GAIA Inc. BARBADOS 'rising higher'

Rising Higher

The journey continues...

Annual Report 2017

www.barbadosairport.com

Annual Report 2017


GRANTLEY ADAMS INTERNATION

Contents

Our Vision

To make Grantley Adams International Airport
the best airport of its size anywhere in the world.

Our Mission

To be a world-class provider and facilitator of
air transport and related aviation services.

Our Commitment

- To Ensure shareholder's confidence
- Maintain a sustainable growth rate of return on investment
- Exceed the service expectation of all current and potential users of GAIA facilities
- Establish and maintain a reputation as an ethical and responsible corporate citizen
- Meet all our statutory and international obligations
- Provide an enabling environment for achieving excellence and growth for all employees, and
- Maintain a safe and environmentally-friendly facility

Our Corporate Motto

"Rising Higher"

Board of Directors

Mr. Adrian King
Chairman

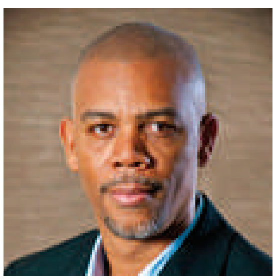
Dr. Richard Ishmael
Deputy Chairman

Mr. Charles Smith

Mr. Paul Bernstein

Mr. Irvine Best

Mr. Norman Barrow



Mr. Stanton Millington

Mr. Desmond Sabir

Mrs. Kay Robertson

Mrs. Erica Luke

Ms. Octavia Forde

Mr. Michael Holder

Mr. William Griffith

Mrs. Donna Cadogan

Executive Management

Mr. David Barrow
Chief Executive Officer

Mr. Neville Boxill
Deputy Chief Executive Officer
(Joined in February 2017)

Mr. Joseph Johnson
Chief Operating Officer

Ms. Karen Walkes
Director of Engineering

Ms. Sondra Willett-Elcock
Director of Human Resources
(Joined in April 2016)

Mrs. Flo Jean-Marie
Director of Finance

Mr. Rovel Morris
Commercial Director

CEO's Report

During the course of the 2017 financial year, GAIA Inc. continued to make great strides achieving increased profitability and taking a number of steps to ensure that the Grantley Adams International Airport was able to continue to meet the demands of our growing tourism sector.

The company began a formal process towards seeking concessionary financing for a terminal expansion project which would include the installation of five jet bridges, a doubling of the available space of the Departures Lounge, a significant expansion in commercial space and the complete enclosure of the Arrivals Courtyard. The proposed project also envisaged the relocation of the Air Traffic Control (ATC) tower to the southside of the runway with the construction of a new modern ATC complex. Lastly, the project envisaged the complete resurfacing of the runway and all taxiways as well as the creation of a southern ramp area intended to permit GAIA Inc. to expand its business opportunities into the area of FBOs and MROs in the future as well as provide greater space for the parking of private jets.

GAIA Inc. also made significant strides with regards to advances in technology as the company continued to lead the Automated Passport Control (APC) project which would permit the automated processing of travelers to the island, increasing the capacity of the Immigration Department and reducing congestion in the Immigration Hall without the need for additional Immigration Officers or a physical expansion in space. GAIA Inc. was pleased to continue to partner with the Immigration Department and the Joint Regional Communications Centre in order to roll out this project.

The company also commissioned a design study for the expansion of the Regional Lounge in order to address congestion in this area. Expansion of the Regional Lounge is intended to ensure that regional passengers, who utilized Barbados as a hub for international travel were accommodated to the same standard as those whose journeys originated in Barbados.

The company also continued to invest in its staff through mission appropriate training of staff members wherever possible. This training was pursued in furtherance of our belief that the staff of the organization play a critical role in meeting our corporate objectives. We can be justifiably proud to have achieved all of this while improving the company's financial position.

GAIA Inc. was however beset by industrial unrest during the course of the financial year. While this unrest did impact operations, it was not prolonged, and we are pleased to report that a Wages and Salary agreement was eventually reached which saw the staff receive a total salary increase of 7% for the 3-year negotiating period of 2015, 2016 and 2017.

This fiscal year, therefore, was one in which the company positioned the airport for the future in support of the expected continued growth in tourism arrivals for the foreseeable future and in fulfillment of our company motto "Rising Higher". Looking to the future it will be important for GAIA Inc. to continue to work with its various partners and stakeholders in the private and public sectors in order to continue to achieve its continued expansion.

Appreciation is expressed to the management and staff, our several aviation and tourism partners as well as the Ministry of Tourism & International Transport, for their continued commitment and support.

Neville R. C. Boxill
Deputy Chief Executive Officer

Operating Activity

For the financial year ending March 31, 2017, fourteen (14) scheduled passenger airlines, two scheduled all-cargo airlines and a number of non-scheduled (charter) airlines, operated into the Grantley Adams International Airport. Among the scheduled airlines there were the additions of FlyAllways (a Surinamese carrier) which commenced operations from August 2016 and Air Antilles from February 2017. GOL Airlines, out of Brazil, terminated operations in August 2016, and FlyAllways in December 2016.

The scheduled passenger airlines were: American Airlines (Miami, Charlotte); JetBlue Airways (JFK New York, Fort Lauderdale, Boston, Newark); Delta (Atlanta, New York); British Airways (Gatwick); Virgin Atlantic (Gatwick, Manchester); Air Canada (Toronto, Montreal) WestJet (Toronto); Condor (Frankfurt, Munich); GOL (Sao Paulo); Avianca (Bogotá); FlyAllways (Georgetown, Paramaribo); Caribbean Airlines (Port of Spain); LIAT (All Caribbean points and Georgetown) and Air Antilles (Fort-de-France and Pointe-à-Pitre).

There were a number of non-scheduled (charter) passenger airlines, the larger of which were Air Berlin (Düsseldorf), Eurowings (Cologne) and Condor (Frankfurt, Munich) all out of Germany, and Thomas Cook Airlines (Gatwick, Manchester) and Thomson Airways (Gatwick, Manchester, Birmingham) out of the United Kingdom. Condor operated both scheduled and non-scheduled services. Regionally, Grenadines Airways, St. Vincent and Grenadines (SVG) Air and Mustique Airways continued to be the main commuter non-scheduled operators and there was also a significant number of International General Aviation (IGA) or private aircraft operators, including locally based ones.

GAIA welcomed a number of new airline operations during the year. There were the Surinamese airline FlyAllways N.V, with scheduled twice weekly services on the Suriname/Guyana route from August 2016, and Air Antilles introduced three times weekly services between Barbados and Fort-de-France, Martinique from February 2017.

There were new and additional services from JetBlue Airways which operated a daily Fort Lauderdale (FLL) service from April 2016; a weekly year-round Boston (BOS) service on Saturdays upgrading from just a winter schedule; a weekly Sunday service on the Boston route during the winter; and a weekly Newark (EWR) service on Saturdays between November 2016 and January 2017. Condor Airlines introduced a new flight from Munich (MUC) Germany on Saturdays from November 2016 scheduled to finish in April 2017.

Due to the passage of Tropical Storm Matthew in September 2016, the Airport was closed for just under thirty-six hours, resulting in the cancellation of a number of flights.

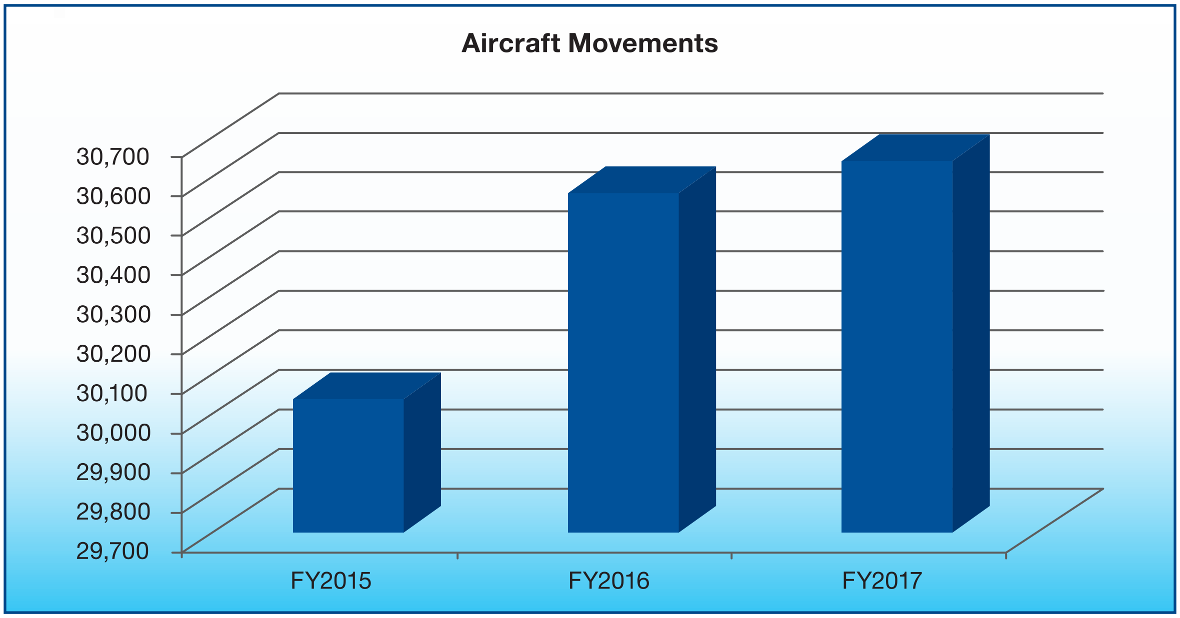
Overall, passenger traffic totaled 2,107,498 during the year, an increase of 99,328 passengers or 4.9% over the 2015/2016 period. Embarked (Departing), Disembarked (Arriving) and Transfer passengers increased by 54,538 (6.1%), 64,405 (6.6%) and 11,425 (17.1%) respectively, whilst Transit passengers decreased by 31,040 (-43.9%).

