
Additions	-	28,228	400	62,891	11,321	124,718	47,067	1,180,188	1,454,813
Transfers	-	-	93,351	341,234	104,651	-	357,410	(896,646)	-
Disposals	-	-	-	-	-	(111,159)	-	-	(111,159)
Balance at June 30, 2016 (As restated)	**25,953**	**2,429,015**	**2,413,583**	**3,328,718**	**1,437,350**	**1,475,555**	**43,284,046**	**1,816,100**	**56,210,320**
Additions	-	-	-	19,775	-	-	147,588	159,007	326,370
Transfers	-	(100)	-	3,207	(2,180)	19,867	1,152,155	(1,172,949)	-
Disposals	(16,480)	(2,011,157)	(85,426)	(36,639)	(59,807)	(65,142)	(333,278)	-	(2,607,929)
Balance at June 30, 2017	**9,473**	**417,758**	**2,328,157**	**3,315,061**	**1,375,363**	**1,430,280**	**44,250,511**	**802,158**	**53,928,761**
ACCUMULATED DEPRECIATION:									
Balance at June 30, 2015 (As restated)	(25,953)	(2,393,630)	(1,524,333)	(2,548,658)	(1,041,936)	(1,049,504)	(13,420,443)	-	(22,004,457)
Depreciation	-	(3,365)	(356,196)	(330,288)	(199,762)	(141,427)	(4,110,719)	-	(5,141,757)
Disposals	-	-	-	-	-	108,836	-	-	108,836
Balance at June 30, 2016 (As restated)	(25,953)	(2,396,995)	(1,880,529)	(2,878,946)	(1,241,698)	(1,082,095)	(17,531,162)	-	(27,037,378)
Depreciation	-	(4,541)	(255,502)	(239,679)	(138,621)	(99,787)	(4,153,919)	-	(4,892,049)
Disposals	16,480	2,011,257	85,426	36,639	59,807	78,621	334,201	-	2,622,431
Balance at June 30, 2017	(9,473)	(390,279)	(2,050,605)	(3,081,986)	(1,320,512)	(1,103,261)	(21,350,880)	-	(29,306,996)
As at June 30, 2017	-	27,479	277,552	233,075	54,851	327,019	22,899,631	802,158	24,621,765
As at June 30, 2016 (As restated)	-	32,020	533,054	449,772	195,652	393,460	25,752,884	1,816,100	29,172,942
As at June 30, 2015 (As restated)	-	7,157	795,499	375,935	279,442	412,492	29,459,126	1,532,558	32,862,209

7. LONG-TERM DEBTS

Long-term debts consists of the following:

	Interest rates	Maturity dates	Balance at 30 June 2017 $	Balance at 30 June 2016 $
CURRENT PORTION				
Senior debt notes:				
USD senior notes	8.50%	December 31, 2031	540,000	420,000
USD senior notes	7.00%	November 30, 2033	4,950,000	4,125,000
USD senior notes	6.34%	March 31, 2035	2,542,500	2,260,000
USD senior notes	6.44%	June 30, 2035	1,800,000	1,800,000
BSD senior notes	8.50%	December 31, 2031	1,350,000	1,050,000
BSD senior notes	6.34%	March 31, 2035	495,000	440,000
Participating debt notes:				
USD participating – Series A	13.00%	March 29, 2034	-	1,040,000
USD participating – Series B	13.00%	March 29, 2034	-	5,920,000
BSD participating	13.00%	March 29, 2034	-	1,040,000
Total			11,677,500	18,095,000

7. LONG-TERM DEBTS (CONTINUED)

	Interest rates	Maturity dates	Original Loan Amount $	Balance at 30 June 2017 $	Balance at 30 June 2016 $
LONG-TERM PORTION					
Senior debt notes:					
USD senior notes	8.50%	December 31, 2031	12,000,000	9,900,000	10,440,000
USD senior notes	7.00%	November 30, 2033	165,000,000	149,325,000	154,275,000
USD senior notes	6.34%	March 31, 2035	113,000,000	106,502,500	109,045,000
USD senior notes	6.44%	June 30, 2035	90,000,000	85,500,000	87,300,000
BSD senior notes	8.50%	December 31, 2031	30,000,000	24,750,000	26,100,000
BSD senior notes	6.34%	March 31, 2035	22,000,000	20,735,000	21,230,000
Participating debt notes:					
USD participating - Series A	13.00%	March 29, 2034	10,000,000	13,678,176	12,128,969
USD participating - Series B	13.00%	March 29, 2034	50,000,000	83,435,660	72,877,258
BSD participating	13.00%	March 29, 2034	10,000,000	13,678,176	12,128,969
Total			502,000,000	507,504,512	505,525,196

