



ALGEMEEN PENSIOENFONDS SINT MAARTEN FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 2016

Table of contents

1. Board of Directors Report	4
1.1 Foreword.....	4
1.2 Mission and Core Values	4
1.3 General.....	4
1.4 Governance	5
1.5 Development of the Pension benefit obligations	8
1.6 Coverage Ratio Development	9
1.7 Investment Portfolio	10
1.8 Pension Administration development	11
1.9 Acknowledgements	11
2. Financial Highlights	12
3. Financial Statements	14
3.1 Statement of financial position	14
3.2 Statement of comprehensive income.....	15
3.3 Statement of changes in Equity	16
3.4 Statement of Cash Flows	17
3.5 General Notes.....	18
3.6 Accounting policies.....	22
3.7 Financial Risk Management.....	34
3.8 Property and equipment	41
3.9 Intangible assets.....	42
3.10 Investment properties	43
3.11 Investments held to maturity	44
3.12 Investments held at fair value through profit or loss	44
3.13 Loans	44
3.14 Other non-current assets.....	45
3.15 Inventories	46
3.16 Accounts receivable.....	46
3.17 Short term portion of financial assets	47
3.18 Other current assets	48
3.19 Cash and cash equivalents.....	48
3.20 Equity	49
3.21 Pension benefits obligation	49
3.22 Other non-current liabilities	50
3.23 Accounts payable	51

3.24	Other payables	51
3.25	Accrued liabilities	52
3.26	Pension premium income.....	53
3.27	Investment income.....	54
3.28	Other income	54
3.29	Pension benefits payments	55
3.30	Investment expenses.....	55
3.31	Operating expenses.....	56
3.32	Financial income/ (expenses)	58
3.33	Other financial income/ (expenses).....	58
3.34	Going concern basis of accounting	58
3.35	Commitments.....	59
3.36	Related parties	60
3.37	Investments held at the beginning and end of the period	61
3.38	Events after the reporting date	62
	Independent Auditor's Report.....	64
	Independent Actuarial Report.....	68



1. Board of Directors Report

1.1 Foreword

The 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the Fund is the national ordinance: "Landsverordening Algemeen Pensioenfonds Sint Maarten" LvO APS (AB 2010, no 64 superseded by AB 2015, no 9).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 2011.

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' (GT no. 785) in conjunction with 'Pensioenverordening Burgerlijke Landsdienaren' (PB 1938, no 15) regulates the pension for the participants that entered 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. As of July 1, 2016, the ordinance was amended. The amendments are regulated in AB 2016, no. 16 and AB 2016, no. 25. The most significant amendment includes the increase of

¹ Pensioenlandsverordening Overheidsdienaren

the pensionable age from 60 to 62. The effect can be seen in the development of the pension benefit obligations \$1.5.

1.4 Governance

The governance function of APS has been largely pre-defined in the LvO APS. 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 Curacao and Sint Maarten (hereafter CBCS) are also regulated.

Board Composition

The composition of the board in 2016 as supported by the 'Landsbesluiten (no. LB-12/0872, LB-16/1101, LB-16/0768, LB-14/0505)' was as follows:

Name	Position	Nominated by:
Mr. Franklyn E. Richards	Chairman / Member	The Board of APS
Mr. Arend Jan Alberts	Member	BGNAA
Mr. René R. Gärtner	Member, resigned per 1 Jul. 2016	Corporate Governance Council
Ms. Davinia N. Carbière	Member	The Minister of Finance
Mr. Guillianio A. A. Saturnilia	Member	Civil Service Consultative Committee

On December 31, 2016, there was one vacancy on the board of the Fund. as Mr. René R. Gärtner resigned per 1 July 2016. This resignation has been confirmed in writing however the 'Landsbesluit' is pending. The resignation was included in the 'Landsbesluit' of the individual who will replace Mr. Gärtner. The Corporate Governance Council has put forth a candidate and it is expected that this will be finalized by the end of 2017.

On October 9, 2017 the term of Mr. Richards expired. The request to extend the term has been submitted to the Minister of Finance. In the interim the Acting Chairman of the board is Mr. Saturnilia.

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 2016 there were three members:

Name	Position
Mr. Robert Judd	Chairman / Member of the IC
Mr. Charles G. Thomas	Member
Ms. Myrtille Brookson	Member

Management of the Fund

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

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 positions of confidentiality and as such must undergo this screening process. As per the

end of 2016 the members of the board and the members of management had been successfully screened by the security service.

Additionally, the CBCS performs their own fit and integrity testing. As per the end of 2016 the members of the board and the members of management had successfully completed the fit and integrity testing.

Supervision of the Fund

The Minister of Finance is ultimately responsible for the fund. In this regard the Minister of Finance approves the annual budget, presents the approved budget to Parliament, formalizes additional supervisory rules based on the advice of the 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 the hiring of the members of the directorate and the staff of the Fund.

The CBCS is tasked with the supervision of APS. CBCS also provides supplementary advice to the Minister of Finance and the Board of APS².

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 Independent Auditor's Report and Independent Actuarial Report.

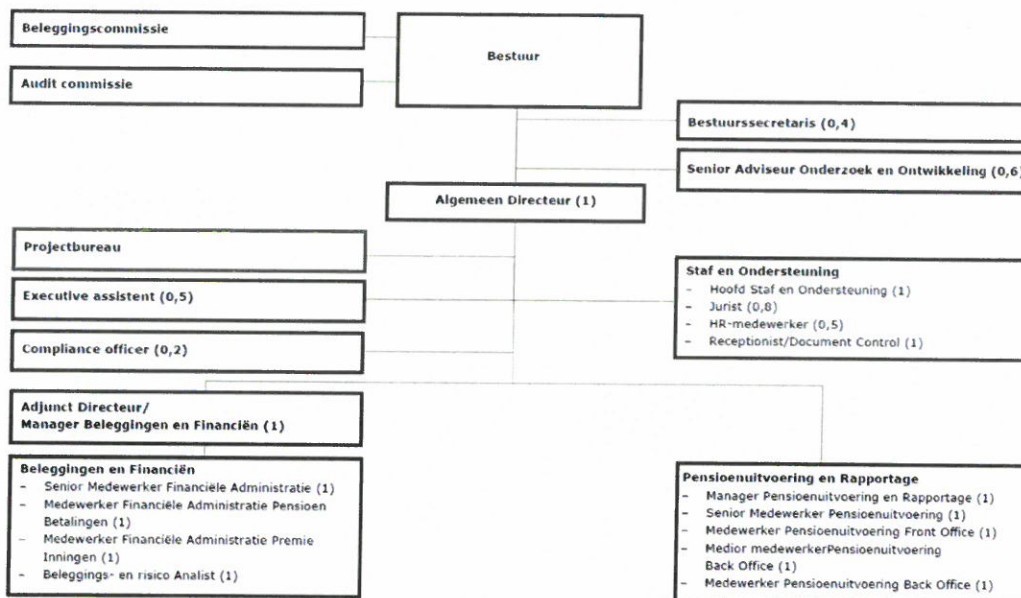
² Article 20-25 of the Landsverordening Algemeen Pensioenfonds Sint Maarten

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 2016 APS had 15 full time employees. The Fund consists of three departments:

- Staff and Support Department
- Pension Administration and Reporting Department
- Investments and Finance Department

The managers of the three departments report to the General Director as well as the manager of the Project Bureau, the Executive Assistant and the Compliance Officer.



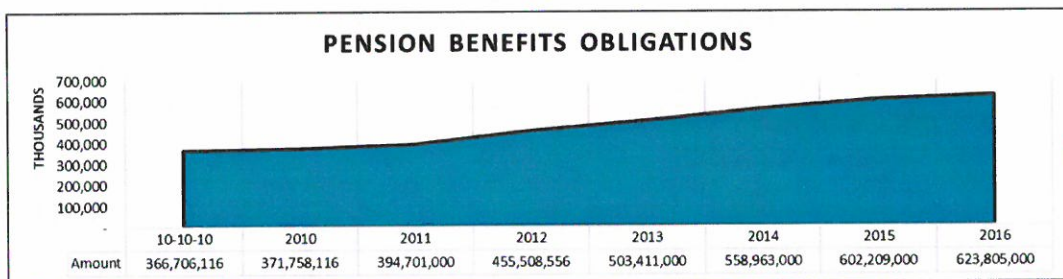
- The Investment committee advises the APS Board of Directors on the overall investment policy and guidelines as well as gives insight into different investment opportunities.
- The Audit committee reviews and discusses financial reporting and compliance with the internal control system and advises the board.
- The Secretary of the Board actively participates in the meetings of the Board and prepares the agenda and reviews 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 of various temporary projects that are 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 Executive Assistant is the primary contact person prior for the public as it pertains to communicating with the general director, as such gives support to the directorate.
- Compliance officer oversees the Corporate Compliance of the Fund, functions independently and objectively. The responsibilities also include reviewing and evaluating compliance issues/concerns within the organization.