Total Passengers FY2017

Month	Embarked	Dis-embarked	Transit	Transfers	Total	Chg. 16/17	% Chg. 16/17
April	69,378	70,754	3,692	5,545	**149,369**	-8,387	-5.3
May	64,903	66,642	3,800	5,180	**140,525**	8,850	6.7
June	61,316	66,612	2,487	5,912	**136,327**	11,084	8.8
July	70,703	85,955	3,310	8,558	**168,526**	5,980	3.7
August	78,262	76,124	3,424	7,516	**165,326**	-602	-0.4
September	54,331	60,886	2,544	5,795	**123,556**	11,300	10.1
October	58,053	67,841	2,267	6,546	**134,707**	15,163	12.7
November	82,252	101,250	2,719	6,047	**192,268**	13,558	7.6
December	106,681	113,175	3,779	7,005	**230,640**	21,093	10.1
January	108,533	113,977	3,625	7,232	**233,367**	1,067	0.5
February	97,981	105,002	3,779	5,674	**212,436**	4,470	2.1
March	103,222	105,816	4,169	7,244	**220,451**	15,752	7.7
TOTAL	**955,615**	**1,034,034**	**39,595**	**78,254**	**2,107,498**	**99,328**	**4.9**

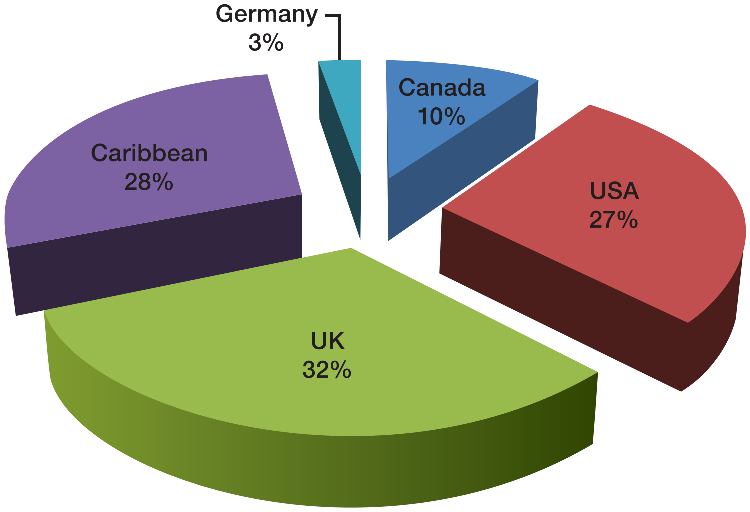
Aircraft Movements

GAIA recorded a total of 30,628 aircraft movements for the year, an increase of +0.4% over last year or an additional 108 movements. The four highest months were December to March with 3,060; 3,072; 2,812 and 3,030 respectively. A few airlines would have increased seating capacity on many of their services through either reconfiguration of seating arrangements or use of larger aircraft.



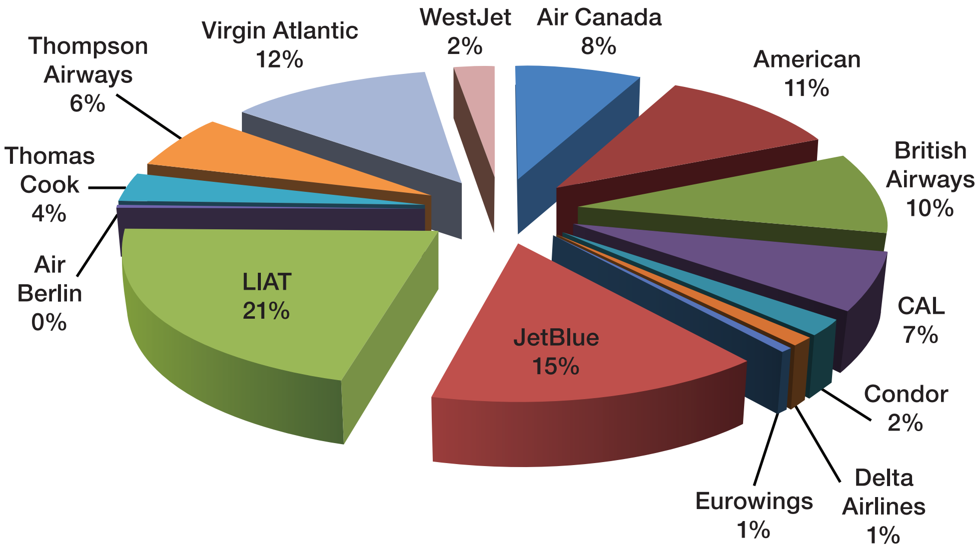
Market Share

In terms of market share, during the year the USA markets grew with the JetBlue Airways' continued growth helping to boost that market. Both Caribbean Airlines (CAL) and LIAT enabled maintenance of very strong growth in the region, whilst the Canadian market maintained its 10% share and the United Kingdom market decreased in overall percentage terms due to the increased volumes from the Caribbean and USA.



Airlines' Market Share

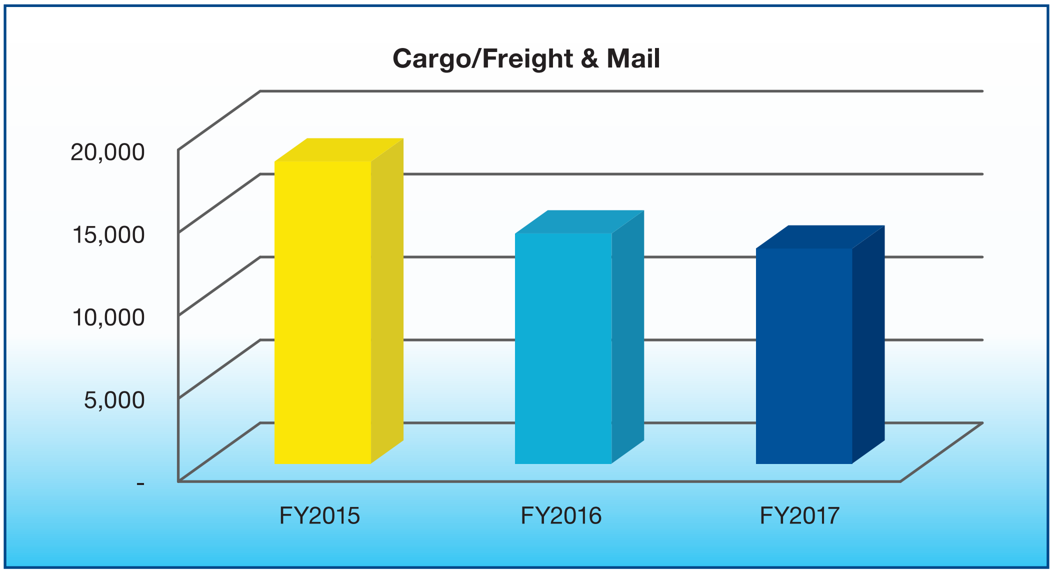
In terms of Airlines' market share, LIAT transported the majority of traffic, followed by JetBlue, Virgin Atlantic, American Airlines, British Airways, and Air Canada in that order.



Cargo/Freight & Mail

Cargo has primarily been moving in six (6) all-cargo airlines transporting either bulk cargo or providing courier services. Some of these cargo airlines operate scheduled services, namely Amerijet (Miami) and Caribbean Airlines (Miami), whilst others operate charter (non-scheduled services) - Tampa (South America), Ameriflight (Puerto Rico) and DHL (Trinidad and Venezuela). A significant portion of cargo into the UK is also being carried in the belly of the larger aircraft used by Virgin Atlantic and British Airways, with other carriers such as American Airlines, Air Canada, LIAT, and Caribbean Airlines transporting a lesser amount to and from their destinations.

The Airport handled a total of 13,023 tonnes of cargo and mail, a decrease of 815 tonnes or 6% as compared to the 2015/2016 period. Total cargo loaded was 4,060 tonnes and 7,991 tonnes were unloaded, a decrease of -10.8% and -3.8% respectively. Mail loaded of 406 tonnes and unloaded of 564 tonnes were -10.5% and -6.7% respectively below the 2015/2016 year.



Security

During the year the GAIA Inc. worked closely with the Barbados Civil Aviation Department as well as the various security agencies to ensure compliance with the required standards as they pertained to international civil aviation, and in particular airport operations.

Again this year, as is the norm, GAIA was the subject of a number of security audits by the Transportation Security Administration (TSA) of the USA, which in the main consisted of the inspection and audit of the airport and various security programmes and plans, as well as air carrier inspections of carriers flying to and from the USA. There were also various other security audits and inspections mainly by non-USA carriers. The objectives of these audits were to re-emphasize the seriousness of threats against civil aviation and the necessity of effective and sustained security measures for the detection and prevention of acts of unlawful interference. These audits were used to strengthen procedures where necessary and improve efficiencies, and also sought to assess the security control measures implemented at the Airport to determine the overall effectiveness of the National Civil Aviation Security System.

Security (continued)

Full co-operation was given to the Audit teams, as well as the Security Inspectors of the local Barbados Civil Aviation Department, as they conducted inspection of every area of the airport and of the air carriers. The inspection of the airport facilities comprised audit of the security screening of passengers, their hold and checked luggage, the security screening scanners and systems, other aviation security elements, inclusive of cargo bonds, training systems and records, access control, as well as perimeter screening.

