



## NOTES TO THE CONSOLIDATED FINANCIAL HIGHLIGHTS

### GENERAL

The principal accounting policies adopted in the preparation of the consolidated financial highlights of Curacao Oil (Curoil) N.V. ("the Company") are set out below. These explanatory notes are an extract of the detailed notes included in the consolidated financial statements of the Company and are consistent in all material respects with those from which they have been derived.

### BASIS OF PREPARATION

The Company's consolidated financial statements, from which the consolidated financial highlights have been derived, are prepared in accordance with International Financial Reporting Standards (IFRS). The figures presented in these consolidated financial highlights have been prepared under the historical cost convention and are stated in Antillean Guilders. Assets and liabilities are stated at their nominal value unless otherwise mentioned. The accounting policies used have been consistently applied by the Company and are consistent, in all material respects, with those used in previous year.

### Comparative figures

Certain reclassifications have been made to the 2015 financial figures in the Balance Sheet and the Income Statement for comparison purposes.

### BASIS OF CONSOLIDATION

The consolidated financial highlights of the Company include the accounts of Curaçao Oil (Curoil) N.V. and its subsidiaries:

- Curoil Gasstation N.V. (Gasoline station at Colon, Cas Chikitu, Sta. Rosa and Muizenberg)
- Curaçao Gas (Curgas) N.V.
- Curoil (Bonaire) N.V. and
- Curoil (Aruba) Freezone N.V. (collectively: the "Group").

### ACCOUNTING POLICIES

#### Intangible and fixed assets

Intangible and fixed assets are mainly valued at historical cost less accumulated depreciation and accumulated impairment losses, if any. Depreciation is calculated according to the straight-line method, based on the estimated useful lives of the assets and the residual values. Useful lives of the assets range from 3 to 40 years. The residue value is 10%, if applicable. Land is not being depreciated.

#### Trade receivables

Trade receivables are amounts due from customers for merchandise sold. If collection is expected in one year or less, they are classified as current assets. If not, they are presented as non-current assets. Trade receivables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method, less provision for impairment.

#### Inventories

Inventories are stated at the lower of cost or net realizable value, with cost being determined by the first-in-first-out (FIFO) method. The cost comprises of the direct purchase price, plus costs which are directly attributable to the inventories. Net realizable value is the estimated selling price less applicable variable selling expenses.

#### Trade payables

Trade payables are obligations to pay for goods or services that have been acquired from suppliers. Trade payables are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade payables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method.

### Revenue recognition

Revenues are recognized as they are earned or incurred and recorded in the financial statements of the period to which they relate. Revenue from sales of oil related products is recognized when the significant risks and rewards of ownership have been transferred, which is when the title passes to the customer. For wholesale sales of oil related products it is at the point of delivery or point of receipt, depending on the contractual conditions. Revenue is stated after deducting gasoline taxes, throughput charges and general consumer tax.

Inventory (ANG)	31.12.2016	31.12.2015
Oil related products	38,526,566	21,473,547
Installation materials and other inventory	226,309	204,297
	<u>38,752,875</u>	<u>21,677,844</u>
Trade Receivables (ANG)	31.12.2016	31.12.2015
Trade receivables	62,999,173	50,514,851
Payments arrangements	3,000,000	9,367,161
Less provision	(11,849,538)	(11,340,842)
	<u>54,149,635</u>	<u>48,541,170</u>
Less non-current portion payment arrangements	-	(138,825)
	<u>54,149,635</u>	<u>48,402,345</u>
Trade Payables (ANG)	31.12.2016	31.12.2015
Oil product suppliers	52,874,280	32,678,521
Other suppliers	21,797,008	19,842,578
Through-put charges	550,852	734,970
	<u>75,222,140</u>	<u>53,256,069</u>

Gross profits (ANG)	31.12.2016	31.12.2015
Local	52,369,952	54,629,991
Aviation	20,680,343	17,579,588
Bunkering	38,813,845	46,466,225
	<u>111,864,140</u>	<u>118,675,804</u>

#### Local

The local market entails:

- Liquefied Petroleum Gas (LPG) sold to business (non-regulated) and households (regulated) in cylinders of 100 pounds and 20 pounds, both in Curacao as well as Bonaire;
- Motor gasoline 95 (Mogas) sold in both Curacao as well as Bonaire through gas stations;
- Low Sulfur Diesel (LSD) sold to businesses and through gas station in Curacao and Bonaire, both in regulated as well as the non-regulated market;
- Products sold to utility companies in Curacao and Bonaire.

