AQUALECTRA

< Maturing outside of our comfort zone >

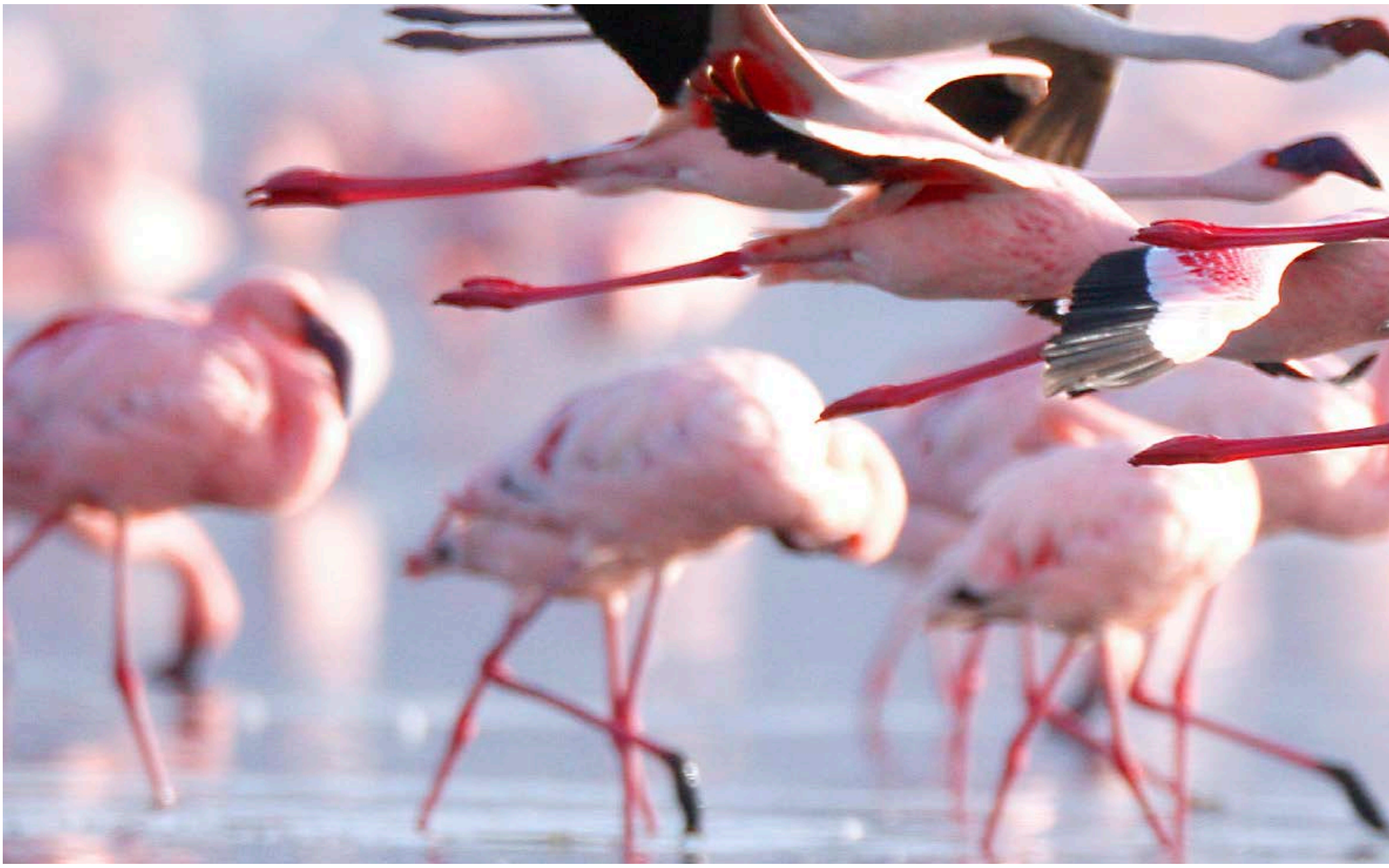
Annual Report **2019**

Profile

The Integrated Utility Holding N.V., doing business as Aqualectra (hereinafter 'Aqualectra', 'the Company' or 'the Group'), is Curaçao's utility company responsible for the production and distribution of power and water as well as for the delivery of accompanying services.

As per December 31, 2019 the Group's workforce consisted of 597 (2018: 616) dedicated employees who provide the manpower needed for the delivery of quality products and services to our customers. As per December 31, 2019, the Group had approximately 84,011 (2018: 82,068) electricity connections and 86,717 (2018: 83,654) water connections.

This annual report of the Group is the consolidated report of Board of Managing Directors and Board of Supervisory Directors to the Shareholder and other relevant stakeholders about its financial and non-financial performance over the year 2019. The scope of this report comprises the Integrated Utility Holding N.V. and its subsidiaries.



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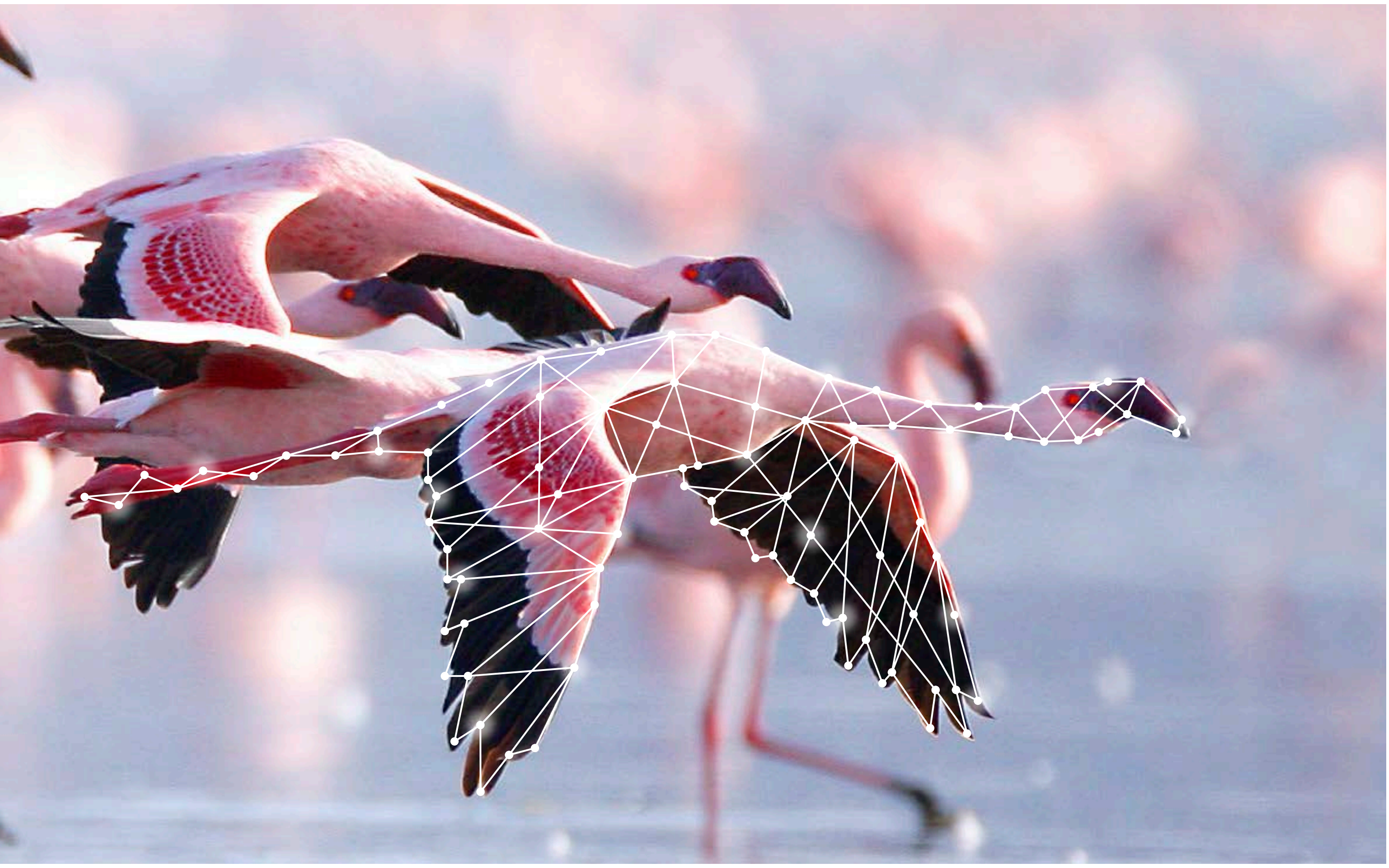


2019 AT A GLANCE

< Maturing outside of our comfort zone >

Balance Sheet Total
ANG 914,7 M

Average Electricity Tariff per kWh
ANG 0.5823

EBITDA
ANG 108 M

Number of kWh sold
654,831

Revenues Electricity
ANG 399,2 M

Gross Profit Margin
54%

Workforce
597 employees

Revenues Water
ANG 117,6 M

Average Water Tariff per M^3
ANG 10.4278

Number of M^3 Sold
10,473

Net Profit After Tax
ANG 13,9 M

Rated by S&P
BBB-

Renewables Penetration in Production Mix
25%

Solvency Ratio
42%

CAPEX
ANG 45,4 M

RoE
3%

1_Report of the Board of Managing Directors

1.1 <The year at a glance>

MATURING OUTSIDE OF OUR COMFORT ZONE

Whereas 2018 has been a year of many achievements and pivotal moments that laid the foundation of the years come, 2019 is characterized as the year Aqualectra left its comfort zone behind and started its maturity journey into its newly digitalized environment. A year in which the various systems, processes and structures implemented in 2018 were put to work and embedded in the new organization.

At the core of the journey to leave behind our comfort zones and mature into the Company's new digitalized environment, lies the conviction that new horizons are to be conquered and that we cannot rely on past successes but must continue to build, move, connect, inspire and deliver results. When doing that, we put our values in motion and commit ourselves every day to fundamentally contribute to the well-being of the citizens of Curaçao.

OUR VALUES IN MOTION

To prepare our organization to reach these new horizons as set out in the strategic plan to be implemented 2020-2024, we have focused 2019 in putting our values in motion, enforced by the pivotal changes implemented in 2018.

Teamwork

Having an ERP as the organization's backbone forced our people to foster teamwork and collaboration during 2019. Before the ERP, Aqualectra used to have a 'best-of-breed' application infrastructure, which allowed fragmentation of teams. However, we had to change this, eliminate the silos and come together as a team to move the organization forward. 2019 was the year in which most of those inter-departmental walls were torn down and the people realized the value and necessity to work together as a team. While acknowledging that we still have a way to go, we can look back at 2019 with modest satisfaction, knowing that the foundation was laid, backed by the technology implemented in 2018.

Dialogue

There were many issues that had to be solved during 2019. Some stemming from the new ways of working implemented in 2018, others from outside the organization. Dialoguing took a prominent space in our approach to serve our customers, do business and communicate with the community we serve.

We experienced challenges that we have not experienced in a long time but amidst it all, we continue dialoguing and communicating.

We have kept up with this value, even in difficult times. On the 4th of November 2019, we experienced a black-out after thirteen years. It was a difficult day as the whole island lost power and remained without electricity for approximately fourteen hours. Despite the sense of disappointment, we felt as a team, we still faced our community and dialogued throughout the whole day to ensure we maintain everybody informed of what we were doing

Servant leaders
At the core of everything we do, lies the commitment that we fundamentally contribute to the well-being of the citizens of Curaçao. This belief and the main reason why we do what we do, is in itself a servant mindset. When asking each and every employee of Aqualectra why they are committed to their jobs and continue doing it in spite of the challenges or criticism, one will get the same answer: because we know the importance of water and electricity to our community and we want to serve our community with the best.

During 2019 we have also supported various sport and cultural activities through sponsoring and donations. Each time that we can contribute to serve our community by further strengthening its social, sport and cultural foundations, we will surely do so.

Timeliness
When moving outside of one's comfort zone, some adaptation and a lot of flexibility is needed, which sometimes can come at the cost of timeliness. During 2019, the challenges with timely invoicing, processing of customer requests, servicing our customers at the branches and through our contact center, reporting to our stakeholders and solving technical issues of production and distribution of water and electricity may not have been as timely as we wanted it to be. However, we are committed to improving this and continued building a solid base in 2019 to be able to meet and exceed the expectations of our customers and stakeholders when it comes to timely complying with the promises made.

Embrace modern technology
There was never a year where we embraced technology more than 2019 so far. Moving away from the challenges after implementing and changing so

much during 2018 and entering into a realm of embracing these technologies was considered eye-opening by the organization. From data analytics through modern reporting and dashboarding tools to workflow management and queuing systems to manage customer flows, it was all placed at the fingertips of our workforce.

Enhanced technology was also embraced by the technical departments. On 25th of June 2019, a new plant was commissioned at Dokweg. While adding capacity to make sure we can continue to meet the customers' electricity demand, we also added more efficiency through technology. This plant, together with the most recently commissioned plant (in 2015), are both equipped with enhanced technology, allowing them to be manned by less personnel and still produce reliably.

Technology is also embraced in the water division, where it is already possible to run the water plant unmanned. These technologies will be broadened and further embraced during the coming years, in line with our strategic vision. The further improvement of our core business and the ambition to ignite and embed innovation will both lead to increase the use of modern technology in Aqualectra.

The proof of concept of the Advanced Metering Infrastructure-project was also officially launched during 2019. Three areas were selected for this proof of concept. Before installing the digital meters, we organized information sessions for the inhabitants and launched an island-wide information campaign to explain the benefits thoroughly.
Together with this project, a smart street lighting infrastructure is also being tested. Currently, this streetlight infrastructure was installed at three neighborhoods and we look forward to rolling out this smart and cost-saving infrastructure island-wide.

Transparency
Being transparent is one of the most important values as state-owned company. During 2019 we have continued ensuring transparency in every endeavor we pursued. We have continuously informed our financial stakeholders and Board of Supervisory Directors of the company's financial performance at the end of each quarter. We have maintained close contact with the unions and ensured that they are abreast of developments. The press was welcomed each time they had questions, remarks or wanted to know more about a

specific situation. We have invited schools and groups to our facilities and plants, to learn more about how we operate, how water and electricity is produced and how we maintain safety rules.
We have published our annual report on the company's website and provided the Regulator with the requested information, to ensure transparent and independent tariff setting.

In years ahead, we look forward to continuing informing our community and all stakeholders of the Company's developments in the most transparent way possible. Understanding the impact, we have on the community and our role as a state-owned company, we also embrace transparency in our communication and outings and everything else we do.

Passion
Maintaining the level of commitment that is needed to deliver power and water to our community every minute of every day, requires passion for what we do. The 2018 annual report was dedicated to show the amount of passion we put at work to fulfill our duties each day.
In 2019 we decided to take it a notch further and share this passion with our region. From 23rd to the 27th of June 2019, Aqualectra hosted the CARILEC Engineering & Procurement Conference themed 'Partnering for sustainable Energy Solutions, Innovation and Resilience'. We welcomed a large number of international guests and shared our experiences, opened up our facilities and showed them Curaçao. The conference was commended by many afterwards and we were grateful for the opportunity to showcase our island and its capabilities to the world.

FROM A BROADER PERSPECTIVE
Over the last few years, Curaçao has faced significant challenges. The economy has been in a recession since 2016 mainly due to continued spillovers from the Venezuela crisis, and real GDP contracted by an estimated 2% in 2019. The unemployment rate increased to 21.2% in April 2019, among the highest in the region. The fiscal position in Curaçao improved in the past two years, in part due to implemented fiscal measures. On the other hand, the external position of Curaçao worsened since 2016. The current account deficit widened in 2019 mainly because of a significantly increase of imports due to spillovers from Venezuela. Despite double-digit current account deficits, the pressure on international reserves has been mild as they only declined from 4.4 to 4.0 months of imports of goods and services between 2017 and 2019.

Based on all the above, recent stress in the banking sector and greater financial support to the recently completed Curaçao Medical Center, a budget instruction was issued by the Government of the Kingdom of the Netherlands to Curaçao in 2019 to rectify the country's previous fiscal deficits. Even after this instruction, Curaçao struggled to implement the necessary reforms.
Previous to the COVID-19 pandemic, Curaçao's growth outlook was improving but remained fragile. After 4 years of continuous recession, Curaçao's real GDP was expected to remain flat in 2020 and grow by 1½ percent in 2021 as the agreement with the Klesch Group is expected to revive the Isla refinery. However, growth would return to substandard, around ½ percent, in the medium term reflecting persistent structural challenges.
Downside risks were substantial. Curaçao's outlook was already vulnerable to setbacks with reviving the refinery and to possible spillovers from financial system fragilities. Delays in addressing these fragilities could heighten uncertainty and lead to exchange rate pressures, while the country remains vulnerable to a slowdown in main trading partners[1].

The post-COVID-19 expected recession becomes therefore amplified.
The relationship with the Government of the Kingdom of The Netherlands and Curaçao seems to be worsening as various stringent conditions were posed on the island's government to receive financial aid. The fiscal, economic and social challenges are worsening and to this date, the solution path is still unclear.

As a state-owned entity and the island's utility company, Aqualectra experiences the effect of all the above intensely. However, we are committed to help the economy grow and will continue to support, invest and lead innovative projects to propel the island forward. Contributing to the wellbeing of this country is engrained in the DNA's of the BMD, staff and personnel.
These challenges make us stronger and cause us to rise and stand up for the good of our country and the community we serve. As one of the cornerstones of our economy, our community must know that we will protect and defend their wellbeing, now more than ever.

