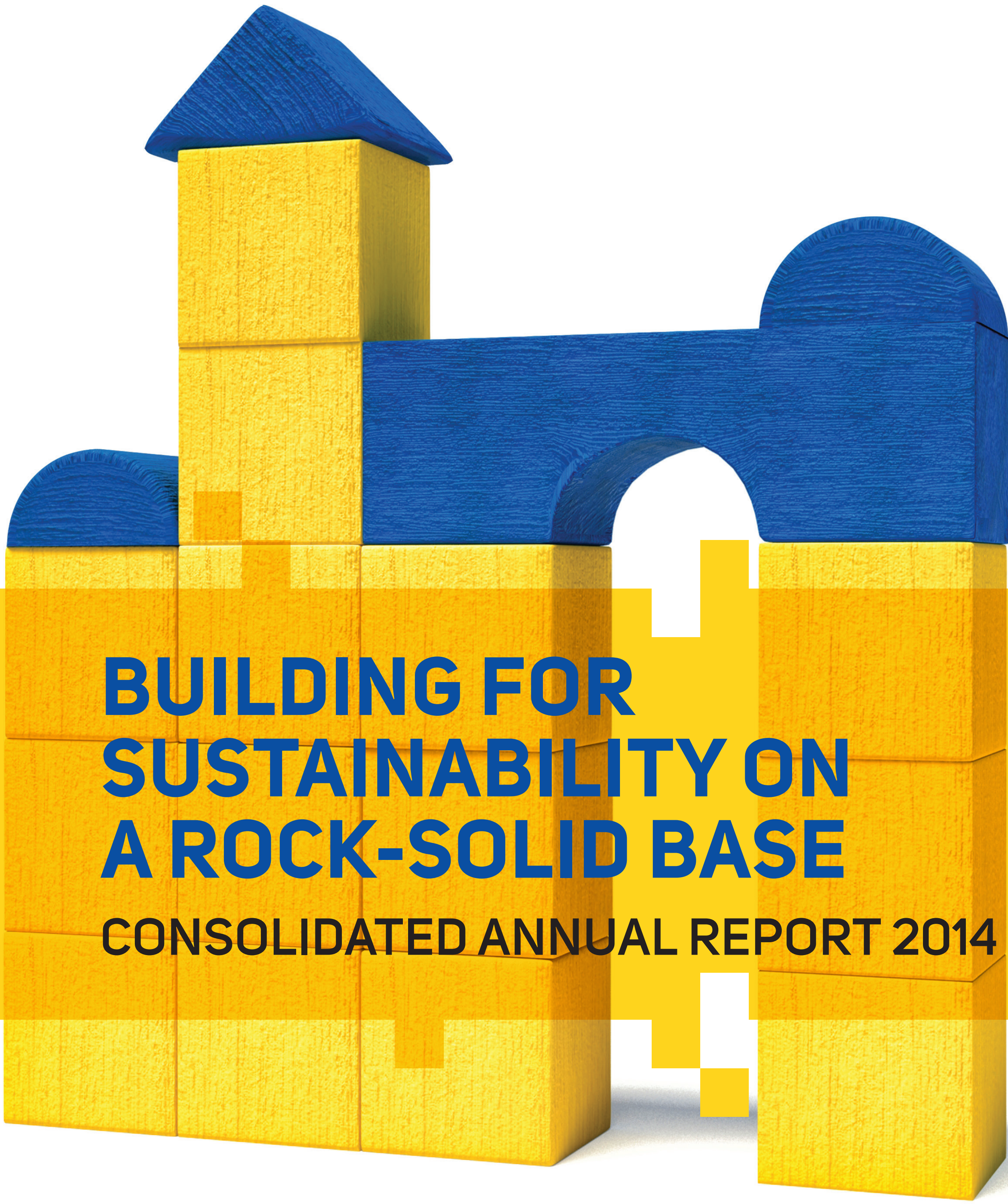
AQUALECTRA

Your well-being, our duty



BUILDING FOR SUSTAINABILITY ON A ROCK-SOLID BASE

CONSOLIDATED ANNUAL REPORT 2014

INTEGRATED UTILITY HOLDING N.V. (AQUALECTRA)

Reference number 2015-20380

28/05/2015

Board of Managing Directors

Profile

Integrated Utility Holding (IUH) N.V. doing business as Aqualectra (hereinafter "Aqualectra" or "the Group"), is the utility company of Curaçao responsible for the production and distribution of power and water as well as the delivery of accompanying services. As per December 2014 the Group's workforce consisted of 681 (2013: 724) dedicated employees who provide the manpower needed for the delivery of quality products and services to our customers. As per December 31, 2014, the Group had approximately 69,156 (2013: 76,075) electricity connections and 77,804 (2013: 76,522) water connections.

This annual report of the Group is the consolidated report of Management to the shareholders and other relevant stakeholders about the financial and non-financial performance of the Group over the year 2014. The scope of this report comprises the Integrated Utility Holding N.V. and its subsidiaries.

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1. REPORT OF THE BOARD OF MANAGING DIRECTORS

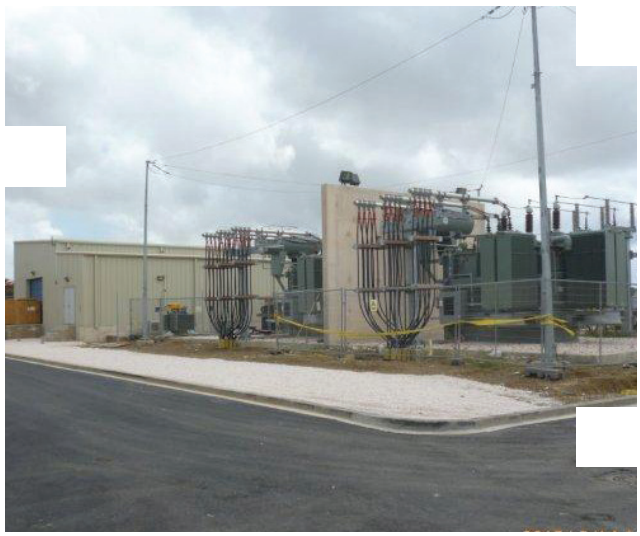
1.1. Milestones 2014

During 2014, Management together with Aqualectra's dedicated employees, worked diligently to achieve the following milestones demonstrating Aqualectra's commitment to becoming the "Utility Company of the Future".

> *February*
Partial dismantling of the Aggreko power plant

> *August*
Transportation of heavy equipment for the construction of the new power plant

> *September*
Announcing the closing of the Aqualectra Barber payment center while informing customers of the various alternatives for making payments.



> *December*
Substation - Dokweg

> *December*
New Power Plant – Dokweg which became operational in December 2014

1.2. Financial performance

2014 reports a positive net result before tax of ANG 85.8 million after 4 years of reported losses. This significant profit comes as a result of an ANG 92.4 million adjustment related to (post-) employment benefits of which ANG 116.2 million is due in part to changes to the medical costs retired employees benefit as a result of the implementation of the basic health insurance plan (BVZ) in August 2014. We refer the reader to note 5.6.4 of the financial statements for further disclosure.

As noted in the table below, the recovery component of ANG 41.2 million included in the water and electricity tariff meant to compensate for undercoverage in the fuel component during 2011 through 2012 prior to the introduction of the new tariff structure in June 2012 and undercoverage of the Curoil related interest expense in 2013, is also a major contributor to the positive net results. The base component has also been adjusted in 2014 to ensure a more adequate coverage of the operating and interest expenses.

Excluding all revenues attributable to the recovery component and the adjustment of (other) post-employment benefits, the net result before tax for the year 2014 would be negative ANG 47.9 million which is an improvement of ANG 13.7 million compared to 2013. The negative result in 2014 is in part due to the (partial) exclusion by the Regulator of certain costs from the calculation of the fuel component of the tariff. There are indications that the costs excluded relate to the purchase of electricity and water generated by the wind farms, Curaçao Utility Compagny N.V. (CUC) and Aqua Design which has been communicated to the Regulator in a letter in April 2015.

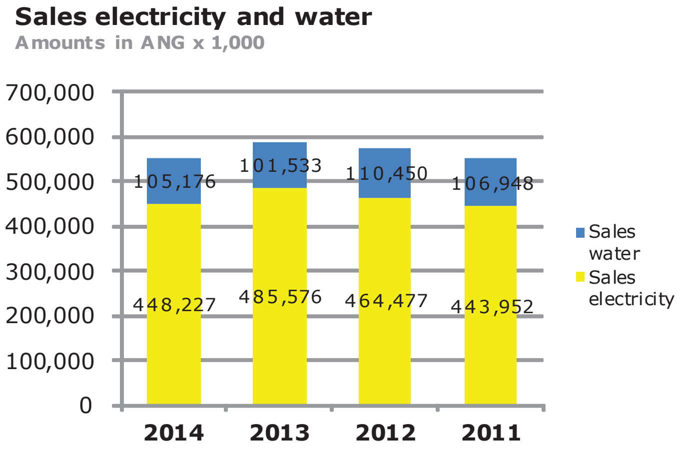
Gross profit decreased by ANG 8.2 million as a result of the decrease in sales electricity of ANG 37.3 million compared to 2013. The direct cost of production and sales decreased consistent with the decrease in sales evident by the comparable gross margin in the two years presented (45.2% vs. 44.4%).

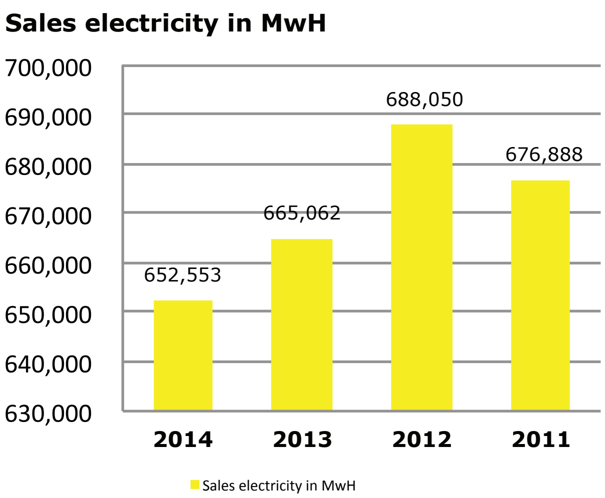
(Amounts in ANG * 1,000)	Dec 31, 2014	Dec 31, 2013	Change in ANG	Change in %
Sales electricity	448,227	485,576 *	(37,349)	(8%)
Sales electricity in	652,553	665,062 *		(2%)
Sales water	105,176	101,533	3,643	4%
Sales water in 1000M^3	9,853	9,765		1%
Direct cost production and other direct costs of sales	(314,501)	(334,896)	20,395	(6%)
Gross profit	259,112	267,337 *	(8,225)	(3%)
Gross profit margin	45.2%	44.4%		
Operating expenses	152,812	250,542 *	(97,730)	(39%)
Operating profit	106,300	16,795	89,505	533%
Interest expenses, net	(20,507)	(26,490)	5,983	(23%)
Net result before tax including recovery component	85,793	(9,695) *	95,488	985%
Recovery component in sales	41,241	51,822 *	(10,581)	(20%)
Adjustment other (post-) employment benefits (net)	92,406	0	92,406	100%
Adjusted net loss before tax excluding recovery component and adjustment (post-)employment benefit (net)	(47,854)	(61,517) *	13,663	22%

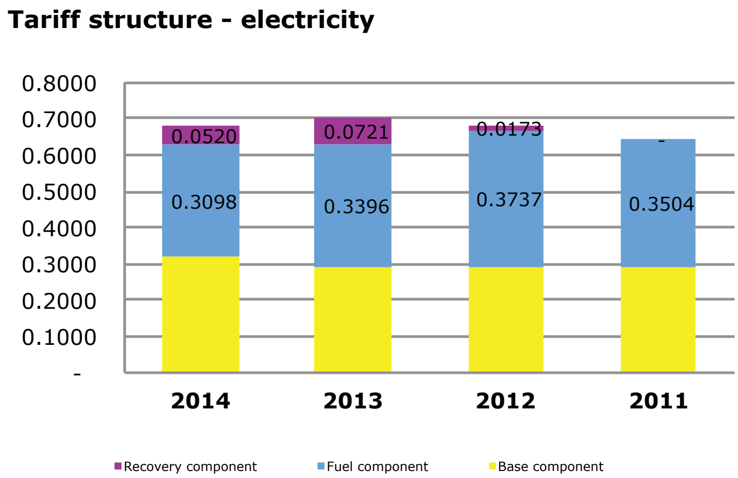
* Restated for comparative purposes. See note 5.2.v.

Sales electricity and water

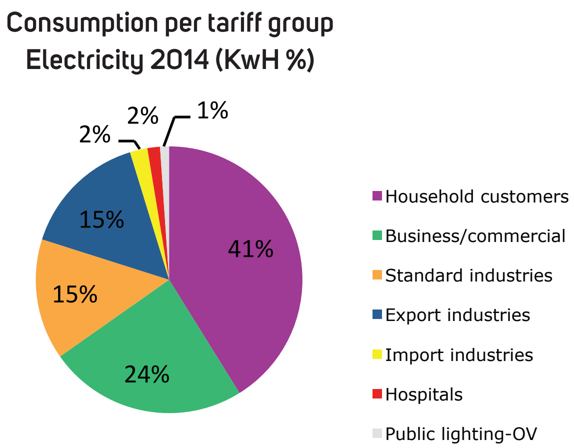
Total sales electricity and water combined has decreased in 2014 by 6% or ANG 33.7 million as compared to 2013. As illustrated in the charts below, the decrease in overall sales is due to a decrease in the average electricity tariff paired with a decrease in MWh sold during the year which attributes to an overall decrease of ANG 37.3 million. This decrease is slightly offset by the increase in M^3 sold in 2014 at a slightly higher average tariff compared to 2013 resulting in an overall increase in water sales of ANG 3.6 million.

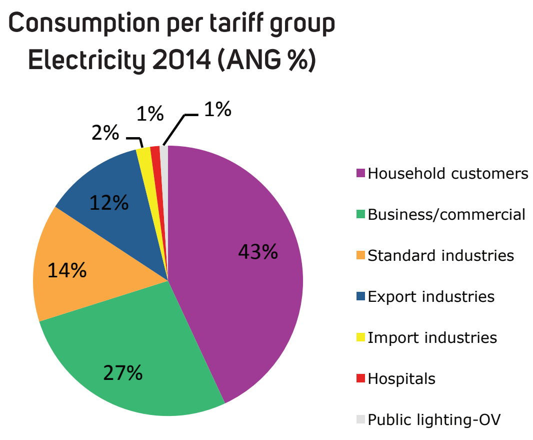




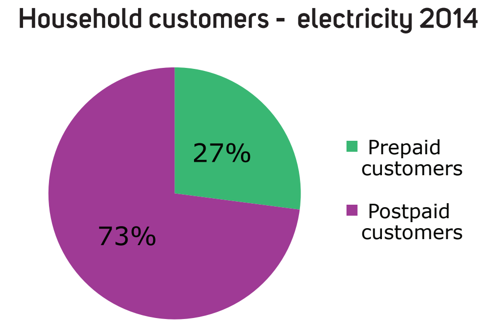


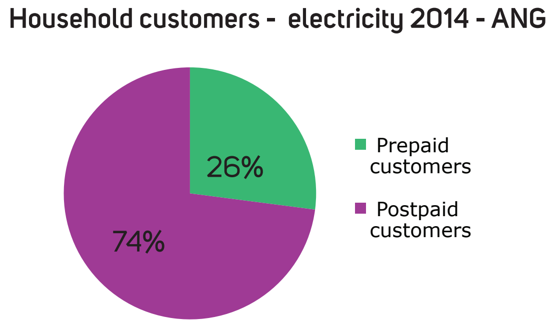
Electricity sales decreased by 8% or ANG 37.3 million compared to 2013 as a result of the decrease in the tariff and decrease in MWh sold. As illustrated in the above chart, the base component increased while both the fuel and the recovery components decreased in 2014. MWh sold decreased by 2%. MWh sold to household customers decreased by approximately 4% while MWh sold to the business sector decreased by less than 0.5%. Below is an illustration of the composition of electricity customers per tariff group based on MWh sold and generated sales in ANG.

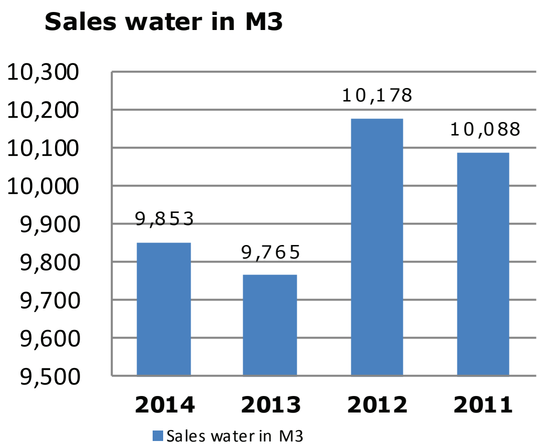


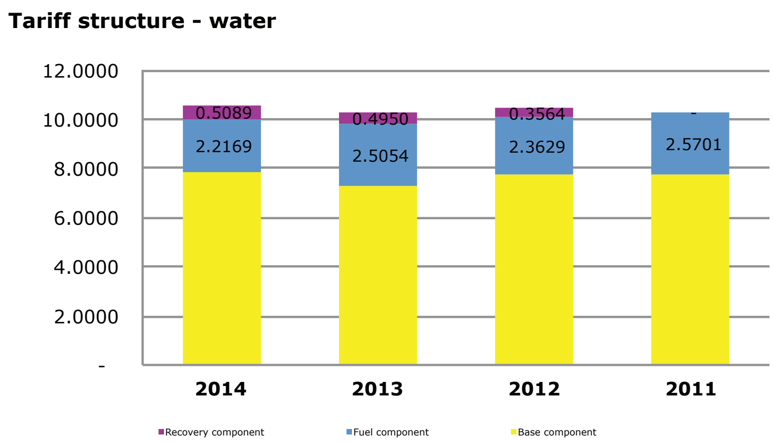


Household customers consists of pre-paid and post-paid customers.
The below chart illustrates amounts of MWh sold to each:

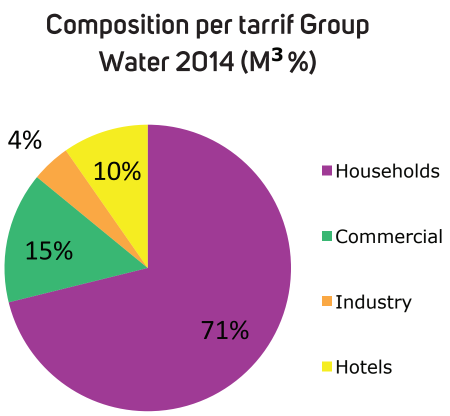


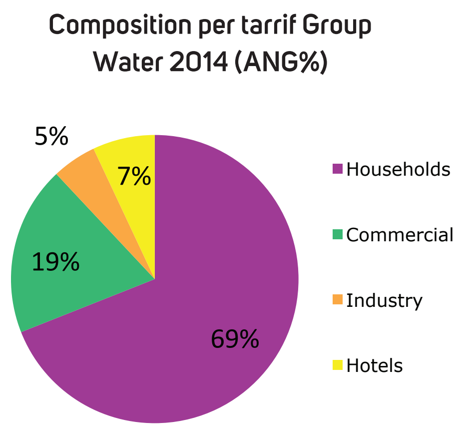




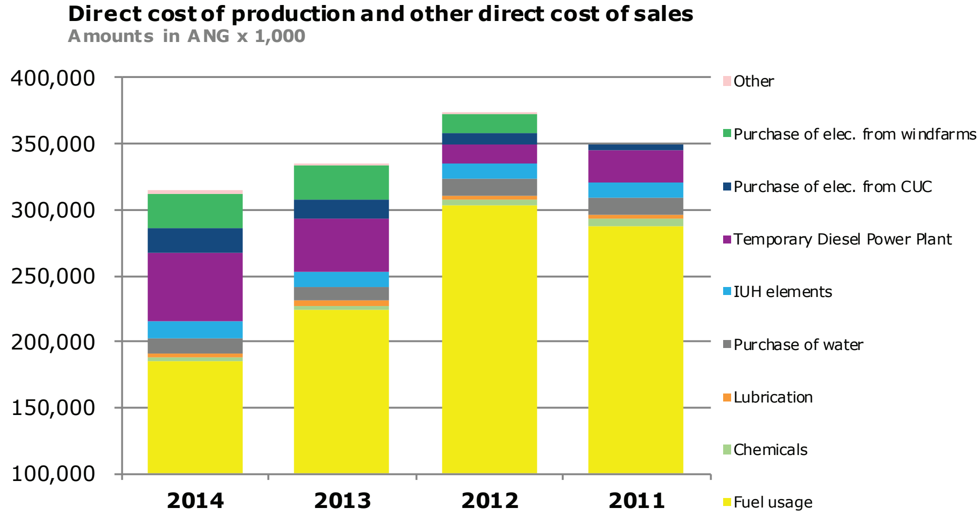


In 2014 water sales increased by 4% or ANG 3.6 million due to a 1% increase in M^3 sold and a 2% increase in the average water tariff. The increase in M^3 sold is mainly a result of an increase of approximately 1% of M^3 sold to the businesses sector while M^3 sold to household customers increased by approximately 2%. Below is an illustration of the composition of water customers based on M^3 sold and generated sales in ANG.





Direct costs of production and other direct costs of sales:

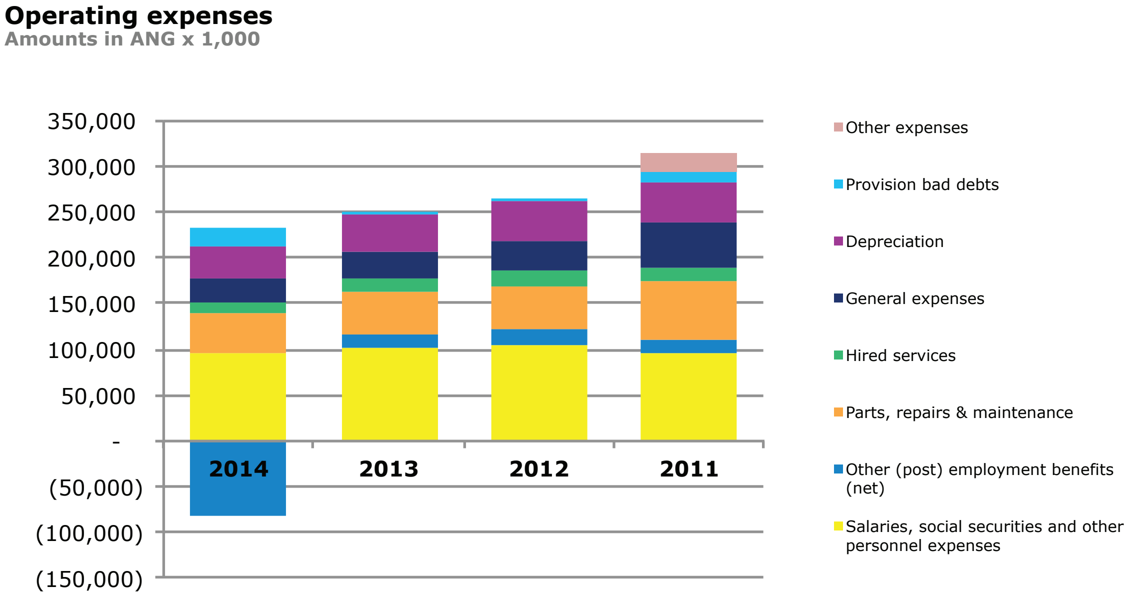


This cost category reflects the usage of fuel, chemicals, lubrication, the purchase of electricity and water from third parties, IUH-agreement expenses, expenses for the temporary rental of electricity production units and other direct costs of sales. The decrease in direct costs of production and other direct costs of sales by 6% or ANG 20.4 million, compared to 2013, is due to:
Lower realized costs of fuel in 2014 (ANG 184.7 million) compared to 2013 (ANG 223.8 million), resulting from less consumption of Industrial Fuel Oil at the Mundu Nobo plant due to its dismantling which started in 2013 paired with a significant decrease in the price of this fuel type and decreases in the average cost of the other fuel types. See note 5.4.1.3 - "Tariff risk".

The above-mentioned decrease was partially offset by:

- Increase of ANG 12.8 million in lease expenses of temporary electricity production units (2014: ANG 51.8 million and 2013: ANG 39.0 million). This increase came as a result of the replacement of the 22 MW Aggreko plant with a modern 56 MW Aggreko plant to ensure continuity of the delivery of electricity while the Mundu Nobo plant is being dismantled and the construction of a new plant in underway.
- Increase in purchase of electricity from CUC and the wind farms at Tera Còrá and Playa Canoa of ANG 4.6 million (2014: ANG 45.7 million and 2013: ANG 41.1 million). Cost per KWH of these production units is lower than the cost of own production. These costs are included in the other direct costs of sales.

Operating expenses:



The total operating expenses decreased by 39% or ANG 97.7 million in 2014 compared to 2013. Excluding the impact of the ANG 92.4 million income related to other (post-) employment benefits, operating expenses decreased by ANG 5.3 million or 2%. This decrease is mainly attributable to the following factors:

- *Personnel expenses* (excluding (post-) employment benefits) of ANG 94.9 million decreased by ANG 6.3 million from the recorded ANG 101.2 million in 2013. This decrease is mainly due to the following:
  - > Decrease in salaries of ANG 3.9 million primarily due to decrease in headcount. 24 employees retired at the beginning of 2014.
  - > Decrease in other personnel expenses of ANG 1.9 million as a result of cost cutting efforts. The 2013 expenses included retroactive cost corrections.

- Other (post-) employment benefits (net) of negative ANG 80.8 million in 2014 compared to ANG 15.3 million in 2013. The negative balance in 2014 is due to the following:
  - > Changes in the medical costs retired employees benefit as a result of the implementation of the basic health insurance plan (BVZ) as of August 1, 2014 and the elimination of the previous self-funded healthcare plan.
  - > Change in the retirement age from 60 to 65 which impacted the provision for all the employee benefit plans.

