



ANNUAL REPORT 2017



VEi

Dutch Water Operators





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OUR NEW WATERWORX PROGRAM EMBODIES TEN YEARS OF VEI EXPERIENCE

Looking back, 2017 will be marked for VEI as the year when we successfully developed, and kicked-off the WaterWorX program. The WaterWorX program provides for VEI a steady fundament for continuously making a sustainable contribution to the realization of the Sustainable Development Goals. Hence, in this annual report 2017 the WaterWorX program will receive due attention.

12 years of VEI has proven again and again that mutual trust is a pre-condition for effective learning and sustainable impact. Hence, VEI invests in long-term relationships by developing peer-to-peer partnerships between water operators. These Water Operator Partnerships (WOPs) have proven themselves over the years as the recipe for success to achieve sustainable impact. Moreover, the way of working through WOPs forms the basis of a large program cofinanced by the Netherlands government, that was granted in 2017, with the title WaterWorX.

The new WaterWorX program is a unique collaboration with all 10 Dutch water operators, with VEI as consortium leader to the program. By joining forces via WaterWorX and establishing partnerships with water companies abroad, they are contributing to Sustainable Development Goal 6: sustainable access to water and sanitation for all. Thanks to the Dutch government's exceptional involvement, this long-term program will run until 2030; the Sustainable Development Goals deadline. The output is clear and concise: sustainable access to water and sanitation for 10 million people. Everything for which VEI stands is

incorporated in WaterWorX for a prolonged period.

WaterWorX was launched officially and festively during World Water Day on 22 March 2017. A memorable day in The Hague attended by all ten of the Dutch water company CEO's. The Amsterdam International Water Week, eight months later in November, marked another key landmark in the progress of the work in WaterWorX, with the signing of the Letter of Intent with all partners. Attended and signed not only by a delegation of each of the Dutch water companies, but also by the initial 25 selected partner water companies from across the world.

Thanks to WaterWorX, more Dutch water experts will receive the opportunity to share their knowledge with global water partners and to return to their own organisations with new experiences. In 2018 alone, an impressive two hundred short term experts from various regions will be on their way. Their efforts are crucial to achieving the WaterWorX ambitions!

Within the WaterWorX program, VEI will offer structural support to around 20 water partners. Some of which will be working with VEI for the very first time. With others VEI has already built an existing relationship that can now be continued thanks to the program. 2018 becomes the year of implementation. The first resident project managers are already on site, and the Dutch experts are lined up. We are all going to make it a great year!

MARCO SCHOUTEN, CEO VEI



ABOUT VEI

It is our firm conviction that everyone around the world deserves a reliable supply of high-quality tap water. As committed Dutch Water Operators, we embrace our responsibility to make this dream come true.

The Netherlands has a long history when it comes to water. Over the past 160 years Dutch water operators have established themselves as the best in-class water providers. This achievement is directly reflected in the competence and expertise of Dutch drinking water operators. Six of these companies – Vitens, Evides Waterbedrijf, WML, PWN, Watercompany Groningen and Brabant Water – share their expertise via VEI with their colleague water operators around the world. Through VEI, they are committed to achieving the Sustainable Development Goal 6 of the United Nations: sustainable water and sanitation services for all. With a joint workforce of 3,600 employees, a distribution network that extends for more than 102,700 kilometres, about five million connections and an annual delivery capacity of 880 million m3 of tap water in the Netherlands, they have extensive experience and resources at their disposal.

Non-profit vehicle

VEI is the dedicated non-profit vehicle for the six Dutch public water operators in achieving their shared objective. VEI focuses on providing support for water operators in Africa, Asia and South America: countries that face immense challenges, such as increasing water demand, water quality problems, water shortages and climate change. VEI collaborates with these

colleague water operators to expand their capabilities and help them professionalise their operations by actively sharing long-standing Dutch expertise and experience. For example, VEI assists by improving basic operations such as non-revenue water (hereafter: NRW) management and water operations, by setting up stable financial procedures or by creating a better infrastructure.

Kick-start for economic development

Several donors provide additional financial backing to VEI's partnerships. The combination of additional investment and peer-to-peer support at operational level acts as a kick-start for local economic development and growth.

On the spot assistance

VEI arranges 'on the spot' assistance by deploying Dutch water operator experts to their colleague local water operator. Their job is to effectively support and train their colleagues on site at the demanding water operators. This peer-to-peer interaction ensures that Dutch water knowledge and the wealth of operational expertise can be shared with water operators abroad. The results are impressive: tangible change, improved operational performance and, ultimately, universal and equitable access to safe and affordable drinking water for more people.





INTRODUCING OUR NEW VEI PROGRAM OF WATERWORX

Late 2015, the Dutch minister Ploumen for foreign trade and development cooperation stated that the Netherlands as a nation will ensure that in 2030, 30 million people will have sustainable access to drinking water and 50 million people will have access to proper sanitation. This goal encompasses the Dutch contribution to the realisation of Sustainable Development Goal 6 of the United Nations. Through the WaterWorX program, led by VEI, the ten Dutch water companies are collectively and uniquely responding to this call.

Through the WaterWorX program, all ten Dutch drinking water companies work closely together. Together, they expressed that they feel responsible for the global water issues caused by a growing population, urbanisation and economic growth.

In the long term

Through a public-private partnership with local partner companies in Africa, Asia and Latin America, along with the Dutch ministry of foreign affairs, the Dutch water companies will contribute to improved access to sustainable water supplies. WaterWorX is a long-term program. VEI and the other partners have committed themselves to the 2030 target date for the sustainable development goals as set by the United Nations.

Access to water for 10 million people

WaterWorX is committed to providing sustainable access to clean drinking water for 10 million people by 2030, by focusing on three pillars:

- Strengthening the financial, technical and social sustainability of the local partner water companies, thus enabling access to sustainable drinking water for 10 million people in developing and transitioning countries.
- Strengthening the institutional infrastructure of policy, legislation, regulations and funding, creating an environment in which water companies are encouraged to function and perform well.
- Improving access to investment funding in water infrastructure by developing investment proposals and establishing relationships with domestic and international funding institutions and banks.



COMMENCING OUR WATERWORX PROGRAM IN 2017

The basics of the program

Early 2017, the Dutch Ministry of Foreign affairs granted the program subsidy of 30 million Euro, based on an elaborated proposal. Moreover, at that time the program received its name WaterWorX. The X in WaterWorX stands for all 10 Dutch water operators that join forces, and a target to provide 10 million people with access to water services.

