



AQUALECTRA
Annual Report 2015

Investing in
improvement

INTERNATIONAL

AQUALECTRA

AQUALECTRA

Annual Report 2015

**Investing in
improvement**



AQUALECTRA

...ta invertí p'abo!

The image shows a close-up, low-angle view of several large, light-green industrial pipes. The pipes are arranged in a parallel fashion, receding into the background. Each pipe is supported by a dark metal bracket. In the background, two black electric motors are mounted on the pipes, connected to them by drive shafts. The ground is a mix of concrete and dark, possibly oily or muddy, stains. The word "contents" is written in a white, sans-serif font, slanted upwards from left to right, across the middle of the image.

contents

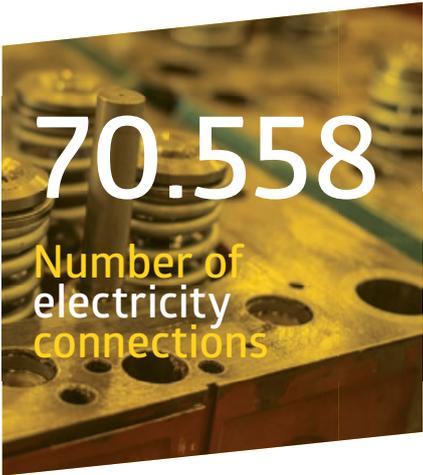
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At a glance



The electricity tariffs were an average of 18.8% lower in 2015 compared to 2014, when the water tariffs were on average 6.1% lower than in 2014.



STRATEGIC PRIORITIES

Ensure a **SUSTAINABLE** and **PROFITABLE** business

LONG TERM, HIGH QUALITY power and water production and distribution

Workforce of the FUTURE



COMPANY OF CHOICE

INNOVATIVE & RISK DRIVEN

Reconstruction of 72 km of the **water grid** started in 2015.



With the **commissioning of the new plant at Dokweg** at the beginning of 2015 and the reconditioning of the GT-2 unit during 2015, Aqualectra was able to reach the required capacity level to comply with the island's demand.

Fuel usage was reduced with 45,583 ton/M³ (27%) as a result of an improved production mix, which includes sustainable sources (windfarm-18% of total island consumption) and Small Independent Power Producers (SIPPS) supplying private solar energy to the grid.



Compliance with **all financial covenants** of corporate bonds achieved.



WHY WE DO WHAT WE DO
To fundamentally contribute to the **improvement of the quality of life in Curaçao.**

OUR VISION: Aqualectra delivers reliable and high quality water and power which are produced and distributed safely and cost effectively while maximizing the use of sustainable technology and demonstrating a high level of Corporate Social Responsibility and commitment to the community of Curaçao and all other relevant stakeholders.

chapter
1

Message from the
Board of Managing
Directors

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A close-up portrait of Darick Jonis, a middle-aged man with short, graying hair, wearing a light blue dress shirt and a patterned tie. He is looking slightly to the right with a thoughtful expression, his hand resting near his chin. The background is a blurred outdoor setting with green foliage.

Acting CEO and Chairman of
the Board of Managing Directors
Darick Jonis

Moving up together

2015 was the year in which an important part of the foundation was laid in the quest for a better Aqualectra. Seeing matters from the perspective of our customers was - and remains - vital for the way we do business. After all, Aqualectra is here to serve the community. Curaçao's future is our future, and when Curaçao thrives, we thrive.

We acknowledge that we are still at the outset of a bigger journey, but we are also not afraid to modestly say that we have already come a long way. This is why this annual report does not merely 'talk the talk', but shows how 'the talk is being walked'. The unprecedented results of 2015 were realized through a more efficient production mix, which also allowed lower tariffs and sufficient capacity to meet demands, while laying the groundwork for more sustainable energy. Aqualectra today is an organization moving into the future, hand-in-hand with our customers and the community we serve. An organization with new energy; literally and figuratively.



The year at a glance

Aqualectra has seen challenging times and we are not in denial about what we could have done better in the past. Rather than dwelling on our legacy, we have been drawing lessons from it while investing in the future and reaching new milestones. Listening attentively to our customers and other stakeholders is a cornerstone of this process, as is keeping a close eye on worldwide developments.

Aqualectra is in a transitional phase, but that also goes for the utilities market as a whole. The way energy and water are generated, produced and delivered is changing across the globe. Renewable energy is slowly but surely becoming the norm. Customers are more assertive and better informed than ever before and demand the solutions they see elsewhere in the world. These continuous developments and challenges motivate us. We know we are getting there. A prime example is the improved MiKuenta online service, which allows customers to monitor their usage with clear and attractive graphical charts, while offering them the possibility to pay at more than 200 payment points, as well as online.

Becoming the organization we want to be is not something that happens overnight, but we are making serious headway. The evidence is before you in this report, where the positive results of the necessary investments in our people, systems and equipment are clearly represented.

Power supply

The result of the various technical improvements that were initiated in 2013 and 2014 became evident in 2015. In January, the new diesel power plant at Dokweg was commissioned operational. The total investment of 80 million guilders was realized without third-party financing, as we were not able to secure external financing at the time, because the company was going due to financial leadership. The benefits of the new plant were major fuel-cost reduction, the extra capacity needed to comply with the island's demand, and a significant improvement in operational efficiency. While the old steam turbines required 3 shifts of 12-15 persons every 24 hours, the new plant needs only 4-5 persons per shift. Fuel usage has been reduced by 27% compared to 2014, as a result of an improved production mix, which is mainly due to the commissioning of this plant, the impact of the wind farm, and Small Independent Power Producers (SIPPS) supplying private solar energy to the grid.

The commissioning of this new plant, together with the investment in the refurbishment of a gas turbine, are the main reasons that why Aqualectra now has more than sufficient capacity to satisfy the island's demands. Part of the electricity generation is dependent on a third-party producer, known as the BOO (Build Own Operate) plant. These power plants supplier were the root cause of many power outages in 2015.

Management is, however, working towards becoming less dependent (and ultimately fully independent) of the BOO units' capacity, primarily by making even more use of alternative energy.

In 2015, as much as 18% of Curaçao's consumed energy was generated from renewable sources (wind and solar). This is a testament to our commitment to the future. Aqualectra will continue to move towards these clean and green energy sources for the wellbeing of coming generations and our environment. Early 2017, the wind power capacity will have been increased by another 15 megawatts. The installation of an additional 5 megawatts of solar panels on the roofs of schools is also planned for 2016. Storage of energy will be tested and is planned to be launched by 2017 or 2018. One of the options that is currently being explored is streaming hydropower, a method that stores energy in the form of gravitational energy of water, pumped from a lower elevation reservoir to a higher elevation. Any expansion of the current production capacity will be thoroughly analyzed and it can confidently be stated that it will not come from fossil fuel-based generation.

An investment of almost 12 million guilders was incurred in 2015 for the refurbishment of a gas turbine to provide back-up capacity. This enabled the company to end a generator lease agreement with a third party, which in its turn led to a considerable reduction of production costs and is one of the main reasons for the increased gross profit in 2015.

Water supply

The water supply chain was faced with repeated brown water complaints, leakages and other challenges that are caused by aging distribution infrastructure. In 2015, a project was launched to replace 70 kilometers of these distribution infrastructure lines. This project will take 3 years to complete, and involves an investment of 22 million guilders. The economic impact is substantial, as the project provides employment to a considerable number of citizens. The new pipes are made of a material that allows an effective lifespan of at least 20-30 years. Beside the reduction of brown water complaints by clients, the Non-Revenue Water ('NRW') percentage (which is largely determined by leakage) will show improvement to ultimately be in compliance with the requirements of the Regulator. However, to attain these benefits, it is possible that customers in the specific areas might experience some inconvenience. A communication campaign was launched to inform the community. The project is being executed simultaneously with the local telecommunication company, which is currently laying fiber-optic cables. This allows the sharing of trenches to reduce cost and inconvenience.

The year 2015 also marked the opening of a new water desalination facility that uses the modern reverse osmosis technology (a method of filtration using a hi-tech membrane), as opposed to the old method that used evaporators. This new plant too, has led to a decrease of production costs and a significant increase in efficiency.

Financial performance

(Amounts in ANG * 1,000)

	Dec 31, 2015	Dec 31, 2014	Change in ANG	Change in %
Sales electricity in ANG	379,907	448,227	(68,320)	-15%
Sales electricity in mWh	666,965	652,553	14,413	2%
Sales water in ANG	100,938	105,176	(4,238)	-4%
Sales water in 1000m ³	10,078	9,853	225	2%
Direct cost production and other direct cost of sales	(165,845)	(314,501)	148,656	-47%
Gross profit	323,688	259,112	64,576	25%
Gross profit margin	66.1%	45.2%		
Operating expenses	236,306	152,812	83,494	55%
Operating profit	87,382	106,300	(18,918)	-18%
Interest expenses, net	(18,573)	(20,507)	1,934	-9%
Net result before tax	68,809	85,793	(16,984)	-20%
Recovery component in sales	38,857	38,948	(91)	0%
Net result before tax excl. recovery	29,952	46,845	(16,893)	-36%

Being in touch with the community means listening. An often-heard complaint is that the tariffs of water and electricity are high. As a team, we are doing everything we can to operate in such an efficient way that tariffs can be lowered as much as possible.

The financial turnaround of Aqualetra became evident in 2015. Aqualetra realized a net profit after taxes of 67 million guilders. This was mainly due to a substantial increase in the gross profit, in spite of a reduction in revenue. The regulator approved a continuation of the recovery component in the tariffs during 2015, which at the sales level of this year amounted to 38.9 million guilders. Aqualetra would still have realized a net profit of approximately 30 million guilders, if the recovery component was excluded from the sales.

This satisfactory result was realized in spite of reduction in tariffs.

The electricity tariffs were an average of 18.8% lower in 2015 compared to 2014, when the water tariffs were on average 6.1% lower than in 2014. The decrease in international fuel prices was a contributing factor for this reduction, but the improved efficiency with which the company operated also contributed immensely.

We can confidently say that we are moving up in every area of our organization, with the exception of the rates, which have shown a decreasing pattern since 2013.

In 2015, Aqualetra successfully implemented a stricter collection policy. Although it always pains us to remind our customers of open invoices, collecting the outstanding funds is necessary to maintain a healthy cash flow, and to make the investments that will eventually benefit those very same customers.

We can confidently say that we are moving up in every area of our organization, with the exception of the rates, which have shown a decreasing pattern since 2013.

Aqualectra is fully committed to establishing and maintaining a good corporate governance system and financial transparency. Although it should be a given that an organization's financial statements are published and approved in a timely fashion, it is no secret that Aqualectra has faced challenges in the past with the timely finalization of these reports.

