United Telecommunications Services (UTS) N.V.

Consolidated Annual Financial Statements 2013

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Introduction

Management of the UTS Group hereby presents its Annual Report for the financial year ended December 31, 2013.

Forward-looking statements

Some of the statements we have made in this Annual Report are 'forward-looking statements'. These statements are based on our beliefs and assumptions and on information currently available to us. These include information concerning our possible or assumed future results of operations, business strategies, financing plans, competitive position, potential growth opportunities, potential operating performance or expense improvements and the effects of future legislation and/or regulation. Forward-looking statements include all statements that are not historical facts and can be identified by the use of forward-looking terminology such as the words 'believe', 'expect', 'plan', 'intend', 'anticipate', 'estimate', 'predict', 'potential', 'continue', 'may', 'will', 'should', 'could', 'shall', or the negative of these terms or similar expressions. Forward-looking statements involve risks, uncertainties and assumptions. Actual results may differ materially from those expressed in these forward-looking statements. No undue reliance should be put on any forward-looking statements. We have neither the intention nor an obligation to update forward-looking statements after distribution of this Annual Report.

Message from the CEO

United Telecommunication Services (UTS) is the leading provider of video, high-speed Internet, voice and mobile services to residential and business customers in the markets it serves. UTS operates in a fiercely competitive environment with rapidly changing technologies and faces major challenges which are caused by both external as well as internal developments. We have taken a market driven approach with regards to structuring the new Five Year Strategic Plan. Mainly driven by the lack of scale and lack of deep pockets, in combination with the broad portfolio and strong market presence, UTS uses differentiation as the most suitable long-term strategy.

Over the past few years, UTS has been a major driver of the local, mobile Internet revolution. We have invested and executed aggressively, and today our network is best in class, reaches hundreds of thousands of people and comes out on top in a variety of third-party tests for speed and reliability. This has helped to ignite a wave of innovation that is transforming how we manage our lives, connect with others and operate our businesses. It's hard to overstate the impact of this revolution, or our company's role in it. Simply put, we have created the framework for the fastest, largest technology transformation in our lifetime. Mobile networks are becoming the platform for most of the world's digital cargo—including voice, data and, increasingly, video—giving rise to complete new industries such as mobile commerce, mobile video delivery, telemedicine and distance learning that represent the next growth wave in our industry. This is where the new, post-transaction, UTS will have the biggest value-creating opportunity of all—not just in wireless, but across our entire services.

In 2013, we extended the reach and capacity of our wireless, fiber and submarine cables networks. We substantially initiated the build-up of our 4G LTE wireless network. In addition, we accelerated our transition to a more efficient technology platform by converting copper lines to fiber. We continued deploying high-speed fiber connections to the business customer locations (FTTB) and to the new land development projects. Our all-fiber residential network (FTTH) now connects a growing number of households. Broadband services on fiber will be a real growth driver in the near future. In 2013 UTS continued undertaking major network upgrades including: investments in further upgrading the core network. We also continue to redefine our residential broadband network around VDSL, which provides broadband access on the legacy copper network all the way to customers' homes.

In 2013 the implementation of the high capacity submarine fiber cable -Alonso de Ojeda II- originating from Aruba as a redundant route for the submarine cable Alonso de Ojeda I has been completed. UTS is now on its way to realize a very important high capacity cable in order to provide high speed and redundant capacity to business and residential customers. We have turned up high-speed undersea cables to the major sea cable network in this hemisphere and have deployed highly secure mesh architecture to provide the reliability and redundancy these networks require. We also upgraded our global backbone networks giving us a big head start in handling explosion of video traffic in the years ahead.

As leader in HDTV on the island of Curaçao, UTS, through its subsidiary TDS, kept offering distinct attractive packages for HDTV and SDTV, which have been well accepted by our customers not withstanding stiff competition in this area. In line with the UTS focus on triple and quad play offerings, TDS was firmly embedded in all communications to the clients and the public in general. Furthermore TDS continued investing in the quality of its signals and several preventive maintenance programs have been implemented and executed.
Antilliaanse Televisie Maatschappij (ATM) had a difficult time during 2013. Due to the tough market conditions, ATM has seen its revenues decrease in 2013. In addition to this the relationship with UTS has been extensively debated in the parliament of Curaçao. As a result of these debates recently the shareholders of UTS have taken the decision for UTS to transfer ATM's operations back to the Government.

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The rapid network investment program to counter infrastructure competition on Curaçao, the adversity against higher line rental fees, which would have allowed UTS to build reserves to replace the access network, the worsened market conditions and the general opposition against the Surinamese business venture together with limited political support on improving internal efficiency has resulted in the financial position of UTS being stretched and consequently it has a material adverse effect on our financial position.

Revenue growth continues to be tempered by declines in our voice revenues, mainly because of the transformation from voice to data and the increased use of VOIP services. In recent years and also during 2013, total switched access lines decreased. We have experienced continuing access line decrease in our Wireline segment as customers are switching to alternative technologies such as wireless, and Voice Over Internet Protocol (VoIP) or terminate service permanently as businesses closed or consumers left residences due to the weakened economy. To compensate for the shrinking market for traditional voice service, we will continue to build our Wireline segment around data, video and advanced business services areas where demand for reliable high-speed connections is growing.

Revenues in the business market were also under pressure with lower traffic volume and continued price pressure. We will continue to expand our capacity to address the foreseeable increase of bandwidth for the business community.

Our gross revenues have experienced a decline in the last three years due to fierce competition from local and international competitors. Despite the fact that we succeeded to reduce forcefully our operational expenses, this was not enough to compensate for the loss of revenues we have experienced during the last years. Additionally, technological developments have changed the behavior and demand of the customers. Consequently margins on services and products in the telecom industry have decreased significantly. Maintaining a status quo would mean negative net results with negative cash flow and as a consequence we would be unable to continue investing in the required infrastructure and consequently losing our competitive position.

Given that at almost 6% of GDP, total spending on telecommunications services in the Curacao market is already at the top end of international range, UTS is unlikely to be able to compensate market share loss with price increases.

In addition to the above-mentioned developments we have seen that - contrary to what is happening in other countries in the region, the regulator has continued to encourage aggressive competition in all segments of the market. This despite the fact that we are operating in an outdated telecommunication legislation and consecutively without proper level playing field for all operators. One important note with this regard is that the regulator should be pro-active in making sure that all providers on the market comply with the universal service obligation stipulated in their concessions. By doing so competitors would not be able to "cherry pick" the most profitable areas to roll out their network leaving the less economical attractive areas such as rural and non-rural high-cost areas, low income subscribers for UTS to provide service without getting proper compensation from universal service fund. Also the regulator should require such telecommunication operators to pay into the Universal Service Obligation Fund for the benefit of UTS. The Government's regulatory policy has certainly put pressure on the mobile market and has destabilized the fixed telecommunications market on Curaçao.

Since 2009 until now several initiatives have been initiated as part of the business transformation which already had consequences for processes, systems, tasks & responsibilities and structure. Since 2011 the corporate strategy and business model have been realigned in order to continue to support these initiatives.
To strengthen our competitive positioning, we are forced to make structural changes in almost every aspect of our operations over the coming five years.

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UTS will need to find ways to make up this potential revenue loss. Since the Curaçao market is largely saturated and the fierce competitive environment, we cannot expect to compensate the decrease in revenues by increasing prices. Considering this as a fact, new revenues streams and growth can only come from international markets and/or other related business, entirely new services (such as mobile payments) and structural initiatives (such as USO funds). To earn profits for our shareholder and to ensure long-term survival, we must urgently address internal efficiency as well.
Although on short-term the focus is on improving efficiency, service delivery, productivity, the long-term strategy is based on growth and increasing volume, to create a sustainable basis for profitability. Over the next two years the main strategic objective for the UTS Group is to ensure the long-term financial health of the Group, whilst maintaining market share and revenues. Once we are clearly on the path to healthy profit margins and long-term financial health, we will shift the focus to growth.

Therefore, we have been forced to take drastic measures to mitigate above-mentioned developments. Among these measures are:

- Divesting our business ventures in Suriname and St. Kitts & Nevis
- Concentrating our operations in two main buildings on Curaçao
- Reducing Staff significantly 200 people, which the decision of voluntarily layoff by means of a severance scheme took place in the year 2013 and in the year 2014 a number of 115 employees left the company using the voluntarily layoff by means of a severance scheme.
- Selling our stake in CTEX
- Sell half of our participation in a new submarine cable system (PCCS) with a third party

It is according to our strategic business plan 2011 to 2015 imperative to improve our profitability to generate sufficient cash to finance our future investments. Following this same plan we undertook several strategic initiatives to transform our operation for the future, while driving non-value adding costs out of the organization. On the short term the most pressing areas for UTS are the reduction of operating expenses and the mitigation of the effects of competitive activities. The reorganization therefore is an unavoidable measure to be taken with regards to rightsizing: both reductions of the staff OPEX as well as quality improvement of the workforce are essential to achieve the required financial targets and ensure the long term competitive positioning.

As the EBITDA is the indicator whether the company is generating sufficient cash flow to pay its investments, the current situation indicates that in the nearby future UTS will not be able to provide for its investments and this poses UTS to a business continuity risk. If UTS continues doing 'Business as Usual', it will most likely continue to face decreasing revenues volumes and profitability, jeopardizing its position. Therefore the corporate strategy and business model have been realigned in order to maximize its competitive position and to create a governance structure that enables profitable growth (UTS Strategy Plan 2011-2015), aiming at a five year goal: 'To be the Best Rated Quad-Play Service Provider in the Caribbean'.

We expect that competition will continue to intensify with traditional, non-traditional and emerging service providers seeking increased market share. In addition, lack of or a reduced level of regulation of comparable alternatives (e.g. cable, wireless and VoIP providers) has lowered costs for these alternative communications service providers. As a result, we face fierce competition as well as some new opportunities in significant portions of our business.
Also, we expect to continue experiencing access line losses as customers continue to switch to alternate technologies. In other words competition continues to increase for telecommunications and information services. Technological advances have expanded the types and uses of services and products available.

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Despite of this challenging environment, we believe that we will retain key aspects of our wireline business by providing superior network reliability, offering innovative product bundles that include high-speed Internet access, digital television and local and long distance voice services, offering more robust IP products and service and accelerating our data center services. Also, we are convinced that UTS faces growing price competition and also competition based on the quality and features from rivals including providers of Over The Top services (OTT) which seek to diminish the role of UTS. So, I believe the coming years will be the most dynamic our industry has ever seen. The pace of innovation will accelerate. Customer expectations for communications that are mobile, ultra-fast and effortless will continue to soar. Network usage will grow as well, driven by ever richer data applications and a dramatic increase in video of all kinds. And for providers, all of these will make consistent investment and relentless innovation more important than ever, as new technology replaces the old much faster.

However, we have to be alert on the international financial crisis and the volatile economy -such as inflationary or recessionary trends- which will have negatively influenced the financial results of our business. However, we still believe that there is potential for growth in this market. To position our company for sustainable, long term profitability, we are directing our capital spending to consolidate the mobile voice, video and data service as well as expanded services to enterprise customers. We are convinced that our focus on the fundamentals of running a good business, including operating excellence and financial discipline, gives us the ability to plan and manage through changing economic conditions.

Furthermore last year Management of UTS continued with the negotiations with the labor union about the conditions of employment. A final agreement has been reached for the years 2011-2014 and UTS' management expects to maintain a good work relationship with the labor union for the interest of the company.

Finally, our achievements in 2013 come with the great talent, dedication and hard work of our employees. We want to express our appreciation and gratitude to all our employees who continued to show their dedication to customers. Their adherence to our values continues in bad times as well as good and is one of the major reasons we are optimistic about our future, despite the challenges of the current economic developments. As we look ahead, we are confident about the direction our business is heading to and convinced by our potential for making the difference in the markets we served and in this dynamic industry. The key to success in all of these areas is talent and organizational agility. The dynamic changes underway in our industry require new skills. Our industry's pace also means we need to rethink the way we work together, so we can deliver better service, maximize creativity, move faster and adapt to changes more quickly.

To succeed as a market leader in 2014, we need to do what we did in 2013: continue with reducing cost, deliver consistent world class and superb service and retain and even grow our market share. In the end, building an enduring company all comes back to customers and financial health of our company. Management and employees should be committed to translating that commitment into actions that earn our customers' loyalty every time we come to work. After all the final key to sustained success in our industry is a sound financial foundation, which gives us the ability to continually invest and grow our business for the long term.

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We all take great pride in being part of a company that plays such an important role and that is so closely connected to the communities we serve. Our employees are dedicated to their mission and on their behalf, I thank you for your continued confidence in our company.
I'm thankful to our Supervisory Board of Directors for its guidance and support during 2013.

P.T. de Geus

Chief Executive Officer

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Vision, Mission, Core Values and Corporate Objectives 2013

Introduction

Over the next two years the main strategic objective for the UTS Group is to return to industry norms for financial performance to ensure the long term financial health of the Group, whilst maintaining market share and revenues. Once UTS is clearly on the path to healthy profit margins and long term financial health, the focus will shift to growth.

Vision

From a strategic perspective, UTS committed itself to a future of leadership and growth in the most transformative technology of our time -the mobile internet and fixed internet. UTS made that commitment knowing the potential was enormous for customers, for society, for our economy and for our Shareholders. As bold as our vision was, and as fast as we've already grown, it's now clear that especially the mobile internet revolution is exceeding everyone's expectations. Think about all that we've seen in the past last years. smartphone adoption has soared, mobile applications that make smartphones and tablets even smarter, have exploded and innovation has exploded across this high growth ecosystem, and it continues to accelerate encompassing network providers, device makers, application developers and customers.
For the strategic planning 5 year cycle, UTS has adopted the vision to be the Best Rated Quad-Play Service Provider in the Caribbean. In this vision the UTS Group delivers Fixed Telephony, Mobile Voice & Data, High-speed Internet Access and TV & Video services, either as packages or individual services to consumers and business customers in its current markets.

To be best rated means to be best regarded by the customer when measured not just in its own markets but also across the Caribbean region. UTS will be seen as best in terms of quality, offering the best range of product propositions, offering the best seamless experience between fixed and mobile platforms, and best overall in customer service. Being *best* means leading not just in Curaçao but in as many other UTS markets as possible and also scoring higher than other quad play operators.

Quad play or quadruple play means the commercially integrated provision of broadband, mobile, television and fixed voice telephony. Many operators tend to focus on the technological elements of quad play but UTS believes that the commercial elements of the customer propositions are far more important in achieving the goal. The UTS vision of quad play goes beyond simple price discounting bundles, although such bundling and share reduction is of great importance. To move beyond price as a source of advantage, quad play customer propositions must offer not just cheaper but also more convenient and qualitatively better customer experiences. Choice and personalization will be central to the new propositions. Convenience and time-savings are also important - for example ease of access to specific entertainment or local news would be one way in which qualitatively the better customer experience could be achieved. The whole industry is developing and testing new services and is learning to live and benefit from the huge growth in the popularity of applications on mobile devices and, in future, on the Internet enabled television. Although UTS is too small as an operator to sensibly aspire to be an innovator or pioneer on the very leading-edge, the UTS Group certainly can and will be an early adopter. UTS will *partner* with leaders of emerging markets, offering a useful test market and as an enthusiastic partner with a quad-play network platform that is extremely capable.

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The term *service provider* puts the emphasis very much on the delivery of services. This entails a significant cultural change in UTS. UTS will continue its commercially driven approach, which requires a change of focus to service delivery and customer propositions rather than technology. Of course the fundamental enabler of delivery is the network and it is vital that UTS' network is modern, well run and effective in competing against some rivals. But the network and its operations must be driven by the market & customer propositions and support rather than seek to lead those functions.

UTS has taken a market driven approach with regards to structuring its new Five Year Strategic plan. Each of the six Strategic Action Areas is chosen so it can be communicated, understood and acted upon in its own right and having its own rationale and objectives. The Strategic Action Areas are not mutually exclusive but will over-lap to some extent and therefore support and reinforce each other. In moving forward towards the above

mentioned vision, UTS will continue deploying -during the remainder of the five years period- a series of strategic initiatives structured into nine Strategic Action Areas:

"Gigabit Curaçao"
"You-Me-Us"
"Agility"
"Build the Brand"
"Mobile Matters"
"Service Experience"
"Leveraging Partnerships"
"Wholesale Business"
"Corporate"

"Gigabit Curaçao" encompasses technology and service initiatives aiming to capture the 'technological high-ground' whereas "You-Me-Us" captures initiatives concerning social relationships between UTS and its customers as well as between UTS employees. "Agility" to the contrary highlights activities aiming to improve internal efficiency. "Build the Brand" focuses on initiatives to maximize brand synergies and long term customer loyalty across the Group while "Mobile Matters" outlines initiatives building on UTS's particular strengths in mobile networks and services. "Service Experience" which is a key area denotes activities involving cultural change and constant staff training to build on UTS's unique ability to combine fixed, mobile, data and TV but also ensuring the customer experience from ordering the service. "Leveraging Partnerships": Strategies in this area are aimed to leverage UTS core strengths and seek partnerships to counter some of its structural weaknesses, such as limited scale. Included in this area is outsourcing. "Wholesale" contains activities to provide a "second line of defense" so that where revenue is lost in the retail market then at least part can be recovered using wholesale services provided to competitors. "Corporate" deals with strategies affecting or at the level of the Group overall or in shared functions or shared overheads.

Mission

In 2011, we developed and formalized our strategic plan to keep navigating into the turbulent environment which UTS operates. We also revised our strategies to use our technology to address the challenges in the markets we serve. We made good progress last year. We laid the groundwork to achieve our commercial goals, which helps us identify and accelerate deployment of technology solutions that create added value to our customers.

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Our mission statement prescribes that UTS Group should be the preferred supplier of a full range of customized telecom and telecom-related services with quality, reliability, prices and delivery time tailored to the needs of its customers. We realize sustainable commercial growth and create value for our stakeholders with customer oriented, performance driven, and accountable, entrepreneurial and empowered employees.

Core Values

UTS has identified 5 core values which are the guiding principles that help us fulfilling our business goals.

Trust

UTS internal stakeholders are insistent in uncovering and sharing the truth and being honest with themselves, co-workers, their managers, all other UTS stakeholders and the community at large. They are comfortable being open with each other about their weaknesses, mistakes, fears, and behaviors in the belief that their openness will not be taken advantage of. UTS internal stakeholders interact with others in a way that gives them confidence in their intentions and those of the organization. Senior Management takes appropriate practical measures to build trust among UTS internal stakeholders.

Robust dialogue
UTS internal stakeholders speak open, unfiltered and directly with one another, bringing the hallway conversations into meeting rooms in order to surface the realities of the organization with the ultimate purpose to get things done successfully. They listen attentively, encouraging different ideas and opinions and giving constructive feedback to others. They encourage colleagues to offer up ideas and opinions. As part of the internal communication process, Senior Management implements an effective Internal Communication Policy with regard to both oral and written communication by UTS-Group employees.

Accountability
The UTS internal stakeholders are, top-down and bottom-up, committed to set clear, measurable and challenging goals and to deliver on these goals accordingly. They are committed to making decisions and committing to a course of actions, and to follow-through on these accordingly. They take personal responsibility for their own actions, giving timely and high quality results, and accepting positive as well as negative consequences. These internal stakeholders can be relied upon to ensure that activities within areas of specific responsibility are completed in a timely manner and within budget. They monitor and evaluate plans, focus on results and measure attainment of outcomes. Senior Management promotes accountability, and where necessary details effective reporting formats, among all employees of the UTS-Group.

Eagerness to serve
In the eyes of internal UTS stakeholders, customers come first. They believe that every interaction, internally and externally, is a "customer" interaction that demands professionalism and respect. They believe that they can make a difference in the lives of UTS' customers. They believe understanding their customers and listening to their unique needs ensures they can deliver customer-focused products and services. They have a deep concern with helping or serving clients and direct every effort to discover the customer needs and to take the required actions to meet these needs effectively and above clients' expectations. Senior Management facilitates the process and provides the necessary infrastructure and tools for employees to cater to the needs of clients effectively.