From long list to shortlist

During 2017, VEI and the other partners in the WaterWorX program began preparing a long list of some 45 international water companies. Each of these companies is faced with challenges for which a Water Operator Partnership can provide a solution. Based on a quick scan and meetings with the management of those water companies, 24 water companies are selected from that list. In short, we determined where WaterWorX could make the biggest difference.

22nd of March 2017, World Water Day: the official launch of WaterWorX.

During the national celebrations of World Water Day on 22 March 2017 in The Hague, WaterWorX was symbolically launched before guests with the ceremonial opening of a giant water faucet. A delegation from each of the ten water companies joined our CEO of VEI on stage, as well as a representative from the Dutch Ministry of Foreign Affairs. Each of the partners placed their signatures on a symbolic contract.

The first short-term missions

Following thorough preparation, the first short-term experts of the Dutch water companies will depart to the project countries. There they conducted baseline studies with the potential partner organisations. How is the relevant water company performing, which hurdles do they face and which of the WaterWorX activities would have priority there?

Final selection and further missions

All information gathered by the Short Term Experts is analysed in detail. Several of the shortlisted companies were dismissed at this stage; primarily due to a lack of real ownership. In the summer, the Short Term Experts returned to the project countries, this time to prepare project plans and a 2018 annual plan in collaboration with the local water companies. These documents define matters such as the objective, resources and budget.



Meanwhile, in Holland...

The Dutch WaterWorX partners meet on an almost monthly basis to run through the programme's status. What are the challenges, which successes have been realised, how are the short-term missions and project plans progressing? How can we best facilitate the experts in order to achieve the highest level of quality with the project plans? Based on the collective experience and input of the Dutch water companies, templates and fact sheets are drawn up. The Ministry of Foreign Affairs is also present as partner and shares its study into strengthening the institutional structure for laws and legislation, policy and funding in four countries. In addition to the monthly consortium meetings, the various working groups also arrange frequent visits. There is, for instance, a Gender working group, a Content working group, a Monitoring and Evaluation working group, a Communication working group and a Finance working group. Each working group has a representative from each of the Dutch water companies. This way, each of the water companies can share its specific knowledge and own expertise within WaterWorX.

Memorable moment during Amsterdam International Water Week October 2017

During the Amsterdam International Water Week at the end of October, VEI as consortium leader together with the 10 Dutch water operators, 24 selected international peer water operators, and the ministry of foreign affairs placed their signatures on the Globe of Intent; a large globe representing the collaboration between all partners until 2030. It represents the official launch of WaterWorX and, with the attendance of all international partners, is an extraordinary moment. Various presentations are held, including that of Carola van Rijnsoever, director Inclusive Green Growth and Ambassador Sustainable Development, as well as meteorologist Gerrit Hiemstra sharing his knowledge of climate change. With 24 Water Operator Partnerships in 16 countries, WaterWorX is ready for implementation!





WORKING TOGETHER IS OUR WAY OF BROTHERHOOD

One of our WaterWorX partners: Alma Abrasaldo, President Bayawan Water District, the Philippines.

One of the 24 Water Operator Partnerships the WaterWorX program brought about, is the Performance Enhancement Water Utilities Philippines (PEWUP) partnership, which benefits four colleague water operators. Alma L. Abrasaldo is president of one of these operators: the Bayawan Water District.

'In 2017, VEI included my water district in its WaterWorX program. The poor, who cannot afford the connection fee, will now receive drinking water from our system. This will increase accessibility of water services to the poor and increase connectivity and revenue to the Water District as well, which in turn can be converted to more areas of expansion and more services in the future. 'The incidence of waterborne diseases will be reduced if safe water is available to our customers. Educating them on the price of water and sanitation will help in changing their mind-set and behaviour'.

2,500 new household connections

Besides Bayawan City, the water districts of Bogo City, Toledo City and Carcar City in Cebu will benefit from the partnership's first phase. Thousands of residents from these cities will soon have access to clean and potable water. The four-year phase 1 of the partnership includes a nine million Philippine peso grant to each of the four water districts, which will contribute an additional 1.2 million pesos per year (1EUR= +/- 64 philippine peso). 'Each of the beneficiary water districts have now submitted their intervention proposals, which include the opening of new water connections in their respective areas. In the hinterland of Bayawan City, a total of 2,500 new household connections will benefit.

Also included are operational matters like improvement of asset management, installation of a comprehensive GIS SYSTEM, reduction of non-revenue water of 36 per cent, capability building of personnel and much more.'

Long-term solution

'I believe that VEI succeeds in its work around the world because it helps the water district improves itself in a wholesome way. The solutions provided improve all aspects of water service delivery, from source to tap, from billing to infrastructure, from people to consumers. The long-term solution of the WaterWorX program is appreciated, and learnings from peers in the industry opens windows of knowledge-sharing and inspires each one of us.'

Sharing best practices

'As president of the Philippine Association of Water Districts (PAWD), I am also involved in projects for the good of the 522 member Water Districts across the country. Working together and teaching each other is the PAWD way of brotherhood. Some water districts are ahead of others in water service operation – growing water districts can learn from them. We share best practices and nurture each other's growth in service delivery. Working together is very fulfilling, enriches our managerial skills and can move our law-makers to adopt some important reforms in the water supply sector.'



THE NETHERLANDS GOVERNMENT AS A FULL PARTNER

One of our WaterWorX partners: Pim van der Male of the Netherlands Ministry of Foreign Affairs.

With the introduction of WaterWorX, VEI has been working with the Netherlands Ministry of Foreign Affairs with increased intensity and fervour. This collaboration enables the Dutch water companies to establish sustainable, long-term relationships with partner water organisations abroad. We asked Pim van der Male, Senior Policy Officer Water Sanitation Hygiene (WASH) with the Ministry of Foreign Affairs three questions.

1. What do you consider to be the power of WaterWorX?

"That lies in a number of aspects. WaterWorX is a long-term program rather than a short-term project. This means that stable relationships can be established with international water companies, a condition for making a real difference. The scale of the program also plays a role: the combined knowledge of ten Dutch water organisations is truly immense! By joining forces and bringing the extensive knowledge of these organisation across borders, we can achieve great things. The bundled approach also provides a professional impact. Experiences and lessons can be shared more effectively."

