#TeamAqualectra

Annual Report 2017

AQUALECTRA

...ta invertí p'abo!

Contents

"Teamwork is the ability to work together toward a common vision. The ability to direct individual accomplishments toward organizational objectives. It is the fuel that allows common people to attain uncommon results."

- Andrew Carnegie -

#TeamAqualectra

Aqualectra at a glance

"Individual commitment to a group effort - that is what makes a team work, a company work, a society work, a civilization work."

- Vince Lombardi -

Why we do what we do?
To fundamentally contribute to the improvement of the quality of life in Curaçao.

AQUALECTRA

#TeamAqualectra

26.7% REDUCTION OF ELECTRICITY TARIFFS during the past 5 years

RATED A- by Standard & Poor's

9.31% RETURN on Equity

ANG **78.8 MILLION** Capital Expenditures

42.5% SOLVENCY ratio

81,588 ELECTRICITY connections serviced

82,324 WATER connections serviced

10,693,000 M³ sold

676,231 MWh sold

3.8% REDUCTION OF WATER TARIFFS during the past 5 years

Number of employees: **608**

Non-Revenue **ELECTRICITY REDUCED WITH 14.7%** during the past 5 years

ANG **30.7 MILLION PROFIT** after tax

36,666 METRIC TONS LESS FUEL usage compared to 5 years ago

Non-Revenue **WATER REDUCED WITH 14.4%** during the past 5 years

8,300 METRIC TONS LESS FUEL usage compared to 2016

BOARD OF MANAGING DIRECTORS AND MANAGERS FROM LEFT TO RIGHT:
Charissa de Cuba (Interim Manager Internal Audit Department) | **Julius Griffith** (Manager ICT & Business Development), **Darick Jonis** (Chief Executive Officer) | **Richen Ferrero** (acting Manager Power Supply Chain) | **Neysa Schoop-Isenia** (Interim Finance Executive) | **Raichel Leito** (Acting Manager Water Supply Chain) **Alexis Daou** (Corporate Treasurer) | **Irvin Hanst** (Advisor to the Chief Technical Officer) | **Adeline Martha-Weert** (Manager Financial Affairs), **Robert Celestina** (Manager Commercial Affairs) | **Diane Balentina** (Acting Manager Human Resources), | **Rudolf Garmes** (Program Manager ProgResA III) | **Murielle Belioso-Cicilia** (Risk Officer) | **Gregory Pijpers** (Manager Common Services)

NOT PICTURED:
Raycelli Seferina (Manager Engineering & Asset Management)
Daniel Corsen (Manager Water Supply Chain) | **Donald Cijntje** (Manager Operations Support)

#TeamAqualectra

1. Report from the Board of Managing Directors

There is no 'I' in Team

The year behind us was a challenging one for Aqualectra. One can safely say that 2017 marked the end of an era, paving the path to a new phase for the Group. The year was characterized by teamwork at its best. The new Aqualectra was being designed while the old was still being upheld.

Beside executing a project of such magnitude as that of the implementation of an Enterprise Resource Planning ('ERP') system aimed at the replacement of all key applications within the Group at once, our customers were served continuously and the various needs of our stakeholders were also catered to. Besides the ERP implementation project, other projects were finalized while other new ones were launched.

The year 2017 also marked the end of the 5-year strategic plan launched in 2012 called "Refreshing Approach". Achieving successes and overcoming the challenges that Aqualectra faced during this period, was only possible with a strong and resilient team that was made fit for the future.

This team, consisting of the various governance instances of our company, 633 employees, financial institutions, customers, regulators, suppliers, unions, relevant associations or organizations, the press and our community as a whole, is the basis of Aqualectra's modest success.

None of the positive results achieved, can be attributed to solely a single individual or one single action.

The unprecedented results presented in this annual report, could not have been possible without the synergetic effects of the coming together of the various groups mentioned above. This extraordinary effect was felt like never before and yielded remarkable results.

The utility sector worldwide is under pressure to perform well increase efficiency, reduce emissions by implementing renewables and to modernize both the operations and grid whilst at the same time, the tariffs are under close scrutiny of the policy makers and regulator. With today's emerging technologies in the utility sector, the operators are driven in a strait jacket requiring a leap forward in order to comply with the demand and requirements of all stakeholders.

The Board of Managing Directors ('BMD') has come to this realization and has been transitioning the company since 2012, following the path laid out in the strategic plan "Refreshing Approach", to comply with the challenges in the utility sector in Curaçao.

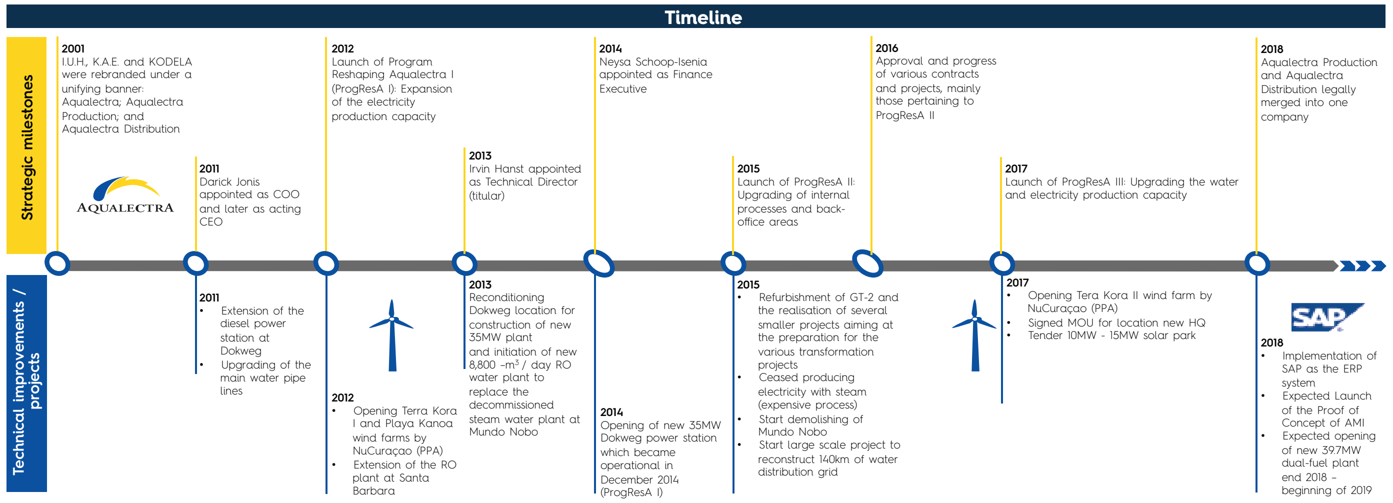
This fiscal year marks the formal end of the "Refreshing Approach" and a new strategic direction is to be set in the coming months.

"Coming together is a beginning. Keeping together is progress. Working together is success."

\- Henry Ford -

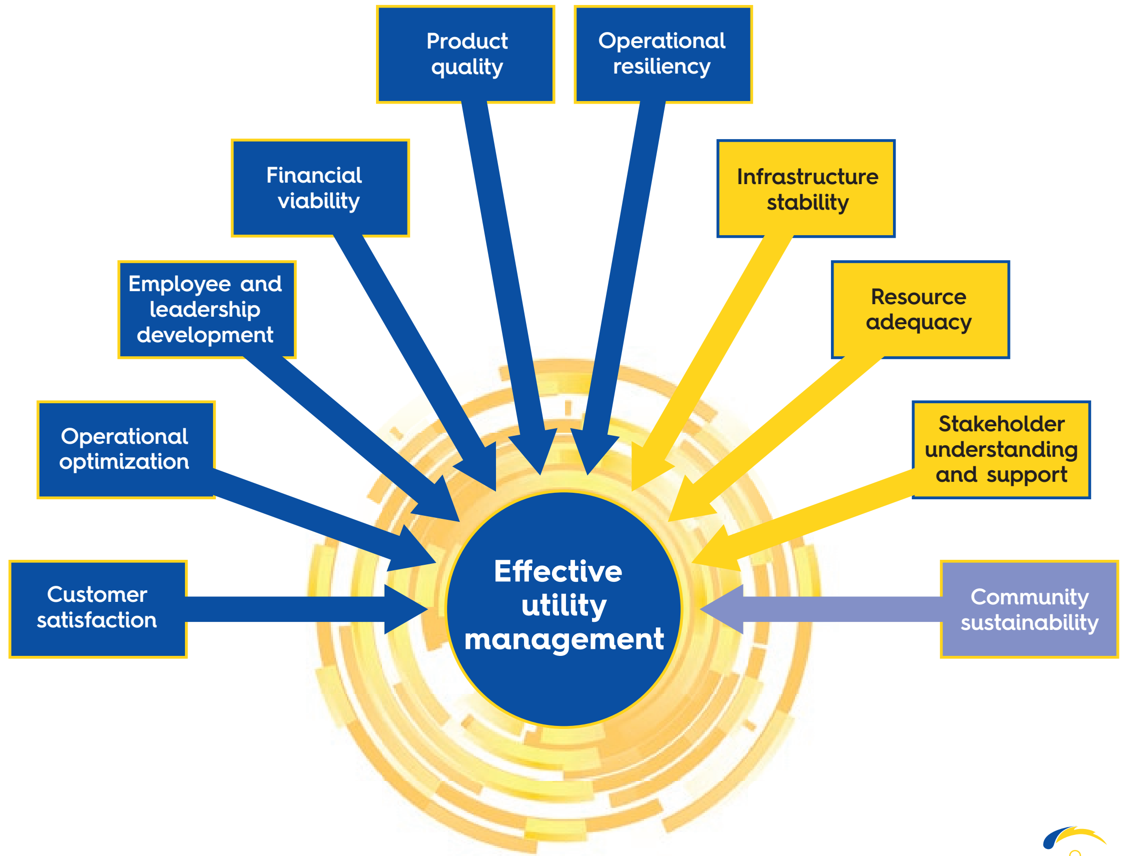
Strategic direction

Before determining the new strategic direction for Aqualectra, a review of the accomplishments of the strategic actions forthcoming from "Refreshing Approach" is necessary. The timeline depicted below illustrates the most important achievements that have led to the realization of the strategic goals. It can be concluded that the strategic direction chosen in 2012 has been followed completely and that these choices have laid the foundation for the transition the Group is currently undergoing. The following timeline highlights the main accomplishments during the period 2012-2017:



With "Refreshing Approach" coming to an end, Aqualectra has chosen the primer developed by a group of utility companies in the USA that is comprised of ten attributes of Effective Utility Management as the basis for the new strategic plan. The 10 attributes of the conceptual Utility of the Future encompass the 10 pillars on which utility companies strive and exist.

Each one of these attributes should be seen as levers which, if set at the right positon, gives the desired output. Each change in circumstance will require adapting the impacted levers in order to achieve the desired results. The highest priorities for the Group lie with the following attributes: (See illustration.)



The remaining four (4) attributes, being 'Stakeholder understanding and support', 'Resource adequacy', 'Infrastructure stability' and 'Community sustainability', were given lower priority during this stage of the transformation.
This does not imply that Aqualectra will neglect these areas but the expectation is that by only addressing the selected six (6) attributes, the remaining four (4) attributes will implicitly be addressed. Aqualectra's decision making process is based on all ten (10) pillars, with a special focus on the six areas mentioned above. It is the BMD's firm conviction that this focus, without losing sight of innovative global developments, will lead the Company to new successes and satisfaction for its customers, shareholder, employees and other stakeholders.
In 2018, the Group, together with the Board of Supervisory Directors ('BSD') and the Shareholder will determine the strategic actions for the coming five (5) years in order to address the stakeholders' demands on the Group and the utility sector of Curaçao.

Changing the way we do business

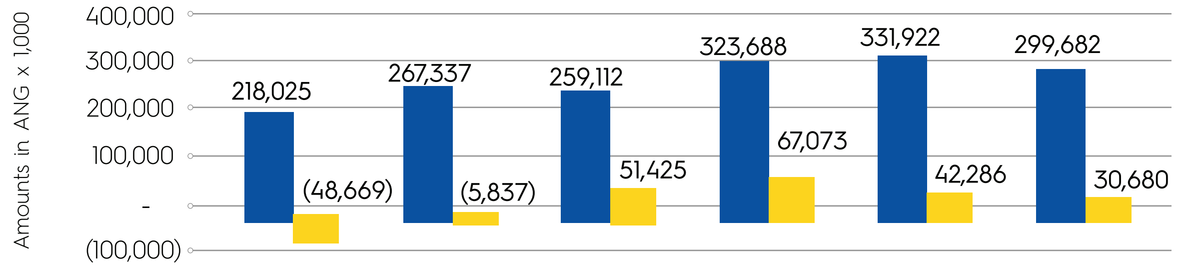
The utility sector used to be a very conservative sector of the economy. The drive for this sector was to deliver the utility service at low cost with a high degree of quality and reliability. In reality this resulted in delivering the utility service at any cost against an acceptable reliability with a good quality of supply.

The latter has induced the customer to start seeking alternatives for the shortcomings in the compliance of the utility sector. Initially this felt like fighting against Goliath. But with the technological advancements of renewable energy storage and distributed generation, nowadays the customer can have full control of his demand and cost, hence steering these components to meet his own needs. In many instances we can state that the consumer has become a prosumer (producing consumer).

Aqualectra has taken notice of these developments and is reconfirming its right to exist by changing the way business is conducted within the Group. Management first launched Program Reshaping Aqualectra I ('ProgResA I') in 2012. ProgResA I aimed at the expansion of production capacity for both water and electricity, with production methods that yielded efficiency gains in the production process. Three (3) years after the launch of ProgResA I, ProgResA II was launched. This time, the Company's focus was geared towards customer satisfaction, employee and leadership development and stakeholder management, through the improvement of service oriented processes and (financial) reporting tools. The implementation of an ERP, the merging of the Production and Distribution divisions into one company and the implementation of improved human resource processes and systems were some of the achievements attained.

The Group's new direction is noticeable by the unprecedented results, reported both at operational as well as on financial fronts.
The realization of these strategic and transformational projects and actions, have led to remarkable results during the past 6 years, from which a few are depicted below:

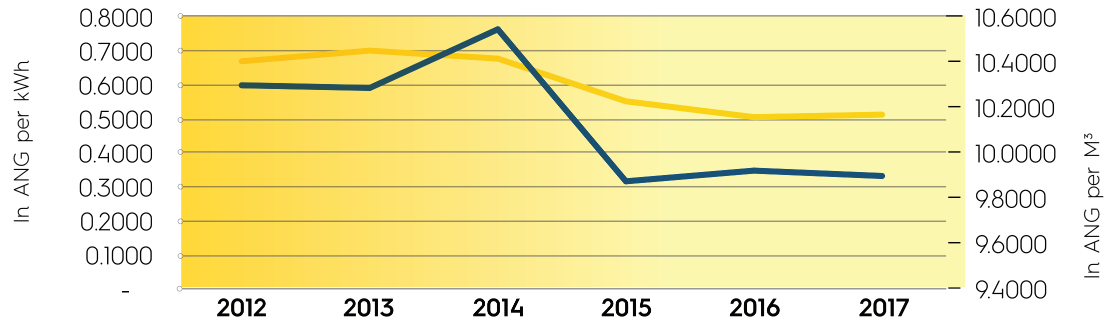
Earning Analysis



	2012	2013	2014	2015	2016	2017
Gross profit	218,025	267,337	259,112	323,688	331,922	299,682
Profit after tax	(48,669)	(5,837)	51,425	67,073	42,286	30,680

After realizing substantial losses, the Group has been profitable since 2014.
The profitability has been a direct result of cost efficiency management and good financial stewardship.