- 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 efforts 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:



Premiums are insufficient to cover costs

The pension premium income for 2016 amounts to ANG 35 million. This amount is insufficient to cover the Fund expenses of ANG 46 million. The Fund expenses comprise the pension benefits payments (ANG 19 million), the operational expenses (ANG 5 million) and the net increase in pension benefits obligation (ANG 21 million). The premium revenue should be sufficient to sustain the Fund, however in the case of APS it is apparent that the legal premium at 25% of the salary sum is insufficient. To increase the financial stability of the Fund, structural pension reform is required.

Pension reform

During 2016 the Fund has been working with the Government of Sint Maarten and representatives of the participants to put reform measures in place.

It is desirable to achieve a solution where everyone benefits 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 working group that was started in 2015, was extended with representatives of the Government Advisory Body (GOA) in 2016. This proved to be very effective in promoting a healthy dialogue on possible reform measures as well as ensuring "buy-in" and support to decisions.

The Fund continues to work diligently 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 Personnel department and the unions. One element that was formalized in 2016 is the increase of the pensionable age to 62. The effect of this is illustrated in the development of the pension benefit obligations in 2016.

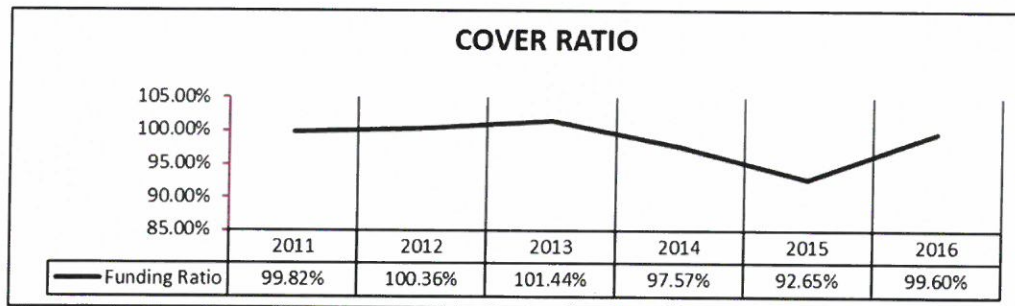
From 2011 to 2015 the average annual increase of the pension benefit obligations was approximately ANG 46 million per year. The 2016 increase is ANG 21 million. This is the result of the increase of the pensionable age from 60 to 62.

By the close of the year 2016 consensus had been reached on the major pension reform measures, which were worded in a Pension Covenant. The Covenant was signed by all parties (MinAZ, MinFin, four unions represented in the GOA and APS in January 2017.

During 2017 the following amendments are discussed: the increase of the pensionable age to 65, the change to from the final pay scheme to an average pay scheme, a decrease in the pension premium contribution from 25% to 18%, a decrease in the accrual percentage for pension and conditional indexation based on the coverage ratio of the Fund.

1.6 Coverage Ratio Development

The coverage ratio as per December 2016 is 99.6%, this is below the minimum of 100%, meaning that the Fund will not be able to fully meet its financial obligations in the future to its participants with all variables unchanged.



The coverage ratio has increased with approximately 7% compared to 2015: This change is a result of but not limited to:

- The increase of the total assets from ANG 566 million (2015) to ANG 629 million (2016) with 11%,
- The increase of the pension benefits obligations from ANG 602 million (2015) to ANG 624 million (2016) with 3.6%.

1.7 Investment Portfolio

The performance of the Total Investment Portfolio, which consists of the international portfolio and the local portfolio, yielded a net year-end return of +5.74%. APS has, therefore, exceeded the mandated minimum rate of return of 5.50% over the invested assets, in 2016.

The total investment income is ANG 28.4 million in 2016, compared to ANG 5 million in 2015. The significant increase is the result of the performance of the international portfolio.

Local Portfolio

In December, the Local Portfolio yielded a YTD return of +4.33%, including cash. The Local Portfolio did meet the APS investment objective to approximate an average return of 3% - 6% annually as stated in the Master Investment Policy Statement (hereafter MIPS).

International Portfolio

The results of the international portfolio are a result of but not limited to:

Calendar Year 2015	Calendar Year 2016
<ul style="list-style-type: none"> The APS Fixed Income sleeves were flat, losing approx. -0.08% net (less than 1/10th of one percent) vs. the APS Fixed Income Composite gaining +0.62%. 	<ul style="list-style-type: none"> The APS Fixed Income sleeves strongly out-performed, gaining approx. +7.04% net vs. the APS Fixed Income Composite gaining +4.68%.
<ul style="list-style-type: none"> 2015 was a relatively bad year in fixed income, due to fears of the Federal Reserve Bank reversing the Quantitative Easing (QE) programs, and their continued announcements of impending interest rate hikes. In the end the FED increased interest rates once, in December, 2015. 	<ul style="list-style-type: none"> The fears of rapidly rising interest rates abated, and the over-sold nature of the bond market in 2015 recovered. The FED announced a Dovish policy towards reversing the QE program, and announced the interest rates would go up gradually. The FED only increased interest rates once, in 2016, in December.
<ul style="list-style-type: none"> The most negatively affected sector in fixed income was the emerging markets debt, the main contributor to the APS's flat bond performance in 2015, losing approx. -3.62%. The emerging markets economies were suffering worse than the developed markets, and had not yet turned the corner from the 2008 financial crisis. 	<ul style="list-style-type: none"> The emerging market fixed income rallied very strongly, the APS EM bond portfolio gained approx. +16.03%, due to improving EM economies and the price of commodities and energy rebounding from the low valuations in February 2016.
<ul style="list-style-type: none"> The APS equity sleeves lost approx. -2.75% vs. the APS Equity Composite benchmark losing -4.86%. The APS equity composite beat the benchmark by +211 basis points, or +2.11% net. 2015 exemplified the risk adverse nature of the APS Equity strategies, demonstrating significantly less downside capture. 	<ul style="list-style-type: none"> The APS equity sleeves gained approx. +8.55% vs. the APS Equity Composite benchmark gaining +13.48%.
<ul style="list-style-type: none"> Non-US equity markets performed poorly, led by major declines in the emerging markets equity indices, and compounded with flat non-US Developed World equity indices in general. 	<ul style="list-style-type: none"> In 2016 the US equity strategies performed well vs. non-US, led by: small companies (Micro cap gaining approx. +26.1%, Small cap gaining approx. +17.5%), energy and commodity companies (+29%), and REITs, Long/Short, and Large Cap Value sectors.
<ul style="list-style-type: none"> Energy and commodity related equities performed negatively and detracted from performance. 	<ul style="list-style-type: none"> The non-US equity strategies went from negative returns in 2015 to slightly positive returns overall in 2016.
<ul style="list-style-type: none"> Because of the fear of stopping US QE policies and the threat of higher interest rates, high dividend strategies suffered double digit losses. 	<ul style="list-style-type: none"> The Presidential election in November removed uncertainty about the future and gave the markets reasons to be positive about the economic future.

The international portfolio had a return of +7.20%, including cash. The International Investment Portfolio did meet the APS investment objective to approximate an average return of 7% - 11% annually as stated in the Master Investment Policy Statement.

Development Projects

In 2016 APS commenced with the construction works of the first phase of the Mary's Fancy Plantation development project. After a period of planning and design, a "bidding process by invitation" was initiated, from which Windward Roads BV was selected as the contractor for the infrastructural works at the Mary's Fancy Plantation property. These works consisted of the upgrade of the trench, the reconstruction of the entrance bridge, the fortification and upgrade of the perimeter wall and the construction of the sidewalk. The first phase works were not fully completed by year end.