2. What is Foreign Affairs' most significant contribution?

"The ministry has a vast network which we are able to mobilise for WaterWorX. We connect Dutch and international partners and financial institutions. International water companies benefit from local legislation that positively effects their business operations. Via our embassies, we can play a role in policy discussions regarding topics relevant to the water companies. We also put a strong focus on making water companies

appealing to investors. With sustainable investments, these companies rely less on subsidies and are therefore more independent. This independence makes them eligible for other forms of financing, such as that of banks or international financial institutions. This is a spearhead of Foreign Affairs."

3. This is the first time that all ten of the Dutch water companies are working together, not to mention that the ministry is operating for the first time as partner. What is this like for you?

"I'm seeing incredible energy emanating from the Dutch water companies. The realisation is tangible that, together, we can make a tremendous impact. This is a unique role for Foreign Affairs: rather than providing a subsidy, we are able to function as a substantive partner in a fantastic program. This sometimes means, quite literally, being there. Which recently brought me to Ethiopia to attend a workshop at the Dutch embassy. There is a great need in Ethiopia for positive policy and legislation changes in favour of the water companies, and WaterWorX can provide a significant contribution."



In 2017, VEI worked on 43 projects in 20 countries.
17 projects were completed.

People that gained access to water/
sanitation in 2017

225,312



SDG 6

2015: 137,473

2016: 192,846

Dutch Caribbean
Surinam
Bolivia

Ghana
Uganda
Rwanda
Angola
Zambia
South Africa
Ethiopia
Kenya
Tanzania
Malawi
Mozambique
Zimbabwe

Bangladesh
Myanmar
Vietnam
Philippines
Indonesia

Turnover 2017

17,525,000 €

2015: 21,388,000

2016: 21,475,000

RESULTS 2017



DIRECTOR'S REPORT

2017 was for VEI a year marked with the granting and start of the largest program in the history of VEI: the WaterWorX program, spanning over a period towards 2030, spread over 16 countries, with all 10 Dutch operators as partners, and a budget for the first 5 years of 55 million Euro. As the program was during 2017 in its inception phase, the volume is not affecting much in this starting year the financial figures of 2017, but it surely will be a continuous factor in the years to come.

In 2017, we made a large step in realizing our strategy of becoming more effective in contributing to the Sustainable Development Goals. Or in the words of President Eisenhower of the USA; to make "a bigger bang for the buck". What we want is to make every euro of activities that we undertake, count more in respect to making a direct impact to Sustainable Development Goal 6: universal sustainable water services by 2030.

In 2017, turnover of VEI reached a level of €17.5 million; and provided access to almost 225.500 people that before lacked proper access to water services. Hence, with a simple calculation, every euro of activities of VEI in 2017 directly impacted with a factor of 0.012 to the realization of SDG 6. Such is an 43% effectiveness improvement to the year 2016, when we achieved a calculated factor of 0,008. This ambition of "a bigger bang for the buck" will be continuous effort for the years to come, especially given the ambition of the new WaterWorX program, that strives to contribute to provide sustainable for water service to 10 million people by 2030.

Solvency, expressed as shareholders' equity in relation to the balance sheet total, was 13% (compared to 12% in the previous year). Nevertheless, two factors have influenced the latest

solvency percentage. Firstly, the increase in equity caused by the positive result for 2017. Secondly, the audits of a number of projects were finalized which resulted in claims on the final donor contribution. Final payments are received when an audit is finalized.

The company's liquidity, expressed as current assets relative to current liabilities, was 1,21 (compared to 1.19 in the previous year). During 2017 VEI's largest debtor paid its outstanding debt. Resulting in a 45% drop from €1.265 million (in 2016) to €0.696 million (at the end of 2017). Finally, no unforeseen items of extraordinary expenditure had to be accounted for in relation to 2017.

Noteworthy for 2017 is the completion of the 3-yearly strategic reorientation of VEI, which resulted in key choices for the VEI#2020 strategic agenda, endorsed by the shareholders. The agenda for the coming years is built on three strategic pillars, i.e. 1) building VEI; 2) project excellence; and 3) engagement. Building VEI refers to continuing our path in professionalizing VEI in its operations, its accountability and transparency, effectiveness and efficiency. This includes elements such as an ICT improvement process, more tailor-made attention to the human resources involved in VEI, and an internal re-





organization of tasks and responsibilities. The 'Project Excellence'-pillar encompasses existing elements as continuously innovating our products and diversifying our financial sources, but also new elements such as centralizing our project-portfolio around the realization of Sustainable Development Goal 6 and the forming of project teams, and of course a successful implementation of our new strategic WaterWorX program. The third pillar is a relatively new one, and concerns explicitly the need of VEI to pro-actively stimulate engagement of the Dutch water operators with the mission and vision of VEI. Such includes strategic actions as the branding of VEI as name of the organization, a stronger support to the Foundation Water for Life, and the strengthening of the resourcing process of the short termers from the water companies. The VEI#2020 agenda, including these three strategic pillars will guide our actions in the years to come.

LOOKING FORWARD TO 2018

The project portfolio is targeted in the coming years, to stabilize around a volume of €20 million, which will accordingly result in stable turnover and costs. However, given our strategy for "a bigger bang for the buck", VEI strives to give access to 315.000 people to water/sanitation services as a direct result of our activities (compared to the 225.312 achieved in 2017). Due to the acquisition of the WaterWorX programme, as VEI, we are able to boost the impact on this key indicator, growing in 2020 to a total annual amount of 350,000 people which we can give access to improved water services. The support to the local utilities and thus the contribution to the Sustainable Development Goals can only be reached by actively sharing long-standing expertise and experience of the Dutch drinking water utilities. VEI is strongly rooted in the Dutch drinking water companies and is from and for drinking water utilities. The unlocking of the expertise of the Dutch utilities is most directly personified in the staff that has worked before for the Dutch utilities and are now directly involved in VEI activities.

Therefore, target for 2018 is to increase the number of days spent by short term experts from the Dutch water operators to 3.750 days (compared to 3.241 days in 2017), and to increase the number of individual Dutch water utility staff to 185 individuals. Also, for the number of long term experts an increase is targeted from 27 persons in 2017 to 34 persons from the Dutch water utilities in 2018.