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Getting things done (Execution)
UTS internal stakeholders focus on achieving goals and delivering high quality work/assignment within the stipulated period with minimum effort and maximum results. They are committed to accomplishing challenging objectives against the required standard of excellence and within the agreed upon time frame. Senior-Management facilitates the implementation process and provides the necessary infrastructure and tools for employees to effectively execute all their assignments.

Corporate Objectives 2013

For the year 2013 the Management Team has determined the following strategic objectives:

#	Overview strategic objectives 2013
1	Reduce headcount and staff costs
2	Develop internal communication plans
3	Introduce a culture (possibly system) of task follow-up
4	Complete mobile broadband services Project
5	Launch fibre-to-the Business
6	Provide high speed access to the information highway to all households
7	Finalise the OSS/BSS project
8	Launch quadruple play service packages
9	Improve customer experience
10	Grow or divest Uniqa
11	Separate out passive infrastructure into separate company
12	Merge with TELEM
13	Right-size all units belonging to UTS group
14	Ensure international connectivity
15	Launch IP- TV (video On Demand, catch-up TV services Web TV)
16	Finalise the PSTN replacement project
17	Re-launch the BPMC project with a new emphasis on improving customer satisfaction
18	Reform the organisational structure
19	Change corporate culture
20	Launch mobile broadband in all markets
21	Implement LTE infrastructure
22	Initiate customer feedback programme
23	Customer satisfaction
24	Launch Wholesale Services business unit

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#	Overview strategic objectives 2013
25	Attract strong brands as wholesale customers
26	Develop products and wholesale account management
27	Strengthen position regulatory negotiations
28	Start earning revenues
29	Maintain current revenue levels
30	Increase profitability

For the 2014 outlook, refer to the Report by the Board of Management of UTS.

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Organizational Structure and Management

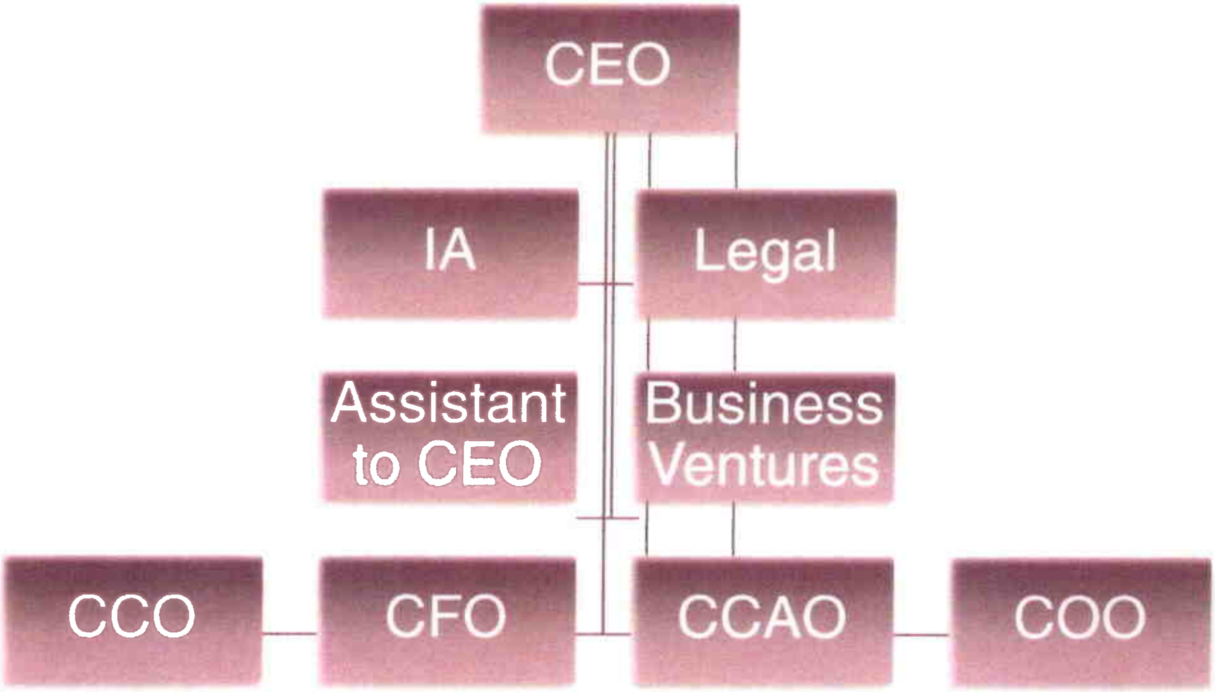
After a merger in 1999 between the local telephone company Setel N.V. and the Antillean carrier Antelecom N.V., the company became a key player in the telecommunication industry in the former Netherlands Antilles and the Caribbean. Since its inception UTS has changed and adapted its organizational structures to match with its strategic orientation, which permitted this company to realize the operational, financial and strategic objectives in the new competitive environment.

The 'UTS Group', is not a legal entity but a term used to describe the UTS group of companies. UTS Group is managed by the Corporate Management Team (MT), based on Curaçao. Together with the Supervisory Board of Directors the MT set the strategic objectives and strategic direction for the UTS Group.
In their respective area of responsibility the MT is responsible for setting and following up on policies and directives related to their respective functional areas of responsibility.

In February 2011 the shareholders have decided to expand the management of UTS from one to two executive directors, with combined responsibility for the operations of UTS. This decision naturally required some changes in the top management structure of UTS, as well as a division of responsibilities within the new management. Additionally a new position of Chief Technical Officer (CTO) has been created. The CTO was responsible for information technology, engineering and the implementation of business management processes. As a consequence of the division of responsibilities among the two executive directors, the daily responsibility for technical, financial and corporate affairs thereof rested with Mr. P. de Geus, while the commercial and operational affairs of said functional area rested with Mr. G. Carty. The general functional areas, the Business Ventures and the International Affairs & Carriers Services became responsibilities of both CEO's. Based on a decision of the Shareholders of UTS Mr., G. Carty's contract as a CEO of UTS was not renewed. On March 1, 2013 Mr. G. Carty resumed his responsibility of the management of UTS Eastern Caribbean as CEO of UTS St. Maarten N.V.

Subsequently, the Top structure of UTS has been changed to reflect the new situation. At the same time the position of Chief Technical Officer (CTO) has been eliminated. The areas which belonged to the responsibility of the CTO were placed under the responsibilities of the Chief Operational Officer (COO), the Chief Financial Officer (CFO) and the Chief Corporate Affairs Officer (CCAO).

The following organizational structure effective as of June 1, 2013:



Paul T. de Geus
Chief Executive Officer

Paul T. de Geus has been appointed as CEO for the UTS group as of September 1, 2006. Mr. De Geus started his career in telecommunications with the local telecommunications operator SETEL since 1986. At SETEL Mr. De Geus occupied different managerial functions, such as manager Maintenance Department, Strategic Planner and manager Outside Plant. In 1996 Mr. De Geus was appointed director of Business Development at Antelecom N.V. the international carrier of the Netherlands Antilles. During his years at Antelecom N.V., Mr. De Geus was also Managing Director of Caribbean Advanced Telecommunication Services (CARATS), a startup Internet company which he had developed for Antelecom to provide Internet access services to all islands of the former Netherlands Antilles. During 2000 to 2002, Mr. De Geus was based in Costa Rica and worked as senior manager for KPMG Consulting responsible for KPMG managed services practice in charge of the Latin American market. After 2002, he had worked as an independent consultant servicing clients in the region and the US. Mr. De Geus holds a bachelor degree in Electrical Engineering of the University of the Netherlands Antilles, a Master of Science in Information Technology and a Master of Science in Business Administration, both from the University of Miami.

Glen A. Carty
Chief Executive Officer (January 1, 2013 - February 28, 2013)

Glen A. Carty started working for UTS-Antelecom in 2000 as a consultant in charge with managing the operations in St. Maarten. As a turn-around-manager Glen was able to turn the company from an ANG6 million to an over ANG60 million yearly revenue with a healthy bottom line. The Eastern Caribbean division of UTS grew its services from only being an international carrier on the SSS islands to a mobile and internet provider, and business solution partner in St. Maarten, Saba, St. Eustatius, French St. Martin, St.Barths, and St. Kitts & Nevis. Glen A. Carty was appointed twice as Interim Commercial Director of the UTS Corporation, in February 2006 through November 2006 and May 2007 through December 2007. Known for his drive and getting things done, in 2010 he was requested by the shareholders to join the corporation as CEO for one year to assist in turning around the corporation, and was officially appointed co-CEO of UTS, managing UTS corporate working together with Paul T. de Geus, CEO, in March 2011. After the one year, Glen Carty was requested to remain CEO for another year. With a degree in electronics and a very successful career in business and marketing with a proven successful entrepreneurship track record, Glen A. Carty also strongly believes in community involvement, receiving the coveted 'Paul Harris Fellow' award in 1999. Based on a decision of the Shareholders of UTS Mr., G. Carty's contract as a CEO of UTS was not renewed. On March 1, 2013 Mr. G. Carty resumed his responsibility of the management of UTS Eastern Caribbean as CEO of UTS St. Maarten N.V.

Danilo Zabala
Chief Commercial Officer (January 1, 2013 – April 30, 2013)

Over the period January 1, 2013 till April 30, 2013, Danilo Zabala was the Chief Commercial Officer and responsible for all commercial activities within the UTS Group. Mr. Zabala has over 18 years' experience in International Telecommunication industry. His latest position was Vice-President of Sales & Marketing at CelPlan Technologies in the United States, a leading Wireless Engineering company providing advanced telecommunication services to AT&T, Sprint, Verizon Wireless and T-Mobile USA. Previously, Mr. Zabala held the position of Business Development Manager at Agilent Technologies, a 6 Billion Dollars company, in their Wireless Test & Measurement division. At Agilent he was responsible for the commercialization of the entire wireless portfolio in addition to developing an Indirect Sales Channel for the Latin America region. Having started out his career as a RF Engineer, Mr. Zabala is highly experienced in wireless network modeling, design and optimization with a vast experience of the AMPS, TDMA, GSM, GPRS, EDGE, UMTS, CDMA, CDMA2000, EVDO and WiMAX mobile technologies. Throughout his career he has participated in several global telecommunication events as the guest speaker including a regular spot on the Latin Telecom Radio Broadcast aired live from 3GSM Barcelona. He has achieved his Bachelors and Masters degrees in Engineering & Business Management in the United States.

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Danny Macaya
Chief Technology Officer (January 1, 2013 - April 30, 2013)
Chief Commercial Officer (May 1, 2013 – December 31, 2013)

During the period January 1, 2013 till April 30, 2013,Danny Macaya was responsible for Technology Directorate and as per May 1, 2013 he is the Chief Commercial Officer and responsible for all commercial activities within the UTS Group. Danny Macaya (49) is of May 1, 2013 responsible for Commercial Directorate, consisting of Business Market, Residential market, Customer Care, Commercial Services and Communications Branding & Events. Mr. Macaya has been in Telecommunications for 21 years and has held several managerial positions ranging from Logistics Manager, Service Manager BCS, Business Unit Manager ICT (ICT Product and Service Development and Management), COO and CTO. Mr. Macaya holds a bachelor degree in Information Technology of the University of the Netherlands Antilles and a Bachelor degree in Business Administration of the "Hoge school" of Rotterdam. For the past 8 years he was part of the executive management team of UTS. The Commercial Directorate has a total of 180 employees.

Leila Matroos
Chief Financial Officer

Leila Matroos graduated as a bachelor in business administration and as a chartered accountant at the University of the Netherlands Antilles and started her career in 1996 as accountant at KPMG Accountants B.V. and as from 2000 she has worked for a period of 8 years as vice president operational, information and security risk management at the ING Bank N.V. Curaçao Branch. Having worked for these two companies Mrs. Matroos has gained quite an experience in both the Financial Management as well as Risk Management areas. Mrs. Matroos has joined the UTS family as per January 1, 2008. She is responsible for the Finance Affairs and forms part of the Management Team of UTS. Finance includes 5 departments, Finance, Controlling & Enterprise Risk Management, Purchasing, Business Process Management Center (as of June 1, 2013) and Billing and Collection. In order to pursue a new career Mrs. Leila Matroos resigned per April 30, 2014.

Michael Gaari
Chief Operating Officer January 1, 2013 till May 31, 2013

Over the period January 1, 2013 till May 31, 2013,Michael Gaari was responsible for Operations, including Network Operations, Network Facilities, Network Management & Information Center and Access Network services within the UTS group. Mr. Gaari has been in Telecommunications for more than 21 years and has held several managerial positions ranging from Head Research and Developments, Manager Data Services, Manager Network Provisioning, TDS Operations Manager. Mr. Gaari holds a bachelor degree in Electrical Engineering of the University of the Netherlands Antilles and a Bachelor degree in Commercial and Business Administration of the "Hoge school" of TU Enschede. From 2001-2005 he was part of the first echelon manager of UTS, 2006 a member of the interim management team, 2007-2011 TDS Operations Manager, 2012 till now UTS Corporate COO.

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Sandra Smith
Chief Corporate Affairs

Sandra Smith is since January 2012 part of the Management Team of UTS, in charge of Corporate Affairs, responsible for Corporate Affairs with UTS; which means Human Resources Department , Safety & Security Department, Facilities Department (as per June 1, 2013) and the Shared Services Center. Mrs. Smith holds a Master degree in General/Common Law from the University of Curaçao, a Master degree in Social and Labor Law from the University of Brabant (Tilburg), Netherlands and has attended Middle Management at Buro Arends, Curaçao and Higher Management at IMD, Curaçao. For the past 17 years Mrs. Smith has performed a variety of jobs, such as Senior Advisor on Legal & HR matters to the Management of the Social Insurance Bank of Curaçao (2 years), Government Mediator of the Netherlands Antilles (3 years), Head Department Levy & Collection at the Social Insurance Bank of Curaçao (11 years), Minister of Public Health and Social Development for the Netherlands Antilles (1 year).

Shairon Offerman
Interim Chief Operating Officer (June 1, 2013 – December 31, 2013)

Mr. Shairon Offerman was appointed as interim Chief Operating Officer as of June 1st, 2013, due to the health conditions of Mr. M. Gaari, for the managing of the Operations Directorate of UTS NV.
The responsibility of Mr. S. Offerman as part of the Management Team, is to establish, lead and manage the architecture, design and planning of all aspects of UTS's telecommunications infrastructure, Fiber, wireless, submarine cable network , Information Technology and to enable the business to meet the (strategic) targets. Mr S. Offerman has been in Telecommunications for almost 17 years and has held several managerial positions such as Manager Network Operations & Maintenance, IT Operations Manager, Manager Switching, Manager Operations & Maintenance. Mr Offerman holds a Master's Degree in Electrical Engineering with specialization in Telecommunications, A Bachelor's Degree in Electrical Engineering of the University of the Netherlands Antilles and a Post HBO telecommunications Degree obtained from Carteles (KPN and U.N.A.).

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Report by the Board of Management

Commercial

For the Business Market in 2013, it was necessary to change the market approach in order to reach and guarantee a minimum acceptable level of service to current and future business customers. The Business Market was analyzed thoroughly and was segmented into two categories: corporate and SME (small medium enterprises). As part of the process, UTS Business was restructured towards an organization fully supporting its front-liners in order to inter-relate directly with the end-customer. In connection herewith, account managers and sales assistants were merged into cluster groups to cater requests and process orders of assigned groups of corporate customers (conservative or dynamic). Subsequently a business store was implemented in order to cater the SME market requirements. These changes helped improve the overall service provided to the Business market significantly. Further, UTS Business focused on the re-calibration of its business product portfolio in order to retain its position, consequently increase its market share in the business telecommunication market. In connection herewith, the successful new CHCO 3.0 services were launched providing customers with unlimited calling to the Chippieland mobile network and the UTS fixed network for a flat fee per month besides the options to bundle with voice, SMS and 4G data. Moreover, UTS has further developed its bandwidth portfolio with competitive standard (asymmetric, including static IP addresses) and premium (symmetric) internet propositions. UTS Business has also added Wi-Fi infrastructure services to its product portfolio and as a consequence deployed its first large Wi-Fi network project in the inner-city of the island at the request of the Curacao Tourism Board.

For the residential market, 2013 started with a successful mobile top-up campaign followed by various fixed top up campaigns which helped to stimulate voucher sales in the first quarter of the year. Top-up campaigns destined to stimulate the growth of electronic top-up continued throughout the year.
On the mobile front, prepaid mobile broadband (4G+ Prepaid) was launched in all its variants, thus building on the previous year's successful launch of the 4G+ postpaid service. The service quickly grew and together with postpaid 4G+ contributed very significant revenues to the ICT business.
4G variants of Blackberry were also introduced with the launch the BB10 line of handsets and service. However, 2013 saw a very significant decrease in ICT revenues owing to the world-wide free fall of the Blackberry handset portfolio and its manifestation in UTS' portfolio.

The growth in mobile data (with data usage growth outpacing subscriber growth) clearly highlights the dominance of data over voice in UTS' mobile business. In anticipation for further decrease of mobile voice, residential launched the prepaid 3-1 bundles which include voice, data, and SMS services bundled together under one service and for a single price.
For the tourist market, the 'Chippie 2 Go' product was launched in conjunction with select supermarkets and proved to be relatively successful. The experience gained from this launch will be used in 2014 to offer more products targeted towards the visitor market segment.
From a monthly promotion perspective, the 'Fantastic Friday' promotion was introduced for both mobile and fixed and proved to be very successful and therefore was picked up as a concept to continue with in 2014.
Finally, seasonal campaigns such as Carnival, Tumba, and end of year were implemented with the end of year campaign done with UTS own product portfolio only.

For the fixed residential market, most activities focused on the broadband portfolio with the increase of speeds to 6 Mb/ 32Mb / 50 Mb from 4 Mb / 16Mb / 26Mb. The subscriber base on fixed has proven to be loyal so far with decrease in traffic in line with UTS' own projections. As UTS was at the time of the commercial offer upgrades unable to deliver the promised upgrades to its entire fixed subscriber base, compensation packages including unlimited on-net calling were introduced to compensate the clients who at the time UTS was unable to upgrade.

The customer service center (handling retention, termination, and service related to billing complaints) moved from Santa Maria to a new building in Colon.

Corporate Affairs

As been pointed out previously UTS' goal is to survive on the short term and to retain market share and revenue to ensure financially healthy UTS in order to compete effectively on the long term. From a Human resource perspective change for the business transformation within the United Telecommunication Services (UTS) in quest for better situating itself for the future of telecommunications became eminent. The reorganization enhances the ability of UTS to compete, meet opportunities, risks and challenges facing UTS by right-sizing the organization with the right skills, attitude and knowledge and business processes to ensure long term profitable growth and prosperity for UTS.

For 2013 the main focus for HR was:

- Reduce headcount and staff costs;
- Develop internal communication plans to improve internal communication to gain understanding and commitment to objective and tasks;
- Introduce a culture (possibly system) of task follow-up. Essential for the smooth functioning of any business. Effective management of tasks and reliance on completion. Will require carrot and stick from CEO through MT down;
- Right-size all units belonging to UTS group. Headcount of the UTS group (excl ATM) excluding Uniqa and the Eastern Caribbean should reduce to approximately 200 employees.

In the past years the implementation of several projects was initiated, but not were not integrated and not completed. The reorganization initiated in 2013 and further, implies a transition from the current situation to the desired situation with reduced workforce. A transparent implementation plan for the reorganization of UTS (BPR), including relevant documents, were made and approved by MT in 2013. The execution hereof which has been put on hold in August 2012 has been restarted in 2013. These initiatives were mainly aimed at incremental changes, which forces UTS to now make structural changes in order to ensure both smooth current operations and results as well as long term prosperity.