During the period July 11 to 15, 2016 the TSA hosted a National Air Cargo Security Workshop in Barbados designed to provide guidance to personnel responsible for the development, implementation and supervision of aviation security measures for air cargo, and to provide a better understanding of the role and responsibilities of the entities in charge of securing air cargo against acts of unlawful interference.

Thanks are expressed to the US Embassy, which with the assistance of the TSA, procured Explosives and Narcotics Detection Screening Equipment systems for the Grantley Adams International Airport, and provided basic operational training in February 2017 to the users and security maintenance personnel at the Grantley Adams International Airport.

Service Quality

In collaboration with the Human Resources Department, focus is continuously being given to improving the passenger experience at the airport. To this end, GAIA Inc., as a member of the Airports Council International (ACI) Airport Service Quality (ASQ) programme, has the facility where service standards at the airport would be evaluated by industry experts and the Airport's achievements recognized within the international airport community.

The Overall Satisfaction at the Grantley Adams International Airport for the year 2016 as measured through the ACI passenger satisfaction survey and seen in the Airport Service Quality (ASQ) scores, was 3.96 out of a possible score of 5.0. For the first quarter of 2017, this score improved marginally to 4.05. This was achieved during a period of increasing passenger numbers using GAIA and significant peaks mostly on weekends. Though not seeking to single out any particular agency, we wish to however thank the Airport Custodial Services Section which has consistently performed admirably in ensuring that the airport is kept clean to the general satisfaction of passengers and other airport users.

Engineering Projects

Multilateration/ADS-B Aircraft Surveillance System

Progress continued on the installation of the new $4.7 million Multilateration/ADS-B aircraft surveillance system and replacement surveillance display system, which is the next generation Air Traffic System for the control of aircraft. Multilateration is an initial step towards an Automated Dependant Surveillance-Broadcast (ADS-B) system and would replace the present Radar System at the Grantley Adams International Airport. This newer surveillance technology has also been recommended for this region by the International Civil Aviation Organisation (ICAO).

Agreements were reached with the Integrated Costal Surveillance Services and the Royal Barbados Police Force for co-location of our equipment at their antenna masts at six locations around the island. Equipment shelters were constructed and equipment installed at the various points.

Terminal Works

The air-conditioning chiller replacement programme at Terminal I continued with the replacement of two of the four chillers. Replacement CCTV cameras were acquired for the Airport's surveillance system and upgrading of the system commenced.

Innovative methods have been employed to accommodate both aircraft and passengers given the increase in flights and passengers during the year. More international flights have been parked in the vicinity of the Regional Passenger Lounge (Gate 9) given the temporary increased seating in that lounge, and some work was done on the temporary expansion of the Departure Seating Area, which is mainly used to hold air-to-sea passengers just prior to boarding, to ensure a faster and smoother boarding process with a view to decreasing pressure on the main seating area in the Departure Lounge.

A contract was awarded for the design of the expansion to the Regional Passenger Lounge as the need to expand that facility was identified. Concept drawings have been prepared and the project would see the design and ultimate construction of a modern, efficient, user-friendly Departure Lounge area for regional and international passengers, with an ambiance that is consistent with the vernacular of the main Terminal Building.

Passenger Check-In Kiosks

Eight passenger Common Use Self-Service (CUSS) check-in kiosks were installed to assist passengers in enjoying a speedier check-in process. Check-in kiosks are a feature now in most international airports and those installed at the GAIA are not proprietary to any one airline but facilitate check-in from multiple airlines. The kiosks also have the facility to undertake luggage tag printing for those airlines that allow such process.

Boarding Pass Access Verification Scanners

During the last quarter of 2016 GAIA Inc. installed Boarding Pass (Access Verification) Scanners (Veripax) at the security check desks at the entrance to the Departure Lounge to expedite the process of passengers entering the Lounge. The equipment has the facility to verify passengers' accessibility to the Restricted Area and passengers can use either a printed boarding pass or their mobile devices to access the Lounge.

Accommodation

Various improvements were made to the existing facilities at the Air Traffic Service Building including, beside others, the installation of an Integrated Fire Alarm System.

Construction was completed on the GAIA Inc. electrical and mechanical engineering (M&E) teams' building and three new Security Guard Huts were constructed - on the South-side, at Gate #2 and at the Engineering Compound.

Occupancy was completed in the 24,180 square foot Civil Aviation Department (CAD) New Office Building at Charnocks, when the Barbados Meteorological Services relocated its Operations Office to the new building in early July 2016. The building now fully houses the offices of the Barbados Civil Aviation Department (BCAD), the Meteorological Services, and the Air Transport Licensing Authority (ATLA).

With the relocation of the Meteorological Office to the new CAD Building and the Mechanical Staff to the new M&E Building, demolition works commenced for the refurbishment of the East Module at Terminal 1 as new accommodations for GAIA Inc.'s Security Officers.

Development Works

Automated Passport Control Kiosks

Automated Passport Control (APC) kiosks were installed at Immigration to assist in expediting the Immigration processing. The kiosks are however not yet made available for use as database links are still being developed. When the programme is eventually launched and operational there will be sixteen kiosks, and residents and CARICOM nationals will be the initial users. The kiosks will be in addition to the Immigration Desks presently provided.

Airfield

The new cross taxiway “Hotel 2” and aircraft hangar apron in the northwestern airfield were completed and handed over for use to the tenant. Other airfield works continued throughout the year, mainly with regard to maintenance of taxiways, airfield signage and upgrading of airfield lighting.

Pavement Works

Consultancy Services were engaged for Engineering Design and Supervisory Services associated with Pavement Construction and Rehabilitation, with regard to construction and rehabilitation of the pavements at the airport. Pavement works include the runway, taxiways, parking aprons and other associated roads and pavement areas at the airport. This project, currently estimated at BDS$80 million, will include the resurfacing of the runway and some taxiways, construction of Category ‘F’ aircraft parking position and the development of the southern side of the runway for Fixed-Based Operations. The Consultants are required to provide a suitable design for the pavements works as well as project management/advisory services during the construction phase of the works. Preliminary designs were submitted in December 2016 and the final reports from the Consultants are under review.

Airport Expansion Project

Discussion continued during the year with regard to the construction of the next phase of GAIA’s expansion. This project would involve the expansion of the Airport Terminal Building, and includes installation of five boarding bridges, the enclosure of the Airside Arrivals Courtyard, expansion of the commercial retail area and provision of more seating area to the east of the present Terminal Building on a new mezzanine floor.

Provision of an energy-saving Photo-voltaic Project

Specifications were completed for the provision of an energy saving photo-voltaic project at the GAIA, with possible commencement of construction on the project.

Air Cargo Facility

Requirements for and development of an air cargo facility to satisfy air cargo facilitation at GAIA have been reviewed. The facility should see efficiency in cargo operations, handling and processing, to include institutional reform, improved physical infrastructure, with emphasis on enhancement and improvement of cargo handling modes, logistics, trading patterns as well as improved operation management and institutional arrangements in cargo.

Commercial Activity

During the year, focus was placed on increasing non-aeronautical revenue as a percentage of overall revenue (currently 25%) and land development formed part of the initial effort. A lease of hangar space for further development was successfully negotiated, which is projected to come into operation in the 2018 financial year. Significant progress was also made on negotiating the relocation of the SOL petrol station to a larger site, thereby increasing opportunities for revenue growth.

The commercial space is currently 89% occupied by thirty-six (36) concessionaires who offer retail and food and beverage services. New proposals are constantly evaluated and additional opportunities created where space is available. One concessionaire operating a kiosk was added during year. Apart from concessions, other revenue sources included Box Office services, the rental of space for entertainment shows as well as advertising.

Significant emphasis was given to updating existing advertising media to more current models. This led to discussions with prospective partners on the introduction of digital screens to replace scrolling light boxes and other forms of static advertising media currently in place. In addition, active consideration was given to the possibility of monetizing a WiFi system. This would not only provide a revenue stream but as a reliable WiFi system is one of the elements on which the airport is rated, it would also lead to higher levels of passenger satisfaction and higher scores in the ASQ surveys.

Human Resources

Training & Development

During the period under review employees received training from institutions such as Barbados Institute of Management and Productivity, Airport Council International, University of the West Indies and the National Productivity Council. Some of the courses comprised Human Resources Management, Safety and Health at Work and Productivity Best Practices for Managers and Supervisors. Comprehensive customer service training was also provided for our frontline staff so as to keep them on the cutting edge in their area of service to our customers.

Employees also received relevant, technical training overseas in their areas of expertise serving to further inform of best practices, new techniques and changes in the aviation industry. This exposure also provided employees with opportunities to engage in networking and forging mutually-beneficial relationships.

Employee Relations

During the period under review, the organisation strengthened its executive directorship by hiring a Deputy Chief Executive Officer and a Commercial Director. The position of Deputy Chief Executive Officer was created to provide an opportunity to understudy the position of CEO as part of the organisation's succession plan. The position of commercial director was created in order to bring greater focus and direction to the commercial operations of the airport. The executive director team was further strengthened through the filling of the vacant position of Director of Human Resources.

Industrial Relations

The industrial climate remained stable during the year and the executive team successfully negotiated a three-year settlement for GAIA Inc.'s employees with the National Union of Public Workers.

Corporate Responsibility

Annually, a summer internship programme is opened to students. This year, a total of twenty-four (24) students from the University of the West Indies, Samuel Jackman Prescod Polytechnic, Barbados Community College and Vocational Training Board undertook the programme. Apart from providing basic knowledge and understanding of the operations at the Grantley Adams International Airport, it also provided an insight of the principles and values that are required for the work environment.