[1]Source: IMF Executive Board Concludes Article IV Consultation with Curaçao and St. Maarten (April 1, 2020)

1.2 <Financial results>

Aqualectra's financial result for the year 2019 is positive and amounts to ANG 13 million (2018: ANG 32 million). These positive results further strengthen the Company's equity and increases Aqualectra's financial resiliency. However, the under-coverage developed during the year on both the fuel and base component is considerable and weighed heavily on the results from operating activities. Nevertheless, this profit was generated solely from Aqualectra's operations. There were no recoveries or large one-time transactions to be reported.

The following table details important financial performance drivers:

	Dec 31, 2019	Dec 31, 2018	Change in ANG	Change in %
Sales electricity	399,240	371,353	27,887	8%
Sales electricity in mwh	654,831	654,390	441	0%
Sales water	117,630	116,610	1,020	1%
Sales water in 1000 m^3	10,473	10,677	(204)	-2%
Direct cost production and other direct cost of sales	(248,851)	(223,971)	(24,880)	11%
Gross profit	279,204	273,208	5,996	2%
Gross profit margin	54%	55%		
Operating expenses	256,935	210,996	45,939	22%
Operating profit	22,270	62,212	(39,943)	-64%
Interest expenses, net	(13,828)	(15,539)	1,711	-11%
Net result before tax	8,441	46,673	(38,232)	-82%
Net result after tax	13,124	32,505	(19,381)	-60%

▲ Amounts in ANG x 1,000

Aqualectra budgeted a profit before tax of ANG 52.5 million for 2019. The difference between the realized net profit and the budgeted amount is significant (ANG 43.8) and is mostly related to the under coverages developed during the year on the fuel and the base component, respectively ANG 26.2 million and ANG 7.6 million.

These undercoverages were developed due to the following reasons:

The norms for Non-Revenue Water and Non-Revenues Electricity were exceeded:
The difference between the norms set by the Regulator for NRW and NRE (respectively 22.8% and 12.3%) and the actual reported ratios (respectively

27.6% and 13.8%) are not passed through to customers in the tariffs and result in less return for Aqualectra.
Lowering the actual NRE and NRW levels require steep investments in a smart grid. This investment is planned and the proof of concept was executed in 2019.

Lower sales of electricity and water:
The budgeted sales for electricity and water were respectively 687,817 kWh and 11,232 m^3. The base component of the tariffs are based on these budgets. Lower sales result in less units to divide the operating expenses among. This is usually adjusted in the ex-post analysis of the tariffs, once these audited financial statements are submitted to the Regulator.

The base component has not been adjusted:
The base component has not been adjusted. The Regulator decided since 2018 to exclude portions of depreciation expenses, personnel expenses and repair & maintenance expenses. The ex-post evaluation of the tariffs for 2018 has not been concluded yet. Upon conclusion of this evaluation, it will become evident to the Regulator whether these expenses should be re-incorporated or not.

The following table provides details of the undercoverage developed during 2019 on the fuel components of the Water and Electricity tariffs:

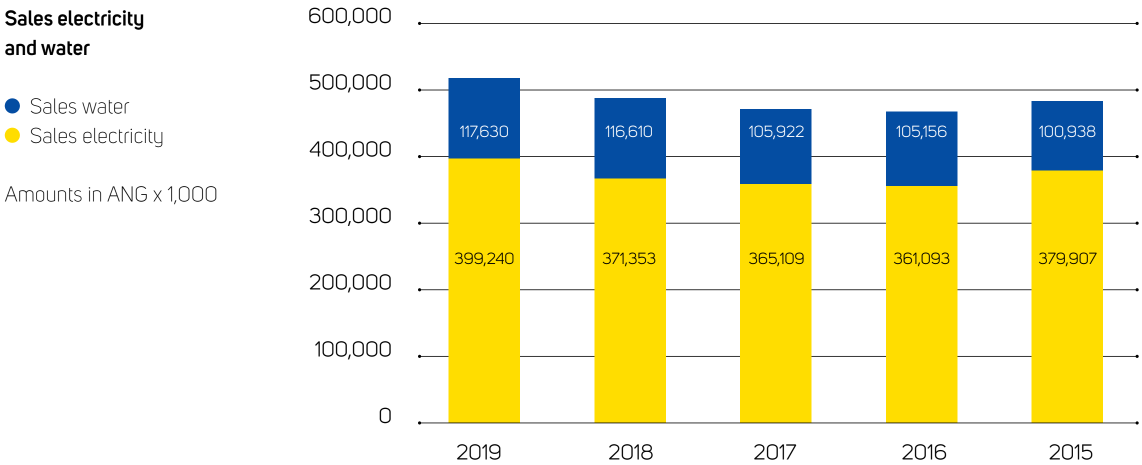
	Dec 31, 2019	Dec 31, 2018
Coverage calculations fuel component		
Coverage fuel component E	175,429	149,855
Coverage fuel component W	31,045	28,674
Total coverage fuel component	**206,474**	**178,529**
Expenses in the fuel component E and W	(232,770)	(205,522)
Total realized expenses in the fuel component E and W	**232,770**	**205,522**
Under- coverage fuel component developed during the reporting period	**(26,296)**	**(26,993)**
Recovery fuel component		
Recovery fuel component E	131	-
Recovery fuel component W	-	-
Recovered during the reporting period	**131**	**-**
Outstanding balance undercoverage per the end of the period		
Beginning balance (excluding regulatory account December 2010)	(55,286)	(28,293)
Under-coverage fuel component developed during the reporting period	(26,296)	(26,993)
Recovery fuel component E and W	131	-
Total balance of Coverage Fuel Component	**(81,451)**	**(55,286)**

Amounts in ANG x 1,000

SALES ELECTRICITY AND WATER

Total Revenues from the sales of electricity and water combined has increased in 2019 by 5.8% or ANG 27.9 million as compared to 2018. In 2019, electricity sales in MWh's remained at almost the same level as in 2018, while the average tariff increased by 5.4%, solely influenced by the fuel component. The revenues from the sales of water increased by 0.5%, driven primarily by an increase in tariffs by 1.2%, offers by a decrease in units sold of 1.9%.

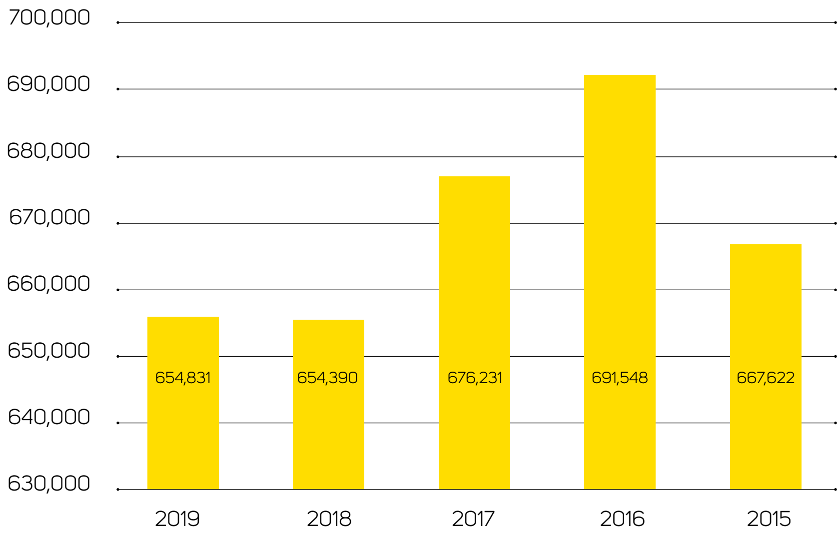
Sales electricity and water



Electricity Revenues increased by 7.3% or ANG 27.3 million compared to 2018 in spite of the decrease in the unit sold for 2019. This is the result of increased tariffs, due to increased fuel prices on the international market and more fuel usage.

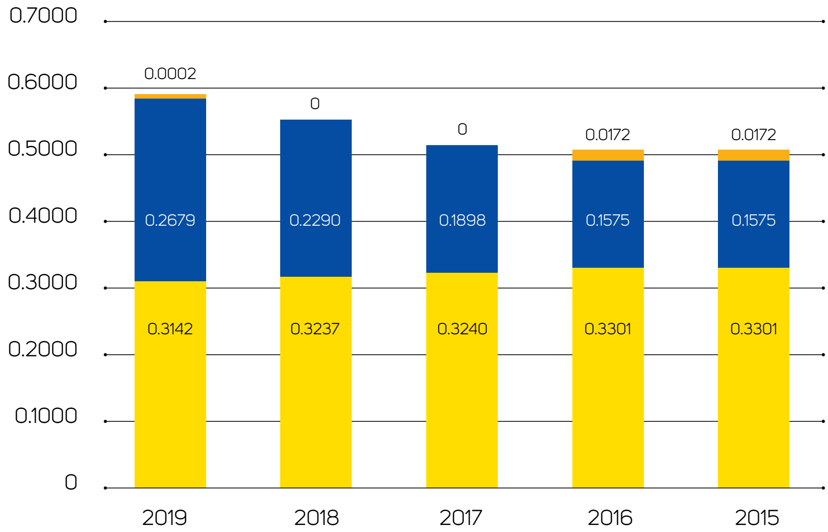
The base component as stipulated by the Government upon recommendation of the Regulator did not change in 2019. The base component varies for each tariff group. The variance in consumption for each specific tariff group, influences the average base component on an annual basis, as presented in below chart.

Sales electricity in MWh



Tariff structure electricity

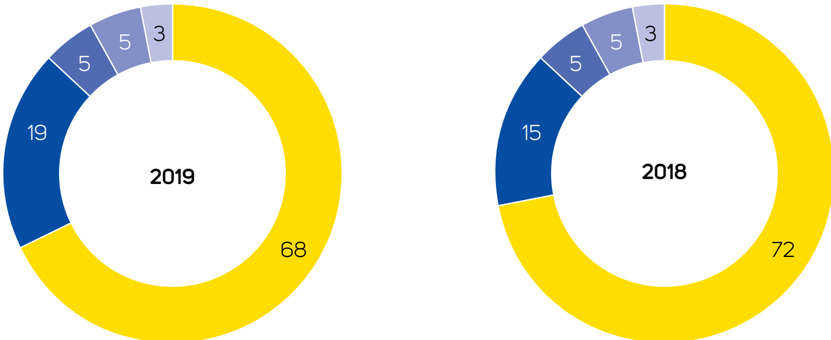
Recovery component
Fuel component
Base component



The graphs below provide insight in the sales to customers per tariff group

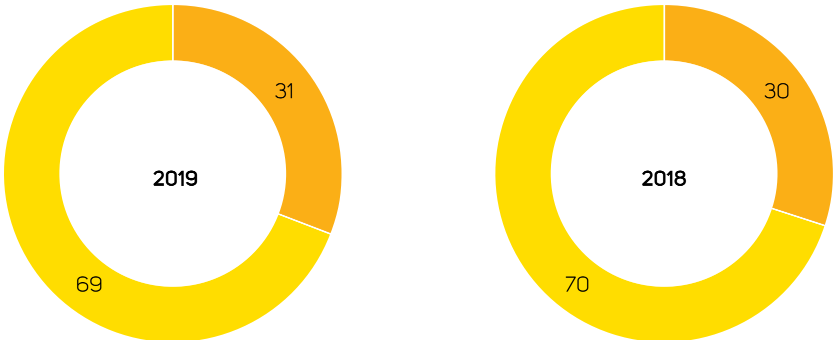
Customer Composition Electricity (kWh %)

- Households
- Commercial
- Industry
- Hotels
- Sta. Barbara Resort



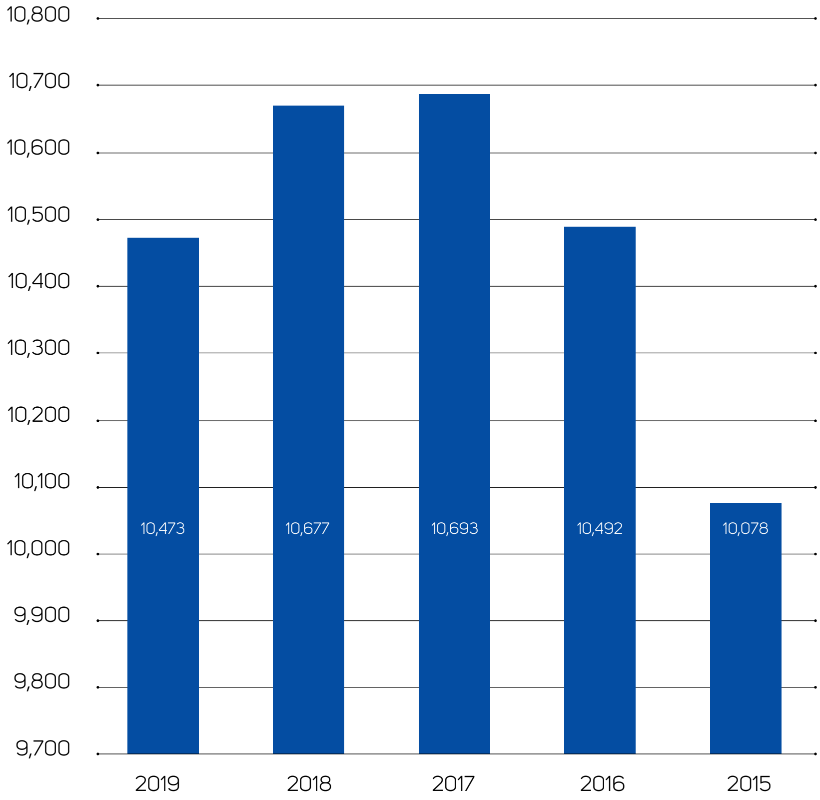
Household Customers Electricity

- Prepaid customers
- Postpaid customers

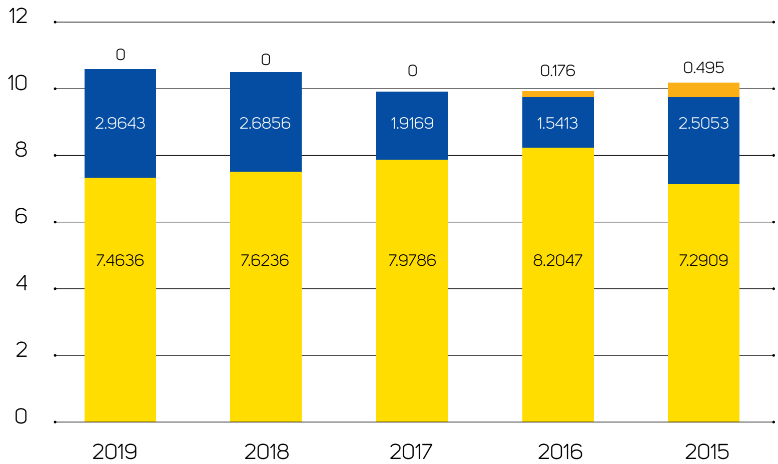


based on MWh sold and generated sales in ANG:
In 2019, water sales decreased by 1.9%, while average rate increased with 1.2%.

