Sint Maarten Harbour Holding Company N.V.

St. Maarten

Consolidated Financial Statements

December 31, 2013

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Chairman's report

Introduction

The year 2013 was an exciting cruise year for the Port. Again record numbers in cruise passenger arrivals were logged: 1,785,670 were welcomed to the St. Maarten shores.

The Port continues to work on - in various fashions- improvements to the product to alleviate Port congestion and promote continued customer satisfaction. Shore excursions and marquee tour development remain key in that process, as well sufficient berth space in the high season.

Import Cargo volumes in 2013 grew by 6% over 2012. A decrease of 6% was noted in transit cargo. Transit cargo is a market that the Port wants to capitalize on and will invest in to grow this service.

The small cruise ship and giga yacht fueling is developing above expectation and had another fruitful year. The demand for giga yacht berthing and fueling is due to our proximity to St Barthelemy combined with our excellent facilities. In 2014 demand will drop due to the unfavorable local pricing of fuel.

The yachting in the Simpson Bay Lagoon, where the Port is represented through its subsidiary SLAC, is not developing as we would like. The Port will put more focus on that area and increase its presence in and around the Lagoon

Investments 2013

The causeway project was finalized and opened for use around Mid December 2013. This project entails the construction of a new and second bridge over the Simpson Bay Lagoon connecting the Airport, Welfare and Union Roads.

The total investment for this project was about USD 51 million, for which financing has been attracted. The debt is being serviced through the increase of existing container fees and fuel throughput fees.

Dredging works on the cargo area have been completed in 2013 to deepen the draft in order to safely accommodate (larger) cargo vessels, also to support the transshipment business.

Also with regard to the structural overhaul of Pier 1, preparations are underway. The repair and reinforcing methods, as well as the timing / phasing of the work are being looked at. Phase 1 works started before Q3, 2013.

Preparatory works for Pier 2 extensions (berths 7 and 8) have been carried out. The Port is looking for investment partners in this pier extension, in a similar fashion as with the current berths.

To lessen the dependence on maritime based revenues the Port is moving in a direction whereby more revenues will be generated from real estate. For that purpose the Port is in the process of expanding its real estate portfolio, with purchase of land in the Great Bay area (known as the x-boat yard property) and - taking into account the various stakeholders in this respect- developing a balanced mix of stores for lease on its premises as well as office space for third parties and own use.

Finance

In 2013 the Port, through Sint Maarten Harbour Finance N.V, successfully drew the remaining 2 tranches of the USD 150 million bond loan. The secured notes are for a period of 20 years at 5% interest. The issue has been divided in 4 tranches. An amount of USD 128 million was placed in 2012, while the remainder was placed in 2013.

Management

In 2013, there were no changes in the Management Team. Mr. Mingo is the Statutory Director of the Group, in 2013 supported by a Chief Financial Officer and a HR Manager. Under guidance of consultancy company Incontext from the Netherlands the organizational structure and performance is being evaluated.

Supervision

In 2013, the composition of the Supervisory Board of Directors was as follows:

- Mr. H. Mezas, (acting) Chairman and Member of the Audit Committee;
- Mr. R. Williams, Board Member and Member of the Audit Committee.
- Mr. J. Rogers, Board Member (appointed March 4, 2013)

In 2013 at least every quarter official Supervisory Board meetings were organized. In practice, several informal meetings were held to provide a state of affairs and to ensure that all Board Members were aware of all matters of relevance to the supervision of the Port.

Management has been invited to the majority of the Board meetings, but there were also some (or parts) of Board meetings that were held without Management in order to create the opportunity for the Supervisory Board to evaluate the performance of Management.

On an annual basis the Supervisory Board formally evaluates the performance of the statutory director which is properly documented and discussed and includes as well an overview of items that require further development.

For the supervision of the daily affairs of the Port, necessary approvals for expenditures, investments, lease contracts according to the Articles of Incorporation etc., a system is used whereby the Board members approve relevant matters by fax or e- mail and after all approvals are received the matter on hand is executed or completed. In the next Board Meeting, formal approvals are made and mentioned in the minutes. The informal contacts over matters that require urgent attention are normally via e-mail and if necessary the (acting) Chairman calls the members of the Board for a meeting to discuss and solve the matter(s) at hand.

Corporate Governance

As of 2009 the new Island Ordinance on Corporate Governance is in place which resulted in a new (overall) supervisory body that supervises the individual Board of Directors of the various government-owned- and / or related companies.

The Harbour Group of Companies performs a self-evaluation of the compliance with the Code of which the results are included in the Corporate Governance Report 2012 and will be included in an operational audit that was carried out in 2014.

Legal Matters

There are no other formal and material claims known to the Supervisory Board except for those disclosed in the financial statements.

Results and Budget

Net consolidated income for the year 2013 amounts to USD 2,894,346 compared to USD 728,307 in 2012. The consolidated gross revenue increased by approximately USD 5.6 million which is mainly due to a further increase of cruise passenger arrivals and full import cargo and the effect of the tariff increases for both cruise and cargo.

The consolidated costs and expenses went up with approximately USD 5.2 million which is the result of the cost price of fuel purchase for resale of USD 2.2 million, increase in marketing costs of USD 0.8 million, increase in personnel expenses USD 0.7 million, USD 0.2 million in utility expenses and USD 1.0 million increase in depreciation and amortization.

The actual net results for Cruise are below budget, while Cargo came in over budget. Per balance the group has performed somewhat over budget.

2014

In 2014, the number of cruise passengers will remain high, and emphasis is placed on maintaining that for the years to come, among others by creating new berthing spaces and hosting the FCCA conference in Sint Maarten in October 2014, to cement the leading position of Sint Maarten in the Caribbean basin. While the investment is significant, the stakes are also high.

The Supervisory Board expects that the overall result for 2014 would be significantly lower as in 2013 due to depreciation effects of recently completed assets like the causeway and the cargo dredging. The Supervisory Board has advised Management to further focus on revenue development, cost rationalization and improvement of cash management.

St. Maarten, August 25, 2014

Humbert H. Mezas
(Acting) Chairman
on behalf of the Board of Supervisory Directors

Management Report 2013

In 2013, the Cruise and Cargo industries were at their crossroads; the developments in the state of the industry were very noticeable from the recovery of the Costa Cruise disaster in the Mediterranean to a cargo industry on the verge of consolidation due to disappointing financial- results, higher operating costs and shuffling of larger vessels to be slotted for the opening of the Panama Canal.

The main indicators for 2013 are as follows:

Cruise:	1.78 million passengers (+1.9%)
Cargo:	Imported 23.856 TEU (+6%)
	Transshipment 10.454 TEU (-6%)
Yachting:	Length of vessels 28-36 range 305 (3%) for 36>445 (+9%)

In the financial narratives more explanation will be given on revenue diversification as mentioned in 2012. A new Strategic Plan 2019 will be established in 2014 and more clarity will be given to the four pillars of Cruise, Cargo, Yachting and Real Estate.

We will continue to focus on operational excellence which would include upgrading and integration of the Global Logistic System (GLS) IT system in order to achieve better performance. After the completion of the Causeway also more attention has been given to the monitoring of the Simpson Bay Lagoon and the Simpson Bay area.

In 2013 continued focus was given on cost right-sizing, however investments were also to be made to property upgrades and not forgetting the hosting and preparation of the FCCA Conference 2014.

The group has invested in the hiring of local talent in order to increase operational excellence and succession planning. Implementation of KPI measuring will be implemented in detail in 2014 as part of the performance measurements.

Investments 2013

In December 2013, the Causeway project was completed on time, no major overruns occurred. The swing bridge technicalities were also solved with Hollandia and SLAC also agreed to perform a traffic study of the Simpson Bay Lagoon Causeway connecting roads with CH2MHill.

The upgrading of the Cruise Facilities continued. The CTB building and surroundings are more than 10 years old and required a facelift. New restrooms were installed with the CTB upgrading continuing. There are still delays on the Dutch / French village due to final construction drawings to be approved. In 2014, a decision will be made. Development of the property at Sea Palace has been approved and construction completion should be in Q3 2014. Property of White Sands next to the Cruise Facilities is currently still being designed. We are awaiting confirmation on date for commencement of the project.

At the Cargo Quay the draft for container- vessels was deepened. In 2013, some extra maintenance was done close to the quay walls and cleaning of the scrap in the basin. The draft of the basin of 11 meters would be sufficient; however the Harbour will also look at the draft of quay wall I for improvement.

Plans for extension of Pier 2 have been completed and additional studies were to be made for improvement of the access road to the harbor. A study was made by Lievense to improve the flow. Adjustments were also to be made to the Great Bay Master Plan. Adjustments with tour concession holders have been made and good results have been booked. The Cruise entrance however needed to be adjusted.

SLAC is currently still awaiting approval of the concession for the Simpson Bay Lagoon and Simpson Bay. Fueling in 2013 also increased and contributed to the Group. As part of the overall strategy, the fueling company is still in the process of leasing the property in the Cay Bay area in order to protect storage capacity for the marine business, as fuel prices currently offered are not giving us the best point of departure in the market and could be a threat to attract more marine / yachting vessels from other parts of the Caribbean.

SMH Seashore Development N.V. completed the purchase of the X-boat yard property and plans are being made to co-develop this property in the best interest of the Philipsburg area as well as the relocation of the walkway on the waterside for the safety and enhancement of the cruise passenger experience.

The following items from the 2013 investment list were started or completed in 2013:

1. **Causeway Project**
   The project was successfully completed on time and within acceptable budget range. Results were also confirmed that the Causeway is helping the traffic situation in Simpson Bay; bottlenecks needed to be addressed as well. Additional lighting was done for road side safety and SLAC offices were established.
2. **CTB and surroundings**
   Upgrades were carried out such as the main restrooms and upgrading of the corporate- offices. Also plans for the new buildings A and B were being executed and slated to be finished 2014 cruise season. The older restrooms would be converted into commercial rental space.

3. **Security Plan**
   Currently the upgrade of security personnel has taken place. Both SMPA employees as well as the outsourced Checkmate organization needed to be upgraded. This must coincide with budget and phased security upgrades together with both perimeter- and surveillance. Property access for users has also been upgraded to the scanning of all approved IDs.

4. **Warehouse Terminal and surroundings**
   The Cargo warehouse is up and running with the water facility in operation. A second discussion needs to take place with Seven Seas to look at an additional water tank for harbor operations in 2014. A Dutch marines building was also constructed and is in operations currently. Due to the delay in the SMPA building, the security building will eventually be relocated and a second option looked at for a new cargo entrance.

