



Gouverneur van Sint Maarten

STATEN VAN SINT MAARTEN

Ingek. 29 APR 2014

Volgnr. 15/566/13-14

Par. *1* *105*

Aan de Staten van Sint Maarten
T.a.v.: De voorzitter mevrouw drs. Gracita Arrindell
Wilhelminastraat 1
Philipsburg
Sint Maarten

Philipsburg, 28 april 2014

Kenmerk : LV-13/0025

Onderwerp : ontwerp van de landsverordening tot vaststelling van de jaarrekening van Sint Maarten voor het dienstjaar 2011

Geachte mevrouw Arrindell,

Bij deze wordt u aangeboden het ontwerp van de landsverordening tot vaststelling van de jaarrekening van Sint Maarten voor het dienstjaar 2011, ter verdere behandeling.

DE WAARNEMEND GOUVERNEUR VAN SINT MAARTEN


R.A. Groeneveldt

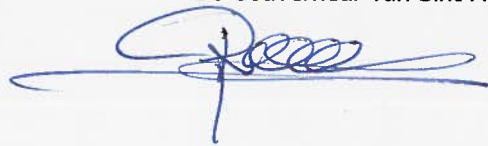
Landsverordening tot vaststelling van de
jaarrekening van Sint Maarten voor het dienstjaar
2011 (Landsverordening vaststelling jaarrekening
2011)

AANBIEDING

De regering biedt de Staten ter goedkeuring aan een ontwerp van Landsverordening tot vaststelling van de jaarrekening van Sint Maarten voor het dienstjaar 2011 (Landsverordening vaststelling jaarrekening 2011).

De memorie van toelichting, die het ontwerp vergezelt, bevat de gronden waarop het rust.

Philipsburg, **29 APR 2014**
De Gouverneur van Sint Maarten



Landsverordening, van de
tot vaststelling van de jaarrekening van Sint Maarten
voor het dienstjaar 2011 (Landsverordening
vaststelling jaarrekening 2011)

ONTWERP

IN NAAM VAN DE KONING!

De Gouverneur van Sint Maarten,

In overweging genomen hebbende:

dat het noodzakelijk is ter uitvoering van artikel 100, vierde lid, van de Staatsregeling en conform hoofdstuk 4, paragraaf 4, van de Comptabiliteitslandsverordening, de jaarrekening van het Land bij landsverordening vast te stellen teneinde de ministers te ontlasten ten aanzien van het door hen gevoerde financieel beleid en beheer;

Heeft, de Raad van Advies gehoord, met gemeen overleg der Staten, vastgesteld de onderstaande landsverordening:

Artikel 1

De jaarrekening voor het dienstjaar 2011, welke de periode beslaat van 10 oktober 2010 tot en met 31 december 2011, wordt vastgesteld overeenkomstig bijlage 1 bij deze landsverordening.

Artikel 2

Ter kennisname van de Staten zijn, overeenkomstig artikel 54, tweede lid, onderdelen a en b, van de Comptabiliteitslandsverordening, bij deze landsverordening gevoegd:

- a. De accountantsverklaring en het daarbij behorende verslag van de accountant van het Land van 5 september 2013, als bijlage 2; en,
- b. het verslag van de Algemene Rekenkamer van 7 oktober 2013, als bijlage 3.

Artikel 3

Deze landsverordening wordt aangehaald als: Landsverordening vaststelling jaarrekening 2011.

Artikel 4

1. Deze landsverordening treedt, zodra deze in het Afkondigingsblad is geplaatst, in werking met ingang van de eerste dag van de zevende week na de datum van bekrachtiging.

2. In afwijking van het eerste lid, treedt deze landsverordening:

- a. in werking met ingang van de eerste dag van de derde week na de beslissing van het Constitutioneel Hof indien de Ombudsman een zaak aanhangig heeft gemaakt als bedoeld in artikel 127, derde lid, van de Staatsregeling; of,
- b. niet in werking indien het Constitutioneel Hof oordeelt dat deze landsverordening niet verenigbaar is met de Staatsregeling.

Deze landsverordening wordt met de memorie van toelichting in het Afkondigingsblad geplaatst.

Gegeven te Philipsburg,
De Gouverneur van Sint Maarten

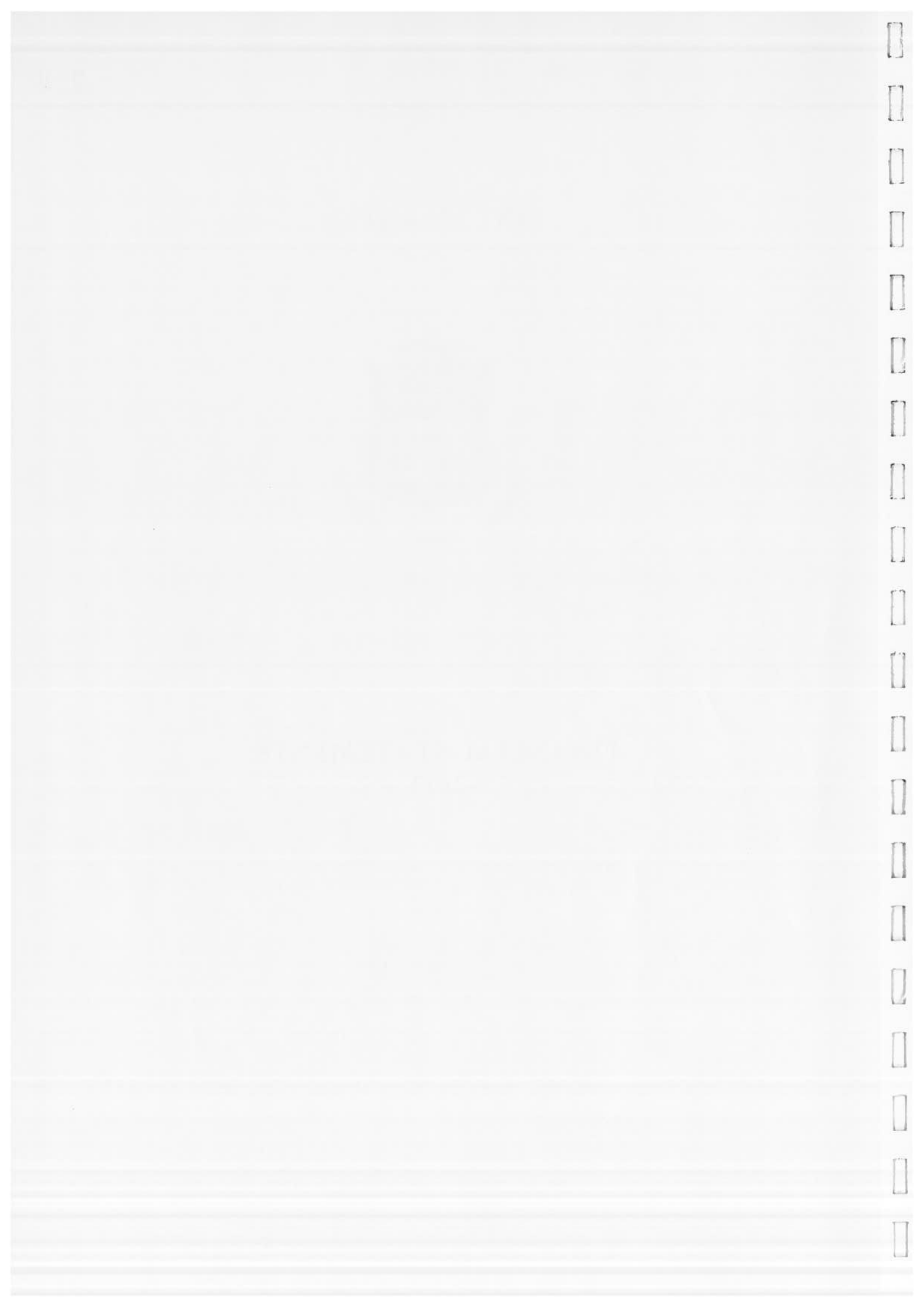
De Minister van Financiën

De Minister van Algemene Zaken
d.d.

SINT MAARTEN



**FINANCIAL STATEMENTS
2011**





CONTENTS

1. Message from the Minister of Finance	4
2. Independent Auditor's Report.....	5
3. Accounting principles	6
3.1. "Comptabiliteitslandsverordening"	6
3.2. Accounting principles	6
4. Balance sheet per December 31, 2011	8
5. Statement of income and expenses for the years 2011 and 2010 (2010: 2 months and 22 days).....	9
6. Statement of income and expenses for the period October 10, 2010 through December 31, 2010.....	10
7. Capital Account	11
8. Statement of sources and applications of funds	12
9. Notes	13
9.1. General	13
9.2. Material fixed assets	15
9.3. Financial fixed assets	15
9.4. Current assets	19
9.5. Equity	20
9.6. Provisions	20
9.7. Long Term Liabilities and Interest	22
9.8. Current liabilities including accrued expenses and provisions	23
9.9. Taxes, levies and fees	26
9.10. Concession fees	26
9.11. Other income	27
9.12. Expenses	27
9.13. Personnel expenses	30
9.14. Goods and services	30
9.15. Subsidies	30
9.16. Interest	31
9.17. Off balance sheet obligations and claims	31
10. Collective sector.....	33
10.1. General	33
10.2. Definition collective sector	33



10.3. Entities and institutions belonging to the collective sector of Sint Maarten ...	33
11. Development programs.....	36
11.1. General.....	36
11.2. Institutional Strengthening and Governance (IVB)	36
11.3. Education and Youth.....	36
11.4. Social Economic Initiative.....	38
11.5. Projects financed by the European Union	38
12. Settlement net asset value of the former Netherlands Antilles	39
12.1. General.....	39
12.2. Transfer of material fixed assets	40
12.3. Transfer of financial fixed assets	40
12.4. Institutions by law.....	40
12.5. Loans	41
12.6. Summary.....	41

Exhibits:

- A. Overview Material Fixed Assets
- B. Overview Financial Fixed Assets
- C. Summary account with settlement committee division of assets and liabilities former Netherlands Antilles
- D. Operating expenses 2011 per Ministry
- E. Summary personnel expenses
- F. Summary subsidies
- G. General Expenses per general ledger per Ministry per Department



1. Message from the Minister of Finance



CABINET MINISTER OF FINANCE - SINT MAARTEN
Kabinet Minister van Financiën - Sint Maarten

139

Message from the Minister of Finance

The 2011 Financial Statements are unique in that they reflect an extended financial year covering the period October 10, 2010 through December 31, 2011. The statements partly includes the financial consequences of the dismantling of the Netherlands Antilles. The process of dividing assets and liabilities of the former Netherlands Antilles over the new entities, the countries Sint Maarten, Curacao and the BES- islands is still ongoing and is being finalized.

Based on the adverse opinion on the financial statements of the year 2010 the Ministry of Finance has decided to embark on an improvement trajectory.

The Ministry of Finance is in the process of improving the financial systems and reporting. The Ministry has presented a five year improvement program based on PEFA evaluation system. Timely, complete and accurate financial reporting is crucial to execute the control function within government. The Finance Ministry is also in the process of improving the functioning of the internal control department.

Furthermore, it is the intention to reorganize the treasury department to include more financial facets such as monthly cash-flow forecasts, investment analysis and advises, long-term loan planning and budgeting etc.

A look at the results for the fiscal year from October 10, 2010 to December 31, 2010 shows a deficit of NAf 11,115,851, whereas the period January 1, 2011 through December 31, 2011 has a deficit of NAf 5,130,747.12

The total assets amounted to NAf 738,238,263 for the year 2010 and NAf 757,252,167 for the year 2011. The main contributors to the increase are fixed assets & cash and equivalents.

The financial statements for the year 2012 is presently being prepared.

Minister of Finance, Sint Maarten

Roland S Tuitt

Ministry of Finance / Ministerie van Financiën

Government Administration Building

Post Office Box 943, Philipsburg, Sint Maarten - (T) +721-542 2026 - (F) +721-542 0151 - (E) leemolsoon@sintmaartengov.org



2. Independent Auditor's Report

To: the Council of Ministers
Attn. The Minister of Finance,
Mr. M.J. Hassink
Clem Labega Square
Sint Maarten

INDEPENDENT AUDITOR'S REPORT

Report on the financial statements

We were engaged to audit the accompanying financial statements for the extended reporting year ended December 31, 2011 of the Country Sint Maarten (hereafter 'the financial statements'), which comprise of:

- The balance sheet as at December 31, 2011;
- The statement of income and expenses for the period October 10, 2010 through December 31, 2010 and for the period January 1, 2011 to December 31, 2011;
- The Capital account for the period October 10, 2010 through December 2010 and for 2011;
- The statement of sources and application of funds over the period October 10, 2010 through December 31, 2011 and;
- The notes, comprising of a summary of the accounting policies, other explanatory information and the exhibits.

Responsibility of the Executive Council

The Executive Council of the former Island Territory of Sint Maarten was responsible for the preparation and fair presentation of these financial statements in accordance with the Comptabiliteitsverordening P.B. 1953 nr. 174 including the changes to this verordening and the hereto forthcoming legislation and the articles 18 - 33 of Comptabiliteitsverordening AB 2010 GT 23 for the recording of Income from Taxes.