Choices relating to contract types and project sites are key elements in managing the risk profile of the commitments we enter into. Selection is executed through a criterion-based filtering process weighing impact, financial risks, operational risks and risks relating to employees' occupational health and safety. A prime condition to weigh our possible involvement is that there must be a reasonable expectation that our efforts will have a sustainable and lasting impact. The motivation of our foreign partner water company (and its management) is an important indicator in respect of this condition. Other considerations relate to the safety situation of the project site, such as indicated for example by the presence of other international organisations, travel infrastructure and accommodation facilities and advice provided by our partner Control Risks. Control Risks is an independent, global risk consultancy specializing in helping organizations manage political, integrity and security risks in complex and hostile environments. Related to this criterion, is that VEI explicitly condemns (and refuses to participate in) all forms of corruption and the presence of VEI employees in a country in no way indicates VEI's support of a local government's policy or an endorsement of its governance quality. With respect to the type of contract, VEI's policy is not to take a financial interest in local entities. VEI focuses its activities on providing technical support to their partners abroad to enable them to manage their service provision sustainably.



RISK MANAGEMENT

Risk inventory and risk management are important topics at VEI. Generally speaking, VEI is exposed to three categories of risk: risk related to health and safety, operational risk and financial risk.

HEALTH AND SAFETY RISK

Impact on the results and/or financial position: limited

The health and safety of expatriate and short-term staff is the main risk to which VEI is exposed. These risks mainly apply to international travel, local transportation (accidents, material damage), illness (nutrition, malaria, infectious diseases), safety on the streets (theft), incidents (natural disasters, terrorism), and 'Occupational health': even though the expatriate and short-term employees mainly fulfil an advisory role, many of them are also involved in the operations of the partner water operators. Cases of personal injury resulting from accidents or incidents causes in the first place personal hardship and inconvenience. But it also has a negative effect on the image of VEI and its shareholders, particularly if such situations are not handled professionally and effectively. Anticipating or reacting to these risks may result in the postponement or cancellation of missions. If this situation continues for a prolonged period, it may lead to delays in the implementation of the projects in question.

Among other measures, VEI implements the following controls in order to minimise the risk associated with health and safety.

- The staff members (expatriates and short-termers) receive preventive information on the political, security and health situations in the countries where we are present;
- A Travel Handbook ('Veilig op Reis'), which contains instructions on behaviour and assistance relating to health and safety;

- Compulsory chauffeurs for short-termers;
- A crisis management organisation has been set up and an annual training is organised;
- A 'Duty of Care' policy clarifying the obligations of the employer and employee, which the employee must sign to indicate that he/she is aware of all the available information and has read the relevant instructions before being issued a ticket;
- VEI cooperates with Control Risk (crisis management) and International SOS (health) in order to optimally inform and prepare employees and, if necessary, provide guidance in the area of health and safety.

OPERATIONAL RISK

Impact on the results and/or financial position: limited

The operational risks relate to the quality and effectiveness of the project effort, issue management (water quality, reliability), political risks (human rights, corruption), and employee conduct (professionalism). These affect the reputation of VEI, the Dutch parent water companies and partners. Most VEI projects are partnerships which are entered into by both parties on a voluntary basis, or contracts that are awarded after a tender procedure. Neither poor performance nor bad publicity serves the interests of either of the parties and a critical selection process minimises the likelihood of occurrences of this nature. We know from experience that, when confronted by disappointing (initial) results, the first reaction of the two partners is to look for ways of improving those results.





During VEI's involvement in international collaborative projects during the past 10 years, there has not been a single case of premature termination of a collaborative relationship without mutual consent.

VEI implements the following controls in order to minimise operational risk.

- Contract selection, a number of criteria is used such as country, contribution to the VEI mission, and project partners;
- Limitation in countries where projects are being operated.
- Selection of partners/alliances;
- Use of the KPI dashboard, financial reporting and performance reporting in the context of result accountability in respect of all stakeholders (not only the shareholders and financiers) in order contribute positively to developing relevant policy and encouraging broader social debate in this area;
- A standardised Financial Planning & Control cycle;
- The communication protocol agreed with the shareholders, which defines an approach and core message for each target audience.
- To reduce the risk of bribery VEI has a "code of conduct" for its staff and has also implemented procurement procedures.

FINANCIAL RISK

Impact on the results and/or financial position: limited

VEI is a project-based organisation and the associated financial risk is therefore typically related to individual projects. For example, risks associated with penalty clauses, bonus/malus agreements in performance-dependent projects, repayment of subsidies, debt-risks, liability for health damage or other damages (injury), unemployment, VEI employees becoming unfit for work and the risk of payment default on the part of the donor.

In the event of early termination of the project, there are also financial consequences in that a suitable position must be found for the permanent staff returning to the parent company or partner company from abroad, or an outplacement procedure has to be initiated.

Based on the assumption that not all projects will end at the same time and that new projects will arise or existing projects will be renewed, this risk is limited.

VEI implements the following control measures to minimise financial risk:

- The further pursuit of operational excellence in Project Management and Finance & Control, through optimisation of the administrative/Finance & Control systems and procedures among other measures;
- Registration/preparation of Utility Support Contracts with realistic performance targets and a good balance between fixed and variable rewards and bonus/malus arrangements;
- Demanding project finance payment in advance;
- A standard cooperation agreement has been drawn up in collaboration with Royal Haskoning DHV, a leading firm of consulting engineers and a VEI partner, which focuses on clearly defining liability;
- Restraint with regard to entering into long-term commitments in relation to rent, vehicles, etc.;
- Not participating or taking any financial position in local water operating partners.
- Externally recruited personnel, who mainly work as self-employed contractors or based on fixed-term contracts (duration is based on the contract period).

More about VEI's financial risk and risk management in chapter 5 of the Financial Statements (page 23).

Utrecht, 17 May 2018

M.A.C. Schouten, PhD - CEO VEI





FINANCIAL STATEMENTS

Balance sheet as at 31 December 2017 (before proposed appropriation of result)

X EUR 1,000	Ref	31-12-17	31-12-16
ASSETS			
Construction contracts	1	2,838	3,568
Accounts receivable and amounts to be invoiced	2	696	1,265
Taxes and social security charges	2	130	336
Other receivables, prepayments and accrued income	2	1,010	1,665
Cash and cash equivalents	3	7,408	6,209
Total assets		12,082	13,043
LIABILITIES			
Paid-up and called share capital		36	36
Other reserves		1,496	1,297
Undistributed result		43	199
Shareholders' equity	4	1,575	1,532
Provisions	5	489	548
Construction contracts	6	6,824	7,228
Other current liabilities	7	3,194	3,735
Current liabilities		10,018	10,963
Total equity and liabilities		12,082	13,043