5. **Pier 1**
   The Pier 1 review has been completed and phase one of its re-engineering has been carried out. Evaluation of phase one would be completed in 2014 and a decision would be made on the method in order to fully engineer Pier 1. BNI has proposed to settle the construction dispute; however no decision has been made on the damage claim by the Harbour.

6. **Pier 2**
   The Pier 2 extension documents have fully been prepared; draft strategic agreements have been proposed to the designated potential lines and are currently being discussed. Dredging and additional costs have already been made for Pier 2.

7. **Walter Plantz Expansion**
   This project has been approved and construction should be completed by 2014. This project would enhance the lower downtown areas and spread the passenger flow towards Philipsburg more evenly.

Highlight of operations Year 2013:

Holding:

1. The new Shareholder Representative was established and priorities were given to finalize all strategic projects and existing revenue drivers. The new Shareholder Representative emphasized that more focus was to be given on the local contractors and subcontractors due to limited economic activity on the island. Land reclamation Causeway was also a priority. For this the dredging material of Pier 2 was used. It was also agreed that an operational audit would be carried out and finalized by 2014 for the Harbour Group. Management would adjust its strategies based on completion of the new 2019 Strategic Plan to be completed in 2014.

2. Focus in 2013 was to be given to strengthen key departments. Both Maritime and Security Staff evaluation and job competencies continue- to be a priority for the HR department together with future KPI to measure productivity within the organization. CLA negotiations have started in Q4 2013.

Operation SMPA/Crane/SLAC/Fueling:

1. The Cargo terminal continues to enhance its operations to gain more cost effectiveness. Operational excellence is key with on time performance and matching regional and industry standards.
2. Tariff structures will be reviewed and adjusted in 2014 and more simplification or adjustments made to tariffs which are charged to carriers and have not been adjusted such as the security tariff.
3. The Crane Company has established there still is a risk with supervision of the technical part of the cranes. More attention must be given here as breakdowns will only drive up costs for Crane. The relationship with Intership is crucial to further develop the technical support team.
4. Costs are still an issue for the Crane Company; a combination of under utilization, fuel costs, maintenance and cost of operation of the older Crane are all factors leading to losses in the company. However as management we can also state that the Crane Company is part of the Cargo Facilities performance.
5. SLAC has optimized the opening hours of both the Bridge and new Causeway Swing Bridge. A traffic study was also made on the impact of traffic on the connecting roads which gives a clear indication where the bottlenecks are. In 2014 the improvement will be carried out including the connection of the digital signage.
6. The Fueling Company revenues have gone up however more must be done to cater towards the transit of larger yachts. SLAC has to increase its presence at boat shows in order to build customer relations.

Cruise Specific

The amount of arriving passengers in 2013 was 1.78 million. Preserving this amount will be a challenge, however in 2014 we expect for the first time to surpass arrivals at St. Thomas. The Port has identified that its 10 years plus facilities need- to be upgraded. Also in the Ports strategy based on feedback from the BREA Cruise Report more has to be done to develop and enhance the cruise experience. Extension of the Boardwalk, creating new experiences such as the Iguana Park which is to be completed in Q3 2014 are being worked on. Enhancement of the Walter Plantz project also forms part of these upgrades.

Remarks for Cruise

1. In 2013 further enhancements on properties is needed, revamping of bathrooms, more services such as ATM machines and post office services, extra parking, re-alignment of the tour bus operations all form part of product upgrades.
2. Also a new BREA study was to be finalized in 2014 in order to compare expenditure levels of both cruise passengers and crew. Marquee tour development is part of the strategic plan and will be carried out; the Emilio Wilson Estate and Fort Amsterdam form part of this acquisition.
3. The upland area development better known as Dutch / French village has been delayed due to finalization of the construction drawings which were not completed for approval; we hope to have this done in 2014.

Cargo Specific

The import of full containers has increased by 6%, but transshipment business has declined. This was also due to the reorganization of the Tropical Shipping and King Ocean cargo lines. While the global macro-economic indicators have shown favourable signs, competition and rates have been affected and for coming years we expect a relatively flat growth as no large projects are designated to start on the island.

Remarks for Cargo

1. With the delay of the opening of the Panama Canal, Cargo has prepared its plans to improve any possible new traffic or vessels to the facility. Certain requests were made and Cargo is currently reviewing these as also a larger crane would be required for these vessels with a larger reach.
2. Cargo Facilities is aware that for revenues to increase more economic development must take place as part of the St. Maarten Harbour Seashore strategy. Many discussions were held and significant revenue from transshipment can only be achieved with larger transshipment agreements.
3. Cargo Facilities' capacity is still at 40% of the utilized space. A clear development and storage plan will be created in 2014 as discussed during a management meeting in 2013. More revenues can be achieved by looking at concessions at Cargo as well as real estate returns such as the possible new building for the Dutch Ministry of Defense; designs are ongoing at this point.

ST. MAARTEN HARBOUR GROUP OF COMPANIES

Financial - Narratives

Please find below some of the major financial key figures.

Cruise

Cruise (in USD)					
	2009	**2010**	**2011**	**2012**	**2013**
Revenue	12,143,655	16,234,301	17,036,245	17,720,092	18,555,085
Expenses	8,505,593	13,429,068	11,268,211	12,147,844	14,132,229
Net operating profit	1,555,691	-1,676,242	1,513,933	696,209	-464,857
	12.8%	-10.3%	8.9%	3.9%	-2.5%
	2009	**2010**	**2011**	**2012**	**2013**
Revenue	12,143,655	16,234,301	17,036,245	17,720,092	18,555,085
A/R outstanding	1,514,392	2,106,222	1,778,967	1,792,537	1,913,152
Amount collected	10,629,263	14,128,079	15,257,278	15,927,555	16,641,933
% Collected	87.5%	87.0%	89.6%	89.9%	89.7%

Cargo

Cargo (in USD)					
	2009	**2010**	**2011**	**2012**	**2013**
Revenue	11,608,809	11,581,120	12,087,360	13,372,492	15,535,507
Expenses	5,549,658	6,851,762	8,240,918	8,981,242	9,350,153
Net operating profit	4,693,691	2,386,796	54,356	759,565	3,668,093
	40.4%	20.6%	0.4%	5.7%	23.6%
	2009	**2010**	**2011**	**2012**	**2013**
Revenue	11,608,809	11,581,120	12,087,360	13,372,492	15,535,507
A/R outstanding	2,329,468	2,218,824	2,358,965	3,348,360	2,150,648
Amount collected	9,279,341	9,362,296	9,728,395	10,024,132	13,384,859
% Collected	79.9%	80.8%	80.5%	75.0%	86.2%

SMPA

SMPA (in USD)					
	2009	2010	2011	2012	2013
Revenue	5,245,064	6,816,444	6,974,728	7,636,595	8,346,991
Expenses	5,477,006	5,913,051	6,472,893	7,149,886	7,589,501
Net operating profit	28,802	622,361	54,108	-1,130,045	740,205
	0.5%	9.1%	0.8%	-14.8%	8.9%
	2009	2010	2011	2012	2013
Revenue	5,245,064	6,816,444	6,974,728	7,636,595	8,346,991
A/R outstanding	476,736	678,167	630,416	870,215	689,185
Amount collected	4,768,328	6,138,277	6,344,312	6,766,380	7,657,806
% Collected	90.9%	90.1%	91.0%	88.6%	91.7%

SMPD

SMPD (in USD)					
	2009	2010	2011	2012	2013
Revenue	672,702	640,185	644,656	658,038	661,124
Expenses	267,811	171,440	250,375	380,996	289,035
Net operating profit	273,508	352,049	283,886	277,042	274,886
	40.7%	55.0%	44.0%	42.1%	41.6%
	2009	2010	2011	2012	2013
Revenue	672,702	640,185	644,656	658,038	661,124
A/R outstanding	73,101	40,519	59,468	53,944	15,744
Amount collected	599,601	599,666	585,188	604,094	645,380
% Collected	89.1%	93.7%	90.8%	91.8%	97.6%

Crane

CRANE (in USD)					
	2009	**2010**	**2011**	**2012**	**2013**
Revenue	1,046,456	1,306,990	1,409,422	1,599,429	1,565,104
Expenses	1,251,111	1,419,081	1,634,518	1,585,712	1,996,551
Net operating profit	-434,690	-475,730	-573,802	-309,709	-719,866
	-41.5%	-36.4%	-40.7%	-19.4%	-46.0%
	2009	**2010**	**2011**	**2012**	**2013**
Revenue	1,046,456	1,306,990	1,409,422	1,599,429	1,565,104
A/R outstanding	311,640	356,065	491,886	541,873	293,858
Amount collected	734,816	950,925	917,536	1,057,556	1,358,772
% Collected	70.2%	72.8%	65.1%	66.1%	82.2%

SLAC

SLAC (in USD)				
	2010	**2011**	**2012**	**2013**
Revenue	1,166,711	1,178,766	1,078,734	1,131,662
Expenses	1,207,816	828,534	762,189	892,375
Net operating profit	-173,744	185,913	191,026	96,414
	-14.9%	15.8%	17.7%	8.5%
	2010	**2011**	**2012**	**2013**
Revenue	1,166,711	1,178,766	1,078,734	1,131,662
A/R outstanding	-	-	-	-
Amount collected	1,166,711	1,178,766	1,078,734	1,131,662
% Collected	100.0%	100.0%	100.0%	100.0%

Fueling

Fueling Co. (in USD)			
	2011	**2012**	**2013**
Revenue	1,579,870	5,691,915	7,895,502
Expenses	1,545,270	5,332,001	7,569,809
Net operating profit	34,620	359,915	304,234
	2.2%	6.3%	3.9%
	2011	**2012**	**2013**
Revenue	1,579,870	5,691,916	7,895,502
A/R outstanding	870,966	753,486	607,282
Amount collected	708,904	4,938,429	7,288,220
% Collected	44.9%	86.8%	92.3%

Good Governance

As of December 2009, the new Island Ordinance on Good Corporate Governance is in place, resulting in a new (overall) Supervisory Body that supervises the individual Board of Directors of the various government owned- and / or related companies.

During 2013, the Harbour Group of Companies once again performed a self-evaluation of its compliance with the Code which showed no major shortcomings. PricewaterhouseCoopers will be requested to issue an assurance report on the Corporate Governance.

Legal Matters

The main current legal matter pending, as in 2013, is the Ballast Nedam litigation for the design fault of Pier 1. We are confident that a settlement can be reached in 2014.

Looking forward

Major undertakings such as the repairs on Cruise Pier South (pier 1), extension on Cruise Pier North (pier 2; the creating of berth 7 and 8), more emphasis on our roles and responsibilities in the Lagoon and the hosting of the FCCA conference in Sint Maarten, will ensure that also 2014 will be an interesting and positively challenging year for us.