The Executive Council of the former Island Territory of Sint Maarten was also responsible for financial compliance of income, expenses and balance sheet changes as recorded in the financial statements. This means that these amounts have to be in conformity with budget as noted in Comptabiliteitsverordening P.B. 1953 nr. 174 and with the terms and conditions stated in the relevant laws and regulations. Furthermore, the Executive Council of the former Island Territory of Sint Maarten was responsible for such internal control as it determines necessary to enable the preparation of the financial statements and in compliance with relevant laws and regulations free from material misstatement, whether due to fraud or error.

Auditor's responsibility

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



An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatements in the financial statements, whether due to fraud or error.

In making those risk assessments, the auditor considers the internal control procedures relevant to the Country's preparation and fair presentation of the financial statements and for the financial compliance with the applicable laws and regulations, in order to design audit procedures that are appropriate for the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Country's internal control. An audit also includes evaluating the appropriateness of accounting policies and financial compliance criteria used and the reasonableness of accounting estimates made by the Council of Ministers, as well as evaluating the overall presentation of the financial statements.

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

Basis for adverse opinion with respect to the financial statements

Misstatements

1. *Material Fixed Assets*

Buildings, Furniture, office equipment and other equipment adopted from the former Island Territory of Sint Maarten is valued at replacement value excluding cumulative depreciation until January 1, 2010. The amount of overstatement of this deficiency is unknown; however, the overstatement will be significant.

2. *Cash and cash equivalents*

The bank account of the Crime Fund is not recorded in the financial statements. The balance of this bank account as per December 31, 2011 amounts to NAf 2,265,254.

3. *Provisions*

There is no provision recorded for future costs of early retirement benefit (VUT) and supplementary pension (Duurtetoeslag) to be paid. A calculation of this provision is not available. The understatement of this provision is unknown, however, the understatement of this provision is considered to be significant.

4. *Provision Expenses under Other Liabilities*

As per December 31, 2011 an amount of NAf 5,746,950 concerning costs for SEI subsidies (SEI Projects) and an amount of NAf 3,673,000 concerning costs for Vreemdelingenketen (Immigration Process) are recorded under the Other Liabilities. However, these costs did not occur in 2011 and therefore the Other Liabilities are overstated where it concerns these costs, for a total amount of NAf 9,419,950.

5. *Off-balance sheet obligations and claims*

Liabilities for an amount of approximately NAf 22,709,000 from the Country Sint Maarten to the Sociale Ziektekosten Verzekering (SZV) for the period October 10, 2010 through December 31, 2011 are recorded under the chapter 19.17 *off balance sheet obligations and claims* in the financial statements. However, the SZV booked these obligations off from their balance sheet as per December 31, 2012. Therefore this off balance sheet obligation is no longer applicable.



6. *Presentation of financial statements*

The presentation of the financial statements is not in accordance with the applicable laws and regulations. This concerns the following deficiencies:

- There is no complete recording of amounts related to donor funded projects in the statement of income and expenses. There is also no overview of amounts related to donor funded projects received in the period covered by the financial statements, as described in article 29 sub b of the Comptabiliteitslandsverordening.
- There is no detailed overview on economic and chapter level of the income and expenses over the period October 10, 2010 through December 31, 2010 as described in article 18 sub c, n and article 20 of the Comptabiliteitslandsverordening.
- There is no detailed overview on economic and chapter level of the income over the period January 1, 2011 through December 31, 2011 as described in in article 18 sub c, n and article 20 of the Comptabiliteitslandsverordening.
- No overview of amount of personnel, as described in article 18 sub g of the Comptabiliteitsverordening.
- There is no adequate insight in the financial position and the income and expenses of the collective sector as described in article 2 of the Comptabiliteitsverordening. A complete overview of loans given out and received within the collective sector as described in article 18 sub i and j of the Comptabiliteitslandsverordening is also absent.
- There is no overview of outstanding tax assessments, including an estimate to what extent these assessments will be received, as described in article 29 sub c of the Comptabiliteitsverordening.
- The costs of several government services have been recorded under the costs for Subsidies instead of proper allocation to the statement of income and expenses or to the balance sheet items. This mainly relates to costs of National Security, Parket Officier van Justitie and Parket Procureur Generaal with a total amount of NAf 5,545,543 of recorded actual costs under the Subsidies.
- Several costs are recorded under the costs for Subsidies, where this actually relates to Costs of Goods and Services. This concerns costs for BAB and Vreemdelingenketen (Immigration Process) for a total amount of NAf 4,274,500.
- Approximately NAf 3,500,000 of costs of Subsidies which relate to Personnel Expenses and were budgeted under Subsidies, are wrongly recorded under the Personnel Expenses in the financial statements instead of being recorded costs for Subsidies.

Uncertainties

1. *Material Fixed Assets*

Uncertainty about the existence, valuation and allocation of the Material Fixed Assets due to:

- no available Material Fixed Assets registers on detail level. Occurrence, accuracy, cut-off and completeness of recorded income and expenses relating to the Material Fixed Assets are therefore also uncertain;
- no recent valuation report for the Building under Construction available, where there are indications that the valued amount of NAf 39,875,082 stated in the financial statements as per December 31, 2011 for the Building under Construction could be significantly lower.

2. *Financial Fixed Assets*

- There is an amount of NAf 4,911,370 recorded under the Financial Fixes Asset concerning Long Term Loans less provisions. These Long Term Loans concern Study Financing Loans.



There is uncertainty about the valuation, completeness and allocation of these loans because we did not receive any substantiation for these loans and the related provision.

- There is uncertainty about the valuation of participations due to missing (audited) financial statements for the year 2011 for the following participations:
 - * Luchthaven Veiligheid Financiering Maatschappij N.V.
 - * Ontwikkelingsbank van de Nederlandse Antillen N.V.
 - * Sint Maarten Economic Development Corporation N.V.
 - * Marven N.V.
 - * Saba bank Resources N.V.
 - * UTS N.V.
 - * NAATC N.V.
 - * Sint Maarten Laboratory Services N.V.

The total value of these participations in the financial statements as per December 31, 2011 is NAf 24,679,871. It could be that the valuation for these participations should be lower than what is presented in the financial statements.

3. *Accounts Receivable net of Provision*

As per December 31, 2011 an amount of approximately NAf 32,734,000 is recorded as Accounts Receivable net of Provision. There is uncertainty about the presentation, valuation and allocation of the Accounts Receivable net of Provision because of lack of (matching) substantiations.

4. *Cash and cash equivalents*

- Uncertainty about the valuation and allocation of time deposits for an amount of approximately NAf 25,600,000. We did not receive any third party confirmations or contracts concerning these time deposits or bank accounts.
- Due to the remark under 'Misstatements' concerning the cash and cash equivalents, it is also uncertain if all bank accounts of Government are completely recorded in the financial statements.

5. *Provisions*

As per December 31, 2011 an amount of approximately NAf 26,174,795 is recorded as Provisions related to the negative net asset value of several participations. However, audited financial statements as per December 31, 2011 of Nieuwe Post NV and Postal Services Sint Maarten NV were not available during our audit and the auditor's report in the financial statements of the participation Windward Islands Airways International N.V. with balance sheet date as per December 31, 2011 contains a disclaimer of opinion. Because of the aforementioned, there is uncertainty about the valuation and allocation of the Provisions recorded in relation to these participations.

6. *Current Liabilities*

- Uncertainty about the completeness, valuation and allocation of the recorded Accounts Payable in the financial statements. There is no sub ledger available which reconciles with the Accounts Payable as recorded in the general ledger. It is not possible to determine the amount of uncertainty. The amount of recorded Accounts Payable in the financial statements as per December 31, 2011 is approximately NAf 56,010,000.
- As per December 31, 2011 an amount of approximately NAf 43,755,000 is recorded as amounts due to APS. Under the Other Liabilities an extra provision of 47,000,000 is also recorded for expected costs concerning APS. There is uncertainty about the completeness, valuation and allocation of these amounts due to and reserved for APS because of lack of proper substantiation.



- As per December 31, 2011 an amount of approximately NAf 85,000,000 is recorded as Account with the 'Estate'. There is uncertainty about the completeness, valuation and allocation of this account because settlement of the assets and liabilities of the former Netherlands Antilles still has to take place. The account also does not match with the current account as recorded by the former Netherlands Antilles because the account as recorded by the former Netherlands Antilles represents several material liabilities which are doubted by the Country Sint Maarten.
- As per December 31, 2011 an amount of approximately NAf 10,386,000 is recorded as Accrued Expenses and Other Payables, an amount of approximately NAf 7,802,000 (next to the remarks under point 4 of Misstatements, as mentioned above) is recorded as Provision Expenses and an amount of NAf 12,095,000 is recorded as "Other" under the Current Liabilities. There is uncertainty about the valuation and allocation of these liabilities, due to missing specifications and substantiations.

7. *Income*

- Uncertainty about correct revenue classification of Tax Income and Other Income under Taxes Levies and Fees for 2011 as presented in the financial statements. Tax revenues in 2011 match in totals with the sub administration in 2011. However, proper classification of Tax Income in the sub administration could not be determined.
- An amount of NAf 29,173,000 has been recorded as Bank License Fees in the financial statements. There is uncertainty concerning the occurrence, accuracy, completeness and cut-off of these License Fees because we did not receive an audit report on these License Fees.
- An amount of NAf 2,723,000 has been recorded as revenues from Casino Controllers in the financial statements. There is uncertainty about these revenues because of lack of a legal basis for collecting these revenues from the casinos. Therefore this revenue is disputable.
- Uncertainty about completeness, occurrence, accuracy and cutoff of revenues from Business License Fees. The revenues cannot be matched with a proper sub ledger. It is not possible to determine the amount of uncertainty.
- Uncertainty about completeness of revenues Domeinbeheer because the completeness of land owned by government cannot be determined. Therefore, it is not possible to determine the amount of uncertainty.
- An amount of NAf 2,000,000 has been recorded as income received from Bureau Telecommunication and Post in the financial statements. There is uncertainty concerning the completeness and cut-off of this income, due to missing audited financial statements of Bureau Telecommunication and Post.
- Uncertainty about NAf 9,262,000 recorded under tax revenues for the period 2010 in the financial statements and uncertainty about NAf 14,594,000 recorded in the Other Income under Income Levies and Fees. These amounts are not substantiated and therefore we could not determine the occurrence, completeness, cut-off and accuracy of these recorded revenues.
- Uncertainty about the release of NAf 8,700,000 of overstated accounts payable due to missing substantiations.

8. *Personnel Costs*

There is uncertainty about the occurrence, accuracy, cut-off and classification of Personnel Costs. There is no sub administration available that reconciles with the personnel costs as recorded in the general ledger.



Furthermore, relevant internal controls in order to determine occurrence and accuracy of Personnel Costs in the financial statements, were not in place in the period October 10, 2010 till December 31, 2011 and relevant substantiations were missing when conducting detailed audit procedures.

9. *Costs of Goods and Services*

We could not determine the occurrence, completeness, cut-off, accuracy and classification of the costs of Goods and Services because a significant amount of these costs is not substantiated with any documents or invoices.

10. *Subsidies*

We could not determine the occurrence, completeness, cut-off, accuracy and classification of the costs of Subsidies, except for the amounts as described above under point 3 of 'Misstatements', because we did not receive enough substantiation for a significant amount of these costs. It is also unclear what amount still has to be paid as final subsidy settlement with the schools for the years 2009 through 2011.

11. *Other*

- We were not able to receive the minutes or decision lists from the meetings of the Council of Ministers over the period October 10, 2010 up to Audit Report date. The completeness of the on-balance and off-balance assets and liabilities is therefore an uncertainty.
- In Chapter 11.5 of the financial statements, a description is given concerning projects financed by the European Union for an amount of NAf 4,800,000. We did not receive supporting documentation to attain to the required level of assurance of the audit objectives related to this description.
- We have not received a Letter of Representation to the financial statements from the Council of Ministers concerning their responsibility for the preparation and fair presentation of the financial statements in accordance with the applicable standards and their responsibility for financial compliance. This is due to the fact that the period covered by the financial statements and the period in which the financial statements were prepared fell under other formations of Council of Ministers.

Adverse opinion with respect to the financial statements

In our opinion, because of the significance of the matters described under the Basis for adverse opinion paragraph, the financial statements do not give a true and fair view of the financial position of the Island Territory Sint Maarten as at January 1, 2010 and October 9, 2010, and of its result for the period January 1, 2010 to October 9, 2010 in accordance with the Comptabiliteitsverordening P.B. 1953 nr. 174 including the changes to this verordening and the hereto forthcoming legislation and the articles 18 - 33 of Comptabiliteitsverordening AB 2010 GT 23 for the recording of Income from Taxes.



Basis for adverse opinion with respect to the financial compliance

We determined that substantiations for income, costs and balance sheet mutations were missing or not available for a significant amount during our audit of the Country's financial statements and that presentation of the financial statements is not in accordance with the Comptabiliteitslandsverordening A.B. 2010 G.T. nr. 23, as also described under the basis for adverse opinion with respect to the true and fair view of the financial statements. Secondly, rules for public tendering as described in article 47 of the Comptabiliteitslandsverordening A.B. 2010 G.T. nr. 23 were not applied for a significant amount of expenses. Thirdly, the Subsidieverordening A.B. 1998 nr. 34 is not applied for a significant amount of the recorded subsidies. Fourthly, there was no authorized budget for the separate period of October 10, 2010 through December 31, 2010. There was only a budget for the period of January 1, 2010 through December 31, 2010. Also, several expenses are higher than budgeted for a significant amount of expenses over the period of October 10, 2010 through December 31, 2011, where there was no authorization from Parliament to do so.