We are proud to say that Aqualectra managed to completely clear this backlog in 2015 and is compliant with all laws and regulations in this respect. The 'College Financieel Toezicht' (the body that oversees public finances of the island of Curacao) has commended the company directly and in the media for its achievements in this and other organizational and operational areas.

Aqualectra also managed to reduce its outstanding debts and trade accounts payable considerably in 2015 through a combination of measures, including changing the production mix, strict cost and budget management, and further lowering operational costs. The latter involved lowering maintenance costs by excluding the steam turbines from the production mix, lowering consultancy costs, and reducing the workforce by implementing efficient and automated processes.

The result of the improved financial stewardship becomes evident when analyzing the ratios. Aqualectra closed 2015 in compliance with all financial ratios as required by financial covenants in debt agreements and industry standards.

Ratios and financial covenants			
(Amounts in ANG * 1,000)	Target	Dec 31, 2015	Dec 31, 2014
Debt Service Coverage Ratio (DSCR)	>1.45	2.95	3.81
Adjusted Debt Service Coverage Ratio (ADSCR)	>1.15	1.33	1.26
Debt/EBITDA ratio (D/E)	<8.5	2.79	2.82
Current Ratio (CR)	>1.00	1.37	0.42
Solvency Ratio (SR)	>30.00%	30.91%	21.89%



Our customers

A major milestone when it came to improving customer service in 2015 was the introduction of MiKuenta: a convenient digital invoicing system. Customers can apply online by following a few simple steps. Their invoice will subsequently be submitted through the provided e-mail address. The system also allows for detailed analysis of historical and current usage and bills, placing customers in the driver's seat of their own consumption.

Green initiative

Aqualectra enables customers to pay their bills at more than 200 payment conveniently located over the island. During 2015, we introduced cash-less offices and vigorously promoted these payment points and the online payment possibilities, in order to create awareness among customers and enable them to skip the lines and make payments using the method that they find most convenient.

Beside these specific developments in the customer service area, all other endeavors pursued by Aqualectra have the customer and our community in mind. From implementing technical and operational projects to adjusting the production mix and improving the company's financial viability; all these initiatives have one single focal point: contributing to the improvement of the quality of life in Curaçao.

The organization and its employees

In 2015, the shareholder gave its approval to move towards a Board of Managing Directors comprising of three members. The new team will add a Chief Financial Officer and a Chief Technology Officer. The main benefit of this expansion is that it will enable the management to pay even closer attention to the many improvement processes that are currently underway. For an organization in a transformational phase as ours, this is not only a logical, but also a necessary step.

However, it is not only the Board of Managing Directors that faced changes during 2015. The more efficient and automated processes led to the review of the company's organizational structure and headcount. More changes will follow that will directly affect the workforce. However, the attrition in the personnel base due to retirement is substantial and enables management to thoroughly redesign the organization without having to utilize employee dismissals as a first option.

The group consists of the holding company (Integrated Utility Holding N.V.) and separate legal entities for the production (Kompania di Produksjon di Awa i Elektrisidat di Korsou N.V. or Aqualectra Production) and distribution (Kompania di

From implementing technical and operational projects to adjusting the production mix and improving the company's financial viability; all these initiatives have one single focal point: contributing to the improvement of the quality of life on Curaçao.

Distribushon di Awa i Elektrisidat di Korsou N.V. or Aqualetra Distribution). The shareholder also approved the merger of these entities into one single company. Several superfluous entities in the group will be dissolved: KUMEPE N.V. was not an active entity, GEUS N.V. became superfluous with the introduction of the Basis Verzekering (Basic Health Insurance) The assets of Aqualetra Bottling Co. N.V. had already been sold to a third party in 2014, making way for dissolution of this company as well. This all contributes to a leaner, more manageable and cost-effective organization.

Strategy

Aqualetra laid out its strategic plan 'A Refreshing Approach' in 2011, which aligned strategic initiatives and rethought the company's vision and mission. Each year, Aqualetra re-examines this plan, its execution and its relevance.

Various strategic sessions were held in 2015, which may be categorized as a transitional year in terms of strategy definition as well.

Among the most important conclusions remained that at the very core of everything Aqualetra does, lies the well-being and the quality of life of the community it serves. This philosophy is brought to life by focusing on the customer, and operating in a reliable, pro-active and innovative way.

Together with the executive team of the company, we defined the underlying key success factors to make Aqualetra's strategic ambitions a reality.

Based on a proven model used by various US based water utility associations, six attributes that contribute to an effective management of utility companies have been prioritized:

- 1. Customer satisfaction**
- 2. Operational optimization**
- 3. Employee and leadership development**
- 4. Financial viability**
- 5. Product quality**
- 6. Operational resiliency**



At the very core of everything Aqualectra does, lies the well-being and the quality of life of the community it serves.

In its pursuit to excellence, Aqualectra will continue to focus on these attributes through its programs and policies, without losing sight of the other also important attributes. A range of external audits and reviews throughout 2015 provided confirmation that the company is on the right track.

These included financial audits by EY Dutch Caribbean (EY); ISO recertification and other quality standard audits by Lloyds and the Dutch Accreditation Council; as well as operational audits. We are glad to report that all these audits yielded satisfactory results.

Managing Director Darick Jonis on new technology:

"We are very much focused on improving service and tariffs for the benefit of our customers. New technology plays an important role in this approach. Examples include smart meters, developing new sources of alternative energy, and our online payment and usage monitoring system, which is already here. Sometimes people dismiss these solutions as overly futuristic. However, based on our commitment to innovation and customer satisfaction, Aqualectra is already focusing on their implementation."

"The future is already here, and Aqualectra is doing everything to be able to fully embrace it."

Managing Director Darick Jonis on Aqualectra's image in the community:

"Aqualectra has been through difficult times in the past, especially during the years 2010-2013. This has been a wake-up call for the company. People within our organization are now much more aware of the fact that we are here to serve the community. We want to provide a higher service level that matches modern international standards. We want to be an easy and pleasant company to do business with. And we can, once the right building blocks are in place. This is why we are investing."

A better image is not something that happens overnight, we have to earn it. I believe – and the numbers show - that we are heading in the right direction."

Q: is aqualectra ready for an increased demand for electricity?

A: Our projections show that the demand for electricity will not increase substantially in the coming years. Developments like the new hospital and new hotels may cause an upsurge in demand, but this will be mitigated by homeowners and businesses installing solar panels. Nonetheless, we are ready. We analyze the current demand monthly and update our forecasts accordingly. When making our calculations, we make sure to take potential growth of the population into account, as well as other relevant current developments. This is part of our ongoing effort to make Aqualectra as 'future-proof' as possible.



Acting CEO and Chairman of
the Board of Managing Directors
Darick Jonis

The future

Transformational projects

During the coming three years the strategic and transformational period for Aqualectra that was initiated in 2011, will be continued and ultimately finalized. Aqualectra recognizes the need to keep investing in systems, people and equipment, to bring the company up to par with the international utility industry.

Important transformational projects to be completed within the coming three years include:

- › *Implementation of an Enterprise Resource Planning (ERP) system:* that integrates the core processes, increasing efficiency and control.
- › *Deployment of an Advanced Metering Infrastructure (AMI).* Both water and electricity meters of every single customer of Aqualectra will be changed to digital meters. Introducing digital meters places us in the position to re-balance the distribution grid, detect leakages and theft timely, while reducing the cost and improving customer experience.
- › *The construction of a new headquarters* will also result in more efficiency. The current premises will be sold and are to be utilized for tourism projects focused on economic growth.
- › *The merging of the corporate entities* Aqualectra Production and Distribution into a single more cost effective and manageable entity.
- › *Introduction of a contact center* and upgrading of the telephone system to provide better service to customers.
- › *Implementation of a personnel registration* and information system.
- › *Implementation of an access control system* at all Aqualectra premises to increase safety and security.

To ensure the success of these projects, a dedicated transition team has been formed that consists of employees from all departments and levels of the organization. This team has been equipped with all the necessary skills and resources to ensure a successful reshaping of the company.

Financial projections

Aqualectra's financial outlook is positive, despite the expected lack of growth of the economy. The abovementioned projects will lead to increased efficiency and decreased cost. The possibility that fuel prices may go up will remain a risk, although this has been mitigated by the tariff structure and fuel clause introduced in 2012.

Important aspects of Aqualectra's financial outlook are its financing needs and capabilities. During the coming years, Aqualectra's capital expenditures are expected to remain relatively high, given the transformational projects and other investments that are required. In anticipation of any (re-)financing endeavors, we will pursue a financial rating by an internationally recognized rating agency, Standard & Poor's.

Renewable energy

Aqualectra is a firm supporter of renewable energy. The company is actively studying the possibilities to further implement non-fossil fuel-based energy generation methods, and – if plausible - will not hesitate to engage in private public partnerships to do so. Meanwhile, 18% of Curaçao's total energy demand is already being provided through alternative energy (wind and solar), with a total capacity of 30 MW. We plan to increase it to 22% in 2016.

Aqualectra is also analyzing feasible ways to provide second-grade water to high-volume customers who use the water for other purposes than human consumption. These initiatives are to be researched and, if possible, developed during 2016.



Community engagement

Aqualectra does not want to only serve the community; it wants to play an active, positive role in it. This starts with corporate social responsibility: adhering to laws and values, and being responsible for the impact of business activities in the public sphere. Aqualectra believes in honoring a triple bottom line: people, planet and profit.

One of the ways in which we engage with the community is through sponsoring and donations, often with a focus on collective sports and sports leagues. In 2015, Aqualectra signed a multi-year sponsoring agreement with three local baseball federation, the AA-league, the A-league and the minor league. We also agreed to sponsor the Baseball Championship 2015-2016, and made donations to the local soccer clubs Centro Dominguito and Jong Holland. Beyond sports, donations were made to various social initiatives, including the Rotary 50 Hours Live fundraising activity that supports projects for underprivileged citizens.

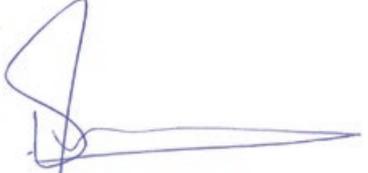
Another example of Aqualectra's interaction with the community are the tours at our facilities that we facilitate at schoolchildren, university students, and other interested groups. These tours promote consciousness of the scarcity of water and electricity, and explain that it is in the interest of the whole community to be efficient with these resources. Special mention should be made of the last public tour at the Mundo Nobo plant on August 8 of 2015, which allowed the Curaçao community to say farewell to the plant before its demolition. An extra tour was organized for retired employees, some of whom had worked in the plant for over thirty years.

Protecting our environment

Aqualectra continues to make every effort to minimize the negative impact that the production and distribution of electricity and water may have on the environment. In 2005, the company obtained ISO 14001 certification, a framework for environmental management best practices. In 2015, compliance to this standard was successfully audited by Lloyds Register Quality Assurance. This shows that Aqualectra is conscious of its environmental responsibilities, and follows through on them.

