



Vitens Evides

international

2011 Annual Report

sustainable water services

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Working together on sustainable water and sanitation solutions

“Through their joint venture, Vitens Evides International (VEI), Vitens and Evides Waterbedrijf work with local water utilities in Africa and Asia to improve and expand their services. Waterleiding Maatschappij Limburg is the third Dutch water utility to contribute to international Water Operator Partnerships through Vitens Evides International. We regard these partnerships as the most sustainable way to achieve lasting improvements in the lives of a rapidly growing population in cities in developing countries. Ever since its predecessor, Vitens International, was established in 2005, VEI has helped improve and expand access to water and sanitation for twenty million people. This is a substantial contribution to the Millennium Development Goals of the United Nations, but we are far from finished.”

The Dutch water supply companies Vitens and Evides Waterbedrijf have the in-house knowledge and experience required to enable colleagues in countries like Ghana, Malawi, Mozambique, Mongolia and Vietnam to improve and expand the supply of piped water and sanitation in their urban areas. In most cases, there is room for improvement at technical, financial, commercial as well as management level.

Sustainability is a key factor in our business: we help improve the performance of a water utility. An efficient and independently run water utility has a better chance of attracting the necessary investments to repair and expand the often ageing and poorly maintained water infrastructure. Vitens Evides International helps build better managed and more efficient water utilities that have the means to improve and expand their services, particularly to the most deprived area where many families are in dire need of reliable and clean water and sanitation. More about the sustainability of our approach and the vision of our experts later in this annual report.

Our total programme budget in 2011 was € 8.4 million. This was a year in which we successfully developed many new projects: we received funding for seven proposals submitted to the EU Water Facility by Vitens Evides International and a group of partners.



In 2012, we will therefore be starting up new activities in Ethiopia, Ghana, Kenya, Mozambique, Uganda and Zambia. Furthermore, we are the subcontractor for two projects in Surinam and Burkina Faso.

Vitens Evides International is well on its way to reaching many more people in the coming years. Despite having done much in recent years to meet the UN's goal of halving the number of people without sustainable access to clean drinking water and proper sanitation by 2015, we see a huge challenge ahead of us. Around the world, over eight hundred million people still do not have access to sufficient and safe water, while over two billion people lack adequate sanitation. Vitens Evides International is fully focused on reducing this number, primarily in urban areas. This is where the population of the developing world is growing most rapidly. Every day, the population of the cities in the developing and transition economies is increasing by 160,000. To illustrate the scale of this issue, this is equivalent to the emergence of a new city the size of Paris requiring water and sanitation facilities (and other basic services) every month. The water and sewerage companies in these countries face a serious challenge to keep pace with this trend.

We want to provide our clients, partners and potential partners insight into what we do. This is important to us because we want to be accountable and because we believe we can achieve more if we work together with others: other water supply companies here and abroad, Water Boards, NGOs and knowledge institutions. Collaboration means bundling experience and enables us to combine our expertise with that of other specialised parties. This enables us to tackle problems using an integrated approach to sustainable water services, incorporating water resource management from a water cycle perspective, solid waste management, urban planning and – most importantly – capacity building in all these areas. Such an approach enhances the sustainability of the improved and expanded access to water supply and sanitation services that we, as Vitens Evides International, see as our bottom line.

The Agua Limpa Project in Mozambique is a nice example of this. This project is a partnership between Vitens Evides International and a broad group of experts from the Province of Friesland, Wetterskip Fryslân, the Association of Frisian Municipalities and, of course, our Vitens and Evides colleagues. This was one of the first projects for Vitens Evides International in which, together with our partners, we focused on improving local capacity with regard to sanitation, particularly at

municipal level. As soon as reliable and safe water supply is in place, for example in schools, it becomes possible to take steps towards achieving sustainable sanitation solutions. We are proud of the results that have already been achieved in this project and look forward to its extension in 2012.

In 2011, over a hundred employees from Vitens, Evides Waterbedrijf and Waterleiding Maatschappij Limburg were involved in providing technical assistance to our partner water utilities in Africa and Asia. Our partners regard them as water utility colleagues, with hands on practical experience in a utility environment. For our employees, it is an opportunity of being challenged in entirely new ways, developing themselves and returning to their own workplace in the Netherlands with a fresh perspective.

