Alfen

Annual Report 2017

Enabling the energy transition

ALFEN BEHEER B.V.

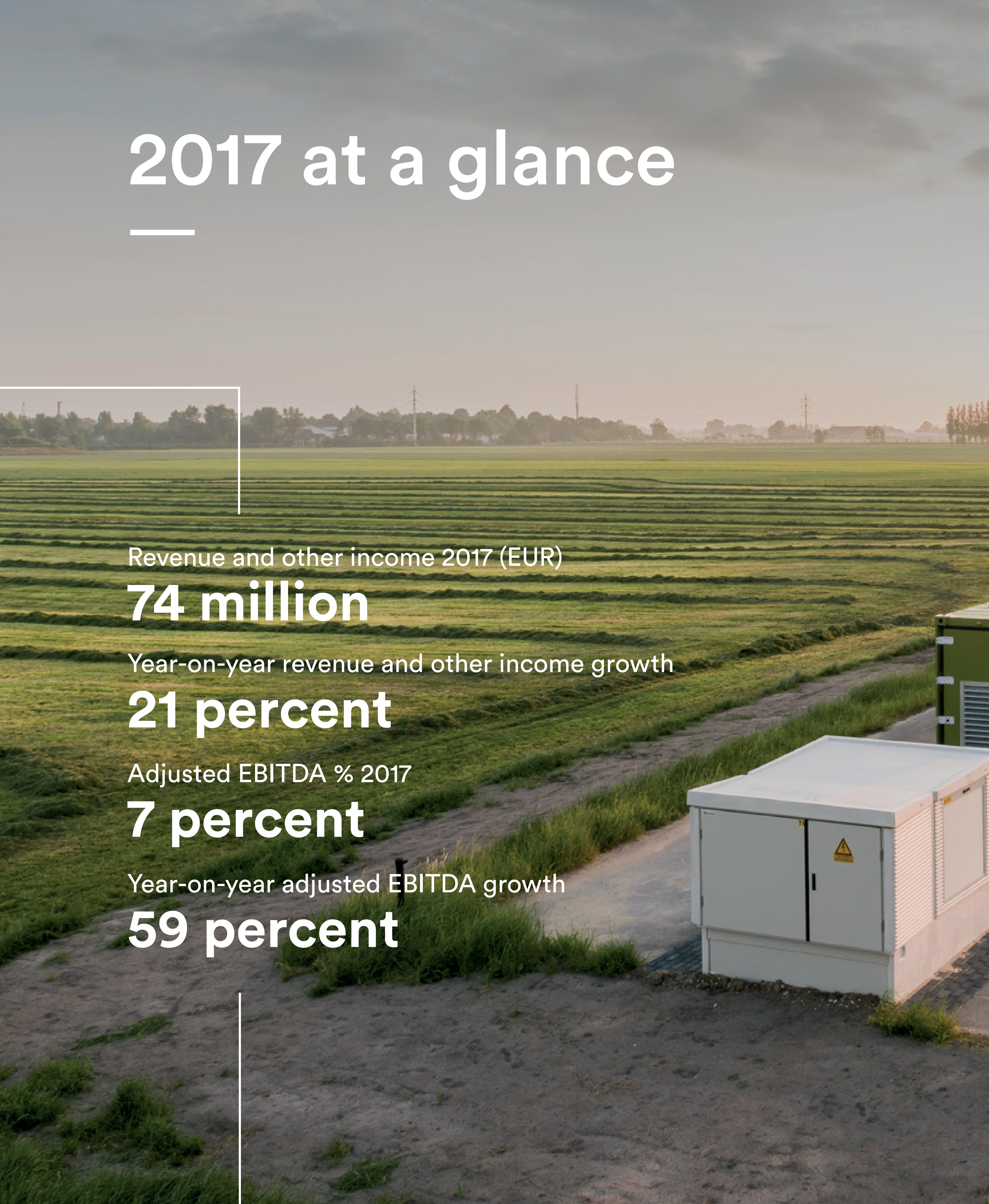
ALFEN

4 Report of the Management Board

Contents

Report of the Management

Board



2017 at a glance

Revenue and other income 2017 (EUR)

74 million

Year-on-year revenue and other income growth

21 percent

Adjusted EBITDA % 2017

7 percent

Year-on-year adjusted EBITDA growth

59 percent

First self-healing power grid in the world

First Dutch storage system connected to a wind farm

First Belgian storage project for grid stability

Participation in UK's largest smart EV charging project

Award for best in-house education program of the Netherlands

“ Alfen showed strong, profitable growth in 2017, a year which marked the start of a new energy era, with fast increasing market demand for smart grids, e-mobility and energy storage. We foresee a fast movement towards integrated energy solutions in the market. We are operating at the heart of the energy transition and are dedicated to enable the energy grid of the future: being an innovative, reliable and sustainable partner for our clients. ”

Marco Roeleveld CEO

Our growing business

Smart grid solutions

Alfen offers an in-house developed, produced and assembled standardized range of secondary substations. In addition, we have internally developed and produced devices for grid automation and a proprietary back-end system for remote management and control of electricity grids. We also supply micro-grids, grid connections and supplementary offerings for e.g. the greenhouse horticulture sector and solar PV farms.

EV charging equipment

Alfen offers an in-house developed and produced range of smart and connected electric vehicle (EV) chargers for use at home, office and public locations. We have a proprietary online management platform for our charging infrastructure and offer standardized solutions for smart charging, load balancing and charging hubs.

Energy storage systems

Alfen offers an in-house developed and produced range of standardized modular energy storage systems for applications such as load balancing, peak shaving, grid frequency control, e-trading, micro-grids and mobile power supply. Our proprietary developed embedded software and back-office enables remote control and supports all storage applications.

Integrated solutions

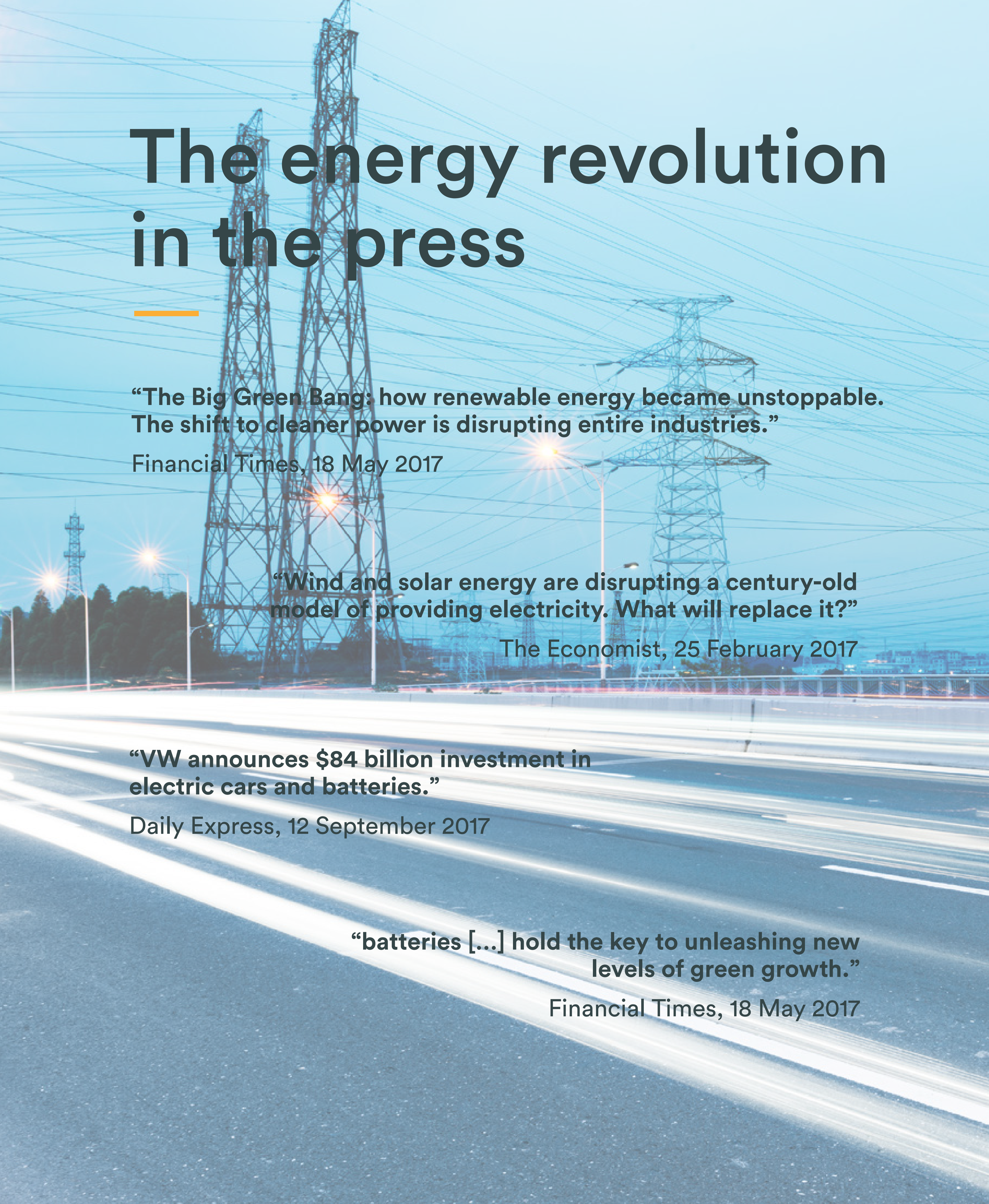
Alfen offers system integration, project management and service for all three business lines. We also offer standardized integrated solutions across our business lines, which are increasingly needed to address the complex integrated challenges emerging from the energy transition.

Princess Alexia Windfarm

3 MW energy storage system at Nuon-Vattenfall's largest onshore windfarm in the Netherlands

Greenhouse micro-grid

Mega energy system with over 40 substations for large-scale greenhouse expansion of CombiVliet



The energy revolution in the press

“The Big Green Bang: how renewable energy became unstoppable. The shift to cleaner power is disrupting entire industries.”

Financial Times, 18 May 2017

“Wind and solar energy are disrupting a century-old model of providing electricity. What will replace it?”

The Economist, 25 February 2017

“VW announces $84 billion investment in electric cars and batteries.”

Daily Express, 12 September 2017

“batteries [...] hold the key to unleashing new levels of green growth.”

Financial Times, 18 May 2017

“Multinationals launch global program to speed up switch to electric vehicles. [...] Baidu, Deutsche Post DHL Group, Heathrow Airport, HP Inc., IKEA Group, LeasePlan, METRO AG, PG&E, Unilever, Vattenfall are the 10 first members.”

The Climate Group, 19 September 2017

“Electric cars forecast to create extra 18GW demand for power in UK. National Grid predicts peak impact equivalent to capacity of 6 nuclear plants by 2050.”

Financial Times, 18 May 2017

“It will not take many EVs on a single street to potentially disrupt peak demand. [..] This can have ramifications for local networks.”

Morgan Stanley, 9 October 2017

“Global Smart Grid Market size is expected to witness a substantial growth.”

Global Market Insights, 28 June 2017

CEO statement

In a year of rapid changes in the energy sector, Alfen demonstrated strong growth and positioned itself to fully benefit from the accelerating energy transition.

Looking back

Our strategy of playing at the heart of the energy transition was initiated more than 15 years ago by extending our traditional transformer substation business towards smart grid solutions. Over the years we further expanded into charging equipment for electric vehicles and energy storage systems. In parallel, we internationalized our operations. In 2007, we opened our Belgian offices. More recently we entered Germany, the UK and other European countries.

Working at the forefront of the technology curve resulted in a leading position in Northwest Europe in the field of grid related products, systems and services and positions us well to fully benefit from the accelerating energy transition.

Market developments

We can look back on a year of accelerated growth: our revenues and other income grew with 21% between 2016 and 2017, and adjusted EBITDA with 59% over the same period. The energy sector is undergoing an enormous paradigm shift, with implications for all our business areas.

Our Smart grid solutions business is benefitting from the rapid advancements that are being made in terms of renewable energy. Solar and wind energy result in higher peak powers on the grid and the decentralization of energy production results in changing power flows. This will have significant ramifications for local electricity networks.

E-mobility is starting to grow much faster than anticipated. Although 2017 was characterized by a temporary drop in sales of plug-in hybrid electric vehicles in the Netherlands as a result of a changing incentive policy, the outlook for 2018 and beyond is stronger than ever. Both governments and companies are implementing increasingly ambitious targets of moving to full electrification of their car fleets. Also car manufacturers are committed to make the transition to electrifying their fleets. The market introduction of new full electric vehicles with a larger range and lower price point is anticipated for the coming year, further driving the demand for our EV charging equipment.

2017 also marked the big break-through of energy storage. We worked on storage systems for a wide variety of applications: energy trading, grid stability, load balancing and as enabler for autonomous micro-grids. The market for energy storage is expected to step-up from a year with many first-of-a-kind projects to a more wide-spread use of these systems.

The key to success: integrating projects

We always take our clients' situation as starting point for developing a fit-for-purpose solution.
The energy transition is putting our clients for new types of challenges, that often require integrated solutions covering multiple products and systems.
For example, the rapid roll-out of electric vehicles requires investments in de-bottlenecking local power grids, which can be mitigated by smart grid technology, intelligent charging solutions or energy storage. As Alfen covers all these areas, we are uniquely positioned to support our clients in finding an optimal solution for their situation. Through our project organization, we can also ensure that our solutions are optimally integrated in our clients' local situation.