Words of gratitude

We are immensely proud of the progress we've made during the past years. This wouldn't be possible without the infallible efforts of Aqualectra's employees. We would like to take this special opportunity to thank them. This progress is attributable to their hard work and commitment to continuous improvement. We would also like to thank the Shareholder and the Board of Supervisory Directors for their trust and all other stakeholders that have contributed to a positive 2015. We look forward to an exceptional 2016!



Darick Jonis Acting CEO



chapter
2

Message from the Board of Supervisors Directors

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Buffer - Puffer - Tamp

Date of opening:
Öffnungsdatum:
Date d'ouverture

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Building on a stable foundation

2015 was a year in which Aqualectra reached a level of stability in various aspects. At the same time, crucial building blocks were put in place for its viability in the long term. In the words of Mike Willem, Chairman of the Board of Supervisory Directors ('the Board'): "We've come a long way, but we still have a long way to go".

A new level of stability

The years before 2015 were characterized by having to catch up with a number of issues and backlogs. The fact that Aqualectra managed to successfully clear these issues and backlogs was significant towards the community as a whole, and towards the financial institutions and the College Financiële Toezicht (CFT – body overseeing public finances) in particular. Aqualectra managed to bring its bottom line out of the red, which is something to take pride in, tempered by the modesty that befits an organization that still has a way to go. This level of stability was also reached at the technical front: the commissioning of the plant at Dokweg and the refurbishing of GT2 (GasTurbine) played an important role in this and clearly improved the reliability of the service, while reducing operational expenses.

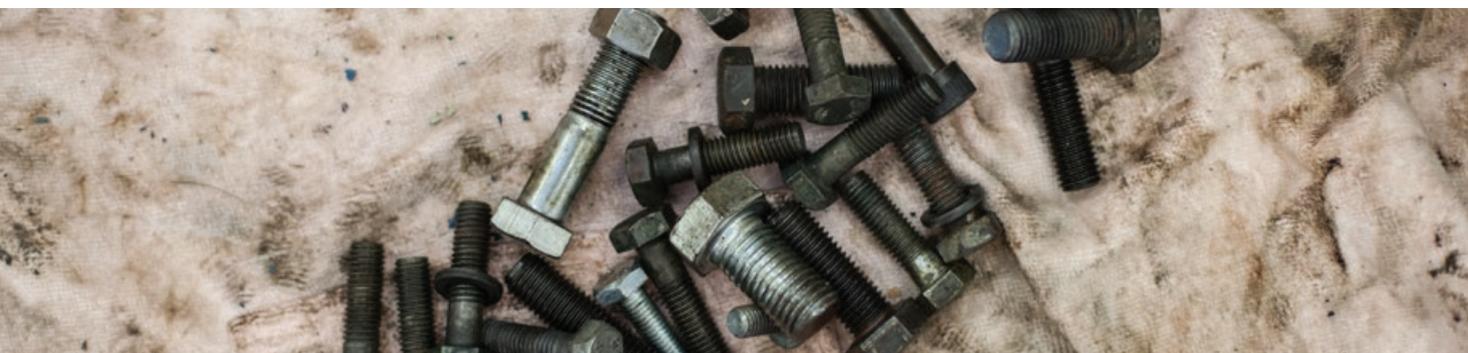


Chairman of the Board
of Supervisory Directors
Mike Willem



Towards more alternative energy

2015 was a year in which Aqualectra started a number of projects that will bear fruit in the years to come. These initiatives include plans to move towards more renewable energy in the production mix, which will lessen our dependence on fossil fuel generation and further reduce the costs of procurement fuel. Placing this in a wider, international perspective, this also relates to the battle against global warming. Beyond its immediate business goals, Aqualectra feels a strong responsibility towards the community to contribute to the preservation of the environment of our island, and to play its part in the worldwide efforts to halt climate change and ultimately bring about a decarbonisation process. Curaçao's government is currently preparing a new energy policy, which is expected to address the topics of global warming and sustainable developments, and Aqualectra is already anticipating this. The fact that as much as 18% of Aqualectra's production mix already consisted of alternative energy in 2015 is a testament to this.



A range of future-oriented projects

In terms of sowing the seeds for the future, a number of projects, initiated in 2015, deserve special mention. Firstly, the first steps towards the Advanced Metering Infrastructure project, that will replace all water and electricity meters with customer-friendly digital meters, lowering operational costs and providing highly improved leakage and theft detection, were placed in 2015.

Another important milestone was the initiation of the project to construct a new head office at Nieuwe Haven, which will leave the current Rif location open for tourism developments. Aqualectra was able to obtain a Letter of Intent from a financial institution and complied with all prerequisites to obtain land lease. Another undeniable highlight of 2015 was the Shareholder's approval to merge Aqualectra's production and distribution entities into one single entity, with the aim of greatly

increasing efficiency and simplifying operations, enabling cost savings. Mention should also be made of the negotiations and preparations of the project to implement an Enterprise Resource Planning system, that will integrate the main applications currently in use, which will also result in higher efficiency, thus cost reduction.

As a final example, 2015 was the year in which Aqualectra started replacing 70 km of water pipes to combat leakage and brown water issues.

Chairman of the Board
of Supervisory Directors
Mike Willem



“Developing human capital is of utmost importance.”

Human capital: a top priority in rapidly changing times

Aqualectra believes that people are at the center of everything it does. The capabilities and skills of its employees is what drives the organization. Developing human capital is especially important in this modern age, in which rapid change is practically a given. Our workforce needs to be more flexible than

ever before, and Aqualectra is fully committed to giving its employees the training, tools and support that they need to excel, now and in the future. As an example, an extensive program to train Aqualectra’s staff in the workings of the new ERP software systems is in progress at the time of publication of this report.





Performance of the Board in 2015

Thirteen meetings were held during 2015 on various topics such as the granting of approval on various strategic projects, the approval of budgets and financial statements and the subsequent monitoring of Aqualetra's financial performance as well as various other matters such as the Collective Labour Agreements. Two important milestones in the execution of our supervisory role were the approval of the Dividend Policy and the Corporate Governance Manual. The latter is a comprehensive document with all relevant documentation, guidelines and policies with regards to the Company's governance, which is exemplary to other entities.

There was one active committee in 2015, being the Board's Audit Committee, comprised of Mr. Hammoud (Chairman), Mr. Haile and Mrs. Prins. The Audit Committee monitors the company's financial reporting, financing policy, risk management and internal control system, internal audit and evaluates the external auditor.

The appointment of EY Dutch Caribbean as the company's external auditor was extended for four years. The Audit Committee held seven meetings attended by, amongst others the acting CEO, the manager Internal Audit/Business Risk, and EY Control, the managers of the accounting and financial reporting departments, the Chairman of the Board and the external auditor.

Members of the Board are appointed for a term of four years with a maximum of two terms.

On December 31, 2015 the Board of Integrated Utility Holding (IUH) N.V. consisted of 6 members.

Special mention has to be made of Mr. Richard Doest, member of the Board until June 26, 2016, retired upon completion of his second term. Mr. Doest was a devoted Director, with special attention to mainly the technical aspects of Aqualetra and the continuous improvement thereof. The Board would like to take this opportunity to thank Mr. Doest for his infallible commitment throughout his two terms.

Gratitude

In conclusion, we can fairly state that much has been achieved in 2015, both with regard to overcoming issues from the past and with regard to planting seeds for future success. Gratitude and appreciation go out to the members of the Board of Managing Directors, to the members of the Supervisory Board of Directors and to all Aqualetra employees for their hard work and dedication.

Mike Willem

Chairman of the Board of Supervisory Directors

About the Board of Supervisory Directors

Q: What exactly is the Board of Supervisory Directors, and what is its role within Aqualectra?

A: The Shareholder Managing set out policy in broad strokes, which the Board of Directors fills out in detail. The Board of Supervisory Directors has the task to see to it that the shareholder's wishes are being put into practice, while also taking into account the overall organization's wellbeing. The Board of Supervisory Directors serves as an advisor, confidant and supervisor to the Board of Managing Directors. The achievements realized in 2015 would not have been possible without a healthy communication and understanding between the management, the Supervisory Board and the Shareholders, which we are appreciative of.



Chairman of the Board of Commissioners Mike Willem:

"Before I joined the Board of Aqualectra, I worked at Curaçao's refinery for a long time. Early on, I was involved in ship-to-ship transfers at Bullenbaai, which is why I always say that changing the course of an organization like Aqualectra is like steering an oil tanker. It's not a car; you cannot make a turn instantly.

You need to plan it carefully in advance. However, I am hopeful that when players involved, including the Government and the overseeing bodies understand their role, go with the times and understand their responsibilities, Aqualectra can steer towards success."

chapter
3

Consolidated Summary Financial Statements



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3.1 Consolidated Statement of Financial Position

(Amounts in ANG * 1,000)	As at Dec 31, 2015	As at Dec 31, 2014
ASSETS		
Non-current assets		
Intangible assets	3,091	6,552
Property, Plant and Equipment	562,516	551,786
Other non - current financial assets	34,063	34,063
Deferred tax assets	32,272	36,388
	631,942	628,789
Current assets		
Inventories	21,315	30,229
Trade accounts receivable	62,774	79,541
Other receivables	26,803	22,264
Cash & cash equivalents	59,285	33,201
	170,177	165,235
Total assets	802,119	794,024
EQUITY AND LIABILITIES		
Shareholder's equity		
Share capital	528,000	528,000
Share premium	55,000	55,000
Preferred shares	72,800	72,800
Treasury shares	(72,800)	(72,800)
Accumulated losses	(402,146)	(460,710)
Profit for the year	67,073	51,425
	247,927	173,715
Non-current liabilities		
Corporate bonds	232,005	0
Financial liabilities	28,773	42,578
Customer deposits	24,714	24,013
Provisions	144,604	156,668
	430,096	223,259
Current liabilities		
Trade accounts payable	42,830	59,351
Corporate bonds	0	252,962
Bank overdrafts	7,172	19,585
Other liabilities	74,094	65,152
	124,096	397,050
Total equity and liabilities	802,119	794,024

The accompanying notes form an integral part of these consolidated financial statements

3.2 Consolidated Statement of Comprehensive Income

(Amounts in ANG * 1,000)