#### Aviation

Curoil is the exclusive supplier of aviation fuels, lubricants and related services at Hato International Airport in Curaçao and Flamingo Airport in Bonaire. Curoil provides services to international commercial, cargo and private planes of all sizes, including wide body airplanes. Available products are Jet A-1, Aviation Gasoline and lubricants for aircrafts.

#### Bunkering

Curoil's Maritime market consists of Bunkering and Cargo sales as well as Storage lease. Curoil offers onshore, inshore and offshore bunkering services to a variety of clients worldwide, such as container vessels, bunker only vessels, refinery vessels, military vessels, oil rigs, cruise ships and mega yachts. Onshore bunkers are offered via pipeline or truck. For inshore and offshore bunkering services, Curoil has its own fleet - barges and a tanker - in place, serving clients in the territorial waters of Aruba, Bonaire and Curaçao (The ABC Islands). Curoil also provides cargo deliveries to the Caribbean area.



## MANAGEMENT'S MESSAGE

After laying a solid foundation, we have chosen "Embracing our Customer" as the theme of this financial year, which covers the second stage in Curoil's journey to realize its growth strategy. Alignment of the organization towards a customer-driven approach which enables speed and reaction to market demands and developments, remains crucial. Total Gross Profit (ANG 111.9 million) decreased by ANG 6.8 million in 2016 compared to the financial year 2015 (ANG 118.7 million), which was an exceptional year, but increased by ANG 7.0 million compared to 2014 (ANG 104.9 million). The main explanation for this variance, is the decrease in the Gross Profit from the Maritime business (consisting of Bunkering, Cargo sales and Storage lease) predominantly due to unfavorable market conditions in the Bunkering market. The Gross Profit from the Maritime business decreased in 2016 (ANG 38.8 million) by 16% (ANG 7.7 million) compared to 2015 (ANG 46.5 million). Additionally, even though sales volumes increased, the Gross Profit from the Local market (ANG 52.4 million) was ANG 2.2 million less than in 2015 (ANG 54.6 million). The main reason for this variance, is a greater reduction of average sales price for regulated products than in average cost price per liter. Furthermore, in December 2016, substantial amounts were released on the provisions for taxes payable previous years. The unfavorable developments mentioned above, were largely offset by the increase of ANG 3.1 million (18%) in Gross Profit from the Aviation business (ANG 20.7 million), as compared to 2015 (ANG 17.6 million). In addition, even though market conditions were unfavorable, the Bunkering business in Aruba (including LSD) contributed ANG 5.3 million to the Gross Profit from the Maritime business in 2016, which is 16% more than in the 2015 financial year (ANG 4.6 million). Finance costs decreased by ANG 2.2 million (75%) in 2016 compared to 2015 (ANG 2.9 million) which is attributable to the refinancing of the Company's loan payable and bank overdraft at a favorable interest. Furthermore, the Company's operating and capital activities were financed from available cash and cash from operating activities and no additional financing was requested. However, after deducting the dividend payout of ANG 39 million regarding the 2014 and 2015 financial years (established by the Stockholder), total equity decreased by ANG 7.0 million, even though the total comprehensive income was positive (ANG 32.0 million). In order to pursue our goal to continue growing and diversifying the business, while at the same time ensuring stability and to mitigate the risk of decrease in Gross Profit due to unstable market circumstances in world petroleum market prices, in 2016 our efforts were aimed at developing sales further, including entering into sales agreements with major trading companies in Bunkering and direct contracts with Cruise lines, and creating different income streams. The expectations for the Marine Cargo business and Storage lease look promising, which must show in the years to come. I hope to receive our People's continued support and understanding in our journey to being the preferred choice within the top rated Caribbean suppliers of energy products and services, while creating sustainable value for our stakeholders.

Yamil W. Lasten, DBA | Managing Director

## INDEPENDENT AUDITOR'S REPORT ON THE CONSOLIDATED FINANCIAL HIGHLIGHTS

To the Managing Director and Supervisory Board of Curacao Oil (Curoil) N.V.