We are now working on the first fully integrated projects. For example, at the football stadium in The Hague (the Netherlands), we combine an EV charging hub that is connected to local renewable energy sources with energy storage. The energy storage system transfers the renewable energy that is generated during the day to the night, when the energy is mostly needed for lighting the stadium and charging the increasing amount of electric vehicles of the visitors. The storage system also reduces the pressure on the grid from a large number of EVs charging at the same time.

We expect that these kind of integrated solutions will further boost our business in the coming years as the energy transition further evolves. As you read through, you will find that many of our activities are geared towards preparing our business for this strong growth outlook.

“The energy transition is putting our clients for new types of challenges, that often require integrated solutions”

Investing in scalable production

We invested in our production facilities and offices over the last year, anticipating strong market growth and accommodating the increase in our employee base. We also reconfigured our production facilities for smart grid solutions to a flow production based on lean principles, which is truly unique in our industry. This change resulted in shorter lead times, more consistent quality and a significant increase in capacity in the same facilities.

For the production of our EV charging equipment and Energy storage systems, we fully benefited from the newly added production facilities at the end of 2016.

As our production facilities are well-invested for future growth and our product portfolio is mature and standardized, adding more scale to the business is expected to result in a further increase in profitability.

Organisation and internationalization

Alfen had 234 employees (FTE) at year-end 2017 (195 employees (FTE) at year-end 2016), who make a dedicated and loyal contribution to achieving the company’s objectives.

We make significant investments in our employees, amongst others through our in-house certified education program Alfen Acadamy. In November, our program was selected as best in-house education program in the Netherlands out of the 230,000 companies offering in-house education.

We continued to strengthen our middle-management to accommodate our growing business, and invested significantly in R&D and our project management organization. We also strengthened our international sales force in Belgium, Germany and the United Kingdom. This is in line with our strategy to further roll-out our standardized offering throughout Europe. As such, we anticipate hiring more international sales force in other European countries and invest in R&D to make our products fit for new countries.

Sustainability on the agenda

We are working at the center of the energy transition and, as such, also consider it our responsibility to have a well-developed Corporate Social Responsibility (CSR) agenda in place. Our CSR agenda is based on three pillars: product lifecycle approach, footprint optimization and people.

The first pillar, our product lifecycle approach, takes circularity as cornerstone of our design processes, applying (fair) materials with a low CO_2 footprint, ensuring safe working conditions, encouraging cooperation throughout the supply chain and focusing on the re-use and recycling of materials.

The second pillar is the optimization of our footprint. We have full insights in our company's CO_2 footprint, we focus on reducing this footprint and report on these metrics through an accredited body. We generate our own solar energy with rooftop solar panels on our premises and are certified at level 4 (of a 5-level scale) of the CO_2 awareness performance ladder, which is at the top of our industry.

The third pillar concerns our people. We focus on safety first in all our activities, on education, on development of our employees and on sustainable employability.

Growing together with our customers and partners

We can rely on a heritage of 80 years of experience on the electricity grid, a track-record of solid financials and a growing customer base of loyal blue-chip companies. The feedback we receive from our clients is that they appreciate our flexibility to adapt to the rapidly changing market situation and adapt to their customer-specific demands. This is a direct result of our decision to develop and produce our products and systems in-house, resulting in maximum flexibility and very rapid time-to-market of new innovations. We are looking forward to continue working on this basis and grow together with our customers and partners on the back of the rapidly evolving energy transition.

Marco Roeleveld
CEO

EV chargers for the European Commission

Providing EV chargers and Alfen's online monitoring platform for the European Commission in Brussels, Belgium

Public EV chargers in Belgium

Providing over 300 Belgian municipalities with public EV charging infrastructure for Allego

2017 month-by-month

27 January

TheBattery at Thialf

In January, Willem-Alexander, King of the Netherlands, officially opened the renovated indoor ice-skating venue Thialf. The new venue includes 5,000 solar panels on the roof. Alfen's mobile storage system 'TheBattery' was used during the opening of the stadium.

15 February

Connecting solar farm Twence

In February, Alfen was awarded the contract to develop a local micro-grid and the grid connection for a solar PV farm in Hengelo, the Netherlands. An expansion followed later in the year.

27 February

First smart chargers for Electric Nation

Alfen delivered the first smart EV chargers for Electric Nation, the largest smart charging project in the world, to reduce peak demand on the electricity grid. Electric Nation is the customer-facing brand of CarConnect, a Western Power Distribution (WPD) and Network Innovation Allowance funded project. WPD's collaboration partners in the project are EA Technology, DriveElectric, Lucy Electric GridKey and TRL.

20 April

Energy storage for EV charging hub

In April, a project for Stedin and MisterGreen combining EV rapid charging with solar panels and an energy storage system along the A2 highway between Amsterdam and Utrecht was successfully evaluated after one year of operations. In the pilot project, the solar panels provide part of the energy required for charging cars. If no vehicles are connected, the generated energy is diverted into the energy storage system, to be used at a later time when electric vehicles connect to charge. This enables maximum usage of sustainably generated energy.

12 May

Public charging equipment for 300 Belgian municipalities

In May, Alfen was awarded a contract by Allego to supply its charging infrastructure for the largest public charging infrastructure project in Belgium, covering more than 300 municipalities. The contract, for grid operators Infrax and Eandis, was extended towards the end of the year.

22 May

Sustainable micro-grid for cacao production

Alfen announced a project to construct a mega energy system (micro-grid) for sustainable cacao production in Nigeria. This innovative system combines solar energy, bio energy from cocoa shells and large-scale battery storage for the sustainable production of energy and steam. It helps guarantee a reliable energy supply and attains a considerable saving on both operational costs and carbon emissions.

01 June

First-of-its-kind combination of energy storage and wind energy

Alfen commissioned a first-of-its-kind energy storage system in combination with wind energy at windfarm Giessenwind, next to highway A15 at Giessenburg, the Netherlands. Alfen delivered an end-to-end solution for this project, including the energy storage system of approximately 1 MWh, a transformer substation and the grid connection.

28 June

Opening of 3 MW storage system for Nuon's Princess Alexia Windfarm

Grand opening of our 3 MW energy storage system at Nuon-Vattenfall's Princess Alexia windfarm in Zeewolde, the Netherlands. This is the first large-scale storage system based on BMW car batteries globally, and will be used for stabilizing the grid through its frequency regulation capacity.

14 July
Innovations in EV charging

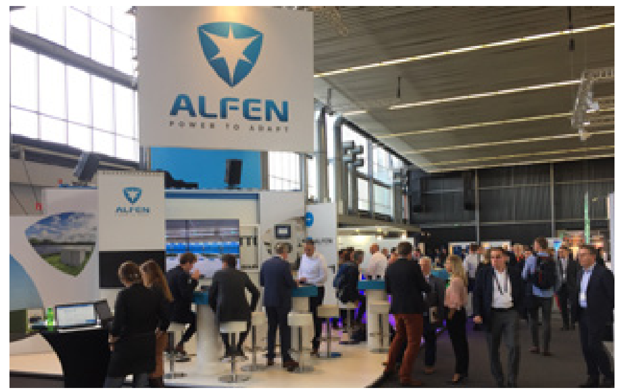
In July, Alfen introduced a new state-of-the-art EV charge point (Eve model 2), supporting new features such as smart charging networks and complying with the latest regulations across countries. Alfen also announced its participation in the PowerParking pilot project, aiming to turn car parks into sustainable power plants, and won a tender to supply the European Commission offices in Brussels with EV charging equipment.

25 September
First storage system in Belgium for grid stability

In September, Alfen delivered a 1 MW battery energy storage system to Engie's power generation plant in Drogenbos (Brussels). This was the first battery based storage system in Belgium providing grid stability services.

03 October
Month of trade exhibitions

October marked our presence at many trade exhibitions. The season already started in September with our presence at the Cenex Low Carbon Vehicle Event in the UK. At the Energy Revolution Hub of the European Utility Week in Amsterdam, we celebrated our 80th anniversary together with our clients and partners. At the Ecomobiel, the fair for innovation in e-mobility, we continued our tradition of offering a large EV charging hub to all the visitors arriving with an electric vehicle. Toward the end of the month we exhibited at the eMove360° in Munich, the International Trade Fair for Mobility 4.0.



16 October
Launch of self-healing grid solution

We put our storage-based solution for self-healing grids to work at the Application Centre for Renewable Resources (ACRRES) in Lelystad, the Netherlands. The system allows local parts of the grid to disconnect from the central grid and self-heal, responding to the rapid increase of intermittent renewable energy that is putting an increasing pressure on global electricity grids.

02 November
New EV charging clients Vandebron and Qurrent

Announcement of our contract wins to supply smart charging equipment to energy company Vandebron, who is working on an innovative EV blockchain project, and Qurrent, who is initiating a smart charging pilot based on Alfen's charging equipment.

23 November
Award for best in-house education program in the Netherlands

Alfen was awarded a prize for best in-house educution program in the Netherlands by Samenwerkingsorganisatie Beroepsonderwijs Bedrijfsleven (SBB). Earlier in the year, Alfen already won the same award in the Technology & Built Environment sector. This is a great testament to our efforts to further develop our employees, amongst others through our in-house Alfen Academy.

Foto: www.ditismijnhbo.nl

30 November
Grand opening of first storage project in Czech Republic

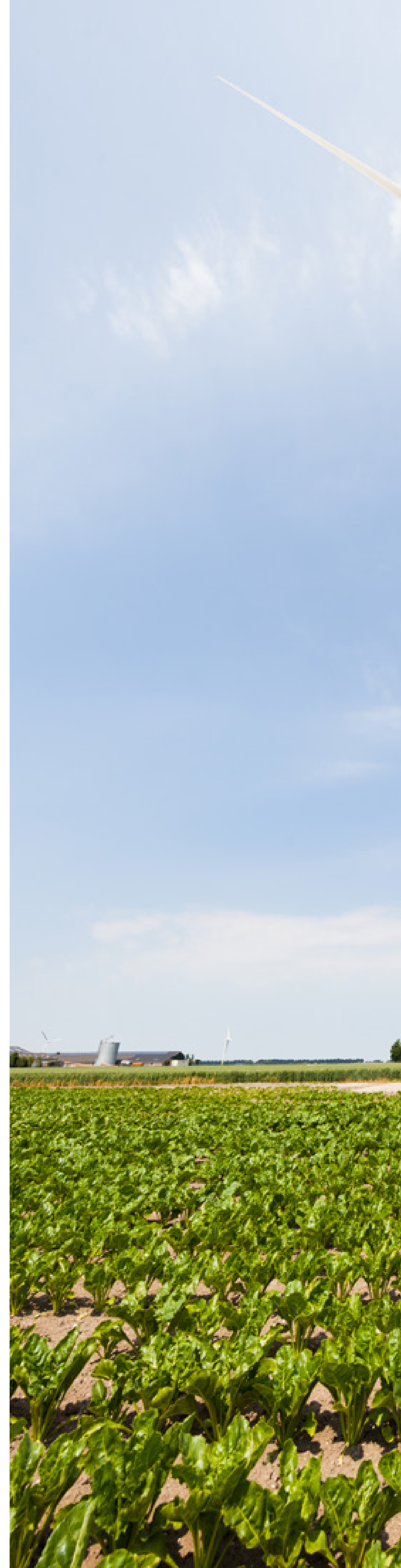
At solar farm Prakšice, Solar Global and Alfen opened the first large-scale battery energy storage system in Czech Republic. The battery system has a capacity of 1.2 MWh and will be used to balance the fluctuating supply of solar energy with demand patterns. The energy storage system was officially taken into use by the Dutch ambassador Mr. Klompenhouwer.

18 December
Energy storage for sustainable football stadium

Alfen was selected to supply a unique combination of charging infrastructure for electric vehicles and energy storage to allow visitors of the Cars Jeans football stadium in The Hague to charge their electric vehicles with maximal power from renewable resources. The project will be delivered to Scholt Energy Control, supported by grid operator Stedin and the municipality of The Hague and is expected to be operational in the first quarter of 2018.

Foto: Hollandse Hoogte

Financial performance, risks and uncertainties

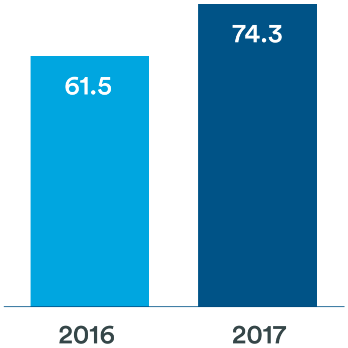


The management of the company hereby presents its financial statements for the financial year closing on 31 December 2017. Alfen can look back on a good year, with a continuation of growth in revenues and profitability and a healthy financial position.

Alfen is profiting from the enormous paradigm shift the energy sector is undergoing. As a result, revenue and other income increased by 21% from € 61.5 million in 2016 to € 74.3 million in 2017.

