

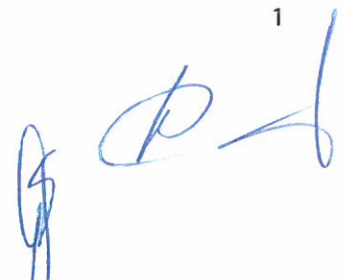


ALGEMEEN PENSIOENFONDS SINT MAARTEN
FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 2015

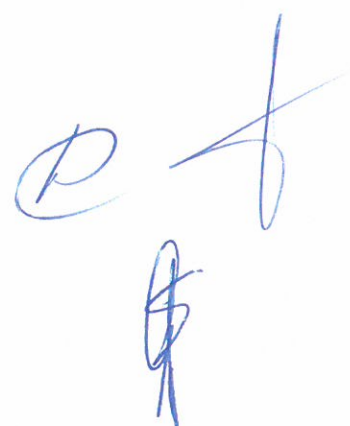


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1. Board of Directors Report

1.1 Foreword

Algemeen Pensioenfonds of Sint Maarten (hereinafter named APS or the Fund) is a self-governing entity and forms part of the portfolio of the Minister of Finance of Sint Maarten. The Fund was established by law as of October 10, 2010 and is one of the three legal successors of Algemeen Pensioenfonds Nederlandse Antillen (APNA).

The law that governs the Fund is the national ordinance: "Landsverordening Algemeen Pensioenfonds Sint Maarten" LvO APS (AB 2010, no 64 superseded by AB 2015, no 9). APS became Sint Maarten's first pension fund for civil servants. The Fund started its operations in Sint Maarten in 2012.

1.2 Mission and Core Values

Our mission is to achieve the highest possible returns on the Fund's assets, while minimizing financial risks, therefore contributing to the welfare of our members by safeguarding their future pension benefit.

The importance of the Fund is to:

1. Provide peace of mind to active fund participants and deferred beneficiaries who based on employment history are entitled to a pension upon retirement. To achieve this, we are committed to safeguarding pensionable earnings of our participants. For retirees already enjoying pension benefits, it is important that they can rely on continuous receipt of their pension earnings;
2. Provide the highest level of customer service, by being proactive, flexible and provide information in a timely manner. Our service model makes use of our official website and brochures, to disseminate information to fund participants;
3. Develop and implement a business model which allows the proper execution of the pension plan and;
4. Use cutting-edge professional knowledge, skills and operations in serving our responsibilities.

The core values of the Fund are based on the principles 'clean, lean and mean' which are further defined as:

Clean = integrity, transparent, open communication, independent and reliable;

Lean = efficient, prudent decision making, professional services;

Mean = no-nonsense approach, stringent execution of the 'PLvO', the 'LvO APS' and other relevant legislations.

1.3 General

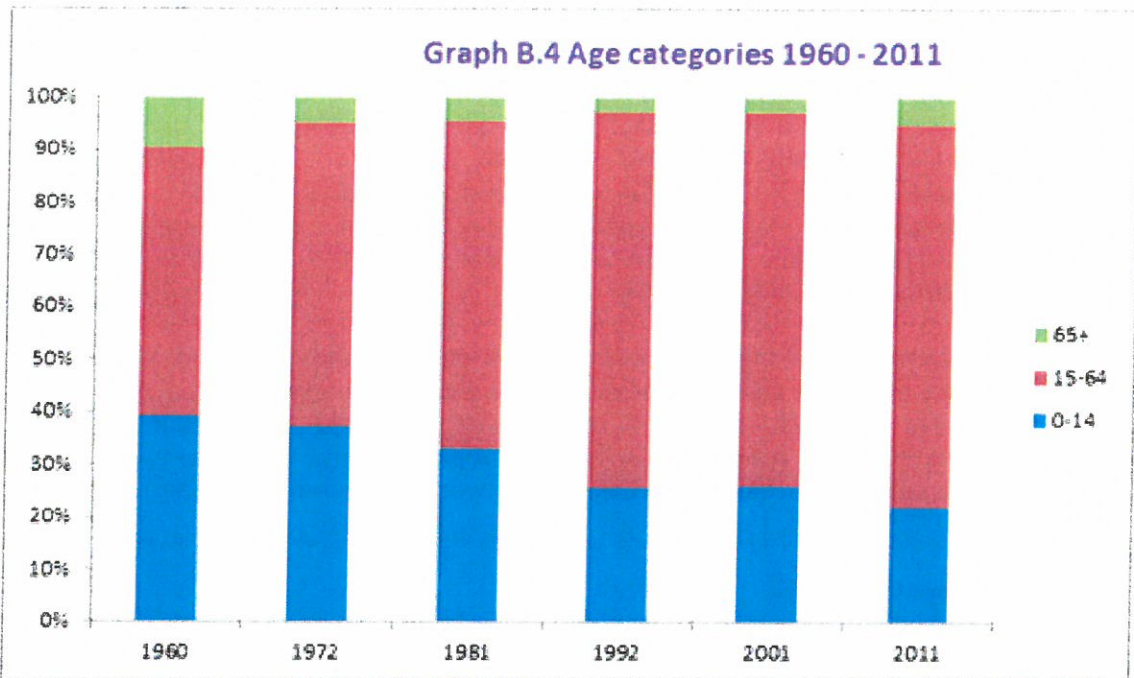
The Fund executes two main pension schemes that are regulated in two ordinances. The transition articles of the 'PLvO'¹ (GT no. 785) in conjunction with 'Pensioenverordening Burgerlijke Landsdienaren' (PB 1938, no 15) regulates the pension for the participants that entered into the fund before January 1, 1998 and is referred to as "the old pension scheme". The 'PLvO' hereafter to

¹ Pensioenlandsverordening Overheidsdienaren



be referred as “the Pension Ordinance” regulates the pension of the participants that have become employed as of January 1, 1998 and is referred to as “the new pension scheme”. Every government employee who was hired on or after January 1, 1998, with some exceptions, takes part in the new pension scheme.

Below are the historical demographic indicators for² Sint Maarten:



	1960	1972	1981	1992	2001	2011
0-14	39.5	37.3	33.4	25.7	26	22.1
15-64	50.7	57.8	62	71.4	71	72.6
65+	9.8	4.9	4.6	2.9	3	5.3
Average age	28.6	25.3	26.2	28.2	30.7	33.8
Median age						35

Table B.3 Age categories 1960 - 2011

Noticeable is that the average age of the population was 33.80 in 2011 compared to 28.60 in 1960. The average age in 2014 was 34.60³. This underscores the assumption that the population of Sint Maarten is ageing.

² Historical data on Demographics, Department of Statistics Sint Maarten (<http://stat.gov.sx/>)

³ St. Maarten Statistics 2015 (http://stat.gov.sx/downloads/Statistical_Yearbook_2015_Rev3.pdf)

1.4 Governance

The governance function of APS has been largely pre-defined in the 'LVO APS⁴'. Herein, the number of board members, the roles and responsibilities of entities within the fund and the supervision by the Minister of Finance, the Audit Chamber and the Central Bank of Curaçao and Sint Maarten are also regulated.

Board Composition

The composition of the board in 2015 as supported by the 'Landsbesluiten (no. LB-11/0975, LB-12/0872, LB-12/0873, LB-13/0384, LB-14/0505)' was as follows:

Name	Position	Nominated by:
Mr. Franklyn E. Richards	Chairman / Member	The Board of APS
Mr. Richard F. Gibson Jr.	Member, resigned per 16 Nov. 2015	BGNAA
Mr. Rene R. Gartner	Member, resigned per 1 Jul. 2016	Corporate Governance Council
Mr. Michel G.M.H. Soons	Member, resigned per 31 Dec. 2015	The Minister of Finance
Mr. Guillianio A. Saturnilia	Member	Civil Service Consultative Committee

On December 31, 2015 there were two vacancies on the board of the Fund. Ms. Davinia Carbière will replace Mr. Soons, this is supported by LB-16/0768 effective September 2, 2016. The proposed replacement of Mr. Gibson Jr. is Mr. Arjen Alberts, the formal appointment and receipt of the 'Landsbesluit' was still pending at signing of this report. Mr. Rene R. Gartner resigned as per 1 July, 2016, this resignation has been confirmed in writing however the 'Landsbesluit' is also still pending.

Investment Committee

As prescribed by the 'LVO APS' the Fund also has an Investment Committee ("IC") in place.

The committee advises the APS Board of Directors on the overall investment policy and guidelines as well as gives insight into different investment opportunities.

In 2015 there were three members:

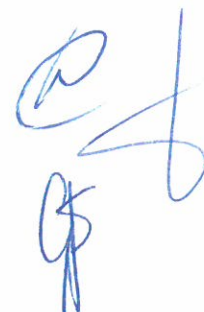
Name	Position
Mr. Francis Bowman	Chairman / Member of the IC, resigned per 1 Feb. 2016
Mr. Charles G. Thomas	Member
Ms. Myrtille Brookson	Member

On July 1, 2016 Mr. Francis Bowman was replaced by Mr. Robert G. Judd. There were no further changes in the composition of the investment committee.

Management of the Fund

The daily operation of APS is overseen by the general director and is supported by the adjunct-director. Together they form the APS directorate. Both report to the APS board and their performance are yearly evaluated by the APS Board of Directors.

⁴ Landsverordening Algemeen Pensioenfonds Sint Maarten



Compliance: Security Screenings

The Security Service of Sint Maarten (Veiligheidsdienst Sint Maarten-VDSM) is tasked with conducting the screening for positions of confidentiality. The board and the management of the fund are considered to be positions of confidentiality and as such are required to undergo this screening process.

Supervision of the Fund

The Minister of Finance is ultimately responsible for the fund. In this regard - but not limited to - the Minister of Finance approves the annual budget, presents the approved budget to Parliament, formalizes additional supervisory rules based on the advice of the Central Bank of Curaçao and Sint Maarten (hereafter CBCS) and provides advice to the Board of APS.

The Board of Directors is responsible for the management and the administration of the Fund. As such the board is tasked with proposing the members of the directorate and the hiring of the staff of the Fund.

The CBCS tasked with the supervision of APS. CBCS also provides supplementary advice to the Minister of Finance and the Board of APS⁵.

Compliance: Audit

The board has appointed a registered accountant who is commissioned with auditing of the administration and annual financial statements of the Fund. The pension benefit obligations are based on an actuarial calculation.

The annual financial statements are prepared in accordance with the International Financial Reporting Standards (IFRS) and audited by PriceWaterhouseCoopers Sint Maarten. Willis Towers Watson (formerly Towers Watson) (Netherlands) has certified the pension administration and provided an actuarial statement.

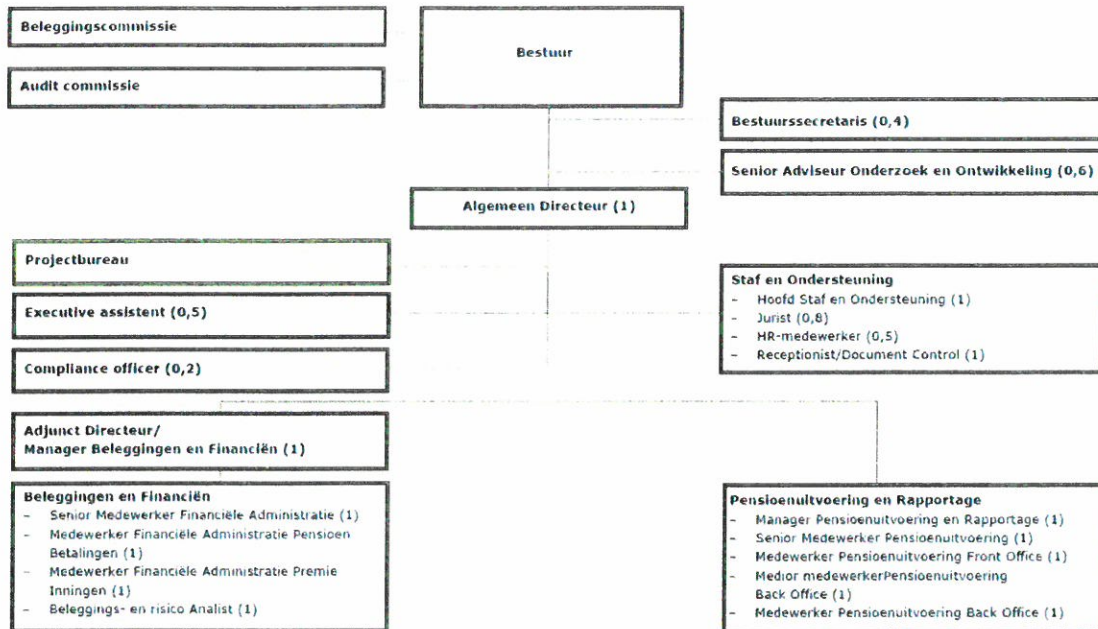
The General Audit Chamber receives the approved annual Financial Statements of the Fund along with the statement by the external auditor for review and control.

⁵ Article 20-25 of the Landsverordening Algemeen Pensioenfonds Sint Maarten

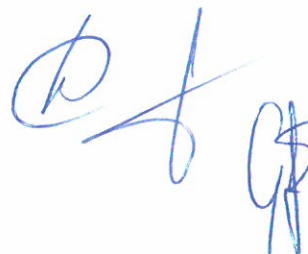


Structure of the Fund

APS started in the year 2011 with 3 employees and increased to 10 employees in the year 2012. By the end of 2015 APS had 14 full time employees. The Fund is divided in three departments:



- The Investment committee advises the APS Board of Directors on the overall investment policy and guidelines as well as gives insight into different investment opportunities.
- The Audit committee reviews and discusses the decisions made by the APS Board and management with regards to financial reporting and compliance with the internal control system.
- The Secretary of the Board actively participates in the meetings of the Board and prepares the agenda and the quality of the documents for the meetings.
- The Senior Advisor Research and Development is commissioned by the Board to research various pension related topics and provide strategic guidance regarding the topics researched.
- The General Director is the primary contact person for the Board as it pertains to the Fund's policies and strategic planning. The responsibilities also include directly managing the Project Bureau.
- The Project Bureau is tasked with the executing various temporary projects that outside of the scope of the Fund's day to day activities. Each project will have a project team and the composition of the teams may or may not be employees of the Fund.
- The Pension Administration & Reporting Department: The activities include the calculation and allocation of the various pensions to its participants, the administration of the participants and the actuarial/financial analyses for the actuarial reports.
- The Investments & Finance Department: The activities include the collection of premiums, payments to beneficiaries, financial administration, financial analysis, preparation of the annual report, preparation and execution of investment opportunities.