	For the year ended Dec 31, 2015	For the year ended Dec 31, 2014
CONTINUING OPERATIONS		
Sales of electricity & water	480,845	553,403
Direct costs of production	(126,180)	(266,827)
Other direct cost of sales	(39,665)	(47,674)
Services & other income	8,688	20,210
Gross profit	323,688	259,112
Salaries, social securities and other personnel expenses	96,059	94,892
Other (post) employment benefits (net)	(529)	(80,829)
Parts, repairs & maintenance	49,900	44,214
Hired services	5,995	12,103
General expenses	28,641	24,963
Depreciation expenses	43,386	36,581
Impairment on intangible assets	3,461	0
Provision bad debts	9,393	20,888
Total operating expenses	236,306	152,812
Results from operating activities	87,382	106,300
Interest expenses (net)	(18,573)	(20,507)
Net finance costs	(18,573)	(20,507)
Profit before income tax	68,809	85,793
Income tax	(1,736)	(34,368)
Profit for the year	67,073	51,425
Other comprehensive gains/(losses)		
Actuarial gains / (losses)	9,519	(30,924)
Deferred tax related to the components of other comprehensive results	(2,380)	8,504
Other comprehensive gain/(loss) for the year, net of income tax	7,139	(22,420)
Total comprehensive gain for the year	74,212	29,005

The accompanying notes form an integral part of these consolidated financial statements





3.3 Consolidated Statement of Changes in Shareholder's Equity

(Amounts in ANG * 1,000)

	Share capital	Share premium	Preferred shares	Treasury shares	Accumulated losses	Profit for the year	Total Shareholder's equity
Balance at January 1, 2014	528,000	55,000	72,800	(72,800)	(432,453)	(5,837)	144,710
Loss for the year 2013	0	0	0	0	(5,837)	5,837	0
Profit for the year 2014	0	0	0	0	0	51,425	51,425
Other comprehensive loss for the year 2014	0	0	0	0	(22,420)	0	(22,420)
Balance at December 31, 2014	528,000	55,000	72,800	(72,800)	(460,710)	51,425	173,715
Balance at January 1, 2015	528,000	55,000	72,800	(72,800)	(460,710)	51,425	173,715
Profit for the year 2014	0	0	0	0	51,425	(51,425)	0
Profit for the year 2015	0	0	0	0	0	67,073	67,073
Other comprehensive income for the year 2015	0	0	0	0	7,139	0	7,139
Balance at December 31, 2015	528,000	55,000	72,800	(72,800)	(402,146)	67,073	247,927

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

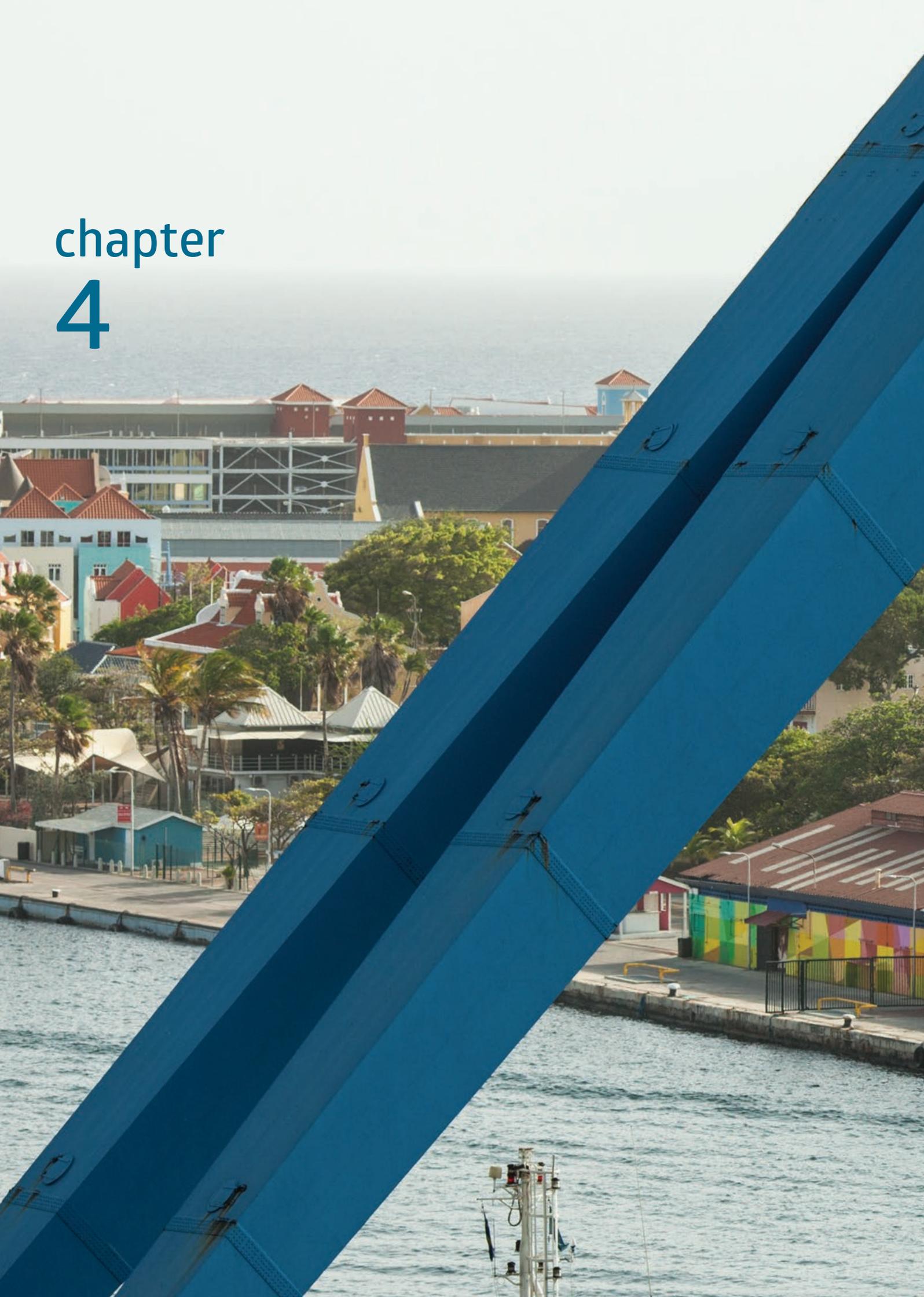
3.4 Consolidated Statement of Cash Flows

(Amounts in ANG * 1,000)

	For the year ended Dec 31, 2015	For the year ended Dec 31, 2014
Cash flow from operating activities		
Profit for the year	67,073	51,425
Adjustments for non-cash items:		
Depreciations on fixed assets & major spare parts	43,386	36,581
Impairment on intangible assets	3,461	0
Provision doubtful debts	9,393	20,888
Disposals of property, plant and equipment (net)	(1,036)	(2,033)
Change in provision slow moving inventory	2,828	1,653
Change in deferred tax asset	4,116	25,864
Amortization on bonds	3,045	3,098
Change in provisions	(4,925)	(72,180)
Total adjustments for non-cash items	60,268	13,871
Change in inventories	6,086	(1,612)
Change in trade accounts receivable	11,495	18,889
Change customer deposits	701	551
Change in other receivables	(9,003)	19,229
Change in trade accounts payable	(16,521)	(25,681)
Change in other liabilities (excluding interest paid)	15,650	23,758
Total of operational activities	8,408	35,134
Total cash flow from operating activities	135,749	100,430
Cash flow from investing activities		
Acquisition of property, plant, equipment (net)	(53,080)	(74,063)
Total cash used in investing activities	(53,080)	(74,063)
Cash flow from financing activities		
Repayments of loans and movement in current maturities	(23,270)	(14,441)
Other long-term liabilities	(2,536)	(2,537)
Interest paid	(18,366)	(20,261)
Total cash flow used in financing activities	(44,172)	(37,239)
Balance at start of year	13,616	24,488
Increase/(decrease)	38,497	(10,872)
Balance at end of year	52,113	13,616
The balance at end of year comprises:		
Cash & cash equivalents	59,285	33,201
Bank overdraft	(7,172)	(19,585)
Balance at end of year	52,113	13,616

The accompanying notes form an integral part of these consolidated financial statements

chapter
4





Notes to the Consolidated Summary Financial Statements

4.1 General

Profile

“The Integrated Utility Holding N.V., doing business as Aqualectra (hereinafter “Aqualectra” or “The Group”), is Curaçao’s utility company responsible for the production and distribution of power and water as well as for the delivery of accompanying services. As per December 31, 2015 the Group’s workforce consisted of 647 (2014: 675) dedicated employees who provide the manpower needed for the delivery of quality products and services to our customers. As per December 31, 2015, the Group had approximately 70,558 (2014: 69,156) electricity connections and 72,958 (2014: 77,804) water connections.

This annual report of the Group is the consolidated report of Management to the shareholders and other relevant stakeholders about the financial and non-financial performance of the Group over the year 2015. The scope of this report comprises the Integrated Utility Holding N.V. and its subsidiaries.”

The objectives of the Group are:

- ▶ Investing funds in shares of utility companies which have the goals of producing and distributing water and electricity; and
- ▶ Managing, controlling and administering other companies and representing interests of the shareholders and financiers in/of the Group;
- ▶ Generating electricity and the production of water;
- ▶ Distributing electricity and water;
- ▶ Offering management consultancy- and engineering services; and
- ▶ Bottling of drinking water.

The Group’s authorized capital amounts to ANG 600 million, consisting of 600 shares at ANG 1 million par value each. 470 shares were issued to the Island territory of Curaçao on June 1, 1998 with an additional 58 shares issued on January 31, 2013 to the Government of Country of Curaçao which became the legal successor of the Island territory of Curaçao and the shareholder of

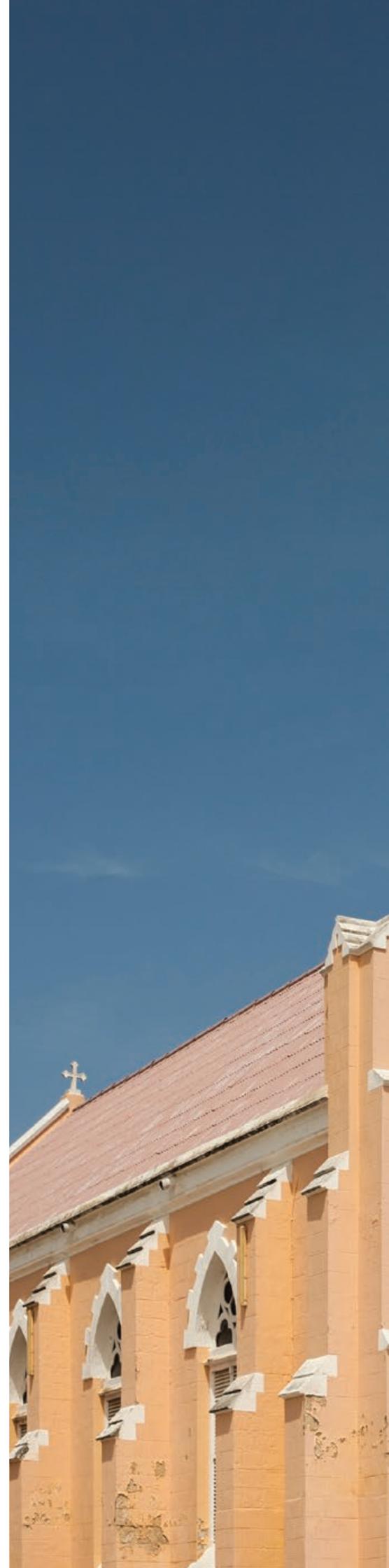
the Group after the restructuring of the Netherlands Antilles on October 10, 2010. All 528 shares are paid up in full.