As a result of this reorganization UTS has offered to its employees a voluntary retirement program for employees who wish to leave the company on a voluntary basis. This program encompasses additional incentives to those willing to retire sooner than planned. Voluntary retirement has been offered as a first step in the process to right size the company. If the number of headcount hasn't been reached in this phase then UTS anticipates layoffs in the second round. As a result of this initiative 115 employees have opted for this program.

Since the targeted 200 headcount reductions haven't been reached with the above mentioned retirement plan UTS has no other option to initiate with layoffs of staffs. Nevertheless, the shareholders has put -in a shareholders meeting- the layoffs on hold until the audit on the company has been conducted. UTS expects that the audit will be completed in Q3 of 2014.
The further professionalization of the UTS organization will continue during 2014. This implies that for 2014 and so on new initiatives will be identified for the further reorganization.

In addition to the above mentioned reorganization UTS has completed the implementation of the HR modules of HR in SAP which has been initiated in 2012. Currently all employees key data resides in SAP HR. Furthermore request for medical purposes, salary slip, etc. could now be submitted on the HR intranet. Also the requested documents are available on this intranet.

The Chief Corporate Affairs director continued in 2013 with the exercise to update and complete inventory of all employees and all other types of employment relationship, per department, per directorate, working for UTS. Similarly the reporting of jubilees and pensioners on a monthly basis.

Also, structured weekly meetings with the Union regarding HR related matters was re-established and continued in 2013. Despite the fact that significant progress in the communication and understanding between management of UTS and the Union has been recognized. Furthermore, in July an Internal Communication Officer was hired and an internal communication policy and communication matrix was presented to the CEO. This resulted in a regular and structured communication with staff. The internal communication became more energized when the intranet was launched in September/October. Internal and external communiqué are posted and archived on the intranet.

Technology and Operations

During 2013 UTS continued with the deployment of its FTTH strategy by the deployment of a FTTH network within 3 Residential Areas. Besides the FTTH deployment UTS NV rolled out the implementation of the VDSL2- 100MBS technology with the aim to provide customers with a higher internet bandwidth capacity.

Development and expansion of the fiber core network in order to ensure the availability of enough fiber capacity in our core network to accommodate growth in data and internet services.

Deployment of the mobile /fixed network modernization project which entail:

1. To modernize the packet core and the infrastructure supporting the RAN on Curacao
2. Replacement of the Curacao Huawei and Ericsson RANs.
3. Deployment of a 4G HSPA+ RAN on Bonaire.
4. Rollout of LTE on Curacao.
5. Replacement of Ericsson RAN on Sint Maarten.
6. Rollout of LTE on Sint Maarten.
7. Rollout of IMS on Curacao,
8. replacement of the PSTN and international switches
9. Introduction of fixed to mobile convergence

Implementation of submarine cables systems such as

- The Alonso de Ojeda II cable system which interconnects Curacao and Aruba via another cable route hereby creating redundant network connectivity between the countries.
- The Pacific Caribbean cable system (PCCS) is a submarine cable system that will be interconnecting USA, Tortola VI, Aruba, Brazil, Panama and Ecuador.

Migration to the new BSS system: during 2013 the postpaid fixed network services have been migrated to the new BSS.

Deployment of various automation projects in order to enhance the operational effectiveness and efficiency within the various UTS NV directorates.

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Business Ventures

ATM

First of all the TV business of ATM have to be seen in the nature of the broadcast station. ATM is a free to air i.e. open air broadcast station, meaning that ATM is bound to the governing laws dictating what to transmit and in which timeslot. In this context ATM must function and behave commercially, doing what is best for the viewers and the stakeholders. Therefore the business year 2013 of ATM can be defined as year where ATM business rational has expired. Telecuracao has gained many business successes during the last 15 years, where the content was provided by independent producers buying airtime. In the TV business it is the other way around; you buy content. Selling airtime was the main source of income for Telecuracao next to TV ads but, during election time this can even out and whereas sometimes TV becomes the bigger source of income. In short; election time is ATM cash cow momentum.

Hence with the drastic decline of independent programs ATM experienced a crisis in its programming especially during its Prime-Time hours of 7:00pm – 11:00pm. Many important and prefer timeslots were not filled by paid programs. Producers struggled with their payments and even in some cases fell way behind with their financial obligations to the station. Planned revenue stream also didn't materialize in solid business venture, because of third party incompliance with the contractual agreement. On the other hand due to the economic malaise in the media landscape, sales targets couldn't be met for the first time in comparison with previous years.

Investments planned for 2013 in order to change the business model of ATM and shift from advertising to subscriptions were not executed, because of Telecuracao cash flow priorities. The cost of doing business has also increase drastically. The main culprit in this equation is the utility cost.
In the area of business competition and besides the traditional media, Newspaper, radio and TV competitors, ATM had to compete against free Social Media, billboards, prints, flyers, mass mail and direct mail. Despite this crisis together with ATM 53 year of knowledge and experiences in the TV business and among the existing and new competitors, we still hold a leading position.
This leading position serve as an inspiration for management to remain determine together with his qualified personnel to face the challenges ahead guaranteeing ATM bright future.

TDS

In 2013 TDS has encountered a drop within its subscriber base of 986 due to several reasons. TDS is still struggling with the quality of service and its customer service which was the major reason for churns. In Bonaire the company has also undergo some churns due to the instability of service. During the whole year TDS was not active with any campaigns or marketing activities till the acquisition of a Supervisor Sales and Marketing in October. The Video market is becoming each day more competitive due to local competitors but also due to the many other options such as Roku, Netflix, Google TV and Apple TV. Another challenge is the increasing content fee from content providers which has impact on the COS. Huge contracts such as MLB which was not profitable for the business not even to break even due the loss of branding partners.
Nevertheless all the challenges TDS has an advantage on other providers up to till moment and the focus on continuing to deliver quality content together with improved service to its customers and a commitment to keeping the operational costs to a minimum will continue to grant TDS its position as the market leader in Pay TV on the island. Critical point for the business will remain customer churns and COS increasing.

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Surinam

UTS decided in 2013 to start the process of selling all of its shares in UNIQA. UTS has received two (2) non-binding offers regarding the sale of its share in UNIQA.

UNIQA is included in the "Discontinued Operations" and an impairment is recognized in the 2013 consolidated financial statements

The impairment calculation is based on the Offer 2 since this is the preferred offer of UTS. The bidder is currently conducting its due diligence and will need to come up with a binding offer after June 14, 2014.
Management realizes that this is a non-binding offer and the outcome of the negotiations are uncertain.
The impairment is calculated by restating the UNIQA balance sheet as per 31 December 2013 for consolidation purposes. The assumption is made that the net intercompany payable is converted into shares prior to the transaction.
The intangible and tangible assets are impaired for ANG18,993,500.

The annual financial statements of UNIQA were prepared on a "going concern basis" and the impairment is accounted for only in the consolidated statements. UTS has provided UNIQA with a "Letter of limited comfort".

UTS agrees not to claim the outstanding balances of the long term loans and current accounts with Intelsur N.V., for the period of twelve months after the date of the signing of the financial statements 2013, in such a way that such a claim, if any, will have adverse impact on the ability of Intelsur N.V. to continue as a going concern.

UTS N.V. also undertakes to provide financial support to cover any shortfall in reasonable operating expenses till such time as a sale of the shares of Uniqa are realized or there is an orderly liquidation of the company, but in any case not exceeding June 30, 2015.

Such support will be at the discretion of UTS and will not be unreasonably withheld to the extent that financial support is required for routine working capital requirements. The progress of Uniqa shall be closely monitored and reviewed during the course of the year to determine if UTS will continue to provide such limited support beyond June 30, 2015.

Management of UNIQA still believes in the business but they also realize that the Company will have going concern issues without a capital injection in the form of loan or equity.

The sale of the shares in UNIQA is expected to be finalized in 2014.

Eastern Caribbean

For the Eastern Caribbean region with its main venture on St. Maarten, the year 2013 did not come without its challenges which partially originate from the previous year. In the first quarter of 2013, there was a change of command at which the Interim COO returned to Curacao enabling the CEO UTS Eastern Caribbean to return to his command of the business operations of the UTS Eastern Caribbean Division. Consequently, starting the discussions on the restructuring of UTS Eastern Caribbean and the discussions regarding the Telem/UTS merger intensified during 2013.

From a Commercial perspective major highlights were promotional activities during the Heineken Regatta in March, a diverse array of promotional activities in April for Carnival, the expanded Caribserve X-games from February – July, St. Maarten Bike Fest in November and December promotions leading into the Christmas holidays. After the launch of our Beta product 3G 2012, we were able to go commercial in July 2013 with some serious glitches, hence commercial targets on 3G were not met. Considerable growth was seen in the French market towards the 4th quarter of 2013 due to new product offerings. The year was also earmarked as the 10th anniversary of our mobile division Chippie, a large number of activities were held throughout 2013 to reward customers and show customer appreciation. We closed this celebration in November with large sales incentives. Due to a shift in the service access fee and the type of Blackberry devices available, we were able to eliminate these additional expenses and saw a shift from Blackberry to Android, which is seriously affecting our network as the calling behavior of our customers is changing and data usage is increasing rapidly.

We have seen a significant drop in our subscriber base on St. Eustatius. Despite countless attempts, gaining back our market share has proven to be challenging.

On 4G, NTG N.V. continued to show growth on Dutch St. Maarten, shifting existing customers from Canope to WiMAX and, in addition, attracting new customers. Our network capacity was expanded in order to ensure continued growth. However, growth of NTG SARL has come to a complete standstill, due to fierce competition in the French territories and the licenses of NTG SARL have to be upgraded.

EC Technical Operations was engaged in several major projects to enhance the service to the clients and prepare for future growth. The major accomplishments were, the addition of six new sites in strategic locations to facilitate the change in customer usage which has become more data orientated.

The latter meant that the high sites were no longer optimum for high speed data usage and the new technologies such as 3G/LTE, this also presented a challenge from a backhaul perspective. Therefore, we embarked on a more aggressive approach of laying of conduits with the intention of in the near future having the main site being backhauled to the central office by means fiber this would facilitate the demand for higher data rates hence the RCN project. The UTS Eastern Caribbean Division is focusing on businesses that are located along the main route to select those customers that will generate revenues.

In addition, we also recognized the need to improve on the backup generator system for the central office and create more resilience in said regard hence a new power room was constructed to protect the new generators.

We added 4 new NTG sites to the network and expanded some sectors to be able to cope with the data demand and to be more competitive. The next phase is optimization of the network to enhance its performance. This will not be without its challenges either as there are some major issues of concern that can impact the business operations of UTS Eastern Caribbean territories.

From a Human Resources perspective, 2013 continued with the challenges in the HR formation plan, fulfilling the vacant positions and overall saw the commencement of the restructuring process of UTS Eastern Caribbean. Proposals for the new HR Structure for UTS Eastern Caribbean were discussed in June followed by advice and recommendations received from HR Directorate. Due to budget cuts requested by the Executive Management of UTS, the Management Team of UTS Eastern Caribbean was requested to prioritize the critical decisions affecting the general business operations.

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The new CLA 2011-2014 was signed late 2013 and published. There are discrepancies seriously affecting the human resources of UTS Eastern Caribbean as such that even though all employees are in service of UTS N.V., in the scope of the restructuring of UTS Eastern Caribbean Division. A HR plan has to be drafted and some conditions have to be adapted to the Eastern Caribbean situation with the assistance of an external consultancy company e.g. different salary scales and differences in positions, review of and revisions to the present job descriptions. Thus, resulting in financial consequences requiring possible adjustments to the future UTS Eastern Caribbean Operational Budgets. UTS Eastern Caribbean division is working on attracting and hiring qualified resources to carry out its operations, especially the technical operations, considering that we have to move faster, maintain the required QoS and increase revenues.

For Caribglobe, St. Kitts, its situation remained "status quo". The intention is either to sell the Caribglobe, St. Kitts operations or to request bankruptcy in the year 2014.

Despite the major challenges faced in 2013, through determination, hard work and the fierce belief of employees in the company, UTS once again, was selected Best Telecom Provider for 2013.

Wholesale

The Carrier Services group was relying on 5 main areas of revenues, mainly International incoming-, Outgoing-, National, Roaming and SMS Premium traffic. The trend development in 'voice traffic' areas still has a negative slope due to the decrease in overall voice traffic. The major cause is an overall substantial increase in data usage (traffic) and also of new VoIP alternatives by competitors (Skype, Facebook, Whatsapp, etc). Competition in these categories is getting more aggressive and margins are still dropping. The development of the new unit, the Wholesale Unit, is reaching its finalization and should be an alternative to counteract the drop in revenues by developing additional and new specific wholesale products and services. The evolvement towards the Wholesale unit (since 2012) expanded to the following main sources of income that are dictating its revenue results, these being International Incoming traffic, International Incoming-, Outgoing-, National (local-to-local) and Roaming traffic plus Capacity- (IPL's, IRU's, IP transit) and SMS Premium services. During 2013 and 2014 these 'risks' were/will be dealt with differently as the unit will evolve more based on wholesale principles. By approaching more 'major brands' and form alliances with national and international companies. Main goals are to consolidate and/or increase revenues, increase negotiating power, regain and keep traffic volumes on own network, extend roaming coverage to more markets, review MVNO services and develop additional SMS services.

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Corporate Citizenship

2013 was a year full of challenges for UTS. Several topics made the highlight in the media and other relevant topics were dealt with internally. All the topics were dealt with on a professional matter, with one important thought in mind; Customer Care and Customer Satisfaction. One of the most relevant topics that we want to pay attention to is our corporate citizenship. For years UTS has contributed to the community in several manners. We have granted donations and sponsorship to many organizations. Below is a compilation of the most relevant donations and sponsorship during the year 2013:

- Instituto pa Formashon Musikal: to give support to this annual cultural festival 'Un Kanto pa Kòrsou'.
- ReiTumba 2013 Djuric Virginie: his exclusive telecomm sponsor.
- Annual Woman Conference: to give support to this annual woman conference.
- Fundashon Sami Sail: give support to this annual cultural event at Boka Sami (for some years now).
- Fundashon Ta Basta ku Bulgaridat: annual support to this foundation to stop or slow down rudeness and promote mutual respect (for some years now).
- Fundashon Karnaval Banda Bou: to give support to Banda Bou's Carnival (for some years now).
- Chippie Santa Maria Pirates: to give support to this Baseball AA team (for some years now).
- FESEBAKO: free internet for all 'sentronan di bario' affiliated to FESEBAKO (for their special pc programs accessible for the youth, people in those areas, etc.).
- Biblioteka Publiko: free internet for the youth and people visiting the library.
- Churandy Martina: (athlete) his exclusive (telecomm) sponsor 'from scratch'.
- JairJurrjens: (baseball Atlanta Braves) his exclusive sponsor (telecomm) for some years now.
- AGKK: Biggest sponsor/partner of the carnival committee to contribute to one of Curacao's biggest cultural event (for some years now).
- AMAK: Branding partner of the Tumba committee to contribute to one of Curacao's biggest cultural event (for some years now).
- FEBEKO: Federashon Baseball Korsou to give support to the baseball federation of Curacao.
- Korps Politie Curacao: to support their annual celebration.
- Rotary Club: to support their annual benefit lottery.
- Fundashon Seú: to give support to our cultural 'oogstfeest' (annual).
- Little League organization: to give support to all little league teams affiliated.
- Miscellaneous: Churches / Schools / Foundations / sport teams / some school study trips / youth carnival group.

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Corporate Governance

Introduction

The term 'Corporate Governance" refers to the relationship between the principal bodies of companies. For UTS the main corporate governance statutes for the ultimate parent company in the UTS Group are enacted in the UTS Corporate Governance Manual, the Book 2 of the Civil Code of Curaçao (hereinafter "the Civil Code") and the Articles of Association of the Company (hereinafter "the Articles"). The latter provisions may not be in contravention with the provisions as included in the Civil Code.

Corporate Governance centers on the role of the statutory bodies and the external auditors with respect to the implementation of sound management practices in a corporation. Therefore, the relevant statutes regard the position, competencies and roles of:

- the General Meeting of Shareholders or the Shareholders' Meeting;
- the Executive or Managing Board, also referred to as "Management";
- the Board of Supervisory (or non-executive) Directors or Supervisory Board of Directors and
- the External Auditors.

Good Corporate Governance should result in an effective decision-making in a manner which enhances shareholder value and enables a company to maintain a culture of integrity, transparency and trust.

As from October 28, 2009 the Government of Curaçao made an island resolution "Eilandsbesluit Code Corporate Governance Curaçao". This island resolution entered into force as per January 1, 2010. A large part of the regulations in this Corporate Governance Code were already standard practice within UTS.

This is the 4th year that UTS has included a Corporate Governance paragraph in its annual report. Based on the Code of Corporate Governance Curaçao, a checklist has been prepared to monitor compliance and this checklist has been duly filled in by UTS.

The General Meeting of Shareholders

Shareholders of limited liability corporations like the UTS-Group entities have some specific rights and obligations. The various shareholders' rights and obligations are defined in the Articles of Association of each individual group entity. In addition to the Articles of Association, legal provisions regarding the powers, duties and responsibilities of shareholders of limited liability companies are found in the corporate law of each jurisdiction in which the UTS-Group operates.

The General Meeting of Shareholders (hereinafter also referred to as the "General Meeting") as a distinct entity from the various individual shareholders is the only forum in which these shareholders can exercise their rights and responsibilities. The Supervisory Board of Directors and the Managing Board are -hence solely accountable, and therefore report only, to the General Meeting of Shareholders.

The Managing Board is solely accountable for managing the operations and activities of UTS-Group entities under the supervision of the Supervisory Board of Directors. However, the members of both boards are appointed by the General Meeting. Consequently, shareholders are able to exert influence through the Supervisory Board of Directors to implement improvements in the corporate governance of the UTS-Group.

The Executive or Managing Board, also referred to as "Management"

The Board of Management consisted of seven members starting the year 2013 and this was reduced due to the new organization structure to 5 members. According to article 7, paragraph 1, of the Articles of Association of UTS N.V., the Managing Board is charged with "managing" the company, which means, among other things, that it is responsible for setting and achieving the company's objectives, strategy and policies. Despite the fact that the term "management" as part of the responsibilities of executive directors and senior-officers may or may not be directly defined in corporate law, management theory and practice, and even case law, provide some concrete indications of what should be included under that term. In accordance with general understanding to that effect, the UTS Group of companies accepts that Board of Management is responsible for the following actions:

- Daily management.
- Budgeting and planning.
- Compliance with all relevant laws and regulations.
- Proper record keeping and preparation of financial statements.
- Setting and implementing policies and strategies.
- Ensuring that the UTS-Group has effective risk managing, control and information systems.
- Monitoring and reporting.
- Legal representation of the corporation.
- Controlling and monitoring daily operations.
- Management is responsible for such internal control as management determines is necessary to enable the preparation of financial statements that are free of material misstatement, whether due to fraud or error. The Supervisory Board is responsible for overseeing the Company's financial reporting process.
- Managing the risks related to the UTS-Group's activities through the Internal Audit Department of UTS that reports both to CEO and the Audit Committee of the Supervisory Board of Directors. Based on a high level risk assessment the Internal Audit Department perform several controls testing on selected key Processes within UTS-Group's activities in order to provide objective and relevant assurance which contributes to the effectiveness and efficiency of governance, risk management and control processes. Internal Audit performs an independent and objective assurance and advisory function, assessing the effectiveness of UTS risk management, control and governance processes. These audit and review processes safeguard the quality of governance, processes and controls.
- Adequately informing the Supervisory Board of Directors on issues that are important for the fulfillment of its tasks.

In any case, UTS-Group directors and senior-officers take due account of and accept current views of what constitute modern management and corporate governance, based on the premise that we are mere stewards of the capital invested by the corporation's shareholders.

Reference is made to paragraph Organizational Structure and Management for more details on each board member.

In the year 2013 the total gross remuneration to the Board of Management amounted to ANG2.4 million (2012: ANG2.6 million).