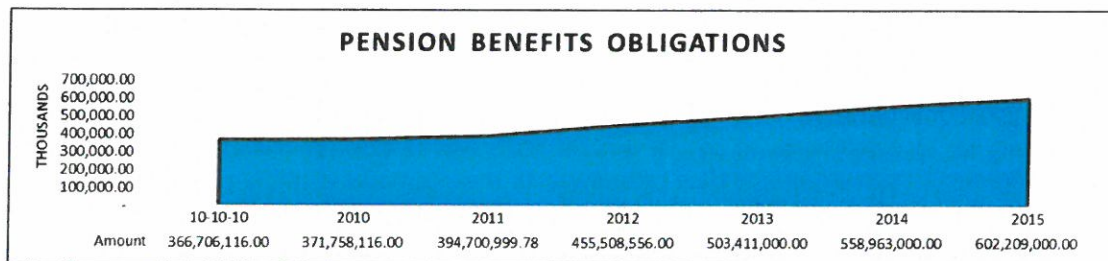


- The Staff and Support Department is responsible for support to the daily operations. Functions here include the Head of Staff, the receptionist and the legal advisor.

1.5 Development of the Pension benefit obligations

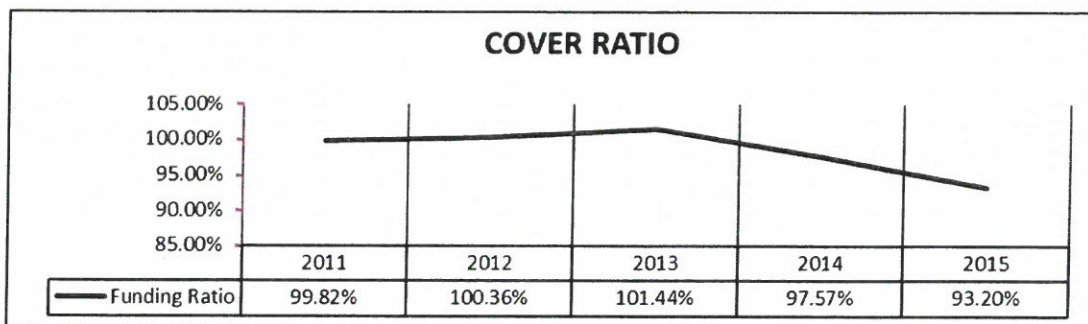
In previous financial statements the Fund has indicated that investments were made to ensure that the inaccuracies in the inherited administration from predecessor APNA along with the backlog in registration of employees with the Fund, were remedied. The participants' cleanup and the reallocation of participants to the correct pension fund following the "Boedelscheiding", have led to an influx of participants in the Fund, as well as an increased pension obligation to these participants.

This is the development of the Pension benefit obligations from inception of APS:



1.6 Cover Ratio Development

The coverage ratio as per 31st December 2015 is 93.20%, this is below the minimum of 100%, meaning that the Fund will not be able to meet its financial obligations in the future to its participants with all variables unchanged.



The decline of the cover ratio is a result of but not limited to:

- The decrease of the total assets from ANG 568 million (2014) to ANG 566 million (2015) with -0.23%,
- The return on the investment portfolio was 0.39% in 2015 (4.18% in 2014),
- The increase in the non-current liabilities from ANG 578 million (2014) to ANG 602 million (2015) with +4.1%.

1.7 Investment portfolio

In 2015 the amount of invested funds was ANG 405 million. The total return on the investment portfolio was 0.39%.

In the table below you will see the development of the Fund's investments:

Investment performance	2015	2014	2013	2012	2011	Average return
Targeted return	5.50%	5.50%	5.50%	5.50%	5.50%	5.50%
Total return	0.39%	4.18%	8.11%	6.79%	1.97%	4.29%
Return domestic portfolio	3.56%	4.35%	3.86%	4.81%	2.26%	3.77%
Return international portfolio	-3.07%	3.96%	15.93%	15.09%	0.00%	6.38%

The development of the return on the total assets are as follows:

Return on total assets	2015	2014	2013	2012	2011	Average return
Total return	0.28%	3.37%	6.78%	5.62%	1.58%	3.53%

International portfolio

The year to date return as per December 2015 was -3.07% for the international portfolio. The weighted composite year to date return was for the international market -3.40%.

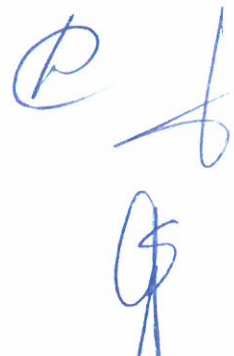
Reduced investment returns

In comparison to 2014 the Fund saw a significant reduction in the generated return on its invested funds. Both of the Fund's international fiduciary managers experienced challenges with the investment strategies.

The decrease in this revenue post was influenced by a variety of factors amongst which

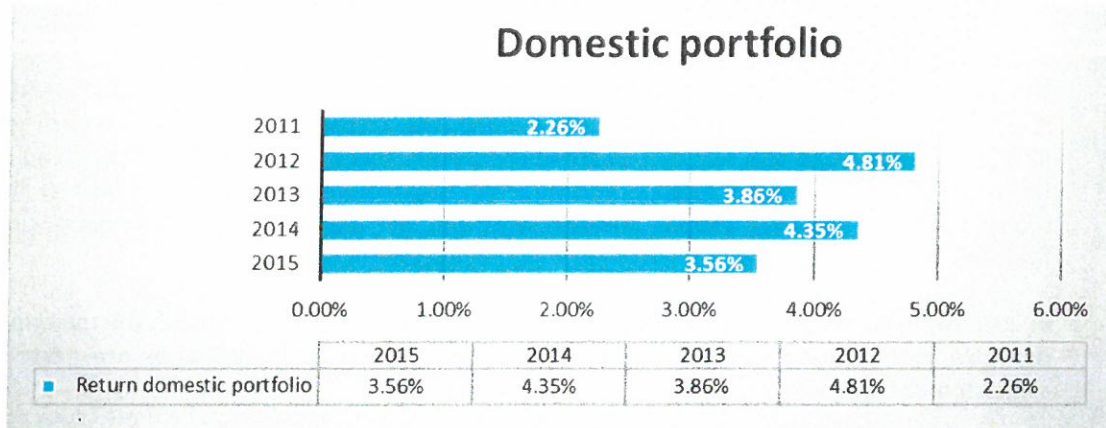
- Continuing decline in global oil markets;
- a tempered growth in economic activity in the US;
- the interest rate being purposely held low in the US;
- approximately 13% holdings of the international portfolio being in ETFs which are designed to follow the indexes and per definition will show a similar underperformance in financial markets such as we have seen in 2015. This has since then been adjusted. As per the end of the second quarter of 2016, the percentage of ETFs is approximately 5%.

The Fund is cognizant that proper fund manager selection by the fiduciaries is key in achieving the target return / outperforming the benchmark. In this regard, keen monitoring of the fiduciary's performance / track record is of utmost importance. In particular, the realized performance in relation to the costs associated with the (active) management of the portfolio.



Domestic portfolio

The domestic portion of our investment portfolio contributed to a return of 3.56% in 2015.



New investments

In September 2014, APS reached an agreement with the property owners of Mary's Fancy for the sale of the Plantation House and its surroundings. The surroundings include a large boiling house, the former main residence and a brick oven. It is the intention of the fund to preserve, maintain and protect part of St. Maarten's patrimony and history, and at the same time developing the adjacent parcel in such a way that it can be exploited commercially whereby no less than the Fund's minimum return of 5.5% will be generated. The review and discussion with stakeholders of developments plans is scheduled to continue on through 2016.

Welgelegen housing development

Welgelegen is a housing development project whereby the goal is to develop affordable housing on Sint Maarten for young professionals. This housing project will meet the Fund's minimum return of 5.5%. The ground breaking ceremony took place on the 23rd of September 2016. The development period will be less than 1.5 years.

Rain Forest Adventures

RF Adventure is developing an Eco-Adventure Park in St. Maarten. The Eco-Adventure is being developed next to the Emilio Wilson Park. The intention is to preserve the native eco-system and engage the local community in cultural, conservation and educational programs. Part of RF Adventure's plan is to reforest the estate and restore it to its original natural environment. The bond will yield at least 6% per year. It is expected that the park will be opened by April-May 2017.

Potential investments

In 2015 we looked at many local investment opportunities but upon further assessment of the risks versus perceived reward, it was decided that the majority were not in the best interest of the Fund and by definition, its participants and beneficiaries.

The Fund continues to seek investment opportunities on the local market that are in line with the results of the in 2014 executed ALM study. The study showed amongst others that a shift in the Fund's asset allocation from fixed income to securities to equities in both the domestic and the international portfolio would benefit the projected portfolio return.



A portion of our funds that are available for investment remained parked in term deposits through 2015 as the Fund continues to seek viable investment opportunities in which they can be put to use.

1.8 Pension Administration development

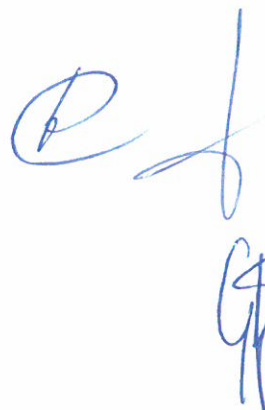
The total number of participants has decreased throughout 2015 to 2617 participants being registered as active; this number was 2,700 in 2014. The average age of our active participants is 43.3 years old in 2015, this was 43.1 in 2014. The overall average age has increased to 48.3 years; this is up from 47.9. These statistics indicate that our pension beneficiaries are indeed attaining higher ages and therefore support the theory of a longer life expectancy amongst our pension beneficiaries.

In 2015 the number of pension beneficiaries increased from 949 to 1017 - with the majority of the pensions being senior pensions. A number of these pension beneficiaries are persons that requested their pension retroactively.

Despite the increasing number of pension beneficiaries in the Fund, the system dependency ratio remains positive but has decreased to a ratio of 1.7 for active participants for every (deferred) pension beneficiary (non-active) in the Fund's population. Whilst this ratio was higher in 2014 (2:1), it can still be considered good, as it means that the Fund's is still at a point where the majority of its outgoing cash flows are in the future when the current pool of active participants retires. Management is vigilant in monitoring the development in this ratio.

New associated employer

Of the participants registered in 2015, a number of these are staff members of the Bureau for Intellectual Property (BIP). The ministerial decree for the BIP was finalized in October 2015.



Premiums are insufficient to cover costs

The financial unsolidity of the Fund is further exacerbated by the fact that the premium revenues are far from sufficient to cover the expenses associated with the current pension scheme. Actuarial analyses done on our participants' base have made this clear.

In a normal situation the premium revenue should be sufficient to sustain the Fund, however in the case of APS it is apparent that even the legal premium at 25% of the salary sum would be insufficient. By continuing to receive 22% in pension premiums instead of 25%, the Fund is being systematically "short changed" which leads to its further insolvency.

This is one of the driving factors behind the decision to collect a supplementary 3% in premiums (based on 25% legal premium vs 22% which has been collected thus far) and the call for pension reform.

1.9 Risk Management

Risk management is the identification, assessment, and prioritization of risks, followed by a coordinated and economical application of resources to minimize, monitor, and control the probability and/or impact of unfortunate events or to maximize the realization of opportunities ⁶.

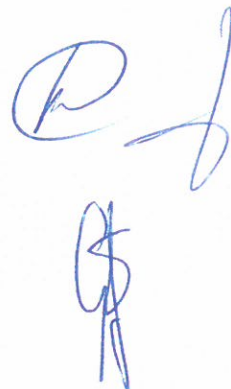
In 2015 the board of APS decided to proceed with the analysis of the risks it faces as a pension fund. Important to the board was not only to get an idea of the financial risks but also non-financial risks which includes among others Corporate Governance Risk, Quality Management Risk and Annual Reporting Risk. The non-financial risks were deemed very important due to the recent restructuring that APS had just gone through.

Prioritizing the risks

The board was very involved throughout the analysis phase and they identified the 10 biggest and most important risks that APS faces. These risks were then prioritized by impact. It was decided to start a parallel trajectory for the financial risks and for the non-financial risks. By December 2015 the Corporate Governance Risk, Quality Management Risk, Asset Management Risk and Investment Risk had been worked out. In the documents describing these risks, the control measures were thoroughly taken up as well as the policies that would need to be put in place to mitigate the aforementioned risks.

In 2016, the rest of the identified risks will be worked on and in the latter part of 2016 the roll out of Risk Management will take place. This roll out will include getting all the new policies and procedures in place and starting with the risk management reporting for non-financial as well as financial risks.

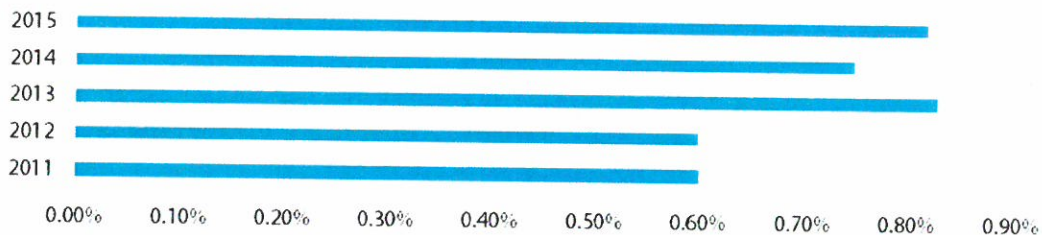
⁶ Wikipedia (www.wikipedia.org/wiki/Risk_management)



1.10 Operational Costs

The operational costs of the Fund are approximately 0.82% of the fund's assets. This is higher than 0.75% when compared to 2014. This is due to the fact that the pension administration expenses increased more (12.27%) than the increase of the pension assets (2.88%). The average for the Fund is 0.72%.

Operational Costs



1.11 Focus on long term

Three major issues are immediately apparent in this year's financial statement. The first is that the year ended with a negative result driven by a reduced return on invested funds (revenue side), and increases in the pension benefits payment and in the pension provision (expense side). The second is that the solvency of the Fund is subpar with a coverage ratio of 93.20%, which is below the minimum ratio of 100% and below the target ratio of 105%. Thirdly, the high receivables from predominantly the Government of St. Maarten, which is more than 16.54% of the Fund's assets and significantly more than the maximum amount of 10% as per our ABTN.

The Fund is not in a financially sound position. Due to the negative financial result the Fund is impeded in its ability this year to effectively continue reserving funds which would be used to offset years in which the investment returns are disappointing and to finance the indexation of pension benefits. The insolvent state of the Fund also limits it in other areas, such as the honoring of certain requests such as pension value transfers seeing that by regulation of the Central Bank of Curaçao & Sint Maarten so-called "waardeoverdrachten" can only be done once the coverage ratio is 100% or higher.