7. LONG-TERM DEBTS (CONTINUED)

Movement in debt is as follows:

	2017		
	Senior Debt Notes $	Participating Debt Notes $	Total $
Balance at June 30, 2016	418,485,000	105,135,196	523,620,196
Principal payments	(10,095,000)	(8,000,000)	(18,095,000)
Capitalized interest	-	13,656,816	13,656,816
Balance at June 30, 2017	408,390,000	110,792,012	519,182,012
Ending balance comprised of:			
Current portion	11,677,500	-	11,677,500
Long-term portion	396,712,500	110,792,012	507,504,512
Total	408,390,000	110,792,012	519,182,012

	2016		
	Senior Debt Notes $	Participating Debt Notes $	Total $
Balance at June 30, 2015	425,632,500	98,809,341	524,441,841
Principal payments	(7,147,500)	(6,500,000)	(13,647,500)
Capitalized interest	-	12,825,855	12,825,855
Balance at June 30, 2016	418,485,000	105,135,196	523,620,196
Ending balance comprised of:			
Current portion	10,095,000	8,000,000	18,095,000
Long-term portion	408,390,000	97,135,196	505,525,196
Total	418,485,000	105,135,196	523,620,196

7. LONG-TERM DEBTS (CONTINUED)

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 BSD 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. Interest expense on these facilities during the year amounted to $3,188,456 (2016: $3,297,788) and have been included in the statement of comprehensive loss. 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 as at June 30, 2017, 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 $14,061,999 (2016: $13,345,815) and has been included in the statement of comprehensive loss.

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 $10,994,156 (2016: $11,232,375) and has been included in the statement of comprehensive loss.

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' principal and interest on the senior debt notes. The debt service reserve account for the outstanding debt as of June 30, 2017, amounted to $13,554,907 (2016: $11,180,175).

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 $8,366,423 (2016: $8,505,506) and has been included in the statement of comprehensive loss.

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 $5,694,570 (2016: $5,774,265) and has been included in the statement of comprehensive loss.

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, 2017 amounted to $9,054,998 (2016: $7,554,998).

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

	2017 $	2016 $
Senior debt notes:		
Financing 2010 – USD 165 million 7.00%; November 30, 2032	13,554,907	11,180,175
Financing 2013 – USD 90 million 6.44%; June 30, 2035	9,054,998	7,554,998
	22,609,905	18,735,173

Total interest expense on these facilities amounted to $42,305,604 (2016: $42,155,749) as follows:

	2017 $	2016 $
Financing 2009	17,250,455	16,643,603
Financing 2010	10,994,156	11,232,375
Financing 2012	8,366,423	8,505,506
Financing 2013	5,694,570	5,774,265
	42,305,604	42,155,749

8. PAYABLE TO GOVERNMENT ENTITIES

At June 30, 2017, the following amounts were payable to Government entities:

	2017 $	2016 $
The Airport Authority (security fees)	3,520,434	3,264,568
Bahamas Electricity Corporation	1,834,817	671,318
Ministry of Finance	598,916	587,335
Ministry of Finance (VAT)	366,174	367,552
Water & Sewerage Corporation	149,245	182,725
National Insurance Board	44,117	44,094
Bahamas Telecommunications Corporation	32,174	19,832
	6,545,877	5,137,424

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 a discount rate of 13%. As per the Transfer Agreement, the Company 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 the Company 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 amortised over the life of the lease agreement for thirty (30) years.

The movement is as follows:

	Provision $	Amortisation $	Intangible $
Balance at June 30, 2015	6,372,591	(655,015)	5,717,576
Additional accrual	800,114	-	800,114
Increase from the passage of time	828,437	-	828,437
Charge for the year	-	(259,890)	(259,890)
Balance at June 30, 2016	8,001,142	(914,905)	7,086,237
Additional accrual	904,129	-	904,129
Increase from the passage of time	1,040,148	-	1,040,148
Charge for the year	-	(337,440)	(337,440)
Balance at June 30, 2017	**9,945,419**	**(1,252,345)**	**8,693,074**

10. RELATED-PARTY BALANCES AND TRANSACTIONS

The following is a summary of the balances and transactions at June 30, 2017, with related parties:

	2017 $	2016 $
Accounts receivable – Governmental (gross)	4,091,761	3,185,970
Payable to Government entities	6,545,877	5,137,424
Management fees payable	214,258	24,689
Accrued rent payable	18,047	24,939
Utilities	4,166,582	3,811,069
Government fees	1,151,129	1,451,407
Management fees	2,619,645	2,146,279
Rent expense	1,540,555	1,534,394
Telephone expense	156,257	235,469
Directors' fees	118,320	118,320
Aeronautical operations revenue	11,084,219	10,703,653
Commercial operations revenue	792,926	876,283

Salaries and benefits paid to the Company's key management personnel during the year ended June 30, 2017, amounted to $1,205,012 (2016: $1,573,686).

