

Date: 13<sup>th</sup> July 2020



Rising like a Phoenix

## A plan for the re-organization of LIAT

**To preserve  
shareholders'  
value**

**Protect the  
airline**

**Enhance regional  
integration**

**To continue to serve  
the people of the  
Caribbean  
Community**

### **Submitted by:**

The Government of Antigua and Barbuda for consideration by  
the majority shareholder Governments of LIAT 1974 Ltd.

# 1 Introduction

- 1.1 LIAT was started in 1956 as a modest operation between Antigua and Montserrat. Its moral domicile is in Antigua, as are its nurturing and resilient 64-year life span, when it met many short-lived rivals and outlasted them, all the time providing an essential bridge between the people of Caribbean nations that gave meaning and substance to integration for business, commerce, socialization and a Caribbean identity.
- 1.2 It is true to say that LIAT's challenges, including its operating losses, derived from its continuous battles to maintain aviation stability and sustainability for the Caribbean people against opportunistic rivals, who abandoned the area when their ambitions to profit from it, failed to materialize. LIAT did not abandon the Caribbean people. LIAT did not fail the region, it transported the region's people safely for over 6 decades. It is those who undermined LIAT by encouraging transient profit-seekers in competition, that failed the airline.
- 1.3 Despite all this, LIAT served the region safely with an unrivaled record of safety. Further, it provided employment in each of the CARICOM countries in which it called and was the largest contributor to airport earnings in all of them. Indeed, were it not for the frequency of LIAT's calls and the number of its passengers that utilized their airports, the cost of maintaining the latter for international flights would have had to be increased to prohibitive levels, adversely affecting the tourism competitiveness of the countries.
- 1.4 While shareholder governments in LIAT have supported the airline through its periods of financial losses, it has also contributed to the earnings of these countries, directly (through landing fees, airport taxes, and other payments); and indirectly through the transport of people and goods for commercial purposes that added to the revenues of businesses and governments.
- 1.5 In sum, LIAT is a Caribbean institution, the pride of the Caribbean people, that predates every other CARICOM institution, except the University of the West Indies and West Indian Cricket. It has served well the Caribbean Community, shareholder governments and the

cause of regional integration, and it can continue to do so provided that it is reorganized.

- 1.6 This document details a plan by which such a reorganization can be achieved for the benefit of all stakeholders.

## 2. **BACKGROUND**

- 2.1 At a virtual meeting on June 27<sup>th</sup>, 2020, the majority shareholder governments of LIAT met to consider the recommendation of the airline's Board of Directors LIAT to liquidate LIAT 1974 Ltd. At the meeting, Antigua and Barbuda recommended that, rather than piecemeal liquidation, shareholders should consider a quick transition in the creation of LIAT 2020 Ltd within 30 days, similar to the transition that created 1974 Ltd. The latter position was supported by LIAT's Chairman, Professor Owen Arthur. However, the concept did not find favour with the shareholder governments of Barbados and St Vincent and the Grenadines which, together, constituted the majority.
- 2.2 Subsequently, a meeting of CARICOM was held on June 29<sup>th</sup>, 2020 to consider the impact of the proposed liquidation on regional travel; and the possibility of engaging other existing carriers to fill the void. Antigua and Barbuda repeated its call for the creation for a new LIAT, or alternatively, to reorganize LIAT 1974 Ltd. Again, the concepts did not find favour with the meeting and was not considered. In fact, the concept was ridiculed publicly, as one wrapped in an enigma.

Two shareholder governments indicated that they were pursuing other non-LIAT options to fill the void that would be created from the winding up and subsequent liquidation of LIAT 1974 Ltd.

- 2.3 On July 10<sup>th</sup>, 2020, Antigua and Barbuda's Prime Minister, Gaston Browne, wrote to the Prime Ministers of the majority shareholding group, requesting a meeting to discuss a reorganization of LIAT, instead of the proposed piecemeal liquidation of the company. The meeting was scheduled for Monday, June 13<sup>th</sup>, 2020, but was

subsequently deferred to an undetermined date because of the unavailability of the Prime Minister of Barbados.

- 2.4 This paper, submitted by the Government of Antigua and Barbuda, proposes a plan for the reorganization of LIAT, as a superior option to the airline's piecemeal liquidation.