Utilities sector in Curaçao

Concessions

The National Ordinance for Electricity concession (“Landsverordening Elektriciteitsconcessies”) states that the building, construction or usage of equipment for the generation of power and for the transmission and/or transformation of electricity, in order to deliver this to a third party, is restricted to the company to which permission has been granted by the Government. Furthermore, the ordinance states that the concession shall be given for a maximum period of 30 years with possibilities for extension.

On July 30, 2012 concessions for the production and distribution of electricity were adopted, granting the Group the certainty of production





of power for the coming 30 years. Management initiated discussions and negotiations with the Regulator, Bureau Telecommunicatie en Post (BTP), on various restrictions identified in complying with these requirements. On June 9, 2014 the Minister of Finance provided Aqualetra with a draft of a proposed amended concession for the production of electricity. On June 11, 2014 the Government adopted concession for the production of electricity. A notable change in this concession, compared to the previous concession, is the simplification of various requirements. Another major change in the new concession is the granting to Aqualetra of a minimum and a maximum production capacity. This granted capacity can be applied in direct form (own production) and indirect form (contracted production). The amended concession was issued on June 19, 2014 and formalized on November 6, 2014.

Tariff structure

The tariff structure for water and electricity consists of a (i) base component and (ii) a fuel component. The base component is intended to cover all the non-direct costs for the production, distribution and supply, while the fuel component must cover the fuel costs and other direct costs of production and sales. This separation made the application of a rate calculation system, which could track changes in fuel costs, possible.

Determination of tariffs

The Ordinance for prices (“Prijsverordening”) states that the authority for the determination and the adjustment of electricity and water tariffs, lies with the Government of the Country of Curaçao.

The Executive Council of the Island Government of Curaçao adopted in

2002 a resolution in which is stated that as the public entity and as the shareholder of the Group it is in favor of tariffs that will allow the Company to comply with all its obligations including its capital investments. The resolution also mentions that tariffs for water and electricity may be changed as a consequence of the increases in the fuel prices. Furthermore, is indicated that the price increases shall be charged to the consumers.

Energy policy

In the resolution dated November 17, 2008, it is stated that the Government will institute a regulatory framework as per March 1, 2010 for the review, determination and approval of the tariffs for water and electricity. Furthermore, it was stated that a regulatory body would be instituted, as per March 2009, for the analysis and approval of the Group’s requests for tariff changes and for the execution of the regulation yet to be implemented.

In 2009, the Group was notified by the Government that BTP was appointed as the Regulator.

On November 15, 2010, the Regulator presented to the Group and other stakeholders a New Policy Paper (“Beleidsnota”) concerning the future regulatory structure for electricity supply in Curaçao.

The intended effect of the policy paper is to lower the tariffs, upgrade the services to the customers, provide choices for the clients and increase the reliability and sustainability of energy. BTP made amendments to the policy paper in February 2011 based on comments from the BMD and the policy paper is being implemented and will continue to be implemented in the coming years.

4.2 Significant accounting policies

a) General

The principal accounting policies adopted in the preparation of the consolidated summary financial statements of the Group are set out below. These explanatory notes are an extract of the detailed notes included in the consolidated financial statements and are a fair summary of those from which they have been derived.

b) Basis of preparation

The consolidated financial statements of the Group from which the consolidated summary financial statements have been derived, are prepared in accordance with the International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB). The consolidated figures in these consolidated summary financial statements are presented in Netherlands Antillian guilders and all values are rounded to the nearest thousand (ANG'000), except when otherwise indicated.

c) Basis of consolidation

Subsidiaries are all entities over which the Group has the power to govern the financial and operating policies. The following subsidiaries have been consolidated as of December 31, 2015. All entities listed below together with Integrated Utility Holding N.V. are hereinafter collectively referred to as "The Group".

Name	% equity interest	
	2015	2014
Aqualectra Production (KAE N.V.)	100%	100%
Aqualectra Distribution (KODELA N.V.)	100%	100%
General Engineering & Utility Services N.V. (GEUS)*	100%	100%
Aqualectra Multi Utility Company N.V. (AMU)	100%	100%
Aqualectra Bottling Co. N.V.**	100%	100%
KUMEPE N.V.	100%	100%

4.3 Summary of significant accounting policies

a) Property, plant and equipment.

Construction in progress, property, plant and equipment is stated at historical cost, net of accumulated depreciation and accumulated impairment. Depreciation is calculated on the straight-line method to write off the cost of each asset, or the recoverable amounts, to their residual values over their estimated useful life, taking into account the useful life of the most important components.

Expenses for the decommissioning of the Mundu Nobo plant are included in property, plant and equipment. These capitalized expenses are based upon estimates performed by an independent expert. In 2013 and 2015, the provision was adjusted internally, based on more accurate information gathered regarding the decommission costs, once the demolition of the Mundu Nobo plant commenced. Depreciation hereon is calculated by the straight-line method to write off the cost of each asset, or the recoverable amounts, to their residual values over their estimated useful life, taking into account the useful life of the most important components.

Major spare parts are accounted for as property, plant and equipment when the Group expects to use them during more than one period. Similarly, if the spare parts can be used only in connection with an item of property, plant and equipment, they are accounted for as property, plant and equipment.

The cost of work in progress comprises materials, direct labor (Aqualectra Distribution), service charges and other costs.

An item of property, plant and equipment and any significant part initially recognized is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss resulting on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the income statement when the asset is derecognized. The assets' residual values, useful lives and methods of depreciation are reviewed at each financial year end and adjusted prospectively, if appropriate.

b) Loans and receivables

Loans and receivables are recognized initially at fair value plus transaction cost, except in the case of financial assets recorded at fair value through profit or loss. Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables comprise trade accounts receivable, other receivables, cash and cash equivalents and other non-current financial assets. After initial measurement, such financial assets are subsequently measured at amortized cost using the effective interest rate (EIR) method, less impairment. The losses resulting from impairment are recognized in the statement of profit or loss.

The Group derecognizes a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by the Group is recognized as a separate asset or liability.

A provision for impairment is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the financial asset. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganization and default or delinquency in payments are considered indicators that the financial asset is impaired. The amount of the provision is the difference between the asset's carrying amount and the estimated future cash flows. The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognized in the consolidated statement of comprehensive income. When a financial asset is uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited in the consolidated statement of comprehensive income.

c) Financial liabilities

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. All financial liabilities are recognized initially at fair value and, in

the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group's financial liabilities include trade and other payables and loans and borrowings including bank overdrafts.

Loans and borrowings

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortized cost using the EIR method. Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the EIR amortization process. 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 EIR. The EIR amortization is included as finance costs in the statement of profit or loss.

The Group derecognizes a financial liability when its contractual obligations are discharged, cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in the statement of profit or loss.

d) Provisions

Provisions are recognized when the Group has a present legal or constructive obligation as a result of past events. Furthermore, it should be probable that an outflow of resources will be required to settle the obligation and a reliable estimate of the amount can be made. Provisions are determined, unless otherwise stated, by discounting the expected

future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognized as finance cost.

Onerous contracts

A provision for onerous contracts is recognized when the expected benefits to be derived by the Group from a contract are lower than the unavoidable cost of meeting its obligations under the contract. The provision is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract. Before a provision is established, the Group recognizes any impairment loss on the assets associated with that contract.

Provision for the decommissioning of Mundo Nobo

The Group records a provision for decommissioning costs of the Mundo Nobo plant which consists of the costs for the demolition of buildings, civil works and installations, including the costs of removal and eventual processing of the residuals. Decommissioning costs are provided at the expected costs to settle the obligation and are recognized as part of the cost of particular asset. The unwinding of the discount is expensed as incurred and recognized in the consolidated statement of comprehensive income as finance cost. The estimated future costs of decommissioning are reviewed annually and adjusted as appropriate. In the intervening years, the value is increased with accrued interest and any changes in the estimated future costs added to or deducted from the cost of the asset.

Employee benefits

Certain employee benefits provisions, except for the provision for vacation leave, are based on actuarial calculations. The independent and qualified actuary obtained sufficient information in order to perform the valuations.

e) Revenue recognition

Revenue represents the income from the supply of goods and services relating to the generation, distribution and supply of energy and water, less discounts and transactions within the Group. Sales are recognized upon delivery of products and customer acceptance, if any, or on the performance of services. The revenue from respectively the generation and supply of energy and the production and distribution of water is measured on a monthly basis. The revenue is based on the customer's monthly usage and applicable tariffs.

The usage is based on monthly meter readings spread over the cycles.

The cycles have a 25 to 30 days consumption period which may differ from a monthly calendar. Due to the aforementioned, a part of the monthly revenue is accrued and reported as still to be invoiced.

The revenue from Pagatinu electricity is accounted for at the sales moment.