Income statement for the year ended 31 December 2017

X EUR 1,000	Ref	2017	2016
Net turnover	9	17,525	21,475
Cost of operations	10	-15,476	-19,219
Gross profit		2,049	2,256
General and administrative expenses	11	-1,999	-2,005
Total costs		-1,999	-2,005
Operating profit/(loss)		50	251
Financial income and expenses	12	4	1
Result before taxation		54	252
Corporate income tax	13	11	53
Profit/(loss) for the year		43	199



Cash flow statement for the year ended 31 December 2017

x € 1,000	Ref	2017	2016
Operating profit/(loss)		39	199
Adjustments for:			
Movement in provisions	5	-59	112
		-20	311
Movement in receivables	2	1,430	-74
Movement in construction contracts	1&6	326	-1,163
Movement in current liabilities	7	-541	1,086
Movement in working capital		1,215	-151
Cash generated from operations		1,195	160
Financial income and expenses	12	4	1
Corporate income tax paid	13	-	-
		4	1
Cash flow from operating activities		1,199	161
Movement in financial fixed assets		-	-
Cash flow from investing activities		-	-
Movement in cash and cash equivalents		1,199	161
Cash and cash equivalents as at 1 January		6,209	6,048
Cash and cash equivalents as at 31 December		7,408	6,209
Movement in cash and cash equivalents		1,199	161

Notes to the balance sheet and income statement

GENERAL NOTES

1.1 Activities

Vitens Evides International B.V. is a joint venture of Vitens N.V. and Evides N.V.. Vitens Evides International B.V. receives contributions from its shareholders and other donors in the context of development aid. It uses these contributions to finance its not-for-profit activities in the area of management support for water companies in developing countries. An own contribution is incorporated within a majority of the project contracts of VEI. This own contribution is sourced through the participating Dutch water companies, legitimized by the 1% CSR contribution of the Dutch drinking water law.

1.2 Registered office

Vitens Evides International B.V. registered office is located in Apeldoorn, the Netherlands. Registered at the Chamber of Commerce under number 634832.

1.3 Group structure

On the balance sheet date Vitens Evides International B.V. consists of one legal entity (being Vitens Evides International B.V.). In the third quarter of 2017 the former participation, VRWS B.V., has been liquidated.

1.4 Changes in accounting policies

There are no changes in accounting policies compared to previous year.

1.5 Changes in accounting estimates

There are no changes in accounting estimates.

1.6 Related parties

All legal entities that can be controlled, jointly controlled or significantly influenced are considered to be a related party. Entities which can exercise control over the Company are also considered to be a related party. In addition, statutory directors, other key management of Vitens Evides International B.V. or the ultimate parent company and close relatives are regarded as related parties. Transactions with related parties are disclosed in the notes insofar as they are not transacted under normal market conditions. The nature, extent and other information are disclosed if this is necessary in order to provide the required insight.



1.7 Estimates

Preparing annual financial statements involves the use of assumptions, judgment and estimates based on historical experience and factors that are acceptable in the management's opinion given specific circumstances. Such judgment and estimates (including relevant assumptions) affect the valuation and presentation of the assets and liabilities reported and also the result for the year. Actual results may differ from these estimates and assumptions applied. The nature of these estimates and this judgment, including relevant assumptions, are disclosed in the notes to the financial statement. Below we provide more details for specific items.

1.8 Accounting policies for the cash flow statement

The cash flow statement has been prepared on the basis of indirect method. Items disclosed in the cash flow statement comprise the cash and cash equivalents. Cash flows in foreign currency are translated at an estimated average exchange rate. Inflow or outflow of cash related to interest is included in the cash flow from operating activities.

2 GENERAL ACCOUNTING POLICIES

2.1 General

The financial statements have been prepared in accordance with the statutory provisions of Part 9, Book 2 of the Dutch Civil Code and the firm pronouncements in the Guidelines for Annual Reporting in the Netherlands as issued by the Dutch Accounting Standards Board. In general, assets and liabilities are stated at the amounts at which they were acquired or incurred, or current value. If not specifically stated otherwise, they are recognized at the amounts at which they were acquired or incurred. The balance sheet, income statement and cash flow statement include references to the notes.

2.2 Comparative figures

The accounting policies have been consistently applied to all years presented.

2.3 Foreign currency

2.3.1 Functional currency

The items in the financial statements are measured using the currency of the primary economic environment in which the company is based (the functional currency). The financial statements are presented in euro, which is the functional and presentation currency of Vitens Evides International B.V.

2.3.2 Translation of foreign currency

Transactions entered into by the company in a currency other than the functional currency are recorded at the rates ruling when the transactions occur. Foreign currency assets and liabilities are translated at the rates ruling at the reporting date. Exchange differences arising on the translation of unsettled assets and liabilities are recognized in the company income statement.

3 ACCOUNTING POLICIES FOR THE BALANCE SHEET

3.1 Construction contracts

The item construction contracting by third parties consists of the balance of realized project costs, allocated profit and, if applicable, recognized losses and invoiced instalments. Construction contracting's by third parties are presented separately in the balance sheet under current assets. If a credit balance is shown, it is presented under the current liabilities. If it is likely that total project costs will exceed total project income, expected losses are immediately recognized in the income statement. This loss is included in cost of operations.

3.2 Receivables

Trade receivables are initially recognised at fair value and subsequently measured at amortised cost. When a trade receivable is uncollectible, it is written off against the allowance account for trade receivables.

3.3 Cash and cash equivalents

Cash and cash equivalents include cash in hand, bank balances and deposits held at call with maturities of less than 12 months. Bank overdrafts are shown within borrowings in current liabilities on the balance sheet. Cash and cash equivalents are stated at nominal value.

3.4 Provisions

Provisions are recognized for legally enforceable or constructive obligations that exist on balance sheet date, the settlement of which is probable to require an outflow of resources whose extend can be reliably estimated.

Provisions are measured at best estimate of the amounts that will be necessary to settle the obligation at balance sheet date. Provisions are recognized at nominal value of the expenditure that is expected to be required to settle the obligation, unless stated otherwise. If it is expected that a third party will reimburse the obligation, and if it is likely that this reimbursement will be received when the obligation is settled, this reimbursement is stated in the balance sheet as a separate asset.



3.5 Current liabilities

On initial recognition current liabilities are recognised at fair value. After initial recognition current liabilities are recognised at amortized cost.

