AQUALECTRA

August 19, 2010 2010 - 13966
Board of Managing Directors

CONSOLIDATED ANNUAL REPORT 2009

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1. REPORT OF THE BOARD OF MANAGING DIRECTORS

1.1. COMPANY PROFILE

Aqualectra is Curacao's utility company (hereinafter The Group) responsible for the production and distribution of power and water as well as the delivery of accompanying services. The Group service approximately 70,000 connections electricity and 71,000 connections water. Aqualectra workforce includes 691 dedicated workers who provide the framework for the delivery of quality products and services to our customers.

1.2. FINANCIAL PERFORMANCE

Aqualectra has realized in 2009 a positive net result after taxes of ANG 24,423 million (2008: ANG – 17,019 million). The gross profit of 2009 was ANG 289,524 million (2008: ANG 221,497 million) and the operating result was ANG 62,782 (2008: ANG – 10,831 million). The financial performance of the Group in 2009 is significantly better than in 2008. The reasons for this better financial performance are to be explained as follows:

SALES ELECTRICITY

In 2009, a total sale of 654.4 MWh has been realized, compared to 2008, when a total sale of 633.7 MWh has been realized. This is an increase of sales of 3.2%. This total increase of sales is a result of an increase of 3.0% of sales to the households and 3.4% increases of sales to the business sector. 41% of the total sales have been realized to the households, while 59% of the total sales have been realized to the business clients. 75% of the total sales to the households have been realized to postpaid clients, while 25% of the total sales to the households have been realized to the prepaid clients.

SALES WATER

In 2009, a total sale of 9,785 m^3 x 1,000 has been realized, compared to 2008, when a total sale of 9,420 m^3 x 1,000 has been realized. This is an increase of sales of 3.8%. This increase of sales is a result of 4.5% increases of sales water to the households and an increase of 2.5% of sales to the businesses. 67% of the total sales have been realized to the households, while 33% of the total sales have been realized to the commercial & industrial clients.

APPLICABLE TARIFFS:

In accordance with Federal Government 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 Group is allowed to realize a yearly return on equity of 8%;
- That the Group is allowed to apply a "regulatory account" in which an eventual 'over coverage' or 'under coverage' of the total direct cost by the applicable cost component is reflected;
- 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 Group.

Based on this resolution, the Group is allowed to pass through any eventual under coverage of direct cost (fuel costs) to the customer 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.

In 2009, the realized average all inclusive tariffs for electricity was ANG 0.6020 per KWh (2008: ANG 0.5823 per KWh). In 2009, the realized average all inclusive tariffs for water was ANG 10.3827 per m^3 (2008: ANG 12.7990 per m^3). Below an overview of the realized tariff adaptations as of 2004 till 2009.

Average tariff	Realized 2004 01 Jan	Realized 2005 01 Feb	Realized 2005 03 Jun	Realized 2007 04 Jul	Realized 2008 01 Jun	Realized 2009 05 Feb	Realized 2009 04 Sep
Electricity							
Base component	0.2919	0.2919	0.2919	0.2919	0.2919	0.2919	0.2919
Direct cost component	0.1077	0.1584	0.1960	0.2641	0.3363	0.2735	0.3838
All inclusive tariff	0.3996	0.4503	0.4879	0.5560	0.6282	0.5654	0.6757
Index (base = 2004)	**100%**	**113%**	**122%**	**139%**	**157%**	**141%**	**169%**
in % of year before		**13%**	**8%**	**14%**	**13%**	**-10%**	**19.5%**
Water							
Base component	7.7099	7.7099	7.7099	7.7099	7.7099	7.7099	7.7099
Direct cost component	4.0201	4.5493	5.3259	6.0328	6.0328	2.5139	3.0300
All inclusive tariff	11.7300	12.2592	13.0358	13.7427	13.7427	10.2238	10.7399
Index (base = 2004)	**100%**	**105%**	**111%**	**117%**	**117%**	**87%**	**92%**
in % year before		**5%**	**6%**	**5%**	**0%**	**-26%**	**5%**

In 2009 the all inclusive tariff for water and electricity has been adjusted on 5 February and on 4 September, because of the adjustment of the direct cost component due to fluctuations on the world oil market.

REVENUES WATER AND ELECTRICITY:

The total realized revenues for water and electricity in 2009 (ANG 508.9 million) was ANG 12.6 million higher than in the year 2008 (ANG 496.3 million). In 2009 more sales and higher tariffs were recorded compared to 2008 for electricity. On the other hand in 2009 more sales and lower tariffs were recorded compared to 2008 for water.

DIRECT COSTS:

This cost item consists of the cost of fuel usage, chemicals, lubrication, intake of electricity and water from third parties and other direct cost of production. The total direct costs recorded for production and sales in 2009 (ANG 234.8 million) is ANG 56.3 million lower than in 2008 (ANG 291.1 million). The major drivers for this cost decrease were the lower realized cost of fuel in 2009: ANG 171.5 million compared to ANG 231.2 million in 2008 (ANG 59.6 million decrease).

DEVELOPMENT "REGULATORY ACCOUNT":

In 2009, the total realized coverage for the 'direct costs production electricity' and water was ANG 229.1 million. On the other hand, as explained in this report before, in 2009, the total realized 'direct cost production' and 'other direct cost of sales' was ANG 236.2 million. The realized under coverage direct cost for the year under report is ANG 7.1 million. The total amount of under coverage 'direct cost' until the year 2008 was ANG 88.5 million. Considering the above mentioned realized under coverage in the year under report, the total amount of under coverage of the direct cost until 2009 has increased to ANG 95 million. Below an overview of the total amount of under coverage direct costs as realized as of 2006 till 2009:

Development "regulatory account"	Amount under coverage in ANG
To be compensated to Aqualectra for 2006	2,917,755
To be compensated to Aqualectra for 2007	11,395,440
To be compensated to Aqualectra for 2008	74,179,925
To be compensated to Aqualectra for 2009	7,118,084
Total amount to be compensated to Aqualectra at year end 2009	**95,611,204**

DEVELOPMENT OPERATING EXPENSES:

In 2009, the total operating expenses have been realized for ANG 226.7 million. In 2008, the total operating expenses was ANG 232.3 million. It regards a decrease of ANG 5.6 million which is 2.4% compared to 2008. This decrease is mainly attributable to the following factors:

Personnel expenses totaled ANG 86.7 million in 2009: an increase by ANG 2.1 million from the recorded ANG 84.6 million in 2008. This increase is mainly attributable to (i) additional contribution to the provision for medical expenses of retired personnel based on actuarial calculations and (ii) more over time realized in the year under report than in previous year.

Operational and maintenance expenses include the cost items: material usage, repair and maintenance and hired services. This total cost item amounted to ANG 58.6 million in the year under report (2008: ANG 53.7 million). This ANG 4.9 million increase is mainly a consequence of (i) the accelerated maintenance program of the different electricity and water production assets and (ii) on the one hand, more materials applied in the year under report for the maintenance of the T&D assets for water and electricity and (iii) on the other hand, less hired services realized in the year under report than the previous year for the maintenance activities.

General expenses regards the costs related to housing & car fleet, office expenses, communication & PR, insurances and security, consultancy and other sundry and general expenses. In 2009 a total amount of ANG 26.6 million has been realized as "general expenses", which is a decrease of ANG 10.0 million compared to 2008 (ANG 36.6 million). The decrease of the realized "general expenses" in 2009 is the result of the everlasting effort of all Aqualectra executives to be more and more in control of the realization of costs. The decrease of this cost item compared to 2008, has been equally realized for the above mentioned sub-cost items.

Depreciation expenses amount to ANG 50.2 million (2008: ANG 52.2 million) in the year under report. This is a decrease of ANG 2.0 million compared to 2008. Depreciation costs are realized based the amount of assets on the balance sheet during the year under report.

Provision bad debt expenses amount to ANG 4.5 million (2008: ANG 5.2 million) in the year under report. This is a decrease of ANG 0.7 million compared to the year before. The provision for bad debt costs is related to the sales of water and electricity. More sales has been realized in the year under report compared to the previous year, hence relatively more provision for bad debt needed to be recorded in the year under report.

1.3. CORPORATE GOVERNANCE

In accordance with the "Stock Register" of Integrated Utility Holding NV, the following information about the ownership of the Company can be disclosed:

COMMON SHAREHOLDER:

- As of June 1, 1998 a total amount of 470 issued common shares (nr. 1 to nr. 470) has been paid for by the "Eilandgebied Curaçao". The total amount paid regards ANG 570 million.
- As of September 6, 2001 the total amount of 470 shares has been transferred to by the "Eilandgebied Curaçao" to Stichting Implementatie Privatisering (StIP).

PREFERRED SHAREHOLDER:

- As of December 19, 2001 a total amount of 2,800 issued preferred shares (nr. b1 to nr. B2800) has been paid for by the "Mirant Curaçao Investments Ltd.". The total amount paid regards USD 16 million.
- As of September 27, 2002 a total amount of 4,200 issued preferred shares (nr. B2801 to nr. B4000) has been paid for by "Mirant Curaçao Investments Ltd.". The total amount paid regards USD 24 million.
- As of July 11, 2006 the total amount of 7000 preferred shares has been transferred by "Mirant Curaçao Investments Ltd." to "MaruEnergy Curaçao Ltd".
- As of December 30, 2009 the total amount of 7000 preferred shares has been repurchased from "MaruEnergy Curaçao Ltd." by "Integrated Utility Holding NV".

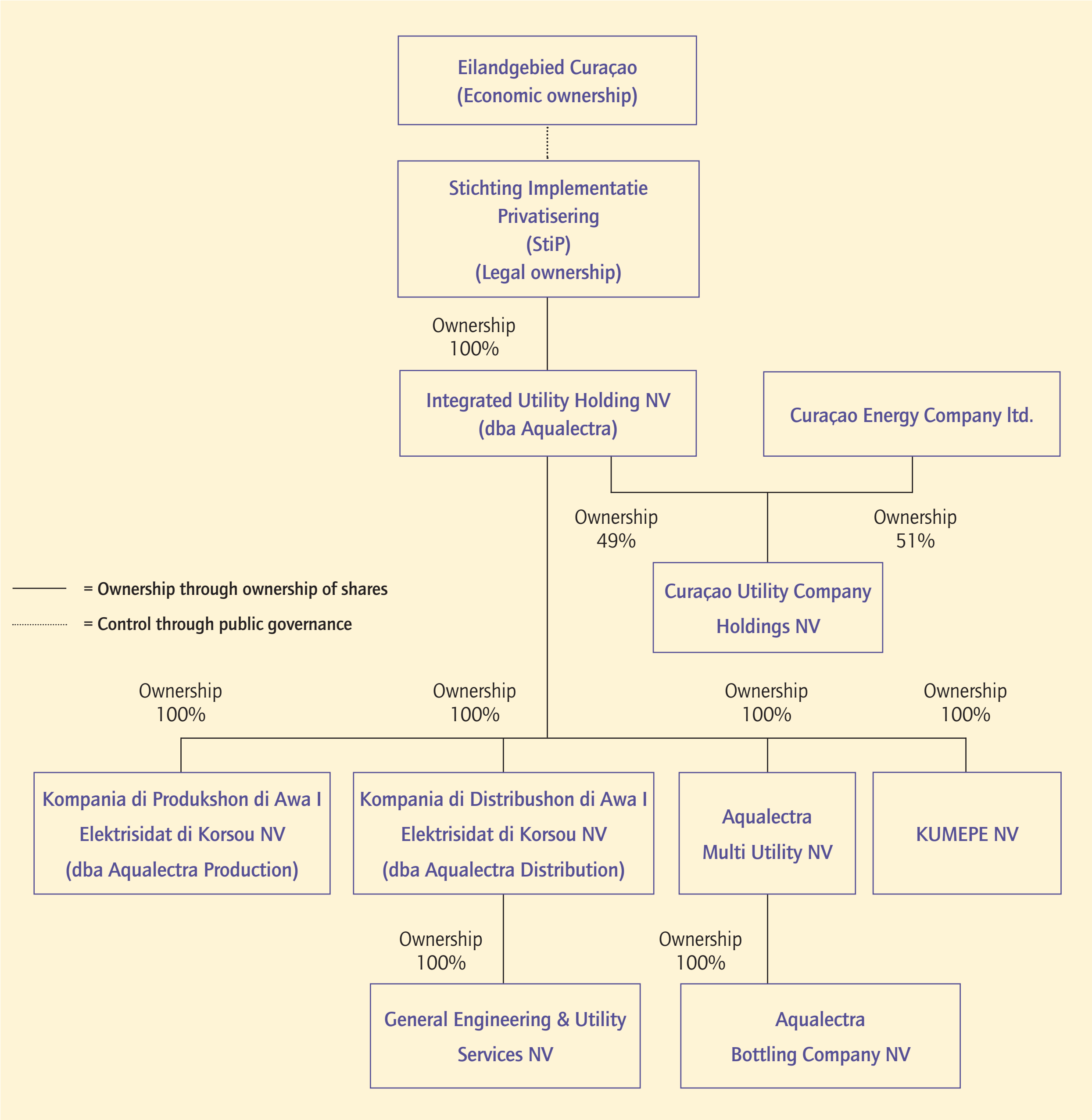
ANNUAL REPORT AND LEGAL STRUCTURE

This annual report of Aqualectra, regards the consolidated report of management to the shareholders and other relevant stakeholders about the performance of the Group over the year 2009. This report regards the consolidation of the following companies into the report of Integrated Utility Holding NV (dba Aqualectra):

- 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)).

All above standing entities are hereinafter mentioned as " The Group".

Below an overview of the Group's legal structure:



Also reference is made to the articles of incorporation of Integrated Utility Holding NV. Clause 7 of these articles regulates the management and control of the Group. In this clause it is also stipulated that all management actions with regard to the Aqualectra group of Company's are subject to supervision of the Board of Supervisory Directors.

PLANNING & CONTROL CYCLE OF THE GROUP

Good governance in corporate settings includes transparency, accountability, compliance and adherence to legal principles and procedures. Of course, the citizen will ultimately judge the Group by its performance in terms of (i) quality, (ii) reliability, (iii) environmental burden and (iv) applied prices. Nevertheless, governance issues are also critical and considerations of good governance apply to the Group very much as they do to the society as a whole. Aqualectra's philosophy hereby entails compliance to all corporate governance principles on the one hand and on the other hand embedding the internal planning & control cycle as much as possible into the corporate governance settings of the Group.

ENTERPRISE RESOURCE PLANNING:

This planning & control cycle starts with the periodic (every 3 years) update of the Enterprise Resource Planning (ERP). The primary objective of the Enterprise Resource Plan is aimed at the realization of the corporate objectives of the Group. In general, capacity- and efficiency deficiencies drive the Group's resource needs, which are identified in the Group's periodic update of its ERP. The ERP describes the Group's growing customer base, load growth, supply-resources, demand side management and risk analysis. Additionally this ERP also contains information regarding available resource options, planning period forecasts, potential generating resources and –options (including sustainable energy), 20 year resource plan and a near term investment plan.

BUSINESS PLANNING AND CONSOLIDATED BUDGET:

Every year a business plan and a consolidated budget, including a 5 year forward looking projection, are drafted and submitted for approval to the Board of Supervisory Directors. This business plan includes management's score card for the year ahead. In order to be effective with these planning & control instruments the Group applies the EFQM (European Foundation for Quality Management) model of excellence. The EFQM Excellence Model is a practical tool that can be applied as a tool for self-assessment; as a way to Benchmark with other organizations; as a guide to identify areas for Improvement; as the basis for a common vocabulary and a way of thinking and as a structure for the organization's management system.

The business plan contains information about management's objectives and intentions. These are identified as the corporate enabling areas. These corporate enabling areas are (i) Strategy & Policy, (ii) People, (iii) Leadership, (iv) Partnerships & Resources and (v) Processes. Furthermore 4 result areas are identified being (a) people results, (b) customer results, (c) society results and (d) key performance [operational and financial] results. The business plan presents the different key performance indicators [KPI's] per result area, which results are to be considered management score card for the year under report.

This planning process is aimed at the defined corporate objectives and is being executed, considering the different conditions as well as substantial facts and risks involved. Corporate Governance and Public Governance principles are also important and relevant in this regard. Aqualectra recognizes and respects the role Governments, as shareholders as well as a public entity has to play within the deployment of policy within the Group. Management considers it as well as its duty to sustain the Government, the Shareholders and the Supervisory Board as much as possible in this important task by complying completely and proactively through our planning & control cycle with all regulations, laws and incorporated and internal procedures. Key words for Aqualectra in this regard are: transparency, disclosure and compliance.

YEAR OPERATIONAL PLANNING AND DEPARTMENTAL BUDGET:

The above-mentioned business plan and consolidated budget is the input for the yearly internal planning and budgeting cycle. The Group's internal structure is organized in 9 policy areas. These areas are (i) Customer Relations, (ii) Production, (iii) Distribution, (iv) Finance & BRC/IAD, (v) ICT, (vi) General affairs, (vii) Corporate affairs, (viii) Legal and Communication and (ix) HR- and Facilities Management. For every internal policy area, Year Operational Plans (YOP) and departmental budgets are drafted and approved by Management, considering the guidelines and objective for the year under report as this is defined in the year business plan. For every policy areas also key performance indicators are in place, which will be the input for the yearly assessment and appraisal of middle management and staff.

REPORTING:

Periodic reporting (monthly or quarterly and yearly) of each policy area is applied, in which reports the realization of the KPI's are set off against the planned or projected KPI's per policy area. Management on its turn also periodically reports to the Board of Supervisory Directors about the realization vis a vis the planned and projected KPI's. Through a process of monitoring, reporting and compliance, the adherence to good governance within Aqualectra is assessed. Throughout the year 2009 Aqualectra has gone through the following process of monitoring, reporting and compliance:

- One audit and one review of the financials of the Group conducted by the external auditor KPMG.
- One review 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.

ADHERENCE TO THE CORPORATE GOVERNANCE CODE

On October 12, 2009 the Island Council of Curaçao has adopted an ordinance (2008/23) about the rules and procedures for the State Owned Enterprises [SOE] with regard to (i) the acquisition and transferring of shares, (ii) dividend policy, (iii) appointment and discharge of management. The primary objective of this ordinance is aimed at promoting sound management and control principles for the SOE's. The regulated topics of this Ordinance are:

- The Corporate Governance Code;
- The Corporate Governance Advisor for the Island Government;
- Dividend policy;
- Acquisition, transfer and encumbering of shares;
- Appointment and discharge of management.