Sales water in M^3



Tariff structure water



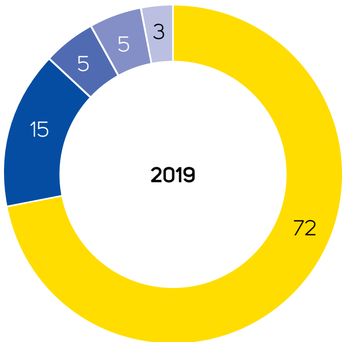
Recovery component
Fuel component
Base component

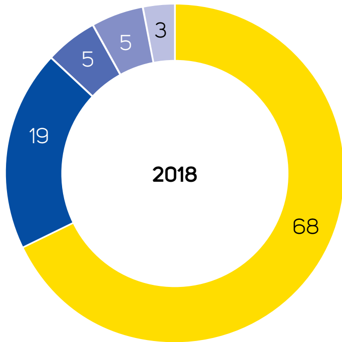
Amounts in ANG x 1,000

The graphs below provide insight in the sales to customers per tariff group based on M³'s sold and generated sales in ANG:

Customer Composition Water (M³ %)

- Households
- Commercial
- Industry
- Hotels
- Sta. Barbara Resort



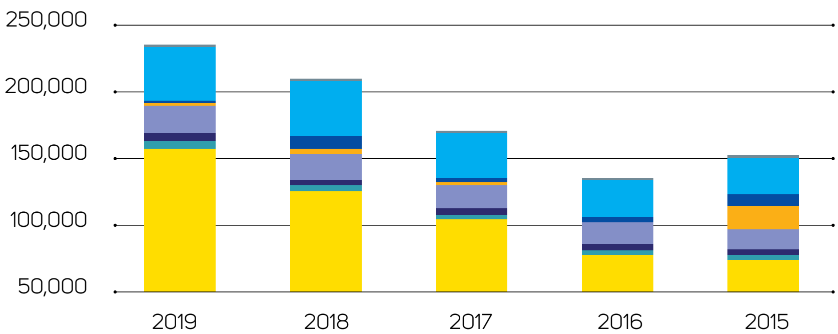


Direct cost of production and other direct costs of sales

- Other
- Purchase of electricity from windfarms
- Purchase of electricity from CUC
- Temporary Diesel Power Plant
- Purchase of water
- Lubrication
- Chemicals
- Fuel usage

Amounts in ANG x 1,000

DIRECT COSTS PRODUCTION AND OTHER DIRECT COSTS OF SALES



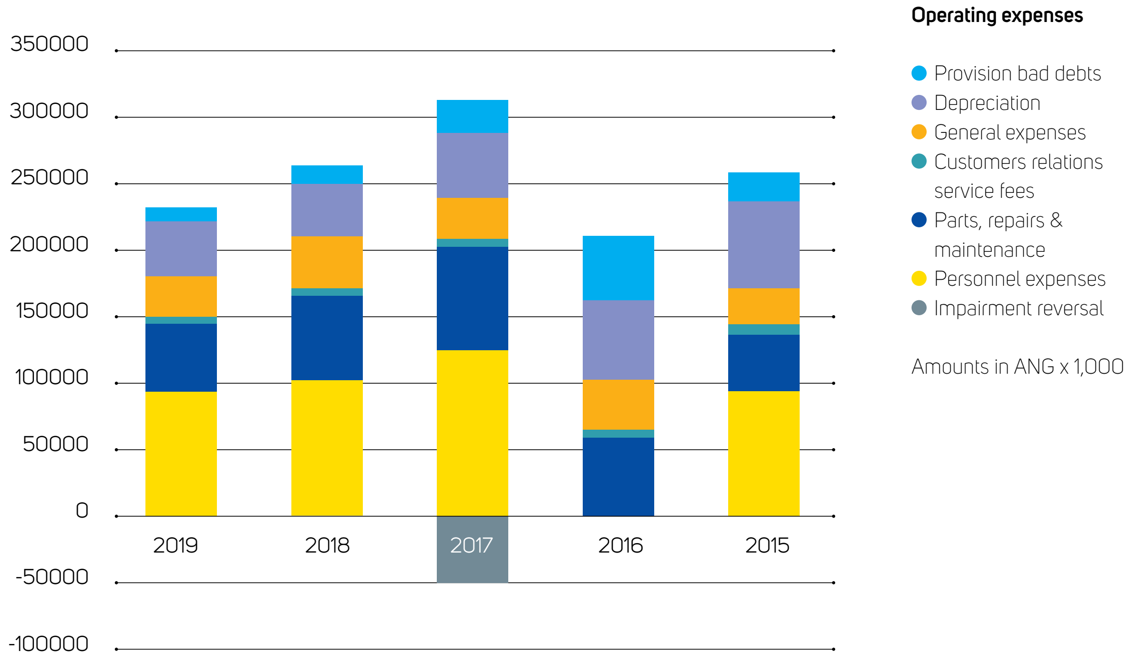
This cost category reflects the usage of fuel, chemicals, lubrication, the purchase of electricity and water from third parties, IUH-agreement expenses, expenses for the temporary rent of electricity production units and other direct costs of sales. The increase in direct costs of production and other direct costs of sales by 11.1% or ANG 24.9 million compared to 2018 is due to:

- Increase in Fuel expenses of ANG 31.8 million, primarily due to the significant increase in fuel prices and fuel usage, offset by
- Decrease in purchase of electricity from windfarm by ANG 2.5 million (2019: ANG 40.2 million and 2018: ANG 42.7 million) as a result of a

decrease in windspeed.
- Decrease in lease expenses related to temporary diesel power plant of ANG 2.6 million as this plant was decommissioned following the commissioning of the new plant at Dokweg II B in june 2019.
- Decrease in purchase of electricity from CUC (ANG 6.8 million) as the BOO-plant was in maintenance during most of the year.

The decrease of wind production and intake from CUC has significant impact on the fuel usage, as Aqualectra's own production units had to be used more frequently to comply with the island's demand. This, together with the increase in the fuel prices on the international market, led to a steep increase in fuel expenses.

OPERATING EXPENSES



The total operating expenses increased by 21.8% or ANG 45.9 million in 2019 compared to 2018. This increase is mainly attributable to the following one-time events (credits) in 2018:
- The release of the pension provision of ANG 89.2 million due to the change from a Defined Benefit plan to a defined Contribution plan. This release caused a large credit in the expenses, resulting in a much lower expenses in 2018.
- The total increase in depreciation and amortization by 7.5% (ANG 4.5)

million is mainly due the addition of a new plant in 2019 and the fact that the amortization on the intangible assets (ERP investment) was processed for a complete year while in 2018 it was only amortized for half the year.
- The adoption of IFRS 9 in 2018, which caused a material addition to provisions bad debt of ANG 48 million.

Excluding these one-time events, operating expenses mostly decreased in 2019, compared to 2018. The following main variances can be specified:
- The decrease in Parts, Repair & Maintenance by 30% (ANG 18.9 million) is mainly due to termination of the Long Term Service Agreement agreement. Maintenance is currently done in-house and when support is needed, this is specifically requested from the vendors.
- The decrease in General Expenses by 22.6% (ANG 8.2 million) is mainly the result of cost saving efforts in the housing and car fleet, Insurances, security and consultancy expense categories.
- Various old and time-bared other liabilities were cleared, resulting in one-time miscellaneous gains in 2019.

FINANCIAL POSITION

	Dec 31, 2019	Dec 31, 2018	Change in ANG	Change in %
Non-current assets	708,195	698,135	10,060	1%
Current assets	206,467	213,766	(7,299)	-3%
Equity	378,822	364,903	13,919	4%
Non-current liabilities	390,119	264,771	125,348	47%
Current liabilities	145,721	282,227	(136,506)	-48%
Capital expenditures	46,008	77,467	(31,459)	-41%

▲ Amounts in ANG x 1,000

Non-current assets

Non-current assets consist of tangible and intangible fixed assets, security deposits and deferred tax assets. The increase in the total non-current assets when comparing its total to 2018 relates to the following:
- The adoption of IFRS 16, implying the recognition of ANG 20.4 million of assets that are annuity based.
- Decrease in intangible assets and property, plant and equipment as depreciation exceeded the capital expenditures.

Current assets

Current assets consists of inventories, trade accounts receivables, other receivables and cash & cash equivalents. The decrease in current assets of ANG 10.8 million or 5% is due to the decrease in cash and cash equivalents by ANG 20.9 million and in the other receivables by ANG 5.5 million offset by increases in trade accounts receivable by ANG 12.6 million and inventories by 2.9 million. The increase in trade receivables relates directly to the increase in revenues. Furthermore, customers with balances that were already old at the end of 2018, were even more difficult to collect in 2019 considering the worsening economic conditions.

The decrease in cash and cash equivalents is mainly due to a decrease in cash inflow from operating activities, offset by a decrease in cash outflow for investing activities. The decrease in cash inflow from operating activities is due to increased payment of accounts payable and other liabilities offset by an increase in the accounts receivable. The decrease in cash outflow from investing activities follows the completion of the Dokweg II B plant in 2019, for which most payments were disbursed in 2018.

Equity

Equity increased by ANG 14 million as result of the reported profit for the year of ANG 13 million and other comprehensive income for the year of ANG 1.0 million. Although significant progress has been made in the replenishment of the Accumulated losses, the total Shareholder's equity remains ANG 204.2 million below the initial Paid-in capital and subsequent Share premium.

Non-current liabilities

The increase in non-current liabilities by 47% or ANG 125.3 million is due to the following:

- ANG 109.3 million increase in financial liabilities due to the new facility agreement closed in the last quarter of 2018 with MCB and CIBC of which the last disbursement took place at the end of 2019.
- The adoption of IFRS 16, implying the recognition of 20.8 million of liabilities related to leased assets.

Current liabilities

The decrease in current liabilities of 48.4% or ANG 136.6 million is due to the following:

- The complete repayment of the corporate bonds following the refinancing provided by CIBC and MCB Bank.
- Decrease in trade accounts payable and other liabilities as various expenditures accrued at the end of 2018 (a.o. final payments of the new plant at DokwegII B) were paid during 2019

Capital expenditures

The total net capital expenditures incurred in 2019 was ANG 46 million. The decrease compared to 2018 is mainly due to the fact that most expenditures for the new plant at DokwegII B were incurred in 2018.

CASH FLOW DEVELOPMENTS

	Dec 31, 2019	Dec 31, 2018	Change in ANG	Change in %
Operating cash flow	14,485	77,054	(62,569)	-81%
Investing cash flow	(45,379)	(77,467)	32,088	-41%
Financing cash flow	9,982	15,727	(5,745)	-37%
Net change in cash and cash equivalents	(20,912)	15,314	(36,226)	-237%

▲ Amounts in ANG x 1,000

Aqualectra's cash and cash equivalents shows an decrease in 2019 compared to 2018 and is mainly due to a decrease in cash inflow from operating activities, offset by a decrease in cash outflow for investing activities.
The decrease in cash inflow from operating activities is due to increased payment of accounts payable and other liabilities combined with an increase in the accounts receivable. The decrease in cash outflow from investing activities follows the completion of the Dokweg II B plant in 2019, for which most payments were disbursed in 2018.

1.3 <Corporate governance>

Aqualectra's governance structure is depicted as follows:

General Shareholder Meeting	Country of Curaçao represented by the Minister of Economic Development	Governance Compliance Rating **75%**
Board of Supervisory Directors	5 active members (2 vacancies) Active committee(s) during 2019: Audit committee/Recruitment Committee	Governance Compliance Rating **91%**
Board of Managing Directors	3 statutory directors: CEO, CFO and CTO (vacant) 1 Legal Counsel	Governance Compliance Rating **92%**
Team	Management Board: 10 Head of Departments: 20 Supervisors and coordinators: 76	Total employees: **597** Average age: **47** Average tenure: **15 years**

During 2019 we have also strengthened our team and welcomed Mr. Reagan Celestijn as General Counsel & Corporate Secretary. This position has been vacant and after careful consideration, we have found a suitable candidate in Mr. Celestijn.
Unfortunately, we also had to part from our Mr. Irvin Hanst, Advisor to the CTO. Mr. Hanst had been with Aqualectra for 25 years before he left.
We thank him for his work and contribution throughout the years and wish him all the best in his future endeavors.

The above structure and the tasks and responsibilities of the various actors are governed by the law (the Civil Code), the Company's bylaws and the Code of Corporate Governance. The compliance rates indicated above relate to the level of compliance to the code which requires the BMD and the BSD to report on their compliance to it.

Instances where non-compliance was reported were the following:

Nr.	Description	Explanation
1	Timely submission by the BMD (before November 1st) and adoption by the BSD of the business plan, including operational and capital expenditures budget for the coming year.	Budget for the year 2020 was submitted on November 11, 2019 and approved by the BSD on November 20, 2019.
2	Timely submission of adequate information from the BMD to the BSD (2 weeks before BSD meetings)	The minimum of two weeks before each BSD meeting to submit information was not adhered to by the BMD.
3	Submission of written information in respect of the course of events in the company each quarter, within 1 month after expiration of such quarter.	The maximum of 1 month after expiration of each quarter to submit information was not adhered to by the BMD.
4	Performance review meetings by the BSD with the members of the BMD	There were no specific performance review meetings held. However, during each BSD meeting the Company's performance is discussed and assessed against the budget, targets and previous year's levels.

1.4 <Future prospects>

Complying with the Company's bylaws and the Code of Corporate Governance, the BMD prepared the budget for 2020 and forward-looking projections 2021-2025 by the end of 2019, unknowingly that 2020 would bring unprecedented changes. The world's economy plummeted by early-March 2020, with the announcement of the COVID-19 virus that became a pandemic. Countries started taking measures to avoid a health crisis and so did the Government of Curaçao. So far, the health crisis seems to have been contained with these measures, but the economic crisis could not be avoided. We departed from this urge to move forward while knowing that yesterday's homeruns don't win today's games.

The BMD's immediate priority was to avoid an internal fallout of personnel by the virus, hence changing the work environment to ensure health and safety of the employees. Afterwards, the BMD prepared a Financial Impact Study that was updated by the end of April. The study included an action plan of cash and cost savings measures that were introduced by Aqualectra to reduce the projected deficit as much as possible. Immediately after announcement of the measures imposed by the Government of Curaçao to contain a possible health crisis, Aqualectra experienced a decrease in sales of water and electricity and a worsening of the payment behavior by the customers, since disconnection procedures were cancelled due to the island's crisis status proclaimed by the Government.

“Real courage is moving forward when the outcome is uncertain” - unknown

In spite of the financial deficits, we are abiding by the saying we started this paragraph with: "Real courage is moving forward when the deficit is uncertain". The situation created by the pandemic accelerated various plans that were already being prepared to further move Aqualectra outside of our comfort zones and into the future.

Our customer service was completely moved to digital platforms. Two of the three branches were closed, and service is now centralized online and through our toll-free line. Customers visit our centralized location to validate their identity only when it's needed, and we look forward to further facilitate and enhance the customer's experience by expanding our digital platform offer.

Our grid operations are being changed considerably by fundamentally changing the framework in which we operate with contractors. This will result in increased efficiency, better control and lower expenses. Furthermore, the Company's cost structure is thoroughly being scrutinized and cost saving measures are being formulated to substantially and sustainably reduce expenses, ultimately resulting in the reduction of consumer tariffs.

Whereas in previous years the future prospects paragraph contained a recap of the plans and the challenges to ultimately attain a positive financial outlook, this time it's different. The future is unknown but what we do know is that Aqualectra must be able to survive these changes and that means that the organization must be flexible enough to ride the change waves while resilient enough to survive a tidal wave.

That is why we focused on redefining our strategic vision during 2019. It was process that had to be started in 2017 but was placed on hold to allow for the various structural changes that were being prepared to be implemented in the company, such as a new Enterprise Reporting System (ERP - SAP), the judicial integration of the distribution and production divisions, the re-structuring of the organizational structure and the refinancing of the company, to name a few. In 2019, the strategic planning process was started. The main question to be answered was: what actions are to be taken to win today's games? What is it that we must focus on to ensure that we don't only win today's games but also start tomorrow's games with an edge?

We have identified five areas to embrace and develop during the years to come. We are convinced that these areas and strategic goals will propel

Aqualectra into a future-proof company, that is flexible enough to change when needed but resilient enough to still be here for generations to come. The following five areas and strategic goals were identified:

1. Core business: Resilient and reliable operations
As we drive forward, we cannot lose sight of our core responsibility towards the community to provide power and water in an effective and efficient manner. We will continuously strive to do this in the best possible way. To ensure the smooth, reliable, stable, and affordable provision of our products and services, we must continuously seek to make ongoing technical improvements. We will continue to invest in maintaining and upgrading our production and distribution systems to ensure Aqualectra is adequately prepared to continue to serve our community. The following specific projects will be pursued:
- Re-dimensioning of water production and distribution;
- Formalization and standardization of asset management practices;
- Ongoing and continuous renewal of our aging water and electrical infrastructure;
- Enhancing of the IT infrastructure.

2. Customer Centricity: Excellent customer experience built on effortless interaction
With energy and water at the heart of how we live and all that we do, the customer must be put at the heart of the future power and water ecosystem. What we say, think, or do should revolve around the customer's best interest. Utility industry trends such as decarbonization and renewables are great news for some customers, however, the bills still remain high.
Moreover, Aqualectra, like every other utility, is faced with the challenge of meeting ever-changing demands amid the rise of a new generation of customers. Going forward, our focus will be on better understanding their needs and identifying ways to improve the customer journey. Ultimately, we will focus on finding new ways of serving our customers, next to reinforcing our daily commitment of providing them with reliable power and water. The following specific projects will be pursued:
- Improve service delivery across the business;
- Improve customer interaction and response time;
- Introduce new services;
- Explore an innovative rate design;
- Shift customers to digital platforms.

3. People leadership: An exemplary workforce in a thriving work environment
To keep up with the pace of disruption and achieve our ambitions we must rely on our people. We will not be able to build the Aqualectra of the future without being backed by the workforce of the future. To increase the productivity and the foster the commitment that will drive us forward, each employee should have a strong understanding of their essential contribution to the wellbeing of our community.
During the coming years, we will focus on getting the most out of the diverse talent pool at Aqualectra. Now is the time to position our people at the forefront as Aqualectra's most important asset. The following specific projects will be pursued:
- Deploy and implement a continuous learning & development program with adequate succession planning;
- Adopt a data-driven succession planning and next-generation talent development;
- Transform our organizational culture to align with new strategic ambitions;
- Incept proper labor policies, guidelines and conditions to meet new strategic ambitions;
- Ensure an adequate work environment.

"Yesterday's homeruns don't win today's games" - Babe Ruth

4. Innovation: Ignite and embed innovation to move boundaries
Our personal transformation is an in-escapable prerequisite to take the leading role in Curaçao's utility transformation. We will embrace change in the only fitting way; by devoting substance, importance, and focus on innovation.
Though there are innovations that have resulted from a flash of genius, most successful innovations are the result of a structured, conscious, and purposeful search for innovative opportunities. The following specific projects will be pursued:
- Implement a smart grid;
- Adopt artificial intelligence across the system;
- Promote and fund commercially viable innovative initiatives;
- Increase renewable energy penetration;
- Ensure stable production;
- Create a culture of innovation.

5. Corporate social responsibility: Drive growth and development of our community

To position ourselves as Curaçao's utility transformation leader we must bring value and benefits to the community. The greatest sustainable benefit we can bring to the community is by leading in a socially responsible manner. In the coming years we will undertake initiatives that will help us reduce our impact on the environment and improve the social well-being of our community, all while we empower our customers and people to do the same. The following specific projects will be pursued:

- Launch a community-wide energy and water awareness program;
- Reduce the environmental impact of our operations;
- Enable direct community actions;
- Cultivate a culture of CSR (Corporate Social Responsibility).

We are convinced that with this focus, Aqualectra will continue to win games, as the foundation is laid to become the Utility of the future: A flexible yet resilient company.

