



CONSOLIDATED
ANNUAL REPORT
2008 - AQUALECTRA

NOVEMBER 17, 2009 2009-37330
BOARD OF MANAGING DIRECTORS





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1. GENERAL

1.1. MANAGEMENT REPORT

FINANCIAL PERFORMANCE

SALES ELECTRICITY

Total electricity sales of 633,691 MWh were realized in 2008. This is an increase in sales of 1.13% above 2007, when total sales of 626,580 MWh was attained. These sales volumes translate to sales of ANG 376,884,000 over the period of 2008, a 14.2% increase over 2007 (ANG 329,860,000).

Noteworthy movement was observed in the business sector, with sales growth of 2.3% above the previous year, whilst on the other hand the household sector saw a decrease of 0.5%. The household sector accounted for 41% of total sales, whilst the commercial & industrial sector represents 59% of total sales.

Sales to households are comprised of postpaid and prepaid connections which account for respectively 76% and 24% of total sales to the households.

SALES WATER

Water sales in 2008 (9,420,000 m³) increased by 3.3% over 2007 when volumes of 9,120,000 m³ was achieved. Sales volume in guilders was ANG 119,482,000 in 2008 versus ANG 116,212,000 for 2007. This resulted in partially a 15.1% increase of sales to the business sector on one hand and a decrease of 1.8% to the household sector on the other hand.

The household sector and the commercial & industrial sector account for respectively 67% and 33% of the total sales.

APPLICABLE TARIFFS:

In accordance with ordinances (Landsverordening) of July 19, 1961 and October 14, 1991, the Executive Council of the Island Government of Curaçao is responsible for the stipulation of the applicable tariffs for water and electricity. Furthermore, the tariff structure for water and electricity is based on the resolution of the Executive Council of the Island Government of November 8, 2002. In the last mentioned resolution of the Executive Council, the following matters have been inter alia decided:

- The set-up and tariff structure for water and electricity as of 2002, consisting of a (i) base component and (ii) a direct cost component. The base component covers all the non direct costs for the supply, while the direct costs component must cover the fuel costs and other direct costs of production and sales. This separation allowed a rate calculation system to be developed that could track changes in fuel costs;
- The level of the applicable tariffs for water and electricity for the years 2003 and 2004;
- That the Company is allowed to realize a yearly return on equity of 8%;
- That the regulatory account as of 2002 starts with a total amount to be recovered of ANG 15.4 million regarding 2001;
- That the increase or decrease of the regulatory account will be quarterly monitored and evaluated and yearly verified based on the audited financial report of the Company.
- That, if the fuel and other direct costs are not fully covered through the direct costs component of the applied tariff due to the increase of the fuel costs of the production compared to the level of fuel costs of 2002, the Company is allowed to charge the under coverage to the consumers retrospectively.

In this resolution an under coverage of the direct cost component is classified as a situation in which fuel and / or any other direct costs are not fully recovered through the portion of the tariff applied for the direct costs component. The Company is hereunder allowed to recover any eventual under coverage of direct costs (fuel costs) from the customer.

At the beginning of the year under report (and dating back to July 4, 2007), the average tariff for electricity was stipulated at ANG 0.5282 per KWh (base component: ANG 0.2919 per KWh and direct cost component: ANG 0.2363 per KWh) while the average tariff for water was stipulated at ANG 13.7427 per m³ (base component: ANG 7.7099 per m³ and direct cost component: ANG 6.0328 per m³). Considering the anticipated and forecasted development of the energy cost in 2008, an increase of the direct cost component for the water and electricity tariffs was accounted for in the budget 2008 of the Company. On January 10, 2008, Aqualectra submitted a request for a tariff increase for water and electricity to the Executive Council. On March 18, 2008 an alternative tariff increase request for water and electricity was submitted. Based on the aforementioned request for a tariff increase, on June 1, 2008 the Executive Council resolved to increase the electricity tariff with 18.94%. No resolution was made concerning the adaptation of the water tariff. After different reminders about this issue, with no positive results, Aqualectra filed a lawsuit at the Court of Law of the Netherlands Antilles on September 24, 2008 against the Island Government, requesting the Court to rule on Aqualectra's favor to obtain a positive resolution from the Island Government regarding Aqualectra's request for adaptation of the water tariffs. On October 31, 2008 the Court submitted an interlocutory judgment on the case, in which the Court ordered the parties involved, to take time to resolve their differences of opinion. Based on the followed negotiations between the Island Government and Aqualectra, the Executive Council resolved and submitted a new resolution on November 17, 2008 containing the following matters of interest:

- The tariff for water remains consistent with that dating back to July 4, 2007, while the applicable tariffs for the derivatives used by Aqualectra and bought from Curoil were lowered as of January 5, 2009.
- The level of the regulatory account will be accounted for based on the resolution of the Executive Council of November 8, 2002. Recovery of the under coverage on the direct costs component was approved, and the Company is allowed to charge a maximum of NAf. 23 million per year via the tariffs to customers until the total regulatory account has been recovered.
- As of 2009, the direct cost component of the all inclusive tariff will be calculated in accordance with the world market developments of the oil prices. However, the adaptation of this component can be realized for a maximum of 6 times per year.
- There will be a regulatory structure and framework in place for Curaçao before March 1, 2009. Aqualectra will be charged for the costs related to this.

Due to untimely decision-making regarding the adjustment of the direct costs component of the tariff, the Company has been placed in a position of pre-financing fuel costs, which has led to the postponement of planned investment activities and a delay in scheduled maintenance activities. The average tariff for electricity and water realized in 2008 were ANG 0.5823/KWh (2007: ANG 0.5047/KWh) and ANG 12.8000 /m³ (2007: ANG 12.6000/m³).

DIRECT COSTS:

This cost item consists of the costs of fuel usage, chemicals, lubrication, intake of electricity and water from third parties and other direct costs of production. The increasing trend of the price of crude oil and its impact on the cost of fuel continued in 2008. The total direct costs recorded for the Company in 2008 is ANG 291,177 million. This is ANG 113,950 million higher than 2007 (ANG 177,227 million). The major drivers for this cost increase were the increase of total fuel costs on one hand: ANG 291.2 million in 2008 compared to ANG 177.2 million in 2007 (an ANG 114.0 million increase). On the other hand, the decrease (ANG 0.8 million) of the other costs of sale in 2008 (ANG 16.5 million) compared to 2007 (ANG 17.3 million) offsets above mentioned increase of direct costs slightly.

DEVELOPMENT REGULATORY ACCOUNT:

After the reimbursement of the under coverage of the fuel costs and other direct costs over the period January – March 2006, the Energy Fund was depleted. For the period April 2006 onwards the under coverage of fuel costs and other direct costs has not been charged by Aqualectra. During the years 2007 and 2008, the remainder under coverage of the years 2003/2004 (ANG 11.8 million), 2005 (ANG 1.6 million) and partially the under coverage of the year 2006 (ANG 16.7 million) were recovered through tariffs.

The remaining under coverage on the fuel and other direct costs to be charged to the customers regarding the years 2006 up to and including 2008 amounts to ANG 88.5 million, as specified in the table below:

	Amount under coverage in ANG
To be charged by Aqualectra for 2006	2,917,755
To be charged by Aqualectra for 2007	11,395,440
To be charged by Aqualectra for 2008	74,179,925
Total amount to be charged by Aqualectra at year end 2008	88,493,120

The regulatory account (ANG 88.5 million) has been treated in the financial statements as a contingent asset and is as such not reflected in the financial performance of the Company.

This pre-financed amount will be charged by Aqualectra and is exclusive the under coverage results on the fixed tariffs for the year 2005 onward. Aqualectra and the Department of Economic Affairs have not yet reached an agreement on the portion of the under coverage on the fixed tariffs that should be included in the regulatory account.

DEVELOPMENT OPERATING EXPENSES:

The total operating expenses for 2008 (ANG 232.3 million) increased by ANG 7.1 million compared to 2007 (ANG 225.2 million). This increase is mainly attributable to the following factors:

Personnel expenses totaled ANG 84.5 million in 2008: an increase by ANG 8.6 million from the recorded ANG 75.9 million in 2007. This increase is mainly attributable to additional contribution to the provision for medical expenses of retired personnel based on actuarial calculations and also because of a revised collective labor agreement and harmonization of salaries and benefits between the companies.

Operational and maintenance expenses include the cost items: material usage, repair and maintenance and hired services. This total cost item amounted to ANG 53.7 million in the year under report (2007: ANG 53.9 million). Selected units at Dokweg underwent major overhauls which caused the item repair and maintenance to surpass 2007 figures by ANG 5 million. That increase was offset by ANG 5.2 million decline in hired services and material usage. The offset in the area of hired services is mainly due to ANG 2.4 million less (than 2007) used on the electricity grid whilst material usage on the water grid was ANG 3.3 million less in 2008 when compared to 2007.

General expenses amount to ANG 36.9 million, an increase of ANG 3.4 million compared to 2007 (ANG 33.5 million). This increase is mainly due to price differences as a result of stock revaluation.

Depreciation expenses amount to ANG 51.9 million in the year under report (2007: ANG 49.6 million). This is an increase of ANG 2.3 million compared to 2007. This increase is mainly attributable to more depreciation costs expensed as a consequence of the realized investments in the year before, and also as a result of the capitalization of the decommissioning costs regarding the Mundo Nobo plant.

Provision bad debt expenses amount to ANG 5.2 million in the year under report (2007: ANG 12.3 million). This is a decrease of ANG 7.1 million compared to the year before.

The 2007 provision bad debts costs of ANG 12.3 million consisted of:

- ANG 14.5 million which is entirely intended for bad debt of several clients, whose outstanding debt became inactive contributing to this additional provision for bad debts.
- Furthermore, in 2007 ANG 2.2 million was received from the Energy Fund; in the 2007 figures this amount has been recorded as a release from the provision which was formed in 2006.

CORPORATE GOVERNANCE

Good governance in corporate settings includes transparency, accountability, compliance and adherence to legal principles and procedures. Of course, the citizen will ultimately judge the Company by its performance in terms of price, reliability of the supply and service quality. Nevertheless, governance issues are also critical and considerations of good governance apply to the Company very much as they do to the society as a whole. Through a process of monitoring, reporting and compliance, the adherence to good governance within Aqualectra is assessed. Throughout the year 2008 Aqualectra has gone through the following process of monitoring, reporting and compliance:

- Three reviews and one audit of the financials of the corporation conducted by the external auditors PwC and KPMG.
- Two reviews conducted by KPMG on behalf of the consortium of lenders related to the progress and compliance of the investment program.
- Four audits conducted by Lloyds Netherlands of which two related to the compliance with the ISO 14001 environmental management standards and two related to the compliance with the ISO 9001/2000 management standards.
- Regular internal audits performed by the internal audit department.

We are pleased to inform that all of the above-mentioned reviews and audits have been performed satisfactorily.

CORPORATE CITIZENSHIP BY CONTINUATION OF ENVIRONMENTAL STANDARDS:

The Company is ever conscious of the impact that its operations can have on the overall environment and the community it serves. Aqualectra continues to make every effort to effectively minimize this possible negative impact. By obtaining the ISO 14001 in 2005, the Company explicitly specified in its business processes the actual requirements for an environmental management system. Moreover, the Company will adhere to those environmental aspects, which the organization has control over and which it is expected to have an influence on. By continuation of the ISO 14001 standard in 2008, the Company 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;
- demonstrate compliance;
- 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.

OTHER IMPORTANT MILESTONES AND DEVELOPMENTS:

Investments:

A total amount of ANG 40.4 million was invested in 2008. These investments were realized in:

Production	ANG 7.5 million
Distribution	ANG 32.9 million
Total	ANG 40.4 million

Due to cash flow constraints as a consequence of the delayed electricity and water tariff increase, the extension of the Diesel Power capacity was rescheduled for 2009. Several electricity and water grid restructuring projects were finalized during 2008.

FUTURE PROSPECTS

Fuel oil volatility:

In 2008, Aqualectra was confronted with extraordinary expenses for fuel used to generate electricity and the production of water, because of skyrocketing global energy costs.

As the world fuel prices have increased during 2008, the expectation is that the energy costs are becoming more costly and very volatile. This makes it more difficult for utility companies to explain this development to the customer. Aqualectra is not allowed to charge the increases in price immediately to the energy bill of the consumer. A consequence of this constraint is that the Company is placed in a position that the required island electricity capacity (additional base-load energy resources) cannot be generated at all times, leading to capacity- and efficiency deficits. These deficits will continue to grow as peaking requirements increase with load growth and the Company's resource base declines due to untimely replacement- or expansion investments.

Aqualectra is a firm believer in the value of fuel diversity to help stabilize fuel costs as well as to maintain and improve overall system reliability. Aqualectra's generation mix includes: HFO steam turbines (24%), HFO diesel units (40%), purchased power (22%), LFO gas turbines and diesel units (9%) and wind energy (5%). By taking advantage of the multi fuel capabilities of a number of its generating units – that is, a number of plants can burn either oil or natural gas or a combination of both – Aqualectra can take advantage of the fuel source, which is less costly at any particular time in the future. Although the cost of doing business and the cost of living have increased in line with the Consumer Price Index, Aqualectra has managed to stabilize and maintain its fixed rates for water and electricity on the level of 2002. This policy will be continued in the years ahead of us.

In general, capacity- and efficiency deficiencies drive Aqualectra's resources, which are identified in the Company's periodic update of its Integrated Resource Planning (IRP). The IRP describes the Company's growing customer base, load growth, supply-resources, demand side management and risk analysis. In addition, the IRP contains information regarding available resource options, planning period forecasts, potential generating resources and –options (including sustainable energy), a 20 year resource plan, and a near term action plan.

ENERGY POLICY:

Due to untimely decision-making regarding the adjustment of the direct costs component of the tariff, in 2007 and 2008, the Company has been placed in a position of pre-financing fuel costs. This has led to the postponement of scheduled maintenance activities and a delay in planned investment activities. In order for Aqualectra to realize the identified investments as well as the necessary (re-)financing successfully, a well designed energy policy and regulatory structure are a predominant condition. In 2007 and 2008 Aqualectra offered some building blocks for the development of an energy policy and a regulatory structure. Different documentation with regard to the subjects was submitted, two seminars about these subjects were organized and were very well visited and a training course for the operational management of Aqualectra was executed. Management strongly believes that an integrated (well-thought-out) energy policy and regulatory structure are of very high importance both for the reliability and affordability of the electricity and water supply on the island as well as for the future continuity and stability thereof. Aqualectra has the duty not only to provide for water and electricity today, but also in the coming decades. Therefore, we strongly support and commit towards the issues on the policy agenda in order to discuss the best approach for the island. This is in the interest of consumers. Ultimately, a proper balance between price, profit and quality should be pursued. This can be achieved by developing an energy policy through which decisions within the energy sector would be made and perceived by the society as credible, legitimate and fair. Aqualectra has extended its commitment to be a major valuable contributor in shaping the Curaçao Energy Policy.

UPDATE INTEGRATED RESOURCE PLAN (UTILITY PLAN 2030):

In 2008 and the years to come, Aqualectra and the society we serve, will be exposed to the everlasting increase of fuel expenses. Assessment of these developments and evaluation of the associated risks are key factors to enable Aqualectra to continue to render its services to the community. Considering this, the Integrated Resource Plan (UP2030) was updated in 2008. Major milestones within the plan 2030 have been discussed and planned for implementation in the years to come, resulting in the envisioned infrastructural efficiency and more fossil fuel independence. The implemented policy aimed at cost rationalization and continuous improvement is yielding the expected results. Nevertheless, the challenge that Aqualectra will be facing in the coming years is a consistent adherence to the implementation of the subsequent phases of plan 2030. Therefore, the year 2008 was dedicated to the necessary preparation of the envisioned investments to be realized throughout the years 2009 – 2014.

CONTINUOUS IMPROVEMENT:

Furthermore, Aqueductra will continue its pursuit of operational excellence throughout its organizational performance improvement programs within its business operations. The optimization of the production and distribution processes will continue together with non-revenue programs to lower its costs for water and electricity as well as its policy aimed at cost rationalization and efficiency improvement. Customer care will remain a focal point of policy and the target is set to improve service and customer's satisfaction.

Once again, we thank our many stakeholders, partners, shareholders, lenders, management and staff, suppliers and contractors, customers and the government authorities for their cooperation, support and understanding during the year. We look forward to their continued support as the Company continues to try to deliver its mandate to provide safe, reliable and efficiently produced power and water supply for all.

Willemstad, November 17, 2009

On behalf of the Board of Managing Directors,

A handwritten signature in black ink, appearing to be 'A.C. Casperson', written over a horizontal line.

Mr. A.C. Casperson

President of the Board of Managing Directors

1.2. REPORT OF THE SUPERVISORY BOARD

GENERAL

On May 20, 1998 the Island Territory transferred all shares of Kompania di Produkshon di Awa i Elektrisidat N.V. (KAE) as well as Kompania di Distribushon di Awa i Elektrisidat N.V. (KODELA) to Integrated Utility Holding (IUH) N.V. In January 2001, the trading name Aqualectra was introduced. As from that date the names Aqualectra (IUH), Aqualectra Production (KAE) and Aqualectra Distribution (KODELA) are being used. On September 6, 2001 the Island Territory transferred the legal title to any and all issued and outstanding shares (current common shares) from the capital of Aqualectra (IUH) to Stichting Implementatie Privatisering (STIP). On December 19, 2001 preferred convertible stock was issued, sold and transferred to Mirant Inc. In 2007, Mirant has sold its holdings of Aqualectra's preferred shares to Marubeni Corporation.

During 2008 the board performed her tasks in accordance with the Company's articles of association and supervised and advised the Management Board.

COMPOSITION OF THE SUPERVISORY BOARD

Board member	Appointment
Mrs. S.C.F. Römer	President of the Supervisory Board August 23, 2007
Mr. E.E. Capella	Director / Member of the audit committee September 7, 2007
Mrs. J. M. Krijger-Rodrigues Conduto	Director / Member of the audit committee July 20, 2006
Mr. O.A. Martina	Director May 10, 2006
Mr. T. Fukuda	Director September 27, 2007
Mr. A. Wilson	Alternate director for Mr. Fukuda September 3, 2007
Mr. K. Covington	Director / Member of the audit committee July 20, 2006
Mr. F.B.M. Kunneman	Director October 8, 2006

In accordance with best practice of governance, the Supervisory Board hereby confirms that none of its members have any other relationship with Integrated Utility Holding N.V. and are therefore independent.

(Note: As per June 2009 Mr F.B.M. Kunneman resigned as Director. And as per June 1, 2009 Mr. F.B.M. Kunneman has been substituted by Mr. E.N. Ys.)

PLENARY MEETINGS OF THE SUPERVISORY BOARD

The Supervisory Board met on 6 occasions in 2008 to discuss and treat such matters as:

- The interim and full year report;
- Audit committee reports;
- Budget;
- Approval several investment projects;
- Progress report investments;
- Status operational audit;
- Other corporate issues.

Members of the Supervisory Board and the Board of Managing Directors also consulted together in subcommittees of the Supervisory Board.

AUDIT-/BUDGET COMMITTEE:

MEMBERS:

- Mr. E.E. Capella
- Mr. K. Covington
- Mrs. J.M. Krijger-Rodrigues Conduto

AUDIT COMMITTEE MEETINGS:

The audit committee met twice in 2008 to discuss and treat amongst others, issues related to the following topics:

- Annual financial report 2007 and 3rd quarter financial report 2007;
- Business Risk Control and Internal Audit activities;
- Management letters by external auditors;
- Corporate treasury;
- Revenue and accounts receivable reports.

The external auditors KPMG Accountants B.V. and PricewaterhouseCoopers N.A. were also represented at the meeting of the audit committee regarding the annual financial report 2007 and the Management Letters 2007. On behalf of IUH N.V. most meetings were attended by the Tier 1 Managers of Finance, the Manager Internal Audit Department and the Manager Customer Relations. The second audit committee meeting was opened by the acting President of the Board of Managing Directors.

BUDGET COMMITTEE MEETING:

The budget committee met once in 2008, to discuss and to treat the consolidated budget 2009.

On behalf of IUH N.V. this meeting was attended by a Tier 1 Manager of Finance and the acting President of the Board of Managing Directors.

RISK COMMITTEE:

MEMBERS:

- Mrs. S.C.F. Römer
- Mr. F.B.M. Kunneman

In 2008, the Board of Supervisory Directors decided to install a Risk Committee from its midst, in order to have a better oversight on all risk related matters with regard to the business of the Company. Key control area's to realize the Company's goals have been identified. These are (i) Governance (ii) Compliance (iii) Culture and (iv) Risk Management. The first objective of this committee has been identified as, providing reasonable assurance regarding the achievement of the company's objectives. This assurance must be given, by embedding all risk related activities into an Enterprise Risk Management system that must be implemented in the years to come.

ANNUAL FINANCIAL STATEMENTS AND DIVIDEND PROPOSAL

We herewith submit to you the consolidated annual report 2008 of Integrated Utility Holding N.V. (D.b.a. Aqualectra) as drawn up by the Board of Managing Directors and approved by our Supervisory Board of Directors. PricewaterhouseCoopers N.A. has audited the consolidated financial statements for the year ended December 31, 2008; its opinion is included in this annual report.

Based on the long term utility plan (plan 2030) all the necessary investments in order to guarantee the supply of electricity and water to the island of Curaçao were identified. In order to finance the identified investments and to refinance the existing debt, Aqualectra entered into a loan agreement on December 24, 2002 with a consortium consisting of 24 local and international financial institutions arranged by National Investment Bank Curaçao N.V. The above-mentioned loan agreement has been structured based on the assumption that the finan-

cial performance of Aqualectra must improve for the coming years and that Aqualectra as of the year 2006 and further, must be able to finance the identified investments out of its own cash flows.

This loan agreement was also based on the resolution dated November 8, 2002 of the Executive Council of the Island Government of Curaçao, in which the following matters were inter alia resolved:

- The set-up and tariff structure for water and electricity as of 2002;
- The level of the applicable tariffs for water and electricity for the years 2003 and 2004;
- That the Company is allowed to realize a yearly return on equity of 8%;
- That the regulatory account as of 2002 starts with a total amount to be recovered of ANG 15.4 million regarding 2001;
- That the increase or decrease of the regulatory account will be quarterly monitored and evaluated and yearly verified based on the audited financial report of the Company;
- That, if the fuel and other direct costs are not fully covered through the direct costs component of the applied tariff due to the increase of the fuel costs of the production compared to the level of fuel costs of 2002, the Company is allowed to charge the under coverage to the consumers retrospectively.

In 2008 the Company yielded a negative return on equity of 9.1%. In the years 2005, 2006 and 2007 returns on equity of 12.8%, 4.43% and 9.60% were realized.

In order to guarantee the reliability of the supply of water and electricity, the future investment plan of Aqualectra still needs to be considered and financed, reason why it is not advisable to pay out dividends to the Common Shareholder at this stage. Considering the afore-mentioned we request you:

1. To accept the financial statements as included and approved by the Supervisory Board of Directors;
2. To approve no dividend payment to the common shareholders;
3. To deduct the result (after tax) for financial year 2008 from the retained earnings;
4. To discharge the Board of Managing Directors for their management and the Supervisory Board of Directors for their supervision during the year under report.