Discussions with the Government of Sint Maarten on the repayment of the debt it has accrued over the past years, was concluded in November 2015. As a result, a Debt Payment Basic Agreement (DPBA) was signed between the Government of Sint Maarten and the Fund for the cancellation of the outstanding debt to APS on 5 February, 2016. The debt was valued at ANG 83 million. This amount also includes the difference of the 22% and the legal percentage of 25% of the pension contribution between October 10, 2010 to December 31 2015.

Financial sustainability through pension reform

Start by doing what is *necessary*,
then what is *possible*, and suddenly
you are doing the *impossible*.

~ Saint Francis of Assisi

It is apparent that the current pension scheme is no longer financially sustainable. This is evident from symptoms such as:

- the legal premium of 25% being insufficient to cover all costs associated with the scheme,
- the need of the Fund to finance a portion of the costs from investment return,
- the major employers having difficulty making timely pension premium payments and reimbursements to the Fund,
- the below minimum coverage ratio.

Other objectives of the pension reform are:

- Move from unconditional indexation to condition indexation
- Increase entitlement age from 62 to 65 years
- Move from final pay to average pay system
- There is no minimum age for commencement of premiums contributions

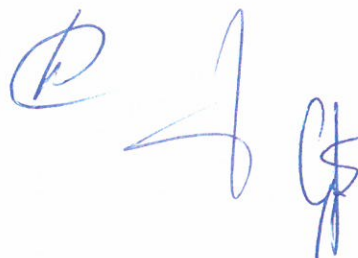
It is also further supported by the financial instruction from the Council of Ministers of the Netherlands based on the advice of the College van Financieel Toezicht (CFT) to pay off debts to amongst others the Fund within a specific timespan and to put in place a sustainable pension and healthy scheme before the end of 2016.

It is likely that structural pension reform is potentially the only way to prevent the demise of the pension fund going forward and to successfully make the Fund financially sound.

The Fund anticipates working with the Government of Sint Maarten and representatives of the participants to put reform measures in place. It is desirable to achieve a win-win situation for all parties involved:

- the ability to provide participants with the certainty of a pension income upon retirement, that is inflation-proof,
- a pension scheme that is financially sustainable and allows the Fund to honor a promise of a pension income to all participants for life,
- a pension scheme that is based on just and fair principles and does not benefit one group more than others,
- a pension scheme that is affordable for both participant and employer,
- administratively efficient so as not to burden the scheme with high costs.

The Fund is cognizant that the thought of pension reform can be a daunting one especially when we look at the changes that our neighboring islands have gone through with similar processes. However, participants, their representative groups and other stakeholders should bear in mind that the end goal is ensuring that all participants – both current and future employees – are able to receive a pension that they are entitled to.



Solidifying the Fund through reform is beneficial to the collective of the participants. Acknowledging this need for change and embracing this change would serve us all well.

In 2016 there has been developments on the topic of pension reform. The fund is diligently working with the different stakeholders in formulating a pension scheme that will be sustainable for the coming 10-15 years. The stakeholders include representatives from the Finance department, the Personal department and the unions. A few elements that almost have been formalized are the change to a pensionable age of 65, the change to an average pay scheme, a decrease in the pension premium contribution, a decrease in the accrual percentage for pension and a conditional indexation based on the ratio of the Fund.

The instruction from the College van Financieel Toezicht (CFT) has not changed. The sustainable pension scheme has to be in place before the end of 2016.

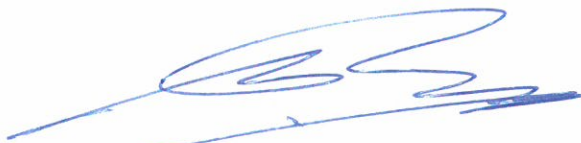
Pension fund association CaPAs

In 2014 seven pension funds in the region expressed interest to join forces and form an association which would serve as a platform for the exchange of knowledge, cooperative serving of common interests of the pension funds etc. Caribbean Pension Fund Association was established officially on 29 May 2015: statutes were notarized and deposited naming a board composed of various members of the seven founding fathers: APC, APFA, APS, MCB, CMB, PCN and Vidanova. The opening seminar was held on the 29th of October the same year.

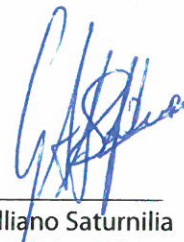
1.12 Acknowledgements

We thank our fellow members of the Board of Directors (present and past), members of the Investment Committee, the Directorate and the staff as a whole, for their efforts to establish an organization which will be able to provide the best possible services to the APS members and participants in the future.

Throughout 2015 the Board, investment committee, management and staff of the Fund had the opportunity to work with a number of entities in various areas: structuring, analysis, executing and monitoring of (potential) investments, PR, ICT management, operational software and website development, etc. We are grateful to those entities and look forward to a continued fruitful working relationship in the future.



Mr. Franklyn Richards
Chairman of the APS Board of Directors

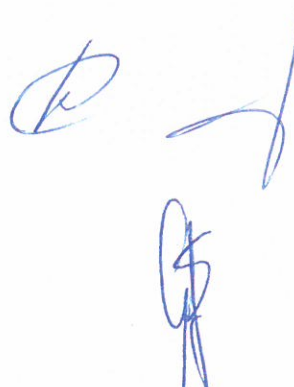


Mr. Guilliano Saturnilia
Member of the APS Board of Directors



2. Financial Highlights

	Dec 31, 2015	Dec 31, 2014	
Associated Employers ¹⁾	28	26	1) For a number of the associated employers it can be said that it is not the entire staff that are participating in the pension fund.
Number of Participants			
Active registered participants ²⁾	2,617	2,700	2) Registered employees of an associated employer who contributed premiums to the pension fund during the reporting year.
Active non registered participants ³⁾			3) Non registered employees of an associated employer who contributed premiums to the pension fund during the reporting year.
Participants with deferred rights ⁴⁾	525	434	4) Former employees of an associated employer who have accrued pension, however no longer contributed pension premiums during the reporting year.
Pensioners	1,017	949	
Actives/non actives participants	1.70	1.95	
Participants age average			
Active participants	43.3	43.1	
Non active participants	56.8	57.3	
All participants	48.3	47.9	
Pension administration			
Actual premium ⁵⁾	22%	22%	5) The 22% pension premium which was charged in 2015, was inherited from APS predecessor, APNA. It deviates from the 25% premium stated in "the Pensioenlandsverordening Overheids-dienaren".
Pension Premiums	31,979,448	33,905,772	
Pension administration expenses ⁶⁾	4,620,921	4,115,881	6) The operational expenses of the fund (including investment management expenses) are circa 0.8% of the funds's assets.
Pension payments	17,588,279	15,153,189	
Pension premiums/pension payments	1.82	2.24	



	Dec 31, 2015	Dec 31, 2014	
Solvency			
Pension assets	561,249,364	545,396,787	
Minimum targeted pension assets	632,319,450	586,911,150	
	602,209,000	558,963,000	
Pension obligation provision			
Current funding ratio 7)	93.20%	97.57%	7) A funding ratio below 100% is one of the indicators that has triggered the definition of a two-pronged plan improve the solvency of the fund (focus on both short & long term actions).
Minimum targeted funding ratio 8)	105.00%	105.00%	8) The Board-defined target for the funding ratio.
Total provision/provision pensioners	2.69	2.72	
Investment portfolio			
Equity	141,102,973	147,392,006	
Fixed income	199,637,285	136,816,785	
Division of assets 9)	60,371,600	123,340,531	9) Amount APS is yet to receive from the division of APNA assets (upon completion).
Other	159,441,221	134,882,793	
Investment performance			
Targeted return	5.50%	5.50%	
Total return	0.39%	4.18%	
Return domestic portfolio	3.56%	4.35%	
Return international portfolio	-3.07%	3.96%	



3. Financial Statements

Statement of financial position As at 31 December

All amounts are in thousand Netherlands Antillean guilders

	Note	Dec 31, 2015	Dec 31, 2014
Assets			
Property and equipment	4.4	284	274
Intangible assets	4.5	331	480
Financial assets:			
Investment properties	4.6	4,110	4,345
Investments held to maturity	4.7	138,403	72,411
Investments held at fair value through profit or loss	4.8	189,837	196,797
Other non-current assets	4.9	60,372	123,341
Total non-current assets		393,336	397,647
Accounts receivable	4.10	93,664	80,762
Other receivable	4.10	158	158
Interest Receivable	4.10	902	896
Short term portion of financial assets	4.11	12,500	15,000
Other current assets	4.12	80	42
Cash and cash equivalents	4.13	65,700	73,125
Total current assets		173,004	169,982
Total assets		566,340	567,630
Equity			
Reserves	4.41	(13,566)	7,248
Result current year	4.14	(27,393)	(20,814)
Total equity	4.14	(40,960)	(13,566)
Liabilities			
Pension benefits obligations	4.15	602,209	558,963
Loan and borrowings	4.16	-	19,317
Total non-current liabilities		602,209	578,280
Accounts payable		455	315
Other payable	4.17	607	466
Accrued liabilities	4.18	4,028	2,135
Total current liabilities		5,090	2,916
Total liabilities		607,299	581,196
Total equity and liabilities		566,340	567,630

The accompanying notes are an integral part of these financial statements

Statement of comprehensive income
For the period ended 31 December

All amounts are in thousand Netherlands Antillean guilders

	Note	2015	2014
Revenues			
Pension premium income	4.19	31,979	32,252
Pension premium income previous years	4.19	37	1,654
Investment income:			
Investment properties income	4.20	(435)	(628)
Debt security income	4.21	5,323	4,120
Time deposits income	4.22	763	479
Income investments held at fair value	4.23	(6,034)	7,464
Other investment income	4.24	1,997	6,540
Other income	4.25	4,567	2,257
Total Revenues		38,197	54,137
Expenses			
Pension benefits payments	4.26	17,588	15,153
Operating expenses	4.27	4,621	4,116
Net increase/ (decrease) in pension benefits obligation	4.15	43,246	55,552
Total expenses		65,455	74,821
Result from operating activities		(27,258)	(20,684)
Non operating expenses			
Financial income / (expenses)	4.28	(48)	(130)
Other financial income / (expenses)	4.29	(88)	-
Total non operating results		(135)	(130)
Profit		(27,393)	(20,814)
Total comprehensive income		(27,393)	(20,814)
Attributable to:			
To the Fund		(27,393)	(20,814)
Total comprehensive income		(27,393)	(20,814)
Total comprehensive income attributable to the owners of the parent arises from:			
Continuing operations		(27,393)	(20,814)

The accompanying notes are an integral part of these financial statements



Statement of changes in Equity

For the period ended 31 December

All amounts are in thousand Netherlands Antillean guilders

	Note	Retained earnings	Attributable to the Fund		
			Total	Non-controlling interest	Total equity
January 1, 2014		-	-	-	-
<i>Comprehensive Income for the period</i>					
Profit for the period	4.13	(20,814)	(20,814)	-	(20,814)
Balance at December 31, 2014	4.13	(13,566)	(13,566)	-	(13,566)
<i>Comprehensive Income for the period</i>					
Profit for the period	4.13	(27,393)	(27,393)	-	(27,393)
Total comprehensive Income for the period		(27,393)	(27,393)	-	(27,393)
Total contributions by and distributions to the Fund		-	-	-	-
Balance at December 31, 2015	4.13	(40,960)	(40,960)	-	(40,960)

The accompanying notes are an integral part of these financial statements

Statement of Cash Flow

For the period ended 31 December

All amounts are in thousand Netherlands Antillean guilders

	Note	2015	2014
Cash flows from operating activities			
Operating (loss) / profit		(27,393)	(20,814)
Adjustments for:			
Depreciation of property and equipment	4.4	77	68
Amortisation of intangible fixed assets	4.5	182	180
Depreciation of investment property	4.6	235	-
Unrealized (gain) loss on financial assets held at fair value through P&L	4.31	6,949	(3,069)
Increase in pension benefits obligations	4.15	43,246	55,552
Mutations work capital:			
Decrease (increase) in trade and other receivables	4.10	(18,993)	(9,102)
Decrease (increase) in other current assets	4.12	(38)	(15)
Increase (decrease) in trade and other payables	4.17	140	130
Increase (decrease) in other current liabilities	4.17/18	2,035	(236)
Net cash flows from operating activities		6,439	22,694
Investing activities			
Acquisitions			
Acquisition of property and equipment	4.4	(88)	(58)
Acquisition of intangible assets	4.5	(33)	()
Acquisition of investment properties	4.6	-	(4,345)
Acquisition of investment held to maturity	4.7	(62,853)	-
Acquisition of fin. assets held at fair value through P&L	4.31	(268,736)	(333,864)
Acquisition of short term portion of financial assets	4.11	(10,000)	-
Acquisition of other investments	4.9	-	(6,539)
Proceeds			
Proceeds from maturities of financial assets held to maturity	4.7	6,861	2,134
Disinvestment of fin. assets held at fair value through P&L	4.31	268,746	328,525
Proceeds from maturities of short term portion of financial assets	4.11	2,500	35,000
Proceeds from other investments	4.9	62,969	-
Interest received	4.10	6,086	2,193
Net cash flow from investing activities		5,453	23,045
Financing activities			
Reduction of loan and borrowings	4.16	(19,317)	(766)
Net cash flow from financing activities		(19,317)	(766)
Cash flow			
Net cash flow in cash and cash equivalents		(7,424)	44,973
Cash and cash equivalents at beginning of period		73,125	28,152
Cash and cash equivalents at end of period		65,700	73,125

The accompanying notes are an integral part of these financial statements



4. Notes to the Financial Statements

4.1 General

Algemeen Pensioenfonds Sint Maarten is one of the legal successors of the former 'Algemeen Pensioenfonds van de Nederlandse Antillen (APNA) and is expected to continue carrying on the role of its predecessor. The Fund is established in Sint Maarten and the address of its registered office is Yogesh Commercial Complex unit 1A /1B, A.J.C. Brouwersweg # 4, Cul-de-Sac, Sint Maarten.

The financial statements have been approved for issue by the APS Board of Directors on October 21, 2016.

The Fund executes two main pension schemes that are regulated in two ordinances. The transition articles of the 'PLvO' (PB 1997, no 312) in conjunction with 'Pensioenverordening Burgerlijke Landsdienaren' (PB 1938, no 15) regulates the pension for the participants that entered into the fund before January 1, 1998 and is referred to as "the old pension scheme". The 'PLvO' hereafter to be referred as "the Pension Ordinance" regulates the pension of the participants that have become employed as of January 1, 1998 and is referred to as "the new pension scheme". Every government employee who was hired on or after January 1, 1998, with some exceptions, takes part in the new pension scheme.