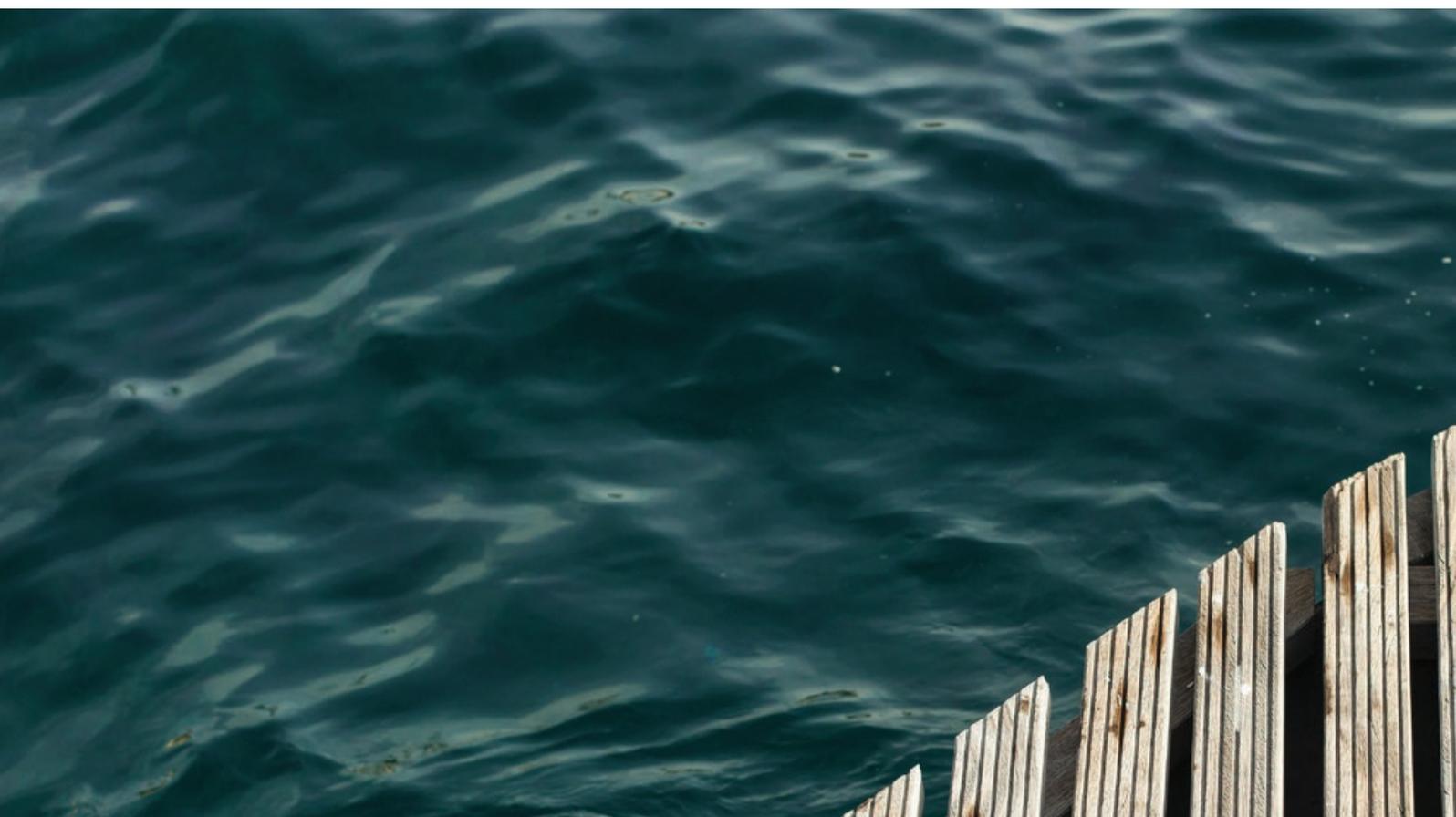
4.4

Financial Risk Management

The Group's activities expose it to a variety of financial risks: market risks (including the effects of foreign exchange risk, interest rate risk and tariff risk), credit risk and liquidity risk. The Group's overall risk management is aimed at minimizing the potential adverse effects of these risks on the financial performance of the Group.

The Board of Supervisory Directors has overall responsibility for the establishment and oversight of the Group's risk management framework. A Risk Management Committee has been established, which is responsible for developing and monitoring the Group's risk management policies. The Group's risk management policies were established to identify and analyze the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. During 2015, the Risk Management Committee did not engage in risk monitoring activities.

The Audit Committee oversees how Management monitors compliance with the Group's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Group. The Audit Committee is assisted in its oversight role by Internal Audit. Internal Audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the Audit Committee.



4.4.1 Market risk

The market risk consists of the foreign exchange risk, interest rate risk and tariff risk.

Foreign exchange risk is the probability of loss occurring from an adverse movement in foreign exchange rates. The Group is exposed to foreign exchange risk resulting from purchasing parts, services and supplies from foreign suppliers. These foreign transactions are mainly invoiced in United States Dollars (USD) and/or EURO (EUR). The Group's policy is to regularly review the significant risks resulting from foreign exchange rate exposure and when appropriate, to hedge significant foreign currency transactions at the point the commitment is entered into, by purchasing the foreign currency and / or limiting the period that commitments in foreign exchange rates are exposed to foreign exchange risk. Cash flow constraints combined with the immateriality of foreign exchange risk per transaction, led to Management's decision to put the aforementioned policies on hold during 2015 and 2014.

The interest rate risk of the Group can be defined as the risk of incurring extra interest costs due to adverse movements of the interest rate of non-fixed interest bearing loans of the Group. In managing interest rate risk, Management monitors developments in the Group's loan rates and keeps abreast of interest rates both locally and internationally. The Group has long term and short term loans payable with fixed interest rates. The corporate bonds have a floating rate that is capped at 6% with a minimum of 4%. But based on current developments, it is expected that the interest rate will remain at 4%. As the loan portfolio consists of loans with a fixed interest rate, effects of development in interest rates have no impact on the Group.



The Group is exposed to the volatility of international fuel-price developments, which influences the direct cost component of the electricity and water tariffs to consumers. The chart below shows the development in average fuel price throughout the year 2015 and 2014.

(Amounts in ANG * 1,000)	Realized 2015	Realized 2014	Variance	% Variance
AVG FUEL PRICES PER UNIT in ANG				
Fuel usage IFO - MN	0	542	(542)	-100%
Fuel usage GO - MN	802	1,413	(611)	-43%
Fuel usage MFO - DW	602	1,416	(814)	-57%
Fuel usage IFO DPP ISLA	486	958	(472)	-49%
Fuel usage MDO - DW & KNPL	837	1,401	(564)	-40%
Fuel usage MDO - DPP ISLA	917	1,563	(646)	-41%
FUEL USAGE Quantity in ton/m³				
Fuel usage IFO - MN ton	70	42,087	(42,017)	-100%
Fuel usage GO - MN m ³	12,416	40,171	(27,756)	-69%
Fuel usage MFO - DW ton	80,591	48,145	32,447	67%
Fuel usage IFO DPP ISLA ton	24,874	36,494	(11,620)	-32%
Fuel usage MDO - DW & KNPL m ³	3,172	947	2,225	235%
Fuel usage MDO - DPP ISLA m ³	1,596	457	1,138	249%
FUEL USAGE ANG (*1000)				
Fuel usage IFO - MN	0	22,792	(22,792)	-100%
Fuel usage GO - MN	9,959	56,757	(46,798)	-82%
Fuel usage MFO - DW	48,541	68,163	(19,622)	-29%
Fuel usage IFO DPP ISLA	12,092	34,978	(22,886)	-65%
Fuel usage MDO - DW & KNPL	2,654	1,327	1,327	100%
Fuel usage MDO - DPP ISLA	1,464	714	750	105%
Total fuel usage in ANG	74,710	184,731	(110,021)	

Since June 1, 2012, the electricity and water rates charged to customers consist of:

- ▶ A fuel component which is intended to cover fuel expenses, expenses for purchasing water and electricity from external sources, expenses for chemicals and lubricants, expenses for electricity used for water production and expenses related to non-revenue electricity and water (NRE & NRW).
- ▶ A base component which is intended to cover all expenses which are not related to the fuel component.
- ▶ A recovery component which is a temporary component. The fuel component was introduced as per June 1, 2012 but is deemed to have started retrospectively on January 1, 2011. All shortfalls in the fuel component due to the late implementation are charged via the recovery component.

The change in the tariff structure has introduced risks which Management categorizes and manages as follows:

1. Fuel- and recovery component related: all expenses related to the fuel component should be covered, and if not, these will be recovered via the recovery component. Management monitors these expenses and their coverage on a monthly basis and also monitors developments in the recovery component. The chart below shows the developments throughout the reported period.

COVERAGE CALCULATION FUEL AND RECOVERY COMPONENT (ANG * 1,000)	Dec 31, 2015	Dec 31, 2014
Coverage calculations fuel component		
Coverage fuel component E	115,011	202,173
Coverage fuel component W	14,022	21,843
Total coverage fuel component	129,033	224,016
Expenses in the fuel component E & W	(137,941)	(250,026)
Interest expenses CUROIL	(919)	(2,357)
Total realized expenses in the fuel component E & W	(138,860)	(252,383)
Under-coverage developed during the reporting period	(9,827)	(28,367)
Recovery component E	34,682	33,933
Recovery component W	4,175	5,015
Recovered during the reporting period	38,857	38,948
Coverage/(under-coverage) developed during the reporting period (net of Recovery)	29,030	10,581
Outstanding undercoverage per the end of the period		
Beginning balance (excluding regulatory account Dec 2010)	(41,241)	(51,822)
Coverage / (under-coverage) developed during the reporting period (net of Recovery)	29,030	10,581
Total Balance of Prefinancing	(12,211)	(41,241)

From the chart above Management concludes that ANG 12.2 million is yet to be covered by the recovery component. Management also noted that under coverage continued to develop in the fuel component throughout 2015, mainly due to electricity and water purchases from third parties not being covered.

2. Base component related: all expenses related to the base component should be covered. Management monitors these developments. The chart below shows the developments throughout the reported period.

COVERAGE CALCULATION BASE COMPONENT (ANG * 1,000)	Dec 31, 2015	Dec 31, 2014
Coverage calculations base component		
Coverage base component E	217,801	207,366
Coverage base component W	81,255	77,079
Total coverage base component	299,056	284,445
Realized base Expenses		
Reduction of expenses in base component due to miscellaneous sales	(18,369)	(9,518)
Other direct cost of sales	27,929	63,964
Personnel costs	95,503	105,481 *
Parts, repair and maintenance	49,900	44,204
Hired services	5,985	6,047
General expenses	28,803	23,780
Depreciations	43,386	36,451
Provision bad debt	9,392	20,672
Interest expense	18,574	20,507
Income tax credit	1,736	34,368
Total realized base expenses	262,839	345,956
Coverage on base component	36,217	(61,511)

These figures do not reconcile with the comprehensive income statement because Aqualetra Multi Utility Company (AMU) is not included, and also because reclassifications occur between "Direct Cost of Sales" and "Other Direct Costs of Sales".

* Personnel costs in 2014 have been restated to exclude the non-recurring (post) employment benefits adjustment of ANG 92.4 million stemming from the increase in the retirement age from 60 to 65 and changes in the medical costs retired employees enjoy as a result of the implementation of the basic health insurance plan. As per discussions held with the Regulator in 2016, there is an agreement that the non-recurring (post) employment benefits adjustment should be excluded from the coverage calculation which results in the under-coverage of ANG 61.5 million as noted previously.

From the table above Management concludes that in 2015 there is an over-coverage in the base component of ANG 36.2 million. Increased coverage was achieved in 2015 as a result of the increase in the base component of water and electricity and the decrease in operating expenses. Discussions with the Regulator are ongoing to find a structural approach to achieve full coverage of the expenses pertaining to the base component.



4.4.2 Credit risk

For the Group, credit risk is the risk as a consequence of the uncertainty in a counterparty's (customers, etc.) ability to meet its obligations leading to the possibility of a loss incurred by the Group due to the financial failure by the counterparty.