As mentioned above, the above-mentioned ordinance also refers to a resolution of the Executive Council of the Island Government of Curaçao in which good and transparent corporate governance practices for SOE's are regulated and supervised.

On October 29, 2009 the Executive Council of the Island of Curaçao has adopted a resolution "the Corporate Governance Code" in which resolution the complete policy outlines of Corporate Governance principles for the SOE's are stipulated. In accordance with the above-mentioned resolution of the Executive Council, the Corporate Governance Code takes effect as of January 1, 2010. The SOE's already as of the year 2009 must record in their Annual Report a separate chapter about the Group's corporate governance structure and its adherence to the Corporate Governance Code. In the future any non-compliance to the code must also be recorded in the annual report.

The different Corporate Governance topics that are treated in this Code are:

- The Board of Supervisory Directors (BSD);
- The Board of Managing Directors (BMD);
- The General Meeting of Shareholders (GSM);
- Other provisions.

As mentioned before in this annual report, Management considers it as its duty to sustain the Government, the Shareholders and the Supervisory Board as much as possible in this important task by complying completely and proactively through our planning & control cycle with all regulations, laws and incorporated and internal procedures. In order to be effective with this compliance, the Group already has requested legal advice about the way the Group already is complying with the different provisions of this government resolution. Also this legal advice entails all the additional improvements that are needed in the Group's planning & control processes and procedures in order for it to be in full compliance with the "Code". This legal advice is shared with the Board of Supervisory Directors and all the improvement activities will be planned and executed in the year ahead.

1.4. CORPORATE CITIZENSHIP

CORPORATE SOCIAL RESPONSIBILITY (CSR)

The Group considers its corporate social responsibility (CSR) as a form of self-regulation integrated into the Group's business model. Aqualectra has a firm believe that its CSR policy would function as a built-in, self-regulating mechanism whereby business would monitor and ensure its support to law, ethical standards, and international norms. Consequently, its business would embrace responsibility for the impact of its activities on the environment, consumers, employees, communities, stakeholders and all other members of the public sphere. Furthermore, Aqualectra proactively promote the public interest by encouraging community growth and development, and voluntarily eliminating practices that harm the public sphere, regardless of legality. Therefore it is for management essential that the public interest is included into the corporate decision–making, and by doing this, honoring of a triple bottom line: People, Planet, Profit.

SMALL CONTRIBUTIONS TO SPORT-, RELIGIOUS OR CULTURAL EVENTS:

Aqualectra regularly receives request from the general public for small contribution for sport-, religious- or cultural events. Although the Group cannot comply with all the submitted requests, still in the year under report a total of 254 requests for a small donation have been awarded. The average amount per donation is ANG 700.

SPONSORSHIPS TO SPORTS:

Aqualectra also ought it as its corporate social responsibility to sustain major sport activities or sport organizations. In this regard the Group is proud to inform that during the year under report it has continued its sponsorship for the football club "CENTRO DOMINGUITO" and the baseball club "BLUE HAWKS". Also is the Group proud to inform that in the year under report the cooperation with the government foundation "SEDREKO" has continued. This cooperation entails sponsorships of the foundation in order to make it possible for the different sporting facilities to cover the electricity costs for evening events.

EXCURSIONS TO THE PRODUCTION PLANTS:

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

RECYCLING CAMPAIGN SHOPPING BAGS WITH CUROIL, RDK AND SELIKOR:

In the year under report, Aqualectra has participated in a recycling campaign for shopping bags with its sister companies Curoil, RdK and Selikor. This campaign was coordinated by the Executive council of the Island Government of Curaçao with the objective to minimize the issue of plastic shopping bags by the supermarkets. A number of 3,000 durable shopping bags have been issued by the 3 Companies to the different Scouting groups at no cost, to be sold for little money to the public. By doing this the Companies have been giving Scouting a hand and at the same time eliminating the amount of plastic shopping bags in the island environment.

ISO 14001

The Group 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 minimize this possible negative impact effectively. By obtaining the ISO 14001 in 2005, the Group explicitly specifies in its business processes the actual requirements for an environmental management system and adheres to those environmental aspects which the organization has control over and which it can be expected to have an influence on. By continuation of the ISO 14001 standard in 2009, the Group proactively shows the community it serves, that it wishes to:

- implement, maintain and improve an environmental management system;
- assure itself of its compliance with its own stated environmental policy;
- 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.

1.5. OTHER IMPORTANT MILESTONES AND DEVELOPMENTS

INVESTMENTS:

A total amount of ANG 69.0 million of investments have been realized in 2009. These investments have been realized in:

Production	ANG 44.6 million
Distribution	ANG 24.4 million
Total	**ANG 69.0 million**

The extension of the Diesel Power capacity was planned for 2007. Unfortunately, due to cash flow constraints as a consequence of the delayed electricity and water tariff increase, this project was postponed. This project is in construction and completion of this extension is expected in the second half of 2010.

1.6. FUTURE PROSPECTS

MAJOR RISK FUEL PRICE VOLATILITY:

In 2008 and before, Aqualectra has been confronted with extraordinary expenses for fuel used to generate electricity and the production of water, because of skyrocketing global energy costs. As explained in this report a total amount of ANG 95.6 million is still recorded as not recovered fuel costs over the years 2006 till 2009. By not recovering of the afore mentioned amount or by not applying a regulating tariff setting system in order to make it possible for the Group to (re-)cover its fuel costs is considered to be a major risk for the realization of the Group's objectives.

Aqualectra cannot control factors driving world fuel prices and it is in the line of expectation that the energy costs are becoming more costly and very volatile, making it more difficult for utility companies to explain this development to the customer. By not being able to have a full 'fuel pass through' on the energy bill of the customer, Aqualectra is not in a position to acquire additional base-load energy resources on time, which will lead to capacity- and efficiency deficits. This deficit will continue to grow as peaking requirements increase with load growth and the Group's resource base declines due to no timely replacement- or expansion investment.

FUEL DIVERSITY:

Aqualectra is a firm believer of the value of fuel diversity to help stabilize fuel costs as well as to maintain and improve overall system reliability. The actual generation mix of the Group includes: HFO steam turbines (26%), HFO diesel units (36%), purchased power (20%), LFO gas turbines and diesel units (13%) and wind energy (5%). By taking advantage of the dual fuel capabilities of a number of its generating units – that is, a number of plants can burn either oil or natural gas of a combination of both – Aqualectra in the future can take advantage of whichever of these fuel sources is least costly at any particular time. Although the cost of doing business as well as the cost of living has been subject to increase of CPI, Aqualectra has managed to stabilize and maintain the base rates for water and electricity on the level of 2004. This policy will be continued in the years ahead of us.

ENTERPRISE RESOURCE PLANNING:

In general, capacity- and efficiency deficiencies drive Aqualectra's resource needs, which are identified in the Group's periodic update of its Enterprise Resource Planning (ERP). The ERP describes the Group's growing customer base, load growth, supply-resources, demand side management and risk analysis. Additionally this ERP also 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. The last update of this ERP was in 2008 and reported in 2009.

- The main conclusions for water production are shortage of water production capacity if no expansion; aging of water production assets at Mundu Nobo, if no replacement; possible relocation of Mundu Nobo plant.
- The main conclusions for water distribution are expansion transport capacity from Santa Barbara production location; shortage of storage capacity at Trai Seru, if no expansion; segregation transport lines from main distribution and service lines; upgrade secondary pumping stations to regulate water pressure at homes; restructuring/renewal service line system.
- The main conclusions for electricity generation are shortage of generation capacity, if no expansion; aging of generation assets, if no replacement; possible relocation of Mundu Nobo plant; reliability of supply BOO.
- The main conclusions for electricity distribution are aging 30 kV switchgear in substations; overloading of 30/12 kV Transformers; aging 12 kV switchgear in substations; restructuring of 12 kV distribution systems; restructuring/renewal LV system

CORPORATE OBJECTIVES:

As stated before in this report, good governance in corporate settings includes transparency, accountability, compliance and adherence to legal principles and procedures. Ultimately the citizen will judge the Group by its performance in terms of (i) quality, (ii) reliability, (iii) least environmental burden and (iv) least applicable costs. In order to be transparent and effective, the Group has identified the values for these 4 objectives and has also drafted a roadmap based on which these corporate objectives must be met (mission).

INFRASTRUCTURE:

Taken the main conclusions from the ERP into account, Aqualectra's near term investment plan is aimed at replacing the existing production units for water and electricity as well as expanding the total capacity of these production units in order for the Group to be able to cope with the increasing demand for water and electricity. This investment plan is phased over the period 2010 till 2015. Within this time frame the following investments have been identified:

- Renewing and expanding the total capacity of Sea Water Reverse Osmosis production up to 54,000 m^3 per day in 2015. In 2015, the total demand for water is expected to be 45,000 m^3 per day.
- Expansion and renewing the total capacity of electricity generating units up to 246 MW in 2015. In 2015, the total demand for electricity is expected to be between 115 MW and 140 MW.

The expected generation mix of the Group in 2015 includes: HFO diesel units (50%), wind energy (35%), purchased power (10%), and Waste to Energy (5%). The road map to realize these investments are already presented to the Board of Supervisory Directors of the Group and are in full preparation for its execution. A very remarkable point that must be accentuated in this road map is the fact that the Mundo Nobo technical facility will be out phased after the above-mentioned investments have been concretized.

SYSTEMS:

It is also necessary for the Group to realize the necessary improvements and upgrading of the applied systems. The primary systems that will be improved and upgraded in the period 2010 and 2015 are:

- SCADA system (Supervisory Control & Data Acquisition). Regards the upgrading and improvement of the Group's dispatch and control centre.
- AMR/AMI systems (Automatic Meter Reading and Advanced Metering Infrastructure). Regards the improvement of the metering of the water and the electricity flows in the applicable distribution grids as well as at the customer premises.
- GIS/CRM systems (Geographical Information System and Customer Relation Management System). Regards the improvement and alignment of the technical drawings database of the distribution grid of water and electricity aligned with the Customer Relation Management systems.
- ERP system (Enterprise Resource Planning systems). Regards the continuous improvement of the applied ERP systems.

ORGANIZATION, PERSONNEL, HEADQUARTERS, PROCESSES AND PROCEDURES:

The afore mentioned road map will lead the Group to a situation in which the Mundu Nobo production facility will be out phased in 2015. It must also be considered that between 2010 and 2015 about 200 employees will be retiring the Group because of their pensionable age. Taken into account the afore mentioned developments and in order for the Group to be more and more efficient also a restructuring of the Group's organizational structure must be realized while the investments are realized. Aqualectra is already engaged in this reorganization project called "THE NEXT STEP". This project includes the physical and operational integration of the existing organization and processes of KAE and KODELA. It is projected that this integration will be taken effect at the beginning of the year 2011 and concluded during the years 2012 till 2015. In order to be successful in this efficiency quest, it will also be important for the Group to provide adequate accommodation for the different integrated departments as well as it will be important to have adequate accommodation for the renewed, upgraded and aligned internal business processes. The preparations for the new integrated operational centre and technical services facility of Aqualectra is already ongoing and are expected to be in operation in the year 2012/2013.

FINANCING:

In order to realize the above mentioned corporate objective, it will also be necessary to have the financial resources in place. Determent factor within the scope of these corporate objectives will be the least cost option criterion. Lower cost per unit can be realized, because of (i) relative less cost of fuel because of more wind- and heavy fuel oil generation of electricity, (ii) relative less personnel cost, because of less personnel and (iii) relatively less maintenance cost, because of an acceptable and rational over capacity, considering the development of the demand. The afore mentioned efficiency gains can be offset against the expected more capital charges, which is expected to be higher than the current capital charges, this because of the amount of capital expenditure needed.

With these policy assumptions the Group already has included in the afore mentioned road map its financing strategy. Implementation already started at the end of 2009, when the refinancing of the existing financing structure has been successfully concluded. It is envisioned that during the years 2010 till 2015, that the necessary capital can be raised, taken into account the realization of the different investment projects in that period.

REGULATORY STRUCTURE:

Due to untimely decision-making regarding the adjustment of the direct costs component of the tariff, in 2007 and 2008, the Group each time has been placed in a position of pre-financing fuel costs, which in the end has lead to postponement of- or delay in planned investment activities and necessary maintenance activities. In order for Aqualectra to realize the identified investments as well in order for the Group to realize the necessary (re-)financing successfully a well designed energy policy and regulatory structure is a predominant condition. In 2007 and 2008 Aqualectra has offer some building blocks for the development of an energy policy. Different documentation with regard to the subjects has been submitted, 2 seminars about this subject has been organized and very well visited and a training course for the operational management of Aqualectra has been realized. Management strongly believes that a well thought 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. Aqualectra has the duty not only to provide for water and electricity today, but also in the coming decades. Therefore, the Group will continue to advise to put the suggested issues on the policy agenda in order to discuss the best approach for the island, 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 can 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.

CONTINUOUS IMPROVEMENT:

Furthermore, Aqualectra 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 the non revenue 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 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 Group continues to try to deliver on its mandate to provide safe, reliable, and efficiently produced power and water supply for all those who want it.

Willemstad, July 28, 2010

On behalf of the Board of Managing Directors,

(Original was signed)

Mr. A.C. Casperson
Chairman of the Board of Managing Directors

(Original was signed)

Mr. D.G. v.d. Veen
Executive Managing Director Financial Affairs

2. REPORT OF THE BOARD OF SUPERVISORY DIRECTORS

2.1. OWNERSHIP OF THE GROUP

In accordance with the "Stock Register" of Integrated Utility Holding NV, the following information about the ownership of the Company can be disclosed:

COMMON SHAREHOLDER:

- As of June 1, 1998 a total amount of 470 issued common shares (nr. 1 to nr. 470) has been paid for by the "Eilandgebied Curaçao". The total amount paid regards ANG 570 million.
- As of September 6, 2001 the total amount of 470 shares has been transferred to by the "Eilandgebied Curaçao" to Stichting Implementatie Privatisering (StIP).

PREFERRED SHAREHOLDER:

- As of December 19, 2001 a total amount of 2,800 issued preferred shares (nr. b1 to nr. B2800) has been paid for by the "Mirant Curaçao Investments Ltd.". The total amount paid regards USD 16 million.
- As of September 27, 2002 a total amount of 4,200 issued preferred shares (nr. B2801 to nr. B4000) has been paid for by "Mirant Curaçao Investments Ltd.". The total amount paid regards USD 24 million.
- As of July 11, 2006 the total amount of 7000 preferred shares has been transferred by "Mirant Curaçao Investments Ltd." to "MaruEnergy Curaçao Ltd".
- As of December 30, 2009 the total amount of 7000 preferred shares has been transferred by "MaruEnergy Curaçao Ltd." to "Integrated Utility Holding NV".

ANNUAL REPORT AND LEGAL STRUCTURE

This annual report of Aqualectra, regards the consolidated report of management to the shareholders and other relevant stakeholders about the performance of the Company over the year 2009. This report regards the consolidation of the following companies into the report of Integrated Utility Holding NV (dba Aqualectra):

- 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)).

All above standing entities are hereinafter mentioned as "the Group".

Also reference is made to the articles of incorporation of Integrated Utility Holding NV. Clause 7 of these articles regulates the management and control of the Group. In this clause it is also stipulated that all management actions with regard to the Aqualectra group of Group's are subject to supervision of the Board of Supervisory Directors.

2.2. COMPLIANCE TO THE CORPORATE GOVERNANCE CODE

On October 12, 2009 the Island Council of Curaçao has adopted an ordinance (2008/23) about the rules and procedures for the State Owned Enterprises [SOE] with regard to (i) the acquisition and transferring of shares, (ii) dividend policy, (iii) appointment and discharge of management. The primary objective of this ordinance is aimed at promoting sound management and control principles for the SOE's.

On October 29, 2009 the Executive Council of the Island of Curaçao has adopted a resolution "the Corporate Governance Code" in which resolution the complete policy outlines of Corporate Governance principles for the SOE's are stipulated. In accordance with the above mentioned resolution of the Executive Council, the Corporate Governance Code takes effect as of January 1, 2010. The SOE's already as of the year 2009 must record in their Annual Report a separate chapter about the Group's corporate governance structure and its adherence to the Corporate Governance Code. Any non-compliance to the code must also be recorded in the annual report.

The Board of Supervisory Directors considers it as well as its duty to sustain the Government, the Shareholders and the Board of Managing Directors as much as possible in this important task by complying completely and proactively through our planning & control cycle with all regulations, laws and incorporated and internal procedures.

In order to be effective in compliance with this "Code", the Group already has requested legal advice about the way the Group already is complying with the different provisions of this government resolution. Also this legal advice entails all the additional improvements that are needed in the Group's planning & control processes and procedures in order for it to be in full compliance with the "Code". This legal advice is shared with the Board of Supervisory Directors and the Board will supervise Management in the year ahead in order to have all the improvement activities duly planned and executed in the year ahead.

2.3. MEETINGS OF THE BOARD OF SUPERVISORY DIRECTORS

The Supervisory Board met on 5 occasions in 2009 to discuss and treat such matters as:

- The interim and annual report;
- Audit committee reports;
- Approval several investment projects;
- Progress reports investments and reorganization;
- Selection process CFO and appointment CEO;
- 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 once in 2009 to discuss and treat amongst others, issues related to the following topics:

- Annual financial report 2008 and 3rd quarter financial report 2007;
- Management letters by external auditors;
- Revenue and accounts receivable reports.

The external auditors KPMG Accountants B.V. and PricewaterhouseCoopers N.A. were also represented at the meetings of the audit committee regarding the annual financial report 2008 and the Management Letters 2008. 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.

BUDGET COMMITTEE MEETING:

The budget committee has not met in 2009, to discuss and to treat the consolidated budget 2010. Due to circumstances not controllable by Management, the budget 2010 was treated at the beginning of the year 2010.