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The detailed breakdown is as follows:

Year	Gross Salary	Deputation Allowance	Car Allowance	Other Allowance	Vacation Allowance	Performance Allowance	Total
2013	1,622,026	8,976	151,500	133,927	155,946	294,634	2,367,009
2012	1,692,772	6,300	174,000	169,088	171,741	350,202	2,564,103

The Board of Supervisory (or non-executive) Directors or Supervisory Board of Directors

The Supervisory Board of Directors oversees strategic and organizational policy making by the Board of Management and the way in which it manages and directs UTS operations and affiliated/associated companies. Member of the Supervisory Board of Directors are appointed by the Annual General Meeting. According to the Articles of Association, the Supervisory Board of Directors must consist of at least five and not more than seven members. Starting the year 2013 the UTS Supervisory Board of Directors consisted of seven members. These members were as follows: Mr. Kenneth Gijsbertha (President), Mr. Emil S. Walle (Vice President), Mr. Gregory Berry, Mr. Chesron D.A. Isidora MBA, Mr. Irving F.R.S.A. Moenir Alam, Mr. Gilbert C. Ricardo and Mr. Edsel A.H. Lourens. During the year there were 3 resignations from the Supervisory Board of Directors of UTS: Mr. Gregory Berry resigned as per April 1, 2013, Mr. Chesron D.A. Isidora MBA resigned as per November 18, 2013 and Mr. Irving F.R.S.A. Moenir Alam resigned as per November 28, 2013 The following new members of the Supervisory Board of Directors were appointed: Mr. Christian A. Peterson as per October 30, 2013. Mr. Charles C. Davelaar and Mrs. Marisella M. Smith – Petronella who have been appointed on January 16, 2014.

The following retirement schedule for the Supervisory Board members has been approved by the General Meeting of Shareholders:

General Meeting of Shareholders regarding fiscal year 2013	Mr. Emil S. Walle Mr. Edsel A.H. Lourens
General Meeting of Shareholders regarding fiscal year 2014.	Mr. Kenneth A. Gijsbertha Mr. Christian A. Peterson
General Meeting of Shareholders regarding fiscal year 2015	Mr. Gilbert J. Ricardo
General Meeting of Shareholders regarding fiscal year 2014	Mrs. Marisella M. Smith-Petronella Mr. Charles C. Davelaar

The remuneration of the individual members of the Supervisory Board of Directors is determined by the General Meeting of Shareholders. The remuneration of a Supervisory Board of Directors member is not dependent on the results of the Company and is fixed. In the year 2013 the total net remuneration to the Board of Supervisory Directors amounted to ANG113 thousand (2012: ANG125 thousand).

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The detailed breakdown is as follows:

Year	Gross Amount	AOV/AWW employer	AVBZ employer	Wage Tax	Premium AOV employee	Total Premium AOV	Premium AVBZ employee	Total Premium AVBZ	Net Amount
2013	262,238	24,913	1,311	128,759	17,045	41,958	3,933	5,245	112,500
2012	292,252	21,919	1,462	144,373	18,996	40,915	4,383	5,845	124,500

External auditors

The external auditor is responsible for the audit of the financial statements. The external auditor reports to the Board of Management, the Audit Committee and the Supervisory Board of Directors to discuss audit findings pertaining to the annual financial results. The external auditor attends the Annual General Meeting, upon request, to answer questions pertaining to the auditor's report as included in the Annual Report.

Management's report on internal control over financial reporting

As required by the Corporate Governance Code Management is responsible for establishing and maintaining adequate internal control over financial reporting for the Group. The UTS Group's internal control over financial reporting includes policies and procedures that:

- a pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect transactions and dispositions of assets;
- are designed to provide reasonable assurance that transactions are recorded as necessary to permit the preparation of consolidated financial statements in accordance with Dutch GAAP, and that receipts and expenditures are being made only in accordance with authorization of management and the directors of the Company; and
- provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of the UTS- Group's assets that could have a material effect on the financial statements.

Internal controls, no matter how well designed, has inherent limitations including the possibility of human error and the circumvention or overriding of the controls and procedures, and may not prevent or detect misstatements. Also projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions or because the degree of compliance with the policies or procedures may deteriorate.

During the period covered by this document there were no changes in the Group's internal control over financial reporting that have materially affected or are reasonably likely to materially affect the effectiveness of the internal controls over financial reporting

Compliance with Corporate Governance Code

In the below paragraph we will explain the main items for which we did not comply with the Corporate Governance Code in the year 2013.

Reporting requirements

Nothing to report as we did comply with all the reporting requirements as stipulated in the Corporate Governance Code.

General Principles

In the year 2013 the articles of incorporation of UTS NV have not yet been changed to incorporate the Corporate Governance Code of Curaçao. The adapted articles are still awaiting formal approval by the general meeting of shareholders of UTS, who has postponed the agenda point several times. Although the Corporate Governance Code of Curaçao is thus formally not yet in place relating to this aspect, UTS has chosen voluntarily to comply with it and/or explain any non-compliance with the Corporate Governance Code of Curaçao.

The current articles of incorporation of UTS were drafted in 1999. In 2009, a revision to adapt the articles in accordance with "Boek 2 BW" was prepared by the management, adopted by the Supervisory Board of Directors and submitted for approval to the shareholders. It was however not attended by the shareholders meeting. In 2012, management sent the 2009 revision again to the shareholders for approval, and prepared an addition to the draft in accordance with the Code Corporate Governance of Curaçao, to present to the shareholders meeting that was held on February 28, 2011. On February 11, 2011, the government of Curaçao however sent a letter to all government owned companies and foundations, to wait with the revision of their articles, since the government had the intention to unify all articles of these entities in accordance with the Corporate Governance Code of Curaçao. On February 28, 2011, this request was also approved by shareholders resolution and the management was requested to wait for model articles that would be prepared by the shareholder, the government of Curaçao.

The meeting minutes stated: "On the 1st of April 2011, such draft was received, with the request to management and Supervisory Board of Directors to jointly prepare and send comments. On the 18th of April, such joined comments were sent to the shareholders". On August 11, 2011 a second version of the model articles were received by the company. Management and Supervisory Board of Directors jointly prepared their comments and send it to the shareholders for the second time.

In December 2012 the third version of the model articles as drafted by shareholder Curaçao was received by the company. This version was scheduled on the agenda of the shareholders meeting of February 17, 2012.

At this meeting it was decided that the company and shareholder Curaçao would jointly try to come to an understanding regarding the remaining comments of management and Supervisory Board of Directors regarding this third draft. In June 2012 management and Supervisory Board of Directors send its comments again and contacted the SBTNO to discuss the final version. In August 2012 and September 2012, the scheduled shareholders meetings postponed the articles topic on the agenda, until the meeting with SBTNO would have taken place. The meeting between UTS and SBTNO and the discussion with SBTNO indeed took place, however SBTNO indicated that it not yet had received a formal request of shareholder Curaçao to give its opinion, and was awaiting such request.

In February 2013, a shareholders meeting was scheduled on which the articles would again be on the agenda. This shareholders meeting however did not take place. Management and Supervisory Board of Directors of UTS sent the articles again to the shareholders in April 2013, with adaptations as advised by UTS, and asked the shareholders to request formal advice of SBTNO.

On the 28th of April, 2014 the articles were again scheduled for the shareholders meeting that was held that day. The meeting however postponed the topic till next shareholders meeting. At this moment UTS is awaiting finalization of the articles by the shareholders in a formal shareholders meeting.

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The Supervisory Board of Directors

The main noncompliance items for the year 2013 were:

- The evaluation of the Supervisory Board of Directors has not been done yet for this financial year 2013 awaiting the finalization of financial statements of 2013. The evaluation of the Supervisory Board of Directors over the financial year 2012 was done in the year 2013.

- The evaluation of the CEO has not been done yet for this financial year 2013 awaiting the finalization of financial statements of 2013. The evaluation of the CEOs over the financial year 2012 was done in the year 2013.

The Management Board

The main noncompliance item for the year 2013 was:

- Timeliness of the delivery of information to the Supervisory Board of Directors prior to a meeting. The Management Board did not always provide the information two weeks prior to the Supervisory Board of Directors meeting.

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Report Board of Supervisory Directors (Corporate Governance)

The Supervisory Board of Directors supervises the policies of the Board of Management and the general course of affairs of United Telecommunication Services N.V. (UTS N.V.) and advises the Board of Management thereon. The Supervisory Board of Directors, in the two-tier corporate structure under Curaçao law, is a separate body that is independent of the Board of Management. Its independent character is also reflected in the requirement that members of the Supervisory Board of Directors can be neither the Board of Management nor an employee of the Company. The Supervisory Board of Directors considers all its members to be independent pursuant to the Curaçao Corporate Governance Code.

The Supervisory Board of Directors, acting in the interest of the Company and taking into account the relevant interests of the Company's shareholder, supervises and advises the Directors in performing their management tasks and in setting the direction of the Company's business, including (a) achievement of the Company's objectives, (b) corporate strategy and the risks inherent in the business activities, (c) financial reporting (process), and (d) compliance with legislation and regulations. Major management decisions and the Company's strategy are discussed with and approved by the Supervisory Board of Directors.

The composition of the Supervisory Board of Directors follows as much as possible the profile, which aims for an appropriate combination of specific knowledge and experience among its members. The Supervisory Board of Directors currently consists of seven (7) members. Mr. Gregory Berry resigned as per April 1, 2013 and was replaced in the year 2013 by Mr. Christian A. Peterson as per October 30, 2013. Furthermore, Mr. Chesron D.A. Isidora MBA resigned as per November 18, 2013 and Mr. Irving F.R.S.A. Moenir A Lam resigned as per November 28, 2013. They were replaced as per January 16, 2014 by Mr. Charles C. Davelaar and Mrs. Marisella M. Smith – Petronella.

The Chairman of the Supervisory Board of Directors will see to it that (a) the members of the Supervisory Board of Directors receive in good time all information which is necessary for the proper performance of their duties, (b) there is sufficient time for consultation and decision-making by the Supervisory Board of Directors, and (c) the Supervisory Board of Directors functions properly.

The Supervisory Board of Directors has the following committees: the audit committee and an ad hoc committee for housing. Each committee consists of maximum three (3) members of the Supervisory Board of Directors. The audit committee meets regularly and items discussed in the Audit Committee are automatically reported and discussed and put on the agenda of the Supervisory Board of Directors of UTS.

The members of the Audit Committee in the year 2013 were as follows: Mr. Gregory Berry, Mr. Emil Walle,, Mr. Chesron Isidora and Mr. Irving Moenir A Lam. Mr. Gregory Berry resigned and Mr. Irving Moenir A Lam replaced Mr. Gregory Berry as April 1, 2013. Mr. Chesron Isidora resigned on November 18, 2013 and Mr. Irving Moenir A Lam resigned on November 28, 2013 and based on this there were no Audit Committee meetings as of November 18, 2013.
A new Audit Committee was appointed in February 2014 by the Supervisory Board of Directors consisting of Mr. Emil Walle, Mrs. Marisella Smith-Petronella and Mr. Charles Davelaar.

The ad hoc committee housing meets when the business developments so require and this committee consisted in the year 2013 of Mr. Gregory Berry, Mr. Gilbert Ricardo and Mr. Emil Walle. After resignation of Mr. Gregroy Berry as April 1, 2013 the Housing Committee continued to function with Mr. Emil Walle and Mr. Gilbert Ricardo.

Any sphere of personal interest between the Company and the members of the Supervisory Board of Directors is avoided at all times. Decisions regarding transactions whereby possible conflicting interest of a member of the Supervisory Board of Directors and the Company could be in place, and which are of material importance for the Company, need to be approved by the Supervisory Board of Directors. In the year 2013 there were no cases of conflict of interest between the Company and the members of the Supervisory Board of Directors. For transactions between the Company and Supervisory Board of Directors members, see note 25.

The remuneration of the individual members of the Supervisory Board of Directors is determined by the General Meeting of Shareholders. The remuneration of a Supervisory Board of Directors member is not dependent on the results of the Company. The Annual Report of the Company does include the remunerations of the members of the Supervisory Board of Directors.

The Company shall not grant its Supervisory Board of Directors members any personal loans, guarantees or similar arrangements. No such (remissions of) loans and guarantees were granted to such members in 2013, nor were there any outstanding as per December 31, 2013.
The Supervisory Board of Directors pursued its responsibility to oversee and advise the Directors of UTS N.V. on managing its business activities in compliance with statutory requirements. The Supervisory Board of Directors plans to meet twice a month, every second & last Thursday of the month, according to a meeting schedule.

The audit committee of Supervisory Board of Directors met in principle every Wednesday to review matters at hand before submission to the Supervisory Board of Directors.

The evaluation of the Supervisory Board of Directors has not been done yet for this financial year 2013 awaiting the finalization of financial statements of 2013. The evaluation of the Supervisory Board of Directors over the financial year 2012 was done in the year 2013.

The evaluation of the CEO has not been done yet for this financial year 2013 awaiting the finalization of financial statements of 2013. The evaluation of the CEO's for the year 2012 has been done in the year 2013.

Supervisory Board of Directors activities in 2013

The Supervisory Board of Directors continuously monitored the management of business and the management of the Group by the Board of Management of UTS N.V. The objective for this monitoring role was to ensure that the management of the business and the management of the Group were lawful, appropriate and efficient.

The written and oral reports of the Directors formed the primary basis for complying with the statutory task of monitoring. The Board of Management of UTS N.V. regularly report to the Supervisory Board of Directors on the corporate planning, business development, significant business transactions of the Group and proposals.

At the meetings of the Supervisory Board of Directors, the Supervisory Board of Directors regularly reviewed the current situation of the Group on the basis of the Directors' written and oral reports and evaluated the Directors' performance in these matters subsequently.

In particular, the strategic development of the business, the refinancing of UTS, the unfolding competitive landscape, and new business options & strategies were amply discussed during the Supervisory Board of Directors meetings. The financial performance of the Company was extensively presented and discussed at the Supervisory Board of Directors meetings.

The reports of the Directors of UTS N.V. met the requirements imposed on them by the Supervisory Board of Directors with regard to both content and scope.

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In addition to the above, the following main issues were discussed and reviewed in detail by the Supervisory Board of Directors;

- Monitoring of the development of the Group's strategy;
- Operational structuring of the CEO-office;
- The 2012 Annual Report;
- Execution of 3 audits assigned by the shareholder;
- The management regulations version III dated 11.17.2011 has been established;
- A liability insurance for the Supervisory Board of Directors;
- Monitoring of UNIQA developments during Supervisory Board of Directors meetings;
- Participation of UTS in the CTEX datacenter;

- The analysis of competitive entries into the market, TRES and Flow, and the design of new UTS marketing strategies to meet the new competitive challenges;
- Strategy plan for the unbundling of Infrastructure and Service;
- Formalization of a resignation schedule for Supervisory Board of Directors members;
- Defining a profile for Supervisory Board of Directors members based on international best practices;
- Performance evaluation of the Directors;
- Initiation of the development of a new more intricate performance agreement for the Directors;
- Start implementing Project Management Office;
- Analysis of Standard Statutes;
- Dividend policy of the Group;
- Acquisition of a new headquarter for UTS;
- Strategy plan 2011 – 2015;
- Evaluation analysis of External Accountants on the local market;
- UTS Budget Report 2013;
- Monitoring of the proper cost analysis for all business units;
- Approval of UTS Budget amendment of 2013;
- The evaluation of the closing of UTS St. Kitts or incorporation into the Easter Caribbean structure;
- Monitoring implementation of solutions to the problems of temporary agency workers and proper outsourcing;
- Establishing LAR procedures;
- Determination holiday schedule for CEOs;
- Reviewing & approval of the UTS budget for 2014;
- Action plan 2013.

Independence

All the members of the Supervisory Board of Directors were independent from the Company in conformity with the meaning of the Curaçao Corporate Governance Code for "Overheids N.V.'s".

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Changes in the composition of the Supervisory Board of Directors

3 resignations from the Supervisory Board of Directors of UTS:

- Mr. Gregory Berry resigned as per April 1, 2013;
- Mr. Chesron D.A. Isidora MBA resigned as per November 18, 2013 and
- Mr. Irving F.R.S.A. Moenir Alam resigned as per November 28, 2013

3 new appointments in the Supervisory Board of Directors of UTS:

- Mr. Christian A. Peterson as per October 30, 2013.
- Mr. Charles C. Davelaar and Mrs. Marisella M. Smith – Petronella who have been appointed on January 16, 2014.

Attendance of the Supervisory Board of Directors members

During 2013 there was no case of non-regular attendance of Supervisory Board of Directors members.

Finally, the Supervisory Board of Directors would like to thank the Management team of UTS N.V. and all the employees for their commitment and dedication and effort during this financial year 2013.

The Supervisory Board of Directors

The consolidated financial statements 2013 of the Company were approved during a Supervisory Board of Directors meeting on June 13, 2014.

P.T. de Geus MBA MSc.
Chief Executive Officer
Supervisory Board of Directors:

Kenneth Gijsbertha
President of the Supervisory Board of Directors

Marisella M. Smith – Petronella
Vice President of the Supervisory Board of Directors

Gilbert C. Ricardo
Member of the Supervisory Board of Directors

Edsel A.H. Lourens
Member of the Supervisory Board of Directors

Christian A. Peterson
Member of the Supervisory Board of Directors

Charles C. Davelaar
Member of the Supervisory Board of Directors

Emil S. Walle
Member of the Supervisory Board of Directors

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The Board of Directors and Shareholders
United Telecommunication Services N.V.

Curaçao

Our ref 14/06-050

INDEPENDENT AUDITOR'S REPORT

We have audited the accompanying consolidated financial statements of United Telecommunication Services N.V. (the "Company") as set out on pages 40 up to and including 81, which comprise the consolidated balance sheet as at December 31, 2013, the consolidated profit and loss account and the consolidated statement of cash flows for the year then ended, and the notes, comprising a summary of significant accounting policies and other explanatory information.

Management's responsibility for the consolidated financial statements
Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with Book 2 of the Civil Code of Curaçao and for the preparation and presentation of the Report by the Board of Management and the Report of the Supervisory Board of Directors in accordance with Book 2 of the Civil Code of Curaçao and the Island Decree Corporate Governance Code Curaçao. Management elected to apply generally accepted accounting principles in the Netherlands for the preparation of the consolidated financial statements. Furthermore, management is responsible for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

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14/06-050

Opinion

In our opinion, the consolidated financial statements give a true and fair view of the financial position of United Telecommunication Services N.V. as at December 31, 2013, and of its financial performance and its cash flows for the year then ended in accordance with Book 2 of the Civil Code of Curaçao applying generally accepted accounting principles in the Netherlands.

Report on other legal and regulatory requirements

We believe that the Report by the Board of Management, to the extent we can assess, is consistent with the consolidated financial statements as required by article 121 sub 3 Book 2 of the Civil Code of Curaçao.

Further, pursuant to paragraph 4.5 of the Island Decree Corporate Governance Code Curaçao, to the best of our knowledge and belief, and to the extent we were reasonably able to verify the contents to underlying information provided to us, nothing has come to our attention to indicate that the Report by the Board of Management and the Report of the Supervisory Board of Directors do not comply with the requirements of the Island Decree Corporate Governance Code Curaçao.

Curaçao

June 13, 2014

KPMG Accountants B.V.

