



**Water- en Energiebedrijf
Aruba (W.E.B.) N.V.**

**Condensed
Financial statements 2017**

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Condensed statement of financial position as at December 31, 2017

ASSETS

(in Aruban florin)

	<u>2017</u>	<u>2016</u>
Non current assets		
Intangible assets	2,053,262	2,845,634
Tangible fixed assets	440,545,935	451,801,779
TOTAL NON CURRENT ASSETS	<u>442,599,197</u>	<u>454,647,413</u>
Current assets		
Financial assets - derivatives designated as hedges	1,232,044	-
Inventories	16,671,407	14,273,719
Trade and other receivables	76,742,403	78,196,031
Cash and cash equivalents	63,391,689	69,848,632
TOTAL CURRENT ASSETS	<u>158,037,543</u>	<u>162,318,382</u>
TOTAL ASSETS	<u><u>600,636,740</u></u>	<u><u>616,965,795</u></u>

Condensed statement of financial position as at December 31, 2017

LIABILITIES

(in Aruban florin)	2017	2016
Shareholder's equity		
Issued and paid-in capital	139,496,675	139,496,675
Retained earnings	187,621,161	170,024,577
Hedging reserve	(67,988)	(36,134,785)
Undistributed result for the year	22,955,438	27,596,584
TOTAL EQUITY	350,005,286	300,983,051
Provisions		
Provision for employee benefits	7,288,807	7,250,060
Deferred income tax liability	26,171,722	24,944,987
Provision for claims	8,953,656	8,953,656
TOTAL PROVISIONS	42,414,185	41,148,703
Non current liabilities		
Financial liability – derivatives designated as hedges	-	3,091,310
Loans	138,437,838	157,440,803
Deposits	5,866,852	5,769,051
TOTAL NON CURRENT LIABILITIES	144,304,690	166,301,164
Current liabilities		
Financial liability – derivatives designated as hedges	-	33,043,475
Short term portion of loans	19,002,966	19,727,373
Short term portion of provisions	693,056	241,574
Trade payables	32,156,057	38,128,363
Profit tax	5,617,630	6,790,807
Other liabilities	6,442,870	10,601,285
TOTAL CURRENT LIABILITIES	63,912,579	108,532,877
TOTAL EQUITY AND LIABILITIES	600,636,740	616,965,795

Condensed statement of comprehensive income for the year ended December 31, 2017

(in Aruban Florin)	2017	2016
<i>Revenue from operations</i>		
Sale of electricity	309,509,598	339,173,543
Sale of water	109,252,945	108,321,217
Other revenues	5,269,743	7,450,533
Total operating revenue	424,032,286	454,945,293
Fuel expenses	168,967,494	185,985,749
Electricity expenses	25,587,551	26,784,996
Water expenses – purchase	14,473,276	14,787,562
Chemicals and gases expenses	7,775,534	7,438,588
Personnel expenses	53,242,665	52,024,785
Depreciation, amortization expenses and impairments	41,818,988	53,865,781
Maintenance expenses	46,526,178	42,872,143
Other operating expenses	21,040,451	20,272,969
Total operating expenses	379,432,137	404,032,573
OPERATING RESULTS	44,600,149	50,912,720
Financial expenses		
Net financing costs	8,615,356	9,420,275
Other financial expenses	5,762,200	4,914,712
	14,377,556	14,334,987
RESULTS BEFORE TAX	30,222,593	36,577,733
Income tax expenses	7,267,155	8,981,149
RESULT FOR THE YEAR	22,955,438	27,596,584

Condensed statement of cash flow for the year ended December 31, 2017

(in Aruban florin)	2017	2016
Cash flows from operating activities		
Receipts from customers	428,638,465	448,865,189
Other proceeds	2,314,423	925,337
Paid to vendors	(312,334,719)	(306,268,686)
Paid to and for employees	(54,202,924)	(48,792,275)
Cash generated from operations	64,415,245	94,729,565
Interest received	408,753	139,120
Interest paid, agency fee, management fee and commission fee	(10,082,927)	(13,730,871)
Net cash generated from operation activities	54,741,071	81,137,814
Cash flows from investing activities		
Investments in non current assets	(24,257,046)	(19,557,852)
Net cash used in investing activities	(24,257,046)	(19,557,852)
Cash flow from financing activities		
Proceeds from long-term loans	-	40,261,813
Repayment of long-term loans	(19,727,372)	(21,769,153)
Payment of dividend	(10,000,000)	(8,000,000)
Payment of profit tax	(7,213,596)	(1,167,439)
Net cash used in financing activities	(36,940,968)	9,325,221
Net increase in cash and cash equivalents	(6,456,943)	70,905,183
The movement in cash and cash equivalents can be broken down as follows:		
At January 1	69,848,632	(1,056,551)
Movements during the year	(6,456,943)	70,905,183
At December 31	63,391,689	69,848,632

Notes to the condensed financial statements as per December 31, 2017

1 General notes

General information

These condensed financial statements of Water- en Energiebedrijf Aruba N.V. (hereinafter: W.E.B. N.V.) are derived from the statutory financial statements for the year ending December 31, 2017. The statutory financial statements were approved for issue by the Board of Directors on June 28, 2018. The condensed financial statements do not contain all the disclosures required by the accounting principles generally accepted in the Netherlands ("Dutch GAAP") and should therefore be read in conjunction with the statutory 2017 financial statements, including the accounting policies and notes. The statutory 2017 financial statements of W.E.B. N.V. are available at the company.