ACCOUNTING POLICIES FOR THE INCOME STATEMENT

4.1 General

The result is determined as the difference between the realizable value of goods/services delivered and costs and other expenses over the year. Income from transactions is recognized in the year in which it is realized. The project result is determined as the difference between project income and project costs. Project income is the contractually agreed income and income from supplemental and additional work, claims and fees, if and to the extent likely to be realized and able to be reliably determined. Project costs are costs relating directly to the project, which are generally allocated to project activities and can be apportioned to the project, and other costs that can be contractually allocated to the client. If it is likely that total project costs will exceed total project income, expected losses are immediately recognized in the income statement. This loss is included in cost of operations.

4.2 Net turnover

Net turnover consists of contributions and subsidies received. Income is allocated to the relevant period. Subsidies are recognized as income in the income statement in the year in which the subsidized costs were incurred or income was lost, or in which a subsidized operating deficit arose. Income is recognized if it is likely to be received.

4.3 Contract revenue and costs

When the outcome of a contract can be reliably estimated, contract revenue and costs are recognized as revenue and costs in the income statement under the percentage-of-completion method. The stage of completion is measured by reference to the contract costs incurred up to the balance sheet date as a percentage of total estimated costs for each contract. When the outcome of a construction contract cannot be reliably estimated, contract revenue is recognized as revenue in the income statement only to the extent of contract costs incurred that are likely to be recoverable. Contract costs are recognized as expenses in the period in which they were incurred.

4.4 Cost of operations

Cost of operations is defined as direct and indirect costs that can be allocated to the turnover, which includes costs of raw materials and production supplies, costs of work contracted out and other external costs, personnel costs and other operating expenses that can be allocated to cost of operations.

4.5 General and administrative expenses

General and administrative expenses are defined as those costs chargeable to the year that are not directly attributable to cost of goods and services sold.

4.6 Financial income and expenses

Interest income and expenses are recognized on a pro rata basis, taking account of the effective interest rate of the assets and liabilities to which they relate. In accounting for interest expenses, recognized transaction expenses for loans received are taken into consideration.

4.7 Exchange differences

Exchange differences that occur in the settlement or translation of monetary items are recognized in the income statement in the period in which they arise.

4.8 Corporate income tax

From 1 January 2016 participations in Dutch public corporate entities are subject to Corporate income tax. Based upon the current interpretation of the legislation all activities of the company are subject to corporate income tax.



5 FINANCIAL RISKS AND RISK MANAGEMENT

Vitens Evides International B.V. is exposed to the following financial risks, which are explained below:

5.1 Market risk

5.1.1. Price risk

The company deems the price risk related to items in the financial statements to be limited. This is mainly caused by the type of contract which enables VEI to pass such effects on to donor parties.

Eligibility of project cost

The company is involved in various projects for which audits are performed in order to check eligibility of project cost incurred. For some projects, audits are performed on a yearly basis, for others an audit is performed in case a new installment is requested and for some projects audits are performed at the end of the project. For the latter ones, for those projects where the subsidy funder may perform an audit after closing the project and for long-term projects, the company risks that, as a result of an audit, costs do not meet the conditions of the grant and can therefore not be claimed.

5.1.2. Currency risk

This is the risk that the value of a financial instrument will change due to fluctuations in the currency exchange rates. The company uses the euro as its functional currency. Exchange differences are calculated on a per-transaction basis and credited/charged to the income statement. For benefit of the projects, bank accounts abroad are held in foreign currencies to facilitate payments in foreign currencies. The company does not use any forward currency contracts.

5.2 Credit risk

The company is exposed to risk in relation to valuation of receivables. The company manages this risk by assessing the recoverability of outstanding receivables periodically and takes adequate measures where necessary.

5.3 Liquidity risk

Cash and cash equivalents are at free disposal of the company. Many of the company's projects are financed on basis of prefinancing by financiers/donors.



Notes to the company balance sheet

1. CONSTRUCTION CONTRACTS

Construction contracts commissioned by third parties comprise balance of project costs realized, profit attributed, and if applicable, recognised losses and instalments already invoiced. Construction contracts are presented separately in the balance sheet under current assets. If it shows a credit balance, this will be presented under current liabilities.

			31-12-17			31-12-16
	Received	Project	Balance	Received	Project	Balance
	Instalments	cost		instalments	cost	
Africa	13,095	15,486	2,391	13,404	16,443	3,039
Asia	6,691	7,078	387	12,725	13,191	466
South America	-	-	-	104	113	9
WaterWorX (VEI)	589	615	26	-	-	-
Other	10	44	34	777	831	54
Total	20,385	23,223	2,838	27,010	30,578	3,568

2 RECEIVABLES (OTHER RECEIVABLES, PREPAYMENTS AND ACCRUED INCOME)

All receivables have a remaining term of less than one year. The net present value of the receivables approximates the book value, due to their short-term nature and the fact that provisions for bad debt have been created where necessary. The receivable relating to Taxes and social security charges relates to value added tax.

	31-12-17	31-12-16
<i>Other receivables, prepayments and accrued income</i>		
Advances to personnel and projects	190	350
Other receivables and Prepaid costs	801	1,195
Current account WFL	-	110
Credit notes to be received	19	10
Total	1,010	1,665

3 CASH AND CASH EQUIVALENTS

The company provided the following guarantees:

Nr	Currency	Amount	Beneficiary
K691429	\$	160,668	Crown Agents Limited
K699927	€	373,220	European Investment Bank

4 SHAREHOLDERS' EQUITY

	31-12-17	31-12-16
Paid-up and called share capital	36	36
Other reserves	1,496	1,297
Unappropriated result	43	199
Total	1,575	1,532

The authorized share capital amounts to € 90,000 consisting of 1,800 shares with a nominal value of € 50 per share. At the year ended 31 December 2017, 720 shares were issued and paid up.

Movement in shareholders' equity

	Paid-up capital	Other reserves	Undistributed result	Total
Balance as at 1 January	36	1,297	199	1,532
Movements:				
Appropriation of the result previous financial year	-	199	-199	-
Result for the year	-	-	43	43
Other movements	-	-	-	-
Balance as at 31 December	36	1,496	43	1,575



5 PROVISIONS

	31-12-17	31-12-16
Other provisions	489	548
Total	489	548

Other provisions are recognized for employees working abroad and relates to withholding taxes.

Movement in provisions

	Other provisions
Balance as at 1 January	548
Additions	56
Utilisation	-19
Releases	-96
Balance as at 31 December	489

6 CONSTRUCTION CONTRACTS

Construction contracts commissioned by third parties comprise the balance of project costs realized, profit attributed, and if applicable, recognised losses and instalments already invoiced. Construction contracts are presented separately in the balance sheet under current assets. If it shows a credit balance, this will be presented under current liabilities.