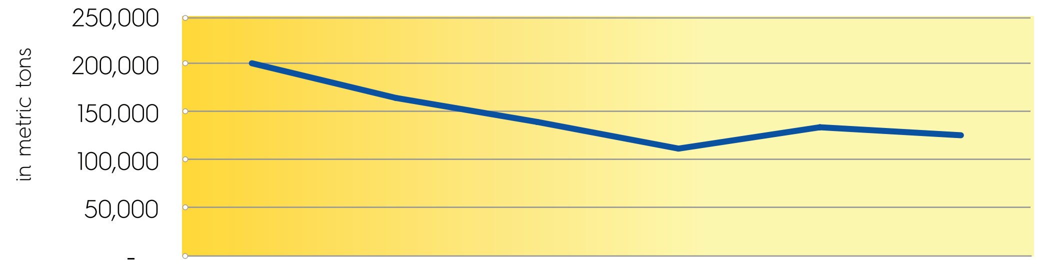
Average power and water tariff



	2012	2013	2014	2015	2016	2017
Average electricity tariff	0.6710	0.7013	0.6796	0.5510	0.5048	0.5138
Average water tariff	10.3000	10.2913	10.5488	9.8684	9.9220	9.8955

The financial and operational successes, including the operational profits, were realized despite the lower average tariffs for both water and power. The lower average tariffs are a result of less fuel consumption, lower fuel prices (world market) as well as operational cost reduction.

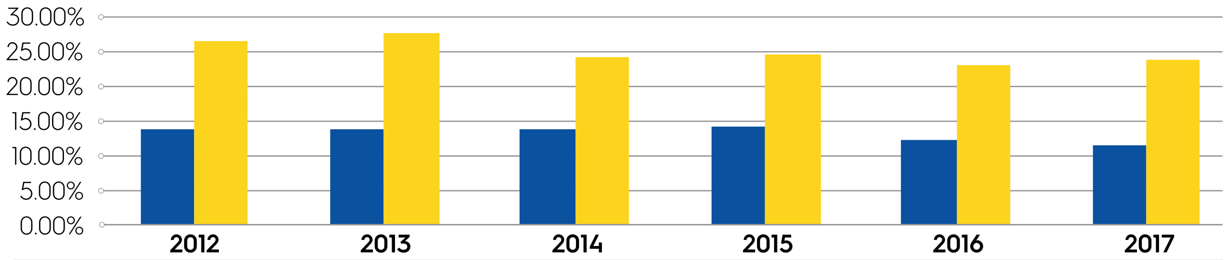
Fuel usage



	2012	2013	2014	2015	2016	2017
Fuel usage	202,417	163,788	141,407	111,603	135,463	127,122

By realizing an adapted production mix with the inclusion of the new Diesel plant as well as renewable sources, the total fuel usage has declined substantially over the past years. The noticeable increase of 2016 is due to higher demand of electricity by the customers.

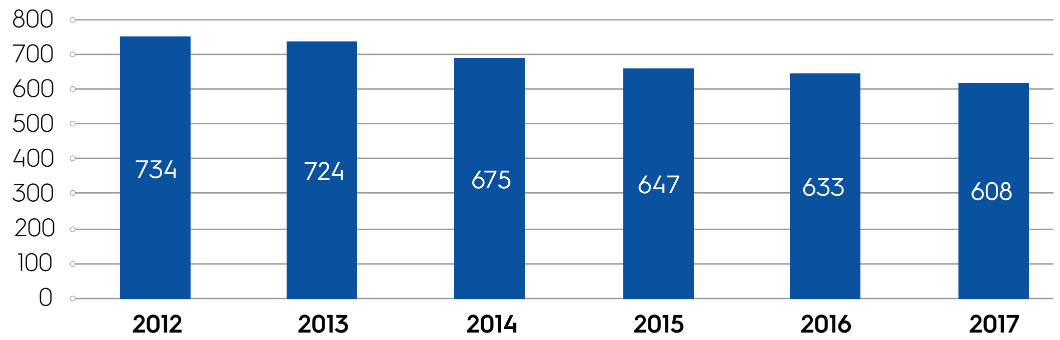
Non-Revenue Water and Electricity



	2012	2013	2014	2015	2016	2017
NRE	13.70%	13.57%	13.83%	13.95%	12.27%	11.58%
NRW	26.35%	27.68%	24.24%	24.29%	23.10%	23.70%

During the years in scope, Non-Revenue Electricity ('NRE') decreased with 2.12% while the Non-Revenue Water ('NRW') shrunk with 2.65%.
These results could only have been achieved with very strict theft policies, a robust revenue protection program and the slightest investments in the grid (especially water) to avoid leakages. With the planned acquisition of an Advanced Meter Infrastructure ('AMI'), these percentages are expected to continue on the declining path.

Number of employees



During the past 6 years, the number of employees decreased with 126.
This was realized through continuous efforts to increase efficiency, allowing the Group to not replace a large number of those reaching retirement age. This decreasing trend will continue during the years to come.
The BMD looks back at these results with modest satisfaction. The end of this era will lead the Group into a new stage. As a team, we are grateful for the support of our stakeholders and employees and we pledge to continue doing our utmost, to lead Aqualectra to new successes.

The year at a glance

Changing the way the Group has been doing business for the past decades involves facing many known and unknown challenges. The year 2017 was no exception. The following main events are emphasized by the BMD as the main highlights and challenges for the year 2017:

SAP Implementation project

The implementation project was in full execution during 2017. Right after concluding the Exploration (blue-printing) phase at the end of 2016, the Realization phase of the project was kicked-off during the first weeks of January 2017. On January 8, 2018, SAP was implemented and the Group starting using SAP as its ERP. This implies that the Group has closed an era of applying the "Best of Breed" applications, some interfacing with each other, while others did not, and entered in to the era of an integrated ERP. This posed an unprecedented challenge with the data conversion, the new way of working, as well as the transition of the multi-company into the merged company Aqualectra N.V.

Merging Aqualectra Production and Aqualectra Distribution

Realizing the implementation of the Corporate ERP, implicitly led to merging of the subsidiaries Aqualectra Production and Aqualectra Distribution.
A merger of such magnitude required not only the necessary legal actions, but also ensuring that all financial and organizational requirements are complied with.
The Group realized this merger by not only complying with all requirements, but also involved all stakeholders and partners who might be affected by this merger.
It can safely be concluded that the merger was realized without major casualties.

Communicating the change: "Kana ku nos"

The execution of the legal merger of Aqualectra as well as the implementation of the ERP required all stakeholders to be informed and involved in each and every step of the path to realization. In order to create the acceptance of these changes, Aqualectra launched the communication campaign "Kana Ku Nos" (walk with us). This campaign earned its merits and impacted the Aqualectra corporate image positively.

Maintaining the Financial rating by S&P

Standard & Poor's confirmed its A- financial rating awarded in 2016 by mid-2017 to Aqualectra. Also the 'stable outlook' forecast was maintained. Unfortunately, this forecast was changed early 2018 to negative due to the uncertainties with the future of the Refinery, which led to the same change in perspective for the rating at sovereign level.

Tariff guidelines

During 2017, both the base and the fuel component tariff guidelines were revisited by the Regulator (Bureau Telecommunicatie & Post, BT&P) and approved by the Council of Ministers. The approval of these base component guidelines led to the introduction of the much required Weighted Average Cost of Capital, allowing the Group to realize a reasonable return, upon maintaining efficiency. The tariff guidelines for the fuel component resulted in an important change in the water tariffs. For the first time, the cross subsidy between water and electricity was acknowledged, quantified and accepted. The base component of the water tariff was lowered while the fuel component was increased. The respective decrease and increase set each other off, resulting in more or less the same tariff for water, while the electricity tariff was maintained at a higher level than it should have been, to compensate for the losses in the water tariff.

Reversal of impairment

Another sign marking the end of an era, is the reversal of the impairment taken back in 2001. This reversal is considered the ultimate achievement to conclude on a successful turnaround. Without a stable financial performance as well as robust and achievable forward looking projections, such reversal could not have been possible.

Receivables from Refineria di Korsou N.V. and Curaçao Refinery Utility N.V.

Despite many efforts, these receivables are still uncollected. The outstanding amount surpassed acceptable levels and the BMD prudently decided to provide for a large portion of it. However, these provisions had a significant impact on the Group's result over 2017. Collection efforts will continue during 2018. The receipt of the outstanding amount will surely benefit Aqualectra's cash position and profitability.

Reaching an agreement with the Central Bank

The new path the Group has engaged in, requires heavy investments and lowering of the operational costs. For this reason, the BMD has approached the management of Central Bank of Curaçao and St. Maarten ('CBCS') and (re)visited the possibilities of refinancing the Corporate Bonds issued in 2009. These deliberations concluded with the CBCS agreeing on early repayment of the Corporate Bonds in two tranches, expiring in 2018 and 2019.

New Corporate Website and Customer Service Portal

In 2017, Aqualectra launched a new website and customer portal. This new website has a fresh look and provides the customer with both static and dynamic information of the services provided by the Group. Furthermore, the new Customer Portal provides better insight to the customers in their consumption pattern as well as invoice and payment information.

Operational affairs

During 2017, Aqualectra ensured stable running operations, through, among other, the following actions:

- **Rental of temporary power**
  The BMD acknowledged the necessity for additional capacity due to the demand growth combined with less owned capacity (due to maintenance and unexpected breakdown of generators). It was considered necessary to rent additional (temporary) generating capacity in order to cope with the increasing peak demand.
- **Maintenance backlog**
  During 2017, the maintenance backlog of the units owned by Aqualectra for the generation of power was eliminated in its entirety.
- **Several Water Reconstruction projects**
  During 2017 the intensity of the execution of the several water reconstructions was increased in order to realize more water reconstruction projects. These projects contribute to the increase of the efficiency of the water distribution grid.
- **Land reconditioning for the construction of the new Diesel Plant Dokweg II-B**
  During the 3rd quarter of 2017, excavation works were initiated for the reconditioning of the land and for plotting the required facilities for the expansion of the power plant.

Labor relations

In 2017, the BMD worked intensely on the labor relations. This resulted in various meetings with the labor unions ('Unions') of the Group, involving them at every step of the way. The Unions and the personnel were elaborately informed of the changes ahead and an understanding of the new developments was created.

Further improvement of the HR service delivery

In 2016, the Group launched a Personnel Registration Information system (PRIS). In 2017 the HR service delivery was greatly improved through the launching of the self-service helpdesk of the PRIS. This self-service helpdesk is unique on the island and gives the employee and his direct supervisor better (mobile) control of the HR related services.

Financial performance

(ANG * 1,000)	Dec 31, 2017	Dec 31, 2016	Change in ANG	Change in %
Sales electricity	365,109	361,093	4,016	1%
Sales electricity in MWh	676,231	691,548	(15,964)	-2%
Sales water	105,922	105,156	766	1%
Sales water in 1000m³	10,693	10,492	193	2%
Direct cost production and other direct cost of sales	(183,308)	(147,476)	(35,832)	24%
Gross profit	299,682	331,922	(32,240)	-10%
Gross profit margin	62.0%	69.2%		
Operating expenses	258,267	263,367	(5,100)	-2%
Operating profit	41,415	68,555	(27,140)	-40%
Interest expenses, net	(14,818)	(15,445)	627	-4%
Net result before tax	26,597	53,110	(26,513)	-50%
Recovery component in sales	0	13,742	(13,742)	
Adjusted net result before tax excl. recovery and adjustment	26,597	39,368	(12,771)	-32%

Results for the year

For the year 2017, Aqualectra reports a positive net result before tax of ANG 26.6 million (2016: ANG 53.1 million). This represents a decrease of ANG 26.5 million (50%) compared to 2016, which is attributable to various one-time events that had a financial impact and an under-coverage, mainly on the fuel component. The following table depicts an analysis of the profit of Aqualectra, with the end to conclude whether the Company would have been profitable if the one-time events had not occurred.

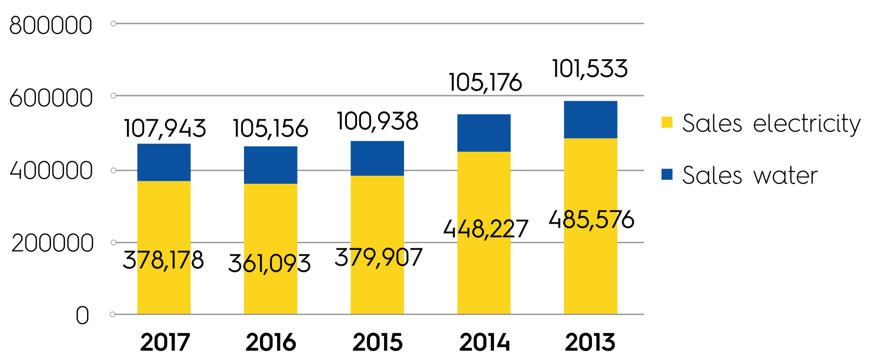
Noteworthy specific events	
Net result before tax	26,597
Addition to Provision retirement stimulation	34,540
Payment of various employee benefits with regard to the (CLA) with Union SEU	6,004
Reversal of impairment	(48,340)
Net result before tax adjusted for one-time events	**18,801**
Undercoverage on the fuel component developed in 2017	20,183
	38,984

Excluding the largest and most noteworthy one-time events, the Group would have reported a profit before tax of ANG 18.8 million. The under coverage on fuel component developed during the period under report amounts to ANG 20.2 million. This implies that Aqualectra pre-financed fuel costs which are otherwise fully passed through to customers. The reason for such a pre-financing is mostly the two-month lag with which tariffs are adjusted. As a matter of fact, if the tariffs has been adjusted without a lag, Aqualectra's earnings would have also been ANG 20.2 million higher, reaching a profit before tax of ANG 39 million. The profit before tax that was budgeted for the year 2017 amounted to ANG 37.8 million. When submitting this report to the Regulator, this under coverage will be addressed.

Sales of electricity and water

Total sales electricity and water combined has increased in 2017 by 1% or ANG 4.8 million as compared to 2016. While water contributed slightly to this increase with a 2% increase in M3 sold, the main contributor was electricity, which, despite a decrease of 2% in MWh sold, experienced a 2% increase in the tariff compared to 2016.

Sales electricity and water



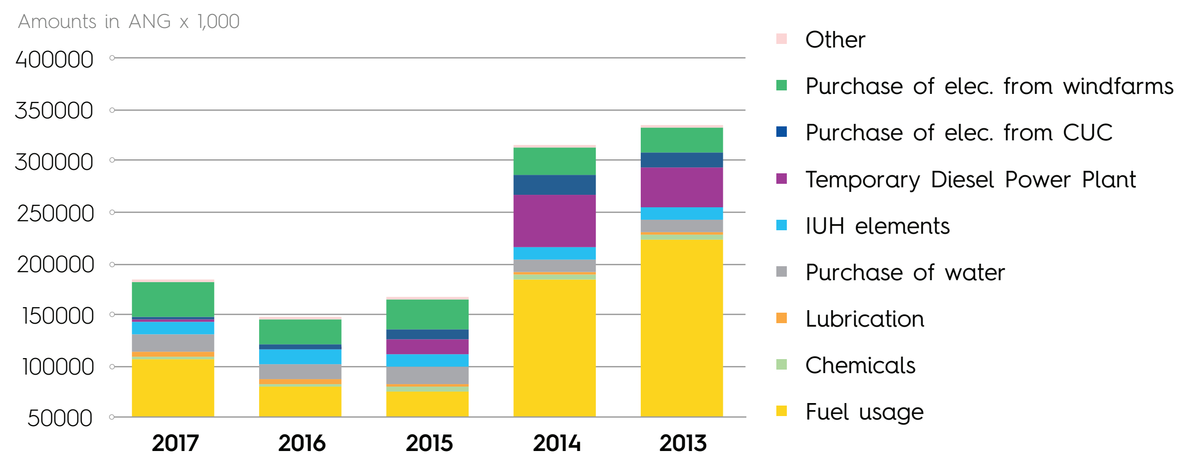
The base component as stipulated by the Government upon recommendation of the Regulator did not change in 2017. Variance in usage per customer category influences the average annual base rate, which explains the deviation from the approved base components per tariff group. The base component varies for each tariff group. The variance in consumption for each specific tariff group, influences the average base component on an annual basis.

Direct costs production and other direct costs of sales:

This cost category reflects the usage of fuel, chemicals, lubrication, the purchase of electricity and water from third parties, IUH-agreement expenses, expenses for the temporary rent of electricity production units and other direct costs of sales. The increase in direct costs of production and other direct costs of sales by 24% or ANG 35.8 million compared to 2016 is due to:

- Increase in fuel expenses of ANG 26.2 million, primarily due to the significant increase in fuel prices
- Increase in purchase of electricity from windfarm of ANG 7.6 million (2017: ANG 33.3 million and 2016: ANG 25.7 million) as a result of the expansion of the windfarm by mid-2017.