The participants of the old and new pension scheme and their family members are entitled to the following benefits:

- retirement pension (pensionable age: 60 years⁷);
- disability pension;
- widow's/widower's and orphan's pension.

The accrual of retirement pension commences from the age of 25 years. Participants younger than 25 are entitled to the following benefits:

- disability pension;
- widow's/widower's and orphan's pension.

The pension scheme is based on a mitigated final pay system, where the pension is calculated based on the average of the base salaries earned in the two calendar years before reaching pension age minus the 'AOV franchise'. The pension accrual percentage for active participants whose employment commenced on or after January 1, 1998, amounts to 2% per year for a maximum of 35 years in service. For participants that were employed before January 1, 1998 the pension builds up amounts to 2.5% for first 20 years of service and 1.67% for next 10 years of service.

The pension for widows/widowers and orphans amounts to 70/100 and respectively 14/100 of the retirement pension. The total amount of widow's/widower's and orphan's pension per participant cannot exceed its retirement pension.

⁷ The pensionable age was increased to 62 as per July 1, 2016 Pensioenlandsverordening Overheidsdienaren AB 2016, no 25



The employers affiliated with the Fund are:

Affiliated Employers	
1	Government of Sint Maarten
Schoolboards	
2	Foundation for Academic and Vocational Education
3	Stichting Katholiek Onderwijs
4	Methodist Agogic Centre Foundation
5	Stichting Protestant Christelijk Onderwijs
6	SVOBE
7	SXM seventh Day Advenstis Education Found.
Government N.V.'s and foundations	
8	Philpsburg Jubilee Library
9	Princess Juliana International Airport
10	Postal Services St. Maarten
11	Nieuwe Post Nederlandse Antillen N.V.
12	Analytisch Diagnostisch Centrum N.V.
13	Sint Maarten Harbour Group of Companies
14	St. Maarten Laboratory Services
15	Bureau Telecommunicatie en Post St. Maarten
16	Bureau for Intellectual Property
17	Telem Group of Companies
18	United Telecommunication Services
Public entities	
19	Centrale Bank van Cur. & SXM
20	Sociale & Ziektekosten Verzekeringen
21	Algemeen Pensioenfonds Sint Maarten
Hoge raad organisations	
22	Leden van de Staten
23	Raad van Advies
24	Sociaal Economische Raad
25	Kabinet van de Gouverneur Sint Maarten
26	Algemene Rekenkamer
27	Ombudsman
28	Raad voor de Rechtshandaving

The number of registered participants of the Fund are as follows:

Participants

	Dec 31, 2015	Dec 31, 2014
Active Participants	2,617	2,700
Active non registered participants	-	-
Participants with deferred rights	525	434
Pensioners	1,017	949
Total	4,159	4,083

Funding policy

The main objective of the Fund is to ensure that the Fund will always be able to meet its obligations to its participants. Therefore, the Fund would like to have a funding ratio of 105%. The current funding ratio is 93.20% which is lower than the targeted amount. The Fund will conduct an Asset /Liability Management (ALM) study once every three to five years in order to ensure the sustainability of the Fund. The results of this study will provide APS with a clear overview on the following actions:

- identifying the short and long term risk, such as premium rate, indexation, pension age, pension system (average or final pay), investment policies etcetera, for the execution of the current pension legislation;
- establish premium rates for active participants and employers in order to ensure that adequate levels of funding are maintained;
- establish proposals for pension scheme changes, such as pension age, average pay system etc.;
- establish the long term investment policy and to perform annual investment structure reviews.

Investment policy

The policy sets forth the guidelines which the Board of Directors deems to be appropriate and prudent in consideration of the needs of and the legal requirements applicable to APS's investment program.

The overall objective of the Fund's investment policy is to provide participants with benefits as regulated in the Pension Ordinance. This will be accomplished through a carefully planned and executed long-term investment program that efficiently and effectively allocates and manages the assets of the Fund.

The policy has been designed to allow the Fund to achieve a minimum rate of return of 5.5% over the long-term. The assets of the APS will be broadly diversified to minimize the effect of short-term losses within any investment program. All investment transactions shall be designed and executed solely in the interest of, and for the exclusive purposes of providing benefits to participants and minimizing employer contributions.

The policy targets for the local investments are expected to be implemented over a period of four to five years. The policy targets for the international investments will be in effect from the initiation of the international investments.

Three handwritten signatures in blue ink are located in the lower right quadrant of the page. The signatures are stylized and appear to be initials or names.

The permissible ranges are listed in the following table.

Asset Class	Policy Target	Allowable Range relative to target
External Equity Securities	24.0%	+/- 20%
Total Equity	24.0%	+/- 20%
External Global Fixed Income & Money Funds	16.0%	+/- 10%
Local Fixed Income, Loans & Bank Time Deposits	45.4%	+/- 5%
Total Fixed Income	61.4%	+/- 5%
Internal Real Estate	3.0%	+/- 1%
Internal Projects	10.6%	+/- 1%
Cash	1.0%	0% - 10%
Total	100%	N/A

The current allocation of the portfolio is:

All amounts are in thousand Netherlands Antillean guilders

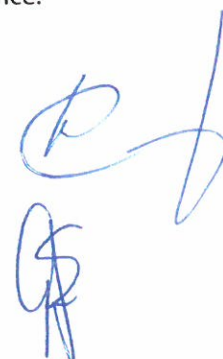
Asset allocation as at December 31, 2015

	2015	Actual %	2014	Actual %
External Equity Securities	141,103		147,392	
Total Equity	141,103	30%	147,392	30%
External Global Fixed Income & Money Funds	48,734	10%	49,405	10%
Local Fixed Income, Loans & Bank Time Deposits	211,275	45%	210,752	43%
Total Fixed Income	260,009	55%	260,157	54%
Internal Real Estate	4,110	1%	4,345	1%
Internal Projects	-	0%	-	0%
Cash	65,700	14%	73,125	15%
Total	470,922	100%	485,018	100%

Each asset class has a benchmark specified in its respective policy and approved by the Board of Directors.

A comprehensive Asset Allocation Strategy analysis will be completed at least once every three years and will be presented to the Board of Directors for review and approval of Policy target asset class allocations and ranges. The Management may recommend a more frequent analysis of asset class allocations and ranges if expected returns, risks or liability values have substantially changed since the prior analysis. Additionally, the Program is then reviewed by Consultants and APS Management at least annually to ensure that all assumptions used in establishing the Program continue to be reasonable.

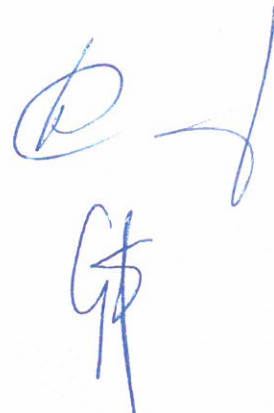
The Program will reflect analyses that consider the current and expected financial condition of APS including the projected APS's liabilities. Analyses will also encompass the expected long-term capital markets outlook, expected inflation, and APS's risk tolerance.



A financial or real asset type is considered as an asset class if it has a risk, return, and correlation profile sufficiently different from existing APS asset classes, and if its inclusion or exclusion materially affects the expected risk and return of APS's total return.

Once APS approves an asset class for investment, as part of the Program, the investment may only be made in accordance with a policy reviewed and approved by the Board for that asset class. Such a policy does specify the investment guidelines and provide for the monitoring of that asset class.

The investment policy is a dynamic policy and will be reviewed from time to time primarily based on a periodic Asset Liability Management (ALM) study.

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4.2 Accounting policies

Basis of preparation

The principal accounting policies adopted in the preparation of the financial statements are set out below.

Statement of compliance

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS).

Basis of measurement

The financial statements have been prepared under the historical cost convention, as modified by the revaluation of land and buildings, investment property, available-for-sale financial assets, and financial assets and financial liabilities (including derivative instruments) at fair value through profit or loss.

The preparation of financial statements in conformity with adopted IFRS requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the Fund's accounting policies. The areas where significant judgments and estimates have been made in preparing the financial statements and their effect are disclosed at the end of this note.

Functional and presentation currency

These financial statements are presented in Netherlands Antillean Guilders, which is the Fund's functional currency. The exchange rate used for USD/ANG is 1/1.80.

Except as otherwise indicated, financial information presented in Netherlands Antillean Guilders have been rounded to the nearest thousand.

Changes in accounting policies

a) New standards, interpretations and amendments effective from January 1, 2015

The accounting policies applied in these financial statements are consistent with those of the previous financial year.

IAS 32, (amendments). "Financial Instruments: Presentation" on offsetting financial assets and financial liabilities. This amendment clarifies that the right of set-off must not be contingent on a future event. It must also be legally enforceable for all counterparties in the normal course of business, as well as in the event of default, insolvency or bankruptcy. The amendment also considers settlement mechanisms. This amendment does not have a material effect on the financial statements of the fund.

IAS 36, (amendments). "Impairment of assets" – on the recoverable amount disclosures for non-financial assets. This amendment removed certain disclosures of the recoverable amount of cash generating units which had been included in IAS 36 by the issue of IFRS 13.

IFRIC 21, "Levies" – sets out the accounting for an obligation to pay a levy if that liability is within scope of IAS 37 "Provisions". The interpretation addresses what the obligating event is that gives rise to pay a levy and when a liability should be recognized. The fund is not currently subjected to significant levies so the impact on the fund is not material.

Other standards, amendments and interpretations which are effective for the financial year beginning on January 1 2015 are not relevant to the fund.



b) New standards, interpretations and amendments not yet effective

A number of new standards and amendments to standards and interpretations are effective for annual periods beginning after January 1, 2015, and have not been applied in preparing these financial statements. None of these is expected to have a significant effect on the financial statements of the Fund, except the following set out below:

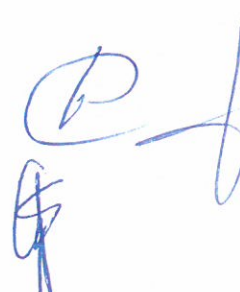
IFRS 9, "Financial instruments" – addresses the classification, measurement and recognition of financial assets and financial liabilities. The complete version of IFRS 9 was issued in July 2014. It replaces the guidance in IAS 39 that relates to the classification and measurement of financial instruments. IFRS 9 retains but simplifies the mixed measurement model and establishes three primary measurement categories for financial assets: amortized cost, fair value through other comprehensive income (OCI) and fair value through P&L. The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset. Investments in equity instruments are required to be measured at fair value through profit or loss with the irrevocable option at inception to present changes in fair value in OCI not recycling. There is now a new expected credit losses model that replaces the incurred loss impairment model used in IAS 39. For financial liabilities there were no changes to classification and measurement except for the recognition of changes in own credit risk in other comprehensive income, for liabilities designated at fair value through profit or loss. IFRS 9 relaxes the requirements for hedge effectiveness by replacing the bright line hedge effectiveness tests. It requires an economic relationship between the hedged item and hedging instrument and for the 'hedged ratio' to be the same as the one management actually use for risk management purposes. Contemporaneous documentation is still required but is different to that currently prepared under IAS 39.

The standard is effective for accounting periods beginning on or after January 1, 2018. Early adoption is permitted. The fund is yet to assess IFRS 9's full impact.

IFRS 15, "Revenue from Contracts with Customers" – is a new standard for the recognition of revenue. This will replace IAS 18 which covers contracts for goods and services.

The standard introduces a revenue model in which the core principle is that revenue must be recognized when the goods or services are transferred to the customer, at the transaction price. Any bundled goods or services that are distinct must be separately recognized, and any discounts or rebates on the contract price must generally be allocated to the separate elements. When the consideration varies for any reason, minimum amounts must be recognized if they are not at significant risk of reversal. Costs incurred to secure contracts with customers have to be capitalized and amortized over the period when the benefits of the contract are consumed. The standard is effective for accounting periods beginning on or after January 1, 2018. Early adoption is permitted. The fund is yet to assess IFRS 15's full impact.

IFRS 16, "Leases", establishes principles for the recognition, measurement, presentation and disclosure of leases, with the objective of ensuring that lessees and lessors provide relevant information that faithfully represents those transactions. All leases result in the lessee obtaining the right to use an asset at the start of the lease and, if lease payments are made over time, also obtaining financing. Accordingly, IFRS 16 eliminates the classification of leases as either operating leases or finance leases as is required by IAS 17 and, instead, introduces a single lessee accounting model. Lessees will be required to recognize: (a) assets and liabilities for all lease with a term of more than 12 months, unless the underlying asset is of low value; and (b) depreciation of lease assets separately from interest on lease liabilities in the income statement. IFRS 16 substantially carries forward the lessor accounting requirements in IAS 17. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for those two types of leases



differently. The standard is effective for accounting period beginning on or after January 1, 2019, early adoption is permitted. The Fund is currently assessing the full impact of IFRS 16.

There are no other IFRSs or IFRIC interpretations that are not yet effective that would be expected to have a material impact on the fund.

Capital management

The fund's objective is to safeguard the Fund's ability to continue as a going concern in order to meet its obligations to its participants.

The fund has a board that is charged with managing and administering the fund and the other pension funds that are or will be assigned to it in accordance with article 3, paragraph 2 of the Fund's Pension Ordinance. Ideally the Fund would like to have a funding ratio of 105%.

The capital is used to generate wealth through investment. The funding ratio is calculated by dividing the total actuarial assets to the fund's non-current liability. There were no changes in the Fund's approach to capital management during the year.

Property and equipment

All property and equipment are stated at historical cost less depreciation and accumulated impairment losses, if any. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Fund and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

Depreciation on property and equipment are calculated using the straight-line method to allocate their cost or revalued amounts to their residual values over their estimated useful lives, as follows:

<i>Asset Type</i>	<i># of Years</i>	<i>Method</i>	<i>Residual Values</i>
Leasehold improvements	5 years	Straight line	0
Computer Hardware	4 years	Straight line	0
Furniture & Fixtures	10 years	Straight line	0
Equipment	5 years	Straight line	0
Building	40 years	Straight line	0

The assets' residual values and useful lives are reviewed at the end of each reporting period and adjusted if appropriate. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount. These are included in the income statement in operating income.

Leasehold investments

Leasehold improvements are investments made to customize buildings and offices occupied under operating lease contracts to make them suitable for their intended purpose. The present value of estimated reinstatement costs to bring a leased property into its original condition at the end of the lease, if required, is capitalized as part of the total leasehold improvements costs. At the same time, a corresponding liability is recognized to reflect the obligation incurred.

Reinstatement costs are recognized in net income through depreciation of the capitalized leasehold improvements over their estimated useful life.