			31-12-17			31-12-16
	Received	Project	Balance	Received	Project	Balance
	Instalments	cost		instalments	cost	
Africa	11.187	7,775	3,412	12,044	8,208	3,836
Asia	2,887	1,426	1,461	5,474	4,456	1,018
South America	431	319	112	-	-	-
Other	88	0	88	43	30	13
WaterWorX (Consortium)	1,033	926	107	-	-	-
Water for Life	3,046	1,402	1,644	3,962	1,601	2,361
	18,672	11,848	6,824	21,523	14,295	7,228

7 OTHER CURRENT LIABILITIES

	31-12-17	31-12-16
Trade creditors	1,053	1,432
Current account WFL	28	-
Other payables	2,113	2,303
Total	3,194	3,735

All current liabilities fall due in less than one year. Other current liabilities are recognized at amortized cost.

Debt to shareholders

The trade creditors and other payables include a debt to the shareholders:

	31-12-17	31-12-16
Vitens N.V.	527	414
Evdes N.V.	348	430
Total	875	871

8 CONTINGENCIES AND COMMITMENTS

The company has concluded contracts with an annual rental expenditure of approximately € 321,000 for projects and employees abroad.

Rental contracts as per 31 December 2017	Due within 1 year	Due 1-5 years	> 5 years
	€ 175,000	€ 120,000	€ 26,000



Notes to the company income statement (EUR 1.000)

9 NET TURNOVER

Net turnover from The Netherlands is recognised based on contracts and relates to contributions from Dutch partners with which the company cooperates for their projects. Net turnover from other continents and other parties relate to contracts as well and comprises grants provided by funders like Dutch Embassies abroad, Ministry of Foreign affairs, ADB, EU etc.

	2017	2016
The Netherlands	5,036	5,212
Africa	6,768	9,026
Asia	3,078	4,885
South America	626	362
Water for Life	1,402	1,601
WaterWorX	615	
Other	-	389
Total	17,525	21,475
<i>Net turnover - The Netherlands</i>		
Contribution Vitens	2,000	2,000
Contribution Evides	1,750	1,750
Contribution WML	495	495
Contribution PWN	245	350
Contribution Brabant Water	300	200
Contribution WBG	160	160
Other turnover	86	257
Total	5,036	5,512

10 COSTS OF OPERATIONS

The costs of operations relate to the projects performed during the year under review.

11 GENERAL AND ADMINISTRATIVE EXPENSES

The General and Administrative expenses relate to the support departments of Vitens Evides International B.V.

Personnel costs

The company does not have any employees of its own but hires personnel, mainly via its shareholders and partners. Personnel costs associated with this are stated in the income statement and are charged to projects where applicable (cost of operations).

Audit fees

The following audit fees were expensed in the income statement in the reporting period:

2017:	EY	PWC	Others	Totaal
Audit of annual financial statements	-	32	-	32
Other audit services	-	24	-	24
Other non-audit services	61	-	-	61
	61	56	0	117
2016:				
Audit of annual financial statements	-	28	-	28
Other audit services	-	18	-	18
Other non-audit services	119	-	2	121
	119	46	2	167

The fees listed above relate to procedures applied to the Company and its consolidated group entities by accounting firms and external auditors as referred to in Section 1, subsection 1 of the Dutch Accounting Firms Oversight Act (Dutch acronym: Wta), as well as by Dutch and foreign-based accounting firms, including their tax services and advisory groups.

Average number of employees

The company does not have any employees of its own but hires personnel, mainly via its shareholders.

12 FINANCIAL INCOME AND EXPENSES

	2017	2016
Interest and similar income	4	1

13 CORPORATE INCOME TAX

The Corporate income tax is based on the applicable Corporate income tax rate in the Netherlands (25%). The effective Corporate income tax rate on the company result is 20%. The difference is caused by a different applicable tax rate over the first € 200,000 (20%).



14 OTHER NOTES

Accountability in consideration of the Senior Officials in the Public and Semi-Public Sector (Standards for Remuneration) Act (Wet normering bezoldiging topfunctionarissen publieke en semipublieke sector (WNT))

The Senior Officials in the Public and Semi-Public Sector (Standards for Remuneration) Act (Wet normering bezoldiging topfunctionarissen publieke en semipublieke sector (WNT)) is effective as of January 1st, 2013. This statement of accountability has been drawn up based upon the following regulation which applies to Vitens Evides International B.V.: the general WNT-maximum. The maximum remuneration in 2017 which applies to Vitens Evides International B.V. concerns € 181,000. The applicable WNT maximum shown per person or position is calculated prorated based on the number of hours of employment (and for senior officials also on the duration), whereby for the purposes of the calculation the employment contract can never be more than 1.0 FTE.

The management board is charged with managing the company. The authority to determine the remuneration and other employment conditions of the members of the management board accrues to the General Meeting of Shareholders. The remuneration consists of a basic salary, pension, social security and other expense allowances, and is in accordance with the requirements of the Executives' Pay (Standards) Act. No loans, advances or guarantees were provided to the management board member.

Remuneration of senior officials without employment contract:

Name	M.A.C. Schouten, PhD ¹
Total Remuneration in 2017 WNT	169,073
Total Remuneration in 2017	169,073
Total Remuneration in 2016 WNT	149,780
Total Remuneration in 2016	149,870
Duration of employment in days	365
Part-time employment factor	1

¹ CEO, in operation 1 November 2014

Other disclosure requirements based upon the WNT

Besides the senior official mentioned above, there are no other officials who received remuneration in excess of the applicable WNT maximum in 2017 or for whom a report was submitted or should have been submitted in previous years on grounds of the WOPT or WNT. No severance payments were made to other officials in 2017 which must be reported on grounds of the WNT.

Related parties

The company receives an annual contribution from its shareholders, which can be specified as follows:

	2017	2016
Vitens N.V.	2.000	2.000
Evides N.V.	1.750	1.750
Total	3,750	3,750

All costs from related parties are charged to the company based on actuals (e.g. hours and invoices), without profit margin. The company hires personnel from its shareholders, mainly as project-staff. Moreover the company hires staff from Vitens for back-office activities (e.g. accounting, marketing). The specification is as follows:

	2017	2016
Vitens N.V.	2,418	2,881
Evides N.V.	1,133	1,883
Total	3,551	4,764

Proposed appropriation of result

The board of directors proposes to appropriate the result of 2017 as follows: add an amount of € 43.000 to the other reserves.