### 3. **Liquidation: the argument against it**

- 3.1 On Saturday 11<sup>th</sup> July, 2020, the Parliament of Antigua and Barbuda amended the country's Companies Act to include an option for insolvent companies other than liquidation. The amendments to the Act recognize, that reorganization is a superior option to piece meal liquidation which would dispose of the company's assets for a fraction of its value, resulting in greater losses to stakeholders including creditors. For example, it is estimated that the three LIAT aircraft that are mortgaged to the Caribbean Development Bank (CDB) will realize a net value of EC\$60M, leaving shareholder governments, that guaranteed the advances from the CDB, with an unsecured amount of EC\$60M that they will have to service without any corresponding utility or value.
- 3.2 **The remaining \$100M worth of assets, which are primarily chattel assets, are unlikely to yield more than 15 cents in the dollar (\$15M), after realization costs, resulting in a loss of value of \$85M.** The Antigua Commercial Bank (ACB) has a charge over a parcel of land owned by LIAT and a floating charge over LIAT's fixed and floating assets. As a secured creditor, ACB could cover a portion of its liabilities from the sale of the parcel of land. However, the \$15M realizable value from the piecemeal liquidation would result in payments to creditors of less than 10 percent of their outstanding liabilities.

- 3.3 The above would leave all other creditors, including the employees of LIAT 1974 Ltd, in an invidious position, compared to re-organisation with a superior yield. **The proposed reorganization and recapitalization of LIAT would result in an injection of new equity that would cover at least 50 percent of the outstanding staff liabilities.**
- 3.4 The reorganizational option will also reduce the contingent liabilities resulting from the undertaking given by shareholding governments to secure creditors who were extending credit to a known insolvent company, primarily because of the backing of the shareholding governments.
- 3.5 Whereas, some shareholding governments may be under the impression that their liability would be limited to the extent of their shares, and that they would have only a moral obligation to make a 'compassionate payment' to employees resident in their state, if they so wish; the undertakings given to creditors, as documented in the financial statements, may well create a contingent liability that has legal ramifications.
- 3.6 It is noteworthy that LIAT's external auditors have inscribed in each financial statement over the years, that LIAT was trading as an insolvent company, and could only continue as a going concern with the support of the governments - an undertaking which the auditors stated, was given in writing by the major shareholder governments "to provide support to the company as and when necessary." It should be evident from the content of this paragraph (3.5) and the previous paragraph (3.4) that the major shareholder governments in LIAT 1974 Ltd have financial obligations that may be legally binding and, therefore, payable at any attempt at piecemeal liquidation.
- 3.7 The proposed piecemeal liquidation of LIAT attracts further costs which appear not to have been considered by the Board of Directors



of the airline in its Resolution of June 23<sup>rd</sup>, 2020. As examples, there is a requirement of **EC\$16.4M to cover pre-liquidation costs to include a deposit of \$5.4M to be paid to KPMG (Barbados) to commence the liquidation.** The above costs, do not include the millions of dollars that will be required to restore the leased aircraft before returning them to the suppliers.

**Instead of investing \$16.4M to liquidate LIAT, these funds, could be better utilized to assist in the restructuring of the airline and restore its viability.**

- 3.8 If shareholders pursue the piecemeal liquidation of LIAT and fail to work out a plan with creditors and employees, the liquidation will not only be disorderly, but **shareholding governments may be confronted with litigations, totaling hundreds of millions of dollars and tens of millions in legal fees.**

#### **4 Reorganization – the argument in favour of it**

- 4.1 The effects of the COVID-19 pandemic present the opportunity to shareholder governments to reorganize LIAT. Shareholding governments have sought to restructure LIAT on numerous occasions in the past, but failed to achieve this objective because of the bargaining power of uncooperative stakeholders. However, the prevailing circumstances and the new business rehabilitation provisions in the Antigua & Barbuda Companies Act, which reduces the bargaining power of uncooperative stakeholders, present an excellent opportunity to reorganize LIAT.
- 4.2 The rehabilitation provisions in the Companies Act of Antigua and Barbuda allows for the appointment of an Administrator, who will be the sole representative of the LIAT estate. All decisions involving the affairs of LIAT would be taken exclusively by the administrator and not the directors, or shareholders.
- 4.3 The main responsibility of the Administrator would be to reorganize the company, by cutting liabilities and realigning expenses to make

the company solvent and restore its viability. The administrator would also examination of routes to determine profitability and examination of load factors to determine the best fit of aircraft type. Additionally, the Administrator will realign, systems, processes, structures and culture with strategy to achieve productivity gains and competitive advantage.

- 4.4 **The administrator would petition the court with a plan to restructure the company, which would benefit LIAT by an automatic stay against its creditors, giving the Administrator sufficient time to reorganize the company and restore it to good health.**
- 4.5 The Administrator would have full powers to negotiate terms with creditors, including agreement to reduce sums payable. Creditors, including the staff of LIAT, would benefit from the Administrator's obligation to pay them a minimum of what they would get in the event of liquidation.
- 4.6 It means therefore, that orderly arrangements could be made from which LIAT 1974 Ltd, as a company, its shareholders, creditors, and staff the would all benefit from an orderly plan. Under such a reorganization, creditors stand to recover funds and shareholders will have a viable entity to provide both utility and profits.
- 4.7 In the unlikely event the reorganization fails, then the Administrator could proceed to liquidate the company.
- 4.8 The proposed reorganization is an additional pathway to restore LIAT's financial health and to ensure its survivability and preservation as a significant regional institution.