The Fund rents two office units from the same landlord. The rental agreements are for a period of two years, with an option to renew after each period.

Intangible assets

Computer software

Costs associated with maintaining computer software programs are recognized as an expense as incurred. Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the Fund are recognized as intangible assets when the following criteria are met:

- It is technically feasible to complete the software product so that it will be available for use;
- Management intends to complete the software product and use or sell it;
- There is an ability to use or sell the software product;
- It can be demonstrated how the software product will generate probable future economic benefits;
- Adequate technical, financial and other resources to complete the development and to use or sell the software product are available;
- The expenditure attributable to the software product during its development can be reliably measured.

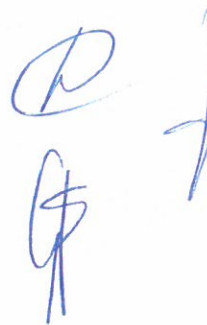
Directly attributable costs that are capitalized as part of the software product include the software development employee costs and an appropriate portion of directly attributable overheads.

Depreciation on intangible assets is calculated using the straight-line method to allocate their cost to their residual values, as follows:

Asset Type	# of Years	Method	Residual Values
Computer Software	5 years	Straight line	0

Impairment of intangible asset

Impairment tests on intangible assets with indefinite useful economic lives are undertaken annually at the financial year end. Other non-financial assets are subject to impairment tests whenever events or changes in circumstances indicate that their carrying amount may not be recoverable. Where the carrying value of an asset exceeds its recoverable amount (i.e. the higher of value in use and fair value less costs to sell), the asset is written down accordingly.



Impairment charges are included in profit or loss, except to the extent they reverse gains previously recognized in other comprehensive income. An impairment loss recognized for goodwill is not reversed.

Investment property

Investment property is property (land or a building—or part of a building—or both) held by the Fund to earn rental income or for capital appreciation or both, rather than for: (a) use in the production or supply of goods or services or for administrative purposes; or (b) sale in the ordinary course of business.

Investment property is measured initially at its cost. Transaction costs are included in the initial measurement. After initial measurement the investment property is measured at depreciated cost less any accumulated impairment losses.

In September 2014, APS reached an agreement with the property owners of Mary's Fancy for the purchase of the Land, Plantation House and its surroundings.

Land is carried at cost. The Buildings (including building fittings are carried at cost less accumulated depreciation and accumulated impairment losses, if any. The Buildings are depreciated using the straight-line method over the estimated useful life of 40 years.

An investment property shall be derecognized on disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from its disposal. Gains or losses arising from the retirement or disposal of investment property shall be determined as the difference between the net disposal proceeds and the carrying amount of the asset and shall be recognized in profit or loss in the period of the retirement or disposal.

Financial assets

APS classifies its financial assets into the following categories: at fair value through profit or loss, loans and receivables, held to maturity and available for sale. The classification is determined by management at initial recognition and depends on the purpose for which the investments were acquired.

Financial assets at Fair value through profit or loss

A financial asset is classified at fair value through profit or loss if it is classified as held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term. Derivatives are also classified as held for trading unless they are designated as hedges. Assets in this category are classified as current assets if expected to be settled within 12 months, otherwise they are classified as non-current assets.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the end of the reporting period. These are classified as non-current assets. The Fund's loans and receivables comprise 'accounts receivable and other receivables' and 'cash and cash equivalents' in the balance sheet

Held-to-maturity financial assets

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Fund's management has the positive intention and ability to hold to maturity. Subsequent to initial, held to maturity investment are measured at amortized cost using an effective interest method less any impairment.



Held-to-maturity investments are government, corporate bonds or time deposits.

Available-for-sale financial assets

Investments are designated as available-for-sale financial assets if they do not have fixed maturities and fixed or determinable payments, and management intends to hold them for the medium to long-term (more than 12 months).

Financial assets that are not classified into any of the other categories (at FVPL, loans and receivables or held-to-maturity investments) are also included in the available-for-sale category. They are included in non-current assets unless the investment matures or management intends to dispose of it within 12 months of the end of the reporting period.

The Fund does not have any assets held for trading that classifies as available for sale financial assets.

Recognition and measurement

Regular purchases and sales of financial assets are recognized on the trade-date, the date on which the group commits to purchase or sell the asset. Investments are initially recognized at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss.

Financial assets carried at fair value through profit or loss are initially recognized at fair value, and transaction costs are expensed in the income statement. Financial assets are derecognized when the rights to receive cash flows from the investments have expired or have been transferred and the group has transferred substantially all risks and rewards of ownership.

Available-for-sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value.

Loans and receivables are subsequently carried at amortized cost using the effective interest method.

Gains or losses arising from changes in the fair value of the 'financial assets at fair value through profit or loss' category are presented in the income statement within 'Net change in value -' in the period in which they arise. Dividend income from financial assets at fair value through profit or loss is recognized in the income statement as part of other income when the Fund's right to receive payments is established.

Changes in the fair value of monetary and non-monetary securities classified as available for sale are recognized in other comprehensive income.

When securities classified as available for sale are sold or impaired, the accumulated fair value adjustments recognized in equity are included in the income statement as 'Gains and losses from investment securities'.

Interest on available-for-sale securities calculated using the effective interest method is recognized in the income statement as part of finance income. Dividends on available-for-sale equity instruments are recognized in the income statement as part of other income when the group's right to receive payments is established.

IFRS requires certain disclosures to be presented by category of instrument based on the IAS 39 measurement categories. Certain other disclosures are required by class of financial instrument.



For those disclosures an entity must group its financial instruments into classes of similar instruments as appropriate to the nature of the information presented. (IFRS 7.6)

The two main categories of disclosures required by IFRS 7 are:

1. Information about the significance of financial instruments.
2. Information about the nature and extent of risk arising from financial instruments.

IFRS 7 fair value measurement hierarchy

IFRS 7 requires certain disclosures which require the classification of financial assets and financial liabilities measured at fair value using a fair value hierarchy that reflects the significance of the inputs used in making the fair value measurement (see note 3). The fair value hierarchy has the following levels:

- a) quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1);
The fair value of financial instruments traded in active markets is based on quoted market prices at the balance sheet date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets held by the group is the current bid price.
- b) inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices) (Level 2);
The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. These valuation techniques maximize the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.
- c) inputs for the asset or liability that are not based on observable market data (unobservable inputs) (Level 3).

The level in the fair value hierarchy within which the financial asset or financial liability is categorized is determined on the basis of the lowest level input that is significant to the fair value measurement. Financial assets and financial liabilities are classified in their entirety into only one of the three levels.

IFRS 9 Financial Instruments

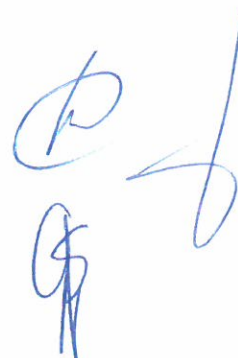
IFRS 9 Financial Instruments includes requirements for recognition and measurement, de-recognition and hedge accounting. On 12 November 2009, the IASB issued IFRS 9 Financial Instruments as the first step in its project to replace IAS 39 Financial Instruments: Recognition and Measurement.

Other non-current assets

Other non-current assets are mainly held-to-maturity investments with fixed or determinable payments and fixed maturities that are part of the division of assets of the Fund's predecessor APNA. Non-current assets include the actual accrued return.

Held-to-maturity investments are government, corporate bonds or time deposits.

Subsequent to initial, held to maturity investment are measured at amortized cost using an effective interest method less any impairment.



Upon settlement of the division of APNA assets, the non-current assets will be reclassified as current financial assets.

Accounts receivable

Account receivables are amounts due from pension contributions, 'VUT' /'duurtetoelag' payments, and the legal interest charged to the employer for untimely payments of the pension contributions and / or other outstandings and investments.

Recognition and measurement

Account receivables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method, less provision for impairment. A provision for impairment of account receivables is established when there is objective evidence that the Fund will not be able to collect all amounts due according to the original terms of receivables.

The carrying amounts of account receivables and other receivables are assumed to approximate their fair values.

Interest receivable

Interest receivable are the amounts accrued from held-to-maturity investments such as government, corporate bonds or time deposits.

Interest income is recognized as it accrues, taking into account the effective yield on the asset.

Accounts payable

Account payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer).

Recognition and measurement

Account payables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method.

The carrying amounts of account payables and other payables are assumed to approximate their fair values.

Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less and bank overdrafts.

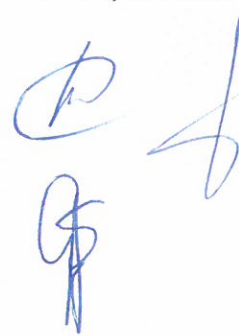
Foreign currency transactions and balances

Transactions in currencies other than the functional currency are recognized at the rate of exchange prevailing at the dates of the transaction. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates as at that date.

Exchange differences on monetary items are recognized in profit and loss in the period in which they occur, except when deferred in equity as qualifying cash flow hedges and qualifying net investment hedges.

Revenues

Provided the amount of revenue can be measured reliably and it is probable that the Fund will receive any consideration, revenue is recognized in the period in which they are due or accrued.



Revenues within the Fund comprises:

- Pension premium income - employers, employees and extraordinary contributions to the Fund
- Loan Income - interest revenue from corporate, private or government loans
- Debt securities income - revenues from corporate and government bonds
- Time deposit income - Interest revenues from time deposits
- Income investment held at fair value - realized and unrealized revenues from securities, dividends received and interest revenues from fixed income
- Other Investment income - investment revenues that cannot be categorized as one of the above
- Other income - revenues that cannot be categorized as investments nor premium income for example the penalty for untimely payment of premiums by the employers.

Pension benefit obligations

The Fund computes this liability in respect of eligible participants at the end of each year based on the two previous years' salary of those participants. Excess or shortfalls to the provision is adjusted in the comprehensive income statement.

Any difference between the expected return on assets and that actually achieved, and any changes in the liabilities over the year due to changes in assumptions or experience within the scheme, are recognized in other comprehensive income in the period in which they arise.

Loan and borrowings

The Fund was established by law as of October 10, 2010 and is one of the three legal successors of Algemeen Pensioenfonds Nederlandse Antillen (APNA). The Fund started its operations in 2012.

Loan and borrowings is the obligation to pay for the services provided for the period October 10, 2010 up to and including December 31, 2011. The service agreement included the payments to the pensioners and the collection of pension contribution premiums on behalf of the Fund. The outstanding amount is not interest bearing.

Recognition and measurement

The carrying amounts are assumed to approximate their fair values.

Any changes in the liabilities over the year due to changes in assumptions or experience within the scheme, are recognized in other comprehensive income in the period in which they arise.

Employee benefits

a) Pension benefit obligations

The employees that are in service of the Fund are also participant in the pension scheme that is being executed by the Fund. The pension scheme is a defined benefit plan. The pension scheme will be however processed as a defined contribution⁸ plan due to the fact that this pension scheme is a multi-employer scheme and the actuarial results cannot be allocated to each individual affiliated employer.

The Fund computes this obligation at the end of each year based on the two previous years' salary of the employees that are in service of the Fund. Excess or shortfalls to the provision is adjusted in the comprehensive income statement.

⁸ A defined contribution plan is a pension plan under which the Fund pays fixed contributions into the pension fund. The Fund has no legal or constructive obligations to pay further contributions if the pension fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

b) Other post-employment obligations

The Fund does not have any employees that are entitled to other post-employment obligation such as 'duurtetoelag' or the 'VUT-uitkeringen'.

Pension benefits payments

The pension benefits payments are payments to the beneficiaries of the Fund who have attained the age of retirement as well as the derived beneficiaries of orphan and widow(er) pension.

These payments are calculated based on the beneficiaries average salary (two years prior to retirement) corrected for the AOV-franchise and the amount of years of service.

Tax

The Fund is exempted from profit tax in accordance to article 1 section 2 under c of the Profit Tax Ordinance.

Provisions

The Fund has recognized provisions for liabilities of uncertain timing or amount including those for pension claims and legal disputes. The provision is measured at the best estimate of the expenditure required to settle the obligation at the reporting date.

Leases

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership.

Lease payments under an operating lease shall be recognized as an expense on a straight-line basis over the lease term unless another systematic basis is more representative of the time pattern of the user's benefit.

Critical accounting estimates and judgments

The Fund makes certain estimates and assumptions concerning the future. Estimates and judgments are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual experience may differ from these estimates and assumptions. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

a) Beginning balance of the fund per October 10, 2010

A committee has been charged with the division of the assets of the Fund's predecessor APNA, in which Sint Maarten is represented by Mr. R. Daryanani (since 2013) and Mr. E. Felisie (since late 2011). The committee has submitted its report with the agreed upon value of the assets and the liabilities of APNA as at October 9, 2010 and the way the assets will be divided over the successors to APNA.

The assets were initially divided based on the pension benefits obligations that have been allocated to each country. The pension benefits obligations allocation for the active participants of APNA based is determined by the Island territory that they were working on October 9, 2010. For the pensioners and the participants with deferred rights it was the Island territory that they were established on the moment of resignation from their last employer that determines the allocation.

The beginning balance is based on the final report on the division of APNA assets dated September 2014:

All amounts are in thousand Netherlands Antillean guilders

	Curaçao	Sint Maarten	The Netherlands	Concept Balance Division of Assets
% Allocation per October 10,2010	85.55%	8.44%	6.00%	100.00%
Pension benefits obligations	3,715,900	366,706	260,822	4,343,429
Assets	3,749,670	370,039	263,193	4,382,902
Transfer of Bonds and Loans	802,609	79,206	42,591	924,406
Advance		291,594		
<i>Received accounts receivable</i>		74,427		
<i>Received cash</i>		217,167		
To be received		(761)		

b) Division of asset revenues

As it was mentioned earlier the division of assets committee had agreed since December 2011 to divide the assets. In 2015 the Fund received the allocated annuity loans and bonds of the former Netherlands Antilles and Island territory Curaçao.

c) Measurement of defined pension benefits obligations

The calculation of the pension benefits obligations is sensitive to 'Mortality rate' and 'Actuarial assumptions'. As a change in the actuarial assumptions and mortality statistics used in note 4.15 could have a significant impact on the pension benefits obligations.

4.3 Financial Risk Management

All investments of the Fund are associated with risk. The most significant risks can be divided into three groups – market risks, credit risks and liquidity risks. Market risks can be further divided into price risk, interest rate risk, and foreign exchange risk. The Fund is exposed to these other financial risks:

- Leverage Risk;
- Counterparty Risk.

The overall objective of the Fund is to set policies that seek to reduce risk as far as possible without unduly affecting the Fund's ability to reach its financial goals. This note describes the Fund's objectives, policies and processes for managing these risks and the methods used to measure them. Further details regarding these policies are set out below.