Our annual calendar also includes the "Eleven-plus Initiative" for our employees' children. The move from primary to secondary school is a major milestone for children and in preparation for that transition a programme was developed to make the move easier. It comprises a series of talks, a tour of the Airport along with the presentation of a monetary gift.

Outlook for the year ahead

Talent and Human Resource Management are becoming more important factors of an organisation's effectiveness. The HR department will continue to keep up with the pace of transformation and understanding the various trends in the workforce. We will also continue to engage our employees on the way forward as we seek to create the right organisational culture which should lead to the attraction and retention of the right human capital for the organisation.

Financial Highlights

Revenue

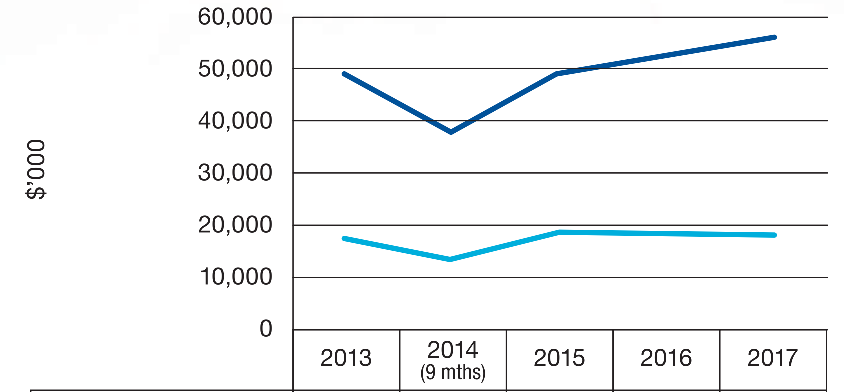
Revenue generated for the financial year ended 31 March 2017, exceeded the previous year's performance by 5.4%, growing from $70.2 million in 2016 to $74.0 million in 2017. This growth was driven substantially by the increase in revenue passenger numbers. Comparative figures are seen in Table 1 below.

Revenue comprises two main categories, namely aeronautical and non-aeronautical revenue (Table 1 & Figure 1). Aeronautical revenue consists of Passenger Charges which are the charges collected in respect of use of the passenger terminal and other passenger-processing facilities, the Direct Charges to Airlines made up of aircraft landing and parking fees based on the aircraft's Maximum Takeoff Weight, and the aircraft fuel surcharge which is levied on the volumes of fuel delivered to aircraft. No change was made to these rates during the year. Non-aeronautical revenue is comprised of Concessions and Rentals, Car Park and Other Income, which includes Space Rentals, Lease of Lands and Utilities Recovery.

Table 1: Revenue Categories

	2016	2017	Change	Change %
	$	$	$	
Aeronautical revenue				
Passenger service charges	46,111,039	49,745,482	3,634,443	7.9%
Direct charges to airlines	5,917,923	6,134,244	216,321	3.7%
	52,028,962	55,879,726	3,850,764	7.4%
Non-aeronautical revenue				
Concessions and rentals	13,531,108	13,971,064	439,956	3.3%
Car park revenue	864,896	842,631	-22,265	-2.6%
Other income	3,783,208	3,312,304	-470,904	-12.4%
	18,179,212	18,125,999	-53,213	-0.3%
Total Revenue	70,208,174	74,005,725	3,797,551	5.4%
Aeronautical revenue as % total revenue	74.1%	75.5%		
Non-aeronautical revenue as % total revenue	25.9%	24.5%		

Figure 1: Revenue Categories



	2013	2014 (9 mths)	2015	2016	2017
Aeronautical revenue	48,678	37,661	49,261	52,029	55,880
Non-aeronautical revenue	17,327	13,451	18,455	18,179	18,126

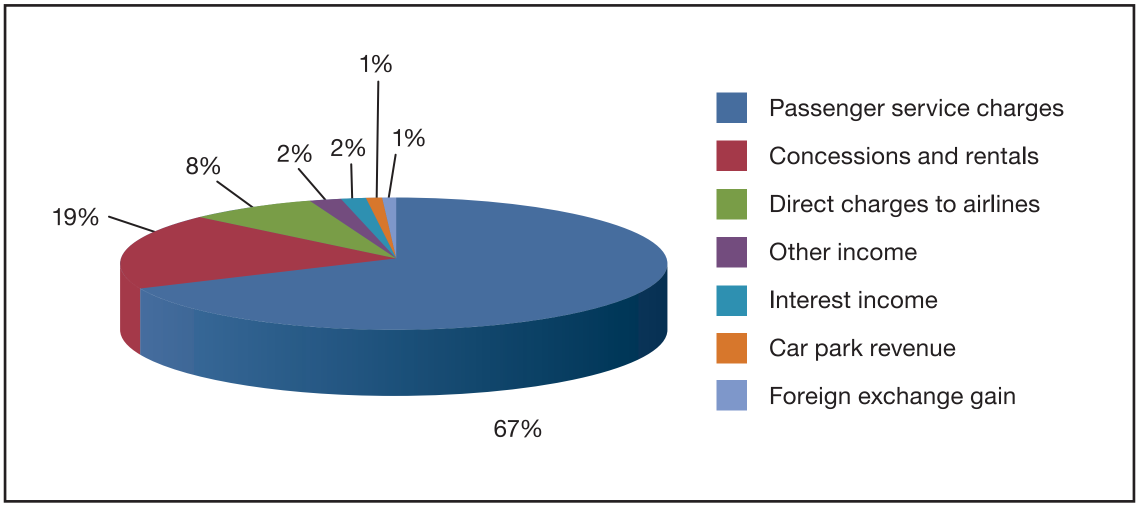
In 2017, aeronautical revenue grew by 7.4% or $3.9 million to end the year at $55.9 million. Non-aeronautical revenue earned was $18.1 million, which was 0.3% below 2016 ($18.2 million). The increased revenue earned in Concessions and Rentals of was offset by the reductions in Car Park Revenue as well as Other Income. As a percentage of total revenue, aeronautical revenue was 75.5% and non-aeronautical revenue represented 24.5%.

Table 2: Common Size Income Statement

$'000	2016	**2017**	2016	**2017**	**Variance**
Revenue					
Passenger service charges	46,111	**49,745**	65.68%	**67.2%**	2.3%
Direct charges to airlines	5,918	**6,134**	8.43%	**8.3%**	-1.7%
Concessions and rentals	13,531	**13,971**	19.27%	**18.9%**	-2.0%
Car park revenue	865	**843**	1.23%	**1.1%**	-7.6%
Other income	1,857	**1,479**	2.64%	**2.0%**	-24.4%
Interest income	1,638	**1,369**	2.33%	**1.9%**	-16.4%
Foreign exchange gain	288	**464**	0.41%	**0.63%**	52.6%
Total Revenue	**70,208**	**74,006**	**100.0%**	**100.0%**	**0.0%**
Total Expenses	**55,573**	**57,747**	**79.2%**	**78.0%**	**-1.4%**
Income before taxation	14,635	**16,259**	20.8%	**22.0%**	5.4%
Taxation	-4,223	**-6,232**	-6.0%	**-8.4%**	40.0%
Net income	**10,412**	**10,027**	**14.8%**	**13.5%**	**-8.6%**

As highlighted in Table 2, revenue from Passenger Service Charges was 67.2% of total revenue compared to 65.7% earned in 2016. Revenue generated by Concessions and Rentals was marginally below the previous year's performance at approximately 19.0% of total revenue. The other categories of revenue (excluding Foreign exchange gain) declined against 2016 when expressed as a percentage of total revenue. Total expenses before income taxes improved to end the year at 78.0% of total revenue when compared to 79.2% incurred in 2016. Revenue components as a percentage of total revenue earned during 2016/17 are depicted in Figure 2.

Figure 2: Revenue

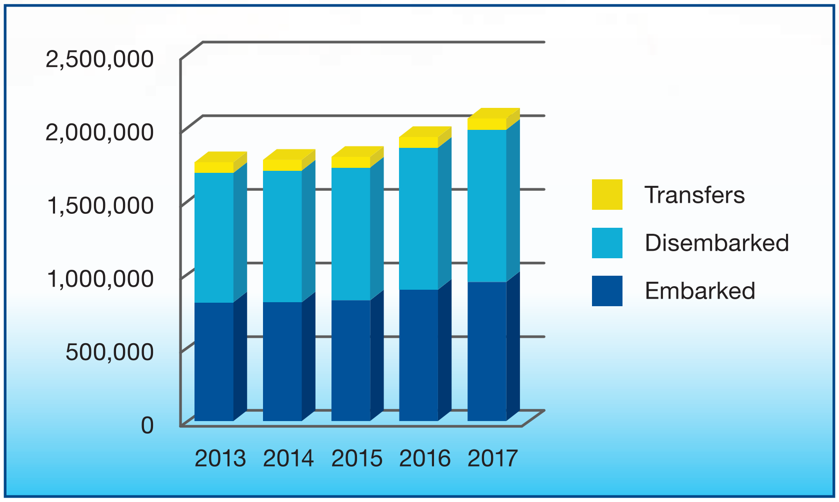


Revenue passengers for the Financial Year are seen in Table 3 (12 months April to March each year). Passenger numbers increased by 6.9% or 132,852 to 2,067,903 passengers, over the passengers recorded in 2016. The data is also depicted in Figure 3.