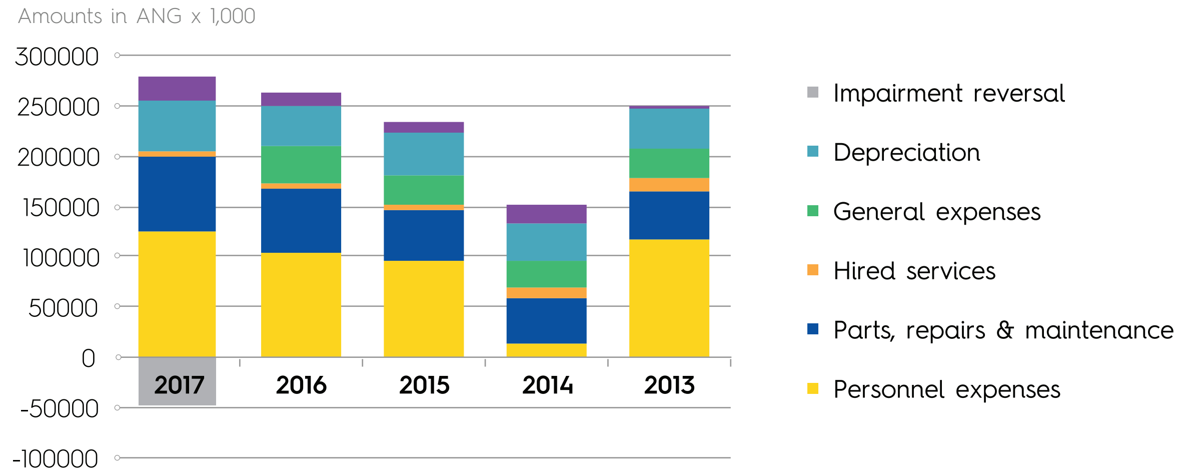
Direct cost of production and other direct cost of sales



Operating expenses

The operating expenses consist of the following expense categories:

Operating expenses



The total operating expenses decreased by 2% or ANG 5.1 million in 2017 compared to 2016. This decrease is mainly attributable to the following factors:

- The reversal of impairment of ANG 48.3 million for the depreciation on electricity and water and also for the impairment on machinery. The impairment was reversed based on indicators that are judged annually by the BMD. These indicators led to a reversal of the impairment in 2017.
- The General expenses decreased by ANG 10.7 million primarily due to adjustments made in 2016 for major spare parts and inventory adjustment of approximately ANG 6.2 million in other expenses. Furthermore, in 2016 a significant addition to the provision for damage costs receivable or not yet invoiced was recorded. Lastly, housing and car fleet expenses decreased by ANG 1.3 million.

The before mentioned decreases were partially offset by:

- **Salaries, social securities and other personnel expenses** increased by ANG 23.2 million in 2017 compared to 2016 due to an adjustment for the Provision retirement stimulation employment benefits of ANG 34.5 million offset by expenses recognized for pension provision in the income statement of ANG 5.2 million and a lower number of employees as the decreasing trend in FTE's is maintained.
- **Parts, repair and maintenance** of ANG 73.5 million in 2017 compared to ANG 63.9 million in 2016. The ANG 9.6 million increase is due to a more proactive and structured approach to managing the repair and maintenance activities and unforeseen repair work on the diesel power plant Isla site DE02, DE03 and DE04 resulting in an overrun in material usage. The budgeted Repair and maintenance expenses were ANG 78.8 million.
- **Depreciation expense** increased by ANG 11.0 million due to a substantial error correction of ANG 12.5 million for depreciation in the major spare parts made in 2016. The classification of the inventory items to major spare parts was thoroughly reviewed in 2017. All parts not meeting the IFRS criteria for classification as major spare parts, were reclassed to inventory and the related accumulated depreciation was reversed. However, these parts were deemed obsolete and hence were provided for. The addition to the provision for obsolete items is accounted for under other general expenses. These adjustments were made in 2016.
- **Provision bad debt** increased by ANG 10.4 million upon provisioning of receivables from CUC N.V. and Refineria di Korsou N.V. for the sake of prudency. In addition, there has been a further deterioration in the payment pattern of especially the commercial customers resulting from the strained economic condition of the island.

Investments

The total net capital expenditures incurred in 2017 was ANG 42.0 million. Investments amounted to ANG 69.5 million offset by net disposals and transfers of ANG 23.1 million. Large scale improvement efforts of the fixed asset ledger took place in 2017 where approximately ANG 140 million in fully depreciated assets no longer in use was disposed of. In addition to investment in property, plant and equipment, ANG 28.3 million was invested in the development of the new ERP system.

"Alone we can do so little,
together we can do so much."

- Helen Keller -

Cash flow developments

(ANG * 1,000)	Dec 31, 2017	Dec 31, 2016	Change in ANG	Change in %
Operating cash flow	84,890	119,573	(34,683)	-29%
Investing cash flow	(78,837)	(44,537)	(34,300)	77%
Financing cash flow	(25,780)	(50,664)	24,884	-49%
Net change in cash and cash equivalents	**(19,727)**	**24,372**	**(44,099)**	**-181%**

Contrary to the positive results, Aqualectra's cash and cash equivalents showed a decrease in 2017 compared to 2016. The cash flow from operating activities decreased by ANG 34.7 million, mainly due to the decrease in Profit for the year, decreases in inventories and other receivables, decreases in other liabilities and trade accounts payables.

The cash used in Investing activities increased by ANG 34.3 million compared to 2016. The project to implement SAP as ERP at Aqualectra was kicked-off in 2017 and 42% of the total cash flow used in investing activities, was related to this project.

The cash flow used in financing activities showed a decrease (ANG 24.8 million). This decrease is related to prepayment of various loans in 2016, as a result of the solidified cash position and to aiming at increasing the Company's agility preparing for possible future financing endeavors.

Financing

Aqualectra's objective is to have a solid financial position which enables it to carry out the required extensive investment programs. This is essential for the reliability, continuity and efficiency of the electricity and water production and distribution of Curaçao. Therefore, full access to financial markets at favorable conditions is a prerequisite. The top achievement in the BMD's endeavor in this direction is the receipt of an **A-** financial rating, issued by Standard & Poor's in 2016 and reconfirmed in 2017.

Tapping into the financial market is something that the BMD intends to do with a thorough plan and well thought out strategy. At the end of 2017, Deloitte Dutch Caribbean was engaged to execute a corporate finance analysis. After its execution the BMD entered deliberations with CBCS. The conclusion of the analysis was that it is a favorable moment for Aqualectra to tap into capital markets. However, to do so, the BMD needed approval from CBCS to prepay the corporate bonds currently held by this institution. On November 15, 2017, CBCS replied in writing and granted approval to prepay the bonds in two tranches.

Employees, Community and Environment

Employees

Aqualectra's employees are elemental to its continued success and growth. The BMD is aware that together with the challenges ahead, the development of the human capital needs to be addressed. Management has addressed this matter by establishing a Strategic Training & Development plan for the Group. These strategic actions were detailed in a tactical plan, the execution of which started in 2015. This plan covers the training and development of personnel, starting at the clerical level up to the managerial level and entails an elaborate 5 year plan.

One of the main topics of discussion with the Unions during 2017 was the pension age. In 2016 a protocol was signed stating that up to and including 2020 all employees reaching 60 years of age must retire and from 2021 through 2023, those reaching 60 years of age will have the choice to retire. Despite this signed protocol, the Unions argued the introduction of a choice to retire for the whole group instead of an obligation to do so and proposed an incentive program to motivate the employees reaching 60 years old during the years to come, up to and including 2023, to still retire at 60 years of age.
A number of 278 employees will be benefiting from this plan between 2017 up to and including 2023. Those already retired in 2015 and 2016 have also been included. This group totals 114 persons (ex-employees).

With the implementation of Automatic Meter Reading and Advanced Metering Infrastructure (AMR/AMI) systems and ERP system, increased efficiencies are expected through automation, the synchronization of processes and the optimization of the usage of information. Therefore, not all vacancies created as a result of the retirements, are expected to need fulfillment.
This creates the opportunity to reduce personnel costs by voluntary retirement and reallocating personnel in vacant functions. Training and development of personnel is imperative for the feasibility of such reallocations.

In 2015 Aqualectra concluded its negotiations with the labor unions and two Collective Labor Agreements (CLA's) were signed. The result of the referendum held for Aqualectra Production and Aqualectra Distribution led to the unification of the representation of the Aqualectra Distribution personnel whilst for the Aqualectra Production personnel no unification of union representation was achieved. This led to the signing of 2 CLA's being one for Aqualectra Distribution and one for the operational personnel of Aqualectra Production.
Both labor agreements are effective from January 1, 2014 through December 31, 2017, while the negotiation of the CLA for the non-operational employees for Aqualectra Production remained ongoing.

During 2017, an agreement was reached with the union representing the non-operational employees for Aqualectra Production (Union SEU) as well. Hence, at December 31, 2017, all employees were working under duly signed CLA's.
All CLA's reached their end at December 31, 2017. The BMD will start with CLA negotiations during 2018.

Security and reliability of supply

Aqualectra is aware that her customers, but also the community of Curaçao, are better served with high security and reliability of supply of both water and power.
In order to be able to monitor performance in this matter, Aqualectra reports monthly Key Performance Indicators (KPI's) based on which the durations of interruption are measured and managed.

Power

The KPI's for power are based on the availability of Aqualectra's own production units, and the duration of customer interruptions.
During 2017, the plant availability was below the indicator.
The reason for not meeting this KPI requirement were the breakdowns during 2017 which caused prolonged unavailability of the power production units.
During this maintenance cycle, especially the maintenance of the power generators required major review after almost 15 years of operation with minimal maintenance having been performed.

On the other hand, despite customer complaints, the total interruption duration and the average customer interruption duration are within the 2017 targets.

INDICATOR	DEFINITION	TARGET	YEAR-2017	REMARKS
SAIFI	$\frac{\text{Total number of customer interruptions}}{\text{Total number of customers served}}$	< 1.0	0.34	
CAIDI (min)	$\frac{\text{Sum of all customer interruption durations}}{\text{Total number of customer interruptions}}$	< 150	217	
SAIDI (min)	$\frac{\text{Sum of all customer interruption durations}}{\text{Total number of customers served}}$	< 120	50	Non compliance is a direct result of the 86 brownouts (loadshedding) during 2017
ASAI (%)	The Average Service Availability Index	> 92	99.5	

It is evident that the interruptions due to breakdowns of production units have impacted the electrical KPI's negatively. The loadseddings during 2017 can be attributed to the following:

- for 34% (2016: 3%) due to the lack of wind and thus electricity production by the windfarm;
- for 57% (2016: 71%) to capacity failure by Aqualectra's own production facilities and/or own generators taken out for maintenance.

Water

The water KPI's are aimed at both the water quality as well as the distribution efficiency. The following KPI's were reported for water during 2017:

INDICATOR	DEFINITION	TARGET	YEAR-2017	REMARKS
# of Complaints / 1000 Clients	$\frac{\text{Number of complaints}}{\text{Total number of customers served/1000}}$	< 10	8.9	Total Claims extracted from SRS
Average Fault duration (min)	The average recorded time to solve a fault in the water grid in a reporting period	< 480	1093	
# of Water Quality Complaints	The number of customer complaints on quality of water in a reporting period	< 33	37	Reported Brown Water & Water Taste faults in SRS
# of low Pressure or No Water Complaint	The number of customer complaints on low water pressure or no water supply in a reporting period	< 53	81.3	Including Low Pressure (<20) and No water complaints (<33)
Quality Index of Health parameters (%)	Parameters for Drinking Water Distribution Grid according to Landsverordening Drinkwater	> 98	99.9	
Overall Non-Revenue Water (x1000 m^3)	The amount of water being produced that is lost, either by leaks, theft or other reasons before it reaches the customer	< 173	283	21% of Budgeted Water amount on a monthly base.
Average Non Revenue Water / Client (m^3)	The average amount of non-revenue water in relation to the number of water connections	< 3.5	3.5	

Regarding water distribution, as was with the previous years, the challenge is to reduce the average fault duration. During 2017, Aqualectra did not succeed in meeting the established targets, as some improvement areas are made evident by the above-mentioned ratios.

Community engagement

Corporate Social Responsibility (CSR)
Aqualectra has a firm believe that its CSR policy should function as a built-in, self-regulating mechanism whereby its business would monitor and ensure its adherence to law, ethical standards, and international norms. Consequently, its business would embrace responsibility for the impact of its activities on the environment, consumers, employees, community, stakeholders and all other members in the public sphere. Furthermore, Aqualectra proactively promotes the public interest by encouraging community growth and development, and by voluntarily eliminating practices that harm the public sphere. Therefore it is essential for the BMD that the public interest is included into the corporate decision-making, and by doing this, honor of a triple bottom line: People, Planet, and Profit.

Small contributions to sport, education, environmental and sustainable development and non-profit social and humani-tarian organizations or causes:
Among the numerous small contributions to various initiatives that positively contribute to the wellbeing and development of our community, we can certainly highlight Aqualectra's contribution to sports and in particular to baseball for the most professional league as well as for the little ones.
The Company's policy is to contribute to federations and umbrella organizations under which individual teams are grouped. It is our belief that this way, more individual teams will benefit from our contribution, in comparison to when a contribution is made to a single team.
Further more, Aqualectra contributed to various endeavors that promote Nation Building.

Excursions to the production plants:
It is Aqualectra's firm belief that every citizen of Curaçao must be made conscious about the fact that water and electricity are very scarce on the island and that it takes a lot of effort and resources to make this water and electricity available for the local community. The reason behind this firm belief is the fact that it is in the consumers' own economic interest to be efficient with the use of these utilities and, on the other hand, from an environmental standpoint and in the interest of the whole community, to be efficient with these scarce resources. During the year under report, different excursions to the Group's production plants and technical facilities for schools and interest groups (including tourists and universities) have been organized by our Communication department, during which the production process of water and the generation processes of electricity were explained.

Protecting our environment

The production and distribution of electricity and water are Aqualectra's core businesses.
It requires the construction and maintenance of plants and a physical network of transmission pipes, lines and cables, transformers, pumps and other infrastructures.
This undoubtedly has an impact on the environment and environmental conditions.
The Group is aware of the impact that its operations can have on the overall environment and the community it serves.
Therefore, Aqualectra continues to make every effort to minimize this possible negative impact effectively.
By obtaining the ISO 14001 in 2005, the Group explicitly specified in its business processes the actual requirements for an environmental management system and adheres to those environmental aspects which the organization has control over and which it can be expected to have an influence on.

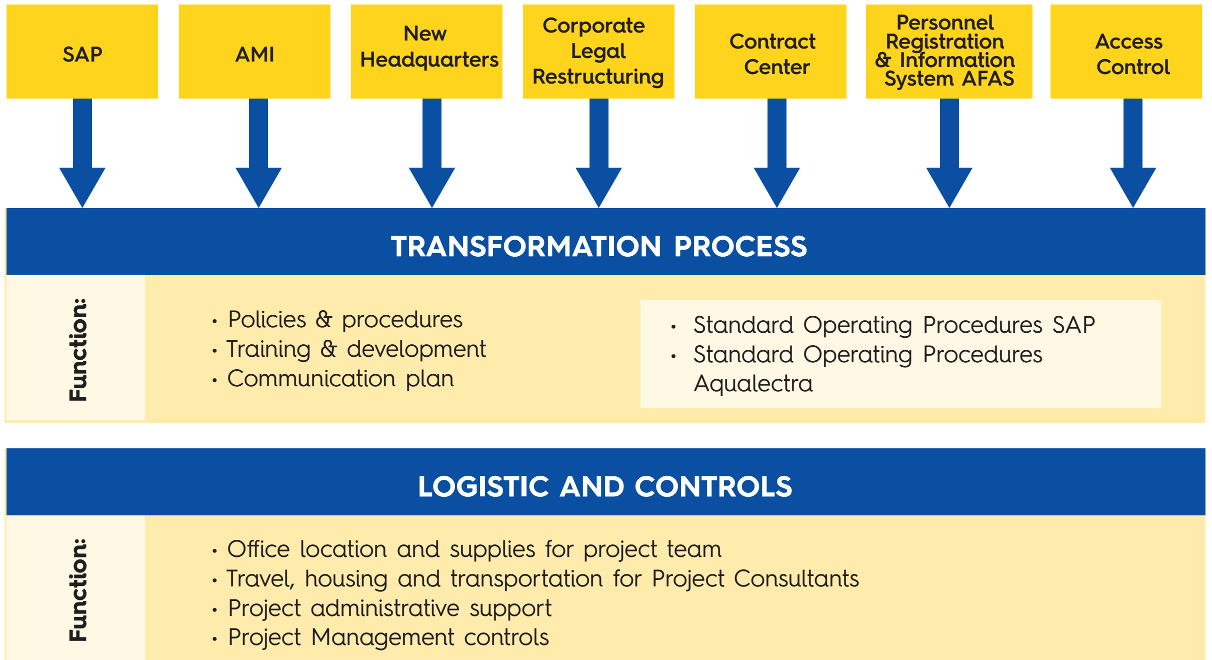
With the continuation of the ISO 14001: 2004 standard in 2017, the Group proactively shows the community it serves, that it wishes to:
- implement, maintain and improve an environmental management system;
- assure itself of its compliance with its own stated environmental policy;
- ensure compliance with environmental laws and regulations;
- seek certification of its environmental management system by an external third party organization;
- make a self-determination of compliance;
- at the same time commit to focusing more on its stake-holders while keeping close attention to all possible risks that may become a threat.