1.5 <Words of appreciation>

Leading a company like Aqualectra is an honor as we are able to serve our community and influence its wellbeing for the better. We are grateful to this community for this opportunity and work as a team, every day to secure Aqualectra's future.

We are also grateful for the team of 597 employees at Aqualectra, who accepted our leadership, moved outside their comfort zones, worked passionately to achieve the goals set and committed themselves to excellence. We are not there yet but are moving slowly but surely into the right direction.

To our Shareholder, Board of Supervisory Directors, Unions, Lenders, suppliers and other stakeholders we say thank you! We salute you and are extremely grateful for your ongoing trust and support.
We hope to continue to count on your support for the year(s) to come as together we further move into the 'Utility of the Future'.

We owe it to our future generations to move outside of our comfort zones, even in moments of great crisis, and prepare tomorrow's game, as yesterday's homeruns will not help us win those.

Willemstad - June 23, 2020

The Board of Managing Directors

Mr. D.P. Jonis, MSc. MBA
CEO

Mrs. N. R. Isenia
CFO

2_Report of the Board of Supervisory Directors

Pursuant to the national decree Code Corporate Governance that is applicable for all state-owned entities and/or entities that are subsidized by the Government of Curacao, the Board of Supervisory Directors ('BSD') should issue a report at the end of each year, detailing among others their composition, activities, remuneration, instances of non-compliance and activities of committees. The BSD of Integrated Utility Holding hereby duly complies with this requirement, by means of the following report.

2.1 <Board meetings and decisions>

The BSD is to supervise and advise the Board of Managing Directors ('BMD') regarding the implementation of the policies and the strategy set forth by the General Shareholder's Meeting ('GSM') – the Legal Entity of Curacao.

In this role, the BSD is responsible for assessing whether the decisions taken by the BMD are in compliance with the Company's strategic, societal, financial and technical objectives. The BSD also devotes attention during the board meetings to adherence by the BMD to all laws, regulations and internal procedures. Seven (7) combined BSD and BMD meetings (five for IUH N.V. and two for AMU) were held during 2019 and the key decisions taken are outlined below:

Projects:
- Land acquisition at Domi;
- Project Kortijn;
- Start of the New Aqualectra headquarters;
- Continuous update on key projects (Advanced Meter Infrastructure, New Headquarters, New water plant and tanks, etc.);
- Various commercial projects to be executed by Aqualectra Multi Utility ('AMU').

Financial matters:
- Approval of the Consolidated Financial Statements 2018;
- Approval of the Budget 2020 & Forward Looking Projections 2021-2025;
- Periodic financial performance (KPI's);
- Progress on the corporate refinancing process (last disbursement in December 2019).

Governance related matters:

- Preparation for GSM;
- Recruitment and selection of a CTO;
- Business plan AMU and corresponding funding.

Other business:

- The embargo on Venezuela and its impact on fuel supply and payments to Refineria Isla B.V.;
- Results of the customer satisfaction survey;
- Results of the employee engagement survey;
- Periodic operational performance (KPI's);
- Status of disputes with Refineria di Korsou N.V. ('RdK') and Curacao Utility Company N.V. ('CUC');
- Update on discussions with unions and a new Collective Labor Agreement.

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

2.2 <Compliance with the Corporate Governance Code>

The BSD strives to be compliant with the Code of Corporate Governance. The following compliance rates were achieved during 2019 by the various instances of governance in the Company:

Compliance to the Code of Corporate Governance by the **GSM**:	**75%** 2018: 75%
Compliance to the Code of Corporate Governance by the **BSD**:	**91%** 2018: 86%
Compliance to the Code of Corporate Governance by the **BMD**:	**92%** 2018: 89%

The following instances of non-compliance to the BSD's tasks and responsibilities have been noted:

Nr.	Description	Explanation
1	Timely submission by the BMD (before November 1st) and adoption by the BSD of the business plan, including operational and capital expenditures budget for the coming year.	Budget for the year 2020 was submitted on November 11, 2019 and approved by the BSD on November 20, 2019.
2	Timely submission of adequate information from the BMD to the BSD (2 weeks before BSD meetings)	The minimum of two weeks before each BSD meeting to submit information was not adhered to by the BMD.
3	Supervision on timely holding of the GSM	Despite of various invitations, no GSM was held during 2019
4	Supervision on whether the BMD request the external auditors yearly to provide a Management Letter, containing recommendations and suggestions to improve the financial management and/or the internal control measures of the Company	The Management Letter of 2018 was not submitted to the BSD. The BSD is aware that this has been submitted by the external auditors to the BMD, but it has not been finalized and submitted to the BSD yet.
5	BSD meeting at least twice a year making a self-assessment of the BSD, the BMD and its individual members and conclusion drawn on the assessment (without BMD present).	The BSD performed a self-assessment once during 2019 and not twice. A formal performance evaluation of the BMD by the BSD was not executed in 2019. However, BSD meetings pose a constant evaluation of the decisions made by the BMD and the execution of their management tasks.
6	A chairperson of the BSD appointed with specific duties with respect to the communication with external parties (e.g. auditors and appointed advisors).	The BSD's appointed chairman resigned in 2019 and there is no other chairman appointed yet. However, the BSD appointed an acting chairman to temporarily take over these duties until this vacancy is permanently filled.

The BSD will maintain its focus on its own compliance with the governance regulations and will stimulate the BMD and the GSM to maintain and/or improve the current compliance rates.

2.3 <Composition of the BSD>

The members of the BSD are appointed for a term of four years with a maximum of two terms. On December 31, 2019, the BSD consisted of the following Supervisory Directors:

Name	Function
Mrs. S. Inderson November 7, 2017 – 2021	Supervisory Director Acting Chairman (July 1, 2019 up to February 2020) Member of the Recruitment Committee
Mr. R. Bulbaai September 19, 2017 – 2021	Supervisory Director Member of the Recruitment Committee
Mr. C. Marshall October 12, 2018 – 2022	Supervisory Director Acting Chairman (starting March 1, 2020) Member of the Audit Committee
Mr. R. Rudolph August 31, 2018 – 2022	Supervisory Director Member of the Audit Committee Member of the Recruitment Committee
Mrs. J. Da Silva Goes – Laclé March 20, 2019 – 2023	Supervisory Director Member of the Audit Committee

In accordance with the Code Corporate Governance, members of the BSD are entitled to a financial compensation. During 2019, the following expenses have been incurred to remunerate the board members:

Name	2019	2018
Mr. R. Bulbaai	29,458	29,359
Mr. S. Coutinho	24,459	28,781
Mr. A. Davelaar	2,201	29,359
Mrs. S. Inderson	26,447	29,359
Mr. C. Marshall	32,074	6,394
Mr. R. Rudolph	26,447	7,712
Mrs. J. Da Silva Goes - Laclé	20,775	-
Total	**161,860**	**130,964**

▲ Amounts in ANG x 1,000

The net amount disbursed to the Supervisory Directors is based on a Ministerial Decree adopted by the Government regarding remuneration of the Supervisory Directors of government owned entities, which is ANG 1,000 per month for the members and ANG 1,250 per month for the chairman. The difference between mentioned net amount and the elucidated gross amounts in above table are solely for the purpose of complying with the lawful taxes and social premiums.

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

In 2019, the BSD held five regular combined BSD and BMD meetings for Integrated Utility Holding N.V. and two regular meetings for Aqualectra Multi Utility N.V.. All members of the BSD frequently attended the meetings. Most meetings of the BSD and its committees were attended by the secretary who was responsible for the minutes.

2.4 <Committees of the BSD>

2.4.1_Recruitment Committee

In connection with the recruitment and selection process of the CEO, CFO and CTO initiated by the BSD, a recruitment committee was established. The recruitment and selection processes of the CEO and CFO were finalized with the appointment of both by the GSM. The recruitment and selection process of the CTO has not been concluded yet.

The members of the Recruitment Committee are Mrs. Inderson, Mr. Bulbaai and Mr. Rudolph.

2.4.2_Audit Committee

The requirement to instate an audit committee becomes valid when a board exceeds five members. However, upon the resignation of the Chairman on June 30, 2019 the BSD of Aqualectra remained at five members for the remainder of 2019 but maintained its audit committee that was instated at the beginning of 2019 active. The Audit Committee met five times during 2019, whereas main topics discussed comprised:

- The quarterly financial reports;
- The audited financial statements for the year ended December 31, 2018, including the choice of accounting policies, application and assessment of effects of new regulations, insight into the treatment of significant judgement items in the financial statements, forecasts, work of internal and external auditors;
- The budget for 2020 and forward looking projections 2021-2025;
- The functioning of the Internal Audit Department;
- The funding, capital and financing structure of the Company;
- Various other internal control, risk and tariff regulation related matters.

Furthermore, the Audit Committee functioned as first point of contact for the external auditor and met once with the external auditor in absence of the BMD. The Audit Committee together with the BMD thoroughly evaluated the role and performance of the external auditor, which resulted in the extension of the audit engagement for an additional year (audit of the financial year 2019).

The members of the Audit Committee are Mr. Rudolph, Mrs. Da Silva Goes-Laclé and Mr. Marshall.

2.5 <Assertions of the BSD>

The BSD of Aqualectra approved the consolidated financial statements of 2019 in the board meeting held on June 23, 2020. The external auditor issued for the year 2019 an unqualified opinion with emphasis of matter paragraph on the consolidated financial statements. The audit findings and the emphasis of matter that remain can be summarized as follows:

COVID-19

The developments surrounding the Corona (Covid-19) virus have a profound impact on people's health and on our society as a whole, as well as on the operational and financial performance of organizations and the assessment of the ability to continue as a going concern. The consolidated financial statements and our auditor's report thereon reflect the conditions at the time of preparation. The situation changes on a daily basis giving rise to inherent uncertainty. Integrated Utility Holding N.V. is confronted with this uncertainty as well, that is disclosed in the report of managing directors on page 19 and the disclosure about events after the reporting period on pages 95 and 96. We draw attention to these disclosures.

Investment in equity accounted investees

Reference is also made to the consolidated 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 Refineria di Kòrsou (RDK) for a nil consideration. As a consequence of this decision of 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 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 consolidated financial statements present a misleading position of the Company. On the other hand, each board member could be liable in case the consolidated financial statements are not prepared, signed by the BSD and consequently 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 consolidated financial statement was presented to the GSM. The Council of Ministers accepted the qualification as to be issued by the external auditor and instructed the Shareholder to approve the consolidated financial statement with the proposed qualifications as issued by the external auditors. On May 13, 2014 the Shareholder of the Group approved the 2010 consolidated financial statements.

Furthermore, as per October 21, 2014, December 13, 2014, March 21, 2015 and May 28, 2015, the BSD also approved the consolidated financial statements 2011, 2012, 2013 and 2014, respectively with the abovementioned qualifications and also advised the Shareholder to do the same. The Shareholder approved these consolidated financial statements in the GSM of December 18, 2015.
The consolidated financial statement for the year ended December 31, 2015 was also approved by the BSD and GSM, respectively on May 17, 2016 and March 17, 2017.

The consolidated financial statements for the year ended December 31, 2016 were approved by the BSD on July 25, 2017 and are yet to be approved by the GSM. Both the auditors' opinions on the consolidated financial statements for the years 2016, 2017 contained same qualification, whereas the auditors' opinion on the financial statements for the year 2018 was an unqualified opinion with an emphasis on abovementioned matter.

The BSD recommends the Shareholder to approve the consolidated financial statement for the year ended December 31, 2019, 2018, 2017 and 2016 (as the years 2018, 2017 and 2016 remain unapproved by the GSM), as it did with the previous consolidated financial statements since 2010 with the only remaining qualification/emphasis of matter. The BSD also recommends that the Shareholder approves the consolidated financial statements for the year ended December 31, 2016, based on the approval given by the previous Board of Supervisory Directors on July 25, 2017. Work is still ongoing to resolve this matter.

2.6 <Approval and dividend proposal>

The BMD submitted the Consolidated Financial Statements for the year ended December 31, 2019 of Integrated Utility Holding N.V. (d.b.a. Aqualectra) as prepared by the BMD and approved by the BSD to the GSM. EY Dutch Caribbean audited the Consolidated Financial Statements and issued an unqualified opinion.

It is of utmost importance that the Shareholder's Equity is further strengthened to safeguard the Company's financial viability and resiliency. For this reason, and following lawful stipulations and the dividend policy, the BSD advises the GSM not to distribute dividends, even in the event of a profitable operation, until the negative retained earnings is eliminated.

Considering the aforementioned, the BSD advises the GSM to:

1. Accept the consolidated financial statements 2019 as included and approved by the BSD;
2. Approve that no dividend payment will be distributed;
3. Add the positive total comprehensive result for the financial year 2019 to the balance of the accumulated losses, resulting in further improvement of the net equity position;
4. Discharge the BMD for the management and the BSD for their supervision during the year under report.

WORDS OF APPRECIATION

During 2019, Mr. Steven Coutinho parted from the BSD after having served as Chairman for almost 2 years. The term of Mr. Angelo Davelaar came to an end on January 19, 2019. The BSD would like to thank Mr. Coutinho and Mr. Davelaar for their commitment and dedication and wish them all the best in their future endeavors.

The BSD worked together with the BMD through various essential themes and projects and dealt with various challenges that presented from inside and outside the organization during 2019. Although cognizant of many improvement areas and strategic goals to conquer, the BSD commends the noticeable growth in maturity of the organization during 2019, while embracing all the changes implemented in 2018 and looking ahead to new horizons.
The BSD salutes the BmD and all Aqualectra employees for their contribution to the successes achieved and looks forward to opening new windows of opportunity for the Company and the community we serve.

Willemstad - June 23, 2020

The Board of Supervisory Directors

Mr. C. Marshall
Supervisory Director
Acting Chairman

Mrs. S. Inderson
Supervisory Director

Mr. R. Bulbaai
Supervisory Director

Mr. R. Rudolph
Supervisory Director

Mrs. J. Da Silva Goes-Laclé
Supervisory Director

3_Highlights of the Year

Financial Data	Dec 31, 2019	Dec 31, 2018
Operating revenues (Amounts in ANG x 1,000)		
Sales electricity	399,240	371,353
Sales water	117,630	116,610
Sales services	11,185	9,216
Operating expenses (Amounts in ANG x 1,000)		
Total operating expenses Aqualectra N.V.	253,277	208,241
Total operating expenses Multi Utility	327	-
Total operating expenses Holding	3,330	2,755
Results (Amounts in ANG x 1,000)		
Operating profit Aqualectra N.V.	9,691	56,308
Operating profit Holding	8,821	5,065
Operating profit Multi Utility	873	842
Consolidated net profit	13,124	32,505
Financial data (Amounts in ANG x 1,000)		
Working Capital	60,746	(68,461)
EBITDA	107,990	122,378
EBIT	22,270	62,212
EBT	8,442	46,673
Equity	378,822	364,903
Non-current liabilities	390,119	266,018
Current liabilities	145,721	282,227
Financial ratio's		
Debt Service Coverage Ratio	1.24	0.66
Adjusted Debt Service Coverage Ratio	0.79	0.47
Debt/EBITDA Ratio	2.77	2.25
Solvency Ratio	42%	40%
Current Ratio	1.42	0.76
Return on equity	0.03	0.11

Operational Data	Dec 31, 2019	Dec 31, 2018
Electricity		
Sales electricity in mwh (excl. RO Fuik and own usage)	654,831	654,390
Electricity intake from production in MWh	597,313	505,166
Electricity intake from CUC in mwh	42,753	113,840
Electricity intake from wind farms in MWh	208,000	233,761
Usage reverse osmosis plants	56,916	61,863
Number of postpaid connections at year end	46,786	54,739
Number of prepaid connections at year end	28,422	27,329
Average usage households per month in KWh	329	332
Average sales tariff households in ANG per KWh	0.6130	0.6268
Average sales tariff in ANG per KWh	0.5823	0.5527
Unaccounted for usage in % of MWh intake	13.89%	12.10%
Water		
Sales water in 1000 m^3	10,473	10,677
Water intake from production in 1000 m^3	14,554	15,189
Number of postpaid connections at year end	86,717	83,654
Average usage households per month in m^3	7.906	7.8999
Average sales tariff households in ANG per m^3	10.0354	10.0104
Average sales tariff in ANG per m^3	10.4278	10.3092
Unaccounted for usage in % of m^3 intake	27.59%	25.72%

▲ Amounts in ANG x 1,000 / % / avg

4_Consolidated Summary Financial Statements

4.1 <Consolidated Summary Statement of Financial Position>

	As at Dec 31, 2019	As at Dec 31, 2018
ASSETS		
Non-current assets		
Intangible assets	52,854	56,682
Property, Plant and Equipment	584,426	595,210
Right-of-use Assets	20,368	-
Other non - current financial assets	34,063	34,218
Deferred tax assets	16,484	12,025
	708,195	**698,135**
Current assets		
Inventories	44,257	37,766
Trade accounts receivable	101,336	88,736
Other receivables	9,714	15,192
Cash & cash equivalents	51,160	72,072
	206,467	**213,766**
Total assets	**914,662**	**911,901**
EQUITY AND LIABILITIES		
Shareholder's equity		
Share capital	528,000	528,000
Share premium	55,000	55,000
Preferred shares	72,800	72,800
Treasury shares	(72,800)	(72,800)
Accumulated losses	(217,302)	(250,602)
Profit for the year	13,124	32,505
	378,822	**364,903**
Non-current liabilities		
Financial liabilities	272,108	162,809
Customer deposits	25,560	25,332
Lease Liabilities	20,836	-
Provisions	71,615	76,630
	390,119	**264,771**
Current liabilities		
Corporate bonds IUH N.V.	-	97,079
Trade accounts payable	67,859	91,014
Other liabilities	77,862	94,134
	145,721	**282,227**
Total Equity and Liabilities	**914,662**	**911,901**