Table 3: Revenue Passengers (April - March)

	2013	2014	2015	2016	**2017**
Embarked	811,834	822,044	830,091	899,887	**955,615**
Disembarked	884,743	891,902	902,023	968,375	**1,034,034**
Transfers	77,671	78,246	74,792	66,789	**78,254**
Total	1,774,248	1,792,192	1,806,906	1,935,051	**2,067,903**
Change in passengers	-102,599	17,944	14,714	128,145	**132,852**
% Change	-5.5%	1.0%	0.8%	7.1%	**6.9%**

Figure 3: Revenue Passengers (April - March)



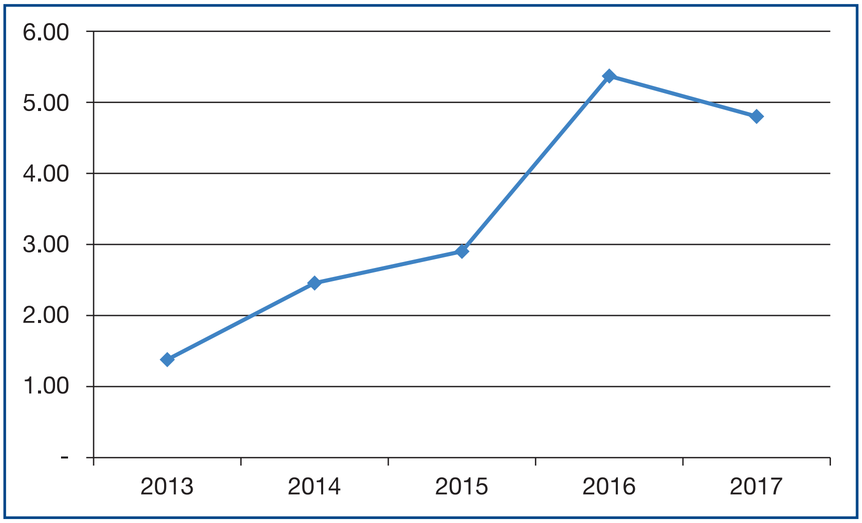
Revenue per passenger and revenue per aircraft movement over the past five years is set out below in Table 4. Aeronautical revenue per passenger remained relatively stable over the past five years at around $27 per passenger. Non-aeronautical revenue per passenger was $8.77 dipping below the $9.39 earned in 2016, which represented a 6.7% decline. Income from Concessions and Rentals showed a 3.3% increase on prior year while the other areas in non-aeronautical revenue registered declines of 4.2%. The growth in passenger numbers did not translate into passenger spending at the same level.

Table 4: Key Results Indicators

	2013	2014 9 mths	2015	2016	2017
No. of Revenue Passengers	**1,774,248**	**1,404,502**	**1,806,906**	**1,935,051**	**2,067,903**
Total operating revenue per passenger	$37.20	$36.39	$37.48	$36.28	**$35.79**
Aeronautical revenue per passenger	$27.44	$26.81	$27.26	$26.89	**$27.02**
Concessions and rentals	$6.76	$6.86	$7.29	$6.99	**$6.76**
Car park & other income	$3.01	$2.72	$2.92	$2.40	**$2.01**
Total non-aeronautical revenue per passenger	$9.77	$9.58	$10.21	$9.39	**$8.77**
Operating expenses before taxation per passenger	$34.42	$32.31	$32.56	$28.72	**$27.93**
Net income per passenger	$1.40	$2.47	$2.94	$5.38	**$4.85**
Aircraft Movements	**31,762**	**24,030**	**30,045**	**30,508**	**30,628**
Operating revenue per aircraft movement	$2,078	$2,127	$2,254	$2,301	**$2,416**
Operating expenses before taxation per aircraft movement	$1,923	$1,888	$1,958	$1,822	**$1,885**

Net income per passenger declined in 2017 by 7.4% from $5.38 to $4.85 ending a period of growth achieved over the previous four years. Net income was reduced by 3.7% being a combination of a 5.4% increase in total revenue, offset by a 3.9% increase in expenditure and a 47.6% increase in taxation.

Figure 4: Net income per passenger



Concessions and Rentals which earned $14.0 million or 18.9% of total revenue remained the major earner of non-aeronautical revenue. The comparative earnings in 2016 were $13.5 million and 19.3% of total revenue. There is 27,272 square feet of concession space of which 89% was occupied at the end of March 2017. Concessions revenue earned was $11.8 million, which represented $488 per square foot in 2017, compared with $11.2 million and $465 per square foot earned in 2016, an increase of about 5.1%.

Expenditure

Total expenses for financial year ended 31 March 2017 were $57.7 million approximately $2.2 million (3.9%) higher than expenditure incurred in 2016. Employment expenses were $19.9 million remaining the largest single expense and represented 26.8% of total revenue, compared to the previous year of $18.4 million and 26.2% of total revenue. Utility costs of $4.7 million recorded an increase of 7.7% when compared to 2016 ($4.4 million) and were approximately 6.3% of total revenue compared with 6.2% in 2016. The fuel cost adjustment continued to be lower than incurred in 2016 but this savings was offset by an increase in kWh used. The Company incurred reduced finance costs of $2.6 million during the year as a consequence of the decreasing loan balances. Security screening costs of $4.8 million were on par with the previous year and when measured as a percentage of total revenue was 6.5% compared to 6.8% in 2016. Net bad debt recoveries served to reduce expenditure by $1.1 million (2016: $1.3 million). Total expenses as a percentage of total revenue were 78.0% compared with 79.2% in 2016, a reduction of approximately 1.4%.

Income before tax increased to $16.3 million or 22.0% of total revenue, up over last year by approximately $1.6 million when at $14.6 million, it was 20.8% of total revenue. The Company's net income at the end of the year of $10.0 million was 13.5 % of total revenue (2016: $10.4 million; 14.8% of total revenue).

Statement of Financial Position

Current assets were $59.0 million up from $44.6 million as at 31 March 2016 due mainly to increases in cash resources. The current assets consisted primarily of cash, short-term deposits and accounts receivable. Short-term deposits were $16.9 million or 6.7% of total assets compared to 4.0% at March 2016. Accounts receivable declined slightly to $16.4 million, approximately 6.5% of total assets compared to $17.8 million or 7.0% in the previous year. Gross and net accounts receivable declined when compared to 2016 balance. The reduction in the net receivables resulted mainly from better management of collections, consistent recovery of debt which also resulted in a reduced provision during the year. The net bad debt recovery of $1.1 million is reflected as a reduction in expenses in the Statement of Comprehensive Income. Approximately 62% or $12.5 million of the accounts receivable related to IATA, the collection of which is low risk.

The financial year ended with total assets of $251.4 million. Capital assets net of accumulated depreciation were $177.3 million. The major asset balances include terminal buildings, runways, taxiways, motor vehicles, furniture and equipment, security equipment and common-use equipment. Capital spending was $7.0 million, the major categories being: computer equipment $1.4 million (mainly related to Automated Passport Control System); security equipment $1.2 (cameras, security fence); pavements $1.4 million; and leasehold improvements $1.5 million.

Long-term loans were $36.9 million, ending the year at 14.7% of total liabilities and shareholder's equity in comparison with $50.4 million or 20.0% in 2016. Shareholder's equity was $187.1 million or 74.4% of total liabilities and shareholder's equity, increasing from 70.0% in 2016 as a result of the increase in retained earnings due to improved net income.

Financial ratios for three years are seen here in Table 5.

Table 5: Financial Ratios

	2015	2016	2017
Profitability Ratios:			
Net income% of revenue	7.9%	14.8%	**13.5%**
Return on assets	2.0%	4.1%	**4.0%**
Return on equity	3.2%	6.1%	**5.5%**
Liquidity Ratios:			
Current ratio	1.53	2.01	**2.52**
Working capital $'M	$13.3	$22.5	**$35.6**
Solvency Ratios:			
Debt ratio	0.35	0.30	**0.26**
Debt-equity ratio	0.53	0.43	**0.34**
Coverage Ratios:			
Debt service coverage ratio	1.64	1.96	**1.93**

The Company performed commendably for financial year 2017. Whilst the liquidity performance continued to improve, the profitability ratios results all declined compared to the previous year. The debt ratios declined slightly but remained strong.

With respect to the planned capital works, the Company will continue to progress plans for the upgrade and expansion of the Regional Lounge, resurfacing of the runway, rehabilitation and expansion of pavements, taxiways and parking aprons, as well as development of plans to upgrade and expand the main terminal. Consistent management of expenditure along with the filling of the vacant concessions spaces should provide growth in revenue to facilitate servicing of any new debt obligations.

Grantley Adams International Airport Inc.

Index to Financial Statements
For the year ended 31 March 2017

(Expressed in Barbados Dollars)

EY
Building a better working world

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AUDITORS' REPORT

To the Shareholder of Grantley Adams International Airport Inc.

Opinion
We have audited the financial statements of Grantley Adams International Airport Inc. ("the Company"), which comprise the statement of financial position as of 31 March 2017, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of 31 March 2017 and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Basis for Opinion
We conducted our audit in accordance with International Standards on Auditing ("ISAs"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and the Board of Directors for the Financial Statements
The Board of Directors is responsible for overseeing the company's financial reporting process. Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and for such internal control as the management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

INDEPENDENT AUDITOR'S REPORT (CONT'D)

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

INDEPENDENT AUDITOR'S REPORT (CONT'D)

Auditor's Responsibilities for the Audit of the Financial Statements (cont'd)
We communicate with management and the Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide management and the Board of Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Other Matter
This report is made solely to the Company's shareholder, in accordance with Section 147 of the Companies Act of Barbados. Our audit work has been undertaken so that we might state to the Company's shareholder those matters we are required to state in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's shareholder, for our audit work, for this report, or for the opinion we have formed.