- *Parts, repairs & maintenance expenses* and hired services amounted to ANG 56.3 million in 2014 (2013: ANG 61.9 million). The ANG 5.6 million (9%) decrease is mainly a result of less maintenance required due to the demolition of the Mundu Nobo plant.

- *General expenses* regards the costs related to housing & car fleet, office expenses, Communication & PR, insurances and security, consultancy and other miscellaneous expenses. In 2014 a total of ANG 24.9 million was recognized as general expenses, which is a decrease of ANG 3.5 million (12%) compared to 2013 (ANG 28.4 million). The decrease of the general expenses in 2014 is due to cost cutting measures implemented stemming from the efficiency improvement process initiated within the company.

- *Depreciation expenses* amounts to ANG 36.6 million in the year under report (2013: ANG 40.5 million). This is a decrease of ANG 3.9 million compared to 2013. Depreciation costs are realized based on the total amount in assets on the balance sheet during the year under report.

Before mentioned decreases were partially offset by:

- *Provision bad debt expenses* amounting to ANG 20.9 million in 2014 (2013: ANG 3.3 million). A prudent provision was created primarily for accounts receivable which have accumulated in Aqualectra Holding (ANG 2.0 million), Aqualectra Production (ANG 2.0 million) and Aqualectra Distribution (ANG 16.7 million). The approach to provide for receivables in Aqualectra Distribution was changed significantly during 2014. Given a sharpened collection procedure, it became evident that uncollected aged balances are to be scrutinized and monitored closely, which resulted in this changed provisioning approach.

- **Interest expense:**

The decrease in interest expense of 23% or ANG 6.0 million is primarily due to the conversion in October 2013 of the payable to Curoil into a 3 year loan at a much lower interest rate (6% vs 18%).

1.3. Financial position

(Amounts in ANG * 1,000)	Dec 31, 2014	Dec 31, 2013	Change in ANG	Change in %
Non-current assets	628,789	615,075	13,714	2%
Current assets	165,235	235,494	(70,259)	(30%)
Equity	173,715	144,710	29,005	20%
Non-current and current liabilities	620,309	705,859	(85,550)	(12%)
Investments	74,063	34,920	39,143	112%

- **Non-current assets:**

  Non-current assets consist of tangible and intangible fixed assets, security deposit and deferred tax assets. The increase in non-current assets of 2% or ANG 13.7 million is primarily due to total investments of 74.1 million in property plant and equipment related to investment in the new power plant, offset by accumulated depreciation. This increase is partially offset by the decrease in deferred tax assets of ANG 25.9 million. Part of this amount was used to eliminate the fiscal profit reported in 2014.

- **Current assets:**
  Current assets consists of inventories, trade accounts receivables, other receivables and cash & cash equivalents. The decrease in current assets of ANG 70.3 million or 30% is due to the receipt of a receivable of ANG 24.0 million from the Government of Country Curaçao for shares issued in 2013 but not paid up as of year-end, a decrease in household trade receivables of ANG 27 million and a decrease of ANG 7.2 million in cash and cash equivalents. The decrease in household trade receivable of ANG 25 million is due to the more stringent collection policy applied throughout the year. The average receivable days outstanding has been decreased considerably as a result.

- **Equity:**
  Equity increased by ANG 29.0 million as result of the reported profit for the year of ANG 51.4 million, partially offset by other comprehensive income.

- **Non-current and current liabilities:**
  The decrease in non-current and current liabilities of 12% or ANG 85.6 million is primarily due to a decrease in the provisions for employee benefits of ANG 49.8 million. There was also an ANG 12.2 million decrease in the payable to Curoil as a result of the payment of the past due balances and a decrease of ANG 17.0 million in long-term loans as a result of repayments in accordance with the loan agreements.

- **Investments:**
  A total amount of ANG 74.1 million has been invested in 2014 of which ANG 53.7 million by Aqualectra Production and ANG 20.4 million by Aqualectra Distribution. The invested amounts are mainly related to the following projects:

Aqualectra Production

- *New power plant - 35 MW DPS Dokweg II:* Construction of the new power plant began in 2013. The startup of the power plant took place in December 2014 and was commissioned in the first quarter of 2015.

Aqualectra Distribution

- *Electricity and water metering:* Consists of projects related to direct client connections, all activities related to network extensions, upgrades and new installations as well as projects related to meter substitution due to their respective lifecycle.
- *New 66 kV power substation Dokweg:* This project was required in order to be able to transport the generated power of the new Dokweg plant into the grid and the future extensions of grid on the 66 kV level.
- *Water transportation line grid Sta. Barbara:* Project to handle the water production expansion of RO Fuik to be transported to the Tra'i Seru Reservoir.
- *Execution of various special projects electricity and water:* Verkavelingsplan Sapat, Sambil Shopping Mall and transformer box FEPCO De Savaan.

1.4. Regulatory environment

Aqualectra's operations are governed to a high degree by governmental regulations.

Tariff stipulation

The reader is refered to note 5.1 of the consolidated financial statement where the tariff structure, and the historical and current tariff determination method are explained.

In December 2009 Bureau Telecommunication and Post (BTP) was appointed as the regulator, policy and tariff setting advisor for the Government. In 2011, the Government adopted the policy paper "Beleidsnota regulering elektriciteitsvoorziening Curaçao 2011 – 2015" presented by the Regulator. The Board of Managing Directors (BMD) challenged the principles as presented in the policy paper but has abided by them since they were formally approved and articulated in the concessions issued in 2012.

As a result of the impact of the downward tariff adjustment as of April 2011 and the increase of the direct costs of production starting in July 2011, which greatly impacted the Group results and financial position, the Group approached the Regulator early in 2012 with the request to reconsider the level of the tariffs for water and electricity. The Regulator at that time was in the process of analyzing and redesigning the tariff structure for water and electricity. Considering the urge of the Group for a solution, the process of the redesign of the tariff structure was split up in two phases. The first phase was focused on the redesign of the direct cost component of the tariffs. After an extensive period of negotiations with the Regulator, he proposed to the Government to introduce monthly adjustments of the direct cost component of the tariff for water and electricity. This would ensure coverage for the fluctuations in the fuel prices. The monthly adjustment in the tariff was introduced as per June 1, 2012. The second phase, being the redesign of the base component, is ongoing.

Regulatory account

Based on a resolution of the Executive Council of the Island Government of Curaçao of November 8, 2002, the Group was allowed to pass through any eventual undercoverage of direct cost (fuel costs) to the customer if the fuel and other direct costs were 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 usage. The aforementioned resolution was later cancelled by the Government on April 6, 2011. The balance of the undercoverage of the direct cost up to and including 2010 is referred to as the regulatory account. Aqualectra continues to recognize the regulatory account of ANG 104.1 million and Management still seeks compensation with the Regulator and the Government hereof. As of the year 2011, the undercoverage of direct costs is recovered differently in the tariff through the application of the new tariff structure previously mentioned. The table below shows an overview of the total amount of undercoverage direct costs as of 2006 till 2010 is presented:

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
To be compensated to Aqualectra for 2010	8,531,000
Total amount to be compensated to Aqualectra at year end 2010	**104,142,204**

Concessions

In 2011 the process for preparation and adoption of new concessions for electricity production and distribution started and were finalized in 2012 with the adoption of an electricity production and an electricity distribution concession as per July 30, 2012. The concessions were granted for a period of 20 years with an extension option of 5 years. Management identified various compliance issues with the issued concessions and requested the Regulator for consultation on these matters. An amended concession for the production of electricity was issued by the Government on June 19, 2014 and formalized on November 6, 2014. This new concession for the production of electricity is granted for 30 years and substitutes the electricity production concession issued in 2012.

1.5. Corporate Governance

In accordance with the "Stock Register" of IUH N.V., the following information about the ownership of the Company can be disclosed:

Common Shareholder

- As of June 1, 1998 a total number of 470 issued common shares (nr. 1 to nr. 470) has been paid for by the "Eilandgebied Curaçao". The total amount paid regards ANG 525 million.
- As of September 6, 2001 the total number of 470 shares has been transferred by the Government "Eilandgebied Curaçao" to Stichting Implementatie Privatisering (STIP). STIP became the legal owner while the Government kept the economic ownership.
- As of December 14, 2010 the shares were transferred to the Government of Curaçao ("Land Curaçao").
- As of January 31, 2013, an additional 58 common shares were issued (nr. 471 to nr. 528) to the Government of Curaçao ("Land Curaçao").

Legal and governance structure of the Group

This report regards the consolidation of the following companies into the report of IUH N.V.:

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

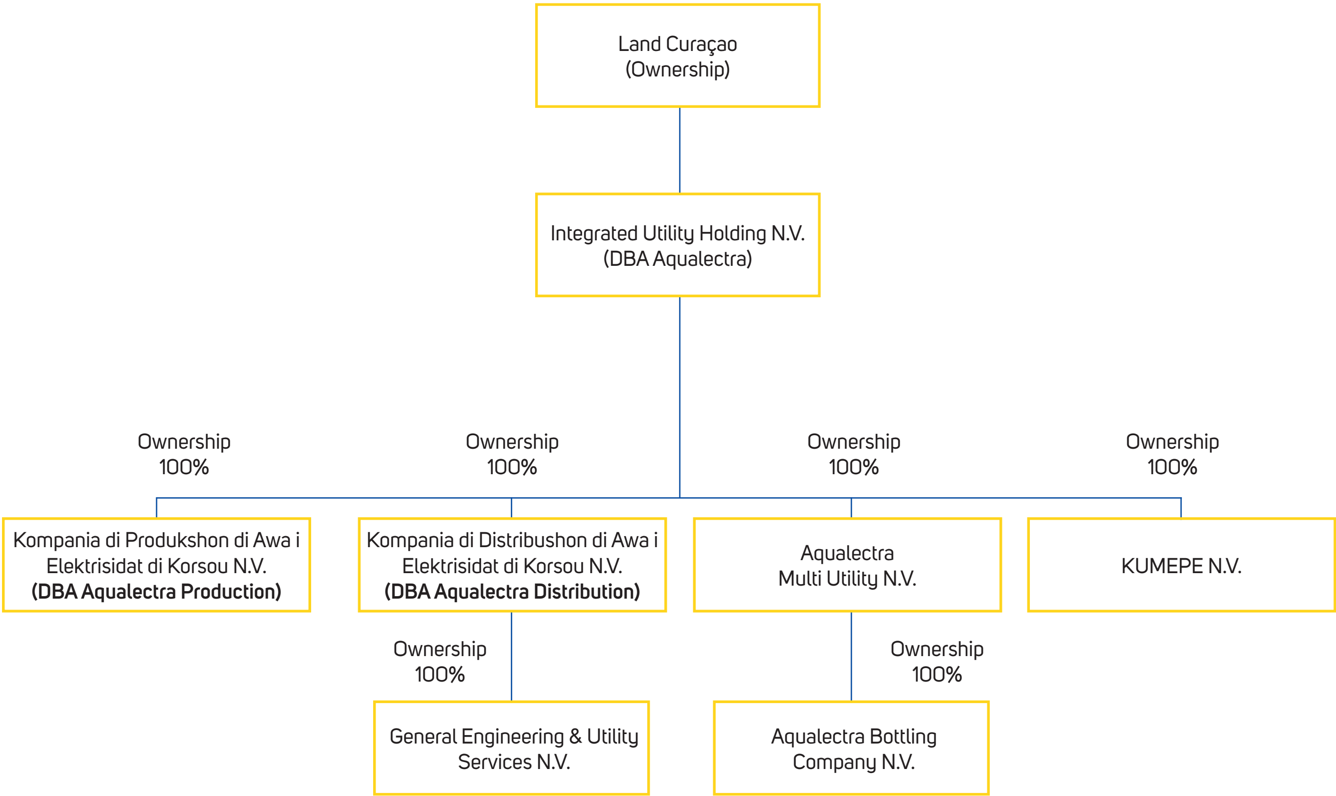
* GEUS is 100% subsidiary of Aqualectra Distribution

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

All the above noted entities are hereinafter collectively referred to as "the Group".

In 2014 Management has started the processes of dissolving Aqualectra Bottling Co. N.V., after the sale of its assets to a third party. Plans are also ongoing to dissolve GEUS in 2015, because the introduction of BVZ has made the services provided by GEUS superfluous and to dissolve Kumepe N.V. as it was never active.

The following diagram depicts the company structure as per December 31, 2014.



Board of Managing Directors

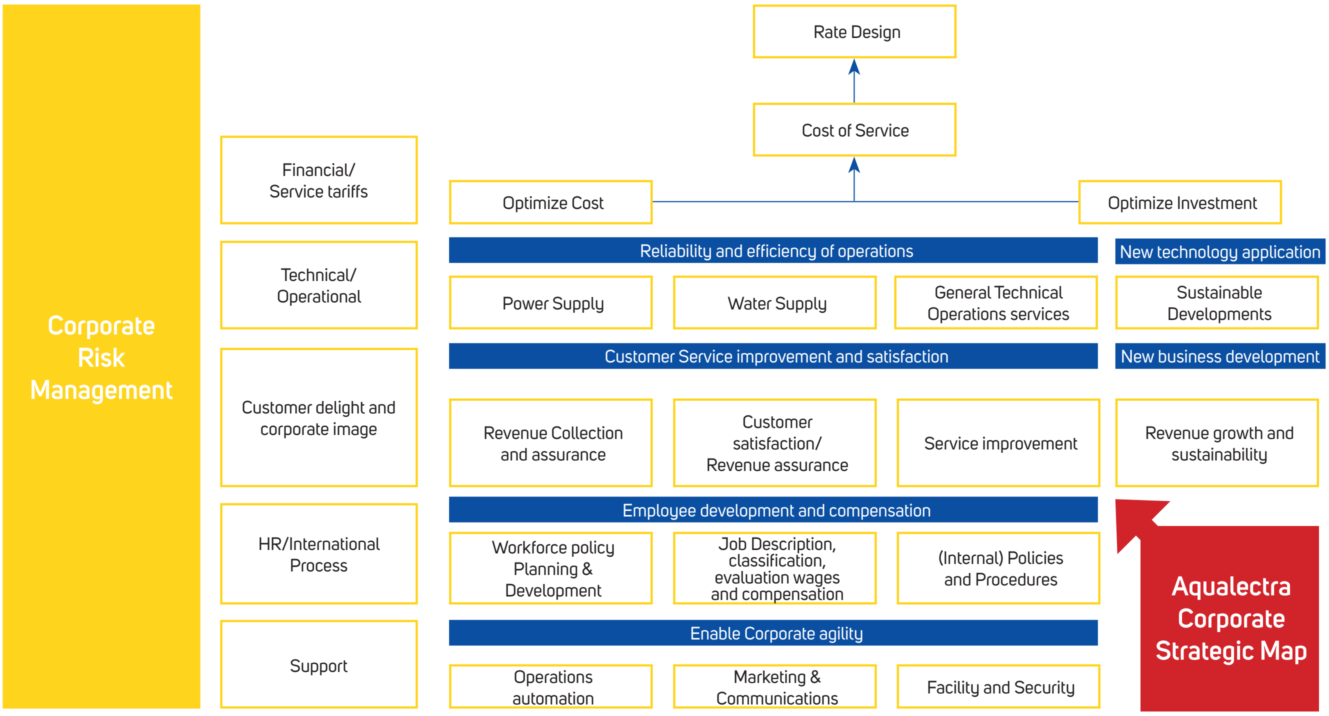
Since October 2011, the Group is being managed by a Board of Managing Directors (BMD) consisting of only one Statutory Managing Director (the Acting Executive Technical Director Operations) who was appointed by the Board of Supervisory Director (BSD) effective October 4, 2011 as Acting Chief Executive Officer.

Clause 12 and 13 of the articles of incorporation of IUH N.V. regulates the management and control of the Group. In this clause it is stipulated that all management actions with regard to the Aqualectra group of Companies are subject to supervision of the BSD.

On November 15, 2014, the BMD presented a proposal to the BSD for a new organizational structure and a new BMD structure consisting again of 3 statutory directors with a rearranged portfolio. The BSD approved this new structure. Approval of the Shareholder remains pending.

Strategic Direction

Strategic plan:
Since 2012 the strategic decisions and actions of Aqualectra were guided by the strategic plan called "A Refreshing Approach". This plan was an issue based strategic planning since Aqualectra had and still has some challenges (issues) to face. "A Refreshing Approach" was set forth for the years 2012 – 2017. As Aqualectra reaches 2015, it has become necessary to lay the foundation for a strategic direction for the next 5 years including a 'look ahead' beyond that. In laying the foundation for the next strategic plan, Management, in consultation with the BSD, has come to an understanding that the foundation for the strategic plan for the period ahead should be based on the alignment model as illustrated below:



The characteristics of the strategic alignment model are:

- Ensuring a strong alignment between the organization's mission and its resources;
- Realizing an effective operation of the organization;
- Addressing the large number of issues around internal inefficiencies.

The strategic plan "Utility of the Future" will cover the period 2017 – 2021 and will be finalized during 2015. The strategic actions forthcoming from the new strategic plan will be embedded by the end of 2016 in order to initiate the aligning of the strategic plan "A Refreshing Approach" leading to the strategie plan "Utility of the Future".

A tactical action plan has also been developed which is included in the detailed multiple annual 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 BSD. This business plan includes corporate Key Performance Indicators (KPI's) for the year ahead and information about Management's objectives and intentions for the year under report. 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 various KPI's per result area, which results are to be considered Management's score card for the year under report.

This planning process is aimed at the defined corporate objectives and is being executed, considering the various conditions as well as the 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 that Governments, its shareholder and itself as a public entity have to play in the deployment of policy within the Group. Management considers it as well as its duty to sustain the Government, its Shareholder and the BSD as much as possible in this important task by complying completely and proactively through our planning & control cycle with all regulations, laws and internal procedures. Key words for Aqualectra in this regard are: transparency, disclosure and compliance.

Reporting:
Periodic reporting (monthly or quarterly and annually) of each policy area is applied, in which the realization of the KPI's are set off against the planned or projected KPI's per policy area. Management also reports periodically to the BSD about the realization vis á vis target KPI's. Through a process of monitoring, reporting and compliance, the adherence to good governance within Aqualectra is assessed.

Throughout the year 2014 Aqualectra has gone through the following process of monitoring, reporting and compliance:

- One audit of the financials of the Group conducted by the external auditor EY Dutch Caribbean (EY);
- Two audits conducted by Lloyds Register Quality Assurance related to the recertification of the ISO 14001: 2004 'environmental management standards' and the compliance with the ISO 9001: 2008 'quality management standards';
- An audit conducted by Dutch Accreditation Council RvA related to the compliance with the NEN-EN-ISO/IEC 17025: 2005 quality standards laboratories;
- Regular internal audits performed by the Business Risk Control & Internal Audit department;

We are pleased to inform that all of the above-mentioned reviews and audits have been undergone with satisfactory results.

1.6. Compliance with the Corporate Governance Code

The IUH N.V. BSD appointed by Aqualectra's General Shareholder's Meeting (GSM), supervises policies pursued by the BMD. Management considers it as its duty to sustain the Government, the Shareholders and the BSD as much as possible in this important task by complying completely and proactively through our planning & control cycle with all regulations, laws and incorporated internal procedures. In order to be effective with this compliance, the Group, based on previously received legal advice about its compliance with the Corporate Governance Code, implemented several improvement plans. There are still some points of improvement which will be addressed in the year ahead, as summarized below.

Subject and items of the Code of Corporate Governance paragraph	Remarks
Tasks and operational model / Reporting by the BSD	
Timely, complete and correct information provided to the BSD	During 2014 significant progress has been made to eliminate the backlog in internal reporting. BMD was not able to provide all information on a timely basis (2 weeks prior to meeting), but ensured however that all relevant information was furnished to the BSD in a timely fashion to avoid any significant disturbances in the BSD's monitoring role.
Corporate objectives and Strategy	
Risk reporting to the BSD	No written risk issues were presented to the BSD, however, risk management issues were discussed during the regular BSD meetings.
General policy	
Timely submission of the budget including operational and Capital Expenditures (CAPEX) budget.	The final budget 2014 was submitted on November 25, 2013 and approved in December 2013. This is an improvement over the 2013 budget but the submission is still not in accordance with the Corporate Governance Code or the existing articles of incorporation of IUH N.V. The delay was due to requested revisions to the business plan in order to achieve certain budget cuts.
Financial policy	
Compliance of the annual account to the provisions of Book 2 of the Civil Code and the provisions of the Code of Corporate Governance.	The 2013 annual report was approved by the BSD on March 21, 2014 which is not in compliance with the Civil Code. Through commitment by Management to clear its backlog, the issuance of the 2014 annual report is in compliance with the Civil Code.

Besides the above-mentioned points, the BMD has identified the following points for improvement from other sections of the code:

Section of the Code of Corporate Governance paragraph	Description	Subject	Remarks
4	Shareholder	***Selection, appointment and compensation of BSD- and BMD members***	
		• Evaluation of the scope and composition of the BMD and the BSD on a regular basis and the functioning of each individual on a periodic basis and reporting it to the GSM	Evaluation occurs at the point of selection of members but no subsequent evaluation has taken place thus far. The evaluation of the functioning of individual members has taken place but has not been submitted to the GSM.
5	Remaining principle	***Appointment, remuneration and performance review of external auditors***	
		• Attendance auditor at the GSM	In an effort to catch up with the backlog in the issuance of financial statements, the BSD has instructed the BMD to extend the services of the current external auditor with an additional year (2014) pending approval by the GSM.
		• Review performance of the external auditor and presentation of the conclusions to the GSM.	Throughout the audit phase 2014, the performance of the external auditor has been reviewed. The conclusions of the review will be presented to the GSM when the financial statements are discussed.

1.7. Corporate Citizenship

Corporate Social Responsibility (CSR)

Aqualectra has a firm believe that its CSR policy should function as a built-in, self-regulating mechanism whereby business would monitor and ensure its adherence to law, ethical standards, and international norms. Consequently, its business would embrace responsibility for the impact of its activities on the environment, consumers, employees, communities, stakeholders and on all other members of the public sphere. Furthermore, Aqualectra proactively promotes 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, a triple bottom line: People, Planet, and Profit is honered.

Small contributions to sportive, religious or cultural events:

Aqualectra each year again receives many requests from the general public for small contributions to sportive, religious or cultural events. In 2014 Aqualectra finalized the process of formulating a new sponsoring and donation policy and the approved policy has been made accessable to the general public via the corporate website.

Based on the company approved sponsoring and donation policy, two football clubs were sponsored. Centro Dominguito received a total of ANG 40.000 and Jong Holland received an amount of ANG 10.000. Besides the above mentioned sponsoring to sport clubs, some seperate sport activities were also supported in 2014 for the total amount ANG. 1,492. Furthermore an amount of ANG 5,141 was granted to support some social activities. The total sponsorship balance in 2014 was ANG 56,633 which was ANG 76,611 less than in 2013.

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 effort and energy to make this water and electricity available for the community. The reason for promoting this consciousness is driven by the fact that it is in the consumers' own economic interest to be efficient with the use of these utilities and on the other hand it is from an environmental standpoint an interest for the whole community to be efficient with these scarce resources. During the year under report, several excursions to the Group's production plants and technical facilities have been organized by our Communication department for schools and interest groups (including tourists and universities), during which excursions the production process of water and generation processes of electricity have been explained.

ISO 14001: 2004
The Group is 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.

With the continuation of the ISO 14001: 2004 standard in 2014, 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.

1.8. Future prospects

Fuel price volatility:
In the past, Aqualectra identified fuel price volatility as a major risk. Aqualectra still recognizes fuel price to be of risk even though this risk has been mitigated by the new tariff setting structure introduced per June 2012. With the application of a fuel clause in the tariffs, a full fuel pass through is in fact applicable. Nevertheless, monitoring the fuel price volatility will remain of high importance for Aqualectra.

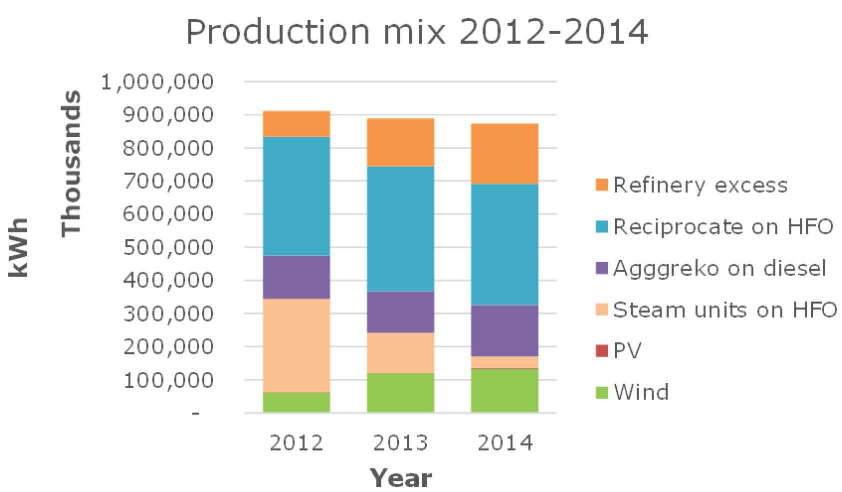
Fuel diversity:
Aqualectra is a firm believer of the value of fuel diversity in order to help stabilize fuel costs as well as to maintain and improve overall system reliability. With the renewed wind farms at Tera Còrá and Playa Canoa in 2009, 18% of the total energy demand of Curaçao is provided through alternative (wind) energy, with a total capacity of 30 MW.

Corporate objectives:
As stated before, 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 recognized the value of these 4 objectives and has also drafted a roadmap based on which these corporate objectives must be met (mission).