Future prospects

The utilities' industry is challenged like never before by innovative technology, environmental awareness and customer expectations. The ability to anticipate and adapt are the most relevant DNA traits a utility company must possess to survive these challenging times. We are pleased to say that Aqualectra is leading the way in the Caribbean.

Becoming the 'Utility of the Future' is not an easy task. The strategy and path towards this flexible and innovation-driven company was clearly defined by the BMD and set forth in the strategic plan 2012-2017 called "Refreshing Approach". The steps to take were bundled in three different programs, namely Program Reshaping Aqualectra ('ProgResA') I, II and III. ProgResA I was concluded with the addition of a 35 MW plant, which had a positive impact on the Company's operational efficiency and resiliency.

ProgResA II

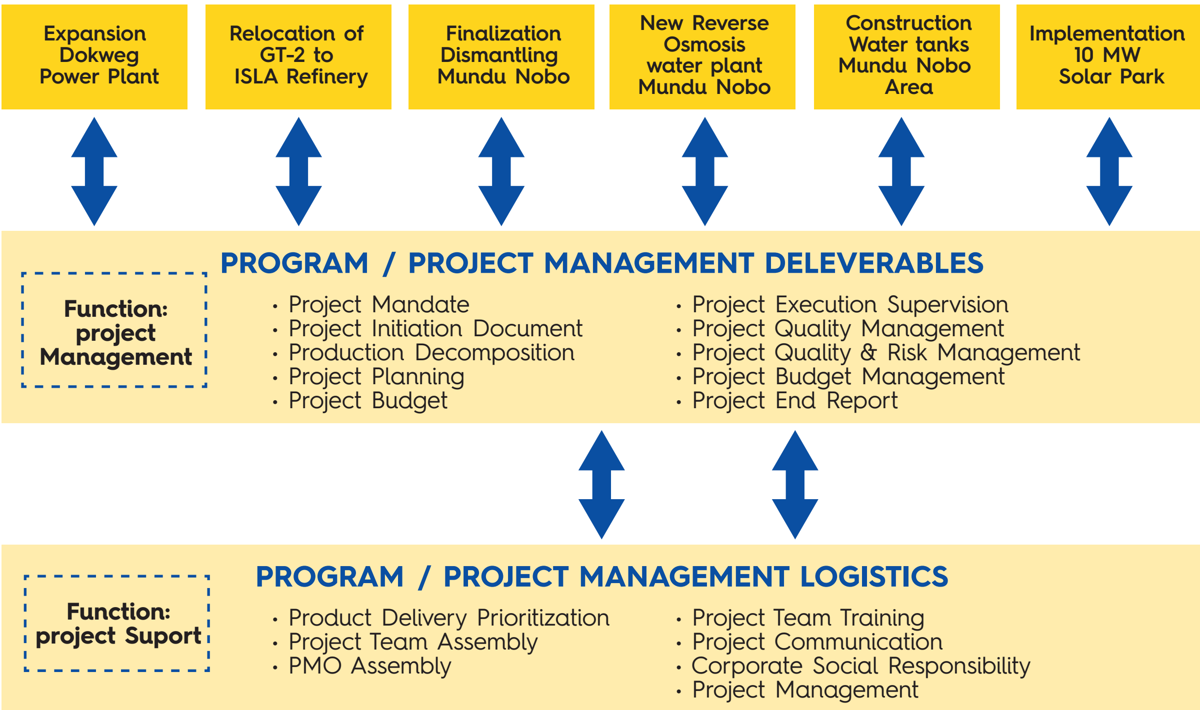


ProgResA II was designed to reshape the commercial and administrative backbone of Aqualectra and was structured as follows:
January 2, 2018 marked a very important milestone in ProgReSa II, as we introduced Aqualectra N.V., the new company in which the Production and Distribution subsidiaries were merged followed by the implementation of SAP as our ERP system on January 8, 2018. With the preparation of the incorporation of the new company, the organizational structure was also revised, whereas roles and responsibilities will be (re)assigned to all employees, ensuring a leaner and more efficient organization.

Right after this implementation, we look forward to launching the Proof of Concept of an Advanced Meter Infrastructure ('AMI') by mid-2018, which will further propel the organization towards the future. These smart meters will place us in a position to better cater to the customers' demands while balancing the grid in such a way that allows us to detect grid losses in an early stage and further reduce the percentages of Non-Revenue Water and Electricity. The Proof of Concept was delayed for various reasons. However, these delays allowed us to duly finalize the first stage of the project and better prepare for the execution of both the Proof of Concept and possible full roll-out shortly after.

ProgResA III

Mid 2017, ProgResA III was launched. Just like ProgResA I & II, the third chapter in this series for strategic and transformational programs is also focused on operational resiliency, ensuring adequate capacity to generate electricity and produce water. ProgResA III is structured as follows:



Together, ProgResA I, II and III formed the basis for a path forward and continue to guide the Company on it.

Customer satisfaction

Aqualectra's customers will certainly feel the change during 2018. With the gradual finalization of ProgResA II and III, the customers will feel that they are indeed at the center of everything we do. The commercial processes will continue to be improved after the implementation of SAP.
Although the merging of Aqualectra Production and Aqualectra Distribution is a legal and administrative transaction, customers will know that they are dealing with one company, one workforce. The implementation of AMI will be the most impactful project from a customers' perspective. The added capacity after completion of some of the projects pertaining to ProgResA III, will reduce the number of interruptions due to capacity shortages to a minimum. We are aware of the inconveniences caused to the customers when we have to interrupt our services due to lack of capacity. The damage caused to Aqualectra's reputation, through social media, is immense.

Employee and leadership development

The implementation of SAP and the legal merger of the Distribution and Production companies, will have its impact on Aqualectra's employees and organizational culture. The Organizational Change Management ('OCM') project forms therefore an integral part of ProgResA II.

Training, communication, clear processes and job descriptions but also cultural change are being focused on by this project's team. The OCM team will continue its endeavors even after the implementation of SAP and the merger of the companies. Employee development will continue to be a focal point during 2018 and beyond, as it is also chosen as one of the strategic priorities of Aqualectra.

The 'CLA's are also up for renegotiation during 2018 as they reach their expiry date on December 31, 2017. The focus during these discussions will be the modernization of working conditions (such as a built-in flexibility of working hours, the introduction of the possibility to work from home, etc.), the review of the pension plan and Aqualectra's investment in the development of its employees.

Macro-economic developments

2018 will be another pivotal year for our Company and the community we serve. One very important decision to be taken by the Government of Curaçao, shaking our country's economic foundation at its core, regards the future of the refinery. Even though we have been preparing ourselves to ensure that adequate capacity is maintained, this decision will certainly have an impact on Aqualectra's operations.

Customers' demand

Economic growth remained flat in 2016, following an increase of 0.3% in 2015. For 2017, an economic expansion of 0.4% was projected, driven by increases in private and public spending. The economic stagnation was caused by a growth in domestic demand, offset by a drop in net foreign demand. A sectoral analysis shows that real value was added by increases in the construction, financial intermediation and utilities sectors, while the restaurants and hotels, manufacturing, wholesale & retail trade and transport, storage and communication sectors recorded a contraction.

Aqualectra saw customers (household) demand increase by an unexpected 4% in 2016, for both water and electricity. The correlation of the sales in Kilowatt Hours and Cubic Meters with the GDP was disturbed for the first time in years. On the other hand, we saw more industrial customers, operating in the affected sectors, closing into flexible payment agreements or defaulting on their payments as a result of poor financial performance.

Not much has been published yet regarding the country's economic performance for 2017. However, an economic contraction is expected.
An economic outlook for 2018 has also not been published yet.
However, based on the most recent developments and the current direction, a flat economy development line was taken into account to prepare the Group's Budget and Forward Looking Projections.

Fuel prices

Oil prices are expected to rise between 5% and 6% as a result of steadily growing demand, agreed production cuts among oil exporters and stabilizing U.S. shale oil production. The prices for energy commodities, which include oil and natural gas, are forecast to climb 4% in 2018. Both increasing trends are forecasted after a significant leap in 2017.

Energy prices are recovering in response to steady demand and falling stocks, but much depends on whether oil producers seek to extend production cuts. Supplies from producers such as Libya, Nigeria, and Venezuela could be volatile. Especially the situation in Venezuela poses significant risks for our fuel supply and economic wellbeing. The members of the Organization of the Petroleum Exporting Countries (OPEC) and other producers could agree to cut production further, maintaining upward pressure on prices. However, failure to renew the agreement could drive prices down, as could an increased production from the U.S. shale oil industry. Natural gas prices are expected to rise 3% in 2018.

Corporate finance

Further to the aforementioned developments, 2018 will mark the year in which the Company's funding will be thoroughly restructured.

We concluded a corporate finance analysis during 2017 and entered into consultation with the CBCS to prepay (a portion of) the bonds currently held by that institution. These discussions had a positive conclusion, whereas we agreed to prepay 55% of the bonds and planned the prepayment of the remaining amount by December 2019. Further to the bond prepayment, part of the CAPEX program will also require third party financing.

The following investments are planned:

CAPEX BUDGET 2018 & FLP'S 2019-2023

OVERALL SUMMARY

(Amounts in ANG * 1,000)	2018	2019	2020	2021	2022	2023	Total 6 year Investment
Area							
Total Power Supply Chain	88,593	47,674	22,126	25,976	22,256	5,850	212,476
Total Water Supply Chain	31,254	24,182	32,858	15,303	13,165	5,168	121,931
Total Client connections capital expense	10,232	6,460	6,050	6,050	6,050	6,050	40,892
Total Facilities	7,275	15,850	12,500	-	-	-	35,425
Total ICT	12,023	4,657	2,877	2,288	2,463	2,363	26,671
Total annual investments	**149,377**	**98,824**	**76,412**	**49,618**	**43,934**	**19,431**	**437,395**
Total labor costs	7,187	7,187	7,187	7,187	7,187	7,187	43,119
Total annual investments excl. internal labor cost	**142,190**	**91,637**	**69,225**	**42,431**	**36,747**	**12,244**	**394,276**

Tariff developments

We also look forward to conduct a tariff study in 2018. The regulated environment in which we operate has had a positive influence on the Company's performance and drive towards efficiency. These improvements yield benefits which are ultimately transferred to our customers through tariff adjustments, after safeguarding an acceptable rate of return, which is necessary to ensure that we are able to maintain the Company's asset base and invest in innovation.

Forward Looking Projections

Aqualectra's Forward Looking Projections indicate a consistent increase in gross profit and minor changes in operational cost. This, at a stable rate of interest expenses and taxes, should yield an increasing net result in the coming years.

During 2017, BT&P issued the approved version of the Guidelines for the Basic tariff component. These guidelines include a Weighted Average Cost of Capital (WACC) component, which must ensure a reasonable return for Aqualectra. The budget and the Forward Looking Projections are based on these Guidelines for the Basic tariff component and take the WACC as the point of departure for the determination of the basic component of the tariff. This should result in an operating result equal to the WACC.

Aqualectra is in adherence with all financial ratios, as required by the covenants of the Corporate Bonds, except for the Debt Service Coverage Ratio ('DSCR') and the Adjusted Debt Service Coverage Ratio ('ADSCR').

The ADSCR has been a challenge for Aqualectra, given its capital-intensive operation, worsened by the fact that the planning is more ambitious, following a few sober financial years. The DSCR is challenged in 2018 and 2019 by the prepayments of the Corporate Bonds.

These are extraordinary payments that impact the DSCR directly, but are duly explained. The DCSR will recover in 2020 and will remain in compliance for the remainder of the FLP period.

Gratitude

As James Allen once said, no duty is more urgent than that of returning thanks. With this annual report, the BMD of Aqualectra pauses to express its gratitude to #TeamAqualectra. It takes a great team and outstanding teamwork to turnaround a company like Aqualectra.

Looking back at the challenges we have overcome as a team, and at the results of this teamwork that are substantiated by improved financial, operational and commercial performance, we can only be grateful. We do however agree with John F. Kennedy when he said that we must never forget that the highest appreciation is not to utter words but to live by them. With this gratefulness, we also pledge to uphold the successes reaped in the past. We pledge our continuous commitment to the betterment of our community through the excellency of Aqualectra.

We will not let our guards down during the years to come and we will not cease until Aqualectra has become 'The Utility of the Future'. We can only hope to continue to count on the commitment and support of #TeamAqualectra.

Willemstad, May 29, 2018

On behalf of the Board of the Managing Directors,

Darick P. Jonis
Acting Chief Executive Officer

FROM LEFT TO RIGHT:
Saran Inderson (Supervisory Director) | **Richinel Bulbaai** (Supervisory Director) **Steven Coutinho** (Supervisory Director & Chairman) | **Fadila Poese** (Secretary to the Board of Supervisory Director) | **Angelo Davelaar** (Supervisory Director)

2. Report of the Board of Supervisory Directors

#TeamAqualectra

"Remember, teamwork begins by building trust. And the only way to do that is to overcome our need for invulnerability."

- Patrick Lencioni -

The primary task of the Board of Supervisory Directors (BSD) is to supervise and advise the Board of Managing Directors (BMD) regarding the implementation of the policies and strategy as set forth by the Shareholder (the Legal Entity of Curaçao).

In this role, the BSD is responsible for assessing whether the decisions taken by the BMD are in compliance with the company's strategic, societal, financial and technical objectives. The BSD also devotes attention during the Board meetings to adherence to all laws and regulations and internal procedures by the BMD. 14 meetings were held during 2017 and the topics discussed and key decisions taken are outlined below:

Discussion and, where needed, approval of:

Projects:

- Approval and progress of various contracts and projects, mainly those pertaining to ProgResA II (SAP, AMI and the legal merger).
- Approval and progress of various contracts and projects, mainly those pertaining to ProgResA III (mainly the construction of the new plant called Dokweg IIB).

Financial matters:

- Approval & discharge Financial Statement 2016
- Approval Budget 2017 & Forward Looking Projections (ultimately approved in 2018)
- Strategic plans and issues
- Quarterly Financial & KPI progress
- Refinancing of the corporate bonds held by the Central Bank of Curaçao and St. Maarten

Other business:

- Pension age and the expenses related to the Retirement Stimulation Plan (protocol signed in 2017)

In discussing and approving these matters that the BMD presented to the BSD, the roles and responsibilities as bestowed upon the BSD have been fulfilled.

Compliance with the Corporate Governance Code

The Group strives to be compliant with the Corporate Governance Code. The BSD reports an overall 88% compliance to the Code of Corporate Governance with modest satisfaction. The BSD will maintain its focus on its own compliance with the governance regulations and will stimulate the BMD and General Shareholder Meeting (GSM).