Ernst & Young Ltd
Chartered Accountants
Barbados
26 September 2017

Statement of Financial Position
As of 31 March 2017

	Notes	2017 $	2016 $
Assets			
Current assets			
Cash	4	16,758,239	8,321,483
Short-term deposits	5	16,941,800	10,000,000
Accounts receivable	6	16,372,631	17,806,140
Current portion of loan receivable	7	111,138	134,167
Interest receivable		444,500	746,588
Prepayments		5,218,186	4,461,016
Income tax refundable		3,202,210	3,153,524
		59,048,704	44,622,918
Loan receivable	7	-	111,138
Treasury notes	8	15,000,000	25,033,992
Property, plant and equipment	9	177,313,416	183,184,425
Total assets		251,362,120	252,952,473
Liabilities			
Current liabilities			
Accounts payable	10	7,402,777	6,613,671
Taxation payable		7,504,352	7,042,132
Current portion of long-term loans	11	8,500,000	8,500,000
		23,407,129	22,155,803
Long-term loans	11	36,938,973	50,438,973
Retentions payable	12	175,780	282,624
Deferred tax liability	13	3,720,008	2,981,986
Total liabilities		64,241,890	75,859,386
Shareholder's equity			
Share capital	14	100	100
Capital contributions	15	149,451,257	149,451,257
Retained earnings		37,668,873	27,641,730
		187,120,230	177,093,087
Total liabilities and shareholder's equity		251,362,120	252,952,473

The accompanying notes form part of these financial statements.

Approved by the Board of Directors on **26 September 2017** and signed on its behalf by:

Director *Director*

Statement of Comprehensive Income

For the year ended 31 March 2017

	Note	2017 $	2016 $
Revenue			
Passenger service charges		49,745,482	46,111,039
Concessions and rentals		13,971,064	13,531,108
Direct charges to airlines		6,134,244	5,917,923
Other income		1,479,337	1,856,635
Interest income		1,368,971	1,638,194
Car park revenue		842,631	864,896
Foreign exchange gain		463,996	288,379
		74,005,725	70,208,174
Expenses			
Employment costs		19,860,370	18,409,309
Depreciation	9	12,203,806	12,033,778
Utilities		4,686,608	4,352,466
Finance costs		2,562,334	2,801,198
Repairs and maintenance		3,906,470	3,839,276
Security screening charge		4,823,224	4,798,193
Bad debt expense (net of recoveries)		(1,062,804)	(1,314,895)
Office and general expenses		3,739,008	3,734,720
Insurance		1,744,790	2,058,975
Property tax		3,158,811	3,157,611
Professional fees		731,534	310,236
Lease maintenance expenses		1,242,128	1,242,128
Directors' fees and expenses		150,693	150,600
		57,746,972	55,573,595
Income before taxation		16,258,753	14,634,579
Taxation	13	(6,231,610)	(4,222,629)
Net income and total comprehensive income for the year		10,027,143	10,411,950

The accompanying notes form part of these financial statements.

Statement of Changes in Equity

For the year ended 31 March 2017

	Share capital $	Capital contributions $	Retained earnings $	Total $
Balance as of 31 March 2015	100	149,451,257	17,229,780	166,681,137
Total comprehensive income for the year	-	-	10,411,950	10,411,950
Balance as of 31 March 2016	100	149,451,257	27,641,730	177,093,087
Total comprehensive income for the year	-	-	10,027,143	10,027,143
Balance as of 31 March 2017	**100**	**149,451,257**	**37,668,873**	**187,120,230**

The accompanying notes form part of these financial statements.

Statement of Cash Flows

For the year ended 31 March 2017

	2017 $	2016 $
Cash flows from operating activities		
Income before taxation	16,258,753	14,634,579
Adjustments for:		
Depreciation	12,203,806	12,033,778
Finance costs	2,562,334	2,801,198
Loss on disposal of plant and equipment	678,187	254,132
Interest income	(1,368,971)	(1,638,194)
Operating profit before working capital changes	30,334,109	28,085,493
Decrease (increase) in accounts receivable	1,433,509	(1,417,852)
Increase in prepayments	(757,170)	(1,486,904)
Increase (decrease) in accounts payable	862,342	(546,046)
Cash from operating activities	31,872,790	24,634,691
Corporation tax paid	(5,031,369)	(3,647,489)
Witholding tax paid	(48,685)	(50,825)
Net cash from operating activities	26,792,736	20,936,377
Cash flows from investing activities		
Additions to plant and equipment	(7,010,985)	(4,592,380)
Interest received	1,705,051	1,574,377
Proceeds from disposal of plant and equipment	-	84,500
Redemption of treasury notes	10,000,000	-
Purchase of treasury bills	(6,941,800)	-
Decrease in loan receivable	134,167	134,167
Net cash used in investing activities	(2,113,567)	(2,799,336)
Cash flows from financing activities		
(Decrease) increase in retentions payable	(106,844)	64,980
Loan repayments	(13,500,000)	(12,211,762)
Interest paid	(2,635,569)	(2,856,179)
Restricted cash	872,211	1,213,770
Net cash used in financing activities	(15,370,202)	(13,789,191)
Net increase (decrease) in cash and cash equivalents for the year	9,308,967	4,347,850
Cash and cash equivalents - beginning of the year	7,449,272	3,101,422
Cash and cash equivalents - end of the year	16,758,239	7,449,272
Cash and cash equivalents are comprised of:		
Cash and bank balances	16,758,239	8,321,483
Cash due to MIT	-	(872,211)
	16,758,239	7,449,272

The accompanying notes form part of these financial statements.

Notes to the Financial Statements
For the year ended 31 March 2017

1. Incorporation and principal activity

Grantley Adams International Airport Inc. ("GAIA Inc." or "the Company") was incorporated in Barbados on 13 October 1998. The Government of Barbados is the sole shareholder of the Company whose registered office is located at Grantley Adams International Airport, Seawell, Christ Church.

The Company is fully responsible for the commercial operations and management of the Airport in accordance with the Grantley Adams International Airport, (Transfer of Management and Vesting of Assets) Act (Act 2003-3). As a result, all assets and liabilities of the Airport with the exception of land and buildings are vested in the Company. The land and buildings are the subject of a lease between the Company and the Government of Barbados (Note 18).

2. Significant accounting policies

These financial statements are prepared in accordance with International Financial Reporting Standards.

The most significant accounting policies are summarized below:

a] Basis of accounting and financial preparation
These financial statements are prepared under the historical cost convention.

b] Changes in accounting policies and disclosures

New and amended standards and interpretations affecting amounts reported and/or disclosures in the financial statements
The accounting policies adopted are consistent with those of the previous financial year except for the following relevant new and amended IFRS and IFRIC interpretations effective as of 1 January 2016:

- IAS 1, Disclosure Initiative - Effective for periods beginning on or after 1 January 2016
- Improvements to IFRS 2012- 2014 cycle - Effective for annual periods beginning on or after 1 January 2016
- IAS 16 and IAS 38 Clarification of Acceptable Methods of Depreciation and Amortisation - Amendments to IAS 16 and IAS 38 (Effective for annual periods beginning on or after 1 January 2016)

Adoption of these revised standards and interpretations did not have any effect on the financial performance and position of the Company.

c] Standards issued but not yet effective
The relevant standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Company's financial statements are disclosed below. The Company intends to adopt these standards when they become effective.

- Amendments to IAS 7, *Cash Flow Statements* - effective for periods beginning on or after 1 January 2017

Notes to the Financial Statements
For the year ended 31 March 2017

2. Significant accounting policies *(continued)*

c] Standards issued but not yet effective *(continued)*

- IAS 12 *Recognition of Deferred Tax Assets for Unrealised Losses-Amendments to IAS12* - effective for annual periods beginning on or after 1 January 2017
- IFRS 15 *Revenue from Contracts with Customers* - Effective for periods beginning on or after 1 January 2018
- IFRS 16 *Leases* - Effective for annual periods on or after 1 January 2019
- IFRS 9, *Financial Instruments* - Effective for periods beginning on or after 1 January 2018
- Improvements to IFRSs - 2014 - 2016 cycle (Effective for annual periods beginning on or after 1 January 2017)

d] Revenue
Interest income is recognized using the effective interest method. All other revenue is recognized when earned.

e] Taxation
The taxation charge is determined on the basis of tax effect accounting, using the liability method whereby the future tax liability resulting from temporary differences is provided for at the estimated future corporation tax rate that is expected to apply to the period when the liability is settled.

Deferred tax assets relating to the carry forward of unused tax losses are recognized to the extent that it is probable that future taxable income will be available against which the unused tax losses can be utilized.

f] Currency
These financial statements are expressed in Barbados dollars which is also the functional currency. Monetary assets and liabilities denominated in currencies other than Barbados dollars are translated at the rate of exchange ruling at the reporting date. Non-monetary assets and liabilities and transactions denominated in currencies other than Barbados dollars are translated at the rate of exchange ruling at the date of the transaction. Foreign exchange gains or losses are included in comprehensive income.

g] Held-to-maturity financial assets
Financial assets with fixed or determinable payments and fixed maturity dates are classified as held-to-maturity when the Company has the positive intention and ability to hold to maturity. Held-to-maturity financial assets which comprise Government treasury notes are subsequently measured at amortized cost less any provision for impairment. Amortized cost is calculated using the effective interest method and by taking into account any discount or premium on acquisition, over the period to maturity.

Gains and losses are recognized in comprehensive income.

Notes to the Financial Statements
For the year ended 31 March 2017

2. Significant accounting policies *(continued)*

h] Impairment of financial assets

The Company assesses at each statement of financial position date whether a financial asset or group of financial assets is impaired.