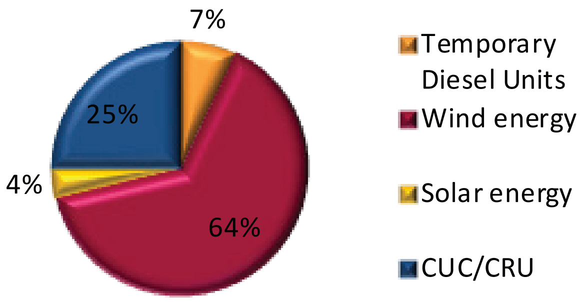
Infrastructure:
Aqualectra's investment actions are aimed at replacing the existing production units for water and electricity which are based on steam technology, as well as an expansion of the total capacity of the production units and grid in order for the Group to be able to cope with future demand for water and electricity. This investment plan is phased over the period 2010 till 2017. Within this time frame the following needed investments have been identified:

- Expansion and renewing of the total capacity of electricity generating units in 2015. In 2015, the total demand for electricity is expected to be between 115 MW and 140 MW. Significant investments have been made in 2013 as discussed in note 1.3 and have continued throughout 2014.
- Renewing and expanding the total capacity of Sea Water Reverse Osmosis production up to 54,000 M^3 per day in 2017. In 2017, the total demand for water is expected to be 45,000 M^3 per day. Significant investments are required in 2015 and 2016.
- Expansion of the capacity to generated energy by the wind farms with an additional 15 MW through an addition of the current Power Purchase Agreement (PPA).

Prodution mix:
While electricity generated by the steam units has decreased in 2013 and 2014 as a result of the dismantling of the Mundu Nobo plant, electricity generated by the wind farms has increased together with the electricity purchased from CUC as depicted in this illustration.



The purchased capacity mix of the Group in 2015 is expected to be as follows:



Systems:
It is important for the Group to realize necessary improvements and upgrading of the applied systems. The primary systems that will be improved and upgraded in the period 2014 through 2017 are:

- Supervisory Control & Data Acquisition (SCADA system) regarding the upgrading and improvement of the Group's dispatch and control centre.
- Automatic Meter Reading and Advanced Metering Infrastructure (AMR/AMI systems) regarding the improvement of the metering of the water and the electricity flows in the applicable distribution grids as well as at the customer premises.
- Geographical Information System (GIS systems) regarding the improvement and alignment of the technical drawings database of the distribution grid of water and electricity aligned with the Customer Relation data base.
- Enterprise Resource Planning systems (ERP system) regarding a new system that will increase efficiency, achieve synchronization of processes, streamlining of processes among departments and optimization of the usage of information.

Organization, Personnel, Headquarters, Processes and Procedures:
The aforementioned road map will lead the Group to a situation in which the Mundu Nobo production facility will be phased out in 2015. It must also be noted that between 2015 and 2020 approximately 173 employees will reach their retirement age if the age of 60 years continues to be applied as the retirement age. This creates the opportunity to reduce personnel costs.
On November 15, 2014, the BMD presented a proposal to the BSD for a new organizational structure and a new BMD structure consisting again of 3 directors with a rearranged portfolio.

Plans for a new building facility are being discussed to centralize all corporate operations. The Group received in April 2015 an option on a land as part of the commitment of the government to grant IUH a leasehold land of a size comparable to the land of the Scadta Peninsula (old Amstel land at the Rijkseenheid Boulevard) that was designated for the construction of a new Operational Center and Technical Services Facility for the Group prior to the termination of the related agreements in 2011. Management intends to construct a new office at the chosen location as part of the organizational restructyring. In this matter the assets at Pater Euwensweg and Rector Zwijsenstraat will be vacated and put up for sale.

Actions for the integration of business processes and information/operation systems within the Group, which has been an ongoing process, will also continue.

Financing:
In order to realize the above-mentioned corporate objectives, it will also be necessary to have the financial resources in place. The determining 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) relatively less cost of fuel because of more wind and heavy fuel oil generation of electricity, (ii) relatively less personnel cost, because of less personnel due to process automation and (iii) relatively less maintenance cost, because of adherence to an acceptable and rational overcapacity, considering the development of the demand. The aforementioned efficiency gains can be offset against the expected additional capital charges, which are expected to be higher than the current capital charges, this because of the amount of capital expenditure needed for the refinancing of Aqualectra.

During 2014, various objectives were achieved despite the fact that the Group did not obtain the financing it was seeking. Currently the Group is rethinking its financing strategy in order to ensure that the strategic objectives and future plans are achieved while also applying the least cost option criterion for financing charges.

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.

Financial statements 2014:
The audit opinion of the 2014 financial statements has been qualified. The causes of the qualification, which are consistent with the 2010 through 2013 financial statements, are as follow:

- **CUC share transfer**

Management has been trying to solve this matter and has done its utmost to resolve this issue with the parties involved but could not come to a satisfactory solution. Therefore, Management has not been able to provide the external auditor with sufficient appropriate and corroborative audit evidence regarding the valuation and recognition of this balance as per year-end 2010. This matter still remains unresolved. All relevant information has been disclosed in note 5.5.17.6 "Contingent assets".

- **IUH Corporate Bond**s

Management has been trying to solve this matter but could not come to a satisfactory solution. Therefore this qualification remains standing in all subsequent financial statements. For further information on this, Management refers the reader to note 5.8 "Subsequent events" of these financial statements where further developments on the steps taken by Management are disclosed.

Despite the qualifications noted above, which Management is still working on to resolve, the BMD asserts to the accuracy and completeness of the figures as presented in the 2014 consolidated financial statements of IUH N.V. and request the approval of the BSD and the Shareholder for issuance of the financial statements.

Willemstad, May 28, 2015

On behalf of the Board of Managing Directors,

Mr. D.P. Jonis M.Sc. MBA
Acting Chief Executive Officer

2. REPORT OF THE BOARD OF SUPERVISORY DIRECTORS

2.1. Legal structure of the Group

This annual report of Aqualectra, regards the consolidated report of Management to the Shareholder and other relevant stakeholders about the performance of the Company over the year 2014.

In accordance with the "Stock Register" of IUH N.V., no changes were made to the legal structure of the Company during 2014.

2.2. Corporate Governance

The BSD considers it as its duty to assist the Government and the Shareholders as much as possible with the supervision and guidance of the Group as is prescribed for a BSD in the several rules and regulations regarding corporate governance.

This entails that the BSD must supervise the execution of the general vision and mission, adherence to all regulations, laws and the embedding of incorporated and internal procedures by the BMD. A tool that can help with the monitoring of the goals and with the important tasks of the BSD is the planning & control cycle of the Group. Another tool are the specific requests stipulated by the Shareholders that have to be executed or reported on.

Key decisions reached by the BSD with respect to the BMD in 2014, are highlighted below:

a) Management Directors structure
On November 15, 2014, the BMD presented a proposal to the BSD for a new organizational structure and a new BMD structure consisting again of 3 Directors with a rearranged portfolio. The BSD approved this new structure. Approval of the Shareholder remains pending.

b) Restructuring of the Corporate legal structure:
In the BSD meeting of June 21, 2014, Management presented various scenarios for the legal integration of the entities Aqualectra Production and Aqualectra Distribution. This as per government resolution received in 2003. This integration has been in process since the government resolution was adopted. The Group started with the organizational integration under the project "Next Step". Now that this organizational integration is completed Management has initiated the legal integration. It is expected that after this legal integration the final step in the organizational restructuring will be effectuated.

c) Corporate Governance Compliance audit:
In order to ensure the compliance with the Corporate Governance Code, the BMD and the BSD engaged Law office Van Eps Kunneman & Van Doorne for a Corporate Governance compliance audit in June 2014. The purpose of this audit was to measure the compliance level at the time of engagement and prepare a roadmap for the Group to increase the current compliance level to the maximum compliance level possible by 2015.

d) Approval regulations BMD:
In July 2014 the BSD approved the regulations for the BMD.

2.3. Compliance to the Corporate Governance Code

The group strives to be compliant with the Corporate Governance Code as adopted by the government of Curaçao. Therefore the Group engaged in a Corporate Governance audit. As part of the compliance audit the following instances of non-compliance have been noted:

Checklist	Compliance	
	Document Description	Explanation
1	Existence of a BSD	Due to the resignation of one board member in March 2014, the BSD had only 6 members instead of 7 during the remainder of the year. This non-compliance was remediated in January 2015 with the appointment of an additional member.
2	Annual plan including budget and investment plan 2014	The 2014 budget, which includes the investment plan was, submitted by the BMD on November 25, 2013 and approved in December 2013. This is an improvement over the 2013 budget but however, the submission was not in accordance with the Corporate Governance Code or the existing articles of incorporation of IUH N.V. The delay was due to requested revisions to the business plan in order to achieve certain budget cuts.
3	Information submitted by the BMD	During 2014 significant progress has been made to eliminate the backlog in internal reporting. BMD was not able to provide all information on a timely basis, but ensured however that all relevant information was furnished to the BSD in a timely fashion to avoid any significant disturbances in the BSD's monitoring role.
4	Supervision on: well considered	During 2014 risk meetings were postponed due to absence of formal appointment of Risk Committee members.
5	Enterprise risk management	General risks were discussed during the BSD meetings which are not in accordance with well-considered ERM as required by the Corporate Governance Code.
6	Supervision on: timely holding of the GSM	All GSM (AVA) are requested taking the required notice term in accordance with the by-laws into account. During 2014 there was only one GSM (AVA) to address the 2010 financial statement. There were no extraordinary GSM (BAVA).
7	Meeting schedule of the BSD 2014	The BSD has met on several occasions in 2014 exceeding the minimum requirement as stated in the by-laws and the Corporate Governance Code. No meeting schedule was formally agreed to by the BSD for 2014. This has been introduced for the 2015 reporting year.
8	Minutes BSD meetings 2014	The BSD has met on numerous occasions in 2014 exceeding the minimum requirement as stated in the by-laws and the Corporate Governance Code. Not all minutes were properly approved or signed.
9	Self-evaluation by the BSD at least twice per year	This was performed for the BSD only once during 2014 with the help of a third party but full compliance is expected in 2015
10	Profile BSD	A profile sketch of the BSD is included in the Regulations Board of Supervisory Director. The profile sketch has not been evaluated or approved by the GSM (AVA).
11	Audit committee 2014	No audit committee meetings were held in 2014. All the activities of the audit committee were performed by the BSD. Re-activation of the audit committee took place as per December 2014, and the official meetings were held in 2015.
12	Regulations various BSD committees	These regulations are not available. Only general BSD regulations are available which were approved in 2014. The BSD is evaluating the committees to be instituted in order to adopt the regulations for these committees.

Checklist	Compliance	
	Document Description	**Explanation**
13	Committeesreporting structure	There is no formal reporting structure in place.
14	Financial and annual report 2013	The financial report was approved on March 21, 2015 by the BSD. The financial report has not yet been approved by the GSM. Explanation for the delay in approval is available.
15	BSD report 2013	The BSD report 2013 was included in the 2013 financial report. However, the report was approved late on March 21, 2015. The delay stems from the delay in the issuance of the 2010 financial statements due to the various qualifications that required extensive time to resolve.
16	Management letter 2013 external accountant	Management Letter 2013 has not yet been issued. Most important findings with regard to deficiencies in internal controls have however been discussed with both the BSD and the BMD. The BSD agreed with Management that all management letter points reported since 2011 will be addressed by the BMD in 2015.
17	Dividend and reserve's policy	These policies are to be established and approved by the GSM.
18	Conflicting interests BSD	Conflicts of interest are reported to the chairman but the process has not been adequately formalized however.
19	Compensation of the BSD in 2014	Not separately approved by the GSM. However, compensation of the BSD is included in the articles of incorporation which were updated in 2011 and therefore approved by the GSM.

2.4. Composition of the Board of Supervisory Directors

On December 31, 2014 the BSD of IUH N.V. consisted of the following Directors:

	Name	Function
1	Mr. M.F. Willem (as of February 27, 2013)	Chairman
2	Mr. R.H. Doest (as of June 30, 2011)	Director
3	Mr. A.A. Hamoud (as of February 27, 2013)	Director
4	Mrs. T. Prins (as of March 25, 2013)	Director
5	Mr. H. R. Haile (as of August 19, 2013)	Director
6	Mr. D.E. Evertsz (as of September 11, 2013)	Vice Chairman

In addition to the above-noted Directors, Mr. D.G. Rosaria, as a Director as of March 25, 2013 till March 26, 2014, was also member of the BSD during 2014. Mr. D.G. Rosaria resigned on March 26, 2014 and was discharged of his duties on January 19, 2015.

In his place as of January 19, 2015, Mr. A.A. Davelaar has been appointed as a Director.

In accordance with the articles of incorporation of IUH N.V., members of the BSD are entitled to a financial compensation. In the year under report, the following compensations have been paid to the respective Board members.

	Name	Net amount in ANG
1	Mr. R.H. Doest	12,000
2	Mr. M.F. Willem	15,000
3	Mr. A.A. Hammoud	12,000
4	Mrs. T. Prins	12,000
5	Mr. D.G. Rosaria (till march 26, 2014)	2,815
6	Mr. H. R. Haile	12,000
7	Mr. D.E. Evertsz	12,000

The BSD would like to point out that none of its members have any other relationship with IUH N.V. and are therefore independent.

The principal appointment/position and all other relevant additional positions of each board member have been adequately documented and this is retained in the BSD handbook.

All members of the BSD frequently attended the meetings of the BMD. The BSD would like to address a special word of thanks to the BMD and the Staff of the Aqualectra companies for their contribution to the further development of Aqualectra.

2.5. Annual financial report and dividend proposal

We herewith submit the consolidated annual report 2014 of IUH N.V. (DBA Aqualectra) as drawn up by the BMD and approved by our BSD. EY Dutch Caribbean has audited the consolidated financial statements for the year ended December 31, 2014; its opinion is included in this annual report.

Based on the Integrated Resource Planning, the strategic direction established in Aqualectra's strategic plan "A Refreshing Approach", and the task to device a plan for the next level strategic plan, it is expected that all the necessary actions for realizing the corporate strategic direction can be well articulated. These actions are necessary in order to guarantee the supply of electricity and water to the island of Curaçao. The BSD 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 BSD fully sustains these objectives and the way Management is complying with its targets in order to at least realize these objectives.

The projected (budgeted) return on equity of 3.31% for 2014 has been achieved. The return on equity as of December 31, 2014 is 18.22%

It is of utmost importance to strengthen the Shareholder's equity of Aqualectra despite of the losses incurred in the past years in order to secure the necessary financing and to be able to contribute to the required investments. For this reason and despite the absence of a formal dividend policy, it is advisable not to distribute dividends for the coming years even in the event of a profitable operation of the Group.

Considering the aforementioned, the BSD advises the Shareholder to:

1. Accept the financial statements 2014 as included and approved by the BSD;
2. Approve that no dividend payment to the common Shareholders will be distributed for the coming 5 years;
3. Add the total comprehensive result for financial year 2014 to the balance of the accumulated losses;
4. Discharge the BMD for their management and the BSD for their supervision during the year under report.

2.6. Assertion of the Board of Supervisory Directors

The BSD of Aqualectra approved the financial statements of 2013 in the board meeting held on March 21, 2015. Consistent with the financial statements since 2010, the external auditor issued a qualified opinion based on matters for which the BMD and the BSD could not give sufficient comfort to the auditor with respect to the manner in which the Group has addressed and/or will address these matters. The audit findings and the qualifications thereon of the external auditor can be summarized as follows:

a) Corporate bonds IUH

The Company was not in compliance with some covenants of the Offering Circular of the bonds as per December 31, 2014 as disclosed in the notes to the consolidated financial statements, "Corporate Bonds Integrated Utilities Holding N.V. ("IUH or the Company"). Further, reference was made to the "General accounting policies" regarding the delicate liquidity position of Company and its subsidiaries (together "the Group") which may affect the Company's ability to make principal and/or interest payments on the bonds in the future.

Considering the aforementioned, the Central Bank of Curaçao and Sint Maarten ("CBCS") could declare the principal of the bonds and related interest to be immediately due and payable. Management was unable to provide sufficient evidence regarding the current position of CBCS. As a consequence of the above-mentioned matters, the external auditor indicated that they were unable to obtain sufficient appropriate audit evidence about the carrying amount of this asset and therefore to determine whether any adjustments to the valuation of the financial asset were necessary and the effect thereon on the consolidated statement of comprehensive income.

b) Investment in equity accounted investees

The reader is also refered to the financial statements 2010, where it is disclosed that there was an ongoing discussion between the Company and the Company's Shareholder ("Shareholder") regarding the valuation of the investment in the equity accounted investee, Curaçao Utility Company Holdings N.V. ("CUC Holdings"). Based on the assumptions and valuation model generally used by Management for determining the value of the investment, the Management of the Company was of the opinion that the current value of this investment at December 31, 2010 was approximately ANG 62.1 million. In January 2011, the Shareholder decided to transfer the shares of CUC Holdings to RDK for a nil consideration. As a consequence of this decision by the Shareholder, as disclosed in the financial statements 2010 of January 21, 2014, Management has impaired the value of the participation in CUC Holdings to nil as per December 31, 2010.
The external auditor indicated that they were unable to obtain sufficient information to come to an opinion with regard to the current recognition of the loss on this investment position and whether it complied with the requirements of IAS 24, related parties disclosures.

None of the undersigned members of the BSD were appointed during the fiscal years when the various decisions were reached affecting the financial position of the Company in particular, the transfer of CUC to "Refineria di Korsou" ("RDK") upon instruction of the government and the consequences thereof on the long term bond financing of the Company.

Based on the corporate law of Curaçao, each member of the BSD could be held liable by a third party in the case that the financial statements present a misleading position of the Company. On the other hand each board member could be liable in case the financial statements are not prepared, signed by the BSD presented for approval to the Shareholder and published timely by the Company.

The BSD approved the financial statement of 2010 on January 21, 2014 and on April 9, 2014 this financial statement was presented to the GSM. The Council of Ministers accepted the qualification as to be issued by the external accountant and instructed the Shareholder to approve the financial statement with the proposed qualifications as issued by the external auditors. On May 13, 2014 the Shareholder of the Group approved the 2010 financial statements.

Furthermore, as per October 21, 2014, December 13, 2014 and March 21, 2015, the BSD also approved the financial statements 2011, 2012 and 2013, respectively with the abovementioned qualifications and also advised the Shareholder to do the same. It is expected that the Shareholder will shortly provide her approval to the financial statements 2011 through 2013 with the above-mentioned qualifications.

The BSD requests the Shareholder to approve the financial statements 2014 with the same qualifications as the previous financial statements since 2010. Work is still ongoing to resolve the qualifications.

Willemstad, May 28, 2015

On behalf of the Board of Supervisory Directors,

Mr. M.F. Willem
Chairperson of the Board of Supervisory Directors

Mr. D.E. Evertsz
Vice Chairman

Mr. A.A. Hammoud
Director

Mrs. T. Prins
Director

Mr. H. R. Haile
Director

Mr. R.H. Doest
Director

Mr. A.A. Davelaar
Director

3. HIGHLIGHTS OF THE YEAR

(Amounts in ANG * 1,000)	December 31, 2014	December 31, 2013	
FINANCIAL DATA			
Operating revenues			
Sales electricity	452,417	490,272	
Sales water	105,176	101,533	
Own usage electricity and water *	(4,190)	(4,696)	
Sales services	20,210	15,124	
Operating expenses			
Total operating expenses Production	67,420	108,361	
Total operating expenses Distribution	79,143	137,187	**
Results			
Operating loss Production	(24,509)	(41,801)	
Operating profit Distribution	125,656	56,458	
Operating profit Holding	5,059	2,059	
Consolidated net profit / (loss)	51,425	(5,837)	
Financial data			
Working Capital	(231,815)	(180,920)	
EBITDA	142,881	57,254	
EBIT	106,300	16,795	
EBT	85,793	(9,695)	
Equity	173,715	144,710	
Non-current liabilities	223,259	289,445	
Current liabilities	397,050	416,414	
Financial ratio's			
Debt Service Coverage Ratio	3.81	1.31	
Adjusted Debt Service Coverage Ratio	1.26	0.75	
Debt/EBITDA Ratio	2.82	7.15	
Solvency Ratio	0.22	0.17	
Current Ratio	0.42	0.57	
Return on equity	0.18	0.14	
OPERATIONAL DATA			
Electricity			
Sales electricity in MWh (excl. RO Fuik and own usage)	652,553	665,062	**
Electricity intake from production in MWh	487,365	551,241	
Electricity intake from CUC in MWh	180,556	144,437	
Electricity intake from wind farms in MWh	133,204	119,843	
Usage reverse osmosis plants	23,779	24,883	
Number of postpaid connections at year end	44,810	52,725	
Number of prepaid connections at year end	24,346	23,350	
Average usage households per month in KWH	327	337	
Average sales tariff households in ANG per KWH	0.7093	0.7336	
Average sales tariff in ANG per KWH	0.6796	0.7013	
Unaccounted for usage in % of MWh intake	13.83%	13.57%	
Water			
Sales water in 1000M^3	9,853	9,765	
Water intake from production in 1000 M^3	13,010	13,514	
Number of postpaid connections at year end	77,804	76,522	
Average usage households per month in M^3	8.1712	8.2209	
Average sales tariff households in ANG per M^3	10.2886	9.9494	
Average sales tariff in ANG per M^3	10.5488	10.2913	
Unaccounted for usage in % of M^3 intake	24.24%	27.68%	

* See note 5.6.1 in which the exclusion of own usage of water and electricity is explained

** Restated for comparative purposes. See to note 5.2.v.

4. CONSOLIDATED FINANCIAL STATEMENTS

4.1. Consolidated Statement of Financial Position

(Amounts in ANG * 1,000)	As at Dec 31, 2014	As at Dec 31, 2013	For details See notes
ASSETS			
Non-current assets			
Intangible assets	6,552	6,552	5.5.1
Property, Plant and Equipment	551,786	512,271	5.5.2
Other non-current financial assets	34,063	34,000	5.5.3
Deferred tax assets	36,388	62,252	5.5.4
	628,789	**615,075**	
Current assets			
Inventories	30,229	30,270	5.5.5
Trade accounts receivable	79,541	115,693	5.5.6
Other receivables	22,264	49,160	5.5.7
Cash & cash equivalents	33,201	40,371	5.5.8
	165,235	**235,494**	
Total assets	**794,024**	**850,569**	
EQUITY AND LIABILITIES			
Shareholder's equity			
Share capital	528,000	528,000	4.3/ 5.5.9
Share premium	55,000	55,000	4.3/ 5.5.9
Preferred shares	72,800	72,800	4.3/ 5.5.10
Treasury shares	(72,800)	(72,800)	4.3/ 5.5.10
Accumulated losses	(460,710)	(432,453)	4.3
Profit / (loss) for the year	51,425	(5,837)	4.2/4.3
	173,715	**144,710**	
Non-current liabilities			
Financial liabilities	42,578	59,556	5.5.11
Customer deposits	24,013	23,462	5.5.12
Provisions	156,668	206,427	5.5.13
	223,259	**289,445**	
Current liabilities			
Trade accounts payable	59,351	85,032	5.5.14
Corporate bonds IUH N.V.	252,962	249,801	5.5.15
Bank overdrafts	19,585	15,883	5.5.16
Other liabilities	65,152	65,698	5.5.17
	397,050	**416,414**	
	794,024	**850,569**	

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

4.2. Consolidated Statement of Comprehensive Income

(Amounts in ANG * 1,000)	For the year ended Dec 31, 2014	For the year ended Dec 31, 2013	For details See notes
CONTINUING OPERATIONS			
Sales electricity & water	553,403	587,109 *	5.6.1
Direct costs production	(266,827)	(292,646)	5.6.2
Other direct cost of sales	(47,674)	(42,250)	
Revenue wind farm	-	-	
Services & other income	20,210	15,124	
Gross profit	**259,112**	**267,337**	
Salaries, social securities and other personnel expenses	94,892	101,173 *	5.6.3
Other (post-) employment benefits (net)	(80,829)	15,309 *	5.6.4
Parts, repairs & maintenance	44,214	47,274 *	5.6.5
Hired services	12,103	14,614	
General expenses	24,963	28,377	5.6.6
Depreciation expenses	36,581	40,459	5.5.2
Provision bad debts	20,888	3,336	5.5.6 / 5.5.7
Other expenses	-	-	5.4.4.1/5.5.5
Total operating expenses	**152,812**	**250,542**	
Results from operating activities	**106,300**	**16,795**	
Interest expenses net	(20,507)	(26,490)	5.6.7
Net finance costs	**(20,507)**	**(26,490)**	
Profit /(loss) before income tax	**85,793**	**(9,695)**	
Income tax	(34,368)	3,858	5.6.8
Profit /(loss) for the year	**51,425**	**(5,837)**	
Other comprehensive loss / (gain)			
Actuarial losses / (gains)	(30,924)	29,223	
Deferred tax related to the components of other comprehensive loss	8,504	(8,036)	
Other comprehensive loss / (gain) for the year, net of income tax	**(22,420)**	**21,187**	
Total comphrehensive gain for the year	**29,005**	**15,350**	

* Restated for comparative purposes. See note 5.2.v.