Amounts in ANG x 1,000

4.2 <Consolidated Summary Statement of Comprehensive Income>

	For the year ended Dec 31, 2019	For the year ended Dec 31, 2018
CONTINUING OPERATIONS		
Revenue from contracts with customers	528,055	497,179
Direct costs production	(232,771)	(205,522)
Other direct cost of sales	(16,080)	(18,449)
Cost of sales	(248,851)	(223,971)
Gross profit	**279,204**	**273,208**
Personnel expenses	90,885	89,579
Other (post) employment benefits (net)	4,865	(89,159)
Parts, repairs & maintenance	40,294	59,183
Customer Relations Service Fees	7,112	6,820
General expenses	28,150	36,377
Depreciation and amortization expenses	62,843	60,166
Provision bad debts	22,785	48,030
Total operating expenses	**256,934**	**210,996**
Results from operating activities	**22,270**	**62,212**
Interest expenses (net)	(13,828)	(15,539)
Net finance costs	**(13,828)**	**(15,539)**
Profit before income tax	**8,442**	**46,673**
Income tax	4,682	(14,168)
Profit for the year	**13,124**	**32,505**
Other comprehensive gains / (losses)		
Actuarial gains / (losses)	1,018	6,397
Deferred tax related to the components of other comprehensive results	(223)	(1,407)
Other comprehensive gain /(loss) for the year, net of income tax	**795**	**4,990**
Total comprehensive gain for the year	**13,919**	**37,496**

Amounts in ANG x 1,000

4.3 <Consolidated Summary Statement of Changes in Shareholder's Equity>

	Share capital	Share premium	Preferred shares	Treasury shares	Accumulated losses	Total Shareholder's equity
Balance at January 1, 2018	528,000	55,000	72,800	(72,800)	(269,440)	313,560
Effect of adoption of new accounting standards (note 5.6.7)	-	-	-	-	13,848	13,848
Adjusted balance at January 1, 2018	528,000	55,000	72,800	(72,800)	(255,592)	327,408
Profit for the year 2018	-	-	-	-	32,505	32,505
Other comprehensive income for the year 2018	-	-	-	-	4,990	4,990
Balance at December 31, 2018	**528,000**	**55,000**	**72,800**	**(72,800)**	**(218,097)**	**364,903**
Total comprehensive income					37,495	
Balance at January 1, 2019	528,000	55,000	72,800	(72,800)	(218,097)	364,903
Profit for the year 2019	-	-	-	-	13,124	13,124
Other comprehensive income for the year 2019	-	-	-	-	795	795
Balance at December 31, 2019	**528,000**	**55,000**	**72,800**	**(72,800)**	**(204,178)**	**378,822**
Total comprehensive income					**13,919**	

Amounts in ANG x 1,000

4.4 <Consolidated Summary Statement of Cash Flows>

	For the year ended Dec 31,2019	For the year ended Dec 31, 2018
Cash flow from operating activities		
Profit for the year	13,124	32,505
Adjustments for non-cash items:		
Effect of adoption of new accounting standards	-	13,848
Depreciations and amortization expenses	62,944	60,166
Provision doubtful debts	22,785	48,030
Disposal of property, plant, equipment (net)	6	-
Change in provision slow moving inventory	(3,547)	12,142
Change in deferred tax asset	(4,459)	15,576
Amortization on bond	1,272	1,868
Change in provisions	(4,220)	(114,717)
Finance cost	12,747	13,791
Total adjustments for non-cash items	**87,528**	**50,704**
Change in non-current financial assets	155	413
Change in Right-of-assets	(1,020)	-
Change in inventories	(2,944)	(24,130)
Change in trade accounts receivable	(23,731)	(61,469)
Change customer deposit	228	609
Change in other receivables	(6,176)	(11,038)
Change in trade accounts payable	(23,155)	57,581
Change in other liabilities (excluding interest paid)	(29,524)	31,879
Total of operational activities	**(86,167)**	**(6,155)**
Total cash flow from operating activities	14,485	77,054
Cash flow from investing activities		
Acquisition of property, plant, equipment	(45,269)	(66,067)
Investment intangible assets	(110)	(11,400)
Total cash used in investing activities	**(45,379)**	**(77,467)**
Cash flow from financing activities		
Proceeds from loans	125,000	200,000
Repayments of loans	(100,886)	(170,586)
Payments of lease (excluding interest)	(2,444)	-
Interest paid	(11,688)	(13,687)
Total cash flow used in financing activities	**9,982**	**15,727**
Balance at start of year	72,072	56,758
Increase / (decrease)	(20,912)	15,314
Balance at end of year	**51,160**	**72,072**

Amounts in ANG x 1,000

5_Notes to the Consolidated Summary 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. On January 2, 2018, Kompania di Awa i Elektrisidat N.V and Kompania di Distribushon di Elektrisidat i Awa were legally integrated and become Aqualectra 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 shareholders 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. All 528 shares are paid up in full.

UTILITIES SECTOR IN CURAÇAO

Concessions

The National Ordinance for Electricity concession ('Landsverordening Elektriciteitsconcessies') states that the building, construction or usage of equipment for the generation of power and for the transmission and/or transformation of electricity, in order to deliver this to a third party, is restricted to the company to which permission has been granted by the Government.

Furthermore, the ordinance states that the concession shall be given for a maximum period of 30 years with possibilities for extension.

On July 30, 2012 concessions for the production and distribution of electricity were adopted, granting the Group the certainty of production of power for the coming 30 years. On June 11, 2014 the Government adopted a concession for the production of electricity. A notable change in this concession, compared to the previous concession, is the simplification of various requirements. Another major change in the new concession is the granting to Aqualectra of a minimum and a maximum production capacity. This granted capacity can be applied in direct form (own production) and indirect form (contracted production). The amended concession was issued on June 19, 2014 and formalized on November 6, 2014.

Tariff structure

The tariff structure for water and electricity consists of 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.

Determination of tariffs

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

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

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

On July 26, 2017, the Council of Ministers approved tariff guidelines, which include a Weighted Average Cost of Capital (WACC) component as part of the base component. The WACC is calculated and stipulated on an annual basis, based on guidelines as set in the tariff guidelines.

Energy policy
In 2009, the Group was notified by the Government that BTP was appointed as the Regulator for the review, determination and approval of the tariffs for water and electricity.

During 2017, a new Energy policy was drafted and approved by the Council of Ministers on May 16, 2017. This policy introduces an Energy Bureau concept as policy maker, while BTP remains with supervision tasks and is intended to lower the tariffs, upgrade the services to the customers, provide choices for the clients and increase the reliability and sustainability of energy.

5.2 <Significant accounting policies>

BASIS OF PREPARATION SUMMARY FINANCIAL STATEMENT

The accompanying consolidated summary financial statements of the Group are prepared in accordance with the International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB) and book 2 of Curaçao Civil Code. The consolidated summary financial statements have been prepared on a historical cost basis. The consolidated summary financial statements are presented in Netherlands Antillean guilders and all values are rounded to the nearest thousand (ANG'000), except when otherwise indicated.

Management has concluded that the consolidated summary financial statements fairly represent the Group's financial position, financial performance and cash flows. The consolidated summary financial statements comply in all material respects with applicable IFRS.

The consolidated summary financial statements for the year ended 2019 were approved for issue by the Board of Supervisory Directors on June 23, 2020. The shareholders have the power to amend the consolidated summary financial statements after the date of issuance.

The consolidated summary financial statements provide comparative information in respect of the previous period.

BASIS OF CONSOLIDATION

The consolidated summary financial statements comprise the financial statements of the Group and its subsidiaries as at 31 December 2019. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if, and only if, the Group has:

- Power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee)
- Exposure, or rights, to variable returns from its involvement with the investee
- The ability to use its power over the investee to affect its returns

Generally, there is a presumption that a majority of voting rights results in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement(s) with the other vote holders of the investee
- Rights resulting from other contractual arrangements
- The Group's voting rights and potential voting rights

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated summary financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of Other Comprehensive Income (OCI) are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it derecognizes the related assets (including goodwill), liabilities, non-controlling interest and other components of equity, while any resultant gain or loss is recognized in profit or loss. Any investment retained is recognized at fair value.

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

Name	% equity interest 2019
Aqualectra N.V.	100%
Aqualectra Multi Utility Company N.V. (AMU)	100%
General Engineering & Utility Services N.V. (GEUS)**	100%
Aqualectra Bottling Co. N.V.**	100%

**The entities GEUS and Aqualectra Bottling Co. N.V. are still part of the group, but they are in liquidation.

The legal structure now consists of the holding company (IUH N.V.) and two subsidiaries, namely Aqualectra N.V. and Aqualectra Multi Utility N.V., hereinafter collectively referred to as 'The Group'. The Group is responsible for the management of the abovementioned companies (with the exception of KUMEPE N.V.). During the year 2019 Aqualectra Bottling and GEUS did not engage in any activities.

5.3 <Summary of significant accounting policies>

A) CURRENT VERSUS NON-CURRENT CLASSIFICATION

The Group presents assets and liabilities in the statement of financial position based on 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.

B) FAIR VALUE MEASUREMENT

The Group holds no financial assets or liabilities that are measured at fair value at December 31, 2019 or December 31, 2018.

Fair value is the price that would be received to sell an asset or 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, maximizing 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.

C) 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 occurring 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 resulting 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 (i.e., 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).

In determining the spot exchange rate to use on initial recognition of the related asset, expense or income (or part of it) on the derecognition of a non-monetary asset or non-monetary liability relating to advance consideration, the date of the transaction is the date on which the Group initially recognizes the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, the Group determines the transaction date for each payment or receipt of advance consideration.

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.

D) PROPERTY, PLANT AND EQUIPMENT

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

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

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

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

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

Buildings	10 to 50 years
Plant and equipment	5 to 33 years
Distribution network	15 to 40 years
Other assets	3 to 50 years

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

E) 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 the case where construction has not yet started.

F) LEASES

The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Group as a lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognizes lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

1. *Right-of-use assets*

   The Group recognizes right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognized, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets, as follows:

   - Land lease 10 to 30 years
   - Car leases 1 to 6 years
   - Solar panel energy 1 to 2 years

   If ownership of the leased asset transfers to the Group at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

   The right-of-use assets are also subject to impairment. Refer to the accounting policies in section (s) Impairment of non-financial assets.

2. *Lease liabilities*

   At the commencement date of the lease, the Group recognizes lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects the Group exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognized as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset (see Note 5.5.3).

3. *Short-term leases and leases of low-value assets*
   The Group applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered to be low value. Lease payments on short-term leases and leases of low value assets are recognized as expense on a straight-line basis over the lease term.

Group as a lessor

Leases in which the Group does not transfer substantially all the risks and rewards of ownership of an asset are classified as operating leases. Rental income arising is accounted for on a straight-line basis over the lease terms and is included in revenue in the statement of profit or loss due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognized over the lease term on the same basis as rental income. Contingent rents are recognized as revenue in the period in which they are earned.

Accounting prior to January 1, 2019
Prior to 1 January 2019, the determination of whether an arrangement is (or contains) a lease was based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease if fulfilment of the arrangement is dependent on the use of a specific asset (or assets) and the arrangement conveys a right to use the asset (or assets), even if that asset is (or those assets are) not explicitly specified in an arrangement.

Group as a lessee
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.

Finance leases are capitalized at the commencement of the lease at the inception date fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognized in finance costs in the statement of profit or loss.

A leased asset is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

G) 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 consists of interest and other costs that an entity incurs in connection with the borrowing of funds.

H) INTANGIBLE ASSETS
The Group holds intangible assets with finite lives. Intangible assets with finite lives are amortized over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period.

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

An intangible asset is derecognized upon disposal (i.e., at the date the recipient obtains control) or when no future economic benefits are expected from its use or disposal. Any gain or loss arising upon derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit or loss.

Research and development costs
Research costs are expensed as incurred. Development expenditures on an individual project are recognized as an intangible asset when the Group can demonstrate:
- The technical feasibility of completing the intangible asset so that the asset will be available for use or sale
- Its intention to complete and its ability and intention to use or sell the asset
- How the asset will generate future economic benefits
- The availability of resources to complete the asset
- The ability to measure reliably the expenditure during development

Following initial recognition of the development expenditure as an asset, the asset is carried at cost less any accumulated amortization and accumulated impairment losses. Amortization of the asset begins when development is complete, and the asset is available for use. It is amortized over the period of expected future benefit. Amortization is recorded in cost of sales. During the period of development, the asset is tested for impairment annually.

Licenses
The Group made upfront payments to purchase licenses related to the ERP system. Separately acquired licenses are shown at historical cost. Licenses have a finite useful life and are carried at cost less accumulated amortization and accumulated impairment losses. Amortization is calculated using the straight-line method to allocate the cost of licenses over their estimated useful lives.

I) IMPAIRMENT OF NON-FINANCIAL ASSETS

Further disclosures relating to impairment of non-financial assets are also provided in the following notes:

- Disclosures for significant assumptions	Note 5.3
- Property, plant and equipment	Note 5.5.2
- Intangible assets	Note 5.5.1
- Leases	Note 5.5.3

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

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

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

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

An assessment is made at each reporting date whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the Group estimates the asset's CGU's recoverable amount. A previously recognized impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognized.
The reversal is limited so that the carrying amount of the asset does not exceed the lower of its recoverable amount, and 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.

Intangible assets with indefinite useful lives are tested for impairment annually as at December 31 at the CGU level, as appropriate, and when circumstances indicate that the carrying value may be impaired.

J) 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

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortized cost, fair value through other comprehensive income (OCI), and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under IFRS 15. Refer to the accounting policies in section (p) Revenue from contracts with customers.

In order for a financial asset to be classified and measured at amortized cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.
Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the marketplace (regular way trades) are recognized on the trade date, i.e., the date that the Group commits to purchase or sell the asset.

Subsequent measurement
For purposes of subsequent measurement, financial assets are classified in four categories:

- Financial assets at amortized cost (debt instruments).
- Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments).
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments).
- Financial assets at fair value through profit or loss.

As at December 31, 2019 and 2018 the group only holds financial assets classified as financial assets at amortized cost (debt instruments).

Financial assets at amortized cost (debt instruments)
This category is the most relevant to the Group. The Group measures financial assets at amortized cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows

And

- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding

Financial assets at amortized cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognized in profit or loss when the asset is derecognized, modified or impaired.

The Group's financial assets at amortized cost includes loans and (trade) receivables, and concession deposit included under other non-current financial assets.

Derecognition
A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognized (i.e., removed from the consolidated statement of financial position) when:
- The rights to receive cash flows from the asset have expired.

Or
- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognize the transferred asset to the extent of its continuing involvement. In that case, the Group also recognizes an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Impairment of financial assets
The Group recognizes an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive,

discounted at an approximation of the original effective interest rate.
The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognized in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For trade receivables and contract assets, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognizes a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

Further disclosure relating to impairment of trade receivables, including contract assets is also provided in Notes 5.4.2 'Credit Risk'.

From a financial point of view, the Group considers a financial asset in default when contractual payments are 30 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Financial liabilities

Initial recognition and measurement

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, loans and borrowings including bank overdrafts.

Subsequent measurement

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.

Derecognition

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

Offsetting of financial instruments

Financial assets and financial liabilities are offset, and the net amount is reported in the consolidated statement of financial position if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, to realize the assets and settle the liabilities simultaneously.

K) INVENTORIES

Inventories are valued at the lower of cost and net realizable value.

Costs incurred in bringing each product to its present location and condition are accounted for, as follows:

- Raw materials (Fuel inventory): purchase cost on a first-in/first-out (FIFO) basis.
- Finished goods (Parts inventory): cost of direct materials including shipping and freight on a weighted average cost basis.

Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

L) CASH POSITION (INCLUDES 'CASH AND CASH EQUIVALENTS' AND 'BANK OVERDRAFT')

Cash and cash equivalents are comprised of cash on hand, deposits held at call with banks, other short-term highly liquid investments.

M) 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.

N) 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.

O) PROVISIONS

General

Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.
When the Group expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognized as a separate asset, but only when the reimbursement is virtually certain.
The expense relating to a provision is presented in the statement of profit or loss net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost.

Onerous contracts
If the Group has a contract that is onerous, the present obligation under the contract is recognized and measured as a provision. However, before a separate provision for an onerous contract is established, the Group recognizes any impairment loss that has occurred on assets dedicated to that contract.

An onerous contract is a contract under which the unavoidable costs (i.e., the costs that the Group cannot avoid because it has the contract) of meeting the obligations under the contract exceed the economic benefits expected to be received under it. The unavoidable costs under a contract reflect the least net cost of exiting from the contract, which is the lower of the cost of fulfilling it and any compensation or penalties arising from failure to fulfill it.

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

P) EMPLOYMENT BENEFITS

General
Certain employee benefits provisions, except for the provision for vacation leave, are based on actuarial calculations. For the key actuarial assumptions please see note 5.5.7.1. The independent and qualified actuary obtained sufficient information in order to perform the valuations.

Post-employment benefits
All the post-employment benefit plans within the Group are defined benefit plans. With the exception of the pension plan which was changed to a Defined Contribution plan as per January 1, 2018. The post-employment benefit accounting costs are assessed using the projected unit credit method. Under this method, the cost of providing post-employment benefits 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 post-employment benefit obligation is measured as the present value of the estimated future cash outflows using market yield of high quality USD denominated corporate bonds, 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.