Revenue and other income

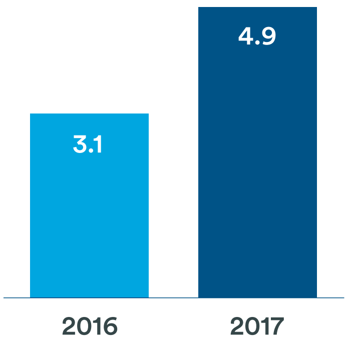
(in EUR million)



EBITDA, operating result and net result are positive in 2017, similar as in 2016. EBITDA increased from € 2.8 million in 2016 to € 4.0 million in 2017. In 2017, Alfen incurred significant one-off cost related to business development, company branding and conversion to IFRS accounting standards. Furthermore, a management fee from the shareholder is charged to the company. The 2017 EBITDA excluding such cost amounts to € 4.9 million (2016: € 3.1 million). The operating result is € 2.4 million, up from € 1.6 million in 2016. The net result is € 1.7 million (€ 1.1 million in 2016). The balance of financial income and expense, consisting of interest income and interest expense, amounts to a negative of € 0.1 million (€ 0.1 million negative in 2016), which indicates that Alfen is financed conservatively.

Adjusted EBITDA

(in EUR million)



Finance and investment

The non-current assets amounted to € 8.8 million at year-end 2017 (2016: € 6.7 million).

The net investment in non-current assets was € 3.7 million (2016: € 3.5 million). The depreciation of the non-current assets amounted to € 1.6 million (2016: € 1.2 million). Net investment was relatively high, due to the refurbishment of our premises at the Hefbrugweg (Almere, the Netherlands) and capitalization of development costs. Given the rapid growth of Alfen, management opted for an extended refurbishment, preparing the offices and logistics area for the anticipated growth. Furthermore, management decided to accelerate a number of development projects related to the growth and business opportunities lying ahead for 2018 and beyond.

The net working capital amounted to € 0.7 million (2016: € 1.1 million).

Solvency (equity divided by total assets) stood at 22.8% at year-end 2017 (2016: 22.2%). The management considers the level of solvency to be good.

Alfen is also well positioned to be able to meet its current liabilities out of its current assets, with a current ratio of 1.03 (2016: 1.07) and a quick ratio of 0.64 (2016: 0.63). Furthermore, Alfen has an unused overdraft facility of € 6.8 million at year-end 2017 (2016: € 5.0 million) with its principal bank.

Alfen was in compliance with the conditions set by its principal bank at year-end 2017.

Principal risks and uncertainties

Strategy

We have seen an increase in our smart grid solutions business in 2017 compared to 2015 and 2016 and expect this growth to continue in 2018, driven by the further roll-out of electric vehicles and (decentral) renewable energy, both putting pressure on the electricity grids. Exponential growth is expected in projects related to energy storage. The complexity of these projects also presents challenges with respect to development. Alfen is focusing on continuous innovation and development and has further adjusted and expanded its organization in 2017 to be ready for further growth in this market.

Alfen is set to benefit from the growing market for EV charging points in its home markets. In addition, Alfen is focusing on further internationalizing its geographical footprint. Although the market for EVs is expected to grow rapidly in all countries, the exact phasing of the roll-out of EVs will, especially in the coming years, partly depend on government incentive schemes and the timing of new electric vehicles with a larger range and lower price points coming to the market.

Finally, as the energy transition evolves, there is uncertainty on how emerging challenges will be solved. For example, bottlenecks in the power grid can be resolved by grid expansions, automation of grids or by adding energy storage. The fact that Alfen is operating in all these segments makes our company uniquely resilient for this kind of unpredictability.

Operating activities

The risks relating to the operating activities are limited. Alfen has an adequate system of internal controls. It also has a code of conduct that needs to be observed by every employee.

The quality of Alfen's products is strictly monitored by the QHSE department and there is continuous focus on the safety measures in force on the shop floor. With its own in-house education program, Alfen is also able to retain qualified personnel.

Financial position

The financial risks are limited. Alfen has an adequate risk management system. For a description of the policy with regards to financial instruments and financial risk management, see note 3 “financial risk management” of the financial statements.

Financial reporting

The risks relating to external reporting are limited. There are relatively few estimated items, and Alfen was not faced with indications and calculations of impairments in 2017.

Legislation and regulation

Alfen is subject to strict regulation in relation to the safety of its products. As stated above, this is closely monitored by the QHSE department. The other risks for Alfen in relation to legislation and regulation are limited.

Board of Directors composition

According to the “Wet evenwichtige verdeling van zetels van het bestuur en de raad van commissarissen”, in force as from 13 April 2017, a Board of Directors of a large Dutch company has a balanced composition if it consists of at least 30 percent female and at least 30 percent male members.

Currently the Board of Directors of the company consists of 2 male members which are selected based on their experience, background, skills and knowledge.

When nominating and selecting any new candidates for the Board of Directors in the future, the requirements of Dutch law will continue to be taken into account.

Risk management

Alfen has an adequate risk management system to manage the risks relating to its business operation. The organization has been improved in qualitative and quantitative terms in order to prepare for the expected growth in revenue in the short to medium term. Naturally, there is always a trade-off between expanding the organization and realizing actual growth. The management accordingly pays careful attention to the consideration of its investments in the organization. Due to the variety of products (smart grid solutions, energy storage systems, EV charging equipment and service/ maintenance) and market segments (e.g. grid operators, utilities, greenhouse horticulture, industry, solar PV), Alfen is able to compensate for lower growth in one area with stronger growth in another area.

There were no risks or uncertainties that had a material impact in 2017.

Investments and outlook

The level of investment was high in 2017 as a result of the refurbishment of the premises at the Hefbrugweg in Almere and the acceleration of various R&D projects to support the product portfolio of 2018 and beyond. We expect the level of investments to increase, driven by R&D investments related to our continued internationalization and further investments in property, plant and equipment, including IT platforms.

Barring unforeseen circumstances, we expect further growth in revenue and net result in 2018.

Almere, 7 February 2018

Board of Directors

M. Roeleveld	**J. van Rossen**
CEO	CFO

Connecting solar PV farm

Grid connection and local micro-grid for Solarcentury at solar PV farm on the island of Ameland, the Netherlands

Smart charging in the UK

Providing EV charging equipment for the UK's largest smart charging project, Electric Nation as part of grid operator Western Power Distribution

Financial Statements

Consolidated Financial Statements

Alfen Beheer B.V.
Almere

Consolidated Financial Statements for the years ended 31 December 2017, 2016 and 2015 and the opening statement of financial position as of 1 January 2015

Consolidated financial statements

Consolidated statement of comprehensive income

For the years ended 31 December 2017, 2016, 2015

In EUR '000	Note	2017	2016	2015
Continuing operations				
Revenue	8	73.368	61.522	50.548
Other income	9	968	-	-
		74.336	61.522	50.548
Operating expenses				
Costs of raw materials and consumables		(49.854)	(42.113)	(34.611)
Costs of outsourced work and other external costs		(2.852)	(2.395)	(2.460)
Personnel expenses	10	(12.773)	(10.730)	(8.262)
Amortisation on intangible fixed assets	18	(1.030)	(745)	(497)
Depreciation on propery, plant and equipment	17	(568)	(450)	(422)
Other operating costs	11	(4.842)	(3.482)	(2.956)
		(71.919)	(59.915)	(49.208)
Operating profit		2.417	1.607	1.340
Finance income	13	-	-	-
Finance costs	13	(128)	(79)	(43)
Finance income (costs) - net		(128)	(79)	(43)
Profit (loss) before income tax		2.289	1.528	1.297
Income tax expense	14	(568)	(393)	(313)
Profit (loss) for the period		1.721	1.135	984
Other comprehensive income for the period		-	-	-
Total comprehensive income for the period		1.721	1.135	984
Total comprehensive income for the period (attributable to the owner of the company)		1.721	1.135	984
Earnings per share for profit attributable to the ordinary equity holders of the company	15			
Basic earnings per share		95,61	63,03	54,65
Diluted earnings per share		95,61	63,03	54,65

The above statement of comprehensive income should be read in conjunction with the accompanying notes.

Consolidated balance sheet

For the years ended 31 December 2017, 2016, 2015 and 1 January 2015

In EUR '000	Note	31 Dec. 2017	31 Dec. 2016	31 Dec. 2015	1 Jan. 2015
Assets					
Non-current assets					
Property, plant and equipment	17	4.435	3.163	1.580	1.484
Intangible assets	18	3.948	3.092	2.413	1.891
Deferred tax assets	19	424	376	428	37
Receivables		23	30	30	-
Total non-current assets		8.830	6.661	4.451	3.412
Current assets					
Inventories	20	3.487	3.756	2.410	2.728
Trade and other receivables	22	17.539	11.102	9.393	6.920
Cash and cash equivalents	23	-	1.408	1.335	2.045
Total current assets		21.026	16.266	13.138	11.693
Total assets		29.856	22.927	17.589	15.105
Group equity	24				
Share capital		18	18	18	18
Share premium		3.895	3.895	3.895	837
Retained earnings		1.172	37	(952)	4.540
Result for the year		1.721	1.135	984	(134)
Total group equity		6.806	5.085	3.945	5.261
Liabilities					
Non-current liabilities					
Borrowings	25	1.660	1.870	1.200	1.350
Deferred tax liabilities	19	1.024	808	638	506
Provisions	26	29	29	32	25
Total non-current liabilities		2.713	2.707	1.870	1.881
Current liabilities					
Trade and other payables	27	18.536	13.699	9.843	7.768
Currrent tax liabilities		255	193	598	45
Bank overdraft	23	1.224	-	-	-
Borrowings	25	210	210	150	150
Deferred revenue		112	1.033	1.183	-
Total current liabilities		20.337	15.135	11.774	7.963
Total liabilities		23.050	17.842	13.644	9.844
Total equity and liabilities		29.856	22.927	17.589	15.105

The above balance sheet should be read in conjunction with the accompanying notes.

Consolidated statement of changes in equity

For the years ended 31 December 2017, 2016, 2015 and 1 January 2015

In EUR '000	Note	Attributable to equity owners of Alfen Beheer B.V.				
		Share capital	Share premium	Retained earnings	Result for the year	Total equity
Balance - 1 january 2015		18	837	4.540	(134)	5.261
Profit (loss) for the period		-	-	-	984	984
Other comprehensive income (loss)		-	-	-	-	-
Other comprehensive income (loss) for the period		-	-	-	984	984
Transactions with owners in their capacity as owners						
Issuance of ordinary shares	1	-	5.358	(5.358)	-	-
Dividend		-	(2.300)	-	-	(2.300)
Allocation of profit (loss)		-	-	(134)	134	-
Balance - 31 december 2015		18	3.895	(952)	984	3.945
Profit (loss) for the period		-	-	-	1.135	1.135
Other comprehensive income (loss)		-	-	-	-	-
Total comprehensive income (loss) for the period		-	-	-	1.135	1.135
Transactions with owners in their capacity as owners						
Dividend		-	-	-	-	-
Other		-	-	5	-	5
Allocation of profit (loss)		-	-	984	(984)	-
Balance - 31 December 2016		18	3.895	37	1.135	5.085
Profit (loss) for the period		-	-	-	1.721	1.721
Other comprehensive income (loss)		-	-	-	-	-
Total comprehensive income (loss) for the period		-	-	-	1.721	1.721
Transactions with owners in their capacity as owners						
Dividend		-	-	-	-	-
Allocation of profit (loss) for the period		-	-	1.135	(1.135)	-
Balance - 31 December 2017	24	18	3.895	1.172	1.721	6.806

The above statement of changes in equity should be read in conjunction with the accompanying notes.

Consolidated statement of cash flows

For the years ended 31 December 2017, 2016, 2015

In EUR '000	Note	2017	2016	2015
Cash flows from operating activities				
Operating profit		2.417	1.607	1.340
Adjustments for:				
Depreciation, amortisation and impairment expenses	17/18	1.598	1.195	919
Change in provision	26	-	(3)	7
Change in non-current receivables		7	-	(30)
Changes in operating assets and liabilities:				
(Increase)/decrease inventories	20	269	(1.346)	318
(Increase)/decrease construction contracts	22	(1.489)	(540)	(871)
(Increase)/decrease trade and other receivables	22	(4.522)	(401)	(1.911)
Increase/(decrease) trade and other payables	27	3.473	2.931	3.564
Cash generated from operations		1.753	3.443	3.336
Income taxes (paid)/received	14	(338)	(576)	(19)
Interest (paid)	13/25	(111)	(67)	(40)
Interest received		-	-	-
Net cash inflow/(outflow) from operating activities		1.304	2.800	3.277
Cash flows from investing activities				
Payment for property, plant and equipment	17	(1.840)	(2.033)	(518)
Payment for intangible assets	18	(1.886)	(1.424)	(1.019)
Net cash inflow/(outflow) from operating activities		(3.726)	(3.457)	(1.537)
Cash flows from financing activities				
Proceeds from issuance of shares		-	-	-
Proceeds from borrowings	25	-	900	-
Repayments of borrowings	25	(210)	(170)	(150)
Dividends paid to company's shareholders	24	-	-	(2.300)
Net cash flow inflow/(outflow) from financing activities		(210)	730	(2.450)
Net increase/(decrease) in cash and cash equivalents		(2.632)	73	(710)
Cash and cash equivalents at the beginning of the financial year		1.408	1.335	2.045
Cash and cash equivalents at end of year of the financial year	23	(1.224)	1.408	1.335

The above statement of cash flows should be read in conjunction with the accompanying notes.