As at June 30, 2017, the subordinated participating debt notes Series A and B and senior debt notes were held by a related Government entity.

	2017 $	2016 $
National Insurance Board	84,136,402	82,120,977

11. DEFINED CONTRIBUTIONS PENSION PLAN

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. Employees' 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

For the year ended June 30, 2017, the Company contributed a total of $278,321 (2016: $246,878) to the plan.

As at June 30, 2017, approximately 210 (2016: 203) employees were enrolled in the plan.

12. MATERIAL, SUPPLIES AND SERVICES

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

	2017 $	2016 $
Others	4,064,029	4,303,285
Utilities	4,083,845	3,811,069
Repairs and maintenance	2,457,887	3,121,462
Professional fees	240,938	292,736
	10,846,699	11,528,552

13. COMMITMENTS

The Company is contingently liable for corporate credit cards in the amount of $50,000 utilized limited and $100,000 authorized limited (2016: $50,000 utilized, $100,000 authorized).

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, 2017, the Company had outstanding commitments relating to open capital and maintenance contracts with a value of $1,406,385 (2016: $1,606,414). 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'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. There was no rate increase to aeronautical fees during the year ended June 30, 2017.

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 $1,540,555 (2016: $1,534,394).

Future minimum lease rentals payable due under operating leases as of June 30, 2017 are as follows:

	2017 $	2016 $
Within one year	500,000	500,000
Between one to five years	2,500,000	2,500,000
More than five years	6,875,000	7,375,000

In addition, the Company has concessions and terminal leases as lessor. Total rental income relevant to these concessions and leases is $10,858,690 earned and $10,858,690 recognised (2016: $10,636,495 earned; $10,052,502 recognised).

Future minimum lease rentals receivable due under operating leases as of June 30, 2017 are as follows:

	2017 $	2016 $
Within one year	11,022,099	10,531,236
Between one to five years	33,187,232	37,600,733
More than five years	19,622,634	26,418,041

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 amortised 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 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, 2017 and 2016, in relation to each class of recognised 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 not exposed to significant 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.

15. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

The table below summarizes the maturity profile of the Company's financial assets and financial liabilities at June 30, 2017 and 2016:

	2017				
	Within 3 Months $	3-6 Months $	6-12 Months $	More than 1 Year $	Total $
Financial assets					
Cash and cash equivalents:					
Operating accounts	5,164,336	-	-	-	5,164,336
Construction and controlled accounts	12,590,959	-	-	-	12,590,959
Restricted cash	-	22,609,905	-	-	22,609,905
Accounts receivable:					
Private sector	11,218,222	-	-	-	11,218,222
Government	4,024,490	-	-	-	4,024,490
	32,998,007	**22,609,905**	**-**	**-**	**55,607,912**
Financial liabilities					
Accounts payable and accrued liabilities:					
Construction project	1,477,604	-	-	-	1,477,604
Trade	3,556,447	-	-	-	3,556,447
Management fees payable	214,258	-	-	-	214,258
Payable to Government entities	6,545,877	-	-	-	6,545,877
Long term debt – current portion	2,782,500	2,782,500	6,112,500	-	11,677,500
Long term debt – non-current	-	-	-	507,504,512	507,504,512
	14,576,686	**2,782,500**	**6,112,500**	**507,504,512**	**530,976,198**
Net liquidity gap	**18,421,321**	**19,827,405**	**(6,112,500)**	**(507,504,512)**	**(475,368,286)**

15. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

	2016				
	Within 3 Months $	3-6 Months $	6-12 Months $	More than 1 Year $	Total $
Financial assets					
Cash and cash equivalents:					
Operating accounts	5,524,934	-	-	-	5,524,934
Construction and controlled accounts	6,838,388	-	-	-	6,838,388
Restricted cash	-	18,735,173	-	-	18,735,173
Accounts receivable:					
Private sector	15,354,782	-	-	-	15,354,782
Governmental	3,123,682	-	-	-	3,123,682
	30,841,786	**18,735,173**	**-**	**-**	**49,576,959**
Financial liabilities					
Accounts payable and accrued liabilities:					
Construction project	1,762,631	-	-	-	1,762,631
Trade	4,020,178	-	-	-	4,020,178
Management fees payable	24,689	-	-	-	24,689
Payable to Government entities	5,137,424	-	-	-	5,137,424
Long term debt – current portion	4,265,000	4,265,000	9,565,000	-	18,095,000
Long term debt – non-current	-	-	-	505,525,196	505,525,196
	15,209,922	**4,265,000**	**9,565,000**	**505,525,196**	**534,565,118**
Net liquidity gap	**15,631,864**	**14,470,175**	**(9,565,000)**	**(505,525,196)**	**(484,980,159)**

15. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

FAIR VALUES OF FINANCIAL INSTRUMENTS

Fair value estimates are generally subjective in nature and are dependent upon a number of significant assumptions associated with each instrument or group of similar instruments, including estimates of discount rates, risks associated with specific financial instruments, estimates of future cash flows and relevant available market information. Fair value information is intended to represent an estimate of an amount at which a financial instrument could be exchanged in a current transaction between a willing buyer and seller engaging in an exchange transaction.