Market risk

Market risk is the risk that changes in market prices, such as interest rates, equity prices, and foreign exchange rates will affect the Fund income or value of its holding of financial instruments.

Categories of financial instruments

All amounts are in thousand Netherlands Antillean guilders

	2015	2014
Financial assets		
Cash and cash equivalents	65,700	73,125
Fair value through profit or loss (FVTPL)		-
Held for trading	-	-
Designated as at FVTPL	189,837	196,797
Held to maturity investments	138,403	72,411
Loans and receivables (including trade receivables)	106,401	95,961
Available for sale financial assets	60,372	123,341
Financial liabilities		
Fair value through profit or loss (FVTPL)		-
Held for trading	-	-
Designated as at FVTPL	-	-
Amortised cost (including trade payables)	5,090	2,916

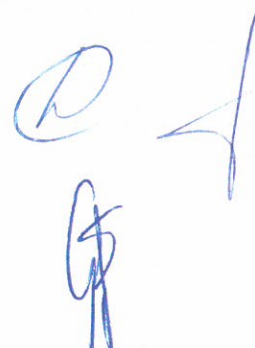
The Fund intends to manage and control its market risk exposures within acceptable parameters, while optimizing the return on risk.

a) Price risk

The Fund is only exposed to price risk on its international investments, because they are measured at fair value through profit or loss.

The principal tool used to manage and control price risk exposure within the Fund's international portfolio are statistical measures such as Standard Deviation, Alpha, Beta, Market Up cap ratio, Market Down cap ratio, Sharp ratio and Tracking error.

The other ways in which the Fund manages this risk are through:



-
- Diversification - the assets are held in a wide range of different investments, thus limiting the probability of all assets falling in value simultaneously. The diversification takes place in the capitalization size, investment style, industry sector and geographical area.
 - Liquidity - great care is taken to ensure that the Fund should not need to realize potentially volatile assets when their values are depressed.

b) Interest rate risk

The interest rate risk, otherwise known as yield curve risk, for the international investments are managed by investing in short duration (average of 3.6 years). All durations are subject to constant change with active management of the fixed income portfolios.

The Fund's local investments are marginally exposed to interest price risk because of this, these investments are mainly classified on the statement as financial assets held to maturity and the local market is characterized by little fluctuation in the interest rates. These investments are valued at amortized cost.

If interest rates had been 100 basis points higher/lower and all other variables were held constant, the Fund's profit (loss) for the year ended 31 December 2015 would decrease/increase by ANG 428,000. - . This is mainly attributable to the changes in the fair value of available for sale fixed rate instruments.

c) Foreign exchange risk

The Fund's indirect currency exposure (risk) at 31 December 2015 was 6.94 percent of the total external portfolios. There is no direct exposure to the Euro. All of the equity investments are denominated in USD, through investments made in either domestic U.S. markets, or, international stocks through American Depositary Receipt (ADR) and Global Depositary Receipt (GDR). The USD and Netherlands Antillean guilders have a fixed exchange rate and therefore no exposure.

The market risk effect of a 10% increase in the value of the international investments held at the reporting date would, all other variables held constant, have resulted in an increase in the net assets of ANG 19 million. A 10% decrease in their value would, on the same basis, have decreased the net assets by the same amount. For the other financial instruments see the table below:

Credit risk

Credit risk is associated with investments in loans and debt securities and the risk that an issuer will be unable to meet its obligations or, in the worst case, will cancel payments. Credit risk for the international investments is estimated by a credit rating agency. To limit this risk, the Fund invests a large percentage in bonds with a rating of at least 'investment grade', with some exceptions. These non-investment grade investments are mainly collateralized loans.

Credit risk for the local investments is managed through an established internal creditworthiness rating system. Each entity that applies for a loan or a bond is analyzed individually for creditworthiness before granting a loan. The risk is afterward managed by analyzing mainly the financial statements of the entities in which the Fund had invested in. The Fund will also try to get first collateral for these loans and preferably tangible immovable assets.



The table below provides information regarding the credit risk exposure of the Fund.

All amounts are in thousand Netherlands Antillean guilders

	Neither post due nor impaired	Past due but not impaired	Past due impaired	Total
Dec 31, 2015				
Cash and cash equivalents	65,700	-	-	65,700
Short term portion of financial assets	12,500	-	-	12,500
Accounts receivable	2,452	91,212	-	93,664
Interest Receivable	902	-	-	902
Other receivable	158	-	-	158
Other current assets	80	-	-	80
Total	81,792	91,212	-	173,004

	Neither post due nor impaired	Past due but not impaired	Past due impaired	Total
Dec 31, 2014				
Cash and cash equivalents	73,125	-	-	73,125
Short term portion of financial assets	15,000	-	-	15,000
Accounts receivable	6,272	74,490	-	80,762
Interest Receivable	896	-	-	896
Other receivable	158	-	-	158
Other current assets	42	-	-	42
Total	95,492	74,490	-	169,982

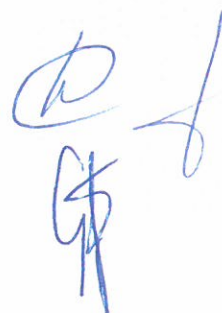
Liquidity risk

Liquidity risk is the risk that the Fund will encounter difficulty in meeting obligations associated with its financial liabilities that are settled by delivering cash or other financial assets.

The Fund's approach to managing liquidity is to ensure, in as much as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking the Fund's reputation. The policy is to ensure that it will always have sufficient cash and cash equivalents to allow it to meet its liabilities when they become due. To achieve this aim, it seeks to maintain cash and cash equivalent balances (or agreed facilities) to equal the amount of at least 3 months of operational expenses.

The Fund also seeks to reduce liquidity risk by investing in listed securities for its international investments. In this regard the Fund is considered to be liquid, especially because it does not invest in hedge funds or private equity.

At the other hand the local investments are not liquid. The Fund seeks to mitigate the illiquidity of the local investment by investing more in annuity loan and bond investments and by spreading the maturity date of the local investment.



The following table sets out the contractual maturities of local investments:

All amounts are in thousand Netherlands Antillean guilders

	Up to 1	Between 1 and 2	Between 2 and 5	Over
	year	year	years	5 years
At December 31, 2015				
Time deposits	12,500	-	10,000	-
Debt securities corporate	3,420	4,140	12,870	48,780
Division of assets APNA	60,372	-	-	-
Total	76,292	4,140	22,870	48,780

The table below summarize the contractual maturities of the Fund's financial liabilities based on contractual repayment arrangements.

All amounts are in thousand Netherlands Antillean guilders

	Less than 1 year	Between 1 and 5 year	Over 5 years	Total
Dec 31, 2015				
Accounts payable	455			455
Other payable	607			607
Accrued liabilities	4,028			4,028
Pension benefits obligations	17,206	68,824	516,179	602,209
Provisions				
Loan and borrowings	-			-
Total	22,296	68,824	516,179	607,299

	Less than 1 year	Between 1 and 5 year	Over 5 years	Total
Dec 31, 2014				
Accounts payable	315			315
Other payable	466			466
Accrued liabilities	2,135			2,135
Pension benefits obligations	15,970	63,881	479,111	558,963
Provisions				
Loan and borrowings	19,317			19,317
Total	38,203	63,881	479,111	581,196

Other risks

a) Leverage risk

The use of leverage introduces multiple risks to the investor. First, it increases the market risk and portfolio volatility, because the impact of price changes on a levered portfolio's market value (numerator) is translated to the actual, smaller net worth (assets – liabilities, the denominator). Second, the use of leverage introduces the interest cost of borrowing the Fund which may reduce the net returns. Third, the use of leverage often introduces counterparty risk, when securities are held as collateral, and may be transferred to other institutions not under contract with the Fund, whom may not have a strong a financial position or the Fund's best interests as a priority. None of the separately managed accounts currently employed for international investments by the Fund utilize leverage, or margin debt. The Fund rates the leverage risk as low.

b) Counterparty risk

Counterparty risk is the risk that an external fund manager or the institution responsible for holding and safeguarding securities defaults on their contractual obligations. Counterparty risk is an important and evolving risk. Counterparty risk is higher when hedge funds and private equity are utilized or when an investment strategy employs margin debt/leverage (none of the Fund's

international investment strategies utilize leverage) or when securities lending is utilized (the Fund does not engage in securities lending for its international investments).

The Fund had on December 31, 2015 virtually no counterparty risk. Only one international strategy has minimal counterparty risk which amounts to 2.45% of the international investments on December 31, 2015. The counterparty risk exists because some securities held in these small global markets, are held by multiple custodians, and could be subject to delays in delivery.

Financial instruments measured at fair value

All amounts are in thousand Netherlands Antillean guilders

Fair value measurements at December 31, 2015 using						
	Level 1		Level 2		Level 3	
	2015	2014	2015	2014	2015	2014
Financial assets						
Fixed Income	42,831	40,322	5,903	9,083	-	-
Equity	136,448	128,821	4,655	5,231	-	-
ETF's & Mutual Bonds	-	13,339				
Total	179,280	182,483	10,558	14,315	-	-

Financial instruments in level 1

The fair value of financial instruments traded in active markets is based on quoted market prices at the balance sheet date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets held by the group is the current bid price. These instruments are included in Level 1.

Financial instruments in level 2

The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined by using valuation techniques. These valuation techniques maximize the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

If one or more of the significant inputs is not based on observable market data, the instrument is included in Level 3.

c) Actuarial risk (Insurance risk)

The provision for Pension Benefit Obligation represents the value of the pension benefit obligations of the Fund at a given date by estimating future pension payments. This value represents an obligation risk (liability) for the Fund. In order to manage this risk, the Fund will conduct an ALM-study or a continuity analysis every three years. The ALM-study or continuity analysis will focus mainly on the sensitivity of the cover ratio to actuarial and economic changes. These changes can have a significant impact on the assumptions used to determine the provision for Pension Benefit Obligation.

In this context, the most significant risks in this context comes from the rate of long life, mortality and potential disability of the participant.

Actuarial risk is most sensitive to the risk of longevity of a participant. Longevity risk is the probability that participants will live longer than was initially accounted for in the determination of the provision for Pension Benefit Obligation. As a result, the Fund will not be able to meet their obligations to the pensioners.

The risk of mortality means that in case of death of a participant, the Fund may have to grant a survivor's pension for which the Fund did not provide for.

The disability risk covers the risk that the Fund may have to provide for the possibility that premiums will be waived and that the Fund will grant a disability pension. As stated in article 68 of the PLvO, there are instances where the Board is allowed to recover the expenses related to the disability pension from the employer.

d) Inflation risk

The Fund is susceptible for inflation as well as deflation. The rising inflation increases the pension obligation and reduces the returns on equities and fixed income securities. The inflation risk is included in the ALM study or the continuity analysis.

e) Integrity risk

Integrity risk is the risk that the integrity of the institution or the financial system is affected by dishonest, unethical conduct of the organization, employees or of the leadership within the framework of laws and regulations and social standards set by the institution.

The policy of the Fund is:

- The employees, board members and members of the investment committee are to sign a "code of conduct".
- The board members and the directorate must undergo screening
- The board members are to meet certain criteria and be appointed on the basis of these criteria according to the law.

f) Outsourcing risk

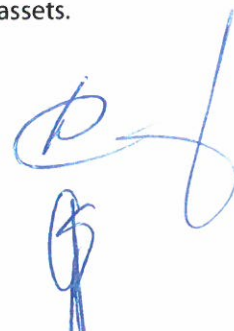
Outsourcing risk is the risk that continuity, integrity and/or quality of the work contracted out to the third party (whether or not within a group, or not the employers) is damaged or made unusable by the use of their equipment or by their staff. The risk for the Fund is that the third party does not comply with the instructions that were provided. In order to manage this risk, that is associated with operational activities, conditions have been detailed in the SLA with Actuera.

The Fund has outsourced the management of the international investments to a number of external asset managers. The risks associated with this outsource is controlled preventively by means of an intensive selection procedure. The fiduciary consultant then verifies whether the external asset managers comply with the requirements set by the Fund with regards to quality, expertise and service levels.

g) Financing risk

Financing risk is the risk that the employer (principally the government of Sint Maarten) is not able to pay / pay off the premiums / debt to the Fund. The risk also includes timely payments of the premiums / debt to the Fund. The Fund will, in due time, consult with the employers if and when this is the case.

An important outcome of the ALM study is to provide long-term insight of the costs related to the pension scheme. The aim of the Fund is for the total account receivable does not exceed 10% of the total assets. Currently the account receivable is 16.54% of the total assets.



4.4 Property and equipment

All amounts are in thousand Netherlands Antillean guilders

	Leasehold investments	Furnitures and fixtures	Computer hardware	Equipment	Total
COST AND VALUATIONS					
January 1, 2014	86	190	107	15	398
Additions	25	-	7	26	58
Reclassified assets	-	-	-	-	-
Disposals	-	-	-	-	-
Total Cost	111	190	114	41	456
Balance at December 31, 2014	111	190	114	41	456
Additions	-	3	84	-	88
Reclassified assets	-	-	-	-	-
Disposals	-	-	-	-	-
Total Cost	111	193	198	42	544
Valuations	-	-	-	-	-
Valuations reclassified assets	-	-	-	-	-
Balance at December 31, 2015	111	193	198	42	544
DEPRECIATION					
January 1, 2014	33	28	48	6	115
Depreciation charge for year	18	19	26	5	68
Reclassified assets	-	-	-	-	-
Disposals	-	-	-	-	-
Balance at December 31, 2014	51	47	74	11	183
Depreciation charge for year	20	19	29	9	77
Reclassified assets	-	-	-	-	-
Disposals	-	-	-	-	-
Balance at December 31, 2015	71	66	103	19	260
NET BOOK VALUE					
At December 31, 2015	39	127	95	23	284

For the estimates of useful economic life and the residual values of property and equipment see note 4.2.

4.5 Intangible assets

All amounts are in thousand Netherlands Antillean guilders

	Computer software	Total
COST AND VALUATIONS		
January 1, 2014	885	885
Additions	-	-
Reclassified assets	-	-
Disposals	-	-
Total Cost	885	885
Balance at December 31, 2014	885	885
Additions	33	33
Reclassified assets	-	-
Disposals	-	-
Balance at December 31, 2015	918	918
DEPRECIATION		
January 1, 2014	180	180
Depreciation charge for year	-	-
Reclassified assets	-	-
Disposals	-	-
Balance at December 31, 2014	405	405
Depreciation charge for year	182	182
Reclassified assets	-	-
Disposals	-	-
Balance at December 31, 2015	587	587
NET BOOK VALUE		
At December 31, 2015	331	331

For the estimates of useful economic life and the residual values of intangible assets see note 4.2.