Sanjay Agarwal, FCA

Consolidated balance sheet as at December 31

Assets	Note	2013	2012*
(in Netherlands Antillean Guilders)			
Fixed assets			
Intangible fixed assets	2	38,122,523	37,202,425
Tangible fixed assets	3	250,945,854	266,913,853
Financial fixed assets	4	9,096,374	9,113,329
		298,164,751	**313,229,607**
Current assets			
Inventories and work-in-progress	5	17,044,867	15,670,991
Debtors	6	109,624,732	107,764,781
Receivable from foreign carriers	7	10,792,149	7,915,686
Deferred tax assets	13	6,482,405	7,854,994
Receivable from shareholder	16	8,911,267	8,911,267
Other receivables	8	15,371,538	15,029,424
		168,226,958	**163,147,143**
Investments	9	25,000	25,000
Cash and cash equivalents	10	39,336,317	55,552,629
		207,588,275	**218,724,772**
Total assets		**505,753,026**	**531,954,379**

*Adjusted for comparison purposes

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Consolidated balance sheet as at December 31

(after appropriation of profit)

Group's equity and liabilities	**Note**	**2013**	**2012***
(in Netherlands Antillean Guilders)			
Group's equity	11		
Share-capital		180,000,000	180,000,000
Share premium reserve	16	42,499,876	42,499,876
Accumulated shortages		(5,329,945)	24,042,104
Shareholders' equity		217,169,931	246,541,980
Minority interest	12	18,240	18,240
Total group's equity		**217,188,171**	**246,560,220**
Provisions	13	**91,184,378**	**70,479,725**
Non-current liabilities			
Subordinated loan from minority shareholder	14	-	3,428,942
Liability to shareholder	16	11,444,157	11,444,157
Deposits payable	15	2,689,863	4,337,456
		14,134,020	**19,210,555**
Current liabilities			
Bank overdraft	10	30,144,273	28,918,321
Accounts payable	17	93,305,387	90,977,541
Liabilities to foreign carriers	7	1,267,964	627,057
Other accrued liabilities and payables	18	58,529,013	75,180,960
		183,246,637	**195,703,879**
Total group's equity and liabilities		**505,753,026**	**531,954,379**

*Adjusted for comparison purposes

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Consolidated profit and loss account for the year ended December 31

(in Netherlands Antilles Guilders)	Note	Discontinued operations	Continuing operations	2013	2012*
Gross revenues		8,615,419	387,163,669	395,779,088	413,872,976
Cost of sales		(4,239,145)	(102,412,545)	(106,651,689)	(109,184,417)
Net revenues	19	**4,376,274**	**284,751,124**	**289,127,399**	**304,688,559**
Provision reorganization UTS	13	-	(20,669,555)	(20,669,555)	-
Personnel expenses	20	(2,180,860)	(92,148,926)	(94,329,786)	(104,234,613)
Depreciation		(7,482,931)	(55,650,994)	(63,133,925)	(61,671,340)
Impairment tangible and intangible assets	2,3	(18,993,500)	-	(18,993,500)	-
Release/(addition) allowance for doubtful accounts		1,579,205	(8,084,287)	(6,505,082)	(4,144,194)
Operating costs	21	(9,313,966)	(112,226,650)	(121,540,616)	(116,088,133)
Other income/(expenses)	23	(1,504,923)	14,561,358	13,056,435	(10,668,727)
Total operating expenses		**(37,896,975)**	**(274,219,054)**	**(312,116,029)**	**(296,807,007)**
Net operating profit		**(33,520,701)**	**10,532,071**	**(22,988,630)**	**7,881,552**
Financial income/(expenses) (net)	22	(19,781)	(3,075,666)	(3,095,447)	(1,899,845)
(loss)/profit before result from participation		**(33,540,482)**	**7,456,405**	**(26,084,077)**	**5,981,707**
Result from participation		-	-	-	-
(loss)/profit before taxes		**(33,540,482)**	**7,456,405**	**(26,084,077)**	**5,981,707**
Profit tax	24	-	(3,287,972)	(3,287,972)	(2,953,429)
Net (loss) profit after profit tax		**(33,540,482)**	**4,168,433**	**(29,372,049)**	**3,028,278**
Minority interest	12	-	-	-	-
Net (loss) profit for the year		**(33,540,482)**	**4,168,433**	**(29,372,049)**	**3,028,278**
Items recognized directly in shareholders' equity		-	-	-	-
Total comprehensive income		**(33,540,482)**	**4,168,433**	**(29,372,049)**	**3,028,278**

*Adjusted for comparison purposes

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Consolidated statement of cash flows for the year ended December

(in Netherlands Antilles Guilders)	2013	2012*
Cash flow from operations		
Net result for the year before minority interest	(29,372,049)	3,028,278
Adjustments:		
Depreciation	63,133,925	61,671,340
Impairment	18,993,500	-
Increase in provisions	20,704,653	6,879,037
Changes in working capital		
Decrease / (Increase) in current asset	(5,079,815)	4,776,813
(Decrease) / increase in liabilities	(12,457,242)	17,516,470
(Decrease) / Increase in deposits payable	(1,647,593)	(294,512)
(Decrease) / Increase liability to shareholder, a related party	(3,428,942-	(11,754,157)
Cash flow from operating activities	**50,846,437**	**81,823,269**
Cash flow from investment activities		
(Investments) / Disinvestment (net) in intangible and tangible fixed assets	(67,079,704)	(74,105,078)
(Investments) / Disinvestment (net) in financial fixed assets	16,955	(8,053,605)
Cash flow from investing activities	**(67,062,749)**	**(82,158,683)**
Cash flow from finance activities	-	-
Increase (decrease) in cash and cash equivalents	**(16,216,312)**	**(335,414)**
Cash and cash equivalents (including current account banks) at the beginning of the year	**55,552,629**	**55,888,043**
Cash and cash equivalents (including current account banks) at the end of year	**39,336,317**	**55,552,629**

For the disclosure of interest received, interest paid and income tax paid see respectively notes 22 and 24 . There are no difference between profit and loss amounts, and amounts mentioned in this cash flow .

*Adjusted for comparison purposes

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See accompanying notes to the consolidated financial statements

Notes to the 2013 consolidated financial statements

1 General

United Telecommunication Services N.V. (hereafter referred as the "Company" or "UTS") was incorporated on March 26, 1999 under (former) Netherlands Antilles laws with its registered office in Curaçao. Due to the dissolution of the Netherlands Antilles, the laws of the Netherlands Antilles became the laws of the country Curaçao.

According to the articles of association the Company's general objective is to participate in and manage other companies, especially companies which have as objective the establishment and operation of (public) telecommunication infrastructure in the countries Curaçao, St. Maarten and BES-Netherlands (former islands of the Netherlands Antilles) and abroad for the provision of local, inter-island and international telecommunications services.
The Company and its subsidiaries have concessions and licenses to operate in the various jurisdictions where they are established. Currently the group has received concession and licenses from the respective authorities to operate in the following jurisdictions:

- The countries Curaçao, St. Maarten and BES-Netherlands (former islands of the Netherlands Antilles): Concessions Mobile and Fixed telephony, Television services, International calls and Wireless internet;
- French St. Martin and St. Barthelemy: Concession Mobile telephony;
- Surinam: Concession Mobile telephony;
- St. Kitts and Nevis: Concession Mobile telephony.

Financial reporting period
These consolidated financial statements have been prepared for a reporting period of one year.

Basis of preparation

The financial statements have been prepared in accordance with Book 2 of the Curaçao Civil Code using generally accepted accounting principles of the Netherlands. The principles adopted for the valuation of assets and liabilities and determination of result are based on the historical cost convention. The applied accounting principles follow the fundamental accounting assumptions of going-concern, consistency and accrual.

Management is of the opinion that using the generally accepted accounting principles of the Netherlands represents the enterprise's financial position and that users of the financial statements are informed clearly and transparently. Management concludes that these consolidated financial statements fairly represent the group's financial position, financial performance and cash flows. The consolidated financial statements comply in all material respects with applicable financial reporting standards.

UTS management has not yet implemented IFRS pending the completion of 2 major projects namely Comverse implementation (complete new billing system) and SAP (general ledger) upgrade.

The consolidated financial statements were authorized for issue by the Board of Directors on June 13, 2014.

Going concern

These consolidated financial statements have been prepared on the basis of the going concern assumption based on the Company's financial position.

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Reporting currency

These consolidated financial statements are presented in Netherlands Antilles Guilders (ANG), which is the Company's functional currency.

Accounting policies:

Assets and liabilities valuation and recognition

If not stated otherwise, assets and liabilities are shown at nominal value.

An asset is disclosed in the balance sheet when it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity and the cost of the asset can be reliably measured. A liability is disclosed in the balance sheet when it is expected to result in an outflow from the entity of resources embodying economic benefits and the amount of the obligation can be measured with sufficient reliability.

If a transaction results in a transfer of future economic benefits and/or when all risks relating to assets or liabilities transfer to a third party, the asset or liability is no longer included in the balance sheet. Assets are not included in the balance sheet if economic benefits are not probable or cannot be measured with sufficient reliability.

Income and expenses recognition

Income is recognized in the profit and loss account when an increase in future economic potential related to an increase in an asset or a decrease of a liability has arisen, the size of which can be measured reliably. Expenses are recognized when a decrease in the economic potential related to a decrease in an asset or an increase of a liability has arisen, the size of which can be measured with sufficient reliability.

The revenue and expenses are accounted for in the period to which they relate. Revenue is recognized when the Company has transferred to the buyer the significant risks and rewards of ownership of the goods.

Use of estimates

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent liabilities at the date of the financial statements and the reported income and expenses during the reported period. On an ongoing basis, management evaluates its estimates and judgments in relation to assets, liabilities, contingent liabilities, income and expenses. Management bases its estimates and judgments on historical experience and on various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. Revisions of estimates are recognized in the period in which the estimate is revised and in future periods for which the revision has consequences.

Basis of consolidation

Subsidiaries are those enterprises controlled by the Company. Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of an enterprise so as to obtain benefits from its activities. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

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The Company has a 100% interest in Antelecom N.V., Setel N.V., International Data Gateway N.V., Dataplanet N.V., Windward Island Cellular Company N.V., Radcomm N.V., UTS Caraibe FWI S.A.R.L., UTS (St. Kitts and Nevis) Ltd., Dutch UTS B.V. and Antilliaanse Televisie Maatschappij N.V. (ATM). The financial statements represent the consolidated position and operations of the parent and its subsidiaries (together the "Group"). All inter-company transactions, balances and unrealized results on transactions between group companies are eliminated on consolidation. The group companies are consolidated in full with minority interest presented within group equity separate from the parent's equity. Minority interests in the profit and loss account of the group are presented as an item of income and expense on the face of the profit and loss account.

The following subsidiaries have been consolidated:

- Setel N.V. and its subsidiaries Setel Participatie Maatschappij N.V., Curinfo N.V., Television Distribution Systems N.V., TeleLease N.V., Paytel N.V. , Carib Teleconsult N.V. and Bonaire Operations;
- Antelecom N.V. and its subsidiaries Caribbean Cable Links N.V., Caribbean Advanced Telecommunication Services N.V. and Submarine Cable Company N.V and Bonaire Operations.
- International Data Gateway N.V.
- Data Planet N.V. combined with Telematica Facilities Management N.V.
- Radcomm N.V.
- Windward Island Cellular Company N.V.
- UTS (St. Kitts and Nevis) Ltd. and its 60% subsidiary UTS Cariglobe Mobile Services Ltd.
- UTS Caraibe FWI S.A.R.L. and its subsidiaries E.U.R.L Iles Du Nord S.A.R.L. and St. Martin and St. Barthelemy Tel Cell S.A.R.L. (99.87%) and Network Technology Group N.V.
- Antilliaanse Televisie Maatschappij N.V. and Kelkboom Broadcasting N.V.
- Dutch UTS B.V. and its subsidiaries UTS Suriname N.V., International Telecommunication Suriname N.V. (80%) and Network Technology Group S.A.R.L

All subsidiaries are wholly (100%) owned unless disclosed otherwise.

Non-consolidated financial fixed assets

As from February 2008 the Company holds a 49% interest in the shares of Elephant Talk Global Holding B.V. ("ET"). The purpose of ET is to design, install, maintain, and exploit networks of WIFI in the Caribbean area and Surinam.

On July 7, 2011 UTS and Curaçao Technology Exchange N.V. (CTEX) entered into a participation agreement as supplemented by addendum dated October 25, 2011 and agreed that the terms and conditions as set out in the Partnership Agreement shall be incorporated in a Corporate Agreement. This Corporate Agreement has been executed on April 12, 2012 and by means of the Corporate Agreement, UTS has acquired 60.98% of the preferred shares A in the capital of CTEX. UTS has paid USD5,000,000 as part of the participation agreement.

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In accordance with RJ other circumstances also need to be taken into consideration to determine whether a group relationship exists. Based on the Corporate Agreement of April 12, 2012 provided, specific items are included that could further indicate that "feitelijke beleidsbepaling" will not be determined by UTS. CTEX is not consolidated in UTS and is treated as participation because of the following specific reasons:

1. According to articles 6.8 and 6.11 of the Corporate Agreement of April 12, 2012, CTEX shall be managed by a Management Board which has allocated its duties between a General Board and an Executive Board. The General Board shall consist of 7 members. The members shall be appointed, suspended or removed from office by the Meeting of holders of preferred shares (with voting rights). Each appointment must be in consent with the Chairman of the General Board. There are binding nominations of the members and this is as follows:

   - 3 General Board members are appointed by UTS;
   - 1 General Board member is appointed by DFT: being the Chairman of the General Board;
   - 2 General Board members are appointed by Girobank;
   - 1 General Board member shall be appointed on a non-binding nomination by UTS and DFT jointly. Till June 8, 2014 there is no formal appointment of this 1 General Board member.

2. Based on the stipulations related to the appointments of the General Board, it is concluded that UTS, under normal circumstances, will not obtain control. The General Board members will be paid by CTEX, not by the shareholders they represent, so General Board members will be able to operate more independently, taking into consideration the benefits for CTEX.

3. According to article 6.11 c of Corporate Agreement of April 12, 2012 UTS does not appoint the Chairman of the General Board, the Chairman of the Board is appointed by DFT;

4. The Executive Board will consist of one or more members and shall be appointed by the General Board.

Principles for translation of foreign currencies

Foreign currency transactions

Transactions denominated in foreign currency are translated into the relevant functional currency of the group at the exchange rate applying on the transaction date. Monetary assets and liabilities denominated in foreign currency are translated into the functional currency at the balance sheet date at the exchange rate applying on that date. Non-monetary assets and liabilities in foreign currency that are stated at historical cost are translated into Netherlands Antillean Guilders at the applicable exchange rates on the transaction date. Translation gains and losses are taken to the profit and loss account.

Business operations abroad

The assets and liabilities of foreign operations, including goodwill arising on consolidation, are translated into Netherlands Antillean Guilders at exchange rates applying on the reporting date. Income and expenses of foreign operations are translated into Netherlands Antillean Guilders at the exchange rate on the transaction date.

Per December 31, 2013 the following exchange rates are used:

USD1 = ANG 1.7900 (2012: ANG 1.7900)
EURO1 = ANG2.5057 (2012: ANG 2.3509)
SRD1 = ANG0.5394 (2012: ANG 0.5394)
$EC1 = ANG0.6552 (2012: ANG 0.6552)

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Financial instruments

Financial instruments include investments in shares, debtors and other receivables, investments, cash and cash equivalents, loans and other financing commitments, trade and other payables. We refer to the relevant sections in this accounting policy for the principles of valuation of the afore-mentioned financial instruments.

Related party transactions

Related party transactions are with those enterprises, where the Company has significant influence. Control exists when the Company has the power, directly or indirectly to govern the financial and operating policies of an enterprise so as to obtain benefits from its activities. All transactions with the related parties are conducted in the normal course of business. An interest of 8% (2012: 8%) is charged on group company balances with St. Kitts and Uniqa. We refer to note 25 "related parties". For the group balances with Dutch UTS B.V. an interest of 7% (2012: 7%) is charged.

Summary of significant accounting policies

The following accounting policies have been applied subject to the overriding consideration of prudence, substance-over-form and materiality.

Intangible fixed assets

The Company's regional and international telecommunication networks consist of direct participations in these networks and the Indefeasible Rights of Use of the International and Regional Networks (IRU's). The participations and IRU's are stated at historical cost, less accumulated depreciation and if applicable, less impairments in value.

IRU's and cable participations are depreciated by the straight-line method over their estimated useful lives, being an average of 15 to 20 years. All depreciation expenses are charged to the profit and loss account.

Concessions and licenses acquired from third parties are stated at historical cost, less accumulated depreciation and if applicable, less impairments in value. The depreciation is calculated according to the straight-line method over the estimated useful lives. All depreciation expenses are charged to the profit and loss account.

Goodwill represents the excess of the cost of the acquisition over the Company's interest in the net realizable value of the assets acquired and liabilities and contingent liabilities assumed at the transfer date less amortization and impairment losses. Goodwill is amortized on a straight line basis over an estimated useful life of five years. All amortization expenses are charged to the profit and loss account.

Intangible fixed assets are reviewed for impairment whenever events or changes in circumstances indicate that the book value of the asset concerned may not be recoverable. An impairment loss is recognized for the amount by which the book value of the intangible asset exceeds its recoverable amount. The recoverable amount is defined as the higher of an asset's fair value less cost to sell and its value in use. Impairments are reversed if and to the extent that the impairment no longer exists.

Tangible fixed assets

Land and buildings, telecommunication equipment, other assets and assets under construction are stated at historical cost (cost of purchase or cost of conversion), less accumulated depreciation and if applicable, less impairments in value.. The cost of self-constructed assets includes the cost of materials and direct labor, any other costs directly attributable to bringing the asset to a working condition for its intended use, such as production cost, production overhead cost and interest paid to third parties during the period of construction or manufacturing if any.

Tangible fixed assets are reviewed for impairment whenever events or changes in circumstances indicate that the book value of the assets concerned may not be recoverable. An impairment loss is recognized for the amount by which the asset's book value exceeds its recoverable amount. Impairments are reversed if and to the extent that the impairment no longer exists. The recoverable amount is defined as the higher of an asset's fair value less cost to sell and its value in use.

Depreciation is recognized in the profit and loss account on a straight-line basis over the estimated useful lives of each item of the tangible fixed assets, taking into consideration residual value if any. Land and tangible fixed assets under construction and prepayments on tangible fixed assets are not depreciated.

The following rates of depreciation are applied:

- Buildings 30 years;
- Telecommunication equipment 3 to 12 years;
- Other equipment 2 to 10 years;
- Assets under construction and prepayments are not depreciated.

All depreciation expenses are charged to the profit and loss account. Depreciation is calculated pro-rata when an asset is made available for use during the year. Maintenance expenditure is capitalized when the maintenance expenditure extends the useful life of the asset.

Financial fixed assets

Participating interests where significant influence is exercised over the business and financial policy are valued according to the equity method on the basis of net asset value. The net asset value is calculated on the basis of the accounting principles of the Company. Participating interests with a negative net asset value are valued at nil. In the case that the Company guarantees the debts of the respective participating interest, a provision is recognized. This provision is primarily recognized to the debt of the receivables on the respective participating interest and for the remainder presented under provisions for the part of the share of the losses incurred by the participating interest, or for the estimated payments by the Company on behalf of these participating interests.

Participating interests where no significant influence is exercised are stated at cost less any accumulated impairment losses.

The loans to non-consolidated participating interests are included at amortized cost less any provisions deemed necessary.

Dividends are recognized in the period in which they are declared. Interest income is recognized in the profit and loss account as it accrues, using the effective interest method. Any profit or loss is recognized in the profit or loss as accounted for under financial income or expenses.

Financial fixed assets are valued at the lower of cost and net asset value.

Disposal of fixed assets

Fixed assets available for sale are stated at the lower of their carrying amount and net realizable value.

Inventories and work in progress

Raw materials and consumables are stated at the lower of cost and market value. The cost is based on the first-in first-out principle.

Goods for resale are stated at cost. Cost includes the purchase price and expenditure incurred in acquiring the inventories and bringing them to their existing location and condition.

Work in progress regards ICT services of which costs of raw materials and consumables and direct labor and proportion of production overhead are capitalized. Profit on work in progress is subsequently recognized in the income statement upon completion. Work in process is capitalized if it is probable that it will be recovered and is classified under inventories. Expected losses on projects in progress are immediately recognized as an expense in the profit and loss account.

The measurement of inventories includes possible impairments that arise on the balance sheet date.