In Closing

For 2013, Management, with approval of the Supervisory Board of Directors, has continued to implement an action plan to further continue business development and efficiencies within the Harbour Group of Companies. This will further be improved in 2014 with the finalized Strategic Business Plan. Cost reduction will be continued in 2014 and strategic investments for more revenue growth will be promoted.

We feel confident that we will succeed and trust that further strategic improvements are realized for the Cruise and Cargo products with full operations of the new facilities. With more focus on the feedback from the cruise lines, product and destination enhancement will be key for sustainable growth as we exit 2013 with 1.78 million passengers. The inter-island transshipment for Cargo is making steady progress and as in 2013 more focus must be given to large volume agreements as growth opportunities continue to be in transshipment business.

The Supervisory Board of Directors has maintained its current membership of three. The Shareholder Representative has been requested to have the Board expanded.

We would like to thank all persons and companies involved with the operations of the Harbour Group of Companies, particularly the Supervisory Board of Directors, for their contribution. We count on their continuous support.

St. Maarten, August 25, 2014

ST. MAARTEN HARBOUR GROUP OF COMPANIES

Mark T. Mingo
Chief Executive Officer

1 Independent Auditor's Report

Independent Auditor's Report

To the Shareholder and Supervisory Board of Directors of
Sint Maarten Harbour Holding Company N.V.
Point Blanche
St. Maarten

Reference number: PP/CR/67.161.0/40921

Report on the consolidated financial statements

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

Management's responsibility

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

Auditor's responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated 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 consolidated financial statements.

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

PricewaterhouseCoopers St. Maarten, Emmaplein Building, P.O. Box 195, Philipsburg, St. Maarten
T: +(1-721) 542 2379, F: +(1-721) 542 4788, www.pwc.com/dutch-caribbean

Opinion with respect to the consolidated financial statements

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

Emphasis of matter

We draw attention to note 2.5.14 of the consolidated financial statements, which describes the issue with the share capital denomination in USD as opposed to ANG per the amended articles of incorporation. Our opinion is not qualified in respect of this matter.

St. Maarten, August 25, 2014
PricewaterhouseCoopers St. Maarten

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2 Consolidated Financial Statements

2.1 Consolidated statement of financial position

	Notes	2013	2012
		As at December 31	
		USD	USD
Assets			
Non-current assets			
Property and equipment - net	2.5.6	242,933,879	218,889,803
Concession assets	2.5.7	2,011,234	2,292,429
Long-term receivable	2.5.8	1,995,000	2,660,000
Investment in associate	2.5.9	-	20,000
		246,940,113	223,862,232
Current assets			
Short term portion - long-term receivable	2.5.8	665,000	665,000
Trade receivables - net	2.5.10	5,669,869	7,360,415
Other receivables and prepayments	2.5.11	6,395,092	1,938,349
Inventories		53,711	48,814
Restricted cash	2.5.12	16,290,717	16,107,022
Cash and cash equivalents	2.5.13	13,619,241	16,089,714
		42,693,630	42,209,314
Total assets		289,633,743	266,071,546
Equity and liabilities			
Equity	2.5.14		
Share capital		13,798,826	13,798,826
Additional paid-in capital		4,574,150	4,574,150
Retained earnings		54,209,905	51,315,559
Total equity		72,582,881	69,688,535
Liabilities			
Non-current liabilities			
Loans and borrowings	2.5.15	203,918,639	183,871,262
Deferred rent and non-refundable deposits	2.5.18	874,863	946,486
Obligation under service concession	2.5.7	64,632	71,078
Total non-current liabilities		204,858,134	184,888,826
Current liabilities			
Loans and borrowings - current portion	2.5.15	4,414,497	2,698,737
Obligation under service concession - current portion	2.5.7	6,446	6,139
Trade and other payables	2.5.16	7,771,785	8,789,309
		12,192,728	11,494,185
Total liabilities		217,050,862	196,383,011
Total equity and liabilities		289,633,743	266,071,546

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

2.2 Consolidated statement of comprehensive income

	Note	Year ended December 31	
		2013	2012
		USD	USD
Revenues			
Cruise revenues	2.5.19	16,978,044	16,236,526
Cargo revenues	2.5.20	15,239,681	13,255,865
Fueling revenues	2.5.21	7,895,502	5,691,915
SMPA revenues	2.5.22	3,352,943	3,083,641
Crane revenues	2.5.23	1,565,104	1,513,141
SLAC revenues		1,131,662	1,078,734
SMPD revenues		366,825	366,125
Rental income	2.5.18	1,227,037	986,047
Other income		889,125	853,317
		48,645,923	43,065,311
Costs and expenses			
Depreciation and amortization	2.5.6,7	9,643,552	8,662,437
Fuel		7,419,402	5,252,828
Personnel	2.5.24	5,639,614	4,918,480
Concession fees	2.5.17	2,921,348	2,921,348
Marketing		2,853,356	2,004,583
Cleaning and maintenance		2,654,596	2,614,590
Professional and consulting fees		2,363,519	2,451,886
Utilities		1,376,011	1,157,929
Insurance		535,515	496,728
Provision for doubtful accounts		327,354	161,325
Other administrative expenses		2,075,715	1,978,769
		37,809,982	32,620,903
Operating profit		10,835,941	10,444,408
Finance income		156,617	128,227
Finance expense	2.5.15	(8,098,212)	(9,844,328)
Finance cost - net		(7,941,595)	(9,716,101)
Income before profit tax		2,894,346	728,307
Profit tax	2.5.26	-	-
Net income		2,894,346	728,307
Total comprehensive income		2,894,346	728,307

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

2.3 Consolidated statement of changes in equity

	Share capital	Additional paid in capital	Insurance reserve	Retained earnings	Total
	USD	USD	USD	USD	USD
Balance as at January 1, 2012	13,798,826	4,574,150	3,479,273	47,107,979	68,960,228
Transfer of insurance reserve	-	-	(3,479,273)	3,479,273	-
Net income for the year	-	-	-	728,307	728,307
Balance as at December 31, 2012	13,798,826	4,574,150	-	51,315,559	69,688,535
Balance as at January 1, 2013	13,798,826	4,574,150	-	51,315,559	69,688,535
Net income for the year	-	-	-	2,894,346	2,894,346
Balance as at December 31, 2013	13,798,826	4,574,150	-	54,209,905	72,582,881

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

2.4 Consolidated statement of cash flows

	Note	Year ended December 31 2013	2012
		USD	USD
Cash flows from operating activities			
Operating profit		10,835,941	10,444,408
Adjustments for:			
Provision for doubtful accounts		327,354	161,325
Depreciation and amortization	2.5.6,7	9,643,552	8,662,437
Operating profit before working capital changes		20,806,847	19,268,170
Decrease (increase) in:			
Trade receivables		1,590,546	(1,331,072)
Other receivables and prepayments		(4,684,097)	(665,268)
Inventories		(4,897)	(20,179)
Increase (decrease) in:			
Trade and other payables		(1,023,663)	2,281,611
Deferred rent and non-refundable deposits		(71,623)	344,302
Cash generated from operations		16,613,113	19,877,564
Interest paid		(7,948,478)	(5,590,578)
Interest received		156,617	128,227
Net cash from operating activities		8,821,252	14,415,213
Cash flows from investing activities			
Purchase of property and equipment	2.5.6	(31,036,612)	(36,139,822)
Restricted cash		(183,695)	(7,321,838)
Decrease in investment in associate		20,000	-
Decrease in long-term receivable		665,000	1,330,000
Net cash used in investing activities		(30,535,307)	(42,131,660)
Cash flows from financing activities			
Proceeds from loans and borrowings	2.5.15	22,000,000	128,000,000
Payment of loans and borrowings	2.5.15	(2,756,418)	(88,069,499)
Net cash from financing activities		19,243,582	39,930,501
Net increase (decrease) in cash and cash equivalents		(2,470,473)	12,214,054
Cash and cash equivalents at beginning of year		16,089,714	3,875,660
Cash and cash equivalents at end of year		13,619,241	16,089,714

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

2.5 Notes to the consolidated financial statements

2.5.1 General information

Sint Maarten Harbour Holding Company N.V. ('Holding' or the 'Parent Company') was incorporated on September 1, 1998 in St. Maarten (formerly St. Maarten, Netherlands Antilles). Holding is 100% owned by the Government of St. Maarten. The main purpose of the Holding is to act as the parent company of its subsidiaries Sint Maarten Harbour Finance N.V. ("Finance"), Sint Maarten Harbour Operations N.V. ('Operations'), Sint Maarten Harbour Cruise Facilities N.V. ('Cruise'), Sint Maarten Harbour Cargo Facilities N.V. ('Cargo'), Sint Maarten Ports Authority N.V. ('SMPA'), Sint Maarten Ports Development N.V. ('SMPD'), SMH Crane Company N.V. ('Crane'), Simpson Bay Lagoon Authority Corporation N.V. ('SLAC'), Sint Maarten Harbour Fueling Company N.V. ('Fueling'), Simpson Bay Causeway N.V. ('Causeway'), Sint Maarten Harbour Consulting N.V. ('Consulting') and Sint Maarten Seashore Development N.V. ('Seashore'). The Parent Company and its subsidiaries are collectively referred to here as the "Group".

The Holding and its Subsidiaries started in 2007 with the construction of a second phase of the port development in Great Bay, St. Maarten. In line with the set-up of the Group, the assets will be capitalized in Cruise (as far as related to the Cruise expansion) and Cargo (as far as related to the Cargo extension). The Holding entered into a financing arrangement with various financial institutions. This new financing arrangement has been passed through to Cruise and Cargo based on intercompany loan agreements.

In order to facilitate the investments and the loan facilities, a new concession agreement with the Government of St. Maarten has been signed for a period of 30 years for the harbours in Great Bay and Cole Bay. Based on this concession, Holding has given a similar (sub) concession to Cruise and Cargo.

Effective January 1, 2012, Sint Maarten Harbour Group of Companies has been restructured to facilitate the issuance of USD 150 million bond loan. All shares of Cargo and Cruise have been transferred from Holding to Finance while Cargo acquired 100% interest in Causeway. Further, all shares of SMPA, SMPD, Crane, Fueling, SLAC and Consulting have been transferred to Operations. The ultimate parent company remains Holding, and all shares of all subsidiaries remain 100% directly and indirectly owned by Holding.

Sint Maarten Harbour Finance N.V. (Finance)

Finance was incorporated on December 21, 2011 in St. Maarten to engage in the business of acquiring and alienating registered property and securities, entering in joint ventures, obtaining and granting loans and participating in financing structure for its own behalf and/or on behalf of entities in which the Parent Company directly or indirectly participates, including but not limited to Sint Maarten Harbour Group of Companies and the Country Sint Maarten.