## **5 New Capital Requirements of a Reorganized LIAT**

- 5.1 **The reorganization of LIAT requires new capitalization up to EC\$108M of which the Government of Antigua and Barbuda is prepared to underwrite up to 50 percent.** The new capital invested

during reorganization will be protected, in that it will rank in priority above all other creditors in the unlikely event of liquidation.

- 5.2 It is expected the remaining \$54M will be shared by other private and public sector entities including existing shareholder governments.
- 5.3 If the existing shareholder governments are not interested in investing in the reorganized LIAT; they will be requested to surrender their shares for \$1.00, which is a superior offer to what they would get in liquidation.**

## 6 Reorganization Objectives

6.1 The objectives of the reorganization would be as follows:

- To facilitate sustainable regional connectivity. The movement of people and goods are indispensable to the efficient functioning of Caribbean integration.
- Job preservation throughout the region. LIAT, from its inception, has spent more than all other airlines in the region collectively to train engineers and pilots, and other technical staff. The reorganization of LIAT would keep these highly skilled individuals employed within the region, rather than losing them to other area of the world.
- Cutting liabilities and realigning expenses. LIAT staff could be asked to take a 50 percent haircut in outstanding emoluments and severance for an equity stake in a reorganized LIAT – a far superior option to receiving nothing at all; Governments would be required to write-off a hundred percent of their receivables, which they would lose in liquidation; and other creditors, a 50 percent reduction in monies due to them.
- Re-organisation would result in significantly reducing staff complement, resetting pay scales, and operational costs savings to include lowering fuel costs, reducing building rentals and aircraft leases and maintenance costs.



- Introduce a baggage fee and reintroduce quick pack. The introduction of a baggage fee, given the tens of thousands of passengers transported annually would result in millions of dollars of earnings. The reintroduction of LIAT's 'Quick Pack' delivery service would also produce increased income at low investment costs.
- Introduction of a minimum revenue guarantee, to be paid by all countries that LIAT serves. It should be noted that many countries in the region now provide minimum guarantees to foreign airlines that produce less revenues for governments than LIAT. The minimum revenue fee would not be cost prohibitive and would commensurate with the value of the service delivered.
- Significant generation of revenues for Governments: Governments would benefit from revenues derived from head taxes, airport fees, and the earning and retaining of foreign exchange for the region.
- To move people safely and comfortably.  
The reorganized airline would be equipped with qualified and trained expertise and reliable aircraft to continue to deliver safe and comfortable travel within the region for tourists and domestic travelers.

## 7 **Business Spin-offs**

7.1 A reorganized LIAT could also generate new businesses, among which could be:

- LIAT engineers forming an MRO to provide maintenance service to LIAT and other airlines.
- Creation of a call Centre to service LIAT passengers.
- Outsource marketing and promotion, airport handling and catering, airplane cleaning, and other services.

## 8 The financial performance of a reorganized LIAT

	2019	2018	Year 1	Year 2
	000	000	000	000
Revenue	288000	266000	144000	216000
Cost of sales	264000	249000	112000	168000
Gross Profit	24000	18000	32000	48000
Expenses				
SGA	34000	43000	15000	27000
Other	-1400	-2500	0	0
Operating Loss/Profit	-9136	-20346	17056	20174
Finance Cost	-8199	-8181	-6150	-8212
Total Net Loss/Profit	-17330	-28528	10906	11962

In 2019, a bloated, overstaffed, inefficient LIAT recorded a loss of \$14M, net of depreciation. Without any complex analysis, a modest reduction in staff costs of \$5M and the introduction of a baggage fee yielding \$9M annually would have resulted in a break even position. With deeper cuts, LIAT could have turned a net operating profit. In 2020, because of the effects of COVID-19, the loss to date has increased to EC\$35M.

However, this is an outlier event in extraordinary circumstances, experienced by almost every airline in the world, placing most of them on life support. It should not be used as a determinant to measure LIAT's future viability.

It should be noted that shareholder governments had agreed to implement the recommendations of a December 2019 restructuring plan, which called for marginal expenditure cuts and a cash injection of US\$35M. The implementation of the plan was derailed by COVID-19. This reorganizational plan with deeper cuts in expenditure and liabilities and greater viability

requires US\$40M of which Antigua & Barbuda is committed to underwriting 50 percent, to remainder to be shared by other public and private sector shareholders. This is US\$5M more than what was agreed to earlier in the year and the increase of US\$5M is less than the \$US6M required to cover pre-liquidation expenses as outlined above.