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

4.3. Consolidated Statement of Changes in Shareholder's Equity

(Amounts in ANG * 1,000)	Share capital	Share premium	Preferred shares	Treasury shares	Accumulated losses	Loss for the year	Total Shareholder's equity	For details See notes
Balance at January 1, 2013	**470,000**	**55,000**	**72,800**	**(72,800)**	**(408,274)**	**(45,366)**	**71,360**	
Issuance of common shares	58,000	0	0	0	0	0	58,000	
Loss for the year 2012	0	0	0	0	(45,366)	45,366	0	
Loss for the year 2013	0	0	0	0	0	(5,837)	(5,837)	4.2
Other comprehensive gain for the year 2013	0	0	0	0	21,187	0	21,187	4.2
Balance at December 31, 2013	**528,000**	**55,000**	**72,800**	**(72,800)**	**(432,453)**	**(5,837)**	**144,710**	
Balance at January 1, 2014	**528,000**	**55,000**	**72,800**	**(72,800)**	**(432,453)**	**(5,837)**	**144,710**	
Loss for the year 2012	0	0	0	0	(5,837)	5,837	0	
Loss for the year 2013	0	0	0	0	0	51,425	51,425	4.2
Other comprehensive loss for the year 2013	0	0	0	0	(22,420)	0	(22,420)	4.2
Balance at December 31, 2014	**528,000**	**55,000**	**72,800**	**(72,800)**	**(460,710)**	**51,425**	**173,715**	

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

4.4. Consolidated Statement of Cash Flows

(Amounts in ANG * 1,000)	For the year ended Dec 31, 2014	For the year ended Dec 31, 2013	For details See notes
Cash flow from operating activities			
Loss for the year	51,425	-5,837	4.2
Adjustments for non-cash items:			
Depreciations on fixed assets & major spare parts	36,581	40,459	5.5.2
Provision doubtful debts	20,888	3,336	5.5.6/5.5.7
Disposals of property, plant and equipment (net)	(2,033)	2,696	5.5.2
Change in provision slow moving inventory	1,653	(94) *	5.4.1.2
Change in deferred tax asset	25,864	4,179	
Amortization on bond	3,098	2,977	
Change in provisions	(72,180)	970	
Total adjustments for non-cash items	**13,871**	**54,523**	
Change in inventories	(1,612)	1,921 *	
Change in trade accounts receivable	18,889	(8,666)	
Change customer deposit	551	730	
Change in other receivables	19,229	(32,783)	
Change in trade accounts payable	(25,681)	(34,907)	
Change in other liabilities (excluding interest paid)	23,758	11,248	
Total of operational activities	**35,134**	**(62,457)**	
Total cash flow (used in) / from operating activities	**100,430**	**(13,771)**	
Cash flow from investing activities			
Acquisition of property, plant, equipment (net)	(74,063)	(34,920)	5.5.2
Total cash used in investing activities	**(74,063)**	**(34,920)**	
Cash flow from financing activities			
New loan	0	33,639	
Common capital issued	0	58,000	
Repayments of loans and movement in current maturities	(14,441)	(14,782)	
Other long term liabilities	(2,537)	(2,537)	
Interest paid	(20,261)	(26,109)	
Total cash flow (used in) / from operating activities	**(37,239)**	**48,211**	
Balance at start of year	24,488	24,968	
Decrease	(10,872)	(480)	
Balance at end of year	**13,616**	**24,488**	
The balance at end of year comprises:			
Cash & cash equivalents	33,201	40,371	5.5.8
Bank overdraft	(19,585)	(15,883)	5.5.16
Balance at end of year	**13,616**	**24,488**	

* Reclassification 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

Corporate information

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

The objectives of the Group are:

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

The Group's authorized capital amounts to ANG 600 million, consisting of 600 shares at ANG 1 million par value each. 470 shares were issued to the Island territory of Curaçao on June 1, 1998 with an additional 58 shares issued on January 31, 2013 to the Government of Country Curaçao who became the legal successor of the Island territory of Curaçao and the Shareholder of the Group after the restructuring of the Netherlands Antilles on October 10, 2010.

The 470 shares were paid up in full by means of the contribution of the KODELA (Aqualectra Distribution) and KAE (Aqualectra Production) shares. This created a share premium of ANG 55 million. Of the 58 shares issued in 2013, 34 were paid up in full by means of a settlement of the concession security deposit payable to the Country of Curaçao of ANG 34 million at December 31, 2012. The remaining 24 shares were paid up during the year 2014.

Utilities sector in Curaçao

Concessions

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

On July 30, 2012 concessions for the production and distribution of electricity were adopted, granting the Group the certainty of production of power for the coming 30 years. Management initiated discussions and negotiations with the Regulator, Bureau Telecommunicatie and Post (BTP), on various restrictions identified in complying with these requirements. On June 9, 2014 the Minister of Finance provided Aqualectra with a draft of a proposed amended concession for the production of electricity. On June 11, 2014 the Government adopted concession for the production of electricity. Notable change in this concession is the simplification of various requirements compared to the previous concession. Another major change in the new concession is the granting to Aqualectra of a minimum and a maximum production capacity. This granted capacity can be applied in direct form (own production) and in indirect form (contracted production). The amended concession was issued on June 19, 2014 and formalized on November 6, 2014.

Tariff structure

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

Calculation of tariffs

The Ordinance for Prices ("Prijzenverordening") states that the authority for the calculation and the adjustment of electricity and water tariffs, lies with the Government of Country Curaçao.

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

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

The aforementioned resolutions were retracted by the Government on April 6, 2011. In 2011 and 2012 there were several developments with regard to the tariffs. Tariff decreased starting April 2011 and direct costs increased starting July 2011. The Group approached the Regulator in early 2012 with the request to reconsider the level of the tariffs for water and electricity. As a result, the fuel pass through principal on a monthly basis was granted, which has been included in the tariff policy as of June 1, 2012 by the Regulator. Furthermore the granting and execution of the recovery of the fuel undercoverage for 2011 and 2012 was also included in the tariffs as of August 1, 2012 with a 12 month recovery period. These actions have lowered to a certain extent the pressure on the cash flow and improved the results of the Group. Based on the aforementioned, the BMD sees room for managing and operating the Company in a responsible manner with the possibilities for achieving (efficiency) improvements through execution of investment plans. The combination of these actions in conjunction with other measures should enable Management to achieve a sound financial position. We refer the reader further to the paragraph 'Financial Position of the group' in note 5.2.c.

The electricity and water tariff-structure adopted on June 1, 2012 comprises three components, namely:

- the fuel component, which covers the direct costs (including fuel, chemicals, lubricants and the purchase of electricity and water from third parties);
- the recovery component, which covers shortages in the fuel component that developed between January 2011 through May 2012;
- the base cost component, which covers the operational costs.

Energy policy

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

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

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

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

5.2. Summary of significant accounting policies

a) 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 Consolidated Financial Statements are presented in Netherlands Antilian guilders and all values are rounded to the nearest thousand (ANG'000), exept when otherwise indicated.

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 IFRS.

These Consolidated Financial Statements for the year ended 2013 were approved for issue by the Board of Supervisory Directors (BSD) on April 21, 2015. The Shareholders have the power to amend the financial statements after the date of issuance.

b) Basis of consolidation

Subsidiaries

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.

	% of equity interest	
Name	**2014**	**2013**
Aqualectra Production (KAE N.V.)	100%	100%
Aqualectra Distribution (KODELA N.V.)	100%	100%
General Engineering & Utility Services N.V. (GEUS)*	100%	100%
Aqualectra Multi Utility Company N.V. (AMU)	100%	100%
Aqualectra Bottling Co. N.V.**	100%	100%
KUMEPE N.V.	100%	100%

* GEUS is 100% subsidiary of Aqualectra Distribution

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

All above listed entities are hereinafter collectivily referred to as "the Group".
The Group is responsible for the management of the above-mentioned companies (with the exception of KUMEPE N.V.). During the years 2013 and 2012 KUMEPE N.V. did not engage in any activities.

c) Financial position of the Group

The consolidated financial statements have been prepared on a going concern basis, which assumes that the Group will be able to meet its cash flow requirements as disclosed in note 5.4.3. In addition Management acknowledges existing uncertainty over the ability to meet its financial obligations but emphasizes that measures were taken and will continue to be taken to ensure the continuity of the Group. These measures are described below.

Background

As at December 31, 2014, the Group has a negative working capital deficiency of ANG 231.8 million (ANG 180.9 million as per December 2013), and incurred a net profit before taxes for the year ended December 31, 2014 of ANG 85.8 million (ANG 9.7 million net loss before taxes as per December 31, 2013). Cash flow from operating activities amounted to ANG 100.4 million over the year 2014 (ANG 13.8 million used over the year 2013).

The Group is still facing with various challenges affecting its financial position and its liquidity position stemming from the 2011 transfer of the Curaçao Utility Compagny N.V. (CUC) shares for no consideration and the lack of adequate tariff adjustment over the past years up until June 1, 2012 when the new tariff structure was introduced. This has also resulted in the Group defaulting on its obligations regarding solvency and working capital covenants required to be maintained under the terms of the corporate bonds agreement. The Group still remains in default.

Preliminary figures show that the Group made a profit of approximately ANG 8.9 million before taxes in the first quarter of 2015 and is expected to make a profit of approximately ANG 33.6 million before taxes for 2015 based on the budget. The effects of the aforementioned and forecast results are disclosed in note 5.4.3., "Liquidity risk".

Since the transfer of the CUC shares to RdK in 2011 for no consideration, the Group has remained in default of the solvency and working capital covenants required to be maintained under the term of the corporate bonds agreement. See note 5.4.4., "Capital risk".

Because of the aforementioned facts and circumstances, the financial position of the Group is delicate and warrants close attention of Management and the BSD of the Group and may cast doubt about the possibility of the Group to continue as a going concern. In order to safeguard the continuity of the business, some actions have been taken in the past years and more are planned for execution phases that are yet to come.

Plan for the improvement of the financial and liquidity position of the Group
As a consequence of the developments over the recent years, Management prepared in 2011 a turnaround plan that was provided to, among others, the BSD, the Shareholder and the general supervisory body "College Financieel Toezicht" (CFT). With the realization of this plan that started in 2011, Management expects that within a period of 5 years the Group will become a sound company again. This plan is based on some important focus areas and assumptions. In order to realize the turnaround, the Group plans to take the following measures:

Significant investments will be made in new technologies that are more efficient, which will lead to:

- A decrease in fuel dependency by the usage of sustainable energy sources.
- A more balanced production mix.
- A transition from the evaporation technique to more efficient water production technologies, such as reverse osmosis.
- The availability of adequate resources to ensure timely realization of repairs and maintenance plans.

The Group will ensure that its future revenues (tariffs) are more in line with the developments in the cost of productions (fuel, etc.) by:

- Having continuous dialogue with the Regulator and the Government of Curaçao in order to maintain the timely tariff adjustments to absorb fluctuations in fuel prices;
- Performing a diligent and continuous evaluation of the fuel clause and its accuracy.
- Continuing to inform the Regulator and the Government of Curaçao about the need for the recovery of any fuel undercoverage in electricity and water tariffs caused by the lack of the necessary tariff adjustments and the need to recover undercovarege caused by the base component.
- Continuing to inform the Regulator and the Government of Curaçao about the need to recover the balance in the regulatory account of ANG 104 million due to lack of timely adjustments through 2010. For more details we refer the reader to note 5.5.18.6. The Group will significantly improve its financial position if it obtains this recovery. This amount will cover the entire payment backlog reflected in the liquidity projection (note 5.3.3).

Measures taken regarding cost control and the reassessment of certain planned investments are:

- Maintenance of equipment was performed in order to achieve optimal level functioning. The cost cutting result, being lower usage of fuel and other fuel additives, was achieved mid-2012.
- Continuous rationalization of the production mix (and its forecast) in order to achieve the least cost option for production of water and power.
- The usage of contracting companies was evaluated and where not considered an essential requirement, the volume of hiring was reduced.
- Reassessment of order levels for stock items was performed and where considered acceptable these were adapted.
- Rationalization of overtime declaration and improvement of work planning.
- Centralization of tasks leading to synergy, efficiency and lower cost levels.
- A petition for a general abolishment of import duties for equipment and machinery that are required for the production and distribution of water and power was submitted to Customs in 2011. Management will intensify the communications with Customs in order to obtain a final decision on the aforementioned.

- Postponement of phase II of the Next Step project
- Postponement of the ERP-system implementation initially budgeted at ANG 65 million over a 5 year period. See note 5.5.1. Intangible assets.

The turnaround plan as presented by Management has been approved by the BSD and the Shareholder. The turnaround plan has been also presented to the CFT.

Management assertion

The Group's ability to continue as a going concern is contingent upon the realization of:

1. The Management turnaround plan and financing of the necessary investments which are imperative in realizing the above-mentioned plan. See the liquidity projection in note 5.4.3. This is a key assumption that Management has worked out in a business plan in order to provide sufficient comfort to the local financial institutions.
2. Arrangement with the Regulator regarding the recovery of the undercoverage related to both the fuel and the base component.
3. Arrangement with the Central Bank of Curaçao and St. Maarten (CBCS) regarding the Corporate Bond.

The Group's ability to continue as a going concern is contingent upon the realization of management's plan, receipt of the recovery of the undercoverage on fuel and base component as incurred during the past years and the financing of the investments and liabilities.

Management has reasonable expectation that the Group will be able to realize the aforementioned plan as it is supported by the most important stakeholders (Government of Curaçao, BSD and employees) of the Group.
Furthermore, it is in the best interest of the community of Curaçao that the Group overcomes this period of difficulty. As the only supplier of water and power and as one of the major employers on the island, every development within the Group affects the local economy. With the financial support of the participants in this economy, the Group will realize the aforementioned goals which will lead to an increase of the reliability and sustainability of the delivery of power and water.

The Consolidated Financial Statements have therefore been prepared on a going concern basis by Management, which assumes that the Group will be able to meet its financial obligations in the foreseeable future as disclosed in note 5.4.3. as far as the conditions mentioned before are met.

d) Current versus non-current classification

The Group presents assets and liabilities in the Statement of Financial Position based on a current/ non-current classification. An asset is current when it is:

- Expected to be realized or intended to be sold or consumed in normal operating cycle;
- Held primarily for the purpose of trading;
- Expected to be realized within twelve months after the reporting period, or;
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current. A liability is current when:

- It is expected to be settled in normal operating cycle;
- It is held primarily for the purpose of trading;
- It is due to be settled within twelve months after the reporting period, or;
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The Group classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

e) Fair value measurement

The Group holds no financial assets or liabilities that are measured at fair value at December 31, 2014 or December 31, 2013 . Fair values of financial instruments measured at amortized cost are disclosed in Note 5.5.19. Fair values.

Fair value is the price that would be received to sell an asset or be paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible for the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities.
- Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.
- Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

f) Foreign currencies

Functional and presentation currency
The Group's consolidated financial statements are presented in Netherlands Antillean Guilders (ANG), which is also the parent company's and its subsidiaries' functional currency.

Transactions and balances
Transactions in foreign currencies are initially recorded by the Group's entities at their respective functional currency spot rates at the date the transaction first qualifies for recognition.

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date.

Differences arising on settlement or translation of monetary items are recognized in profit or loss with the exception of monetary items that are designated as part of the hedge of the Group's net investment of a foreign operation. These are recognized in other comprehensive income until the net investment is disposed of, at which time, the cumulative amount is reclassified to profit or loss.
Tax charges and credits attributable to exchange differences on those monetary items are also recorded in other comprehensive income.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of gain or loss on change in fair value of the item (translation differences on items whose fair value gain or loss is recognized in other comprehensive income or profit or loss are also recognized in other comprehensive income or profit or loss, respectively).

Any goodwill arising on the acquisition of a foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition are treated as assets and liabilities of the foreign operation and translated at the spot rate of exchange at the reporting date.

g) Property, plant and equipment

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

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

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

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

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

h) Property, plant and equipment contributed by customers

The Group recognizes as property, plant and equipment any contribution received from its customers to be utilized in the construction or acquisition of an item required for the connection to its distribution network and/or asset transferred by its customers, also for the purpose of providing the customer with ongoing access to supply of electricity and/or water. The corresponding amount is credited to the cost of work in progress or is shown as deferred credit in case construction has not yet started.

i) Leases

The determination of whether an arrangement is (or contains) a lease is based on the substance of the arrangement at the inception date. The arrangement is assessed for whether fulfilment of the arrangement is dependent on the use of a specific asset or assets or whether the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.

A lease is classified at the inception date as a finance lease or an operating lease. A lease that transfers substantially all the risks and rewards incidental to ownership to the Group, is classified as a finance lease. During 2014 and 2013, all leases were classified as operating leases. Operating lease payments are recognized as an operating expense in the income statement on a straight-line basis over the lease term.

j) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset, that necessarily takes a substantial period of time to get ready for its intended use or sale, are capitalized as part of the cost of the asset. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

k) Intangible assets

Licences

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

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

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

l) Impairment of non-financial assets

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

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

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

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

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

m) Financial instruments

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

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

Financial assets
The group classifies its financial assets in the following categories: at fair value through profit or loss, loans and receivables, held-to-maturity investments and available for sale financial assets. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition. The group only holds financial assets categorized as loans and receivables as at December 31, 2014 and 2013.

All financial assets are recognized initially at fair value plus transaction cost, except in the case of financial assets recorded at fair value through profit or loss.

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

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

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

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

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

Loans and borrowings
After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortized cost using the EIR method. Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the EIR amortization process. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included as finance costs in the statement of profit or loss.

The Group derecognizes a financial liability when its contractual obligations are discharged, cancelled or expire.

n) Inventories

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

o) Cash position (includes "Cash and cash equivalents" and "Bank overdraft")

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

p) 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.

q) Treasury shares

Own equity instruments that are reacquired (treasury shares) are recognized at cost and deducted from equity. No gain or loss is recognized in profit or loss on the purchase, sale, issue or cancellation of the Group's own equity instruments. Any difference between the carrying amount and the consideration, if reissued, is recognized in share premium.

r) Provisions

Provisions are recognized when the Group has a present legal or constructive obligation as a result of past events. Furthermore, it should be probable that an outflow of resources will be required to settle the obligation and a reliable estimate of the amount can be made. Provisions are determined, unless otherwise stated, by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognized as finance cost.

- **Onerous contracts**

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

- **Provision for decommissioning of Mundu Nobo**

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

- **Employee benefits**

Certain employee benefit provisions, except for the provision for vacation leave, are based on actuarial calculations. For the principal actuarial assumptions please see note 5.5.13.1. The independent and qualified actuary obtained sufficient information in order to perform the valuations.

Pension plans

All the pension plans within the Group are 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. Any unrecognized past service costs and the fair value of any plan assets are deducted.

Actuarial gains and losses are immediately recognized in the period in which they occur through the statement of other comprehensive income.

APC Pension plan

Certain employees of the Group (ex-civil servants) participate partially in a pension plan administered by Algemeen Pensioenfonds van Curacao (APC). The pension plan administered by APC 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 to use benefit accounting. Therefore the plan is accounted for as if it were a defined contribution plan where the Group's share in the contribution amount is recognized as an expense.

APC Supplementary pension ('Duurtetoeslag')

In 1943 the Government guaranteed civil servants a pension that amounts to up 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 APC pension agreement. By 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. This plan is unfunded.

VIDANOVA pension plan

The employees of the Group who do not participate in the APC pension plan, participate 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 applicable 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.

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.

Based on the Group's interpretation of the pension agreement and the related financing agreement, there are no future economic benefits resulting from the funded assets in the form of a reduction in future contributions or a cash refund. Therefore no assets have been recognized in the statement of financial position.

APC Early retirement benefit ('VUT')
In the National Ordinance of December 27, 1995 it is stipulated that 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 last legal entity that employed the respective persons.

Aqualectra VUT
According to the collective labor agreements of Aqualectra Distribution and Aqualectra Production, employees have the option of requesting early retirement to the BMD. The BMD decides whether the employee's request will be honored. In such a case, the resulting obligation will be accounted for as a liability in the Group's statement of financial position.

Other long-term employee benefits
The Group's net obligation in respect of long-term employee benefits other than pension plans is the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value, and the fair value of any related assets is deducted. The calculation is performed using the projected unit credit method. Any actuarial gains and losses are recognized in the consolidated statement of comprehensive income in the period in which they arise.

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.

Medical costs retired employees
Through July 31, 2014 both the active employees and the Group contributed 2% of the total gross salary as compensation for the medical costs of retired employees. Retired personnel contribute 2% of their pension. In accordance with the collective labor agreements of Aqualectra Distribution and Aqualectra Production, retired employees are compensated to a certain extent for their medical costs.

Effective August 1, 2014, with the implementation of the basic health-care insurance (BVZ), changes were made to the health coverage plan for retired personnel. Active employees no longer contribute the 2% and to partially compensate the retired employees for the additional costs of BVZ, Aqualectra contributes 3% of the retired employee's pension to the "Sociale Verzekerings Bank" (SVB).

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

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

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

t) Interest income and expenses

Interest income is recognized as it accrues in profit or loss, using the effective interest method. Dividend income is recognized in the consolidated statement of comprehensive income on the date that the Group's right to receive payment is established.

Interest expenses consist of interest on borrowings and interest on the bonds. The expenses are recognized in the profit and loss in the period to which they relate.

Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognized in the consolidated statement of comprehensive income as interest expenses by using the effective interest method.

u) Taxes

Current income tax

Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantially enacted, at the reporting date. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred tax

Deferred tax 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 Consolidated Financial Statements. However, deferred tax liabilities are not recognized if they arise from the initial recognition of goodwill; deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss.

The principal temporary differences arise from depreciation on property, plant and equipment and tax losses carried forward. Deferred tax is measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantially enacted at reporting date. The carrying amount of deferred tax assets is reviewed at each reporting date and is recognized to the extent that it is probable that future taxable profit will be available against which the unused tax losses can be utilized.

Deferred income tax assets are recognized only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes charged by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

v) Changes in accounting policies and disclosures

Restatements for presentation purposes

The 2013 figures have been restated for the following reasons:

- To correctly present revenue exclusive of any own usage within Aqualectra Distribution. Total own usage amounted to ANG 4,696,000 in 2013. The exclusion of own usage from the total revenue as presented in the 2013 financial statements, resulted in a corresponding adjustment of the parts, repairs and maintenance financial statement line item for the same amount. The result for the year is therefore not impacted. See note 5.6.1. "Sales Electricity and Water" for additional disclosure regarding own usage.

(Amounts in ANG * 1,000)	For the year ended Dec 31, 2013 (as previously stated)	Adjustment	For the year ended Dec 31, 2013 (restated)
Consolidated Statement of Comprehensive Income:			
Sales electricity & water	(591,805)	4,696	(587,109)
Parts, repairs & maintenance	51,970	(4,696)	47,274
Net impact result for the year		0	

- To provide the user of the financial statements with more relevant information regarding personnel costs by splitting these costs on the face of the consolidated statement of comprehensive income and showing personnel costs that are based on estimates separately. Personnel costs are now split between Salaries, social securities and other personnel expenses and Other (post-) employment benefits (net). The result for the year is not impacted.

New standards, amendments and interpretations effective in 2014

The Group applied, for the first time, certain standards and amendments, which are effective for annual periods beginning on or after January 1, 2014.

The nature and the impact of each new standard and amendment are described below:

IFRIC Interpretation 21 Levies (IFRIC 21)
IFRIC 21 clarifies that an entity recognizes a liability for a levy when the activity that triggers payment, as identified by the relevant legislation, occurs. For a levy that is triggered upon reaching a minimum threshold, the interpretation clarifies that no liability should be anticipated before the specified minimum threshold is reached. Retroactive application is required for IFRIC 21. This interpretation has no impact on the Group as it has applied the recognition principles under IAS 37 Provisions, Contingent Liabilities and Contingent Assets that are consistent with the requirements of IFRIC 21 in prior years.

Annual Improvements 2010-2012 Cycle
In the 2010-2012 annual improvements cycle, the IASB issued seven amendments to six standards, which included an amendment to IFRS 13 Fair Value Measurement. The amendment to IFRS 13 is effective immediately and, thus, for periods beginning at January 1, 2014, and it clarifies in the Basis for Conclusions that short-term receivables and payables with no stated interest rates can be measured at invoice amounts when the effect of discounting is immaterial. This amendment to IFRS 13 has no impact on the Group.

Standards issued but not yet effective

Standards issued but not yet effective up to the date of issuance of the Group's financial statements are listed below. This listing of standards and interpretations issued, are those that the Group reasonably expects will have an impact on disclosures, financial position or performance when applied at a future date. The Group intends to adopt these standards when they become effective.

IFRS 9 Financial Instruments

In July 2014, the IASB issued the final version of IFRS 9 Financial Instruments which reflects all phases of the financial instruments project and replaces IAS 39 Financial Instruments: Recognition and Measurement and all previous versions of IFRS 9. The standard introduces new requirements for classification and measurement, impairment, and hedge accounting. IFRS 9 is effective for annual periods beginning on or after January 1, 2018, with earlier application permitted. Retroactive application is required, but comparative information is not compulsory. Early application of previous versions of IFRS 9 (2009, 2010 and 2013) is permitted if the date of initial application is before February 1, 2015. The adoption of IFRS 9 is expected to have an effect on the classification and measurement of the Group's financial assets, but no impact on the classification and measurement of the Group's financial liabilities.

Amendments to IAS 19 Defined Benefit Plans: Employee Contributions

IAS 19 requires an entity to consider contributions from employees or third parties when accounting for defined benefit plans. Where the contributions are linked to service, they should be attributed to periods of service as a negative benefit. These amendments clarify that, if the amount of the contributions is independent from the number of years of service, an entity is permitted to recognize such contributions as a reduction in the service cost in the period in which the service is rendered, instead of allocating the contributions to the periods of service. This amendment is effective for annual periods beginning on or after July 1, 2014. The Group is currently assessing the full impact of these amendments.

IFRS 15 Revenue from Contracts with Customers

IFRS 15 was issued in May 2014 and establishes a new five-step model that will apply to revenue arising from contracts with customers. Under IFRS 15 revenue is recognized at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The principles in IFRS 15 provide a more structured approach to measuring and recognizing revenue. The new revenue standard is applicable to all entities and will supersede all current revenue recognition requirements under IFRS. Either a full or a modified retroactive application is required for annual periods beginning on or after January 1, 2017 with earlier adoption permitted. The Group is currently assessing the impact of IFRS 15 and plans to adopt the new standard on the required effective date.

5.3. Significant accounting judgments, estimates and assumptions

The preparation of financial statements in conformity with IFRS requires the use of estimates and assumptions that affect the reported amounts of revenue, expenses, assets and liabilities and the accompanying disclosures and the disclosure of contingent assets and liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

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 considered reasonable under the circumstances. The Group's critical accounting estimates and assumptions and critical judgments in applying the entity's accounting policies are 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, seldom 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 for 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 a critical assumption used for the calculation of the provision Future Medical Expenses, is the indexation rate. 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 5.5.13.1.

Other key assumptions for obligations are based in part on current market conditions. Additional information is disclosed in note 5.5.13.1.

Provision decommissioning

The provision for the Mundu Nobo premises consists of the costs for the demolition of buildings, civil works and installations, including the costs of removal and eventual processing of the residuals. The provision as of December 31, 2014 and 2013 is based on actual costs incurred during 2014 and 2013, external quotations and internal estimates.