Sint Maarten Harbour Operations N.V. (Operations)

Operations was incorporated on December 21, 2011 in St. Maarten for purposes of providing consulting, advisory and managerial services and to act as consultant, advisor or manager to and of other private or public persons, entities and enterprises in the port management, maritime and tourism industries.

Sint Maarten Harbour Cruise Facilities N.V. (Cruise)

Cruise is a special-purpose company with the objective to procure the design, construct and finance of, and for the purpose of owning, operating and maintaining, cruise facilities at Great Bay and Cole Bay in St. Maarten.

The Government of St. Maarten has granted Cruise the right to collect certain fees per passenger and certain port and dockage fees on all incoming cruise ships based on the tariff schedule as published in the General Terms and Conditions.

Sint Maarten Harbour Cargo Facilities N.V. (Cargo)

Cargo is a special-purpose entity with the objective to procure the design, construction and financing of, and for the purpose of owning, operating and maintaining, cargo facilities at Great Bay and Cole Bay in St. Maarten.

The Government of St. Maarten has granted Cargo the right to collect certain fees per container and certain port and dockage fees on all incoming cargo ships based on the tariff schedule as published in the General Terms and Conditions.

Sint Maarten Ports Authority N.V. (SMPA)

SMPA was incorporated on June 8, 1989 in St. Maarten. As per August 15, 2007, the shares of SMPA have been transferred by the Government of St. Maarten to Holding. SMPA is wholly owned by Holding and is authorized to operate, and manage harbour facilities, pilotage and towing services, and to promote cruise ship tourism for St. Maarten.

SMPA is the operating company of Cruise and Cargo for which it receives a management, operations and maintenance (MOM) fee.

The Government of St. Maarten has granted SMPA the right to collect certain fees for their services based on the tariff schedule as published in the General Terms and Conditions.

Sint Maarten Ports Development N.V. (SMPD)

SMPD was incorporated on January 14, 2002 in St. Maarten. Until August 15, 2007, SMPD was a fully owned subsidiary of SMPA. As per August 15, 2007, the shares of SMPD have been transferred to Cruise. On January 1, 2012, SMPD has been transferred to Operations. The main activity of SMPD is to obtain, develop, exploit and alienate register-bound goods, securities and other assets.

SMH Crane Company N.V. (Crane)

Crane, a wholly owned subsidiary of SMPA was incorporated on August 11, 2008 in St. Maarten. Crane is a special purpose company with the objective to acquire, maintain and operate harbour cranes as well as to lease harbour cranes to companies which have a license to operate in the harbour of St. Maarten. As of 2010, Crane owns two harbour cranes which are in full operation.

Simpson Bay Lagoon Authority Corporation N.V. (SLAC)

On November 30, 2009, SMPA acquired 100% shares of SLAC from St. Maarten Economic Development Corporation N.V. (hereafter "EDC"). SLAC is responsible for the operations and management of Simpson Bay Bridge and the Simpson Bay Lagoon area based on a management agreement with the Government of St. Maarten. On January 1, 2012, the shares in SLAC have been transferred by SMPA to Operations.

Sint Maarten Harbour Fueling Company N.V. (Fueling)

On October 8, 2010, Fueling has been registered in the Chamber of Commerce and Industry of St. Maarten whose primary purpose is to directly or indirectly install, maintain, operate or exploit or license the installation, maintenance, operation or exploitation of one or more fueling stations in St. Maarten as well as to import and export fuel products and similar products.

Simpson Bay Causeway N.V. (Causeway)

On February 17, 2011, Causeway has been registered in the Chamber of Commerce and Industry of St. Maarten whose primary purpose is to directly or indirectly construct, keep, exploit, maintain, operate or repair public infrastructure in St. Maarten, including a causeway in or over the Simpson Bay Lagoon.

Sint Maarten Harbour Consulting N.V. (Consulting)

Consulting has been incorporated on December 21, 2011 to engage in the business of consulting, advisory and managerial services. Consulting has the right to commercially exploit the right of GLS, the Group's integrated software system.

Sint Maarten Seashore Development N.V. (Seashore)

Seashore was incorporated on December 18, 2012 in St. Maarten to engage in the business of acquiring and alienating registered property and securities, entering in joint ventures, obtaining and granting loans and participating in financing structure for its own behalf and/or on behalf of entities in which the Parent Company directly or indirectly participates, including but not limited to Sint Maarten Harbour Group of Companies and the Country Sint Maarten.

The Parent Company and its Subsidiaries principal place of business is at A.C. Wathey Cruise & Cargo Facilities, Pointe Blanche, St.Maarten.

These consolidated financial statements were authorized for issue by the Supervisory Board of Directors on August 25, 2014.

2.5.2 *Summary of significant accounting policies*

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

Basis of preparation

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

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

(a) New and amended standards adopted by the Group

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

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

(b) New standards and interpretations not yet adopted

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

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

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

Consolidation

The consolidated financial statements comprise the financial statements of the Parent Company and its subsidiaries Finance, Operations, Cruise, Cargo, SMPA, SMPD, SLAC, Crane, Fueling, Causeway and Seashore. The financial statements of the subsidiaries are prepared for the same reporting year as the Parent Company, using consistent accounting policies. All intercompany balances and transactions with the subsidiaries, including income and expenses, are eliminated in full.

Subsidiaries

Subsidiaries are entities controlled by the Parent Company. Control exists when the Parent Company has the power, directly, or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. The financial statements of its subsidiaries are included in the consolidated financial statements from the date that control commences.

Foreign currencies

a) Functional and presentation currency

These consolidated financial statements are presented in United States Dollar (USD), which is the Group's functional and presentation currency.

b) Translation and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the consolidated statement of comprehensive income. The exchange rate between the Netherlands Antillean Guilder (ANG) and the USD is fixed at ANG 1.78:USD 1.00.

Property and equipment

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

The Group provides for depreciation of property and equipment over the estimated useful lives of the respective assets on a straight-line basis. The estimated useful lives of the assets are as follows:

Cruise facilities	30 years
Cargo facilities	15 - 33 years
Land and water rights	99 years
Furniture and fixtures	3 years
Crane and renovation	3 years
Causeway Bridge	40 years
Other fixed assets	5 years

An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount.

Service concession agreement

A service concession arrangement is an arrangement involving an operator constructing and/or upgrading, operating and maintaining infrastructure used to provide a public service for a specified period of time. The operator is paid for its services over the period of the arrangement. The arrangement is governed by a contract that sets out performance standards, mechanisms for adjusting prices and arrangements for arbitrating disputes. The grantor (the party that grants the service arrangement) controls the infrastructure, and the operator is required to return to the grantor the infrastructure at the end of the arrangement.

Intangible assets

Intangible assets arising from a service concession arrangement are included under concession assets.

Concession assets consist of rights to charge for the usage of the infrastructure under service concession arrangements. Concession assets are capitalized on the basis of the cost of capital expenditure incurred in respect of the service concession arrangements (which is the fair value at initial recognition), including borrowing costs on qualifying capital expenditures. Subsequent to initial recognition, the concession assets are measured at cost less accumulated amortization and impairment losses. Concession assets are amortized over their estimated useful life, which is the concession period during which they are available for use.

Financial assets

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

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

Loans and receivables

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

Trade receivables

Trade receivables, which are non-interest-bearing and generally have 30 day terms, are recognized and carried at original invoice amount less an allowance for any uncollectible amounts.

Cash and cash equivalents

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

Restricted cash are reserve accounts maintained by the Group in connection with its existing loans and borrowings.

Share capital

Share capital consists of common shares classified as equity. Incremental costs directly attributable to the issuance of common shares are recognized as a deduction from equity, net of any tax effects.

Borrowings

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

Fees paid on the establishment of loan facilities are recognized as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalized as a pre-payment for liquidity services and amortized over the period of the facility to which it relates.

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

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

Borrowing costs

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

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

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

Trade and other payables

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

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

Revenue recognition

Revenue is recognized to the extent that it is probable that the economic benefits associated with the transaction will flow to the Group and the amount of revenue can be measured reliably. Revenue is measured at the fair value of the consideration received, excluding discounts, rebates and other sales taxes or duties.

Revenues are recognized in the consolidated statement of comprehensive income when the service is rendered or when the goods are delivered.

Expense recognition

Cost and expenses are recognized when incurred.

Employee benefits

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

Leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the consolidated statement of comprehensive income on a straight-line basis over the period of the lease.

Income tax

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

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

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

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

Related party relationship and transactions

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

Comparatives

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

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

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

2.5.3 Critical accounting estimates and assumptions

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

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

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

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

Impairment of property and equipment
The Group assesses impairment on property and equipment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. The factors that the Group considers important which could trigger an impairment review include: (a) significant underperformance relative to expected historical or projected future operating results; (b) significant changes in the manner of use of the acquired assets or the strategy for overall business; and (c) significant negative industry or economic trends.

The Group recognizes an impairment loss whenever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the higher of an asset or a cash-generating unit value in use and fair value less costs to sell. Recoverable amount is estimated for individual assets or, if it is not possible, for the cash-generating unit to which the asset belongs. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs. While it is believed that the assumptions used in the estimation of value in use and fair value less cost to sell are appropriate and reasonable, significant changes in these assumptions may materially affect the assessment of recoverable amounts and any resulting impairment loss could have a material adverse impact on the financial performance.

The recoverable amount of the Group's property and equipment is higher than the carrying amount. No impairment loss was recognized on the Group's property and equipment in 2012 and 2013.

2.5.4 Financial risk management

Overview
The Group's activities expose it to a variety of financial risks: credit risk, liquidity risk and market risk (including foreign exchange risk and interest rate risk). The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Group's financial performance.

The Group's risk management policies are established to identify and analyze the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits.

Credit risk
Credit risk refers to the risk that the counterparty will default on its contractual obligations resulting in a financial loss to the Group. Credit risk arises from cash and cash equivalents, long-term receivable, trade receivable and other receivables.

The Group minimizes its credit risk by regularly monitoring balances of each customer. Customers are only given credit upon approval by management.