Credit risk within the Group mainly appears when billing customers for the delivery of electricity and water and of other types of services rendered by the Group. Significant financial difficulties of customers (e.g. the probability that the customer will enter bankruptcy or financial reorganization) and/or default payments are considered credit risk indicators.

Credit risk losses result in a provision being created for uncollectible amounts, which is based upon previously established collection patterns and historical analyses.

Credit risk within the Group also results from cash and cash equivalents (note 5.6.8) with banks and financial institutions.

The Group aims at mitigating this credit risk by using reputable financial institutions for investing and cash handling purposes. As per December 31, 2015 the Group has cash balances placed at 8 reputable banking institutions (2014:8).

The credit risk management within the Group entails:

- Assessment of the credit quality of retail customers by the Customer Relations Department, taking into account the past experiences with the customer, the customer's financial position and other factors;
- Collection procedures for outstanding invoices to customers;
- Revenue protection program (e.g. discontinuation of the delivery of electricity and water or replacement of an electricity meter with a Pagatinu meter).



The table below shows a breakdown of accounts receivable and other receivables as at reporting date.

	Dec 31, 2015		Dec 31, 2014	
	Trade receivables	Other receivables	Trade receivables	Other receivables
(Amounts in ANG * 1,000)				
Industrial & large commercial	24,558	9,089	33,718	9,564
Commercial	13,558	13,921	16,201	14,732
Households	36,530	8,089	34,321	6,624
Government	4,041	8,691	5,548	9,522
Standing orders	2,118	0	2,959	0
New accounts	80	0	103	0
Inactive	36,700	0	33,408	0
Other	2,330	9,853	2,536	2,498
Balance of receivables	119,915	49,643	128,794	42,940
Clients' payments in transit	(1,789)	0	732	0
Billing cycle to be invoiced	16,512	0	16,814	0
Gross receivables	134,638	49,643	146,340	42,940
Less allowance for doubtful debts	(71,863)	(23,994)	(66,799)	(21,648)
Net receivables	62,775	25,649	79,541	21,292
Less customer deposits	(24,715)	0	(24,013)	0
Receivables net of customer deposits	38,060	25,649	55,528	21,292

A high risk group within the trade accounts receivable is the inactive group. These clients have closed their accounts and the Group has procedures in place to avoid these customers from reopening the account elsewhere or under another name. Inactive accounts are 100% provided for.

The maximum exposure and categorization of the assets which are exposed to credit risk are set out in the table below.

	December 31, 2015	
	Trade receivables	Other receivables
(Amounts in ANG * 1,000)		
Neither past due nor impaired	31,607	3,085
Past due but not impaired	31,167	22,563
Individually impaired	71,863	23,994
Gross	134,637	49,642
Less Allowance	(71,863)	(23,994)
Net receivables	62,774	25,648
Customer deposits	(24,714)	0
Receivables net of customer deposits	38,060	25,648

	December 31, 2014	
	Trade receivables	Other receivables
(Amounts in ANG * 1,000)		
Neither past due nor impaired	28,488	9,961
Past due but not impaired	51,053	11,331
Individually impaired	66,799	21,648
Gross	146,340	42,940
Less Allowance	(66,799)	(21,648)
Net receivables	79,541	21,292
Customer deposits	(24,013)	0
Receivables net of customer deposits	55,528	21,292

The aging of the trade receivables, other receivables and receivables from related parties that are past due but not impaired, is as follows:

	December 31, 2015	
	Trade receivables	Other receivables
(Amounts in ANG * 1,000)		
Past due up to 60 days	6,540	0
Past due more than 60 days	24,627	22,563
	31,167	22,563

	December 31, 2014	
	Trade receivables	Other receivables
(Amounts in ANG * 1,000)		
Past due up to 60 days	24,607	0
Past due more than 60 days	26,446	11,331
	51,053	11,331

4.4.3 Liquidity risk

Liquidity risk is defined as the risk that the Group will encounter difficulties in raising funds to timely meet its commitments.

Management applies prudent centralized liquidity management which implies a cash flow matching approach in which projected cash inflows are matched against outflows. The Group's aim is to maintain sufficient cash and lines of credit to be able to comply with its obligations. In this, Management takes the necessary measures to either adapt cash inflows or cash outflows.

In broad terms, Management uses long-range projections for a maximum of five years, which has been approved by the Group's Board of Supervisory Directors. The Group updates the cash flow planning for a period of 12 months, on a weekly basis and uses this cash flow planning for control purposes.

4.4.4 Capital Management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to effectively manage the cost of capital. Capital risk is the risk that the Group loses its value as a result of which financiers (shareholders, lenders, etc.) may lose all or part of the principal amount invested in the Group.

The following chart shows the ratio's used by Management in monitoring and measuring the development in capital and reserves:

Ratios and financial covenants			
(Amounts in ANG * 1,000)	Target	Dec 31, 2015	Dec 31, 2014
Debt Service Coverage Ratio (DSCR)	>1.45	2.95	3.81
Adjusted Debt Service Coverage Ratio (ADSCR)	>1.15	1.33	1.26
Debt/EBITDA ratio (D/E)	<8.5	2.79	2.82
Current Ratio (CR)	>1.00	1.37	0.42
Solvency Ratio (SR)	>30.00%	30.91%	21.89%

4.5 Explanatory notes to the Consolidated Statement of Financial Position

4.5.1 Property, Plant and Equipment

The table below provides an overview of the property, plant and equipment as per December 31, 2015:

(Amounts in ANG * 1,000)

	cost 1-Jan-15	Accum. depr. 1-Jan-15	Book value 1-Jan-15	Additions 2015	Disposals 2015	Transfers 2015	Deprecia- tions 2015	Disposals accum. depr. 2015	cost 31-Dec-15	Accum. depr. 31-Dec-15	Book value 31-Dec-15
Production											
Land & buildings	47,740	28,366	19,374	0	(1)	0	(1,047)	0	47,739	29,413	18,326
Plant/Equipment	756,631	548,930	207,701	0	(424,016)	19,130	(15,400)	424,495	351,745	139,835	211,910
Major spare parts	37,794	35,219	2,575	0	(20,109)	0	(287)	23,306	17,685	12,200	5,485
Other assets	37,352	36,912	440	0	(1,129)	0	(292)	1,348	36,223	35,856	367
Work in progress	1,667	0	1,667	23,928	(3,895)	(19,130)	0	0	2,570	0	2,570
Total Production	881,184	649,427	231,757	23,928	(449,150)	0	(17,026)	449,149	455,963	217,304	238,658
Distribution											
Land & buildings	53,011	26,475	26,536	0	7	3,920	(1,256)	0	56,938	27,731	29,207
Distribution network	697,632	456,527	241,105	(708)	834	58,028	(24,007)	0	847,787	480,534	275,252
Other assets	62,300	62,009	291	0	3	1,194	(1,097)	0	65,497	63,106	391
Work in progress	52,098	0	52,098	29,860	192	(63,142)	0	0	19,008	0	19,008
Total Distribution	865,041	545,011	320,030	29,152	1,036	0	(26,360)	0	895,230	571,371	323,858
Total	1,746,225	1,194,438	551,787	53,080	(448,114)	0	(43,386)	449,149	1,351,192	788,675	562,516

4.5.2 Trade Accounts Receivable

The composition of trade accounts receivable as per December 31, 2015 and as per December 31, 2014 is as follows:

(Amounts in ANG * 1,000)	Dec 31, 2015	Dec 31, 2014
Government institutions	4,041	5,548
Business & industrial customers	38,116	49,919
Households	92,481	90,873
	134,638	146,340
Provision for bad debts	(71,864)	(66,799)
	(71,864)	(66,799)
Total trade accounts receivable	62,774	79,541

Trade debtors are valued at the actual billing amounts for electricity and water. A provision has been made for doubtful debts as shown below.

(Amounts in ANG * 1,000)	Dec 31, 2015	Dec 31, 2014
Balance at beginning of the year	(66,799)	(61,937)
Additions	(5,272)	(17,263)
Utilized	208	12,401
Balance at end of the year	(71,863)	(66,799)

4.5.3 Provisions

The provisions as per December 31, 2015 and as per December 31, 2014 can be divided in the following categories:

(Amounts in ANG * 1,000)	Dec 31, 2015	Dec 31, 2014
Provisions employee benefits	135,907	142,428
Other provisions	8,697	14,240
Total provisions	144,604	156,668

The provision for employee benefits as per December 31, 2015 and as per December 31, 2014 is specified below:

(Amounts in ANG * 1,000)	Dec 31, 2015	Dec 31, 2014
Provision medical costs retired employees	8,986	9,527
Provision supplementary pension APC (DT)	12,019	12,322
Provision early retirement benefit (VUT)	2,010	1,167
Provision anniversary bonus	18,423	19,573
Provision pension obligations	75,500	76,966
Provision vacation leave	3,747	4,390
Other post-employment provision	15,222	18,483
Total provisions	135,907	142,428

4.5.4 Corporate Bonds

On December 28, 2009 the Group issued through the Central Bank of Curaçao and St. Maarten the tranche 1a of the Aquallectra Corporate Bonds with a nominal amount of ANG 300,045,000 and a coupon rate of 4%. The purpose of the issue of the first tranche was to refinance the existing loans and liabilities. The actual realized net result on this issue amounts ANG 238,894,162. The difference was the discount incurred on the bonds as the interest rate on the market was higher than the rate the Group wanted to pay. Quarterly redemption began on March 15, 2015.