Notes to the consolidated financial statements

Note 1

General information

Activities

Alfen Beheer B.V. (hereafter “the Company”) is a private limited liability company (B.V.) which main activity is to develop, produce and sell products, systems and services related to the electricity grid, including smart grid solutions, charging equipment for electric vehicles and energy storage systems.

Alfen’s main geographic focus is the Netherlands, followed by Belgium, Germany, the United Kingdom and the rest of Europe.

Alfen Beheer B.V. is the head of the Group.
The companies included in the consolidated financial statements are the following:
- Alfen B.V., Almere, 100%
- Alfen ICU B.V., Almere, 100%
- Alfen Projects B.V., Almere, 100%
- Alfen België BVBA, Gent, 100%

Alfen Beheer B.V. has its registered office at Hefbrugweg 28, 1332 AP, Almere, the Netherlands. The shares of Alfen Beheer B.V. are held by Alfen Holding B.V. and Infestos Holding M B.V., which are ultimately held by Infestos Nederland B.V.

Alfen Beheer B.V. is incorporated at 1 November 2015 and is established as holding company of the Group. On 1 January 2016, the activities of Alfen B.V. were split between Alfen B.V. and Alfen ICU B.V. At incorporation of Alfen Beheer at 1 November 2015 the issued shares of Alfen Beheer B.V. are paid in kind by a non cash contribution of all the outstanding shares in Alfen B.V. This transaction resulted in a share premium reserve and did not impact share capital on Group level. As there is no economic change of circumstances the Group still reflects the activities of the former Alfen B.V. reporting entity. Therefore, these consolidated financial statements uses Alfen B.V. comparative figures for the financial year 2015 and Alfen Beheer B.V. comparative figures for the 12 month financial year 2016.

The Group’s financial year covers the first day of January and ends on the last day of December of each year.

The annual report was authorized for issue by the Company’s Board of Directors on 7 February 2018.

Note 2

Summary of significant accounting policies

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Basis of preparation

The consolidated financial statements 2015-2017 of Alfen Beheer B.V. have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union as applicable for financial years commencing on 1 January 2017.

The applicable IFRS standards have been applied as from 1 January 2015 and apply for all the years presented in these consolidated financial statements. Further the Company has adopted IFRS 1 ‘First-time Adoption of International Financial Reporting Standards” (IFRS 1). These are the first consolidated financial statements that the Company has prepared in accordance with IFRS, and 1 January 2015 was the date of transition. These financial statements are the Company’s financial statements as referred to in Part 9, Book 2, of the Dutch Civil Code.

Alfen B.V. filed financial statements under NL GAAP as at and for the financial year ended 31 December 2015 and Alfen Beheer B.V. filed financial statements under NL GAAP as at and for the extended (14 month) financial year ending 31 December 2016 with the Chamber of Commerce. An explanation of the effect of the transition to IFRS on the financial position and results of operations and cash flows are included in note 29.

The preparation of the consolidated financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company’s accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 6.

Basis of measurement

The consolidated financial statements have been prepared on a historical cost convention, unless stated otherwise. All amounts in the notes to the consolidated financial statements are stated in euros ‘000, unless otherwise stated.

Changes in accounting policies and disclosures

New standards and interpretations not yet adopted

Certain new accounting standards and interpretations have been published that are not mandatory for 31 December 2017 reporting periods and have not been early adopted by the Company. The Company's assessment of the impact of these new standards and interpretations is set out below.

Nature of change	Impact	Mandatory application date
IFRS 9 Financial Instruments		
IFRS 9 addresses the classification, measurement and derecognition of financial assets and financial liabilities and introduces new rules for hedge accounting. In July 2014, the IASB made further changes to the classification and measurement rules and also introduced a new impairment model. These latest amendments now complete the new financial instruments standard.	The Company evaluated its financial assets and liabilities in accordance with IFRS 9. The Company does not have (complex) instruments that would trigger a change in accounting. The Company does not apply any hedge accounting. Furthermore, based on the analysis of historical information the expected loss evaluation for receivables and contract assets is considered insignificant. Overall, the impact of IFRS 9 is considered low.	Must be applied for financial years commencing on or after 1 January 2018. Date of adoption by the Company: 1 January 2018.
IFRS 15 Revenue from Contracts with Customers		
The IASB has issued a new standard for the recognition of revenue. This will replace IAS 18 which covers contracts for goods and services and IAS 11 which covers construction contracts. The new standard is based on the principle that revenue is recognized when control of a good or service transfers to a customer – so the notion of control replaces the existing notion of risks and rewards. The standard permits a modified retrospective approach for the adoption. Under this approach entities will recognize transitional adjustments in retained earnings on the date of initial application (e.g. 1 January 2018), i.e. without restating the comparative period. They will only need to apply the new rules to contracts that are not completed as of the date of initial application.	The Company evaluated its contracts with customers in accordance with IFRS 15. The application of IFRS 15 is expected to have limited to no impact on the current accounting as the company has very few contracts with multiple performance obligations. The company will implement this new standard prospectively without adjusting the comparative figures. The impact of IFRS 15 is considered low.	Mandatory for financial years commencing on or after 1 January 2018. Date of adoption by the Company: 1 January 2018.

IFRS 16 Leasing		
IFRS 16 principally requires lessees to recognize assets and liabilities for all leases and to present the rights and obligations associated with these leases in the statement of financial position. Going forward, lessees will therefore no longer be required to make the distinction between finance and operating leases that was required in the past in accordance with IAS 17. For all leases, the lessee will recognize a lease liability in its statement of financial position for the obligation to make future lease payments. At the same time, the lessee will capitalize a right of use to the underlying asset which is generally equivalent to the present value of the future lease payments plus directly attributable expenditure. Similar to the guidance on finance leases in IAS 17, the lease liability will be adjusted over the lease term for any remeasurement, while the right-of-use asset will be depreciated, which normally leads to higher expenses at the inception date of a lease. For the lessor, on the other hand, the provisions of the new standard are similar to the existing guidance in IAS 17. The criteria for lease classification have been taken over from IAS 17. IFRS 16 also includes new provisions on the definition of a lease and its presentation, on disclosures in the notes, and on sale and leaseback transactions.	The Company does not have any material lease contracts. Existing lease contracts mainly relate to company cars, warehouse equipment and office (printing) equipment. The company has about EUR 1.5m of lease premium obligations (see note 28). The impact of IFRS 16 is considered low (less than 10% of balance sheet total).	Mandatory for financial years commencing on or after 1 January 2019 (subject to EU endorsement). Expected date of adoption by the Company: 1 January 2019.

There are no other standards that are not yet effective and that would be expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

Principles for consolidation

(a) Subsidiaries

Subsidiaries are all entities over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. Subsidiaries are deconsolidated from the date that control ceases.

The financial data of the subsidiaries and other entities included in the consolidation have been included in full, to the exclusion of intercompany relationships, intercompany profit and intercompany receivables and liabilities between subsidiaries and other entities included in the consolidation, to the extent that the results are not realised by a third party outside the Group. Unrealised losses on intercompany transactions are eliminated unless they concern impairments.

(b) Acquisitions and disposals of subsidiaries

The acquisition of subsidiaries by the Group is accounted for using the acquisition method. Goodwill arises on the acquisition of subsidiaries and represents the excess of the consideration transferred over the Group's interest in the net fair value of the net identifiable assets, liabilities and contingent liabilities of the acquiree and the fair value of the non-controlling interest in the acquiree. Negative goodwill arising from an acquisition is recognised directly in the income statement. Acquisition-related costs are expenses as incurred.

The consideration transferred for the acquisition of a subsidiary is the fair value of the assets transferred and the liabilities incurred to the former shareholders of the acquiree. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability are recognised in the income statement.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date. Any gains or losses arising from such remeasurement are recognised in the income statement.

(c) Changes in ownership interests in subsidiaries without change of control

Transactions with subsidiaries that do not result in loss of control are accounted for as equity transactions that is, as transactions with the owners in their capacity as owners. The difference between fair value of any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

(d) Disposal of subsidiaries

If the Group ceases to have control of an entity, any retained interest in the entity is remeasured to fair value at the date when control is lost with the change in carrying amount recognised in the income statement. The fair value is the initial carrying amount for the purpose of subsequently accounting for the retained interest as an associate, joint venture or other financial asset. Amounts previously recognised in other comprehensive income are reclassified to profit or loss. Deconsolidation occurs when the Group no longer controls a subsidiary.

Foreign currency translation

(i) Functional and presentational currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The financial statements are presented in EUR, which is the functional currency of all companies within the Group and the Group's presentation currency.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are generally recognized in profit or loss.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the statement of comprehensive income, within finance costs.

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss.

Property, plant and equipment

Property, plant and equipment are carried at historical cost less accumulated depreciation and impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognized when replaced. All other repairs and maintenance are charged to profit or loss during the reporting period in which they are incurred.

Depreciation on assets is calculated by recognizing the difference between historical cost and the estimated residual values using the straight-line method over their estimated useful live in profit or loss. The estimated useful lives of property, plant and equipment for current and comparable periods are as follows:

Buildings 5 – 30 years
Furniture, fittings and equipment 5 years
Other fixed operating assets 4 – 5 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

The costs of future replacement are capitalised based on the component approach. Under this approach the total costs are allocated to the 'component assets'. Government grants on investments are deducted from the purchase price or manufacturing price of the assets to which the government grants relate.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount and are recognised within the income statement.

Intangible assets

Intangible fixed assets are carried at historical cost less accumulated amortisation and any impairments. The Group amortises intangible assets with a limited useful life using the straight-line method over the estimated useful economic life of the intangible assets. The expected useful life and the depreciation method are reviewed each reporting period.

Research and development

Development costs that are directly attributable to the design and testing of identifiable and unique products and systems controlled by the Company are recognized as intangible assets only if all of the following conditions are met:

- it is technically feasible to complete the product or system so that it will be available for use;
- management intends to complete the product or system and use or sell it;
- there is an ability to use or sell the product or system;
- it can be demonstrated how the product or system will generate probable future economic benefits;
- adequate technical, financial and other resources to complete the development and to use or sell the product or system are available; and

- the expenditure attributable to the product or system during its development can be reliably measured.

Directly attributable costs that are capitalized as part of the product include the development employee costs and an appropriate portion of relevant overheads.

Other development expenditures that do not meet these criteria are recognized as an expense as incurred. Development costs previously recognized as an expense are not recognized as an asset in a subsequent period. Expenditure on research activities is recognized as expense in the period in which it is incurred.

Amortisation is recognised in the income statement on a straight-line basis and commences as soon as the assets are ready for use. The estimated useful economic life is 5 years.

The amortization charge of these intangibles is included under the amortization expense.

Impairment of non-financial assets

Non-financial assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

Financial assets and liabilities

Financial assets and liabilities are recognized when the Company becomes a party to the contractual provisions of the financial instrument. Financial assets are derecognized when the rights to receive cash flows from the assets have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership. Initial recognition is at fair value plus transaction costs. Financial liabilities are derecognized when the obligation specified in the contract is discharged, cancelled or expires.

At initial recognition, the Company classifies its financial instruments in the following categories:

i. Financial assets and liabilities at fair value through profit or loss
ii. Loans and receivables
iii. Available-for-sale financial assets
iv. Financial liabilities at amortized cost
v. Held-to-maturity investments

The Company only has loans and receivables (ii) and financial liabilities at amortized cost (iv) and makes no use of derivative financial instruments.

ii. Loans and receivables:

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Trade and other receivables and cash and cash equivalents are classified as 'loans and receivables', and are included in the current assets due to their short-term nature, except for maturities greater than 12 months after the end of the reporting period. These are classified as non-current assets.

Loans and receivables are initially recognized at the amount expected to be received, less, when material, a discount to reduce the loans and receivables to fair value. Subsequently, loans and receivables are measured at amortized cost using the effective interest method less a provision for impairment.

iv. Financial liabilities at amortized cost:

Financial liabilities at amortized cost include trade and other payables and long-term debt. Trade and other payables and long-term debt are initially recognized at fair value equaling the amount required to be paid, less, when material, a discount to reduce the payables to fair value. Subsequently, trade and other payables and long-term debt are measured at amortized cost using the effective interest method. Trade and other payables are classified as current liabilities due to their short-term nature, except for maturities greater than 12 months after the end of the reporting period. These are classified as non-current liabilities.

Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously. The Company does not have any legally enforceable right to offset the recognized amounts in the balance sheet.

Impairment of financial assets

The Company assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

Assets carried at amortized cost

For loans and receivables, the amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognized in profit or loss. If a loan or held-to-maturity investment has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized (such as an improvement in the debtor's credit rating), the reversal of the previously recognized impairment loss is recognized in profit or loss.

Individual receivables which are known to be uncollectible are written off by reducing the carrying amount directly. The other receivables are assessed collectively to determine whether there is objective evidence that an impairment has been incurred but not yet been identified. For these receivables the estimated impairment losses are recognized in a separate provision for impairment. The Company considers that there is evidence of impairment if any of the following indicators are present:

- significant financial difficulties of the debtor;
- probability that the debtor will enter bankruptcy or financial reorganization, and;
- default or delinquency in payments.

Receivables for which an impairment provision was recognized are written off against the provision when there is no expectation of recovering additional cash. Impairment losses are recognized in the income statement within other operating expenses. Subsequent recoveries of amounts previously written off are credited against other operating expenses.