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

At December 31, 2013	Neither past due nor impaired	Past due but not impaired	Past due impaired	Total
	USD	USD	USD	USD
Long-term receivable	2,660,000		-	2,660,000
Trade receivables	4,537,083	1,132,786	510,952	6,180,821
Other receivables	5,114,647	-	377,354	5,492,001
Restricted cash	16,290,717	-	-	16,290,717
Cash and cash equivalents	13,619,241	-	-	13,619,241
	42,221,688	1,132,786	888,306	44,242,780

At December 31, 2012	Neither past due nor impaired	Past due but not impaired	Past due impaired	Total
	USD	USD	USD	USD
Long-term receivable	3,325,000		-	3,325,000
Trade receivables	5,399,259	1,961,156	694,507	8,054,922
Other receivables	981,716	-	-	981,716
Restricted cash	16,107,022	-	-	16,107,022
Cash and cash equivalents	16,089,714	-	-	16,089,714
	41,902,711	1,961,156	694,507	44,558,374

Financial assets that are neither past due nor impaired have minimal credit risk. Receivables are mostly from related party transactions where settlements are made based on the terms of the contract. Settlements are obtained from the counterparty following the terms of the financial instruments without much collection effort.

Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions without incurring unacceptable losses or risking damage to the Group's reputation. The Group manages its liquidity risk by various asset/liability-matching techniques.

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

At December 31, 2013	Less than 1 year	Between 1 and 5 years	Over 5 years	Total
	USD	USD	USD	USD
Loans and borrowings	4,414,497	24,311,584	179,607,055	208,333,136
Deferred rent and non-refundable deposits	-	589,503	285,360	874,863
Trade and other payables	7,771,785	-	-	7,771,785
	12,186,282	24,901,087	179,892,415	216,979,784

At December 31, 2012	Less than 1 year	Between 1 and 5 years	Over 5 years	Total
	USD	USD	USD	USD
Loans and borrowings	2,698,737	23,983,259	159,888,003	186,569,999
Deferred rent and non-refundable deposits	-	589,503	356,983	946,486
Trade and other payables	8,789,309	-	-	8,789,309
	11,488,046	24,572,762	160,244,986	196,305,794

In February 2012, the existing loans and borrowings of the Group have been refinanced by the proceeds from the issuance of 5% fixed rate corporate bond with total amount of USD 150 million new bond loan (see note 2.5.15). The contractual cash flows for loans and borrowings are based on the new loan repayment schedule.

Foreign exchange risk

Foreign exchange risk related to the Group's operations is not considered to be significant as transactions are generally in USD with a fixed exchange rate to ANG.

Interest rate risk

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

As the Group has no significant interest-bearing financial assets, the Group's income and operating cash flows substantially independent of changes in market interest rates. The Group's interest rate risk arises from long-term borrowings. Borrowings at fixed rates exposed the Group to fair value interest rate risk.

Fair value of financial assets and financial liabilities

The carrying amounts of trade receivables, other receivables, restricted cash, cash and cash equivalents, trade and other payables and due to/from related parties approximate their fair values due to the short-term maturities.

The estimated fair value of loans and borrowings and deferred rent represents the discounted amount of estimated future cash flows expected to be received or paid. Expected cash flows are discounted at current market rates to determine fair value.

2.5.5 Capital management

The Group's objective when managing capital is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Supervisory Board of Directors monitors the return on capital, which the Group defines as net operating income divided by total shareholder's equity.

Total capital is calculated as 'equity' as shown in the consolidated statement of financial position. There were no changes in the Group's approach to capital management during the year.

2.5.6 *Property and equipment*

	Cruise facilities	Cargo facilities	Land & water rights	Furniture & fixtures	Crane, renovation & vehicles	Causeway bridge	Fueling facilities	Capital work in progress	Other fixed assets	Total
	USD	USD	USD	USD	USD	USD	USD	USD	USD	USD
At January 1, 2012										
Cost	119,460,056	88,093,693	7,151,024	1,769,346	5,341,039	-	490,291	944,316	13,037,596	236,287,361
Accumulated depreciation	(26,617,500)	(13,006,095)	(763,825)	(1,072,659)	(1,788,012)	-	(8,302)	-	(3,712,987)	(46,969,380)
Net carrying value	92,842,556	75,087,598	6,387,199	696,687	3,553,027	-	481,989	944,316	9,324,609	189,317,981
Year ended December 31, 2012										
Opening net carrying value	92,842,556	75,087,598	6,387,199	696,687	3,553,027	-	481,989	944,316	9,324,609	189,317,981
Additions	298,275	1,300	500,000	656,735	146,535	-	8,864	34,046,050	2,301,535	37,959,294
Transfer	-	4,379,499	-	-	-	-	-	-	(4,379,499)	-
Depreciation	(3,614,781)	(2,745,123)	(74,256)	(307,990)	(639,554)	-	(52,046)	-	(953,722)	(8,387,472)
Closing net carrying value	89,526,050	76,723,274	6,812,943	1,045,432	3,060,008	-	438,807	34,990,366	6,292,923	218,889,803
At December 31, 2012										
Cost	119,758,331	92,474,492	7,651,024	2,426,081	5,487,574	-	499,155	34,990,366	15,339,131	278,626,154
Accumulated depreciation	(30,232,281)	(15,751,218)	(838,081)	(1,380,649)	(2,427,566)	-	(60,348)	-	(9,046,208)	(59,736,351)
Net carrying value	89,526,050	76,723,274	6,812,943	1,045,432	3,060,008	-	438,807	34,990,366	6,292,923	218,889,803
Year ended December 31, 2013										
Opening net carrying value	89,526,050	76,723,274	6,812,943	1,045,432	3,060,008	-	438,807	34,990,366	6,292,923	218,889,803
Additions	19,875	41,976	-	877,938	97,211	-	15,037	29,009,187	3,345,209	33,406,433
Transfer/reclassification	-	8,526,003	-	-	-	50,324,161	-	(58,850,164)	-	-
Depreciation	(4,080,100)	(2,966,989)	(74,257)	(445,548)	(644,683)	(58,410)	(54,950)	-	(1,037,420)	(9,362,357)
Closing net carrying value	85,465,825	82,324,264	6,738,686	1,477,822	2,512,536	50,265,751	398,894	5,149,389	8,600,712	242,933,879
At December 31, 2013										
Cost	119,778,206	101,042,471	7,651,024	3,304,019	5,584,785	50,324,161	514,192	5,149,389	18,684,340	312,032,587
Accumulated depreciation	(34,312,381)	(18,718,207)	(912,338)	(1,826,197)	(3,072,249)	(58,410)	(115,298)	-	(10,083,628)	(69,098,708)
Net carrying value	85,465,825	82,324,264	6,738,686	1,477,822	2,512,536	50,265,751	398,894	5,149,389	8,600,712	242,933,879

Cruise facilities

Since 2005, the Company is investing in several projects. The projects include startup and investigation projects; like the second pier, breakwater, pier extension and the Tender Jetty. During 2007 the project for the development of the second cruise pier commenced. This includes 4 acres of upland development with a length of 445 meters. The project was finalized in November 2009 with a total investment value of USD 60,623,407 including engineering and other preparation expenses. Total borrowing costs related to the project amounted to USD 4,656,839.

The wharfs included in the Cruise facilities are Captain Hodge Wharf, tender jetty and RORO pier.

Cargo facility

During 2007, the project for the expansion of the cargo quay with an additional 260 meters and in order to bring back the downtime for cargo operations, a multifunctional breakwater, commenced. Total investment, including engineering and other preparation expenses amounted to USD 55 million. The project was finalized in August 2010. Total borrowing costs capitalized arising from loans and borrowings amounted to USD 7,821,031.

In 2010, a warehouse was built within the Cargo facility. This is being depreciated in 15 years.

Land and water rights

This account pertains to the water and land rights acquired under a long-term lease agreement with the Government of St. Maarten. The lease is for a period of 99 years commencing in 2001.

The land and water rights consist of the following:

- a water parcel (reclaimed land): approximately 550,922 m^2 with a value of USD 2,555,000 for the new cruise facilities. These water rights are under a lease agreement for 99 years and would be depreciated over the lease life commencing from 2001;
- water parcel; 275,461m^2 with a value of USD 2,977,000 for the new cargo facilities. These water rights are under a lease agreement for 99 years and would be depreciated over the lease life commencing from 2001; and
- land (32,000 m^2).

Causeway Bridge

In January 2012, the Group started the construction of the Causeway Bridge over the Simpson Bay Lagoon. The construction of the bridge was completed in December 2013 with a total investment value of USD 50,324,161 which includes capitalized borrowing costs of USD 4,189,294 as incurred from the 5% fixed rate corporate bonds.

Other fixed assets

Other fixed assets include the extension of the Cargo quay, building and improvements, port facilities, boat and vehicles, leasehold improvements, security and IT system and other equipment.

2.5.7 Concession assets

	Bridge widening and improvement	Other intangible concession asset	Total
	USD	USD	USD
As at January 1, 2013			
Cost	3,798,425	124,622	3,923,047
Accumulated amortization	(1,568,307)	(62,311)	(1,630,618)
Net carrying value	2,230,118	62,311	2,292,429
Year ended December 31, 2013			
Opening net carrying value	2,230,118	62,311	2,292,429
Amortization	(274,964)	(6,231)	(281,195)
Opening net carrying value	1,955,154	56,080	2,011,234
As at December 31, 2013			
Cost	3,798,425	124,622	3,923,047
Accumulated amortization	(1,843,271)	(68,542)	(1,911,813)
Net carrying value	1,955,154	56,080	2,011,234

Bridge widening and improvement

Late 2002, beginning 2003, the Simpson Bay bridge, owned by the Island Territory of St. Maarten has been widened at a cost of USD 2,019,135 under the responsibility of the SLAC. The project has been delivered on March 31, 2003. This concession asset was capitalized on the basis of the cost of capital expenditure incurred in respect of the service concession agreement. Amortization of the concession asset has been calculated over a period of 20 years for the years 2003 until 2005.

During the period October 23, 2006 until November 2, 2006 Rijkswaterstaat Bouwdienst performed an inspection of the Simpson Bay Bridge on request of SLAC. They included that not all the work related to the widening of the bridge, was done properly. Not in all places the work was performed according to the design. On March 30, 2009 Rijkswaterstaat Bouwdienst finally concluded that the remaining lifetime of the bridge will be 10 years after the necessary guarantee work to the bridge is finalized in 2009. Based on this conclusion it is estimated that the lifetime of the bridge will end in 2020 and that the remaining lifetime of the bridge as per December 31, 2005 is shortened from 17.25 years to 15 years, which results into a yearly amortization of concession asset of USD 116,100 instead of USD 100,957 from the year 2006.

During the year 2008 an agreement was made with H.P.R. B.V. for the revision and upgrade of the Simpson Bay Bridge for a total estimated contracted amount of EURO 549,200 (USD 785,356). The work commenced in 2008 and has been completed in the first quarter of 2010. During the year 2008 and 2009 additional work has been done and invoiced for the total amount of EURO 518,929 (USD 726,500).