A second development project of APS kicked off in 2016 as well. Following a "bidding process by invitation", two architectural firms were selected to take care of the design of the Welgelegen Housing Development project. Cicca Design and IXI Design allied to assist APS in the designing of



62 residential units on a parcel of land obtained in long lease from the Government of Sint Maarten. At year end, the project was still in the planning and development phase. Construction of the residences is expected to commence in 2017 – starting with a model home and entrance gate.

1.8 Pension Administration development

The total number of participants decreased from 2617 participants being registered as active in 2015 to 2590 in 2016. The average age of our active participants is 43.3 years old in 2016 this was also 43.3 in 2015. A lower average age of the active participants would decrease the pension benefits obligation as the wages of the participants are lower. The overall average age has increased to 48.8 years; this is an increase from 48.3.

In 2016 the number of pension beneficiaries increased from 1017 to 1083 - with most 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 1.54 in 2016, this ratio was higher in 2015 1:7³. The ideal dependency ratio is 2. Management is vigilant in monitoring the development of this ratio.

1.9 Acknowledgements

We thank our fellow members of the Board of Directors (present and past), members of the Investment Committee, members of the Audit Committee, the Directorate and the staff, for their efforts to set up an organization which will be able to give the best services to the APS members and participants now and in the future.

Throughout 2016 the Board, Investment Committee, Audit Committee, management and staff of the Fund had the opportunity to work with many 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. Guilliano Saturnilia
Interim - Chairman of the APS Board of Directors

Mr. Arend Jan Alberts
Member of the APS Board of Directors

³ The system dependency ratio is the ratio of active participants in the Fund to non-active participants (pension beneficiaries).

2. Financial Highlights

	2016	2015 Restated *	
Associated Employers 1)	29	26	1) For a number of the associated employers not the entire staff participates in the fund.
Number of Participants			
Active registered participants 2)	2,590	2,617	2) Registered employees of an associated employer who contributed premiums to the pension fund during the reporting year.
Participants with deferred rights 3)	602	525	3) Former employees of an associated employer who have accrued pension, however no longer contributed pension premiums during the reporting
Pensioners	1,083	1,017	
Actives/non actives participants	1.54	1.70	
Participants age average			
Active participants	43.3	43.3	
Non active participants	57.3	56.8	
All participants	48.8	48.3	
Pension administration			
Actual premium 4)	25%	22%	4) 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	ANG 35,204,155	ANG 31,979,448	
Pension administration expenses 5)	ANG 4,856,618	ANG 4,620,921	5) The operational expenses of the fund (including investment management expenses) are circa 0.8% of the funds's assets.
Pension payments	ANG 19,085,963	ANG 17,588,279	

	2016	2015 Restated *	
Solvency			
Pension assets	ANG 621,290,988	ANG 545,675,103	
Minimum targeted pension assets	ANG 654,988,679	ANG 618,378,977	
Pension obligation provision	ANG 623,805,000	ANG 558,963,000	
Coverage ratio 6)	99.60%	92.65%	6) 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 7)	105.00%	105.00%	7) The Board-defined target for the funding ratio.
Total provision/provision pensioners	2.79	2.72	
Investment portfolio			
Equity	ANG 137,259,858	ANG 141,102,973	
Fixed income	ANG 226,669,062	ANG 199,637,286	
Division of assets	ANG 61,921,999	ANG 61,921,999	
Investment performance			
Targeted return	5.50%	5.50%	
Total return	5.74%	0.39%	
Return domestic portfolio	4.33%	3.56%	
Return international portfolio	7.20%	-3.07%	

3. Financial Statements

3.1 Statement of financial position

As at 31 December

All amounts are in thousand Netherlands Antillean guilders

	Note	2016	2015 Restated *	1 January 2015 Restated *
Assets				
Property and equipment	3.8	5,297	284	274
Intangible assets	3.9	156	331	480
Investment properties	3.10	20,196	4,110	4,345
Financial assets:				
Investments held to maturity	3.11	155,732	138,403	72,411
Investments held at fair value through profit or loss	3.12	195,697	189,837	196,797
Loans	3.13	8,079	-	-
Other non-current assets	3.14	61,922	61,922	124,891
Total non-current assets		447,080	394,887	399,198
Inventories	3.15	537	-	-
Accounts receivable	3.16	109,028	90,278	79,490
Other receivable	3.16	158	158	158
Interest Receivable	3.16	1,344	902	896
Short term portion of financial assets	3.17	12,500	12,500	15,000
Other current assets	3.18	263	80	42
Cash and cash equivalents	3.19	57,607	65,700	73,125
Total current assets		181,436	169,617	168,710
Total assets		628,515	564,503	567,908
Equity				
Reserves	3.20	(44,346)	(14,838)	5,976
Result current year	3.20	41,833	(29,508)	(20,814)
Total equity	3.20	(2,513)	(44,346)	(14,838)
Liabilities				
Pension benefits obligations	3.21	623,805	602,209	558,963
Other non-current liabilities	3.22	1,550	1,550	1,550
Loan and borrowings		-	-	19,317
Total non-current liabilities		625,355	603,759	579,831
Accounts payable	3.23	589	455	315
Other payables	3.24	707	607	466
Accrued liabilities	3.25	4,377	4,028	2,135
Total current liabilities		5,673	5,090	2,916
Total liabilities		631,028	608,850	582,746
Total equity and liabilities		628,515	564,503	567,908

The accompanying notes are an integral part of these financial statements

3.2 Statement of comprehensive income

For the period ended 31 December

All amounts are in thousand Netherlands Antillean guilders

	Note	2016	2015 Restated *
Revenues			
Pension premium income	3.26	35,204	31,979
Pension premium income previous years	3.26	24,930	37
Investment income	3.27	28,461	5,331
Other income	3.28	2,170	2,452
Total Revenues		90,765	39,800
Expenses			
Pension benefits payments	3.29	19,086	17,588
Investment expenses	3.30	3,229	3,717
Operating expenses	3.31	4,857	4,621
Net increase/ (decrease) in pension benefits obligation	3.21	21,596	43,246
Total expenses		48,767	69,172
Result from operating activities		41,998	(29,373)
Non operating expenses			
Financial income / (expenses)	3.32	(165)	(48)
Other financial income / (expenses)	3.33	-	(88)
Total non operating results		(165)	(135)
Profit		41,833	(29,508)
Other comprehensive income			
Total other comprehensive income		-	-
Total comprehensive income		41,833	(29,508)
Attributable to:			
To the Fund		41,833	(29,508)
Total comprehensive income		41,833	(29,508)

The accompanying notes are an integral part of these financial statements

3.3 Statement of changes in Equity

For the period ended 31 December

All amounts are in thousand Netherlands Antillean guilders

	Note	Attributable to the Fund			
		Retained earnings	Total	Non-controlling interest	Total equity
At January 1, 2015		(13,566)	(13,566)	-	(13,566)
Correction of error		(1,272)	(1,272)	-	(1,272)
Restated total equity at the beginning of the financial year		(14,838)	(14,838)	-	(14,838)
<i>Comprehensive Income for the period</i>					
Profit for the period		(27,393)	(27,393)	-	(27,393)
Correction of error		(2,115)	(2,115)	-	(2,115)
Restated Year ended December 31, 2015	3.20	(44,346)	(44,346)	-	(44,346)
<i>Comprehensive Income for the period</i>					
Profit for the period	3.20	41,833	41,833	-	41,833
Total comprehensive income for the period		41,833	41,833	-	41,833
Total contributions by and distributions to the Fund		-	-	-	-
Year ended December 31, 2016	3.20	(2,513)	(2,513)	-	(2,513)