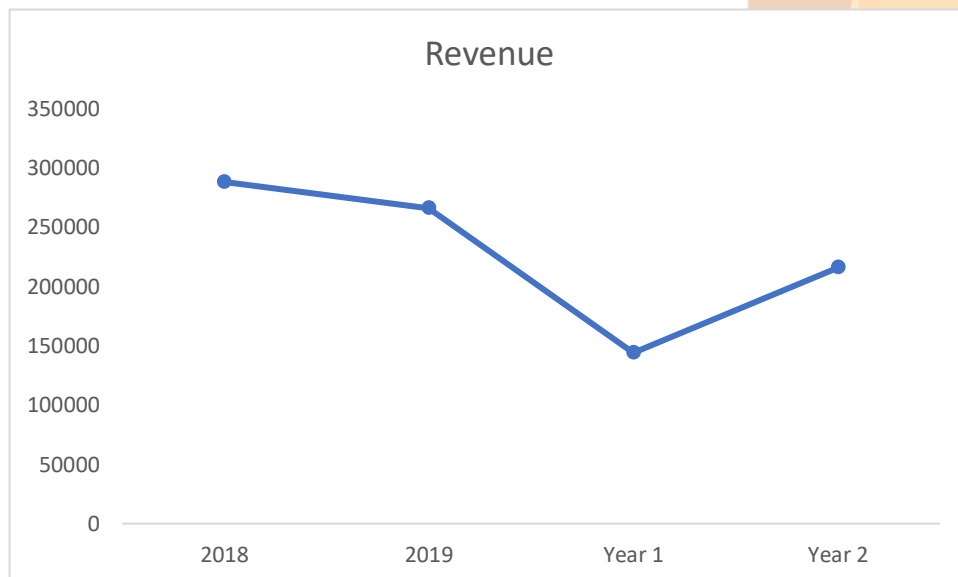
<b>Balance Sheet</b>			
	2019	2018	Year 1
	000	000	000
Total Assets	206404	216829	174503
Total Liabilities	343375	343375	191061
Deficit	-136971	-126546	-16558
Recapitalisation			108,000
<b>Net Equity</b>	<b>-136971</b>	<b>-126546</b>	<b>91442</b>

- 8.1 The proposed realignment of expenses and liability cuts detailed in this document, would transform LIAT into a profitable entity.

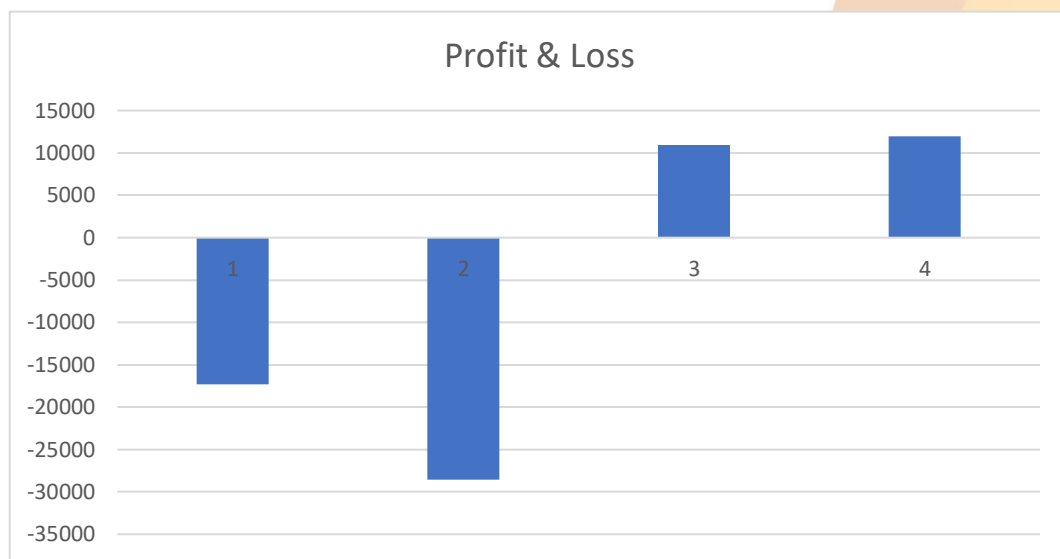
8.2 The 2020 projections, appended to this document and which forms part of it, assumes a high of 50 percent reduction in the demand to travel and a corresponding 50 percent reduction in revenue from \$288M in 2019 to \$144M in the first year of operations. In year two, revenue is anticipated to increase to 75 percent of 2019 levels, or \$216M. The projections for 2020 and 2021 assume a reduction in



expenses by 15 percent.