As per year end December 31, 2015 the Group is in compliance with financial covenants as described in the offering circular of the tranche 1a Aquallectra Corporate Bonds. As a result of this, the bonds have been classified as a non-current liability as shown in the tables below:

(Amounts in ANG * 1,000)	Dec 31, 2015	Dec 31, 2014
Non-current liability		
Corporate bonds	288,043	0
Current maturity	(12,002)	0
Amortized discount on bonds	(44,036)	0
Net value Corporate bonds	232,005	0

The associated discount pertaining to the bond has also been classified as a non-current liability as per December 31, 2015. The discount is amortized by means of the effective interest method over a period of 35 years. The yearly amortization is presented as part of the interest expenses in the statement of comprehensive income. The table below shows the classification of the discount:

(Amounts in ANG * 1,000)	Dec 31, 2015	Dec 31, 2014
Non-current liability		
Amortized discount on bonds beginning of the year	47,083	0
Amortization current period	(3,047)	0
Amortized discount on bonds end of the year	44,036	0

The Group was non-compliant with these covenants since the issuance of the corporate bonds in 2009. As a result of the non-compliance the corporate bonds were classified as a current liability until December 31, 2014 resulting in a qualification in the auditors' opinion for all the corresponding years. The tables below show the classification of the bonds and the associated discount as per December 31, 2014:

(Amounts in ANG * 1,000)	Dec 31, 2015	Dec 31, 2014
Current liability		
Corporate bonds	0	300,045
Amortized discount on bonds	0	(47,083)
Net value Corporate bonds	0	252,962

(Amounts in ANG * 1,000)	Dec 31, 2015	Dec 31, 2014
Current liability		
Amortized discount on bonds beginning of the year	0	50,244
Amortization current period	0	(3,161)
Amortized discount on bonds end of the year	0	47,083

4.5.5 Other liabilities

(Amounts in ANG * 1,000)

	Dec 31, 2015	Dec 31, 2014
Aqualectra Production		
Accrued vacation pay	0	3
Social securities	2,745	1,510
Current maturity long-term loans	11,025	13,740
Early retirement benefit obligations ('Aqualectra VUT')	888	520
Other accrued expenses	2,359	2,545
Other payables foreign countries	3,111	2,595
Payable to Wartsila	1,556	12,016
Miscellaneous	1,856	1,596
	23,540	34,525
Aqualectra Distribution		
Social securities	2,985	1,383
Services public lighting	343	343
Current maturity long-term loans	6,932	5,618
Accrued interest	1,391	1,167
Selikor	9,558	3,094
Other accrued expenses	12,687	8,982
Deposit received from APNA	0	2,000
Miscellaneous	(75)	0
MJP projects	3,094	3,094
	36,915	25,681
Integrated Utility Holding N.V.		
Social securities	73	31
Other accrued expenses	436	3,733
Current maturity long-term loans	13,052	999
	13,561	4,763
Aqualectra Multi Utility N.V.		
Social securities	0	42
Other accrued expenses	78	141
	78	183
Total Other liabilities	74,094	65,152

4.6 Explanatory notes to the Consolidated Statement of Comprehensive Income

4.6.1 Sales of Electricity and Water

The total revenues are presented net of intercompany sales. Sales to connections with Aquallectra Distribution (own usage) have been deducted from total sales but remain relevant for regulation and tariff setting purposes. Calculating average tariffs without taking the own usage into account, would taint the outcome significantly.

Since June of 2012 the Regulator adopted the tariff-structure of electricity and water to consumers comprising three components, namely:

- ▶ the fuel component, which covers the direct costs (includes fuel, chemicals, lubricants and purchase of electricity and water from third parties);
- ▶ the base component, which covers the operational costs and finance costs;
- ▶ the recovery component, which covers shortages in the fuel component which developed in years after 2011;

The fuel component can change as a result of fluctuations in the price of Curoil's and PDVSA/ Refineria ISLA's fuel products.

The Group keeps track of the fluctuations and when necessary the fuel component is adjusted in the tariffs to make the sales work budget neutral to the actual fuel costs. See also note 4.1 for additional information.

Unaccounted usage for water distribution at the end of 2015 is 22.53% (2014: 24.24%). This is a decrease during 2015 of 1.71%. Unaccounted usage for electricity distribution at the end of 2015 is 13.95% (2014: 13.83%). During 2015 the unaccounted usage increased by 0.12%. Management is working together with the Regulator on measures to manage unaccounted usage.

4.6.2 Direct costs of production

Direct cost production is specified below:

(Amounts in ANG * 1,000)	Dec 31, 2015	Dec 31, 2014
Fuel usage	74,710	184,731
Chemicals	4,465	3,243
Lubricants	3,084	2,900
Purchase of water & electricity	16,048	11,984
IUH DPP element	8,023	7,908
IUH Fuel element	4,183	4,187
IUH Extension element	(6)	56
Temporary Diesel Power Plant	15,673	51,818
Total direct costs production	126,180	266,827

Direct costs of production includes an amount of ANG 12,200,000 (2014: ANG 12,151,000) being the DPP, fuel and extension component of the IUH N.V. agreement between the Group, Refineria ISLA and Rdk N.V. According to this agreement a total fee of USD 12,000,000 has to be paid on a yearly basis until the year 2019. Since 2011, the extension element is being paid by RdK, as result of the transfer of the CUC shares to RdK. The amount mentioned increases yearly with the consumer index. This agreement covers the construction costs of a Diesel Power Plant and consists of a fuel and extension component.

4.6.3 Salaries, social securities and other personnel expenses

Salaries, social securities and other personnel expenses are specified below:

(Amounts in ANG * 1,000)	Dec 31, 2015	Dec 31, 2014
Salaries	55,069	62,347
Overtime	4,740	4,468
Social securities	32,167	27,030
Other personnel expenses	4,083	1,047
Total salaries, social securities and other personnel expenses	96,059	94,892

The development in the labor force during 2015 and 2014 was as follows:

Labor force	Aqualectra Production	Aqualectra Distribution	Integrated Holding N.V.	Total
12/31/2014	277	395	3	675
12/31/2015	263	381	3	647
Net Decrease	(14)	(14)	0	(28)

4.6.4 Parts, repairs and maintenance

Parts, repair and maintenance expenses are expenses made for parts and hired services for the operation and maintenance of the electricity and water production units, electricity and water distribution network and other assets of Aqualectra Production and Aqualectra Distribution.

	Dec 31, 2015	Dec 31, 2014
(Amounts in ANG * 1,000)		
Aqualectra Production		
<i>Repairs and maintenance electricity production units</i>		
Parts used	5,623	3,664
Hired services used	18,764	16,489
	24,387	20,153
<i>Repairs and maintenance water production units</i>		
Parts used	2,091	571
Hired services used	971	788
	3,062	1,359
<i>Repairs and maintenance combined (electricity & water) production units</i>		
Parts used	0	862
Hired services used	0	1,445
	0	2,307
<i>Repairs and maintenance other assets and facilities</i>		
Parts used	6,239	4,926
Hired services used	(4,731)	598
	1,508	5,524
Total parts and hired services Aqualectra Production	28,957	29,343
Aqualectra Distribution		
<i>Operation and maintenance electricity distribution network</i>		
Parts used	3,821	3,547
Hired services used	6,001	6,065
	9,822	9,612
<i>Operation and maintenance water distribution net</i>		
Parts used	3,312	840
Hired services used	4,865	3,741
	8,177	4,581
<i>Operation and maintenance other assets and facilities</i>		
Parts used	310	(192)
Hired services used	2,634	857
	2,944	665
Total parts and hired services Aqualectra Distribution	20,943	14,858
Aqualectra Multi Utility N.V.		
Hired services used	0	13
Total parts, repairs and maintenance	49,900	44,214



4.6.5 General expenses

General expenses are specified below:

(Amounts in ANG * 1,000)

	Dec 31, 2015	Dec 31, 2014
General expenses		
Housing and car fleet	7,042	7,273
Office expenses	2,669	2,433
Insurance and security	5,548	5,509
Consultancy	4,147	5,932
Communications and public relations	3,153	1,813
Regulation and compliance fees	3,671	3,671
Other expenses	2,411	(1,668)
Total general expenses	28,641	24,963

Report of the independent auditor on the consolidated summary financial statements

To the Shareholder, Board of Supervisory Directors and Board of Managing Director of Integrated Utility Holding N.V.

The accompanying consolidated summary financial statements, which comprise the consolidated statement of financial position as at 31 December 2015, the consolidated statement of comprehensive income, changes in equity and cash flows for the year then ended, and related notes are derived from the audited consolidated financial statements of Integrated Utility Holding N.V. for the year ended 31 December 2015. We expressed an qualified audit opinion on those consolidated financial statements in our report dated 25 May 2016.

Those consolidated financial statements, and the consolidated summary financial statements, do not reflect the effects of events that occurred subsequent to the date of our report on those consolidated financial statements.

The consolidated summary financial statements do not contain all the disclosures required by International Financial Reporting Standards. Reading the consolidated summary financial statements, therefore, is not a substitute for reading the audited consolidated financial statements of Integrated Utility Holding N.V.

Management's Responsibility for the Consolidated Summary Financial Statements

Management is responsible for the preparation of the consolidated summary financial statements on the basis described under Significant accounting policies.

Auditor's Responsibility

Our responsibility is to express an opinion on the consolidated summary financial statements based on our procedures, which were conducted in accordance with International Standard on Auditing (ISA) 810, 'Engagements to Report on Summary Financial Statements'.

Opinion

In our opinion, the consolidated summary financial statements derived from the audited consolidated financial statements of Integrated Utility Holding N.V. for the year ended 31 December 2015 are a fair summary of those consolidated

financial statements, in accordance with International Financial Reporting Standards. However, the consolidated summary financial statements are misstated to the equivalent extent as the audited consolidated financial statements of Integrated Utility Holding N.V. for the year ended 31 December 2015.

The misstatement of the audited consolidated financial statements is described in our qualified audit opinion in our report dated 25 May 2016. Our qualified opinion is based on the fact that the as per year end 2010 there was an uncertainty regarding the valuation of the investment in the equity accounted investee, Curaçao Utility Company Holdings N.V. ("CUC Holdings"). Based on the assumptions and valuation model generally used by management for determining the value of the investment, management was of the opinion that the current value of the investment at 31 December 2010 was approximately ANG 62.1 million, as disclosed in note 2.6 'Assertion of the Board of Supervisory Directors' of the consolidated audited financial statements. The advisor of the Government on this matter has valued the shares at approximately ANG 53.8 million based on their advice to the Council of Minister. In January 2011, the Shareholder decided to transfer the shares of CUC Holdings to a related party for a nil consideration. As a consequence of this decision of the Shareholder per the afore-mentioned date management decided to impair the value of the participation in CUC Holdings to nil as per 31 December 2010. The predecessor auditor was unable to obtain sufficient appropriate audit evidence whether the 2010 recognized loss on this investment position, was appropriate. This may also have an impact on the disclosures in the 2010 financial statements in accordance with all the relevant requirements of IAS 24, related party disclosures. Consequently, the predecessor auditor was unable to determine whether any adjustments were necessary to the carrying value of this investment, to the recognition thereof at 31 December 2010 and to the related disclosures. The situation as described above is still applicable to the year 2015 and therefore until a settlement is reached between parties involved, we are unable to determine whether any adjustments were necessary to the carrying value of the shareholder's equity at 31 December 2015. Our qualified opinion states that, except for the effects of the described matter, those consolidated financial statements give a true and fair view of the consolidated financial position of Integrated Utility Holding N.V. as at 31 December 2015, and of its consolidated financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Curaçao, 26 October, 2016

for Ernst & Young Accountants

/s/ E.R. Staius van Eps

Colofon

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Board of Supervisory Directors

Mr. Michael F. Willem (Chairperson)
Mr. Dennis Evertsz (Vice-Chairperson)
Mr. Abedd L.A. Hammoud (Chairman of the Audit Committee)
Mr. Angelo A. Davelaar
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