Basis of preparation

The statutory financial statements, from which these condensed financial statements are derived are prepared in accordance with accounting principles generally accepted in the Netherlands ("Dutch GAAP").

Reporting entity

W.E.B. N.V. was incorporated in Aruba on August 29, 1991. In conformity with the independization agreement dated November 13, 1992, through Utilities Aruba N.V., the former Water- en Energiebedrijf Aruba transferred assets, the right of use, and liabilities to W.E.B. N.V., a wholly owned subsidiary of Utilities Aruba N.V. whose ultimate parent is Land Aruba. W.E.B. N.V. started as a water and electricity company on January 1, 1992.

The main activities of W.E.B. N.V. are the production of potable and industrial water and of electricity and the distribution of the water. The distribution of electricity is solely conducted by N.V. Elmar, a subsidiary of Utilities Aruba N.V. The registered and actual address of W.E.B. N.V. is Balashi 76, Aruba and is registered at the chamber of commerce under number 12126.0.

2 Accounting policies for the balance sheet

Tangible fixed assets

Items of tangible fixed assets are valued at cost or manufacturing cost minus straight-line depreciation based on the estimated useful lives. Cost includes expenditure that is directly attributable to the acquisition of the asset. The costs of self-constructed assets include the costs of materials, direct labor, and an appropriate proportion of overhead. Depreciation is calculated using the straight-line method over the estimated remaining useful lives of the related assets taking into account any residual values.

Trade and other receivables

Trade and other receivables are recognized initially at fair value and are subsequently measured at amortized cost using the effective interest method, less provision for impairment. A provision for impairment of trade and other receivables (allowance for bad debts) is established when there is objective evidence that W.E.B. N.V. will not be able to collect all amounts due according to the original terms of receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganization, and default or delinquency in payments are considered indicators that the trade receivable is impaired. The amount of the allowance is recognized in the statement of income within other operating expenses.

3 Accounting policies for the income statement

Profit or loss is determined as the difference between the realizable value of the goods delivered and services rendered, and the costs and other charges for the year. Revenues on transactions are recognized in the year in which they are realized.

4 Accounting policies for the cash flow statement

The cash flow statement has been prepared using the indirect method. The cash items disclosed in the cash flow statement comprise cash at banks and in hand except for deposits with a maturity longer than three months. Cash flows in foreign currencies have been translated at average estimated exchange rates. Interest paid and received and income taxes are included in cash from operating activities. Dividends paid are recognized as cash used in financing activities

Independent auditors report on the condensed financial statements

To: Management and board of supervisory directors of Water- en Energiebedrijf Aruba N.V.

Our opinion

In our opinion, the accompanying condensed financial statements of Water- en Energiebedrijf Aruba N.V. (the Company) are consistent, in all material respects, with the audited financial statements, on the basis described in note 1 "Notes to the condensed financial statements as of December 31, 2017 - basis of preparation".

The condensed financial statements

The condensed financial statements, derived from the audited financial statements of the Company for the year ended 31 December 2017, comprise:

- ▶ The condensed statement of financial position as at December 31, 2017
- ▶ The condensed statement of comprehensive income for the year ended December 31, 2017
- ▶ The condensed statement of cash flow for the year ended December 31, 2017
- ▶ The notes to the condensed financial statements as of December 31, 2017

The condensed financial statements do not contain all the disclosures required by accounting principles generally accepted in the Netherlands. Reading the summary financial statements and our report thereon, therefore, is not a substitute for reading the audited financial statements of the Company and our auditor's report thereon. The condensed financial statements and the audited financial statements do not reflect the effects of events that occurred subsequent to the date of our auditor's report on the audited financial statements.

The audited financial statements and our auditor's report thereon

We expressed an unmodified audit opinion on the audited financial statements 2017 of the Company in our auditor's report dated 6 June 2018.

Responsibilities of management and the supervisory board for the summary financial statements

Management is responsible for the preparation of the condensed financial statements on the basis as described in note 1 "Notes to the condensed financial statements as of December 31, 2017 - Basis of preparation".

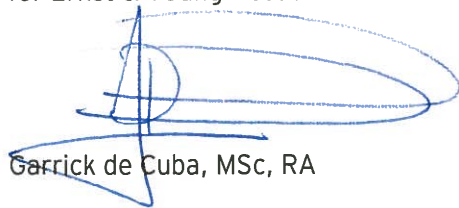
The supervisory board is responsible for overseeing the company's financial reporting process.

Auditor's responsibilities

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

Aruba, 05 November 2018
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for Ernst & Young Accountants



Garrick de Cuba, MSc, RA