- 8.3 **Consequent to the reduction in expenditure by 15 percent, which will come from staff cuts, lower employee pay, more efficient procurements to include, efficient fuel purchase and reduction in office rental payments; LIAT is expected to turn a profit of 11K and 12K in the first and second years respectively. With the addition of a baggage fee yielding \$9M annually and cost savings from deeper salary cuts beyond the 15 percent projected, resulting in a cost savings of a mere \$5M; profitability will soar in excess of \$25M annually.**



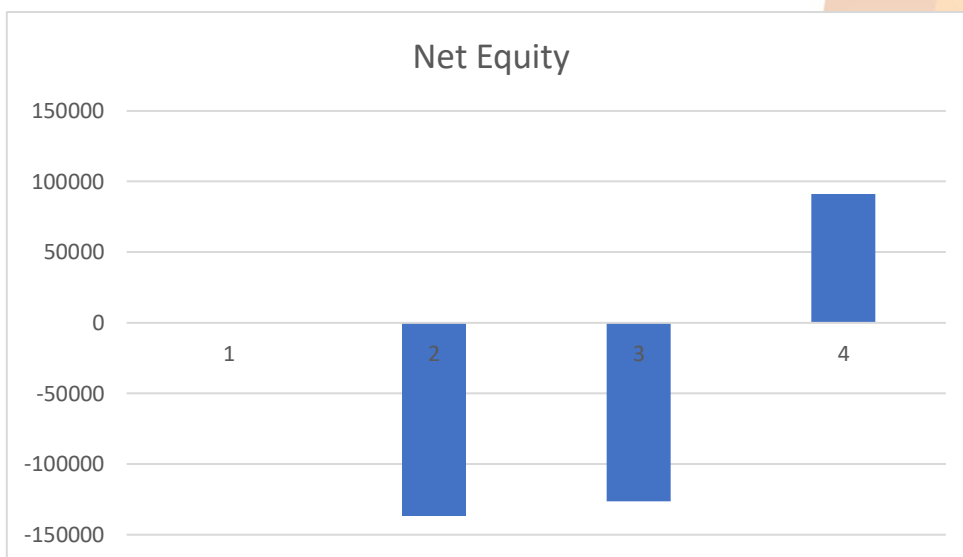
We note that Caribbean governments are willing to spend tens of millions of dollars, to subsidize foreign carriers, but expects LIAT to operate their unprofitable routes without financial support. The new LIAT would bring this inequity to an end and would only operate those routes with a supporting MRG. The attached projections in appendix 2 confirms, that LIAT could operate profitably without any subsidy, as an airline operated by professional airline managers, with exclusive commercial considerations.



- 8.4 With these adjustments and new business outlook, LIAT will not only be able to meet its payments when they become due and payable; it would also turn a profit, with dividend yield to shareholders.
- 8.5 The balance sheet will be strengthened with the injection of \$108M in new equity, of which the Antigua and Barbuda government is prepared to underwrite up to 50 percent as set out above.

**Governments will be asked to write-off all outstanding airport taxes and fees which they will lose in liquidation, and other creditors, including staff, will be asked to take a 50 percent haircut for outstanding severance and staff costs. Of the new capital of \$108M, forty-five million dollars will be utilized to repay staff costs. The balance of the outstanding short term debts would be converted to medium term debt instruments, to preserve the reorganized LIAT positive cash flow.**

- 8.6 These write-offs and the additional capitalization would see an enhancement in the equity position from a deficit of \$101M, to a net equity position of \$91M. This will return the firm to solvency, with a healthy cash flow and the capacity to pay staff and other creditors will



be greatly enhanced.

- 8.7 This option provides a win/win solution for all. It also maintains the credibility of the shareholding governments, instead of the significant reputational damage from a disorderly liquidation.

## **9 The fleet of a reorganized LIAT**

- 9.1 During the first year in reorganization, LIAT's new fleet will comprise of five aircraft - 3 ATR 42's and two ATR72's. The three ATR 42's could be maintained as part of the reduced LIAT fleet and the two ATR72's will be leased. Any increase in the fleet will be based only on passenger demand and no additional staff will be hired, except where safety and profitable services require it.
- 9.2 Thereafter, LIATs, fleet will be systematically scaled up, based on travel demand to include:
- 3 X ATR 42 -600 owned by LIAT
  - 5 X ATR 72-600 leased
  - Two 19-seaters to service the smaller islands in the North and to provide luxury private charters and medvac and cargo services.
- 9.3 The aspiration for LIAT, after it returns to good financial health, is to offer jet services out of Miami, on a wet lease of two aircraft jets, should necessary feasibility studies confirm that such services would be profitable. The jet service could also open up new markets that connects the Caribbean and Latin America to include Panama to facilitate interregional movement of people and goods.
- 9.4 A double travel and logistics hub will be operated with Antigua in the North and Barbados in the South. All routes flown will be based on profitability and unprofitable routes will only be flown if supported by an MRG.