We are looking forward to the year ahead. The new structure of the Vitens Evides International organisation which was implemented in July 2011 will help us accelerate and improve our efforts to increase the number of people we can reach with better water services. As our portfolio of partnerships grows, our Management Team in the Netherlands needs to interact even more with our stakeholders and be even more effective as a team in acquiring and managing projects and programmes. As part of the new structure, we also improved our distribution of tasks and responsibilities. By appointing three lead experts in our team – which itself has many years of experience abroad – we can enhance our learning capability and mobilise more well qualified experts from our mother institutions to our projects. As we strengthen our learning capability, we ensure that a successful approach in one country is shared with other countries. In this way our projects are linked together and we all contribute to their individual success. This is how Vitens Evides International will continue to improve its performance and ability to help bring water and sanitation to the many people around the world still waiting for this basic service.

February 8, 2013

Gerhard van den Top
Managing Director
Vitens Evides International



A robust approach

Sustainability is in fashion; today we can work, live and eat in sustainable ways. However, sustainability has been a given for many years at Vitens Evides International. The term applies to the type of solutions offered to water utilities in developing countries. To improve their financial performance and services so that they can invest in infrastructure and employees. This also puts them in a better position to attract the substantial investments required for major rehabilitation and expansion works. Sustainability also means linking the urban water supply to the sustainable management of water resources and to the development of sound sanitation solutions. This is how Vitens Evides International works on robust long term solutions to the water supply and sanitation needs of rapidly growing urban areas in Africa and Asia. Exactly how does this work?

A sustainable impact: that is what Vitens Evides International wishes to achieve in the countries in which the Dutch water supply experts are deployed. No ad hoc solutions which, despite producing instant improvements, are often short-lived, but a robust long term approach introducing the new policy and investments required to make permanent improvements to the water supply and continue to expand it. Gerard Soppe, Siemen Veenstra and Carl Kamstra are experts in this sustainable approach within Vitens Evides International.

Carl: "For us sustainability means attempting to enhance the efficiency and independence of local water utilities by means of partnerships. By developing capacity, we aim to ensure that the local water supply companies can maintain the improvements in performance themselves. In our view, this is the best guarantee for providing more people with lasting improvements in access to safe drinking water and sanitation services."

Carl's work for Vitens Evides International is primarily focused on making the local companies financially sustainable. "I develop financial models, naturally in consultation with the financial people in our partner organisations. I also give performance management training. Companies develop and execute plans and sometimes audit them, but what is often lacking is management by results. And that's exactly what is so important. A company that consciously works on managing by results is well on its way to becoming sustainable: all actions are focused on achieving the

objectives." Gerard adds: "Albert Einstein once said: 'Insanity is doing the same thing over and over again and expecting different results'. Vitens Evides International's wants to create capacity within companies in such a way that they start doing things differently and achieve different results. Development occurs and the company becomes less dependent on external people and resources in making their decisions. We don't believe in quick fix interventions or just delivering reports. We try to restructure the organisation. Otherwise, it's like carrying coal to Newcastle."

People

"Sustainability in the sense of long term solutions is all about people," explains Siemen Veenstra. "Working in sustainable ways is primarily translated into anchoring changes in organisations and people. This is precisely where there is plenty of room for improvement in an operational sense. Often it's not a lack of knowledge, but a critical attitude and commitment which determine how effectively someone contributes to the objective of the company in which they work. People are one of the most important assets for water utilities, apart from water sources and investment resources. People are the determining factors in an organisation. They contribute to a sustainable future for the water supply company by looking for efficiency and effectiveness, searching for losses due to leaks, whether in the network or in the commercial department."

“Success in Mozambique proves that our approach works!”



Patience

It should be clear by now that sustainability is a key concept for Vitens Evides International. But what is the secret of offering sustainable solutions and how do project members go about it? Gerard: “As an employee, you have to focus on developing the partner organisation. This means being able to empathise with how the company operates and seeing what is lacking. This could include very basic skills on the part of operating personnel, as well as the management style.”

Carl: “Vitens Evides International employees must have patience. We want to transfer our knowledge and avoid falling into the trap of saying ‘It’ll be quicker if I do it myself’. This helps us boost people’s self reliance.”

Of course there’s also room for improvement.

Gerard: “If we fail to secure the changes that we bring about while working with our partners, we run the risk that they will slowly dissipate once our partnership ends. The approach, training method and management’s commitment are essential components in securing change and the local project manager is responsible for this.”