Adverse opinion with respect to the financial statements

In our opinion, because of the significance of the matters described under the Basis for adverse opinion paragraph with respect to the true and fair view of the financial statements, the financial statements do not give a true and fair view of the financial position of the Country Sint Maarten as at October 10, 2010 and December 31, 2011, and of its result for the period October 10, 2010 through December 31, 2011 in accordance with the Comptabiliteitslandsverordening A.B. 2010 G.T. nr. 23.

Furthermore, because of the significance of the matters described in the Basis for adverse opinion with respect to financial compliance paragraph, we conclude that the Country Sint Maarten did not comply with the applicable laws and regulations in the period of October 10, 2010 through December 31, 2011.

Philipsburg, September 4, 2013

Stichting Overheidsaccountantsbureau

On behalf,



L.J.H. Hiemstra
Audit Manager



drs. R.E. Fancette RA CFE CICA
Associate Director

Signature for identification purposes:







3. Accounting principles

3.1. "Comptabiliteitslandsverordening"

The Financial statements 2011 have been prepared in accordance with the guidelines of articles 18 – 33 of "Comptabiliteitslandsverordening" (AB 2010 GT 23) with the exception that these financial statements are not the combined statements of the collective sector but solely of the Government of Sint Maarten. In chapter 10 an overview is presented of the other entities forming part of the collective sector, and their activities including their most recent financial information.

3.2. Accounting principles

The following accounting principles are applied:

- a. Valuation of assets and liabilities and determination of the result takes place under the historical cost convention. Unless otherwise presented at the relevant principle for the specific balance sheet item, assets and liabilities are at face value.

- b. Material fixed assets

Material fixed assets are stated at acquisition cost less accumulated depreciation calculated on a straight-line basis over the estimated lifetime of the assets. The acquisition cost of the material fixed assets from the island territory of Sint Maarten on 10-10-2010 was determined based on the reinstatement value according to an appraisal report dated August 1, 2010. The acquisition cost of the buildings received from the former Netherlands Antilles is based on the market value per 10-10-2010.

The estimated useful life of the assets is as follows:

Type	Term
Land	indefinite
Buildings	50 years
Furniture, fixtures, equipment	3-15 years
Vehicles	5 years

- c. Financial fixed assets

- Participations are stated at acquisition cost. For the participations received from the Island Territory of Sint Maarten and the former Netherlands Antilles the acquisition cost was determined at the net asset value per 10-10-2010.
- Loans are stated at nominal value less a provision for doubtful accounts

- d. Current assets

Current assets are stated at nominal value less a provision for doubtful accounts.

- e. Cash on hand and in banks are stated at nominal value. United States Dollars are converted at a rate of 1.78

- f. Long term liabilities

Long term liabilities are presented at nominal value less the short term portion, due within one year from balance sheet date

- g. Provisions

Provisions are made based on;

- liabilities and losses at balance sheet date which are uncertain, but can be reasonably estimated;
- at balance sheet date, existing risks in respect of certain liabilities or anticipated losses with a reasonable degree of probability can be estimated
- Expenditure in a subsequent financial year will be used, provided that their spending origins are found in the current or in a previous financial year and the provision ensures an even distribution of the burden over a number of years.

FINANCIAL STATEMENTS 2011



h. **Current liabilities**

Current liabilities are stated at nominal value and include the short term portion of the long term liabilities.

i. **Income**

- Income from taxes are recorded on a cash basis
- Income from fees and levies are recorded on accrual basis

j. **Expenses**

Expenses are recorded in the period to which they relate. Expenses noted after official closing date of April 30, 2012 which relate to the years 2011 and/or prior will be recorded and expensed in the year 2012.



4. Balance sheet per December 31, 2011

ASSETS	Note	12/31/2011	12/31/2010	10/10/2010
		Naf	Naf	Naf
<i>Fixed Assets</i>				
Land		-	-	-
Buildings		104,860,198	94,658,237	95,090,961
Buildings under construction		39,875,082	39,875,082	39,875,082
Furniture, office equipment, equipment		19,137,584	19,084,993	19,206,703
Vehicles		2,099,823	2,065,011	2,233,988
Total material fixed assets	9.2	165,972,687	155,683,323	156,406,734
Participations		464,913,528	464,913,528	464,913,528
Institutions		PM	PM	PM
Long term loans less provisions		4,911,370	-	-
Garantee deposits		381,890	315,867	253,427
Total financial fixed assets	9.3	470,206,788	465,229,395	465,166,955
Total Fixed Assets		636,179,475	620,912,718	621,573,689
<i>Current Assets</i>				
Accounts receivable net of provisions		32,734,295	31,819,581	26,074,940
Other current assets		4,303,906	5,631,000	10,711,605
Cash and cash equivalents		84,034,491	79,874,964	74,185,216
Total Current Assets	9.4	121,072,692	117,325,545	110,971,761
Total ASSETS		757,252,167	738,238,263	732,545,450
EQUITY and LIABILITIES				
<i>Equity</i>				
General Reserve		79,282,063	90,397,914	90,397,914
Balance of income and expenses		(5,130,746)	(11,115,851)	
Total equity	9.5	74,151,317	79,282,063	90,397,914
<i>Provisions</i>	9.6	26,174,795	22,933,771	22,933,771
<i>Long term liabilities</i>				
Long term liabilities		352,957,032	353,122,126	343,566,811
Total long term labilities	9.7	352,957,032	353,122,126	343,566,811
<i>Current liabilities</i>				
Accounts payable and accrued expenses		142,762,764	138,916,151	140,143,829
Other liabilities		161,206,259	143,984,152	135,503,125
Total current liabilities	9.8	303,969,023	282,900,303	275,646,954
Total EQUITY and LIABILITIES		757,252,167	738,238,263	732,545,450



5. Statement of income and expenses for the years 2011
and 2010 (2010: 2 months and 22 days)

INCOME	Note	2011	Budget 2011	Deviation	10/10/10- 12/31/10
		Naf	Naf	Naf	Naf
<i>Taxes, levies and fees</i>					
Wagetax/Income tax		122,107,071	113,637,000	8,470,071	24,070,865
Turnover tax		111,725,582	119,184,228	(7,458,646)	18,423,125
Profit tax		27,070,963	38,726,000	(11,655,037)	7,586,090
Other taxes		43,137,612	40,547,000	2,590,612	2,938,584
Levies and fees		75,237,430	76,595,648	(1,358,218)	12,485,514
Total taxes, levies and fees	9.9	379,278,658	388,689,876	(9,411,218)	65,504,178
Concession fees	9.10	10,200,000	15,200,000	(5,000,000)	1,991,000
Other	9.11	13,100,000	17,026,721	(3,926,721)	-
Total other income		23,300,000	32,226,721	(8,926,721)	1,991,000
Total INCOME		402,578,658	420,916,597	(18,337,939)	67,495,178
EXPENSES					
Personnel	9.13	140,792,933	147,225,756	(6,432,823)	28,644,703
Goods and services	9.14	140,197,188	154,174,159	(13,976,971)	34,047,703
Subsidies	9.15	104,095,233	105,323,490	(1,228,257)	11,456,687
Depreciation	9.2	7,615,251	2,971,562	4,643,689	1,589,401
Addition to provision doubtful accounts			-	-	129,453
Interest	9.16	11,767,776	11,221,630	546,146	2,743,082
Total EXPENSES		404,468,381	420,916,597	(16,448,216)	78,611,029
participations	9.6	(3,241,024)	-	(3,241,024)	
Total INCOME less EXPENSES		(5,130,747)	-	(5,130,747)	(11,115,851)



6. Statement of income and expenses for the period October 10, 2010 through December 31, 2010

INCOME	Note	10/10/10- 12/31/10	Budget	Deviation
		Naf	Naf	Naf
<i>Taxes, levies and fees</i>				
Wagetax/Income tax		24,070,865	27,186,141	(3,115,276)
Turnover tax		18,423,125	5,969,777	12,453,348
Profit tax		7,586,090	8,560,435	(974,345)
Other taxes		2,938,584	3,851,963	(913,379)
Levies and fees		12,485,514	10,445,646	2,039,868
Total taxes, levies and fees		65,504,178	56,013,962	9,490,216
Concession fees		1,991,000	2,298,616	(307,616)
Other		-	5,406,622	(5,406,622)
Total other income		1,991,000	7,705,238	(5,714,238)
Total INCOME		67,495,178	63,719,200	3,775,978
EXPENSES				
Personnel		28,644,703	18,058,858	10,585,845
Goods and services		34,047,703	27,678,901	6,368,802
Subsidies		11,456,687	13,759,437	(2,302,750)
Depreciation		1,589,401	1,150,760	438,641
Addition to provision doubtful accounts		129,453	-	129,453
Interest		2,743,082	1,492,960	1,250,122
Total EXPENSES		78,611,029	62,140,916	16,470,114
Result participations				
Total INCOME less EXPENSES		(11,115,851)	1,578,284	(12,694,136)



7. Capital Account

INVESTMENTS	Note	2011	Budget 2011	2010
		Naf	Naf	Naf
Buildings		11,282,526	37,678,175	
Information technologie infrastructure			5,165,000	
Furniture, fixtures		3,838,728	8,334,331	684,991
Vehicles		1,826,601	1,648,000	181,000
Ringroad			30,000,000	
Buildings/maintenance			7,713,000	
Schools		956,759	10,815,100	
Study loans		4,911,370	4,200,000	-
Airport registration system			10,709,130	
Repayment loans		24,891,894		294,887,303
Other		628,463	7,373,035	
Total INVESTMENTS		48,336,341	123,635,771	295,753,294
RESOURCES				
Issuance of bonds		26,000,000	117,334,209	302,071,000
Development funds/grants/ SEI		4,400,000	3,330,000	
Depreciation		7,615,251	2,971,562	1,589,401
General account		13,562,114		(7,907,107)
Total RESOURCES		51,577,365	123,635,771	295,753,294
Result participations		(3,241,024)		-
Total balance CAPITAL ACCOUNT		-	-	-



8. Statement of sources and applications of funds

SOURCES of FUNDS	10/10/10-12/31/11
	Naf
Balance of income less expenses	(16,246,597)
Add:	
Depreciation	9,204,652
Increase provisions	3,241,024
(Increase) decrease current assets	(251,657)
Increase (decrease) current liabilities	35,284,600
Cash-flow from operations	31,232,022
Cash-flow from financing activities, bonds	328,071,000
Guarantee deposits received	943,325
	329,014,325
Total SOURCES of FUNDS	360,246,347
APPLICATIONS of FUNDS	
Capital goods	18,770,605
Study loans	4,911,370
Guarantee deposits	128,463
Repayment of loans	319,624,103
Valuation difference bonds	6,962,531
Total APPLICATIONS of FUNDS	350,397,072
NET CHANGE in CASH	9,849,275
NET CASH BEGINNING of PERIOD	74,185,216
NET CASH at END of PERIOD	84,034,491



9. Notes

9.1. General

The 2011 financial statements of Sint Maarten comprises of an extended financial year for the period October 10, 2010 through December 31, 2011.

Dismantling of the Netherlands Antilles

The dismantling of the Netherlands Antilles is a fact as of October 10, 2010. The division of the assets and liabilities of the former Netherlands Antilles has been preliminary arranged to ensure continuity of all parties involved. A final settlement has to be prepared for which a Settlement Committee ("vereffeningscommissie") has been established. The dismantling and settlement process will take some time to complete. The 2011 financial statements include all transferred transactions per dismantling date, as well as all information available in reference to the settlement of the assets and liabilities of the former Netherlands Antilles.

Budget 2010

The approved annual budget for 2010 amounts to Naf 284,829,072 operating expenses, Naf 286,490,297 operating income, Naf 38,837,667 capital expenditures and Naf 37,176,667 capital income including proceeds from loans. The budget did not pass the CFT test and was amended to Naf 275,778,259 operating expenses and Naf 282,851,082 operating income. For the period October 10, 2010 to December 31, 2010 an amended budget was proposed to increase operating expenses by Naf 20,352,702 and operating income by Naf 19,265,952, however it was not officially approved.

The income includes Naf 15,000,000 advance settlement division of assets of the former Netherlands Antilles and Naf 4,000,000 release of reserves. Both amounts should not have been presented as operating income. The budget deficit for 2010 therefore is in fact Naf 11,927,177. The operating expenses budget summary for the entire calendar year 2010 is as follows:

Summary budget 2010					
amounts in Naf x 1,000	operating expenses				
	1/1-10/9	10/10-12/31	2010	amendment	2010
HF0: General Government	42,770.2	12,436.8	55,207.0	2,512.5	57,719.5
HF1: Public Safety	6,288.0	1,828.4	8,116.4	12,614.9	20,731.3
HF2: Traffic and Waterways	7,042.7	2,047.9	9,090.6		9,090.6
HF3: Economic Affairs	17,588.2	5,114.3	22,702.5	1,888.0	24,590.5
HF4: Education	65,783.5	19,128.6	84,912.1	963.3	85,875.4
HF5: Culture and Recreation	7,669.4	2,230.1	9,899.5		9,899.5
HF6: Social Affairs	13,563.9	3,944.1	17,508.0		17,508.0
HF7: Healthcare	36,079.2	10,491.1	46,570.3	506.4	47,076.7
HF8: Housing, Spacial Order	4,227.2	1,248.6	5,475.8	380.1	5,855.9
HF9: Finance	12,625.0	3,671.0	16,296.0	1,487.5	17,783.5
Totals	213,637.3	62,140.9	275,778.2	20,352.7	296,130.9

FINANCIAL STATEMENTS 2011



The proposed budget amendments in the above table represent Federal Government tasks assumed as of October 10, 2010.