Composition of the Board of Supervisory Directors

Members of the BSD are appointed for a term of four years with a maximum of two terms. On December 31, 2017 the BSD of Integrated Utility Holding (IUH) N.V. consisted of the following Directors:

	NAME	FUNCTION
1	**Mr. S. Coutinho** (as of September 19, 2017 until 2021)	Chairman
2	**Mr. A. Davelaar** (as of January 19, 2015 until 2019)	Director
3	Mr. **R. Bulbaai** (as of September 19, 2017 until 2021)	Director
4	**Mrs. S. Inderson** (as of November, 2017 until 2021)	Director

In addition to the above-mentioned Directors, the following Directors were also members of the BSD during 2017:

	NAME	FUNCTION
1	**Mr. F. Metry** (as of May 19, 2017 until August 31, 2017)	Chairman
2	**Mr. D.E. Evertsz** (as of September 11, 2013 until 2017)	Vice Chairman
3	**Mrs. T.K. Prins** (as of March 25, 2013 until 2017)	Director

In accordance with the Code Corporate Governance, all members of the BSD are independent. The principal appointment/position and all other relevant additional positions of each board member have been adequately documented and is retained in the BSD handbook.

The BSD held 14 regular meetings in 2017. All members of the BSD frequently attended the meetings. All the meetings of the BSD and its committees were attended by the secretary who took minutes at each one.

Committees of the Supervisory Board

The BSD had two committees:
The Audit Committee and the Recruitment Committee

The Audit Committee
According to the Code Corporate Governance an Audit Committee has to be established when the BSD has more than 5 members.
The Audit Committee monitors the company's financial reporting, including quarterly and annual reports, financing policy, risk management and internal control system, internal audit, the independent external audit of the financial statements and the evaluation of the external auditor. In 2017, the Audit Committee did not function since the BSD had less than 5 members.
This committee did meet during 2016.

The Recruitment Committee
In connection with the recruitment process of the CEO, CTO and CFO, initiated by the BSD, a Recruitment Committee has been established.
The recruitment process has not been finalized as yet and has been put on hold shortly after it started. It was retaken by the new BSD and is currently ongoing.

Word of Appreciation

Over the course of 2017, Aqualectra successfully dealt with significant challenges while simultaneously working on multiple essential investment projects. Through all of this, Aqualectra remained focused and dedicated to its central purpose of contributing to the improvement of quality of life in Curaçao through the excellent supply of water and electricity, accompanied by services. In recognition of Aqualectra's achievements, the BSD would like to thank the members of the BMD and all Aqualectra employees.
It is our employees' hard work and dedication, contribution and continuous commitment that made this possible.

Willemstad, July 3, 2018

On behalf of the Board of Supervisory Directors,

Mr. Steven Coutinho
Supervisory Director and Chairman of the Board

Common vision
Strength
Stakeholders
Strategy
Together
Success
Believe
Alliance
Persistence
Innovation
Organizational objectives
Results
#TeamAqualectra
Moving forward
Sharpness
Progress
Leadership
Challenge
Unity
Relationship
Collaboration
Synergy
Commitment
Common ground
Consistence
Support

#TeamAqualectra

Introduction

#TeamAqualectra

Vince Lombardi once said that what makes a team, a company, a society and/or a civilization work, is individual commitment to a group effort.
At Aqualectra, the commitment of its more than 600 employees and other stakeholders was definitely needed to overcome the challenges at hand, when the company hit rock bottom and had to embark on a turnaround path. That path was defined in the strategic plan that covered the period 2012 to 2017 and was appropriately called 'A Refreshing Approach'. 2017 marks the end of that period and Aqualectra looks back with modest pride to the achieved results.

However, not one single positive result achieved, can be attributed to solely one individual or one action. It was the commitment of **#TeamAqualectra** that made these unprecedented results possible. And when we refer to **#TeamAqualectra,** we refer to a team of people, organizations, companies and institutions that committed themselves to the cause of ensuring that Curaçao's only utility company becomes and remains a resilient and viable company. This Annual Report is our way to say thank you to this army of committed individuals for their contribution to this group effort.

"None of us is as smart as all of us."

- Ken Blanchard -

#FinancialInstitutions

By the end of 2012, Aqualectra reported net losses of ANG 220.6 million accumulated during 2010 to 2012. Aqualectra's total Equity and Reserves hit its lowest point at the end of 2011, reaching only ANG 64.5 million. With a solvency ratio of only 9% in 2012, **#FinancialInstitutions** restrained from loaning Aqualectra capital, despite the necessity to invest in capacity expansion and Management's efforts to secure funding. Nevertheless, the local **#FinancialInstitutions** never stopped providing valuable financial advice to prepare the Company for financing. Following amongst other this advice, Aqualectra ensured compliance with reporting requirements, financial ratio's and ultimately pursued and obtained a financial rating issued in 2016 by Standard & Poor's.

Beside advice, local **#FinancialInstitutions** supported Aqualectra operationally, ensuring payments from customers and to suppliers were processed timely and in a secure manner.

One specific institution to be recognized is the Central Bank of Curaçao and St. Maarten. Being the main financier of Aqualectra since 2009, this institution endured constant public scrutiny, especially during times of Aqualectra's financial distress. Nevertheless, the Central Bank of Curaçao and St. Maarten maintained its trust in Aqualectra's path to recovery. Aqualectra in return never defaulted on repayments, even when financial ratio's did not comply with the covenants agreed upon.

It is with pride that Aqualectra reports a total equity and reserves amounting to ANG 313.6 million in 2017. That is almost five times as much as what the Company started its 5-year turnaround plan with in 2012. Aqualectra's solvency ratio reported at the end of 2017 is 43% and the A- financial rating awarded by Standard & Poor's in 2016 was upheld in 2017.

Aqualectra is at the verge of securing financing to refinance its current debt at a lower rate and to fund its Capital Expenditure plans. We are grateful for the continuous support of the local financial industry and look forward to continue strengthening the relationship with local and international **#FinancialInstitutions** in the near future.

FROM LEFT TO RIGHT: **Remco Meulens** (Manager Credit, Maduro & Curiel's Bank) | **Jerry van Gijn** (Assistant Managing Director Corporate Banking, Maduro & Curiel's Bank) | **Michael de Sola** (Managing Director, Maduro & Curiel's Bank) | **Timba Engelhardt** (Associate Director, CIBC FirstCaribbean Bank) | **Pim van den Burg** (Managing Director Corporate & Investment Banking, CIBC FirstCaribbean Bank) | **Darice Vornis** (Manager Business Banking Curaçao, RBC Royal Bank) | **Pierrot Hurtado** (Country Manager Curaçao & Bonaire and AVP Personal Banking Curaçao, Bonaire, St.Maarten & Saba, RBC Royal Bank)

FROM LEFT TO RIGHT: **Edwin Bogert** (Chief Legal Officer) | **Johanneke Schelling** (Legal Counsel) **Franklin Sluis** (Chief Executive Officer) | **Terrence Martes** (Junior Policy and Market Regulation Advisor)

#Regulator

Bureau Telecommunicatie en Post (BT&P) is a multi-sectoral independent supervisor and **#Regulator** on behalf of the government of Curaçao of the providers of services and products in the Telecommunications, Post, Electricity, Water, Fuel, Bitumen and Airport related spheres and activities.

BT&P has kept Aqualectra sharp since the start of its regulatory role in the utilities' industry in 2009. Their role is threefold, whereas they are constantly striving to strike a fair balance between consumers' and general public's interests, as well as those of the Government and the regulated companies.

As a sector expert, BT&P's information provision, advice as well as the development of policies, laws and regulations have been valuable to Aqualectra's development over the past years.

Their subsequent monitoring of Aqualectra's observance of this regulatory framework ensured that every single decision taken, was thoroughly evaluated from this three-mirrored prism.

A robust tariff structure with full fuel pass-through, combined with the recovery of the fuel under coverage developed before 2012, have been the key to Aqualectra's positive financial performance.

We can easily say that the tariff regulation, and the adherence thereto by the various Governments in-charge, has been the foundation of Aqualectra's financial viability. In this ever-evolving world and changing industry, the **#Regulator**'s role becomes even more eminent as many potentially unreliable innovations will attempt to penetrate the market while Aqualectra must maintain its trustworthiness but not at any cost.

We thank BT&P for their tireless critical attitude and persistent supervision and regulation. We acknowledge their importance and will continue to do so in the future.

"Talent wins games, but teamwork and intelligence win championships."

- Michael Jordan -

#Unions

Coming to consensus with three different **#Unions** is not an easy task, but it was proven not to be impossible, when all the individuals involved are committed to one goal. Aqualectra's **#Unions** have continuously and tirelessly ensured the employees' wellbeing, while understanding that there will be no employee without a company. As Management also acknowledges that there is no company without employees, the effort to find a golden mean has always been a priority.

Aqualectra is home to three **#Unions**, namely Sindikato di Trahadonan di Kodela (STKo), Sindikato Trahadonan di Korsou (STK) and Sindikato di Empleadonan den Utilidat (SEU). The negotiations of the various Collective Labour Agreements and other important matters have not been possible without numerous meetings, discussions and, at times, even strikes. One can easily say that the **#Unions** and Management have been through the good, the bad and the ugly during the past five years.

However, finding a common ground has been the way forward time after time, up to the point that joint agreements were reached between Management and all three **#Unions** at the end of 2017.

It takes true unity and commitment to reach that point. We are grateful for their sharpness and unstoppable advocacy of the employees' wellbeing, for this has kept a much needed balance, which is easily overlooked in times of distress.

#Customers

None of Aqualectra's achievements over the past few years would have been possible without our **#Customers**. Although we deeply care about the wellbeing of our community and **#Customers** and acknowledge that consistent and qualitative supply of water and electricity are key to the country's development, we must recognize that the past years have not passed without challenges in this regard.

One of the main challenges in 2012 was the Company's energy generation capacity and the need to invest in expanding it as well as modernizing it. The average electricity tariffs were as high as ANG 0.6710 per kilowatt hour and water was charged at ANG 10.30 per cubic meter. Aqualectra understood that in order to ensure a viable company, that is flexible enough to also embrace innovation, we had to invest in our energy generation and water production facilities.

And so we did. With scarce financial resources but with unprecedented teamwork and continuous focus on the final prize. These investments ultimately yielded a steep decrease of electricity tariffs by 23.4%! The average electricity tariff charged in 2017 was ANG 0.5138. The average water tariff charged in 2017 was ANG 9.8955, which is a 4% decrease compared to where we started in 2012.

However, we are not there yet. Late 2016 Aqualectra confronted various challenges in meeting the Island's growing energy demand. Shortages due to the inability of Independent Power Producers to meet contractual agreements and a low wind regime combined with an increased demand, exposed the vulnerabilities in Aqualectra's supply chains.
A high number of brown-outs was reported in 2016 and reliability indicators were off-target.

As the satisfaction of our **#Customers** remains our highest priority, we immediately took measures to increase capacity with temporary units while ProgResA III was kicked-off, aiming at structural capacity increase in fossil fuel plants as well as with a 10 MW Photo Voltaic plant.

The inconvenience caused to our **#Customers** during the past years is something that we deeply regret. We are grateful for our **#Customers'** indulgence but have pledged to ourselves that their satisfaction will remain our main priority.
In the years to come, Aqualectra's **#Customers** will experience an increased reliability of energy supply while the water quality will continue to be sustained, as well as an improved **#Customer** service with tools that will place them in the driver seats of their own consumption.

#Suppliers

One of Aqualectra's most important business partners, are its **#Suppliers**. At any point in time, a large number of suppliers could be serving Aqualectra either with services, materials or other supplies. Although all **#Suppliers** are important to us, we must point out the fuel **#Suppliers** and the **#Suppliers** with which Aqualectra holds Power Purchase or Water Purchase Agreements. Curoil, NuCapital and AquaDesign have been elemental to Aqualectra. Without their continuous supplies, which at their end entail strong management of resources, Aqualectra is not able to deliver the same amount or quality of water and electricity.

The continuity of services and materials supplies from Aqualectra's **#Suppliers** was even more valued when Aqualectra was going through financial distress. During those times, Aqualectra struggled to make ends meet which more than once resulted in payment defaults.

Looking back, we must recognize Wärtsilä's support. Without their trust in Aqualectra's ability to comply with payment agreements, the commissioning of the new 36 MW plant could not have been possible. When starting negotiations for this plant, Aqualectra was unable to secure financing and looked towards Wärtsilä for a 'pay-as-you-go' agreement to construct this plant. We knew it was not going to be easy, but definitely worth it. The results are unprecedented. The main reason for such a decrease in consumer tariffs was the efficiency of this plant, which allowed a reduction in fuel usage of 27%.

We are proud to say that our main **#Suppliers** never ceased to believe in the turnaround capacity of Aqualectra, for which we are grateful.

Yamil Lasten (Managing Director, Curoil Group) | **Roy Kolader** (Managing Director, NuCuracao Windparken B.V. I en II)

#Shareholder

Having the Country of Curaçao as the sole **#Shareholder**, places Aqualectra in a unique position. The **#Shareholder** is represented by the Government, being the Council of Ministers. During the past five years, Aqualectra has resorted under the portfolios of the Prime Minister, The Minister of Financial Affairs and currently the Minister of Economic Development. The **#Shareholder** appoints the Management of the Company as well as the Board of Supervisory Directors.

This governance structure is regulated by the Code of Corporate Governance which was enacted by law since 2009. The support of Aqualectra's **#Shareholder** has been eminent to Aqualectra's success. Having commissioned a 36 MW plant in 2015, without having access to capital markets, was in part due to a capital injection from the **#Shareholder**. Without this injection, the investment would not have been possible. Consequently, the efficiency gains could not have been transferred to the customers by means of substantially lower tariffs.

We are grateful for this support and for the increasing awareness of the Country of Curaçao, as well as of the Government and its representatives about the important role Aqualectra plays in the development of our community.

The various Governance regulations are increasingly being adhered to, enabling a resilient Aqualectra, that is ready for the future!

#TeamAqualectra

3. Consolidated Summary Financial Statements

3.1. Consolidated Statement of Financial Position

(Amounts in ANG * 1,000)	As at Dec 31, 2017	As at Dec 31, 2016 Restated*	As at Jan 1, 2016 Restated*
ASSETS			
Non-current assets			
Intangible assets	47,575	14,827	3,091
Property, Plant and Equipment	586,992	546,563	562,516
Other non - current financial assets	34,632	34,063	34,063
Deferred tax assets	27,601	14,069	32,272
	696,800	**609,522**	**631,942**
Current assets			
Inventories	26,650	27,267	21,315
Trade accounts receivable	66,285	65,584	62,774
Other receivables	20,597	24,821	26,803
Cash & cash equivalents	57,608	76,485	59,285
	171,140	**194,157**	**170,177**
Total assets	**867,940**	**803,679**	**802,119**
EQUITY AND LIABILITIES			
Shareholder's equity			
Share capital	528,000	528,000	528,000
Share premium	55,000	55,000	55,000
Preferred shares	72,800	72,800	72,800
Treasury shares	(72,800)	(72,800)	(72,800)
Accumulated losses	(300,120)	(326,553)	(419,896)
Profit for the year	30,680	42,286	67,073
	313,560	**298,733**	**230,177**
Non-current liabilities			
Corporate bonds IUH N.V.	213,863	222,954	232,005
Financial liabilities	6,760	10,631	28,773
Customer deposits	24,539	24,806	24,714
Provisions	196,341	141,740	162,354
	441,503	**400,131**	**447,846**
Current liabilities			
Trade accounts payable	33,435	45,007	42,830
Bank overdrafts	850	-	7,172
Other liabilities	78,592	59,808	74,094
	112,877	**104,815**	**124,096**
	867,940	**803,679**	**802,119**

* Certain amounts shown here do not correspond to the 2016 consolidated financial statements and reflect adjustments made. See Note 4.2