Mission accomplished

The partnership between Vitens Evides International and the local asset holding company FIPAG in Mozambique dates back to 2004 and is a good example of sustainable change management. Carl: “In the first cities where the

partnership between FIPAG and Vitens Evides International started, the local utilities are increasingly able to maintain and develop the quality of their operations with less input from our side. It’s wonderful to see this happening, and it shows that our approach works. Furthermore, it’s a good illustration of the need to jointly opt for a long term partnership. Going somewhere for a few months and then leaving because the financing runs out, for example, is such a shame. An extended presence means that, on the basis of the first small successes, you can evolve towards a broader approach and that you can anchor this approach in the environment. In short, it means that you can achieve a robust improvement and expansion of the water and sanitation services.” Siemen also refers to FIPAG as a good example of sustainable results achieved.

“Partners with whom we have developed a long term relationship are very important. Currently we are seeing that a company like FIPAG is increasingly viewed as an example of a successful organisation in the region. In the near future, FIPAG may well enter into home-grown, regional partnerships, for example in Angola. Although much remains to be done in Mozambique, it’s clear that our approach works.”

“We try to restructure an organisation. Otherwise it’s like carrying coal to Newcastle”

Sustainability and the Millennium Development Goals

Providing sustainable solutions also brings one of the Millennium Development Goals of the United Nations calling for halving the proportion of people without access to water and sanitation by 2015 that much closer: efficient drinking water supply companies can attract the investments required to sustainably realise the United Nations goal in the fast growing cities of many developing countries.





Introducing the new Management Team

Vitens Evides International is taking an important step forward in its professionalisation with a new Management Team (MT). The Regional Directors are all experienced experts in international projects, making them well suited to their task. Folkert Jan Jager, Ad Doppenberg, Marco Schouten and Adriaan Mels introduce themselves.

Folkert Jan Jager



“As CFO, I am responsible for Vitens Evides International’s financial policy. During the acquisition of the many new projects by colleagues, I check whether they fit into the organisation’s financial framework. I’m also involved in the annual financial planning and in the audit cycle. Financial reporting is becoming increasingly important in relation to the work we do. Our

shareholders, clients and other parties in society have the right to know what we are achieving with our international efforts.

“Accountability is a topic of increasing interest”

In fact my goal this year is to take further steps in providing clear insight into our approach and results. Transparency is the key word! That’s why we are working with our partners on developing relevant performance indicators that we can use during our partnership to clearly identify the results and the extent to which we have achieved the objectives. This requires additional time and effort from our people assigned to the projects. People sometimes say “measuring is knowing” and that applies to us too of course. Vitens Evides International’s strength? We work in a business-like and professional way. I’ve seen and experienced a great deal in the field of development work and, based on my own experience, I know that this is the best way. Together with the people from our local partner utility, we define ways of improving performance, thus ensuring that this company can attract concessional loans for improving and expanding the water supply and sanitation infrastructure. It’s a

combination of idealism and sustainable professionalism. Persistence is very important in this respect. We achieve the best results in countries where we have a long term presence, such as Mozambique and Vietnam.

Ad Doppenberg

“As Regional Director Asia, I am responsible for Vitens Evides International’s Asian project portfolio. A fantastic challenge! In Asia, nowadays less money is available for traditional development work. It’s up to me to offset this by exploring and developing new forms of partnership. I am confident that we will succeed in this. I’d like to contribute to the further professionalisation of Vitens Evides International. Based on many years’ experience in the water sector and with Vitens Evides International, I see opportunities to make even faster progress in our projects, without losing sight of realities on the ground of course. The good thing about Vitens Evides International is that with relatively little money we are able to start up processes that improve people’s lives. It gives us a real kick when this succeeds! Our impact and our reach are extensive, as is the visibility of our work.”

“Asia requires other forms of financing than Africa”



Marco Schouten

“I am responsible for the projects and potential projects in the southern part of Africa. In the Management Team, I coordinate our efforts to secure new projects. The MT will need to continue and work hard on Vitens Evides International’s growth and professionalisation. The key point is that, instead of short term relations, we always strive to develop long-term relationships with local utilities. I think that the secret lies in thinking in terms of ‘partnerships’ rather than ‘projects’. In this sector, where trusted relationships are key to progress, this is the best way to achieve excellent results.”