Budget 2011

The budget 2011 can be summarized as follows:

Summary budget 2011 amounts in Naf x 1,000	Operating account		Capital account	
	Expenses	Income	Investments	Resources
Parliament and councils	9,553.2	-		
Min. General Affairs	67,557.2	2,503.6	55,683.6	
Min. Finance	39,797.9	343,247.6		1,700.0
Min. Justice	68,663.7	7,584.8		120,305.7
Min. Education, Youth and Sports	110,168.7	5,801.9	15,015.0	
Min. Health-, Social Dev., & Labor	58,649.2	12,039.6	2,015.0	1,630.0
Min. Economy, Tourism, Traffic, & Comm.	33,855.3	43,118.0	10,709.1	
Min. Housing, & Spatial Dev. Environment	32,671.3	6,621.0	40,213.0	
Totals	420,916.5	420,916.5	123,635.7	123,635.7

There were no budget amendments for 2011.

Realization

2010 (October 10, 2010 to December 31, 2010)

For the period October 10, 2010 through December 31, 2010 a total of Naf 82.5 million in expenses were budgeted including Naf 20.4 million of not approved budget amendments in reference with obtaining country status as of October 2010 and subsequently additional tasks. The actual expenses for said period are Naf 78.6 million.

The approved budgeted income amounted to Naf 63.7 million. Additional income was budgeted for Naf 19.3 million, actual income fell short of Naf 15.5 million. The not approved budget amendments of Naf 19.3 million included additional budgeted income due to obtaining country status for turnover tax, gasoline excise tax, bank license fees and other new income. The deficit for the period October 10, 2010 through December 31, 2010 is Naf 11.1 million.

2011

The net result for 2011 is a loss of Naf 5.1 million, due to lower than budgeted income of Naf 18.3 million (Naf 9.4 million in taxes, levies and fees, Naf 5 million concession fees and Naf 3.9 million other income) Naf 16.4 million lower expenses and participations losses of Naf 3.2 million.



9.2. Material fixed assets

Specification material fixed assets changes in book value are as follows:

Material fixed assets					
(amounts in Naf)	Buildings under construction	Buildings in use	Furniture, Equipment	Vehicles	Totals
Acquisition Cost					
10/10/2010	39,875,082	95,090,961	19,206,703	2,233,988	156,406,734
Add:					
Investments 2010		-	684,991	181,000	865,991
Investments 2011		12,239,285	3,838,728	1,826,601	17,904,614
Deduct:					
Depreciation 2010	-	(432,723)	(806,701)	(349,977)	(1,589,401)
Depreciation 2011		(2,037,325)	(3,786,137)	(1,791,789)	(7,615,251)
Bookvalue					
12/31/2010	39,875,082	94,658,238	19,084,993	2,065,011	155,683,324
Bookvalue					
12/31/2011	39,875,082	104,860,198	19,137,584	2,099,823	165,972,687

The Hope Estate II, a social apartment complex, has been added to the buildings in 2011 and is, amongst other investments, recorded under the investments 2011. The buildings were constructed for Naf 4,400,000 and financed through the so called "Reallocation Harbor dues Protocol".

Buildings under construction, namely the new administration building, are expected to be completed in 2013. Additional costs to complete, furnish and refurbish the building are estimated at Naf 21 million and specified as follows:

- Extra fire/smoke proofing Naf 2.8 million
- Infrastructure Naf 5.5 million
- Furnishing Naf 7.6 million
- Equipment Naf 2.4 million
- Hardware Naf 2.0 million
- Other Naf 0.7 million

The building is financed under a so called BOOT agreement with RGM Sint Maarten N.V. The quarterly BOOT payments are Naf 823.994. The interest component is 8.61% per annum. The remaining payment term is 13 years as of December 31, 2011.

9.3. Financial fixed assets

Financial fixed assets include the following participations and long term receivables. For further details refer to exhibit B.



St. Maarten Harbour Holding Company N.V.

The St. Maarten Harbour Holding Company N.V. was incorporated on September 1, 1998 in Sint Maarten. The main purpose of the Company is to act as the parent of its 100% owned subsidiaries:

- St. Maarten Harbour Cruise Facilities N.V.
- St. Maarten Harbour Cargo Facilities N.V.
- Sint Maarten Ports Authority N.V.
- St. Maarten Ports Development N.V.
- SMH Crane Company N.V.
- Simpson Bay lagoon Authority Corporation N.V.

St. Maarten Harbour Cruise Facilities N.V.

This Company's specific purpose is to procure the design, construct and finance of, as well as own, operate and maintain, cruise facilities at Great Bay and Cole Bay, Sint Maarten.

St. Maarten Harbour Cargo Facilities N.V.

This Company's specific purpose is to procure the design, construction and financing of, as well as own and maintain cargo facilities at Great Bay and Cole Bay, Sint Maarten.

Sint Maarten Ports Authority N.V.

Sint Maarten Ports Authority N.V. was incorporated on June 8, 1989 in St. Maarten. As of August 15, 2007 its shares were transferred to the Holding Company. The Company operates and manages the harbor facilities, pilotage, and towing services as well as promoting cruise-ship tourism for Sint Maarten.

Sint Maarten Ports Development N.V.

Sint Maarten Ports Development N.V. was incorporated on January 14, 2002. Its main activities are obtaining, developing, exploitation and alienation register-bound goods, securities and other assets.

SMH Crane Company N.V.

This Company was incorporated on August 11, 2008 in Sint Maarten. Its specific purpose is to acquire, maintain and operate the harbor cranes as well as to lease said to licensed operating companies at the harbor.

Simpson Bay Lagoon Authority Corporation N.V.

Simpson Bay Lagoon Authority Corporation N.V. was incorporated on October 23, 2002. Its main objective is to manage and develop Simpson Bay and the Simpson Bay Lagoon, including the John Sainsborough Lejuez Bridge.

Princess Juliana International Airport Holding Company N.V.

The Princess Juliana International Airport Holding Company N.V. (PJIAH) was incorporated on September 13, 1996 on St. Maarten. PJIAH is 100% shareholder of the Princess Juliana International Airport Operating Company N.V. On January 13, 1997, the Government of Sint Maarten granted it a concession to operate the airport. The concession was given for a period of 20 years ending on January 2, 2017. In May 2004 the concession was extended with an additional 8 years, thus ending on January 2, 2025. The concession can be revoked if the Operating Company does not adhere to the regulations of the concession agreement. It may cease to exist in case of bankruptcy or a moratorium of the operating company.

Sint Maarten Telecommunications Holding Company N.V.

This Company was incorporated November 2006 to consolidate the operating companies:



-
- Sint Maarten Telephone Company N.V.
 - Telcell N.V.
 - Smitcoms N.V.

The purpose of the holding company is to manage the operating companies.

GEBE N.V.

The shares of GEBE NV are held by the Stichting Administratiekantoor GEBE since 2006. The shares will be held by this foundation until the three Islands, Sint Eustatius, Saba and Sint Maarten, have reached agreement on the division thereof. In April 2012 the three Islands reached an initial agreement on the division of shares with a Memorandum of Understanding (MOU). According to the MOU, Sint Maarten will receive 92.4% of the shares based on the 2009 financial statements of GEBE NV. As this participation is indirectly partially owned by Sint Maarten through the Stichting Administratiekantoor GEBE, it is valued at the division of shares as noted in the MOU.

Sint Maarten Economic Development Corporation N.V.

The Sint Maarten Economic Development Corporation N.V. (EDC) was incorporated in 1998. Its main purpose is to plan, stimulate, facilitate, coordinate and improve the social and economic infrastructure of Sint Maarten. EDC is 100% shareholder of the following subsidiaries:

Waterside Development Company N.V. (Waterside)

Waterside's specific purpose is to develop a waterfront complex adjacent to the A.C. Wathey Cruise Facility in Point Blanche. Due to economic and financial difficulties this project has been shelved.

Hexagon Infrastructural Fund N.V. (Hexagon)

Hexagon's specific purpose is to aid the Government of Sint Maarten with financing and execution of infrastructural projects.

Philipsburg District Improvement Team Management (DIT)

DIT's specific purpose is to finance and execute various improvement programs, like the Boardwalk for example.

Ontwikkelingsbank van de Nederlandse Antillen N.V. (Development Bank)

The main activity of the Development Bank was and is to promote the economic development of the countries previously forming the Netherlands Antilles, by granting medium to long-term loans.

The shareholders of the Development Bank are Curacao, Sint Maarten, the Netherlands and various financial institutions of the Private Sector established in the countries previously forming the Netherlands Antilles. A major part of the Bank's funds are derived from its shareholders.

Marven N.V.

Marven N.V. is the owner of the land on which the present Government Administration Building is constructed. This company has been dormant for the past 15 years

WINAIR N.V.

Windward Islands Airways International N.V. d.b.a. Winair was incorporated on August 25, 1961 and is established on St. Maarten. Its main activities include: scheduled and chartered air transportation of passengers and cargo within the region, scheduled and chartered air transportation on behalf of other airline companies, and ground handling services to other carriers.



Nieuwe Post Nederlandse Antillen N.V.

This Company was established on January 10, 2003. Its purpose is to provide mail distribution services, packages and other goods, including the circulation of postage stamps, postage forms and other postage items, money transfers, and related activities. The Company operated on all of the islands previously forming the Netherlands Antilles. In 2011 the Postal Services Sint Maarten N.V. took over its activities on Sint Maarten.

UTS N.V.

United Telecommunication Services N.V. (UTS N.V.) was incorporated on March 26, 1999 under the former Netherlands Antilles laws with its registered main office in Curacao. The Company and its subsidiaries have concessions and licenses to operate in the various jurisdictions where they are established. Currently the Group has received concessions and licenses from the respective authorities to operate in the following jurisdictions:

- On the islands of the former Netherlands Antilles being Curacao, Sint Maarten and Bonaire, St. Eustatius and Saba (the "BES" islands) (concessions Mobile and Fixed Telephony, Television services, International calls and wireless internet);
- French Saint Martin and St. Barthelemy (concession Mobile Telephony);
- Surinam (concession Mobile Telephony);
- St. Kitts and Nevis (concession Mobile Telephony).

NAATC N.V.

The Netherlands Antilles Air Traffic Control NV was incorporated and established on Curacao on February 9, 2005. The purpose of the Company is to provide air traffic control services within the Curacao Flight Information Region. These services consist of accompanying planes while airborne, airport assistance, providing flight information and alerting services to Curacao and Bonaire and the same services are provided for Aruba outside 25 nautical miles from the International Airport of Reina Beatrix.

Postal Services St. Maarten N.V.

Postal Services St. Maarten N.V. was incorporated on October 8, 2010. Its main activities are to carry out postal services relating to letter, packages, information, money and goods. Total accumulated deficit as of December 31, 2011 according to preliminary reports are Naf 403,729.

Institutions by law

Central Bank of Curacao and Sint Maarten

The Central Bank of Curacao and Sint Maarten is the successor of the Central Bank of the Netherlands Antilles. During the dismantling of the former Netherlands Antilles, the reserves of the Central Bank of the Netherlands Antilles were transferred to the Central Bank of Curacao and Sint Maarten. Sint Maarten's agreed upon share in the Central Bank is 26%. The net asset value of the Central Bank of the Netherlands Antilles, and starting balance of the Central Bank of Curacao and Sint Maarten as of October 10 2010, according to its balance sheet per October 9, 2010 is Naf 733.2 million.

The total Capital of the Central Bank as per December 31, 2011 is Naf 1.08 billion. Therefore the share of Sint Maarten in the Capital of the Central Bank as per December 31, 2011 equals Naf 280.4 million (October 10, 2010: Naf 190.6 million). However, Sint Maarten's shares in the Central Bank of Curacao and Sint Maarten are stated at nil in the financial statements of Sint Maarten.



Study Financing Loans

All Study Financing Loans approved prior to 10-10-10 had no legal basis for granting. Loans issued during the period of October 10, 2010 through December 31, 2010, represented loans granted prior to 10-10-10 as well.

A provision has been made for the entire outstanding balance per December 31, 2010.

9.4. Current assets

Accounts receivable net of provision

The accounts receivable sub-ledger does not balance with the general ledger. There are numerous accounts that need to be reconciled and/or written off. The provision for doubtful accounts is Naf 53.8 million per December 31, 2011.

Other receivables

Other receivables per December 31, 2011 consist of Naf 4.3 million bank license fees due from the Central Bank of Curacao and Sint Maarten.