Willemstad, December 4, 2009

On behalf of the Supervisory Board,



Mr. S.C.F. Römer

President of the Supervisory Board

1.3. HIGHLIGHTS OF THE YEAR

Financial Data (ANG x 1,000)	Dec 31, 2008	Dec 31, 2007
Operating revenues		
Sales electricity	376,884	329,860
Sales water	119,482	116,212
Sales services	16,306	14,266
Operating expenses		
Total operating expenses Production	103,020	94,746
Total operating expenses Distribution	141,923	148,906
Results		
Operating profit Production	(9,108)	26,643
Operating profit Distribution	(9,740)	16,936
Operating profit Holding	(13,360)	26,614
Consolidated net profit	(29,230)	28,029
Financial data		
Working Capital	(44,215)	5,830
EBITDA	41,067	107,481
EBIT	(10,857)	57,892
EBT	(39,113)	35,703
Equity	296,905	320,137
Long term liabilities	354,689	390,555
Short term liabilities	223,196	154,338
Financial ratio's		
Debt Service Coverage Ratio	0.56	1.35
Adjusted Debt Service Coverage Ratio	0.36	0.92
Debt/EBITDA Ratio	4.93	1.87
Solvency Ratio	33.92%	37.01%
Current Ratio	0.80	1.03
Return on equity	(9.1%)	9.60%
Operational Data		
Electricity		
Sales electricity in mwh	633,691	626,580
Electricity intake from production	678,913	608,243
Electricity intake from CUC	139,374	192,077
Electricity intake from wind farms	30,479	42,940
Number of postpaid connections at year end	42,968	42,236
Number of prepaid connections at year end	18,435	17,698
Average usage households per month in kwh	333	364
Average sales tariff households in ANG per kwh	0.6395	0.5376
Average sales tariff in ANG per kwh	0.5823	0.5047
Unaccounted for usage in % of mwh intake	13.31%	13.97%
Water		
Sales water in 1000m ³	9,420	9,120
Water intake from production	12,846	13,068
Number of postpaid connections at year end	70,007	68,709
Average usage households per month in m ³	8.2	8.5
Average sales tariff households in ANG per m ³	12.78	12.67
Average sales tariff in ANG per m ³	12.80	12.60
Unaccounted for usage in % of m ³ intake	27.47%	29.98%



2. BUSINESS REPORT

2.1. CUSTOMER RELATIONS

SALES ELECTRICITY

In 2008, a total sale of 633,691 MWh was realized compared to 2007, when a total sale of 626,580 MWh was achieved. This is an increase of sales of 1.13%. This increase is a result of 2.3% increases of sales electricity to the business sector on the one hand and on the other hand a decrease of 0.5% of sales to the households. 41% of the total sales were to households, whilst commercial & industrial clients form 59% of the total sales. 76% of the total sales to the households were realized to postpaid clients, while 24% of the total sales to the households had been achieved to the prepaid clients.

SALES WATER

In 2008, a total sale of 9,420 m³ x 1,000 was realized compared to 2007, when a total sale of 9,120 m³ x 1,000 had been achieved. This is an increase of sales of 3.3%. This increase is a result of 15.1% increases of sales water to the business sector on the one hand and on the other hand a decrease of 1.8% of sales to the households. 67% of the total sales were accomplished to the households, while 33% of the total sales were realized to the commercial & industrial clients.

Electricity	Dec 31, 2008	Dec 31, 2007
Electricity sales in MWH		
Households	258,555	259,814
Business	162,480	162,683
Standard industry	94,545	89,034
Export industry	87,197	85,046
Import industry	6,958	5,996
AMU	8,331	8,550
Hospitals	8,103	7,899
Public lighting	7,522	7,558
Total sales electricity	633,691	626,580
Connections		
Households postpaid	42,968	42,236
Households prepaid	18,435	17,698
Business	6,806	6,615
Standard industry	163	155
Export industry	53	50
Import industry	11	11
AMU	1	2
Hospitals	2	2
Total amount of connections	68,439	66,769

Water	Dec 31, 2008	Dec 31, 2007
Water sales in 1,000 m³		
Households	6,268	6,380
Business	1,514	1,442
Industries	367	304
Cruise ships	79	85
CUC	858	570
AMU	334	339
Total sales water	9,420	9,120
Connections		
Households	64,341	63,182
Business	5,601	5,463
Industries	38	38
Cruise ships	3	3
CUC	1	1
AMU	23	22
Total amount of connections	70,007	68,709

2.2. PRODUCTION

ELECTRICITY PRODUCTION

The total electricity demand (including the SWRO plant at Sta Barbara) in 2008 from the distribution grid was 738,426 MWh (2007: 734,256 MWh). This is an increase of 1%. In 2008 a total of 25,127 MWh was supplied to the SWRO plant at Mundo Nobo (2007: 25,676 MWh). The total demand has remained stable compared to 2007.

Total demand electricity	2008		2007		2008 - 2007	
	MWH	in %	MWH	in %	Variance	in %
Total supply to electricity distribution grid	738,427	97%	734,256	97%	4,171	1%
Total supply to Aqua Design	25,127	3%	25,676	3%	(549)	-2%
Total demand	763,554	100%	759,932	100%	3,622	1%

In 2008:

- 89% of the demand was supplied by the production power plant at Mundo Nobo and the diesel power plants of Dokweg and Isla (2007: 80%);
- 18% of the demand was supplied by CUC (2007: 25%);
- 4% of the demand was supplied by the wind farms (2007: 6%);
- 11% of the total production and intake was utilized for own use (2007: 11%).

Total production and intake electricity	2008		2007		2008 - 2007	
	MWH	in %	MWH	in %	Variance	in %
Total production Mundo Nobo	306,955	40%	231,055	30%	75,900	33%
Total production diesel plants	371,958	49%	377,188	50%	(5,230)	-1%
Total production	678,913	89%	608,243	80%	70,670	12%
Total intake CUC	139,374	18%	192,077	25%	(52,703)	-27%
Total intake wind farm Playa Canoa	25,799	3%	36,430	5%	(10,631)	-29%
Total intake wind farm Tera Cora	4,680	1%	6,510	1%	(1,830)	-28%
Total intake wind farms	30,479	4%	42,940	6%	(12,461)	-29%
Total production and intake	848,766	111%	843,260	111%	5,506	1%
Own use	(85,212)	-11%	(83,328)	-11%	(1,884)	2%
Total production and intake (net)	763,554	100%	759,932	100%	3,622	1%

WATER PRODUCTION

The total water demand in 2008 from the distribution grid was 11,988,983 m³ (2007: 12,491,490 m³) which is a decrease of 4%. Also in 2008, a total amount of 856,608 m³ was supplied to CUC (2007: 576,542 m³). The total demand has decreased with 2%.

Total demand water	2008		2007		2008 – 2007	
	m ³	in %	m ³	in %	Variance	in %
Total supply to water distribution grid	11,988,983	93%	12,491,490	96%	(502,507)	-4%
Total supply to CUC	856,608	7%	576,542	4%	280,066	49%
Total demand	12,845,591	100%	13,068,032	100%	(222,441)	-2%

In 2008:

- 26% of the demand was supplied by the production plants at Mundo Nobo (2007: 25%);
- 42% of the demand was supplied by the SWRO plant at Sta Barbara (2007: 40%);
- 39% of the demand was supplied by the SWRO plant at Mundo Nobo (2007: 40%);
- 6% of the total production and intake was utilized for own use (2007: 5%).

Total production and intake water	2008		2007		2008 – 2007	
	m ³	in %	m ³	in %	Variance	in %
Production Mundo Nobo	3,285,073	26%	3,248,962	25%	36,111	1%
Intake from SWRO Sta. Barbara	5,328,047	42%	5,280,053	40%	47,994	1%
Intake from Aqua Design SWRO plant	4,995,764	39%	5,231,816	40%	(236,052)	-5%
Production and intake	13,608,884	106%	13,760,831	105%	(151,947)	-1%
Own use	(763,293)	-6%	(692,799)	-5%	(70,494)	10%
Total production and intake	12,845,591	100%	13,068,032	100%	(222,441)	-2%

FUEL USAGE

The total fuel usage increased with approximately 22% compared to 2007. IFO usage at the steam boilers increased with 17% while gas oil usage at the gas turbines also increased with 105%. On the other hand approximately 7% less fuel was used at the diesel power plant at Isla due to less production.

Fuel usage	2008		2007		2008 – 2007	
	Tons	in %	Tons	in %	Variance	in %
IFO Mundo Nobo	92,285	39%	78,614	41%	13,671	17%
Gas oil Mundo Nobo	55,940	24%	27,306	14%	28,634	105%
MDO Koningsplein	0	0%	62	0%	(62)	-100%
MFO Dokweg	41,686	18%	38,635	20%	3,051	8%
MDO Dokweg	434	0%	116	0%	318	274%
AFO Isla	0	0%	0	0%	0	
MDO Isla	552	0%	539	0%	13	2%
IFO Isla	43,607	19%	46,982	25%	(3,375)	-7%
Total Fuel Usage AP	234,504	100%	192,254	100%	42,250	22%
Purchase Pitch from MWh CUC by AD (barrel)	216,573		298,468		(81,895)	-27%

MAINTENANCE ACTIVITIES

Based on the year operational plans for 2008, the necessary maintenance activities were executed in the year under report. Nevertheless, due to cash flow constraints, as a result of the delay in the approval of the requested electricity and water tariff increase, delays in the necessary maintenance activities of different production objects in 2008 were the effect. As a consequence of this situation, several unplanned corrective maintenance activities had to be performed.

PROGRESS INVESTMENTS

The plan 2030 remains the core of the Company's long term investment strategy. ANG 40 million was invested throughout the year 2008, this compared to the budget of ANG 33 million. The budget was surpassed mainly due to the restructuring of the electricity distribution grid in order to guarantee and improve the quality of the supply of electricity to customers. Various other budgeted projects were postponed due to the previously mentioned cash flow constraint.

WATER PRODUCTION ASSETS:

Asset category	Ownership	2008	2007
Mundo Nobo			
Nameplate capacity evaporator 3 in m ³ per day	Aqualectra	10,000	10,000
Nameplate capacity evaporator 6 in m ³ per day	Aqualectra	12,000	12,000
Nameplate capacity SWRO plant in m ³ per day	G.E. Water & Process Technology	17,040	17,040
Sta Barbara			
Nameplate capacity SWRO plant in m ³ per day	Aqualectra	18,000	18,000
Total nameplate production capacity		57,040	57,040

ELECTRICITY GENERATION ASSETS:

Asset category	Ownership	2008	2007
Wind Energy			
Nameplate capacity Tera Kora in MW	Aqualectra	3	3
Nameplate capacity Playa Canoa in MW	Delta Caribbean	9	9
BOO power plant			
Average power intake according contract in MW	CUC	22	22
Mundo Nobo			
Nameplate capacity steam turbines in MW	Aqualectra	50	50
Nameplate capacity gas turbines in MW	Aqualectra	34	34
Dokweg power station			
Nameplate capacity diesel generators in MW	Aqualectra	37	37
Isla power station			
Nameplate capacity diesel generators in MW	Aqualectra	33	33
Total installed and available capacity in MW		188	188

2.3. DISTRIBUTION

The year 2008 characterizes itself as a year with very few infrastructural extensions. A high degree of upgrades and the restructuring of existing infrastructure were executed to improve the quality of the supply of water and electricity. By doing this the following projects and updates were implemented in 2008.

WATER:

- Restructuring of the main pipelines in the area of Brakkeput, Caracasbaai and Janthiel;
- Restructuring of the service lines system in the areas of Suffisant, St. Jacob and Hofi Abou/Cabaje.

ELECTRICITY:

- Installation of capacitor banks to implement reactive power compensation in the 12KV system;
- Installation of 66KV cables between Dokweg and Montagne in order to guarantee the power supply in the eastern part of the island;
- Restructuring of the 12KV system in the Punda area;
- Several low voltages restructuring to improve the quality of the supply of electricity to the customers.

GENERAL:

- Further digitalization of water infrastructure drawings;
- Implementation of phase 2 of the Geographical Information System and GPS tests for the GIS;
- Activities related to the reduction of the water losses e.g. metering, water audits and balancing. This is according to the year operational plan in order to realize the overall reduction of the 'Non Revenue Water' to approximately 27.4%;
- Activities related to the reduction of the electricity losses according to the year operational plan so that the overall reduction of the 'Non Revenue electricity to approximately 13.4% (of the total imported electric power from the power stations) can be realized.

OPERATIONS AND MAINTENANCE:

WATER:

The regular maintenance of the transport lines, pumping stations and reservoirs were executed as planned in the year under report. Cleaning and inspection of the water tanks were realized according schedule and the inspection results were better than expected. In 2008 a significant reduction of the total amount of trouble calls, was carried through as well. The result is for a great part attributable to the intensive maintenance and inspection activities related to the 'Non Revenue Water' activities. In order to guarantee the quality of the stored and delivered drinking water up to the standard, the sampling- and inspection program were executed as planned in the year under report. There were no major problems regarding the water quality.

ELECTRICITY:

The regular maintenance of the 66KV and 30KV transmission grids was carried out as planned in the year under report. A total of 176 medium voltage 12KV transformer stations had been maintained, which is slightly less than the planned 2008. The necessary curative and preventive maintenance activities were realized on the low voltage (127/200 volt) distribution grid. Also the 12KV overhead lines have undergone their annual preventive maintenance.

The windmill parks at Tera kora and Playa Canoa were temporarily taken out of operations towards the end of 2008. This is in line with the integral plan of upgrading the capacity generated by these parks.

WATER TRANSPORT AND DISTRIBUTION ASSETS:

Asset category	2008	2007
Amount of Reservoirs	25	25
Storage capacity in m ³	132,890	132,890
Amount of pumping stations	5	5
Amount of pressure boosters	7	7
Length of transport lines in km	73	81
Length of main distribution lines in km	617	624
Length of distribution lines in km	1,839	1,763
Length of connection lines in km	229	226

ELECTRICITY TRANSMISSION AND DISTRIBUTION ASSETS:

Asset category	2008	2007
Amount of 66KV substations	1	1
Amount of 66/30KV transformers	8	8
Amount of 66/11KV transformers	2	2
Length of 66KV transmission system in km	33	17
Amount of 30KV substations	10	10
Amount of 30/12KV transformers	19	20
Length of 30KV sub transmission system in km	112	121
Amount of 12KV main distribution stations	20	20
Length of 12KV main distribution system in km	354	354
Amount of 12KV distribution powerhouses	1,471	1,450
Amount of 12KV/LV 3 phase transformers	1,898	1,876
Length of underground 12KV distribution system in km	693	676
Amount of 12KV single phase pole transformers	414	421
Length of overhead 12KV distribution system in km	327	329
Length of underground LV distribution system in km	748	723
Length of overhead LV distribution system in km	1,900	1,900

2.4. HUMAN RESOURCES

GENERAL HRM ACTIVITIES:

TRADE UNIONS

As per 2008 the personnel of Aqualectra are represented by 4 trade unions:

- SPSA : Representing personnel of the middle management of Aqualectra Production;
- SESKA : Representing personnel of the middle management of Aqualectra Distribution;
- STK : Representing operational personnel of Aqualectra Production;
- STKO : Representing operational personnel of Aqualectra Distribution.

CLA negotiation have been executed and agreed upon with STKO in the year under report.

Negotiations have continued into 2009 with the unions which represent top- and middle management personnel (SESKA/SPSA). Provisions have been made in these financial statements to include the Company's obligations concerning 2008, which resulted from these negotiations.

PERFORMANCE MANAGEMENT AND ACCOUNTABILITY (PM&A)

In the year under report further implementation of the PM&A policy was executed. This program is embedded in the renewed 'Planning & Control' cycle of the company.

STRATEGIC WORKFORCE PLANNING

In 2008, the assessment of the strategic workforce planning was executed and approved by Management. This assessment includes the (re) description of the different existing jobs and the mid-term capacity plans per business unit, per department, covering 2008 through 2011. Update will be realized every year in the month May.

DEVELOPMENT WORKFORCE

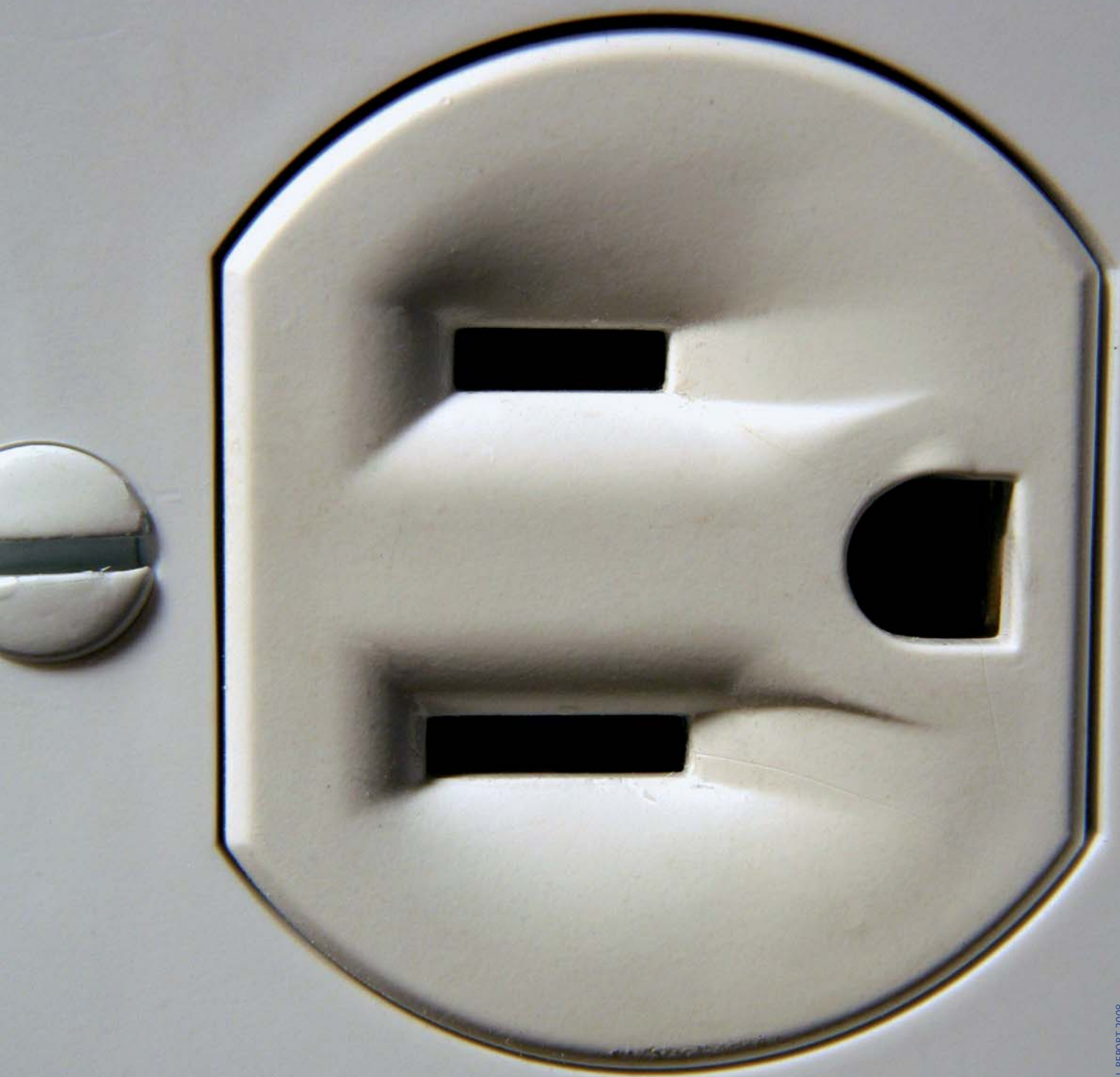
Workforce	Holding	Production	Distribution	Bottling Co.	Total
31-12-2002	6	308	429	n/a	743
31-12-2003	6	300	423	n/a	729
31-12-2004	6	293	438	n/a	737
31-12-2005	6	293	427	n/a	726
31-12-2006	5	285	416	2	708
31-12-2007	5	290	410	2	707
31-12-2008	5	286	391	2	684
Variance vs 31-12-2007	0	-4	-19	0	-23

OUTFLOW 2008:

	Holding	Production	Distribution	Bottling Co.	Total
Pension VIDANOVA	0	5	14	n/a	19
Pension APNA	0	1	7	n/a	8
Pension/medically unfit	0	0	2	n/a	2
Early Retirement Plan (VUT)	0	3	6	n/a	9
Own request	0	5	1	n/a	6
Decease	0	1	2	n/a	3
Termination labor agreement	0	2	2	n/a	4
Total	0	17	34	0	51

INFLOW 2008:

	Holding	Production	Distribution	Bottling Co.	Total
01-12-2008/ 31-12-2008	0	13	15	0	28



3. CONSOLIDATED FINANCIAL STATEMENTS

3.1. CONSOLIDATED BALANCE SHEET

	Dec 31	Dec 31	For specs
ANG (*1,000)	2008	2007	See notes
ASSETS			
Non-current assets			4.4.1
Property, Plant, Equipment and Work in progress	554,937	566,453 *	4.4.1.1
Financial assets	79,768	84,042	4.4.1.2
Deferred tax assets	60,820	54,367 *	4.4.1.3
	695,525	704,862	
Current assets			4.4.2
Inventories	26,077	26,547	4.4.2.1
Trade accounts receivable	76,381	65,164	4.4.2.2
Other receivables	25,552	20,690	4.4.2.3
Cash & cash equivalents	50,971	47,767	4.4.2.4
	178,981	160,168	
	874,506	865,030	
EQUITY AND LIABILITIES			
Capital & reserves			4.4.3
Share capital	525,000	525,000	
Accumulated losses	(199,149)	(232,893) *	
Income for reported year	(29,230)	28,030 *	
	296,621	320,137	
Long term loans and other non-current liabilities			4.4.4
Long term loans Distribution	18,925	20,383	4.4.4.1
Long term loans Holding	65,227	101,155	4.4.4.2
Other long term liabilities	35,369	27,904	4.4.4.3
Convertible preferred stock	72,800	72,800	4.4.4.4
Deferred tax liability	4,274	4,798	4.4.4.5
Provisions	158,094	163,515 *	4.4.4.6
	354,689	390,555	
Current liabilities			4.4.5
Trade accounts payable	86,528	55,573	4.4.5.1
Bank overdraft	7,452	6,694	4.4.5.2
Other liabilities	129,216	92,071 *	4.4.5.3
	223,196	154,338	
	874,506	865,030	

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

* Restated

3.2. CONSOLIDATED INCOME STATEMENT

ANG (*1,000)	2008	2007	For specs See notes
OPERATING REVENUES			
Sales electricity & water	496,366	446,072	4.5.1
Direct cost production	(274,691)	(159,954)	4.5.2
Other direct cost of sales	(16,486)	(17,273)	
Revenue wind farm	468	651	
Services & other income	15,838	13,615	
Gross profit	221,495	283,111	
OPERATING EXPENSES			4.5.3
Personnel costs	84,592	75,917*	
Material usage	6,415	9,293	
Repair & Maintenance	20,063	15,015	
Hired services	27,198	29,610	
General expenses	36,992	33,487	
Depreciation on fixed assets	47,476	46,545	
Depreciation on other assets	4,448	3,044*	
Provision bad debts	5,168	12,308	
Total operating expenses	232,352	225,219	
OPERATING RESULTS			
Operating profit	(10,857)	57,892	
Income from associates	(2,092)	5,919	
Interest expense	(26,164)	(28,108)	4.5.4
Net (loss)/profit before tax	(39,113)	35,703	
Profit tax income/(expense)	9,883	(7,673)*	4.5.5
Net (loss)/profit	(29,230)	28,030	

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

* Restated

3.3. STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

(Amount in ANG * 1,000)					
	Share Capital	Share Premium	Retained Earnings	Total Equity	For specs See notes
Period ended December 31, 2007					
Balance at January 1, 2007	470,000	55,000	(205,110)	319,890	
Net loss recognized directly in equity	0	0	(27,783)	(27,783)*	3.4
Result of the year	0	0	28,030	28,030*	3.2
Balance at December 31, 2007	470,000	55,000	(204,863)	320,137	
Period ended December 31, 2008					
Balance at January 1, 2008	470,000	55,000	(204,863)	320,137	
Net profit recognized directly in equity	0	0	5,714	5,714	3.4
Result of the year	0	0	(29,230)	(29,230)	3.2
Balance at December 31, 2008	470,000	55,000	(228,379)	296,621	

* Restated

3.4. CONSOLIDATED STATEMENT OF RECOGNIZED INCOME AND EXPENSE

ANG (*1,000)	2008	2007	For specs See notes
Cumulative balance of net losses recognized directly in equity per Jan. 1st	87,158	59,375	
Depreciation on environmental cleanup of Mundo Nobo	0	8,820*	
	0	8,820	
Effect Asset Ceiling Adjustment			
Defined Benefit Pension Plan – Asset Ceiling Adjustment	(22,425)	1,650	
	(22,425)	1,650	
Actuarial (gains)/ losses			
Provision medical expenses retired employees	(12,457)	15,935*	
Provision supplementary pension APNA (DT)	615	1,872	
Provision early retirement benefit (VUT)	(5)	(292)	
Provision for anniversary bonus	33	31	
Defined Benefit Pension Plan	25,515	(277)	
	13,701	17,269	
Other direct movements in equity			
Provision medical expenses retired employees	0	846	
Provision for anniversary bonus	0	10,041*	
Provision supplementary pension APNA (DT)	0	3,790*	
	0	14,677	
(Deferred) tax items directly to or from equity			
Cumulative depreciation on environmental cleanup of Mundo Nobo	0	(3,043)*	
Provision medical expenses retired employees	4,297	(5,789)*	
Provision for anniversary bonus	(11)	(3,475)*	
Defined benefit pension plan	(1,066)	(473)	
Provision supplementary pension APNA (DT) and early retirement benefit (VUT)	(210)	(1,853)*	
	3,010	(14,633)	
Net (profit) / loss recognized directly in equity	(5,714)	27,783	
Balance of cumulative net losses recognized directly in equity per Dec. 31st	81,444	87,158	