## **10 Culture Change**

- 10.1 LIAT's work culture has not been exemplary, leading to poor service quality and reputational damage. While this culture is not practiced by every employee of the airline, it is known to be prevalent among many. Employees, who have records of high absenteeism and poor work ethics will not be rehired.

Further, work ethic, performance related pay and other programs will be introduced, in rebuilding a healthy organizational culture, based on good service quality and efficiency.

## 11 Summary and Conclusion

- 11.1 The reorganization of LIAT is essential to connect the Caribbean people by providing safe, reliable, affordable and comfortable air transportation and to support tourism feeder traffic between the islands.

The proposed lowering of airport taxes throughout the region should result in at least a 20 percent increase in intraregional travel. The latter is based on a CDB study on the effect of pricing on the demand for intraregional travel. This adjustment in fees and the corresponding medium term increase in travel demand was not factored into the projections.

- 11.2 **The reorganization will preserve the value of LIAT for the airline and its stakeholders, unlike a disorderly liquidation and the chaos and confusion that will come with the latter.** Reorganization will also maintain all its route rights including ports in the United States territories that it presently serves. Any new airline would have to secure 'economic authority' from the US Department of Transport – a long process with heavy conditionalities. Additionally, any such new airline would have to operate from an area that enjoys Category 1 status from the US Federal Aviation Administration. Neither the OECS area, nor Barbados currently enjoy Category 1 status.
- 11.3 Breaking up LIAT would undermine the aviation market in the subregion, resulting in market instability including, the ability of any of

the other competitors, to serve as a reliable feeder airline for large aircraft bringing tourists to the region.

11.4 The market structure in the region is too small, to accommodate each independent state having its own airline and airbase; thus, will result in destructive competition among small under-capitalized airlines and a significant wastage of resources and business failures. The history of airline performance in the past attest to the indisputable veracity of this observation.

11.5 The private sector in the region lacked the capital to sustain an airline of the size and quality of LIAT, much less, a new airline in each member state.

However, as far as practicable, the private sector should be encouraged to participate in the recapitalization and directorship of LIAT. Private sector ownership and participation is desirable and would bring a greater focus on commercial operations of LIAT and profitability.

11.6 In light of the more viable re-organisational option, the forced liquidation of LIAT against the wishes of some stakeholders, to facilitate parochial interests, may be construed as an act of malevolence, that could undermine Caribbean unity and the integration movement.

LIAT has been and continues to be a most important institution in connecting the Caribbean people. In this regard, Caribbean governments need to be mindful of the importance of preserving institutions, especially if there is a clear case that they can be reorganized and strengthened to safeguard the interests of the people of the region.

We respectfully urge, reconsideration of the proposed liquidation and the adoption of this reorganization plan in the interest of preserving safe and reliable air transportation and the integration movement.

Hon. Gaston Browne  
Prime Minister  
On behalf of  
Government of Antigua & Barbuda  
St John's, Antigua and Barbuda





# Appendix 1


LIAT (1974) Limited						
Consolidated Statement of Comprehensive Income						
For the year ended December 31, 2018, 2019 and projections						
		Actual	Actual	Projections	Projections	
(expressed in Eastern Caribbean dollars)				Year 1	Year 2	
		2019	2018	LIAT 2020	LIAT 2020	
		\$	\$			
<b>Revenue</b>		<b>287,545,740</b>	266,174,816	143772870	215659305	
<b>Cost of sales</b>						
Flying operations		114,516,249	111,779,458	48669406	73004109	
Maintenance expense		59,844,577	52,783,355	25433945	38150918	
Aircraft and traffic expense		44,731,944	43,743,162	19011076	28516614	
Promotion and sales		27,943,490	27,053,741	11875983	17813975	
Passenger service expense		16,737,774	13,256,265	7113554	10670331	
		<b>263,774,034</b>	248,615,981	<b>112,103,964</b>	<b>168,155,947</b>	
<b>Gross Profit</b>		<b>23,771,706</b>	17,558,835	<b>31,668,906</b>	<b>47,503,358</b>	
<b>Other Income</b>		<b>95,570</b>	2,478,909	0	0	
General and administrative expense		34,384,376	42,869,065	14,613,360	27,329,029	
(Gain) or Loss on disposal of property, plant and equipment		-1,381,072	-2,485,069	0	0	
		<b>33,003,304</b>	40,383,996	14,613,360	27,329,029	
<b>Operating loss</b>		<b>-9,136,028</b>	-20,346,252	<b>17,055,546</b>	<b>20,174,329</b>	
Finance cost		-8,199,665	-8,212,092	-6149749	-8212092	
Finance income		6,028	30,761	0		
<b>Finance cost</b>		<b>-8,193,637</b>	-8,181,331	-6,149,749	-8,212,092	
<b>Total net loss and comprehensive loss for the year</b>		<b>-17,329,665</b>	-28,527,583	<b>10,905,797</b>	<b>11,962,237</b>	
<b>Cut staff costs by 25 percent</b>		<b>5,000,000</b>				
Baggae fee		8,000,000				
Depreciation		3,200,000				
Total net loss and comprehensive loss for the year		<b>16,200,000</b>				
<b>Adjusted loss</b>		<b>-1,129,665</b>				
Assumptions - Equipment Three ATR 42's, 2 ATR 72's						
<b>Cut 50 percent of the staff costs</b>						
Reduce remuneration by 25 percent						
Convert part of old Terminal building as headquarters						
Introduce a fixed MRG						
<b>Barbados</b>				5,400,000		
<b>Antigua</b>				4,000,000		
St Vincent				1000000		
Dominica			11,400,000	1000000		
Other between 250-500k				2500000		
Total MRG				13,900,000	13,900,000	
Net profit				<b>24,805,797</b>	<b>25,862,237</b>	
Dividend Yield 50%			12402899	12402899	12931119	
Nominal Positive shareholder Return			<b>1,002,899</b>			
1st year based on 50 percent revenue yield						
2nd year based on 75 percent revenue yield						
reduce fleet to accommodate 50 % traffick and then scale up based on demand						
15% reduction in expenses						
No increase in fares, or baggage fees						
NB: Depreciation and staff costs in 2019 - 3.2M & 24M						
ECCA to Regain cat One in 90 days						