If there is objective evidence that an impairment loss on assets carried at amortized cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not been incurred) discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition). The carrying amount of the asset is reduced through use of an allowance account and the amount of the loss is recognized in income.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed, to the extent that the carrying value of the asset does not exceed its amortized cost at the reversal date. Any subsequent reversal of an impairment loss is recognized in income.

In relation to loans and receivables, a provision for impairment is made when there is objective evidence that the Company will not be able to collect all of the amounts due under the original terms of the invoice. The carrying amount of loans and receivables is reduced through use of an allowance account.

i] Property, plant and equipment

Property, plant and equipment is stated at cost less accumulated depreciation and/or accumulated impairment losses, if any. Depreciation of plant and equipment is charged using the straight-line method over the useful lives of the assets which are estimated as follows:

Common use terminal and security equipment	5 years
Computer equipment	3 years
Furniture and equipment	8-10 years
Leasehold improvements - buildings	50 years
Leasehold improvements - other	10-20 years
Motor vehicles	5-10 years
Navigation equipment	3-15 years
Runways, taxiways and pavements	15-20 years

The carrying values of plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

j] Leased assets

Leases in which the Company assumes substantially all the risks and rewards of ownership are classified as finance leases. Upon initial recognition the leased asset is carried at the present value of the future minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset. Other leases are operating leases and payments are recognized as an operating expense in the statement of comprehensive income.

Notes to the Financial Statements
For the year ended 31 March 2017

2. Significant accounting policies *(continued)*

k] Loans and borrowings
After initial recognition, interest bearing loans and borrowings are subsequently measured at amortized cost using the effective interest rate method. Gains and losses are recognized in income when the liabilities are derecognized.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate.

l] Pension costs
The Company has provided a defined contribution pension scheme for its eligible employees, providing for fixed rates of contribution based on the level of employees' remuneration. Contributions are charged to comprehensive income in the year to which they relate. The Company provides no other post-retirement benefits.

m] Cash and cash equivalents
For the purpose of presentation of the Statement of Cash Flows, cash and cash equivalents consist of cash at hand and at bank.

n] Derivatives
Derivative financial instruments used to hedge interest rate risk do not meet accounting hedge criteria and are classified as trading (See Note 17).

3. Significant accounting judgements, estimates and assumptions

The preparation of the Company's financial statements requires that management make judgments, estimates and assumptions that affect the amounts reported of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in the future.

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of the assets and liabilities within the next financial year are discussed below.

<u>Deferred tax assets</u>
Deferred tax assets are recognized for all unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilized. Significant management judgment is required to determine the amount of deferred tax assets that can be recognized, based upon the likely timing and level of future taxable profits together with future tax planning strategies.

<u>Impairment of non-financial assets</u>
The Company determines whether there are any indicators of impairment for all non-financial assets at each reporting date. Non-financial assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable.

<u>Impairment of financial assets</u>
When the fair value declines or when there is objective evidence of impairment, management makes assumptions about the declines in value to determine whether it is an impairment that should be recognized in the statement of income.

Notes to the Financial Statements
For the year ended 31 March 2017

4. Cash

Balance at bank amounting to $11,506,665 bears interest at 0.25% per annum. Included in cash is the amount of $0 (2016 - $872,211) which represents funds received from the Ministry of International Transport to be used as part of the construction of a building on their behalf. The amount is also reflected in accounts payable (See Note 10).

5. Short-term deposits

The short-term deposits are comprised of the following:

Deposits on call of $10,000,000 (2016 - $10,000,000) with interest rates of 3.75% (2016 - 3.75%) per annum. These deposits mature in May 2017 and January 2018.

Government of Barbados Treasury Bills of $6,941,800 (2016 - $0) with interest rates of 3.36% and maturing in May and June 2017.

6. Accounts receivable

	2017 $	2016 $
Trade receivables	19,927,322	22,502,083
Less: provision for doubtful accounts	(3,558,136)	(4,695,943)
	16,369,186	17,806,140
Other receivables	129,348	125,903
Less: provision for doubtful accounts	(125,903)	(125,903)
	16,372,631	17,806,140

Trade receivables are non-interest bearing and are generally on terms ranging from 30 to 90 days. Included in the trade receivables is $2,075,522 (2016 - $3,594,369) owed by related parties, for which a provision of $1,832,822 (2016 - $2,818,627) has been recorded.

Notes to the Financial Statements
For the year ended 31 March 2017

6. Accounts receivable *(continued)*

Movements in the provision for impairment of receivables were as follows:

	2017 $	2016 $
Balance at beginning of year	4,821,846	6,136,741
Write off	(75,003)	(34,763)
Charge for the year	608,273	717,720
Recoveries	(1,671,077)	(1,997,852)
Balance at end of year	3,684,039	4,821,846

At 31 March 2017, the ageing analysis of trade receivables is as follows:

			Past due but not impaired		
	Total $	Neither past due nor impaired $	31-60 days $	61-90 days $	>90 days $
2017	16,369,186	8,641,956	6,424,625	969,021	333,584
2016	17,806,140	7,662,986	2,616,768	1,228,383	6,298,003

7. Loan receivable

This represents an interest-free loan to a related party. It is secured by certain equipment and is repayable in monthly installments totaling $11,180 over the remaining life of the loan.

	2017 $	2016 $
Caribbean Aircraft Handling Co. Ltd.	111,138	245,305
Less: Current portion	(111,138)	(134,167)
Long-term portion	-	111,138

Notes to the Financial Statements
For the year ended 31 March 2017

8. Treasury notes

This balance represents the following Government of Barbados treasury notes:

$10,000,000 Treasury note which bears interest of 4.0% per annum; the maturity date is 30 April 2018.

$5,000,000 Treasury note which bears interest of 4.25% per annum; the maturity date is 30 September 2019.

Notes to the Financial Statements

For the year ended 31 March 2017

9. Property, plant and equipment

	Leasehold improvements	Runways taxiways & pavements	Furniture & equipment	Motor vehicles	Security equipment	Navigation equipment	Computer equipment	Common use equipment	Total
	$	$	$	$	$	$	$	$	$
At 31 March 2015	198,288,504	34,078,608	19,677,911	11,889,610	9,636,771	5,548,263	9,195,928	3,556,202	291,871,797
Additions	1,135,588	983,128	748,458	213,733	1,296,450	-	215,023	-	4,628,380
Disposals	(543,372)	-	-	(300,344)	-	-	(231,607)	-	(1,075,322)
At 31 March 2016	198,880,720	35,061,736	20,426,369	11,802,999	10,933,221	5,548,263	9,179,344	3,556,202	295,388,854
Additions	1,514,891	1,421,930	805,298	670,967	1,176,705	-	1,421,194	-	7,010,985
Disposals	(1,356,374)	-	-	-	-	-	-	-	(1,356,374)
At 31 March 2017	199,039,237	36,483,666	21,231,667	12,473,966	12,109,926	5,548,263	10,600,538	3,556,202	301,043,465
Accumulated depreciation									
At 31 March 2015	39,257,158	14,891,530	14,002,962	9,798,909	8,133,043	5,208,394	8,904,127	711,240	100,907,363
Depreciation	5,226,540	2,280,820	1,680,181	753,160	820,288	294,547	267,001	711,241	12,033,778
Disposals	(244,517)	-	-	(260,995)	-	-	(231,200)	-	(736,712)
At 31 March 2016	44,239,181	17,172,350	15,683,143	10,291,074	8,953,331	5,502,941	8,939,928	1,422,481	112,204,429
Depreciation	5,354,190	2,300,209	1,414,110	733,180	885,128	45,322	760,427	711,241	12,203,807
Disposals	(678,187)	-	-	-	-	-	-	-	(678,187)
At 31 March 2017	48,915,184	19,472,559	17,097,253	11,024,254	9,838,459	5,548,263	9,700,355	2,133,722	123,730,049
Net book value									
At 31 March 2017	150,124,053	17,011,107	4,134,414	1,449,712	2,271,467	-	900,183	1,422,480	177,313,416
At 31 March 2016	154,641,539	17,889,386	4,743,226	1,511,925	1,979,890	45,322	239,416	2,133,721	183,184,425

Notes to the Financial Statements

For the year ended 31 March 2017

9. Property, plant and equipment *(continued)*

Included in runways, taxiways and pavements is work in progress of $1,421,930 (2016-$983,128). This amount will be depreciated when completed.

10. Accounts payable

	2017 $	2016 $
Trade payables	5,276,283	3,602,428
Other payables	1,968,920	2,840,113
Deposits	157,574	171,130
	7,402,777	6,613,671

Included in other payables is an amount of $0 (2016 -$872,211) which represents amounts owed to the Ministry of International Transport (See Note 4).

Terms and conditions of the above financial liabilities:

- Trade payables are non-interest bearing and are normally settled on 30-60 day terms.
- Other payables are non-interest bearing and have an average term of two months.

11. Long-term loans

	2017 $	2016 $
National Insurance Board (NIB) - a related party	5,063,973	10,063,973
CIBC-FCIB	40,375,000	48,875,000
	45,438,973	58,938,973
Less: Current portion		
CIBC-FCIB	(8,500,000)	(8,500,000)
	(8,500,000)	(8,500,000)
Long-term portion	36,938,973	50,438,973

Notes to the Financial Statements

For the year ended 31 March 2017

11. Long-term loans *(continued)*

The NIB loan bears interest at the rate of 6.5% (2016 - 6.5%) per annum with interest payments due semi-annually. The loan is secured by a guarantee from the Government of Barbados and is repayable by 17 September 2019.