### Opinion

The consolidated financial highlights, which comprise the consolidated balance sheet as at December 31, 2016, the consolidated income statement for the year then ended, and related notes, are derived from the audited consolidated financial statements of Curacao Oil (Curoil) N.V. for the year ended December 31, 2016.

In our opinion, the accompanying consolidated financial highlights are consistent, in all material respects, with the audited consolidated financial statements, on the basis described in the notes to these consolidated financial highlights.

### Consolidated financial highlights

The consolidated financial highlights do not contain all the disclosures required by International Financial Reporting Standards. Reading the consolidated financial highlights and our report thereon, therefore, is not a substitute for reading the audited consolidated financial statements of Curacao Oil (Curoil) N.V. and our report thereon.

### The audited consolidated financial statements and our report thereon

We expressed an unmodified audit opinion on the consolidated financial statements in our Independent auditor's report dated May 22, 2017. The consolidated financial highlights and the audited consolidated financial statements do not reflect the effects of events that occurred subsequent to the date of our report on the audited consolidated financial statements.

### Management's responsibility for the consolidated financial highlights

Management is responsible for the preparation of the consolidated financial highlights derived from the audited consolidated financial statements on the basis described in the notes to these consolidated financial highlights.

### Auditor's responsibility

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

Curaçao,  
May 26, 2017

KPMG Accountants B.V. | Lindomar L.P. Scoop RA

## CONSOLIDATED FINANCIAL HIGHLIGHTS

consolidated balance sheet as at december 31, 2016 (amounts in ANG)

ASSETS	2016	2015
<i>Non-current assets</i>		
Intangible and fixed assets	48,794,055	48,589,861
Other non-current assets	103,106,147	109,643,003
<i>Current assets</i>		
Inventories	38,752,875	21,677,844
Trade Receivable	54,149,635	48,402,345
Other current assets	3,267,980	4,479,110
Cash and cash equivalents	25,653,559	38,162,135
<b>TOTAL ASSETS</b>	<b>273,724,251</b>	<b>270,954,298</b>
<i>LIABILITIES</i>		
<i>Non-current liabilities</i>		
Non-current liabilities	6,354,509	18,961,316
<i>Current liabilities</i>		
Trade payables	75,222,140	53,256,069
Profit tax payables	16,313,703	9,245,092
Other current liabilities	52,018,125	58,690,667
<b>TOTAL LIABILITIES</b>	<b>149,908,477</b>	<b>140,153,144</b>
<b>EQUITY</b>		
Share capital	1,500,000	1,500,000
Share premium	8,004,724	8,004,724
Retained earnings	114,311,050	121,296,430
<b>TOTAL EQUITY</b>	<b>123,815,774</b>	<b>130,801,154</b>
<b>TOTAL LIABILITIES &amp; EQUITY</b>	<b>273,724,251</b>	<b>270,954,298</b>

consolidated income statement for the year ended december 31, 2016 (amounts in ANG)

	2016	2015
<b>GROSS PROFIT</b>	<b>111,864,140</b>	<b>118,675,804</b>
<i>OPERATIONAL EXPENSES</i>		
Distribution expenses	14,833,483	12,385,677
Storage and handling	2,614,754	2,311,196
Selling expenses	1,801,698	2,018,736
Personnel expenses	28,281,476	27,606,899
Other operational expenses	20,358,465	21,229,964
Provision doubtful debts	4,569,660	1,767,793
Depreciation & amortization	5,139,862	4,313,669
<b>TOTAL OPERATIONAL EXPENSES</b>	<b>77,599,398</b>	<b>71,633,934</b>
<b>Operating Profit</b>	<b>34,264,742</b>	<b>47,041,870</b>
Finance Income Net	4,552,504	2,141,777
<b>PROFIT BEFORE INCOME TAX</b>	<b>38,817,246</b>	<b>49,183,647</b>
<i>Income Tax</i>		
Current year	(7,112,633)	(9,289,556)
Deferred	310,007	(1,620,478)
<b>TOTAL INCOME TAX</b>	<b>(6,802,626)</b>	<b>(10,910,034)</b>
<b>PROFIT</b>	<b>32,014,620</b>	<b>38,273,613</b>
Other comprehensive income	-	(24,213)
<b>TOTAL COMPREHENSIVE INCOME</b>	<b>32,014,620</b>	<b>38,249,400</b>