* Restated

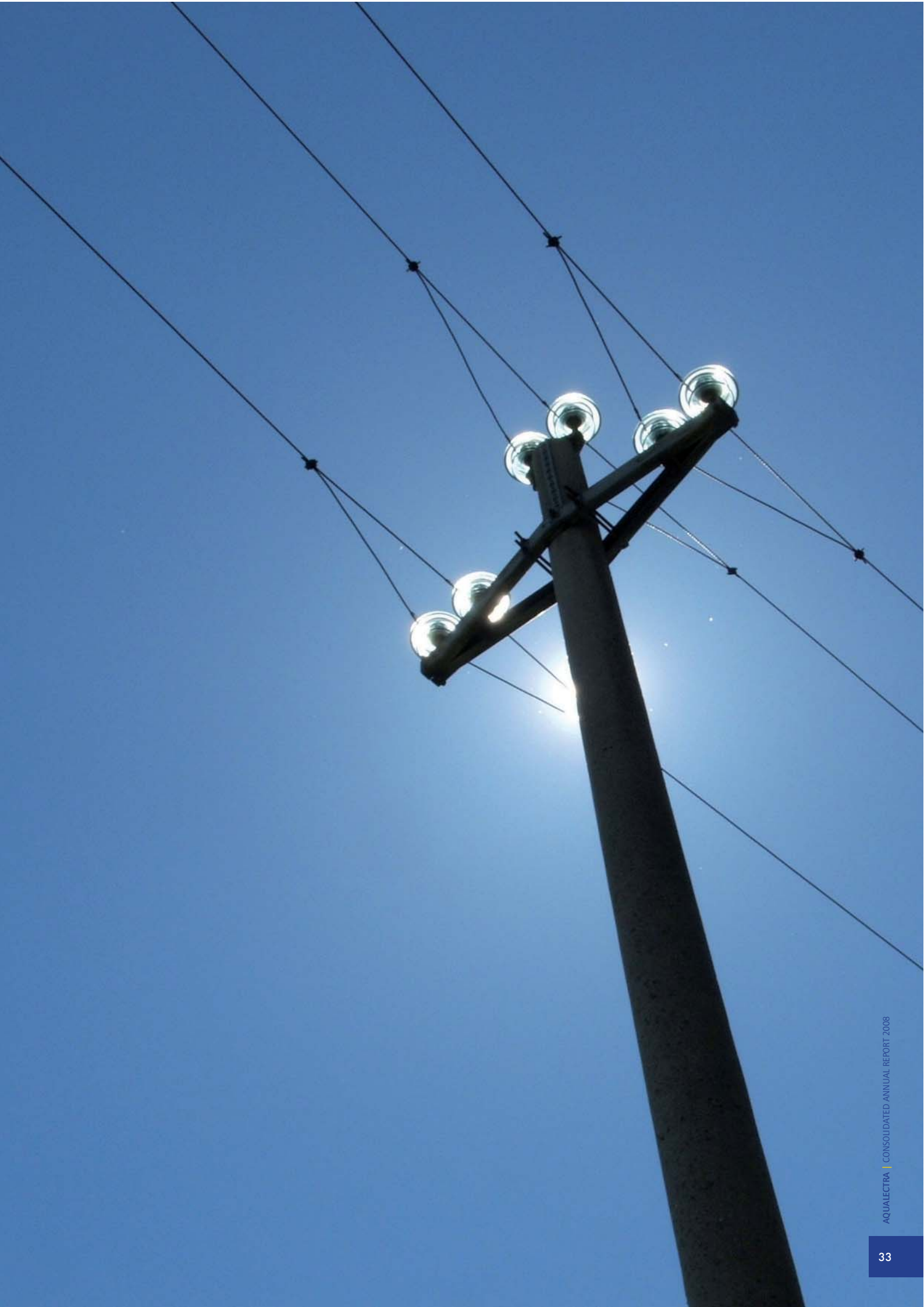
3.5. CONSOLIDATED CASH FLOW STATEMENT

ANG (*1,000)	2008	2007	For specs See notes
Cash-flow from operating activities			
Net (loss)/ profit	(29,230)	28,030*	3.2
Depreciations on fixed assets	47,476	46,545	4.4.1.1
Depreciations on other assets	4,448	3,044	4.4.1.1
Deferred tax asset / liability	(6,978)	(6,961)*	
Financial assets	4,274	(3,728)	
Inventories	470	(897)	
Trade accounts receivable	(11,217)	9,650	
Other receivables	(4,862)	2,772	
Trade accounts payable	30,955	10,332	
Other liabilities (excluding interest paid)	63,389	27,450	
Provisions	(5,421)	50,032*	
	93,304	166,269	
Cash-flow from investing activities			
Property, plant, equipment	(40,408)	(37,909)	4.4.1.1
Adjustment due to restated book value Property, plant and equipment Aqualectra Production prior year	0	(3,780)	
	(40,408)	(41,689)	
Cash-flow from financing activities			
Loan repayments and movements in current maturities	(37,386)	(49,016)	
New loan Curoil	45,000	0	
Other long term liabilities	(37,535)	(2,537)	
Interest paid	(26,243)	(26,335)	
Adjustments in equity	5,714	(27,783)*	3.4
	(50,450)	(105,671)	
Balance at start of year	41,073	22,164	
Increase	2,446	18,909	
Balance at end of year	43,519	41,073	
The balance at end of year comprises of:			
Cash & cash equivalents	50,971	47,767	4.4.2.4
Bank overdrafts	(7,452)	(6,694)	4.4.5.2
Balance at end of year	43,519	41,073	

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

* Restated





4. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

4.1. GENERAL

Integrated Utility Holding NV (Aqualectra) was incorporated on September 12, 1997 in Curaçao NA. The shares of Kompania di Awa i Elektrisidat N.V. (K.A.E.), a water and electricity production Company and Kompania di Distribushon di Elektrisidat i Awa (KODELA), a water and electricity distribution Company, were transferred into this Holding. The headquarters of Aqualectra is located at Rector Zwijsenstraat 1, Curaçao N.A.

The objectives of the Company are:

- Investing funds in shares of utility Companies which have the goals of producing and distributing water and electricity; and
- Managing, controlling and administering of other Companies and representing interests of the shareholders and financiers in / of the Company.

The share capital consists of 600 common shares valued at ANG 1,000,000 each and 7,000 preferred shares valued at ANG 1 each. 525 common shares have been issued whilst 7,000 preferred shares have been issued.

These consolidated financial statements were approved for issue by the Board of Directors on November 17, 2009.

4.2. GENERAL ACCOUNTING POLICIES

BASIS OF PREPARATION

The accompanying consolidated financial statements are prepared in accordance with the International Financial Reporting Standards (IFRS). The consolidated financial statements are prepared under the historical cost convention except as disclosed in the accounting policies below.

The preparation of financial statements in conformity with International Financial Reporting Standards requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Although the estimates are based on management's best knowledge of current events and actions, actual results ultimately may differ from those estimates.

CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The Company applies estimates and judgments which are based on historical experience and on other factors including expectations of future events that are to be reasonable under the circumstances. The Company's critical accounting estimates and assumptions and critical judgments in applying the entity's accounting policies are being discussed in this paragraph.

A. CRITICAL ACCOUNTING ESTIMATES AND ASSUMPTIONS

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

Provision bad debts

Trade debtors are valued at the actual billing amounts for electricity and water. Other receivables are valued at the billed amounts. A provision has been made for doubtful debts. In the calculation of the amounts to be provided for, assumptions based on historical experience concerning amounts that are not being received within a certain period of time are made. If the realized amounts receivable turn out to be more impaired than expected, an additional amount for provision bad debts will be recorded.

Provision employee benefits

The present value of the defined benefit obligations depends on a number of factors that are determined on an actuarial basis using a number of assumptions. The assumptions used in determining the net cost (income) include the discount rate. Any changes in these assumptions will impact the carrying amount of defined benefit obligations. The Company determines the appropriate discount rate at the end of each year. This is the interest rate that should be used to determine the present value of estimated future cash outflows expected to be required to settle the obligations. In determining the appropriate discount rate, the Company considers the interest rates of "high-quality" government bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating the terms of the related pension liability.

Also, for the calculation of the provision Future Medical Expenses a critical assumption is the indexation rate used. The indexation rate represents the expected inflation rate corrected for a medical technology index. Changes in the indexation rate can have material effects on the provision as is shown in the sensitivity analysis in note 4.4.4.6.

Other key assumptions for obligations are based in part on current market conditions.

Additional information is disclosed in note 4.4.4.6.

Cumulative tax losses to be compensated with future taxable profits

The deferred tax assets of the Company are mainly attributable to cumulative tax losses for which it is probable that future taxable profit will be available to be utilized against these. The tax losses will expire in a period of ten years commencing in the year in which the fiscal loss was incurred. The estimation of the future taxable profits that can be utilized against these tax losses is based on management's income forecast. The income forecast of the Company is based on assumptions with regard to market developments of electricity and water, fuel costs, demographic movements, the level of electricity and water tariffs, etc. Significant changes in these assumptions may have a significant impact on the extent to which the past taxable losses can be utilized.

B. CRITICAL JUDGMENTS IN APPLYING THE ENTITY'S ACCOUNTING POLICIES

Impairment test Property, Plant and Equipment

The Company performs yearly an impairment test on its property, plant and equipment. In order to assess the fair value of the property, plant and equipment, the present value of future generated cash flows (recoverable value of the assets) needs to be calculated. To calculate the future generated cash flows, assumptions and judgments are made with regard to future profits, investments, interest rates and the capitalization rate based on the available information about the business, technological and operational outlook. Significant changes in these assumptions may have a significant impact on the present value of future generated cashflows and therefore on the fair value of the property, plant and equipment.

INTERNATIONAL FINANCIAL REPORTING STANDARDS

Management has concluded that the Consolidated Financial Statements fairly represent the Company's financial position, financial performance and cash flows. The Consolidated Financial Statements comply in all material respects with applicable International Financial Reporting Standards.

REPORTING CURRENCY

The financial statements are stated in thousands of Netherlands Antillean Guilders (ANG). Transactions in foreign currency are translated against the exchange rate at transaction moment and all monetary assets and liabilities denominated in foreign currency are translated against the exchange rate at balance sheet date.

COMPARATIVES

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

NEW STANDARDS

A. STANDARDS, AMENDMENTS AND INTERPRETATIONS EFFECTIVE IN 2008

- IFRIC 12, Service Concession Arrangements (effective 1 January 2008). IFRIC applies to contractual arrangements whereby a private sector operator participates in the development, financing, operation and maintenance of infrastructure for public sector services;
- IFRIC 14, 'IAS 19 – The limit on a defined benefit asset, minimum funding requirements and their interaction (effective from 1 January 2008)'. IFRIC 14 provides guidance on assessing the limit in IAS 19 on the amount of the surplus that can be recognized as an asset. It also explains how the pension asset or liability may be affected by a statutory or contractual minimum funding requirement. Management does not expect this interpretation to have any effect on the Financial Statements of the Company, as the asset ceiling is set at zero.

B. STANDARDS, AMENDMENTS AND INTERPRETATIONS TO EXISTING STANDARDS THAT ARE NOT YET EFFECTIVE AND HAVE NOT BEEN EARLY ADOPTED BY THE COMPANY

The following standards, amendments and interpretations to existing standards have been published and are mandatory for the Group's accounting periods beginning on or after January 1, 2009 or later periods, but the Group has not early adopted them:

- IAS 16 (Amendment), 'Property, plant and equipment' (and consequential amendment to IAS 7, 'Statement of cash flows') (effective from 1 January 2009).
- IAS 23 (Amendment), 'Borrowing costs' (effective from 1 January 2009). It requires an entity to capitalize borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset (one that takes a substantial period of time to get ready for use or sale) as part of the cost of that asset. The option of immediately expensing those borrowing costs will be removed.
- IAS 1 (Revised), 'Presentation of financial statements' (effective from 1 January 2009). The revised standard will prohibit the presentation of items of income and expenses (that is, 'non-owner changes in equity') in the statement of changes in equity, requiring 'non-owner changes in equity' to be presented separately from owner changes in equity. All non-owner changes in equity will be required to be shown in a performance statement, but entities can choose whether to present one performance statement (the statement of comprehensive income) or two statements (the income statement and statement of comprehensive income).
- IFRS 3 (Revised), 'Business combinations' (effective from 1 July 2009). The revised standard continues to apply the acquisition method to business combinations, with some significant changes. The group will apply IFRS 3 (Revised) prospectively to all business combinations from 1 January 2010.
- IAS 36 (Amendment), 'Impairment of assets' (effective from 1 January 2009). The amendment is part of the IASB's annual improvements project published in May 2008. Where fair value less costs to sell is calculated on the basis of discounted cash flows, disclosures equivalent to those for value-in-use calculation should be made. The group will apply the IAS 28 (Amendment) and provide the required disclosure where applicable for impairment tests from 1 January 2009.
- IAS 19 (Amendment), 'Employee benefits' (effective from 1 January 2009).
- There are a number of minor amendments to IFRS 7, 'Financial instruments: Disclosures', IAS 8, 'Accounting policies, changes in accounting estimates and errors', IAS 10, 'Events after the reporting period', IAS 18, 'Revenue' and IAS 34, 'Interim financial reporting', which are part of the IASB's annual improvements project published in May 2008 (not addressed above). These amendments are unlikely to have an impact on the group's accounts and have therefore not been analysed in detail.

C. INTERPRETATIONS TO EXISTING STANDARDS THAT ARE NOT YET EFFECTIVE AND NOT RELEVANT FOR THE COMPANY'S OPERATIONS

The following interpretations to existing standards have been published and are mandatory for the Group's accounting periods beginning after January 1, 2009 or later periods but are not relevant for the Group's operations:

- IFRS 8, 'Operating segments' (effective from 1 January 2009). IFRS 8 replaces IAS 14 and aligns segment reporting with the requirements of the US standard SFAS 131. This standard is currently not applicable to the Group.
- IFRS 2 (Amendment), 'Share-based payment' (effective from 1 January 2009).
- IAS 32 (Amendment), 'Financial instruments: Presentation', and IAS 1 (Amendment), 'Presentation of financial statements' – 'Puttable financial instruments and obligations arising on liquidation' (effective from 1 January 2009).
- IFRS 1 (Amendment) 'First time adoption of IFRS' and IAS 27 'Consolidated and separate financial statements' (effective from 1 January 2009).
- IAS 27 (Revised), 'Consolidated and separate financial statements' (effective from 1 July 2009).
- IFRS 5 (Amendment), 'Non-current assets held for sale and discontinued operations' (and consequential amendment to IFRS 1, 'First-time adoption') (effective from 1 July 2009).
- IAS 28 (Amendment), 'Investments in associates' (and consequential amendments to IAS 32, 'Financial Instruments: Presentation' and IFRS 7, 'Financial instruments: Disclosures') (effective from 1 January 2009).
- IAS 38 (Amendment), 'Intangible assets' (effective from 1 January 2009).
- IAS 39 (Amendment), 'Financial instruments: Recognition and measurement' (effective from 1 January 2009).
- IAS 29 (Amendment), 'Financial reporting in hyperinflationary economies' (effective from 1 January 2009).
- IAS 31 (Amendment), 'Interests in joint ventures (and consequential amendments to IAS 32 and IFRS 7)' (effective from 1 January 2009).
- IAS 40 (Amendment), 'Investment property' (and consequential amendments to IAS 16) (effective from 1 January 2009).
- IAS 41 (Amendment), 'Agriculture' (effective from 1 January 2009).
- IAS 20 (Amendment), 'Accounting for government grants and disclosure of government assistance' (effective from 1 January 2009).
- IFRIC 15, 'Agreements for construction of real estates' (effective from 1 January 2009).
- IFRIC 16, 'Hedges of a net investment in a foreign operation' (effective from 1 October 2008).

D. STANDARDS, AMENDMENTS AND INTERPRETATIONS EFFECTIVE IN 2008 BUT NOT RELEVANT TO THE COMPANY

The following standards, amendments and interpretations to published standards are mandatory for accounting periods beginning on or after January 1, 2008 but they are not relevant to the Group's operations:

- IFRIC 11, 'IFRS 2 – Group and treasury share transactions' (effective January 1, 2008).
- IFRIC 13, 'Customer loyalty programmes' (effective from 1 July, 2008).

BASIS OF CONSOLIDATION

Subsidiary undertakings, which are those entities in which the Aqualectra-group has an interest of more than one half (50%) of the voting rights or otherwise has power to exercise control over the operations, are consolidated.

Subsidiaries are consolidated from the date on which control is transferred to the Aqualectra-group and are no longer consolidated from the date that control ceases. All intercompany transactions, balances and unrealized results on transactions between group companies are eliminated. Where it is necessary, accounting policies for subsidiaries have been changed to ensure consistency with the policies adopted by the Aqualectra-group.

Aqualectra Holding has the following subsidiaries:

- Aqualectra Production (KAE N.V.) (100% subsidiary of Integrated Utility Holding N.V.)
- Aqualectra Distribution (KODELA N.V.) (100% subsidiary of Integrated Utility Holding N.V.)
- Aqualectra Multi Utility Company N.V. (AMU) (100% subsidiary of Integrated Utility Holding N.V.)
- General Engineering & Utility Services N.V. (GEUS) (100% subsidiary of Aqualectra Distribution (KODELA N.V.))
- KUMEPE N.V. (100% subsidiary of Integrated Utility Holding N.V.)
- Aqualectra Bottling Co. N.V. (100% subsidiary of Aqualectra Multi Utility Company N.V. (AMU)).

Aqualectra Production, Aqualectra Distribution (which has been consolidated with GEUS) and Aqualectra Multi Utility Company N.V. (which has been consolidated with Aqualectra Bottling Co. N.V.) have been consolidated into the financial figures. Aqualectra is responsible for the management of the abovementioned companies (with exception of KUMEPE N.V.). During the year 2008 KUMEPE N.V. did not employ activities.

ASSOCIATES

Investments in associates are accounted for by the equity method. Associates are entities over which the Company generally has between 20% and 50% of voting rights or over which the Company has significant influence but no control.

FOREIGN CURRENCY TRANSLATION

Foreign currency transactions are accounted for at the exchange rates prevailing at the date of the transactions; gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies, are recognized in the income statement, except when deferred in equity as qualifying cash flow hedges.

PROPERTY, PLANT, EQUIPMENT AND WORK IN PROGRESS

Property, plant, equipment and other non-current assets are stated at historical cost less depreciation. Depreciation is calculated on the straight-line method to write off the cost of each asset, or the recoverable amounts, to their residual values over their estimated useful life, taking into account the useful life of the most important components.

Expenses for the decommissioning of the Mundo Nobo plant are included in property, plants and equipment. These capitalized expenses are based upon estimations performed by an independent expert. Depreciation hereon is calculated by the straight-line method to write off the cost of each asset, or the recoverable amounts, to their residual values over their estimated useful life, taking into account the useful life of the most important components.

Major spare parts related to plant and equipment items are stated at historical cost less depreciation. Depreciation of these major spare parts is calculated on the straight-line method to write off the cost of the major spare parts, or the recoverable amounts, to their residual values over their estimated useful life, taking into account the useful life of the plant and equipment item they are related to.

Work in progress consists of property, plant and equipment under construction and is stated at cost. The cost of work in progress comprises of materials, direct labor, services charges and other costs.

Property, plant and equipment and other non-current assets are reviewed for impairment losses whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the carrying amount of an asset is greater than its estimated recoverable amount, which is the higher of an asset's net selling price and value in use.

LEASES

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

INVENTORIES

Inventories are stated at the lower of cost or net realizable value (the estimated selling price in the ordinary course of business). Cost is determined by using the latest c.i.f. prices plus additional costs. The cost of finished goods and work in progress comprises of raw 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.

TRADE ACCOUNTS RECEIVABLE

Trade accounts receivable are recognized initially at fair value and are subsequently lessened by a provision for impairment. A provision for impairment of trade receivables is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of the receivables. 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 trade receivable is impaired. The amount of the provision is the difference between the asset's carrying amount and the estimated value of the collectible amount which is based upon previously established collection patterns and aging analysis. 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 income statement within 'provision for bad debts'. When a trade receivable is uncollectible, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited against 'provision for bad debts' in the income statement.

CASH AND CASH EQUIVALENTS

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 balance sheet, bank overdrafts are included in borrowings in current liabilities.

SHARE CAPITAL

Common shares are classified as equity. The convertible preferred shares are classified as liabilities (see borrowings). Dividends on common shares are recognized in equity in the period in which they are declared.

LOANS

Borrowings are recognized initially at receipt of the proceeds, net of transaction costs incurred. In subsequent periods, borrowings are stated at amortized cost using the effective yield method; any difference between the proceeds (net of transaction costs) and the redemption value is recognized in the income statement over the period of the borrowings.

Preferred shares, which are redeemable on a specific date or at the option of the shareholder or which carry non-discretionary dividend obligations, are classified as long-term liabilities. Payments on these preferred shares are separately presented in the income statement as interest expenses.

DEFERRED TAX ASSETS / LIABILITY

Deferred tax liability is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. The principal temporary differences arise from depreciation on property, plant and equipment and tax losses carried forward. Currently enacted tax rates are used in the determination of deferred income tax. Deferred tax assets are recognized to the extent that it is probable that future taxable profit will be available against which the unused tax losses can be utilized.

PROVISIONS

Provisions are recognized when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate of the amount can be made.

EMPLOYEE BENEFITS

APNA Pension plan

The employees of the Company (ex civil servants) participate partially in a pension plan administered at Algemeen Pensioenfonds van de Nederlandse Antillen (APNA). The pension plan administered by APNA is a multi employer defined benefit plan giving right to the participant to a pension calculated as a fixed percentage of the average salaries of the last two years of service taking into account a franchise. At balance sheet date there was no information available regarding a possible liability of the Company resulting from possible increases of the premiums in the future.

APNA Supplementary pension ('Duurtetoeslag')

In 1943 the government guaranteed civil servants a pension that amounts to 70% of their average salary received during 24 months before their retirement. The supplementary pension (the so called 'Duurtetoeslag') is the difference between the guaranteed pension amount and the pension actually built-up as per the APNA pension agreement. As per National Decree of July 12, 1995 it was stipulated that the legal entity that employs the person concerned is responsible for payment of the supplementary pension.

The provision for APNA Supplementary pension ('Duurtetoeslag') is based on an actuarial calculation. Up to the financial statements 2005, all actuarial gains and losses have been accounted for in the income statement.

As of 2006 all actuarial gains and losses are immediately recognized in the period in which they occur through the statement of recognized gains and losses, instead of being recognized in the income statement. For the principal actuarial assumptions please refer to paragraph 4.4.4.6.

APNA Early retirement benefit ('VUT')

In the National Ordinance of December 27, 1995 it is stipulated that the civil servants have the option of filing a request with the Governor to retire from service at the age of 55. The resulting liability due to early retirement of persons for the period in which these early retired persons are between the age of 55 and 60 years will be borne by the legal entity that employed the respective persons.

The provision is based on an actuarial calculation. As of 2006 all actuarial gains and losses are immediately recognized in the period in which they occur through the statement of recognized gains and losses, instead of being recognized in the income statement. For the principal actuarial assumptions please refer to paragraph 4.4.4.6.

Vidanova pension plan

The Company participates in a multi employer defined benefit plan (Vidanova) in which it is compulsory for all employees to participate if and when they comply with all the required conditions.

The pension plan is generally funded by payments from employees and by the employers taking into account recommendations of independent qualified actuaries. A level premium contribution is charged as an advance for the Defined Benefit plans.

The advance contributions for this plan are based on a percentage of the pension base. The funded status of the pension plan is actuarially calculated on a periodic basis, in accordance with IAS 19 and could result in a surplus.