## Appendix 2

LIAT (1974) Limited			
Separate Statement of Financial Position			
At December 31, 2018, 2019 and 2020 projected			
(expressed in Eastern Caribbean dollars)	<b>Actual 2019</b>	<b>Actual 2018</b>	<b>Projected 2020</b>
	\$	\$	
<b>Assets</b>			
Non-current assets			
Property, plant and equipment	117,772,280	125,349,506	110,000,000
Investment in subsidiary	1,493,558	1,493,558	1,493,558
Loans and receivables	130,000	130,000	130,000
Available-for sale financial assets	74,220	74,220	74,220
Term deposits	18,644,361	15,068,016	15,068,016
	138,114,419	142,115,300	126,765,794
<b>Current assets</b>			
Inventories	12,653,760	9,345,362	9,345,362
Trade and other receivables	9,373,054	19,052,185	0
Prepayments	9,082,147	5,763,315	9,373,054
Term deposits	30,602,815	29,019,285	29,019,285
Cash and cash equivalents	6,578,048	11,533,373	
	68,289,824	74,713,520	47,737,701
<b>Total assets</b>	<b>206,404,243</b>	<b>216,828,820</b>	<b>174,503,495</b>
<b>Equity</b>			
Stated Capital	513,374,615	485,291,215	
Donated capital	44,000,000	44,000,000	
Deficit	-673,167,049	-655,837,384	
<b>Total equity</b>	<b>-115,792,434</b>	<b>-126,546,169</b>	
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Borrowings	101,294,745	114,800,010	60,000,000
	101,294,745	114,800,010	60,000,000
<b>Current liabilities</b>			
Trade and other receivables	168,256,921	160,828,730	80,000,000
Unearned transportation revenue	16,060,791	29,330,647	16,061,000
Borrowings	36,584,220	38,415,602	35,000,000
	220,901,932	228,574,979	131,061,000
<b>Total liabilities</b>	<b>343,374,989</b>	<b>343,374,989</b>	<b>191,061,000</b>
<b>Total liabilities and shareholders' equity</b>	<b>206,404,243</b>	<b>216,828,820</b>	<b>-16,557,505</b>
<b>New Capital</b>			63,000,000
<b>Net Equity</b>			<b>46,442,495</b>
Assumptions:			
Administrator to preserve asset value and consequently stakeholder value			
Creditors including staff 50 percent hair cut - shares issued to staff to the extent of hair cut			
New Capital Public & private			108,000,000
Less Severance & Other staff costs 50 percent			45,000,000
			63,000,000
In the event of liquidation new capital injected will rank above other creditors			

## Appendix 3

### SUBSIDIES PAID TO FOREIGN AIRLINES BY ST. LUCIA



• American Airlines -----	\$4,115,850.00
• British Airways -----	\$5,325,336.00
• Condor -----	\$2,334,243.00
• Excel Freedom Flight -----	\$ 800,118.00
• American Eagle -----	
• Executive Airlines -----	\$7,259,747.00
• Jet Blue -----	\$5,180,741.00
• Sun Tours -----	\$ 462,643.00
• Virgin Holidays -----	\$8,648,520.00
• WestJet -----	\$4,328,221.00
<b>TOTAL -----</b>	<b>\$38,455,420.00</b>