RISK COMMITTEE:

MEMBERS:

- Mrs. S.C.F. Römer
- Mr. F.B.M. Kunneman (until June 1, 2009)
- Mr. E. N. Ys (as of June 1, 2009)

In 2008, the Board of Supervisory Directors, has 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 Group. Key control area's to realize the Group's goals have been identified, which 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 Group's objectives. This assurance must be given, by embedding all risk related activities into a Enterprise Risk Management system, that must be implemented in the years to come. In 2009 the Risk committee met only one time. The discussed topics were (a) governance & compliance, (b) risk management projects and (c) introduction of the enterprise risk framework (ERM).

2.4. ANNUAL FINANCIAL REPORT AND DIVIDEND PROPOSAL

We herewith submit to you the consolidated annual report 2009 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. KPMG Accountants BV has audited the consolidated financial statements for the year ended December 31, 2009; its opinion is included in this annual report.

Based on the Enterprise Resource Plan (utility plan 2030) all the necessary investments in order to guarantee the supply of electricity and water to the island of Curaçao were identified. The Board of Supervisory Directors has been duly informed and updated about the corporate objectives being (i) quality of the supply, (ii) reliability of the supply, (iii) less environmental burden and (iv) least cost option of the supply. The Board of Supervisory Directors fully sustains these objectives and the way Management is complying with its targets in order to finally to realize these objectives.

In order to finance the identified investments and to refinance the existing debt, Aqualectra has issue a bond loan on December 28, 2009 arranged by the Central Bank of the Netherlands Antilles. The above-mentioned bond loan has been structured based on the assumption that the financial performance of Aqualectra must improve for the coming years and that Aqualectra as of the year 2010 and further, must be able to finance the identified investments partially out of its own cash flows.

Also reference is made to the resolution of the Executive Council of the Island Government of Curaçao, dated November 8, 2002 in which the following matters have been '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 Group 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 Group;
- 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 Group is allowed to charge the under coverage to the consumers retrospectively.

As of 2003, with exception of the year 2005 and 2007 in which years a return on equity of 12.8% respectively 9.6% has been realized, this projected return (8%) on equity has not been realized, mainly because the fuel and other direct cost coverage has not been allowed by the Island Government.

In order to assure that the Group will be able to realize its future objectives 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 advise you:

1. To accept the financial statements 2009 as included and approved by the Supervisory Board of Directors;
2. To approve no dividend payment to the common shareholders;
3. To add the result (after tax) for financial year 2009 to the balance of 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.

2.5. COMPOSITION OF THE BOARD OF SUPERVISORY DIRECTORS

On December 31, 2009 the Supervisory Board of Integrated Utility Holding N.V. consisted of the following Directors:

#	Name	Function
1	Mrs. S.C.F. Römer	Chair person
2	Mr. E.N. Ys (as of June 1, 2009)	Director
3	Mr. O.A. Martina	Director
4	Mrs. J.M. Krijger-Rodrigues Conduto	Director
5	Mr. E.E. Capella	Director

- As of June 1, 2009 Mr. E.N. Ys has replaced Mr. F.B.M. Kunneman on the Board of Supervisory Directors. The Board extends its gratitude to Mr. Kunneman for his dedication and support to the Group.
- As of December 30, 2009 Mr. K. Covington and Mr. T. Fukuda have resigned from the Board of Supervisory Directors. The Board extends its gratitude to Mr. Covington and Mr. Fukuda for their dedication and support to the Group.

In accordance with the articles of incorporation of Integrated Utility Holding NV, members of the Board of Supervisory Directors are entitled to a financial compensation. In the year under report, the following compensations has been paid to the respective Board Members.

	Name	In ANG
1	Mrs. S.C.F. Römer	17,787
2	Mr. E.N. Ys (as of June 1, 2009)	10,375
	Mr. F.B.M. Kunneman (until June 1, 2009)	7,411
3	Mr. O.A. Martina	17,787
4	Mrs. J.M. Krijger-Rodrigues Conduto	17,787
5	Mr. E.E. Capella	17,787

The Supervisory Board would like to point out that none of its members have any other relationship with Integrated Utility Holding N.V. and are therefore independent. All members of the Supervisory Board of Directors frequently attended the meetings of the Supervisory Board and the relevant subcommittees of the Supervisory Board. The Supervisory Board would like to address a special word of thanks to the Board of Managing Directors and the Staff of the Aqualectra companies for their contribution to the further development of Aqualectra.

Willemstad, August 19, 2010

On behalf of the Supervisory Board,

(Original was signed)

Mr. S.C.F. Römer
Chair person of the Supervisory Board

3. BUSINESS REPORT

3.1. HIGHLIGHTS FOR THE YEAR

Financial Data (ANG x 1,000)	**Dec 31, 2009**	**Dec 31, 2008**	
Operating revenues			
Sales electricity	406,704	376,884	
Sales water	102,234	119,482	
Sales services	15,425	16,306	
Operating expenses			
Total operating expenses Production	105,093	103,021	
Total operating expenses Distribution	131,266	141,897	*
Results			
Operating profit / (loss) Production	32,227	(9,109)	*
Operating profit / (loss) Distribution	25,634	(9,714)	*
Operating profit / (loss) Holding	4,976	8,258	*
Consolidated net profit / (loss)	24,423	(17,019)	*
Financial data			
Working Capital	(168,856)	(44,215)	
EBITDA	113,046	41,448	
EBIT	51,531	(12,923)	*
EBT	39,839	(26,047)	*
Equity	289,904	368,355	*
Long term liabilities	237,362	283,587	*
Short term liabilities	382,430	223,196	
Financial ratio's			
Debt Service Coverage Ratio	0.82	0.61	
Adjusted Debt Service Coverage Ratio	0.55	0.38	
Debt/EBITDA Ratio	0.39	0.24	
Solvency Ratio	31.87%	33.77%	
Current Ratio	0.56	0.80	
Return on equity	8.42%	(4.62)%	*
Operational Data			
Electricity			
Sales electricity in mwh	654,390	633,691	
Electricity intake from production in mwh	728,726	678,913	
Electricity intake from CUC in mwh	121,260	139,374	
Electricity intake from wind farms in mwh	29,934	30,479	
Number of postpaid connections at year end	43,485	42,968	
Number of prepaid connections at year end	19,299	18,435	
Average usage households per month in kwh	369	333	
Average sales tariff households in ANG per kwh	0.6369	0.6395	
Average sales tariff in ANG per kwh	0.6020	0.5823	
Unaccounted for usage in % of mwh intake	12.91%	13.31%	
Water			
Sales water in 1,000 m^3	9,785	9,420	
Water intake from production	12,735	12,846	
Number of postpaid connections at year end	65,433	70,007	
Average usage households per month in m^3	8.0	8.2	
Average sales tariff households in ANG per m^3	10.11	12.78	
Average sales tariff in ANG per m^3	10.38	12.80	
Unaccounted for usage in % of m^3 intake	25.88%	27.47%	

** Restated for comparative purposes*

3.2. CUSTOMER RELATIONS

SALES ELECTRICITY

In 2009, a total sale of 654.4 MWh has been realized, compared to 2008, when a total sale of 633.7 MWh has been realized. This is an increase of sales of 3.2%. This total increase of sales is a result of an increase of 3.0% of sales to the households and 3.4% increases of sales to the business sector. 41% of the total sales have been realized to the households, while 59% of the total sales have been realized to the business clients. 75% of the total sales to the households have been realized to postpaid clients, while 25% of the total sales to the households have been realized to the prepaid clients.

SALES WATER

In 2009, a total sale of 9,785 m^3 x 1,000 has been realized, compared to 2008, when a total sale of 9,420 m^3 x 1,000 has been realized. This is an increase of sales of 3.8%. This increase of sales is a result of 4.5% increases of sales water to the households and an increase of 2.5% of sales to the businesses. 67% of the total sales have been realized to the households, while 33% of the total sales have been realized to the commercial & industrial clients.

Electricity	**Dec 31, 2009**	**Dec 31, 2008**	**Variance in %**
Electricity sales in MWH			
Households	266,447	258,555	+ 3.0
Business	165,404	162,480	+ 1.7
Standard industry	97,940	94,545	+ 3.5
Export industry	81,888	87,197	- 6.0
Import industry	5,935	6,958	- 14.7
AMU	21,491	8,331	+ 157.9
Hospitals	8,321	8,103	+ 2.6
Public lightning	6,964	7,522	- 7.4
Total sales electricity	**654,390**	**633,691**	**+ 3.2**
Connections			
Households postpaid	43,485	42,968	+ 1.4
Households prepaid	19,299	18,435	+ 4.6
Business	7,050	6,806	+ 3.5
Standard industry	167	163	+ 2.4
Export industry	52	53	- 1.8
Import industry	11	11	0.0
AMU	4	1	+ 300.0
Hospitals	2	2	0.0
Total amount of connections	**70,070**	**68,439**	**+ 2.3**

Water	Dec 31, 2009	Dec 31, 2008	Variance in %
Water sales in 1,000 m^3			
Households	6,553	6,268	+ 4.5
Business	1,376	1,514	- 9.1
Industries	292	367	- 20.4
Cruise ships	48	79	- 39.2
CUC	841	858	- 1.9
AMU	675	334	+ 102.0
Total sales water	**9,785**	**9,420**	**+ 3.8**
Connections			
Households	65,585	64,341	+ 1.9
Business	5,718	5,601	+ 2.0
Industries	38	38	0.0
Cruise ships	5	3	+ 66.6
CUC	1	1	0.0
AMU	27	23	+ 17.3
Total amount of connections	**71,374**	**70,007**	**+ 1.9**

3.3. PRODUCTION

ELECTRICITY PRODUCTION

The total electricity demand (including the SWRO plant at Sta Barbara) in 2009 from the distribution grid was 762,945 MWh (2008: 738,426 MWh). This is an increase of 3%. Also in 2009 a total of 26,521 MWh has been supplied to the SWRO plant at Mundo Nobo (2008: 25,127 MWh). The total demand has increase with 3% compared to 2008.

Total demand electricity	2009		2008		2009 - 2008	
	MWH	in %	MWH	in %	Variance	in %
Total supply to electricity distribution grid	762,945	97	738,426	97%	24,519	3
Total supply to Aqua Design	26,521	3	25,127	3%	1,394	6
Total demand	**789,466**	**100**	**763,553**	**100%**	**25,913**	**3**

In 2009:

- 93% of the demand was supplied by the production power plant at Mundo Nobo and the diesel power plants of Dokweg and Isla (2008: 89%);
- 15% of the demand was supplied by CUC (2008: 18%);
- 3% of the demand was supplied by the wind farms (2008: 4%);
- 11% of the total production and intake was utilized for own use (2008: 11%).

Total production and intake electricity	2009		2008		2009 - 2008	
	MWH	in %	MWH	in %	Variance	in %
Total production Mundo Nobo	382,346	49	306,955	40	75,391	25
Total production diesel plants	346,380	44	371,958	49	-25,578	-7
Total production	**728,726**	**93**	**678,913**	**89**	**-49,813**	**7**
Total intake CUC	**121,260**	**15**	**139,374**	**18**	**-18,114**	**-13**
Total intake wind farm Playa Canoa	24,934	3	25,799	3	-865	-3
Total intake wind farm Tera Cora	0,0	0	4,680	1	-4,680	-
Total intake wind farms	**24,934**	**3**	**30,479**	**4**	**-5,545**	**-18**
Total production and intake	**874,920**	**111**	**848,766**	**111**	**26,154**	**3**
Own use	(85,454)	-11	(85,213)	-11	(241)	0
Total production and intake (net)	**789,466**	**100**	**763,553**	**100**	**25,913**	**3**

WATER PRODUCTION

The total water demand in 2009 from the distribution grid was 12,735,356 m^3 (2008: 11,988,983 m^3) which is an increase of 6%. Also in 2009, a total amount of 834,576 m^3 was supplied to CUC (2008: 856,608 m^3). The total demand has increased with 6%.

Total demand water	**2009**		**2008**		**2009 – 2008**	
	m^3	**in %**	**m^3**	**in %**	**Variance**	**in %**
Total supply to water distribution grid	12,735,356	94	11,988,983	93	746,373	6
Total supply to CUC	834,576	6	856,608	7	-22,032	-3
Total demand	**13,569,932**	**100**	**12,845,591**	**100**	**724,341**	**-6**

In 2009:

- 22% of the demand was supplied by the production plants at Mundo Nobo (2008: 26%);
- 42% of the demand was supplied by the SWRO plant at Sta Barbara (2008: 41%);
- 42% of the demand was supplied by the SWRO plant at Mundo Nobo (2008: 39%);
- 6% of the total production and intake was utilized for own use (2008: 6%).

Total production and intake water	**2009**		**2008**		**2009 – 2008**	
	m^3	**in %**	**m^3**	**in %**	**Variance**	**in %**
Production Mundo Nobo	2,938,282	22	3,285,073	26	-346,791	-11
Intake from SWRO Sta. Barbara	5,728,203	42	5,328,047	41	400,156	8
Intake from Aqua Design SWRO plant	5,695,219	42	4,995,764	39	699,455	14
Production and intake	**14,361,704**	**106**	**13,608,884**	**106**	**752,820**	**6**
Own use	(791,772)	-6	(763,293)	-6	-28,479	4
Total production and intake	**13,569,932**	**100**	**12,845,591**	**100**	**724,341**	**6**

FUEL USAGE

The total fuel usage was increased with approximately 1% compared to 2008. IFO usage at the steam boilers increased with 4% while gas oil usage at the gas turbines also increased with 8%. On the other hand approximately 21% less fuel was used at the diesel power plant at Isla due to less production.

Fuel usage	**2009**		**2008**		**2009 - 2008**	
	Tons	**in %**	**Tons**	**in %**	**Variance**	**in %**
IFO Mundo Nobo	95,787	40	92,285	39	3,502	4
Gas oil Mundo Nobo	60,573	26	55,940	24	4,633	8
MDO Koningsplein	0	0	0	0	0	0
MFO Dokweg	44,267	19	41,686	18	2,581	6
MDO Dokweg	331	0	434	0	-103	-24
AFO Isla	0	0	0	0	0	0
MDO Isla	1,401	0	552	0	849	154
IFO Isla	34,574	15	43,607	19	-9,033	-21
Total Fuel Usage AP	**236,933**	**100**	**234,504**	**100**	**2,429**	**1**
Purchase Pitch from MWh CUC by AD (barrel)	188,426		216,573		-28,147	-13

MAINTENANCE ACTIVITIES

Based on the year operational plans for 2009, the necessary maintenance activities have been executed in the year under report. In 2009, the "General Work order Completion Index (WCI) % for mechanical maintenance has been realized on 86% (target was 95%), for Civil & Building 94% (target was 95%), Instrument Engineering 90% (target was 95%) and for Electrical Maintenance & Troubleshooting 80% (target was 95%).

PROGRESS INVESTMENTS

For the year 2009 approximately ANG 43 million was budgeted for investment projects of which approximately ANG 20.5 million was budgeted for the expansion of the Diesel Power plant at Dokweg. A total of ANG 20.7 million has been spend on the different investment projects.

WATER PRODUCTION ASSETS:

Asset category	Ownership	2009	2008
Mundo Nobo			
Capacity evaporator 3 in m^3 per day	Aqualectra	8,000	8,000
Capacity evaporator 6 in m^3 per day	Aqualectra	12,000	12,000
Capacity SWRO plant in m^3 per day	Aqua Design	10,700	10,700
Sta Barbara			
Capacity SWRO plant in m^3 per day	Aqualectra	18,000	18,000
Total production capacity		**48,700**	**48,700**

ELECTRICITY GENERATION ASSETS:

Asset category	Ownership	2009	2008
Wind Energy			
Capacity Tera Kora in MW	Aqualectra	0	0
Capacity Playa Canoa in MW	Delta Caribbean	9	9
BOO power plant			
Average power intake according contract in MW	CUC	22	22
Mundo Nobo			
Capacity Steam turbines in MW	Aqualectra	50	50
Capacity gas turbines in MW	Aqualectra	25	25
Temporary capacity in MW	Aggreko	17	17
Dokweg power station			
Capacity diesel generators in MW	Aqualectra	37	37
Isla power station			
Capacity diesel generators in MW	Aqualectra	33	33
Total installed and available capacity in MW		**193**	**193**

3.4. DISTRIBUTION

In the year under report the necessary upgrading and restructuring programs of the existing infrastructure has taken place, in order to improve the quality of the supply of water and electricity. The following projects and updates were implemented in 2009.

WATER:

- Restructuring of the main pipelines in the area of St. Willibrodus, Prof. Kernkampweg, Wishi and Marchena, Veeris and Hofi abou/Cabaje;
- Restructuring of the service lines system in the areas of Mahuma, Rooi Santu, Rooseveltweg, van Engelen weg and Peruweg.

ELECTRICITY:

- Installation of main distribution cables to main distribution station Goetoeweg;
- Installation of 12 kV infrastructure in the areas of Sta Barbara;
- Several low voltage restructuring to improve the quality of the supply of electricity to the customers.

GENERAL:

- Further digitalization of water infrastructure drawings;
- Further implementation of the Geographical Information System, phase 3;
- Activities related to the reduction of the water losses e.g. metering, water audits and balancing, according to the year operational plan in order to realize the overall reduction of the 'Non Revenue Water' to approximately 25.9%;
- Activities related to the reduction of the electricity losses according to the year operational plan in order to realize the overall reduction of the 'Non Revenue Electricity' to approximately 12.9% (of the total imported electric power from the power stations.

OPERATIONS AND MAINTENANCE:

WATER:

The regular maintenance of the transport lines, pumping stations and reservoirs have been executed as planned in the year under report. Cleaning and inspection of the water tanks have been realized according schedule and the inspection results were better than expected. In 2009 a significant reduction of the total amount of trouble calls, has been realized 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 standard, the sampling- and inspection program has been executed as planned in the year under report. There were no major problems regarding the water quality.

ELECTRICITY:

The regular maintenance of the 30 kV transmission grid has been executed as planned in the year under report. A total of 189 medium voltage 12 kV transformer stations have been maintained, which is slightly less than the planned 200. The necessary curative and preventive maintenance activities have been realized on the low voltage (127/200 volt) distribution grid. Also the 12 kV overhead lines have undergone their annual preventive maintenance.