A surplus, a positive difference between the contributions and the yearly expenses, can be used to cover eventual shortfalls in the future resulting from back service.

From January 1, 2006 onwards:

Regarding the active members of the plan, sufficient information is available to account for the Companies' proportionate share of the defined benefit obligation, plan assets and post-employment benefit costs. The obligations towards retired staff are fully funded by the pension fund and no costs are charged to the Company.

For defined benefit plans, the pension accounting costs are assessed using the projected unit credit method. Under this method, the cost of providing pension is charged to the income statement so as to spread the regular cost over the service lives of employees in accordance with the advice of qualified actuaries who carried out a full valuation of the plans. The pension obligation is measured as the present value of the estimated future cash outflows using interest rates of government securities, which have terms of approximately the terms of the related liability.

The Company adopted the accounting policy for the treatment of actuarial gains and losses, as is allowed by the amendment to IAS 19 Employee Benefits, issued in February 2005. Actuarial gains and losses are immediately recognized in the period in which they occur through the statement of recognized gains and losses based on the Statement of Recognized Income and Expense (SORIE) approach, instead of being deferred making use of the corridor approach. This treatment results in a more faithful representation of the pension plan in the balance sheet and reflects the results of economic events in the period in which they occur.

Since there is no asset ceiling study available, in accordance with IFRIC 14, which can determine whether and to what amount there are possible economic benefits resulting from the funded assets, no assets have been recognized in the balance sheet. At December 31, 2008, based on actuarial calculations, the fair value of the plan assets exceeds the present value of the funded obligations by ANG 1,850,000 (2007: ANG 24,324,000).

For the principal actuarial assumptions please refer to paragraph 4.4.4.6.

Medical costs retired employees

According to the collective labor agreements of Aquallectra Distribution and Aquallectra Production, retired employees will be compensated to a certain extent for their medical costs. Both the active employees of the Aquallectra Companies and the employer contribute 1.5% of the total gross salary as compensation for the medical costs of retired employees. Retired personnel contribute 2% of their pension. In the year 2005 a separate legal entity, KUMEPE N.V., was incorporated in which these rights will be administered. Up until 2008 KUMEPE N.V. was not yet operational.

IFRS requires that the provision for these costs is based on actuarial calculations. The independent actuary obtained sufficient information to make mentioned calculations.

Management-negotiations with labor unions have led to amendments in the collective labor agreements regarding the health coverage plan for the retired personnel and the financing (structure) of mentioned plan. The actuarial calculation is based on the articles of the labor agreement regarding the coverage and financing of the medical costs for retired employees.

Since 2006 there are no uncertainties regarding the extent that the future medical costs for retired personnel will be borne by Aquallectra. Therefore, based on IAS 8 paragraph 5, the actuarially calculated provisions were recognized in full in the financial year 2006.

The Company adopted the accounting policy for the treatment of actuarial gains and losses, as is allowed by the amendment to IAS 19 Employee Benefits, issued in February 2005. Actuarial gains and losses are immediately recognized in the period in which they occur through the statement of recognized gains and losses, instead of being deferred making use of the corridor approach. This treatment results in a more faithful representation of the health plan in the balance sheet and reflects the results of economic events in the period in which they occur.

For the principal actuarial assumptions please refer to paragraph 4.4.4.6.

Anniversary bonus

According to the collective labor agreements of Aquallectra Distribution and Aquallectra Production, employees are entitled to an anniversary bonus linked to the amount of years of service.

IFRS requires that the provision for these expenses is based on actuarial calculations. The independent actuary obtained sufficient information to make these calculations.

As per January 1st 2008, management-negotiations with labor unions have led to amendments in the collective labor agreements regarding the anniversary bonus. The actuarial calculation is based on the revised articles of the labor agreement regarding the coverage and financing of the anniversary bonus.

Up till December 2006:

The valuation of the provision for anniversary bonus was not based upon actuarial calculations. The Companies' contributions to the anniversary bonus were charged to the income statement in the year to which they related.

Retrospectively, from January 1, 2007 onwards:

The provision has been calculated by an independent actuary and has led to a restatement of the beginning balance of the provision for anniversary bonus of ANG 9,898,000 and of the yearly expenses of (ANG 311,000). All future expenses relating to the anniversary bonus will be borne by the Company, and in accordance with IAS 8 paragraph 5, the actuarially calculated provisions were recognized in full from the financial year 2007 onwards.

The Company adopted the accounting policy for the treatment of actuarial gains and losses, as is allowed by the amendment to IAS 19 Employee Benefits, issued in February 2005. Actuarial gains and losses are immediately recognized in the period in which they occur through the statement of recognized gains and losses, instead of being deferred making use of the corridor approach. This treatment results in a more faithful representation of the provision for anniversary bonus in the balance sheet and reflects the results of economic events in the period in which they occur.

For the principal actuarial assumptions please refer to paragraph 4.4.4.6.

TRADE ACCOUNTS PAYABLE

Trade accounts payable are stated at nominal value, unless otherwise mentioned.

OTHER ASSETS AND LIABILITIES

Other assets and liabilities are stated at nominal value, unless otherwise mentioned.

REVENUE RECOGNITION

Sales are recognized upon delivery of products and customer acceptance, if any or on the performance of services. Sales are shown net of discounts and after eliminating sales within the Aquallectra-group. Other revenues earned by the Aquallectra-group are recognized on the following basis:

- Interest income - on effective yield basis
- Dividend income - when the Aquallectra-group's right to receive payment is established

INTEREST EXPENSES

Interest expenses on borrowings are expensed in the period to which they relate.

PROFIT TAX

Profit tax expenses are recognized based on the best estimate of the weighted average annual profit tax rate expected for the full financial year. The estimated average annual tax rate used is 34.5%.

4.3. FINANCIAL RISK MANAGEMENT

The Company'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 Company's overall risk management is aimed at minimizing the potential adverse effects of these risks on the financial performance of the Company.

4.3.1. MARKET RISKS

4.3.1.1. FOREIGN EXCHANGE RISK

Foreign exchange risk is the probability of loss occurring from an adverse movement in foreign exchange rates.

The Company is exposed to foreign exchange risk resulting from purchasing parts, services and supplies from foreign suppliers. These foreign transactions are mainly invoiced in United States Dollars (USD) and/or EURO (EUR).

There is a fixed exchange rate between the Netherlands Antillean Guilder (ANG) and the USD of ANG 1.78 to the USD, which thus mitigates the foreign exchange rate exposure of the transactions and positions of the Company in USD's.

Purchasing transactions, outstanding trade accounts payable positions and cash positions at banks in EURO can expose the Company to a certain foreign exchange risk. The significance of the risk is shown in the schedule below:

(Amounts * 1,000)	Dec 31, 2008	Dec 31, 2007
Total EURO purchase orders made in EURO	8,138	10,279
Total EURO purchase orders made in ANG	21,858	25,831
Average EURO rate	2.6859	2.5130
Foreign exchange loss on EURO transactions in ANG	(758)	552
Outstanding EURO trade payables in ANG per year end	2,324	3,004
Outstanding EURO trade payables in EUR per year end	920	1,123
EURO holdings in bank accounts in ANG	2,682	23
Exchange rate per year end	2.5286	2.6747

The Company's policy is to regularly review the significant risks arising 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 materiality of foreign exchange risk per transaction, led to management's decision to bypass aforementioned policies during 2008.

The following sensitivity analysis of the outstanding position of the trade accounts payable in EURO as per year-end to movements against the EURO assumes a -10% exchange rate change and +10% exchange rate change from the foreign exchange level on December 31, 2008. A -10% exchange rate change, which represents a strengthening of the ANG against the EURO, will have a positive impact on the outstanding trade accounts payable and the profit and loss of ANG 232,557. While a +10% exchange rate change, which represents a weakening of the ANG against the EURO, will negatively impact the outstanding trade accounts payable and the profit and loss with ANG 232,557.

	Carrying amount as per Dec. 31, 2008		Sensitivity analysis of an exchange rate change of:			
	In EUR	In ANG	-10% change (*)		+10% change (*)	
			In EUR	In ANG	In EUR	In ANG
Exchange rate per year end	0.3955	2.5286	0.4394	2.27574	0.3595	2.78146
Exchange rate change			(0.0439)	0.2529	0.036	(0.2529)
Outstanding trade accounts payable						
in EURO per year end	919,707	2,325,571		(232,557)		232,557 (**)
Impact on the profit and loss account				(232,557)		232,557 (**)

(*) '-10% change means a strengthening of the ANG compared to the EUR:

(1 EUR: ANG 2.27574 / 1 ANG: EUR 0.4394)

' +10% change means a weakening of the ANG compared to the EUR:

(1 EUR: ANG 2.78146 / 1 ANG: EUR 0.3595)

(**) Interpretation of effect:

Amount in brackets "(...)" means a decrease of the outstanding trade accounts payable amount in the Balance Sheet and a decrease of the foreign exchange expenses in the Income Statement.

4.3.1.2. INTEREST RATE RISK

The interest rate risk of the Company 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 Company.

The Company has long term loans payable with fixed and variable interest rates. The variable rates are based upon the LIBOR. An overview of the Company's interest bearing long term loans is shown in the table below.

In managing interest rate risk, management monitors developments in the Company's loan rates and keeps abreast of interest rates both locally and internationally. The possibility of loan restructuring exists, but management has opted to not yet use these potentials during 2008 as the impact on the Company's interest expenses were considered not to be material.

Interest rate					
(Amounts in ANG * 1,000)	Dec 31, 2008	Dec 31, 2007	Dec 31, 2008	Dec 31, 2007	Remark
Aqualectra Distribution					
Loan SPU	222	269	10.50%	10.50%	Fixed
Loan MJP	26,312	26,312	2.50%	2.50%	Fixed
Loan VIDA NOVA	1,887	2,245	8.00%	8.00%	Fixed
Maturities of long term loans	(9,496)	(8,443)			
	18,925	20,383			

Interest rate					
(Amounts in ANG * 1,000)	Dec 31, 2008	Dec 31, 2007	Dec 31, 2008	Dec 31, 2007	Remark
Aqualectra Holding					
Loan RDK N.V.	6,116	6,728	9.00%	9.00%	Fixed
Loan NIB USD portion	25,804	38,042	6.70%	6.70%	3m USD LIBOR +3.0%
Loan NIB ANG portion	57,343	76,457	8.00%	8.00%	Fixed
Loan KFW	11,892	16,451	5.80%	5.60%	6m USD LIBOR +0.7%
Maturities of long term loans	(35,928)	(36,523)			
	65,227	101,155			
Total long term loans	84,152	121,538			

A sensitivity analysis has been performed reflecting the effect that changes in the interest rate of the two LIBOR based loans (the NIB USD Tranche loans and the KFW-loans) could have on the Company. The analysis is shown below.

NIB USD Tranche A & B loans:

The sensitivity analysis assumes a -0.5% change and a +0.5% change of the 3 months LIBOR rate compared to the average interest rate for the year 2008 on the average outstanding principal amount of the NIB USD Tranche A & B loans. A -0.5% change of the interest rate will lead to a slight decrease of the interest expenses of ANG 13,000 on the profit and loss account. While a +0.5% change of the interest rate will have a slight increase of the interest expenses of ANG 13,000 on the profit and loss account.

KFW-loans:

The sensitivity analysis assumes a -14.0% change and a +14.0% change of the 6 months LIBOR rate compared to the average interest rate for the year 2008 on the average outstanding principal amount of the KFW-loan. A -14.0% change of the interest rate will have a positive impact of ANG 70,000 on the profit and loss account. While a +14.0% change of the interest rate will have a negative impact of ANG 70,000 on the profit and loss account.

Note:

The -0.5% / +0.5% change of the interest percentage for the NIB USD Tranche A & B loans and the -14.0% / +14.0% change of the interest percentage for the KFW-loan are based on the average historic change of these percentages over a 5 (five) year period.

	Interest rate				Realized interest	Sensitivity analysis	
	Dec 31 2008	Dec 31 2007	Dec 31 2008	Dec 31 2007	Dec 31 2008	- 0.5% change	+0.5% change
(Amounts in ANG * 1,000)							
Loan NIB USD Tranche A	17,290	31,156	6.70%	6.70%			
Loan NIB USD Tranche B	11,574	20,855	6.65%	6.65%			
	28,864	52,011	6.68%	6.68%	2,207	(13)	13
Loan KFW	11,892	16,451	3.42%	5.19%	706	(70)	70

4.3.1.3. TARIFF RISK

The electricity and water tariffs to consumers are comprised of two components, namely:

- the direct cost component, which covers the direct costs for producing the electricity and water which the Company purchases externally;
- the fixed cost component, which covers the operational costs.

The company's tariff risk can be defined as the probability that fluctuations in the purchase prices of the direct costs component of the electricity and water tariffs to consumers can not be sufficiently and timely covered through the electricity and water tariffs to consumers.

The Company is exposed to the volatility of international fuel-price developments, thus influencing the direct cost component of the electricity and water tariffs to consumers.

According to an Island Executive Council's resolution of November 8, 2002, the Company is allowed to fully charge the adaptations in the direct costs component of electricity and water tariffs to consumers, only after a resolution by the Island Executive Council with regard to the extent of the increase of the electricity and water tariffs. Increases of the direct costs component of the electricity and water tariffs, which can not be directly charged in the electricity and water tariffs to consumers, are temporarily allocated to the regulatory account of the Company in order to be charged in future electricity and water tariffs.

The regulatory account of the Company comprises the balance of the under- and over coverage on the direct costs components and the base component. The balance as of December 31, 2008 regards the under coverage on the direct costs component, meaning the extent to which the Company has pre-financed increases in the direct costs component of the electricity and water tariff.

Management regularly monitors the development in fuel prices and the price of relevant fuel derivatives and their consequences for the liquidity and the position of the regulatory account of the Company. This can result in management formally submitting its requests for electricity and water tariff adjustments to the Island Executive Council whenever this is necessary.

Delays in decision making by the Island Executive Council with regard to electricity and water tariff increases and / or the Island Executive Council honoring lower increases for the electricity and water tariffs than requested by the Company, could lead to a significant increase in the regulatory account of the Company thus leading to a weaker financial position of the Company.

As the prices of fuel and fuel-derivatives steadily increased during 2008 compared to 2007 and it is expected that during 2009 these prices will continue to increase, it is anticipated that the tariffs for water and electricity will further increase.

During 2008 all fuel types used with the exception of IFO and Gasoil delivered by Curoil were based on the market price. Although the price of IFO and Gasoil delivered by Curoil showed a very steep increase compared to 2007, these prices were not fully market price based. It is expected that the price for IFO and Gasoil delivered by Curoil will also be market price based in 2009.

Below is a sensitivity analysis of the effect of the price increase for IFO and Gasoil based on the average 2008 market prices for these two products on the electricity and water tariff.

(Amounts in ANG * 1,000)	Realized Dec 31, 2008	Average 2008 market price	Increase	% Increase
AVG FUEL PRICES PER UNIT in ANG				
Fuel usage IFO - MN	817	835	18	2%
Fuel usage GO - MN	1,236	1,360	124	10%
Fuel usage MFO - DW	940	940	-	0%
Fuel usage IFO DPP ISLA	879	879	-	0%
Fuel usage MDO - KNPL	926	926	-	0%
Fuel usage MDO - DPP ISLA	1,536	1,536	-	0%
FUEL USAGE Quantity				
Fuel usage IFO - MN ton	92,014	92,014	-	0%
Fuel usage GO - MN m ³	63,429	63,429	-	0%
Fuel usage MFO - DW ton	41,414	41,414	-	0%
Fuel usage IFO DPP ISLA ton	42,565	42,565	-	0%
Fuel usage MDO - KNPL	373	373	-	0%
Fuel usage MDO - DPP ISLA	591	591	-	0%
FUEL USAGE ANG				
Fuel usage IFO - MN	75,175	76,832	1,657	2%
Fuel usage GO - MN	78,398	86,263	7,865	10%
Fuel usage MFO - DW	38,929	38,929	-	0%
Fuel usage IFO DPP ISLA	37,415	37,415	-	0%
Fuel usage MDO - KNPL & DPP ISLA	345	345	-	0%
Accruals on fuel Usage	908	908	-	0%
Total fuel usage in ANG	231,170	240,692	9,522	4%

Coverage calculations direct costs	Realized 2008	Full pass-through of increase in fuel costs
Coverage		
Coverage direct cost component E	173,378	180,995
Coverage direct cost component W	43,376	45,281
Total coverage direct costs	216,754	226,276
Direct costs		
Total direct cost production	(274,691)	(284,213)
Total other direct cost of sale	(16,711)	(16,711)
Wind farm tera kora	468	468
Total direct costs	(290,934)	(300,924)
Coverage -/- direct costs	(74,180)	(74,180)

Products	Realized average direct cost component	Average direct cost component with increased fuel costs	Increase	% Increase
Electricity	0.2736	0.2860	0.0124	4.5%
Water	4.6047	4.8069	0.2022	4.4%

In the abovementioned sensitivity analysis only the fuel increase and its effect on the electricity and water tariff in case the IFO and Gasoil price would have been fully based on market price has been calculated. As per December 31, 2008 the realized under coverage of the year 2008 is approximately ANG 74.1 million (refer to the table above). This under coverage amount has not been passed through in the sensitivity analysis. As stated in paragraph 4.4.5.4. Commitments and contingencies, the realized under coverage for the year 2008 will be allocated to the regulatory account.

It can be concluded that, with all other variables remaining unchanged (including allocation of the realized under coverage for the year 2008), if the prices for IFO and Gasoil delivered by Curoil would have been based on the market price (IFO: ANG 835/ton and Gasoil: ANG 1,360/m³) the fuel costs would have been ANG 9.5 million higher than the realized amount of ANG 231.2 million, which is a 4% increase in the fuel costs of production. If this fuel increase was charged to clients, the direct cost component of the electricity and water tariff would have increased with 4.5% and 4.4% respectively.

4.3.2. CREDIT RISK

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

Credit risk within the Company mainly arises from the course of business of billing customers for delivering electricity and water and other types of services rendered by the Company. Significant financial difficulties of customers (e.g. the probability that the customer will enter bankruptcy or financial reorganization) and or default payments are considered as credit risk indicators.

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

The credit risk management within the Company 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).

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

(Amounts in ANG * 1,000)	December 31, 2008		December 31, 2007	
	Trade receivables	Other receivables	Trade receivables	Other receivables
Industrial & large commercial	32,338	8,564	32,051	7,529
Commercial	23,573	16,435	21,159	8,304
Households	37,014	1,694	36,901	921
Government	2,522	27,998	2,049	30,244
Standing orders	2,930	0	2,452	0
New accounts	4,343	0	4,052	0
Inactive	29,653	0	22,761	0
Other	1,618	507	0	3,409
Balance of receivables	133,991	55,198	121,425	50,407
Clients' payments in transit	(3,560)	0	(8,612)	0
Billing cycle to be invoiced	17,934	0	16,742	0
Gross receivables	148,365	55,198	129,555	50,407
Less allowance for doubtful debts	(52,322)	(32,045)	(46,063)	(31,181)
Less customer deposits	(19,662)	0	(18,328)	0
Net receivables	76,381	23,153	65,164	19,226

A high risk group of trade accounts receivable is the Inactive Group. These clients have closed their accounts and the Company has procedures in place to avoid these customers 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.

(Amounts in ANG * 1,000)			
	December 31, 2008		
	Trade receivables	Other receivables	Receivables from related parties
Neither past due nor impaired	42,627	3,165	0
Past due but not impaired	53,416	18,511	1,477
Individually impaired	52,322	32,045	0
Gross	148,365	53,721	1,477
Less Allowance	(52,322)	(32,045)	0
Customer deposits	(19,662)	0	0
	(71,984)	(32,045)	0
Net	76,381	21,676	1,477

(Amounts in ANG * 1,000)			
	December 31, 2007		
	Trade receivables	Other receivables	Receivables from related parties
Neither past due nor impaired	44,757	2,423	0
Past due but not impaired	38,735	15,326	1,477
Individually impaired	46,063	31,181	0
Gross	129,555	48,930	1,477
Less Allowance	(46,063)	(31,181)	0
Customer deposits	(18,328)	0	0
	(64,391)	(31,181)	0
Net	65,164	17,749	1,477

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

(Amounts in ANG * 1,000)			
	December 31, 2008		
	Trade receivables	Other receivables	Receivables from related parties
Past due up to 30 days	0	0	0
Past due up to 60 days	6,501	2,059	0
Past due more than 60 days	46,915	16,452	1,477
	53,416	18,511	1,477

(Amounts in ANG * 1,000)	December 31, 2007		
	Trade receivables	Other receivables	Receivables from related parties
Past due up to 30 days	0	1,170	0
Past due up to 60 days	6,631	1,789	0
Past due more than 60 days	32,104	12,367	1,477
	38,735	15,326	1,477

The Company's policy for impairing outstanding amounts for trade accounts receivable and other receivables, despite efforts to collect the outstanding amounts, is as follows:

Trade accounts receivable (excluding government accounts):

- As mentioned earlier the inactive accounts group is considered to be a high risk group. Total balances which are outstanding are considered 100% impaired;
- Other groups of trade accounts receivable which have outstanding balances of more than 4 (four) months are considered 50% impaired;
- Specific client accounts which are not yet overdue more than 4 (four) months but for which the Company has sufficient indication of uncollectability of these accounts, are also impaired.

Other receivables:

- Other receivables which are outstanding more than 2 (two) years are 100% impaired;
- Other receivables which are outstanding more than 1 (one) year but less than 2 (two) years are 30% impaired.

No collateral is provided for these receivables and the full impairment provision has been provided against the gross amount.

4.3.3. LIQUIDITY RISK

Liquidity risk is defined as the risk that the Company 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 Company's aim is to maintain sufficient cash and lines of credit to be able to comply with its obligations. In this, management applies the necessary measurements to either adapt cash inflows or cash outflows.

In broad terms, management uses long-range projection for a maximum of five years, which has been approved by the Company's Board of Directors. A three year extract from the budget is shown below:

Forecasted liquidity per December 31			
(Amounts in ANG * 1,000)	Dec 31 2009	Dec 31 2010	Dec 31 2011
Opening balance	43,519	59,019	93,107
Operating proceeds	91,200	99,310	97,396
Cash outflow for investments	(74,578)	(85,062)	(118,720)
Payments for debts	(31,122)	(31,160)	(31,201)
New loan	30,000	51,000	56,000
Increase in cash balances	15,500	34,088	3,475
Balance at end of year	59,019	93,107	96,582

The Company updates the cash flow planning for a period of 12 months, on a weekly basis and uses this cash flow planning for control purposes.

The liquidity status as per December 31, 2008 is shown below:

Liquidity status per December 31		
(Amounts in ANG * 1,000)	Dec 31 2008	Dec 31 2007
Funds encumbered > 5 years	1,904	1,881
Funds encumbered 1 < years < 5	37,006	39,416
Available cash & cash at banks	4,609	(223)
Total credit facilities	43,519	41,074

Prudent liquidity risk management implies maintaining sufficient cash and the availability of funding through an adequate amount of committed credit facilities. The table below analyses the Company'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 balance sheet 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 balance sheet date. All amounts are the undiscounted cash flows:

Long term loans and other non current liabilities						
(amounts in ANG * 1,000)	At December 31, 2008			At December 31, 2007		
	<1 year	≥1 and ≤5 years	>5 years	<1 year	≥1 and ≤5 years	>5 years
Curoil loan	27,500	10,202	0	0	0	0
Loan NIB USD part	13,627	14,157	0	14,445	27,785	0
Loan NIB ANG part	23,076	41,320	0	24,605	64,396	0
Loan RdK	1,137	5,974	0	1,192	7,111	0
Loan KFW	4,187	8,130	0	5,477	13,112	0
Loan Isla Dieselcentrale	3,874	14,228	17,534	4,001	14,735	20,903
Loan MJP	14,135	7,781	12,319	12,579	7,781	13,876
Loan SPU	73	196	0	73	269	0
Loan Vida Nova	568	1,660	0	525	2,227	0
	88,177	103,648	29,853	62,897	137,416	34,779

Current liabilities						
(amounts in ANG * 1,000)	At December 31, 2008			At December 31, 2007		
	<1 year	≥1 and ≤5 years	>5 years	<1 year	≥1 and ≤5 years	>5 years
Trade accounts payable	86,528	0	0	55,573	0	0
Other liabilities	52,281	1,027	0	44,372	12,712	0
	138,809	1,027	0	99,945	12,712	0

(*) Note:

The other liabilities as per December 31, 2008 include the expected cash flows for the period less than one (1) year with regard to the payment of the preferred dividend related to the preferred shares (refer to 4.4.4.4 Convertible preferred stock). The Company has as per December 31, 2008 the intention to exercise its right to purchase the preferred stock in 2009. Therefore no liabilities are presented for the coming years.