Cash and Cash equivalents

Cash and cash equivalents consist mainly of moneys held in current accounts and time deposits with local banks as follows:

Cash and cash equivalents		12/31/2011	12/31/2010	10/10/2010
		Naf	Naf	Naf
Cash		144,532	17,096	
Current accounts at banks in Naf		9,688,842	5,202,485	1,710,505
Current accounts at banks in US\$		11,255,460	2,832,740	908,932
Total cash on hand and in banks		21,088,834	8,052,321	2,619,437
Time deposits at banks in Naf	1-6 mnths/0- 2.3%	21,388,815	31,680,092	31,605,249
Time deposits at banks in US\$	1-6 mnths/0- .43%	41,556,842	40,142,551	39,960,530
Total time deposits		62,945,657	71,822,643	71,565,779
Total cash and cash equivalents		84,034,491	79,874,964	74,185,216



9.5. Equity

The changes in the general reserves are specified as follows:

General reserve		Naf
Reserves of the former Island Territory Sint Maarten per October 9, 2010	304,387,530	
Dismantling transactions (see paragraph 11.5)	<u>(213,989,616)</u>	
Total general reserves at 10-10-10		90,397,914
Balance of income and expenses period 2010		<u>(11,115,851)</u>
Total general reserves at 12-31-10		79,282,063
Balance income and expenses 2011		<u>(5,130,746)</u>
Total general reserve at the end of 2011		74,151,317

9.6. Provisions

As of dismantling date, shares of three companies with negative net asset values were transferred to Sint Maarten for which the following provision has been made per December 31, 2011:

	Net asset value		share	Provision
	Naf			
Windward Islands Airways International N.V.	(19,846,025)		92.05	(18,268,266)
Nieuwe Post N.V.	(30,011,200)		25.00	(7,502,800)
Sint Maarten Postal Services N.V.	(403,729)		100.00	(403,729)
Total provisions				(26,174,795)

The net asset value of Winair N.V. per December 31, 2011 is based on its 2011 financial statements.

The net asset value of Nieuwe Post NV is based on its draft 2010 financial statements, as this is their most recent available financial information to date.

The net asset value of Sint Maarten Postal Services N.V. is based on its draft 2011 financial statements, as this is their most recent available financial information to date.

FINANCIAL STATEMENTS 2011



The change in the provision is specified as follows:

Provisions	10/10/2010	12/31/2011	change
	Naf	Naf	Naf
Windward Islands Airways International N.V.	(15,245,438)	(18,268,266)	(3,022,828)
Nieuwe Post N.V.	(7,688,333)	(7,502,800)	185,533
Sint Maarten Postal Services N.V.	-	(403,729)	(403,729)
Totals	(22,933,771)	(26,174,795)	(3,241,024)

The following paragraph is quoted from the 2011 financial statements of Winair N.V.:

“Although the Company has a negative equity of Naf 19,846,026 which includes the net loss of Naf 2,143,541 for the year 2011, the Company’s financial statements have been prepared based ongoing concern. Based on the fact that the Company act as the sole airline securing air transportation between certain islands within the Dutch Caribbean and Caribbean, and the social isolation which would occur for the islands involved upon discontinuation if these air routes, it’s most likely all stakeholders involved will work along to safeguard going concern. In addition management is in negotiations with several governments to agree on guaranteed (minimum) occupancy and/or compensation for losses performing air routes.”

Management of the Nieuwe Post Nederlandse Antillen N.V. (NPNA) concluded in their 2010 draft financial statements the following:

“The approved business plan and its execution will continue to be the way forward to achieve the much needed turnaround of NPNA. Management is well aware that this turnaround will not be realized overnight and that it will request strong commitment of all stakeholders of the company.

Further action will be needed to increase the efficiency in operations companywide and new investments must generate additional revenues in the years to come.

Management is committed to take the necessary actions to ensure the long term viability of the company on behalf of all its stakeholders and will continue to strive for a postal organization that rightfully will deserve recognition for its service and will continue to strive for a postal organization that rightfully will deserve recognition for its service and valuable contribution to the community.”

Sint Maarten, April 16, 2013





9.7. Long Term Liabilities and Interest

Long term liabilities consist of issued bonds, the BOOT agreement, and immigration deposits received. In 2011, the pre-financing loans were refinanced with the proceeds of an issued bond. Long term liabilities are summarized as follows:

Long term liabilities			12/31/2011	12/31/2010	10/10/2010
			Naf	Naf	Naf
		%			
Bonds			328,071,000	302,071,000	-
Buncamper Settlement					
Windward Roads	Backstreet Ph 1	6.5	-	1,057,507	1,352,992
Windward Roads	Backstreet Ph 2	6.5	-	3,634,042	3,782,282
Windward Roads	Fishmarket	7.5	-	2,415,018	2,504,918
MNO	Festival Village Ph 1	6.0	-	1,428,877	1,762,331
MNO	Festival Village Ph 2	6.0	-	6,053,158	6,283,034
MNO	St. Peters	6.0	-	4,088,957	4,194,681
MNO	South Reward	6.0	-	2,966,214	3,015,436
RGM Sint Maarten	Government Bldg	8.6	-	4,281,667	4,370,208
Other	Leased Vehicles		25,467,427	26,698,034	26,959,571
Debts Dismantled Netherlands Antilles			475,280	427,652	299,249
Debts St. Maarten			-	-	221,757,923
Immigration deposits			943,325	-	73,129,380
Short term portion			(2,000,000)	(2,000,000)	(5,845,194)
Total longterm liabilities			352,957,032	353,122,126	343,566,811

Bonds

On October 21, 2010 Sint Maarten issued bonds with a nominal value of Naf 302,071,000. The proceeds were used to pay off Sint Maarten's portion of the remaining bonds discounted value of the former Netherlands Antilles, including the bonds previously allocated to Sint Maarten of Naf 295,108,469 per October 21, 2010. The Netherlands subscribed under par for Naf 302,071,000 as specified in the table below:

Bonds issued		
Term	Percentage	Nominal value
	%	Naf
October 21, 2010 to October 21, 2020	2.500	50,000,000
October 21, 2010 to October 21, 2025	2.625	73,500,000
October 21, 2010 to October 21, 2030	2.750	78,571,000
October 21, 2010 to October 21, 2035	2.875	50,000,000
October 21, 2010 to October 21, 2020	3.000	50,000,000
Total bonds issued		302,071,000

FINANCIAL STATEMENTS 2011



The yearly interest is Naf 8,277,577.

The outstanding balances for executed infrastructural projects, the so called "pre-financing projects", were refinanced in 2011 with an issued bond of Naf 26,000,000. This bond bears an interest of 1.5% per annum and matures on October 12, 2016.

The balance due to RGM represents the balance of the so called BOOT contract, to build, own, operate and transfer, the new Government building. The quarterly payments are Naf 823,994. Interest per annum is 8.61% and matures September 2024.

9.8. Current liabilities including accrued expenses and provisions

Accounts payable and accrued expenses

Accounts payable and accrued expenses are specified as follows:

Accounts payable and accrued expenses	12/31/2011	12/31/2010	10/10/2010
	Naf	Naf	Naf
Algemeen Pensioenfonds Sint Maarten			
Premiums personnel incl. "duurtetoelag"	93,763,187	82,615,812	72,470,243
Moneys held in time deposit	(50,008,125)	(65,008,125)	(65,000,000)
Total due	43,755,062	17,607,687	7,470,243
Accounts payable	56,010,660	78,265,287	74,255,910
Bureau Ziektekostenverzekering AVBZ	30,611,171	30,611,171	30,611,171
Accrued expenses and other payables	10,385,871	10,432,006	21,961,311
Total accounts payable	97,007,702	119,308,464	126,828,392
Short term portion long term liabilities	2,000,000	2,000,000	5,845,194
Totals	142,762,764	138,916,151	140,143,829

Algemeen Pensioenfonds Sint Maarten

In 2011 the activities of the Algemeen Pensioenfonds Nederlandse Antillen (APNA) for Sint Maarten have been assumed by the Algemeen Pensioenfonds Sint Maarten (APS). Gradually the tasks are being transferred from APNA to APS and have yet to be completed. The debt owed to APNA by Sint Maarten pertains to the period prior to 2006, and has been paid by the Netherlands through debt relieve funding. The payment of Naf 65 million was placed on a time deposit, of which 15 million was made payable September 2011 to APS, and is due to APS. The debt payable to APS includes interest of 6.75% for the period January 1 to September 30, 2010 in accordance with agreements made with APNA.



The changes in the APS account for 2011 are summarized as follows:

A specification of movement Algemeene Pensioenfonds Sint Maarten		
Saldo 10/10/2010		
Algemeen Pensioenfonds Sint Maarten	Naf	
Premiums personnel plus "duurtetoeslag"		72,470,243
Moneys held in time deposit		(65,000,000)
Subtotal		7,470,243
Movements 10/10-12/31/2010		
Plus: APS debt	8,979,737	
Plus: APS Debt School foundations	1,165,832	
Plus: Interest TD	(8,125)	
Subtotal		10,137,444
Saldo Algemeen Pensioenfonds Sint Maarten 12/31/2010		
Premiums personnel plus "duurtetoeslag"		82,615,812
Moneys held in time deposit		(65,008,125)
Subtotal		17,607,687
Movements for the year 2011		
Minus: Payments released from Time deposits held	(15,000,000)	
Plus: Payment released from outstanding APS	15,000,000	
Plus: Add debt school foundations	12,644,389	
Plus: Interest added Time deposits held	1,622,222	
Plus: Reclassification of accounts APS	11,880,764	
Subtotal		26,147,375
Saldo Algemeen Pensioenfonds Sint Maarten 12/31/2011		
Premiums personnel plus "duurtetoeslag"		93,763,187
Moneys held in time deposit		(50,008,125)
Total due		43,755,062

Accounts payable

The accounts payable sub-ledger does not balance with the general ledger. There are numerous accounts that need to be reconciled and/or written off. Naf 8.7 million was released in reference to an overstated debt to BZV.

Bureau Ziektekostenverzekering, AVBZ contribution

The contribution of the Island Territories to the AVBZ fund was based on a fixed amount per resident. Naf 30.6 million is owed to the BZV, the organization that managed the AVBZ fund up to October 9, 2010, by Sint Maarten. According to the BZV it is Naf 34.1 million. However, Sint Maarten is disputing the calculations of contribution over previous years. Pending the outcome of this dispute the AVBZ debt has been stated according to the calculations of Sint Maarten which is approximately Naf 3 million lower than calculated by BZV.



The BZV is claiming Naf 9.8 million, representing the balance owed on yearly contributions due to the fund, less Sint Maarten's portion in the AVBZ fund of Naf 24.3 million.

Other liabilities

Other liabilities are specified as follows:

Other liabilities	12/31/2011	12/31/2010	10/10/2010
	Naf	Naf	Naf
Provision APS	47,000,000	47,000,000	46,000,000
Provision expenses	17,222,142	916,861	-
Other	12,095,093	9,223,998	6,962,531
Account with the "Estate"	84,889,024	86,843,293	82,540,594
Total other liabilities	161,206,259	143,984,152	135,503,125

Provision APS

The provision represented an estimated indexation of the back-service pension premiums payable to APS through 10-10-10. As there is no basis for the back service pension premiums, as it is included in the regular pension premiums, it is no longer payable. However due to the establishment of differences between APS and Government of registered participants as well as the VUT and Pensioners' Cost of Living Adjustments, the provision has been kept to cover these eventual costs.

Provision expenses

The following is an overview of other provisions made:

Other Provisions	Naf
SEI projects	5,746,950
Cost of living adjustments Pensioners (duurtetoelag)	4,000,000
Immigration Process	3,673,000
Infrastructure Middle Region	1,300,000
Other	2,502,192
Total other provisions	17,222,142

Account with the Settlement Committee

Noted on the account with the settlement committee are the transactions related to the division of assets and liabilities with the former Netherlands Antilles. In exhibit C is an overview. According to the latest draft of the division of assets and liabilities, the balance due to the Settlement committee is Naf 88,073,920 as of October 10, 2010. However, final settlement has not taken place to date, as the final report on the division of assets and liabilities on dismantling date has not been completed. The outcome of the settlement process remains unsure and may deviate significantly from the balance of the account with the Settlement Committee per December 31, 2011.



9.9. Taxes, levies and fees

General

Total income budgeted for 2011 was Naf 420.9 million including Naf 17.0 million from Netherlands Subsidized projects and programs. Budgeted income for 2011 excluding said was Naf 403.9 million of which Naf 388.7 were taxes, levies and fees. Total realized income for 2011 was Naf 402.6 million of which Naf 379.3 million were taxes, levies and fees.

Income (amounts in NAF x 1,000)	Actual 2011	Budget 2011	Variance	10/10/10 - 12/31/2010
Wage tax and income tax	122,107	113,637	8,470	24,071
Turnover tax	111,726	119,184	(7,458)	18,423
Profit tax	27,071	38,726	(11,655)	7,586
Road tax	8,532	8,076	456	(93)
Room tax	3,917	4,319	(402)	559
Car rental tax	1,025	1,047	(22)	164
Time share fee	4,451	4,200	251	637
Transfer tax	14,727	13,665	1,062	770
Excise tax	9,766	8,029	1,737	546
Bank license fees	23,542	25,000	(1,458)	5,631
Casino and lottery fees	7,160	9,467	(2,307)	2,335
Casino controllers	2,090	2,000	90	633
Business license fees	8,153	7,528	625	2,777
Work permit fees	6,300	11,098	(4,798)	1,983
"Domeinbeheer"	4,855	3,155	1,700	182
Building permits and inspection	3,409	2,154	1,255	1,116
Bureau Telecom	2,000	8,000	(6,000)	
Other	18,448	9,405	9,043	(1,816)
Total income	379,279	388,690	(9,411)	65,504

9.10. Concession fees

Harbour Group of Companies

The Harbour Group of Companies was granted a concession on July 18, 2007 for a period of 30 years. The annual concession fee is Naf 5,200,000 for the first 10 years.