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, beginning 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 and also the technological and operational outlook. Significant changes in these assumptions may have a significant impact on the present value of future generated cash flows and therefore on the fair value of the property, plant and equipment. For more details including assumptions, see note 5.5.2.

5.4. Financial risk management

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

The BSD has overall responsibility for the establishment and oversight of the Group's risk management framework. A Risk Management Committee has been established, which is responsible for developing and monitoring the Group's risk management policies. The Group's risk management policies were established to identify and analyze the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. During 2014 the Risk Management Committee did not engage in risk monitoring activities.

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. During 2013 the Group Audit Committee was not functional. Various tasks assigned to the Group Audit Committee were fulfilled by the BSD.

5.4.1. Market risks

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

5.4.1.1. 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 summarizes the currency risk in respect of recognized financial assets and financial liabilities:

Monetary assets and liabilities by currency of denomination		
Foreign currency exposures per December 31, 2014	**USD**	**EURO**
(Amounts in ANG * 1,000)		
Financial assets		
Cash & cash equivalents	6,617	0
Financial liabilities		
Trade accounts payable	(7,995)	(408)
Total currency of denomination	(1,378)	(408)
Total currency in ANG	**(2,508)**	**(902)**

Monetary assets and liabilities by currency of denomination		
Foreign currency exposures per December 31, 2013	**USD**	**EURO**
(Amounts in ANG * 1,000)		
Financial assets		
Cash & cash equivalents	2,077	0
Financial liabilities		
Trade accounts payable	(13,420)	(1,001)
Total currency of denomination	**(11,343)**	**(1,001)**
Total currency in ANG	**(20,644)**	**(2,513)**

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

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 table below:

	Dec 31, 2014	Dec 31,2013
(Amounts in ANG * 1,000)		
Total EURO purchase orders made in EURO	6,338	4,402
Total EURO purchase orders made in ANG	15,583	10,550
Average EURO rate	2.4586	2.3966
Foreign exchange (profit)/loss on EURO transactions in ANG	(527)	16
Outstanding EURO trade payables in EUR per year end	408	1,001
Outstanding EURO trade payables in ANG per year end	902	2,513
Exchange rate per year end	**2.21**	**2.51**

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 immateriality of foreign exchange risk per transaction, led to Management's decision to put aforementioned policies on hold during 2014 and 2013.

The sensitivity analysis below of the outstanding position of the trade accounts payable in EURO as per year-end to movements against the EURO assumes a change of +/-10% in the exchange rate as of December 31, 2014 and 2013. 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 90,000 (2013: ANG 251,000) 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 90,000 (2013: ANG 251,000).

	Carrying amount per Dec. 31, 2014		Sensitivity analysis of an exchange rate change of:			
			-10% change (*)		+10% change (*)	
	(Amounts * 1,000)		(Amounts * 1,000)		(Amounts * 1,000)	
Exchange rate per year end	0.4524	2.21	0.5027	1.989	0.4113	2.431
Exchange rate change			(0.0503)	0.221	0.0411	(0.2210)
Outstanding trade accounts payable	EUR 408	ANG 902		(ANG 90)		ANG 90 **
Impact on the profit and loss account				(ANG 90)		ANG 90**

(*) -10% change means a strengthening of the ANG compared to the EUR: 1 EUR: ANG 2.15757 / 1 ANG: EUR 0.4635)
+10% change means a weakening of the ANG compared to the EUR: 1 EUR: ANG 2.63703 / 1 ANG: EUR 0.3792
(**) Interpretation of effect:

Figure 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.

	Carrying amount per Dec. 31, 2013		Sensitivity analysis of an exchange rate change of:			
			-10% change (*)		+10% change (*)	
	(Amounts * 1,000)		(Amounts * 1,000)		(Amounts * 1,000)	
Exchange rate per year end	0.3984	2.51	0.4427	2.259	0.3622	2.761
Exchange rate change			(0.0443)	0.251	0.0362	(0.2510)
Outstanding trade accounts payable	EUR 1,001	ANG 2,513		(ANG 251)		ANG 251 **
Impact on the profit and loss account				(ANG 251)		ANG 251 **

(*) -10% change means a strengthening of the ANG compared to the EUR: 1 EUR: ANG 2.15514/ 1 ANG: EUR 0.4640
+10% change means a weakening of the ANG compared to the EUR: 1 EUR: ANG 2.63406/ 1 ANG: EUR 0.3796
(**) Interpretation of effect:

Figure 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.

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

An overview of the Group's interest bearing long term loans is presented in the table below:

	Dec 31 2014	Dec 31 2013	Dec 31 2014	Dec 31 2013	Remark
(Amounts in ANG * 1,000)			Interest rate		
Aqualectra Production					
Loan Diesel power plant ISLA	12,682	15,219	5.00%	5.00%	Fixed
Loan Curoil	20,105	30,815	6.00%	6.00%	Fixed
Current maturities of long term loans	(13,740)	(12,286)			
	19,047	**33,748**			
Aqualectra Distribution					
Loan SPU	13,885	13,885	2.50%	2.50%	Fixed
Current maturities	(5,618)	(4,337)			
	8,267	**9,548**			
Integrated Utility Holding N.V.					
Corporate Bond	300,045	300,045	6%	6%	Fixed
Scadta Loan	16,264	17,385	5%	5%	Fixed
Current maturities	(1,000)	(1,125)			
	315,309	**316,305**			
Total financial liabilities	**342,623**	**359,601**			

5.4.1.3. Tariff risk

The Group is exposed to the volatility of international fuel-price developments, which influences the direct cost component of the electricity and water tariffs to consumers. The chart below shows the development in average fuel price throughout the year 2014 and 2013.

	Realized 2014	Realized 2013	Variance	% Variance
AVG FUEL PRICES PER UNIT in ANG				
Fuel usage IFO - MN	542	1,142	(600)	-53%
Fuel usage GO - MN	1,413	1,490	(77)	-5%
Fuel usage MFO - DW	1,416	1,119	297	27%
Fuel usage IFO DPP ISLA	958	1,075	(117)	-11%
Fuel usage MDO - DPP ISLA	1,401	1,585	(184)	-12%
Fuel usage MDO - DW & KNPL	1,563	1,589	(26)	-2%
FUEL USAGE Quantity in ton/M^3				
Fuel usage IFO - MN ton	42,087	65,069	(22,982)	-35%
Fuel usage GO - MN M^3	40,171	35,615	4,556	13%
Fuel usage MFO - DW ton	48,145	52,813	(4,667)	-9%
Fuel usage IFO DPP ISLA ton	36,494	32,882	3,611	11%
Fuel usage MDO - DW & KNPL M^3	947	676	271	40%
Fuel usage MDO - DPP ISLA M^3	457	588	(132)	-23%
FUEL USAGE ANG (*1000)				
Fuel usage IFO - MN	22,792	74,277	(51,485)	-69%
Fuel usage GO - MN	56,757	53,075	3,682	7%
Fuel usage MFO - DW	68,163	59,082	9,081	15%
Fuel usage IFO DPP ISLA	34,978	35,349	(371)	-1%
Fuel usage MDO - DW & KNPL	1,327	1,071	256	24%
Fuel usage MDO - DPP ISLA	714	936	(222)	-24%
Total fuel usage in ANG	**184,731**	**223,790**	**(39,059)**	

Since June 1, 2012, as described in note 5.1, the electricity and water rates charged to customers consist of:

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

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

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

COVERAGE CALCULATION FUEL AND RECOVERY	Dec 31, 2014	Dec 31, 2013
Component (ANG * 1,000)		
Coverage calculations fuel component		
Coverage fuel component E	202,173	226,822*
Coverage fuel component W	21,843	24,806
Total coverage fuel component	**224,016**	**251,628**
Expenses in the fuel component E & W	(250,026)	(283,173)
Interest expenses CUROIL	(2,357)	(7,937)
Total realized expenses in the fuel component E & W	**(252,383)**	**(291,110)**
Undercoverage developed during the reporting period	**(28,367)**	**(39,482)***
Recovery component E	33,933	47,968*
Recovery component W	5,015	4,839
Recovered during the reporing period	**38,948**	**52,807**
Coverage/(undercoverage) developed during the reporting period (net of recovery)	**10,581**	**13,325**
Outstanding undercoverage per the end of the period		
Beginning balance (excluding regulatory account dec 2010)	(51,822)	(65,147)
Coverage/(undercoverage) developed during the reporting period (net of recovery)	10,581	13,325*
Total Balance of Prefinancing	**(41,241)**	**(51,822)**

* Restated for comparative purposes to exclude General Engineering Utility Services and to add back healthcare expenses, and also to include miscellaneous revenues related to water and electricity. The restatement was also made to exclude own usage.

From the chart above Management concludes that ANG 41.2 million is yet to be covered by the recovery component. Management also noted that undercoverage continued to develop in the fuel component throughout 2014, this mainly results from electricity and water purchases from third parties and by interest expenses related to the CUROIL loan, not being covered.

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

COVERAGE CALCULATION FUEL AND RECOVERY	Dec 31, 2014	Dec 31, 2013
(Amounts in ANG * 1,000)		
Coverage calculations fuel component		
Coverage fuel component E	207,366	191,630 *
Coverage fuel component W	77,079	70,723
Total coverage fuel component	**284,445**	**262,353**
Realized base expenses		
Reduction of expenses in base component due to miscellaneous sales	(9,518)	(23,934) *
Other direct costs of sales	63,964	51,326
Personnel costs	13,075 **	121,265
Parts, repair and maintenance	44,204	47,266 *
Hired services	6,047	6,082
General expenses	23,780	26,767
Depreciations	36,451	40,305
Provision bad debt	20,672	3,336
Interest expense	20,507	26,490
Income tax credit	34,368	(3,858)
Total realized base expenses	**253,550**	**295,045**
Coverage on base component	**30,895**	**(32,692)** *

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

* Restated for comparative purposes to exclude General Engineering Utility Services and to add back healthcare expenses, and also to include miscellaneous revenues related to water and electricity. The restatement was also made to exclude own usage.

** Inlcuded in the personnel costs 2014 is the non-recurring (post-) employment benefits adjustment of ANG 92.4 million stemming from the increase in the retirement age from 60 to 65 and changes in the medical costs of retired employees benefit as a result of the implementation of the basic health insurance plan. Excluding this non-recurring adjustment, 2014 will result with a undercoverage of the base component of ANG 61.5 million.

From the chart above management concludes that in 2014 there is an over-coverage in the base component of ANG 30.9 million. In addition to the impact of the non-recurring (post-) employment benefits adjustment of ANG 92.4 million noted above, increase coverage was achieved in 2014 as a result of the increase in the base component of water and electricity effective January 1, 2014. Discussions with the regulator are ongoing to find a structural approach to achieve full coverage of those expenses pertaining to the base component.

5.4.2. Credit risk

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

Credit risk within the Group mainly arises from billing customers for delivering electricity and water and other types of services rendered by the Group. Significant financial difficulties of customers (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 5.5.8) with banks and financial institutions.

The Group aims at mitigating this credit risk by using reputable financial institutions for investing and cash handling purposes. As per December 31, 2014 the Group has cash balances placed at 8 reputable banking institutions (2013:8).

The credit risk management within the Group entails:

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

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

(Amounts in ANG * 1,000)	Dec 31, 2014		Dec 31, 2013	
	Trade receivables	Other receivables	Trade receivables	Other receivables
Industrial & large commercial	33,718	9,564	36,165	11,960
Commercial	16,201	14,732	17,572	15,855
Households	34,321	6,624	46,977	5,866
Government	5,548	9,522	6,048	31,493
Standing orders	2,959	0	3,542	0
New accounts	103	0	112	0
Inactive	33,408	0	43,426	0
Other	2,536	2,498	2,960	(733)
Balance of receivables	128,794	42,940	156,802	64,441
Clients' payments in transit	732	0	(975)	0
Billing cycle to be invoiced	16,814	0	21,803	0
Gross receivables	**146,340**	**42,940**	**177,630**	**64,441**
Less allowance for doubtful debts	(66,799)	(21,648)	(61,937)	(20,295)
Net receivables	**79,541**	**21,292**	**115,693**	**44,146**
Less customer deposits	(24,013)	0	(23,462)	0
Receivables net of customer deposits	**55,528**	**21,292**	**92,231**	**44,146**

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 from reopening the account elsewhere or under another name. Inactive accounts are 100% provided for.

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

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

(Amounts in ANG * 1,000)	December 31, 2013	
	Trade receivables	Other receivables
Neither past due nor impaired	36,067	9,152
Past due but not impaired	79,626	34,994
Individually impaired	61,937	20,295
Gross	**177,630**	**64,441**
Less Allowance	(61,937)	(20,295)
Net receivables	**115,693**	**44,146**
Customer deposits	(23,462)	0
Receivables net of customer deposits	**92,231**	**44,146**

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, 2014	
	Trade receivables	Other receivables
Past due up to 60 days	24,607	0
Past due more than 60 days	26,446	11,331
	51,053	**11,331**

(Amounts in ANG * 1,000)	December 31, 2013	
	Trade receivables	Other receivables
Past due up to 60 days	53,180	0
Past due more than 60 days	26,446	34,994
	79,626	**34,994**

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. A specific analysis was performed on all accounts pertaining to the above category (50% impaired) that are considered significant or have been assigned a higher collection risk grade, to determine whether an additional provision is required;
d. A 36% provision is applied to all balances for which a payment agreement has been entered into.

Other receivables:

a. Other receivables which are outstanding more than 3 (three) years are 100% impaired;
b. Other receivables which are outstanding more than 2 (two) years but less than 3 (three) years are 80% impaired;
c. Other receivables which are outstanding more than 1 (one) year but less than 2 (two) years are 75% impaired.

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

5.4.3. Liquidity risk

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

Management applies prudent centralized liquidity management which implies a cash flow matching approach in which projected cash inflows are matched against outflows. The Group's aim is to maintain sufficient cash and lines of credit to be able to comply with its obligations. In this, Management 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 BSD. The Group updates the cash flow planning for a period of 12 months, on a weekly basis and uses this cash flow planning for control purposes.

A five year extract from the respective budgets is shown below:

Forecasted liquidity	Dec 31, 2015	Dec 31, 2016	Dec 31, 2017	Dec 31, 2018	Dec 31, 2019
(Amounts in ANG * 1,000)					
Opening balance	13,616	(47,213)	(70,982)	(85,543)	(96,289)
Operating proceeds	98,167	92,913	105,125	109,038	105,870
Cashflow investments in net working capital	(21,778)	9,233	(537)	(942)	3,755
Cashflow investments	(79,594)	(84,373)	(86,175)	(80,955)	(41,744)
Cashflow financing activities	(37,981)	(38,541)	(29,974)	(34,887)	(33,417)
Past due/due on demand	(19,644)	(3,000)	(3,000)	(3,000)	(3,000)
Increase/decrease in cash balances	**(60,830)**	**(23,769)**	**(14,562)**	**(10,747)**	**31,463**
Balance at end of year	**(47,214)**	**(70,982)**	**(85,544)**	**(96,290)**	**(64,826)**

As depicted in the above noted liquidity projection, the Group's liquidity position is projected to deteriorate significantly over the coming years. In 2015 a past due amount equal to ANG 19.6 million is presented to reflect the Group's true cash position if it were settling all its obligations to its creditors timely. Adequate tariff adjustments over the past years prior to the introduction of the new tariff structure in June 2012 would have allowed the Group to generate sufficient cash flow to remain current on all its obligations.

Another key factor with a yet greater impact on the deterioration of the Group's liquidity, regards the significant investments in fixed asset that exceed cash inflow in the form of new loans to source these investments. The significant capital investments projected to be made, relate to the distribution infrastructure and new sea water reverse osmosis plant. These investments are necessary in order to guarantee a more efficient production and distribution of water and electricity.

The recovery of the fuel under coverage up until 2010 of ANG 104 million as depicted in the regulatory account as per December 31, 2010 is not included. Additional expected recoveries of the undercovareges of both the base and the fuel component since the introduction of the new tariff structure are not included in the projected years either. See the subsequent event note 5.8 for developments in this area.

Management is of the opinion that the projected liquidity position can be improved with the following:

- Granting of the remaining recovery which is estimated at ANG 104 million due to lack of timely adjustments as accounted for in the regulatory accounts up to and including 2010.
- Granting of a portion of the undercoverage related to the base component.
- Securing the necessary external funding in order to finance the planned investments.

Actions taken by Management:

- Continue to inform the Regulator and the Government of Curaçao about the need to recover the balances to be compensated in the amount of ANG 104 million as accounted for in the regulatory accounts and about the need to recover the net undercoverage in the base component estimated at ANG 27 million over 2012 through 2014 and any remaining undercoverage in the fuel component over the past 3 years. The Group will significantly improve its financial position if it obtains this recovery.
- Perform daily cash-flow projection and prioritizing payments while making informal agreements with creditors of past due amount in order to gradually bring down these balances to acceptable levels while ensuring the continuation of operations and realization of its turn-around plan.

The investment in new and efficient machines will on the long run result in lower fuel usage and operational costs which is reflected in increasing operational cash flow starting in 2015 when the new machines are put into operation. The negative impact of the changes in fuel prices on the operations is expected to be neutralized due to the monthly tariff adjustment which will guarantee that the Group receives the coverage for the fluctuations in the fuel prices.

The liquidity status as per December 31, 2014 and 2013 is shown below:

Liquidity status	Dec 31, 2014	Dec 31, 2013
(Amounts in ANG * 1,000)		
Funds encumbered > 5 years	1,943	1,943
Funds encumbered 1 < years < 5	2,298	3,407
Available cash & cash at banks	9,375	19,138
Total credit facilities	**13,616**	**24,488**

Prudent liquidity risk management implies maintaining sufficient cash and the availability of funding through an adequate amount of committed credit facilities. The following table analyzes the Group's financial liabilities, being its long term loans, other non-current liabilities and current liabilities, in 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	At December 31, 2014			At December 31, 2013		
(Amounts in ANG * 1,000)						
	<1 year	≥1 and ≤5 years	>5 years	<1 year	≥1 and ≤5 years	>5 years
Loan Isla Dieselcentrale	3,113	11,181	0	3,240	11,691	2,603
Loan MJP	1,556	14,788	0	1,556	6,095	7,567
Loan CUROIL	10,338	9,766	0	9,749	21,066	0
Loan Scadta	1,793	7,173	13,046	1,793	7,173	14,840
	16,800	**42,908**	**13,046**	**16,338**	**46,025**	**25,010**

5.4.4. Capital management

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

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

Ratios and financial covenants	Dec 31, 2014	Dec 31, 2013
(Amounts in ANG * 1,000)		
Debt service coverage ratio (DSCR)	3.81	1.31
Compliance DSCR ratio	>1.45	>1.45
Adjusted debt service coverage ratio (ADSCR)	1.26	0.75
Compliance ADSCR	>1.15	>1.15
Debt/EBITDA ratio (D/E)	2.82	7.15
Compliance D/E ratio	<8.5	<8.5
Current ratio (CR)	0.42	0.57
Compliance CR	>1.00	>1.00
Solvency ratio (SR)	0.22	0.17
Compliance SR	0.30	0.30

As indicated in the table above, the Group is not in compliance with financial covenants as described in the offering circular of tranche 1a bonds. The Group fell short of the solvency ratio requirement due primarily to the shrinking equity resulting from rate increase restrictions that contributed to the net losses over the past years. The non-compliance with the current ratio is a result of the classification of the corporate bonds as short-term stemming from non-compliance with the previously mentioned ratio. If the corporate bonds were classified as non-current, the Group would be in compliance with the current ratio. Noteworthy to state is that the Group has not been in compliance with several of the financial covenants since the issuance of the corporate bonds, resulting in a qualification in the auditors' opinion for all the corresponding years. See the table below for an overview of the period 2008 through 2014 of the financial covenants and the (non) compliance to the target financial covenants.

Financial covenants	Target	Dec. 31, 2008	Dec. 31, 2009	Dec. 31, 2010	Dec. 31, 2011	Dec. 31, 2012	Dec. 31, 2013	Dec. 31, 2014
Debt service coverage ratio	> 1.45	0.61	0.82	3.40	(1.67)	0.31	.31	3.81
Adjusted debt service coverage ratio	> 1.15	0.38	0.55	1.09	(0.53)	0.16	0.75	1.26
Debt/EBITDA ratio	< 8.5	4.17	2.78	4.87	(12.63)	45.43	7.15	2.82
Solvency ratio	> 30%	34%	32%	22%	8%	9%	17%	22%
Current ratio	> 100%	80%	56%	59%	46%	43%	57%	42%

5.5. Explanatory notes to the statement of financial position

5.5.1. Intangible Assets

The table below reflects the acquisition of intangible assets during the period:

(Amounts in ANG * 1,000)	Dec 31, 2014	Dec 31, 2013
Intangible assets		
Balance at beginning of year	6,552	6,552
ERP purchased during the period	0	0
Amortization on intangible assets	0	0
Balance at end of year	**6,552**	**6,552**

In March 2012, a Professional Service Agreement was signed with SAP Puerto Rico GMBH LLC. (SAP) for the implementation of a new enterprise resource planning (ERP) system. Phase 1 and Phase 2 licenses were acquired in 2012 at a cost of ANG 6.6 million (USD 3.6 million). All related maintenance fees were expensed as incurred and are included in general expenses in the consolidated statement of income.

Since 2013, the SAP implementation has been put on hold and no additional licenses were acquired since then. A third party was engaged in 2014 to perform a cost of ownership assessment which was used to determine course of action. A decision has been reached in May 2015 to renegotiate the contract with SAP in order to decrease the total required investments and future annual costs. Approval for the SAP project still remains to be obtained from the BSD.

As the new ERP system has not been put into use, no amortization charge has been recorded through date.

5.5.2. Property, Plant and Equipment

See below an overview of the property, plant and equipment as per December 31, 2014 and 2013:

(Amounts in ANG * 1,000)	Cost Jan 1, '14	Accum. depr. Jan 1, '14	Book value Jan 1, '14	Additions 2014	Disposals 2014	Transfers 2014	Deprecia-tions 2014	Disposals accum. depr.2014	Adjustments accum. depr.2013	Cost Dec 31, '14	Accum. depr. Dec 31, '14	Book value Dec 31, '14
Production												
Land & buildings	47,740	27,262	20,478	0	0	0	-1,104	0	0	47,740	28,366	19,374
Plant/Equipment	738,349	539,736	198,613	0	0	71,735	-9,194	0	0	810,084	548,930	261,154
Major spare parts	37,172	32,473	4,699	0	108	514	-2,746	0	0	37,794	35,219	2,575
Other assets	37,226	36,507	719	0	0	126	-405	0	0	37,352	36,912	440
Work in progress	20,324	0	20,324	53,718	0	-72,375	0	0	0	1,667	0	1,667
	880,811	**635,978**	**244,833**	**53,718**	**108**	**0**	**-13,449**	**0**	**0**	**934,637**	**649,427**	**285,210**
Impairment loss	(53,453)	0	(53,453)	0	0	0	0	0	0	(53,453)	0	(53,453)
Total Production	**827,358**	**635,978**	**191,380**	**53,718**	**108**	**0**	**-13,449**	**0**	**0**	**881,184**	**649,427**	**231,757**
Distribution												
Land & buildings	52,833	25,315	27,518	8	(194)	364	(1,160)	0	0	53,011	26,475	26,536
Distribution network	781,155	437,150	344,005	353	(3,856)	11,979	(20,668)	0	0	789,632	457,818	331,813
Other assets	66,446	60,696	5,750	0	(2,513)	367	(1,176)	1,154	0	64,300	60,718	3,582
Work in progress	36,975	0	36,975	19,984	7,849	(12,710)	0	0	0	52,098	0	52,098
	937,409	**523,161**	**414,248**	**20,345**	**1,286**	**0**	**(23,004)**	**1,154**	**0**	**959,041**	**545,011**	**414,029**
Impairment loss	(94,000)	0	(94,000)	0	0	0	0	0	0	(94,000)	0	(94,000)
Total Distribution	**843,409**	**523,161**	**320,248**	**20,345**	**1,286**	**0**	**(23,004)**	**1,154**	**0**	**865,041**	**545,011**	**320,029**
Multi Utility												
Land & buildings	657	410	247	0	(657)	0	0	410	0	0	0	0
Plant/Equipment	969	585	384	0	(969)	0	(128)	713	0	0	0	0
Other assets	102	95	7	0	(102)	0	0	95	0	0	0	0
Work in progress	5	0	5	0	(5)	0	0	0	0	0	0	0
Total Multi Utility	**1,733**	**1,090**	**643**	**0**	**(1,733)**	**0**	**(128)**	**1,218**	**0**	**0**	**0**	**0**
Total												
	1,672,500	**1,160,229**	**512,271**	**74,063**	**(339)**	**0**	**(36,581)**	**2,372**	**0**	**1,746,225**	**1,194,438**	**551,786**

(Amounts in ANG * 1,000)	Cost Jan 1, '13	Accum. depr. Jan 1, '13	Book value Jan 1, '13	Additions 2013	Disposals 2013	Transfers 2013	Depreciations 2013	Disposals accum. depr. 2013	Cost Dec 31, '13	Accum. depr. Dec 31, '13	Book value Dec 31, '13
Production											
Land & buildings	47,740	25,529	22,211	0	0	0	(1,733)	0	47,740	27,262	20,478
Plant/Equipment	778,487	569,642	208,845	0	(40,330)	192	(10,424)	40,330	738,157	539,736	198,613
Major spare parts	38,470	31,975	6,495	0	(1,298)	0	(498)	0	37,172	32,473	4,699
Other assets	38,624	35,939	2,685	0	(1,398)	0	(568)	0	37,226	36,507	719
Work in progress	1,050	0	1,050	19,466	0	(192)	0	0	20,516	0	20,324
	904,371	**663,085**	**241,286**	**19,466**	**(43,026)**	**0**	**(13,223)**	**40,330**	**880,811**	**635,978**	**244,833**
Impairment loss	(53,453)	0	(53,453)	0	0	0	0	0	(53,453)	0	(53,453)
Total Production	**850,918**	**663,085**	**187,833**	**19,466**	**(43,026)**	**0**	**(13,223)**	**40,330**	**827,358**	**635,978**	**191,380**
Distribution											
Land & buildings	52,727	24,106	28,621	0	0	106	(1,209)	0	52,833	25,315	27,518
Distribution network	765,303	411,270	354,033	130	0	15,722	(25,880)	0	781,155	437,150	344,005
Other assets	65,548	60,696	4,852	0	0	898	0	0	66,446	60,696	5,750
Work in progress	38,378	0	38,378	15,323	0	(16,726)	0	0	36,975	0	36,975
	921,956	**496,072**	**425,884**	**15,453**	**0**	**0**	**(27,089)**	**0**	**937,409**	**523,161**	**414,248**
Impairment loss	(94,000)	0	(94,000)	0	0	0	0	0	(94,000)	0	(94,000)
Total Distribution	**827,956**	**496,072**	**331,884**	**15,453**	**0**	**0**	**(27,089)**	**0**	**843,409**	**523,161**	**320,248**
Multi Utility											
Land & buildings	657	351	306	0	0	0	(59)	0	657	410	247
Plant/Equipment	968	498	470	1	0	0	(87)	0	969	585	384
Other assets	102	94	8	0	0	0	(1)	0	102	95	7
Work in progress	5	0	5	0	0	0	0	0	5	0	5
Total Multi Utility	**1,732**	**943**	**789**	**1**	**0**	**0**	**(147)**	**0**	**1,733**	**1,090**	**643**
Total	**1,680,606**	**1,160,100**	**520,506**	**34,920**	**(43,026)**	**0**	**(40,459)**	**40,330**	**1,672,500**	**1,160,229**	**512,271**

The collateral pledged for the Scadta loan for the amount of ANG 18 million encumbered the premises and buildings situated at Pater Euwensweg and Emancipatie Boulevard.