The accompanying notes are an integral part of these financial statements

3.4 Statement of Cash Flows

For the period ended 31 December

All amounts are in thousand Netherlands Antillean guilders

	Note	2016	2015 Restated *
Cash flows from operating activities			
Operating (loss) / profit		41,833	(29,508)
Adjustments for:			
Depreciation of property and equipment	3.8	76	77
Amortisation of intangible fixed assets	3.9	182	182
Depreciation of investment property	3.10	39	235
Unrealized (gain) loss on financial assets held at fair value through P&L	3.37	(12,310)	6,949
Unrealized (gain) loss on investments held to maturity	3.37	(637)	-
Increase in pension benefits obligations	3.21	21,596	43,246
Mutations work capital:			
Decrease (increase) in inventories		(537)	-
Decrease (increase) in trade and other receivables	3.16	(18,750)	(10,788)
Decrease (increase) in other current assets	3.18	(183)	(38)
Increase (decrease) in trade and other payables	3.23	134	140
Increase (decrease) in other current liabilities	3.24/3.25	449	2,035
Net cash flows from operating activities		31,891	12,531
Investing activities			
Acquisitions			
Acquisition of property and equipment	3.8	(5,089)	(88)
Acquisition of intangible assets	3.9	(7)	(33)
Acquisition of investment properties	3.10	(16,125)	-
Acquisition of investment held to maturity	3.37	(32,500)	(62,853)
Acquisition of financial assets held at fair value through P&L	3.37	(325,661)	(268,736)
Acquisition of loans receivable	3.37	(8,079)	-
Acquisition of short term portion of financial assets	3.17	-	(10,000)
Proceeds			
Proceeds from maturities of financial assets held to maturity	3.37	15,808	6,861
Disinvestment of financial assets held at fair value through P&L	3.37	332,112	268,746
Proceeds from maturities of short term portion of financial assets	3.17	-	2,500
Proceeds from other investments	3.14/3.22	-	62,969
Interest received		(442)	(6)
Net cash flow from investing activities		(39,984)	(638)
Financing activities			
Reduction of loan and borrowings		-	(19,317)
Net cash flow from financing activities		-	(19,317)
Cash flow			
Net cash flow in cash and cash equivalents		(8,093)	(7,425)
Cash and cash equivalents at beginning of period	3.19	65,700	73,125
Cash and cash equivalents at end of period	3.19	57,607	65,700

The accompanying notes are an integral part of these financial statements

3.5 General Notes

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 November 30, 2017.

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 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.

Based on the new legislation as of July 1, 2016 the pensionable age of 60 increased to 62 and the maximum accrual changed from 70 to 74%.

In the new ordinance is it stipulated that employees, who were between the ages of 58 and 60 on July 1, 2016, still can request their pension at the age of 60 years.

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

- retirement pension (pensionable age: 62 years⁴);
- 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 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 37 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 12 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.

⁴ 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	St. Maarten 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
19	National Institute for Professional Advancement
Public entities	
20	Centrale Bank van Curacao & St. Maarten
21	Sociale & Ziektekosten Verzekeringen
22	Algemeen Pensioenfonds Sint Maarten
High Council organisations	
23	Leden van de Staten
24	Raad van Advies
25	Sociaal Economische Raad
26	Kabinet van de Gouverneur Sint Maarten
27	Algemene Rekenkamer
28	Ombudsman
29	Raad voor de Rechtshandhaving

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

The total number of participants in the fund is 4275. This consists of 2590 registered active participants, 602 participants with deferred rights and 1083 beneficiaries.

Participants

	2016	2015
Active Participants	2,590	2,617
Active non registered participants	-	-
Participants with deferred rights	602	525
Pensioners	1,083	1,017
Total	4,275	4,159

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 99.60% which is lower than the targeted amount. The Fund conducts an Asset /Liability Management (ALM) study once every three to five years⁵ 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 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 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.

⁵ The last ALM-study was conducted in 2014

The permissible ranges are listed in the following table:

All amounts are in thousand Netherlands Antillean guilders

Asset allocation as at December 31, 2016

	2016	Actual %	Policy Target %	Difference	Allowable Range relative to target
Total Equity	137,260	30.5%	24.0%	-6.52%	+/- 20%
External Global Fixed Income & Money Funds	58,437	13.0%	16.0%	3.0%	+/- 10%
Local Fixed Income, Loans & Bank Time Deposits	176,311	39.2%	45.4%	6.2%	+/- 5%
Total Fixed Income	234,748	52.2%	61.4%	9.2%	+/- 5%
Internal Real Estate	20,196	4.5%	3.0%	-1.5%	+/- 1%
Internal Projects	-	0.0%	10.6%	10.6%	+/- 1%
Cash	57,607	12.8%	1.0%	-11.8%	0% - 10%
Total	449,811	100%	100%	0%	N/A

Asset allocation as at December 31, 2015

	2015	Actual %	Policy Target %	Difference	Allowable Range relative to target
Total Equity	141,103	34%	24.0%	-10.37%	+/- 20%
External Global Fixed Income & Money Funds	48,734	12%	16.0%	4.1%	+/- 10%
Local Fixed Income, Loans & Bank Time Deposits	150,903	37%	45.4%	8.6%	+/- 5%
Total Fixed Income	199,637	49%	61.4%	12.8%	+/- 5%
Internal Real Estate	4,110	1%	3.0%	2.0%	+/- 1%
Internal Projects	-	0%	10.6%	10.6%	+/- 1%
Cash	65,700	16%	1.0%	-15.0%	0% - 10%
Total	410,550	100%	100%	0%	N/A

A comprehensive Asset Allocation Strategy analysis is completed at least once every three years and is 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 analyses the current and expected financial condition of APS including the projected APS's liabilities. The analysis 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.

3.6 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, 2016

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

Other standards, amendments and interpretations which are effective for the financial year beginning on January 1, 2016 are not relevant to the fund.

b) New standards, interpretations and amendments not yet effective

Several new standards and amendments to standards and interpretations are effective for annual periods beginning after January 1, 2016, 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"; effective for periods beginning on or after January 1, 2018 (endorsed November 22, 2016). The standard replaces the guidance in IAS 39 'Financial Instruments: Recognition and Measurement' and addresses the classification, measurement and recognition of financial assets and liabilities including a new expected credit loss model for calculating impairment on financial assets and new general hedge accounting requirements. It also carries forward the guidance on recognition and derecognition of financial instruments from 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 must 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 periods 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.

Other changes of less significance are:

- Amendments to IAS 12: 'Recognition of Deferred Tax Assets for Unrealized Losses'; effective for periods beginning on or after January 1, 2017;
- Amendments to IAS 7: 'Disclosure Initiative'; effective for periods beginning on or after January 1, 2017;
- Clarifications to IFRS 15: 'Revenue from Contracts with Customers'; effective for periods beginning on or after January 1, 2018.

Capital management

The fund's objective is to safeguard the Fund's ability to continue as a going concern 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

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.

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. Land is not depreciated. Building depreciation is calculated using the straight-line method to allocate cost or revalued amounts to residual values over the estimated useful life. The estimated useful life is forty years and the residual value is zero.

The 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.

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.

In 2016 two properties were added to investment properties. The first property was transferred to the Fund as one of the payments regarding the debt payment basic agreement that was signed in February 2016. In December 2016, APS purchased the Professional Office Park, a portion of this property is undeveloped. The undeveloped portion is selected for the future office of APS and is included under Property and equipment.

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 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 Statement of financial position.

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

Held-to-maturity investments are government bonds, 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 is 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.

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 reporting 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 based on 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 November 12, 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 bonds, corporate bonds or time deposits.

After initial measurement, 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.

Reclassification of non-current assets

The Fund previously recorded the total non-current assets as a netted amount. Since management considers it to be more relevant to show the amount payable as a separate line item and reclassified an amount of ANG 1,550,000 to non-current liabilities.

Inventories

The Fund's inventories comprise investment properties that are developed with the intention to sale, and the properties are reclassified as inventories at cost, which is the fair value of reclassification. They are subsequently carried at the lower of cost and net realizable value.

Net realizable value is the estimated selling price in the ordinary course of business less costs to complete redevelopment and selling expenses.

Accounts receivable

Accounts receivable are amounts due from pension contributions, 'VUT'/'duurttoeslag' payments, and the legal interest charged to the employer for untimely payments of the pension contributions and / or other outstanding and investments.

Recognition and measurement

Accounts receivable 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 accounts receivable 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 accounts receivable 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 bonds, corporate bonds or time deposits.

Interest income is recognized as it accrues, considering the effective yield on the asset.

Accounts payable

Accounts payable 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

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

The carrying amounts of accounts payable 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 date 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 comprise:

- Pension premium income - employers, employees and other 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 benefits 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 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.

Employee benefits*a) Pension benefits 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 contribution⁶ plan since 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 are adjusted in the comprehensive income statement.

b) Other post-employment obligations

The Fund does not have any employees that are entitled to other post-employment benefits such

⁶ 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.

as 'duurtetoelag' or '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 with 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 was 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 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 Curacao.