4.3.4. CAPITAL RISK

Capital risk is the risk that the Company loses its value as a result of which financiers (shareholders, lenders, etc.) may lose all or part of the principal amount invested in the Company.

The Company's objectives when managing capital are to safeguard the Company'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.

The chart below 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)	Dec 31 2008	Dec 31 2007
Debt service coverage ratio (DSCR)	0.56	1.35
Compliance DSCR ratio	> 1.65	> 1.65
Debt/EBITDA ratio (D/E)	4.93	1.87
Compliance D/E ratio	< 4	< 4
Solvency ratio (SR)	33.92%	37.01%
Compliance SR	> 35.00%	> 35.00%

Positive net movements of ANG 5,714,000 (negative ANG 27,783,000 in 2007) occurred directly in capital reserves as a result of the IAS 19 valuation and also as a consequence of the provision for the decommissioning of the Mundo Nobo Plant. See paragraph 3.4 for a breakdown of these movements.

4.4. EXPLANATORY NOTES TO THE BALANCE SHEET

4.4.1. NON CURRENT ASSETS

4.4.1.1. PROPERTY, PLANT, EQUIPMENT AND WORK IN PROGRESS

Below an overview of the property, plant, equipment and work in progress as per December 31, 2007 and 2008:

(Amounts in ANG * 1,000)		Initial cost 01 Jan 2007*	Accum. Depr. 01 Jan 2007*	Book value 01 Jan 2007*	Investments 2007	Depreciations 2007	Book value 31 Dec 2007	Initial cost 31 Dec 2007	Accum. Depr. 31 Dec 2007
Production	Land & buildings	42,841	17,312	25,529	781	(921)	25,389	43,622	18,233
	Plant/Equipment	697,162	464,253	232,909	100	(17,674)	215,335	697,262	481,927
	Major spare parts	22,863	17,986	4,877	3,879	(2,308)	6,448	26,742	20,294
	Other assets	18,231	16,316	1,915	252	(707)	1,460	18,483	17,023
	Work in progress	5,595	0	5,595	226	0	5,821	5,821	0
		786,692	515,867	270,825	5,238	(21,610)	254,453	791,930	537,477
	Impairment loss	(30,000)	0	(30,000)	0	0	(30,000)	(30,000)	0
	Total Production	756,692	515,867	240,825	5,238	(21,610)	224,453	761,930	537,477
Distribution	Land & buildings	81,622	35,377	46,245	317	(2,484)	44,078	81,939	37,861
	Distribution network	600,744	254,698	346,046	19,718	(20,276)	345,488	620,462	274,974
	Other assets	52,979	41,447	11,532	3,893	(5,064)	10,361	56,872	46,511
	Work in progress	25,914	0	25,914	8,657	0	34,571	34,571	0
		761,259	331,522	429,737	32,585	(27,824)	434,498	793,844	359,346
	Impairment loss	(94,000)	0	(94,000)	0	0	(94,000)	(94,000)	0
	Total Distribution	667,259	331,522	335,737	32,585	(27,824)	340,498	699,844	359,346
Multi Utility	Land & buildings	0	0	0	654	(54)	600	654	54
	Plant/Equipment	1,533	0	1,533	(1,499)	(76)	(42)	34	76
	Other assets	47	9	38	931	(25)	944	978	34
	Total Multi Utility	1,580	9	1,571	86	(155)	1,502	1,666	164
	Total	1,425,531	847,398	578,133	37,909	(49,589)	566,453	1,463,440	896,987

* Restated

(Amounts in ANG * 1,000)									
	Initial cost 01 Jan 2008*	Accum. Depr. 01 Jan 2008*	Book value 01 Jan 2008*	Investments 2008	Depreciations 2008	Book value 31 Dec 2008	Initial cost 31 Dec 2008	Accum. Depr. 31 Dec 2008	
Production									
Land & buildings	43,622	18,233	25,389	836	(946)	25,279	44,458	19,179	
Plant/Equipment	697,262	481,927	215,335	4,515	(18,047)	201,803	701,777	499,974	
Major spare parts	26,742	20,294	6,448	3,969	(3,720)	6,697	30,711	24,014	
Other assets	18,483	17,023	1,460	946	(1,347)	1,059	19,429	18,370	
Work in progress	5,821	0	5,821	(2,727)	0	3,094	3,094	0	
	791,930	537,477	254,453	7,539	(24,060)	237,932	799,469	561,537	
Impairment loss	(30,000)	0	(30,000)	0	0	(30,000)	(30,000)	0	
Total Production	761,930	537,477	224,453	7,539	(24,060)	207,932	769,469	561,537	
Distribution									
Land & buildings	81,939	37,861	44,078	(174)	(2,264)	41,640	81,765	40,125	
Distribution network	620,462	274,974	345,488	10,241	(20,790)	334,939	630,703	295,764	
Other assets	56,872	46,511	10,361	1,157	(4,642)	6,876	58,029	51,153	
Work in progress	34,571	0	34,571	21,645	0	56,216	56,216	0	
	793,844	359,346	434,498	32,869	(27,696)	439,671	826,713	387,042	
Impairment loss	(94,000)	0	(94,000)	0	0	(94,000)	(94,000)	0	
Total Distribution	699,844	359,346	340,498	32,869	(27,696)	345,671	732,713	387,042	
Multi Utility									
Land & buildings	654	54	600	0	(59)	541	654	113	
Plant/Equipment	34	76	(42)	0	(82)	(124)	34	158	
Other assets	978	34	944	0	(27)	917	978	61	
Total Multi Utility	1,666	164	1,502	0	(168)	1,334	1,666	332	
Total	1,463,440	896,987	566,453	40,408	(51,924)	554,937	1,503,848	948,911	

A significant part of the property, plant, equipment and work in progress of Aqualectra Production and Aqualectra Distribution are encumbered with a first mortgage and a right of pledge in favor of National Investment Bank (NA) N.V. to an amount of USD 116,000,000.

The annual average depreciation rates are as follows:

Buildings	varying from 2 to 20%
Plant & machinery	varying from 3 ¹ / ₃ to 20%
Distribution network	varying from 3 ¹ / ₃ to 12%
Furniture & fixtures	varying from 5 to 20%
Vehicles	varying from 10 to 33 ¹ / ₃ %

Plant / equipment includes the book value of decommissioning costs of Mundo Nobo and is further specified in note 4.4.4.6.

4.4.1.2. FINANCIAL ASSETS

The table below shows the composition of the financial assets as per December 31, 2008:

(Amounts in ANG * 1,000)	Dec 31 2008	Dec 31 2007
Curaçao Utility Company Holdings N.V.	76,784	78,878
Long term deposits concerning Curaçao Utility Company Holdings N.V.	2,984	5,164
Total	79,768	84,042

CURAÇAO UTILITY COMPANY HOLDINGS N.V.

Aqualectra Holding has a 49% common participation in Curaçao Utility Company Holdings N.V. (CUC Holdings) relating to 100% of the class A shares with a nominal value of USD 19.6 million (ANG 35.3 million). CUC Holdings owns 100% of Curaçao Utility Company (CUC), which company is mainly in charge of the BOO operations on the premises of ISLA refinery, which commercial operation commenced in June 2003. The total issued common capital amounts to USD 40 million. Aqualectra Holding also acquired 100% of non-voting class-C shares in CUC Holdings, with a nominal value of USD 8 million (ANG 14.4 million).

The total loss of CUC Holdings for the period January 1, 2008 to December 31, 2008 amounts to ANG 4,270,000 (a profit of ANG 12,081,000 for the period ending December 31, 2007). The revenue for the period January 1, 2008 to December 31, 2008 amounts to ANG 77,476,000 (ANG 78,558,000 in 2007) and assets and liabilities total ANG 387,543,000 (ANG 393,044,000 per December 2007) and ANG 245,993,000 (ANG 247,223,000 per December 2007) respectively. Aqualectra's share in CUC Holdings' loss for the period January 1, 2008 to December 31, 2008 amounts to ANG 2,092,000 (compared to a profit of ANG 5,919,000 for the period 2007) and Aqualectra's share in CUC Holdings' equity as per December 31, 2008 amounts to ANG 76,785,000 (this compared to ANG 78,878,000 at the same period in 2007).

LONG TERM DEPOSITS CONCERNING CURAÇAO UTILITY COMPANY HOLDINGS N.V.

To finance other sponsor obligations for CUC Holdings, Aqualectra Holding granted security deposits for the following L/C's as per December 31, 2008:

	Amount in ANG
• Inter sponsor agreement	1.81 million
• Cash collateral deposit	1.17 million
	2.98 million

For further information regarding these letters of credits we refer to note 4.4.5.4 (re: L/C guarantee).

4.4.1.3. DEFERRED TAX ASSETS

Deferred tax assets are attributable to cumulative tax losses for which it is probable that future taxable profit will be available to be utilized against these and the difference between the fiscal and commercial carrying value of fixed assets. The tax losses will expire in a period of ten years commencing in the year in which the fiscal loss was incurred. The deferred tax asset expected to be recovered after more than 12 months is ANG 57,400,000. The estimation of the future taxable profits that can be utilized against these tax losses is based on management's income forecast.

(Amounts in ANG * 1,000)	Dec 31 2008	Dec 31 2007
Balance at beginning of year	54,367	48,385
Change in deferred tax asset	6,453	5,982*
Balance at end of year	60,820	54,367*

* Restated

The change in deferred tax asset for the year 2008 consists of (ANG *1000):

Aqualectra Holding	: ANG 0
Aqualectra Production	: ANG 3,836
Aqualectra Distribution	: ANG 2,617

4.4.2. CURRENT ASSETS

4.4.2.1. INVENTORIES

A summary of stocks as per December 31, 2008 is specified below:

(Amounts in ANG * 1,000)	Dec 31 2008	Dec 31 2007
Aqualectra Production		
Materials & spare parts	6,665	6,147
Fuel & lubricants	6,083	4,768
Water	496	483
Total Aqualectra Production	13,244	11,398
Aqualectra Distribution		
Stock in warehouse	11,574	14,000
Water in reservoirs	881	899
Total Aqualectra Distribution	12,455	14,899
Aqualectra Multi Utility		
Materials & spare parts	378	250
Total Aqualectra Multi Utility	378	250
Total inventories	26,077	26,547

* Restated

As shown in the specification above, the total amount of inventories on the balance sheet include stocks of materials and spare parts in warehouses.

A write down of ANG 7,078 (2007: ANG 6,799) was expensed during the period.

The supply of water in tanks is valued at the inter-company price between Aqualectra Production and Aqualectra Distribution.

4.4.2.2. TRADE ACCOUNTS RECEIVABLE

The composition of trade accounts receivable as per December 31, 2008 is as follows:

(Amounts in ANG * 1,000)	Dec 31 2008	Dec 31 2007
Government institutions	2,522	2,049
Business & industrial customers	32,338	32,492
Households	113,505	95,014
	148,365	129,555
Customer deposits	(19,662)	(18,328)
Provision for bad debts	(52,322)	(46,063)
	(71,984)	(64,391)
Total trade accounts receivable	76,381	65,164

Trade debtors are valued at the actual billing amounts for electricity and water. A provision has been formed for doubtful debts. Customers have to pay a deposit for each new connection, which remains as amounts repayable on the balance sheet of Aqualectra Distribution.

4.4.2.3. OTHER RECEIVABLES

Specification as per December 31, 2008:

(Amounts in ANG * 1,000)	Dec 31 2008	Dec 31 2007
Aqualectra Production		
Prepaid insurance premiums	2,399	1,462
Other receivables	2,880	1,090
	5,279	2,552
Aqualectra Distribution		
Services public lightning	8,814	7,273
Damage costs and other services to be billed	1,152	977
Other receivables	8,766	8,156
	18,732	16,406
Aqualectra Holding		
Other receivables	1,477	1,690
	1,477	1,690
Aqualectra Multi Utility		
Other receivables	64	42
	64	42
Total Other receivables	25,552	20,690

ENERGY FUND 2005/2006

The Energy Fund 2005/2006 was approved on December 6, 2005 and was established as a mean to stabilize the water and electricity tariffs and therefore will compensate Aqualectra for insufficient coverage of tariffs incurred in 2005 and 2006 due to oil price changes and changes in the other direct costs.

Due to the developments in the fuel prices during the period covered by the Energy Fund 2005/2006, the amount originally designated to the Energy Fund 2005/2006 was not sufficient to compensate abovementioned under coverage for the period April through December 2006.

In the year 2006 Aqualectra received ANG 22.65 million from the Energy Fund which covers the periods January through September 2005 (ANG 7.79 million), October through December 2005 (ANG 8.95 million) and January through March 2006 (ANG 5.91 million). In the year 2007 Aqualectra received an amount of ANG 2.2 million from the remainder of the Energy Fund to minimize the tariff increase in 2007.

The remaining, still to be compensated, under coverage for the above mentioned period amounts to ANG 21.2 million, which regards the period January through September 2005 (ANG 1.6 million) and the period April through December 2006 (ANG 19.6 million).

This amount is recorded as a receivable. However, since the funds in the Energy Fund are depleted and the Island Government does not have the necessary funds to compensate Aqualectra for the under coverage, the total outstanding amount has been provided for. In anticipation of the written approval of the Island Government this amount has been allocated to the Regulatory Account to be compensated through future usage of electricity and water. Of the above mentioned receivable of ANG 21.2 million, an amount of ANG 18.3 million has been recovered through the tariffs in the years 2007 and 2008.

As of December 31, 2008 the remainder uncompensated under coverage over the above mentioned period amounts to ANG 2.9 million. Due to the compensation of ANG 18.3 million through the tariffs, there was also a release of the provision for doubtful accounts for the same amount.

IFRS does not allow recognition of the amounts in the Regulatory Account. Therefore, the amount in the Regulatory Account is treated as a contingent asset (Paragraph 4.4.5.4. Commitments & contingencies).

4.4.2.4. CASH & CASH EQUIVALENTS

The specification cash and cash equivalents as per December 31, 2008 is as follows:

(Amounts in ANG * 1,000)	Dec 31 2008	Dec 31 2007
Aqualectra Production		
Cash at banks and on hand	7,219	2,738
Other cash items	(150)	995
	7,069	3,733
Aqualectra Distribution		
Cash at banks and on hand	10,627	15,031
Other cash items	(106)	(823)
	10,521	14,208
Aqualectra Holding		
Cash at banks	33,307	29,820
Aqualectra Multi Utility		
Cash at banks and on hand	74	6
Total cash & cash equivalents	50,971	47,767

Included in the total amount of cash and cash equivalents is ANG 31.5 million which is not at free disposition of the Company. This amount consists of:

- a total amount of ANG 26.9 million due to excess cash deposits (2007: ANG 17.8 million) and
- a total amount of ANG 1.1 million due to cash collateral deposit (2007: ANG 3.3 million) and
- a total amount of ANG 1.6 million which is a cash reservation for medical costs for retired employees (2007: ANG 1.2 million) and
- a total amount of ANG 1.9 million which is a time deposit for coverage of one month IUH Payment, in case of default (2007: ANG 1.8 million).

The Company is entitled to draw from the excess cash deposits if:

- the proposed drawdown will be applied towards the financing of approved investments for a financial year provided and to the extent that such approved investments cannot be financed out of the projected cash flow for investment for that financial year;
- the technical advisor has certified that it has satisfactorily reviewed the proposed drawdown and that the proposed drawdown is in accordance with the planning of the approved investments for that financial year;
- no default is continuing or would result from the proposed drawdown.

The average rate of interest on the excess cash deposits during 2008 was 3.2% per year (2007: 4.6%). The interest rate is fixed for three months.

The ANG 1.6 million cash reservation is intended for medical costs for retired employees. The settlement of the medical costs cash reservation will be executed on the date that the separate legal entity (Kumepe N.V.) (which has been incorporated to administer the rights of the retired employees) becomes operational.

The other cash items relate mainly to interest bearing deposits at banks.

4.4.3. EQUITY

Please refer to § 5.4 for a detailed specification of shareholders' equity.

COMMON SHARE CAPITAL

The Company's authorized capital amounts to ANG 600 million, consisting of 600 shares at ANG 1 million par value each, of which 470 shares were issued to the Island territory of Curaçao on June 1, 1998.

The share capital was paid up by means of the contribution of the KODELA (Aqualectra Distribution) and KAE (Aqualectra Production) shares. The pay up in full of the 470 shares placed through the contribution of KODELA and KAE has created a share premium of ANG 55 million. During 2008 there were no movements in the capital and share premium.

During 2008 movements have occurred directly in equity as a result of IAS 19 (Employee benefits) and the application of IAS 16 in creating a provision for the decommissioning of the Mundo Nobo Plant. The movements are detailed in the statement of recognized gains and losses as shown in paragraph 3.4.

4.4.4. LONG TERM LOANS AND OTHER NON-CURRENT LIABILITIES

Below a summary of balances regarding all outstanding long term loans as per December 31, 2008, specified per company:

(Amounts in ANG * 1,000)	Dec 31 2008	Dec 31 2007
Aqualectra Distribution		
Loan SPU	222	269
Loan MJP	26,312	26,312
Loan VIDA NOVA	1,887	2,245
Current maturities of long term loans	(9,496)	(8,443)
	18,925	20,383
Aqualectra Holding		
Loan RDK N.V.	6,116	6,728
Loan NIB Tranche A	25,804	38,042
Loan NIB Tranche B	57,343	76,457
Loan KFW	11,892	16,451
Current maturities of long term loans	(35,928)	(36,523)
	65,227	101,155
Total long term loans	84,152	121,538

4.4.4.1. LONG TERM LOANS DISTRIBUTION

LOAN SPU (VIDANOVA PENSION FUND):

This agreement was concluded in 1997 for a principal sum of ANG 0.55 million. Repayment started in December 1997 and will continue for 15 years using monthly 10.5% annuities of ANG 6,080 including interest. No securities were pledged to this loan.

LOAN MJP (SOFT LOAN):

In order to finance a comprehensive rehabilitation plan for the water distribution network, it was agreed in 1989 that KABNA would provide funds from the "MJP meerjarenplan" of which approximately 50% was to be donated. For the remaining 50% a loan agreement was signed in November 1991 for a maximum amount of ANG 39 million. Because funding by KABNA was stopped in 1996, only ANG 26.3 million was drawn. After a grace period of 8 years, repayment was scheduled to start in December 2000 by 22 annual annuities. Up till now no repayments have been made. No securities were pledged to this loan. Interest was fixed at 2.5% per annum.

LOAN VIDANOVA (BUILDING PATER EEUWENSWEG 1)

In order to finance the office building situated at the Pater Eeuwensweg 1, Aqualectra Distribution entered into a mortgage loan of ANG 3,600,000 with VidaNova Pension Fund as of April 1, 2003.

Repayments started as of September 2003 and will continue through March 2013, with monthly 8.00% annuities of ANG 43,677.93. Vida Nova Pension Fund disposes of the first mortgage on the office building at the Pater Eeuwensweg 1.

4.4.4.2. LONG TERM LOANS HOLDING

LOAN RDK N.V.

The repayment of the loan of USD 5 million (ANG 9,100,000) plus the prepaid interest by RdK of USD 541,000 started in January 2004, by 7 years monthly installments until 2010. This loan was formalized on August 8, 2003. No securities were pledged to this loan. Interest has been fixed at 9% per annum.

LOAN NIB

Aqualectra Holding, as the 'Borrower' and Aqualectra Production and Aqualectra Distribution as the 'Guarantors' obtained in December 2002 a USD 114,887,640 (the equivalent of ANG 209.1 million) loan facility from a consortium of local and international lenders led by National Investment Bank (NA) N.V. The facility is structured in two tranches (A and B). The purpose of the USD 68,820,225 (ANG 125.3 million) tranche A (drawn down in 2002) is to refinance and extend the existing USD 61,552,359 senior debt of the Borrower and the Guarantors and to finance USD 7,267,866 working capital requirements.

The purpose of the USD 46,067,415 (ANG 83,8 million) tranche B (drawn down in 2003) is to finance 77% of the USD 59,860,000 investments in 2003.

The facility is senior secured, dual currency (USD and ANG) and structured as a 9-year term loan, with a grace period in 2003, limited required repayments in 2004 and 2005, followed by full straight-line repayments over 6 years. The new maturity date for the USD loan has been changed to March 15, 2011.

Following is an overview of the facility amount per tranche and per currency:

	USD	ANG	TOTAL (ANG VALUE)
Tranche A	26,499,993	75,330,013	123,560,000
Tranche B	17,738,770	50,424,987	82,709,550
Total	44,238,763	125,755,000	206,269,550

As per December 31, 2008 the total outstanding balance of the loans is ANG 83,146,725 (USD 45,685,014), of which ANG 31,352,299 (USD 17,226,537) is the short term outstanding.

The interest rate for the USD amount is the sum of LIBOR and the applicable margin. This margin is 3.00% per annum for the period up to June 1, 2004. Thereafter the applicable margin will be determined once every year for the following four quarters as of June 15, so for the first time on June 15, 2004, depending on the level of the debt/EBITDA ratio, as defined below:

Debt/ EBITDA < 2.0	: Applicable margin: 2.25% per annum
Debt/ EBITDA >2.0/ < 3.0	: Applicable margin: 2.50% per annum
Debt/ EBITDA > 3.0	: Applicable margin: 3.00% per annum

In order to mitigate the risk of the floating LIBOR rate as mentioned above, Aqualectra has entered on the draw down date of tranche A into an interest rate hedging arrangement with National Investment Bank (N.A.) N.V. as a hedge provider for the tenor of the facility in respect of 100% of the interest costs of the USD amount of tranche A. The maximum interest rate has been hedged in this respect at 6.7% per annum. According to the facility agreement Aqualectra has entered into interest rate hedging arrangements with the hedge provider for the tenor of the facility in respect of 100% of the interest costs of the USD amount of tranche B.

In 2007 the interest rate for the ANG-loan has been fixed at 8% per annum until the earlier of the termination date or full repayment of the facility agreement.

Aqualectra Holding provided the following securities for this facility:

- First priority mortgage in the amount of USD 116,000,000;
- Power of attorney to establish a first priority mortgage in the amount of USD 10,000,000;
- First priority pledge of all issued shares in the Guarantors;
- First priority pledge of the shares of the Borrower in CUC Holdings N.V.;
- First priority disclosed pledge of all intra-Group receivables of the Obligors;
- First priority undisclosed pledge of receivables of the Obligors;
- First priority undisclosed pledge of receivables of KODELA (shared with Maduro & Curiels Bank N.V.);

- First priority non-possessory pledge of tangible assets of the Obligors;
- First priority disclosed pledge of all rights under insurance policies of the Obligors;
- First priority disclosed pledge of all rights under performance bonds and guarantees provided by suppliers in connection with the investment in reverse osmosis water production plants;
- First priority disclosed pledge of the Cash Deposit Account;
- Second priority disclosed pledge of the USD deposit held by the Borrower with National Investment Bank (NA) N.V.

The other covenants for the facility include:

- Confirmation from the government that the tariffs for water and electricity at all times will be such that Aqualectra can fully service its debt obligations and finance reasonable required investments;
- The right to recommend one member of the Supervisory Board;
- No change of management and Supervisory Board without prior written approval;
- No dividend payments (except for dividend payments to Marubeni), no additional borrowings and no change of ownership.

The Company is not in compliance with the financial covenants of the loan agreement. Based on past experiences, management does not expect this to have any implication for the company.

LOAN KFW

On January 17, 2002 the Company concluded with Alstom Energietechnik GmbH, Frankfurt, Germany, a contract for the supply of a new 66KV transmission system on the island of Curaçao and related services for the purpose of the construction of said transmission system. The total contract price was USD 20,021,005.

In order to finance this project, export credit guarantee was necessary, for which the official German Export Credit Agency (HERMES) had covered a portion of the total project costs. Based on this coverage the Company entered on the same date as mentioned above, into a loan agreement with Kreditanstalt für Wiederaufbau (KfW) from Frankfurt, Germany for USD 20,021,005 plus the coverage fees of USD 1,760,000. Total loan amount is USD 21,781,005.