Debtors and other receivables

Receivables are stated at amortized cost less a provision for doubtful accounts. Movements during the year in the provision are charged/reversed to the profit and loss account.

Investments

Held to maturity investments are carried at amortized cost using the effective yield method, less any provisions for impairment.

On disposal of an investment, the difference between the net proceeds and the carrying amount stated in the accounts is transferred to the profit and loss account.

Shareholders' equity

Share capital

Common shares are classified as equity. Dividends on common shares are recognized in the shareholders' equity in the period in which they are declared.

Share premium reserve

The share premium reserve is the result of the difference between the value of the paid up capital (capital contribution in kind) at incorporation and the nominal value of the shares obtained by the shareholders Country Curacao and Country Sint Maarten.

Financial instruments that are designated as equity instruments by virtue of the economic reality are presented under shareholders' equity. Payments to holders of these instruments are deducted from the shareholders' equity as part of the profit distribution.

Financial instruments that are designated as a financial liability by virtue of the economic reality are presented under liabilities. Interest, dividends, income and expenditure with respect to these financial instruments are recognized in the profit and loss account as financial income or expense.

Minority interests

Minority interests are measured at net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities at the date of the acquisition. As there is no agreement to pay in capital with the minority shareholder, UTS as being majority shareholder bears the losses of these majority participations completely. The share of these minority shareholders in the aforementioned negative net asset value ("receivables on the minority shareholders") has therefore been completely provided for as per year-end.

Provisions

Provisions are valued either at the nominal value of the expenses expected to be required to settle the liabilities and losses or at the present value of these expenses.

A provision is recognized if

- the Company has a legal or constructive obligation, arising from a past event; and
- there is a probable outflow of resources; and
- The amount can be estimated reliably.

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Employee benefits

APNA Pension plan
A number of employees of the Company (ex-civil servants) participate in a pension plan administered at the Algemeen Pensioenfonds van de Nederlandse Antillen ("APNA"). The pension plan administered by APNA is a multi-employer defined benefit plan giving right to the participant to a pension calculated as a fixed percentage of the average salaries of the last two years of service taking into account a franchise. At balance sheet date there is no information available regarding a possible liability of the Company resulting from possible increases of the premiums in the future.

Related to the APNA pension plan, a provision for supplementary pensions and dearness allowance has been recognized by the Company.

Vidanova Pension plan
The Company also participates in a multi-employer defined benefit plan (Vidanova) in which it is compulsory for all employees to participate if and when they comply with all the required conditions. The pension plan is generally funded by payments from employees and by the employers taking into account recommendations of independent qualified actuaries. A level premium contribution is charged as an advance for the Defined Benefit plans. The advance contributions for these plans are based on a percentage of the pension base.

For defined benefit plans maintained by aforementioned pension funds, the administrators are unable to provide information on the Company's proportionate share of defined benefit obligation and plan assets. Consequently these plans are accounted for as if they are defined contribution plans.

Guardian Life Insurance
In addition to the above mentioned pension plan, there are some employees insured for post-employment benefits at the insurance company Guardian Life of the Caribbean. The insurance premium is financed by the employee and the employer. The insurance gives the right to the employee to a post-employment benefit calculated based on the available funds at that moment.

Provision for anniversary bonus

The employees of UTS are entitled to receive special long-service anniversary bonuses linked to the amount of years in service. The specific entitlement criteria and amount of the bonus are regulated by the Collective Labor Agreement of UTS and the employees.

Deferred tax assets/liability

Deferred tax liability is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. The principal temporary differences arise from depreciation on land and buildings, telecommunication equipment and other assets and tax losses carried forward. Currently enacted tax rates are used in the determination of deferred income tax. Deferred tax assets are recognized to the extent that it is probable that future taxable profit will be available against which the unused tax losses and unused tax credits can be utilized. We refer to note 13 "Provisions".

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Long-term and current liabilities and other financial commitments

Long-term and current liabilities and other financial commitments are stated, after their initial recognition, at amortized cost.

Redemption payments regarding long-term liabilities that are due within 12 months are presented under current liabilities.

Other assets and liabilities

All other assets and liabilities are stated at cost unless mentioned otherwise.

Impairment

The carrying amounts of the Company's assets are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. For assets that are not yet available for use, the recoverable amount is estimated at each balance sheet date. An impairment loss is recognized whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses if any are recognized in the profit and loss account.

Revenue recognition

In the ordinary course of business the net revenues comprise the fair value of consideration received or receivable for the sale of goods and services. Such income is accounted for on the accrual basis when it is probable that the economic benefits will flow to the group and the amount of revenue and the associated costs can be measured reliably. Revenues are presented net of value added tax and turnover taxes, net of the allocations to other telecommunication administrations, returns and allowances, trade discounts and volume rebates and after eliminating sales within the group.

Traffic fees are charged at an agreed tariff for a fixed duration of time or capacity and are recognized as revenue based upon usage of UTS's network and facilities.

Recognition of revenues for prepaid cards is based on actual airtime usage or the expiration of the obligation to provide service which is generally set forth in the general terms and conditions of the specific contract.

Subscription fees generally consist of periodic charges and are recognized as revenue over the associated subscription period.

One-off connection fees and other initial fees are not a separate unit of accounting and their accounting treatment is therefore dependent on the other deliverables in the sale arrangement.

Sales of peripheral and other equipment are recognized when all significant risks and rewards of ownership of the goods are transferred to the buyer, which is normally at the date the equipment is delivered to and accepted by the customer.

Operating expenses

Expenses are recognized in the period to which they are related, using the accrual method.

Other income and expenses

Other income and expenses consists mainly of the write off and cleanup of very old other receivable balance items and other liabilities balance sheet items, for which subsequent settlement and clearance has not taken place for years.

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Financial expenses

Interest expenses are recognized in the period they relate to and are charged to profit and loss account.

Share in the result from investments in participating interests

The share in the result of participating interests consists of the share of the group in the result of these participating interests. Results on transactions, where the transfer of assets and liabilities between the group and the non-consolidated participating interests and mutually between non-consolidated participating interests themselves, are not recognized as they can be deemed as not realized.

The results of participating interests acquired or sold during the financial year are stated in the group result from the date of acquisition or until the date of sale, respectively.

Corporate income tax

Corporate income tax expense comprises current and deferred tax. The corporate income tax expense is based on different tax regimes of the several countries in which UTS operates. Corporate income tax expense is recognized in profit or loss except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Cash flow statement

In the consolidated cash flow statement, cash flows from operating activities are presented using the indirect method, in which the net profit or loss for the period is adjusted for the effects of non-cash transactions, accruals and items of income or expense associated with investing or financing cash flows. Cash flows in foreign currency are translated into Netherlands Antillean Guilders using the exchange rates at the dates of the transactions.

Financial risk management and fair values

The UTS Group activities are exposed to a variety of financial risks, including the effects of foreign exchange risk and credit risk. The UTS Group overall risk management program focuses on minimization of potential adverse effects of these risks on the financial performance of the Company.

The main financial assets of UTS are cash in hand and at bank and trade debtors. The main financial liabilities are trade accounts payable and accrued expenses.

a) Foreign exchange risk
The UTS Group also operates internationally but is not considered to be significantly exposed to foreign currency exchange risk since most foreign transactions are concluded in United States Dollars, which currency is directly linked to the Netherlands Antillean Guilder. The risk of the UTS Group for the EURO and the Eastern Caribbean Dollar is limited.

b) Interest rate risk
Interest rate risk is not considered to be significant since the UTS Group loans are fixed interest bearing.

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c) Credit risk

Trade debtors are presented after the deduction of the provision for doubtful debts and as a result, credit risk is limited.

For UTS and group companies, credit risk is the risk as a consequence of the uncertainty in a counterparty's (customers, etc.) ability to meets its obligations leading to the possibility of a loss incurred by UTS and group companies due to financial failure by the counterparty.

Credit risk within UTS and group companies mainly arises from the course of business of billing customers for telephony fixed, telephony mobile, ICT-services, Carriers Services, Sales & Services and other types of services. Significant financial difficulties of customers (for example the probability that the customer will enter bankruptcy or financial reorganization) and or default payments are considered as credit risk indicators.

Credit risk losses result in provision being created for uncollectable amounts, which is based upon previously established collection patterns and aging analysis.
Credit risk within UTS and group companies also arises from cash and cash equivalents with bank and financial institutions. UTS and group companies endeavor to mitigate this credit risk by using reputable financial institutions for investing and cash handling purposes. As per December 31, 2013 and December 31, 2012, UTS and group companies have cash balances at different reputable banking institutions in Curaçao, BES-Islands, St. Maarten, The Netherlands, St. Kitts and Suriname.

The credit risk management within UTS and group companies entails:

1. Assessment of the credit quality of retail customers by Commercial Department, taking in account the past experiences with the customer, the customer's financial position and other factors;
2. Collection procedures for outstanding invoices to customers;
3. Revenue protection program by monthly disconnecting services when payments are overdue by customers.
4. Procedures in place to avoid customers reopening account elsewhere or under another name at the same address.

d) Fair value of current assets and liabilities

Short-term as well as long-term financial current assets and liabilities of UTS are presented at values that approximate their fair values. The fair value of investments in securities may be different from their carrying amounts. The UTS Group intends to keep such investments until their respective maturity dates, and such differences will be fully eliminated over the remaining duration.

Fair value estimates are made at a specific point in time, based on market conditions and information about the financial instrument. These instruments are subjective in nature and involve uncertainties and matters of significant judgment and, therefore, cannot be determined with precision. Changes in assumptions could significantly affect estimates.

All non-financial instruments such as prepaid expenses are excluded from the fair value disclosure. Thus the total fair value amounts cannot be aggregated to determine the underlying economic value of the UTS Group.

Discontinued operations

Upon occurrence of discontinued operations, the income statement of the discontinued operations is presented separately in the consolidated income statement. The Company has defined its businesses as components of an entity for the purpose of assessing whether or not operations can be clearly distinguished from the rest of the Company, in order to qualify as a discontinued operation in the event of disposal or sale of a business.

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2 Intangible fixed assets

(in Netherlands Antillean Guilders)	December 31, 2013	December 31, 2012
Indefeasible Rights of Use of regional and international networks	34,237,755	28,658,544
Concessions and licenses	3,884,768	8,092,355
Goodwill	-	451,526
	38,122,523	**37,202,425**

Indefeasible Rights of Use of regional and international networks

(in Netherlands Antillean Guilders)	December 31, 2013	December 31, 2012
Balance at January 1,	28,658,544	34,106,178
Investments	9,718,037	159,295
Disposals	-	(2,111,436)
Depreciation	(4,138,826)	(3,495,493)
Balance at December 31,	**34,237,755**	**28,658,544**
Historical cost	96,876,362	87,158,325
Accumulated depreciation	(62,638,607)	(58,499,781)
Balance at December 31,	**34,237,755**	**28,658,544**

Concessions and licenses

(in Netherlands Antillean Guilders)	December 31, 2013	December 31, 2012
Concession UTS-Cariglobe Mobile Services St. Kitts Ltd.	-	-
Concession International Telecommunication Suriname N.V.	3,884,768	8,092,355
Balance at December 31	**3,884,768**	**8,092,355**
Historical cost		
Concession UTS-Cariglobe Mobile Services St. Kitts Ltd.	4,368,001	4,368,001
Concession International Telecommunication Suriname N.V. (Uniqa)	11,830,000	11,830,000
Subtotal	***16,198,001***	***16,198,001***
Accumulated depreciation		
Concession UTS-Cariglobe Mobile Services St. Kitts Ltd.	4,368,001	4,368,001
Concession International Telecommunication Suriname N.V. (Uniqa)	4,513,716	3,737,645
Impairment	3,431,516	-
Subtotal	***12,313,233***	***8,105,646***
Balance at December 31	**3,884,768**	**8,092,355**

The concessions and indefeasible rights represent licenses to operate a wireless telecommunication network in St. Kitts and Nevis and Surinam, respectively.

The license to operate in St. Kitts and Nevis was obtained as a non-cash contribution of Cariglobe Ltd. to participate into UTS-Cariglobe Mobile Services St. Kitts Ltd. This license has already been fully depreciated/impaired.

Regarding the license to operate in Surinam an amount of USD6,500,000 equivalent to ANG11,830,000 has been paid. The licenses to operate in St. Kitts and Nevis and Surinam are being amortized over the economic life of the licenses. For the year 2013 a total amount of ANG 776,071 has been incurred for amortization expenses of these concessions and indefeasible rights.

As a result of the planned restructuring, the UTS Group tested the assets of Uniqa for impairment and recognized an impairment loss of ANG3,431,516 in the year 2013 with respect to intangible fixed assets. The lower market value is based on valuations made by management of the Group. The information used by the management of the Group is based on recent bids for the assets of International Telecommunication Suriname N.V. (Uniqa).

Goodwill

	December 31, 2013	December 31, 2012
(in Netherlands Antillean Guilders)		
Balance at January 1,	451,526	1,497,094
Investments	-	-
Amortization	(451,526)	(1,045,568)
Balance at December 31,	**-**	**451,526**

The goodwill relates to a 100% participation in Network Technology Group N.V. and DUTS N.V.. The participation has been acquired in June 2008. As of June 12, 2008 this subsidiary has been included in these consolidated financial statements. The goodwill has been fully amortized as per December 31, 2013. No impairment is deemed necessary based on management's assessment.

The financial result of NTG for 2013 was ANG 1,638,114 (2012: ANG899,100) and DUTS N.V. was ANG 59,162 (2012: (ANG91,501).

3 Tangible fixed assets

	Land and buildings	Telecom-munication equipment	Other assets	Assets under construction	Total
(in Netherlands Antillean Guilders)					
Historical cost at December 31, 2012	79,254,632	930,984,206	219,662,341	76,290,345	1,306,191,524
Accumulated depreciation	(46,399,913)	(798,416,859)	(194,460,899)	-	(1,039,277,671)
Balance at December 31, 2012	**32,854,719**	**132,567,347**	**25,201,442**	**76,290,345**	**266,913,853**
Movement during the year 2013:					
Investments	20,193	770,287	1,721,515	64,585,141	67,097,136
Disposals	(32,364)	(3,330,763)	(12,315)	(993,604)	(4,369,046)
Depreciation	(4,423,992)	(48,007,417)	(10,703,055)	-	(63,134,464)
Impairment	-	(15,151,479)	(410,146)	-	(15,561,625)
Transfers	168,990	8,924,340	6,589,267	(15,682,597)	-
	(4,267,173)	**(56,795,032)**	**(2,814,734)**	**47,908,940**	**(15,967,999)**
Historical cost at December 31, 2013	79,411,451	937,348,070	227,960,808	124,199,285	1,368,919,614
Accumulated depreciation	(50,823,905)	(861,575,755)	(205,574,100)	-	(1,117,973,760)
Balance at December 31, 2013	**28,587,546**	**75,772,315**	**22,386,708**	**124,199,285**	**250,945,854**

In 2013 UTS acquired the Intertrust Building located at Berg Ararat # 1 based on an initial 15 year lease-purchase agreement, with the option to buy the property before July 15, 2014. The rent for the building is ANG692,214 per year. This option has been renewed and on June 2, 2012 by notarial deed UTS purchased the Intertrust building located at Berg Ararat # 1. The objective is to setup an effective Office Relocation Plan to consolidate different buildings in 3 main office buildings in order to:

1. Reduce all UTS housing operational expenses;
2. Improve corporate image and visibility;
3. Increase operations productivity and efficiency.

Please see also note 28 on Subsequent events.

The buildings that will not be used during the planned consolidation process of 2 years will be sold. The expected net realizable value is ANG3.3 million, which is slightly higher than the current book value of the buildings.

As a result of the planned restructuring, the UTS Group tested the assets of Uniqa for impairment and recognized an impairment loss of ANG15,561,625 in the year 2013 with respect intangible fixed assets. The lower market value is based on valuations made by management of the Group. The information used by the management of the group is based on recent bids for the assets of International Telecommunication Suriname N.V. (Uniqa).

4 Financial fixed assets

	December 31, 2013	December 31, 2012
(in Netherlands Antillean Guilders)		
Participations	9,086,266	9,088,266
Deferred expenses	10,108	25,063
	9,096,374	**9,113,329**

Participations represent a minority participation of ANG2,000 in Caribbean Internet Exchange B.V., participation in Elephant Talk valued at ANG1 and a participation in Curaçao Technology Exchange Center N.V. of ANG9,086,266 (USD5,000,000).

In February 2008 UTS has acquired a minority participation (49%) in Elephant Talk for ANG88,200. This minority participation has been valued at ANG1, since the equity of Elephant Talk as per December 31, 2013 is ANG1,653,711 negative (December 31, 2012: ANG1,519,071 negative).

On July 7, 2011 UTS and Curaçao Technology Exchange N.V. (CTEX) entered into a participation agreement as supplemented by addendum dated October 25, 2011 and agreed that the terms and conditions as set out in the Partnership Agreement shall be incorporated in a Corporate Agreement. This Corporate Agreement has been executed on April 12, 2012 and by means of the Corporate Agreement, UTS has acquired 60.98% of the preferred shares A in the capital of CTEX. UTS has paid USD5,000,000 as part of the participation agreement.

CTEX is going through a though time due to some cash flow problems. All the A shareholders together with the Lenders and management is working together to resolve the situation. The short-term projections of the Company doesn't justify any need for an impairment of the investment in CTEX, hence management decided not the impair the investment of USD5,000,000 in CTEX.

Deferred expenses relate to maintenance costs pre-financed by TeleLease N.V.

5 Inventories and work-in-progress

(in Netherlands Antillean Guilders)	December 31, 2013	December 31, 2012
Inventories and work-in-progress	26,653,292	23,828,220
Less: Provision for obsolescence	(9,608,605)	(8,157,229)
	17,044,687	**15,670,991**

Provision for obsolescence

(in Netherlands Antillean Guilders)	December 31, 2013	December 31, 2012
Balance at January 1	8,157,229	8,196,162
Additions during the year	3,362,555	4,429,254
Release during the year	(1,911,179)	(4,468,187)
Balance at December 31	**9,608,605**	**8,157,229**

6 Debtors

(in Netherlands Antillean Guilders)	December 31, 2013	December 31, 2012
Telephone debtors	154,781,178	128,233,737
Provision for telephone debtors	(82,731,846)	(76,667,279)
	72,049,332	51,566,458
Other debtors	54,958,638	69,796,414
Provision for other debtors	(17,383,238)	(13,598,091)
	37,575,400	56,198,323
	109,624,732	**107,764,781**

All trade receivables are due within 1 year.

There is a fiduciary assignment of accounts receivable to Maduro & Curiel's Bank N.V. (see note 10).

Provision for telephone debtors and other debtors *(in Netherlands Antillean Guilders)*	December 31, 2013	December 31, 2012
Balance at January 1	90,265,370	102,123,979
Dotation during the year	9,564,045	4,144,194
Withdrawal/write-offs	285,669	(16,002,803)
Balance at December 31	**100,115,084**	**90,265,370**

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7 Receivable from foreign carriers/liabilities to foreign carriers

Under international agreements mutual settlements occur between telecommunication providers regarding incoming and outgoing international telephone traffic as and when the statements are received from these providers. For outgoing international traffic, costs are estimated based on measured traffic by Antelecom N.V. net of margin of error at average rates.

These estimates could differ on final declaration of traffic to foreign carriers. Management does not expect the differences to be material based on prior years' experience.
Incoming telephone traffic has been recorded based on traffic volumes reported by foreign carriers. Management prepared estimates for traffic statements not yet received. These estimates are based on measured traffic net of margin of error valued at average rates. These estimates could differ based on actual receipt of traffic statements. However, management does not expect the difference to be material based on past experience.

All receivable from foreign carriers/liabilities to foreign carriers are due within one year.