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 3.21 could have a significant impact on the pension benefits obligations.

Significant changes in the previous reporting period

Some of the amounts reported for the previous period have been restated to correct an error. In May 2017, the penalty calculations pertaining to the outstanding debt of the affiliated entities were reviewed in detail. It was discovered that the application of the penalty as per the PLvO article 60 was misinterpreted. As a result, the Fund had incorrectly accounted for the penalties.

The error has been corrected by restating each of the affected financial line items for the prior periods as follows:

All amounts are in thousand Netherlands Antillean guilders

Balance sheet (extract)

	2015		2014		1 January 2015	
	2015	Increase/(Decrease)	(Restated)	2014	Increase/(Decrease)	(Restated)
Accounts receivable	93,664	(3,387)	90,278	80,762	(1,272)	79,490
Total current assets	173,004	(3,387)	169,617	169,982	(1,272)	168,710
Total assets	566,340	(1,837)	564,503	567,630	278	567,908
Reserves	(13,566)	(1,272)	(14,838)	7,248	(1,272)	5,976
Result current year	(27,393)	(2,115)	(29,508)	(20,814)	-	(20,814)
Total equity	(40,959)	(3,387)	(44,346)	(13,566)	(1,272)	(14,838)
Total equity and liabilities	566,340	(1,837)	564,503	567,630	278	567,908

Statement of profit or loss

(extract)	Profit		2015
	2015	Increase/(Decrease)	(Restated)
Other income	4,567	(2,115)	2,452
Total Revenues	41,914	(2,115)	39,800
Result from operating activities	(27,258)	(2,115)	(29,373)
Profit/(Loss)	(27,393)	(2,115)	(29,508)

The correction does not affect any other amounts.

3.7 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

	2016	2015
Financial assets		
Cash and cash equivalents	57,607	65,700
Fair value through profit or loss (FVTPL)		
Held for trading	-	-
Designated as at FVTPL	195,697	189,837
Held to maturity investments	168,232	138,403
Loans and receivables (including trade receivables)	118,871	103,015
Available for sale financial assets	60,372	60,372
Financial liabilities		
Fair value through profit or loss (FVTPL)		
Held for trading	-	-
Designated as at FVTPL	-	-
Amortised cost (including trade payables)	5,673	5,090

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 is managed by investing in short duration (average of 2.7 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 classified on the statement of financial position as financial assets held to maturity. 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 2016 would decrease/increase by ANG 550,000. 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 2016 was 5.58 percent of the total external portfolios. There is no direct exposure to the Euro. All 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.

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 afterwards 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 past due nor impaired	Past due but not impaired	Past due impaired	Total
2016				
Cash and cash equivalents	57,607	-	-	57,607
Short term portion of financial assets	12,500	-	-	12,500
Accounts receivable	30,372	78,655	-	109,028
Interest Receivable	1,344	-	-	1,344
Other receivable	158	-	-	158
Other current assets	263	-	-	263
Total	102,244	78,655	-	180,899

	Neither past due nor impaired	Past due but not impaired	Past due impaired	Total
2015				
Cash and cash equivalents	65,700	-	-	65,700
Short term portion of financial assets	12,500	-	-	12,500
Accounts receivable as restated	2,452	87,826	-	90,278
Interest Receivable	902	-	-	902
Other receivable	158	-	-	158
Other current assets	80	-	-	80
Total	81,791	87,826	-	169,617

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 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

	Less than 1 year	Between 1 and 5 year	Over 5 years	Over
At December 31, 2016				
Time deposits	12,500	42,500	-	-
Debt securities government	4,399	5,182	20,133	22,624
Debt securities corporate	1,715	1,631	5,656	51,062
Division of assets APNA	60,372	-	-	-
Total	78,986	49,313	25,789	73,686

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
2016				
Accounts payable	589			589
Other payable	707			707
Accrued liabilities	4,377			4,377
Pension benefits obligations	19,770	89,115	514,920	623,805
Other non-current liabilities		1,550		1,550
Total	25,443	90,665	514,920	632,579

	Less than 1 year	Between 1 and 5 year	Over 5 years	Total
2015				
Accounts payable	455			455
Other payable	607			607
Accrued liabilities	4,028			4,028
Pension benefits obligations	19,086	86,030	497,093	602,209
Other non-current liabilities		1,550		1,550
Total	24,176	87,580	497,093	610,400

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 to 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 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, 2016 virtually no counterparty risk. Only one international strategy has minimal counterparty risk which amounts to 3.25% of the international investments on December 31, 2016. 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, 2016					
	Level 1		Level 2		Level 3	
	2016	2015	2016	2015	2016	2015
Financial assets						
Fixed Income	52,008	42,831	6,429	5,903	-	-
Equity	130,896	136,448	6,364	4,655	-	-
Total	182,904	179,279	12,793	10,558	-	-

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 Benefits Obligations represents the value of the pension benefits obligations of the Fund at a given date by estimating future pension payments. This value represents an obligation risk (liability) for the Fund. To manage this risk, the Fund will conduct an ALM-study or continuity analysis every five 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 Benefits Obligations. In the case of a significant change in the fund, the fund will conduct an ALM-study.

In this context, the most significant risks in this context come 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 Benefits Obligations. As a result, the Fund will not be able to meet its 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 can recover the expenses related to the disability pension from the employer.

d) Inflation risk

The Fund is susceptible to 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 based on 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 a third party is damaged or made unusable using 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. 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 many 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 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 accounts receivable not to exceed 10% of the total assets. Currently the accounts receivable comprises 17.6% of the total assets.



3.8 Property and equipment

All amounts are in thousand Netherlands Antillean guilders

	Land	Leasehold investments	Furnitures and fixtures	Computer hardware	Equipment	Total
COST AND VALUATIONS						
At January 1, 2015						
Cost or fair value	-	111	190	114	41	456
Accumulated depreciation	-	(51)	(47)	(74)	(11)	(183)
Net book amount	-	60	144	40	31	274
Year ended December 31, 2015						
Opening net book amount	-	60	144	40	31	274
Additions	-	-	3	84	-	88
Depreciation charge	-	(20)	(19)	(29)	(9)	(77)
Closing net book amount	-	39	127	95	23	284
At December 31, 2015						
Cost or fair value	-	111	193	198	42	544
Accumulated depreciation	-	(71)	(66)	(103)	(19)	(260)
Net book amount	-	39	127	95	23	284
Year ended December 31, 2016						
Opening net book amount	-	39	127	95	23	284
Additions	5,040	35	-	14	-	5,089
Depreciation charge	-	(19)	(19)	(30)	(8)	(76)
Closing net book amount	5,040	56	108	79	14	5,297
At December 31, 2016						
Cost or fair value	5,040	146	194	211	42	5,633
Accumulated depreciation	-	(90)	(85)	(133)	(27)	(336)
Net book amount	5,040	56	108	79	14	5,297

In December 2016, APS purchased the Professional Office Park, a portion of this property is undeveloped. The undeveloped portion is selected for the future office of APS. The developed portion is classified as Investment properties, note 4.6.

For the estimates of useful economic life and the residual values of property and equipment see note 3.6.

3.9 Intangible assets

Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the Fund are classified as intangible assets.

All amounts are in thousand Netherlands Antillean guilders

	Computer software	Total
COST AND VALUATIONS		
At January 1, 2015		
Cost or fair value	885	885
Accumulated depreciation	(405)	(405)
Net book amount	480	480
Year ended December 31, 2015		
Opening net book amount	480	480
Additions	33	33
Depreciation charge	(182)	(182)
Closing net book amount	331	331
At December 31, 2015		
Cost or fair value	918	918
Accumulated depreciation	(587)	(587)
Net book amount	331	331
Year ended December 31, 2016		
Opening net book amount	331	331
Additions	7	7
Depreciation charge	(182)	(182)
Closing net book amount	156	156
At December 31, 2016		
Cost or fair value	926	926
Accumulated depreciation	(769)	(769)
Net book amount	156	156

For the estimates of useful economic life and the residual values of intangible assets see note 3.6.