Below follows a description of the different post-employment plans applicable to the Group:

APC Pension plan
Certain employees of the Group (ex-civil servants) participate in a pension plan administered at Algemeen Pensioenfonds van Curaçao (APC). The pension plan administered by APC is a multi-employer defined benefit plan. In 2015 certain changes were made to the pension plan effective January 1, 2017. These changes include calculation of the pension as a fixed percentage of the career-average salaries versus average salaries of the last two calendar years of service, and an increase of the pension age to 65. 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 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. As per National Decree of July 12, 1995 it was stipulated that the legal entity that was the last to employ the person concerned, is responsible for payment of the supplementary pension. This plan is unfunded.

Vidanova pension plan
The employees of the Group that do not participate in the APC pension plan, participate in a multi-employer defined contribution plan (Vidanova) in which

it is compulsory for all employees to participate if and when they comply with all the required conditions. The pension plan is generally funded by payments from employees and by the employers, taking into account recommendations of independent qualified actuaries. A level premium contribution is charged as an advance for the defined contribution 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.

Regarding the active members of the plan, sufficient information is available to account for the Companies' proportionate share of the defined contribution 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.

APC Early retirement benefit ('VUT')
In the National Ordinance of December 27, 1995, it is stipulated that the civil servants have the option of filing a request with the Governor to retire from service at the age of 55. The resulting liability due to early retirement of persons for the period in which these early retired persons are between the age of 55 and 60 years will be borne by the legal entity that was the last to employ 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 Board of Managing Directors (BMD). The BMD decides whether the employee's request will be honored. Given the changes in Aqualectra's pension plan, all early retirement requests were placed on hold by Management, pending a resolution how this plan will be aligned with the new pension age and plan.

AOV/BVZ compensation
Based on a protocol signed in 2017 and renegotiated in 2018, employees reaching 60 years of age during coming years, up to and including 2023, will have the choice to retire at 60 years or continue working until they reach 65 years of age. This stems from the change of the age at which a citizen of Curaçao is eligible for a general pension grant (Algemene

Ouderdomsvoorziening – AOV). In 2013, the lawful age at which a citizen could apply for this grant was changed from 60 to 65 years. Given the strategic goal of Aqualectra to increase efficiency by investing in sophisticated applications and consequently reducing the number of FTE's, it was negotiated with the Unions that the age of 60 will be maintained for the employees of Aqualectra as retirement age. Up to and including 2023, employees reaching 60 years will have the choice to retire or continue working until 65 years of age. Acknowledging the fact that those retiring at age 60, will be disadvantaged as they will only receive the general pension grant when they reach age 65, the BMD agreed with the Unions that the gap will be duly compensated. The Provision AOV/BVZ compensation aims at bridging the gap caused by:

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

Provision retirement stimulation

Based on a protocol signed with the Unions in 2017 and renegotiated in 2018, employees reaching 60 years of age during coming years, up to and including 2023, will have the choice to retire at 60 years or continue working until they reach 65 years of age. This stems from the change of the age at which a citizen of Curaçao is eligible for a general pension grant (Algemene Ouderdomsvoorziening – AOV). In 2013, the lawful age at which a citizen could apply for this grant was changed from 60 to 65 years. Given the strategic goal of Aqualectra to increase efficiency by investing in sophisticated applications and consequently reducing the number of FTE's, it was negotiated with the Unions that the age of 60 will be maintained for the employees of Aqualectra as retirement age. Up to and including 2023, employees reaching 60 years will have the choice to retire or continue working until 65 years of age. As an incentive to motivate this group of employees to choose to retire at 60 (based on Aqualectra's strategic choice to lower the number of FTE's), the BMD negotiated a departure bonus with the Unions. The Provision Retirement Stimulation has been recorded to account for these future expenses.

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 would be compensated to a certain extent for their medical costs.

Effective August 1, 2014, with the implementation of the basic health-care insurance (Basisverzekering Ziektekosten, BVZ), changes were made to the health coverage plan for the retired personnel. The 2% contribution is no longer applicable, and to partially compensate the employees for the additional costs of BVZ effective retirement date, the Group contributes 3% of the retired employee's pension to the 'Sociale Verzekeringsbank' (SVB).

Other long-term employee benefits
The Group's net obligation in respect of other long-term employee benefits is the amount of future benefit that employees have earned 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 occur.

Anniversary bonus
According to the collective labor agreements of Aqualectra Distribution and Aqualectra Production, employees are entitled to an anniversary bonus linked to the number of years of service. The employees of Integrated Utility Holding N.V. (excluding the CEO) are also entitled to an anniversary bonus linked to the number of years of service.

Q) REVENUE FROM CONTRACTS WITH CUSTOMERS

Aqualectra is Curaçao's utility company responsible for the production and distribution of power and water as well as for the delivery of accompanying services. Revenue from contracts with customers is recognized when control of the services is transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those services. The Group has generally concluded that it is the principal in its revenue arrangements, because it typically controls the services before transferring them to the customer.

There are no significant accounting judgments, estimates or assumptions relating to revenue from contracts with customers.

Water & electricity sales
Aqualectra can recognize the revenue upon usage of electricity or water by the customer. The electricity represents one performance obligation and water another performance obligation which are satisfied over time. The transaction prices differ between water and electricity and are categorized by type of customer. The transaction price is adjusted monthly and made public.

Pagatinu
The amount collected for Pagatinu is recognized as a revenue as soon as the customers pay for the electricity. The customer pays for the electricity in advance and Aqualectra provides the customers with electricity (performance obligation) over time equal to the value of the amount paid. The transaction price is charged based on the amount of kWh sold. The aforementioned is not in line with IFRS 15, however the effect is immaterial.

Connection fees, fines charges and miscellaneous income
Aqualectra can recognize connection fees, as revenue when the corresponding performance obligation is satisfied. Revenue from fines charged and miscellaneous income can be recognized after invoicing to the customer. The performance obligations related to these revenues is the (re)connection of water and/or electricity and the transaction prices are fixed.

Rental of water meters, buildings and poles
The revenue recognition is through passage of time. The performance obligation for the rentals is the rights to use the water meter, buildings and poles and the transaction prices are fixed.

KVA Allowance
Aqualectra can recognize the transaction prices as revenue when the corresponding performance obligation is satisfied which is through passage of time. The performance obligation is installation of the solar panels in order to generate renewable electricity in combination with a connection to the electricity network. A fixed fee is charged per kW(p) periodically.

Services related to streetlights, sales and distribution, Selikor and Aquadesign
Revenue for these services can be recognized after the completion of the service. The revenue of Selikor is recognized after invoicing the customers and of Aquadesign is recognized upon providing ADNV with electricity.

The performance obligation is receiving the services to streetlights, installation and removal of spotlights, invoicing of customers on behalf of Selikor and the provision of electricity to Aquadesign. The transaction price is fixed.

Several/extraordinary income
Aqualectra can recognize the transaction prices as revenue after the items and/or assets are sold and after the inspection cards are given out by Aqualectra. The transaction prices of the fixed assets and inventory sold by Aqualectra are determined specifically for each item. The transaction price for the inspection cards is fixed.

Additional disclosure with regard to the group's revenue from contracts with customers is provided in note 5.6.1.

R) 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.

S) TAXES
Current profit tax
Current profit 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 substantively 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 using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognized for all taxable temporary differences, except:
- When the deferred tax liability results from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.
- In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognized for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses.
Deferred tax assets are recognized to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized except:
- When the deferred tax asset relating to the deductible temporary difference results from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss
- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Unrecognized deferred tax assets are re-assessed at each reporting date and are recognized to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are 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 the reporting date.

Deferred tax relating to items recognized outside profit or loss is recognized outside profit or loss. Deferred tax items are recognized in correlation to the underlying transaction either in OCI or directly in equity.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Tax benefits acquired as part of a business combination, but not satisfying the criteria for separate recognition at that date, are recognized subsequently if new information about facts and circumstances change. The adjustment is either treated as a reduction in goodwill (as long as it does not exceed goodwill) if it was incurred during the measurement period or recognized in profit or loss.

T) CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

New standards, amendments and interpretations effective in 2019

The Group applied IFRS 16 Leases for the first time. The nature and effect of the changes as a result of adoption of this new accounting standard is described below.

Several other amendments and interpretations apply for the first time in 2019, but do not have an impact on the consolidated financial statements of the Group. The Group has not early adopted any standards, interpretations or amendments that have been issued but are not yet effective.

IFRS 16 Leases

IFRS 16 supersedes IAS 17 Leases, IFRIC 4 Determining whether an Arrangement contains a Lease, SIC-15 Operating Leases-Incentives and SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to recognize most leases on the balance sheet.

Lessor accounting under IFRS 16 is substantially unchanged from IAS 17. Lessors will continue to classify leases as either operating or finance leases using similar principles as in IAS 17. Therefore, IFRS 16 does not have an impact for leases where the Group is the lessor.

The Group adopted IFRS 16 using the modified retrospective method of adoption with the date of initial application of January 1, 2019. Under this method, the standard is applied retrospectively with the cumulative effect of initially applying the standard recognized at the date of initial application. The Group elected to use the transition practical expedient to not reassess whether a contract is, or contains, a lease at January 1, 2019. Instead, the Group applied the standard only to contracts that were previously identified as leases applying IAS 17 and IFRIC 4 at the date of initial application. The Group also elected to use the recognition exemptions for lease contracts that, at the commencement date, have a lease term of 12 months or less and do not contain a purchase option (short-term leases), and lease contracts for which the underlying asset is of low value (low-value assets). Another practical expedient applied regards the discount rate whereby a single discount rate is applied to a portfolio of leases with reasonably similar characteristics (e.g., leases with a similar remaining lease term for a similar class of underlying asset in a similar economic environment). Finally, the Group elected to use hindsight, such as in determining the lease term if the contract contains options to extend or terminate the lease.

The effect of adoption IFRS 16, as at January 1, 2019 (increase/(decrease), is as follows:

	January 1, 2019
Assets	
Right-of-use assets	22,406
Total assets	22,406
Liabilities	
Interest-bearing loans and borrowings	22,406
Deferred tax liabilities	-
Total liabilities	22,406
Total adjustment on equity:	
Retained earnings	-

▲ Amounts in ANG x 1,000

The Group has ground lease contracts and a lease contract for an archive space. Before the adoption of IFRS 16, the Group classified each of its leases (as lessee) at the inception date as operating leases. Refer to Note 5.3 (f) Leases for the accounting policy prior to January 1, 2019.

Upon adoption of IFRS 16, the Group applied a single recognition and measurement approach for all leases except for short-term leases and leases of low-value assets. Refer to Note 5.3 (f) Leases for the accounting policy beginning January 1, 2019. The standard provides specific transition requirements and practical expedients, which have been applied by the Group.

Leases previously accounted for as operating leases

The Group recognized right-of-use assets and lease liabilities for those leases previously classified as operating leases, except for short-term leases and leases of low-value assets. The right-of-use assets for most leases were recognized based on the carrying amount as if the standard had always been applied, apart from the use of incremental borrowing rate at the date of initial application. In some leases, the right-of-use assets were recognized based on the amount equal to the lease liabilities, adjusted for any related prepaid and accrued lease payments previously recognized. Lease liabilities were recognized based on the present value of the remaining lease payments, discounted using the incremental borrowing rate at the date of initial application.

The Group also applied the available practical expedients wherein it:

- Used a single discount rate to a portfolio of leases with reasonably similar characteristics
- Relied on its assessment of whether leases are onerous immediately before the date of initial application
- Applied the short-term leases exemptions to leases with lease term that ends within 12 months of the date of initial application
- Excluded the initial direct costs from the measurement of the right-of-use asset at the date of initial application
- Used hindsight in determining the lease term where the contract contained options to extend or terminate the lease IFRS

Standards issued but not yet effective
The new and amended standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Group's financial statements are disclosed below. The Group intends to adopt these new and amended standards and interpretations, if applicable, when they become effective.

Amendments to IFRS 3: Definition of a Business (effective January 1, 2020)
In October 2018, the IASB issued amendments to the definition of a business in IFRS 3 Business Combinations to help entities determine whether an acquired set of activities and assets is a business or not. They clarify the minimum requirements for a business, remove the assessment of whether market participants are capable of replacing any missing elements, add guidance to help entities assess whether an acquired process is substantive, narrow the definitions of a business and of outputs, and introduce an optional fair value concentration test. New illustrative examples were provided along with the amendments.

Since the amendments apply prospectively to transactions or other events that occur on or after the date of first application, the Group will not be affected by these amendments on the date of transition.

Amendments to IAS 1 and IAS 8: Definition of Material (effective January 1, 2020)
In October 2018, the IASB issued amendments to IAS 1 Presentation of Financial Statements and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors to align the definition of 'material' across the standards and to clarify certain aspects of the definition. The new definition states that, 'Information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity.'

The amendments to the definition of material is not expected to have a significant impact on the Group's consolidated financial statements.

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. During 2019 the Risk Management Committee did not engage in risk monitoring activities through the Risk Committee but discussed risk matters in the general setting.

5.4.1_Market risk

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, 2019	**USD**	**EURO**
Financial assets		
Cash & cash equivalents	-	-
Financial liabilities		
Trade accounts payable	(5,976)	(1,398)
Total currency of denomination	(5,976)	(1,398)
Total currency in ANG	**(10,876)**	**(2,852)**

Amounts x 1,000

Monetary assets and liabilities by currency of denomination Foreign currency exposures per December 31, 2018	**USD**	**EURO**
Financial assets		
Cash & cash equivalents	110	15
Financial liabilities		
Trade accounts payable	(20,384)	(1,027)
Total currency of denomination	(20,274)	(1,012)
Total currency in ANG	**(36,899)**	**(2,105)**

▲ Amounts x 1,000

There is a fixed exchange rate between 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 schedule below:

	Dec 31, 2019	**Dec 31, 2018**
Total EURO purchase orders made in EURO	1,650	1,103
Total EURO purchase orders made in ANG	3,348	2,289
Average EURO rate	2.0294	2.0752
Foreign exchange (profit)/loss on EURO transactions in ANG	(223)	(519)
Outstanding EURO trade payables in EUR per year end	1,398	1,027
Outstanding EURO trade payables in ANG per year end	2,847	2,136
Exchange rate per year end	**2.04**	**2.08**

▲ Amounts x 1,000

The Group's policy is to regularly review the significant risks resulting from foreign exchange rate exposure and when appropriate, to hedge significant foreign currency transactions at the point the commitment is entered into, by purchasing the foreign currency and / or limiting the period that commitments in foreign exchange rates are exposed to foreign exchange risk. Cash flow constraints combined with the immateriality of foreign exchange risk per transaction, led to Management's decision to put the aforementioned policies on hold during 2019 and 2018.

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, 2019 and as of December 31, 2018.

	Carrying amount per Dec. 31, 2019		Sensitivity analysis of an exchange rate change of:	
			-10% change (*)	**+10% change (*)**
Outstanding trade accounts payable	EUR 1,398	ANG 2,852	(ANG 285)	ANG 285 (**)
Impact on the profit and loss account			(ANG 285)	ANG 285 (**)

▲ Amounts in ANG x 1,000

(*) A -10% change means a strengthening of the ANG compared to the EUR: 1 EUR: ANG 1.833/ 1 ANG: EUR 0.5456. A +10% change means a weakening of the ANG compared to the EUR: 1 EUR: ANG 2.240/ 1 ANG: EUR 0.4464.

	Carrying amount per Dec. 31, 2018		Sensitivity analysis of an exchange rate change of:	
			-10% change (*)	**+10% change (*)**
Outstanding trade accounts payable	EUR 1,027	ANG 2,136	(ANG 214)	ANG 214 (**)
Impact on the profit and loss account			(ANG 214)	ANG 214 (**)

▲ Amounts in ANG x 1,000

(*)A -10% change means a strengthening of the ANG compared to the EUR: 1 EUR: ANG 1.872/ 1 ANG: EUR 0.5342. A +10% change means a weakening of the ANG compared to the EUR: 1 EUR: ANG 2.288 / 1 ANG: EUR 0.4371

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

5.4.1.2_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. 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, 2019	Dec 31, 2018	Interest rate Dec 31, 2019	Interest rate Dec 31, 2019	Remark
Loan Diesel power plant ISLA	-	2,535	5.00%	5.00%	Fixed
Loan MJP	13,885	13,885	2.50%	2.50%	Fixed
Current maturities of long term loans	(12,527)	(13,612)			
	1,358	**2,808**			
Corporate Bond	-	97,079	4%	4%	Fixed
Current maturities	-	(97,079)			
	-	**-**			
MCB/FCIBC Bank loan facility	285,000	160,000	3.75%	3.75	Fixed for 5 years
Current maturities	(14,250)	-			
	270,750	**160,000**			
Total financial liabilities	**272,108**	**162,808**			

▲ Amounts in ANG x 1,000

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 2019 and 2018.

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 retrospectively on January 1, 2011. All shortfalls in the fuel component due to the late implementation are charged via the recovery component.