8 Other receivables

Other receivables consist of:

(in Netherlands Antillean Guilders)	December 31, 2013	December 31, 2012
Advance payments	8,541,356	7,501,153
Prepaid pension expenses personnel	962,339	1,859,799
Accounts receivable from employees	705,800	849,510
Value Added Tax receivable (the Netherlands)	28,859	16,812
Corporate Tax Receivable	201,275	408,750
Down payment in connection purchase Ararat building	6,500,000	5,000,000
Other current assets	5,631	2,736,510
	16,945,260	18,372,534
Provision for other receivables	(1,573,723)	(3,343,110)
	15,371,537	**15,029,424**

The corporate tax receivable relates to the fact that New Technologies Group N.V. (NTG) forms part of the fiscal unity of UTS as per January 1, 2008. NTG has filed and paid the 2008 provisional profit tax as per March 31, 2009 totaling ANG201,275. Based on the decision of the Tax Inspectorate NTG will not file individually for its profit tax, but the result for the year 2008 will be included in the fiscal unity result of UTS. NTG imposed a negative assessment for the year 2008 so that NTG will be able to receive the amount that was incorrectly filed and paid as provisional profit tax to the Island Receiver.

All other receivables are due within one year.

9 Investments

Concerns an investment in Riffort Village Explotatie Maatschappij.

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10 Cash and cash equivalents

Cash and cash equivalents exclude the amount of approximately ANG30.1 million (2012: ANG28.9 million) from an overdraft facility taken from Maduro & Curiel's Bank N.V. ("MCB") at an annual interest rate of 5.75% per annum. This overdraft has been accounted for as a current liability. According to the MCB overdraft facility signed as per November 3, 2011 there is a fiduciary assignment of accounts receivable to MCB.

Cash and cash equivalents of ANG39.3 million (2012 ANG55.6 million) include temporary cash investments being deposits at banks with a short-term maturity. Time deposits in the amount of ANG8.4 million (2012: ANG9.6 million) have been pledged in order to cover issued guarantees as per year end. Reference is made to note 26 contingencies.

11 Group's equity

Issued and paid in capital

The share capital amounts to ANG250,000,000 divided into 250,000 shares of ANG1,000 each. As of March 26, 1999 (date of incorporation of the company) 180,000 shares were issued and placed with the two shareholders, the Island Government of Curaçao and the Central Government of the Netherlands Antilles. This placement was based on a preliminary equal proportion. With the constitutional changes in the Kingdom these shares have been transferred legally to the Countries of Curaçao and St. Maarten.

Share capital

Common shares are classified as equity. Dividends on common shares are recognized in the shareholders' equity in the period in which they are declared.

Share premium reserve

The share premium reserve is the result of the difference between the value of the paid up capital (capital contribution in kind) at incorporation and the nominal value of the shares obtained by the shareholders Country Curacao and Country Sint Maarten.

The share premium reserve of 2012 was increase with ANG5,312,484 to reflect the correction of the share price of the shares allotted to the Central Government of the former Netherlands Antilles. As a result of this correction the Receivable from shareholder increased with ANG5,312,484.

For the change in share premium for the year 2013 see note 16.

Retained earnings

(in Netherlands Antillean Guilders)	December 31, 2013	December 31, 2012
Balance at January 1	24,042,104	21,013,826
Net result for the year	(29,372,049)	3,028,278
Balance at December 31	**(5,329,945)**	**24,042,104**

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12 Minority interest

Minority interest relates to the share of the respective minority shareholders of St. Martin and St. Barthelemy Tel Cell S.A.R.L. ("UTS S.A.R.L."), International Telecommunication Suriname N.V. ("Intelsur N.V.") and UTS-Cariglobe Mobile Services Ltd. ("UTS St. Kitts"). The net asset values of both Intelsur N.V. and UTS St. Kitts are negative. As there is no agreement to pay in capital with the minority shareholder, UTS as being majority shareholder bears the losses of these majority participations completely. The share of these minority shareholders in the aforementioned negative net asset value ("receivables on the minority shareholders") has therefore been completely provided for as per year-end.

Minority interest and related provision thereon are as follows:

(in Netherlands Antillean Guilders)	December 31, 2013	December 31, 2012
UTS S.A.R.L.	18,240	18,240
International Telecommunication Suriname N.V.	(9,626,458)	(3,666,965)
UTS. St. Kitts	(575,158)	(1,759,555)
	(10,183,376)	(5,408,280)
Provision on minority interest	10,201,616	5,426,520
	18,240	**18,240**

13 Provisions

(in Netherlands Antillean Guilders)	December 31, 2013	December 31, 2012
Provision for supplementary pensions and dearness allowance	64,402,838	63,350,158
Provision reorganization UTS	20,669,555	-
Other provision	-	54,101
Provision for anniversary bonus	1,234,158	-
Deferred tax liability	4,877,827	7,075,466
	91,184,378	**70,479,725**

Provision for supplementary pensions and dearness allowance

(in Netherlands Antillean Guilders)		
Balance at January 1	63,350,158	49,524,850
Additions during the year	6,299,507	19,114,993
Withdrawal from provision	(5,246,827)	(5,289,685)
Balance at December 31	**64,402,838**	**63,350,158**

Participants in the APNA pension plan are entitled to a supplemental pension component on top of the regular APNA pension. The regular APNA pension builds up to a maximum of 66 2/3% of the pension base and the supplemental pension may bring that to a maximum of 70%. This supplement amounts to 3 1/3% of the pension base for each service year in excess of 20 service years.

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The APNA pension plan was changed as of January 1, 1998. The change consists among other things the inclusion of the AOV franchise in the pension plan. The pension allowance to be paid by the APNA according to the changed plan is higher than the allowance that would have been paid according to the former plan without the inclusion of the AOV franchise. Up to December 31, 2013 it was not clear to the Company whether and to which extent the employer had an obligation to pay a supplementary pension to this higher allowance and the Company is of the opinion that it was not liable for the afore-mentioned difference ("AOV compensation") for pensioners, non-active members, early retirees ("vutters") and active members and did not accrue for the aforementioned difference.

The actual amounts paid out by APNA are charged to the Company on a monthly basis and this amount has been escalating during the last years. In light of the aforementioned increasing charges of APNA for supplementary pensions and uncertainty related to the "AOV compensation" the Company together with other government owned private companies started to request APNA for additional justification of the monthly charges and yearly settlements in 2008. Based on the information provided by APNA to the Company and other interested parties so far it has become clear that APNA is charging:

1. The aforementioned difference between 70% and the 66 2/3% of 3 1/3%. This part of the supplemental provision was included in the provision as calculated by the Company up to and including 2007;
2. The "AOV compensation" in full basically for all active, inactive participants ("slapers"), early retirees ("vutters") and pensioners of the Company. Based on the afore-mentioned charges and the uncertainty whether or not and to which extent the Company is liable for the "AOV Compensation" it has requested a legal opinion on the matter. Based on the legal opinion received it became clear that apparently based on the current legislation there is a legal basis for APNA to charge these costs to the Company due to certain amendments in the law after the inclusion of the AOV franchise in 1998;
3. Indexation due to cost-of living of the pension (APNA 66 2/3%, the 3 1/3 and the AOV compensation) and indexation of the underlying salary scales for the pension calculation ('schaalindexatie'). According to the legal opinion received it has been concluded that so far there is no legal basis for the indexation of both components, which is due by the Government.

The Company calculated the provision based on points 1 and 2 as charged by APNA, pending a resolution of this issue and did exclude point 3 as referred above for the future indexations. If point 3 is included also for the future indexations in the actuarial calculations, the provision for supplementary pensions and dearness allowance would amount to 141.4 million (2012: ANG96.4 million) instead of approximately ANG64.4 million (2012: ANG63.3 million) which is provided for as per year end.

In 2012 the Company added to the provision the inclusion of the past indexations related to item number 3 above and the indexation is calculated as of the year 2011. This is based on management's expectation, that when an agreement is reached this will most probably count going forward and UTS may still be liable for past indexations.

The current provision amount is based on an actuarial calculation as at December 31, 2013 taking into account discounted future cash flows based on the Projected Unit Credit Method and change in indexation of 3.2% instead of 2%. The provision for supplementary pensions and dearness allowance is calculated by actuarial method, using the mortality tables GBM0409/GBV0409 (2012: GBM9500/GBV9500) with an age reduction of 1 year (2012: 1 year) and an interest rate of 4% (2012: 4%).

Provision reorganization UTS

(in Netherlands Antillean Guilders)	December 31, 2013	December 31, 2012
Balance at January 1	-	-
Additions during the year	20,669,555	
Release during the year	-	-
Balance at December 31	**20,669,555**	**-**

The provision for reorganization UTS consists of an early retirement obligations towards former staff members who have left the Company making use of voluntary dismissal plans and a part of voluntary dismissal plans. Employees of UTS Curaçao (with a permanent contract) were able to participate in the Voluntary Redundancy round from November 14, 2013 up to and until December 16, 2013. Of the employees that submitted a request, 115 received the approval of Management to participate. On December 24, 2013 Management informed employees of whom the request had been approved, in writing.

Provision for anniversary bonus

The employees of UTS are entitled to receive special long-service anniversary bonuses linked to the amount of years in service. The specific entitlement criteria and amount of the bonus are regulated by the Collective Labor Agreement of UTS and the employees. The present value as of December 31, 2013 for the provision for anniversary bonuses was computed in accordance with financial principles and taking in account the chance to reach the retirement age of 60 years. The calculation is based on an interest rate of 4.0%, salary increase of 3.2% and a retirement age of 60 years.

Deferred income taxes

7 fiscal regimes can be identified within the UTS group. The fiscal regime of Curaçao, The Netherlands, St. Maarten Dutch side, BES islands, Suriname, St. Kitts and St. Maarten French Side. Every fiscal regime has its own corporate income tax rates.

The following corporate tax rates were applicable in the different jurisdictions in which UTS operates:

- Curaçao 27.5% (2012: 27.5%)
- St. Maarten 34.5% (2012: 34.5%)
- BES Netherlands 0% (2012: 0%)
- Suriname 36% (2012: 36%)
- St. Kitts 35% (2012: 35%)
- French St. Martin 22.2% (2012: 22.2%)
- The Netherlands 25% (2012: 25%)

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The deferred income taxes relating to the UTS N.V. fiscal unity consist of a deferred tax liability and deferred tax assets of which movement can be explained as follows:

(in Netherlands Antillean Guilders)	December 31, 2013	December 31, 2012
Deferred income tax liability		
Balance at January 1	7,075,466	10,118,409
Release during the year	(2,197,639)	(3,042,943)
Balance at December 31	**4,877,827**	**7,075,466**
Deferred tax assets		
Balance at January 1	7,854,994	3,991,747
Additions during the year	-	3,863,247
Release during the year	1,372,589	-
Balance at December 31	**6,482,405**	**7,854,994**

14 Subordinated loan from minority shareholders

On March 8, 2007 a subordinated loan of USD2,000,000 was granted to Intelsur N.V. by Eric Maximiliaan Leliënhof in his private capacity.

According to the loan agreement, interest payments were due as of December 31, 2007. The interest percentage was equal to the interest rate that De Surinaamse Bank ("DSB") applied to dollar loans at the moment at which the agreement was signed, and it would remain fixed for a period of 3 years. In the agreement, the interest rate was set at 8%. Although the loan's maturity date per agreement was set at December 1, 2014, Intelsur N.V. will remain in the disposition to repay the loan at any later moment until the company's accumulated retained earnings and cash flow surplus would provide it with sufficient funds to meet such loan repayments. No items were pledged as collateral for this loan. In a legal sentence of January 1, 2010, the Surinamese court has ruled that Intelsur NV is not due to pay interest nor repay the subordinated loan, as long as UTS has not received interest / repayment on its preferential loan to Intelsur N.V.

Mr. Lelienhof has pledged the subordinated loan of USD2,000,000 to Hakrinbank NV as collateral for his personal debts. UTS Suriname has bought the subordinated loan, including the interest rights, from Hakrinbank as part of a transaction that was finalized on January 4, 2013. The transaction price (of which the sale of the subordinated loan/interest was the major part) was USD875,000. Based on this agreement the loan has been transferred from Intelsur NV to UTS Suriname NV. The result in the year 2013 for this transaction amounts to a positive result of ANG4,291,696, which is equal to the former loan Lelienhoff of ANG3,580,000 plus interest accrued. As per December 31, 2013, this subordinated loan has been eliminated on a consolidated level.

15 Deposits payable

This represents deposits collected from subscribers by Television Distribution Systems N.V. According to the terms of services, 80% of the deposits collected are treated as payables and the remaining 20% relates to the non-refundable deposits which are directly taken to revenues. These deposits are repayable on termination of services.

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16 Liability to shareholders/Receivable from shareholders

At the time of incorporation of UTS, both shareholders at that time, being The Island Territory of Curaçao and the Netherlands Antilles, received 90,000 shares each with a nominal value of ANG1,000 each resulting in a share capital of ANG180 million for UTS. Both shareholders decided to pay their shares by means of a capital contribution in kind by transferring the assets and operations of Setel N.V. and Antelecom N.V. based on the following:

- Former Eiland Gebied Curaçao (Island Territory of Curaçao): transferred its shares in SETEL N.V. ("SETEL") to UTS. The contribution in kind was valued at ANG168,237,903. as per shareholders decision of May 4, 2009.
- Former Land der Nederlandse Antillen ("the Netherlands Antilles"): transferred its shares in Antelecom N.V. ("Antelecom") to UTS. The contribution in kind was valued at ANG76,521,866. as per shareholders decision of May 4, 2009.

On October 10, 2010, the country of the Netherlands Antilles was dissolved, and St. Maarten and Curaçao became autonomous countries within the Kingdom of the Netherlands. As a result of the "Rijksbesluit" dated September 21, 2010 (Stb. 2010 no. 255) 75% of the shares of the former Central Government Netherlands Antilles were transferred by law to the Country of Curaçao and 25% of the shares of the former Central Government of the Netherlands Antilles were transferred to the Country of St. Maarten. Now the Country of Curaçao has 87.5% of the shares in UTS and the Country of St. Maarten has 12.5% of the shares of UTS.

Following is a summary of the (re-) distribution of share of UTS.

		Country of Curacao	Netherlands Antilles	Country of St. Maarten	Total
Number of shares at inception of UTS		90,000	90,000	-	180,000
Distribution of share of UTS of Central Government of the Netherlands Antilles		67,500	(90,000)	22,500	
Total shares of UTS		157,500	-	22,500	180,000
Percentage of ownership after 10-10-10	87.5%	0.0%	12.5%		100%

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	Country of Curacao	Netherlands Antilles	Country of St. Maarten	Total
Share capital	90,000,000	90,000,000	-	180,000,000
Agio	21,249,935	21,249,935	-	42,499,871
Total Equity	111,249,935	111,249,935	-	222,499,871
Distribution of share capital of UTS of Central Government of the Netherlands Antilles	83,437,452	(111,249,935)	27,812,484	-
Total Equity	194,687,387	-	27,812,484	222,499,871
Payment in kind	168,237,903	76,521,866	-	244,759,769
Distribution of payment in kind of Central Government of the Netherlands Antilles	57,391,400	(76,521,866)	19,130,467	-
Total payment in kind	225,629,303	-	19,130,467	244,759,769
Overpaid/(underpaid)	30,941,916	-	(8,682,017)	22,259,898
Payment to Shareholders 2009	(7,743,750)	-	(229,250)	(7,973,000)
Payment to Shareholders 2012	(11,754,009)	-	-	(11,754,009)
Payable/(receivable)	11,444,157	-	(8,911,267)	2,532,890

The liability to shareholder Country of Curacao of ANG 11,444,157 will be converted into a long-term subordinated shareholders 'loan. This is still to be formalized.

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The Liability to Shareholder Country of Curaçao of ANG11,444,157 (2012: ANG11,444,157) is recognized in the balance sheet as of December 31, 2013 as a long term liability of ANG11,444,157 (2012: ANG11,444,157). The liability to shareholder Country of Curacao of ANG 11,444,157 will be converted into a long-term subordinated shareholders loan. This is still to be formalized.

UTS paid in July 2012 the full amount of the short term liability of ANG11,754,157 to the Government of Curaçao.

The receivable from Shareholder Country of St. Maarten of ANG8,911,267 is recognized in the balance sheet as of December 31, 2013. As per March 12, 2013, the Government of St. Maarten appealed the initial distribution of shares and requested UTS to provide the Government of St. Maarten a certified share register as well as information about the title and the distribution of the shares of Antelecom, as this might be crucial for the determination of the distribution.

17 Accounts payable

(in Netherlands Antillean Guilders)	December 31, 2013	December 31, 2012
Accounts payable domestic	61,195,130	49,943,596
Accounts payable former Landsradiodienst	-	16,160,479
Accounts payable foreign	9,676,713	3,401,176
Accounts payable carrier domestic	16,448,637	14,216,677
Pending payments	5,478,497	7,114,278
Accounts payable other	506,410	141,335
	93,305,387	**90,977,541**

Accounts payable domestic
Accounts payable relates to accounts payable to local vendors.

Accounts payable former Landsradiodienst
The net account payable to former Landsradiodienst consist of a unsubstantiated claim of former Landsradiodienst on Setel N.V. of ANG 156,778,837 and unsubstantiated claim of Setel N.V. on former Landsradiodienst of ANG 140,711,259.
Both claims relates to a very old dispute between former Landsradiodienst and Setel N.V. with regards to the interconnection settlement between the two entities. Setel N.V. has never accepted nor did Setel N.V. recognized the claim and the former Landsradiodienst also never accepted nor did the former Landsradiodienst accepted the claim.
UTS N.V. has not received an invoice or demand from Landsradiodienst or its legal representative in the last 10 years and Setel N.V did not invoice former Landsradiodienst in the last 10 years. Therefore UTS is of the opinion that the potential claim of Landsradiodienst and/or its legal representative and Setel N.V. has lost the legal basis since the statute of limitation has expired ("verjaring").
Hence the net amount of ANG 16,067,578 was released to the profit and loss during the 2013.

Accounts payable foreign
Accounts payable relates to accounts payable to foreign vendors.

Accounts payable carrier domestic
Accounts payable relates to domestic carriers.

Pending payments
This regards cheques written out and payment transfers pending to be collected.

Accounts payable other
Accounts payable relates mostly to one time vendors.

18 Other accrued liabilities and payables

(in Netherlands Antillean Guilders)	December 31, 2013	December 31, 2012
"To deliver" minutes	11,996,505	7,860,218
Profit tax payable	12,109,780	9,930,361
Deposits	4,982,187	6,391,047
Sales tax & value added tax payable	2,289,857	429,911
Deferred revenues (subscriber fees)	806,223	1,012,533
Accrued vacation allowance	427,718	2,438,062
Social security premiums and wage taxes	6,126,755	8,158,847
Third party services	16,307,103	28,190,601
Indexation and other personnel expenses payable	261,758	496,702
Foreign taxes and license fee payable	1,683,702	7,103,293
Interest payable subordinated loan from minority shareholder	-	2,050,929
Other	1,537,425	1,118,456
	58,529,013	**75,180,960**

"To deliver" minutes
"To deliver" minutes relate to unearned revenues for prepaid minutes sold but not yet delivered.

License fees and concessions
License fees and concessions relates to the fees that UTS should pay to the Bureau Telecommunication and Post (BTP), the telecommunication authorities in Curaçao, St. Maarten and BES. Currently, UTS has disputes with BTP Curaçao, St. Maarten and BES-islands with regard to the basis for calculations and tariffs used for the license fees and concessions calculation.

Third party services
Third party services relates to services provided in 2013 by third parties with a Purchase Order (PO) where the invoice for services has not been received as per year end.

Social security premiums and wage taxes
Social security premiums and wage taxes relate to social security premiums and wages taxes payable as per year end in Curaçao, BES-islands, St. Maarten and Suriname.