4.6 Investment properties

All amounts are in thousand Netherlands Antillean guilders

	Land and Buildings	Total
COST AND VALUATIONS		
January 1, 2014	-	-
Additions	4,429	4,429
Reclassified assets	-	-
Disposals	-	-
Total Cost	4,429	4,429
Balance at December 31, 2014	4,429	4,429
Additions	-	-
Reclassified assets	-	-
Disposals	-	-
Balance at December 31, 2015	4,429	4,429
DEPRECIATION		
January 1, 2014	-	-
Depreciation charge for year	85	85
Reclassified assets	-	-
Disposals	-	-
Balance at December 31, 2014	85	85
Depreciation charge for year	235	235
Reclassified assets	-	-
Disposals	-	-
Balance at December 31, 2015	320	320
NET BOOK VALUE		
At December 31, 2015	4,110	4,110

In September 2014, APS reached an agreement with the property owners of Mary's Fancy for the sale of the Plantation House and its surroundings. The property was purchased for ANG 4 million.

The fair value of the investment property is assumed to approximate the carrying value given the recent acquisition date.

For the estimates of useful economic life and the residual values of investment assets see note 4.2.

4.7 Investments held to maturity

Investments held to maturity

All amounts are in thousand Netherlands Antillean guilders

	Dec 31, 2015	Dec 31, 2014
Debt securities corporate	128,403	72,411
Time deposits	22,500	15,000
Less: current portion investments	(12,500)	(15,000)
Total	138,403	72,411

The investments are split between current and non-current depending on the remaining maturity of the investments and its contractual cash flows.

4.8 Investments held at fair value through profit or loss

Investments held at fair value through profit & loss

All amounts are in thousand Netherlands Antillean guilders

	Dec 31, 2015	Dec 31, 2014
Fixed Income	48,734	49,405
Equity	141,103	147,392
ETF's & Mutual Bonds		
Total	189,837	196,797

The fair value of the investments held at fair value through profit & loss is based on the statements of the custodian banks, with the exception of one of the twenty-six investment strategies in which the Fund uses the report of the investment manager (see 'Financial instruments measured at fair value' equity level 2 in note 3 for the amount).



4.9 Other non-current assets

Other non-current assets

All amounts are in thousand Netherlands Antillean guilders

	Dec 31, 2015	Dec 31, 2014
APNA division of assets	-	64,472
Accrued return APNA division of assets	34,567	32,570
Current account reallocation of participants	25,805	26,298
Less: current portion APNA division of assets	-	-
Total	60,372	123,341

The nominal value of other non-current assets also includes the actual accrued return based on the report on the Division of APNA assets report. This report was finalized in September 2014.

The APNA division of assets

This has decreased from ANG 64 million (in 2014) to zero. This is due to the transferring of assets (securities) from APNA to the Fund is now complete. The assets received are now allocated to Investments held to maturity (see note 3.7).

Accrued return APNA division of assets

This amount is the net cash receivable from APNA for the assets (securities) payments that were paid to APNA after October 10, 2010 to April 30, 2015. This amount consists of interest and principal payments. It is expected that this transfer will be finalized in the 4th quarter of 2016.

Current account reallocation of participants

This is the amount receivable from APNA for the participants who were not correctly allocated in the division of APNA assets. Since inception, a number of participants of the former APNA have been reallocated to one of the successor pension funds. The reallocation stems forth from execution of the Onderlinge Regeling Boedelscheiding APNA in which guidelines for the allocation of participants to the various pension funds are given. Based on these guidelines persons that were incorrectly allocated to a fund, were reallocated to the correct one. Following the Onderlinge Regeling, a transfer of an amount equal to the pension obligation to the recipient fund is owed to the Fund. Seeing this financial transaction has not been executed as yet, the net amount remains as a receivable from the former APNA to the Fund. The receivable is calculated as a cumulative. Once the financial transaction is effected, the receivable will no longer be carried on the APS books. It is expected that this transfer will be finalized in the 4th quarter of 2016.



4.10 Account receivables

The book value of account receivables are as follows:

Account receivables

All amounts are in thousand Netherlands Antillean guilders

	Dec 31, 2015	Dec 31, 2014
Pension contribution/DT/VUT receivables	93,664	80,762
Other receivables	158	158
Accrued Interest receivables	902	896
Less: provision receivables	-	-
Total	94,723	81,816

The largest sum accounts receivable has to do with the government 'duurtetoelag' and VUT payments advanced by the Fund to retired government and subsidized school employees that APS has not yet been reimbursed for. Second, it is for active employees of the subsidized schools for whom no pension premiums have been paid for the period October 10, 2010 until October 31, 2013. Thirdly, it is for 'duurtetoelag' & VUT payments advanced by the Fund to retired employees of the subsidized schools. A significant portion of this was inherited by the Fund from its predecessor APNA. The Fund charges the official legal interest of 3% on the outstanding amounts that are overdue. A significant portion of the receivables are to be collected from the Government of Sint Maarten.

Other receivables are payments paid to political authorities by APC on behalf of the Government of Sint Maarten. This was executed based on the convention dated January 28, 2009 between APNA and the Government of Sint Maarten. APC has included this amount in the settlement of the division of assets with APS. Thus, APS has added the amount as a part of the receivable from the Government of Sint Maarten.

Accrued interest receivables comprise the amounts receivable for the corporate debt securities held and the time deposits.



4.11 Short term portion of financial assets

Short term portion of financial assets

All amounts are in thousand Netherlands Antillean guilders

	Dec 31, 2015	Dec 31, 2014
Debt securities corporate		15,000
Time deposits	12,500	-
Total	12,500	15,000

These are financial assets that will mature within one (1) year.

4.12 Other current assets

The book value of other current assets is as follows:

Other current assets

All amounts are in thousand Netherlands Antillean guilders

	Dec 31, 2015	Dec 31, 2014
Prepaid expenses	12	11
Advance employees	-	2
Deposits	23	27
Other receivables	45	2
Total	80	42

4.13 Cash and cash equivalents

The book value of cash and cash equivalents is as follows:

Cash and cash equivalents

All amounts are in thousand Netherlands Antillean guilders

	Dec 31, 2015	Dec 31, 2014
Local banks	48,908	57,056
International banks	16,792	16,068
Total	65,700	73,125



4.14 Equity

All amounts are in thousand Netherlands Antillean guilders

	Retained Earnings	Total
Balance at December 31, 2014	(13,566)	(13,566)
<i>Profit & losses</i>		
(Losses)/gains result current year	(27,393)	(27,393)
Balance at December 31, 2015	(40,960)	(40,960)

4.15 Pension benefit obligations

The pension benefit obligations are based on an actuarial calculation.

Pension benefits obligations

All amounts are in thousand Netherlands Antillean guilders

	Dec 31, 2015	Dec 31, 2014
Pension obligation beginning of the year	558,963	503,411
Net increase in pension obligation	43,246	55,552
Pension obligation end of the year	602,209	558,963

The calculation of the pension provisions is based on the following premises:

- The participant's average salary in the years 2013 and 2014 (corrected for the AOV-franchise) is being used for the calculation of the present value of the pension obligations.
- Actuarial return of 4%;
- Mortality tables: for men the table 'GBM 2000-2005' and for women the table 'GBV 2000-2005' are being used with a one-year age reduction for men and two-year age reduction for women;
- Orphan mortality is not taken into account;
- The age difference between men and women is set at three years;

Marriage frequencies:

- The assumption is made that all active participants are married before their pensionable age date and will stay married until this date.
- The actual marital status is used for participants with deferred rights and pensioners.

Costs:

The net pension benefits obligation has been increased with 3% to cover the pension payment costs. In addition, the pension benefits obligation has been increased with 1% for the increase risk of long life of the participants. The cumulative increase is thus 3%.

Ages and period:

For the calculation it is assumed that all participants are born on the 1st of the following month or the 1st of the corresponding month of the actual date of birth.

Burial assistance ('smartegeld'):

The pension benefit obligation for active participants and participants with deferred rights, has been increased by discounting the actuarial factors used in calculating the pension benefit obligation. This is done in order to cover the so-called 'smartegeld', which is the equivalent of three months of senior's pension benefit and is paid to surviving family members upon the demise of the pensioner.

The 'smartegeld' has been taken into account in the calculation of the pension benefit obligations for the pensioners.

The pension benefit obligation is calculated only for the registered employees from employers associated with the Fund. An ALM study will be conducted in order to determine if the inherited actuarial assumptions from the Fund's predecessor (APNA) are applicable.



4.16 Loan and borrowings

Loan and borrowings

All amounts are in thousand Netherlands Antillean guilders

	Dec 31, 2015	Dec 31, 2014
Current account APC	-	19,317
Total	-	19,317

'Algemeen Pensioenfonds Curaçao' (APC) has made the payments to the pensioners and collected pension contribution premiums on behalf of the Fund for the period October 10, 2010 up to and including December 31, 2011. This has resulted in a net debt to APC.

The amount of ANG 19.3 million has been paid to APC.

4.17 Other payable

Other payable

All amounts are in thousand Netherlands Antillean guilders

	Dec 31, 2015	Dec 31, 2014
Salaries payable	-	-
Wage tax payable	181	184
Vacation allowance payable	39	44
AOV/AWW payable	21	24
AVBZ payable	32	28
ZV / OV payable	3	3
Premium SZV payable	281	141
Blocked pension payable	-	12
Pension payable	15	9
Withholdings	35	22
Total	607	466

Other payable comprise amounts that are paid within a month.



4.18 Accrued liabilities

Accrued liabilities

All amounts are in thousand Netherlands Antillean guilders

	Dec 31, 2015	Dec 31, 2014
Accrual Audit Fee	(51)	37
Accrual Vacation Allowance		
Accrual Vacation Days	66	63
Other Accruals	-	136
Premiums Received in Advance 2013	530	530
Premiums Received in Error 2013	116	116
Premiums Received in Advance 2014	1,141	1,141
Premiums Received in Error 2014	111	111
Premiums Received in Advance 2015	1,418	-
Premiums Received in Error 2015	372	-
Difference 25%-22% Premiums	326	-
Accrued Liabilities	4,028	2,135

Accruals are done to ensure that revenues and expenses are recognized within the correct reporting period, irrespective of the timing of the related cash flow.

As in the 2014, the 2015 premium analysis shows that the Fund had received an excess of premiums as at 31 December 2015. This excess has been classified into two groups:

- Premiums Received in Advance; these are premiums received for participants who were not yet registered with the Fund; various employers are late in providing the necessary documents in order to register the participants in the Fund.
- Premiums Received in Error; these are amounts erroneously received.

The Difference 25%-22% Premiums comprise premiums from employers who started paying the legal premium contribution of 25% in advance.



4.19 Pension premium income

Pension premium contribution

All amounts are in thousand Netherlands Antillean guilders

	2015	2014
Normal contributions		
Employees' contributions	8,797	8,747
Employers' contributions	22,771	22,999
Extraordinary contributions		
Contribution premium BB	216	211
Contribution premium WW	308	295
Premium restitution	(112)	-
Payback premium WW		
Total	31,979	32,252
Contributions previous year		
	37	1,654
Total	37	1,654

The Fund is currently invoicing premiums for registered employees from the employers that are affiliated by the Fund. The total premium for normal contribution is ANG 32 million in 2015.

The 22% pension premium which is currently charged was inherited from the Fund's predecessor, APNA. It deviates from the 25% premium stated in "the PLvO". In the past it was common to adjust the pension premium percentage via national decree or ministerial decree. This was done to accommodate the country's financial situation taking into consideration the financial position of the APNA fund⁹.

The contribution is split in an employee portion and the balance from the employer as follows:

Pension & pension funds



⁹ As is evident from the opening comments to the most recent version of the PLvO (AB 2013, GT no. 785).

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4.20 Investment properties income

Investment properties income

All amounts are in thousand Netherlands Antillean guilders

	2015	2014
Rent Income MARY'S FANCY	27	10
Property Expenses Mary's Fancy	(60)	(309)
Property Expenses New Government Building	(42)	(258)
Property Expenses Vorst Estate	(124)	-
Expenses Investment Advice Investment Properties	-	14
Depreciation Expenses Investment Properties	(235)	(85)
Total	(435)	(628)

Upon acquisition of the Mary's Fancy Plantation property there were six (6) lease agreements in place. These lease agreements remained unchanged, and by extension of the purchase agreement the Fund is entitled to the monthly rental payments. The property expenses for Mary's Fancy comprise of expenses for the upkeep of the grounds.

NGB (New Government Building); these are expenses related to the feasibility study and the appraisal of the property.

Vorst Estate are expenses related to the drafting of the agreement.

4.21 Debt security income

Debt security income

All amounts are in thousand Netherlands Antillean guilders

	2015	2014
Debt securities hold to maturity income	4,310	4,184
Interest government loans	1,077	-
Amortization expenses investments	(64)	(64)
Total	5,323	4,120



4.22 Time deposit income

Time deposits income

All amounts are in thousand Netherlands Antillean guilders

	2015	2014
Interest time deposits	763	479
Expenses time deposits	-	-
Total	763	479

4.23 Income investments held at fair value

Investments held at fair value through profit & loss

All amounts are in thousand Netherlands Antillean guilders

	2015	2014
Interest fixed income instruments	1,865	2,193
Dividend securities income	4,193	4,044
Realized capital gain (loss) securities	(1,316)	2,638
Unrealized capital gain (loss) securities	(7,585)	1,546
Investment manager commission	(3,060)	(2,897)
Other income expenses held at fair value	(131)	(60)
Total	(6,034)	7,464

4.24 Other investment income

Other investment income

All amounts are in thousand Netherlands Antillean guilders

	2015	2014
Income undivided assets APNA	1,997	6,540
Total	1,997	6,540

This is the revenue that is estimated from the division of assets from APNA. For the estimation see note 2 'critical accounting estimates and judgments'.



4.25 Other income

Other income

All amounts are in thousand Netherlands Antillean guilders

	2015	2014
Other income	208	-
Late payments penalty contributions	4,359	2,257
Total	4,567	2,257

This amount is the legal interest (3%) that is charged to the employers due to the fact that the employers did not pay their contributions or other outstanding amounts on time.


4.26 Pension benefits payments

Pension benefits payments

All amounts are in thousand Netherlands Antillean guilders

	2015	2014
Retirement pensions	15,724	13,477
Widow pensions	1,078	902
Orphan pensions	186	163
Disability pensions	384	339
Smartgeld	56	26
Pension lumpsum	127	228
Other	33	19
Total	17,588	15,153

These are the amounts paid to the pensioners and other beneficiaries of the Fund.