WATER TRANSPORT AND DISTRIBUTION ASSETS:

Asset category	2009	2008
Amount of Reservoirs	25	25
Storage capacity in m^3	132,890	132,890
Amount of pumping stations	5	5
Amount of pressure boosters	8	7
Length of transport lines in km	73	73
Length of main distribution lines in km	625	617
Length of distribution lines in km	1,851	1,839
Length of connection lines in km	231	229

ELECTRICITY TRANSMISSION AND DISTRIBUTION ASSETS:

Asset category	2009	2008
Amount of 66 kV substations	1	1
Amount of 66/30 kV transformers	8	8
Amount of 66/11 kV transformers	2	2
Length of 66 kV transmission system in km	33	33
Amount of 30 kV substations	10	10
Amount of 30/12 kV transformers	20	19
Length of 30 kV sub transmission system in km	98	112
Amount of 12 kV main distribution stations	21	20
Length of 12 kV main distribution system in km	366	354
Amount of 12 kV distribution powerhouses	1,484	1,471
Amount of 12 kV/LV 3 phase transformers	1,927	1,898
Length of underground 12 kV distribution system in km	721	693
Amount of 12 kV single phase pole transformers	406	414
Length of overhead 12 kV distribution system in km	327	327
Length of underground LV distribution system in km	786	748
Length of overhead LV distribution system in km	1,900	1,900

3.5. HUMAN RESOURCES

GENERAL HRM ACTIVITIES:

TRADE UNIONS

As per 2009 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 negotiations with all 4 Unions were finalized in the year under report. In accordance with the business plan 2010, further integration of the different labour conditions as well as the representation of personnel is intended and proposed to the relevant parties.

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 Group and is based on the competencies and result oriented agreements with all personnel.

TRAINEE PROGRAM

As per September 2009, 7 trainees have been placed within the Aqualectra organisation. This program is ongoing in 2010.

THE NEXT STEP PROJECT

The Board of Managing Directors has initiated in the year under report a project for the organizational development of Aqualectra related to the investment planning for the coming years (till 2014). A new organizational structure which will support the next level integration has been defined and should be realized by the year 2014.

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
31-12-2009	5	296	388	2	691
Variance vs 31-12-2008	**0**	**+ 10**	**-3**	**0**	**+ 7**

OUTFLOW 2009:

	Holding	Production	Distribution	Bottling Co.	Total
Pension VIDANOVA	0	1	8	n/a	9
Pension APNA	0	0	3	n/a	3
Pension/medically unfit	0	0	0	n/a	0
Early Retirement Plan (VUT)	0	0	3	n/a	3
Own request	0	0	2	n/a	2
Decease	0	0	2	n/a	2
Termination labor agreement	0	3	4	n/a	7
Total	**0**	**4**	**22**	**0**	**26**

INFLOW 2009:

	Holding	Production	Distribution	Bottling Co.	Total
01-12-2009/ 31-12-2009	**0**	**14**	**19**	**0**	**33**

4. CONSOLIDATED FINANCIAL STATEMENTS

4.1. CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(Amounts in ANG * 1,000)	Dec 31, 2009	Dec 31, 2008		For specs see notes
ASSETS				
Non-current assets				**5.4.1**
Property, Plant, Equipment and Work in progress	575,022	556,282	*	5.4.1.1
Investments in equity accounted investees	65,534	76,784		5.4.1.2
Other investments	1,820	2,984		5.4.1.2
Deferred tax assets	53,746	60,107	*	5.4.1.3
	696,122	**696,157**		
Current assets				**5.4.2**
Inventories	29,936	26,077		5.4.2.1
Trade accounts receivable	78,320	76,381		5.4.2.2
Other receivables	24,365	25,552		5.4.2.3
Cash & cash equivalents	80,953	50,971		5.4.2.4
	213,574	**178,981**		
	909,696	**875,138**		
EQUITY AND LIABILITIES				
Shareholder's Equity				**4.3**
Share capital	525,000	525,000		5.4.3.1
Preferred stock	0	72,800	*	5.4.3.2
Accumulated losses	(259,519)	(212,426)	*	4.3
Profit (Loss) for the year	24,423	(17,019)	*	4.2
	289,904	**368,355**		
Non-current liabilities				
Financial liabilities	45,015	120,875	*	5.4.4
Deferred tax liability	5,277	4,618		5.4.5.1
Provisions	187,070	158,094		5.4.5.2
	237,362	**283,587**		
Current liabilities				**5.4.6**
Trade accounts payable	78,796	86,528		5.4.6.1
Corporate Bonds IUH	238,973	0		5.4.6.2
Bank overdraft	2,482	7,452		5.4.6.3
Other liabilities	62,179	129,216		5.4.6.4
	382,430	**223,196**		
	909,696	**875,138**		

** Restated for comparative purposes.*

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

4.2. CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(Amounts in ANG * 1,000)	Dec 31, 2009	Dec 31, 2008		For specs see notes
CONTINUING OPERATIONS				
Sales electricity & water	508,938	496,366		5.5.1
Direct cost production	(223,481)	(274,448)		5.5.2
Other direct cost of sales	(11,358)	(16,728)		
Revenue wind farm	0	468		
Services & other income	15,425	15,839		
Gross profit	**289,524**	**221,497**		
Personnel costs	86,689	84,593		5.5.3
Material usage	9,527	6,415		
Repair & maintenance	24,690	20,063		
Hired services	24,431	27,198		
General expenses	26,591	36,612	*	5.5.3
Depreciations on fixed assets	47,243	47,831	*	
Depreciations on other assets	3,021	4,448		
Provision bad debts	4,550	5,168		
Total operating expenses	**226,742**	**232,328**		
Results from operating activities	**62,782**	**(10,831)**		
Interest expense (net)	11,692	13,124	*	5.5.4
Net finance costs	**11,692**	**13,124**		
Share of loss of equity accounted investees				
(net of income tax)	11,251	2,092		
Profit / (Loss) before income tax	**39,839**	**(26,047)**		
Profit tax	(15,416)	9,028	*	5.5.5
Profit / (loss) for the year	**24,423**	**(17,019)**		
Other comprehensive income / (loss)				
Actuarial (losses)	(24,335)	(13,701)		4.4
Defined benefit plan, gain asset ceiling adjustment	(156)	22,425		4.4
Income tax (expense) on other comprehensive income	8,396	(3,205)		4.4
Other comprehensive (loss) / income for the year,				
net of income tax	**(16,095)**	**5,519**		
Total comprehensive income / (loss) for the year	**8,328**	**(11,500)**		

** Restated for comparative purposes.*

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

4.3. CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

(Amounts in ANG * 1,000)	Share Capital	Share premium	Preferred Stock	Accumulated Losses	Total Equity		For Spec See notes
Balance at January 1, 2008	**470,000**	**55,000**	**72,800**	**(204,864)**	**392,936**	*	
Comprehensive income for the year							
Loss for the year	0	0	0	(17,019)	(17,019)	*	4.2
Other comprehensive income	0	0	0	5,519	5,519	*	4.4
Total comprehensive income / (loss) for the year	**0**	**0**	**0**	**(11,500)**	**(11,500)**		
Dividend preferred stock	0	0	0	(13,081)	(13,081)	*	5.4.3.2
Balance at December 31, 2008	**470,000**	**55,000**	**72,800**	**(229,445)**	**368,355**		
Balance at January 1, 2009	**470,000**	**55,000**	**72,800**	**(229,445)**	**368,355**		
Comprehensive income for the year							
Profit for the year	0	0	0	24,423	24,423		4.2
Other comprehensive income / (loss)	0	0	0	(16,095)	(16,095)		4.4
Total comprehensive income for the year	**0**	**0**	**0**	**8,328**	**8,328**		
Purchase of preferred stock	0	0	(72,800)	0	(72,800)		5.4.3.2
Dividend preferred stock	0	0	0	(13,979)	(13,979)		5.4.3.2
Balance at December 31, 2009	**470,000**	**55,000**	**0**	**(235,096)**	**289,904**		

** Restated for comparative purposes.*

4.4. CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME

(Amounts in ANG * 1,000)	2009	2008	For specs see notes
Effect Asset Ceiling Adjustment			
Defined Benefit Pension Plan – Asset Ceiling Adjustment	(156)	22,425	5.4.5.2
	(156)	**22,425**	
Actuarial gains / (losses)			
Provision medical expenses retired employees	(7,567)	12,457	5.4.5.2
Provision supplementary pension APNA (DT)	(5,494)	(615)	5.4.5.2
Provision early retirement benefit (VUT)	(625)	5	5.4.5.2
Provision for anniversary bonus	(1,647)	(33)	5.4.5.2
Defined Benefit Pension Plan	(9,002)	(25,515)	5.4.5.2
	(24,335)	**(13,701)**	
Deferred tax items directly to or from equity			
Miscellaneous	0	(195) *	
Provision medical expenses retired employees	2,611	(4,297)	
Provision for anniversary bonus	568	11	
Defined benefit pension plan	3,106	1,066	
Provision supplementary pension APNA (DT)			
and early retirement benefit (VUT)	2,111	210	
	8,396	**(3,205)**	
Other comprehensive (loss) / income for the year	**(16,095)**	**5,519**	

** Restated for comparative purposes.*

4.5. CONSOLIDATED CASH FLOW STATEMENT

(Amounts in ANG * 1,000)	Dec 31, 2009	Dec 31, 2008		For specs see notes
Cash-flow from operating activities				
Profit / (loss) for the year	24,423	(17,019)	*	4.2
Adjustments for:				
Depreciations on fixed assets	47,243	47,831	*	5.4.1.1
Depreciations on other assets	3,021	4,448		5.4.1.1
Share of (profit) loss of equity accounted investees	11,251	2,094		5.4.1.2
Change in deferred tax asset	6,361	(5,740)	*	
Change in deferred tax liability	659	(180)	*	
Change in inventories	(3,859)	470		
Change in trade accounts receivable	(1,939)	(11,217)		
Change in other receivables	1,187	(4,862)		
Change in trade accounts payable	(7,732)	30,955		
Change in other liabilities (excluding interest paid)	(61,065)	50,990	*	
Change in provisions	28,976	(5,421)		
	48,526	**92,349**		
Cash-flow from investing activities				
Acquisition of property, plant, equipment	(69,004)	(40,408)	*	5.4.1.1
Adjustment to bookvalue	0	(1,700)	*	
Repayment other investments	1,164	2,180		5.4.1.2
	(67,840)	**(39,928)**		
Cash-flow from financing activities				
Repurchase of preferred stock	(72,800)	0		5.4.3.2
Repayments of loan and movement in current maturities	(63,321)	(36,032)	*	
Proceeds from issue of Bond	238,973	0		5.4.6.2
Loan Curoil	0	46,774	*	
Other long term liabilities	(12,539)	(39,309)	*	
Interest paid	(5,973)	(13,846)	*	
Dividends declared on preferred stock	(13,979)	(13,081)	*	
Other comprehensive income	(16,095)	5,519	*	4.4
	54,266	**(49,975)**		
Balance at start of year	43,519	41,073		
Increase	34,952	2,446		
Balance at end of year	**78,471**	**43,519**		
The balance at end of year comprises of:				
Cash & cash equivalents	80,953	50,971		5.4.2.4
Bank overdrafts	(2,482)	(7,452)		5.4.6.3
Balance at end of year	**78,471**	**43,519**		

** Restated for comparative purposes.*

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

5. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

5.1 GENERAL

Integrated Utility Holding NV (Aqualectra, hereinafter "The Group") 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 Zwijssenstraat 1, Curaçao N.A.

The objectives of the Group are:

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

The Group'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 2009 there were no movements in the capital and share premium.

These consolidated financial statements were approved for issue by the Board of Directors on July 28, 2010. The shareholders and the Supervisory Board of Directors have the power to amend the financial statements after the date of issuance.

5.2. 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 Group 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 Group'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 Group 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 Group 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 Group 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 5.4.5.2.

Other key assumptions for obligations are based in part on current market conditions.
Additional information is disclosed in note 5.4.5.2.

Cumulative tax losses to be compensated with future taxable profits

The deferred tax assets of the Group 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 Group 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 Group 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) are 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 Group'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 reporting date.

COMPARATIVES

In 2007 Mirant sold his preferred shares to Marubeni Corporation. Part of the sale transaction of the preferred shares, was the cancellation of the put-option. As of December 2007 the Purchaser of the preferred shares may no longer convert the preferred shares into common stock. The Purchaser may also no longer exercise its right to withdraw its investments in the Group. Given the nature of the preferred shares these are no longer presented as long term liabilities, but have been reclassified and presented as equity. In 2008 the reclassification of the preferred shares from long term liability to equity did not take place. This reclassification took place in 2009.
Based on this also the interest paid related to the preferred shares in 2008 has been reclassed as dividend in the comparative figures.
Further, adjustments were made into the deferred tax assets and liabilities, mainly due to restatement as result of misstatements in prior years tax calculations.
Besides above standing adjustments, comparative figures have been adjusted to conform with changes in presentation in the current year.

NEW STANDARDS

a. STANDARDS, AMENDMENTS AND INTERPRETATIONS EFFECTIVE IN 2009

- IFRIC 18, Transfer of Assets from Customers (effective date (transfer on or after) July 1, 2009):
  IFRIC 18 clarifies the requirements of IFRS for agreements in which an entity receives from a customer an item of property, plant, and equipment that the entity must then use either to connect the customer to a network or to provide the customer with ongoing access to a supply of goods or services (such as a supply of electricity, gas or water). In some cases, the entity receives cash from a customer that must be used only to acquire or construct the item of property, plant, and equipment in order to connect the customer to a network or provide the customer with ongoing access to a supply of goods or services (or to do both).
- IAS 16 (Amendment), 'Property, plant and equipment' (and consequential amendment to IAS 7, 'Statement of cash flows') (effective from January 1, 2009).
- IAS 23 (Amendment), 'Borrowing costs' (effective from January 1, 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 27 (Revised), 'Consolidated and separated financial statements' (effective from July 1, 2009).
- IAS 1 (Revised), 'Presentation of financial statements' (effective from January 1, 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 July 1, 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 January 1, 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 January 1, 2009.
- IAS 19 (Amendment), 'Employee benefits' (effective from January 1, 2009). The effect of the application of the amendment is not material in the financial statement.

- IFRS 7 'Financial instruments – Disclosures' (amendment) – effective 1 January 2009. The amendment requires enhanced disclosures about fair value measurement and liquidity risk. In particular, the amendment requires disclosure of fair value measurements by level of a fair value measurement hierarchy. As the change in accounting policy only results in additional disclosures, there is no impact on the comphrehensive income.
- •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.

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

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, 2010 or later periods, but the Group has not early adopted them:

- Various: Improvements to IFRS's 2009
  Effective date: Dealt with on a standard-by-standard basis generally January 1, 2010.
- IAS 1 (amendment), 'Presentation of financial statements'. The amendment is part of the IASB's annual improvements project published in April 2009. The amendment provides clarification that the potential settlement of a liability by the issue of equity is not relevant to its classification as current or non current. By amending the definition of current liability, the amendment permits a liability to be classified as non-current (provided that the entity has an unconditional right to defer settlement by transfer of cash or other assets for at least 12 months after the accounting period) notwithstanding the fact that the entity could be required by the counterparty to settle in shares at any time. The group will apply IAS 1 (amendment) from January 1, 2010. It is not expected to have a material impact on the group's financial statements.

c. INTERPRETATIONS TO EXISTING STANDARDS THAT ARE NOT YET EFFECTIVE AND NOT RELEVANT FOR THE GROUP'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 1 (Amendment), 'Amendments to IFRS 1 First-time Adoption of International Financial Reporting Standards- Additional Exemptions for first-time Adopters' (effective from January 1, 2010).
- IFRS 2 (Amendment), 'Amendments to Share-based payment – Group Cashsettled Share-based Payment Transactions' (effective from January 1, 2010).

d. STANDARDS, AMENDMENTS AND INTERPRETATIONS EFFECTIVE IN 2009 BUT NOT RELEVANT TO THE GROUP

The following standards, amendments and interpretations to published standards are mandatory for accounting periods beginning on or after January 1, 2009 but they are not relevant to 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).
- 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).

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

All above standing entities are hereinafter mentioned as "The Group".
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 2009 and 2008 KUMEPE N.V. did not employ activities.

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 statement of comprehensive income, 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.

INVESTMENTS IN EQUITY ACCOUNTED INVESTEES

Investments in equity accounted investees (associates) are accounted for by the equity method. These are entities over which the Group generally has between 20% and 50% of voting rights or over which the Group has significant influence but no control, over the financial and operating policies.

OTHER INVESTMENTS

The loan to CUC is classified as a financial asset that is not quoted on the active market. Such assets are recognised initially at fair value plus any directly attributable transaction cost. Subsequent to initial recognition of loans and receivables are measured at amortised cost using the effective interest method, less any impairment losses.

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 statement of comprehensive income 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 Group 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 statement of comprehensive income 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 statement of comprehensive income.

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 statement of financial position, bank overdrafts are included in borrowings in current liabilities.

SHARE CAPITAL

Common shares and preferred shares are classified as equity. Dividends on common shares and preferred 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 statement of comprehensive income over the period of the borrowings.

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 Group 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 Group (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 reporting date there was no information available regarding a possible liability of the Group 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 ultimately 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 statement of comprehensive income.

As of 2006 all actuarial gains and losses are immediately recognized in the period in which they occur through the statement of other comprehensive income, instead of being recognized in the statement of comprehensive income. For the principal actuarial assumptions please refer to paragraph 5.4.5.2.

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 other comprehensive income, instead of being recognized in the statement of comprehensive income. For the principal actuarial assumptions please refer to paragraph 5.4.5.2.

Vidanova pension plan

The Group 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.

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 Group.

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 statement of comprehensive income 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 Group 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 other comprehensive income 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 statement of financial position 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 statement of financial position. At December 31, 2009, based on actuarial calculations, the fair value of the plan assets underspends the present value of the funded obligations by ANG (6,913,000) (2008: fair value exceeds ANG 1,850,000).

For the principal actuarial assumptions please refer to paragraph 5.4.5.2.

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. Both the active employees of the Aqualectra 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 Aqualectra. Therefore, based on IAS 8 paragraph 5, the actuarially calculated provisions were recognized in full in the financial year 2006.