3.10 Investment properties

All amounts are in thousand Netherlands Antillean guilders

	Land	Buildings	Investment property under construction	Total
COST AND VALUATIONS				
At January 1, 2015				
Cost or fair value	3,160	1,269		4,429
Accumulated depreciation		(85)		(85)
Net book amount	3,160	1,185		4,345
Year ended December 31, 2015				
Opening net book amount	3,160	1,185		4,345
Additions	-	-		-
Depreciation charge		(235)		(235)
Closing net book amount	3,160	950		4,110
At December 31, 2015				
Cost or fair value	3,160	1,269		4,429
Accumulated depreciation		(320)		(320)
Net book amount	3,160	950		4,110
Year ended December 31, 2016				
Opening net book amount	3,160	950	-	4,110
Additions	8,047	5,768	2,310	16,125
Depreciation charge		(39)	-	(39)
Closing net book amount	11,207	6,679	2,310	20,196
At December 31, 2016				
Cost or fair value	11,207	7,037	2,310	20,554
Accumulated depreciation		(358)	-	(358)
Net book amount	11,207	6,679	2,310	20,196

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. In 2016 two properties were added to investment properties. The first property was transferred to the Fund as part of the payment that relates to the debt payment basic agreement that was signed in February 2016. In December 2016, APS purchased the Professional Office Park, a portion of this property is undeveloped. The undeveloped portion is selected for the future office of APS and is included under note 3.8 Property and equipment.

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 notes 3.6.

3.11 Investments held to maturity

Investments held to maturity

All amounts are in thousand Netherlands Antillean guilders

	2016	2015
Debt securities corporate	113,232	128,403
Time deposits	55,000	22,500
Less: current portion investments	(12,500)	(12,500)
Total	155,732	138,403

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

The fair value for the debt securities is ANG 119 million (2015 ANG 135 million) and for the Time deposits ANG 54 million (2015 ANG 22 million). The fair value has been calculated using a discount rate of 3.75%.

3.12 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

	2016	2015
Fixed Income	58,437	48,734
Equity	137,260	141,103
Total	195,697	189,837

The fair value of the investments held at fair value through profit & loss is based on the statements of the custodian banks, except for 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).

3.13 Loans

Loans

All amounts are in thousand Netherlands Antillean guilders

	2016	2015
RF Adventure St. Maarten N.V. Finance	8,079	-
Total	8,079	-

Loans are carried at amortized cost using the effective interest method. The Fund's participation in the financing of the RF Adventure St. Maarten is 41%. The interest rate is the then prevailing rate for

one-year USD LIBOR plus a margin of 5.25%, or 6.00%. The financing was structured as a fourteen-year Senior Secured Term Loan Facility, the total term has been extended with 8 months due to the added time needed for construction due to the passing of hurricane Irma in September 2017. The first payment is expected in Q4 of 2018.

3.14 Other non-current assets

Other non-current assets

All amounts are in thousand Netherlands Antillean guilders

	2016	2015
APNA division of assets	(761)	(761)
Accrued return APNA division of assets	35,328	35,328
Current account reallocation of participants	27,355	27,355
Total	61,922	61,922

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 ANG 761,000. This is due to the transferring of assets (securities) from APNA to the Fund is now complete except for the excess cash that was due. The assets received are now allocated to Investments held to maturity (see note 3.11). In October 2017, an amount of ANG 49 million was paid to the Fund. This amount comprises the excess cash for the APNA division of assets (ANG 761,000), the accrued return APNA division of assets (ANG 35.3 million) and part of the receivable current account reallocation of participants (ANG 14 million).

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. ANG 49 million was paid in October 2017.

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, many 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. As part of this financial transaction has not yet been executed, the net amount remains as a receivable from the former APNA to the Fund. ANG 49 million was paid in October 2017. The balance of ANG 12 million is pending further supporting documentation and details of the reallocation of participants. It is not expected that this process will be finalized by the end of 2017.

The comparative figure for the current allocation account reallocation of participants was ANG 26 million compared to ANG 27. The difference of ANG 1,550,000, which is an amount payable, has been reclassified under § 3.22 Other non-current liabilities.

3.15 Inventories

The book value of the inventories are as follows:

Inventories

All amounts are in thousand Netherlands Antillean guilders

	2016	2015
Welgelegen Development	537	-
Total	537	-

Inventories relate to the costs during development for properties that are developed with the intention to sale. When development is completed, the properties are reclassified as inventories at cost.

3.16 Accounts receivable

The book value of the accounts receivable are as follows:

Accounts receivable

All amounts are in thousand Netherlands Antillean guilders

	2016	2015 Restated *
Pension contribution/DT/VUT receivables	109,028	90,278
Total	109,028	90,278

The accounts receivable includes:

- Duurtetoeslag (DT) and Vervroegde UitTreding (VUT), these amounts are paid monthly in advance, along with the pension benefits payments to the beneficiaries of the Fund. The advanced amounts are subsequently invoiced to the affiliated employers of the Fund.
- Pension contribution,
- Penalties on the outstanding. The Fund charges the official legal interest of 3% on the outstanding amounts that are overdue.

In 2017, the penalty calculations pertaining to the outstanding debt of the affiliated entities were reviewed in detail. It was discovered that the application of the penalty as per the PLvO article 60 was misinterpreted. As a result, the Fund had incorrectly accounted for the penalties. This is now corrected in the restatement.

The Government of Sint Maarten owes 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 to cover part of the outstanding debt to APS.

The agreement consists of three (3) payment tranches:

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 received 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.

The Funds received the first two payment tranches in full and part of the third tranche. The third tranche was split into two. The first amount of ANG 40 million was paid to the Fund in the first week of July 2017. The balance of ANG 20 million is still due as per the date of this report.

Other receivables

All amounts are in thousand Netherlands Antillean guilders

	2016	2015
Other receivables	158	158
Total	158	158

Other receivables are pension payments to former 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

All amounts are in thousand Netherlands Antillean guilders

	2016	2015
Accrued Interest receivables	1,344	902
Total	1,344	902

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

3.17 Short term portion of financial assets

Short term portion of financial assets

All amounts are in thousand Netherlands Antillean guilders

	2016	2015
Time deposits	12,500	12,500
Total	12,500	12,500

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

3.18 Other current assets

The book value of other current assets is as follows:

Other current assets

All amounts are in thousand Netherlands Antillean guilders

	2016	2015
Prepaid expenses	-	12
Advance employees	8	-
Deposits	24	23
Other receivables	231	45
Total	263	80

3.19 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

	2016	2015
Local banks	31,320	48,908
International banks	26,287	16,792
Total	57,607	65,700

3.20 Equity

All amounts are in thousand Netherlands Antillean guilders

	Retained Earnings	Total
Restated Year ended December 31, 2015	(44,346)	(44,346)
<i>Profit & losses</i>		
(Losses)/gains result current year	41,833	41,833
Year ended December 31, 2016	(2,513)	(2,513)

In 2017, the penalty calculations pertaining to the outstanding debt of the affiliated entities were reviewed in detail. It was discovered that the application of the penalty as per the PLvO article 60 was misinterpreted. As a result, the Fund had incorrectly accounted for the penalties. This is now corrected in the restatement.

3.21 Pension benefits obligation

The pension benefit obligations are based on an actuarial calculation taking into account the present value of the pension benefits and entitlements accumulated as per year end.

Pension benefits obligation

All amounts are in thousand Netherlands Antillean guilders

	2016	2015
Pension obligation beginning of the year	602,209	558,963
Net increase in pension obligation	21,596	43,246
Pension obligation end of the year	623,805	602,209

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

- The participant's average salary in the years 2014 and 2015 (corrected for the AOV-franchise) is being used for the calculation of the present value of the pension obligations.
- Actuarial return of 4%, this has been recalculated at 3.75 at year end, the effect of decrease in the rate of return is ANG 24 million;
- 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 an additional 3% of the pension benefits obligation has been added for the increased risk of long life of the participants;
- 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.

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 ('smartengeld'):

The pension benefits obligation for active participants and participants with deferred rights, has been increased by discounting the actuarial factors used in calculating the pension benefits obligation. This is done to cover the so-called 'smartengeld', 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 'smartengeld' has been taken into account in the calculation of the pension benefits obligation for the pensioners.

The pension benefits obligation is calculated only for the registered employees from employers associated with the Fund.