The carrying amounts of financial assets and liabilities are considered to approximate their fair value, given that they are either short-term in nature or for long-term financial liabilities with fixed interest rates, despite a change in market rates since the issuance of the financial liabilities there has been no observable change in fair values; accordingly, the carrying values approximate fair values. Per the fair value hierarchy of IFRS 13, financial assets are principally classified as Level 2.

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. Total capital is calculated as 'equity' as shown in the statement of financial position.

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, 2017 and 2016.

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.

17. PRIOR PERIOD ADJUSTMENTS

In 2015, the Company adopted IFRIC 12: Service Concession Arrangements, which requires that certain operational assets acquired or constructed by the operator in a service concession arrangement to be recognised as intangible assets and amortised over the estimated useful life of the assets.

As a result of the adoption of IFRIC 12, the Company reclassified all of its operational fixed assets as intangible assets – operational, subject to amortisation over the concession agreement period without regard to the assets estimated useful life which may have been shorter. These assets are to be transferred to the grantor at the end of the service concession agreement.

Subsequent to the adoption of IFRIC 12, it was noted that some assets would be fully depreciated prior to the end of the concession agreement. As a result, these assets were retrospectively reclassified as fixed assets as they did not meet the criteria of an intangible asset per IFRIC 12.

The error has been corrected by restating each of the affected financial statement line items for the prior periods as follows:

	30 June 2016 As previously reported $	Correction of Error $	30 June 2016 Restated $	30 June 2015 As previously reported $	Correction of Error $	30 June 2015 Restated $
STATEMENT OF FINANCIAL POSITION (EXTRACT)						
Fixed assets – operational	-	29,172,942	29,172,942	-	32,862,209	32,862,209
Intangible assets – operational	423,466,569	(46,714,587)	376,751,982	439,483,837	(47,505,158)	391,978,679
Deficit	(24,797,528)	(17,541,645)	(42,339,173)	(11,207,511)	(14,642,949)	(25,850,460)

17. PRIOR PERIOD ADJUSTMENTS (CONTINUED)

	30 June 2016 As previously reported $	Correction of Error $	30 June 2016 Restated $
STATEMENT OF COMPREHENSIVE LOSS (EXTRACT)			
Non-operating expenses			
Depreciation – operational assets	-	5,141,757	5,141,757
Amortisation – operational assets	20,103,762	(2,163,438)	17,940,324
Loss on disposal of service concession assets	71,446	(71,446)	-
Gain on disposal of fixed assets	-	(8,177)	(8,177)
Total non-operating expenses	20,175,208	2,898,696	23,073,904
Net comprehensive loss	(13,590,017)	(2,898,696)	(16,488,713)

	30 June 2016 As previously reported $	Correction of Error $	30 June 2016 Restated $
STATEMENT OF CASH FLOWS (EXTRACT)			
Net loss	(13,590,017)	(2,898,696)	(16,488,713)
Depreciation – operational assets	-	5,141,757	5,141,757
Amortisation – operational assets	20,103,762	(2,163,438)	17,940,324
Loss on disposal of service concession assets	71,446	(71,446)	-
Gain on disposal of fixed assets	-	(8,177)	(8,177)
Net cash from operating activities	6,585,191	-	6,585,191
Cash flow from investing activities			
Investment in fixed assets – operational	-	(1,454,813)	(1,454,813)
Investment in intangible assets – operational	(4,168,440)	1,454,813	(2,713,627)
	(4,168,440)	-	(4,168,440)

18. SUBSEQUENT EVENTS

The Company's Board of Directors approved a rate increase to aeronautical fees effective September 1, 2017, and a rate increase to passenger fees effective December 1, 2017 in compliance with the procedure stipulated in the Airport Authority Act, (fees and charges) Regulations established for this purpose.

__“Bubbles”, by Antonius Roberts,__ captures the essence of The Bahamas and the clarity, weightlessness, translucency and freedom of movement that characterize its ocean waters. The installation is composed of five modules, each containing 30 hand blown glass bubbles in varying sizes, suspended from highly reflective marine stainless steel that floats above passengers.

NAD
Nassau Airport
Development Company

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