Inventories

Inventories mainly relate to raw materials and are valued at the lower of cost and net realizable value. Costs comprise direct materials and, where applicable, direct labor costs and those overheads that have been incurred in bringing the inventories to their present location and condition. Costs are determined using the weighted average price method. Net realizable value represents the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution.

Construction contracts

A construction contract is defined as a contract specifically negotiated for the construction of an asset. Work in progress on construction contracts is valued at cost plus the profit recognised to date less a provision for foreseeable losses and less progress billings. The cost includes all expenses directly related to specific projects and an allocation of fixed costs and variable indirect costs made in relation to the contract activities based on normal operating capacity.

The progress percentage applied consists of the proportion of recognised costs against the total expected costs for each individual project. When the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised only to the extent of the contract cost incurred that is likely to be recoverable.

Construction contracts are stated as a receivable (amounts due from customers for contract work) when the balance is positive. If the balance is negative, it is stated as a liability (amounts due to customers for contract work).

Trade and other receivables

Trade and other receivables are amounts due from customers for services performed in the ordinary course of business. If collection is expected in one year or less, they are classified as current assets. If not, they are presented as non-current assets. Trade receivables are generally due for settlement immediately and therefore all classified as current assets.

Trade and other receivables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method, less provision for impairment.

Cash and cash equivalents

Cash and cash equivalents are recognised at nominal value. Cash and cash equivalents include cash at banks and cash in hand. In the cash flow statement cash and cash equivalents comprises cash at banks and cash in hand.

Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issuance of new ordinary shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Dividends

Dividends are recognised as a liability in the period in which they are declared.

Long-term debt

Borrowings are initially recognized at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortized cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognized in profit or loss over the period of the borrowings using the effective interest method.

Borrowings are removed from the balance sheet when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognized in profit or loss as other income or finance costs.

Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period.

Provisions

Provisions are recognized when the Company has a present legal or constructive obligation as a result of past events; it is more likely than not that an outflow of resources will be required to settle the obligation; and the amount can be reliably estimated. Provisions are measured at management's best estimate of the expenditure required to settle the obligation at the end of the reporting period, and are discounted where the effect is material using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation.

Jubilee provision

Based on the collective labour agreement, a provision for jubilee benefits for employees is recognised based on the estimated future cost, using actuarial calculations to determine the amount to be recognised.

Trade and other payables

These amounts represent liabilities provided to the Company prior to the end of financial year which are unpaid. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. They are recognized initially at their fair value and subsequently measured at amortized cost using the effective interest method.

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods and services provided in the normal course of business, net of discounts and related sales taxes and value-added tax.

Sale of goods sold and services rendered

The Group sells products and services related to the electricity grid, charging equipment for electric vehicles and energy storage systems and solutions. Revenue from the sale of goods is recognised when the most significant risks and benefits of ownership have been transferred to the buyer. Revenues generated through services rendered are recognised in the income statement in proportion to the stage of completion of the transaction on the reporting date. The stage of completion is determined on the basis of the costs incurred compared with the expected total costs. Expenditure related to these services is allocated to the same period.

Construction contracts

The Group realizes construction contracts related to the electricity grid (including smart grid solutions), electric vehicle charging solutions and energy storage systems and solutions. If the outcome of a construction contract can be estimated reliably and if it is probable that the contract will be profitable, contract revenue and costs are recognised in the income statement in proportion to the stage of completion of the project using the percentage of completion method. The stage of completion is determined on the basis of the costs incurred compared with the expected total costs. Costs incurred in the year in connection with future activity on a contract are excluded from contract costs in determining the stage of completion.

Where the outcome of a construction contract cannot be estimated reliably, contract revenue is recognized to the extent that it is probable that contract costs incurred will be recoverable. Contract costs are recognized as expense in the period in which they are incurred. When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognized as an expense immediately.

The Company uses the ‘percentage-of-completion method’ to determine the appropriate amount to recognize in a given period. The stage of completion is measured by reference to cost incurred since contract initiation up to the end of the reporting period as a percentage of total costs for each contract.

Employee benefits

Salaries, wages and social security contributions are charged to the income statement based on the terms of employment, where they are due to employees and the tax authorities respectively.

Pension obligations

The Company has a multi-employer pension plan which is a defined benefit plan for which there is insufficient information available for the Company to account for the pension plan as a defined benefit plan. There is not sufficient information available as the pension fund does not administer the pension plan on a company-by-company basis. Therefore, the Company accounts for this pension plan as a defined contribution plan.

For the defined contribution plans, the Company pays contributions to publicly or privately administered pension insurance plans on a mandatory, contractual or voluntary basis. The Company has no further payment obligations once the contributions have been paid. The contributions are recognized as employee benefit expense when they are due. Prepaid contributions are recognized as an asset to the extent that a cash refund or a reduction in the future payments is available.

Share-based payments

Selected and eligible managers of the Group participate indirectly in the share capital of the Company. This management participation plan is classified as an equity-settled share-based payment arrangement.

The Company determines the fair value of the share-based payment awards at the grant date and recognises an expense for the services received over the service period, with a corresponding increase in equity. The total amount to be expensed is determined by reference to the fair value of the awards made. For this purpose, the Company analyses at each grant date whether the purchase price paid by a manager is in line with the market price of the underlying shares. Only if a positive difference exists between (i) the actual market value of the shares as determined at the grant date and (ii) the purchase price paid; this results in a fair value to be reported as a share-based payment expense.

Service conditions and non-market vesting conditions are taken into account when estimating the number of awards that will ultimately vest.

Government grants

Grants from the government are recognized at their fair value where there is a reasonable assurance that the grant will be received and the Company will comply with all attached conditions. Government grants relating to costs are recognized in the statement of income over the period necessary to match them with the costs that they are intended to compensate.

Expenses

Expenses arising from the Company's business operations are accounted for in the year incurred.

Leases

At the inception of an agreement, the Group assesses if the agreement contains a lease. Leases of property, plant and equipment where the group, as lessee, has substantially all the risks and rewards of ownership are classified as finance leases. Leases in which a significant portion of the risks and rewards of ownership are not transferred to the group as lessee are classified as operating leases. Payments made under operating leases are charged to the income statement on a straight-line basis over the period of lease.

Finance income and expenses

Finance income and expenses are recognized using the effective interest method. Financial expenses include interest incurred on borrowings calculated using the effective interest method and interest accruals for provisions that are recognised in the income statement.

Corporate income tax

The income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the Company's subsidiaries operate and generate taxable income.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, deferred tax liabilities are not recognized if they arise from the initial recognition of goodwill. Deferred income tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.

Deferred tax assets are recognized only if it is probable that future taxable amounts will be available to utilize those temporary differences and losses. Deferred tax liabilities and assets are not recognized for temporary differences between the carrying amount and tax bases of investments in foreign operations where the Company is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future. Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority.

Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

Current and deferred tax is recognized in profit or loss, except to the extent that it relates to items recognized in other comprehensive income or directly in equity. In this case, the tax is also recognized in other comprehensive income or directly in equity, respectively.

Notes to the cash flow statement

The cash flow statement has been prepared using the indirect method, whereby profit or loss is adjusted for the effects of transactions of a non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments, and items of income or expense associated with investing or financing cash flows.

Non-cash transactions are not included in the statement of cash flows.

Note
3

Financial risk management

As result of regular business practices, the Company holds positions in a variety of financial instruments. The financial instruments are presented in the balance sheet and consists of cash and cash equivalents, receivables and other receivables and interest-bearing loans, trade payables and other payables. The Company does not use foreign exchange contracts and/or foreign exchange options and does not deal with such financial derivatives.

On each balance date, financial instruments are reviewed to see whether or not an objective indication exists for the impairment of a financial assets or a group of financial assets. If an objective indication for impairment exists, the company determined the amount of impairment losses and charges this amount to the income statement. As a result of the use of financial instruments, the company incurs credit risks, liquidity risks and market risks.

The market risks consist of currency risks, price risks and interest risks. The company knows a strict policy that aims to minimize and control these risks as much as possible.

(a) Credit risk

Credit risk is the risk of a financial loss in case a customer does not comply with the contractual obligations. Credit risks are mainly incurred from receivables to clients. The company executes a strict policy to minimize credit risks. To control these risks, the company makes use of information from licensed credit agencies. If necessary, credit risks will be mitigated by the use of credit insurances, bank guarantees, prepayments and other insurances. Cash- and cash equivalents may be placed by a number of banks. The company determines the credit risk of cash- and cash equivalents that are placed with these banks, by solely doing business with highly respectable banks. The Company evaluates the concentration risk with respect to trade receivables as low. The Group did not incur any impairment losses on trade and other receivables in 2015 and 2016.

An ageing analysis of the Company's trade and other receivables at 31 December 2017, 31 December 2016, 31 December 2015 and 1 January 2015 is as follows:

Trade and other receivables	Current amount	Overdue < 30 days	Overdue 31-60 days	Overdue 61-90 days	Overdue > 90 days
31 December 2017	13.383	2.265	935	567	389
31 December 2016	9.239	1.375	419	18	51
31 December 2015	7.411	1.562	278	57	85
1 January 2015	5.806	754	128	103	129

(b) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations. The Company's approach to managing liquidity is to ensure that, as far as possible, it will always have sufficient liquidity to meet its obligations when they become due, avoiding unacceptable losses or damages to the Company's reputation. The Company monitors its liquidity risk on an ongoing basis. The liquidity planning considers the maturity of the financial assets (e.g. accounts receivable and other financial assets) and projected cash flows from operations.

Due to the nature of the business, the use of cash- and cash equivalents is not highly sensitive to liquidity risks. However, the company does notice a seasonal pattern in liquidity risks.

The tables below analyze the Company's financial liabilities on their contractual maturities for all non-derivative financial liabilities for which the contractual maturities are essential for an understanding of the timing of the cash flows.

	31 December 2017				
	Less than 3 months	3 months to 1 year	Between 1 and 5 years	Over 5 years	Total
Trade and other payables (excluding deferred revenue)	18.423	98	15	-	18.536
Long-term debt	64	193	981	868	2.106
Total non-derivatives	18.488	291	996	868	20.642

	31 December 2016				
	Less than 3 months	3 months to 1 year	Between 1 and 5 years	Over 5 years	Total
Trade and other payables (excluding deferred revenue)	13.140	537	22	-	13.699
Long-term debt	66	198	1.004	1.106	2.374
Total non-derivatives	13.206	735	1.026	1.106	16.073

	31 December 2015				
	Less than 3 months	**3 months to 1 year**	**Between 1 and 5 years**	**Over 5 years**	**Total**
Trade and other payables (excluding deferred revenue)	9.603	200	40	-	9.843
Long-term debt	46	138	702	636	1.522
Total non-derivatives	9.649	338	742	636	11.365

	1 January 2015				
	Less than 3 months	**3 months to 1 year**	**Between 1 and 5 years**	**Over 5 years**	**Total**
Trade and other payables (excluding deferred revenue)	7.576	192	-	-	7.768
Long-term debt	47	141	719	807	1.714
Total non-derivatives	7.623	333	719	807	9.482

(c) Market risk

(i) Foreign exchange risk

The Company mainly operates in the European Union, in those countries that use the Euro as a basis currency (see note 22 for further details). The currency risk is limited and largely concerns positions and (future) transactions in euros. Management has determined, based on a risk assessment, that these currency risks do not need to be hedged. The Company's exposure to other foreign exchange movements is not significant and therefore no sensitivity analysis is included.

(ii) Price risk

The Company incurs price risks on the purchase of (raw) materials and subcontracting for the difference between the market price at the time of the purchase and during the actual performance. For purchases related to larger projects, the Company's policy aims to use indexation clauses in its sales contracts. If indexation is impossible, prices and conditions are negotiated with existing (key) suppliers to minimize price risk. In addition, the company controls price risk by using framework purchase agreements, tender procedures and other high valued information sources.

(iii) Interest rate risk

The Company is exposed to interest rate risks on its borrowings. Management has determined, based on a risk assessment, that the interest rate risks on its borrowings do not need to be hedged. The Company's exposure is not significant and therefore no sensitivity analysis is included.

Note 4 Capital management

The Company's objectives when managing capital is to safeguard the Company's ability to continue as a going concern and maintain an optimal capital structure to reduce the cost of capital.

In order to maintain the Company's capital structure, the Company may adjust its dividend policy, return capital to the shareholder, issue new shares or sell assets to reduce debt.

The Company monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total equity. Net debt is calculated as total borrowings (including 'current and non-current borrowings' as shown in the balance sheet) less cash and cash equivalents. Total capital is calculated as 'equity' as shown in the balance sheet plus net debt. The gearing ratios at 31 December 2017, 31 December 2016, 31 December 2015 and 1 January 2015 were as follows:

	31 December 2017	31 December 2016	31 December 2015	1 January 2015
Long-term debt (note 25)	1.870	2.080	1.350	1.500
Plus: bank overdrafts (note 23)	1.224	-	-	-
Less: cash and cash equivalents (note 23)	-	1.408	1.335	2.045
Net debt	3.094	672	15	(545)
Total equity	6.806	5.085	3.945	5.261
Total capital	9.900	5.757	3.960	4.716
Gearing ratio	45%	13%	0%	(10%)

The increase in the gearing ratio during 2017 resulted primarily from investments in the Company's production facilities and offices, which is financed through the working capital facility. The increase in the gearing ratio during 2016 resulted primarily from an increase in the long-term debt for the purpose of acquiring new property (new production location).