3.22 Other non-current liabilities

Other non-current liabilities

All amounts are in thousand Netherlands Antillean guilders

	2016	2015
Current account reallocation of participants	1,550	1,550
Total	1,550	1,550

This portion of the current account reallocation of participants was netted as part of the Other non-current assets in previous year. Management of the Fund considers it to be more relevant to show the amount payable as a separate line item and reclassified to the Other non-current liabilities.

Current account reallocation of participants

This is the amount payable to Pensioenfonds Caribisch Nederland (PCN) for the participants who were not correctly allocated in the division of APNA assets. Since inception, many 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. As this financial transaction has not yet been executed, the net amount remains as a payable to Pensioenfonds Caribisch Nederland. Once the financial transaction is affected, the

payable will no longer be carried on the APS books. It is not expected that the reallocation of participants will be finalized by the end of 2017.

3.23 Accounts payable

Accounts payable

All amounts are in thousand Netherlands Antillean guilders

	2016	2015
Accounts payable	589	455
Total	589	455

3.24 Other payables

Other payables

All amounts are in thousand Netherlands Antillean guilders

	2016	2015
Wage tax payable	397	181
Vacation allowance payable	39	39
AOV/AWW payable	24	21
AVBZ payable	50	32
ZV / OV payable	7	3
Premium SZV payable	147	281
Pension payable	-	15
Withholdings	43	35
Total	707	607

3.25 Accrued liabilities

Accrued liabilities

All amounts are in thousand Netherlands Antillean guilders

	2016	2015
Deposit	100	-
Accrual Audit Fee	75	(51)
Accrual Vacation Days	53	66
Accrual consulting expenses	86	-
Premiums Received in Advance	3,382	3,089
Premiums Received in Error	681	599
Difference 25%-22% Premiums	-	326
Accrued Liabilities	4,377	4,028

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 2015, the 2016 premium analysis shows that the Fund had received an excess of premiums as at 31 December 2016. 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 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. In 2016 the Fund invoiced at the rate of 25% retroactively to October 10, 2010 and the amount accrued for in prior year has been released.

3.26 Pension premium income

Pension premium contribution

All amounts are in thousand Netherlands Antillean guilders

	2016	2015
Regular contributions		
Employees' contributions	8,991	8,797
Employers' contributions	27,274	22,771
Other contributions		
Contribution premium BB	169	216
Contribution premium WW	(1,104)	308
Premium restitution	(126)	(112)
Total	35,204	31,979
Contribution previous years	24,930	37
Total	24,930	37

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 35 million in 2016.

As at January 1, 2016 the Fund is invoicing at 25% as 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 fund⁷.

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

Total contribution: 25% * gross salary * Part time percentage⁸

Employee: 8% *(gross salary – franchise) * Part time percentage⁹

Employer: remaining portion

Contributions previous year are pension premiums invoiced in the current financial year for past periods. These are premiums received for participants who were retro-actively registered with the Fund; various employers are late in providing the necessary documents to register the participants in the Fund. Additionally, the difference 3% in the pension contribution from October 10, 2010 to December 31, 2015 is included in contribution previous year.

⁷ As is evident from the opening comments to the most recent version of the PLvO (AB 2016, no. 16 and AB 2016, no. 25.)

⁸ Pensioenlandsverordening overheidsdienaren (AB 2016 2016, no. 16) Art. 58

⁹ Pensioenlandsverordening overheidsdienaren (AB 2016 2016, no. 16) Art. 62

3.27 Investment income

Investment income

All amounts are in thousand Netherlands Antillean guilders

	2016	2015
Investment properties income	17	27
Debt securities income	8,639	5,388
Income investments held at fair value	18,321	(2,843)
Time deposits income	1,484	763
Other investment income	-	1,997
Total	28,461	5,331

The income investments held at fair value is significantly higher in 2016, when compared to previous year. Gains or losses arising from changes in the fair value is presented in the income statement in the period in which they arise.

2015 was a not good year for investments held at fair value; one of the global market events in 2015 was the significant decrease in the price of oil. \$100 per barrel in Q3 2014 to \$30 per barrel in late 2015.

Two global markets events were significant for the gains in 2016. Firstly, the price of oil began its recovery and ended at \$50 per barrel. Secondly, the outcome of the US election was a surprise. The incoming Administration had very pro-business policies, specifically personal and corporate tax cuts and regulation reductions. These policies had a very positive influence on the markets and caused consumer confidence to increase, and expectations of higher profits and greater economic activity to surge.

3.28 Other income

Other income

All amounts are in thousand Netherlands Antillean guilders

	2016	2015 Restated *
Other income	-	208
Late payments penalty contributions	2,170	2,244
Total	2,170	2,452

This amount is the legal interest (3%) that is charged to the affiliated employers since the employers did not pay their contributions or other outstanding amounts on time. In 2017, the penalty calculations pertaining to the outstanding debt of the affiliated entities were reviewed in detail. It was discovered that the application of the penalty as per the PLvO article 60 was misinterpreted. As a result, the Fund had incorrectly accounted for the penalties. This is now corrected in the restatement.

3.29 Pension benefits payments

Pension benefits payments

All amounts are in thousand Netherlands Antillean guilders

	2016	2015
Retirement pensions	17,041	15,724
Widow pensions	1,113	1,078
Orphan pensions	225	186
Disability pensions	453	384
Smartegeld	64	56
Pension lumpsum	142	127
Other	49	33
Total	19,086	17,588

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

3.30 Investment expenses

Investment expenses

All amounts are in thousand Netherlands Antillean guilders

	2016	2015
Investment properties expenses	174	462
Debt securities expenses	82	64
Expenses investments held at fair value	2,973	3,191
Total	3,229	3,717

These are costs of the investments of the Fund.

3.31 Operating expenses

Operating expenses

All amounts are in thousand Netherlands Antillean guilders

	2016	2015
Direct personnel expenses	2,151	1,894
Indirect personnel expenses	77	69
Office expenses	113	121
Housing expenses	228	184
Travel & Publicity expenses	100	41
Depreciation expenses	259	259
Automation expenses	100	233
Professional services expenses	758	985
Project team expenses	580	527
Board & Investment committee expenses	461	243
Other general expenses	30	65
Total	4,857	4,621

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 2017 pension contribution will amount to ANG 330,000.

Pension contribution

All amounts are in thousand Netherlands Antillean guilders

	2016	2015
Pension contribution	318	260
Total	318	260

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

	2016	2015
Office rent	131	123
Equipment rental	10	9
Total	141	132

The Fund has no other lease agreements.



3.32 Financial income/ (expenses)

Financial (expenses) / income

All amounts are in thousand Netherlands Antillean guilders

	2016	2015
Bank charges	(58)	(37)
Exchange differences	(388)	(77)
1% transfer fees	-	(3)
Payment differences	14	1
Interest income (expenses)	267	68
Total	(165)	(48)

3.33 Other financial income/ (expenses)

Other financial income / (expenses)

All amounts are in thousand Netherlands Antillean guilders

	2016	2015
Difference APC and APS	-	(88)
Total	-	(88)

3.34 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 profit of ANG 41 million for the year ended 2016, 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 99.60% which is lower than the target. Nonetheless, due to the pension reform, management believes that APS will be able to meet its obligations to the beneficiaries of the Fund in future.

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.

3.35 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 contract is automatically extended for one year unless it is cancelled.

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.

The Fund had an assignment for the Mary's Fancy Planation for the execution of the civil works, which included the reconstruction of the rock wall alongside the LB Scot Road, the construction of an entrance and exit road on the property, the construction of a bridge as well as the upgrading and lining of the Zaegersgut for an amount of ANG 1,9 million. The duration of this assignment is 120 work days.

The Fund has contracted two architects for the design of the affordable homes for the Welgelegen Housing Development project for a total amount of ANG 550,000. The duration of the contract is 6 months.

All amounts are in thousand Netherlands Antillean guilders

	Dec 31, 2016	Dec 31, 2015
No later than 1 year	2,683	123
Later than 1 year and no later than 5 years	-	611
Total	2,683	734

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 minimum payments under non-cancellable agreements.