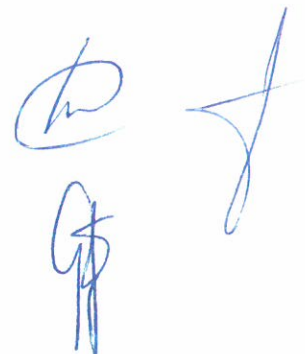
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4.27 Operating expenses

Operating expenses

All amounts are in thousand Netherlands Antillean guilders

	2015	2014
Direct personnel expenses	1,894	2,068
Indirect personnel expenses	69	35
Office expenses	121	76
Housing expenses	184	194
Travel & Publicity expenses	41	176
Depreciation expenses	259	248
Automation expenses	233	231
Professional services expenses	985	767
Project team expenses	527	-
Board & Investment committee expenses	243	226
Other general expenses	65	95
Total	4,621	4,116



Employee benefits

The employees that are in service of the Fund are also participants in the pension scheme that is being executed by the Fund. In the table below the amount expensed for this benefit for the staff is illustrated. The Fund expects that the 2016 pension contribution will amount to ANG 300,000.-.

Pension contribution

All amounts are in thousand Netherlands Antillean guilders

	2015	2014
Pension contribution	260	255
Total	260	255

Lease expenses

The Fund rents two office premises. The rental agreements are for a period of two years, with an option to renew after that period.

The Fund also leases security hardware such as security cameras. In the table below the amount paid for office rent and equipment lease is illustrated.

Lease expense

All amounts are in thousand Netherlands Antillean guilders

	2015	2014
Office rent	123	138
Equipment rental	9	2
Total	132	140

The Fund has no other lease agreements.



4.28 Financial income/ (expenses)

Financial (expenses) / income

All amounts are in thousand Netherlands Antillean guilders

	2015	2014
Bank charges	(37)	(27)
Exchange differences	(77)	(100)
1% transfer fees	(3)	(4)
Payment differences	1	1
Interest income (expenses)	68	-
Total	(48)	(130)

4.29 Other financial income/ (expenses)

Other financial income / (expenses)

All amounts are in thousand Netherlands Antillean guilders

	2015	2014
Result previous year	-	-
Difference APC and APS	(88)	-
Total	(88)	-

4.30 Going concern basis of accounting

The financial statements have been prepared on a going concern basis, which assumes that the Fund will be able to meet the pension benefits obligations.

The Fund recognized a loss of ANG 27 million for the year ended 2015, however as explained in note 2, the main objective of the Fund is to ensure that the Fund will always be able to meet its obligations to its participants. Therefore, the Fund would like to have a funding ratio of 105%. The current funding ratio is 93.20% which is lower than the target. Nonetheless, management believes that APS will be able to meet its obligations to the beneficiaries of the Fund.

In order to improve the financial position of the Fund, management has been and will continue to work with the Government of Sint Maarten and representatives of the participants to put reform measures in place. Additionally, discussions with the Government of Sint Maarten on the repayment of the debt has led to the signing of a debt settlement agreement. This agreement was signed on February 5th, 2016.



4.31 Commitments

(a) Capital commitments

At the end of the reporting period there is no capital expenditure incurred.

(b) Other commitments

The Fund has a five-year contract for the pension program. The contract is from 1 May 2012 to 1 May 2017.

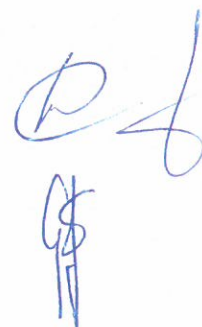
The Fund rents two office premises from the same landlord. The rental agreements are for a period of two years, with an option to renew after that period.

All amounts are in thousand Netherlands Antillean guilders

	Dec 31, 2015	Dec 31, 2014
No later than 1 year	123	87
Later than 1 year and no later than 5 years	611	642
Total	734	729

The Fund also leases various services and software under cancellable agreements. The Fund is required to give a two to five-month notice for the termination of these agreements. The agreement expenses are charged to the income statement during the year.

There are no future aggregate minimum payments under non-cancellable agreements.




4.32 Related parties

The Board of Directors of the Fund consists of a maximum of five members that are appointed by the Governor of Sint Maarten via a decree. The compensation of the Board of Directors is also determined via a decree from the Governor of Sint Maarten. There are no short-term, post-employment, termination or other long term benefits for the members of the board.

The key management of the Fund includes two directors ('directeur en adjunct-directeur') and the legal advisor. Their salaries are temporarily based on the salary scale of the Government of Sint Maarten. The compensation paid or payable to the Board of Directors and key management is shown in the following table:

All amounts are in thousand Netherlands Antillean guilders

	2015	2014
Board of Directors' compensation	195	187
Investment Committee's compensation	48	40
Salaries key personnel		
Short term benefits key personnel	286	354
Pension contributions key personnel	69	82
Other long term benefits key personnel	1	2
Total	600	664

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4.33 Investments held at the beginning and end of the period

All amounts are in thousand Netherlands Antillean guilders

	Value at December 31, 2014	Increase through investments	Decrease through disinvestments / amortization / sales	Change in market value/accumulated accrued return	Value at December 31, 2015
Investment held at maturity					
Debt security corporate	72,411	62,853	6,861	-	128,403
Time deposits	15,000	10,000	2,500	-	22,500
Sub-total	87,411	72,853	9,361	-	150,903
Investments held at fair value through P&L					
Fixed income	49,405	36,724	37,362	(34)	48,734
Equity	134,053	232,011	231,385	6,424	141,103
ETF'S & Mutual Funds	13,339	-	-	(13,339)	-
Sub-total	196,797	268,736	268,746	(6,949)	189,837
Other investments					
Division of assets APNA	123,341	-	62,969	-	60,372
Sub-total	123,341	-	62,969	-	60,372
TOTALS	407,549	341,588	341,076	(6,949)	401,112

4.34 Events after the reporting date

(a) Accounts receivable

The outstanding amount of pension contributions and 'DT/VUT' amounts to ANG 94 million at the end of the year 2015. The Government of Sint Maarten has the major portion of the outstanding amount.

As per 5 February, 2016 a Debt Payment Basic Agreement (DPBA) was signed between the Government of Sint Maarten and the Fund for the cancellation of the outstanding debt to APS. This DPBA was the result of negotiations that were finalized and agreed upon in November 2015, where the debt was valued at ANG 83 million as per 31 October, 2015.

The agreement consists of three (3) payment arrangements:

1. An amount of ANG 19 million as a first payment, this will be paid upon signing of the deed for the sale and purchase by SZV of the New Government Building.
2. An amount of ANG 4.5 million. The Government of Sint Maarten has sold two (2) parcels of land adjacent to the New Government Building to the Fund. The sale was finalized at the end of September 2016.
3. The Government of Sint Maarten will be receiving a payment from the Division of Assets of the Netherlands Antilles. The balance of ANG 59.5 million is dedicated to the Fund as part of the Debt Payment Basic Agreement.

(b) Premium

The 22% pension premium which is currently charged was inherited from the Fund predecessor, APNA. It deviates from the 25%¹⁰ premium stated in "the PLvO". In the past it was common to adjust the pension premium percentage via national decree or ministerial decree. This was done to accommodate the country's financial situation taking into consideration the financial position of the APNA fund¹¹.

Effective January 1, 2016, APS will invoice the legal percentage of 25% of the gross salary sum. The difference in the pension contribution between October 10, 2010 to December 31, 2015 is illustrated in the table below:

All amounts are in thousand Netherlands Antillean guilders

10 October 2010 to 31 December 2011	4,369
1 January 2012 to 31 December 2012	4,101
1 January 2013 to 31 December 2013	4,284
1 January 2014 to 31 December 2014	4,391
1 January 2015 to 31 December 2015	4,262
Total impact	21,407

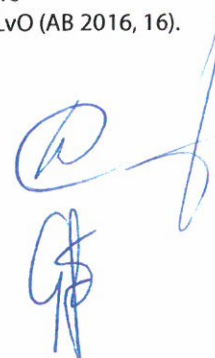
This amount will be invoiced to the Government of Sint Maarten and has been included in the debt settlement agreement that was signed on February 5th, 2016.

(c) Increase of pension age from 60 to 62 effective July 1, 2016

In order to synchronize the civil servants pensionable age with that of the AOV/AWW, the entitlement age for civil servants' pension was also increased from 60 to 62. This legislative change

¹⁰ Article 58 lid 2 of the Pensioenlandsverordening overheidsdienaren AB 2016, 16

¹¹ As is evident from the opening comments to the most recent version of the PLvO (AB 2016, 16).



was effected per 1st of July, 2016. Transitory legislation has made it possible that persons who are 58 as per 1st, of July, 2016 may opt to retire at 60 or 62.

The change of the pension age led to an increase of 6.7% of the cover ratio when compared to the prior month (June 2016 to July 2016). The pension benefit obligation will increase less due to the change in the pension age.

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Independent Auditor's Report



Independent Auditor's Report

To the Board and Management of
Algemeen Pensioenfonds Sint Maarten
St. Maarten

HB/PP/67-377.0/43154

Report on the financial statements

We have audited the accompanying financial statements 2015 of Algemeen Pensioenfonds Sint Maarten, St. Maarten, which comprise the statement of financial position as at December 31, 2015, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended and a summary of significant accounting policies and other explanatory information.

Management's responsibility

Management is responsible for the preparation and fair presentation of these financial statements, in accordance with Book 2 of the Civil Code applicable for St. Maarten. Management has elected to prepare the financial statements in accordance with International Financial Reporting Standards. Furthermore management is responsible for such internal control as it determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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



Basis for qualified opinion

The comparative figures in these financial statements have been derived from the financial statements of the fund over the year 2014 on which we issued a qualified opinion based on the following findings:

1. The accounts receivable consist for a significant part of receivables due from the Government of St. Maarten which are overdue. In absence of further information on the terms of settlement of these overdue receivables we were not able to obtain sufficient and reliable audit evidence to determine the valuation of the government related receivables. The possible effect of differences between the carrying value and the fair value of the accounts receivable and the related accounts is unknown.
2. Due to incorrect application of article 24 of the National Pension Ordinance, the number of pensionable years accumulated has been calculated incorrectly for a number of participants. Based on an actuarial analysis the pension benefit obligation is deemed to be overstated. We were not able to obtain sufficient and reliable audit evidence to substantiate the possible effect on the pension benefit obligation and the net increase/(decrease) in pension benefits obligation of this overstatement.

The aforementioned circumstances are no longer applicable as at December 31, 2015, however we were unable to determine whether adjustments to the financial result and opening retained earnings might have been necessary for 2015.

For the current financial year we have observed the following finding:

An amount of ANG 25,805,000 is included in the other non-current assets with respect to the reallocation of participants between the Algemeen Pensioenfonds Sint Maarten, Algemeen Pensioenfonds Curacao and Pensioenfonds Caribisch Nederland. The receivable has not been confirmed yet with Algemeen Pensioenfonds Curacao. The possible effect of differences between the recorded amount and final agreement on the re-allocation of participants on the other non-current assets and related accounts is unknown.

Qualified opinion with respect to the financial statements

In our opinion, except for the possible effects of the matters described in the Basis for qualified opinion paragraph, the financial statements give a true and fair view of the financial position of Algemeen Pensioenfonds Sint Maarten as at December 31, 2015 and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards.



Emphasis of matter concerning the funding ratio

We draw attention to the paragraph 'Funding policy' in Note 4.1 to these financial statements, in which the desired funding ratio is discussed. The assets of Algemeen Pensioenfonds Sint Maarten on balance sheet date are insufficient to cover the pension obligations and are not enough to cover general and investment risks. Our opinion is not qualified in respect of this matter.

St. Maarten, 28 October 2016
PricewaterhouseCoopers St. Maarten

A handwritten signature in blue ink, appearing to read 'G. Stacie', is written over a horizontal line.

Gerald Stacie

Independent Actuarial Report

Actuariële verklaring

Oprichting

Door het Algemeen Pensioenfonds Sint Maarten is aan Willis Towers Watson de opdracht verleend tot het afgeven van een actuariële verklaring over het boekjaar 2015.

Onafhankelijkheid

Als waarmede actuaire ben ik onafhankelijk van Algemeen Pensioenfonds Sint Maarten. Ik verricht geen andere werkzaamheden voor het pensioenfonds.

Gegevens

De gegevens waarop mijn onderzoek is gebaseerd, zijn verstrekt door en tot stand gekomen onder de verantwoordelijkheid van het bestuur van het pensioenfonds.

Voor de toetsing van de technische voorzieningen en voor de beoordeling van de vermogenspositie heb ik mij gebaseerd op de financiële gegevens die ten grondslag liggen aan de jaarrekening.

De accountant van het pensioenfonds heeft mij geïnformeerd over zijn bevindingen ten aanzien van de betrouwbaarheid (materiële juistheid en volledigheid) van de basisgegevens en de overige uitgangspunten die voor mijn oordeel van belang zijn.

Werkzaamheden

Als onderdeel van de werkzaamheden voor de opdracht:

- heb ik onder meer onderzocht of de technische voorzieningen toereikend zijn vastgesteld;
- de ontvangen premie toereikend is.

Voorts heb ik mij een oordeel gevormd over de vermogenspositie van het pensioenfonds. Daarbij heb ik mij gebaseerd op de tot en met de balansdatum aangegane verplichtingen en de op dat moment aanwezige middelen en is mede het financieel beleid van het pensioenfonds in aanmerking genomen.

Mijn onderzoek heb ik zodanig uitgevoerd, dat een redelijke mate van zekerheid wordt verkregen over het feit dat de resultaten geen onjuistheden van materieel belang bevatten.

De beschreven werkzaamheden en de uitvoering daarvan zijn in overeenstemming met de binnen het Koninklijk Actuarieel Genootschap geldende normen en gebruiken en vormen naar mijn mening een deugdelijke grondslag voor mijn oordeel.

Oordeel


Met inachtneming van het voorafgaande en het navolgende verklaar ik dat naar mijn overtuiging de technische voorzieningen, overeenkomstig de beschreven berekeningsregels en uitgangspunten, toereikend zijn vastgesteld.

De ontvangen premie is niet voldoende om de toegekende aanspraken in 2015 te financieren. Tevens is de opslag voor kosten in de premie onvoldoende ter dekking van de werkelijke uitvoeringskosten.

Het vermogen van het pensioenfonds is op de balansdatum onvoldoende ter dekking van de VPV.

De financiële positie van het fonds is hiermee slecht.

Purmerend, 21 oktober 2016



drs. R.T. Schilder AAG
Verbonden aan Towers Watson Netherlands B.V.