Note 5

Fair value estimation

The Company has no financial assets and liabilities measured at fair value.

Fair values, including valuation methods and assumptions

At 31 December 2017, 31 December 2016, 31 December 2015 and 1 January 2015 the carrying amounts of cash and cash equivalents, trade and other receivables and trade and other payables approximated their fair values due to the short-term maturities of these assets and liabilities. The fair values of the long-term debt are not materially different from the carrying amounts as the interest rate risk is a floating rate plus spread where the spread equals the current market spread.

Note 6

Critical accounting estimates and judgements

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of assets and liabilities and the reported amounts of revenues and expenses during the reported periods. The estimates and associated assumptions are based on historical experiences and various other factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates.

Development costs

The capitalized development costs are based on management judgements taken into account:

- the technical feasibility to complete the product or system so that it will be available for use;
- management intends to complete the product or system and use or sell it;
- the ability to use or sell the product or system;
- the availability of adequate technical, financial and other resources to complete the development.

In determining the development costs to be capitalized, the Company estimates the expected future economic benefits of the respective product or system that are the result of the development project. Furthermore management estimates the useful life of such product or system.

The carrying amount of capitalized development costs is EUR 3.9m (2016 EUR 3.1m, 2015 EUR 2.4m). The Group estimates the useful life of the development costs to be at 5 years based on the expected lifetime of such assets. However, the actual useful life may be shorter or longer than 5 years, depending on innovations, market developments and competitor actions.

Contract revenue

When the outcome of a construction contract can be estimated reliably and it is probable that the contract will be profitable, contract revenue and costs are recognised over the period of the contract by reference to the stage of completion using the 'percentage-of-completion method' to determine the appropriate amount to recognise in a given period. When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

To determine the stage of completion the Company has a robust process and system for cost estimating, forecasting and revenue and costs reporting. The system also requires a consistent forecast of the project profitability, including variance analyses of forecasted profitability compared to budget and earlier assessment dates. Estimates are an inherent part of this assessment and actual future outcome may deviate from the estimated outcome, specifically for major and complex construction contracts. However, historical experience has shown that estimates in total are sufficiently reliable.

Note 7 Segment information

Description of segments and principal activities

The Group is engaged in the business of developing, producing and selling various products, systems and services related to the electricity grid. There is a strong interrelationship between the Group's different business activities, hence management reviews the overall business based on the Group's profitability.

Note 8 Revenue

The Company derives the following revenues per businessline:

	2017	2016	2015
Smart Grid Solutions	57.043	51.066	44.847
Energy Storage Systems	8.341	786	-
EV Charging Equipment	8.952	9.670	5.701
	74.336	61.522	50.548

Revenues from customers by country,
based on the destination of the customer:

	2017	2016	2015
The Netherlands	61.165	56.545	46.258
Other European Union countries	10.720	4.946	4.228
Rest of Europe	157	17	33
Outside Europe	2.294	14	29
	74.336	61.522	50.548

All revenue is considered to be revenue from construction contracts.

Note 9 Other income

	2017	2016	2015
Government grants	968	-	-
	968	-	-

The government grants relate to the subsidy for a project to realize an off-grid energy system in rural Africa that combines solar and energy storage.

Note 10 Personnel expenses

The personnel expenses can be broken out as follows:

	2017	2016	2015
Salaries and wages	9.994	8.503	6.860
Social security contributions	1.523	1.284	984
Pension contributions (DC)	888	753	551
Hire indirect personnel	1.206	771	463
Capitalized personnel expense	(838)	(581)	(596)
Other personnel expenses	-	-	-
	12.773	10.730	8.262

The average number of FTE are:

	2017	2016	2015
Direct employees	111,0	99,3	81,9
Indirect employees	95,5	86,4	70,4
	206,5	185,7	152,3

The company has a defined contribution scheme and a defined benefit scheme. The defined benefit plan is a multi-employer (industry) pension plan, based on average salary pay, for which insufficient information is available to account for as a defined benefit plan. Therefore, the Company accounts for this pension plan as a defined contribution plan. The pension schemes are financed through monthly contributions to the pension providers, being the insurance companies and the industry pension fund (PME). The contribution with the industry pension fund is calculated using a maximum annual gross salary level and a premium of approximately 22.9% (2017). In 2011, the industry pension fund announced a recovery plan to strengthen the fund, which resulted in a premium increase of 2.87%. The premiums are fixed for the period until 2019. Total expected contributions for 2018 amount to € 1,387. The company applies the liability approach for all pension schemes. The premium payable during the financial year is charged to the income statement and is classified as costs of personnel.

Alfen has approximately 230 active participants in the industry pension plan, of 146,000 active participants in the total plan. The industry pension fund has a deficit and the coverage ratio per December 2017 is 100.1%. The company does not have any commitments for additional contributions in case of a deficit of the pension fund, other than paying increased future premiums. If applicable, the industry-wide pension fund applies an annual indexation for the pension fund.

Aside from the premium payables, the company does not have any additional obligations in respect to the pension schemes.

Note 11 Other operating costs

The other operating costs can be broken out as follows:

	2017	2016	2015
Housing expenses	440	499	448
Other personnel expenses	778	361	332
Development expenses	266	132	164
Other general expenses	3.358	2.490	2.012
	4.842	3.482	2.956

Note 12 Share based payments

Eligible and selected managers of the Group have been given the opportunity to participate indirectly in the share capital of the Company. These indirect share investments are held via a foundation ("Stichting Administratiekantoor"), which has issued Depositary Receipts ("DRs") to participating managers. This management participation plan is classified as an equity-settled share-based payment arrangement.

A manager who is leaving the Group is obliged to offer all the DRs held to a shareholder of the Company. If a manager is leaving the Group within seven years after purchasing the DRs, the price will be equal to the lower of the original purchase price and the fair market value at the leaver date for a portion of the DRs. A manager leaving after seven years will be entitled to the fair market value for all DRs held. Since the Company and its subsidiaries do not have an obligation to repurchase the DRs from a manager or to otherwise settle these awards in cash, the management participation plan is classified as an equity-settled share-based payment arrangement.

As of 31 December 2017, managers indirectly hold 10.36% of the ordinary shares in the Company (31 December 2016: 9.66%, 31 December 2015: 9.24% and 1 January 2015: 6.60%). The managers that indirectly invested in ordinary shares of the Company, generally paid the actual fair value of the shares at the respective grant date.

As the Company's shares are not listed, management need to estimate the fair value of the shares when managers indirectly acquire DRs in the Company. On each subsequent grant date, the fair market value of the Company's DRs has been estimated taking into account relevant valuation parameters available as well as the Company's development in the respective period. The results of the DR valuations and the related share-based payment expenses are dependent on the model and input parameters used. Even though management considers the fair values reasonable and defensible based on the methodologies applied and the information available, others might derive at a different fair market values for the underlying DRs.

Given that the managers paid the estimated fair market value of the underlying DRs in the Company at the grant date, the fair value of those share-based payment awards is nil. The total fair value to be reported as a share-based payment expense for the awards granted during the year amounted to nil (2016: nil and 2015: nil). The share-based payment expense recognised for the Company's equity-settled management participation plan amounts to € nil (2016: € nil, 2015: € nil).

Note 13 Finance income and costs

	2017	2016	2015
Finance cost			
Other interest expenses	(128)	(79)	(43)
Total finance cost	(128)	(79)	(43)
Finance income			
Other interest income	-	-	-
Total finance income	-	-	-
Net finance income/(expenses)	(128)	(79)	(43)

Note 14 Income tax expense

This note provides an analysis of the Company's income tax expense, showing how the tax expense is affected by non-deductible items. It also explains significant estimates made in relation to the Company's tax position.

Income tax expense

	2017	2016	2015
Current tax			
Current tax on profits for the year	(731)	(581)	(417)
Adjustments for previous years	(5)	(18)	(11)
Total current tax expense	(736)	(599)	(428)
Deferred income tax			
Income tax on continuing operations	168	206	115
Total deferred tax (expense) benefit	168	206	115
Total income tax expense	(568)	(393)	(313)

The tax on the Company's profit before tax differs from the statutory amount that would arise using the tax rate applicable to profits of the entity. The reconciliation of the effective tax rate is as follows:

	2017	2016	2015
Result from continuing operations	1.721	1.135	984
Total income tax	(568)	(393)	(313)
Result (excluding income tax)	2.289	1.528	1.297
Tax calculated based on Dutch tax rate	25,0%	25,0%	25,0%
Tax effects of:			
Adjustments for previous years	0,2%	1,2%	0,8%
Effect of tax rates in other countries	(0,4%)	0,1%	(0,1%)
Non-taxable (income)/expenses	0,4%	0,1%	(0,8%)
Other differences	(0,4%)	(0,7%)	(0,8%)
Effective tax rate	24,8%	25,7%	24,1%
Applicable tax rate	25,0%	25,0%	25,0%

The applicable tax rate is based on the relative proportion of the companies' contribution to profit and the tax rates in the countries concerned.

Note 15 Earnings per share

	2017	2016	2015
Weighted average number of ordinary shares in issue (x1)	18.000	18.000	18.000
Net result attributable to shareholders	1.721.010	1.134.516	983.712
Basic earnings per share	95,61	63,03	54,65
Allowing for dilution, the earnings per share are as follows:			
Weighted average number of ordinary shares in issue (x1)	18.000	18.000	18.000
Net result attributable to shareholders	1.721.010	1.134.516	983.712
Diluted earnings per share	95,61	63,03	54,65

Earnings per ordinary share are calculated on the basis of the weighted average number of ordinary shares outstanding. In calculating the weighted average number of ordinary shares outstanding the following is applied:

- own shares held by group companies are deducted from the total number of ordinary shares in issue;
- the computation is based on daily averages.

The earnings per share are calculated based on the weighted average number of shares outstanding during the year which amounts to 18,000 shares. There are no (potential) dilutive rights (instruments) outstanding.

Note 16 Key management compensation

Key management includes directors, having authority and responsibility for planning, directing and controlling the activities of the entity.

The compensation paid or payable to key management for employee services is shown below:

	2017	2016	2015
Salaries and wages	636	611	490
Social security contributions	28	26	10
Pension costs	49	47	(1)
Other	78	62	48
	791	746	547

Note 17 Property, plant and equipment

The movement in property, plant and equipment during the years was as follows:

	Buildings	Furniture, fittings and equipment	Assets under Construction	Total
At 1 January 2015:				
Cost	2.592	4.812	-	7.404
Accumulated impairments and depreciation	(1.897)	(4.023)	-	(5.920)
Net book value	695	789	-	1.484
Year ended 31 December 2015:				
Opening net book value	695	789	-	1.484
Additions	151	303	64	518
Disposal	-	(98)	-	(98)
Depreciation for the year	(85)	(337)	-	(422)
Depreciation of disposal	-	98	-	98
Consolidation and deconsolidation	-	-	-	-
Closing net book value	761	755	64	1.580
At 1 January 2016:				
Cost	2.743	5.017	64	7.824
Accumulated impairments and depreciation	(1.982)	(4.262)	-	(6.244)
Net book value	761	755	64	1.580
Year ended 31 December 2016:				
Opening net book value	761	755	64	1.580
Additions	1.349	557	127	2.033
Disposal	-	(131)	-	(131)
Depreciation for the year	(99)	(351)	-	(450)
Depreciation of disposal	-	131	-	131
Consolidation and deconsolidation	-	-	-	-
Closing net book value	2.011	961	191	3.163
At 1 January 2017:				
Cost	4.092	5.443	191	9.726
Accumulated impairments and depreciation	(2.081)	(4.482)	-	(6.563)
Net book value	2.011	961	191	3.163

	Buildings	Furniture, fittings and equipment	Assets under Construction	Total
Year ended 31 December 2017:				
Opening net book value	2.011	961	191	3.163
Additions	1.414	617	(191)	1.840
Disposal	(32)	(36)	-	(68)
Depreciation for the year	(164)	(404)	-	(568)
Depreciation of disposal	32	36	-	68
Consolidation and deconsolidation	-	-	-	-
Closing net book value	3.261	1.174	-	4.435
At 31 December 2017:				
Cost	5.474	6.024	-	11.498
Accumulated impairments and depreciation	(2.213)	(4.850)	-	(7.063)
Closing net book value	3.261	1.174	-	4.435

Note 18

Intangible fixed assets

The movement in intangible fixed assets during the years was as follows:

	Development costs
At 1 January 2015:	
Cost	2.493
Accumulated impairments and amortization	(602)
Net book value	1.891
Year ended 31 December 2015:	
Opening net book value	1.891
Additions	1.019
Amortization for the year	(497)
Consolidation and deconsolidation	-
Closing net book value	2.413
At 1 January 2016:	
Cost	3.512
Accumulated impairments and amortization	(1.099)
Net book value	2.413
Year ended 31 December 2016:	
Opening net book value	2.413
Additions	1.424
Amortization for the year	(745)
Consolidation and deconsolidation	-
Closing net book value	3.092
At 1 January 2017:	
Cost	4.936
Accumulated impairments and amortization	(1.844)
Net book value	3.092
Year ended 31 December 2017:	
Opening net book value	3.092
Additions	1.886
Amortization for the year	(1030)
Consolidation and deconsolidation	-
Closing net book value	3.948

	Development costs
At 31 December 2017:	
Cost	6.822
Accumulated impairments and amortization	(2.874)
Net book value	3.948

Additions to intangible fixed assets relate to development projects for new products or systems or development projects for new features to existing products and systems for amongst others; smart grid solutions, electric vehicle charging equipment and energy storage.