Utrecht, 17 May 2018

M.A.C. Schouten, PhD - CEO VEI



Other information

Provisions of the Articles of Association governing the appropriation of profits

The provisions of the Articles of Association relating to profit appropriation are as follows (article 18):

- 18.1 The profit achieved in a financial year is at the disposal of the general meeting.
- 18.2 Profits are paid out after adoption of the financial statements which indicate this is permissible.
- 18.3 The general meeting can adopt a resolution for payment of an interim dividend and/or distributions chargeable to a reserve maintained by the company.
- 18.4 Distributions on shares can only take place up to at most the amount of the distributable shareholders' equity.
- 18.5 A resolution aimed at distribution will not have any effect as long as the management board has not given its approval. The management board will only refuse to give its approval if it knows or should reasonably foresee that the company will be unable to continue to pay its eligible debts after the distribution.



INDEPENDENT AUDITOR'S REPORT

To: the general meeting of Vitens-Evides International B.V.

REPORT ON THE FINANCIAL STATEMENTS 2017

Our opinion

In our opinion Vitens-Evides International B.V.'s financial statements give a true and fair view of the financial position of the Company as at 31 December 2017, and of its result for the year then ended in accordance with Part 9 of Book 2 of the Dutch Civil Code and the provisions of and pursuant to the Dutch Standards for Remuneration of Senior Officials in the Public and Semi-Public Sector Act (WNT).

What we have audited

We have audited the accompanying financial statements 2017 of Vitens-Evides International B.V., Apeldoorn ('the Company').

The financial statements comprise:

- the balance sheet as at 31 December 2017;
- the income statement for the year then ended;
- the cash flow statements for the year then ended; and
- the notes, comprising a summary of the accounting policies and other explanatory information.

The financial reporting framework that has been applied in the preparation of the financial statements is Part 9 of Book 2 of the Dutch Civil Code and the provisions of and pursuant to the WNT.

The basis for our opinion

We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing and the Audit protocol WNT 2017. Our responsibilities under those standards are further described in the section 'Our responsibilities for the audit of the financial statements' of our report.

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

Independence

We are independent of Vitens-Evides International B.V. in accordance with the 'Verordening inzake de onafhankelijkheid van accountants bij assuranceopdrachten' (ViO – Code of Ethics for Professional Accountants, a regulation with respect to independence) and other relevant independence requirements in the Netherlands. Furthermore, we have complied with the 'Verordening gedrags- en beroepsregels accountants' (VGBA – Code of Ethics for Professional Accountants, a regulation with respect to rules of professional conduct)..

REPORT ON THE OTHER INFORMATION INCLUDED IN THE ANNUAL REPORT

In addition to the financial statements and our auditor's report thereon, the annual report contains other information that consists of the following:

- editorial;
- about VEI;
- introducing our new VEI program of WaterWorX;
- commencing our WaterWorX program in 2017;
- directors' report including risk management;
- the other information pursuant to Part 9 of Book 2 of the Dutch Civil Code.

Based on the procedures performed as set out below, we conclude that the other information:

- is consistent with the financial statements and does not contain material misstatements;
- contains the information that is required by Part 9 of Book 2 of the Dutch Civil Code.

We have read the other information. Based on our knowledge and understanding obtained in our audit of the financial statements or otherwise, we have considered whether the other information contains material misstatements.

By performing our procedures, we comply with the requirements of Part 9 of Book 2 of the Dutch Civil Code and the Dutch Standard 720. The scope of such procedures was substantially less than the scope of those performed in our audit of the financial statements.

The director is responsible for the preparation of the other information, including the directors' report and the other information in accordance with Part 9 of Book 2 of the Dutch Civil Code.

RESPONSIBILITIES FOR THE FINANCIAL STATEMENTS AND THE AUDIT

Responsibilities of the director

The director is responsible for:

- the preparation and fair presentation of the financial statements in accordance with Part 9 of Book 2 of the Dutch Civil Code and the provisions of and pursuant to the WNT; and for
- such internal control as the director determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

As part of the preparation of the financial statements, the director is responsible for assessing the company's ability to continue as a going concern. Based on the financial reporting framework mentioned, the director should prepare the financial statements using the going-concern basis of accounting unless the director either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so. The director should disclose events and circumstances that may cast significant doubt on the company's ability to continue as a going concern in the financial statements.

Our responsibilities for the audit of the financial statements

Our responsibility is to plan and perform an audit engagement in a manner that allows us to obtain sufficient and appropriate audit evidence to provide a basis for our opinion. Our audit opinion aims to provide reasonable assurance about whether the financial statements are free from material misstatement. Reasonable assurance is a high but not absolute level of assurance, which makes it possible that we may not detect all misstatements. Misstatements may arise due to fraud or error. They are considered to be material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

Materiality affects the nature, timing and extent of our audit procedures and the evaluation of the effect of identified misstatements on our opinion.

A more detailed description of our responsibilities is set out in the appendix to our report.

Groningen, 17 May 2018

PricewaterhouseCoopers Accountants N.V.

Originally signed by:

A.L. Koops-Aukes RA

APPENDIX TO OUR AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS 2017 OF VITENS-EVIDES INTERNATIONAL B.V.

In addition to what is included in our auditor's report we have further set out in this appendix our responsibilities for the audit of the financial statements and explain what an audit involves.

The auditor's responsibilities for the audit of the financial statements

We have exercised professional judgement and have maintained professional scepticism throughout the audit in accordance with Dutch Standards on Auditing, the Audit protocol WNT 2017, ethical requirements and independence requirements. Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error. Our audit consisted, among other things of the following:

- Identifying and assessing the risks of material misstatement of the financial statements, whether due to fraud or error, designing and performing audit procedures responsive to those risks, and obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the intentional override of internal control.
- Obtaining an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the director.
- Concluding on the appropriateness of the director's use of the going concern basis of accounting, and based on the audit evidence obtained, concluding whether a material uncertainty exists related to events and/or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report and are made in the context of our opinion on the financial statements as a whole. However, future events or conditions may cause the company to cease to continue as a going concern.
- Evaluating the overall presentation, structure and content of the financial statements, including the disclosures, and evaluating whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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



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COLOPHON
Concept and design: Remke Beckers
Text: HNV Communicatie
Photography: VEI and Masja Stolk Cover photo: Rob Elfring