Other intangible concession assets

Based on the service concession agreement, the Group is required to pay a yearly fee of USD 10,000 to the Island Territory of St. Maarten. The payment that the operator is required to make represents a payment for acquiring the license from the Island Territory of St. Maarten to charge users of the public service. Hence, the present value of all the payments was capitalized as the cost of the intangible asset and obligation was recognized as 'obligation under service concession.

2.5.8 Long-term receivable

Receivable from sublease agreement

SMPD acquired full ownership of the long lease rights on a parcel of land measuring 10.4 acres until May 18, 2097 from Waterside Development Company N.V. (WDC). SMPD subleased 9.5 acres of the land to Royal Caribbean Cruise Ltd. (RCCL) for an amount of USD 6,650,000. An amount of USD 1,330,000 was paid by RCCL on March 2009, which is the completion date of the sublease agreement. The remaining balance of USD 5,320,000 will be paid by RCCL in 8 annual installments of USD 665,000.

SMPD, on the other hand, will pay the amount of USD 6,650,000 to WDC. An amount of USD 1,000,000 payable to the SMPD for the lease of the water rights in front of the said area is deducted from the balance payable to WDC. The remaining balance of USD 5,650,000 will be paid to WDC in 8 yearly installments of USD 540,000.

After the completion of the sublease agreement, WDC committed itself to create a fund for projects to stimulate the economic development of St. Maarten. This fund will contribute to some of the projects that Cruise is contemplating including the cost of transporting a part of the dredged sand to the Salt Pond for the construction of the 'rondweg'. Based on the agreement, the Group is allowed to settle the amounts due to WDC/EDC with the contribution for the agreed projects.

The Group invested USD 5,305,000 for the "rondweg" related project, which was offset against the payable to WDC/EDC.

As of December 31, 2013, receivable from RCCL amounts to USD 2,660,000 (2012: USD 3,325,000) which includes short-term portion of USD 665,000 (2012: USD 665,000).

2.5.9 *Investment in associate*

St. Maarten Crane Corporation N.V.

The Holding has a 25% share in St. Maarten Crane Corporation N.V. The total paid up share capital of St. Maarten Crane Corporation N.V. amounts to USD 30,000, of which SMPA holds 25% (USD 7,500). On September 15, 2008, St. Maarten Crane Corporation N.V. terminated its activities by selling the Gottwald Crane to Crane. In 2008, the remaining value of the participation of USD 66,282 has been fully impaired. Based on draft financial statements 2009, the total investment has been revalued at USD 20,000.

In 2013, SMPA received the final settlement of its share in St. Maarten Crane for an amount of USD 17,764.

2.5.10 *Trade receivables*

	2013	2012
	USD	USD
Trade receivables	6,180,821	8,054,922
Provision for doubtful accounts	(510,952)	(694,507)
	5,669,869	7,360,415

The movement in the provision amount is as follows:

	2013	2012
	USD	USD
Balance as at January 1	694,507	657,824
Provision for the year	100,000	37,553
Reversal/recovery/write-off	(283,555)	(870)
Balance as at December 31	510,952	694,507

2.5.11 Other receivables and prepayments

	2013	2012
	USD	USD
Deposit for the land purchase	3,833,813	-
Advances to Government of St. Maarten	1,596,950	901,527
Prepayments	463,419	414,511
Advances to employees	158,307	154,535
Claim from contractor	130,000	130,000
Security deposits	83,144	61,183
Construction prepayments	-	24,060
Others	506,813	352,533
	6,772,446	2,038,349
Provision for doubtful accounts	(377,354)	(100,000)
	6,395,092	1,938,349

Deposit for the land purchase

In November 2012, Seashore committed itself to purchase a property known as the Boat Yard at Bobby's Marina for a price of USD 4,750,000. Deposit totaling USD 3,833,813 was paid in 2013, of which USD 1,137,051 was kept on the notary's account awaiting finalization of the land transfer.

2.5.12 Restricted cash

	2013	2012
	USD	USD
Insurance reserve account	7,500,843	6,000,843
Debt service reserve account	5,000,442	5,000,560
Maintenance reserve account	1,090,151	1,035,869
Escrow account	2,699,281	4,069,750
	16,290,717	16,107,022

As required by the new and existing loan agreements (see note 2.5.15), the Group has to maintain the following reserve account:

Insurance reserve account
In addition to the Insurance Reserve Account of USD 3,485,052 held pursuant to the Carnival Loan, the Group shall maintain an Insurance Reserve Account of USD 2,514,948. The Group shall from time to time transfer funds from the Revenue accounts to the Insurance Reserve Account. In 2013 an additional amount of USD 1,500,000 was added to the Insurance Reserve Account. In 2014 and 2015, additional amounts of USD 1,500,000 and USD 1,000,000 will be added to the Insurance Reserve Account respectively, resulting in a total amount in the Insurance Reserve Account of USD 10,000,000 as of December 31, 2015.

Debt service reserve account
The Group shall maintain Debt Service Reserve Account of USD 5,000,000. This reserve account will be used to pay interest and principal payments in case the funds in the Reserve Accounts are insufficient to make all such payments in full. The Debt Service Reserve Account will be replenished after use and will be maintained on the level of USD 5,000,000.

Maintenance reserve account
The Group shall maintain a Maintenance Reserve Account of USD 1,000,000. The funds in the Maintenance Reserve Account can be used in case of a casualty event to mitigate any possible damages.

Escrow account
To ensure payment of the contract price for the construction contract for the Causeway, part of the proceeds from the bond issued were placed in an escrow account. Payment out of the escrow account can only be done for approved progress invoices directly to the contractor. The balance on the escrow account will be used to pay the remainder of the contract price as per the terms agreed upon in the construction contract and escrow agreement between parties.

The above restricted accounts earn interest at the respective market rates.

2.5.13 Cash and cash equivalents

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

2.5.14 Equity

Share capital
The authorized share capital consists of 50,000 shares of ANG 1,000 each of which 24,561 shares were issued and fully paid up.

According to the amended articles of incorporation of the Holding the share capital is denominated in USD of which the issued and paid in portion amounts to USD 24,561,000. The Holding is of the opinion that this amendment was made in error and has, pending correction, accounted for the issued and paid in share capital as if still denominated in ANG, which translates into USD 13,798,826.

Additional paid-in capital

Additional paid-in capital relates to the share transfer of SMPA by the Government of St. Maarten to the Holding as a contribution in kind.

Insurance reserve

In view of high insurance premium costs, it was resolved by the Group during 2003, that an insurance own-risk reserve would be created and maintained. The Group maintains this reserve in restricted bank accounts per note 2.5.12.

As a result of the Group restructuring and consolidation of subsidiaries, insurance reserve of USD 6,000,843 recorded in Cruise financial statements has been transferred to retained earnings of the Group.

2.5.15 *Loans and borrowings*

	2013	2012
	USD	USD
5% fixed rate corporate bond	157,147,222	133,351,389
Carnival Corporation	27,260,318	29,064,745
RCCL	13,885,790	13,165,929
Octavio Holdings, Inc.	2,882,062	3,177,989
Government loan	2,842,303	2,842,303
Stichting Economische Ontwikkeling (SEO)	2,053,605	2,231,770
The Windward Island Bank Ltd.	1,303,551	1,401,108
RBTT Bank (St. Maarten) N.V.	410,021	539,347
Windward Roads N.V. (Windmill)	343,793	473,737
Windward Roads N.V. (Fueling)	204,471	321,682
	208,333,136	186,569,999
Less short-term portion:		
5% fixed rate corporate bond	1,586,667	-
Carnival Corporation	1,828,468	1,828,468
Octavio Holdings, Inc.	320,897	272,202
Stichting Economische Ontwikkeling (SEO)	186,433	154,831
The Windward Island Bank Ltd.	95,000	85,000
RBTT Bank (St. Maarten) N.V.	130,691	121,470
Windward Roads N.V. (Windmill)	140,031	128,000
Windward Roads N.V. (Fueling)	126,310	108,766
	4,414,497	2,698,737
	203,918,639	183,871,262

5% fixed rate corporate bonds

On February 15, 2012, the Group entered into a Bond Purchase Agreement to issue 5% fixed rate corporate bonds in separate tranches for an aggregate principal amount of USD 150,000,000, divided into 1,500 bonds of USD 100,000 each, each bond with a term of 20 years from its issuance date. The proceeds of the bond loan have been used for the purposes of (i) refinancing certain loans of Holding and/or its subsidiaries, (ii) financing certain costs, fees and expenses of the design, construction, financing and maintenance of certain upgrades of the facilities at the port of St. Maarten, and (iii) financing all costs, fees and expenses of the design, construction, financing of a causeway over the Simpson Bay Lagoon of St. Maarten.

As of December 31, 2012, the Finance ('Issuer') issued the first and second tranches at par value totaling USD 128,000,000. Through intercompany loan, the Finance allocated the proceeds of the loan to Cargo and Cruise amounting to USD 84,480,000 and USD 43,520,000, respectively. Subsequently, Cargo allocated USD 43,520,000 to Causeway. With the issuance of this bond loan, the Group's existing loan has been repaid in full and the construction of new causeway over the Simpson Bay Lagoon has been financed.

In 2013, the Finance issued the third and fourth tranches of the bond loan amounting to USD 22,000,000.

The interest accrues on a quarterly basis. There is a moratorium on payment of interest ending in the first year of the issuance of the corporate bonds, in which the interest will be added to the principal amount of the respective bonds. The repayment of the principal will start in 2014. The effective interest rate of the new bond is 5%.

The liabilities of the Group under the new bond loan will be secured by the following:
- Substantially all revenues of Cargo and Cruise to be deposited into a revenue account, approved by the security agent;
- Issuer to maintain a debt service reserve account, approved and managed by the
- security agent, to be funded as of first issuance up to USD 5 million in amounts to be agreed with the security agent;
- Pledge of the present and future revenues of Cargo and Cruise, excluding the Cruise passenger fees that are subject to set-off by or a pledge in favor of the relevant cruise lines for the existing loans of the cruise lines to Cruise;
- Pledge all interest in the revenue account and the debt service reserve account;
- Mortgage of the real estate properties owned or long leased by Cargo; and
- Negative pledge of the real estate properties owned or long leased by Cruise.

Carnival Corporation

On August 22, 2007, a loan agreement was made for a maximum of USD 34.5 million for the extension project of the Cruise facilities at Great Bay. The interest rate is 5.99% per year and will accrue on the outstanding loan amount. Repayment of the loan amount will take place through set off and retention by Carnival and other members of the Carnival Group of Cruise Passenger Fees payable with respect to Carnival passengers. After construction completion, the maximum number of passengers used for set off amounts to 600,000 per year until the outstanding loan amount is paid in full. No further securities have been given by the Group.