The FCIB loan is in the amount of US$42,500,000 and is being repaid in blended principal and interest installments. Interest is being charged at the floating rate of 3 month LIBOR plus 3.5% (3.7677%) with principal of US$1,062,500 payable in quarterly installments over a period of 10 years ending November 2020. The loan is secured by a registered first fixed and floating charge over all assets of GAIA Inc., excluding the Terminal Building and other assets owned by the Government of Barbados, and the assignment of passenger service charges and airline charges due to the GAIA Inc.

12. Retentions payable

These represent amounts due to certain contractors upon successful completion of works under the terms of the respective contracts.

13. Taxation

	2017 $	2016 $
Statement of income		
Current tax charge	5,493,588	5,030,611
Deferred tax charge (credit)	738,022	(807,982)
	6,231,610	4,222,629

Notes to the Financial Statements
For the year ended 31 March 2017

13. Taxation *(continued)*

The tax on the Company's income before taxation differs from the theoretical amount that would arise using the statutory tax rate as follows:

	2017 $	2016 $
Income before taxation	16,258,753	14,634,579
Corporation tax at 25% (2016 - 25%)	4,064,688	3,658,645
Effect of depreciation on assets not subject to wear and tear	1,249,858	1,265,987
Effect of other amounts not allowed for tax purposes	18,731	2,825
Under/ (over) provision of deferred tax	728,786	(654,003)
Withholding tax credit	-	(50,825)
Loss on assets not subject to wear and tear	169,547	-
Tax charge	6,231,610	4,222,629

	2017 $	2016 $
Deferred tax liability		
Balance - beginning of year	2,981,986	3,789,968
Deferred tax charge for the year	738,022	(807,982)
Balance - end of year	3,720,008	2,981,986

The deferred tax liability is made up as follows:

	2017 $	2016 $
Accelerated capital allowances	3,608,883	2,786,841
Accrued interest receivable	111,125	195,145
	3,720,008	2,981,986

Notes to the Financial Statements
For the year ended 31 March 2017

14. Share capital

The Company is authorized to issue an unlimited number of common shares without nominal or par value. The Company's issued share capital comprises:

	2017 $	2016 $
100 common shares	100	100

15. Capital contributions

These represent cash advances and equity contributions by the Government of Barbados to the Company, net of payments made on its behalf.

16. Related party transactions

The following transactions were carried out with related parties during the year:

	2017 $	2016 $
(a) State-controlled entities		
Revenue		
Caribbean ARI Inc.	2,339,955	2,273,302
Caribbean Aircraft Handling Company Limited	759,890	559,228
BADMC	581,473	533,853
Ministry of International Transport	75,898	422,745
Payments		
Director of National Insurance	8,724,566	3,525,808
Barbados Revenue Authority	6,085,990	4,660,468
Commissioner of Land Tax	3,157,611	3,157,611
Caribbean Aircraft Handling Company Limited	17,977	23,127

(b) Compensation
Key management comprises directors and management of the Company.

Compensation of these individuals was as follows:

	2017 $	2016 $
Salaries and other short-term employee benefits	915,729	891,176
Post-employment benefits	46,065	24,922
	961,794	916,098

Notes to the Financial Statements
For the year ended 31 March 2017

17. Financial risk management objectives and policies

The Company's principal financial liabilities are accounts payable and long-term loans. The Company has various financial assets such as cash and short-term deposits, treasury bills, treasury notes, loan receivable and accounts receivable.

The main risks arising from the Company's financial instruments are credit risk, foreign currency, liquidity risk and interest rate risk. The Board of Directors reviews and agrees policies for managing each of these which are summarized below.

Credit risk
Credit risk arises from the possibility that counterparties may default on their obligations to the Company. The amount of the Company's maximum exposure to credit risk is indicated by the carrying amount of its financial assets.

Concentration of credit risk
Concentrations of credit risk may arise from exposures to a single debtor or group of debtors having a common characteristic such that their ability to meet their obligations is expected to be affected similarly by changes in economic or other conditions.

The Company is subject to credit risk on its accounts receivable from customers primarily in Barbados and the Eastern Caribbean. The Company believes that this risk is mitigated by the ongoing performance of credit evaluations and reviews of accounts receivable.

The Company trades only with recognized, credit-worthy third parties. It is the Company's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis. The maximum exposure is the carrying amount as disclosed in Note 7. For transactions that do not occur in the country of the relevant operating unit, the Company does not offer credit terms without the approval of management.

With respect to credit risk arising from the other financial assets of the Company, which comprise cash, short-term deposits and treasury notes, the Company's exposure to credit risk arises from default of the counterparty, with a maximum exposure equal to the carrying amount of these instruments. The credit quality of each individual security is internally assessed based on the financial strength, reputation and ability of the counterparty to honour its obligations.

Foreign currency risk
Certain of the Company's transactions are denominated in United States dollars but as the Barbados dollar is fixed to the United States dollar, there is no significant currency risk exposure. Management monitors its exposure to foreign currency fluctuations and employs appropriate strategies to mitigate any potential losses.

Notes to the Financial Statements
For the year ended 31 March 2017

17. Financial risk management objectives and policies *(continued)*

Liquidity credit risk
The Company monitors its liquidity risk by considering the maturity of its financial assets and projected cash flows from operations.

Where possible, the Company utilizes surplus internal funds to a large extent to finance its operations and ongoing projects. However, the Company also utilizes available credit facilities such as overdrafts and other financing options where required.

The table below summarizes the maturity profile of the Company's financial liabilities at 31 March based on contractual undiscounted payments.

31 March 2017

	Less than 3 months $	3 months - 1 year $	2 - 5 years $	> 5 years $	Total $
Trade payables	3,905,520	1,370,763	-	-	5,276,283
Long-term loans	2,125,000	6,375,000	36,938,973	-	45,438,973

31 March 2016

	Less than 3 months $	3 months - 1 year $	2 - 5 years $	> 5 years $	Total $
Trade payables	2,495,932	1,106,496	-	-	3,602,428
Long-term loans	2,125,000	6,375,000	44,063,973	6,375,000	58,938,973

Interest rate risk
The Company is exposed to interest rate risk. Cash flow interest rate risk is the risk that future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The occurrence of an adverse change in interest rates may result in a financial loss to the Company.

The Company manages its interest rate risk by a number of measures, including where feasible, the selection of assets which best match the maturity of liabilities, fixed rate debt instruments and by the regular review of the Company's cash flow and banking requirements. The Company is also a counterparty to an interest rate cap entered into in 2011 to hedge its LIBOR-based interest rate exposure on one of its long-term loans and as a result of this; interest exposure is limited to LIBOR plus 3.5%.

Notes to the Financial Statements
For the year ended 31 March 2017

17. Financial risk management objectives and policies *(continued)*

Interest rate risk *(continued)*
The following table demonstrates the sensitivity to a reasonably possible change in interest rate, with other variables held constant of the Company's income before taxation. There is no impact on the Company's equity.

Increase/decrease in basic points	2017 Effect on profit before tax	2016 Effect on profit before tax
+-50	$213,944	$272,915

Capital management
The primary objective of the Company's capital management is to ensure that it maintains a healthy capital ratio in order to support its business and maximize shareholder value.

The Company manages its capital structure and makes adjustments to it in light of changes in economic conditions. To maintain or adjust the capital structure, the Company may adjust the dividend payment to the shareholder, return capital to the shareholder or issue new shares. No changes were made in the objectives, policies or processes during the years ended 31 March 2017 and 31 March 2016.

Fair values
The methods and assumptions used to estimate the fair value of each class of financial instruments for which it is practical to estimate a value are as follows:

Financial assets and liabilities
The carrying value of short-term financial assets and liabilities is a reasonable estimate of their fair value because of the short maturity of these instruments. Short-term financial assets comprise cash, short-term deposits, treasury bills, current portion of loan receivable and accounts receivable. Short-term financial liabilities comprise current portion of long-term loans and accounts payable.

Notes to the Financial Statements
For the year ended 31 March 2017

17. Financial risk management objectives and policies *(continued)*

Financial assets and liabilities *(continued)*
The fair value of treasury notes is deemed not significantly different from carrying value as the Company intends to hold these to maturity. The fair value of variable rate debt approximates carrying value. The fair value of fixed rate debt is determined using discounted cash flow models.

The fair value of the interest rate cap at 31 March 2017 is immaterial.

Set out below is a comparison by category of carrying values and fair values of all of the Company's financial instruments, that are carried in the financial statements.

	Carrying value		Fair value	
	2017	2016	2017	2016
	$	$	$	$
Financial assets				
Cash	16,758,239	8,321,483	16,758,239	8,321,483
Short-term deposits	16,941,800	10,000,000	17,000,000	10,000,000
Trade receivables	16,369,186	17,806,140	16,369,186	17,806,140
Treasury notes	15,000,000	25,033,992	15,000,000	25,033,992

	Carrying value		Fair value	
	2017	2016	2017	2016
	$	$	$	$
Financial liabilities				
Trade payables	5,276,283	3,602,428	5,276,283	3,602,428
Long-term loans	45,438,973	58,938,973	36,730,826	46,637,805

18. Commitments and contingencies

The Company entered into an operating lease with the Government of Barbados effective 22 January 2008 for the rental of the land and buildings from which GAIA Inc. operates. The lease is for a term of 75 years at an annual rental charge of $1,200.

At 31 March 2017, the Company has contracted for certain capital expenditure in the amount of $3,977,549 (2016 - $6,204,538).

There are claims pending against the Company and the Company is also the plaintiff in certain legal actions and other claims. It is the opinion of the directors, based on the advice of the Company's attorneys-at-law that any liability arising out of these claims and actions is not likely to be material. In relation to claims brought by the Company the outcomes at this stage are uncertain and hence there is no recognition of any contingent assets.

Notes

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