The Group 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 other comprehensive income, instead of being deferred making use of the corridor approach. This treatment results in a more faithful representation of the health plan in the statement of financial position and reflects the results of economic events in the period in which they occur.

For the principal actuarial assumptions please refer to paragraph 5.4.5.2.

Anniversary bonus

According to the collective labor agreements of Aqualectra Distribution and Aqualectra 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.

All future expenses relating to the anniversary bonus will be borne by the Group, and in accordance with IAS 8 paragraph 5, the actuarially calculated provisions were recognized in full from the financial year 2007 onwards.

The Group 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 other comprehensive income, 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 statement of financial position and reflects the results of economic events in the period in which they occur.

For the principal actuarial assumptions please refer to paragraph 5.4.5.2.

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 Aqualectra-group. Other revenues earned by the Aqualectra-group are recognized on the following basis:

Interest income	- on effective yield basis
Dividend income	- when the Aqualectra-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%.

5.3. FINANCIAL RISK MANAGEMENT

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

The Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework. The Board has established the Risk Management Committee, which is responsible for developing and monitoring the Group's risk management policies. The committee reports regularly to the Board of Directors on its activities.

The Group's risk management policies are established to identify and analyze the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. The Group, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

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

5.3.1 MARKET RISKS

5.3.1.1 FOREIGN EXCHANGE RISK

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

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

The following table summarized the currency risk in respect of recognized financial assets and financial liablities.

Monetary assets and liabilities by currency of denomination				
Foreign currency exposures Year end December 31, 2009				
(Amounts in ANG * 1,000)	**USD**	**EURO**	**GBP**	**CHF**
Financial assets				
Cash & cash equivalents	10,280	61	0	0
Financial liabilities				
Trade accounts payable	(7,593)	(3,602)	(17)	(19)
Borrowing	(4,356)	0	0	0
Total currency of denomination	**(1,669)**	**(3,541)**	**(17)**	**(19)**
Total currency in ANG	**(3,038)**	**(9,269)**	**(51)**	**(36)**

There is a fixed exchange rate between the Netherlands Antillean Guilder (ANG) and the USD of ANG 1.82 to the USD, which thus mitigates the foreign exchange rate exposure of the transactions and positions of the Group in USD's.

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

(Amounts in ANG * 1,000)	**Dec 31, 2009**	**Dec 31, 2008**
Total EURO purchase orders made (in EURO)	8,480	8,138
Total EURO purchase orders made (in ANG)	21,369	21,858
Average EURO rate	2.5199	2.6859
Foreign exchange gain / (loss) on EURO transactions in ANG	710	(758)
Monetary liabilities outstanding EURO in ANG per year end	9,428	2,324
Monetary liabilities outstanding EURO in EUR per year end	3,602	920
Monetary assets EURO held in bank accounts in ANG	158	2,682
Exchange rate per year end	**2.6175**	**2.5286**

The Group'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 afore-mentioned policies during 2009 and 2008.

The sensitivity analysis on the following page 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, 2009. 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 339,722 (2008: 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 339,722 (2008: ANG 232,557).

(Amounts in ANG * 1,000)	Carrying amount as per Dec. 31, 2009		Sensitivity analysis of an exchange rate change of:			
			-10% change (*)		+10% change (*)	
	In EUR	In ANG	In EUR	In ANG	In EUR	In ANG
Exchange rate per year end	0.382	2.6175	0.4245	2.35575	0.3473	2.87925
Exchange rate change			(0.0425)	0.2618	0.0347	(0.2618)
Outstanding trade accounts payable in EURO per year end	3,602	9,428		(340)		340 (**)
Impact on the profit and loss account				(340)		340 (**)

(*) *-10% change means a strengthening of the ANG compared to the EUR: (1 EUR: ANG 2.35575 / 1 ANG: EUR 0.4245)*
+10% change means a weakening of the ANG compared to the EUR: (1 EUR: ANG 2.87925 / 1 ANG: EUR 0.3473)

(**) *Interpretation of effect:*
Amount in brackets "(....)" means a decrease of the outstanding trade accounts payable amount in the Statement of financial position and a decrease of the foreign exchange expenses in the Statement of comprehensive income.

(Amounts in ANG * 1,000)	Carrying amount as per Dec. 31, 2008		Sensitivity analysis of an exchange rate change of:			
			-10% change (*)		+10% change (*)	
	In EUR	In ANG	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	920	2,326		(233)		233 (**)
Impact on the profit and loss account				(233)		233 (**)

(*) *-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 Statement of financial position and a decrease of the foreign exchange expenses in the Statement of comprehensive income.

5.3.1.2. INTEREST RATE RISK

The interest rate risk of the Group can be defined as the risk of incurring extra interest costs due to adverse movements of the interest rate of non-fixed interest bearing loans of the Group.

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

In managing interest rate risk, management monitors developments in the Group's loan rates and keeps abreast of interest rates both locally and internationally. The possibility of loan restructuring existed in 2009, and management has opted to use these potentials during 2009 as the impact on the Group's interest expenses were considered to be material.

			Interest rate		
(Amounts in ANG * 1,000)	Dec 31 2009	Dec 31 2008	Dec 31 2009	Dec 31 2008	Remark
Aqualectra Production					
Loan Curoil	0	37,502	7.00%	7.00%	Fixed
Loan Diesel power plant ISLA	25,367	27,904	5.00%	5.00%	Fixed
Current maturities of long term loans	(2,537)	(30,037)			
	22,830	**35,369**			

			Interest rate		
(Amounts in ANG * 1,000)	Dec 31 2009	Dec 31 2008	Dec 31 2009	Dec 31 2008	Remark
Aqualectra Distribution					
Loan SPU	170	222	10.50%	10.50%	Fixed
Loan MJP	26,312	26,312	2.50%	2.50%	Fixed
Loan VIDA NOVA	1,499	1,887	8.00%	8.00%	Fixed
Leasehold Obligation - Cars	1,007	1,354	2.86%	2.86%	Weighted avg. cost of equity & liability
Current maturities of long term loans	(10,767)	(9,496)			
	18,221	**20,279**			

			Interest rate		
(Amounts in ANG * 1,000)	Dec 31 2009	Dec 31 2008	Dec 31 2009	Dec 31 2008	Remark
Integrated Utility Holding N.V.					
Loan RDK N.V.	5,504	6,116	9.00%	9.00%	Fixed
Loan NIB USD portion	0	25,804	n.a.	6.70%	3m USD LIBOR +3.0%
Loan NIB ANG portion	0	57,343	n.a.	8.00%	Fixed
Loan KFW	7,928	11,892	1.20%	5.80%	6m USD LIBOR +0.7%
Current maturities of long term loans	(9,468)	(35,928)			
	3,964	65,227			
Total financial liabilities	**45,015**	**120,875**			

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

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 2009 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 17,000 on the profit and loss account. While a +14.0% change of the interest rate will have a negative impact of ANG 17,000 (2008: ANG 70,000) on the profit and loss account.

Note:

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.

NIB USD Tranche A & B loans:

In the year 2009 the NIB USD Tranche A & B loan has been paid off. The sensitivity analysis for the year 2009 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 5,000 (2008: 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 5,000 (2008: ANG 13,000) 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.

					Realized		
			Interest rate		interest	Sensitivity analysis	
(Amounts in ANG * 1,000)	Dec 31	Dec 31	Dec 31	Dec 31	Dec 31	- 14.0%	+14.0%
	2009	2008	2009	2008	2009	change	change
Loan KFW	7,928	11,892	1.20%	3.42%	250	(17)	17

					Realized		
			Interest rate		interest	Sensitivity analysis	
(Amounts in ANG * 1,000)	Dec 31	Dec 31	Dec 31	Dec 31	Dec 31	- 14.0%	+14.0%
	2008	2007	2008	2007	2008	change	change
Loan KFW	11,892	16,451	3.42%	5.19%	706	(70)	70

					Realized		
			Interest rate		interest	Sensitivity analysis	
(Amounts in ANG * 1,000)	Dec 31	Dec 31	Dec 31	Dec 31	Dec 31	- 0.5%	+0.5%
	2009	2008	2009	208	2009	change	change
Loan NIB USD Tranche A	-	17,290	6.70%	6.70%			
Loan NIB USD Tranche B	-	11,574	6.65%	6.65%			
	-	**28,864**	**6.68%**	**6.68%**	**1,623**	**(5)**	**5**

					Realized		
			Interest rate		interest	Sensitivity analysis	
(Amounts in ANG * 1,000)	Dec 31	Dec 31	Dec 31	Dec 31	Dec 31	- 0.5%	+0.5%
	2008	2007	2008	2007	2008	change	change
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**

5.3.1.3. 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 Group purchases externally;
- the fixed cost component, which covers the operational costs.

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

(Amounts in ANG * 1,000)	Realized	Realized		
	Dec 31, 2009	**Dec 31, 2008**	**Variance**	**% Variance**
AVG FUEL PRICES PER UNIT in ANG				
Fuel usage IFO - MN	691	817	(126)	-15%
Fuel usage GO - MN	750	1,236	(486)	-39%
Fuel usage MFO - DW	716	940	(224)	-24%
Fuel usage IFO DPP ISLA	651	879	(228)	-26%
Fuel usage MDO - KNPL	1,537	926	611	66%
Fuel usage MDO - DPP ISLA	981	1,536	(555)	-36%
FUEL USAGE Quantity				
Fuel usage IFO - MN ton	95,831	92,014	3,817	4%
Fuel usage GO - MN m^3	69,119	63,429	5,690	9%
Fuel usage MFO - DW ton	43,884	41,414	2,470	6%
Fuel usage IFO DPP ISLA ton	30,849	42,565	(11,716)	-28%
Fuel usage MDO - KNPL	281	373	(92)	-25%
Fuel usage MDO - DPP ISLA	1,556	591	965	163%
FUEL USAGE ANG				
Fuel usage IFO - MN	66,244	75,175	(8,931)	-12%
Fuel usage GO - MN	51,836	78,398	(26,562)	-34%
Fuel usage MFO - DW	31,508	38,929	(7,421)	-19%
Fuel usage IFO DPP ISLA	20,083	37,415	(17,332)	-46%
Fuel usage MDO - KNPL & DPP ISLA	339	345	(6)	-2%
Accruals on fuel Usage	1,516	908	608	67%
Total fuel usage in ANG	**171,526**	**231,170**	**(59,644)**	**-26%**

According to an Island Executive Council's resolution of November 8, 2002, the Group 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 Group in order to be charged in future electricity and water tariffs.

The regulatory account of the Group comprises of the balance of the under- and over coverage on the direct costs components and the base component, meaning the extent to which the Group has pre-financed increases in the direct costs component of the electricity and water tariff. The under coverage balance of ANG 95.6 million as of December 31, 2009 (2008: ANG 88.4 million) is presented in paragraph 5.4.6.5 contingent asset.

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 Group. 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 Group, could lead to a significant increase in the regulatory account of the Group thus leading to a weaker financial position of the Group.

A sensitivity analysis of the direct cost components 2009 is shown in the schedule below:

(Amounts in ANG * 1,000)	**Realized 2009**	**Budget 2010**	**-10.0% change**	**-5.0% change**
Total sales electricity in MWH	654,390	665,318	665,318	665,318
Direct cost component E	0.3101	0.3527	0.3174	0.3351
Coverage direct cost component E	202,926	234,658	211,172	222,948
Total sales water in m^3 * 1,000	9,785	9,136	9,136	9,136
Direct cost component W	2.6728	3.0353	2.7318	2.8835
Coverage direct cost component W	26,153	27,731	24,958	26,344
Total coverage through tariffs	229,079	262,389	236,130	249,292
Total direct costs	(234,721)	(262,363)	(262,363)	(262,363)
(Under) over coverage direct costs	**(5,642)**	**26**	**(26,233)**	**(13,071)**

Conclusion: A -10% or -5% deviation from the budgeted coverage on the direct cost component could have a negative impact on the existing under-coverage of respectively ANG 26 million and ANG 13 million.

A sensitivity analysis of the direct cost components 2008 is shown in the schedule below:

(Amounts in ANG * 1,000)	**Realized 2008**	**Budget 2009**	**-10.0% change**	**-5.0% change**
Total sales electricity in MWH	633,691	640,069	640,069	640,069
Direct cost component E	0.2904	0.3364	0.3028	0.3196
Coverage direct cost component E	184,024	215,319	193,813	204,566
Total sales water in m^3 * 1,000	9,420	9,425	9,425	9,425
Direct cost component W	5.0891	5.1180	4.6062	4.8621
Coverage direct cost component W	47,939	48,237	43,413	45,825
Total direct costs	(291,177)	(241,905)	(241,905)	(241,905)
(Under) over coverage direct costs	**(59,214)**	**21,651**	**(4,679)**	**8,486**

Conclusion: A -10% deviation from the budgeted coverage in 2008 on the direct cost component could have had a negative impact on the budgeted under-coverage of ANG 4.7 million. A -5% deviation from the budgeted coverage in 2008 on the direct cost component will have a positive impact on the budgeted over-coverage of ANG 8.5 million.

5.3.2. CREDIT RISK

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

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

Credit risk within the Group also arises from cash and cash equivalents (note 5.4.2.4) with bank and financial institutions and from other investments as the long term deposits concerning Curaçao Utility Company (note 5.4.1.2).
The Group endeavors to mitigate this credit risk by using reputable financial institutions for investing and cash handling purposes. As per December 31, 2009 the Group has cash balances placed at 7 reputable banking institutions.

The credit risk management within the Group entails:

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

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

(Amounts in ANG * 1,000)	December 31, 2009		December 31, 2008	
	Trade receivables	**Other receivables**	**Trade receivables**	**Other receivables**
Industrial & large commercial	28,107	9,144	32,338	8,564
Commercial	20,315	8,906	23,573	16,435
Households	38,941	970	37,014	1,694
Government	7,063	17,582	2,522	27,998
Standing orders	3,441	0	2,930	0
New accounts	275	0	4,343	0
Inactive	37,514	0	29,653	0
Other	278	1,370	1,618	507
Balance of receivables	**135,934**	**37,972**	**133,991**	**55,198**
Clients' payments in transit	(3,158)	0	(3,560)	0
Billing cycle to be invoiced	20,022	0	17,934	0
Gross receivables	**152,798**	**37,972**	**148,365**	**55,198**
Less allowance for doubtful debts	(53,954)	(15,860)	(52,322)	(32,045)
Less customer deposits	(20,524)	0	(19,662)	0
Net receivables	**78,320**	**22,112**	**76,381**	**23,153**

A high risk group of trade accounts receivable is the inactive group. These clients have closed their accounts and the Group 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, 2009		
	Trade receivables	Other receivables	Receivables from related parties
Neither past due nor impaired	31,451	1,041	0
Past due but not impaired	64,756	19,595	1,477
Individually impaired	56,591	15,859	0
Gross	**152,798**	**36,495**	**1,477**
Less Allowance	(53,954)	(15,860)	0
Customer deposits	(20,524)	0	0
	(74,478)	(15,860)	0
Net	**78,320**	**20,635**	**1,477**

(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**

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, 2009		
	Trade receivables	Other receivables	Receivables from related parties
Past due up to 30 days	0	0	0
Past due up to 60 days	53,425	67	0
Past due more than 60 days	11,331	19,528	1,477
	64,756	**19,595**	**1,477**

(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**

The Group'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):

a. As mentioned earlier the inactive accounts group is considered to be a high risk group. Total balances which are outstanding are considered 100% impaired;

b. Other groups of trade accounts receivable which have outstanding balances of more than 4 (four) months are considered 50% impaired;

c. Specific client accounts which are not yet overdue more than 4 (four) months but for which the Group has sufficient indication of uncollectability of these accounts, are also impaired.

Other receivables:

a. Other receivables which are outstanding more than 2 (two) years are 100% impaired;

b. 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.

5.3.3. LIQUIDITY RISK

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

Management applies prudent centralized liquidity management which implies a cash flow matching approach in which projected cash inflows are matched against outflows. The Group's aim is to maintain sufficient cash and lines of credit to be able to comply with its obligations. In this, management 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 Group's Board of Directors. A three year extract from the budget is shown below:

Forecasted liquidity			
(Amounts in ANG * 1,000)	**Dec 31, 2010**	**Dec 31, 2011**	**Dec 31, 2012**
Opening balance	78,471	108,899	132,527
Operating proceeds	62,328	85,415	98,415
Cash outflow for investments	(160,900)	(173,495)	(167,897)
Payments for debts	(22,900)	(8,292)	(3,973)
New loan	151,900	120,000	80,000
Increase in cash balances	30,428	23,628	6,545
Balance at end of year	**108,899**	**132,527**	**139,072**

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

The liquidity status as per December 31, 2009 is shown below:

Liquidity status		
(Amounts in ANG * 1,000)	Dec 31, 2009	Dec 31, 2008
Funds encumbered > 5 years	1,929	1,904
Funds encumbered 1 < years < 5	36,445	37,006
Available cash & cash at banks	40,097	4,609
Total credit facilities	**78,471**	**43,519**

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 Group's financial liabilities, being its long term loans, other non-current liabilities and current liabilities, into relevant maturity groupings based on the remaining period at reporting date to the contractual maturity date. The long term loans and other non current liabilities amounts include the interest expenses for the remaining period at reporting date. All amounts are the undiscounted cash flows:

Long term loans and other non current liabilities						
(Amounts in ANG * 1,000)	At December 31, 2009			At December 31, 2008		
	<1 year	≥1 and ≤5 years	>5 years	<1 year	≥1 and ≤5 years	>5 years
Curoil loan	0	0	0	27,500	10,202	0
Loan NIB USD part	0	0	0	13,627	14,157	0
Loan NIB ANG part	0	0	0	23,076	41,320	0
Loan RdK	5,974	0	0	1,137	5,974	0
Loan KFW	3,964	3,964	0	4,187	8,130	0
Loan Isla Dieselcentrale	3,747	16,833	11,181	3,874	14,228	17,534
Loan MJP	15,691	7,781	10,762	14,135	7,781	12,319
Loan SPU	73	122	0	73	196	0
Loan Vida Nova	524	1,179	0	568	1,660	0
	29,974	**29,880**	**21,943**	**88,177**	**103,648**	**29,853**

Current liabilities						
(Amounts in ANG * 1,000)	At December 31, 2009			At December 31, 2008		
	<1 year	≥1 and ≤5 years	>5 years	<1 year	≥1 and ≤5 years	>5 years
Trade accounts payable	78,796	0	0	86,528	0	0
Other liabilities	38,468	970	0	52,281	1,027	0
	117,264	**970**	**0**	**138,809**	**1,027**	**0**

5.3.4. CAPITAL RISK

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

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to effectively manage the cost of capital.