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 Mundu Nobo, which is further specified in note 5.5.13.2.

Impairment loss
An impairment review was performed for the year 2014 and 2013 and as a result of this impairment review, the Group determined that its property, plant and equipment are not impaired as of December 31, 2014 and 2013.

Accelerated Depreciation
During 2013 Management started the dismantling of Mundu Nobo. Production at the Mundu Nobo plant has been set at reserve level starting at the end of 2013 till 2015, at which point plant equipment will be completely dismantled to be either disposed of and sold as scrap or as separate units. As the scrap value is not yet determined, this was not taken into account in the determination of the accelerated depreciation. The expectation is that the main office building will remain in addition to the plant building, designated as historic buildings, but that all other buildings will be fully demolished at the end of 2017. Due to the planned closure of the Mundu Nobo plant, accelerated depreciation has been applied to all fixed assets that will be disposed or demolished. Additional depreciation is therefore recorded in the 2014 figures amounting to ANG 237,622 (2013: ANG 941,408). See note 5.5.13.2 “Other provisions” for additional disclosure regarding the demolition of the Mundu Nobo plant.

Aqualectra Bottling
The management of Aqualectra Bottling was informed by the distributing company (Curaçao Beverage Bottling Company) that her principals decided not to continue with the distribution of bottled water “Claro” as part of the assortment of the distributer. This required Management to reevaluate her strategy with respect to Aqualectra Bottling. Based on the investment that would be required to regain the distribution channels which were managed and owned by the distributer, the decision was reached to engage in the tendering of the assets of Aqualectra Bottling as a whole. This would also allow the Group to focus on her core business and try to recover the invested capital in Aqualectra Bottling. As of November 14, 2014 the inventory on hand and all property, plant and equipment of Aqualectra Bottling were sold to a third party for ANG 1.3 million resulting in a gain on disposal of ANG 0.4 million. Management has started the processes of dissolving the company.

5.5.3. Other non-current financial assets

'Other non-current financial assets' is specified as follows:

(Amounts in ANG * 1,000)	Dec 31, 2014	Dec 31, 2013
Other non-current financial assets		
Security deposit for VIDANOVA pension fund	63	0
Security deposit for concession Aqualectra Production	4,354	11,512
Security deposit for concession Aqualectra Distribution	25,872	22,488
Long term receivable from The Government of Curaçao	3,774	0
Balance at end of year	**34,063**	**34,000**

The concessions for electricity production and distribution adopted on July 30, 2012 required that a security deposit be made to the Country of Curaçao equal to 5% of the total acquisition cost of the property, plant and equipment of Aqualectra Production and Aqualectra Distribution existing as of the effective date of the concessions. A reassessment of the security deposit is to be performed every 3 years. The total security deposit amounted to ANG 34 million. The amended concession for the production of electricity issued on June 19, 2014 requires the concession deposit to be adjusted yearly based on the book value of the property, plant and equipment of Aqualectra Production as at December 31 of the preceding year. The reassessment of the security deposit for both the production and the distribution of electricity resulted in a security deposit of ANG 30.2 million at December 31, 2014.

The decrease in the security deposit of ANG 3.8 million is presented as a long-term receivable from the Government of Curaçao as the Group expects to offset this amount with expected future increases in the security deposit as a result of planned investments in property, plant and equipment.

5.5.4. 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.

(Amounts in ANG * 1,000)	Dec 31, 2014	Dec 31, 2013
Tax loss carry-forward	22,585	48,449
Difference fiscal and commercial value property, plant and equipment	13,803	13,803
Balance at end of year	**36,388**	**62,252**

The tax losses will expire in a period of ten years that begins in the year in which the fiscal loss was incurred.

The Group has tax losses which arose prior to the formation of a fiscal unity (pre-unity losses) and are therefore available for offset only against future taxable profits of the companies in which the losses arose to the extent that the fiscal unity as a whole has a positive result. Of the total loss carry-forward recognized as deferred tax asset of ANG 143.9 million at December 31, 2014 (2013: ANG 190.7 million), ANG 68.1 million (2013: ANG 62.9 million) relates to pre-unity tax losses.

Management has estimated the probability of future taxable profits offsetting these tax losses. This estimation is based on Management's forward looking projections.

Below is a summary of this estimation:

- Tax losses amounting to ANG 8.5 million (pre-unity), which expire in 2016, have not been recognized as it is not deemed probable that future taxable profits will be available to offset these losses.
- Tax losses amounting to ANG 107.9 million within the fiscal unity, which are deemed to expire in 2021 and 2022, are not recognized because of uncertainty in assessing future taxable profit beyond 2019.
- Deferred tax totaling ANG 11.3 million is expected to be recovered within the upcoming 12 months period.

The table below reflects the movements in the deferred tax asset during the period:

(Amounts in ANG * 1,000)	Dec 31, 2014	Dec 31, 2013
Balance at beginning of year	62,252	66,431
Recognition in profit or loss	(34,368)	3,858
Recognition in other comprehensive income	8,504	(8,037)
Balance at end of year	**36,388**	**62,252**

Carry forward losses are due to expire as follows:

(Amounts in ANG * 1,000)	
Period	**Amount**
2015-2019	85,252
2020-2023	58,686
Total	**143,938**

5.5.5. Inventories

A summary of stocks as per December 31, 2014 and 2013 is specified below:

(Amounts in ANG * 1,000)	Dec 31, 2014	Dec 31, 2013
Aqualectra Production		
Materials and spare parts (net)	11,412	8,721
Fuel and lubricants	6,565	7,394
Water	191	176
Total Aqualectra Production	**18,168**	**16,291**
Aqualectra Distribution		
Materials and spare parts (net)	11,674	13,032
Water in reservoirs	387	397
Total Aqualectra Distribution	**12,061**	**13,429**
Aqualectra Multi Utility		
Materials and spare parts (net)*	0	550
Total Aqualectra Multi Utility N.V.	**0**	**550**
Total inventories	**30,229**	**30,270**

* This zero balance comes as a result of the sale as of November 14, 2014 of the inventory on hand and all property, plant and equipment of Aqualectra Bottling to a third party. See note 5.5.2.

The stock was lowered by a provision for slow movers as indicated below:

(Amounts in ANG * 1,000)	Dec 31, 2014	Dec 31, 2013
Balance at beginning of the year	**(9,519)**	**(9,613)**
Additions	(1,551)	(133)
Utilized	(102)	227
Balance at end of the year	**(11,172)**	**(9,519)**

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

5.5.6. Trade accounts receivable

The composition of trade accounts receivable as per December 31, 2014 and 2013 is as follows:

(Amounts in ANG * 1,000)	Dec 31, 2014	Dec 31, 2013
Government institutions	5,548	6,048
Business & industrial customers	49,919	53,737
Households	90,873	117,845
	146,340	**177,630**
Provision for bad debts	(66,799)	(61,937)
	(66,799)	**(61,937)**
Total trade accounts receivable	**79,541**	**115,693**

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

(Amounts in ANG * 1,000)	Dec 31, 2014	Dec 31, 2013
Balance at beginning of the year	**(61,937)**	**(60,504)**
Additions	(17,263)	(1,433)
Utilized	12,401	0
Balance at end of the year	**(66,799)**	**(61,937)**

Accounts receivables due to Aqualectra Distribution have been assigned to MCB Bank N.V. as collateral against bank overdraft facilities (see note 5.5.16).

5.5.7. Other receivables

The other receivables consist as per December 31, 2014 and 2013 of the following items:

(Amounts in ANG * 1,000)	Dec 31, 2014	Dec 31, 2013
Aqualectra Production		
Prepaid insurance premiums	972	972
Other receivables (net)	2,982	3,141
	3,954	**4,113**
Aqualectra Distribution		
General Debtors	17,884	17,613
Other account receivables (including balance GEUS)	1	741
	17,885	**18,354**
Integrated Utility Holding N.V.		
Receivable from Shareholder	0	24,000
Other receivables - CUC	149	2,563
	149	**26,563**
Aqualectra Multi Utility N.V.		
Other receivables	276	130
	276	**130**
Total other receivables	**22,264**	**49,160**

The above-mentioned amounts are presented net of a provision for doubtful debts. The movements in this provision are shown below:

(Amounts in ANG * 1,000)	Dec 31, 2014	Dec 31, 2013
Balance at beginning of the year	**(20,295)**	**(18,380)**
Release / (Additions)	(3,625)	(1,903)
Utilized	2,272	(12)
Balance at end of the year	**(21,648)**	**(20,295)**

5.5.8. Cash & cash equivalents

The cash and cash equivalents as per December 31, 2014 and 2013 is as follows:

(Amounts in ANG * 1,000)	Dec 31, 2014	Dec 31, 2013
Aqualectra Production		
Cash at banks and on hand	15,196	15,200
Cash movements in transit	133	1974
	15,329	**17,174**
Aqualectra Distribution		
Cash at banks and on hand	11,680	17,588
Cash movements in transit	634	620
	12,314	**18,208**
Integrated Utility Holding N.V.		
Cash at banks	**3,806**	**4,367**
Aqualectra Multi Utility N.V.		
Cash at banks and on hand	**1,752**	**622**
Total cash & cash equivalents	**33,201**	**40,371**

Included in the total amount of cash and cash equivalents is ANG 4.5 million pledged to MCB in order to cover bank guarantees and as such is not at free disposition of the Group. This amount was ANG 11.7 million at December 31, 2013 consisting of a time deposit of ANG 1.9 million for coverage of one month IUH N.V. payment, in case of default and a time deposit account in the amount of ANG 9.8 million pledged to MCB in order to cover the letter of credit and bank guarantees.

There was no significant interest income from cash deposits in 2014 and 2013.

As per December 31, 2014 there are bank guarantees amounting to:

- ANG 1.4 million in favor of 'Inspectie der Invoerrechten en Accijnzen and/or Douane Curaçao' (2013: ANG 1.4 million);
- ANG 20,000 in favor of 'Landsontvanger' (2013: ANG 20,000);
- ANG 4.0 million in favor of Aggreko Intl.: Projects for rent of generators (2013: ANG 9.3 milllion).

5.5.9. Share capital and share premium

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 with an additional 58 shares issued to the Government of Country Curaçao on January 31, 2013.

All shares are fully paid up as of December 31, 2014. The 470 shares were paid by means of the contribution of the KODELA (Aqualectra Distribution) and KAE (Aqualectra Production) shares which resulted in a share premium of ANG 55 million. 34 of the 58 shares issued in 2013, were paid up in full in 2013 by means of a settlement of the concession security deposit previously due. The remaining 24 shares were paid during 2014. The shares issued in 2013 were issued at par value.

During 2014 and 2013 additional movements have occurred directly in equity as a result of IAS 19 calculations (Employee benefits). The movements are detailed in the consolidated statement of comprehensive income as shown in note 4.2.

5.5.10. Preferred shares and treasury shares

Preferred stock relates to a total of 7,000 shares with 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 29.1 million. 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 43.7 million.

The 7,000 preferred shares bear a cumulative preferred dividend of 16.75% and were issued for the financing of future investments in general.

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

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.

Upon the repurchase of the preferred shares and through date, no decision has been made with regard to the retirement of these shares. Hence, the repurchase of the shares is presented as a contra-equity account – Treasury shares.

Currently the Group holds all shares of the company and its subsidiaries.

5.5.11. Financial liabilities

Below a summary of balances regarding all outstanding long term loans as per December 31, 2014 and 2013, specified per group-entity:

(Amounts in ANG * 1,000)	Dec 31, 2014	Dec 31, 2013
Aqualectra Distribution		
Loan Meerjarenplan (MJP)	13,885	13,885
Current maturities of long-term loans	(5,618)	(4,337)
	8,267	**9,548**
Integrated Utility Holding N.V.		
Loan Scadta	16,264	17,385
Current maturities of long-term loans	(1,000)	(1,125)
	15,264	**16,260**
Aqualectra Production		
Loan Diesel Power Plant ISLA	12,682	15,219
Loan Curoil	20,105	30,815
Current maturities of long-term loans	(13,740)	(12,286)
	19,047	**33,748**
Total Financial liabilities	**42,578**	**59,556**

Aqualectra Distribution

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 with 22 annual annuities.

Currently the Group is contemplating settlement of a part of the outstanding amount with receivable amounts for electricity and water bills of different governmental departments. No securities were pledged to this loan. Interest was fixed at 2.5% per annum.

Integrated Utility Holding N.V.

a) *Loan Scadta*
The Group entered into various agreements with Scadta Real Estate C.V. (Scadta) for the development of the land on Scadta Peninsula (old Amstel land at the Rijkseenheid Boulevard) and the construction of a new Operational Center and Technical Services Facility for the Group.
In June 2011, the BSD terminated these agreements which suspended all work performed by Scadta thus far. The Group was held liable for all expenses incurred by Scadta in the development of the land such as research, survey, clean-up, excavation, administrative costs interest and also lost income which were determined to amount to ANG 18.8 million. The amount was converted into a loan from Scadta effective April, 2012 to be repaid over a period of 15 years with annual interest of 5%. Monthly repayment equals ANG 149,446.

Aquelectra Production

a) Loan Diesel Power Plant ISLA

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 N.V. installments. For further information, see note 5.5.18.5 "Contingent liabilities".

b) Loan Curoil

On October 22, 2013, ANG 33.6 million of the total balance due to Curoil was converted into a loan to be repaid in 36 monthly installments. The loan bears interest of 6% with monthly repayment of ANG 1,023,348.

5.5.12. Customer deposits

The table below reflects the balance of customer deposits as per December 31, 2014 and 2013.

(Amounts in ANG * 1,000)	Dec 31, 2014	Dec 31, 2013
Balance at beginning of the year	**23,462**	**22,732**
Additions during the year	551	734
Released during the year	0	(4)
Balance at end of the year	**24,013**	**23,462**

Customers have to pay a deposit for each new connection, which are presented as refundable amounts on the statement of financial position of Aqualectra Distribution.

5.5.13. Provisions

The provisions as per December 31, 2014 and 2013 can be divided in the following categories:

(Amounts in ANG * 1,000)	Dec 31, 2014	Dec 31, 2013
Provisions employee benefits	142,428	192,170
Other provisions	14,240	14,257
Total provisions	**156,668**	**206,427**

5.5.13.1. Provisions employee benefits

The provision for employee benefits as per December 31, 2014 and 2013 is specified below:

(Amounts in ANG * 1,000)	Dec 31, 2014	Dec 31, 2013
Provision medical costs retired employees	9,527	131,887
Provision supplementary pension APC (DT)	12,322	10,929
Provision early retirement benefit (VUT)	1,167	1,055
Provision anniversary bonus	19,573	14,768
Provision pension obligations	76,966	27,508
Provision vacation leave	4,390	6,023
Other post-employment provisions	18,483	0
Total provisions	**142,428**	**192,170**

The calculations of the provision for medical costs, DT, VUT, anniversary bonus and defined benefit pension plans are based upon actuarial assumptions which are shown below.

Actuarial assumptions	2014	2013	Applicable for
Discount rate	3.04%	4.25%	All actuarial provisions
Rate of return on plan assets	3.04%	4.25%	Pension
Increase of offset	2.75%	2.75%	VUT, DT and pension
Inflation	1.50%	1.50%	VUT, DT and pension
Future Medical expense increases	N/A	1.30%	Medical cost
Future pension increases	1.50%	1.50%	VUT and pension
Future compensation increases	1.65%	1.65%	VUT, DT and pension
Salary increases (career)	3.00%	2.25%	All except medical cost
Salary increases (inflation)	1.65%	1.65%	Anniversary bonus
VUT participation probability	2.50%	2.50%	VUT

Mortality:	
Male:	GBM 2005-2010; -1
Female:	GBV 2005-2010; -1
Age difference spouse:	male is 4 years older than female
Marital status:	100%

The position of the provision medical costs retired employees, supplementary pension APC (DT), early retirement benefit (VUT) and anniversary bonus are shown below:

	Medical costs	DT	VUT	Anniversary bonus
(Amounts in ANG * 1,000)	Dec. 31, 2014	Dec. 31, 2014	Dec. 31, 2014	Dec. 31, 2014
Liability recognized in the consolidated statement of financial position				
Present value of obligations	9,525	12,322	1,167	19,573
Provision	**9,525**	**12,322**	**1,167**	**19,573**
Movement in provisions				
Provisions at the beginning of year	131,887	10,929	1,055	14,768
Expenses	(106,513)	514	34	1,390
Contributions paid	(3,009)	(634)	(741)	(1,629)
Past service costs	0	0	0	1,668
Actuarial losses/(gain) recognized in the other comprehensive income	(12,840)	1,513	819	3,376
Provisions at end of year	**9,525**	**12,322**	**1,167**	**19,573**
Amounts recognized in the consolidated statement of comprehensive income				
Current service costs	3,921	61	2	769
Interest costs	5,718	453	32	621
Past service costs	(116,152)	0	0	1,668
Actuarial losses recognized in the consolidated statement of comprehensive income	0	0	0	3,376
Contributions by participants	(551)	0	0	0
Expenses recognized in consolidated comprehensive income	**(107,064)**	**514**	**34**	**6,434**
Present value of the obligations				
Present value of the obligations at the beginning of year	131,887	10,929	1,055	14,768
Interest costs	5,718	453	32	621
Current service costs	3,921	61	2	769
Past service cost	(116,152)	0	0	1,668
Benefits paid	(3,009)	(634)	(741)	(1,629)
Actuarial loss / (gain) on obligation	(12,840)	1,513	819	3,376
Present value of the unfunded obligations at the end of year	**9,525**	**12,322**	**1,167**	**19,573**
Fair value of the plan assets				
Contributions by the employer	(2,458)	(634)	(741)	(1,629)
Contributions by the participants	(551)	0	0	0
Benefits paid	3,009	634	741	1,629
Present value of the plan assets at the end of year	**0**	**0**	**0**	**0**
Development of deficit in the plan				
Present value obligations	9,525	12,322	1,167	19,573
Deficit in the plan	**9,525**	**12,322**	**1,167**	**19,573**

The expenses have been included in social securities and other personnel expenses in the consolidated statement of comprehensive income.

(Amounts in ANG * 1,000)	Medical costs Dec. 31, 2014	DT Dec. 31, 2014	VUT Dec. 31, 2014	Anniversary bonus Dec. 31, 2014
Liability recognized in the consolidated statement of financial position				
Present value of obligations	131,887	10,929	1,055	14,768
Provision	**131,887**	**10,929**	**1,055**	**14,768**
Movement in provisions				
Provisions at the beginning of year	177,662	11,299	721	15,377
Expenses	13,377	506	21	1,405
Contributions paid	(4,038)	(600)	(647)	(2,291)
Actuarial losses/(gain) recognized in the other comprehensive income	(55,114)	(276)	960	277
Provisions at end of year	**131,887**	**10,929**	**1,055**	**14,768**
Amounts recognized in the consolidated statement of comprehensive income				
Current service costs	6,115	63	3	796
Interest costs	7,262	443	18	609
Actuarial losses recognized in the consolidated statement of comprehensive income	0	0	0	277
Benefits paid	0	0	0	0
Contributions by participants	(979)	0	0	0
Expenses recognized in consolidated comprehensive income	**12,398**	**506**	**21**	**1,682**
Present value of the obligations				
Present value of the obligations at the beginning of year	177,662	11,299	721	15,377
Interest costs	7.262	443	18	609
Current service costs	6.115	63	3	796
Benefits paid	(4,038)	(600)	(647)	(2,291)
Actuarial loss / (gain) on obligation	(55,114)	(276)	960	277
Present value of the unfunded obligations at the end of year	**131,887**	**10,929**	**1,055**	**14,768**
Fair value of the plan assets				
Contributions by the employer	(3,059)	(600)	(647)	(2,291)
Contributions by the participants	(979)	0	0	0
Benefits paid	4,038	600	647	2,291
Present value of the plan assets at the end of year	**0**	**0**	**0**	**0**
Development of deficit in the plan				
Present value obligations	131,887	10,929	1,055	14,768
Deficit in the plan	**131,887**	**10,929**	**1,055**	**14,768**

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

Provision medical costs of 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. See note 5.6.4.

A sensitivity analysis on the present value of the obligation as per December 31, 2014 and December 31, 2013 is presented below. The sensitivity analysis shows the effect on the obligations based on a 0.50% change in the discount rate or 1.00% in the inflation rate.

Medical expenses retired employees 2014	Basis	Deviation in discount rate	
(Amounts in ANG * 1,000)			
Discount rate	3.04%	2.54%	3.54%
Effect on present value of the defined benefit obligation	9,525	447	(402)

Medical expenses retired employees 2013	Basis	Deviation in discount rate		Deviation in medical expenses	
(Amounts in ANG * 1,000)					
Discount rate	4.25%	3.75%	4.75%	4.25%	4.25%
Inflation	1.30%	0.80%	1.80%	0.30%	2.30%
Effect on present value of the defined benefit obligation	131,887	10,208	(9,108)	(18,126)	22,543

The following sensitivity analysis shows the effect of a change in life expectancy for a male or a female participant by 1 year on the medical cost of retired employees obligation:

Assumption Sensitivity Level 2014	Life expectancy of male participant		Life expectancy of female participant	
(Amounts in ANG * 1,000)	Increase by 1 year	Decrease by 1 year	Increase by 1 year	Decrease by 1 year
Impact on medical cost of retired employees obligation	108	(110)	74	(76)

Assumption Sensitivity Level 2013	Life expectancy of male participant		Life expectancy of female participant	
(Amounts in ANG * 1,000)	Increase by 1 year	Decrease by 1 year	Increase by 1 year	Decrease by 1 year
Impact on medical cost of retired employees obligation	3,026	(3,013)	2,441	(2,473)

The average duration of the medical cost of retired employees obligation at the end of December 31, 2014 and December 31, 2013 is as follows:

	Average duration	
Company	2014	2013
Aqualectra Distribution	13.1 years	13.7 years
Aqualectra Production	13.6 years	16.2 years
IUH N.V.	12.4 years	25.0 years

Provision supplementary pension APC (DT)

In 1943 the Government guaranteed civil servants a pension that amounts up 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 with the APC pension arrangement. As per National Decree of July 12, 1995 it is stipulated that the last 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 Curaçao" (APC). The pension allowance to be paid by APC 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 following from the former and from the 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 the Group and APC concerning the interpretation of the regulation of "duurtetoeslag" (DT). APC namely invoices Aqualectra, among other things, for indexation (both for pension indexation and "wage scale" increases) whilst the Group disputes this. Despite being in disagreement with APC, the Group created the provision for DT according to APC's calculation method, with the exception of the "wage scale" and pension indexation.

A sensitivity analysis on the present value of the unfunded obligation as per December 31, 2014 and December 31, 2013 is presented below. The sensitivity analysis shows the effect on the unfunded obligations based on a 0.50% change in the discount rate or 1.00% in the inflation rate.

Supplementary pension APNA (DT) 2014	Basis	Deviation in discount rate		Deviation in pension indexation	
(Amounts in ANG * 1,000)					
Discount rate	3.04%	2.54%	3.54%	3.04%	3.04%
Pension indexation	1.50%	1.50%	1.50%	0.50%	2.50%
Effect on present value of the defined benefit obligation	12,322	764	(697)	(1,365)	1,612

Supplementary pension APNA (DT) 2013	Basis	Deviation in discount rate		Deviation in pension indexation	
(Amounts in ANG * 1,000)					
Discount rate	4.25%	3.75%	4.75%	4.25%	4.25%
Pension indexation	1.50%	1.50%	1.50%	0.50%	2.50%
Effect on present value of the defined benefit obligation	10,929	479	(531)	(1,055)	1,235

The following sensitivity analysis shows the effect of a change in life expectancy for a male or a female participant by 1 year on the supplementary pension APC (DT) obligation

Assumption Sensitivity Level 2014	Life expectancy of male participant		Life expectancy of female participant	
(Amounts in ANG * 1,000)	Increase by 1 year	Decrease by 1 year	Increase by 1 year	Decrease by 1 year
Impact on supplementary pension APC (DT) obligation	386	(369)	67	(67)

Assumption Sensitivity Level 2013	Life expectancy of male participant		Life expectancy of female participant	
(Amounts in ANG * 1,000)	Increase by 1 year	Decrease by 1 year	Increase by 1 year	Decrease by 1 year
Impact on supplementary pension APC (DT) obligation	383	(380)	67	(68)

Currently, the Group has a difference of opinion with APC as to the calculation of the supplementary pension premiums. The difference of opinion concerns the calculation method used for pension increases, but also the legality of the supplementary pension plan with regard to the employees of Aqualectra Production and certain employees of Aqualectra Distribution (employees of the former "Dienst Water Distributie" are excluded). APC is of the opinion that all pension increases can be fully charged to the Group as supplementary pension increases. The Group 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 for the above-mentioned employees.
The Government of Curaçao and other governmental institutions were approached by the Group on the above-mentioned issues, as it concerns them too. All stakeholders are deliberating on the next steps that should be taken. As per the preparation and approval of these consolidated financial statements no final plan has been outlined. It is expected that the final conclusion and resolution will lead to a release of the provision for supplementary pensions (DT) for the full amount.