“Developing long term relationships with our partner utilities is key”

A striking example is the partnership with the Ghana Water Company Limited or GWCL. Between 2006 and 2011, we provided the management for 82 urban water utilities across the country. Obviously, we went through ups and downs with our partner and got to know each other better as we went along. After the completion of the contract term, management reverted to the Ghanaians, but then with a similar structure as that put in place during the management contract. And this was a positive thing for the company. We’ve remained on good terms with GWCL and are currently working together on the basis of a three year contract financed by the European Union. A great example of a sustainable relationship that developed over time!”



Adriaan Mels

“I am responsible for our existing and new partnerships in East Africa. Last year, we started up seven new projects distributed across Egypt, Ethiopia, Kenya and Uganda. I also coordinate our safety and health policy for our people in the various countries where Vitens Evides International is active. Over the coming years, I hope to be able to initiate several new partnerships in East Africa and to combine these with investments in new water and sanitation facilities. I am particularly keen to promote sanitation: a subject that I feel often receives too little attention. Not surprisingly, as the core business of our parent companies, Vitens and Evides Waterbedrijf, is drinking water. My background is both technical and organisational in the wider field of water services, including sanitation. For every partnership we engage in, it’s important that Vitens Evides International takes enough time to establish, manage and complete it properly. This is how we gain the confidence of local water utilities and contribute to their success in a sustainable way. In this way, our colleagues working in these partner utilities can take ownership of how things can be improved. An example? Our partnership with USUG in Ulaanbaatar, the capitol of Mongolia. When the original contract for this partnership was coming to an end, things had become clear in the mind of the director of this water utility. He asked us of his own accord to participate in the design and implementation of a new organisational structure that could help to sustain the improvements achieved. That’s what we want! Working for Vitens Evides International is adventurous, but above all a way for me to convert my idealism into concrete and practical results.”

“Vitens Evides International’s work is a practical form of idealism”





2011 Financial Statements

Company balance sheet before result appropriation

<i>x € 1,000</i>	<i>31-12-11</i>	<i>31-12-10</i>
Assets		
Financial fixed assets ⁽¹⁾	90.1	268.0
Fixed assets	90.1	268.0
Receivables, prepayments and accrued income ⁽²⁾	1,476.4	1,038.8
Cash and cash equivalents ⁽³⁾	3,228.5	2,748.2
Current assets	4,704.9	3,787.0
Total assets	4,795.0	4,055.0
Liabilities		
Paid-up and called-up capital	36.0	36.0
Other reserves	800.9	619.0
Unappropriated result	159.7	181.9
Shareholders' equity ⁽⁴⁾	996.6	836.9
Provision for participating interests ⁽¹⁾	-	20.0
Current liabilities ⁽⁵⁾	3,798.4	3,198.1
Total liabilities	4,795.0	4,055.0

Company income statement

<i>x € 1,000</i>	<i>2011</i>	<i>2010</i>
Other operating income	8,403.5	9,655.5
Total operating income ⁽⁶⁾	8,403.5	9,655.5
Cost of outsourced work and other external costs ⁽⁷⁾	4,813.9	6,167.8
Seconded personnel and hired-in personnel	3,461.8	3,485.6
Total operating expenses	8,275.7	9,653.4
Operating result	127.8	2.1
Interest income and similar income	8.9	13.5
Financial income and expenses	8.9	13.5
Result from ordinary activities	136.7	15.6
Operating result of non-consolidated participating interests ⁽⁸⁾	23.0	166.3
Result	159.7	181.9

Cash flow statement

<i>x € 1,000</i>	31-12-11	31-12-10
Operating result	127.8	2.1
Movement in receivables, prepayments and accrued income	-437.6	873.8
Movement in current liabilities, accruals and deferred income	600.3	-490.1
Movement in working capital	162.7	383.7
Cash flow from business operations	290.5	385.8
Financial income and expenses	8.9	13.5
Result of group companies	23.0	166.3
	31.9	179.8
Cash flow from operating activities	322.4	565.6
Movement in financial fixed assets	157.9	-166.3
Cash flow from investment activities	159.9	-166.3
Movement in cash	480.3	399.3
Cash and cash equivalents as at 1 January	2,748.2	2,348.9
Cash and cash equivalents as at 31 December	3,228.5	2,748.2
Movement in cash and cash equivalents	480.3	399.3

Notes to the company balance sheet and the company income statement

General

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 cooperation. It uses these contributions to finance its not-for-profit activities in the area of the management support of water supply companies in developing countries. Vitens Evides International B.V. has its registered office in Apeldoorn, the Netherlands. Vitens Evides International B.V.'s activities qualify as drinking water supply operations and consequently the company is exempt from corporation tax.