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, 2009**	**Dec 31, 2008**
Debt service coverage ratio (DSCR)	0.82	0.61
Compliance DSCR ratio	>1.45	> 1.65
Adjusted debt service coverage ratio (ADSCR)	0.55	0.38
Compliance ADSCR	>1.15	N/A
Debt/EBITDA ratio (D/E)	0.39	0.24.
Compliance D/E ratio	<8.5	< 4
Current ratio (CR)	0.56	0.80
Compliance CR	>1.00	N/A
Solvency ratio (SR)	31.87%	33.77%
Compliance SR	>30.00%	> 35.00%

Negative net movements of ANG 16,095,000 (positive ANG 5,519,000 in 2008) occurred directly in capital reserves mainly as a result of the IAS 19 valuation. See paragraph 4.4 for a breakdown of these movements.

5.4. EXPLANATORY NOTES TO THE STATEMENT OF FINANCIAL POSITION

5.4.1. NON CURRENT ASSETS

5.4.1.1. PROPERTY, PLANT, EQUIPMENT AND WORK IN PROGRESS

Below an overview of the property, plant, equipment and work in progress as per December 31, 2008 and 2009:

(Amounts in ANG *1,000)		Initial cost 01-Jan-08*	Accum. Depr. 01-Jan-08*	Book value 01-Jan-08*	Investments 2008	Depreciations 2008*	Book value 31-Dec-08*	Initial cost 31-Dec-08	Accum. Depr. 31-Dec-08
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	58,646	46,585	12,061	1,157	(4,997)	8,221	59,803	51,582
	Work in progress	34,571	0	34,571	21,645	0	56,216	56,216	0
		795,618	**359,420**	**436,198**	**32,869**	**(28,051)**	**441,016**	**828,487**	**387,471**
	Impairment loss	(94,000)	0	(94,000)	0	0	(94,000)	(94,000)	0
	Total Distribution	**701,618**	**359,420**	**342,198**	**32,869**	**(28,051)**	**347,016**	**734,487**	**387,471**
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	**1,465,214**	**897,061**	**568,153**	**40,408**	**(52,279)**	**556,282**	**1,505,622**	**949,340**

** Restated for comparison purposes*

(Amounts in ANG *1,000)		Initial cost 01-Jan-09	Accum. Depr. 01-Jan-09	Book value 01-Jan-09	Investments 2009	Depreciations 2009	Book value 31-Dec-09	Initial cost 31-Dec-09	Accum. Depr. 31-Dec-09
Production	Land & buildings	44,458	19,179	25,279	681	(968)	24,992	45,139	20,147
	Plant/Equipment	701,777	499,974	201,803	10,611	(17,862)	194,552	712,388	517,836
	Major spare parts	30,711	24,014	6,697	2,583	(2,088)	7,192	33,294	26,102
	Other assets	19,429	18,370	1,059	1,575	(1,605)	1,029	21,004	19,975
	Work in progress	3,094	0	3,094	29,195	0	32,289	32,289	0
		799,469	**561,537**	**237,932**	**44,645**	**(22,523)**	**260,054**	**844,114**	**584,060**
	Impairment loss	(30,000)	0	(30,000)	0	0	(30,000)	(30,000)	0
	Total Production	**769,469**	**561,537**	**207,932**	**44,645**	**(22,523)**	**230,054**	**814,114**	**584,060**
Distribution	Land & buildings	81,765	40,125	41,640	150	(1,227)	40,563	81,915	41,352
	Distribution network	630,703	295,764	334,939	34,068	(22,167)	346,840	664,771	317,931
	Other assets	59,803	51,582	8,221	660	(4,182)	4,699	60,463	55,764
	Work in progress	56,216	0	56,216	(10,536)	0	45,680	45,680	0
		828,487	**387,471**	**441,016**	**24,342**	**(27,576)**	**437,782**	**852,829**	**415,047**
	Impairment loss	(94,000)	0	(94,000)	0	0	(94,000)	(94,000)	0
	Total Distribution	**734,487**	**387,471**	**347,016**	**24,342**	**(27,576)**	**343,782**	**758,829**	**415,047**
Multi Utility	Land & buildings	654	113	541	0	(59)	482	654	172
	Plant/Equipment	34	158	(124)	0	(82)	(206)	34	240
	Other assets	978	61	917	17	(24)	910	995	85
	Total Multi Utility	**1,666**	**332**	**1,334**	**17**	**(165)**	**1,186**	**1,683**	**497**
	Total	**1,505,622**	**949,340**	**556,282**	**69,004**	**(50,264)**	**575,022**	**1,574,626**	**999,604**

A significant part of the property, plant, equipment and work in progress of Aqualectra Production and Aqualectra Distribution were 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. These pledges were released on February 11, 2010.

The annual average depreciation rates are as follows:

Buildings	varying from 2 to 20%
Plant & Equipment	varying from $3^1/_3$ to 20%
Distribution network	varying from $3^1/_3$ to 12%
Other assets	varying from 5 to $33^1/_3$ %

Major spare parts are depreciated in accordance with the category of Plant & Equipment.
Plant / equipment include the book value of decommissioning costs of Mundo Nobo and is further specified in note 5.4.5.2.

As per year end 2009 Aqualectra had several projects for the acquisition or construction of property plant and equipment. Several of these projects are based on contractual agreements with suppliers of material and/ or for services. Of these projects the following projects have material contractual amounts as per year end 2009:

- Second extension Diesel Power Station Dokweg (total contractual amount is approximately ANG 39.2 million);
- Replacement 12 kV switch installation substation Koningsplein (total contractual amount is approximately ANG 2.9 million).

5.4.1.2. INVESTMENTS IN EQUITY ACCOUNTED INVESTEES AND OTHER INVESTMENTS

The table below shows the composition of the investment in equity accounted investees and other investments as per December 31, 2009:

(Amounts in ANG * 1,000)	Dec 31, 2009	Dec 31, 2008
Investments in equity accounted investees (CUC Holdings N.V.)	65,535	76,784
Other investments	1,820	2,984
Total	**67,355**	**79,768**

CURAÇAO UTILITY COMPANY HOLDINGS N.V.

Integrated Utility Holding N.V. 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. Integrated Utility Holding N.V. 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 year January 1, 2009 to December 31, 2009 amounts to ANG 22,961,000 (ANG 4,270,000 for the year ending December 31, 2008). The revenue for the year January 1, 2009 to December 31, 2009 amounts to ANG 81,532,000 (ANG 77,476,000 in 2008) and assets and liabilities total ANG 365,321,000 (ANG 387,518,000 per December 2008) and ANG 246,759,000 (ANG 245,995,000 per December 2008) respectively. Aqualectra's share in CUC Holdings' loss for the year January 1, 2009 to December 31, 2009 amounts to ANG 11,251,000 (compared to a profit of ANG 2,092,000 for the year 2008) and Aqualectra's share in CUC Holdings' equity as per December 31, 2009 amounts to ANG 65,535,000 (this compared to ANG 76,785,000 at the same year in 2008).

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

To finance other sponsor obligations for CUC Holdings, Integrated Utility Holding N.V. granted security deposits for the following L/C's as per December 31, 2009 and 2008:

	Dec 31, 2009	Dec 31, 2008
	Amount in ANG	Amount in ANG
• Inter sponsor agreement	1.81 million	1.81 million
• Cash collateral deposit	0 million	1.17 million
	1.81 million	**2.98 million**

For further information regarding these letters of credits we refer to note 5.4.6.5 (re: L/C guarantee).

5.4.1.3. 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 42,579,000. 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, 2009	Dec 31, 2008
Balance at beginning of year	60,107	54,367
Change in deferred tax asset	(6,361)	5,740
Balance at end of year	**53,746**	**60,107**

The change in deferred tax asset for the year 2009 and 2008 consists of (ANG *1,000):

	Dec 31, 2009	Dec 31, 2008
• Integrated Utility Holding N.V.:	ANG (1,634)	ANG 19,548
• Aqualectra Production:	ANG (2,839)	ANG (1,994)
• Aqualectra Distribution:	ANG (1,888)	ANG (11,814)
	ANG (6,361)	**ANG 5,740**

5.4.2. CURRENT ASSETS

5.4.2.1. INVENTORIES

A summary of stocks as per December 31, 2009 is specified below:

(Amounts in ANG * 1,000)	Dec 31, 2009	Dec 31, 2008
Aqualectra Production		
Materials & spare parts	5,512	6,665
Fuel & lubricants	7,233	6,083
Water	534	496
Total Aqualectra Production	**13,279**	**13,244**
Aqualectra Distribution		
Stock in warehouse	15,351	11,574
Water in reservoirs	916	881
Total Aqualectra Distribution	**16,267**	**12,455**
Aqualectra Multi Utility		
Materials & spare parts	390	378
Total Aqualectra Multi Utility N.V.	**390**	**378**
Total inventories	**29,936**	**26,077**

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

The stock was lowered by a provision of ANG 8,119 (2008: ANG 7,078) for slow movers.

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

Inventories of Aqualectra Production and Aqualectra Distribution were 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. This pledge was released on February 11, 2010.

5.4.2.2. TRADE ACCOUNTS RECEIVABLE

The composition of trade accounts receivable as per December 31, 2009 is as follows:

(Amounts in ANG * 1,000)	Dec 31, 2009	Dec 31, 2008
Government institutions	2,522	2,522
Business & industrial customers	30,890	32,338
Households	119,386	113,505
	152,798	**148,365**
Customer deposits	(20,524)	(19,662)
Provision for bad debts	(53,954)	(52,322)
	(74,478)	**(71,984)**
Total trade accounts receivable	**78,320**	**76,381**

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 statement of financial position of Aqualectra Distribution.

Accounts receivables due by Aqualectra Distribution have been assigned to MCB Bank N.V. as collateral against bank overdraft facilities (refer to note 5.4.6.3).

Accounts receivables of Aqualectra Production and Aqualectra Distribution were encumbered with a first priority pledge in favor of National Investment Bank (NA) N.V. This pledge was released on February 11, 2010.

5.4.2.3. OTHER RECEIVABLES

Specification as per December 31, 2009:

(Amounts in ANG * 1,000)	Dec 31, 2009	Dec 31, 2008
Aqualectra Production		
Prepaid insurance premiums	2,253	2,399
Other receivables	1,694	2,880
	3,947	**5,279**
Aqualectra Distribution		
Services public lighting	401	8,814
Damage costs and other services to be billed	1,365	1,152
General Debtors	9,410	1,860
Current account Selikor	6,639	6,301
Current account Noords	547	49
Current account SPU	65	67
Current account WEB Bonaire	19	88
Other account receivables (incl. balance GEUS)	403	401
	18,849	**18,732**
Integrated Utility Holding N.V.		
Other receivables	1,477	1,477
	1,477	**1,477**
Aqualectra Multi Utility N.V.		
Other receivables	92	64
	92	**64**
Total Other receivables	**24,365**	**25,552**

5.4.2.4. CASH & CASH EQUIVALENTS

The specification cash and cash equivalents as per December 31, 2009 is as follows:

(Amounts in ANG * 1,000)	Dec 31, 2009	Dec 31, 2008
Aqualectra Production		
Cash at banks and on hand	3,665	7,219
Other cash items	0	(150)
	3,665	**7,069**
Aqualectra Distribution		
Cash at banks and on hand	13,640	10,627
Other cash items	(879)	(106)
	12,761	**10,521**
Integrated Utility Holding N.V.		
Cash at banks	**64,451**	**33,307**
Aqualectra Multi Utility N.V.		
Cash at banks and on hand	**76**	**74**
Total cash & cash equivalents	**80,953**	**50,971**

Included in the total amount of cash and cash equivalents is ANG 17.7 million (2008: ANG 31.5 million) which is not at free disposition of the Group. This amount consists of:

- a total amount of ANG 15.8 million due to excess cash deposits (2008: ANG 26.9 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 (2008: ANG 1.9 million).
- A total amount of ANG 0 due to cash collateral deposit (2008: ANG 1.1 million) and
- A total amount of ANG 0 which was a cash reservation for medical costs for retired employees (ANG 2008: ANG 1.6 million).

This cash and cash equivalents amounting to ANG 17.7 million is as per January 11, 2010 in free disposition of the Group.

The Group 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 2009 was 0.125% per year (2008: 3.2%). The interest rate is fixed for three months.

As per December 31, 2009 there are bank guarantees amounting to ANG 1.7 million in favor of Inspectie der Invoerrechten en Accijnzen and Douane Nederlandse Antillen.

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

5.4.3. EQUITY

Please refer to paragraph 4.3 for a detailed specification of shareholder's equity.

5.4.3.1. 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 2009 and 2008 there were no movements in the capital and share premium.

During 2009 and 2008 movements have occurred directly in equity as a result of IAS 19 (Employee benefits). The movements are detailed in the statement of other comprehensive income as shown in paragraph 4.4.

5.4.3.2. PREFERRED STOCK

PREFERRED STOCK

Purchasing of the preferred stock

Preferred stock relates to a total of 7,000 shares having a nominal value of ANG 1.- per share sold in two tranches in accordance with the Preferred Stock Purchase Agreement.

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.

The 7,000 preferred shares bear a cumulative preferred dividend of 16.75%. Preferred stock has been issued for the financing of future investments in general.

During 2007 Mirant sold its holdings of Aqualectra'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 Curacao 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 Group and Marubeni states that of the purchase price ANG 1.00 per share should be allocated to nominal share capital of the Group and ANG 10,170.4286 per share should be allocated to the Preferred Stock share premium of the Group.

Conversion of preferred stocks and put option

As of December 2007 the Purchaser may not any longer elect to convert all, but not less than all, of its Preferred Stocks into Common Stock. Furthermore, as of fiscal year 2008 the Purchaser may also no longer exercise its right to withdraw its investment in the Group through all but not less than all of the Preferred Stock. Given the nature then of the 7,000 preferred shares, these are no longer presented as long term liabilities but have been reclassified and presented as equity.

Call Option

At any time the Group 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.

As per December 30, 2009 the Group entered into a refinancing of its existing debts including the Preferred Stock held by Marubeni TAQA and therefore exercised its right to purchase all the Preferred Stock held by Marubeni TAQA and paid all outstanding accrued and unpaid preferred dividends thereon to Marubeni TAQA.

5.4.4. FINANCIAL LIABILITIES

Below a summary of balances regarding all outstanding long term loans as per December 31, 2009, specified per Group:

(Amounts in ANG * 1,000)	Dec 31, 2009	Dec 31, 2008
Aqualectra Distribution		
Loan Vida Nova Pension Fund (SPU)	170	222
Loan Meerjarenplan (MJP)	26,312	26,312
Loan Vida Nova Pension Fund (Building)	1,499	1,887
Leasehold Obligation - Cars	1,007	1,354
Current maturities of long term loans	(10,767)	(9,496)
	18,221	**20,279**
Integrated Utility Holding N.V.		
Loan Refineria di Korsou (RDK) N.V.	5,504	6,116
Loan Nationale Investeringsbank (NIB) Tranche A	0	25,804
Loan Nationale Investeringsbank (NIB) Tranche B	0	57,343
Loan Kreditanstalt für Wiederaufbau (KFW)	7,928	11,892
Current maturities of long term loans	(9,468)	(35,928)
	3,964	**65,227**
Aqualectra Production		
Loan Curoil	0	37,502
Loan Diesel Power Plant ISLA	25,367	27,904
Current maturities of long term loans	(2,537)	(30,037)
	22,830	**35,369**
Total Financial liabilities	**45,015**	**120,875**

5.4.4.1. LONG TERM LOANS DISTRIBUTION

LOAN VIDANOVA PENSION FUND (SPU):

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 MEERJARENPLAN (MJP):

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.

Currently Aqualectra is contemplating settlement of part of the outstanding amount with receivable amount for electricity and water bills of different governmental departments. 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.

5.4.4.2. LONG TERM LOANS INTEGRATED UTILITY HOLDING

LOAN REFINERIA DI KORSOU (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 NATIONAL INVESTMENT BANK (N.A.) N.V. (NIBANC)

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) was 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 repayment over 6 years. The new maturity date for the USD loan was changed to March 15, 2011.

During 2009 a total amount of ANG 83,147,000 of the NIB loan was repaid by means of the newly issued bond (refer to note 5.4.6.2). On February 11, 2010 the right of pledge in favor of National Investment Bank (NA) N.V. on property, plant, equipment and work in progress of Aqualectra Production and Aqualectra Distribution (refer to note 5.4.1.1) and the accounts receivable from Aqualectra Distribution (refer to note 5.4.2.2) was released.

LOAN KREDITANSTALT FÜR WIEDERAUFBAU (KFW)

On January 17, 2002 the Group concluded with Alstom Energietechnik GmbH, Frankfurt, Germany, a contract for the supply of a new 66 kV 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 Group 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, 2009 the outstanding amount is ANG 7,928,269 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.

5.4.4.3. 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 5.4.6.5 Commitments and contingencies.

(Amounts in ANG * 1,000)	Dec 31, 2009	Dec 31, 2008
Long term liability to Refineria ISLA	25,367	27,904
Loan payable to CUROIL	0	37,502
Current maturities of long term liability and loan from CUROIL	(2,537)	(30,037)
Total other long term liabilities	**22,830**	**35,369**

On June 19, 2008 Aqualectra Production (the Borrower) and CUROIL N.V. (the Lender) entered into a loan agreement to payoff various outstanding trade payables for the supply of fuel. The remaining amount of the ANG 45 million, 7% loan has been paid off in December 2009.

5.4.5. NON-CURRENT LIABILITIES

5.4.5.1. 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%.