Based on the obtained coverage, the loan is structured in two separate agreements:

- Loan 9950 USD 18,513,854 covered by HERMES
- Loan 9951 USD 3,267,151 no coverage
- Total loan amount USD 21,781,005

Each agreement was separated in 2 tranches (A and B):

- Tranche A was assigned to the credit element (project costs) and
- Tranche B was assigned to the payable HERMES fees.

Below an overview of the loan structure:

(Amounts in USD)	Loan 9950	Loan 9951	Total
Tranche A	17,017,854	3,003,151	20,021,005
Tranche B	1,496,000	264,000	1,760,000
Total	18,513,854	3,267,151	21,781,005

As per December 31, 2008 the outstanding amount is ANG 11,892,414 and the short term outstanding is ANG 3,964,146.

Repayment for loan agreement #9950 and #9951 is to be effected in 17 and 10 equal consecutive semi annual installments respectively. The first installment was due on November 30, 2003 (or 6 months after readiness for operation of the project) and the last installment is due in November 2011. As per the end of 2008, agreement # 9951 has been paid in full.

The interest rate for loan 9950 is based on the USD-LIBOR plus a margin of 0.700% per annum. The interest rate for loan 9951 is based on the USD-LIBOR plus a margin of 3.000% per annum. For both loans is agreed that the mentioned variable interest rate can be changed over to a fixed interest rate equal to the aggregate of KFW effective funding costs in the US capital market for maturities matching as closely as possible the scheduled maturity of such loan amount on the envisaged conversion date plus the above mentioned margins.

As mentioned above the loan 9950 is partially secured by HERMES coverage, while no other securities have been pledged to loan 9951.

4.4.4.3. OTHER LONG TERM LIABILITIES

This liability concerns the payment by ISLA for the cost of constructing the Diesel Power Plant (USD 23,000,000). The payment has been recorded as a liability as repayment is covered by the monthly IUH installments. For further information we refer to paragraph 4.4.5.4 Commitments and contingencies.

(Amounts in ANG * 1,000)	Dec 31 2008	Dec 31 2007
Long term liability to Refineria ISLA	27,904	30,441
Loan payable to CUROIL	37,502	0
Current maturities of long term liability and loan from CUROIL	(30,037)	(2,537)
Total other long term liabilities	35,369	27,904

On June 19, 2008 Aquallectra Production (the Borrower) and CUROIL N.V. (the Lender) entered into a loan agreement to pay off various outstanding trade payables for the supply of fuel. The ANG 45 million, 7% loan will be paid off by means of weekly annuities of ANG 500,000 with the last installment to be made on June 21, 2010.

4.4.4.4. CONVERTIBLE PREFERRED STOCK

1ST AND 2ND TRANCHE FUNDING

Preferred stock relates to a total of 7,000 shares having a nominal value of ANG 1.- per share at a purchase price of ANG 10,285.71 per share issued at December 19, 2001 (the first tranche closing date) in accordance with the Preferred Stock Purchase Agreement. The preferred shares bear a cumulative preferred dividend of 16.75%. Preferred stock has been issued for the financing of future investments in general.

The purchaser, Mirant, agreed to buy at the First Tranche Closing, December 19, 2001, 2,800 issued shares of Preferred Stock for the total amount of ANG 29,120,000. On September 30, 2002 Mirant agreed to buy at the second Tranche closing the remaining 4,200 issued shares of Preferred Stock for the total amount of ANG 43,680,000.

During 2007 Mirant sold its holdings of Aquallectra's preferred shares to Marubeni Corporation.

On March 22, 2009 Abu Dhabi National Energy Company PJSC (TAQA), a global energy company, announced it had closed its acquisition of a 50% equity stake in the existing Caribbean portfolio of Marubeni Corporation (Marubeni), Japan's largest trading company. The purchase was made under a 50/50 joint venture focused on long-term investments in the energy sector in the region. The new joint venture portfolio consists of equity stakes in power generation and transmission facilities of which a 25.5% equity interest in Curaçao Utilities Company N.V. TAQA's role is operational, with its 50% interest represented at the board level at each facility and holding key management positions.

The Preferred Stock Purchase Agreement between the Company and Marubeni states that of the purchase price ANG 1.00 per share should be allocated to nominal share capital of the Company and ANG 10,170.4286 per share should be allocated to the Preferred Stock share premium of the Company. Given the nature of the 7,000 preferred shares, these shares bear a cumulative preferred dividend, the entire amount of the purchase price of USD 5,714.2857 per share is presented as long term liabilities.

CONVERSION OF PREFERRED STOCKS

The Purchaser may elect to convert all, but not less than all, of its Preferred Stocks into Common Stock at any time. Every one hundred shares of Preferred stock shall convert into that number of shares of Common Stock and shall equal the nominal value of such one hundred shares of Preferred Stock plus the premium reserve of such one hundred shares of Preferred Stock, less ANG 17,142.86, such total divided by the nominal value of one share of Common Stock.

No excess amount shall be converted from Preferred Stock to Common Stock, and shall instead be contributed to premium reserve on the Common Stock.

Should the Purchaser close on all First Tranche Shares and Second Tranche Shares, then all such Preferred Shares shall be convertible into 70 shares of Common Stock. Should the Purchaser close on only the First Tranche Shares, then the First Tranche Shares shall be convertible into 28 shares of Common Stock.

CALL OPTION

At any time the Company has the right (but not the obligation) to purchase from Marubeni all, but not less than all, of the shares of Preferred Stock then held by Marubeni. Concurrently with the closing of the purchase of Marubeni's Preferred Stock hereunder, the Common Stock Option, if then held by Marubeni, shall be revoked automatically and without further action.

The purchase price for the Preferred Stock is USD 40 million plus all accrued and unpaid dividends thereon.

4.4.4.5. DEFERRED TAX LIABILITY

This liability concerns profit tax due in the future as a consequence of differences between commercial and fiscal methods of profit determination through accelerated depreciation of tangible fixed assets, calculated against the nominal rate. The tax rate amounts to 34.5%.

4.4.4.6. PROVISIONS

The provisions as per December 31, 2008 can be divided in the following categories:

(Amounts in ANG * 1,000)	Dec 31 2008	Dec 31 2007
Provisions employee benefits	144,669	150,090 *
Other provisions	13,425	13,425 *
Total provisions	158,094	163,515

* Restated

PROVISIONS EMPLOYEE BENEFITS

The provision for employee benefits is comprised by the following categories:

- provision for medical costs retired employees;
- provision for supplementary pension APNA (DT);
- provision for early retirement benefit (VUT);
- provision for anniversary bonus;
- provision for vacation leave;
- provision for pension obligations.

The provision for employee benefits as per December 31, 2008 can be specified as follows:

(Amounts in ANG * 1,000)	Dec 31 2008	Dec 31 2007
Provision medical costs retired employees	114,461	119,545 *
Provision supplementary pension APNA (DT)	12,757	12,108 *
Provision early retirement benefit (VUT)	1,651	2,309 *
Provision anniversary bonus	12,975	13,365 *
Provision vacation leave	2,453	2,763
Provision pension obligations	372	0
Total provisions	144,669	150,090

* Restated

Provision medical costs retired employees

According to the collective labor agreements of Aqualectra Distribution and Aqualectra Production retired employees will be compensated to a certain extent for their medical costs. Provisions have been made for this obligation directly via equity (see Statement of recognized income and expenses in paragraph 3.4) and also via the statement of income and expenses.

The calculations are based upon actuarial assumptions which are shown below:

	2008	2007
Discount rate at December 31	6.00%	6.25%
Rate of return on plan assets	6.10%	7.10%
Inflation	3.50%	3.0%
Future Medical expenses increases	4.0%	4.0%

Mortality:

Male:	GBM 2000-2005; -1	(2007: GBM 1995-2000; -1)
Female:	GBV 2000-2005; -1	(2007: GBV 1995-2000; -1)
Age difference spouse:	male is 4 years older than female	
Marital status:	100%	

The position of the provision medical costs retired employees is shown below:

(Amounts in ANG * 1,000)	Dec 31 2008	Dec 31 2007
Liability medical costs retired employees recognized in the balance sheet		
Present value of unfunded obligations	114,548	119,545
Fair value of plan assets	(87)	(68)
Unrecognised past service gain	0	0
Liability medical costs retired employees premiums	114,461	119,477
Movement in liability medical costs retired employees		
Liability medical costs retired employees at the beginning of year	119,545	97,089
Expenses	10,233	8,163
Contributions paid	(2,774)	(1,972)*
Actuarial (gains) and losses recognized in the statement of total recognized gains and losses	(12,456)	16,265
Liability medical costs retired employees at end of year	114,548	119,545
Amounts recognized in the income statement		
Current service costs	2,683	2,157
Interest costs	7,550	6,006
Expected return on plan assets	0	0
Additional charges	0	0
Past service costs	0	0
Expenses recognized in the income statement	10,233	8,163
Present value of the unfunded obligations		
Present value of the unfunded obligations at the beginning of year	119,545	97,089
Interest costs	7,550	6,006
Current service costs	2,683	2,157
Benefits paid	(2,774)	(1,972)*
Actuarial (gain) loss on obligation	(12,456)	16,265
Present value of the unfunded obligations at end of year	114,548	119,545
Fair value of the plan assets		
Fair value of the plan assets at the beginning of year	68	48
Expected return on plan assets	0	0
Actuarial (gain) losses on plan assets	0	0
Additional charge	0	0
Contributions by the employer	1,810	1,778
Contributions by the participants	983	731
Benefits paid	(2,774)	(2,489)
Fair value of the plan assets at end of year	(87)	(68)
Development of surplus/ (deficit) in the plan		
Present value unfunded obligations	114,548	119,545
Fair value of plan assets	(87)	(68)
Deficit in the plan	(114,461)	119,477

* Restated

The expenses have been included in other personnel expenses in the income statement. The expenses of 2007 were overstated due to an amount of ANG 262,738, representing employee contributions, which were not released from the income statement. This has been treated as an error in prior year's figures and was duly restated directly via equity in 2007 in accordance with IAS 8 (Accounting policies, changes in accounting estimates and errors).

A sensitivity analysis on the present value of the unfunded obligation is presented below:

The following sensitivity analysis reflected below shows the effect on the unfunded obligations based on a 0.25% change in the discount rate or in the inflation rate. A negative or positive 0.25% change in the applied discount rate would result in deviations of respectively ANG 3,524,000 and (ANG 3,363,000) in the unfunded obligations. A negative or positive 0.25% change in the applied inflation rate would result in deviations of respectively (ANG 4,409,000) and ANG 4,665,000 in the unfunded obligations.

Medical expenses retired employees	Basis	Deviation in discount rate		Deviation in inflation rate	
Discount rate	6.00%	5.75%	6.25%	6.00%	6.00%
Inflation rate	3.50%	3.50%	3.50%	3.25%	3.75%
Present value of the unfunded obligation	114,548	118,072	111,185	110,139	119,213

Provision supplementary pension APNA (DT)

In 1943 the government guaranteed civil servants a pension that amounts to 70% of their average salary received during 24 months before their retirement (Duurtetoeslagregeling gepensioneerden 1943). Consequently, the government had to pay the difference between the guaranteed pension amount and the pension actually built-up as per the APNA pension arrangement. As per National Decree of July 12, 1995 it is stipulated that the legal entity that employed the person concerned is responsible for payment of the aforementioned difference.

As of January 1, 1998 the AOV-franchise has been included in the pension plan of "Algemeen Pensioenfond van de Nederlandse Antillen" (APNA). The pension allowance to be paid by APNA under this changed plan is lower than the allowance that would have been paid according to the former plan. Under certain conditions a supplementary pension has to be paid by the employer to the employees participating in this pension plan to compensate for the discrepancy between the allowance as per the former and changed plan. It is however not clear in which cases and to which extent the employer has an obligation to pay a supplementary pension.

Currently, there is a dispute between Aqualectra and APNA concerning the interpretation of the regulation of "duurtetoeslag" (DT). APNA namely invoices Aqualectra amongst others for indexation (both for pension indexation and "wage scale" increases) whilst Aqualectra disputes this. Despite being in disagreement with APNA, the Company created the provision for DT according to APNA's calculation method, with the exception of the "wage scale" indexation, as an estimation thereof is not readily available.

The principal actuarial assumptions used in the calculations were as follows:

	2008	2007
Discount rate at December 31	6.00%	6.25%
Rate of return on plan assets	6.10%	7.10%
Inflation	3.00%	3.00%
Future pension increases	2.10%	3.00%
Future compensation increases	1.65%	3.00%

Mortality:

Male:	GBM 2000-2005; -1	(2007: GBM 1995-2000; -1)
Female:	GBV 2000-2005; -1	(2007: GBV 1995-2000; -1)
Age difference spouse:	male is 4 years older than female	
Marital status:	100%	

The position of the provision supplementary pension APNA (DT) is shown below:

(Amounts in ANG * 1,000)	Dec 31 2008	Dec 31 2007
Provision supplementary pension APNA (DT) recognized in the balance sheet		
Present value of unfunded obligations	12,757	12,108
Fair value of plan assets	0	0
Unrecognised past service gain	0	0
Provision supplementary pension APNA (DT) premiums	12,757	12,108
Movement in provision supplementary pension APNA (DT)		
Provision supplementary pension APNA (DT) at the beginning of year	12,108	10,268*
Expenses	793	686*
Contributions paid	(759)	(716)
Actuarial (gains) and losses recognized in the statement of total recognized gains and losses	615	1,870
Provision supplementary pension APNA (DT) at end of year	12,757	12,108
Amounts recognized in the income statement		
Current service costs	57	62
Interest costs	736	624*
Expected return on plan assets	0	0
Additional charges	0	0
Past service costs	0	0
Expenses recognized in the income statement	793	686
Present value of the unfunded obligations		
Present value of the unfunded obligations at the beginning of year	12,108	10,268*
Interest costs	736	624*
Current service costs	57	62
Past service costs (vested benefits)	0	0
Benefits paid	(759)	(716)
Actuarial (gain) loss on obligation	615	1,870
Present value of the unfunded obligations at end of year	12,757	12,108
Fair value of the plan assets		
Fair value of the plan assets at the beginning of year	0	0
Expected return on plan assets	0	0
Actuarial (gain) losses on plan assets	0	0
Additional charge	0	0
Contributions by the employer	759	716
Contributions by the participants	0	0
Benefits paid	(759)	(716)
Fair value of the plan assets at end of year	0	0
Development of surplus/ (deficit) in the plan		
Present value unfunded obligations	12,757	12,108
Fair value of plan assets	0	0
Deficit in the plan	12,757	12,108

* Restated

The expenses have been included in other personnel expenses in the income statement. Despite the dispute with APNA, management has opted to change the method of valuating the provision for supplementary pension, to include the AOV-franchise. This change in valuation method has been treated in accordance with IAS 8 (Accounting policies, changes in accounting estimates and errors), resulting in:

- A restatement of the beginning balance as per 2007, of the “present value of the unfunded obligation” in the amount of ANG 3,691,000. This restatement was made directly via the equity;
- A corresponding restatement of ANG 122,000 and ANG 13,000 for respectively interest- and service costs. This entry was included in the income statement.

A sensitivity analysis on the present value of the unfunded obligation is presented below:

The following sensitivity analysis reflected below shows the effect on the unfunded obligations based on a 0.25% change in the discount rate or in the inflation rate. A negative or positive 0.25% change in the applied discount rate would result in deviations of respectively ANG 284,000 and (ANG 471,000) in the unfunded obligations. A negative or positive 0.25% change in the applied pension indexation would result in deviations of respectively (ANG 447,000) and ANG 251,000 in the unfunded obligations.

Supplementary pension APNA (DT)	Basis	Deviation in discount rate		Deviation in inflation rate	
Discount rate	6.00%	5.75%	6.25%	6.00%	6.00%
Pension indexation	2.10%	2.10%	2.10%	1.85%	2.35%
Present value of the unfunded obligation	12,757	13,041	12,286	12,310	13,008

Currently, Aquallectra has a difference of opinion with APNA as to the calculation of the supplementary pension premiums. The difference of opinion concerns the calculation-method used for pension increases, but also on the legality of the supplementary pension plan. APNA is of the opinion that all pension increases can be fully charged to Aquallectra as supplementary pension increases. Aquallectra is of the opinion that there is no legal basis for this methodology and also disputes the legal basis for the validity of the supplementary pension plan. Aquallectra and APNA are in the process of resolving this issue; however as per issuance of these Consolidated Financial Statements no resolution has been reached. It is expected that a resolution can only be reached through judicial proceedings. If the courts find in favor of Aquallectra, the provision for supplementary pensions (DT) will be released for the full amount.

Provision early retirement benefit (VUT)

In the National Ordinance of December 27, 1995, regulating the raising of the retirement age, it is stipulated that the civil servants have the option of filing a request with the Governor to retire from service at the age of 55. The resulting liability for the period between 55 and 60 years will be borne by the legal entity that employed the persons concerned.

The actuarial calculation of the provision for early retirement benefit (the so called ‘VUT’) of employees participating in the APNA pension plan is based on the regulation and the assumptions of a participation probability which is based on experience.

According to the collective labor agreements of Aquallectra, employees have the option of filing a request with the Board of Managing Directors to retire from service at the age of 55, under certain conditions such as employment with the Company for at least 20 years. The Board of Managing Directors decides whether the employee's request will be honored. In such case, the resulting obligation will be accounted for as a liability in the Company's balance sheet.

For those employees insured at APNA the Board of Managing Directors is obliged to honor such a request. A provision has been formed for both group of employees.

The principal actuarial assumptions used were as follows:

	2008	2007
Discount rate at December 31	6.00%	6.25%
Rate of return on plan assets	6.10%	7.10%
Inflation	3.00%	3.00%
Future pension increases	2.10%	3.00%
Future compensation increases	1.65%	3.00%

Mortality:

Male:	GBM 2000-2005; -1	(2007: GBM 1995-2000; -1)
Female:	GBV 2000-2005; -1	(2007: GBV 1995-2000; -1)
Age difference spouse:	male is 4 years older than female	
Marital status:	100%	
VUT participation probability:	2.5%	

The position of the provision early retirement benefit (VUT) is shown below:

(Amounts in ANG * 1,000)	Dec 31 2008	Dec 31 2007
Provision early retirement benefit APNA (VUT) recognized in the balance sheet		
Present value of unfunded obligations	1,651	2,309
Fair value of plan assets	0	0
Unrecognised past service gain	0	0
Provision early retirement benefit APNA (VUT) premiums	1,651	2,309
Movement in provision early retirement benefit (VUT)		
Provision early retirement benefit APNA (VUT) at the beginning of year	2,309	3,067
Expenses	152	247
Contributions paid	(510)	(713)
Actuarial (gains) and losses recognized in the statement		
of total recognized gains and losses	(300)	(292)
Provision early retirement benefit APNA (VUT) at end of year	1,651	2,309
Amounts recognized in the income statement		
Current service costs	22	72
Interest costs	130	175
Expected return on plan assets	0	0
Additional charges	0	0
Past service costs	0	0
Expenses recognized in the income statement	152	247

(Amounts in ANG * 1,000)	Dec 31 2008	Dec 31 2007
Present value of the unfunded obligations		
Present value of the unfunded obligations at the beginning of year	2,309	3,067
Interest costs	130	175
Current service costs	22	72
Past service cost (vested benefits)	0	0
Benefits paid	(510)	(713)
Actuarial (gain) loss on obligation	(300)	(292)
Present value of the unfunded obligations at end of year	1,651	2,309
Fair value of the plan assets		
Fair value of the plan assets at the beginning of year	0	0
Expected return on plan assets	0	0
Actuarial (gain) losses on plan assets	0	0
Additional charge	0	0
Contributions by the employer	810	713
Contributions by the participants	0	0
Benefits paid	(810)	(713)
Fair value of the plan assets at end of year	0	0
Development of surplus/ (deficit) in the plan		
Present value unfunded obligations	1,651	2,309
Fair value of plan assets	0	0
Deficit in the plan	1,651	2,309

The expenses have been included in other personnel expenses in the income statement.

A sensitivity analysis on the present value of the unfunded obligation has been performed and showed that a 0.25% positive or negative modification in the discount rate or the inflation rate would result in immaterial movements.

Provision anniversary bonus

According to the collective labor agreement of Aquallectra, employees are entitled to an anniversary bonus linked to the amount of years of service.

A provision has been formed for this liability, using the following set of assumptions:

Discount rate at December 31	6.00%
Rate of return on plan assets	6.10%
Salary increases (inflation & career)	3.90%

Mortality:

Male:	GBM 2000-2005; -1
Female:	GBV 2000-2005; -1
Age difference spouse:	male is 4 years older than female
Marital status:	100%

The position of the provision is shown below:

(Amounts in ANG * 1,000)	Dec 31 2008	Dec 31 2007
Provision anniversary bonus recognised in the balance sheet		
Present value of unfunded obligations	12,975	13,365*
Fair value of plan assets	0	0
Unrecognised past service gain	0	0
Provision anniversary bonus premiums	12,975	13,365
Movement in Provision anniversary bonus		
Provision anniversary bonus at the beginning of year	13,365	13,408*
Expenses	1,419	1,396*
Contributions paid	(1,809)	(1,439)
Actuarial gains (and losses) recognized in the statement of total recognized gains and losses	0	0
Provision anniversary bonus at the end of the year	12,975	13,365
Amounts recognized in the income statement		
Current service costs	634	598*
Interest costs	785	798*
Expected return on plan assets	0	0
Additional charges	0	0
Past service costs	0	0
(Income)/expenses recognized in the income statement	1,419	1,396
Present value of the unfunded obligations		
Present value of the unfunded obligations at the beginning of the year	13,365	13,408*
Interest costs	785	798*
Current service costs	634	598*
Past service cost (vested benefits)	0	0
Benefits paid	(1,809)	(1,439)
Actuarial (gain) loss on obligation	0	0
Present value of the unfunded obligations at the end of the year	12,975	13,365
Fair value of the plan assets		
Fair value of the plan assets at the beginning of the year	0	0
Expected return on plan assets	0	0
Actuarial (gain) losses on plan assets	0	0
Additional charge	0	0
Contributions by the employer	1,809	1,439
Contributions by the participants	0	0
Benefits paid	(1,809)	(1,439)
Fair value of the plan assets at the end of the year	0	0
Development of surplus/(deficit) in the plan		
Present value unfunded obligations	12,975	13,365
Fair value of plan assets	0	0
Deficit in the plan	(12,975)	(13,365)

* Restated

The expenses have been included in other personnel expenses in the income statement. Prior to 2008, valuation of the provision for anniversary bonus was not actuarially based. This error in the valuation method has been treated in accordance with IAS 8 (Accounting policies, changes in accounting estimates and errors), resulting in:

- A restatement of the beginning balance as per 2007, of the “present value of the unfunded obligation” in the amount of ANG 9,898,000.
- A corresponding restatement of ANG 311,000 in the income statement for interest- and service costs.

A sensitivity analysis on the present value of the unfunded obligation is presented below:

The following sensitivity analysis reflected below shows the effect on the unfunded obligations based on a 0.25% change in the discount rate or in the inflation rate. A negative or positive 0.25% change in the applied discount rate would result in deviations of respectively ANG 208,000 and (ANG 204,000) in the unfunded obligations. A negative or positive 0.25% change in the applied inflation rate would result in deviations of respectively (ANG 425,000) and ANG 221,000 in the unfunded obligations.

Provision anniversary bonus	Basis	Deviation in discount rate		Deviation in inflation rate	
Discount rate	6.00%	5.75%	6.25%	6.00%	6.00%
Pension indexation	2.10%	2.10%	2.10%	1.85%	2.35%
Inflation (inflation & career inflation)	3.90%	3.90%	3.90%	3.65%	4.15%
DBO AP in ANG 1,000	12,975	13,183	12,771	12,550	13,196

Provision defined benefit plan

The Company operates a pension scheme with the pension fund VIDANOVA. The scheme is funded through payments to VIDANOVA and is determined by periodic actuarial calculations. The Company has a defined benefit plan, which amongst others means that the Company group has a legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods. Typically, defined benefit plans define an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation.

With the exception for Integrated Utility Holding N.V., no liability is recognized in the balance sheet in respect of the defined benefit pension plan as the present value of the defined benefit obligation at the balance sheet date is less than the fair value of the plan assets, together with adjustments for unrecognised actuarial gains or losses and past service costs. Furthermore, no net plan asset is recognized in the balance sheet as the asset ceiling is set at zero.