	Realized 2019	Realized 2018	Variance	% Variance
AVG FUEL PRICES PER UNIT in ANG				
Fuel usage GO - MN	1,004	1,025	(21)	-2%
Fuel usage MFO - DW	903	914	(11)	-1%
Fuel usage MGO - DW	1,019	1,247	(228)	0%
Fuel usage IFO DPP ISLA	826	865	(39)	-4%
Fuel usage MDO - DPP ISLA	960	964	(4)	0%
FUEL USAGE Quantity in ton/m^3				
Fuel usage GO - MN m^3	36,054	30,434	5,620	18%
Fuel usage MFO - DW ton	14,401	27,597	(13,196)	-48%
Fuel usage MGO - DW ton	87,803	38,878	48,925	0%
Fuel usage IFO DPP ISLA ton	23,102	24,760	(1,658)	-7%
Fuel usage MDO - DPP ISLA m^3	680	287	393	137%
FUEL USAGE ANG (*1000)				
Fuel usage GO - MN	36,205	31,195	5,010	16%
Fuel usage MFO - DW	13,011	25,230	(12,219)	-48%
Fuel usage MGO - DW	89,428	48,479	40,949	0%
Fuel usage IFO DPP ISLA	19,085	21,413	(2,328)	-11%
Fuel usage MDO - DPP ISLA	653	277	376	136%
Total fuel usage in ANG	**158,382**	**126,594**	**31,787**	**25%**

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 appears when billing customers for the delivery of electricity and water and of other types of services rendered by the Group. Significant financial difficulties of customers (e.g. the probability that the customer will enter bankruptcy or financial reorganization) and or default payments are considered credit risk indicators.
Credit risk losses result in a provision being created for uncollectible amounts, which is based upon previously established collection patterns and historical analyses.

Credit risk within the Group also results from cash and cash equivalents 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, 2019 the Group has cash balances placed at 7 reputable banking institutions (2018:8).

The credit risk management within the Group entails:
- Assessment of the credit quality of retail customers by the Customer Relations Department, taking into account the past experiences with the customer, the customer's financial position and other factors;
- Collection procedures for outstanding invoices to customers;
- Revenue protection program (e.g. discontinuation of the delivery of electricity and water or replacement of an electricity meter with a Pagatinu meter).
- The placing of banks under a moratorium which led to Aqualectra's funds being frozen.

A high risk group within the trade accounts receivable is the inactive group. These clients have closed their accounts and the Group has procedures in place to avoid these customers from reopening the account elsewhere or under another name. Inactive accounts are 100% provided for. The maximum exposure and categorization of the assets which are exposed to credit risk are set out in the table below.

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:

December 31, 2019	**Trade Receivables - Days past due**						
	0-30 days	**30-60 days**	**61-90 days**	**90-180 days**	**181-365 days**	**> 365 days**	**Total**
Expected credit loss rate	6.6%	14.3%	26.9%	32.5%	41.6%	93.5%	53.4%
Expected total gross carying amount at default	60,329	11,690	5,889	17,426	21,083	100,820	217,237
Expected credit loss	3,966	1,675	1,582	5,662	8,765	94,251	115,901

December 31, 2018	**Trade Receivables - Days past due**						
	0-30 days	**30-60 days**	**61-90 days**	**90-180 days**	**181-365 days**	**> 365 days**	**Total**
Expected credit loss rate	5.5%	12.9%	27.3%	37.2%	50.1%	100.0%	54.1%
Expected total gross carying amount at default	63,567	10,895	6,454	13,831	11,579	87,179	193,506
Expected credit loss	3,485	1,403	1,760	5,144	5,798	87,179	104,770

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 takes the necessary measures to either adapt cash inflows or cash outflows. In broad terms, Management uses long-range projections for a maximum of five years, which has been approved by the Group's BSD. The Group updates the cash flow planning for a period of 12 months, on a weekly basis and uses this cash flow planning for control purposes.

With adequate and timely tariff adjustments and prudent reduction in operating expenses, the company is expected to continue making profit, contributing to a positive operating cash flow. Based on the approved 2020 budget and forward looking projection, the cash flow generated from operations together with third party financing, will guarantee the realization of the necessary investments included in the budget, if past under coverages are duly recovered.

The liquidity status as per December 31, 2019 and as per December 31, 2018 is shown below:

Liquidity status	**Dec 31, 2019**	**Dec 31, 2018**
Funds encumbered 1 < years < 5	720	1,473
Available cash & cash equivalents at banks	36,866	70,599
Total credit facilities	**37,586**	**72,072**

Amounts in ANG x 1,000

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

All amounts are the undiscounted cash flows:

Long term loans and other non current liabilities	At December 31, 2019			At December 31, 2018		
	<1 year	>1 and <5 years	>5 years	<1 year	>1 and <5 years	>5 years
Corporate bonds	-	-	-	102,667	-	-
Loan Isla Dieselcentrale	-	-	-	2,535	-	-
Loan MJP	12,527	1,358	-	7,124	7,396	-
Loan MCB/FCIB	14,250	57,000	213,750	7,098	95,769	264,443
	26,777	**58,358**	**213,750**	**119,423**	**103,165**	**264,443**

▲ Amounts in ANG x 1,000

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	Target	Dec 31, 2019	Dec 31, 2018
Debt service coverage ratio (DSCR)	>1.45	1.24	0.66
Adjusted debt service coverage ratio (ADSCR)	>1.15	0.79	0.47
Debt/EBITDA ratio (D/E)	<8.5	2.77	2.25
Current ratio (CR)	>1.00	1.42	0.76
Solvency ratio (SR)	>30%	42%	40%

▲ Amounts in ANG x 1,000

The non-compliance of DSCR and ADSCR are related to the large repayments of the CBCS bonds that were refinanced with the new MCB/CIBC loan. Neutralized for these transactions, the DSCR and ADSCR would have been in compliance. Compliance with the DSCR is part of the financial covenants included in the loan agreement for the MCB/CIBC loan. However, the lenders were aware of the effect of the non-compliance at the end of 2019 due to the one-time repayments prior to entering into the transaction, and issued a letter confirming this.

5.5 <Explanatory notes to the statement of financial position>

5.5.1_Intangible Assets

The schedule below reflects the acquisitions of intangible assets (licenses and directly attributable cost of preparing the asset for its intended use) during the period:

	Dec 31, 2019	Dec 31, 2018
Intangible assets		
Cost Jan 1	58,975	47,575
Accumulated amortization	(2,293)	-
Book value January 1	56,682	47,575
Additions	110	11,400
Amortization - current year	(3,939)	(2,293)
Cost December 31	59,085	58,975
Accumulated amortization	(6,231)	(2,293)
Balance at end of year	**52,854**	**56,682**

Amounts in ANG x 1,000

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. The new ERP system was implemented at the start of 2018 at which point amortization started.

5.5.2_Property, Plant and Equipment

The table below provides an overview of the property, plant and equipment as per December 31, 2019 and as per December 31, 2018:

	Cost	Accum. depr.	Book value	Additions	Disposals
	1-Jan-19	**1-Jan-19**	**1-Jan-19**	**2019**	**2019**
Communication network	19,325	18,319	1,006	656	-
Land and Buildings	222,620	145,848	76,772	3,939	-
Production Plants	289,982	161,255	128,728	16,381	-
Distribution network	732,802	466,361	266,441	12,671	-
Metering network	47,306	25,526	21,781	467	-
Industrial Equipment & Accessories	4,328	2,745	1,583	8	-
Other assets	14,871	10,851	4,020	211	-
Spare parts	10,015	7,559	2,456	-	-
Work in progress	92,424	-	92,424	11,674	(6)
	1,433,672	**838,462**	**595,210**	**46,008**	**(6)**

	Cost	Accum. depr.	Book value	Additions	Disposals
	1-Jan-18	**1-Jan-18**	**1-Jan-18**	**2018**	**2018**
Communication network	19,325	18,221	1,104	-	-
Land and Buildings	221,800	137,777	84,023	545	-
Production Plants	289,070	148,411	140,659	242	-
Distribution network	702,982	434,537	268,445	6,012	-
Metering network	34,230	22,798	11,432	286	-
Industrial Equipment & Accessories	3,637	2,447	1,190	249	-
Other assets	13,101	9,887	3,214	-	-
Spare parts	8,768	6,534	2,233	-	-
Work in progress	74,691	-	74,691	71,445	-
	1,367,605	**780,613**	**586,992**	**78,778**	**-**

Transfers	Reclass/adjust	Depreciation	Reclass/adjust	Cost	Accum. depr.	Book value
2019	**2019**	**2019**	**2019**	**31-Dec-19**	**31-Dec-19**	**31-Dec-19**
2,976	-	(134)	-	22,957	18,453	4,504
10,676	0	(7,294.58)	(0)	237,236	153,142	84,093
45,916	0	(12,267.97)	15	352,280	173,508	178,772
25,046	22	(33,219.40)	-	770,541	499,580	270,961
484	-	(3,571.33)	-	48,256	29,097	19,159
-	-	(329.94)	-	4,336	3,075	1,261
162	285	(4,944.10)	3,707	15,529	12,088	3,441
-	-1773		(15)	8,242	5,566	2,675
(85,260)	727	-	-	19,559	-	19,559
-	**(739)**	**(61,761)**	**3,707**	**1,478,935**	**894,509**	**584,426**

Amounts in ANG x 1,000

Transfers	Reclass/adjust	Depreciation	Reclass/adjust	Cost	Accum. depr.	Book value
2018	**2018**	**2018**	**2018**	**31-Dec-18**	**31-Dec-18**	**31-Dec-18**
-	-	(98)	-	19,325	18,319	1,006
336	(61)	(8,070)	-	222,620	145,848	76,772
2,932	(2,239)	(12,867)	-	289,982	161,255	128,728
26,387	(2,580)	(31,823)		732,802	466,361	266,441
12,790	-	(2,728)	-	47,306	25,526	21,781
608	(165)	(298)	-	4,328	2,745	1,583
-	1,770	(964)	-	14,871	10,851	4,020
-	1,247	(1,024)	-	10,015	7,559	2,456
(43,053)	(10,659)	-	-	92,424	-	92,424
-	**(12,687)**	**(57,873)**	**-**	**1,433,672**	**838,462**	**595,210**

Amounts in ANG x 1,000

5.5.3_Leases

Following the adoption of IFRS 16, lease Contracts and/or other contracts that qualify as the scope of leases as determined by the new Standards had to be capitalized. Aqualectra leases cars and land. The latter being governmental land leases. Furthermore, the power purchase agreement for the solar panels installed on the roofs of schools, qualified as a lease, when assessing it against the IFRS 16 requirements. The Group's obligations under its leases are secured by the lessor's title to the leased assets. Generally, the Group is restricted from assigning and subleasing the leased assets.

The lease term for of solar panels is currently between 1 and 2 years.
The remaining lease terms for cars is between 1 and 6 years, while the land leases are currently at 10 to 30 years remaining. There are several lease contracts that include extension and termination options. There are no leases with low value.

Set out below are the carrying amounts of right-of-use assets recognized and the movements during the period:

	Solar panels	Car lease	Ground lease	Total
Balance at December 31, 2018	-	-	-	-
Adjustment opening balance	4,769	3,500	14,137	22,406
Balance at January 1, 2019	4,769	3,500	14,137	22,406
Addition	-	1,020	-	1,020
Depreciation expense	(337)	(2,250)	(471)	(3,058)
Balance at December 31, 2019	**4,432**	**2,270**	**13,666**	**20,368**

Amounts in ANG x 1,000

Set out below are the carrying amounts of lease liabilities (included as non-current Liabilities) and the movements during the period:

	2019	2018
Balance at December 31, 2018	-	-
Adjustment opening balance	22,406	-
Balance at January 1, 2019	22,406	-
Accretion of interest	873	-
Payments	(2,444)	-
Balance at December 31, 2019	**20,836**	**-**

Amounts in ANG x 1,000

The following are the amounts recognized in profit or loss:

	2019	2018
Depreciation expense right-of-use assets	3,058	-
Interest expense on lease liabilities	873	-
Expense related to short-term leases (included in general expenses)	-	-
Total amount recognized in profit or loss	**3,931**	**-**

Amounts in ANG x 1,000

The total cash outflows for leases amounted to ANG 2.4 million in 2019. Aside from the opening balance adjustment to adopt IFRS 16, the Group had non-cash additions to right-of-use assets or lease liabilities in 2019. The are no future cash outflows relating to leases that have not yet commenced.

The Group has several lease contracts that include extension and termination options. These options are negotiated by management to provide flexibility in managing the leased-assets portfolio and align with the Group's business needs. Management exercises significant judgement in determining whether these extension and termination options are reasonably certain to be exercised (see Note 5.2).

All extension options were included in the lease term and termination options were excluded from the lease terms.

5.5.4_Inventories

A summary of inventories as per December 31, 2019 and as per December 31, 2018 is specified below:

	Dec 31, 2019	Dec 31, 2018
Materials and spare parts (net)	37,968	29,346
Fuel and lubricants	5,728	7,937
Water	561	483
Total inventories	**44,257**	**37,766**

Amounts in ANG x 1,000

	Dec 31, 2019	Dec 31, 2018
Balance at beginning of the year	**(12,666)**	**(24,808)**
Release	3,547	12,142
Balance at end of the year	**(9,119)**	**(12,666)**

Amounts in ANG x 1,000

5.5.5_Trade accounts receivable

The composition of trade accounts receivable as per December 31, 2019 and as per December 31, 2018 is as follows:

	Dec 31, 2019	Dec 31, 2018
Residential Customers	97,805	85,307
Commercial Customers	48,594	43,418
Industrial Customers	32,708	31,148
Street Light Customers	5,337	1,552
Government Customers	9,577	8,778
Billing cycle to be invoiced	23,069	23,154
Other	149	148
	217,237	**193,506**
Provision for bad debts	(115,901)	(104,770)
	(115,901)	**(104,770)**
Total trade accounts receivable	**101,336**	**88,736**

Amounts in ANG x 1,000

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

	Dec 31, 2019	Dec 31, 2018
Balance at beginning of the year	**(104,770)**	**(88,310)**
Effect of adoption of IFRS 9	-	13,848
Adjusted balance at beginning of the year	(104,770)	(74,462)
Additions	(11,131)	(30,308)
Balance at end of the year	**(115,901)**	**(104,770)**

Amounts in ANG x 1,000

5.5.6_Financial Liabilities

The summary below provides insight in outstanding long-term loans as per December 31, 2019 and as per December 31, 2018:

	Dec 31, 20019	Dec 31, 2018
Loan Meerjarenplan (MJP)	13,885	13,885
Loan Diesel Power Plant ISLA	-	2,534
Loan CIBC / MCB facility Tr-1A	285,000	160,000
	298,885	176,419
Current maturities of long-term loans	(26,777)	(13,610)
Total Financial liabilities	**272,108**	**162,809**

Amounts in ANG x 1,000

Loan 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 of which approximately 50% was to be donated. For the remaining 50% a loan agreement was signed in November 1991 for a maximum amount of ANG 39 million. Because funding by KABNA was stopped in 1996, only ANG 26.3 million was drawn. After a grace period of 8 years, repayment was scheduled to start in December 2000 by 22 annual annuities.

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

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 was covered by the monthly IUH N.V. installments. The amount was fully repaid in 2019.

Loan CIBC/MCB facility
On November 14, 2018, a facilities agreement was signed with Maduro & Curiel's Bank N.V. (MCB) and CIBC First Caribbean Bank (CIBC) for ANG 375 million (of which ANG 325 is committed). The first tranche of ANG 160.0 million was made available on December 28, 2018. The second tranche was disbursed on December 13, 2019. The loan bears interest of 3.75% per annum which is fixed for 5 years. As secured collateral, the banks have a deed of mortgage on registered property, deed of pledge of movable assets, deed of pledge of receivables and a declaration of non-disposal and negative pledge. During 2019 only interest of 3.75% was paid quarterly, hereafter the annual annuities will be paid during March 2020 through December 2028.

5.5.7_Provisions

The provisions as per December 31, 2019 and as per December 31, 2018 can be divided in the following categories:

	Dec 31, 2019	Dec 31, 2018
Provisions employee benefits	65,484	70,499
Other provisions	6,131	6,131
Total provisions	**71,615**	**76,630**

Amounts in ANG x 1,000

5.5.7.1_Provisions employee benefits

The provision for employee benefits as per December 31, 2019 and as per December 31, 2018 is specified below:

	Dec 31, 2019	Dec 31, 2018
Provision medical costs retired employees	8,476	7,304
Provision supplementary pension APC (DT)	11,724	9,965
Provision early retirement benefit (VUT)	327	1,163
Provision anniversary bonus	16,060	14,318
Provision AOV/BVZ compensation	16,163	16,892
Provision vacation leave	3,345	3,386
Provision retirement stimulation	9,389	17,471
Total provisions	**65,484**	**70,499**

Amounts in ANG x 1,000

The calculations of the provisions, except vacation leave, are based upon actuarial assumptions. The key assumptions for each plan are included in the table below.

Actuarial assumptions

	2019	2018	Applicable for
Indexation	0%	2%	Medical, AOV/BVZ, VUT, DT and Early Retirement stimulation
Inflation	0%	2%	Medical, AOV/BVZ, VUT, DT and Early Retirement stimulation
Turnover	1%	0%	Medical, AOV/BVZ and Early Retirement stimulation
Salary increases	2%	3%	Anniversary and Early retirement plan

Mortality	2019	2018
Male	GBM0813	AG2014
Female	GBV0813	AG2014

Retirement age for 2019 and 2018	
Probability to retire at age 60	85%
Probability to retire at age 65	15%

5.5.8_Corporate Bonds IUH N.V.

On December 28, 2009 the Group issued through the Central Bank of Curaçao and St. Maarten the tranche 1a of the Aqualectra Corporate Bonds with a nominal amount of ANG 300,045,000 and a coupon rate of 4%. The purpose of the issue of the first tranche was to refinance the existing loans and liabilities. The remaining balance was repaid in conformity with the repayment agreement with the CBCS on December 28, 2019.