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

3.2. Consolidated Statement of Comprehensive Income

(Amounts in ANG * 1,000)	For the year ended Dec 31, 2017	For the year ended Dec 31, 2016 Restated*
CONTINUING OPERATIONS		
Sales electricity & water	471,031	466,249
Direct costs production	(145,073)	(115,315)
Other direct costs of sales	(38,235)	(32,161)
Services & other income	11,959	13,149
Gross profit	**299,682**	**331,922**
Personnel expenses	125,983	102,760
Parts, repairs & maintenance	73,475	63,963
Customer Relations Service Fees	5,716	5,996
General expenses	27,527	38,240
Depreciation expenses	49,909	38,871
Impairment reversal	(48,340)	-
Provision bad debts	23,997	13,537
Total operating expenses	**258,267**	**263,367**
Results from operating activities	**41,415**	**68,555**
Interest expenses (net)	(14,818)	(15,445)
Net finance costs	**(14,818)**	**(15,445)**
Profit before income tax	**26,597**	**53,110**
Income tax	4,084	(10,824)
PROFIT FOR THE YEAR	**30,680**	**42,286**
Other comprehensive gains / (losses)		
Actuarial gains / (losses)	(25,302)	33,649
Deferred tax related to the components of other comprehensive results	9,449	(7,379)
Other comprehensive gain / (loss) for the year, net of income tax	(15,853)	26,270
Total comprehensive gain for the year	14,828	68,555

* Certain amounts shown here do not correspond to the 2016 consolidated financial statements and reflect adjustments made. See Note 4.2

The accompanying notes form an integral part of these consolidated summary 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, 2016	**528,000**	**55,000**	**72,800**	**(72,800)**	**(402,146)**	**67,073**	**247,927**
Restatement adjustment (net of tax)*	-	-	-	-	(17,750)	-	(17,750)
Balance at January 1, 2016 (*Restated)	**528,000**	**55,000**	**72,800**	**72,800**	**(419,896)**	**72,800**	**230,177**
Profit for the year as reported in the 2016 financial statement	-	-	-	-	-	51,023	51,023
Restatement adjustment (net of tax) *	-	-	-	-	-	(8,737)	(8,737)
Profit for the year (*Restated)	-	-	-	-	-	42,286	42,286
Loss for the year 2015	-	-	-	-	67,073	(67,073)	-
Other comprehensive income for the year 2016	-	-	-	-	26,270	-	26,270
Balance at December 31, 2016 (*Restated)	**528,000**	**55,000**	**72,800**	**72,800**	**(326,553)**	**42,286**	**298,733**
Balance at January 1, 2017	**528,000**	**55,000**	**72,800**	**72,800**	**(326,553)**	**42,286**	**298,733**
Profit for the year 2016	-	-	-	-	42,286	(42,286)	-
Profit for the year 2017	-	-	-	-	-	30,680	30,680
Other comprehensive income for the year 2017	-	-	-	-	(15,853)	-	(15,853)
Balance at December 31, 2017	**528,000**	**55,000**	**72,800**	**72,800**	**(300,120)**	**30,680**	**313,560**

* Certain amounts shown here do not correspond to the 2016 consolidated financial statements and reflect adjustments made. See Note 4.2

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

3.4. Consolidated Statement of Cash Flows

(Amounts in ANG * 1,000)	For the year ended Dec 31, 2017	For the year ended Dec 31, 2016 Restated*
Cash flow from operating activities		
Profit for the year	30,680	42,286
Adjustments for non-cash items:		
Depreciations on fixed assets & major spare parts	49,909	38,871
Reversal of mpairment loss on property, plant and equipment	(48,340)	-
Provision doubtful debts	23,997	13,537
Disposal of property, plant, equipment (net)	4,091	9,884
Change in provision slow moving inventory	5,214	5,592
Change in deferred tax asset	(13,533)	18,204
Amortization on bond	2,911	2,950
Change in provisions	38,749	5,655
Finance cost	11,907	12,522
Total adjustments for non-cash items	**74,905**	**107,215**
Change in non-current financial assets	(570)	-
Change in inventories	(4,597)	(11,545)
Change in trade accounts receivable	(14,630)	(7,077)
Change customer deposit	(267)	92
Change in other receivables	(5,845)	(7,288)
Change in trade accounts payable	(11,572)	2,177
Change in other liabilities (excluding interest paid)	16,785	(6,287)
Total of operational activities	**(20,695)**	**(29,928)**
Total cash flow from operating activities	**84,890**	**119,573**
Cash flow from investing activities		
Acquisition of property, plant, equipment	(46,089)	(32,801)
Investment intangible assets	(32,748)	(11,736)
Total cash used in investing activities	**(78,837)**	**(44,537)**
Cash flow from financing activities		
Repayments of loans	(14,492)	(38,334)
Interest paid	(11,288)	(12,330)
Total cash flow used in financing activities	**(25,780)**	**(50,664)**
Balance at start of year	76,485	52,113
Increase / (decrease)	(19,727)	24,372
Balance at end of year	**56,758**	**76,485**
The balance at end of year comprises of:		
Cash & cash equivalents	57,608	76,485
Bank overdraft	(850)	-
Balance at end of year	**56,758**	**76,485**

* Certain amounts shown here do not correspond to the 2016 consolidated financial statements and reflect adjustments made. See Note 4.2

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

4. Notes to the Consolidated Summary Financial Statements

#TeamAqualectra

4.1 General

Corporate information

Integrated Utility Holding N.V. (IUH N.V., hereinafter "the Group") was incorporated on September 12, 1997 in Willemstad, Curaçao. The shares of Kompania di Awa i Elektrisidat N.V. (K.A.E.), a water and electricity production company and of Kompania di Distribushon di Elektrisidat i Awa (KODELA), a water and electricity distribution company, were transferred into IUH N.V. The principal activities of the Group are described in the "Profile". The headquarters of the Group is located at Rector Zwijssenstraat 1, Curaçao.

The objectives of the Group are:

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

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 Curaçao who 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 Elektriciteits-concessies") 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, BT&P), on various restrictions identified in complying with requirements. On June 9, 2014 the Minister of Finance provided Aqualectra with a draft of a proposed amended concession for the production of electricity. On June 11, 2014 the Government adopted a 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 Aqualectra 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 (i) a 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, that could track changes in fuel costs, possible.

Determination of tariffs

The Ordinance for prices ("Prijzenverordening") 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 increases in fuel prices. Furthermore, it is indicated that the price increases shall be charged to the consumers.

The Government did not approve any change of the water and electricity tariffs in the subsequent years. Consequently, in 2008 the Board of Managing Directors (BMD) engaged in legal proceedings in order to achieve tariff changes. The Court ruled, on October 31, 2008, for an interlocutory judgment, giving the parties time for a settlement out of court. As a consequence, a resolution was adopted on November 17, 2008.

The aforementioned resolution was retracted by the Government on April 6, 2011. In 2011 and 2012 there were several developments with regard to the tariffs. Tariffs decreased starting April 2011 and direct costs increased starting July 2011. The Group approached the Regulator early in 2012 with the request to reconsider the level of the tariffs for water and electricity. As a result, the fuel pass through principal on a monthly basis was granted, which has been included in the tariff policy as of June 1, 2012 by the Regulator. Furthermore the granting and execution of the recovery of the fuel under coverage for 2011 and 2012 was also included in the tariffs as of August 1, 2012 with a 12 month recovery period. These actions have lowered, to a certain exten, the pressure on the cash flow and have improved the results of the Group. Based on the aforementioned, the BMD sees room for managing and operating the Company in a responsible manner with possibilities for achieving (efficiency) improvements through the execution of investment plans. The combination of these actions in conjunction with other measures have enabled Management to achieve a sound/healthy financial position.

The electricity and water tariff-structure adopted on June 1, 2012 comprises 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 recovery component, which covers shortages in the fuel component which developed between January 2011 up to, and including, May 2012;
- the base cost component, which covers the operational costs.

On July 26, 2018, the Council of Ministers approved tariff guidelines, which include a Weighted Average Cost of Capital (WACC) component as part of the base component. The WACC is calculated and stipulated on an annual basis, as prescribed in the tariff guidelines.

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 BT&P 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. BT&P 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.

During 2017, a new Energy policy was drafted and approved by the Council of Ministers on May 16, 2018. This policy introduces an Energy Bureau concept as policy maker, while BT&P remains with supervision tasks.

4.2 Significant Accounting Policies

General

The accounting policies adopted in the preparation of these Consolidated Summary Financial Statements of the Group are set below. These explanatory notes are an extract of the detailed notes included in the complete set of the Consolidated Financial Statements and are a fair summary of those from which they have been derived.

Basis of preparation

The consolidated financial statements of the Group, from which these 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 figures in this report are presented in Netherlands Antillean guilders and all values are rounded to the nearest thousand (ANG'000), except when otherwise indicated.

The consolidated summary financial statements provide comparative information in respect to the previous period. In addition, the Group presents an additional statement of financial position at the beginning of the preceding period when there is a retrospective application of an accounting policy, a retrospective restatement, or a reclassification of items in financial statements.

An additional statement of financial position as at 1 January 2016 is presented in these consolidated summary financial statements due to a change in accounting policy applied retrospectively and due to the retrospective correction of errors. See Note 4.2 for the change in accounting policy and the correction of errors.

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, 2017. All entities listed below, together with Integrated Utility Holding N.V., are hereinafter collectively referred to as The Group.

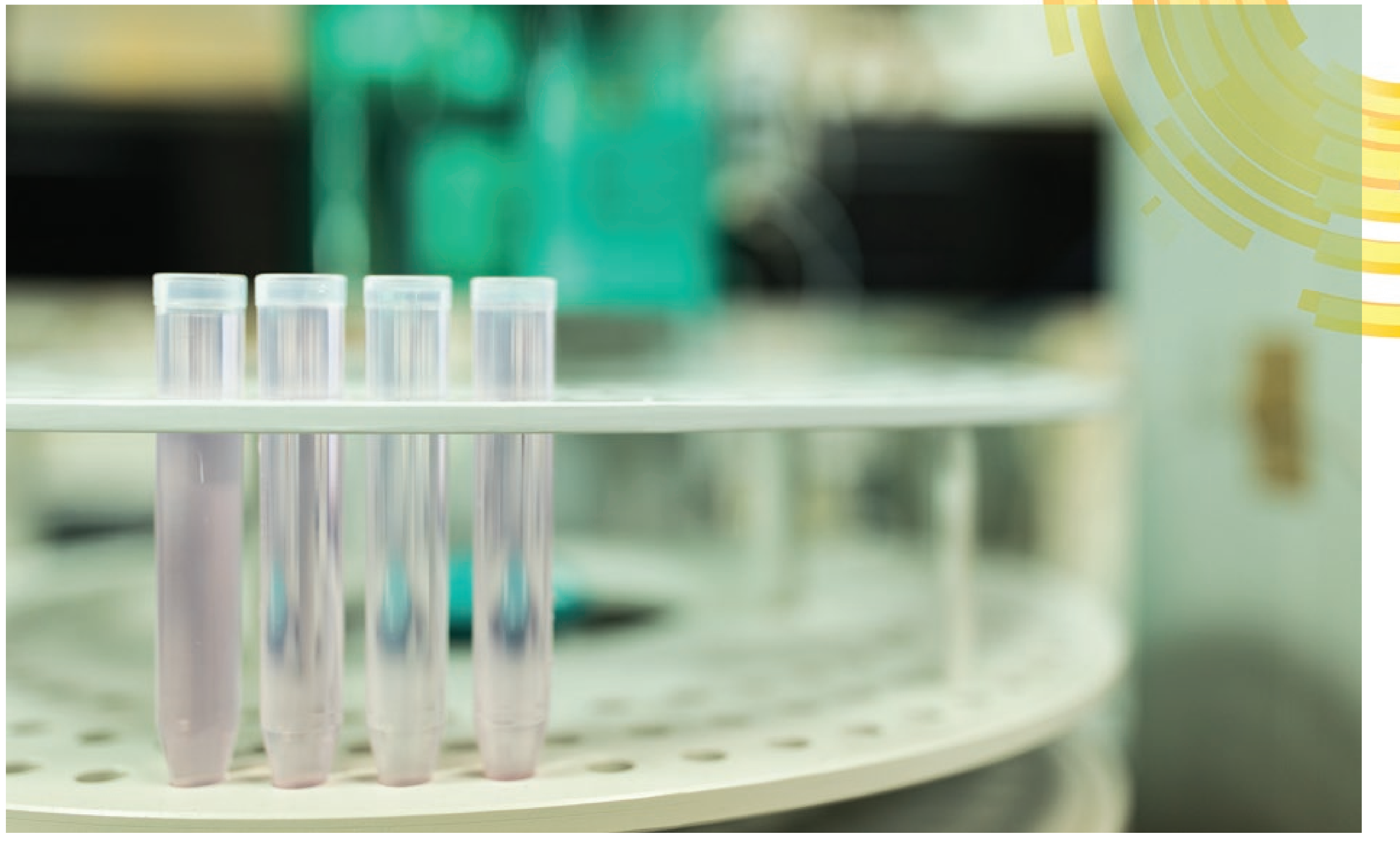
IUH N.V. has the following subsidiaries (all are incorporated in Curaçao):

	% equity interest	
NAME	2017	2016
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%

** GEUS is a 100% subsidiary of Aqualectra Distribution*
*** Aqualectra Bottling Co N.V. is a 100% subsidiary of AMU*

All the above listed entities are hereinafter collectively referred to as "the Group". The Group is responsible for the management of the abovementioned companies (with the exception of KUMEPE N.V.). During the year 2017 Aqualectra Bottling, GEUS and KUMEPE N.V. did not engage in any activities.

During a General Shareholder's Meeting in December 2015, it was agreed that the legal structure of the IUH N.V. was to be simplified. This implies the liquidation of the subsidiaries Aqualectra Bottling, GEUS and KUMEPE. Also the legal integration of Aqualectra Production and Aqualectra Distribution into a New Company was agreed upon. The new legal structure will consist of the holding company (IUH N.V.) and 2 subsidiaries. This process was concluded at the beginning of 2018.



Summary of Significant Accounting Policies

a) Property, plant and equipment

Construction in progress, plant and equipment is stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of replacing part of the plant and equipment and borrowing costs for long-term construction projects if the recognition criteria are met. When significant parts of plant and equipment are required to be replaced at intervals, the Group depreciates them separately based on their specific useful lives. Likewise, when a major inspection is performed, its cost is recognized in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in profit or loss as incurred.

Expenses for the decommissioning of the Mundu Nobo plant are included in property, plant and equipment. These capitalized expenses are based upon estimations performed by an independent expert. Since commencement of the demolition activities, the provision has been adjusted based on more accurate information gathered internally regarding the expected decommission costs. Depreciation of the capitalized decommission cost 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.

Depreciation is calculated on the straight-line basis over their estimated useful life, taking into account the useful life of the most important components as follows:

Buildings
10 to 50 years

Plant and equipment
5 to 33 years

Distribution network
15 to 40 years

Other assets
3 to 50 years

Major spare parts are depreciated in accordance with the category of Plant & Equipment.

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) Intangible assets

Licenses
Separately acquired licenses are shown at historical cost. Licenses have a finite useful life and are carried at cost less accumulated amortization and accumulated impairment losses. Amortization is calculated using the straight-line method to allocate the cost of licenses over their estimated useful lives. The amortization period and the amortization method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period.

Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortization period or method, as appropriate, and are treated as changes in accounting estimates. The amortization expense on intangible assets with finite lives is recognized in the statement of profit or loss in the expense category that is consistent with the function of the intangible assets.

Gains or losses resulting from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the statement of profit or loss when the asset is derecognized.

c) Impairment of non-financial assets

The Group assesses at each reporting date, whether there is an indication that the asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs of disposal and its value in use. Recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.
In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

The Group bases its impairment calculation on detailed budgets and forecast calculations, which are prepared separately for each of the Group's CGU's to which the individual assets are allocated. These budget and forecast calculations generally cover a period of five years. For longer periods, a long-term growth rate is calculated and applied to project future cash flows after the fifth year.

Impairment losses of continuing operations, including impairment on inventories, are recognized in the income statement in expense categories consistent with the function of the impaired asset.

An assessment is made at each reporting date whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the Group estimates the asset's CGU's recoverable amount. A previously recognized impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognized. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, not exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the income statement unless the asset is carried at a revalued amount, in which case, the reversal is treated as a revaluation increase.

d) Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial assets and liabilities are offset and the net amount is presented in the statement of financial position when, and only when, the Group has a legal right to offset the amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

Financial assets
The group classifies its financial assets in the following categories: at fair value through profit or loss, loans and receivables, held-to-maturity investments and available for sale financial assets. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition. The group only holds financial assets categorized as loans and receivables as at December 31, 2017 and at December 31, 2016.