The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of “high-quality” government bonds that are denominated in the currency in which the benefits will be paid and that have terms to maturity approximating to the terms of the related pension liability.

The principal actuarial assumptions used were as follows:

	2008	2007
Discount rate at December 31	6.00%	6.25%
Rate of return on plan assets	6.10%	7.10%
Inflation	3.00%	3.00%
Future pension increases	2.10%	3.00%
Future compensation increases	1.65%	3.00%

Mortality:

Male:	GBM 2000-2005; -1 (2007: GBM 1995-2000; -1)
Female:	GBV 2000-2005; -1 (2007: GBV 1995-2000; -1)
Age difference spouse:	male is 4 years older than female
Marital status:	100%

Below the table included reflects the value of the defined benefit plan:

(Amounts in ANG * 1,000)	Dec 31 2008	Dec 31 2007
Net Pension Asset NOT recognized in the balance sheet		
Present value of funded obligations	150,231	172,404
Fair value of plan assets	152,081	196,728
Net Pension Asset NOT recognized in the balance sheet	(1,850)	(24,324)
Movement in present value of the Defined Benefit Obligation (DBO)		
Defined Benefit Obligation at the beginning of the year	172,404	154,465
Expenses	19,071	18,508
Benefits paid	(913)	(213)
Actuarial (gains) and losses recognized in the statement of total recognized gains and losses	(40,331)	(356)
Defined Benefit Obligation at the end of the year	150,231	172,404
Amounts recognized in the income statement		
Current service costs	7,835	8,339
Interest costs	11,236	10,169
Expected return on plan assets	(14,419)	(13,055)
Additional charges	1,297	1,308
Past service costs	0	0
(Income) / expenses recognized in the income statement	5,949	6,761
Actual return on plan assets *		
Expected return on plan assets	14,419	13,055
Actuarial gains (and losses) on plan assets	(65,899)	(92)
Actual return on plan assets	(51,480)	12,963
Present value of the funded obligations		
Present value of the funded obligations at the beginning of year	172,404	154,465
Interest costs	11,236	10,169
Current service costs	7,835	8,339
Benefits paid	(913)	(213)
Actuarial (gain) loss on obligation	(40,331)	(356)
Present value of the funded obligations at the end of the year	150,231	172,404
Fair value of the plan assets		
Fair value of the plan assets at the beginning of the year	196,728	177,149
Expected return on plan assets	14,419	13,055
Actuarial gain / (losses) on plan assets	(65,899)	(92)
Additional charge	(1,297)	(1,308)
Contributions by the employer	6,344	5,425
Contributions by the participants	2,699	2,712
Benefits paid	(913)	(213)
Fair value of the plan assets at end of year	152,081	196,728
Development of surplus/ (deficit) in the plan		
Present value unfunded obligations	150,231	172,404
Fair value of plan assets	152,081	196,728
Surplus/ (deficit) in the plan	1,850	24,324

* Includes releases in obligation because of new retirements, and returns on investments of -12.05% (2007:+8.57%)

The expenses are included in social securities in the income statement.

A sensitivity analysis on the present value of the unfunded obligation is presented below:

The following sensitivity analysis reflected below shows the effect on the unfunded obligations based on a 0.25% change in the discount rate or in the inflation rate.

A negative or positive 0.25% change in the applied discount rate would result in deviations of respectively (ANG 6,711,000) and ANG 7,079,000 in the unfunded obligations.

A combined positive or negative 0.25% change in the applied inflation- and pension indexation rates would result in deviations of respectively ANG 7,485,000 and (ANG 7,107,000) in the unfunded obligations.

Vida Nova Pension	Basis	Deviation in discount rate		Deviation in inflation rate	
Discount rate	6.00%	5.75%	6.25%	6.00%	6.00%
Inflation	2.10%	2.10%	2.10%	1.85%	2.35%
Pension indexation	1.65%	1.65%	1.65%	1.40%	1.90%
Present value of the unfunded obligation	150,231	157,310	143,520	143,124	157,716

Provision vacation leave

Employees are entitled to a maximum number of vacation days per year. The Company forms a provision for vacation days not taken by the employees.

The position of the provision vacation leave is shown below:

(Amounts in ANG * 1,000)	Dec 31 2008	Dec 31 2007
Provision leave pay		
Balance at beginning of year	2,763	2,460
Change in provision	(310)	303
Balance at end of year	2,453	2,763

OTHER PROVISIONS

Other provision is comprised of the following categories:

(Amounts in ANG * 1,000)	Dec 31 2008	Dec 31 2007
Provision environmental clean up of RIF premises	825	825
Provision decommissioning of Mundo Nobo	12,600	12,600 *
Total provisions	13,425	13,425

* Restated

Provision environmental clean up Rif premises

Half of the costs of the environmental clean up of the Rif premises have to be borne by Aqualectra Production. For this purpose a provision of ANG 825,000 has been formed. Currently, there is no indication that this provision will lead to cash outflow on the short term.

The position of the other provisions is shown below:

(Amounts in ANG * 1,000)	Dec 31 2008	Dec 31 2007
Provision for environmental clean up of the Rif premises		
Balance at beginning of year	825	825
Change in provision	0	0
	825	825
Provision for decommissioning of the Rif Diesel Plant		
Balance at beginning of year	0	195
Change in provision	0	(195)
	0	0
Balance at end of year	825	825

Provision decommissioning of Mundo Nobo

The Island Government has identified the South coast as an area for tourism development for the Island, and in enhancing these efforts management has subsequently created a provision for the decommissioning of the Mundo Nobo plant by 2014. Services of an independent valuation expert were engaged in forming the estimation for the costs of decommissioning. The provision is estimated at ANG 12,600,000.

Omission of the provision and as a consequence, the depreciation thereon, was treated as an error in prior year's figures and was duly restated in 2007 in accordance with IAS 8 (Accounting policies, changes in accounting estimates and errors), resulting in:

- A restatement of the beginning balance as per 2007 of the fixed asset "plant and equipment" (see note 4.4.1.1) in the amount of ANG 12,600,000.
- A restatement of the beginning balance as per 2007 of the fixed asset "accumulated depreciation on plant and equipment" (see note 4.4.1.1.) in the amount of (ANG 8,820,000).
- A corresponding restatement of ANG 630,000 in the income statement for related depreciation expenses for the year 2007.

The position of this provision and the movements in its corresponding asset is shown in the table on the following page.

(Amounts in ANG * 1,000)	Dec 31 2008	Dec 31 2007
Provision decommissioning Mundo Nobo recognized in the balance sheet		
Provision decommissioning at the beginning of year	12,600	0
Estimated decommissioning expenses Mundo Nobo in conformity with the expert examination	0	12,600 *
Decommissioning expenses during the period	0	0
Balance provision decommissioning at the end of the year	12,600	12,600
Value of decommissioning Mundo Nobo asset		
Provision decommissioning	12,600	12,600 *
Cumulative depreciation	(10,080)	(9,450) *
Balance decommissioning asset at the end of the year	2,520	3,150
Expenses related to decommissioning Mundo Nobo asset		
Depreciation	630	630 *
Decommissioning expenses	0	0
Expenses recognized relating to decommissioning Mundo Nobo asset	630	630
Cumulative depreciation decommissioning asset		
Cumulative depreciation at the beginning of year	9,450	8,820 *
Depreciation during the period	630	630 *
Disposals	0	0
Cumulative depreciation at the end of the year	10,080	9,450

* Restated

4.4.5. CURRENT LIABILITIES

4.4.5.1. TRADE ACCOUNTS PAYABLE

Below an overview of the Trade accounts payable per Company as per December 31, 2008:

(Amounts in ANG * 1,000)	Dec 31 2008	Dec 31 2007
Aqualectra Production		
Curoil	30,386	13,970
PDVSA	21,167	10,981
Other accounts payable	7,722	5,299
	59,275	30,250
Aqualectra Distribution		
CUC	651	5,189
PDVSA	13,198	7,804
Other accounts payable	13,275	12,295
	27,124	25,288
Aqualectra Bottling		
Other accounts payable	129	35
	129	35
Total accounts payable	86,528	55,573

4.4.5.2. BANK OVERDRAFT

Aqualectra Production has credit facilities with various banks amounting to a total of ANG 6,250 million. On December 31, 2008 ANG 5,398,000 of this facility was in use by the company.

A first mortgage of USD 9 million on the Dokweg power station, fiduciary ownership / lien on generators and negative pledge on stock has been assigned.

Aqualectra Distribution has credit facilities with various banks amounting to a total of ANG 6 million. On December 31, 2008 ANG 2,054,000 of the facilities were overdrawn.

Accounts receivable from Aqualectra Distribution have been assigned to the banks as collateral against these facilities.

Below an overview of this liability per Company as per December 31, 2008:

(Amounts in ANG * 1,000)	Dec 31 2008	Dec 31 2007
Aqualectra Production		
Bank overdraft	5,398	2,098
Aqualectra Distribution		
Bank overdraft	2,054	4,596
Total Bank overdraft	7,452	6,694

The average annual interest rate during 2008 was 10.1%.

4.4.5.3. OTHER LIABILITIES

A summary of the main items payable as per December 31, 2008 is specified below:

(Amounts in ANG * 1,000)	Dec 31 2008	Dec 31 2007
Aqualectra Production		
Employee benefit obligations	865	865
Social securities	2,627	1,275 *
Accrued interest	166	96
Current maturity long term loans / liabilities	30,037	2,537
Early retirement benefit obligations	1,109	689 *
Other accrued expenses	416	113
Other payables (foreign Countries)	1,598	746
Miscellaneous	689	945
	37,507	7,266
Aqualectra Distribution		
Social securities	6,235	3,443
Current maturity long term loans	9,496	8,443
Accrued interest	12,237	11,580
Early retirement benefit obligations	0	0 *
Other accrued expenses	7,828	7,754
Deposit received from APNA	2,000	2,000
Miscellaneous	74	(659)
MJP projects	3,094	3,094
	40,964	35,655
Aqualectra Holding		
Social securities	456	76
Accrued interest	6,463	6,551
Other accrued expenses	7,815	5,998
Current maturity long term loans	35,928	36,523
	50,662	49,148
Aqualectra Multi Utility		
Social securities	5	2
Other accrued expenses	78	0
	83	2
Total Other liabilities	129,216	92,071

* Restated

4.4.5.4. COMMITMENTS & CONTINGENCIES

COMMITMENTS:

CAR LEASE AGREEMENTS

Aqualectra has lease agreements with several car dealers for the lease of company cars. These lease agreements have different terms as per year-end December 2008. The total commitment as per December 31, 2008 based on the remaining terms of the lease agreements amounts to ANG 4,280,913 (ANG 4,017,981 in 2007). This amount can be specified as follows:

Commitments up till one year:	ANG 191,303 (ANG 832,202 in 2007);
Commitments between one and five years:	ANG 4,089,610 (ANG 3,185,779 in 2007);
Commitments older than five years:	ANG 0 (ANG 0 in 2007).

CONTRACTS WITH SUPPLIERS AND CONTRACTORS

As at balance sheet date Aqualectra has contracts with several suppliers and/ or contractors for the delivery of goods and/ or services for several purposes. Below is an overview of the existing type of contracts as of balance sheet date:

Contract party	Purpose of contract	Contract period		Commitments in
(Amounts in ANG * 1,000)		Start	End	contract period
Electricity and water technical activities				
Local contractor	Purchase of water (yearly)	1995	2012	13,750
Foreign supplier	Purchase of electricity (yearly)	2008	2010	4,990
Local contractor	Hire of electrical maintenance and trouble shooting teams	2007	2010	2,800
Local contractor	Hire of electrical maintenance and trouble shooting teams	2007	2010	3,000
Local contractor	Hire of electrical maintenance teams	2007	2010	3,000
Local contractor	Hire of electrical maintenance teams and incident room-workers	2007	2010	2,400
Local contractor	Hire of communication means	2006	2010	750
local supplier	Purchase of electricity	2000	2015	18,900
Local contractor	Hire of water maintenance and trouble shooting teams	2007	2010	2,500
Several contractors	Hire water meter exchange teams	2007	2010	600
Investment projects				
Foreign supplier	Delivery of 2 diesel motor units	2008	2009	12,700
Local contractors	2x Main Distribution Electrical Grid-projects	2008	2009	250
Foreign suppliers	2x Main Distribution Electrical Grid-projects	2008	2009	1,150
Local contractors	2x Main Pipe Line grid projects	2007	2009	950
Local contractor	Restructuring High Voltage System-project	2007	2009	200
Local contractor	Restructuring Service Lines Water-project	2008	2009	150
Customer relations activities				
Local supplier	Lease of couverter machines	2006	2011	292
Local supplier	Delivery of electricity/water bills	2008	2009	2,019 *
Local contractor	Electricity and water meter reading activities	2007	2010	1,322 *
Local money transporter	Money transportation activities	2008	2009	33
Local banks	Bill payment service	2006	2009	1,829 *
Local suppliers	Electricity prepayment though vending system	2005	2011	461 *
Local contractor	Temporary cashiers	2008	2011	984
ICT-products and services				
Local supplier	Technical support for the database management system (yearly)	2008	2009	104
Foreign supplier	Delivery, support and license of software products (yearly)	2008	2009	125
Several local suppliers	Lease and technical support for office machines (printer/copiers) (yearly)	2008	2009	180

Contract party	Purpose of contract	Contract period		Commitments in
(Amounts in ANG * 1,000)		Start	End	contract period
Several local suppliers	Lease of vehicles (yearly)	2007	2012	461
Local supplier	Program development	2008	2009	435
Local supplier	System administration	2008	2009	240
Local supplier	Database administrator	2008	2009	300
Local supplier	Telephone exchange/ switchboard	2008	2009	180
Local supplier	Central printing/copying facilities	2008	2009	480
Facilities				
Local contractor	Office cleaning	2008	2010	802
Foreign supplier	Long range programming	2007	2012	300

* Amounts mentioned are management estimates as the exact commitments in the contract period will depend on the realized number of transactions.

CONTINGENT LIABILITIES:

L/C GUARANTEE

As at December 31, 2008 there was one current letter of credit (L/C's) amounting to ANG 1.81 million (2007: ANG 1.81 million). This L/C is related to the financing of the Loan to CUC (see note 4.4.1.2). On April 30, 2007, IUH NV entered into a Cash Collateral and Securities Account Control Agreement with BNP Paribas, pursuant to the Third amendment to the Contingent Equity Contribution Agreement dated November 30, 2000. The Cash Collateral Deposit shall serve as Supplemental Debt Service Reserve. The remaining L/C matures on December 13, 2013 and the Cash Collateral Deposit will be released as CUC complies with certain contract conditions.

EARLY RETIREMENT BENEFIT (VUT)

According to the collective labor agreements of Aqualectra Distribution and Aqualectra Production employees have the option of requesting the Board of Managing Directors to retire from service at the age of 55, under certain conditions under which employment with Aqualectra for at least 20 years. The Board of Managing Directors decides whether the employee's request will be honored. In such case, the resulting obligation will be accounted for as a liability in the Company's balance sheet. For employees insured at APNA, the Board of Managing Directors is obliged to honor such a request. For these employees insured at APNA a provision has been formed.

SUPPLEMENTARY PENSION

As of January 1, 1998 the AOV-franchise has been included in the pension plan of "Algemeen Pensioenfonds van de Nederlandse Antillen". The pension allowance to be paid by APNA under this changed plan is lower than the allowance that would have been paid according to the former plan. Under certain conditions a supplementary pension has to be paid by the employer to the employees participating in this pension plan to compensate for the discrepancy between the allowance as per the former and changed plan. It is however not clear in which cases and to which extent the employer has an obligation to pay a supplementary pension. The provision for pension allowance as accounted for at balance sheet date is based on the former plan and is excluding a possible liability of the employer in relation to the compensation for the difference in allowance according to the former and changed plan.

Currently, Aqualectra has a difference of opinion with APNA as to the calculation of the supplementary pension premiums. The difference of opinion concerns the calculation-method used for pension increases, but also on the legality of the supplementary pension plan. APNA is of the opinion that all pension increases can be fully charged to Aqualectra as supplementary pension increases. Aqualectra is of the opinion that there is no legal basis for this methodology and also disputes the legal basis for the validity of the supplementary pension plan. Aqualectra and APNA are in the process of resolving this issue; however as per issuance of these Consolidated Financial Statements no resolution has been reached. It is expected that a resolution can only be reached through judicial proceedings. If the court decides in favor of Aqualectra, the provision for supplementary pensions (DT) will be released for the full amount. Currently the provision for supplementary pension is provided in full.

DIESEL POWER PLANT ON THE ISLA PREMISES

On November 22, 2000 Aqualectra, Refineria ISLA (Curaçao) S.A. (Isla) and Refineria di Korsou N.V. (RdK) entered into an agreement (IUH agreement) pursuant to which Isla agreed to improve and refurbish the Medium Pressure Power Plant then operated by Isla (the MPPP) so as to supply additional power to Aqualectra Distribution for distribution to the community of Curaçao.

Pursuant to a side letter of June 26, 2001, Isla and Aqualectra agreed to investigate the option of buying a new power unit instead of improving and refurbishing the MPPP.

On August 8, 2002 Aqualectra and Isla agreed by the First Amended and Restated IUH Agreement, that instead of improving and refurbishing the MPPP, an EPC contractor chosen by Aqualectra shall construct a new diesel power plant on the premises adjacent to the new 66KV substation of Aqualectra located within the Refinery. Based on this amended IUH agreement Isla has committed to pay all amounts owed to the EPC contractor under the EPC contract up to USD 23,000,000 as reflected therein. This construction of the diesel power plant and the payment therefore has been set forth in an Engineering, Procurement and Construction Contract also dated on August 8, 2002 and duly signed by Isla, Aqualectra, Aqualectra Production and the EPC-contractor being MANBWSC. This plant was commissioned in the third quarter of 2003.

The initial annual aggregate IUH payment is equal to USD 12,000,000 and is paid in monthly installments. The IUH payment covers in addition to the construction costs of the diesel plant also a fuel and extension component (as stated in the contract). The annual IUH payments have already commenced and will continue pursuant to the contract until December 2019.

CUC-ELECTRICITY PURCHASE

CUC and Aqualectra Distribution entered into a Power Purchase Agreement on April 28, 1999, such that CUC will make available to Aqualectra Distribution, as of the Commercial Delivery Date of the BOO-plant, 22MW of electricity measured instantaneously, or less if required by Aqualectra Distribution. This electricity shall be provided to Aqualectra Distribution at no charge other than applicable 'Fuel Payments'.

According to above-mentioned PPA, CUC can also make electricity available to Aqualectra Distribution in excess of the mentioned 22MW. Amounts of electricity greater than 22MW (measured instantaneously) and up to and including 25MW (measured instantaneously) have been referred to as 'Level 1 excess'.

Amounts of electricity greater than 25MW (measured instantaneously) have been referred to as 'Level 2 excess'.

In addition to the applicable 'Fuel Payments', the price of each KWH of excess electricity shall be USD 0.02 (Sept. 30, 1997). Such price shall be subject to upward adjustments as of January 1st of each year, commencing January 1, 1998, by increase (if any) in the indexes as stipulated in the PPA.

SPECIAL IUH PURCHASE RIGHTS

On December 31, 2015 IUH will, without any further action, acquire all the Class B common stock and any other equity interest (other than Class A common stock and Class C special non-voting shares) of Curaçao Utility Company Holdings N.V. In consideration thereof IUH has to pay to Curaçao Energy Company Ltd. an amount of USD 400,000 on a yearly basis until December 31, 2015. These payments, for which accruals have been made in the Financial Statements, will be settled with future dividend payments. A formal commencement date for the payments has yet to be agreed upon.

CLAIM BY A POTENTIAL BUSINESS PARTNER

A potential business partner filed a claim against Aqualectra Multi Utility N.V. (AMU) and Integrated Utility Holding N.V. (IUH) for presumed missed results regarding the Bottling Company N.V. The potential business partner claims that Aqualectra ceased the negotiations with said company and is of the opinion that this is against the agreement both companies had. Aqualectra denies the charges. The total claim amounts to ANG 55.5 million, plus statutory interest as of March 28, 2005. In May 2009 the court declared AMU liable for damages to the potential business partner and ordered AMU to pay the potential business partner for the agreed damage compensation of ANG 50,000 increased with legal interest as of March 2005 and the legal costs of ANG 15,910 of the potential business partner. In June 2009 the potential business partner appealed to the higher court. A final verdict is not expected before the end of 2009.

CURAÇAO UTILITIES COMPANY N.V. (CUC)

As per December 31, 2008 the following contingent liabilities related to CUC can be identified:

DISPUTED INVOICES OF ISLA

ISLA has invoiced CUC for fuel used during periods when CUC failed to supply utilities and suffered liquidated damages. The Utility Supply Agreement limits CUC's exposure to those damages while the Fuel Supply Agreement ensures alternate fuels available at no costs from PDVSA. CUC is disputing these invoices of USD 14.3 million and is seeking a solution through negotiation with ISLA.

LEGAL CLAIM ENVIRONMENTAL ISSUES AND HEALTH CONSEQUENCES

CUC is an interested third party in two legal cases.

The first is a civil case that was filed by Stichting Humanitaire Zorg Curaçao, Stichting Schoon Milieu op Curaçao and a number of individuals living westwards from the refinery against ISLA (Curaçao) S.A., Refineria di Korsou N.V., CUC, the Island Territory and the Legal Entity the Netherlands Antilles regarding environmental issue and health consequences. CUC was later excluded from the case due to the fact that it was shown that CUC is in compliance with its Nuisance License. The judge issued a ruling in the case on May 28, 2009, placing limitations on emissions of ISLA, with fines for exceeding the limits.

The second is an administrative case, LAR-procedure 2006-196, which concerns a claim filed by the Foundation for a Clean Environment in Curaçao ("SMOC") against the Island Government of Curaçao ("IGC"). SMOC claims that IGC is not properly enforcing the terms of Attachment F of the Nuisance Licenses of Isla and of CUC with respect to ambient air quality in the vicinity of the refinery. The judge ruled on June 18, 2009, in favour of SMOC, directing the IGC to begin enforcing Attachment F. At this time IGC is preparing to set up air quality monitoring stations to measure ambient air quality downwind of the refinery during 2010 to determine if ambient air quality standards are being met or exceeded. If it is determined that ambient air quality standards are not being met, then IGC will have to consider how to allocate the cause of the exceedances among parties such as ISLA, CUC, Aqualectra, other industrial contributors, and traffic in general.

ARBITRATION CLAIM MITSUBISHI CORPORATION

Mitsubishi Corporation is claiming the L/C amount that CUC received upon calling the USD 7.3 million, the USD 1 million retainage, USD 9.7 million other claims and their legal costs (refer also to the contingent assets of CUC).

The outcome of the arbitration procedure was announced in April, 2009. CUC was awarded the L/C and the retainage amounts which it had already drawn, plus a net additional amount of approximately USD 30,000. Mitsubishi's claims were denied.

CONTINGENT ASSETS:

REGULATORY ACCOUNT

The basic tariff for water and electricity is fixed and is meant to cover the operational costs (excluding fuel costs), such as cost of personnel, depreciation, costs of financing, maintenance and the costs related to the provision for bad debts and the return on equity agreed upon with the government of the Island Territory of Curaçao.

The fuel component as reflected in the fuel clause is variable and is meant to cover costs of fuel and other direct costs. The fuel component is subject to changes dependent on the developments of the oil prices and the other direct costs. Up until June 2005 adjustments were calculated on a quarterly basis.

The Island Government has allowed Aqualectra to allocate the unrecovered amounts of the fuel and other direct costs in a so called Regulatory Account. In the table underneath is a breakdown of the original amount of the under coverage, the recovered amount through the surcharge in the tariffs and the compensated amount by the Energy Fund. In the table below the under coverage of the year 2008 has been processed anticipating that the Island Government will approve the allocation of the remainder under coverage of the year 2006 and the under coverage of the years 2007 and 2008 to the Regulatory Account.

(Amounts in ANG * million)				
Years	Original amount	Recovered through tariffs	Compensated by Energy Fund	Balance to be compensated
2003-2004	41	41	0	0
2005	18	1	17	0
2006	26	17	6	3
2007	13	0	2	11
2008	74	0	0	74
Total	172	59	25	88

The above mentioned balance of ANG 88 million does not include the coverage results on the fixed tariffs for the year 2005 onwards, since Aqualectra and the Department of Economic Affairs have not reached an agreement on the division of the coverage results between Aqualectra and the Consumers.