Total cost for R&D, including amortization of the capitalized development costs amount to EUR 1,585 (2016: EUR 1,167 2015: EUR 826).

Note 19

Deferred tax balances

Deferred tax assets

The balance comprises temporary differences attributable to:

	31 December 2017	31 December 2016	31 December 2015	1 January 2015
Property, plant and equipment	65	39	53	37
Carry forward losses	59	-	-	-
Goodwill	300	337	375	-
Total	424	376	428	37
Of which:				
Current (<1 year)	38	38	38	-
Non-current (>1 year)	386	338	390	37

The Company's legal restructuring (see note 1) resulted in a fiscal goodwill amount, which is tax deductible over a 10 year period.

Deferred tax liabilities

The balance comprises temporary differences attributable to:

	31 December 2017	31 December 2016	31 December 2015	1 January 2015
Intangible assets	987	772	603	473
Maintenance provision	37	36	35	33
Total	1.024	808	638	506
Of which:				
Current (<1 year)	256	259	187	125
Non-current (>1 year)	768	549	451	381

Note 20 Inventories

	31 December 2017	31 December 2016	31 December 2015	1 January 2015
Raw materials	3.487	3.756	2.410	2.728
Total	3.487	3.756	2.410	2.728

During 2017 inventories of EUR 222 were written down to net realizable value (2016: EUR 284, 2015: EUR 271).

Note 21 Financial instruments by category

	31 December 2017	31 December 2016	31 December 2015	1 January 2015
Assets	Loans and receivables	Loans and receivables	Loans and receivables	Loans and receivables
Trade and other receivables	17.539	11.102	9.393	6.920
Cash and cash equivalents	-	1.408	1.335	2.045
Total	17.539	12.510	10.728	8.965

	31 December 2017	31 December 2016	31 December 2015	1 January 2015
Liabilities	Financial liabilities at amortized cost	Financial liabilities at amortized cost	Financial liabilities at amortized cost	Financial liabilities at amortized cost
Long-term debt	1.660	1.870	1.200	1.350
Bank overdraft	1.224	-	-	-
Trade and other payables	18.536	13.699	9.843	7.768
Total	21.420	15.569	11.043	9.118

Note 22 Trade and other receivables

	31 December 2017	31 December 2016	31 December 2015	1 January 2015
Trade receivables	11.810	7.369	7.037	4.925
Less: allowance for doubtful accounts	(77)	(27)	(28)	(61)
Trade receivables - net	11.733	7.342	7.009	4.864
Amounts due from customers for contract work	5.488	3.575	2.267	1.702
Other taxes	18	3	26	17
Other receivables	300	182	91	337
	17.539	11.102	9.393	6.920
Less non-current portion	-	-	-	-
Current portion	17.539	11.102	9.393	6.920

The fair value of the receivables approximates the book value. No breakdown of the fair values of trade and other receivables and the non-current portion of the receivables has been included as the differences between the book values and the fair values are insignificant.

The carrying amounts of the Company's trade and other receivables are denominated in the following currencies:

Currency	31 December 2017	31 December 2016	31 December 2015	1 January 2015
EUR	17.480	11.044	9.366	6.920
GBP	59	58	27	-

The net balance sheet position for ongoing construction contracts is as follows:

	31 December 2017	31 December 2016	31 December 2015	1 January 2015
Amounts due from customers for contract work	5.488	3.575	2.267	1.702
Amounts due to customers for contract work	(1.370)	(946)	(178)	(484)
Total	4.118	2.629	2.089	1.218
The net position relates to:				
Aggregate costs incurred and recognised profits (less recognised losses) to date	17.220	5.554	2.649	2.066
Less: progress billings	(13.102)	(2.925)	(560)	(848)
Total	4.118	2.629	2.089	1.218

Note 23

Cash and cash equivalents

	31 December 2017	31 December 2016	31 December 2015	1 January 2015
Cash and cash equivalents	(1.224)	1.408	1.335	2.045
Total	(1.224)	1.408	1.335	2.045

The cash and cash equivalents are freely disposable to the Company, except for an amount of EUR 130 on so called G-accounts and a bankguarantee deposit account.

Note 24

Equity

Share capital

The authorized share capital of Alfen Beheer B.V. of EUR 18,000 is divided into 18,000 ordinary shares, fully paid-up, with a par value of EUR 1 each.

Share premium

The share premium reserve relates to contribution on issued shares in excess of the nominal value of the shares (above par value). See note 1 for further information.

Dividend

In 2015 a dividend distribution of EUR 2,300,000 was made to the shareholders of the Company, which is EUR 127.78 per share.

The retained earnings of EUR 1,172 are restricted due to a legal reserve of EUR 3,948 which is not available for distribution.

Note 25

Borrowings

	31 December 2017	31 December 2016	31 December 2015	1 January 2015
Borrowings	1.870	2.080	1.350	1.500
Total	1.870	2.080	1.350	1.500

The repayment obligation as per 31 December 2017 is as follows:

	31 December 2017	Repayment obligation in 2018	Remaining term >1 year and <5 year	Remaining term >5 years
Borrowings	1.870	210	840	820
	1.870	210	840	820

Repayments due within 12 months of the reporting date have been recognized as current liabilities, amounting to EUR 210 per 31 December 2017 (2016: EUR 210 and 2015: EUR 150).

Alfen Beheer B.V. holds a group credit facility. At 31 December 2017, the credit facility amounts to EUR 10,400 (2016: EUR 7,400 and 2015: EUR 4,500). The credit facility consists of (1) a mortgage loan with a duration of 10 years and a principal amount of EUR 1,500 used for the purchase of the building located at the Hefbrugweg Almere, (2) a mortgage loan with a duration of 15 years and a principal amount of EUR 900 used for the purchase of the building located at the Vlotbrugweg Almere and (3) a working capital facility of EUR 8,000 (2016: EUR 5,000 and 2015: 3,000). The 2017 interest rate is 2.66% (2016: 2.74% and 2015: 2.96%). The bank has first ranked mortgages on the real estate owned by the Company with a book value of EUR 3,261 per 31 December 2017. The real estate has an economic value of EUR 3,745 (2016: EUR 3,125 and 2015: EUR 1,825).

The following securities have been issued:
- a first ranked mortgage that amounts to EUR 1,750 for land and buildings on the Hefbrugweg 28, 1332 AP Almere cadastral known as section M number 70, Almere;
- a first ranked mortgage that amounts to EUR 900 for land and buildings on the Vlotbrugweg 24, 1332 AJ Almere, cadastral known as section M number 60, Almere;
- a first pledge for
  - o all current and future equipment of the Company;
  - o all current and future stocks of the Company;
  - o all current and future rights and receivables whether or not resulting from current and future relationships, including the rights from insurance agreements.

Other specific conditions related to the credit facility are:
- a negative pledge and the “pari passu”;
- a non-distribution clause;
- comply with a minimal EBITDA covenant on a consolidated level (adjusted for capitalized development costs) of EUR 1,500.

On January 8, 2018, Alfen Beheer B.V. increased its working capital credit facility from EUR 8,000 to EUR 11,250 and obtained 2 new loans with each a principal amount of EUR 875 and a duration of 10 years. These 2 loans are secured by the banks with additional mortgages in the amount of EUR 1,250 on the real estate owned by the Company.

Note 26 Provisions

Jubilee provision

Balance - 1 January 2015	25	**Balance - 1 January 2016**	32	**Balance - 1 January 2017**	29
Additions	23	Additions	8	Additions	8
Deductions	(16)	Deductions	(11)	Deductions	(8)
Other	-	Other	-	Other	-
Balance - 31 December 2015	32	**Balance - 31 December 2015**	29	**Balance - 31 December 2015**	29
Of which:					
Current (<1 year)	11		8		8
Non-current (>1 year)	21		21		21

The provision relates to a jubilee provision and is calculated based on the discounted value of future jubilee payments to the Company's employees. The calculation includes estimated remaining employment terms and a discount percentage of 4%.

Note 27 Trade and other payables

	31 December 2017	**31 December 2016**	**31 December 2015**	**1 January 2015**
Trade payables	13.014	10.278	8.127	5.859
Amounts due to customers for contract work	1.370	946	178	484
Due to affiliated companies	-	-	-	-
Other taxes	1.614	1.356	643	496
Other liabilities	2.538	1.119	895	929
Total	18.536	13.699	9.843	7.768

All current liabilities fall due in less than one year. The fair value of the current liabilities approximates the book value due to its short term character.

Note 28 Contingencies and commitments

The off balance sheet commitments for lease are as follows:

(in million EUR)	31 December 2017	31 December 2016	31 December 2015	1 January 2015
No later than 1 year	0,6	0,4	0,4	0,4
Later than 1 year and no later than 5 years	0,9	0,7	0,9	0,5
Later than 5 years	-	-	-	-
Total	1,5	1,1	1,3	0,9

The commitments for leasing mainly refer to the automotive fleet. The commitments in respect to operational lease are nominal amounts and are charged to the income statement on a linear basis.

A bank guarantee for an amount of EUR 78 is outstanding at 31 December 2017 with an end date of 27 July 2019.

A property rental claim has been filed in respect of a group company. On 18 October 2017 the court concluded in favor of the group company. The counterpart had the ability to appeal at a higher court until 18 January 2018. On 16 January 2018 the counterpart gave the group company formal notice that they will appeal. It is expected that there will be no negative consequences for the financial position of the group company.

The Company forms a fiscal unity with Alfen B.V., Alfen ICU B.V. and Alfen Projects B.V. for corporate income tax (CIT) and value-added tax (VAT) purposes. Pursuant to the Collection of State Taxes Act, the Company, along with the subsidiary that is part of the fiscal entity, is wholly and severally liable for taxation payable by the fiscal unity.

Note 29

First time adoption of IFRS

Statement of compliance

The consolidated financial statements presented herein have been prepared by the Company for the first time in accordance with IFRS.

An explanation of how the transition from Dutch GAAP to IFRS has affected the company's financial position, financial performance and cash flows is set out in the following tables and notes.

IFRS 1 requires full retrospective application of IFRS for first-time adopters. However, it provides some voluntary and mandatory exemptions from full retrospective applications. Adjustments as a result of the first time adoptions of IFRS and these exemptions are recognized through retained earnings or other components of equity at the date of transition.

IFRS exemption options

IFRS mandatory exceptions

Set out below are the applicable mandatory exceptions in IFRS 1 applied in the conversion from Dutch GAAP to IFRS.

Exception for estimates

Under IFRS 1, a first-time adopter, should not change the estimates made in accordance with the previous GAAP unless there is objective evidence that those estimates were in error.

Reconciliations of Dutch GAAP to IFRS

Reconciliation of shareholders' equity as at 1 January 2015, 31 December 2015 and 31 December 2016:

	Note	31 December 2016	31 December 2015	1 January 2015
Equity (before changes in accounting policies)		5.085	3.945	5.261
Adjustment		-	-	-
Total adjustments		-	-	-
Equity (after changes in accounting policies)	24	5.085	3.945	5.261

Reconciliation of total comprehensive income for the year ended 31 December 2015 and 31 December 2016:

	Year ended 31 December 2016	Year ended 31 December 2015
Profit for the period (before changes in accounting policies)	1.135	984
Adjustment	-	-
Total adjustments	-	-
Total comprehensive income for the period (after changes in accounting policies)	1.135	984

The transition from Dutch GAAP to IFRS had no significant impact on cash flows generated by the company.

The following reclassifications affected the presentation of the statement of financial position:

(a) the deferred tax assets and the deferred tax liabilities are separately shown in the face of the balance sheet whereas under Dutch GAAP these are classified under the financial fixed assets respectively provisions;

(b) the current tax liabilities are separately shown in the face of the balance sheet whereas under Dutch GAAP these are classified under the trade and other payables;

(c) the amount due from customers for ongoing construction contracts is presented as an asset and the amount due to customers is presented as a liability whereas under Dutch GAAP these positions are presented as a net balance which is separately shown in the face of the balance sheet.

Note 30

Related party transactions

All legal entities that can be controlled, jointly controlled or significantly influenced are considered to be a related party. Also, entities which can control the Company are considered a related party. In addition, statutory and supervisory directors and close relatives are regarded as related parties.

Intercompany transactions are carried out at arm's length.

The following transactions were carried out with related parties:

- Key management compensation (note 16);
- Share based payments (note 12).

The following transactions were carried out with the related parties Alfen Holding B.V. and Infestos Holding M B.V.:

- Alfen Holding B.V. and Infestos Holding M B.V. provide advisory and consulting services related to strategic decision making, change management projects and processes and various other services, including those related to legal, financial, organisational matters and other relevant expertise, for which a management fee was charged to the Company of EUR 255 in 2017 (2016: EUR 250; 2015: EUR 150).