## Appendix 4

### ST. LUCIA'S SUMMARY LOAD FACTORS BY AIRLINES JAN-DEC 2018

Airline	Annual Capacity	Total Passengers	Visitor Arrivals	Load Factor	% of Total Capacity	% of Total Arrivals	% of Total Visitors	% of Nationals Travelling
US Airways (Philly)	2,630	2,407	2,370	92%	0.4%	0.6%	0.7%	1.5%
US Airways (Charlotte)	26,010	22,135	20,630	85%	4.4%	5.4%	6.0%	6.8%
AA 2297 (Miami)	66,430	52,793	43,403	79%	11.2%	13.0%	12.6%	17.8%
AA 1335 (Miami)	2,112	1,248	831	59%	0.4%	0.3%	0.2%	33.4%
Delta (339) ATL	58,340	52,685	49,560	90%	9.8%	12.9%	14.4%	5.9%
Delta (329) ATL	4,340	3,361	3,184	77%	0.7%	0.8%	0.9%	5.3%
Jet Blue (881) JFK	53,298	48,056	37,820	90%	9.0%	11.8%	11.0%	21.3%
Jet Blue (363) BOS	3,981	3,620	3,501	91%	0.7%	0.9%	1.0%	3.3%
Jet Blue (1581/1181)	795	728	567	92%	0.1%	0.2%	0.2%	22.1%
United Airlines (NJ)	7,106	6,685	6,255	94%	1.2%	1.6%	1.8%	6.4%
United Airlines (ORD)	2,988	2,588	2,557	87%	0.5%	0.6%	0.7%	1.2%
<b>TOTAL US Flights</b>	<b>228,030</b>	<b>196,306</b>	<b>170,678</b>	<b>86%</b>	<b>38.5%</b>	<b>48.2%</b>	<b>49.6%</b>	<b>13.1%</b>
British Airways	81,812	40,250	37,965	49%	13.8%	9.9%	11.0%	5.7%
Virgin Atlantic	55,143	28,186	24,370	51%	9.3%	6.9%	7.1%	13.5%
Thomas Cook	6,440	2,572	2,426	40%	1.1%	0.6%	0.7%	5.7%
TUI	19,672	17,327	16,682	88%	3.3%	4.3%	4.9%	3.7%
<b>TOTAL UK Flights</b>	<b>163,067</b>	<b>88,335</b>	<b>81,443</b>	<b>54%</b>	<b>27.5%</b>	<b>21.7%</b>	<b>23.7%</b>	<b>7.8%</b>
WestJet	11,340	10,444	8,227	92%	1.9%	2.6%	2.4%	21.2%
Air Canada (968) YYZ	26,136	22,792	21,087	87%	4.4%	5.6%	6.1%	7.5%
Air Canada (1810) YUL	2,058	1,960	1,874	95%	0.3%	0.5%	0.5%	4.4%
Sunwing (754)	2,268	1,594	1,584	70%	0.4%	0.4%	0.5%	0.6%
Sunwing (756)	5,481	4,757	4,687	87%	0.9%	1.2%	1.4%	1.5%
<b>TOTAL Canada Flights</b>	<b>47,283</b>	<b>41,547</b>	<b>37,459</b>	<b>88%</b>	<b>8.0%</b>	<b>10.2%</b>	<b>10.9%</b>	<b>9.8%</b>
LIAT	107,600	54,888	33,318	51%	18.1%	13.5%	9.7%	39.3%
Air Caribbes	7,770	3,757	3,294	48%	1.3%	0.9%	1.0%	12.3%
Air Antilles	8,936	5,846	4,944	65%	1.5%	1.4%	1.4%	15.4%
Caribbean Airlines	24,766	14,796	11,825	60%	4.2%	3.6%	3.4%	20.1%
Trans Island Air 2000	225	56	44	25%	0.0%	0.0%	0.0%	21.4%
InterCaribbean Airways	4,920	1,640	845	33%	0.8%	0.4%	0.2%	48.5%
Air Sunshine (3018)	232	168	107	72%	0.0%	0.0%	0.0%	36.3%
Air Sunshine (7108)	9	2	1	22%	0.0%	0.0%	0.0%	50.0%
<b>TOTAL Caribbean Flights</b>	<b>154,458</b>	<b>81,153</b>	<b>54,378</b>	<b>53%</b>	<b>26.1%</b>	<b>19.9%</b>	<b>15.8%</b>	<b>33.0%</b>
<b>GRAND TOTAL</b>	<b>592,838</b>	<b>407,341</b>	<b>343,958</b>	<b>69%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>15.6%</b>

## Appendix 5