Reporting standards The Financial Statements have been drawn up in accordance with the Guidelines for Annual Reporting in the Netherlands as specified in Part 9, Book 2 of the Dutch Civil Code.

Balance Sheet accounting policies

Financial fixed assets Participating interests are carried at net asset value. A provision is made for participating interests with negative shareholders' equity in the amount of the negative value of the participating interest's shareholders' equity, or to the extent of any obligations arising from share ownership. Other debtors, including loans granted, are recorded at face value, potentially with a value correction for bad debts.

Receivables Receivables are stated at face value, if applicable net of a provision for bad debts.

Cash and cash equivalents Cash and cash equivalents are stated at face value.

Debts Debts are stated at face value.

Accounting policies for the determination of the result

General Income and expenses are recognised on the date on which the relevant deliveries are made or services are performed.

Other operating income Income is recognised on the basis of the contributions and grants received. Income is allocated to the period to which it relates.

Cash flow statement accounting policies

This statement has been prepared according to the indirect method.

Notes to the company balance sheet

x € 1,000

<i>Financial fixed assets and provision for participating interests ⁽¹⁾</i>	<i>Participating Interests</i>	<i>Receivables</i>	<i>Total for 2011</i>
Balance as at 1 January	-20.0	268.0	248.0
<i>Movements</i>			
Result	23.0	0.0	23.0
Repayment of loan		-180.9	-180.9
Balance	23.0	-180.9	-157.9
Balance as at 31 December	3.0	87.1	90.1

Vitens Evides International B.V.'s share of 51% in the capital of the joint venture Vitens Rand Water Services B.V. (VRWS) is recorded under participating interests. This is a joint venture together with the South African company Rand Water Services Limited. This joint venture was created in support of the management contract in Ghana. The management contract in Ghana expired in June 2011. The Ghanaian subsidiary of VRWS (Aqua Vitens Rand Limited) is currently being wound up.

<i>Receivables, prepayments and accrued income ⁽²⁾</i>	<i>31-12-11</i>	<i>31-12-10</i>
Taxes and social insurance contributions	233.8	199.0
Other receivables	1,242.6	839.8
Total	1,476.4	1,038.8

The other receivables in 2011 concern the contributions for the project in Mozambique still to be received (€0.7 million) and still to be invoiced (€0.4 million).

Cash and cash equivalents ⁽³⁾

The cash and cash equivalents are available on demand, with the exception of the bank guarantee in the amount of € 0.5 million provided for the Malawi Project service contract. Vitens Evides International B.V. has a current account credit line with the bank in the amount of € 1.0 million. Vitens N.V. and Evides N.V. are the guarantors for this current account credit facility.

<i>Shareholders' equity ⁽⁴⁾</i>	<i>31-12-11</i>	<i>31-12-10</i>
Paid-up and called-up capital	36.0	36.0
Other reserves	800.9	619.0
Unappropriated result	159.7	181.9
Total	996.6	836.9

<i>Movement in shareholders' equity</i>	<i>Paid-up capital</i>	<i>Other reserves</i>	<i>Unappropriated result</i>	<i>Total for 2011</i>
Balance as at 1 January	36.0	619.0	181.9	836.9
<i>Movements</i>				
Transfer to other reserves		181.9	-181.9	0.0
Result for 2011 financial year			159.7	159.7
Balance	0.0	181.9	-22.2	159.7
Balance as at 31 December	36.0	800.9	159.7	996.6

The authorised capital amounts to € 90,000 consisting of 1,800 shares each with a nominal value of € 50 per share. At year-end 2010 there were 720 subscribed and paid-up shares.

<i>Current liabilities ⁽⁵⁾</i>	<i>31-12-11</i>	<i>31-12-10</i>
Amounts owed to suppliers	238.6	169.9
Foreign income tax payments due	92.8	249.4
Other liabilities	740.2	849.4
Accruals	2,726.8	1,929.4
Total	3,798.4	3,198.1

The item 'foreign income tax payments due' concerns a potential income tax claim for employees who during the term of a project were seconded abroad. The calculation is based on actual payments in previous years. The item 'other liabilities' includes € 399,063 in invoices still to be received from parent companies.