5.4.5.2. PROVISIONS

The provisions as per December 31, 2009 can be divided in the following categories:

(Amounts in ANG * 1,000)	Dec 31, 2009	Dec 31, 2008
Provisions employee benefits	172,726	144,669
Other provisions	14,344	13,425
Total provisions	**187,070**	**158,094**

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, 2009 can be specified as follows:

(Amounts in ANG * 1,000)	Dec 31, 2009	Dec 31, 2008
Provision medical costs retired employees	128,430	114,461
Provision supplementary pension APNA (DT)	18,518	12,757
Provision early retirement benefit (VUT)	1,436	1,651
Provision anniversary bonus	14,552	12,975
Provision vacation leave	2,587	2,453
Provision pension obligations	7,203	372
Total provisions	**172,726**	**144,669**

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 4.4) and also via the statement of income and expenses.

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

	2009	2008
Discount rate at December 31	5.50%	6.00%
Rate of return on plan assets	6.10%	6.10%
Inflation	3.50%	3.50%
Future Medical expenses increases	3.50%	4.00%

Mortality:

Male:	GBM 2000-2005; -1	(2008: GBM 2000-2005; -1)
Female:	GBV 2000-2005; -1	(2008: GBV 2000-2005; -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, 2009	Dec 31, 2008
Liability medical costs retired employees recognized in the statement of financial position		
Present value of unfunded obligations	128,546	114,548
Fair value of plan assets	(116)	(87)
Unrecognised past service gain	0	0
Liability medical costs retired employees premiums	**128,430**	**114,461**
Movement in liability medical costs retired employees		
Liability medical costs retired employees at the beginning of year	114,548	119,545
Expenses	9,396	10,234
Contributions paid	(2,965)	(2,774)
Actuarial losses / (gains) recognized in the statement of total recognized gains and losses	7,567	(12,457)
Liability medical costs retired employees at end of year	**128,546**	**114,548**
Amounts recognized in the statement of comprehensive income		
Current service costs	3,011	2,684
Interest costs	6,385	7,550
Expected return on plan assets	0	0
Additional charges	0	0
Past service costs	0	0
Expenses recognized in the statement of comprehensive income	**9,396**	**10,234**
Present value of the unfunded obligations		
Present value of the unfunded obligations at the beginning of year	114,548	119,545
Interest costs	6,385	7,550
Current service costs	3,011	2,684
Benefits paid	(2,965)	(2,774)
Actuarial loss / (gain) on obligation	7,567	(12,457)
Present value of the unfunded obligations at end of year	**128,546**	**114,548**
Fair value of the plan assets		
Fair value of the plan assets at the beginning of year	(87)	(68)
Expected return on plan assets	0	0
Actuarial (gain) losses on plan assets	0	0
Additional charge	0	0
Contributions by the employer	(2,200)	(1,810)
Contributions by the participants	(794)	(983)
Benefits paid	2,965	2,774
Fair value of the plan assets at end of year	**(116)**	**(87)**
Development of deficit in the plan		
Present value unfunded obligations	128,546	114,548
Fair value of plan assets	(116)	(87)
Deficit in the plan	**128,430**	**114,461**

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

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 5,332,000 and (ANG 5,021,000) in the unfunded obligations.
A negative or positive 0.25% change in the applied inflation rate would result in deviations of respectively ANG 2,693,000 and (ANG 2,606,000) in the unfunded obligations.

Medical expenses retired employees (Amounts in ANG * 1,000)	**Basis**	**Deviation in discount rate**		**Deviation in inflation rate**	
Discount rate	5.50%	5.25%	5.75%	5.50%	5.50%
Inflation rate	3.50%	3.50%	3.50%	3.25%	3.75%
Present value of the unfunded obligation	128,546	133,878	123,525	131,239	125,940

Provision supplementary pension APNA (DT)

IIn 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 Pensioenfonds 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 Group 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:

	2009	**2008**
Discount rate at December 31	5.50%	6.00%
Rate of return on plan assets	6.10%	6.10%
Inflation	3.00%	3.00%
Future pension increases	2.10%	2.10%
Future compensation increases	1.80%	1.65%

Mortality:

Male:	GBM 2000-2005; -1	(2008: GBM 2000-2005; -1)
Female:	GBV 2000-2005; -1	(2008: GBV 2000-2005; -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, 2009	Dec 31, 2008
Provision supplementary pension APNA (DT) recognized in the statement of financial position		
Present value of unfunded obligations	18,518	12,757
Fair value of plan assets	0	0
Unrecognised past service gain	0	0
Provision supplementary pension APNA (DT) premiums	**18,518**	**12,757**
Movement in provision supplementary pension APNA (DT)		
Provision supplementary pension APNA (DT) at the beginning of year	12,757	12,108
Expenses	819	793
Contributions paid	(552)	(759)
Actuarial losses recognized in the statement of total recognized gains and losses	5,494	615
Provision supplementary pension APNA (DT) at end of year	**18,518**	**12,757**
Amounts recognized in the statement of comprehensive income		
Current service costs	131	57
Interest costs	688	736
Expected return on plan assets	0	0
Additional charges	0	0
Past service costs	0	0
Expenses recognized in the statement of comprehensive income	**819**	**793**
Present value of the unfunded obligations		
Present value of the unfunded obligations at the beginning of year	12,757	12,108
Interest costs	688	736
Current service costs	131	57
Past service costs (vested benefits)	0	0
Benefits paid	(552)	(759)
Actuarial loss on obligation	5,494	615
Present value of the unfunded obligations at end of year	**18,518**	**12,757**
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	(552)	(759)
Contributions by the participants	0	0
Benefits paid	552	759
Fair value of the plan assets at end of year	**0**	**0**
Development of deficit in the plan		
Present value unfunded obligations	18,518	12,757
Fair value of plan assets	0	0
Deficit in the plan	**18,518**	**12,757**

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

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 544,000 and (ANG 519,000) in the unfunded obligations.
A negative or positive 0.25% change in the applied pension indexation would result in deviations of respectively (ANG 508,000) and ANG 530,000 in the unfunded obligations.

Supplementary pension APNA (DT) (Amounts in ANG * 1,000)	**Basis**	**Deviation in discount rate**		**Deviation in inflation rate**	
Discount rate	5.50%	5.25%	5.75%	5.50%	5.50%
Pension indexation	2.10%	2.10%	2.10%	1.85%	2.35%
Present value of the unfunded obligation	18,518	19,062	17,999	18,010	19,048

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 the preparation and approval 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 Aqualectra, 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 ultimately 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 Aqualectra, 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 Group 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 Group's statement of financial position.

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.

	2009	2008
Discount rate at December 31	5.50%	6.00%
Rate of return on plan assets	6.10%	6.10%
Inflation	3.00%	3.00%
Future pension increases	2.10%	2.10%
Future compensation increases	1.80%	1.65%

Mortality:

Male:	GBM 2000-2005; -1	(2008: GBM 2000-2005; -1)
Female:	GBV 2000-2005; -1	(2008: GBV 2000-2005; -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, 2009	Dec 31, 2008
Provision early retirement benefit APNA (VUT) recognized in the statement of financial position		
Present value of unfunded obligations	1,436	1,651
Fair value of plan assets	0	0
Unrecognised past service gain	0	0
Provision early retirement benefit APNA (VUT) premiums	**1,436**	**1,651**
Movement in provision early retirement benefit (VUT)		
Provision early retirement benefit APNA (VUT) at the beginning of year	1,651	2,309
Expenses	71	153
Contributions paid	(911)	(806)
Actuarial losses/ (gains) recognized in the statement of total recognized gains and losses	625	(5)
Provision early retirement benefit APNA (VUT) at end of year	**1,436**	**1,651**
Amounts recognized in the statement of comprehensive income		
Current service costs	5	23
Interest costs	66	130
Expected return on plan assets	0	0
Additional charges	0	0
Past service costs	0	0
Expenses recognized in the statement of comprehensive income	**71**	**153**
Present value of the unfunded obligations		
Present value of the unfunded obligations at the beginning of year	1,651	2,309
Interest costs	66	130
Current service costs	5	23
Past service cost (vested benefits)	0	0
Benefits paid	(911)	(806)
Actuarial loss/(gain) on obligation	625	(5)
Present value of the unfunded obligations at end of year	**1,436**	**1,651**

(Amounts in ANG * 1,000)	Dec 31, 2009	Dec 31, 2008
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 losses/(gains) on plan assets	0	0
Additional charge	0	0
Contributions by the employer	(911)	(806)
Contributions by the participants	0	0
Benefits paid	911	806
Fair value of the plan assets at end of year	**0**	**0**
Development of deficit in the plan		
Present value unfunded obligations	1,436	1,651
Fair value of plan assets	0	0
Deficit in the plan	**1,436**	**1,651**

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

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 Aqualectra, 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:

	2009	2008
Discount rate at December 31	5.50%	6.00%
Rate of return on plan assets	6.10%	6.10%
Salary increases (inflation & career)	2.10%	3.90%
Future compensation increase	1.80%	1.65%

Mortality:		
Male:	GBM 1995-2000; -1	(2008 GBM 2000-2005; -1)
Female:	GBV 1995-2000; -1	(2008 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, 2009	Dec 31, 2008
Provision anniversary bonus recognised in the statement of financial position		
Present value of unfunded obligations	14,552	12,975
Fair value of plan assets	0	0
Unrecognised past service gain	0	0
Provision anniversary bonus premiums	**14,552**	**12,975**
Movement in Provision anniversary bonus		
Provision anniversary bonus at the beginning of year	12,975	13,364
Expenses	1,395	1,387
Contributions paid	(1,465)	(1,809)
Actuarial gains (and losses) recognized in the statement of total recognized gains and losses	1,647	33
Provision anniversary bonus at the end of the year	**14,552**	**12,975**
Amounts recognized in the statement of comprehensive income		
Current service costs	684	601
Interest costs	711	786
Expected return on plan assets	0	0
Additional charges	0	0
Past service costs	0	0
(Income) / expenses recognized in the statement of comprehensive income	**1,395**	**1,387**
Present value of the unfunded obligations		
Present value of the unfunded obligations at the beginning of the year	12,975	13,364
Interest costs	711	786
Current service costs	684	601
Past service cost (vested benefits)	0	0
Benefits paid	(1,465)	(1,809)
Actuarial (gain)/loss on obligation	1,647	33
Present value of the unfunded obligations at the end of the year	**14,552**	**12,975**
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	(1,465)	(1,809)
Contributions by the participants	0	0
Benefits paid	1,465	1,809
Fair value of the plan assets at the end of the year	**0**	**0**
Development of deficit in the plan		
Present value unfunded obligations	14,552	12,975
Fair value of plan assets	0	0
Deficit in the plan	**14,552**	**12,975**

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

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 227,000 and (ANG 222,000) in the unfunded obligations.
A negative or positive 0.25% change in the applied inflation rate would result in deviations of respectively (ANG 231,000) and ANG 235,000 in the unfunded obligations.

Provision anniversary bonus (Amounts in ANG * 1,000)	**Basis**	**Deviation in discount rate**		**Deviation in inflation rate**	
Discount rate	5.50%	5.25%	5.75%	5.50%	5.50%
Inflation (inflation & career inflation)	3.90%	3.90%	3.90%	3.65%	4.15%
Present value of the unfunded obligation	14,552	14,779	14,330	14,321	14,787

Provision defined benefit plan

The Group 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 Group has a defined benefit plan, which amongst others means that the 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 Aqualectra Production, no liability is recognized in the statement of financial position in respect of the defined benefit pension plan as the present value of the defined benefit obligation at the reporting date is less than the fair value of the plan assets, together with adjustments for unrecognised actuarial gains or losses and past service costs. For the other companies in the Group no net plan asset is recognized in the statement of financial position.

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:

	2009	**2008**
Discount rate at December 31	5.50%	6.00%
Rate of return on plan assets	6.10%	6.10%
Inflation	3.00%	3.00%
Future pension increases	3.00%	2.10%
Future compensation increases	1.80%	1.65%

Mortality:

Male:	GBM 2000-2005; -1	(2008: GBM 2000-2005; -1)
Female:	GBV 2000-2005; -1	(2008: GBV 2000-2005; -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, 2009	Dec 31, 2008
Net Pension Liability / (Asset), recognized/ NOT recognized in the statement of financial position		
Present value of funded obligations	174,928	150,231
Fair value of plan assets	168,015	152,081
Net Pension Liability / (Asset)	**6,913**	**(1,850)**
Net Pension Liability recognized in the statement of financial position	7,203	372
Net Pension Asset not recognized in the statement of financial position	(290)	(2,222)
Net Pension Liability / (Asset), recognized/ NOT recognized in the statement of financial position	**6,913**	**(1,850)**
Movement in present value of the Defined Benefit Obligation (DBO)		
Defined Benefit Obligation at the beginning of the year	150,231	172,404
Expenses	18,139	19,071
Benefits paid	(648)	(913)
Actuarial losses/ (gains) on obligation	7,206	(40,331)
Defined Benefit Obligation at the end of the year	**174,928**	**150,231**
Amounts recognized in the statement of comprehensive income		
Current service costs	9,378	7,835
Interest costs	8,761	11,236
Expected return on plan assets	(9,800)	(14,419)
Additional charges	1,696	1,297
Past service costs	0	0
(Income) / expenses recognized in the statement of comprehensive income	**10,035**	**5,949**
Actual return on plan assets *		
Expected return on plan assets	9,800	14,419
Actuarial gains (and losses) on plan assets	(2,175)	(65,899)
Actual return on plan assets	**7,625**	**(51,480)**
Present value of the funded obligations		
Present value of the funded obligations at the beginning of year	150,231	172,404
Interest costs	8,761	11,236
Current service costs	9,378	7,835
Benefits paid	(648)	(913)
Actuarial loss/ (gain) on obligation	7,206	(40,331)
Present value of the funded obligations at the end of the year	**174,928**	**150,231**
Fair value of the plan assets		
Fair value of the plan assets at the beginning of the year	(152,081)	(196,728)
Expected return on plan assets	(9,800)	(14,419)
Actuarial gain / (losses) on plan assets	2,175	65,899
Additional charge	1,696	1,297
Contributions by the employer	(7,547)	(6,344)
Contributions by the participants	(3,106)	(2,699)
Benefits paid	648	913
Fair value of the plan assets at end of year	**(168,015)**	**(152,081)**

(Amounts in ANG * 1,000)	Dec 31, 2009	Dec 31, 2008
Development of deficit in the plan		
Present value unfunded obligations	174,928	150,231
Fair value of plan assets	(168,015)	(152,081)
Deficit/ (surplus) in the plan	**6,913**	**(1,850)**

** Includes releases in obligation because of new retirements, and returns on investments of 12.38% (2008:-12.05%).*

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

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 7,962,000) and ANG 8,479,000 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 8,914,000 and (ANG 8,388,000) in the unfunded obligations.

Vida Nova Pension (Amounts in ANG * 1,000)	**Basis**	**Deviation in discount rate**		**Deviation in inflation rate**	
Discount rate	5.50%	5.25%	5.75%	5.50%	5.50%
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	174,928	183,407	166,966	166,540	183,842

Provision vacation leave

Employees are entitled to a maximum number of vacation days per year. The Group 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, 2009	Dec 31, 2008
Provision leave pay		
Balance at beginning of year	2,453	2,763
Change in provision	134	(310)
Balance at end of year	**2,587**	**2,453**

Other Provisions

Other provision is comprised of the following categories:

(Amounts in ANG * 1,000)	Dec 31, 2009	Dec 31, 2008
Provision environmental clean up of RIF premises	825	825
Provision decommissioning of Mundo Nobo	13,519	12,600
Total other provisions	**14,344**	**13,425**

Provision environmental clean up Rif and Mundo Nobo 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, 2009	Dec 31, 2008
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 Mundo Nobo Plant		
Balance at beginning of year	12,600	12,600
Change in provision	919	0
	13,519	**12,600**
Balance at end of year	**14,344**	**13,425**

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.

The position of this provision and the movements in its corresponding asset is shown in the table below:

(Amounts in ANG * 1,000)	Dec 31, 2009	Dec 31, 2008
Provision decommissioning Mundo Nobo recognized in the statement of financial position		
Provision decommissioning at the beginning of year	12,600	12,600
Interest expenses on provision	693	0
Indexation 2009	226	0
Balance provision decommissioning at the end of the year	**13,519**	**12,600**
Value of decommissioning Mundo Nobo asset		
Provision decommissioning	13,519	12,600
Cumulative depreciation	(10,940)	(10,080)
Balance decommissioning asset at the end of the year	**2,579**	**2,520**
Expenses related to decommissioning Mundo Nobo asset		
Depreciation	860	630
Decommissioning expenses	0	0
Expenses recognized relating to decommissioning Mundo Nobo asset	**860**	**630**
Cumulative depreciation decommissioning asset		
Cumulative depreciation at the beginning of year	10,080	9,450
Depreciation during the year	860	630
Disposals	0	0
Cumulative depreciation at the end of the year	**10,940**	**10,080**

5.4.6. CURRENT LIABILITIES

5.4.6.1. TRADE ACCOUNTS PAYABLE

Below an overview of the Trade accounts payable per Company as per December 31, 2009:

(Amounts in ANG * 1,000)	Dec 31, 2009	Dec 31, 2008
Aqualectra Production		
Curoil	41,097	30,386
PDVSA	7,891	21,167
Consultants	1,529	296
Local contractors	1,430	86
Local suppliers	3,079	3,705
Foreign suppliers	3,441	1,789
Insurance companies	0	292
Other accounts payable	1,651	1,554
	60,118	**59,275**
Aqualectra Distribution		
CUC	694	651
PDVSA	1,536	13,198
Payments in transit	2,189	1,470
Consultants	954	1,147
Local contractors	3,773	4,208
Local suppliers	1,019	1,227
Foreign suppliers	4,595	945
Insurance companies	768	675
Government institutions	105	202
Other accounts payable	2,975	3,401
	18,608	**27,124**
Aqualectra Multi Utiliy N.V.		
Other accounts payable	70	129
	70	**129**
Total accounts payable	**78,796**	**86,528**

5.4.6.2. CORPORATE BONDS IUH

On December 28, 2009 Aqualectra issued through the Central Bank Netherlands Antilles the first tranche 1a Aqualectra Corporate Bonds with a nominal amount of ANG 300,045,000. The actual realized net result on this issue amounts ANG 238,894,162. Coupon bear on this bond is 6% and redemption will commence quarterly beginning on March 15, 2015.
The purpose of the issue of the first tranche was to refinance the existing loans and liabilities.