RCCL

On October 11, 2007, a loan agreement was made with White Sand Inc., a company of the RCCL Group, for a maximum of USD 10 million for the investments in relation to the second cruise pier and relating upland developments. The interest rate is 7.1% per year and will accrue on the outstanding loan amount. Repayment of the loan will take place after 10 years of the initial advance of the loan, in equal monthly installments over a period of 5 years. The loan is subordinated to the 5% fixed rate corporate bonds. No further securities have been given by the Group.

Octavio Holdings, Inc.

In May 2009, Crane entered into a loan with Octavio Holdings Inc (Panama) for the purchase of the second crane. The demand loan is USD 3,250,000 and interest will be accrued up to and until January 2010. Interest is calculated based on 8% per annum for a period of 10 years and 7 months ending December 31, 2020.

On February 16, 2010, Crane agreed with Octavio Holdings, Inc that payment of interest will start in January 2011. This loan on the other hand is secured by:

- fiduciary transfer of Crane ownership:
- guarantee signed by SMPA; and
- comprehensive insurance on crane to include windstorm be assigned to the lender and renewed annually.

Government loan

In February 1997, SMPA entered into an agreement with the Government comprising transactions settled through a current account up to December 31, 1996. The balance on this account bears no interest.

Windward Road N.V. (Windmill)

In May 2012, the Company entered in to an agreement with Windward Road for the installations and financing of 6 windmills inside the Harbour facility for an amount of USD 555,122. The loan bears an effective interest rate of 7.5% with a monthly payment of USD 11,447 in 48 months.

The Windward Islands Bank Ltd. (WIB)

In February 2008, the Holding has paid the loan to Harbour Arcade N.V. and has been provided a new loan from WIB for the amount of USD 1,800,000. The interest rate amounts to 7% for the first 3 years. After these 3 years, the interest will be revised. Repayment takes place in monthly installments of USD 16,379 and a balloon payment of approximately USD 818,000. As security, the bank has a first mortgage on the parcels of land at the Great bay area along the road of Point Blanche as included in the property and equipment.

Windward Roads N.V. (WWR)

In 2008, SMPA agreed to sign a financial agreement with WWR. for the construction of a "small cargo quay", the pavement of the new cargo section and the construction of a new tender jetty. The formal contract has been signed on February 17, 2009 for an investment valued at approximately USD 10,000,000, which was fully financed by WWR. Construction already started since 2008 whereby the progress bills are deducted from the total investment commitment. The interest rate is 7.5% and is calculated 30 days after the invoice date. Flexible payment of the loan will take place before December 2013. This loan has been paid in full in 2012 upon issuance of the new bond loan.

In 2011, Fuelling entered into a financing agreement with WWR for an amount of USD 473,422 for the construction of civil works for its fuel tanks. The interest rate is 6.5% and the repayment term is 4 years.

Stichting Economische Ontwikkeling (SEO)

The SEO granted a loan for the amount of ANG 4,180,000 (USD 2,322,222) to SLAC with the purpose to finance the cost of the widening of the bridge at Simpson Bay. The loan bears interest at 5% per annum due on December 31 of each year starting December 31, 2008. The first draw down took place on November 4, 2002. Accrued interest and loan are repayable in 15 equal annual annuity payments of about ANG 515,000 (USD 286,111) starting December 31, 2008.

This loan is secured by the assignment of the income from bridge and other harbor fees after deduction of operational expenses to the SEO. SLAC collects above mentioned fees based on the management agreement with the Government of St. Maarten.

RBC Royal Bank N.V.

In September 2008, Crane entered into USD 1 million loan facility with RBC Royal Bank N.V. to finance investment of the Gottwald Crane. The interest rate is 6.75% per annum which is fixed for the first two years. The monthly repayment amounts USD 13,510 and repayments takes place in 96 months. This loan is secured by:

- corporate guarantee signed by SMPA in the name of Crane for USD 1 million;
- adequate fire and extended perils insurance coverage on the above immovable property, endorsed in the Bank's favour.

On November 30, 2010, Fueling entered into a contract with WWR for the "Tank vault SOL Harbour Project" with USD 549,447. The loan bear an effective interest rate of 7.5% with a minimum monthly payment of USD 11,447. Repayment will be done in a maximum period of 4 years.

The total interest expense for the above loans and borrowings amounts to USD 7,915,760 (2012: USD 9,736,722).

2.5.16 *Trade and other payables*

	2013	2012
	USD	USD
Accounts payable	3,528,931	4,894,270
Accrued concession fees	1,457,878	970,986
Advances from ZEBEC on long lease rights	1,000,000	1,500,000
Accrued expense	765,007	310,865
Refundable deposits	355,695	302,362
Turnover tax	173,647	149,482
Accrued professional fees	120,000	80,250
Government of Sint Maarten	110,000	76,592
Wagetax payable	108,945	111,495
Pension payable	75,483	23,816
Vacation days & allowance payable	60,352	219,540
Others	15,847	149,651
	7,771,785	8,789,309

The accrued concession fees relate to the months of September to December 2013 and 2012.

In September 2010, the Cruise entered into a Memorandum of Understanding with Zebec Development N.V. ("Zebec") and EFB Properties N.V. for the right of long lease on a parcel of land measuring approximately14,000 sq.m in the port area. As a part of the agreement, Zebec advanced an amount of USD 750,000 in 2011 which shall be deducted from the initial fee due at the granting of the lease rights. . In 2012, the Group received additional advanced payment of USD 250,000 in cash and USD 500,000 in the form of sale and purchase of land. In August 2013, the Group directly purchased the land from EFB Properties for USD 500,000. The purchase of the said land was settled between EFB Properties N.V. and Cruise which resulted to the decrease in the 'advances received on long lease rights' account.

2.5.17 Related party transactions

Concession fee

The Group has entered into a long-term concession agreement with the Government of St. Maarten as per July 18, 2007 for a period of 30 years. The concession fees for the first 10 years are set at a yearly amount of USD 2,921,348 (ANG 5,200,000).

Government loan

In February 1997, SMPA entered into an agreement with the Government comprising transactions settled through a current account up to December 31, 1996. The balance on this account bears no interest.

Key management personnel

Total key management personnel consist of 1 person (2012: 1 person). The four (4) (2012: 3) Supervisory Board of Directors received board member fees. The remuneration of key management personnel and Supervisory Board of Directors includes the following:

	2013	2012
	USD	USD
Short-term benefits	387,167	275,343
Post employment benefits	18,287	18,287
	405,454	293,630

2.5.18 Leases

The Group entered into various operating lease agreements for its space and facilities. The lease terms are between 2 to 25 years, and the majority of lease agreements is renewable at the end of the lease period.

The future minimum lease income under these lease agreements are as follows:

	2013	2012
	USD	USD
Not later than one year	1,223,493	1,204,136
Later than one year and not later than five years	1,769,646	2,618,163
Later than five years	2,098,451	2,473,426
	5,091,590	6,295,725

The Group's total rent income in 2013 amounts to USD 1,227,037 (2012: USD 986,047).

The Group received advanced rent deposits and non-refundable deposits for the following leases:

a) The Group entered into an agreement with Sachkand N.V. and Admirals Club to allow space for carrying out their business operations in the Cruise Terminal Building (CTB) for a period of 10 years commencing in February 2001. The Group received a non-refundable deposit of USD 350,000. This deposit has been recognized in the consolidated statement of comprehensive income over the period of agreement.

b) In March 2009, the Group entered into an agreement with Product Island Value d.b.a. Captain Duty Free Club for a period of 10 years to allow space for carrying out their business operations in the CTB. The Group received a non-refundable deposit of USD 60,000. This deposit is being recognized in the consolidated statement of comprehensive income over the period of agreement commencing in March 2009.

c) In February 2010, the Group entered into an agreement with Duty Free World N.V. for a period of 10 years to allow space for carrying out their business operations in the CTB. The Group received a non-refundable deposit of USD 20,000 and an advance rent of USD 87,216. This deposit was recognized in the consolidated statement of comprehensive income over the period of agreement commencing on September 2011.

d) In February 2010, the Group entered into an agreement with Chatlani Enterprises for a period of 10 years to allow space for carrying out their business operations in CHW. The Group received a non-refundable deposit of USD 250,000. This deposit was recognized in the consolidated statement of comprehensive income over the period of agreement commencing on September 2011.

e) The Group entered into a lease agreement with Caricement St. Maarten N.V. for one acre of its land (approximately 4000 m^2). The lease is for a period of 25 years commencing in February 2007. The advance rent income received in this lease agreement amounts to USD 494,845, and is presented as deferred rent in the consolidated statement of financial position.

f) On November 26, 2012, the Group entered into a lease agreement with Air-fin Holding St. Maarten N.V. for its warehouse and a parcel of land. The lease is for a period of 10 years commencing on December 1, 2012. The non-refundable deposit received in this lease agreement amounts to USD 150,000, and is presented as deferred rent in the consolidated statement of financial position.

The advance rent deposits received and non-refundable deposits amounting to USD 874,863 (2012: USD 946,486) are presented as 'deferred rent and non-refundable deposits' in the consolidated statement of financial position.

2.5.19 *Cruise revenues*

	2013	2012
	USD	USD
Head tax	11,110,580	10,637,101
Port dues and dockage fees	3,724,872	3,565,494
Harbour security fees	2,536,194	2,403,870
Turnover tax	(393,602)	(369,939)
	16,978,044	16,236,526

2.5.20 *Cargo revenues*

	2013	2012
	USD	USD
Throughput fees	6,507,986	5,521,268
Container charges	4,003,172	3,441,687
Container tax	3,576,876	3,133,966
Dockage and other fees	1,796,781	1,682,268
Turnover tax	(645,134)	(523,324)
	15,239,681	13,255,865

2.5.21 *Fueling revenues*

	2013	2012
	USD	USD
Fuel sales retail	7,895,502	5,581,797
Fuel sales brokers	-	110,118
	7,895,502	5,691,915

2.5.22 SMPA revenues

	2013	2012
	USD	USD
Pilotage	1,235,344	1,216,904
Bunkering cruise vessels	796,053	587,454
Water	329,440	283,764
Harbour fee	291,286	320,854
Mooring launch	269,563	261,979
Reefers plug in	210,784	231,435
Concession fees	200,301	183,780
Lights	68,761	61,415
Other	111,359	78,543
Turnover tax	(159,948)	(142,487)
	3,352,943	3,083,641

2.5.23 Crane revenues

	2013	2012
	USD	USD
Crane revenue	1,652,630	1,599,429
Turnover tax	(87,526)	(86,288)
	1,565,104	1,513,141

2.5.24 *Personnel expenses*

	2013	2012
	USD	USD
Salaries and wages	3,727,148	3,251,134
Outside security service	963,715	804,049
Social premiums	381,129	337,378
Pension premium	204,776	202,154
Medical expense	59,625	63,966
Continuity allowances	31,652	33,045
Children allowances	20,747	17,975
Transportation allowances	2,016	4,713
Other	248,806	204,066
	5,639,614	4,918,480

The Group has 75 and 72 employees in 2013 and 2012, respectively.