All financial assets 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
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 when 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.

Impairment of financial assets carried at amortized cost
A provision for the impairment of financial assets 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.

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.

e) Inventories
Inventories are stated at the lower of cost or net realizable value (the estimated selling price in the ordinary course of business). The cost is determined by using the weighted average cost. The cost of finished goods and work in progress comprises cost of direct materials, direct labor, other direct costs and related production overheads (based on normal operating capacity) and it excludes borrowing costs. The cost of fuel inventory is determined by using the first-in, first-out (FIFO) method.

f) Cash position (includes "Cash and cash equivalents" and "Bank overdraft")
Cash and cash equivalents are comprised of cash on hand, deposits held at call with banks, other short-term highly liquid investments, and bank overdrafts. In the statement of financial position, bank overdrafts are included in borrowings under the current liabilities.

g) 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 Mundu Nobo**
  The Group records a provision for decommissioning costs of the Mundu 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 is deemed 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. For the key actuarial assumptions please see note 5.6.13.1. The independent and qualified actuary obtained sufficient information in order to perform the valuations.

h) 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 on one hand and the production and distribution of water on the other hand 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.

i) Changes in accounting policies and disclosures

Valuation of inventory
The Group re-assessed its accounting for inventory with respect to the cost formula applied to non-fuel inventory. The Group had previously valued non-fuel inventory at the lower of cost and net realizable value, and the cost incurred in bringing non-fuel inventory to its present location and condition was based on the purchase cost, on a first-in/first-out (FIFO) basis.

On 1 January 2017, the Group elected to change the method of accounting for non-fuel inventory from a FIFO cost formula to a weighted average cost formula, as the Group believes that the weighted average cost formula provides more relevant information to the users of its financial statements and is more aligned with practices adopted by its competitors. Non-fuel inventory is considered interchangeable inventory and the weighted average cost formula is most appropriate for such inventory.

The Group applied the weighted average cost formula retrospectively but due to the impracticability to determine the cumulative effect of the change for more than one retrospective, the Group has applied the change in accounting policy to the carrying amounts of assets and liabilities as at the beginning of the earliest period for which retrospective application is practicable, which is the 31 December 2016 period.

The change in cost formula also had an impact on the provision for obsolete inventory, which is also reflected in the restatement adjustment.

The affected financial statement line items for the prior periods are as follows:

Impact on equity (increase/decrease in equity)

(Amounts in ANG * 1,000)	Dec 31, 2016
Inventory	4,166
Total assets	**4,166**
Net impact on equity	**4,166**

Impact on statement of profit or loss (increase/decrease) in profit)

(Amounts in ANG * 1,000)	Dec 31, 2016
General expenses	4,166
Net impact on profit for the year	**4,166**

The change did not have an impact on OCI for the period or on the Group's operating, investing and financing cash flows.

j) Correction of error

Provision pension obligation

The Group was informed in 2017 by Vidanova, the custodian of the pension fund, that the value of the plan assets as previously reported by Vidanova was overstated. As a consequence, the provision for pension obligation was understated.

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

Impact on equity (increase/decrease) in equity)

(Amounts in ANG * 1,000)	Dec 31, 2016	Jan 1, 2016
Provisions	1,602	16,593
Total liabilities	**1,602**	**16,593**
Net impact on equity	**(1,602)**	**(16,593)**

Impact on statement of profit or loss (increase/decrease) in profit)

(Amounts in ANG * 1,000)	Dec 31, 2016
Personnel expenses	(549)
Income tax expense	**-**
Net impact on profit for the year	**(549)**

The change had an impact of ANG 1.1 million on OCI for the period but had no impact on the Group's operating, investing and financing cash flows.

AOV/BZV compensation provision

The AOV/BVZ compensation provision was established to compensate employees who chose to retire at the age of 60 up to and including 2023, to bridge the gap caused by:

> The employee not being eligible yet for the general pension grant (AOV);
> The difference in social security premiums which are lawfully lower when reaching age 65;
> Any tax consequences the above may cause.

It has always been the intention to mimic the income of the pensioners when they reach 60 years of age, during a bridge period of 5 years until they reach 65 years of age, but initial calculations erroneously omitted the tax consequences of this compensation.
This led to an understatement of the provision.

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

Impact on equity (increase/decrease) in equity)

(Amounts in ANG * 1,000)	Dec 31, 2016	Jan 1, 2016
Provisions	8,483	1,157
Total liabilities	**8,483**	**1,157**
Net impact on equity	**(8,483)**	**(1,157)**

Impact on statement of profit or loss (increase/decrease) in profit)

(Amounts in ANG * 1,000)	Dec 31, 2016
Personnel expenses	(8,215)
Income tax expense	**1,807**
Net impact on profit for the year	**(6,408)**

The change had an impact of ANG 267,000 on OCI for the period but had no impact on the Group's operating, investing and financing cash flows.

Major spare parts

In 2017, the Group conducted a detailed review of the accounting policy with regard to major spare parts and concluded that it was not applying the recognition criteria correctly. Additionally, a materiality threshold was introduced for practical reasons. The Group concluded that major spare was overstated.

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

Impact on equity (increase/decrease) in equity)

(Amounts in ANG * 1,000)	Dec 31, 2016
Property, plant & equipment	(3,699)
Inventory	(438)
Total assets	**(4,137)**
Net impact on equity	**(4,137)**

Impact on statement of profit or loss (increase/decrease) in profit)

(Amounts in ANG * 1,000)	Dec 31, 2016
General expenses	(10,321)
Depreciation expense	**6,184**
Net impact on profit for the year	**(4,137)**

The change did not have an impact on OCI for the period or on the Group's operating, investing and financing cash flows.

"The strength of the team is each individual member. The strength of each member is the team."

- Phil Jackson -

4.3 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 (BSD) has overall responsibility for the establishment and oversight of the Group's risk management framework. During 2017 the Risk Management Committee did not engage in risk monitoring activities through the Risk Committee but discussed risk matters in the general setting.

Market risk

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

Foreign exchange 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 EUROS (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 2017 and 2016.

Interest rate risk

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, the effects of developments in interest rates have no impact on the Group.

Tariff risk

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 2017 and 2016.

	Realized 2017	Realized, 2016	Variance	% Variance
AVG FUEL PRICES PER UNIT in ANG				
Fuel usage GO - MN	782	633	149	24%
Fuel usage MFO - DW	587	420	167	40%
Fuel usage IFO DPP ISLA	567	385	182	47%
Fuel usage MDO - DW & KNPL	788	559	229	41%
Fuel usage MDO - DPP ISLA	798	704	94	13%
FUEL USAGE Quantity in ton/m³				
Fuel usage GO - MN m³	38,568	42,906	(4,338)	-10%
Fuel usage MFO - DW ton	79,960	88,560	(8,600)	-10%
Fuel usage IFO DPP ISLA ton	28,061	29,752	(1,691)	-6%
Fuel usage MDO - DW & KNPL m³	14,721	5,104	9,617	188%
Fuel usage MDO - DPP ISLA m³	802	558	244	44%
FUEL USAGE ANG (*1000)				
Fuel usage GO - MN	30,153	27,141	3,012	11%
Fuel usage MFO - DW	46,933	37,174	9,759	26%
Fuel usage IFO DPP ISLA	15,899	11,453	4,446	39%
Fuel usage MDO - DW & KNPL	11,600	2,852	8,748	307%
Fuel usage MDO - DPP ISLA	640	393	247	63%
Total fuel usage in ANG	**105,225**	**79,013**	**26,212**	**33%**

Since June 1, 2012, as described in note 5.1, 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 tohave 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 table below shows the developments throughout the reported period.

From the table below, Management concludes that ANG 28.3 million is to be covered by the recovery component. Management also noted that under coverage continued to develop in the fuel component throughout 2017.

COVERAGE CALCULATION FUEL AND RECOVERY COMPONENT

(ANG * 1,000)	Dec 31, 2017	Dec 31, 2016
Coverage calculations fuel component		
Coverage fuel component E	128,349	108,919
Coverage fuel component W	20,760	16,172
Total coverage fuel component	**149,109**	**125,091**
Expenses in the fuel component E & W	(169,292)	(134,732)
Interest expenses CUROIL	-	-
Total realized expenses in the fuel component E & W	**(169,292)**	**(134,732)**
Under-coverage developed during the reporting period	**(20,183)**	**(9,641)**
Recovery component E	-	11,895
Recovery component W	-	1,847
Recovered during the reporing period	**-**	**13,742**
Coverage / (under-coverage) developed during the reporting period (net of Recovery)	**(20,183)**	**4,101**
Outstanding undercoverage per the end of the period		
Beginning balance (excluding regulatory account dec 2010)	(8,110)	(12,211)
Coverage / (under-coverage) developed during the reporting period (net of Recovery)	(20,183)	4,101
Total Balance of Prefinancing	**(28,293)**	**(8,110)**

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, 2017	Dec 31, 2016
Coverage calculations base component		
Coverage base component E	219,099	228,280
Coverage base component W	86,408	86,087
Total coverage base component	**305,507**	**314,367**
Realized base Expenses		
Reduction of expenses in base component due to miscellaneous sales	(20,869)	(17,243)
Other direct cost of sales	14,024	12,771
Personnel costs	125,983	102,760
Parts, repair and maintenance	73,475	63,963
Hired services	5,716	5,996
General expenses	26,011	38,240
Depreciations	49,909	38,871
Provision bad debt	23,997	13,537
Interest expense	14,818	15,445
Income tax credit	(4,084)	10,824
Total realized base expenses	**308,980**	**285,164**
(Under)/over overage on base component	**(3,473)**	**29,203**

From the table above Management concludes that in 2017 there is an under-coverage in the base component of ANG 3.5 million. Note that the impairment reversal of ANG 48.3 million has not been included in the calculation of the base component coverage. The under-coverage in 2017 is a result of the increase in personnel expenses stemming primarily from the provision retirement stimulation of ANG 34.5 million recorded for the first time in 2017. Discussions with the Regulator are ongoing to find a structural approach to achieve full coverage of the expenses pertaining to the base component.

Credit risk

For the Group, credit risk is the risk as a consequence of the uncertainly 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.

The Group aims at mitigating this credit risk by using reputable financial institutions for investing and cash handling purposes. As per December 31, 2017 the Group has cash balances placed at 8 reputable banking institutions (2016:8).

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, 2017		Dec 31, 2016	
	Trade receivables	Other receivables	Trade receivables	Other receivables
Industrial & large commercial	36,206	6,912	29,474	6,304
Commercial	15,432	10,772	13,344	13,960
Households	46,329	27,042	38,159	17,338
Government	6,833	5,078	6,016	5,721
Standing orders	2,071	-	1,741	-
New accounts	77	-	55	-
Inactive	40,163	-	37,500	-
Other	149	11,796	698	11,106
Balance of receivables	**147,260**	**61,600**	**126,987**	**54,429**
Clients' payments in transit	(7,755)	-	(987)	-
Billing cycle to be invoiced	15,090	-	15,093	-
Gross receivables	**154,595**	**61,600**	**141,093**	**54,429**
Less allowance for doubtful debts	(88,310)	(41,003)	(75,509)	(30,933)
Net receivables	**66,285**	**20,597**	**65,584**	**23,496**
Less customer deposits	(24,539)	-	(24,806)	-
Receivables net of customer deposits	**41,746**	**20,597**	**40,778**	**23,496**

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.

	Dec 31, 2017	
	Trade receivables	Other receivables
Neither past due nor impaired	44,171	4,546
Past due but not impaired	37,203	16,051
Individually impaired	88,310	41,003
Gross	**169,684**	**61,600**
Less Allowance	(88,310)	(41,003)
Net receivables	**81,374**	**20,597**
Customer deposits	(24,539)	-
Receivables net of customer deposits	**56,835**	**20,597**

	Dec 31, 2016	
	Trade receivables	Other receivables
Neither past due nor impaired	32,822	7,146
Past due but not impaired	32,762	16,350
Individually impaired	75,509	30,933
Gross	**141,093**	**54,429**
Less Allowance	(75,509)	(30,933)
Net receivables	**65,584**	**23,496**
Customer deposits	(24,806)	-
Receivables net of customer deposits	**40,778**	**23,496**

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

	Dec 31, 2017	
	Trade receivables	Other receivables
Past due up to 60 days	(15,130)	-
Past due more than 60 days	37,244	16,051
	22,114	**16,051**

	Dec 31, 2016	
	Trade receivables	Other receivables
Past due up to 60 days	2,571	-
Past due more than 60 days	30,191	16,350
	32,762	**16,350**

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 adapt either 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 BSD. 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.
With adequate and timely tariff adjustments and a prudent reduction in operating expenses, the company is expected to continue turning profit, contributing to a positive operating cash flow. Based on the approved 2017 budget and forward looking projection, the cash flow generated from operations together with third party financing, will guarantee the realization of the necessary investments included in the budget.

The liquidity status as per December 31, 2017 and as per December 31, 2016 is shown below:

Liquidity status

(Amounts in ANG * 1,000)	Dec 31, 2017	Dec 31, 2016
Funds encumbered > 5 years	-	-
Funds encumbered 1 < years < 5	1,375	4,373
Available cash & cash equivalents at banks	56,233	72,112
Total credit facilities	**57,608**	**76,485**

Prudent liquidity risk management implies maintaining sufficient cash and the availability of funding through an adequate amount of committed credit facilities. The following table analyzes the Group's financial liabilities, being its long term loans, other non-current liabilities and current liabilities, into relevant maturity groupings based on the remaining period at reporting date to the contractual maturity date. The long term loans and other non-current liabilities amounts include the interest expenses for the remaining period at reporting date.

All amounts are the undiscounted cash flows:

Long term loans and other non-current liabilities

	Dec 31, 2017			Dec 31, 2016		
(Amounts in ANG * 1,000)	<1 year	>1 and <5 years	>5 years	<1 year	>1 and <5 years	>5 years
Corporate bonds	22,588	85,511	276,479	23,075	87,458	297,120
Loan Isla Dieselcentrale	2,537	2,535	-	2,537	5,072	-
Loan MJP	7,124	7,396	-	7,124	7,396	-
	9,661	**9,931**	**-**	**9,661**	**12,468**	**-**

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.

"Coming together is a beginning.
Keeping together is progress.
Working together is success."

- Henry Ford -

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, 2017	Dec 31, 2016
Debt service coverage ratio (DSCR)	>1.45	3.12	2.00
Adjusted debt service coverage ratio (ADSCR)	>1.15	1.19	1.26
Debt/EBITDA ratio (D/E)	<8.5	2.42	2.17
Current ratio (CR)	>1.00	1.81	1.81
Solvency ratio (SR)	>30.00%	42.51%	37.17%

As per the period ending December 31, 2017 the Group is in compliance with financial covenants as described in the offering circular of tranche 1a bonds.

4.4 Explanatory notes to the Consolidated Statement of Financial Position

Intangible Assets

The schedule below reflects the acquisitions of intangible assets during the period:

(ANG * 1,000)	Dec 31, 2017	Dec 31, 2016
Intangible assets		
Balance at beginning of year	14,827	3,091
Additions during the period	32,748	11,736
Balance at end of year	**47,575**	**14,827**

In March 2012, a Professional Service Agreement was signed with SAP Puerto Rico GMBH LLC. (SAP) for the implementation of a new enterprise resource planning (ERP) system.

Additional investments of ANG 32.7 million were made in 2017.
The new ERP system was implemented at the start of 2018 at which point amortization will commence.