Company financial statements 2017

Alfen Beheer B.V.
Almere

Company financial statements 2017

Company balance sheet as at 31 December 2017

In EUR '000	Note	31 December 2017	31 December 2016
Assets			
Non-current assets			
Property, plant and equipment	4	1.357	1.286
Investments in subsidiaries	5	11.548	9.820
		12.905	11.106
Current assets			
Receivables	6	417	124
Cash and cash equivalents	7	-	-
		417	124
		13.322	11.230
Equity and liabilities			
Shareholder's equity	8		
Issued share capital		18	18
Share premium		3.895	3.895
Legal and statutory reserves		3.948	3.092
Retained earnings		-2.776	-3.086
Result for the year		1.721	1.166
		6.806	5.085
Non-current liabilities	9	760	820
Current liabilities	10	5.756	5.325
		13.322	11.230

Company income statement 2017

In EUR '000	Note	2017	1 November 2015 till 31 December 2016
Depreciation on property, plant and equipment	4	(62)	-
General expenses		48	(22)
Operating profit (loss)		(14)	(22)
Finance income		-	-
Finance expenses		-	-
		-	-
Profit (loss) before income tax		(14)	(22)
Income tax expense		7	5
Share of net profit of investments in subsidiaries	5	1.728	1.183
Profit (loss) for the period after income tax		1.721	1.166

Notes to the company financial statements 2017

Note 1

General information

The company financial statements are part of the consolidated financial statements of Alfen Beheer B.V. (hereafter: the Company).

Note 2

Basis of preperation

The Company financial statements of Alfen Beheer B.V. have been prepared in accordance with Part 9, Book 2 of the Dutch Civil Code. In accordance with sub 8 of article 362, Book 2 of the Dutch Civil Code, the Company financial statements are prepared based on the accounting principles of recognition, measurement and determination of profit, as applied in the consolidated financial statements. These principles also include the classification and presentation of financial instruments, being equity instruments or financial liabilities.

In case no other policies are mentioned, refer to the accounting policies as described in the accounting policies in the consolidated financial statements of this Annual Report. For an appropriate interpretation, the company financial statements of Alfen Beheer B.V. should be read in conjunction with the consolidated financial statements.

All amounts are presented in euros '000, unless stated otherwise. The balance sheet and income statement include references. These refer to the notes.

The Company prepared its consolidated financial statements in accordance with the International Financial Reporting Standards ('IFRS') as adopted by the European Union.

The current financial year covers the period 1 January 2017 till 31 December 2017. The previous financial year covers the period 1 November 2015, the date of incorporation of Alfen Beheer B.V., till 31 December 2016.

Note 3

Financial fixed assets

Investments in consolidated subsidiaries

Consolidated subsidiaries are all entities (including intermediate subsidiaries) over which the Company has control. The Company controls an entity when it is exposed, or has rights, to variable returns from its involvement with the subsidiary and has the ability to affect those returns through its power over the subsidiary. Subsidiaries are recognised from the date on which control is transferred to the Company or its intermediate holding entities. They are derecognised from the date that control ceases.

Investments in consolidated subsidiaries are measured at net asset value. Net asset value is based on the measurement of assets, provisions and liabilities and determination of profit based on the principles applied in the consolidated financial statements.

Note 4 Property, plant and equipment

The movement in property, plant and equipment during the years was as follows:

	Buildings
At 1 November 2015:	
Cost	-
Accumulated impairments and depreciation	-
Net book value	-
Movements in book value:	
Additions	1.286
Disposals	-
Depreciation for the year	-
Depreciation of disposals	-
	1.286
At 31 December 2016:	
Cost	1.286
Accumulated impairments and depreciation	-
Closing net book value	1.286
At 1 January 2017:	
Cost	1.286
Accumulated impairments and depreciation	-
Net book value	1.286
Movements in book value:	
Additions	133
Disposals	-
Depreciation for the year	(62)
Depreciation of disposals	-
	71
At 31 December 2017:	
Cost	1.419
Accumulated impairments and depreciation	(62)
Closing net book value	1.357

Note 5 Investments in subsidiaries

The movement in subsidiaries during the years was as follows:

	Investment in subsidiaries
At 1 November 2015:	
Investment in subsidiaries	6.213
Movements in book value:	
Investments	18
Share of profit in participations	1.183
Capital contribution	4.700
Dividend	(2.300)
Other movement	6
	3.607
At 31 December 2016:	
Investment in subsidiaries	9.820
At 1 January 2017:	
Investment in subsidiaries	9.820
Movements in book value:	
Investments	-
Share of profit in participations	1.728
Capital contribution	-
Dividend received	-
	1.728
At 31 December 2017:	
Investment in subsidiaries	11.548

The share in the equity of the subsidiaries was as follows:

	Share in issued share capital 31 December 2017
Alfen B.V., Almere	100%
Alfen ICU B.V., Almere	100%
Alfen Projects B.V., Almere	100%
Alfen België BVBA, Gent	100%

Note 6
Receivables

	31 December 2017	31 December 2016
Due from affiliated companies	293	71
Other receivables	124	53
Total	417	124

Receivables all have a remaining term to maturity of less than one year, unless stated otherwise. The fair value of the receivables approximates the book value. No breakdown of the fair values of the receivables has been included as the differences between the book values and the fair values are insignificant.

The receivables due from affiliated companies bear no interest. With respect to repayment and securities nothing has been agreed.

Note 7
Cash and cash equivalents

	31 December 2017	31 December 2016
Cash and cash equivalents	-	-
Total	-	-

The cash and cash equivalents are freely disposable to the Company.

Note 8 Shareholders' equity

Issued share capital

The authorized share capital of Alfen Beheer B.V. of EUR 18,000 is divided into 18,000 ordinary shares, fully paid-up, with a par value of EUR 1 each.

Share premium

The share premium reserve relates to contribution on issued shares in excess of the nominal value of the shares (above par value).

Legal and statutory reserves

The legal and statutory reserves relate to a reserve for capitalized development costs of the subsidiaries.

	Issued share capital	Share premium	Legal and statutory reserves	Retained earnings	Result for the year	Total equity
Contribution - 1 November 2015	-	6.195	2.413	(2.413)	-	6.195
Issuance of ordinary shares	18	-	-	-	-	18
Dividend	-	(2.300)	-	-	-	(2.300)
Allocation of prior result	-	-	679	(679)	-	-
Other movement	-	-	-	6	-	6
Profit (loss) for the period	-	-	-	-	1.166	1.166
Balance - 31 December 2016	18	3.895	3.092	(3.086)	1.166	5.085
Balance - 1 January 2017	18	3.895	3.092	(3.086)	1.166	5.085
Dividend	-	-	-	-	-	-
Allocation of prior result	-	-	-	1.166	(1.166)	-
Additions	-	-	856	(856)	-	-
Profit (loss) for the period	-	-	-	-	1.721	1.721
Balance - 31 December 2017	18	3.895	3.948	(2.776)	1.721	6.806

The proposal to the General Meeting is that an amount of EUR 1,721 will be recognised in retained earnings.

Note 9 Non-current liabilities

	31 December 2017	31 December 2016
Long-term debt	760	820
Total	760	820

The repayment obligation as per 31 December 2017 is as follows:

	31 December 2017	Repayment obligation in 2018	Remaining term >1 year and <5 year	Remaining term >5 years
Long-term debt	820	60	240	520
Total	820	60	240	520

Repayment due within 12 months of the reporting date in the sum of EUR 60 (2016: EUR 60) have been recognized as current liabilities.

Reference is made to note 25 of the consolidated financial statements.

Note 10 Current liabilities

	31 December 2017	31 December 2016
Repayment obligation long-term debt	60	60
Credit institutions	1.217	947
Trade payables	27	349
Due to affiliated companies	4.124	3.852
Corporate income tax	256	166
Other taxes	(9)	(101)
Other liabilities and accrued expenses	81	52
Total	5.756	5.325

All current liabilities fall due in less than one year. The fair value of the current liabilities approximates the book value due to its short-term character.

The payables due to affiliated companies bear no interest. With respect to repayment and securities nothing has been agreed.

Reference is made to note 27 of the consolidated financial statements.

Note 11 Contingencies and commitments

Tax group liability (the Netherlands)

The Company forms a fiscal unity with Alfen B.V., Alfen ICU B.V. and Alfen Projects B.V. for corporate income tax (CIT) and value-added tax (VAT) purposes. Pursuant to the Collection of State Taxes Act, the Company, along with the subsidiary that is part of the fiscal entity, is wholly and severally liable for taxation payable by the fiscal unity.

Note 12 Audit fees

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

	PwC Accountants N.V.		Other network		Total network	
	2017	**2016**	**2017**	**2016**	**2017**	**2016**
Audit of the financial statements	67	56	-	-	67	56
Other audit procedures	1	1	-	-	1	1
Tax services	-	-	-	-	-	-
Other non-audit services	76	-	-	-	76	-
Total	144	57	-	-	144	57

The fees listed above relate to the services provided to the Company by accounting firms and external independent auditors as referred to in Section 1(1) of the Dutch Accounting Firms Oversight Act (Dutch acronym: Wta).

These fees relate to the audit of the 2017 and 2016 financial statements, regardless of whether the work was performed during the financial year.

Note 13 Average numbers of employees

During the year 2017, the average number of employees, based on full-time equivalents, was 3 (2016: 3). Of these employees no employees were employed outside the Netherlands.

Note 14 Directors remuneration

	31 December 2017	31 December 2016
Periodically paid remuneration	406	-
Long-term employee benefits	49	-
Other short-term benefits	85	
Profit-sharing and bonuses	-	-
Total	540	-

In accordance with article 2:383 sub 1, Book 2 of the Dutch Civil Code, the directors remuneration for 2016 is not presented.

Other short-term benefits include employer's charges (social contributions) and other compensations, such as representation allowances, insurances, car arrangements and educational expenses.

Note 15 Events after the reporting period

On January 8, 2018, Alfen Beheer B.V. increased its working capital credit facility from EUR 8,000 to EUR 11,250 and obtained 2 new loans with each a principal amount of EUR 875 and a duration of 10 years. These 2 loans are secured by the banks with additional mortgages in the amount of EUR 1,250 on the real estate owned by the Company.

Authorization of the financial statements

Almere, 7 February 2018

Alfen Beheer B.V.

Board of Directors,

M. Roeleveld	**J. van Rossen**
CEO	CFO

Other information

Alfen Beheer B.V.
Almere

Provision in the Articles of Association relating to profit appropriation

Article 18 in the articles of association include the following information concerning profit appropriation:

1. When calculating the appropriation of a benefit, shares held by the company are not taken into account, unless there is a usufructuary right or a right of lien related to these shares on behalf of someone other than the company.
2. The general meeting is authorized to appropriate the profit that is determined by the finalization of the financial statements and is authorized to determine (interim) benefits, in sofar equity is higher than the reserves the company needs to retain according to the law or these articles of association. In the context of afore mentioned a reserve counts as the one the company retains.
3. A decision in respect to the payment of benefits by the general meeting holds no consequences as long as the board has not given approval. The board only refuses approval based on the grounds included in the law.

Independent auditor’s report

We refer to the following page.

Independent auditor's report

To: the general meeting of Alfen Beheer B.V.

Report on the financial statements 2017

Our opinion

In our opinion Alfen Beheer B.V.'s financial statements give a true and fair view of the financial position of the Company and the Group as at 31 December 2017, and of its result and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union (EU-IFRS) and with Part 9 of Book 2 of the Dutch Civil Code.

What we have audited

We have audited the accompanying financial statements 2017 of Alfen Beheer B.V., Almere ('the Company'). The financial statements include the consolidated financial statements of Alfen Beheer B.V. and its subsidiaries (together: 'the Group') and the company financial statements.

The financial statements comprise:

- the consolidated and company balance sheet as at 31 December 2017;
- the following statements for 2017: the consolidated and company income statement, the consolidated and company statements of comprehensive income, changes in equity and cash flows; and
- the notes, comprising a summary of the significant accounting policies and other explanatory information.

The financial reporting framework that has been applied in the preparation of the financial statements is EU-IFRS and the relevant provisions of Part 9 of Book 2 of the Dutch Civil Code.

The basis for our opinion

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

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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 Alfen Beheer B.V. in accordance with the 'Wet toezicht accountantsorganisaties'(Wta, Audit firms supervision act), 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 directors' report;
- 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 board of directors 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 board of directors

The board of directors is responsible for:
- the preparation and fair presentation of the financial statements in accordance with EU-IFRS and with Part 9 of Book 2 of the Dutch Civil Code; and for
- such internal control as the board of directors 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 board of directors is responsible for assessing the company's ability to continue as a going concern. Based on the financial reporting frameworks mentioned, the board of directors should prepare the financial statements using the going-concern basis of accounting unless the board of directors either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so. The board of directors 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.

Utrecht, 7 February 2018
PricewaterhouseCoopers Accountants N.V.

Original has been signed by A.C. Mulder RA

Appendix to our auditor's report on the financial statements 2017 of Alfen Beheer 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 explained 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, 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 board of directors.
- Concluding on the appropriateness of the board of directors' 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.

Considering our ultimate responsibility for the opinion on the company's consolidated financial statements we are responsible for the direction, supervision and performance of the group audit. In this context, we have determined the nature and extent of the audit procedures for components of the group to ensure that we performed enough work to be able to give an opinion on the financial statements as a whole. Determining factors are the geographic structure of the group, the significance and/or risk profile of group entities or activities, the accounting processes and controls, and the industry in which the group operates. On this basis, we selected group entities for which an audit or review of financial information or specific balances was considered necessary.

We communicate with the board of directors 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.

Colophon

Alfen Annual Report 2017
Alfen Beheer B.V.

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Alfen
Annual Report 2017