The Group has granted its personnel a pension, whereby the Group pays fixed premiums to APNA and Ennia, to which companies the pension obligation is placed.

2.5.25 *Turnover tax*

The Group is subject to turnover tax on the revenues except for head tax (Cruise) and container tax (Cargo). The turnover tax for December 2013 and 2012 has been accrued and included under trade and other payables (note 2.5.16).

2.5.26 *Profit tax*

The Holding is subject to St. Maarten profit tax at the standard rate. For the St. Maarten tax purpose, when investing in fixed assets for more than ANG 5,000 in a year, the Holding is allowed an investment premium in the year of making the investment and in the succeeding year. The rate of the investment premium is 12% of new buildings (including improvement of existing buildings) and 8% of other fixed assets.

Fiscal losses can be compensated with future profits for 10 years, carried forward from the year in which the loss was realized. For earlier years, the tax deduction, such as the investment credit and the accelerated depreciation facility, exists.

The Group has applied for a fiscal unity with retroactive effect as of January 1, 2009. This request has been granted by the tax authorities on April 25, 2013.

	Holding	Cargo	Cruise	SMPD	SMPA	Crane	SLAC	Fueling	Causeway	Finance	Operations	Consulting	Seashore	Total
	USD	USD	USD	USD	USD	USD	USD	USD	USD	USD	USD	USD	USD	USD
Income (loss) before profit tax	(389,236)	3,668,093	(464,857)	274,886	740,205	(719,866)	96,414	325,693	(58,410)	(264,006)	(58,000)	7,307	(252,034)	2,906,190
Add: non-deductible expenses														
10% turnover taxes	-	6,451	39,360	2,387	15,995	8,753	-	-	-	-	-	-	-	72,946
20% representation expenses	27,019	3,431	5,030	-	1,596	583	-	-	-	-	-	-	-	37,659
Less: non-taxable revenue														
head tax	-	-	(11,110,579)	-	-	-	-	-	-	-	-	-	-	(11,110,579)
container tax	-	(4,003,172)	-	-	-	-	-	-	-	-	-	-	-	(4,003,172)
	(362,217)	(325,197)	(11,531,046)	277,273	757,796	(710,530)	96,414	325,693	(58,410)	(264,006)	(58,000)	7,307	(252,034)	(12,096,956)
Less: investment allowance														
Investments in 2012	(15,920)	-	(127,190)	-	(8,361)	(11,723)	(6,219)	(710)	-	-	-	-	-	(170,123)
Investments in 2013	(37,037)	(5,037)	(135,398)	(2,575)	(104,313)	(7,777)	(28,450)	(1,203)	-	-	-	-	-	(321,790)
Fiscal profit (loss)	(415,174)	(330,234)	(11,793,634)	274,698	645,122	(730,030)	61,745	323,780	(58,410)	(264,006)	(58,000)	7,307	(252,034)	(12,588,869)
Rate	34.50%	34.50%	34.50%	34.50%	34.50%	34.50%	34.50%	34.50%	34.50%	34.50%	34.50%	34.50%	34.50%	34.50%
Tax due	(143,235)	(113,931)	(4,068,804)	94,771	222,567	(251,860)	21,302	111,704	(20,151)	(91,082)	(20,010)	2,521	(86,952)	(4,343,160)
Unallocated tax benefit to fiscal unity	129,710	103,172	3,684,607	-	-	228,078	-	-	18,249	82,482	18,121	-	78,741	4,343,160
Profit tax expense (income)	(13,525)	(10,759)	(384,197)	94,771	222,567	(23,782)	21,302	111,704	(1,902)	(8,600)	(1,889)	2,521	(8,211)	-

Calculations for taxable profit (including the allocation between the fiscal unity companies) have been prepared based on Management's assumption that container taxes (in Cargo) and head taxes (in Cruise) are not taxable for profit tax. No material adjustments would arise in the consolidated financial statements if container and head taxes would be included. Management is awaiting formal approval from the authorities regarding this position.

The unallocated tax benefit to fiscal unity companies will be carried forward as compensable loss which can be utilized in the future years. The total fiscal unity losses available for compensation amounts to USD 54,812,478 (2012: USD 42,223,609).

2.5.27 Contingent liabilities and commitments

Profit tax audit

In 2006, a tax audit took place at SMPD. At this moment official objections are filed and the Holding is confident that no corrections will be made however, the outcome is uncertain.

Fiscal matters

Management is awaiting formal approval from the tax authorities about their position taken regarding container and head taxes which influences the allocation of fiscal unity losses available for compensation between the group companies.

Concession fee

The Group has entered into a long-term concession agreement with the Government of St. Maarten as per July 18, 2007 for a period of 30 years. The concession fees for the first 10 years are set at a yearly amount of USD 2,921,348 (ANG 5,200,000).

Construction of Causeway

a) A claim is expected to be filed against the Group for a loss of income due to the construction of the Simpson Bay Causeway. Management is assessing their potential liability and legal position.

b) In the execution of the Causeway project, an exemption of turnover tax was requested and assumed to be in place, based on the exemption granted to similar project. Accordingly, Causeway was confident that it would receive the exemption and the contract sum /basis was without turnover tax. Since 2011 on various occasions the relevant authorities have been requested to take a decision on this matter; however it was not until early 2013 that the request was denied. Management has requested the Minister of Finance to reconsider and have motivated again their reasons for the exemption and this is still being reconsidered. While the total exposure is not exactly known, Management estimates this exposure to be between USD 1.5 million and USD 2.5 million depending on various assumptions made. As of date, the Group is awaiting a final decision from the Minister of Finance for the turnover tax exemption.

2.5.28 *Comparative figures*

The Group adjusted certain accounts in 2012 financial statements to conform with the current year's presentation. Management believes that adjustments are necessary to present comparative figures and to conform with the proper classification.

2.5.29 *Subsequent event*

A claim is (expected to be) filed by Zebec Development N.V. ("Zebec") against Cruise (and possibly other companies of the Group) based on alleged default by Cruise of the Development Agreement from 2012, and related agreements. Pursuant to these agreements Cruise transferred in sub-long lease a parcel of land at the Port to Zebec, for development by Zebec of the "(Dutch) Harbour Village", consisting of up to 1000m2 retail space, F&B and ancillary facilities. Construction has to date not commenced, for reasons in dispute between parties. Zebec in its letter in July 2014 indicated that it will request the court of Sint Maarten to annul such agreements. In connection therewith, it is expected that Zebec will also request a substantial damages from Cruise. Cruise, however takes the position, as explained in its letter of June 2014 to Zebec, that the Development Agreement allows SMH Cruise to claim transfer to it of the sub-long lease of the parcel of land transferred to Zebec, while, in full and final settlement of any and all claims of Zebec, repaying to Zebec the amounts received by SMH Cruise under the sub-long lease, increased by 6% interest per annum. At this stage no indication can be given of the likeliness of the claim of Zebec succeeding beyond the aforementioned repayment obligation of SMH Cruise.

Bienvenido(a) Felipe Alvarez

Principal
Diario
Propiedad
Propiedad Horizontal
Bien Mueble
Mercantil

Mercantil
Soc. Anónimas
Directa por Ficha
Por Ficha
Por Tomo y Asiento
Alfabéticamente
Cambios por Ficha
Por Poderes
Soc. Cambio Nombre
Por 1ra. Tasa Única

No. de Ficha:	483822	No. Documento:	765624

Nombre de la Sociedad:
OCTAVIO HOLDINGS INC.

Tomo: 0 **Folio:** 0 **Asiento:** 0
Fecha de Registro: 20-04-2005 **Status:** VIGENTE
No. de Escritura: 2761 **Fecha de Escritura:** 15-04-2005

Notaria: 45 NOTARIA DUODECIMA DEL CIRCUITO

Provincia Notaria: PANAMA
Duración: PERPETUA **Domicilio:** PANAMA
Status de la Prenda: (DEF-DEFINITIVA, PRE-PRELIMINAR)

Datos de 1a. Tasa Única

Boleta: 595854 **Fecha de Pago:** 18-04-2005
Agente Residente: ROSAS Y ROSAS

Datos del Diario

Tomo: 2005 **Asiento:** 56703

Datos de Microfilmación

Rollo: 0 **Imagen:** 0

Moneda: DOLARES AMERICANOS.
Monto de Capital: 10,000.00
Capital
EL CAPITAL SOCIAL AUTORIZADO ES DE DIEZ MIL DOLARES AMERICANOS DIVIDIDO

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Rollo: 0 **Imagen:** 0

Moneda: DOLARES AMERICANOS.

Monto de Capital: 10,000.00

Capital

EL CAPITAL SOCIAL AUTORIZADO ES DE DIEZ MIL DOLARES AMERICANOS DIVIDIDO EN DIEZ MIL ACCIONES COMUNES NOMINATIVAS Y/O AL PORTADOR CON UN VALOR NOMINAL DE UN DOLAR CADA UNA.

Representante Legal

EL PRESIDENTE EN SU AUSENCIA EL VICEPRESIDENTE O CUALQUIER PERSONA QUE DESIGNE LA JUNTA DIRECTIVA.

Título del Dignatario	Nombre del Dignatario
SECRETARIO	PETRUS PAULUS QUIRINUS-MARIE SOONS

Bienvenido(a) Felipe Alvarez

Principal
Diario
Propiedad
Propiedad Horizontal
Bien Mueble
Mercantil

Título del Dignatario	Nombre del Dignatario
SECRETARIO	PETRUS PAULUS QUIRINUS-MARIE SOONS
PRESIDENTE	PETRUS PAULUS QUIRINUS-MARIE SOONS
VICE-PRESIDENTE	ELISEO DE LEON
TESORERO	JAIME GARCIA

Nombre de los Directores
PETRUS PAULUS QUIRINUS-MARIE SOONS
ELISEO DE LEON
JAIME GARCIA

Bienvenido(a) Felipe Alvarez

Nombre de los Directores

PETRUS PAULUS QUIRINUS-MARIE SOONS
ELISEO DE LEON
JAIME GARCIA

Nombre de los Suscriptores

MARISOL LANDAU
SANDRA VASQUEZ