Property, Plant and Equipment

Below is an overview of the property, plant and equipment as per December 31, 2017 and as per December 31, 2016:

(Amounts in ANG * 1,000)	Cost 1-Jan-17	Accum. depr. 1-Jan-17	Book value 1-Jan-17	Additions 2017	Disposals 2017	Transfers 2017	Reclass/ adjust 2017
PRODUCTION							
Land & buildings	104,432	48,353	56,079	-	(4,792)	-	-
Plant/Equipment	283,061	127,369	155,692	-	(3,362)	1,332	-
Major spare parts	10,447	7,125	3,322	-	(1,678)	-	-
Other assets	30,255	29,447	808	761	(17,866)	-	-
Work in progress	107	-	107	7,189	-	(1,332)	-
Total Production	**428,302**	**212,294**	**216,008**	**7,950**	**(27,700)**	**-**	**-**
DISTRIBUTION							
Land & buildings	57,042	28,915	28,127	-	-	-	(32,418)
Distribution network	755,866	493,969	261,897	(1,405)	(72,040)	8,475	32,418
Other assets	64,552	64,575	(23)	452	(45,105)	2,451	-
Work in progress	40,554	-	40,554	60,803	-	(32,632)	-
Total Distribution	**918,014**	**587,459**	**330,555**	**59,850**	**(117,145)**	**(21,706)**	**-**
Total	**1,346,316**	**799,753**	**546,563**	**67,800**	**(144,845)**	**(21,706)**	**-**

(Amounts in ANG * 1,000)	Impair-ment Adjustment 2017	Depre-ciation 2017	Disposals accum. depr. 2017	Transfers 2017	Reclass/ adjust 2017	Impairment Adjustment 2017	Cost 31-Dec-17	Accum. depr. 31-Dec-17	Book value 31-Dec-17
PRODUCTION									
Land & buildings	-	(4,262)	4,784	-	-	-	99,640	47,831	51,808
Plant/Equipment	24,700	(13,655)	(1,009)	-	-	(19,061)	305,731	161,094	144,636
Major spare parts	-	590	-	-	-	-	8,768	6,534	2,234
Other assets	-	(234)	17,866	-	(5)	-	13,151	11,821	1,330
Work in progress	-	-	-	-	-	-	5,964	-	5,964
Total Production	**24,700**	**(17,561)**	**21,641**	**-**	**(5)**	**(19,061)**	**433,254**	**227,280**	**205,972**
DISTRIBUTION									
Land & buildings	-	(825)	-	15,706	-	-	24,624	14,034	10,589
Distribution network	92,000	(31,689)	74,008	(15,706)	-	(49,298)	815,314	516,654	298,660
Other assets	-	166	45,105	-	-	-	22,349	19,304	3,045
Work in progress	-	-	-	-	-	-	68,725	-	68,725
Total Distribution	**92,000**	**(32,348)**	**119,113**	**-**	**-**	**(49,298)**	**931,012**	**549,992**	**381,020**
Total	**116,700**	**(49,909)**	**140,754**	**-**	**(5)**	**(68,359)**	**1,364,266**	**777,273**	**586,992**

(Amounts in ANG * 1,000)	Cost 1-Jan-16	Accum. depr. 1-Jan-16	Book value 1-Jan-16	Additions 2016	Disposals 2016	Transfers 2016	Reclass/ adjust 2016
PRODUCTION							
Land & buildings	47,739	29,412	18,327	397	-	-	56,296
Plant/Equipment	351,745	139,835	211,910	-	(13,601)	1,213	(56,296)
Major spare parts	17,685	12,200	5,485	2,644	(9,882)	-	-
Other assets	36,223	35,855	368	603	(6,571)	-	-
Work in progress	2,570	-	2,570	863	-	(3,326)	-
Total Production	**455,962**	**217,302**	**238,660**	**4,507**	**(30,054)**	**(2,113)**	**-**
DISTRIBUTION							
Land & buildings	56,939	27,731	29,208	-	-	105	(2)
Distribution network	755,785	480,534	275,251	(985)	(7,620)	9,042	(356)
Other assets	63,498	63,106	392	176	-	878	-
Work in progress	19,008	-	19,008	39,752	-	(18,992)	786
Total Distribution	**895,230**	**571,371**	**323,859**	**38,943**	**(7,620)**	**(8,967)**	**428**
Total	**1,351,192**	**788,673**	**562,519**	**43,450**	**(37,674)**	**(11,080)**	**428**

(Amounts in ANG * 1,000)	Depreciation 2016	Disposals accum. depr. 2016	Reclass/ adjust 2016	Cost 31-Dec-16	Accum. depr. 31-Dec-16	Book value 31-Dec-16
PRODUCTION						
Land & buildings	(4,337)	-	(14,604)	104,432	48,353	56,079
Plant/Equipment	(15,739)	13,601	14,604	283,061	127,369	155,692
Major spare parts	5,075	-	-	10,447	7,125	3,322
Other assets	(163)	6,571	-	30,255	29,447	808
Work in progress	-	-	-	107	-	107
Total Production	**(15,164)**	**20,172**	**-**	**428,302**	**212,294**	**216,008**
DISTRIBUTION						
Land & buildings	(1,184)	-	-	57,042	28,915	28,127
Distribution network	(21,055)	7,620	-	755,866	493,969	261,897
Other assets	(1,469)	-	-	64,552	64,575	(23)
Work in progress	-	-	-	40,554	-	40,554
Total Distribution	**(23,708)**	**7,620**	**-**	**918,014**	**587,459**	**330,555**
Total	**(38,872)**	**27,792**	**-**	**1,346,316**	**799,753**	**546,563**

Impairment reversal

In 2017, the carrying value of an impairment originally recorded in 2001 was reversed. The net impact of the reversal was ANG 48.3 million, which is recorded in the statement of comprehensive income. A value-use calculation was performed using the approved 2018 budget which includes a 5 year forward looking projection. The enterprise value exceeds the carrying value by ANG 172.8 million providing sufficient room to reverse the impairment. Other key assumptions applied in the value in use calculation include a discount rate of 7.2% and perpetual growth of 1%.

Trade Accounts Receivable

The composition of trade accounts receivable as per December 31, 2017 and as per December 31, 2016 is as follows:

(Amounts in ANG * 1,000)	Dec 31, 2017	Dec 31, 2016
Government institutions	6,833	6,016
Business & industrial customers	51,638	42,818
Households	46,329	38,159
Inactive	40,163	37,500
Billing cycle to be invoiced	15,090	15,093
Standing orders	2,071	1,741
Client's payment in transit	(7,755)	(987)
Other	226	753
	154,595	**141,093**
Provision for bad debts	(88,310)	(75,509)
	(88,310)	**(75,509)**
Total trade accounts receivable	**66,285**	**65,584**

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

(Amounts in ANG * 1,000)	Dec 31, 2017	Dec 31, 2016
Balance at beginning of the year	**(75,509)**	**(71,864)**
Additions during the year	(13,929)	(4,267)
Released during the year	1,127	622
Balance at end of the year	**88,310**	**(75,509)**

Inventories

A summary of inventories as per December 31, 2017 and December 31, 2016 is provided below:

(Amounts in ANG * 1,000)	Dec 31, 2017	Dec 31, 2016
Materials and spare parts (net)	17,730	20,754
Fuel and lubricants	8,315	6,050
Water in reservoirs	605	463
Total inventories	**26,650**	**27,267**

A summary of provision for slow movers as per December 31, 2017 and December 31, 2016 is provided below:

(Amounts in ANG * 1,000)	Dec 31, 2017	Dec 31, 2016
Balance at beginning of the year	**(19,592)**	**(14,000)**
Additions	(5,214)	(6,080)
Utilizied	-	488
Balance at the end of the year	**(24,806)**	**(19,592)**

Provisions

The provisions as per December 31, 2017 and as per December 31, 2016 can be divided in the following categories:

(Amounts in ANG * 1,000)	Dec 31, 2017	Dec 31, 2016
Provisions employee benefits	190,041	134,053
Other provisions	6,300	7,687
Total provisions	**196,341**	**141,740**

'Other provisions' consists of the provision for the decommissioning of the Mundu Nobo Plant. The Island Government has identified the South coast as an area for tourism development for the Island, and in supporting these efforts Management has subsequently created a provision for the decommissioning of the Mundu Nobo plant. Over the years, an independent valuation expert was engaged for estimating the costs of decommissioning (most recent year was 2011). The provision was estimated at ANG 17.0 million. This provision has been reduced by actual demolition costs incurred since in 2013 and by a change in the valuation of the provision.

The provision does not take into account possible proceeds from the sale of the dismantled equipment on the scrap market as the residual value cannot yet be determined reliably.

The provision for employee benefits as per December 31, 2017 and as per December 31, 2016 is specified below:

(Amounts in ANG * 1,000)	Dec 31, 2017	Dec 31, 2016
Provision medical costs retired employees	8,234	7,854
Provision supplementary pension APC (DT)	11,154	11,231
Provision early retirement benefit (VUT)	1,596	3,766
Provision anniversay bonus	15,549	15,146
Provision pension obligations	89,159	64,443
Provision AOV/BVZ compensation	26,461	27,855
Provision vacation leave	3,869	3,758
Provision retirement stimulation plan	34,019	-
Total provisions	**190,041**	**134,053**

Corporate Bonds IUH N.V.

On December 28, 2009 the Group issued through the Central Bank of Curaçao and St. Maarten the tranche 1a of the Aqualectra 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.

(Amounts in ANG * 1,000)	Dec 31, 2017	Dec 31, 2016
Corporate bonds	264,040	276,042
Current maturity	(12,002)	(12,002)
Amortized discount on bonds	(38,175)	(41,086)
Net value Corporate bonds	**213,863**	**222,954**

The discount is amortized by means of the effective interest method over a period of 35 years. The yearly amortization is presented as a part of the interest expenses in the statement of comprehensive income. The movement in the discount on bonds is as follows:

(Amounts in ANG * 1,000)	Dec 31, 2017	Dec 31, 2016
Non-current liability		
Amortized discount on bonds beginning of the year	41,086	44,036
Amortization current period	(2,911)	(2,950)
Amortized discount on bonds end of the year	**38,175**	**41,086**

Other liabilities

A summary of the main items payable as per December 31, 2017 and as per December 31, 2016 are specified below:

(Amounts in ANG * 1,000)	Dec 31, 2017	Dec 31, 2016
Accrued expenses	27,617	16,698
Current maturity long term loans	24,199	22,818
Payable to Wartsila	7,093	81
Other payables foreign countries	6,210	2,675
Social securities	3,527	3,355
MJP projects	3,098	3,094
Accrued interest	2,201	1,583
Early retirement benefit obligations (VUT)	2,086	2,050
Selikor	1,633	4,905
Miscellaneous	928	2,206
Services public lighting	-	343
Total Other liabilities	**78,592**	**59,808**

"If everyone is moving forward together, then success takes care of itself."

- Henry Ford -

4.5 Explanatory notes to the Consolidated Statement of Comprehensive Income

Sales Electricity and Water

The total revenues are presented net of intercompany sales. Sales to connections with Aqualectra 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.

Unaccounted usage for water distribution at the end of 2017 is 23.70% (2016: 23.10%). This is an increase of 0.6 percentage points compared to 2016. Unaccounted usage for electricity distribution at the end of 2017 is 11.58% (2016: 12.27%).

During 2017 the unaccounted usage decreased with 0.69 percentage point. Management is working together with the Regulator on measures to manage unaccounted usage.

Direct costs production

Direct costs production are specified below:

(Amounts in ANG * 1,000)	Dec 31, 2017	Dec 31, 2016
Fuel usage	105,225	79,013
Chemicals	4,037	3,586
Lubrication	3,523	3,594
Purchase of water & electricity	18,272	16,378
IUH DPP element	8,379	8,171
IUH Fuel element	4,221	4,191
IUH Extension element	57	13
Temporary Diesel Power Plant	1,359	369
Total direct costs production	**145,073**	**115,315**

Direct costs of production includes an amount of ANG 12,657,000 (2016: ANG 12,375,000) 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 an extension component.

The lease expenses for the desalination plant, the temporary diesel power plant and the wind park, are reported as part of the direct costs production.

Salaries, social securities and other personnel expenses

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

(Amounts in ANG * 1,000)	Dec 31, 2017	Dec 31, 2016
Salaries	53,379	48,627
Overtime	5,462	4,266
Social securities	24,942	30,584
Other personnel expenses	6,771	6,194
Other (post) employment benefits (net)	35,429	13,089
Total salaries, social securities and other personnel expenses	**125,983**	**102,760**

Labor force	Aqualectra Production	Aqualectra Distribution	Integrated Utility Holding N.V.	Total
12/31/2016	257	373	3	633
12/31/2017	244	361	3	608
Net Decrease	**(13)**	**(12)**	**-**	**(25)**

Parts, repairs and maintenance

Parts, repair and maintenance expenses are expenses made for parts and for 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.

(Amounts in ANG * 1,000)	Dec 31, 2017	Dec 31, 2016
Electricity production units	34,712	31,166
Water production units	6,685	2,801
Other production assets and facilities	7,254	10,191
Electricity distribution network	13,739	11,211
Water distribution network	8,445	6,248
Other distribution assets and facilities	2,640	2,346
Total Parts, repairs and maintenance	**73,475**	**63,963**

General expenses

General expenses are specified below:

(Amounts in ANG * 1,000)	Dec 31, 2017	Dec 31, 2016
General expenses		
Housing and car fleet	5,829	7,121
Office expenses	2,754	2,502
Insurance and security	5,226	5,336
Consultancy	5,438	4,117
Communications and public relations	2,838	2,898
Regulation and compliance fees	2,763	1,250
Other expenses	2,515	14,697
Supervision expenses	164	318
Total general expenses	**27,527**	**38,240**

Supervision expenses include compensation of the BSD, travel expenses and expenses related to consulting services on behalf of the BSD.

5 Report of the Independent Auditor on the Consolidated Summary Financial Statements

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

Opinion

The consolidated summary financial statements, which comprise the consolidated statement of financial position as at December 31, 2017, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and related notes, are derived from the audited consolidated financial statements of Integrated Utility Holding N.V. (the Company) for the year ended December 31, 2017. We expressed a qualified audit opinion on those consolidated financial statements in our report dated July 6, 2018.

In our opinion, the accompanying consolidated summary financial statements are a fair summary of the audited consolidated financial statements, on the basis described under Significant accounting policies.
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 December 31, 2017.

Consolidated Summary 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 and the auditor's report thereon, therefore, is not a substitute for reading the audited consolidated financial statements and the auditor's report thereon.
The consolidated summary financial statements and the audited consolidated financial statements do not reflect the effects of events that occurred subsequent to the date of our report on the audited consolidated financial statements.

The Audited Consolidated Financial Statements and Our Report Thereon

We expressed a qualified audit opinion on the audited consolidated financial statements in our report dated July 6, 2018. The basis for our qualified audit opinion was that 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 audited consolidated 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 aforementioned 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 consolidated 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 2017 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 2017. Our qualified opinion states that, except for the effects of the described matter, those consolidated financial statements presents fairly in all material respects the consolidated financial position of Integrated Utility Holding N.V. as at 31 December 2017, and of its consolidated financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

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 whether the consolidated summary financial statements are a fair summary of the audited consolidated financial statements based on our procedures, which were conducted in accordance with International Standard on Auditing (ISA) 810 (Revised), *Engagements to Report on Summary Financial Statements.*

Curaçao, 25 September, 2018

For Ernst & Young Accountants

/s/ E.R. Statius van Eps

Notes

Colophon

Integrated Utility Holding N.V.
Kompania di Awa i Elektrisidat N.V. (K.A.E.)
Kompania di Distribushon di Elektrisidat i Awa (KODELA)
General Engineering & Utility Services N.V. (GEUS)
Aqualectra Multi Utility Company N.V. (AMU)
Aqualectra Bottling Co. N.V.
KUMEPE N.V.

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Board of Managing Directors

Mr. Darick P. Jonis MSc. MBA	Acting CEO
Mr. Ir. Irvin E.H. Hanst	Technical Director
Mr. Curt S. Belfor LLM	General Council & Company Secretary (until July 31, 2017)
Mrs. Neysa R. Schoop-Isenia MSc. RA	Interim Manager Administration & Accounting

Board of Supervisory Directors

Mr. S. Coutinho	Supervisory Director and Chairman (as of September 19, 2017)
Mr. A. Davelaar	Supervisory Director
Mr. R. Bulbaai	Supervisory Director (as of September 19, 2017)
Mrs. S. Inderson	Supervisory Director (as of November 19, 2017)
Mr. F. Metry	Supervisory Director and Chairman (as of May 19, 2017 until August 31, 2017)
Mr. D.E. Evertsz	Supervisory Director (until September 11, 2017)
Mrs. T.K. Prins	Supervisory Director (until March 25, 2017)

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Tuna Creative Agency

Design
ejpeg.biz

General coordination
B24 N.V.

AQUALECTRA

...ta invertí p'abo!