The average duration of the supplementary pension APC (DT) obligation at December 31, 2014 and December 31, 2013 is as follows:

	Average duration	
Company	2014	2013
Aqualectra Distribution	11.6 years	10.5 years
Aqualectra Production	11.2 years	8.7 years

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 APC 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 the Group, employees have the option of filing a request with the BMD to retire from service at the age of 55, under certain conditions such as employment with the Group for at least 20 years. The BMD decides whether the employee's request will be honored. In such a case, the resulting obligation will be accounted for as a liability in the Group's statement of financial position.

For those employees insured at APC the BMD is obliged to honor such a request. A provision has been formed for both groups of employees.

A sensitivity analysis on the present value of the unfunded obligation as per December 31, 2014 and December 31, 2013 has been performed and showed that a 0.50% positive or negative modification in the discount rate or the inflation rate would result in the following movements.

Supplementary pension APNA (VUT) 2014	Basis	Deviation in discount rate	
(Amounts in ANG * 1,000)			
Discount rate	3.04%	2.54%	3.54%
Effect on present value of the defined benefit obligation	1,167	8	(8)

Supplementary pension APNA (VUT) 2013	Basis	Deviation in discount rate		Deviation in pension indexation	
(Amounts in ANG * 1,000)					
Discount rate	4.25%	3.75%	4.75%	4.25%	4.25%
Inflation	1.50%	1.50%	1.50%	1.00%	2.00%
Effect on present value of the defined benefit obligation	1,055	6	(6)	0	0

The average duration of the early retirement benefit (VUT) obligation at the end of the reporting period is as follows:

	Average duration	
Company	2014	2013
Aqualectra Distribution	1.5 years	0.8 years
Aqualectra Production	1.3 years	1.5 years

Provision anniversary bonus

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

A sensitivity analysis on the present value of the unfunded obligation as per December 31, 2014 and December 31, 2013 is presented below. The sensitivity analysis reflected below, shows the effect on the unfunded obligations based on a 0.50% change in the discount rate or in the future salary increase rate.

Provision anniversary bonus 2014	Basis	Deviation in discount rate		Deviation in future salary increase rate	
(Amounts in ANG * 1,000)					
Discount rate	3.04%	2.54%	3.54%	3.04%	3.04%
Future salary increase (inflation & career)	4.65%	4.65%	4.65%	4.15%	5.15%
DBO AP in ANG 1,000	19,573	934	(865)	(857)	943

Provision anniversary bonus 2013	Basis	Deviation in discount rate		Deviation in inflation rate	
(Amounts in ANG * 1,000)					
Discount rate	4.25%	3.75%	4.75%	4.25%	4.25%
Inflation (inflation & career inflation)	3.90%	3.90%	3.90%	3.40%	4.40%
DBO AP in ANG 1,000	14,768	460	(435)	(448)	470

The average duration of the anniversary bonus obligation at December 31, 2014 and December 31, 2013 is as follows:

	Average duration	
Company	2014	2013
Aqualectra Distribution	9.8 years	6.3 years
Aqualectra Production	8.4 years	5.7 years

Provision defined benefit pension 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, among other things, 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.

The table below reflects the value of the defined benefit pension plan:

(Amounts in ANG * 1,000)	Dec 31, 2014	Dec 31, 2013
Liability recognized in the consolidated statement of financial position		
Present value of funded obligations	278,889	216,736
Fair value of plan assets	(201,923)	(189,228)
Provision *	**76,966**	**27,508**
Movement in present value of the Defined Benefit Obligation (DBO)		
Defined Benefit Obligation at the beginning of the year	218,036	178,549
Expenses	24,174	17,728
Actuarial gains on obligation	38,615	21,759
Defined Benefit Obligation at the end of the year	**280,825**	**218,036**
Amounts recognized in the consolidated statement of comprehensive income		
Current service costs	11,095	10,181
Interest costs	9,484	7,547
Expected return on plan assets	(7,996)	(7,760)
Additional charges	1,638	1,573
Past service costs	3,595	0
Expenses	17,816	11,541
Contributions by participants	(3,248)	(3,286)
Expenses recognized in the statement of comprehensive income	**14,568**	**8,255**
Actual return on plan assets		
Expected return on plan assets	7,996	7,760
Actuarial gain/(loss) on plan assets	(3,520)	(10,403)
Actual return on plan assets	**4,476**	**(2,643)**
Present value of the funded obligations		
Present value of the funded obligations at the beginning of year	218,036	178,549
Interest costs	9,484	7,547
Current service costs	11,095	10,181
Past service costs	3,595	0
Actuarial loss/(gain) on obligation	38,615	21,759
Present value of the funded obligations at the end of the year	**280,825**	**218,036**
Fair value of the plan assets		
Fair value of the plan assets at the beginning of the year	(191,231)	(185,636)
Expected return on plan assets	(7,996)	(7,760)
Actuarial losses on plan assets	3,520	10,403
Additional charge	1,638	1,573
Contributions by the employer	(6,683)	(6,525)
Contributions by the participants	(3,248)	(3,286)
Benefits paid	0	0
Fair value of the plan assets at end of year	**(204,000)**	**(191,231)**
Development of deficit in the plan		
Present value funded obligations	280,825	218,036
Fair value of plan assets	(204,000)	(191,231)
Deficit/(Surplus) in the plan *	**76,825**	**26,805**

* The Group does not recognize net pension assets in the consolidated statement of financial position. The entity IUH N.V. had a net pension asset in the amount of ANG 141,000 (2013: ANG 703,000), which has not been recognized in the consolidated 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 the terms of the related pension liability. The expenses are included in the social securities expenses in the consolidated statement of comprehensive income.

The sensitivity analysis below shows the effect on the funded obligations based on a 0.50% change in the discount rate or 0.50% change in future salary increase or 1.00% in the pension indexation.

VIDANOVA Pension 2014	Basis	Deviation in discount rate		Deviation future salary increase		Deviation in pension indexation	
(Amounts in ANG * 1,000)							
Discount rate	3.04%	2.54%	3.54%	3.04%	3.04%	3.04%	3.04%
Pension Indexation	1.50%	1.50%	1.50%	1.50%	1.50%	0.50%	2.50%
Salary increase (inflation & career)	4.65%	4.65%	4.65%	4.15%	5.15%	4.65%	4.65%
Present value of the defined benefit obligation	277,230	32,744	(29,676)	(5,492)	4,292	(50,129)	62,506

VIDANOVA Pension 2013	Basis	Deviation in discount rate		Deviation in inflation rate		Deviation in pension indexation	
(Amounts in ANG * 1,000)							
Discount rate	4.25%	3.75%	4.75%	4.25%	4.25%	4.25%	4.25%
Pension Indexation	1.50%	1.50%	1.50%	1.50%	1.50%	0.50%	2.50%
Inflation	1.50%	1.50%	1.50%	1.00%	2.00%	1.50%	1.50%
Present value of the defined benefit obligation	218,036	14,909	(13,449)	(2,332)	2,426	(26,476)	32,078

The following sensitivity analysis shows the effect of a change in the life expectancy of a male or a female pensioner by 1 year on the defined benefit pension plan obligation:

Assumption Sensitivity Level 2014	Life expectancy of male pensioners		Life expectancy of female pensioners	
(Amounts in ANG * 1,000)	Increase by 1 year	Decrease by 1 year	Increase by 1 year	Decrease by 1 year
Impact on defined benefit pension plan obligation	3,899	(2,544)	5,113	(3,714)

Assumption Sensitivity Level 2013	Life expectancy of male pensioners		Life expectancy of female pensioners	
(Amounts in ANG * 1,000)	Increase by 1 year	Decrease by 1 year	Increase by 1 year	Decrease by 1 year
Impact on defined benefit pension plan obligation	2,241	(2,190)	2,690	(2,671)

The average duration of defined benefit pension plan obligation at December 31, 2014 and December 31, 2013 is as follows:

	Average duration	
Company	2014	2013
Aqualectra Distribution	22.6 years	13.0 years
Aqualectra Production	21.6 years	13.0 years
IUH N.V	26.5 years	13.2 years
GEUS	-	13.1 years

The contributions for the DBO plan in year 2015 are estimated at ANG 10,752,000.

Amounts related to the pension and other post-employment benefit plans for the current and previous four annual periods are as follows:

	Medical costs retired employees				
	2014	2013	2012	2011	2010
Defined benefit obligation	9,525	131,887	177,662	208,711	164,549
Fair value of plan assets	0	0	0	(182)	(145)
Surplus/(deficit)	9,525	131,887	177,662	208,529	164,404

	Pension APC (DT)				
	2014	2013	2012	2011	2010
Present value of defined benefit obligation	12,322	10,929	11,299	17,816	19,444
Fair value of plan assets	0	0	0	0	0
Surplus/(deficit)	12,322	10,929	11,299	17,816	19,444

	Early retirement benefit (VUT)				
	2014	2013	2012	2011	2010
Present value of defined benefit obligation	1,167	1,056	721	783	1,142
Fair value of plan assets	0	0	0	0	0
Surplus/(deficit)	1,167	1,056	721	783	1,142

	Defined benefit pension plan				
	2014	2013	2012	2011	2010
Present value of defined benefit obligation	280,825	218,036	178,549	164,156	174,533
Defined benefit obligation	(204,000)	(191,231)	(185,635)	(179,855)	(184,713)
Surplus/(deficit)	76,825	26,805	(7,086)	(15,699)	(10,180)

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, 2014	Dec 31, 2013
Provision for vacation leave		
Balance at beginning of year	6,023	4,010
Change in provision	(1,633)	2,013
Balance at end of year	4,390	6,023

Other post-employment provisions

(Amounts in ANG * 1,000)	Dec 31, 2014	Dec 31, 2013
Other post-employment provision		
Aqualectra Distribution	9,443	0
Aqualectra Production	9,040	0
Balance at end of year	18,483	0

The other post-employment provision is due to the lawful increased pension age, as opposed to the Company's commitment towards the employees, in accordance to Collective Labour Agreements. This provision is expected to be consumed in a period of approximately ten years.

5.5.13.2. Other provisions

Other provision is comprised of the following categories:

(Amounts in ANG * 1,000)	Dec 31, 2014	Dec 31, 2013
Provision decommissioning of Mundu Nobo	(1,633)	2,013
Total other provisions	4,390	6,023

(Amounts in ANG * 1,000)	Dec 31, 2014	Dec 31, 2013
Provision for the decommissioning of the Mundu Nobo Plant		
Balance at beginning of year	14,257	17,000
Used during the period	(17)	(697)
Change in valuation of provision	0	(2,046)
Balance at end of year	14,240	14,257

Provision decommissioning of Mundu 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 Mundu Nobo plant. Over the years, services of an independent valuation expert were engaged in making the estimation for the costs of decommissioning every 2 years (most recent year was 2011). The provision was estimated at ANG 17.0 million.

During 2013 Management started the dismantling of the Mundu Nobo plant. Total demolition costs incurred in 2014 amounted to ANG 18,000 (2013: ANG 0.7 million) which has been recorded as a reduction of the provision. The demolition of the obsolete (not in use) plants will proceed in 2015. Based on actual costs incurred in 2013 and 2014 and projected costs to complete the dismantling, demolition and clean-up of Mundu Nobo, the provision decommissioning of Mundu Nobo has been reduced to ANG 14.2 million as of December 31, 2014. The provision does not take into account possible proceeds from the sale of the dismantled equipment on the scrap market as the residual value cannot yet be determined reliably.

5.5.14. Trade accounts payable

See below an overview of the Trade accounts payable per Company as per December 31, 2014 and December 31, 2013:

(Amounts in ANG * 1,000)	Dec 31, 2014	Dec 31, 2013
Aqualectra Production		
Curoil	18,676	30,889
PDVSA	7,067	13,308
Consultants	0	10
Local contractors	279	648
Local suppliers	932	2,740
Foreign suppliers	5,567	7,552
Other accounts payable	132	3,590
	32,653	**58,737**
Aqualectra Distribution		
CUC	4,044	2,084
Consultants	102	304
Local contractors	1,558	1,602
Local suppliers	2,107	3,784
Foreign suppliers	3,423	4,609
Insurance companies	172	0
Government institutions	10,269	10,269
Advanced payments received from clients	3,727	3,450
Other accounts payable	1,151	0
	26,553	**26,102**
Aqualectra Multi Utility N.V.		
Other accounts payable	145	193
	145	**193**
Total accounts payable	**59,351**	**85,032**

5.5.15. Corporate Bonds IUH N.V.

On December 28, 2009 the Group issued through the CBCS the tranche 1a of the Aqualectra Corporate Bonds with a nominal amount of ANG 300,045,000 and coupon rate of 4%. Redemption will occur on a quarterly basis beginning on March 15, 2015. The purpose of the issue of the first tranche was to refinance the existing loans and liabilities. The actual realized net result on this issue amounts ANG 238,894,162. The difference was the discount incurred on the bonds as the interest rate on the market was higher than the rate the Group wanted to pay.

The bonds are classified as current liabilities as of December 31, 2014 and 2013 due to non-compliance with the applicable financial covenants as disclosed in note 5.4.4 "Capital management". Management is in negotiation with CBCS to offer property, plant and equipment as security for the corporate bonds.

The table below reflects the Corporate Bond net of the discount:

(Amounts in ANG * 1,000)	Dec 31, 2014	Dec 31, 2013
Corporate bonds	300,045	300,045
Amortized discount on bonds	(47,083)	(50,244)
Net value Corporate bonds	**252,962**	**249,801**

Of the total balance of ANG 300 million, repayment of ANG 12 million is due in 2015.

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

(Amounts in ANG * 1,000)	Dec 31, 2014	Dec 31, 2013
Balance at beginning of year	50,244	53,221
Amortization current period	(3,161)	(2,977)
Balance at end of year	**47,083**	**50,244**

5.5.16. Bank overdrafts

Aqualectra Production has credit facilities with various banks amounting to a total of ANG 17.8 million in 2014 (2013: ANG 17.8 million). On December 31, 2014 the bank overdraft balance exceeded the credit facility limit by ANG 1.5 million due to a delay in the processing of an incoming transfer request by the bank. On December 31, 2013, ANG 12.1 million of this facility was in use by the Group.

Aqualectra Distribution has credit facilities with various banks amounting to a total of ANG 4.0 million in 2014 (2013: ANG 4.0 million). On December 31, 2014, ANG 0.2 million (2013: ANG 3.7) of the facilities were overdrawn.

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

See below an overview of this liability per Company as per December 31, 2014 and 2013:

(Amounts in ANG * 1,000)	Dec 31, 2014	Dec 31, 2013
Aqualectra Production		
Bank overdraft	19,337	12,138
Aqualectra Distribution		
Bank overdraft	248	3,745
Total Bank overdraft	**19,585**	**15,883**

The average annual interest rate during 2014 was 5.88% (2013: 6.27%).

5.5.17. Other liabilities

A summary of the main items payable as per December 31, 2014 and 2013 are specified below:

(Amounts in ANG * 1,000)	Dec 31, 2014	Dec 31, 2013
Aqualectra Production		
Accrued vacation pay	3	755
Social securities	1,510	1,571
Current maturity long term loans	13,740	12,286
Early retirement benefit obligations ('Aqualectra VUT')	520	1,630
Other accrued expenses	2,545	5,823
Other payables foreign countries	2,595	3,876
Payable to Wartsila	12,016	0
Miscellaneous	1,596	1,777
	34,525	**27,718**
Aqualectra Distribution		
Social securities	1,383	2,749
Services public lighting	343	4,043
Current maturity long term loans	5,618	4,337
Accrued interest	1,167	911
Selikor	3,094	9,352
Other accrued expenses	8,982	7,330
Deposit received from APNA	2,000	2,000
Miscellaneous	0	10
MJP projects	3,094	3,094
	25,681	**33,826**
Integrated Utility Holding N.V.		
Social securities	31	24
Other accrued expenses	3,733	2,859
Current maturity long term loans	999	1,125
	4,763	**4,008**
Aqualectra Multi Utility N.V.		
Social securities	42	5
Other accrued expenses	141	141
	183	**146**
Total Other liabilities	**65,152**	**65,698**

5.5.18. Commitments and Contingencies

5.5.18.1. Operating lease commitments

The operating lease rentals are payable as follows:

(Amounts in ANG * 1,000)	At December 31, 2014			At December 31, 2013		
	<1 year	**≥1 and ≤5 years**	**>5 years**	**<1 year**	**≥1 and ≤5 years**	**>5 years**
Desalination Plant Aquadesign	15,198	44,930	0	8,973	60,128	0
Temporary Diesel Power Plant Aggreko	2,910	0	0	48,815	2,910	0
Wind park Playa Canoa and Tera Còrá	31,701	204,324	170,323	28,281	132,581	132,581
Vehicles	2,671	668	0	3,103	1,361	0
Digital Copiers, Printers and, Scanners	298	0	0	281	0	0
	52,778	**249,922**	**170,323**	**89,453**	**196,980**	**132,581**

The lease expenses for the desalination plant, the temporary diesel power plant and the wind parks are reported as part of the direct costs production (note 5.6.2).

Desalination Plant Aquadesign

As of September 15, 1995 KAE N.V. (Aqualectra Production) had 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 Mundu Nobo.

As per March 31, 1999 this agreement was amended, based on the fact that ADNV had increased the capacity of the water plant; the quantity of water to be produced and the quantity to be delivered to KAE increased from 3,000 M^3 per day to 10,200 M^3 per day. This agreement is scheduled to terminate on July 28, 2016.

This agreement can be categorized as an operational lease and not a financial 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 consolidated statement of financial position.

Temporary Diesel Power Plant Aggreko

In 2008 Aqualectra Production entered into a contract for temporary power generation services with Aggreko International Projects Ltd (Aggreko) for the generation of 10MW of continuous power at 12KV – 50 Hz, 0.8 power factor to meet the emergency power requirements of its production facility. The term of this initial contract was for a period of 39 weeks.

The contract was amended in subsequent years to adjust the total capacity based on Aqualectra's needs. In 2014, Amendment 12 was signed extending the operational period of the 56MW HFO Plant at the Mundu Nobo site to February 28, 2015. The latest amendment (Amendment 13) is dated March 27, 2015 and states that from November 1, 2014 through November 7, 2014, 35MW capacity was requested and provided, a reduction in the contracted megawatt capacity to 25MW took place as per November 8, 2014 and the operational service period of the 20MW diesel plant in a standby operational regime was extended from March 1, 2015 through June 30, 2015. All other terms of the contract will continue in full force.

Wind park Playa Canoa

The Group has a lease contract for the wind park Playa Canoa which started in 2009 and will end in 2024. It was determined that substantially all the risks are with the lessor. As such, the Group determined that the lease is an operational lease.

Purchase contract Wind Turbine Farm Tera Còrá II.

In 2009 Aqualectra Distribution entered into a power purchase agreement with NuCuraçao Windparken B.V. for Wind Turbine Farm Tera Còrá II. The contract has a duration of 15 years and will end in 2024. Aqualectra should purchase during the contracted period all delivered electrical energy at the tariff of 0,101 x (rate USD/EURO)/1.30 US$ per KWH.

Vehicles

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 2014. The total commitment as per December 31, 2014 is based on the remaining terms of the lease agreements.

5.5.18.2. Other commitments

At 31 December 2014, the Group had commitments relating to the following:

Contract party	Purpose of contract	Contract period		Commitments in remaining contract period	At December 31, 2014		
(Amounts in ANG * 1,000)		Start	End		< 1 year	≥1 and ≤5 years	> 5 years
Electricity and water technical activities							
Local supplier	Purchase of electricity	1999	2024	406.347	31.701	204.324	170.323
Local contractor	Purchase of water	1995	2018	60.128	15.198	44.930	0,00
Local supplier	Purchase of electricity		2015	2.910	2.910	0	0,00
Foreign supplier	Maintenance of power plant - materials	2014	2018	26.076	6.519	19.557	0,00
Foreign supplier	Maintenance of power plant - hired services	2014	2018	98.181	19.800	78.381	0,00
Local suppliers	Hire of trouble-shouting services	2010	2015	4.480	4.480	0	0,00
				598.122	**80.608**	**347.192**	**170.323**
Customer Relations activities							
Local contractor	Distribution bill payments activities	2014	2015	1.561	1.561	0	0
Local contractor	Electricity and water cut-off and reconnection activities	2012	2015	1.197	1.197	0	0
Local contractor	Delivery of invoices activities		2014	4.220	4.220	0	0
Local landlord	Rent of Building		2014	50	50	0	0
Local landlord	Rent of Building		2014	50	50	0	0
				7.078	**7.078**	**0**	**0**
ICT-products and services							
Local contractorS	Lease Printers	2014	2015	298	298	0	0
Local contractor	Hire of communication means	2014	2015	393	393	0	0
Foreign contractors	Licence fees	2014	2015	882	882	0	0
				1.573	**1.573**	**0**	**0**
Facilities							
Local contractors	Lease cars		2015	56	56	0	0
Local contractors	Lease cars	2007	2015	34	34	0	0
Local contractors	Lease cars	2008	2015	601	601	0	0
Local contractors	Lease cars	2009	2015	710	710	0	0
Local contractors	Lease cars	2010	2015	429	429	0	0
Local contractors	Lease cars	2011	2015	299	299	0	0
Local contractors	Lease cars	2011	2016	331	166	165	0
Local contractors	Lease cars	2012	2016	284	209	75	0
Local contractors	Lease cars	2013	2018	440	128	313	0
Local contractors	Lease cars	2014	2018	155	39	115	0
				3.339	**2.671**	**668**	**0**
Local contractor	Elevator maintenance	2013	2014	12	12	0	0
Local contractor	Office cleaning	2013	2014	685	685	0	0
Local contractor	Pest control	2013	2014	37	37	0	0
Local contractor	Garbage collection	2013	2014	31	31	0	0
				970	970	0	0
	Total facilities			**4.309**	**3.641**	**668**	**0**
General affairs							
Local contractor	Employ security	2014	2015	810	810	0	0
Local contractor	Employ security	2014	2015	440	440	0	0
Local contractor	Employ security	2014	2015	295	295	0	0
Local contractor	Employ security	2014	2015	260	260	0	0
Local contractor	Employ security	2014	2015	145	145	0	0
Local contractor	Control system	2013	2015	40	40	0	0
Local contractor	Control alarm Customer Relations	2013	2015	25	25	0	0
				2.015	**2.015**	**0**	**0**

5.5.18.3. Legal claim contingency

Civil investigation

Based on the request of the Public Prosecutor ("Openbaar Ministerie"), the Court of Appeal (the Court) ordered in July 2013 that a civil investigation be carried out at certain governmental entities including IUH N.V. The investigation puts the policies and affairs of the Group under a microscope to determine whether mismanagement has taken place. According to the Court, there are well-founded reasons to doubt that proper policy has been followed. This stems from the relationship between the BMD, the BSD and the Shareholders that according to the Court does not comply with the Code Corporate Governance against the backdrop of the deteriorating financial position of the Group. Inquiry proceedings are currently being executed, which makes it impossible at this point in time to assess the outcome of this matter.

5.5.18.4. L/C Guarantee

As per December 31, 2014 there are letters of credit (L/C's) issued for the following amounts:

- ANG 4.0 million (2013: ANG 9.3 million) in favor of Aggreko International Projects Ltd. This L/C, related to the rent of generators (see note 5.5.18.1);
- ANG 1.4 million in favor of 'Inspectie der Invoerrechten en Accijnzen and/or Douane Curaçao' (2013: ANG 1.4 million);
- ANG 20,000 in favor of 'Landsontvanger' (2013: ANG 20,000).

5.5.18.5. Contingent Liabilities

a) Early Retirement Benefit (VUT)

According to the collective labor agreements of Aqualectra Distribution and Aqualectra Production, employees have the option of requesting the BMD to retire from service at the age of 55 under certain conditions one of which is employment with Aqualectra for at least 20 years. The BMD decides whether the employee's request will be honored. In such a case, the resulting obligation will be accounted for as a liability in the Group's statement of financial position. For employees insured at APC, the BMD is obliged to honor such a request. For these employees insured at APC a provision has been made.

b) Supplementary pension (DT)

As of January 1, 1998 the AOV-franchise has been included in the pension plan of "Algemeen Pensioenfonds van Curaçao (APC)". The pension allowance to be paid by APC 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 from the former and the 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 the changed plan.

Currently, the Group has a difference of opinion with APC as to the calculation of the supplementary pension premiums. The difference of opinion concerns the calculation-method used for pension increases, but also the legality of the supplementary pension plan. APC is of the opinion that all pension increases can be fully charged to the Group as supplementary pension increases. The Group 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. The Government of Curaçao and other governmental institutions were approached by the Group on the above-mentioned issues, as it concerns them too. All stakeholders are deliberating on the next steps that should be taken. As per the preparation and approval of these Consolidated Financial Statements no final plan has been outlined. It is expected that the final conclusion and resolution will lead to a release of the provision for supplementary pensions (DT) for the full amount.
Currently the provision for supplementary pension is provided in full, with the exception of the "wage scale" indexation and pension indexation.

c) Diesel power plant on the ISLA premises

On November 22, 2000 the Group, Refineria ISLA (Curaçao) S.A. (Isla) and Refineria di Korsou N.V. (RdK) entered into an agreement (IUH N.V. Agreement) pursuant to which Isla agreed to improve and refurbish the Medium Pressure Power Plant (MPPP) then operated by Isla 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 the Group agreed to investigate the option of buying a new power unit instead of improving and refurbishing the MPPP.
On August 8, 2002 the Group and Isla agreed by the First Amended and Restated IUH N.V. Agreement, that instead of improving and refurbishing the MPPP, an EPC contractor chosen by the Group will construct a new diesel power plant on the premises adjacent to the new 66 kV substation of the Group located within the Refinery. Based on this amended IUH N.V. 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. The construction of this diesel power plant and the payment therefore has been set forth in an Engineering, Procurement and Construction Contract also dated August 8, 2002 and duly signed by Isla, the Group, Aqualectra Production and the EPC-contractor being MANBWSC. This plant was commissioned in the third quarter of 2003.