Aqualectra will issue tranche 1b of Aqualectra Corporate Bonds ANG 415,000,000. This tranche will consist of 2 sub tranche, namely:

I ANG 240,000,000 (re-issue original tranche 1a)

II ANG 175,000,000 (new issue)

Coupons bear 6% respectively 5%. Redemption of tranche I will commence quarterly beginning on August 17, 2015 and will mature in 25 years. Tranche II will have only one payment and will be on May 17, 2025.
The purpose of the issue of these tranche is to re-issue existed/original tranche 1a and financing of investments conform the Near Term Investment plan of Aqualectra.

5.4.6.3. BANK OVERDRAFT

Aqualectra Production has credit facilities with various banks amounting to a total of ANG 6,250 million. On December 31, 2009 ANG 1,850,752 (2008: ANG 5,398,000) of this facility was in use by the Group.
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, 2009 ANG 630,935 (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, 2009:

(Amounts in ANG * 1,000)	Dec 31, 2009	Dec 31, 2008
Aqualectra Production		
Bank overdraft	1,851	5,398
Aqualectra Distribution		
Bank overdraft	631	2,054
Total Bank overdraft	**2,482**	**7,452**

The average annual interest rate during 2009 was 15.0% (2008: 10.1%).

5.4.6.4. OTHER LIABILITIES

A summary of the main items payable as per December 31, 2009 is specified below:

(Amounts in ANG * 1,000)	Dec 31, 2009	Dec 31, 2008
Aqualectra Production		
Employee benefit obligations	1,275	865
Social securities	1,640	2,627
Accrued interest	47	166
Current maturity long term loans	2,537	30,037
Early retirement benefit obligations	818	1,109
Other accrued expenses	1,576	416
Other payables (foreign Countries)	(843)	1,598
Miscellaneous	1,042	689
	8,092	**37,507**
Aqualectra Distribution		
Social securities	1,840	6,235
Current maturity long term loans	10,767	9,496
Accrued interest	13,009	12,237
Early retirement benefit obligations	0	0
Other accrued expenses	3,795	7,828
Deposit received from APNA	2,000	2,000
Miscellaneous	578	74
MJP projects	3,094	3,094
	35,083	**40,964**
Integrated Utility Holding N.V.		
Social securities	8	458
Accrued interest	32	6,463
Other accrued expenses	9,411	7,813
Current maturity long term loans	9,468	35,928
Profit tax	0	0
	18,919	**50,662**
Aqualectra Multi Utility N.V.		
Social securities	7	5
Other accrued expenses	78	78
	85	**83**
Total Other liabilities	**62,179**	**129,216**

5.4.6.5. COMMITMENTS & CONTINGENCIES

COMMITMENTS:

CAR LEASE AGREEMENTS

Aqualectra has lease agreements with several car dealers for the lease of Group cars. These lease agreements have different terms as per year-end December 2009. The total commitment as per December 31, 2009 based on the remaining terms of the lease agreements amounts to ANG 5,652,762 (ANG 4,280,913 in 2008). This amount can be specified as follows:

Commitments up till one year:	ANG 2,170,119 (ANG 191,303 in 2008);
Commitments between one and five years:	ANG 3,482,643 (ANG 4,089,610 in 2008);
Commitments older than five years:	ANG 0 (ANG 0 in 2008).

CONTRACTS WITH SUPPLIERS AND CONTRACTORS

As at reporting 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 reporting date:

Contract party	Purpose of contract	Contract period		Commitments in contract period	
(Amounts in ANG * 1,000)		Start	End		
Electricity and water technical activities					
Local contractor	Purchase of water	1995	2012	23,385	
Foreign supplier	Purchase of electricity	2008	2010	3,374	
Local supplier	Purchase of electricity	1999	2014	10,180	
Local contractor	Hire of electrical maintenance and trouble shooting teams	2007	2010	1,400	
Local contractor	Hire of electrical maintenance and trouble shooting teams	2007	2010	1,500	
Local contractor	Hire of electrical maintenance teams	2007	2010	1,500	
Local contractor	Hire of electrical maintenance teams and incident room-workers	2007	2010	1,200	
Local contractor	Hire of communication means	2006	2010	285	
Local contractor	Hire of electrical maintenance and trouble shooting teams	2007	2010	1,250	
Local supplier	Maintenance of SCADA	2008	2011	90	
Several contractors	Maintenance of air conditioning	2009	2010	70	
Several contractors	Maintenance of site	2009	2010	285	
Several contractors	Hire water meter exchange teams	2009	2010	300	
Investment projects					
Local contractors	Replacement 12 kV switch installation substation Koningsplein	2008	2010	2,978	
Customer relations activities					
Local supplier	Lease of couverter machines	2006	2011	200	
Local supplier	Delivery of electricity/water bills	2009	2010	2,700	*
Local contractor	Electricity and water meter reading activities	2007	2010	1,200	*
Local money transporter	Money transportation activities	2009	2010	200	
Local banks	Bill payment service	2009	2010	2,311	*
Local suppliers	Electricity prepayment though vending system	2009	2010	1,016	*
Local contractor	Temporary cashiers	2008	2011	876	
ICT-products and services					
Local supplier	Technical support for the database management system	2009	2010	918	
Foreign supplier	Delivery, support and license of software products (yearly)	2009	2010	644	
Local supplier	Program development	2009	2010	435	
Local supplier	System administration	2009	2010	240	

Contract party	Purpose of contract	Contract period		Commitments in contract period
(Amounts in ANG * 1,000)		Start	End	
Local supplier	Database administrator	2009	2010	300
Local supplier	Internet	2009	2010	76
Local supplier	Central printing/copying facilities	2009	2010	480
Local supplier	Telephone exchange/ switchboard	2009	2010	180
Facilities				
Local supplier	Lease of Ford F-550	2007	2012	1,158
Several local suppliers	Lease of vehicles	2006	2014	5,653
Local supplier	Fleed auto tracking	2009	2010	84
Local contractor	Car wash	2009	2010	42
Local contractor	Office cleaning	2009	2010	401
Local supplier	Sanitair accessories	2009	2010	17
Local supplier	Walk mat	2009	2010	27
Local contractor	Garbage collection	2009	2010	17
Several local suppliers	Maintenance of air conditioning	2009	2010	123
Foreign supplier	Long range programming	2007	2012	225
Local contractor	Messenger service	2009	2010	200

** 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, 2009 there was one current letter of credit (L/C's) amounting to ANG 1.82 million (also at the end of 2008). This L/C is related to the financing of the Loan to CUC (see note 5.4.1.2). Further a letter of credit (L/C's) amounting to ANG 2.29 million in favor of Aggreko International Projects Ltd. This L/C is related to the rent of generators (see note 5.5.2).

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 Group's statement of financial position. 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 reporting 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, with the exception of the "wage scale" indexation.

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 66 kV 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, 22 MW 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 22 MW.
Amounts of electricity greater than 22MW (measured instantaneously) and up to and including 25 MW (measured instantaneously) have been referred as 'Level 1 excess'.
Amounts of electricity greater than 25 MW (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 the 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 expected in the third quarter of the year 2010.

CURAÇAO UTILITIES COMPANY N.V. (CUC)

As per December 31, 2009 the following contingent liability related to CUC can be identified:

DISPUTED INVOICES OF PDVSA/ REFINERIA ISLA

PDVSA/Refineria Isla has invoiced CUC for fuel used during periods when CUC failed to supply utilities and suffered liquidated damages. The USA limits CUC's exposure to those damages while the FSA ensures alternate fuels available at no costs from PDVSA. The net disputed amount related to these invoices is USD 2.2 million. CUC will seek arbitration if necessary.

Since the outcome of the above-mentioned contingency is currently not yet known, management cannot properly estimate the outstanding amount. Therefore, no provision has been made for this item in the financial statements.

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 2009 has been processed anticipating that the Island Government will approve the allocation of the remainder under coverage of the years 2006 throughout 2009 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
2009	7	0	0	7
Total	**179**	**(59)**	**(25)**	**95**

The above mentioned balance of approximately ANG 95 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.

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 statement of financial position.
At December 31, 2009, based on actuarial calculations, the fair value of the plan assets lower the present value of the funded obligations by ANG (6,913,000) (2008: fair value exceeds ANG 1,850,000).

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 means 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, 2009 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.

5.5. EXPLANATORY NOTES TO THE STATEMENT OF COMPREHENSIVE INCOME

5.5.1. 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 Group 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 5.4.6.5 for additional information.

Unaccounted usage for water distribution decreased during 2009 by 1.59% to 25.88% compared to 2008 (27.47%). Unaccounted usage for electricity distribution during 2009 decreased with 0.40% to 12.91% compared to 2008 (13.31%). 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.

5.5.2. DIRECT COST PRODUCTION

Direct cost production is specified below:

(Amounts in ANG * 1,000)	Dec 31, 2009	Dec 31, 2008
Fuel usage	(171,547)	(231,170)
Chemicals	(5,642)	(3,900)
Lubrication	(2,375)	(2,182)
Purchase of water & electricity	(14,818)	(12,075)
IUH DPP element	(6,859)	(6,738)
IUH Fuel element	(4,031)	(4,033)
IUH Extension element	(9,423)	(9,428)
Temporary Diesel Powerplant	(8,786)	(4,922)
Total direct cost production	**(223,481)**	**(274,448)**

Direct cost of production includes an amount of ANG 20,313,000 (ANG 20,199,000 in 2008) 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 5.4.6.5.

Operating lease rentals are payable as follows:

Operating lease (amounts in ANG * 1,000)	**At December 31, 2009**			**At December 31, 2008**		
	<1 year	**≥1 and ≤5 years**	**>5 years**	**<1 year**	**≥1 and ≤5 years**	**>5 years**
Wind park Playa Canoa	2,378	7,802	0	2,378	9,065	1,115
Desalination Plant Aquadesign	7,788	15,597	0	7,788	23,385	0
Temporary Diesel Power Plant Mundo Nobo Aggreko	3,374	0	0	3,374	3,374	0
Digital Copiers, Printers and Scanners	173	169	0	205	319	0
Cars	2,170	3,482	0	191	4,090	0
	15,883	**27,050**	**0**	**13,936**	**40,233**	**1,115**

LEASE CONTRACT FOR THE WIND PARK PLAYA CANOA

The Group has a lease contract for the wind park Playa Canoa which will end in 2014. It was determined that substantially all the risks are with the lessor. As such, the Group determined that the leases are operating leases.

WATER PURCHASE AGREEMENT REVERSE OSMOSIS WATER PLANT MUNDU NOBO

As of September 15, 1995 KAE N.V. (Aqualectra Production) has a 6 year agreement with Aqua Design N.V. (ADNV) (currently Aeonics) for the purchase of approx. 3,000 m^3 water/ day produced by the reverse osmosis water plant located at Mundo Nobo.

As per March 31, 1999 this agreement has been amended, based on the fact that ADNV has increased the capacity of the water plant; the quantity of water to be produced and to be delivered to KAE increased from 3,000 m^3/ pay to 10,200 m^3/ pay.

This agreement can be categorized as an operating lease and not finance lease, as arrangements in this agreement imply that a substantial part of the risks and rewards remain with the lessor of the reverse osmosis water plant, being Aeonics (the new owner of the water plant). Therefore Aqualectra Production does not recognize the leased asset in its Statement of Financial Position.

TEMPORARY POWER GENERATION SERVICES WITH AGGREKO INTERNATIONAL PROJECTS LTD

On February 2, 2008 Aqualectra Production entered into a contract for temporary power generation services with Aggreko International Projects Ltd for generation of 10MW of continuous power at 12 kV – 50 Hz, 0.8 power factor to meet the emergency power requirements of its Production Facility at Curacao, Netherland Antilles. The validity of the contract was for a period of 39 weeks and this has been extended in December 2008 and is now valid up to and till December 31, 2010.

5.5.3. OPERATING EXPENSES

Personnel costs and general expenses are specified below:

(Amounts in ANG * 1,000)	Dec 31, 2009	Dec 31, 2008
Personnel costs		
Salaries	54,245	53,162
Overtime	6,369	4,553
Social securities	11,686	11,988
Actuarial based calculation future medical		
costs retired employees	9,396	10,234
Other personnel expenses	4,993	4,656
Total personnel costs	**86,689**	**84,593**
General expenses		
Housing and car fleet	6,082	5,806
Office expenses	3,035	3,172
Insurance and security	7,677	7,891
Consultancy	8,195	7,448
Sundry expense Production	(3,441)	404
Communications and public relation	4,185	4,563
Other expenses	858	7,328
Total general expenses	**26,591**	**36,612**

EMPLOYEE BENEFITS

The Group's contributions to the defined benefit plans are charged to the statement of comprehensive income (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 2009 (and 2008) were:

(Amounts in ANG * 1,000)	Dec 31, 2009	Dec 31, 2008
Aqualectra Production	5,505	3,576
Aqualectra Distribution	4,675	4,202
Integrated Utility Holding N.V.	430	1,749

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 statement of financial position. The actuarially calculated expenses of the plan are charged to the statement of comprehensive income.

The development in the labor force during 2009 was as follows:

Labor force	Aqualectra Production	Aqualectra Distribution	Aqualectra Bottling	Integrated Utility Holding N.V.	Total
31/12/2008	286	391	2	5	684
31/12/2009	296	388	2	8	694
Increase/Decrease	**10**	**-3**	**0**	**3**	**10**

5.5.4. INTEREST EXPENSE

A breakdown of the interest expense is as follows:

(Amounts in ANG * 1,000)	Dec 31, 2009	Dec 31, 2008
Aqualectra Production		
Interest expense	3,224	2,950
Interest revenues	(25)	(38)
Aqualectra Distribution		
Interest expense	2,002	1,813
Interest revenues	(7)	(14)
Aqualectra Utility Holding N.V.		
Interest expense	6,525	9,083
Interest revenues	(27)	(670)
Total interest expense	**11,692**	**13,124**

5.5.5. PROFIT TAX EXPENSES / (INCOME)

The Group 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 statement of comprehensive income can be specified as follows:

(Amounts in ANG * 1,000)		Dec 31, 2009		Dec 31, 2008
Profit for the period		24,423		(17,019)
Share of loss of equity accounted investees		11,251		2,092
Profit tax	30.17%	15,416	37.69%	(9,028)
Profit before tax		**51,090**		**(23,955)**
Profit tax using the domestic rate	34.50%	17,626	34.50%	(8,264)
Permanent tax difference	-3.82%	(1,952)	5.81%	(1,392)
Temporary tax difference	2.91%	1,487	-12.57%	3,010
Other	-3.42%	(1,745)	9.95%	(2,382)
Total profit tax expense/(income)	**30.17%**	**15,416**	**37.69%**	**(9,028)**

5.5.6. RELATED PARTIES

IDENTITY OF RELATED PARTIES

The Group has a related party relationship with associates (see note 5.4.1.2) 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 Group 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 statement of comprehensive income as personnel costs.
Key management, including, Supervisory Board compensation can be categorized as follows:

(Amounts in ANG * 1,000)	2009	2008
Short-term employee benefits	4,201	3,125
Post-employment benefits employees	487	306
Total key management officers' compensation	**4,688**	**3,431**

As per December 31, 2009, the outstanding balance of short term and long term receivables from key management officers of Aqualectra amounts to ANG 0 (2008: ANG 9,500).

As per December 31, 2009 key management consisted of 1 Acting President Director, 3 Executive Directors and 6 Tier 1 Managers. As per December 31, 2008 the numbers of said officers were the same.
As per December 31, 2009 the Supervisory Board consisted of 7 Directors (2008: 7).

ASSOCIATE AND OTHER RELATED PARTY TRANSACTIONS:

- Curaçao Utility Company Holdings N.V. ('CUCH') is an associate, since Aqualectra holds 49% of the common shares of CUCH;
- 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 2009 Aqualectra paid ANG 67,636 (2008: ANG 65,016) as compensation for the managing director of CUC.

In 2009 Aqualectra purchased electricity from CUC Holdings for a total amount of ANG 8,804,404 (2008: ANG 13,677,577), while at December 31, 2009 Aqualectra presents a financial asset concerning CUCH of ANG 1.82 million due to granting security deposits by means of a granted Letter of Credit for financing sponsor obligations for CUC Holdings (2008: ANG 2.98 million).

In 2009 Aqualectra paid a total amount of ANG 10,652,000 (2008: ANG 8,106,000 and an accrual for purchase of pension rights of ANG 937,000) to Vidanova. The accrual of ANG 937,000 as per December 31, 2008 for the purchase of pension rights has not been settled during 2009. The outstanding balance of a long term loan from Vidanova amounts to ANG 1,669,000 at December 31, 2009 (2008: ANG 2,108,000).

5.5.7. SUBSEQUENT EVENTS

CURAÇAO UTILITIES COMPANY N.V. (CUC)

In March 2010, the plant experienced technical diffictulties, which led to a total shut down of the plant. Consequently, this shutdown led to a stop of the operations of the Isla Refinery. After pressure from the workers of the Isla Refinery, the government of the Island Territory of Curacao has decided to invest about USD7 million into the Company, through Refineria di Korsow (RdK) for the needed restart of the assets at the plant. This investment, which is effectuated through an increase in the value of the preferred equity, was approved by the shareholders of RdK on May 26, 2010. Additionally, management implemented a cost-savingsplan to improve on the Company's cash flow. Based on the above, management is confident that these measures will enable the Company to continue as a going concern.

6. INDEPENDENT AUDITORS' REPORT

We have audited the accompanying consolidated financial statements of Integrated Utility Holding N.V. (the "Company"), which comprise the consolidated statement of financial position as at December 31, 2009, and the consolidated statements of comprehensive income, changes in shareholder's equity and cash flows for the year then ended, and the general accounting policies and other explanatory notes.

Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatements, 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 these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the 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 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 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, these consolidated financial statements present fairly, in all material aspects, the consolidated financial position of the Company as at December 31, 2009, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Curaçao, Netherlands Antilles,
September 2, 2010
KPMG ACCOUNTANTS B.V.

Lindomar L.P. Scoop RA