	Dec 31, 2019	Dec 31, 2018
Current maturity	-	113,417
Amortization discount on bonds	-	(16,338)
Net value Corporate bonds	-	**97,079**

Amounts in ANG x 1,000

5.5.9_Trade accounts payable

The Table below provides an overview of the Trade accounts payable per Company as per December 31, 2019 and as per December 31, 2018:

	Dec 31, 2019	Dec 31, 2018
Curoil	30,877	17,658
PDVSA	-	6,695
Local suppliers	15,956	21,092
Foreign suppliers	6,022	35,107
Government institutions	4,659	3,395
Advanced payments received from clients	10,250	7,036
Other accounts payable	95	31
Total accounts payable	**67,859**	**91,014**

Amounts in ANG x 1,000

5.6 <Explanatory notes to the statement of comprehensive income>

5.6.1_Revenue from contract with customers

The total revenues are presented below:

December 31, 2019	**Services**							
	Water & electricity sales and KVA Allowance	Pagatinu	Connection fees, fines charges and miscellaneous income	Rental of water meters	Rental of buildings and poles	Services related to streetlights, sales and distri-bution, Selikor and Aquadesign	Other revenue	Total
Revenue from contract with customers	**459,613**	**55,515**	**1,186**	**512**	**132**	**9,637**	**1,368**	**527,963**
Timing of revenues reciognition:								
Services transferred at a point in time	-	-	1,186	-	-	5,027	1,374	7,587
Service transferred over time	459,613	55,515	-	512	132	4,696	-	520,468
Total revenue from contract with customers	**459,613**	**55,515**	**1,186**	**512**	**132**	**9,723**	**1,374**	**528,055**

▲ Amounts in ANG x 1,000

December 31, 2018	**Services**							
	Water & electricity sales and KVA Allowance	Pagatinu	Connection fees, fines charges and miscellaneous income	Rental of water meters	Rental of buildings and poles	Services related to streetlights, sales and distri-bution, Selikor and Aquadesign	Other revenue	Total
Revenue from contract with customers	**435,362**	**50,051**	**2,051**	**499**	**207**	**7,896**	**1,113**	**497,179**
Timing of revenues reciognition:								
Services transferred at a point in time	-	-	2,051	-	-	3,267	1,113	6,431
Service transferred over time	435,362	50,051	-	499	207	4,629	-	490,748
Total revenue from contract with customers	**435,362**	**50,051**	**2,051**	**499**	**207**	**7,896**	**1,113**	**497,179**

▲ Amounts in ANG x 1,000

5.6.2_Direct costs production

Direct cost production is specified below:

	Dec 31, 2019	Dec 31, 2018
Fuel usage	158,382	126,594
Chemicals	5,623	4,001
Lubrication	6,144	3,490
Purchase of water & electricity	19,738	18,850
Other direct cost of production	885	1,326
Purchase of electricity from CUC	1,794	8,548
Purchase of electricity from wind farms	40,206	42,713
Total direct costs production	**232,771**	**205,522**

▲ Amounts in ANG x 1,000

	Dec 31, 2019	Dec 31, 2018
IUH DPP element	8,856	8,621
IUH Fuel element	4,304	4,264
IUH Extension element	54	76
Temporary Diesel Power Plant	2,866	5,467
Differences in water levels	-	21
Total other direct costs of sale	**16,080**	**18,449**

▲ Amounts in ANG x 1,000

Direct costs of production include an amount of ANG 13,215 million (2018: ANG 12,961 million) 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 million has to be paid on a yearly basis until the year 2019. Since 2011 the extension element is being paid by RdK, as result of the transfer of the CUC shares to RdK.
The amount mentioned increases yearly with the consumer index.
This agreement covers the construction costs of a Diesel Power Plant and consists of a fuel and extension component.

The expenses for the power and water purchase agreements desalination plant and the wind park, and temporary diesel power plant 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:

	Dec 31, 2019	Dec 31, 2018
Salaries	57,822	60,594
Overtime	3,638	6,404
Social securities	22,015	23,500
Other personnel expenses	7,410	(919)
Total salaries, social securities and other personnel expenses	**90,885**	**89,579**

Amounts in ANG x 1,000

The development in the labor force during 2019 and 2018 was as follows:

Labor force	Aqualectra N.V.	Integrated Utility Holding N.V.	Aqualectra Multi Utility N.V.	Total
12/31/2018	615	2	1	618
12/31/2019	594	2	1	597
Net Increase/decrease	**(21)**	**0**	**0**	**(21)**

	Dec 31, 2019	Dec 31, 2018
Release on provision pension plan	-	88,276
Other (post) employment benefits (net)	4,865	883
Total salaries, social securities and other personnel expenses	**4,865**	**89,159**

Amounts in ANG x 1,000

5.6.4_Parts, repairs and maintenance

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

December 31, 2019	Parts	Services	Other	Total
Electricity	16,272	4,745	-	21,017
Water	1,329	6,600	-	7,929
Other assets & facilities	94	744	-	838
General	954	8,953	-	9,907
Other material usage expense	-	-	3,994	3,994
Other service expense	-	-	156	156
Provision for obsolete inventory			(3,547)	(3,547)
Total Parts, Repair & Maintenance Expenses	**18,649**	**21,042**	**603**	**40,294**

Amounts in ANG x 1,000

December 31, 2018	Parts	Services	Other	Total
Electricity	39,446	4,506	-	43,952
Water	1,309	4,094	-	5,403
Other assets & facilities	13	1,108	-	1,121
General	619	12,887	-	13,506
Other material usage expense	-	-	3,125	3,125
Other service expense	-	-	4,217	4,218
Provision for obsolete inventory	-	-	(12,142)	(12,142)
Total Parts, Repair & Maintenance Expenses	**41,387**	**22,595**	**(4,800)**	**59,183**

Amounts in ANG x 1,000

5.6.5_General expenses

General expenses are specified below:

	Dec 31, 2019	Dec 31, 2018
General expenses		
Housing and car fleet	5,744	7,323
Office expenses	4,979	4,417
Insurance and security	6,564	7,084
Consultancy	10,236	11,302
Communications and public relations	4,130	3,086
Regulation and compliance fees	1,250	2,500
Other expenses	(4,973)*	345
Supervision expenses	221	320
Total general expenses	**28,151**	**36,377**

Amounts in ANG x 1,000

*Various old and time-bared other liabilities were cleared, resulting in one-time miscellaneous gains in 2019.

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

5.6.6_Interest expenses

A breakdown of the interest expenses is as follows:

	Dec 31, 2019	Dec 31, 2018
Loan Meerjarenplan (MJP)	89	124
MCB/FCIB loan	6,169	-
CBCS Corporate Bonds	5,945	12,481
Loan Diesel Power Plant ISLA	69	195
Lease Liability	873	-
Other interest expenses	774	2,883
Total Finance cost	**13,920**	**15,683**
Interest income	(92)	(144)
Total finance income	**(92)**	**(144)**
Total Financial costs (net)	**13,828**	**15,539**

Amounts in ANG x 1,000

5.6.7_Commitments and Contingencies

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 of Curaçao.

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

The Government of the Country of Curaçao allowed the Group to allocate the unrecovered amounts of the fuel and other direct costs in a so-called Regulatory Account through 2005. In the table below the under coverage of the years 2006 through 2010 has been processed anticipating that the Government of the Island of Curaçao would approve the allocation of the remainder under coverage of the years 2006 throughout 2010 to the Regulatory Account. The table shows is a breakdown of the original amount of the under coverage, the recovered amount through the surcharge in the tariffs and the compensated amount by the Energy Fund referred to in the section below.

Years	Original amount	Recovered through tariffs	Compensated by Energy Fund	Balance to be compensated
2003-2004	41	(41)	-	-
2005	18	(1)	(17)	-
2006	26	(17)	(6)	3
2007	13	-	(2)	11
2008	74	-	-	74
2009	7	-	-	7
2010	9	-	-	9
Total	**188**	**(59)**	**(25)**	**104**

Amounts in ANG x million

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

In a resolution dated 17 November 2008, the Island Council determined that, as from that date, the Group can recover the under coverage 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 Regulator and the Government on the need for the recovery of the fuel under coverage 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.

IFRS does not allow recognition of the amounts in the Regulatory Account. Therefore, the amount in the Regulatory Account is treated as a Contingent Asset.

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 a 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 under coverage in 2005 and 2006.
An uncompensated balance of ANG 21,200,000 remained of which ANG 1,600,000 regards the period of January through September 2005 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 of Curaçao does not have the necessary funds to compensate the Group for the under coverage, the total outstanding amount has been provided for. In anticipation of the written approval of the Government of the Country of 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 through date.

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

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 Refineria di Korsou (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 Refineria di Kòrsou 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 of reaching a settlement agreement. Management is pursuing the solution of this matter.

5.7 <Subsequent Events>

In early January 2020, a human infection originating in China since 2019 was traced to a novel strain of coronavirus. The virus has subsequently spread to other parts of the world, including the U.S. and Europe, and has caused unprecedented disruptions in the global economy as efforts to contain the spread of the virus have intensified. On March 11, 2020, the World Health Organization officially declared this coronavirus outbreak (also referred to as COVID-19) a pandemic. Our business has been and will continue to be adversely affected by the coronavirus pandemic. Since March 17, 2020, the Government of Curaçao has announced various measures, including 'shelter-in place' and curfew orders and an almost complete economic lockdown as well as guidance in response to the pandemic and the need to contain it.

Being considered a 'vital' organization that provides first life necessities, Aqualectra had to continue operations although under different circumstances. The safety of our employees was placed first, triggering altered work procedures and schedules. After safeguarding the health and safety of the employees, safeguarding the continuity of the Company became of utmost importance. A Financial Impact Study was prepared on March 30th, projecting a material deficit at the end of 2020, if the same course was maintained.
This projection was based on reduced sales of water and electricity, deteriorating customers' payment behavior resulting in less cash inflow and was, offset by a robust cost and cash outflow reduction plan. The latter included various activities to reduce cost as well as postponement of various planned capital expenditures and request for payment deferrals from creditors and financiers. The Financial Impact Study and its consequences was presented to the Board of Supervisory Directors the Shareholder, the Regulator and the Lenders. Strategic

suppliers were approached to negotiate new payment terms while the BMD also approached the unions to discuss a personnel cost reduction plan.

The Government of Curaçao starting its de-escalation strategy on May 8, 2020, which immediately resulted in an increase of sales. Although positive, this increase may not be sustained when taking the negative economic conditions into account and a possible outbreak once borders are opened again.

Beside the measures taken by the BMD of Aqualectra to safeguard the Company and reduce its deficits, the Government of Curaçao also announced various measures to reduce personnel expenses in the semi-public sector and impose a crisis-levy to reduce the country's deficit. As it stands now and as analyzed by the Central Bank of Curaçao and St. Maarten, introducing these measures will adversely impact the island's economy. Worsening economic conditions reflect back on Aqualectra's ability to sell water and electricity and collect its invoiced sales. If not included in tariffs, these developments will have a negative impact on Aqualectra's financial performance for 2020.

The measures announced by the Government of Curaçao to reduce personnel expenses in the semi-public sector, may also have an impact on the provisions for (post-) employment benefits. Significantly reducing salaries may result in less provision as most of the plans are based on the salary of the employees. However, the exact measurements to be taken and instructions how these should be applied have not been formally communicated to Aqualectra yet.

Currently, a cash deficit of approximately NAf 10 million and a net operating loss of approximately NAf 5 million is projected at the end of 2020. Although significantly reduced by the cost and cash savings measures, this projected deficit is still not sustainable and must be further reduced. The BMD is currently working on cost reduction escalation measures. Based on the projections at hand, the financial ratios are expected to perform as follows:

Financial Ratio	**Target**	**2019**	**2020 (Budget)**	**2020 (Projection after COVID-19)**
EBITDA		85,113	107,277	52,199
DSCR	>1.45	1.24	4.43	3.61
ADSCR	>1.15	0.79	0.80	1.59
DEBT/EBITDA	<8.5	2.77	3.07	5.67
SOLVENCY	>30%	42%	46.2%	40%
CURRENT RATIO	>1	1.42	1.44	1.45

The duration of any business disruption and related financial impact cannot be reasonably estimated at this time but may materially affect our ability to operate our business and result in additional costs. The extent to which the coronavirus pandemic may impact our operating results, financial condition, and cash flows for 2020 and onwards will depend on future developments, which are highly uncertain and cannot be predicted as of the time of this financial statement, including new information that may emerge concerning the severity of the coronavirus and steps taken to contain it, among others.

There are no other noteworthy subsequent events.

_Independent Auditor’s Report

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

OPINION

The consolidated summary financial statements of Integrated Utility Holding N.V., which comprise the consolidated summary statement of financial position as at 31 December 2019, the consolidated summary statement of comprehensive income, consolidated summary statement of changes in shareholder's equity and consolidated summary statement of cash flows for the year then ended, and related notes, are derived from the audited consolidated financial statements of Integrated Utility Holding N.V. for the year ended 31 December 2019.

In our opinion, the accompanying consolidated summary financial statements are consistent, in all material respects, with the audited consolidated financial statements 2019 of Integrated Utility Holding N.V., in accordance with the notes to the consolidated summary financial statements.

CONSOLIDATED SUMMARY FINANCIAL STATEMENTS

The consolidated summary financial statements do not contain all the disclosures required by International Financial Reporting Standards. Reading the consolidated summary financial statements and the auditor's report thereon, therefore, is not a substitute for reading the audited consolidated financial statements and the auditor's report thereon. The consolidated summary financial statements do not reflect the effects of events that occurred subsequent to the date of our report on the audited consolidated financial statements.

THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS AND OUR REPORT THEREON

We expressed an unmodified audit opinion on the consolidated financial statements in our report dated 26 June 2020. The report also includes two emphasis of matter paragraphs relating to contingent assets and uncertainty about Covid-19 and going concern.

We draw attention to note 5.6.7 Contingent Assets, section 'Curaçao Utilities Company N.V. (CUC N.V.) shares' where a possible settlement for transfer of shares of Curaçao Utilities Company N.V. (CUC N.V.) is disclosed. The Minister responsible for IUH N.V. adopted a resolution in January 2011 in which was

stated that the Group had to transfer the CUC N.V. shares to Refineria di Kòrsou N.V. (RdK N.V.) without any compensation. The transfer of the shares was effected on 19 January 2011. The Council of Ministers engaged an independent third party 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 19 January 2011. The Council of Ministers approved this valuation on 20 February 2013. A shareholder's resolution remains pending to be adopted to formalize the above mentioned. Management has been in deliberation with the Government and the Shareholders of both companies to accelerate the execution of the decision of the Council of Ministers of 20 February 2013.
The Government as the shareholder of both companies, namely the Minister of Finance in charge of IUH N.V. and the Minister of General Affairs in charge of RdK N.V. 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. As of date of our audit opinion a final settlement has not been reached.

The developments surrounding the Corona (Covid-19) virus have a profound impact on people's health and on our society as a whole, as well as on the operational and financial performance of organizations and the assessment of the ability to continue as a going concern. The consolidated financial statements and our auditor's report thereon reflect the conditions at the time of preparation. The situation changes on a daily basis giving rise to inherent uncertainty. Integrated Utility Holding N.V. is confronted with this uncertainty as well, that is disclosed in the report of managing directors on page 14 and the disclosure about events after the reporting period on pages 114 and 115. We draw attention to these disclosures.

MANAGEMENT'S AND SUPERVISORY BOARD'S RESPONSIBILITY FOR THE CONSOLIDATED SUMMARY FINANCIAL STATEMENTS.

Management is responsible for the preparation of the consolidated summary financial statements in accordance with the notes to the consolidated summary financial statements.
The Board of Supervisory Directors is responsible for overseeing the financial reporting process.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on whether the consolidated summary financial statements which are consistent, in all material respects, with the audited consolidated financial statements based on our procedures, which were conducted in accordance with International Standards on Auditing, including the Standard on Auditing (ISA) 810 (Revised), Engagements to Report on Summary Financial Statements.

Curaçao, 23 september 2020
61213093 120/22501

Ernst & Young Accountants

C. Smorenburg RA AA

_Colophon

GROUP COMPANIES

Aqualectra N.V.
Aqualectra Multi Utility Company N.V. (AMU)
General Engineering & Utility Services N.V. (GEUS)**
Aqualectra Bottling Co. N.V. **

**The entities GEUS and Aqualectra Bottling Co. N.V. are still part of the group, but they are in liquidation.

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BOARD OF MANAGING DIRECTORS

Mr. Darick P. Jonis MSc. MBA - *Chief Executive Officer*
Mrs. Neysa R. Schoop-Isenia MSc. RA - *Chief Financial Officer*

BOARD OF SUPERVISORY DIRECTORS

Mr. C. Marshall (October 12, 2018-2022) - *Supervisory Director and acting Chairman**
Mrs. S. Inderson (November 7, 2017-2021) - *Supervisory Director and acting Chairman***
Mr. R. Bulbaai (September 19, 2017-2021) - *Supervisory Director*
Mr. R. Rudolph (August 31, 2018-2022) - *Supervisory Director*
Mrs. J. Da Silva Goes-Laclé (March 20, 2019-2023) - *Supervisory Director*

**Starting March 1, 2020*
***July 1, 2019 to February 2020)*

CONCEPT, LAYOUT & ILLUSTRATIONS

PRGV 100% Creatie

GENERAL COORDINATION

B24 N.V.

AQUALECTRA