



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

**Condensed
Financial statements 2018**

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Condensed statement of financial position as at December 31, 2018

ASSETS

(in Aruban florin)	<u>2018</u>	<u>2017</u>
Non current assets		
Intangible assets	1,791,111	2,053,262
Tangible fixed assets	439,516,525	440,545,935
Deferred Income tax assets	1,212,792	-
TOTAL NON CURRENT ASSETS	<u>442,520,428</u>	<u>442,599,197</u>
Current assets		
Financial assets - derivatives designated as hedges	3,420,955	1,232,044
Inventories	26,768,751	16,671,407
Trade and other receivables	78,581,685	76,742,403
Cash and cash equivalents	22,083,037	63,391,689
TOTAL CURRENT ASSETS	<u>130,854,428</u>	<u>158,037,534</u>
TOTAL ASSETS	<u><u>573,374,856</u></u>	<u><u>600,636,740</u></u>

Condensed statement of financial position as at December 31, 2018

LIABILITIES

(in Aruban florin)	<u>2018</u>	<u>2017</u>
Shareholder's equity		
Issued and paid-in capital	139,496,675	139,496,675
Retained earnings	200,576,599	187,621,161
Hedging reserve	-	(67,988)
Undistributed result for the year	1,221,417	22,955,438
TOTAL EQUITY	<u>341,294,691</u>	<u>350,005,286</u>
Provisions		
Provision for employee benefits	8,349,161	7,288,807
Deferred income tax liability	27,253,086	26,171,722
Provision for claims	8,953,656	8,953,656
TOTAL PROVISIONS	<u>44,555,903</u>	<u>42,414,185</u>
Non current liabilities		
Loans	119,400,604	138,437,838
Deposits	6,000,183	5,866,852
TOTAL NON CURRENT LIABILITIES	<u>125,400,787</u>	<u>144,304,690</u>
Current liabilities		
Short term portion of loans	19,037,234	19,002,966
Short term portion of provisions	474,029	693,056
Trade payables	38,324,317	32,156,057
Profit tax	(422,790)	5,617,630
Other liabilities	4,710,685	6,442,870
TOTAL CURRENT LIABILITIES	<u>62,123,475</u>	<u>63,912,579</u>
TOTAL EQUITY AND LIABILITIES	<u><u>573,374,856</u></u>	<u><u>600,636,740</u></u>

Condensed statement of comprehensive income for the year ended December 31, 2018

(in Aruban Florin)	2018	2017
<i>Revenue from operations</i>		
Sale of electricity	301,026,757	309,509,598
Sale of water	106,888,393	109,252,945
Other revenues	4,339,916	5,269,743
Total operating revenue	412,255,066	424,032,286
Fuel expenses	173,681,876	168,967,494
Electricity expenses	29,356,299	25,587,551
Water expenses – purchase	14,695,294	14,473,276
Chemicals and gases expenses	7,808,467	7,775,534
Personnel expenses	55,994,366	53,242,665
Depreciation, amortization expenses and impairments	54,136,848	41,818,988
Maintenance expenses	45,825,505	46,526,178
Other operating expenses	20,370,299	21,040,451
Total operating expenses	401,868,954	379,432,137
OPERATING RESULTS	10,386,112	44,600,149
Financial expenses		
Net financing costs	7,744,388	8,615,356
Other financial expenses	1,551,735	5,762,200
	9,296,123	14,377,556
RESULTS BEFORE TAX	1,089,989	30,222,593
Income tax expenses	(131,428)	7,267,155
RESULT FOR THE YEAR	1,221,417	22,955,438

Condensed statement of cash flow for the year ended December 31, 2018

(in Aruban florin)	2018	2017
Cash flows from operating activities		
Net results	1,221,417	22,955,438
Adjustments for non-cash income and expenses:		
Depreciation & amortization expenses	54,136,848	41,818,988
Changes in operating assets and liabilities:		
(Increase)/ decrease in inventories	(10,097,344)	(2,397,688)
(Increase)/ decrease in trade and other receivables	(2,119,634)	1,044,875
(Increase)/ decrease in provisions	841,327	490,229
(Increase)/ decrease in deferred taxes	(131,428)	1,226,735
(Increase)/ decrease in deposits	133,331	97,800
(Increase)/ decrease in trade payables	1,030,847	(11,262,466)
(Increase)/ decrease in other liabilities	7,799,104	11,964,931
Increase/ (decrease) in financial derivatives designated as hedges	(2,120,923)	(1,300,032)
Cash generated from operations	50,693,545	64,638,810
Interest received	280,352	408,753
Interest paid, agency fee and commission fee	(9,531,289)	(10,082,927)
Payment of profit tax	(6,040,420)	(7,213,596)
Net cash generated from operating activities	35,402,188	47,751,040
Cash flows from investing activities		
Investments in non current assets	(47,707,874)	(24,480,566)
Net cash used in investing activities	(47,707,874)	(24,480,566)
Cash flow from financing activities		
Repayment of long-term loans	(19,002,966)	(19,727,372)
Payment of dividend	(10,000,000)	(10,000,000)
Net cash used in financing activities	(35,043,386)	(36,940,968)
Net increase in cash and cash equivalents	(41,308,652)	(6,456,943)
The movement in cash and cash equivalents can be broken down as follows:		
At January 1	63,391,689	69,848,632
Movements during the year	(41,308,652)	(6,456,943)
At December 31	22,083,037	63,391,689

In 2018 the presentation of the condensed statement of cash flow has been adjusted compared to prior year based on the adjustments made in the 2018 statutory financial statements.

Notes to the condensed financial statements as per December 31, 2018

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, 2018. The statutory financial statements were approved for issue by the Board of Directors on May 20, 2019. 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 2018 financial statements, including the accounting policies and notes. The statutory 2018 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.



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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, 2018 - 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 2018, comprise:

- ▶ The condensed statement of financial position as at December 31, 2018
- ▶ The condensed statement of comprehensive income for the year ended December 31, 2018
- ▶ The condensed statement of cash flow for the year ended December 31, 2018
- ▶ The notes to the condensed financial statements as of December 31, 2018

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 2018 of the Company in our auditor's report dated 19 June 2019.

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, 2018 - Basis of preparation".

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



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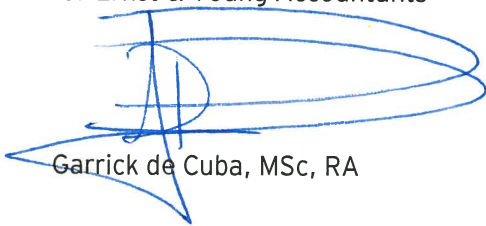
Auditor's responsibilities

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, 5 July 2019

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for Ernst & Young Accountants



Garrick de Cuba, MSc, RA