GEBE

GEBE currently has a concession for electricity operations from August 2, 2010 through August 1, 2035 and pays an annual concession fee of Naf 5,000,000.

Princess Juliana International Airport Group of Companies

Concession fees of Naf 5 million were budgeted for the Princess Juliana International Airport Group. PJIA Group was granted a concession to operate the airport on October 14, 1997 and later amended on July 5, 2005 to include the establishment of landing and parking fees by PJIA. However there is no concession fee agreement and thus no fees were collected in 2011.



9.11. Other income

2011

The buildings Hope Estate II were constructed for Naf 4,400,000 and financed through the so called "Reallocation Harbor dues Protocol". Other income consists of this amount as well as the release of Naf 8.7 million on overstated accounts payable.

In the 2011 budget the following contributions from the Netherlands were included.

Budget 2011, other income	
	Naf
Institutional Strenghtening and Governance	1,800,000
Safety Plan	7,584,778
Education and youth projects	5,754,943
SEI projects for Tourism	1,887,000
	17,026,721

Chapter 11 refers to the following:

- The Institutional Strengthening and Governance resources are expected to be exhausted during the course of 2013,
- Safety Plan budget was not correct. No resources from the Netherlands are available for this project,
- For an elucidation of the Education and Youth projects, see chapter 11
- The SEI projects for Tourism relates to the Tourists Information System.

9.12. Expenses

Total expenses for 2011 were Naf 404.5 million, thus actualization was Naf 16.5 million below budget. The budget variances per Ministry are as follows:

Summary operating expenses amounts in Naf x 1,000	Operating account		
	Actual	Budget	Variance
Parliament and councils	7,751	9,553	1,802
Min. General Affairs	64,855	67,557	2,702
Min. Finance	41,123	39,798	(1,325)
Min. Justice	60,408	68,664	8,256
Min. Education, Youth and Sports	106,321	110,169	3,848
Min. Health-, Social Dev., & Labor	54,687	58,649	3,962
Min. Economy, Tourism, Traffic, & Com	29,193	33,855	4,662
Min. Housing, Spatial Dev. Environment	40,131	32,671	(7,460)
Totals	404,468	420,916	16,446



Parliament

Lower cost than budgeted was mainly due to lesser personnel occupancy during 2011. Initially salaries for Board Members of the Advisory Council, and General Audit Chamber were also budgeted, however as national decrees were not finalized for them, they received a stipend instead.

Ministry of General Affairs

The major deviations from the budget in 2011 for the ministry of General Affairs were personnel cost due to the "Retro-active allowance" paid out for prior year increases which were not taken into account. Other significant deviations from the budget were water and electricity, which saw a realization of over 200%.

Ministry of Finance

The higher actual operating expenses of Naf 1.3 million is derived from higher depreciation expenses of Naf 4.6 million and lower cost of goods and services of Naf 3.3 million.

Ministry of Justice

The Ministry of Justice is a new division within Country Sint Maarten when compared to the Island Territory Sint Maarten. Lower expenses are due to the postponement of the execution of the Safety Plan.

Ministry of Education, Youth and Sports

Included in the budget of education is Naf 5.7 million for education and youth projects funded by USONA (See chapter 10 for further elucidation). Neither the expenses nor the funds were recorded in the statement of income and expenses, as the programs did not commence in 2011 as budgeted.

Ministry of Health, Social Development and Labor

With the exception of sickness cost, most expenses remained below budget. Variances derived mainly from the following:

1. Subsidies: variance budget and actual was Naf 2.5 million
 - a. St. Maarten Medical Center (SMMC); Naf 900,000 was budgeted, however they did not apply for subsidy. It was originally budgeted as per an agreement with SMMC for an annual subsidy for a period of 5 years.
 - b. Residential Care; subsidy calculations based on information received from the 2 foundations were less than the budgeted amount of Naf 900,000.
 - c. Community Centers; all community centers were not active in 2011 as budgeted.
 - d. SEI, Project from Welfare to Employment; project experienced various delays, thus all allocated funding was not utilized.
 - e. WGK outstanding: these costs are related to Government assuming the tasks of the baby clinic from the White and Yellow Cross and has yet to be finalized.
 - f. Project HIV/Aids: some of the costs are allocated under Staff Bureau Personnel. All of the budgeted positions for this project were not filled in 2011.
2. Third Party Staff: variance budget and actual was Naf 844,269.
 - a. Inspectorate of Health is responsible for the quality of water of Country Sint Maarten and an amount of Naf 600,000 was budgeted for the execution of related tasks. There was a delay in carrying out necessary testing, which only commenced in 2012.
 - b. Several committees are required to be established to advise the Minister. For example an Appeals Committee, which was only finalized and established ending of 2011/beginning of 2012.



3. Projects and activities; several projects which were budgeted, however postponed due to several reasons. The major ones were;

- a. Communication plan NZV of Naf 400,000 postponed to 2012.
- b. Health Study of Naf 207,751.00 postponed to 2013.
- c. Elderly Research of Naf 162,800.00 postponed to 2012.
- d. CVRM of Naf 303,587.00 postponed to 2013.

4. Variance Personnel Expenses was due to several positions not being filled but budgeted in 2011.

5. Sickness Costs realized a negative variance of Naf 2.4 million, however final reconciliation with SZV in relation to PP-cardholders and the formerly BZV associated cost remains pending their financial statements.

The total of these 5 points are approximately Naf 4.3 million under budget.

Ministry of Tourism, Economic Affairs, Traffic and Telecommunication

Variances with the budget were mainly due to understaffing of personnel in comparison with those required and budgeted. Goods and Services realized a significant variance as well, primarily due to the realization of approximately 2 million less than budgeted by the Tourism Office.

Ministry of Spatial Development, Housing and Environment

The cost overruns are mainly due to higher cost of maintenance and goods and services. A provision in maintenance cost for projects commencing and budgeted in 2011 realized a significant variance with the budget. The variance of approximately Naf 4.3 million for goods and services was due to various costs of prior year expenses as well as ongoing projects.

Further variances are derived from the following;

1. 18 key functions budgeted but not filled as per December 31, 2011
2. Professional Services and Legal Advice required by the Minister, however all the necessary expertise were not taken into account in the budget
3. Of the 6 budgeted subsidized organizations, only 3 received partial subsidies during 2011.



9.13. Personnel expenses

Personnel expenses are specified as follows:

Personnel expenses	Actual 2011	Budget 2011	Variance	10/10/10- 12/31/2010
	Naf	Naf	Naf	Naf
Wages and salaries	89,681,137	101,580,976	11,899,839	19,897,822
Overtime	6,707,884	5,459,420	(1,248,464)	1,403,793
Holiday pay	5,890,091	6,350,873	460,782	1,030,825
Allowances	8,464,562	4,157,174	(4,307,388)	2,536,105
Retro active pay	4,639,593	790,000	(3,849,593)	591,236
Pension premium	13,119,843	15,625,013	2,505,170	1,915,967
AOV/AWW	6,551,932	6,534,242	(17,690)	1,194,419
AVBZ	549,375	504,534	(44,841)	71,650
FZOG	663,311	723,524	60,213	114,136
Duurte toeslag	4,000,000	4,000,000	-	1,000,000
Pension Ex-Authority Figures	500,000	1,500,000	1,000,000	-
Other	25,205	-	(25,205)	(1,111,250)
Total personnel expenses	140,792,933	147,225,756	6,432,823	28,644,703

The realized personnel expenses were Naf 6.4 million less than budgeted. A significant variance is the wages and salaries due to understaffing of budgeted personnel.

Other significant variances are:

- Overtime; the major variance in overtime was due to understaffing at the Police Department, whom realized approximately 1.2 million over their budget.
- Allowances; recruitment of qualified staff in key functions realized major variances with the budget, as negotiations with, the need and commencement of service for these persons materialized.
- Retro-active pay; payment of prior year(s) increases/salary adjustments were executed during 2011.

Personnel Expenses per Ministry are specified in exhibit E.

9.14. Goods and services

Specification of the cost of goods and services for 2011 are shown in exhibit D.

9.15. Subsidies

A specification of the subsidies for 2011 are shown in exhibit F.

The total subsidy budget was Naf 105.3 million, which included Naf 7 million for SEI projects and Naf 3.7 million for "Immigration Process".



9.16. Interest

Interest expenses are specified as follows:

Interest expenses	10/10/10 -		Total
	2011	12/31/2010	
	NAf	NAf	NAf
Bonds	8,349,167	1,808,646	10,157,813
Finance Lease new Government Building	2,194,113	495,206	2,689,319
Prefinancing Projects	1,195,403	419,579	1,614,982
Buncamper Settlement	29,093	19,570	48,663
Other		81	81
Total interest expenses	11,767,776	2,743,082	14,510,858

Interest expenses of the collective sector, including interest on the debts of the Foundation Upkeep Sports Facilities and the Stichting Overheidsgebouwen, are within the interest norm.

Interest expenses	10/10/10 -		Total
	2011	12/31/2010	
Collective sector	NAf	NAf	NAf
Government	11,767,776	2,743,082	14,510,858
SOG	476,138	115,474	591,612
FUSF	45,000	22,000	67,000
Total interest expenses	12,288,914	2,880,556	15,169,470

The calculation of the interest norm is described in article 29 of the "Rijkswet". In 2009 it was decided between government and the CFT that the interest norm for 2010 should be equal to that of 2008, approximately Naf 9,817,000. For the period October 10, 2010 through December 31, 2010 it amounted to Naf 2,232,000. For 2011 the interest norm was calculated by SOAB at Naf 27,901,000, however never formalized by Government. Based on these figures, the total interest norm for the extended financial year October 10, 2010 through December 31, 2011 is Naf 30,133,000. The actual interest expenses for the collective sector during the period of October 10, 2010 through December 31, 2011 were far below the calculated interest norm.

9.17. Off balance sheet obligations and claims

SZV: ZV/OV fund and AVBZ fund

The SZV manages the ZV/OV fund, and is responsible for the execution of the National Ordinance Health and Accident Insurance ("Landsverordeningen Ziekte en Ongevallen Verzekering") (ZV/OV). The Government is obligated by law to contribute in the cost of "Co-insurance family members". The premium due for the period October 10, 2010 through December 31, 2011 is Naf 18,812,537. Secondly, Government is obliged to extend interest free advances required to operate the annual ZV/OV fund in the event of possible losses. Without the abovementioned contribution the ZV/OV fund may realize a loss. In addition, existing legislation requires the fund to maintain reserves of at least 50% of its direct cost.



Government is also obliged to make a yearly contribution to the AVBZ fund. For the period October 10, 2010 to December 31, 2011 the claim is Naf 3,896,389.

The above mentioned liabilities are not recorded in the balance sheet of the financial statements of Sint Maarten as of December 31, 2011 as Government is presently in negotiations with the SZV regarding its financial relationship. The SZV has presented a conditional proposal in which the contributions of 2011 and 2012 due from Government will be pardoned. However, no formal decision has been taken to date. The main conditions of the proposal are:

- The premiums co-insurance family members will be paid commencing 2013;
- The AVBZ contribution will be paid commencing 2013;
- The legal ZV reserves will be set at 18% of the total direct cost instead of 50%;
- The claim concerning the division of the net asset value of the AVBZ fund of Naf 24.3 million will be paid to SZV (see elucidation in paragraph BZV AVBZ here under);
- The ZV/OV and AVBZ reserves will be integrated with the implementation of the National Health Insurance.

BZV AVBZ claim up to October 9, 2010

The SZV is in charge of the execution of the National Ordinance General Special Medical Insurance (“Algemene Verzekering Bijzondere Ziektekosten”) (AVBZ). The Sint Maarten AVBZ fund is entitled to a part of the reserves generated by the fund up to October 9, 2010. According to an auditor’s report Sint Maarten’s share is Naf 24.3 million. The BZV Curacao that managed the fund up to October 9, 2010 claims that the Government of Sint Maarten owes the fund Naf 34.1 million and is claiming the balance of Naf 9.7 million from the Government of Sint Maarten. However the Government of Sint Maarten only acknowledges a debt to the BZVAVBZ fund of Naf 30.6 million, as also described under the notes to the Accounts Payable and Accrued Expenses.

APS

The division of pension obligations and related funds are in its final stage. However it was noted that the number of registered insured persons differs significantly from the number of persons who according to Sint Maarten should have been registered at the pension fund APS (previously APNA). The division of the pension obligations and assets of APNA were based on the registered persons at the pension fund. Yearly premiums according to the APNA were invoiced on the same basis.

As the number of persons whom should have been registered is significantly higher than the number presently registered at APS, there may be a material deficit in the reserves for pension obligations. This matter is presently being investigated, and thus the results are still pending.