3.36 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

	2016	2015
Board of Directors' compensation	135	195
Investment Committee's compensation	41	48
Salaries key management		
Short term benefits key management	321	286
Pension contributions key management	70	69
Other long term benefits key management	2	1
Total	569	600

3.37 Investments held at the beginning and end of the period

All amounts are in thousand Netherlands Antillean guilders

	Value at December 31, 2015	Increase through investments	Decrease through disinvestments/ amortization / sales	Change in market value/accumulated accrued return	Value at December 31, 2016
Investment properties					
Land & Buildings	4,110	13,815	(39)	-	17,886
Investment property under construction	-	2,310	-	-	2,310
Sub-total	4,110	13,815	(39)	-	20,196
Investments held to maturity					
Debt security corporate	128,403	-	(15,808)	637	113,232
Time deposits	22,500	32,500	-	-	55,000
Sub-total	150,903	32,500	(15,808)	637	168,232
Loans					
Loans	-	8,079	-	-	8,079
Sub-total	-	8,079	-	-	8,079
Investments held at fair value through P&L					
Fixed income	48,734	75,475	(69,461)	3,689	58,437
Equity	141,103	250,186	(262,651)	8,621	137,260
Sub-total	189,837	325,661	(332,112)	12,310	195,697
Other investments					
Division of assets APNA - APC	61,922	-	-	-	61,922
Division of assets APNA - PCN	(1,550)	-	-	-	(1,550)
Sub-total	60,372	-	-	-	60,372
TOTALS	405,221	380,056	(347,959)	12,948	452,576

3.38 Events after the reporting date

(a) Pension reform

The goal is to ensure that the pension scheme is financially sustainable. As such discussions are ongoing regarding the reform of the pension scheme. Several stakeholders are taking part in this.

Main topics of the reform are:

- Retirement age increase to 65;
- Defined contribution scheme;
- Conditional indexation (this is based on the coverage ratio >105%);
- Average pay pension system;
- Premium contribution is 18%;
- Pension accrual from age 18;
- Recovery mechanisms.

The pension covenant was signed in January 2017. The financing agreement was also signed this year, a few elements that were confirmed are:

- The pensionable age is 65;
- The pension buildup amounts to 2% per year;
- The premium contribution percentage is 18%;
- Indexation is granted after certain conditions are met.

Many of the elements mentioned above can be adjusted if impact on the Fund is negative. Important to note is that the financing agreement also includes a clause that the Government of Sint Maarten will provide additional premium contributions to maintain the financial wellbeing of the Fund.

(b) Hurricane Irma

On September 6th of 2017, Sint Maarten suffered a direct hit from a category 5 hurricane. Hurricane Irma, a hurricane with sustained winds of 295+ km/h with gusts up to 400 km/h. The storm left some visual damages to the properties owned by the Fund. The extra costs for repair and clean-up do not exceed the amount budgeted for 2017, as each project has an amount budgeted for contingencies.

As per reporting date the Welgelegen and the Parking Pond Island Development were still in the early phases of development, with no structures on either property. The current designs will be adjusted where necessary so that the structures are able to withstand a category 5 hurricane to safeguard the investment.

The Mary's Fancy Plantation also suffered some visual damage to the plantation house and some of the cottages (eave board fallen, zinc roof blown off, portion of zinc roof damaged by fallen tree). More visible was the damage to several trees (stripped leaves, severed limbs, fallen and uprooted trees). This resulted in needed repairs and clean-up of the property. These expenses will not exceed the amount budgeted for 2017.

The Professional Office Park also suffered some minor damages as three windows in the stairwells of both units were broken and need to be replaced, additionally two window shutters were damaged, of which one was ripped off the exterior of the building. The property is insured, and it is expected that most of the repair costs will be covered via the insurance claim. The expenses for clean-up will not exceed the amount budgeted for 2017.

The diversification of the international investments portfolio minimizes any significant negative impact of the hurricane on the stocks, if any.

To date the passing of hurricane Irma has not had a negative impact on the payment of the monthly pension premium contributions. The Fund has had conversations with the affiliated employers with regards to this and the employers have not indicated any difficulties with the monthly payments.



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Independent Auditor's Report





Independent Auditor's Report

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

Reference: HB/PP/67.377.0/43825

Opinion on the financial statements 2016

Our qualified opinion

We have audited the financial statements 2016, as included on pages 14 to 63, of Algemeen Pensioenfonds Sint Maarten, based in Sint Maarten.

In our opinion, except for the possible effects of the matters described in the paragraph the 'Basis for our qualified opinion' section, the financial statements give a true and fair view of the financial position of Algemeen Pensioenfonds Sint Maarten (the "fund") as at 31 December 2016, and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards.

The entity's financial statements comprise:

1. the statement of financial position as at 31 December 2016;
2. the statement of comprehensive income for the year then ended;
3. the statement of changes in equity for the year then ended;
4. the statement of cash flows for the year then ended; and
5. the notes to the financial statements, which include a summary of significant accounting policies.

Basis for our qualified opinion

For the current financial year, we have observed the following findings:

1. An amount of ANG 12,819,000 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. No final agreement has been reached yet about this receivable with Algemeen Pensioenfonds Curacao. The possible effect of differences between the amount recognized and the final agreement on the re-allocation of participants on the other non-current assets and related accounts is unknown. We were therefore unable to obtain sufficient and reliable audit evidence with respect to the existence and consequently valuation of this receivable.



2. The accounts receivable comprise an amount of ANG 44,5 mln which are currently overdue and unpaid. For an amount of ANG 20,2 mln a debt payment agreement with the Government of St. Maarten has been signed. We were not able to obtain sufficient and reliable audit evidence with respect to the expected settlement date. For the settlement of the remaining overdue and unpaid balance amounting to ANG 24,3 mln no agreement has been reached yet. Therefore, in absence of further information, we have not been able to obtain sufficient and reliable audit evidence with respect to the valuation of the related receivables. The possible effect on the accounts receivable and the related accounts is unknown.

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the entity in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code). Furthermore we have complied with the Verordening gedrags- en beroepsregels accountants (VGBA, Dutch Code of Ethics).

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

Emphasis of matter concerning the funding ratio

We draw attention to the paragraph 'Going concern basis of accounting' in Note 3.34 to these financial statements, in which it is noted that the current funding ratio is 99.6% which is lower than the target of 105%. This indicates that the assets of Algemeen Pensioenfonds Sint Maarten on balance sheet date are insufficient to cover the pension obligations. Management is of the opinion that the Fund will be able to meet its obligations to the beneficiaries in the future due to pension reform and financing thereof. Our opinion is not qualified in respect of this matter.

Description of responsibilities regarding the financial statements

Responsibilities of management for the financial statements

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

In preparing the financial statements, management is responsible for assessing the entity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the entity or to cease operations, or has no realistic alternative but to do so.



Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. Materiality influences the nature, timing and extent of our audit procedures and the evaluation of the effect of detected misstatements on our opinion.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- Obtain an understanding of internal control relevant to the audit 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;
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the entity to cease to continue as a going concern;
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and
- Evaluate whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.



We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

St. Maarten, 30 November 2017
PricewaterhouseCoopers St. Maarten

A handwritten signature in blue ink, appearing to read 'Popping', is written over the printed name below.

Dra. Petra Popping RA

Independent Actuarial Report

Actuariële verklaring

Opdracht

Door het Algemeen Pensioenfonds Sint Maarten is aan Towers Watson Netherlands B.V. de opdracht verleend tot het afgeven van een actuariële verklaring over het boekjaar 2016.

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 voorziening pensioenverplichtingen en voor de beoordeling van de vermogenspositie heb ik mij gebaseerd op de financiële gegevens die ten grondslag liggen aan de jaarrekening.

Ik heb voorts gebruik gemaakt van de door de accountant in het kader van de jaarrekeningcontrole onderzochte basisgegevens. 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 voorziening pensioenverplichtingen toereikend is 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 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 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

De voorziening pensioenverplichtingen is, overeenkomstig de beschreven berekeningsregels en uitgangspunten, als geheel gezien, toereikend vastgesteld.

De ontvangen premie is niet voldoende om de toegekende aanspraken in 2016 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 voorziening pensioenverplichtingen. De vordering op de bijdragende ondernemingen bedraagt 17,6% van het totale pensioenvermogen. Dit is boven de wettelijk toegestane grens van 10%. Het fonds dient een plan op te stellen hoe het aan de wettelijke grens wil voldoen.

De financiële positie van het fonds is hiermee slecht.

Purmerend, 1 december 2017


drs. R.T. Schilder AAG

Verbonden aan Towers Watson Netherlands B.V.