The initial annual aggregate IUH N.V. Agreement payment was equal to USD 12,000,000 to be paid in monthly installments until the year 2019. The IUH N.V. Agreement payment covers in addition to the construction costs of the diesel plant also a fuel and extension component (as stated in the contract). As a result of the transfer of the CUC shares in 2011, the extension element is paid by RDK. The amount mentioned, increases yearly with the consumer price index.

d) CUC - Electricity purchase

CUC and Aqualectra Distribution entered into a Power Purchase Agreement on April 28, 1999, entailing that CUC would 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 will 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. Quantities of electricity greater than 22 MW (measured instantaneously) and up to and including 25 MW (measured instantaneously) have been referred to 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 will be USD 0.02 (Sept. 30, 1997). That price will be subject to upward adjustments as of January 1st of each year, begin on January 1, 1998, by an increase (if any) in the indexes as stipulated in the PPA.

5.5.18.6. Contingent Assets

a) 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 Country 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 Government of the Country Curaçao has allowed the Group to allocate the unrecovered amounts of the fuel and other direct costs in a so called Regulatory Account. The table below shows a breakdown of the original amount of the undercoverage, the recovered amount through the surcharge in the tariffs and the compensated amount by the Energy Fund referred to in the section below. In the table below the undercoverage of the year 2010 has been processed anticipating that the Government of the Island of Curaçao would approve the allocation of the remainder undercoverage of the years 2006 throughout 2010 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
2010	9	0	0	9
Total	**188**	**(59)**	**(25)**	**104**

The above-mentioned balance of approximately ANG 104 million does not include the coverage results on the fixed tariffs for the year 2005 onwards, since the Group and the Department of Economic Affairs have not reached an agreement on the division of the coverage results between the Group and the Consumers.

The goal of the Regulatory Account is to settle the deficit against future utility tariffs. The Government of the Country Curaçao agreed in 2005 to include a surcharge in the tariffs to gradually settle the above-mentioned amounts of undercoverage on the fuel and other direct costs.

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

The aforementioned resolution was cancelled by the Government on April 6, 2011 and the Regulatory Account was no longer recognized as such. The Group has continued to inform the regulators and the Government about the need for the recovery of the fuel undercoverage in electricity and water tariffs. Consequently, in 2012 changes in the tariff setting structure were introduced one of which was the monthly adjustment of the direct cost component of the electricity and water tariffs.

b) 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 by compensating the Group for insufficient coverage of tariffs incurred in 2005 and 2006 due to oil price changes and changes in the other direct costs.

The Group received a total of ANG 22,650,000 from the Energy Fund in 2006. Of this amount, ANG 7,790,000 covered the period from January through September 2005, ANG 8,950,000 covered the period from October through December 2005 and ANG 5,910,000 covered the period from January through March 2006. The Group also received an amount of ANG 2,200,000 from the remainder of the Energy Fund to minimize the tariff increase in 2007.

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 the full amount of undercoverage in 2015 and 2016.

An uncompensated balance of ANG 21,200,000 remained, of which ANG 1,600,000 regards the period of January through September 2005 and ANG 19,600,000 regards the period April through December 2006.

This uncompensated balance of ANG 21,200,000 was recorded as a receivable. However, since the funds in the Energy Fund are depleted and the Government of the Country Curaçao does not have the necessary funds to compensate the Group for undercoverage, the total outstanding amount has been provided for. In anticipation of the written approval of the Government of the Country Curaçao 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 21,200,000 million, an amount of ANG 18,300,000 million has been recovered through the tariffs in the years 2007 and 2008 reducing the uncompensated balance to ANG 2,900,000 to date.

IFRS does not allow recognition of the amounts in the Energy Fund. Therefore, the amount in the Regulatory Account is treated as a contingent asset.

c) Pension premium asset

In the pension agreement between the Group (Aqualectra Production, Aqualectra Distribution and Integrated Utility Holdings N.V.) and VIDANOVA (formerly Stichting Pensioenfonds Utiliteitsbedrijven (SPU)) in which part of the employees of the Group 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 a result of a surplus at year-end. In any other case the surplus will only be realized upon 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. An asset ceiling study has been performed by the Company's actuary in accordance with IFRIC 14. Based on the results of the asset ceiling study no assets where applicable for specific statutory entity in the Group have been recognized in the consolidated statement of financial position. At December 31, 2014, based on actuarial calculations, the present value of the funded obligations for the entity IUH N.V. exceeds fair value of the plan assets by ANG 141,000 (2013: ANG 703,000).

d) Curaçao Utilities Company N.V. (CUC N.V.) shares

The Minister responsible for IUH N.V. adopted a resolution in January 2011 in which was stated that IUH had to transfer the CUC Holdings shares to RDK without any compensation. The transfer of the shares was effected on January 19, 2011. Subsequently, in a letter dated February 14, 2013, the Group was informed by the Minister of Finance that based on a decision reached by the Council of Ministers on October 31, 2012, stemming from the deteriorating financial situation of the Group and its investment needs, an independent third party was engaged to determine the value of the transferred shares. The third party concluded that a value of ANG 53.8 million is considered a reasonable estimation of the fair value of the shares transferred as of January 19, 2011. The Council of Ministers approved this valuation on February 20, 2013. A Shareholder's resolution remains pending to be adopted to formalize the above mentioned. Management has been in deliberation with both the Government and the Shareholders of both companies to accelerate the execution of the decision of the Council of Ministers of February 20, 2013. The Government as the representative of both companies, namely the Minister of Finance in charge of Aqualectra and the Minister of General Affairs in charge of RDK has met with the representatives of both companies. It was agreed that both companies will work together to reach an agreement for settlement of the compensation for the shares transferred. The management of both companies has retained legal and financial advisors to assist in the process to reaching a settlement agreement. Management is pursuing the solution of this matter as part of the financial restructuring of the Group.

5.5.19. Fair Values

Set out below, is a comparison by class of the carrying amounts and fair value of the Group's financial instruments, other than those with carrying amounts that are reasonable approximations of fair values:

(Amounts in ANG * 1,000)	Carrying amount		Fair value		
	2014	2013	2014		2013
Financial assets					
Security deposit	34,000	34,000	10,902	A	10,483
Financial liabilities					
Interest bearing loans and borrowings	**315,894**	**327,106**	**246,908**		**268,802**
- Fixed rate borrowings	62,932	77,305*	58,440	B	71,221*
- Corporate bonds IUH	252,962	249,801	188,468	B	197,581

* The carrying value and fair value of the fixed rate borrowings at December 31, 2013 have been adjusted to include the Curoil loan which has been previously omitted.

The fair value of the financial assets and liabilities is included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The following methods and assumptions were used to estimate the fair values:

A Fair value of non-current security deposit is estimated by discounting at applicable market interest rate of similar deposit in the market.

B Fair value of unquoted instruments, loans from banks and other financial liabilities is estimated by discounting the expected future cash flow using rates currently available for debt on similar terms, credit risk and remaining maturities.

Management assessed that cash and cash equivalents, trade receivables, trade payables, bank overdrafts and other current liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments.

Fair value measurement

The following table provides the fair value measurement hierarchy of the Group's assets and liabilities.

Quantitative disclosures fair value measurement hierarchy for assets and liabilities at December 31, 2014:

			Fair value measurement using		
(Amounts in ANG * 1,000)	Date of valuation	Total	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Assets for which fair values are disclosed:					
Loans and receivables					
Security deposits	December 31, 2014	10,902	0	10,902	0
Liabilities for which fair values are disclosed:					
Interest bearing loans and borrowings					
Fixed rate borrowings	December 31, 2014	58,440	0	58,440	0
Corporate bonds IUH	December 31, 2014	188,468	0	188,468	0

Quantitative disclosures fair value measurement hierarchy for assets and liabilities at December 31, 2013:

			Fair value measurement using		
(Amounts in ANG * 1,000)	Date of valuation	Total	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Assets for which fair values are disclosed:					
Loans and receivables					
Security deposits	December 31, 2013	10,483	0	10,483	0
Liabilities for which fair values are disclosed:					
Interest bearing loans and borrowings					
Fixed rate borrowings	December 31, 2013	71,221	0	71,221	0
Corporate bonds IUH	December 31, 2013	197,581	0	197,581	0

5.6. Explanatory Notes to the Consolidated Statement of Comprehensive Income

5.6.1. Sales Electricity and Water

The total revenues are presented net of intercompany sales. Sales to connections with Aqualectra Distribution (own usage) have been deducted from total sales but remain relevant for regulation and tariff setting purposes. Calculating average tariffs without taking the own usage into account, would taint the outcome significantly. The total own usage deducted from total revenue as presented in the statement of comprehensive income amounts to ANG 4,190,000 (2013: ANG 4,696,000). The total revenues including own usage amount to ANG 557,593,000 (2013: ANG 591,805,000).

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

- the fuel component, which covers the direct costs (including fuel, chemicals, lubricants and purchase of electricity and water from third parties);
- the base component, which covers the operational costs and finance costs;
- the recovery component, which covers shortages in the fuel component that developed between January 2011 through May 2012;

The fuel component can change as a result of fluctuations in the price of Curoil's and PDVSA/ Refineria ISLA's fuel products. The Group keeps track of the fluctuations and when necessary the fuel component is adjusted in the tariffs to make the sales work budget neutral to the actual fuel costs. See also note 5.1 for additional information.

Unaccounted usage for water distribution at the end of 2014 is 24.24% (2013: 27.68%). This is a decrease during 2014 of 12.4%. Unaccounted usage for electricity distribution at the end of 2014 is 13.83% (2013: 13.57%). During 2014 the unaccounted usage increased with 1.9%. Management is working together with the Regulator on measures to manage unaccounted usage.

5.6.2. Direct costs production

Direct cost production is specified below:

(Amounts in ANG * 1,000)	Dec 31, 2014	Dec 31, 2013
Fuel usage	184,731	223,790
Chemicals	3,243	3,886
Lubrication	2,900	3,196
Purchase of water & electricity	11,984	10,838
IUH DPP element	7,908	7,712
IUH Fuel element	4,187	4,161
IUH Extension element	56	36
Temporary Diesel Power Plant	51,818	39,027
Total direct costs production	**266,827**	**292,646**

Direct costs of production includes an amount of ANG 12,151,000 (2013: ANG 11,909,000) being the DPP, fuel and extension component of the IUH N.V. agreement between the Group, Refineria ISLA and RDK N.V. According to this agreement a total fee of USD 12,000,000 has to be paid on a yearly basis until the year 2019. Since 2011 the extension element is being paid by RdK, as a result of the transfer of the CUC shares to RdK.The amount mentioned increases yearly with the consumer index. This agreement covers the construction costs of a Diesel Power Plant and consists of a fuel and extension component. See also note 5.5.18.5 for further details on the agreement.

The lease expenses for the desalination plant, the temporary diesel power plant and the wind parks, presented in note 5.5.18.1, are reported as part of the direct costs production.

5.6.3. Salaries, social securities and other personnel expenses

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

(Amounts in ANG * 1,000)	Dec 31, 2014	Dec 31, 2013
Salaries	62,347	66,230
Overtime	4,468	4,933
Social securities	27,030	27,099*
Other personnel expenses	1,047	2,911
Total salaries, social securities and other personnel expenses	**94,892**	**101,173**

* 2013 social securities has been restated to separately present other (post-) employment benefits (net). See note 5.6.4.

The development in the labor force during 2014 and 2013 was as follows:

Labor force	Aqualectra Production	Aqualectra Distribution	Aqualectra Multi Utility Company	Integrated Utility Holding N.V.	Total
12/31/13	290	426	6	2	724
12/31/14	277	395	0	3	675
Net Increase/(Decrease)	**(13)**	**(31)**	**(6)**	**1**	**(49)**

5.6.4. Other (post-) employment benefits (net)

Other (post-) employment benefits (net) are specified below:

(Amounts in ANG * 1,000)	Dec 31, 2014	Dec 31, 2013
Recurring interest and service costs DT, VUT, Anniversary bonus and Medical costs provisions	11,577	15,309
Non recurring service costs (post-) employment benefits (Medical costs and other provisions)	(92,406)	0
Total other (post-) employment benefits (net)	**(80,829)**	**15,309**

In 2014, Management implemented certain changes to the employment benefit plans that had a significant one-time impact on the (post-) employment benefit costs and the related provisions. The change with the most significant impact (income of ANG 116.2 million) relates to the medical costs retired employees. With the implementation of BVZ as of August 2014, the actuarial calculation of the provision medical cost retired employees is now based on the assumption that Aqualectra will compensate each retired employee by contributing 3% of their pension and AOV toward their BVZ premium. Aqualectra no longer provides a self-managed and funded medical coverage plan. Another change impacting all the provisions employee benefits is the increase in the retirement age from the age of 60 to 65.

5.6.5. Parts, repairs and maintenance

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

(Amounts in ANG * 1,000)	Dec 31, 2014	Dec 31, 2013
Aqualectra Production		
Repairs and maintenance electricity production units		
Parts used	3,664	6,275
Hired services used	16,489	14,856
	20,153	21,131
Repairs and maintenance water production units		
Parts used	571	679
Hired services used	788	663
	1,359	1,342
Repairs and maintenance combined (electricity & water) production units		
Parts used	862	412
Hired services used	1,445	1,013
	2,307	1,425
Repairs and maintenance other assets and facilities		
Parts used	4,926	7,517
Hired services used	598	751
	5,524	8,268
Total parts and hired services Aqualectra Production	**29,343**	**32,166**
Aqualectra Distribution		
Operation and maintenance electricity distribution network		
Parts used	3,547	5,253*
Hired services used	6,065	5,446
	9,612	10,699
Operation and maintenance water distribution network		
Parts used	840	582*
Hired services used	3,741	3,008
	4,581	3,590
Operation and maintenance other assets and facilities		
Parts used	(192)	(99)*
Hired services used	857	910
	665	811
Total parts and hired services Aqualectra Distribution	**14,858**	**15,100**
Aqualectra Multi Utility N.V.		
Hired services used	13	8
Total parts, repairs and maintenance	**44,214**	**47,274**

* Restated for comparative purposes, to exclude own usage in 2013. See note 5.2.v.

5.6.6. General expenses

General expenses are specified below:

(Amounts in ANG * 1,000)	Dec 31, 2014	Dec 31, 2013
General expenses		
Housing and car fleet	7,273	6,706
Office expenses	2,433	3,008
Insurance and security	5,509	6,002
Consultancy	5,932	6,842
Communications and public relations	1,813	2,232
Regulation and compliance fees	3,671	3,671
Other expenses	(1,668)	(84)
Total general expenses	**24,963**	**28,377**

5.6.7. Interest expense (net)

A breakdown of the interest expenses is as follows:

(Amounts in ANG * 1,000)	Dec 31, 2014	Dec 31, 2013
Finance costs		
Aqualectra Production	(4,018)	(9,775)
Aqualectra Distribution	(490)	(855)
Aqualectra Utility Holding N.V.	(16,009)	(15,873)
Total finance cost	**(20,517)**	**(26,503)**
Finance income		
Aqualectra Production	0	2
Aqualectra Distribution	0	11
Total finance income	**10**	**13**
Net finance costs (net)	**(20,507)**	**(26,490)**

5.6.8. Income tax

The Group is subject to Curaçao income tax law. As per January 1, 2008, IUH N.V. forms a fiscal unity with its subsidiaries for profit tax purposes. In accordance with the standard conditions, a company and its subsidiaries composing a fiscal unity, are jointly and severally liable for taxation payable by the fiscal unity.

Income tax recognized in the consolidated statement of comprehensive income can be specified as follows:

(Amounts in ANG * 1,000)	Dec 31, 2014	Dec 31, 2013
Current income tax	34,368	(3,858)
Income tax recognised via other comprehensive income	(8,504)	8,037
Movements in deferred tax asset	**25,864**	**4,179**

The table below reflects a reconciliation between the commercial taxation and the fiscal taxation:

(Amounts in ANG * 1,000)		Dec 31, 2014		Dec 31, 2013
Profit / (loss) for the period		51,425		(5,837)
Income tax	40.06%	34,368	39.79%	(3,858)
Profit / (loss) before tax		**85,793**		**(9,695)**
Income tax using the domestic rate	27.50%	23,593	27.50%	(2,666)
Permanent tax difference	12.56%	10,775	12.29%	(1,192)
Total income tax expense/(income)	40.06%	**34,368**	39.79%	**(3,858)**

5.7. Related Parties

Identity of related parties

Note 5.2 provides the information about the Group's structure including the details of its subsidiaries. In addition to the subsidiaries, directors, executive officers (key management personnel) and VIDANOVA Pension Fund are also considered related parties.

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 the Group is provided with salary, benefits and incentives based on both the Group's and individual performance. The executive management also participates in a pension plan. The Group does not have a share-based compensation plan.

The remuneration of direct management of the Group and its BSD is included in the consolidated statement of comprehensive income under personnel costs.

Key management, including, the BSD's compensation can be categorized as follows:

(Amounts in ANG * 1,000)	2014	2013
Short-term employee benefits	3,445	3,659
Post-employment employee benefits	579	563
Total key management officers' compensation	**4,024**	**4,222**

As per December 31, 2014 and 2013 key management consisted of 1 Acting CEO, 1 "Titular" Technical Director and 10 Tier 1 Managers.

As per December 31, 2014 the BSD consisted of 6 Director (2013: 7).

Transactions with VIDANOVA Pension Fund

The Group paid to VIDANOVA Pension Fund a total amount of ANG 9,931,000 for the pension plan in 2014 (2013: ANG 9,811,000).

The outstanding balance of the Scadta Loan, of which VIDANOVA Pension Fund is one of the lenders amounts to ANG 16,260,000 at December 31, 2014 (2013: ANG 17,385,000). See note 5.5.11 for additional detail, on the loan.

5.8. Subsequent events

Investment projects

New facilities

The Group received in April 2015 an option on a land as part of the commitment of the Government to grant IUH a leasehold land of a size comparable to the land of the Scadta Peninsula (old Amstel land at the Rijkseenheid Boulevard) that was designated for the construction of a new Operational Center and Technical Services Facility for the Group prior to the termination of the related agreements in 2011. Upon termination of the agreements, the Group was held liable for all expenses incurred by Scadta in the development of the land amounting to ANG 18.8 million which was recorded in the 2011 consolidated statement of income. Management intends to construct a new office at the chosen location as part of the organizational restructuring. In this matter the assets at Pater Euwensweg and Rector Zwijsenstraat will be vacated and put up for sale.

Recovery 2012 and 2013 undercoverage

On April 29, 2015, the Council of Ministers reached a resolution in which they agreed to extend the period of the recovery component which was set to end at the end of April 2015, with an additional 6 months based on the advice of the Regulator. This recovery is meant to compensate for the costs incurred during 2012 and 2013 related to the IUH Agreement and also the lease of the temporary diesel power plant. With the introduction of the new tariff structure in June 2012, these costs were assumed to be covered by the base component. With the significant increase in the lease costs of the temporary diesel power plant with no corresponding adjustment to the base component, a significant undercoverage was created. These costs amounted to ANG 5.1 million in 2013. The Regulator requires additional time to determine the accuracy of the reported undercoverage in order to determine if further extension of the recovery period is necessary.

Future projections

The Group prepares a budget and forward looking projection on a yearly basis. In the most recent approved budget (2015), a profit of ANG 24.3 million is projected. There are however various factors that may hamper the Group from attaining this goal. The following must be achieved in order for the goals set out in the 2015 budget and forward looking projection to be met:

- **A proper capital and financing structure**

The presented budget does not include any financing proposition. Management consciously chose to not do so since such a proposition must be accompanied by thorough financial analysis on investment plans and a clear financial strategy. These plans and strategies will be drafted during the first months of 2015. This will allow Management to tap only once into the financial markets, with a solid plan to secure the necessary financing for the future investments. However, the Shareholder's contribution to this process is essential as financiers will continue to request for the 'Heads-of' agreement in which financial pre-conditions are set and agreed to by the Government.

- **Further amplification of the tariff setting mechanism**

Although the tariff setting process has been significantly improved during the last years, there is still work to be done. The base component is still not sufficient. However, a cost-of-service approach is being discussed with the Regulator and is pending to be masterminded by Aqualectra together with the Regulator to ensure tariffs that the Group can thrive with.

- **Optimal usage of the Group's assets in the production and distribution process**

This requires the further implementation of an asset management program. The design of this program was already executed in 2014 and the implementation is planned for 2015.

- **Embed the envisioned changes in the Group's human capital**

Aqualectra's personnel must become the ambassadors of the new way of doing business depicted in its vision statement. A new company and organizational structure, HR policy and strategic training and development plans are all aspects that are considered by Management and have been included in the budget of 2015.

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INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying consolidated financial statements of Integrated Utility Holding N.V., Curaçao, which comprise the consolidated statement of financial position as at 31 December 2014, the consolidated statement of comprehensive income, changes in equity, consolidated statement of cash flows for the year then ended and notes, comprising a summary of the significant accounting policies and other explanatory notes.

Management's responsibility

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with Book 2 of the Curaçao Civil Code and International Financial Reporting Standards. Furthermore management is responsible for such internal control as it determines is necessary to enable the preparation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

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

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

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

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

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Basis for qualified opinion

Corporate bonds IUH

We refer to the consolidated statement of financial position where a liability is recognized for corporate bonds issued by the Company. The Company was not in compliance with the covenants of the Offering Circular of the bonds as per 31 December 2014 as disclosed in notes 5.4.4 and 5.5.15 to the consolidated financial statements. Further we refer to note 5.2 to the consolidated financial statements regarding the delicate liquidity position of the Company and its subsidiaries which may affect the Company's ability to make principal and/or interest payments on the bonds in the future.

Considering the aforementioned, the Centrale Bank van Curaçao en Sint Maarten ("CBCS") could declare the principal of the corporate bonds and related interest to be immediately due and payable, which may affect the carrying value of this liability. Management has been in discussions with CBCS in order to obtain waivers from CBCS but was not successful to date and is unable to provide us with sufficient evidence regarding the current position of CBCS. As a consequence of the above-mentioned matters, we were unable to obtain sufficient appropriate audit evidence about the carrying amount of this liability and were unable to determine whether any adjustments to the valuation of the liability were necessary and the effect thereon on the consolidated statement of comprehensive income.

Investment in equity accounted investees

We refer to note 2.6 'Assertion of the Board of Supervisory Directors', where it is disclosed that as per year end 2010 there was an uncertainty regarding the valuation of the investment in the equity accounted investee, Curaçao Utility Company Holdings N.V. ("CUC Holdings"). Based on the assumptions and valuation model generally used by management for determining the value of the investment, management was of the opinion that the current value of the investment at 31 December 2010 was approximately ANG 62.1 million, as disclosed in note 2.6 'Assertion of the Board of Supervisory Directors'. The advisor of the Government on this matter has valued the shares at approximately ANG 53.8 million based on their advice to the Council of Minister. In January 2011, the Shareholder decided to transfer the shares of CUC Holdings to a related party for a nil consideration. As a consequence of this decision of the Shareholder per the afore-mentioned date management decided to impair the value of the participation in CUC Holdings to nil as per 31 December 2010.

The predecessor auditor was unable to obtain sufficient appropriate audit evidence whether the 2010 recognized loss on this investment position, was appropriate. This may also have an impact on the disclosures in the 2010 financial statements in accordance with all the relevant requirements of IAS 24, related party disclosures.

Consequently, the predecessor auditor was unable to determine whether any adjustments were necessary to the carrying value of this investment, to the recognition thereof at 31 December 2010 and to the related disclosures.

The situation as described above is still applicable to the year 2014 and therefore until a settlement is reached between parties involved, we are unable to determine whether any adjustments were necessary to the carrying value of the shareholder's equity at 31 December 2014.

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Qualified opinion
In our opinion, except for the possible effects of the matter described in the Basis for qualified opinion paragraph, the consolidated financial statements give a true and fair view of the consolidated financial position of Integrated Utility Holding N.V. as at 31 December 2014 and of its consolidated result for the year then ended in accordance with International Financial Reporting Standards.

Emphasis of matter
Without further qualifying our opinion, we draw attention to note 5.2 'Summary of significant accounting policies' to the consolidated financial statements, 'Financial Position of the Group', where it is disclosed that the Group has a delicate liquidity position. The Group's ability to meet its current and future financial obligations depends on a number of assumptions and future events as mentioned in note 5.2 'Summary of significant accounting policies'. These conditions, along with other matters as set forth in notes 5.2 'Summary of significant accounting policies' and 5.8 'Subsequent events', indicate the existence of a material uncertainty that may cast significant doubt about the Group's ability to continue as a going concern.

Report on other legal and regulatory requirements
Pursuant to the legal requirement under article 121 sub 3 Book 2 of the Civil Code of Curaçao, we report, that the Report of the Board of Managing Directors, to the extent we can assess, is consistent with the consolidated financial statements as required by article 120 sub 5 Book 2 of the Civil Code of Curaçao.

Further pursuant to paragraph 4.5 of the Island Decree Corporate Governance Code of Curaçao, to the best of our knowledge and belief, and to the extent we were reasonably able to verify the contents to underlying information provided to us, we report that the Corporate Governance report as included in the Report of the Board of Managing Directors and the Report of the Board of Supervisory Directors does comply with the requirements of the Island Decree Corporate Governance.

Curaçao, 28 May 2015
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for Ernst & Young Accountants

E.R. Statius van Eps CPA

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