Differences resulting from the period prior to 2006 may still be claimed from the debt relief arrangement with the Netherlands.



10. Collective sector

10.1. General

According to article 2 of the Accountancy Ordinance (“Comptabiliteitsverordening”) AB 2010, GT no 23, the financial statements including notes should give sufficient insight into the financial position and income and expenses of the collective sector.

In these financial statements all the entities officially forming part of the collective sector have not been incorporated or consolidated. In the following paragraphs available information is provided with regards to the other entities forming part of the collective sector.

10.2. Definition collective sector

In a report issued by the Stichting Overheidsaccountantsbureau (SOAB) engaged by the “College Financieel Toezicht” (CFT), “Vaststellen van de collectieve sector, rentelastnorm en rentelasten 2011 voor Sint Maarten”, dated July 4, 2011, the collective sector is based on the following assumptions:

1. The government institution is supervised by the government and;
2. There is no market production
3. The institution is mainly (not) financed by the government

10.3. Entities and institutions belonging to the collective sector of Sint Maarten

In the above mentioned SOAB report the collective sector of Sint Maarten is defined to include Government as well as the following entities:

- a. Uitvoeringsorganisatie Sociale- en Ziektekostenverzekeringen,
- b. Marven N.V.
- c. Foundation Upkeep Sports Facilities
- d. Small Business Development Foundation
- e. Stichting Vrijwilligerskorps Sint Maarten
- f. Stichting Overheidsgebouwen Sint Maarten

a. Uitvoeringsorganisatie Sociale- en Ziektekostenverzekering

This organization assumed the tasks and responsibilities of the former SVB Netherlands Antilles for Sint Maarten and manages the following funds:

- Sickness Fund (ZV fonds)
- Accident Fund (OV fonds)
- Old Age Pension Fund (AOV fonds)
- General Widows and Orphans fund (AWW fonds)
- Exceptional Sickness Fund (AVBZ fonds)
- Sickness Fund Government Pensioners (FZOG fonds)
- Cessantia Fund

The SZV also manages Government personnel- and pp-card holders sickness cost.

As of the end of 2011 the total combined net asset value of the funds operated by the SZV were NAf 287.6 million, comprising NAf 225.3 million AOV/AWW fund, NAf 39.4 AVBZ fund, 10.0 million Cessantia fund, NAf 6.6 million ZV/OV fund, NAf 8.3 million general reserve and negative NAf 2.2 million of the FZOG fund. Specifically the ZV/OV, AVBZ and FZOG may be negatively influenced by NAf 44.7 million as of December 2011 if the proposed restructured financial



relationship with government (see paragraph 8.17) would materialized.

b. Marven N.V.

Marven N.V. owns two parcels of land and the thereon standing buildings. The property in Madame Estate was given to the “Stichting Vrijwilligerskorps Sint Maarten” for use. The present Government Administration Building, recently valued at Naf 5,179,800 (excluding land), is located on the second parcel. The Company has been “inactive” for more than 15 years. No rent has been collected; neither financial statements nor tax filings have been prepared either. Actions to reactivate the company and put it in good standing are been undertaken. There are also no known existing debts.

c. Foundation Upkeep Sports Facilities

The Foundation is responsible for managing the following sports facilities

- L.B. Scott Sports Auditorium
- John Cooper/Jose Lake Sr. Ballpark
- Melford Hazel Senior Sports Center

FUSF balance sheet per December 31, 2011;

A loan of Naf 4,082,134 was obtained from The Windward Islands Bank January 2007 to complete the construction of the Melford Hazel Senior Sports Center and maintain/upgrade the other two sports facilities as well. The loan bears an interest of 7% per annum and is repayable in 54 equal monthly annuity payments of Naf 88,344. Interest for 2011 was Naf 45,000 (2010: 88,344) Rental and other income (not subsidies) for 2011 were Naf 45,000 (2010: 45,000). The WIB loan was repaid with subsidies from Government.

d. Small Business Development Foundation (SBDF)

According to its draft financial report per December 31, 2010, the Foundation has debts of Naf 433,035, Naf 251,605 are unpaid taxes and social security premiums. Subsidies paid by Government to the Foundation in 2011 were Naf 200,000. Accumulated losses through the end of 2010 are Naf 344,241.

e. Stichting Vrijwilligerskorps Sint Maarten (VKS)

An overview of receipts and expenses in 2011 is available. The VKS employs approximately 100 persons who support the police corps, prison guards and surveillance projects. The total other expenses in 2011 are Naf 341,520. In 2011 the VKS received Naf 542,456 in subsidies and contributions from the Government of Sint Maarten.

f. Stichting Overheidsgebouwen (SOG)

The “Stichting Overheidsgebouwen”(hereafter SOG) was established in 2006.

The main activities of SOG are management of:

- The construction/maintenance of the Fire and Ambulance Building,
- The Festival Village
- The Simpson Bay Fish Market and
- Maintenance of public schools.

The buildings generated an annual rental income of Naf 1,222,703 for 2011. 2010: Naf 1,224,942 which consisted of Naf 1,113,000 Fire and Ambulance Building, Naf 73,434 Simpson Bay Fish Market and Naf 36,269 Festival Village.

The Fire and Ambulance Building was funded by a combination loan OBNA/APNA. Per December 31, 2011 the outstanding principle balance of the OBNA loan is Naf 1,917,476 and the APNA loan is Naf 4,774,134. The loans are repayable in 164 monthly installments of Naf 74,298, Naf

FINANCIAL STATEMENTS 2011



23,065 OBNA and Naf 51,231 APNA. The applicable interest rate is 7% per annum. The interest expenses related to the loans were Naf 476,138 for 2011 and Naf 507,806 for 2010.

Sint Maarten, April 16, 2013



11. Development programs

11.1. General

SONA is the institute that supervises the correct and efficient control over resources supplied by donors (like BZK NL and Europe) for development projects within the entities of the former Netherlands Antilles. USONA is the executing organization. There are three main programs in Sint Maarten (partly) financed by BZK, namely:

1. Institutional Strengthening and Governance (IVB)
2. Education and Youth
3. Social Economic Initiative (SEI)

In addition the SONA controlled funds of previous programs as well.

Programs (amounts Naf x 1,000)	Total Program Budget	Approved Projects	Executed 12/31/2011
IVB	34,782	24	20,849
Education and Youth	37,380	13	28,953
SEI	32,198	28	31,450
Totals	104,360	65	81,252

11.2. Institutional Strengthening and Governance (IVB)

This program includes 4 projects for a total of Naf 4.3 million initiated by the Netherlands Antilles. The other projects totaling Naf 30.5 million are the following:

IVB program (amounts Naf x 1,000)	Approved projects	Approved Amounts	Engaged 12/31/2011
Financial control	2	7,939	5,050
Quality legislation	3	2,867	1,383
Modernizing Gvt	5	5,350	1,576
Strengthening Gvt Apparatus	1	13,223	8,931
Other	9	202	202
Former NA	4	4,258	3,707
Totals	24	33,839	20,849

At the end of 2011 a total 24 projects were approved for Naf 33.8 million. Approximately 75% of the projects are aimed at the strengthening of the capacity of the organization, specifically the structuring of Country Sint Maarten.

11.3. Education and Youth

At the end of 2011 a total 13 projects were approved with a value of Naf 37.4 million, of which 5 projects are in their final phases. The goal is: "To give equal opportunities to all children from 3 years old onwards, irrespective of their background. To strive for a broad based development



intellectually, socially, emotionally, motor skills, artistically and spiritually in order to enable children to participate optimally in our society. To provide them with a minimum level of skills and knowledge, so that they can continue their education or find a job". The program focuses on:

- Minimizing dropping out and staying back
- Increasing the number of graduates
- Increasing the number of youths that find a job after school and decreasing youth unemployment
- Improving the educational situation of undocumented children

The 8 current sub-projects are targeting:

- Infrastructure projects: renovation/extensions Genevieve de Weever School, Seventh day Adventist School and construction of FO school Cay Hill
- FO Education (primary schools): training/coaching of teachers, teaching materials, FBE curriculum, parenting programs
- PSVE education (preparatory secondary vocational education): training of subject teachers, teacher training of 28 competent but not yet fully qualified teachers, learning materials, adaptations to classrooms for "job simulation": and other innovations such as technical classrooms, care units, media/library rooms, language lab at the various PSVE schools, parenting programs
- Youth Development Program: second chance program for 200 drop outs (2009-2012), will phase into SBO level 1
- SBO/ASVE: Advanced Secondary Education: set up/develop tertiary vocational courses, construction of SBO school, adaption of Sundial School kitchen, set up/execution of screening of tests, training of job coaches, recognition process of courses, labor market research
- IOV/capacity building: Management courses for School boards and school managers, training Education Inspectors, training of DERPPI personnel, temporary support for projects

The Sint Maarten Youth Development program is amongst others aimed at supporting drop-outs to obtain some qualification that will make them ready for the labor force.

A summary is as follows:

Education and youth (amounts Naf x 1,000)	Approved projects	Approved Amounts	Engaged 12/31/2011
Education	7	20,640	13,414
Infrastructure	1	13,159	12,663
IOV/Capacity building	2	1,611	1,369
Youth	2	1,695	1,232
Other	1	275	275
Totals	13	37,380	28,953



11.4. Social Economic Initiative

At the end of 2011 a total of 28 projects were approved for Naf 32.0 million.

SEI Program (amounts Naf x 1,000)	Approved projects	Approved Amounts	Engaged 12/31/2011
Labor market	1	1,700	1,700
Economic diversification	8	2,089	1,987
Traffic	9	17,670	17,509
Social affairs	3	5,850	5,809
Tourism	3	3,776	3,622
Other	4	908	823
Totals	28	31,993	31,450

11.5. Projects financed by the European Union

Projects financed by the European Union in the program Urban Infrastructure for Socially Deprived Communities include waste water connection of 500 households in Middle Region Road started January 2011.

In particular this meant for the project:

1. To solve the storm water drainage problems in Middle Region Area by providing adequate drainage constructions combined with a waste water collection system which collects and transports waste water to the A.T. Illidge Road Waste Water Treatment Plant;
2. To construct a 1000 m3 drinking water tank and connect it to the existing water lines. This task of the contract, lamentably, had to be cancelled because the allocated parcel land for the tank was inadequate. Due to the delayed start of proper foundation investigations by the responsible contractor there was insufficient time to provide for another parcel of land;
3. A successful implementation of the supply, construction and installation of a waste water, sewerage system with approximately 150 houses connections, as well as drainage collection and transport system, both approximately two kilometers;
4. Re-pavement of the entire Middle Region Road with high quality road concrete including pedestrian sidewalks on both sides of the road.

The total contract value was Euro 4.8 million. The execution period was estimated at 18 months and was provisionally completed June 28, 2012.



12. Settlement net asset value of the former Netherlands Antilles

12.1. General

The dismantling of the Netherlands Antilles is a fact as of October 10, 2010. The division of the assets and liabilities of the former Netherlands Antilles has been preliminarily arranged to ensure continuity for all parties involved. A final settlement arrangement has to be prepared for which a Settlement Committee has been appointed. The dismantling and settlement process is time consuming. Some of the financial consequences are explained in the following paragraphs. On August 15, 2012 the Committee burden with inventory of and reporting on the assets and liabilities of the former Netherlands Antilles presented a draft report for discussion purposes only to the Settlement Committee. This report has yet to be completed.

According to this preliminary report, the net asset value of the former Netherlands Antilles per October 9, 2010 is Naf 2.402.828.668 after debt relief and assumption of debts by The Netherlands, Curacao and Sint Maarten. Based on this report Sint Maarten's share can be assumed as follows:

Share Sint Maarten in boedel		
	%	Naf
Net asset value preliminary report		2,402,828,668
Deduct:		
Value of institutions by law		1,674,978,233
Net asset value to be divided		727,850,435
Share Sint Maarten	18.75	136,471,957
Deduct:		
Current account		88,073,920
Transferred assets		29,730,838
Balance receivable as of 10/10/2010		18,667,199

The values of the transferred assets are as follows:

Value transferred assets	
	Naf
Material fixed assets	19,841,263
Financial fixed assets:	
-with positive net asset value	17,823,346
-with negative net asset value	(22,933,771)
Cash advance	15,000,000
Total transferred assets	29,730,838

It should be noted that the above mentioned are preliminary figures. In fact the Settlement Committee in her interim report warned that no liquid assets are available to settle with the entities. Various claims are presently being dealt with by the Settlement Committee, specifically those pertaining to social securities, that can't be covered by the available liquid means.



12.2. Transfer of material fixed assets

The following fixed assets were transferred on dismantling date to Sint Maarten

Transfer of material fixed assets	Market value
	Naf
Prison	6,498,200
Police building	4,332,100
Courthouse	3,610,150
Parlementbuilding	2,915,013
Market place	1,650,300
Police house	448,700
Building Backstreet	386,800
	19,841,263

12.3. Transfer of financial fixed assets

Pending the final dismantling settlement, the following shares were transferred to Sint Maarten on dismantling date:

Overview preliminary transfer of shares			
	Share IT SXM	Share from NA	Total share
	%	%	%
Ontwikkelingsbank van de Nederlandse Antillen N.V.	5.56	4.25	9.81
Saba Bank Resources N.V.	21.67	6.56	28.23
Windward Islands Airways International N.V.		92.05	92.05
UTS N.V.		7.83	7.83
Nieuwe Post Nederlandse Antillen N.V.		25.00	25.00
Netherlands Antilles Air Traffic Control N.V.		18.75	18.75

12.4. Institutions by law

In addition, Sint Maarten obtained its shares in the institutions by law like the Central Bank, APNA and the SVB. Sint Maarten's shares in the net asset value and pension obligations of the APNA were transferred to APS. Its shares in the AOV/AWW, ZV/OV, FZOG, Cessantia and AVBZ funds are in the process of being transferred to the SZV.