The appropriation to the Regulatory Account is to settle the deficit against future utility tariffs. The Island Government agreed in 2005 to include a surcharge in the tariffs to gradually settle above mentioned amounts of under coverage on the fuel and other direct costs. For 2008 the settlement (recovery) is ANG 15 million.

In a resolution dated 17 November 2008, the Island Council determined that, as from that date, Aqualectra can recover the under coverage in the Regulatory Account through its tariffs, up to an annual maximum of ANG 23 million.

PENSION PREMIUM ASSET

In the pension agreement between the Aqualectra companies (Production, Distribution and Holding) and Vidanova (formerly Stichting Pensioenfonds Utiliteitsbedrijven (SPU)) in which part of the employees of the Aqualectra companies participate it is stipulated that a yearly premium has to be paid (fixed percentage of the basis for pension) which is used to cover the yearly expenses related to the plan.

A surplus, the positive difference between the contributions and the yearly expenses, will be first used to cover eventual shortfalls in the future resulting from back service. No specific agreement has been made regarding possible reduction of premium as result of a surplus at year-end. In any other case the surplus will only be realized when stepping out of the pension fund. Any shortfall, being the negative difference between the contributions and the yearly expenses, will be charged immediately to the respective participating company.

The calculation of the presented figures for employee benefits has been based on actuarial calculations in accordance with IFRS. Since there is no asset ceiling study available, in accordance with IFRIC 14, which can determine whether and to what amount there are possible economic benefits resulting from the funded assets, no assets have been recognized in the balance sheet.

At December 31, 2008, based on actuarial calculations, the fair value of the plan assets exceeds the present value of the funded obligations by ANG 1,850,000 (2007: ANG 24,324,000).

STA. BARBARA

Aqualectra and Santa Barbara Utilities N.V. ('Santa Barbara') entered into an agreement for the production and supply of water and electricity on March 10, 2004. According to this agreement, Aqualectra shall at its own expense construct, operate and maintain a Reverse Osmosis (RO) facility. For the construction of the RO facility Santa Barbara has transferred land to Aqualectra for no consideration other than entering into the said agreement. Santa Barbara also grants Aqualectra a right of use on other land for a period of 99 years commencing at closing of the agreement for no consideration.

As part of the agreement Aqualectra shall apply a special tariff structure for water and electricity for all the facilities of Santa Barbara.

ENERGY FUND 2005/2006

The Energy Fund 2005/2006 was approved on December 6, 2005 and was established as a mean to stabilize the water and electricity tariffs and therefore will compensate Aqualectra for insufficient coverage of tariffs incurred in 2005 and 2006 due to oil price changes and changes in the other direct costs.

Due to the developments in the fuel prices during the period covered by the Energy Fund 2005/2006, the amount originally designated to the Energy Fund 2005/2006 was not sufficient to compensate abovementioned under coverage for the period April through December 2006.

In the year 2006 Aquaelectra received ANG 22.65 million from the Energy Fund which covers the periods January through September 2005 (ANG 7.79 million), October through December 2005 (ANG 8.95 million) and January through March 2006 (ANG 5.91 million). In the year 2007 Aquaelectra received an amount of ANG 2.2 million from the remainder of the Energy Fund to minimize the tariff increase in 2007.

The remaining, still to be compensated, under coverage for the above mentioned period amounts to ANG 21.2 million, which regards the period January through September 2005 (ANG 1.6 million) and the period April through December 2006 (ANG 19.6 million). This amount is recorded as a receivable. However, since the funds in the Energy Fund are depleted and the Island Government does not have the necessary funds to compensate Aquaelectra for the under coverage, the total outstanding amount has been provided for. In anticipation of the written approval of the Island Government this amount has been allocated to the Regulatory Account to be compensated through future usage of electricity and water. Of the above mentioned receivable of ANG 21.2 million, an amount of ANG 18.3 million has been recovered through the tariffs in the years 2007 and 2008.

As of December 31, 2008 the remainder uncompensated under coverage over the above mentioned period amounts to ANG 2.9 million. Due to the compensation of ANG 18.3 million through the tariffs, there was also a release of the provision for doubtful accounts for the same amount.

IFRS does not allow recognition of the amounts in the Regulatory Account. Therefore, the amount in the Regulatory Account is treated as a contingent asset (Paragraph 4.4.5.4. Commitments & contingencies).

CURAÇAO UTILITIES COMPANY N.V. (CUC)

As per December 31, 2008 the following contingent assets related to CUC can be identified:

CUC has undertaken certain work as allowed under the Engineering Procurement Construction (EPC) contract related to the utility facilities. The total expenses related to this work are approximately USD 0.8 million. In accordance with the warranty contract, CUC claimed these costs from MHI by charging the L/C account. CUC called the warranty bond in 2006 and received the funds in 2007. These funds are booked on an escrow account with Wilmington Trust. MHI has entered into arbitration and the outcome of this arbitration is expected to be announced in the end of 2009. Meanwhile, CUC is counterclaiming entitlement to keep the USD 7.3 million drawn down under the L/C, entitlement to keep USD 1 million retained, USD 9.7 million other claims and interest and legal fees.

The outcome nor proper estimates of the above-mentioned CUC contingency are known yet to the management of CUC. Therefore, management of CUC has not accrued for these items in the December 31, 2008 financial statements. The outcome of the issues mentioned could possibly impact Aquaelectra's share in the profit and equity of CUC-Holdings in due time.

4.5. EXPLANATORY NOTES TO THE INCOME STATEMENT

4.5.1. OPERATING REVENUE

Tariffs to consumers of electricity and water consist of two components. The first component covers the production-/ distribution costs and the profit margin. The second component (fuel component) of the used tariff covers the cost of fuel and other direct costs. The fuel component can change as a result of fluctuations in the price of Curoil's and PDVSA/ Refineria ISLA's fuel products. The Company keeps track of the fluctuations and when necessary the fuel component is adjusted in the tariffs as to make the sales work budget neutral to the actual fuel costs. See also note 4.4.5.4 for additional information.

Unaccounted usage for water distribution decreased during 2008 by 2.51% to 27.47% compared to 2007 (29.98%). Unaccounted usage for electricity distribution during 2008 decreased with 0.66% to 13.31% compared to 2007 (13.97%). In order to align all the necessary activities to reduce the unaccounted usage, a multi disciplinary taskforce group was setup in 2004, headed by a steering committee consisting of the Chief Executive Officer (CEO), Managing Director Distribution and the Chief Financial Officer. Furthermore, the taskforce group consists of different project coordinators/groups that are responsible for the identified improvement activities and report periodically to the steering committee. The steering committee actually is being staffed by only the CEO and the Managing Director Distribution.

4.5.2. DIRECT COST PRODUCTION

Direct cost of production includes an amount of ANG 20,199,000 (ANG 19,829,816 in 2007) being the DPP, fuel and extension component of the IUH agreement between Aqualectra, Refineria ISLA and Refineria di Korsou 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. The amount mentioned increases yearly with the consumer index. This agreement covers the construction costs of a Diesel Power Plant and consists of a fuel and extension component. We refer also to 4.4.5.4.

4.5.3. OPERATING EXPENSES

Personnel costs and general expenses are specified below:

(Amounts in ANG * 1,000)	2008	2007
Personnel costs		
Salaries	53,162	51,259 *
Overtime	4,553	3,819
Social securities	11,988	9,773
Actuarial based calculation future medical costs retired employees	10,234	8,163
Other personnel expenses	4,655	2,903
Total personnel costs	84,592	75,917
General expenses		
Housing and car fleet	6,187	5,948
Office expenses	3,172	2,917
Insurance & security	7,891	7,582
Consultancy	7,448	7,768
Sundry expense Production	404	778
Communications and public relation	4,563	4,261
Other expenses	7,327	4,233
Total general expenses	36,992	33,487

* Restated

EMPLOYEE BENEFITS

The Company's contributions to the defined benefit plans are charged to the income statement (personnel expenses) in the period to which the contributions relate. The total expense resulting from contributions, current service costs, interest cost and expected return on plan assets for the year 2008 (and 2007) were:

(Amounts in ANG * 1,000)	2008	2007
Aqualectra Production	3,576	3,774
Aqualectra Distribution	4,202	4,184
Aqualectra Holding	1,749	287

The calculation of the presented figures for employee benefits are based on actuarial calculations in accordance with IFRS. Since the assets ceiling is set at zero, no assets have been recognized in the balance sheet. The actuarially calculated expenses of the plan are charged to the income statement.

The development in the labor force during 2008 was as follows:

Labor force	Aqualectra Production	Aqualectra Distribution	Aqualectra Bottling	Aqualectra Holding	Total
31/12/2007	290	410	2	5	707
31/12/2008	286	391	2	5	684
Increase/Decrease	-4	-19	0	0	-23

4.5.4. INTEREST EXPENSE

A breakdown of the interest expense is as follows:

(Amounts in ANG * 1,000)	2008	2007
Interest expense AP	2,950	1,921
Interest revenues AP	(38)	(10)
Interest expense AD	1,769	1,508
Interest revenues AD	(14)	(11)
Interest expense AH	22,167	26,115
Interest revenues AH	(670)	(1,415)
Total interest expense	26,164	28,108

4.5.5. PROFIT TAX INCOME/ (EXPENSE)

The Company is subject to Netherlands Antilles profit tax. As per January 1, 2008, Integrated Utility Holding NV forms a fiscal unity with its subsidiaries for profit tax purposes.

In accordance with the standard conditions a company and its subsidiaries that form part of the fiscal unity are jointly and severally liable for taxation payable by the fiscal unity.

Profit tax recognized in the income statement can be specified as follows:

(Amounts in ANG * 1,000)	2008	2007
Aqualectra Production		
Addition / release deferred tax asset	5,016	(7,684)
Release deferred tax liability	583	583
	5,599	(7,101)
Aqualectra Distribution		
Addition / release deferred tax asset	7,160	(253)
Release deferred tax liability	59	0
	7,219	(253)
Aqualectra Holding		
Profit tax	(2,935)	(319)
	(2,935)	(319)
Total profit tax income/(expense)	9,883	(7,673)

4.5.6. RELATED PARTIES

IDENTITY OF RELATED PARTIES

The Company has a related party relationship with associates (see note 4.4.1.2) and with directors and executive officers.

TRANSACTIONS WITH KEY MANAGEMENT PERSONNEL

Key management is considered those persons who have authority and responsibility for planning, directing and controlling the activities of

the Company directly or indirectly, including any director (whether executive or otherwise) of that entity. The key management of Aqualectra are provided salary, benefits and incentives based on both Aqualectra's and individual performance. The executive management also participates in a pension plan. Aqualectra does not have a share-based compensation plan.

The remuneration of direct management of Aqualectra and its Supervisory Board is included in the income statement as personnel costs.

Key management, including, Supervisory Board compensation can be categorized as follows:

(Amounts in ANG * 1,000)	2008	2007
Short-term employee benefits	3,125	2,544
Post-employment benefits employees	306	268
Total key management officers' compensation	3,431	2,812

As per December 31, 2008, the outstanding balance of short term and long term receivables from key management officers of Aqualectra amounts to ANG 9,500 (2007: ANG 45,444).

As per December 31, 2008 key management consisted of 1 Acting President Director, 3 Executive Directors and 6 (5 in 2007) Tier 1 Managers. As per December 31, 2007 the numbers of said officers were the same.

As per December 31, 2008 the Supervisory Board consisted of 7 Directors (2007: 7).

ASSOCIATE AND OTHER RELATED PARTY TRANSACTIONS:

- Curaçao Utility Company Holdings N.V. ('CUC') is an associate, since Aqualectra holds 49% of the common shares of CUC;
- Vidanova is 'inter alia' the provider of the pension plan for the Aqualectra personnel. Based on the existing laws and regulation, equal representation (employees and sponsors) in the Board of Managing Directors as well in the Board of Supervisory Directors of the Pension fund is applicable. Aqualectra is represented in the Board of Managing Directors by one member and in the Board of Supervisory Directors by 3 members.

In 2008 Aqualectra paid ANG 65,016 (2007: ANG 58,579) as compensation for the managing director of CUC.

In 2008 Aqualectra purchased electricity from CUC Holdings for a total amount of ANG 13,677,577 (2007: ANG 13,552,684), while at December 31, 2008 Aqualectra presents a financial asset concerning CUC of ANG 2.98 million due to granting security deposits by means of a granted Letter Credit for financing sponsor obligations for CUC Holdings (2007: ANG 5.16 million).

In 2008 Aqualectra paid a total amount of ANG 8,106,000 (2007: ANG 8,052,000) to Vidanova and accrued ANG 937,000 as per December 31, 2008 for the purchase of pension rights. The outstanding balance of a long term loan from Vidanova amounts to ANG 2,108,000 at December 31, 2008 (2007: ANG 2,513,000).



5. CORPORATE FINANCIAL STATEMENTS AQUALECTRA HOLDING

5.1. CORPORATE BALANCE SHEET AQUALECTRA HOLDING

ANG (*1,000)	Dec 31 2008	Dec 31 2007	For specs see notes
ASSETS			
Non-current assets			
Investment in Aqualectra companies	289,832	303,105 *	4.4.1.2 / 5.5.2
Investment in Curaçao Utility Company	76,784	78,877	4.4.1.2 / 5.5.2
Loans to Aqualectra companies	66,440	99,928	5.5.3
Loan to Curaçao Utility Company	2,984	5,164	4.4.1.2
Deferred tax asset	2,166	2,166	4.4.1.3
	438,206	489,240	
Current assets			
Intercompany accounts receivable	147,974	125,583	5.5.4
Other receivables	34,697	35,237	
Cash & cash equivalents	33,307	29,821	4.4.2.4
	215,978	190,641	
	654,184	679,881	
EQUITY AND LIABILITIES			
Capital & reserves			4.4.3
Share capital	525,000	525,000	5.5.5
Retained earnings	(199,149)	(232,893) *	5.4
Income for reported year	(29,230)	28,030 *	
	296,621	320,137	
Non-current liabilities			
Long term loans Holding	65,227	101,155	4.4.4.2
Convertible preferred stock	72,800	72,800	4.4.4.4
Provisions	1,207	965 *	5.5.6
	139,234	174,920	
Current liabilities			
Intercompany accounts payable	167,572	135,575	5.5.4
Other liabilities	50,757	49,249	
	218,329	184,824	
	654,184	679,881	

* Restated

5.2. CORPORATE INCOME STATEMENT AQUALECTRA HOLDING

			For specs see notes
ANG (*1,000)	Dec 31 2008	Dec 31 2007	
OPERATING REVENUES			
Result from Aqualectra Production	(8,343)	15,172 *	
Result from Aqualectra Distribution	(10,916)	6,340 *	
Result from Aqualectra Multi Utility	(266)	(193)	
Result from Curaçao Utility Company	(2,092)	5,919	
Management fee charged to Aqualectra Production	7,750	10,297	5.5.7
Management fee charged to Aqualectra Distribution	7,750	10,200	5.5.7
Management fee charged to USBZ	252	0	
Gross profit	(5,865)	47,735	
OPERATING COSTS			
Personnel costs	3,044	1,962	
General expenses	4,451	4,031	
Total operating expenses	7,495	5,993	
OPERATING RESULT			
Operating (loss)/ profit	(13,360)	41,742	
Interest expense	12,935	13,393	
Net (loss)/ profit before tax	(26,295)	28,349	
Profit tax	2,935	319	4.5.5
Net (loss)/ profit	(29,230)	28,030	

* Restated

5.3. CORPORATE CASH FLOW STATEMENT AQUALECTRA HOLDING

	2008	2007	For specs see notes
ANG (*1,000)			
Cash-flow from operating activities			
Net (loss)/ profit	(29,230)	28,030	
Deferred tax asset	(0)	17	
Intercompany accounts receivable	(22,391)	(24,788)	
Other receivable	540	862	
Intercompany accounts payable	31,997	36,958	
Other liabilities	1,508	1,223	
Other provisions	242	965	
	(17,334)	43,267	
Cash-flow from investing activities			
Change in financial assets	51,034	35,708	
	51,034	35,708	
Cash-flow from financial activities			
Loan repayments	(35,928)	(47,433)	
Adjustment in Equity	5,714	(27,783)	
	(30,214)	(75,216)	
Balance at start of year	29,821	26,062	
Increase	3,486	3,759	
Balance at end of year	33,307	29,821	4.4.2.4

* Restated

5.4. CORPORATE STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

(Amounts in ANG * 1,000)	Share Capital	Share Premium	Retained Earnings	Total Equity
Year ended December 31, 2007				
Balance at January 1, 2007	470,000	55,000	(205,110)	319,890 *
Net loss recognized directly in equity	0	0	(27,783)	(27,783) *
Result of the year	0	0	28,030	28,030 *
Balance at December 31, 2007	470,000	55,000	(204,863)	320,137
Year ended December 31, 2008				
Balance at January 1, 2008	470,000	55,000	(204,863)	320,137
Net profit recognized directly in equity	0	0	5,714	5,714
Result of the year	0	0	(29,230)	(29,230)
Balance at December 31, 2008	470,000	55,000	(228,379)	296,621

* Restated

5.5. EXPLANATORY NOTES TO THE CORPORATE FINANCIAL STATEMENTS

5.5.1. GENERAL

The accounting policies for the corporate financial statements are equal to those of the consolidated financial statements. Consolidated subsidiaries are accounted for by the equity method of accounting. Equity accounting involves recognizing in the statement of income of the Company's share in the subsidiaries' profit or loss for the year. Please refer to the description of the general accounting policies of the consolidated financial statements.

5.5.2. INVESTMENT IN AQUALECTRA COMPANIES AND CUC

The movements in the financial fixed assets are as follows:

(Amounts in ANG * 1,000)	Production*	Distribution*	CUC	Multi Utility	Total
Value as at January 1, 2007	204,331	104,750	72,958	(87)	381,952
Adjustments through Equity	(14,131)	(13,077)	0	0	(27,208)
Result current year 2007	15,172	6,340	5,919	(193)	27,238
Value as at December 31, 2007	205,372	98,013	78,877	(280)	381,982

* Restated

(Amounts in ANG * 1,000)	Production*	Distribution*	CUC	Multi Utility	Total
Value as at January 1, 2008	205,372	98,013	78,877	(280)	381,982
Adjustments through Equity	(430)	6,682	0	0	6,252
Result current year 2008	(8,343)	(10,916)	(2,093)	(266)	(21,618)
Value as at December 31, 2008	196,599	93,779	76,784	(546)	366,616

* Restated

AQUALECTRA PRODUCTION

Kompania di Produksion di Awa I Elektrisidat di Korsou N.V. (KAE) is a 100% subsidiary of Integrated Utility Holding N.V. Its authorized capital consists of 150 shares at ANG 1 million each of which 105 shares have been issued and paid. The financial position of KAE has been fully included in these consolidated financial statements. The main objective of KAE is generation of electricity and production of water in Curaçao.

AQUALECTRA DISTRIBUTION

N.V. Kompania di Distribushon di Awa I Elektrisidat di Korsou (KODELA) is a 100% subsidiary of Integrated Utility Holding N.V. Its authorized capital consists of 150 shares at ANG 1 million each of which 65 shares have been issued and paid. KODELA's financial position, after consolidation with GEUS, has been fully included in these consolidated financial statements. The main objective of KODELA is transmission and distribution of electricity and transportation and distribution of water in Curaçao.

AQUALECTRA MULTI UTILITY COMPANY N.V.

Aqualectra Multi Utility Company N.V. (AMU), a 100% subsidiary of Integrated Utility Holding N.V., has been incorporated as at February 14, 2001 with an authorized capital of ANG 500,000 divided in 5,000 shares of ANG 100 each of which 1,000 shares have been issued. The purpose of this company is to facilitate specific clients. AMU's financial position, after consolidation with Aqualectra Bottling Co. N.V., has been fully included in the consolidated annual report.

AQUALECTRA BOTTLING COMPANY N.V.

Aqualectra Bottling Company N.V., a 100% subsidiary of Aqualectra Multi Utility Company N.V. (AMU), has been incorporated on December 30, 2004 with an authorized capital of ANG 20,000 divided in 200 shares of ANG 100 each of which 200 shares have been issued. The main objective of this company is to produce, bottle and distribute water in pure or with other taste. The Company is operational since 2006.

GENERAL ENGINEERING & UTILITY SERVICES N.V.

General Engineering & Utility Services N.V. (GEUS) is a 100% subsidiary of Aqualectra Distribution. The authorized capital of ANG 500,000 is divided in 5,000 shares of ANG 100 each of which 1,000 shares have been issued and paid in by Aqualectra Distribution. The main objective of GEUS is to provide management with assistance and technical consultancy.

CURAÇAO UTILITY COMPANY HOLDINGS N.V.

Aqualectra Holding has a 49% common participation in Curaçao Utility Company Holdings N.V. (CUC Holdings) relating to 100% of the class A shares with a nominal value of USD 19.6 million (ANG 35.3 million). CUC Holdings is 100% owner of Curaçao Utility Company (CUC), which company is mainly in charge of the BOO operations on the premises of ISLA refinery, which commercial operation commenced in June 2003. The total issued common capital amounts to USD 40 million. Aqualectra also acquired 100% of non-voting class-C shares in CUC Holdings, with a nominal value of USD 8 million (ANG 14.4 million).

5.5.3. LOANS TO AQUALECTRA COMPANIES

The intercompany loans are as follows:

(Amounts in ANG * 1,000)	Production	Distribution	Total
Loans as at January 1, 2008	21,490	78,438	99,928
Loan repayments 2008	(7,163)	(26,325)	(33,488)
Loans as at December 31, 2008	14,327	52,113	66,440

The term of the loans to Aqualectra Production are 9 years and the loans bear an interest percentage of 7.5%. The terms of the loans to Aqualectra Distribution vary between 3 and 9 years and the interest percentage of the loans vary between 3.4% and 7.5%.

5.5.4. INTERCOMPANY ACCOUNTS RECEIVABLE AND PAYABLE

These relate to interest free current accounts with Aqualectra Production and Distribution.

5.5.5. COMMON SHARE CAPITAL

The Company's authorized capital amounts to ANG 600 million, consisting of 66 shares at ANG 1 million par value each, of which 470 shares were issued to the Island territory of Curaçao on June 1, 1998. There were no movements in the shares outstanding as per December 31, 2008.

The share capital was paid up by means of the contribution of the KODELA and KAE shares. The pay up in full of the 470 shares placed through the contribution of KODELA and KAE has created a share premium of ANG 55 million.

5.5.6. PROVISIONS

MEDICAL COSTS RETIRED EMPLOYEES

In 2007 the Company formed a provision for future medical expenses for retired employees. The provision amounting to ANG 965,000 was fully formed against equity. During 2008 an actuarial based amount of ANG 114,000 was debited to the provision via equity. Movements in the provision are included in paragraph 4.4.4.6.

VIDANOVA PENSION PLAN

As described in paragraph 4.2 the Company participates in a multi employer defined benefit plan (Vidanova). As per December 31, 2008 the provision for pension obligation exceeded the identifiable pension plan assets by ANG 372,000. In accordance with IAS 19, a provision was formed by the Company to cover this liability. In previous years the value of the plan assets exceeded the value of the defined benefit obligation.

5.5.7. MANAGEMENT FEE

The management fee consists of cost allocation agreed upon at the beginning of each fiscal year.



6. AUDITORS' REPORT PRICEWATERHOUSECOOPERS N.A.

We have audited the accompanying consolidated financial statements 2008 (on page 27 to page 97) of Aqualectra, Curaçao, which comprise the consolidated balance sheet as at December 31, 2008, the consolidated statement of income, the consolidated statement of recognized income and expenses, the consolidated cash flow statement for the year then ended, the notes thereto and the 2008 corporate financial statements of Aqualectra.

Management's responsibility

Management of the company is responsible for the preparation and fair presentation of the consolidated financial statements, in accordance with Book 2 of the Netherlands Antilles Civil Code. Management has elected to prepare the consolidated financial statements in accordance with International Financial Reporting Standards. Management's responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error.

In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

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

Opinion

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of Aqualectra as at December 31, 2008 and its result for the year then ended in accordance with International Financial Reporting Standards.

Curaçao, Netherlands Antilles, November 17, 2009

PricewaterhouseCoopers Netherlands Antilles



Cees Rokx