The accruals in 2011 comprise the advance payments received for projects for Water for Life (€0.9 million), the EU (€0.7 million) and Malawi (€0.4 million).

Liabilities not included in the balance sheet

Guarantee Vitens N.V. in 2006 issued a performance guarantee in the amount of \$ 3 million for the management contract in Ghana. This guarantee is reduced each year and expired in June 2011.

Vitens Evides International B.V. in 2009 issued a performance guarantee in the amount of € 0.5 million for the service contract in Malawi. This guarantee must be renewed each year until the end of the contract in November 2013.

Notes to the company statement of income

x €1,000

<i>Other operating income</i> ⁽⁶⁾	2011	2010
Vitens contributions	1,500.0	1,262.5
Evides Waterbedrijf contributions	1,500.0	1,262.5
Other contributions and grants for technical assistance	3,062.1	
Contributions and grants for operating investments	2,341.4	7,130.5
Total	8,403.5	9,655.5

The contributions and grants for technical assistance and investments in 2011 were mainly provided by the Dutch embassies, the Ministry of Foreign Affairs (€2.0 million) and various international financial institutions (€1.0 million). Total revenues were €1.2 million lower in 2011 due to the completion of various projects with large operational investments.

<i>Cost of outsourced work and other external costs</i> ⁽⁷⁾	2011	2010
Consulting costs	188.7	282.0
Travel and accommodation expenses	1,410.2	1,706.8
Materials and work contracted out	2,300.0	3,383.2
Other expenses	915.0	795.8
Total	4,813.9	6,167.8

Operating result of non-consolidated participating interests ⁽⁸⁾

This concerns Vitens Evides International B.V.'s share of 51% in the result of Vitens Rand Water Services B.V.

Result ⁽⁹⁾

The operating result has increased by € 125.700 due to lower materials and work contracted out as a result of the reduced number of projects. The net result of the joint venture VRWS has decreased by € 143.300 due to the completion of the project in June 2011. The net of the two is a decrease in results for 2011 of € 22.200 compared to the previous year.

Utrecht, February 8, 2013

Vitens N.V.

Evides N.V.

Other Information

Result Appropriation The profit appropriation according to the articles of association is as follows:

- Appropriation of the profit is the prerogative of the general meeting.
- The company can distribute profit susceptible for distribution to shareholders and any others entitled to it only insofar as its shareholders' equity exceeds the paid-up and called-up portion of its capital, augmented by reserves that have to be kept pursuant to law.
- Profit is distributed after the financial statements, showing that the distribution is permissible, have been adopted.

The proposal is to appropriate the 2011 net result as follows: € 159,652 to be transferred to the other reserves.

Independent Auditor's Report

To: shareholders of Vitens Evides International B.V.

Report on the financial statements

We have audited the accompanying financial statements 2011 of Vitens Evides International B.V., Apeldoorn, which comprise the balance sheet as at December 31, 2011, the profit and loss account and cashflow statement for the year then ended and the notes, comprising a summary of the accounting policies and other explanatory information.

Management's responsibility

Management is responsible for the preparation and fair presentation of these financial statements and for the preparation of the management board report, both in accordance with Part 9 of Book 2 of the Dutch Civil Code . Furthermore management is responsible for such internal control as it determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

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

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

In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.

An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion with respect to the financial statements

In our opinion, the financial statements give a true and fair view of the financial position of Vitens Evides International B.V. as at December 31, 2011 and of its result and its cash flows for the year then ended in accordance with Part 9 of Book 2 of the Dutch Civil Code.

Report on other legal and regulatory requirements

Pursuant to the legal requirement under Section 2:393 sub 5 at e and f of the Dutch Civil Code, we have no deficiencies to report as a result of our examination whether the management board report , to the extent we can assess, has been prepared in accordance with Part 9 of Book 2 of this Code, and whether the information as required under Section 2:392 sub 1 at b-h has been annexed. Further we report that the management board report, to the extent we can assess, is consistent with the financial statements as required by Section 2:391 sub 4 of the Dutch Civil Code.

Zwolle, February 8, 2013

Ernst & Young Accountants LLP

Signed by J. Hetebrij

Partner



Colophon

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