Central Bank of Curacao and Sint Maarten

The net asset value of the Central Bank of the Netherlands Antilles according to its balance sheet per October 9, 2010 is Naf 733.2 million. The agreed upon shares for Sint Maarten in the Central Bank are 26%. The preliminary value of the shares pending final settlement is Naf 190.6 million. However the value presented in the books of Sint Maarten is set at nil.

Uitvoeringsorgaan Sociale- en Ziektekostenverzekering

The total reserves of the Social Security Bank of the Netherlands Antilles (SVB) per October 9, 2010 are 726 million including a revaluation of the buildings. Sint Maarten's shares are 24.9%. The preliminary value of the shares in the SVB pending final settlement is Naf 180.7 million. The

FINANCIAL STATEMENTS 2011



reserves of the SVB consist of designated reserves for the Old Age Pension (AOV/AWW) and the Sickness and Accident Fund (ZV/OV) and may not be distributed for other purposes.

*Cessantiafond*s

According to audited financial statements, the net asset value of the Cessantia fund per October 9, 2010 is Naf 35,449,965. Sint Maarten's shares (26.957%) including accumulated interest and adjustments are Naf 10.228.530. These shares will be transferred to the SZV.

Algemeen Pensioenfonds van de Nederlandse Antillen/Algemeen Pensioenfonds Sint Maarten

The activities of APNA have been assumed by APS during the course of 2011. The actual execution of tasks is transferred from APNA to APS gradually and has not been completed. The total pension liabilities allocated to Sint Maarten per dismantling date are approximately Naf 369 million.

12.5. Loans

Sint Maarten shared in the remaining debts of the Government of the former Netherlands Antilles.

Bonds

On October 21, 2010 Sint Maarten issued bonds with a total nominal value of Naf 302,071,000. The proceeds from the bonds were used to pay off Sint Maarten's shares in the discounted value of the remaining bonds of the former Netherlands Antilles including the bonds allocated to Sint Maarten of Naf 220,083,818 per October 21, 2010.

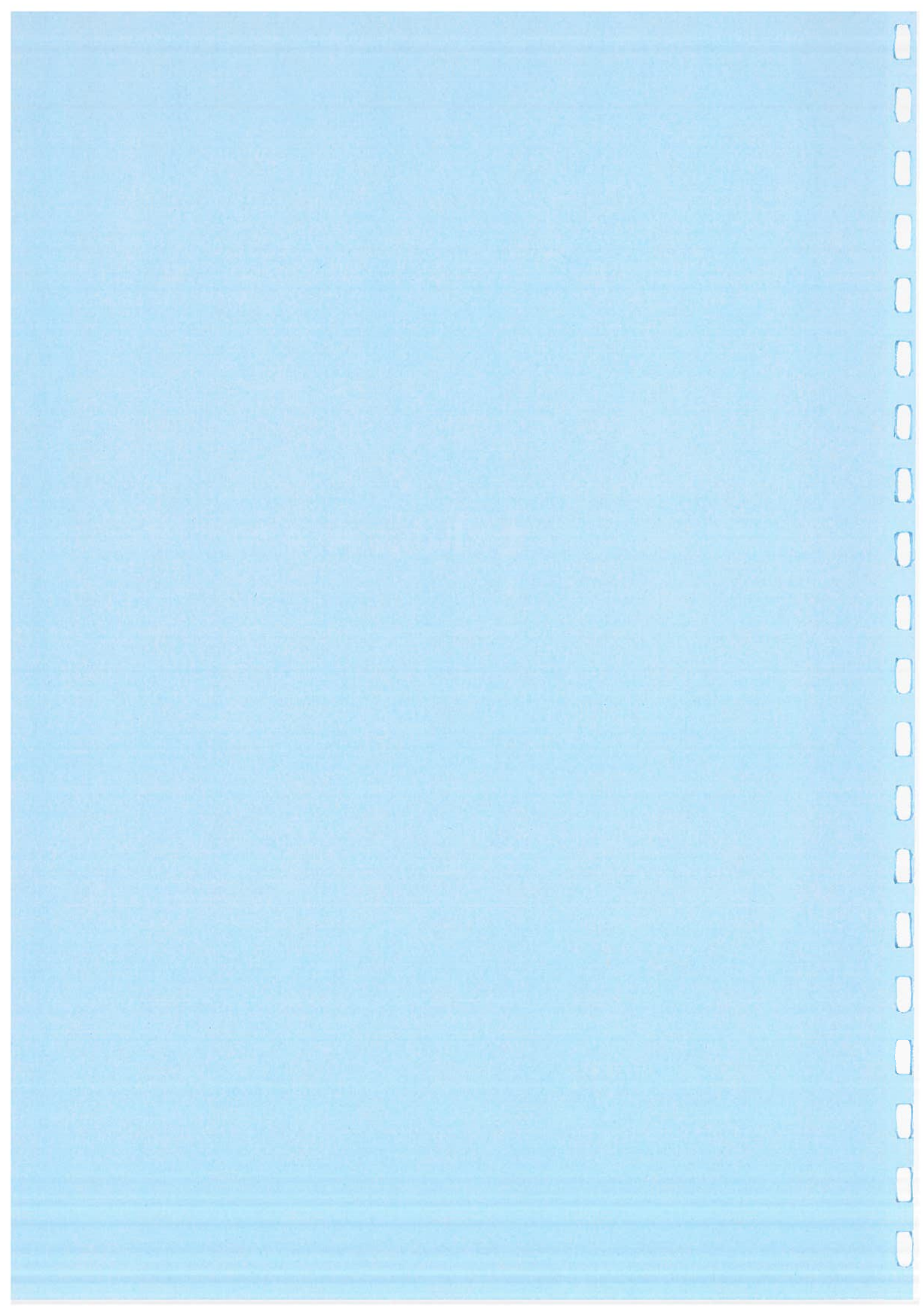
12.6. Summary

The following assets and liabilities have been assumed from the Federal Government on October 10, 2010 and are recorded in the opening balance of country Sint Maarten:

Assets and liabilities assumed from the former Netherlands Antilles per October 10, 2010		
	Naf	Naf
Material fixed assets	19,841,263	
Financial fixed assets:		
-with positive net asset value	17,823,346	
-with negative net asset value	(22,933,771)	
Central Bank	PM	
Total assets		14,730,838
Debts country NA	221,757,923	
Loss bond issue refinancing debts	6,962,531	
		228,720,454
Total charged against general reserves		(213,989,616)

Sint Maarten, April 16, 2013

Exhibit A



SINT-MAARTEN - EXHIBIT A

Material Fixed Assets	Valuation 10/10/2010		Changes 10/10/10 to 12/31/10		Valuation 12/31/2010		Accumulated depreciation 10/9/2010		Changes 10-10-10 12/31/2010		Accumulated depreciation 12/31/2010		Bookvalue 10/10/2010		Bookvalue 12/31/2010		Add/Destin 2011		Depr. 2011		Accumulated depreciation 12/31/2011		Bookvalue 12/31/2011		
	Naf	Naf	Naf	Naf	Naf	Naf	Naf	Naf	Naf	Naf	Naf	Naf	Naf	Naf	Naf	Naf	Naf	Naf	Naf	Naf	Naf	Naf	Naf	Naf	Naf
<i>Buildings</i>																									
Rope Estate apartment building	7,300,000	7,300,000			7,300,000				32,850	32,850			7,300,000	7,300,000						146,000			178,850	7,121,150	
Milton Peters College	17,212,600	17,212,600			17,212,600			266,795	77,457	344,252			16,945,805	16,945,805						344,252			688,504	16,524,096	
Sint Maarten Festival Village	9,968,000	9,968,000			9,968,000			154,504	44,856	199,360			9,813,496	9,813,496						199,360			398,720	9,569,280	
Royal Hildge Sports Park	4,450,000	4,450,000			4,450,000			68,975	20,025	89,000			4,381,025	4,381,025						89,000			178,000	4,272,000	
L.B. Scott Sports Auditorium	4,147,400	4,147,400			4,147,400			64,285	18,663	82,948			4,083,115	4,083,115						82,948			165,896	3,981,504	
L. Conover School	4,147,400	4,147,400			4,147,400			64,285	18,663	82,948			4,083,115	4,083,115						82,948			165,896	3,981,504	
Vocational Training School	3,506,600	3,506,600			3,506,600			54,352	15,780	70,132			3,452,248	3,452,248						70,132			140,264	3,366,336	
M.L. King School	3,310,800	3,310,800			3,310,800			51,317	14,899	66,216			3,259,483	3,259,483						66,216			132,432	3,178,368	
Census and Receivers Office	3,026,000	3,026,000			3,026,000			46,903	13,617	60,520			2,979,097	2,979,097						60,520			121,040	2,904,960	
Community Center John Larmonic	2,670,000	2,670,000			2,670,000			41,385	12,015	53,400			2,628,615	2,628,615						53,400			106,800	2,563,200	
Fish market	2,438,600	2,438,600			2,438,600			37,798	10,974	48,772			2,400,802	2,400,802						48,772			97,544	2,341,056	
Ruby Lubegs School	2,296,200	2,296,200			2,296,200			35,591	10,333	45,924			2,260,699	2,260,699						45,924			91,848	2,209,552	
Sewage Plant	2,260,600	2,260,600			2,260,600			35,039	10,173	45,212			2,225,561	2,225,561						45,212			90,424	2,170,176	
Mellor Hazel Sports Building	2,189,400	2,189,400			2,189,400			33,936	9,852	43,788			2,155,464	2,155,464						43,788			87,576	2,101,824	
Little League Stadium	1,477,400	1,477,400			1,477,400			22,900	6,648	29,548			1,454,500	1,454,500						29,548			59,096	1,418,304	
Jose Lake Ballpark	1,477,400	1,477,400			1,477,400			22,900	6,648	29,548			1,454,500	1,454,500						29,548			59,096	1,418,304	
Transferred building dismantling	19,841,263	19,841,263			19,841,263			89,286	22,880	112,166			19,841,263	19,841,263						112,166			152,794	19,355,152	
Other	3,657,900	3,657,900	6,419		3,664,319			56,697	22,880	79,577			3,601,203	3,601,203						79,577			351,585	3,511,585	
Nieuwe werken 1101-9250																									
Total Buildings	96,160,763	96,167,182	6,419		96,173,601			1,060,802	439,143	1,508,945			95,090,961	95,090,961						2,097,325			3,546,269	104,860,198	
<i>Building under construction</i>																									
Boel Contract	28,960,600	28,960,600			28,960,600								28,960,600	28,960,600										28,960,600	
Additions	10,914,482	10,914,482			10,914,482								10,914,482	10,914,482										10,914,482	
Total buildings under construction	39,875,082	39,875,082			39,875,082								39,875,082	39,875,082										39,875,082	
<i>Machines, computers, furniture etc.</i>																									
Milton Peters College	4,094,000	4,094,000			4,094,000			477,463	136,637	614,100			3,616,537	3,616,537						614,100			1,228,200	2,865,800	
Census and Receivers Office	1,904,600	1,904,600			1,904,600			222,124	63,566	285,690			1,682,476	1,682,476						285,690			571,380	1,333,220	
Administration building	1,904,600	1,904,600			1,904,600			222,124	63,566	285,690			1,682,476	1,682,476						285,690			571,380	1,333,220	
Vocational Training School	1,157,000	1,157,000			1,157,000			134,935	38,615	173,550			1,022,065	1,022,065						173,550			347,100	809,900	
Sewage Plant	1,014,600	1,014,600			1,014,600			118,328	33,662	151,990			896,272	896,272						151,990			304,380	710,220	
Royal Hildge Sports Park	854,400	854,400			854,400			99,644	28,516	128,160			754,756	754,756						128,160			246,320	598,080	
Other	11,073,993	11,073,993	678,571		11,752,564			1,521,872	434,520	1,957,392			9,552,121	9,552,121						1,762,885			3,720,276	8,032,288	
Total Machines, computers, furniture	22,003,193	22,003,193	678,571		22,681,764			2,796,490	800,282	3,596,772			19,206,703	19,206,703						3,838,728			383,873	3,454,855	
<i>Vehicles</i>																									
	7,864,642	7,864,642	181,000		8,045,642			5,630,654	349,977	5,980,631			2,233,988	2,233,988						1,826,601			7,772,419	2,099,824	
	7,864,642	7,864,642	181,000		8,045,642			5,630,654	349,977	5,980,631			2,233,988	2,233,988						1,826,601			7,772,419	2,099,824	
Total general	165,903,680	165,903,680	865,990		166,769,670			9,496,946	1,589,401	11,086,347			156,406,734	156,406,734						7,615,250			18,701,597	165,974,687	



100

Exhibit B