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Notes to the 2013 consolidated profit and loss account

19 Net revenues

(in Netherlands Antillean Guilders)	2013	2012*
Telephony Fixed	62,241,990	57,105,874
Telephony Mobile	80,785,958	87,644,792
Integrated Communication Technology services	96,987,724	97,678,151
Wholesale	49,927,869	61,731,507
Sales and Services	(2,651,205)	(1,398,213)
Other	1,835,063	1,926,448
Total net revenues	**289,127,399**	**304,688,559**

Gross Revenues

(in Netherlands Antillean Guilders)	2013	2012
Telephony Fixed	65,663,533	64,025,781
Telephony Mobile	94,146,493	105,461,915
Integrated Communication Technology services	129,793,931	136,709,800
Wholesale	94,207,696	98,429,025
Sales and Services	8,118,039	6,418,871
Other	3,849,396	2,381,216
Total gross revenues	**395,779,088**	**413,426,608**

Cost of Sales

(in Netherlands Antillean Guilders)	2013	2012
Telephony Fixed	(3,421,543)	(6,919,907)
Telephony Mobile	(13,360,535)	(17,817,123)
Integrated Communication Technology services	(32,806,207)	(39,031,649)
Wholesale	(44,279,827)	(36,697,518)
Sales and Services	(10,769,244)	(7,817,084)
Other	(2,014,333)	(454,768)
Total cost of sales	**(106,651,689)**	**(108,738,049)**

Telephony Fixed
Telephony Fixed includes amongst others revenues from local fixed calls (postpaid), Telefasil (prepaid), installation, changes and moving of fixed telephony lines and subscription fees.

Telephony Mobile
Telephony Mobile includes amongst others revenues from GSM mobile (postpaid and prepaid), installation and changes of mobile telephony lines and subscription fees.

Integrated Communication Technology services
Integrated Communication Technology services includes amongst others revenues from Business Communication Services (BCS), Media services, Internet and Data services and Leased lines.

Carrier Services
Carrier services revenues relate to all services in connection with Local and International Carriers, Roaming, Co-location etc.

Sales and Services
Sales and Services relates mainly to the pre financing of accessories for the sale of phone packages, mobile phone packages, Telephone directory and revenues Telecenters for Telegrams.

Other
Other revenues include amongst others revenues for the rental of the Training and Development Center and sea cables revenues.

20 Personnel expenses

(in Netherlands Antillean Guilders)	2013	2012
Wages and salaries	68,059,603	66,784,437
Pension costs and early retirement costs	12,234,492	23,477,371
Social security costs	7,007,125	5,462,402
Travel expenses	1,471,769	2,292,106
Education and training	607,655	678,585
Representation	352,194	285,061
Health care plan	3,210,850	2,849,916
Other personnel expenses	1,386,098	2,404,735
	94,329,786	**104,234,613**

In 2013, the Company employed an average of 753 employees compared to 747 in 2012.

21 Operating costs

(in Netherlands Antillean Guilders)	2013	2012
Consultancy and administration expenses	21,165,108	17,724,442
Concession expenses	19,525,901	23,142,227
Housing expenses	26,121,197	22,151,579
Material usage expenses	2,655,002	2,617,340
Sales & marketing expenses	7,110,288	5,896,021
Telecommunication expenses	12,733,915	13,260,544
Transportation expenses	3,586,502	4,051,514
Insurance expenses	2,839,821	3,772,205
Freight expenses	2,190,659	1,908,275
Bank expenses	4,432,252	4,455,504
Maintenance & license fees	12,499,561	11,226,559
Stock differences/scrapping	1,920,182	1,956,950
Other expenses	4,760,228	3,924,973
	121,540,616	**116,088,133**

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The operating expenses have increased primarily due to the increase in consultancy and administration costs, housing expenses, sales & marketing expenses, maintenance & license fees and other expenses. This is offset by decrease in concession expenses, and insurance expenses.

22 Financial income and expenses

(in Netherlands Antillean Guilders)	2013	2012
Income/revenues		
Foreign exchange differences from Carrier Services	70,863	69,585
Interest income	145,578	205,409
	216,441	**274,994**
Expenses/charges		
Exchange rate differences	(1,299,707)	130,663
Interest charges	(2,012,181)	(2,305,501)
	(3,311,888)	**(2,174,838)**
	(3,095,447)	**(1,899,845)**

23 Other income and expenses

(in Netherlands Antillean Guilders)	2013	2012
Income/revenues		
Gains from previous years due to write off and cleanup of very old other receivables and other liabilities balance items	**13,056,436**	**(10,668,727)**

24 Profit tax

The tax expense recognized in the profit and loss account for 2013 amounts to ANG3,287,972 (2012: ANG2,953,429), and comprises the following components:

(in Netherlands Antillean Guilders)	2013	2012
Current income tax expense	(4,126,721)	(9,859,619)
Deferred tax		
(Addition)/release deferred tax liability, current year	2,211,338	3,042,943
Addition/(release) deferred tax assets, current year	(1,372,589)	3,863,247
Total profit tax	**(3,287,972)**	**(2,953,429)**

Current income tax expenses

Current taxes on income are the sum of taxes levied on the results before taxes, in the countries where those results were generated, based on local tax regulations and at tax rates of the applicable year. Tax-exempt income and expenses not deductible for tax purposes are taken into account in calculating current taxes on income.

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In 2013, the average effective tax rate on income before taxes is 27.9% (2012: 25.0%) vs. an average nominal tax rate 31.0% (2012: 31.0%). The reconciliation between the income tax rate of the company's country of domicile and the average effective tax rate is as follows:

Curacao effective tax rate year 2013 27.3% (2012: 25%) vs. nominal tax rate year 2013: 27.5% (2012:27.5%). Sint Maarten effective tax rate year 2013: 34.5%(2012:0%) vs. nominal tax rate year 2013: 34.5% (2012:34.5%).

25 Related parties

In the normal course of business activities, the Company enters into agreements and transactions with shareholders and associated undertakings, for various business purposes, including the furnishing of services or financing of operating activities. The Company also enters into such transactions in the ordinary course of business with certain companies or organizations over which the Company, members of the Supervisory Board of Directors or Board of Management, may have a significant influence. The related-party transactions are described below. Transactions within the Group are not included in the description as these are eliminated in the consolidated financial statements. The Company has a related party relationship with the Governments of Curaçao and St. Maarten, consolidated companies, Vidanova and key management personnel.

Transactions with shareholders

A number of telecommunication services are rendered to the shareholders in the normal course of business, for the total amount of ANG6.2 million (2012: ANG8.4 million). The balances outstanding are ANG320 thousand (2012: ANG5.0 million) for which balances the Company has not taken a provision. These services are rendered on commercial terms and conditions.

Transactions with Supervisory Board members

The company had in the year 2013 transactions for a total amount of ANG117,519 (2012:ANG129,270) with the company of 1 Supervisory Board member.

Transactions with key management personnel

Key management personnel comprise the Management Team and managers of the different subsidiaries. The key management personnel of a total 30 persons (2012: 25 persons) receive compensation in the form of short-term employee benefits and post-employment benefits. Key management personnel received a total compensation of approximately ANG7.0 million in the year 2013 (2012: ANG6.0 million). This amount consists of short-term benefits for the amount of ANG7.0 million (2012: ANG5.4 million) and Post-employment benefits for the amount of ANG0million (2012: ANG0.6 million). As of December 31, 2013, 11 (2012: 11) current members of key management were indebted to the Company for a total amount of approximately ANG241 thousand (2012: ANG379 thousand).

Transactions with Fundashon Beshi

Fundashon Beshi is a saving fund for UTS employees. For employees participating in this saving fund UTS withholds a certain part of the salary of the employees and transfers this to Fundashon Beshi. As of March 1, 2012 UTS stopped with the withholding of the saving fund from employees' salaries and the transfer to Fundashon Beshi.

Other related party transactions

Vidanova is the provider of the pension plan for the UTS personnel. Based on the existing laws and regulation, equal representation (employees and sponsors) in the Board of Supervisory Directors in the pension fund is applicable. UTS N.V. is represented in the Board of Supervisory Directors by 2 members.

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In 2013 the Company paid a total amount of ANG7.6 million (2012: ANG5.8 million) to Vidanova for the purchase of pension rights. The outstanding balance of the accounts payable to Vidanova amounts to ANG1.6 million at December 31, 2013 (2012: ANG1.8 million).

26 Commitments & Contingencies

Commitments

Commitments regarding lease agreements

UTS has operating lease agreements for assets such as office building, office equipment and cars. For the Ararat building UTS has a purchased option that was opted for and on June 2, 2014 UTS purchased the Arrarat Building. See note 28. These lease agreements have different terms as per December 31, 2013. The total commitment as per December 31, 2013 based on the remaining terms of the lease agreements amounts to ANG18,454,312 (2012: ANG16,600,984).

Commitments regarding outstanding purchase orders

As per December 31, 2013 the Company has issued purchase orders for an amount of ANG28.4 million (December 31, 2012: ANG47.6 million).

Legal claims and disputes

Several LAR procedures have been filed in court against the Minister of Traffic & Transport of Country of Curaçao, Minister of Tourism/Economic Affairs/Traffic &Transport of Country St. Maarten and the Minister of Economic Affairs, Innovation and Agriculture of the Netherlands (BES-Islands), in connection with disagreements with invoices in relation to concession costs for the years 2006 to 2013 which amount to approximately ANG45.8 million. The Court of First Instance has decided in favor of UTS for an amount of approximate ANG38.0 million and the invoices have been dismissed. Based on prudency principle and pending final decision of Court an amount of ANG23.2 million is recorded in the financial statements of the Company. Based on the Court's decision, the outcome can only have a positive effect on the Group's financial position.

A lawsuit has been filed by Telesur against the companies International Telecommunication Suriname N.V. and Antelecom N.V. regarding the use of the Americas-II cable for the amount of approximately USD641,235 till October 2009 from Albina to Paramaribo. International Telecommunication Suriname N.V. is of the opinion that as a subsidiary or IRU capacity holder of Antelecom, this use should be free of charge according to the Americas-II agreement. Telesur started proceedings with the District Court demanding payment. International Telecommunication Suriname N.V. countered with a request that Antelecom should join International Telecommunication Suriname N.V. in the proceedings. Antelecom started arbitration against Telesur based on the Americas-II agreement. The outcome of the arbitration between Antelecom and International Telecommunication Suriname N.V. likely will determine the outcome of this case.

A lawsuit has been filed by International Telecommunication Suriname N.V. against the Minister of Communications in Suriname regarding the annual fee for Telecommunicatie Autoriteit Suriname ("TAS") for the amount of 1.5% of the gross income of International Telecommunication Suriname N.V. for 2009. International Telecommunication Suriname N.V is of the opinion that the regulation is unlawful. TAS did not file a claim for payment yet. In case of a claim of payment International Telecommunication Suriname N.V. will start proceedings with the District Court for a declaration of nullity of the regulation. The outcome is uncertain, but management expects a satisfactory outcome.

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TAS imposed a penalty of SRD3,500 (USD1,300) per day starting on November 6, 2009 for not filing the 2008 financial statements (AR no. 095556). TAS also imposed a penalty of SRD256,000 (USD94,000) on International Telecommunication Suriname N.V. for not complying with an order from TAS to change the mobile rates 2008 (AR no. 083657 and AR no. 092628). International Telecommunication Suriname N.V started proceedings with the District court of law for a declaration of nullity of penalty. At this stage lawyers of both sides are trying to reach a settlement. The outcome is uncertain, but management expects a satisfactory outcome.

J.F.Th. van der Ree Beheer BV has started proceedings with the District Court demanding that International Telecommunication Suriname N.V should pay till a maximum amount of USD200,000 pertaining to amounts due to Lelienhof. International Telecommunication Suriname N.V is in the process of proving to the court that Lelienhof does not have claims on International Telecommunication Suriname N.V which are due and payable at this time. According to management, a favorable outcome is likely.

There is a potential dispute between UTS (St. Kitts and Nevis), UTS-Caribglobe and Weblinks Ltd. an Anquillan company, in relation to the proposed purchase of shares in UTS-Caribglobe by Weblinks from UTS (St. Kitts and Nevis), as well as issues in relation to the management by Weblinks of UTS-Caribglobe for which Weblinks has failed to properly account. However, the most recent correspondence with Counsel for Weblinks was exchanged in November 2013 and there has been no further communication on this matter.

On November 27, 2012 and November 29, 2012 UTS put a "conservatoir beslag" on Fundashon Beshi in connection with UTS' receivables on Fundashon Beshi for wage tax/AVBZ over the year 2001 till 2006 paid in connection with a Tax Audit in the year 2007. The receivable Fundashon Beshi has been fully provided for.

Turnover Tax (levied in St. Maarten, St. Eustatius and Saba)

Based on a tax review by fiscal authorities in St. Maarten the fiscal authorities have imposed sales tax (BBO) assessments over the years 1999 to 2004 for a total amount of ANG10.8 million. The fiscal authorities are of the opinion that UTS has not filed tax returns for these years. Meanwhile these returns have been filed in the year 2007 and relevant amounts have been paid. UTS is, however, still in discussion with the fiscal authorities, since there is another dispute with the Tax Authorities about the system of calculation of the sales tax due. As the outcome of these discussions is not known yet no reservation has been taken for a possible tax claim if the authorities do not accept the calculation method. Denial of UTS' calculation method will result in an additional liability of ANG1.3 million for the years 1999-2007. Management is of the opinion that UTS has enough basis for the calculation method and has therefore not accrued a tax liability relating to this claim.

Pension liabilities

As disclosed under note 13, currently the Company is in dispute with the Government of Curaçao and APNA about the basis for calculation of the dearness allowance. Management of the Company is of the opinion that the dearness allowance includes certain components for which no legal basis exists. Subsequently management decided to exclude these components in the actuarial calculations for the provision for supplementary pensions and dearness allowance. If these components would have been included in the actuarial calculations the provision for supplementary pensions and dearness allowance would amount to ANG141.4 million as per December 31, 2013 (2012: ANG96.4 million). The Company recorded a provision for supplementary pensions and dearness allowance of ANG64.4 million as per December 31, 2013 (2012: ANG63.3 million).

Several liabilities and guarantees

Guarantees in the form of bank guarantee and letter of credit for approximately ANG24.1 million have been issued for the benefit of the consolidated participating interests at December 31, 2013 (2012: ANG4.5 million).

To cover the above mentioned guarantees issued, cross guarantees have been issued between the companies UTS, Setel N.V., Television Distribution Systems N.V., Telelease N.V., Paytel N.V., Curinfo N.V., Antelecom N.V., Caribbean Advanced Telecommunication Services N.V., Antilliaanse Televisie Maatschappij N.V., Dataplanet N.V. and International Data Gateway. In addition, the Company has also pledged the time deposits outstanding for an amount of ANG4.5 million (2012: ANG4.5 million) in order to cover the above mentioned guarantees issued.

Deferred tax assets

As of the year 2004 UTS and the majority of its subsidiaries (as from January 1, 2012 only the companies established in Curaçao) form a fiscal unity for profit tax purposes. The total amount of unsettled tax losses for the unity suffered during the period 2004 - 2009 has been compensated as per year end 2011.

Tax losses for the amount of ANG18.8 million (2012: ANG20.1 million), incurred in the period before the formation of the fiscal unity in Curaçao, can only be settled against future taxable profits of the specific company that suffered the loss..

Deferred tax assets have not been recognized in respect to qualifying tax losses for certain companies in Curaçao and St. Maarten, the operations in Suriname, St. Kitts and the Netherlands, amounting to ANG156.5 million (2012: ANG103.9 million), because it is not probable that (enough) future taxable profits will be available against which the Company can utilize the benefits thereof in the foreseeable future.

Amount repayable to tax collector (Eilandsontvanger/Eilandgebied Curaçao)

Up till 2013, the Tax collectors (Eilands-/Landsontvanger) accumulated a total amount due from UTS and its subsidiaries in their books of around ANG39.8 million (2012: ANG32.1 million) for various types of taxes. A thorough investigation which followed during the years (2004-2012) resulted in the determination that the aforementioned assessed liability of UTS is unjustified. Settlement of subject payable has not been formalized with the Tax Collector as per December 31, 2013. Management expects that this settlement will be formalized with the Tax Collector on a short-term period and does not expect that this will have effect on the financial position as per December 31, 2013.

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Other information

27 Statutory profit appropriation

Article 16 of the articles of association governs the distribution of profits and reads as follows:

After consultation with the Supervisory Board of Directors, the General Shareholders' Meeting shall determine what part of the profits of the Corporation is to be allocated to reserve. The remaining profit is at free disposition of the General Shareholders' Meeting. At the request of the General Shareholders' Meeting and after consultation with the Supervisory Board of Directors, the Director may distribute interim dividends based on the provisional profit. If for any year the confirmed profit and loss account shows a loss which cannot be covered by reserves nor compensated otherwise, no profits shall be distributed in the next following years until such a loss has been recovered. Unless the General Shareholders' Meeting resolves otherwise, dividends are paid no later than thirty days after they were declared. The consolidated financial statements up to and including 2011 have been approved by the shareholders in 2012.

28 Subsequent events

Status and progress of reorganization UTS

Based on an approval of the Supervisory Board of Directors of January 9, 2014, UTS entered into a credit agreement with Vidanova for a non-revolving loan for a total amount of ANG10,000,000 for the purpose of partial funding of the voluntarily layoff of a number of UTS employees by means of a severance scheme. This facility of ANG10,000,000 will be repaid in 2(two) tranches on January 31, 2015 and January 31, 2016, unless otherwise agreed upon in writing. Interest will be paid on a quarterly basis and the interest rate is 5.75% per annum (365/360 days basis), fixed for the duration of 2(two) years as from the closing date. UTS granted Vidonova as security for the repayment of this loan, an irrevocable standby letter of credit from the Maduro & Curiel's Bank N.V. for ANG12 million which covers the full principal of ANG10,000,000 increased with 20% interest and costs.

On January 24, 2014 MCB granted the standby letter of credit to secure the repayment obligations of UTS to Vidanova regarding the Vidanova loan granted. The standby letter of credit covers outstanding balance as well as interest, any, and all fees, cost and expenses and the standby letter of credit expires on February 11, 2016.

On January 27, 2014 UTS received approval of the Inspectorate of Taxes for Vidanova to administer the voluntarily layoff of a number of UTS employees by means of a severance scheme.

On February 4, 2014 and February 26, 2014 UTS signed an agreement with Vidanova under the name "Dienstverleningovereenkomst UTS-Vidanova Pension Management" in order for Vidanova on behalf of UTS to administer and pay the voluntarily retirement pensions agreed between UTS and the employees that took the voluntarily layoff for a total amount of ANG15,866,495. UTS paid on February 6, 2014 an amount of ANG5,815,690 and on March 5, 2014 an amount of ANG70,805 in order for Vidanova to start administering and paying the UTS employees that opted for the voluntarily retirement by means of a severance scheme. Total amount paid till June 13, 2014 to Vidanova is ANG 5,886,495 in connection with the "Dienstverleningovereenkomst UTS-Vidanova Pension Management".

A total amount of ANG4,237,060 was paid during the year 2014 as lump sum for either employees that took the voluntarily layoff as a lump sum or signed for the voluntarily layoff by means of a severance scheme.

Purchase of Ararat Building

On February 7, 2014 UTS signed a commitment letter with RBC Bank N.V. for a mortgage loan of ANG13,200,000 repayable in 179 consecutive equal monthly installments of ANG 109,614.13 (including interest) in connection with financing the purchase of commercial real estate property at Berg Arrarat I (Ararat Building). Interest rate is fixed at 5.75% per annum until further notice.

On May 16, 2014 the purchase of the Ararat building was signed between UTS and Pehapex N.V. for the amount of ANG13.0 million. On May 23, 2013 and according to the purchase contract UTS made a 3rd down payment for ANG3.0 million and the total down payment for the Ararat building amounts to ANG9.5 million.

On June 2, 2014 the notarial deed of transfer of the building was passed and afterwards UTS within 2 weeks UTS will receive the funds of the RBC loan of ANG13.0 million in order to pay the final payment of ANG3.7million in order to conclude the purchase of the Ararat building.

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