

A YEAR OF VALUABLE INSIGHTS

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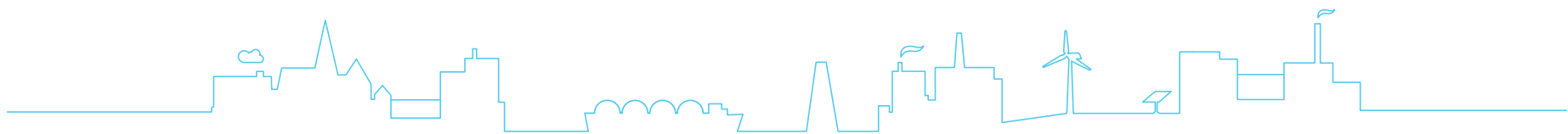
## ANNUAL REPORT 2016



ENERGY DELTA INSTITUTE  
ENERGY BUSINESS SCHOOL

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# 1. THE YEAR 2016 IN RETROSPECTIVE

Just as the energy industry is in transition, EDI is subject to the consequences of changes in our industry. In previous years the shrinking income of energy companies, due to lower oil and gas prices and a changing energy value chain, meant that less resources were allocated to education and training of staff. As a result, the total number of participants in EDI's programmes fell. In 2015 we managed to compensate the resulting revenue shortfall by scrutinising our costs and working more efficiently. The final results for 2016 show that we managed to return our operating results to an upward trend. Thanks to increasing interest in transition-related courses, such as the New Energy Realities Programme,

more in-company programmes and positive results from the studies we conducted, we are closer to break-even. In all, this gives rise to cautious optimism that things have taken a turn for the better and that the steps we took were productive. Moreover, we could be picking up the first signs that the global commodity-cycle has deepened out, which could translate itself in renewed interest for our natural gas and LNG portfolio. The global gas supply/demand outlook is positive and EDI can benefit provided that we are also sufficiently recognised in new or growing energy markets.

## THE FINANCIAL RESULT FOR 2016 IN COMPARISON TO 2015

Amounts x 1,000 euro	BUDGET 2017	2016	BUDGET 2016	2015
INCOME	1,852	1,761	1,839	2,158
COSTS	1,878	1,800	1,951	1,802
OPERATING RESULT	-26	-39	-112	356

Over the past year, we learned three important things:

- It pays to focus on developing specific regional markets;
- We noticed a shifting interest from open market to in-company programmes among our clientele;
- We noticed a partially shifting interest from mainly gas courses to courses on gas and energy transition.

## Developing specific regional markets

As previously mentioned in our bi-annual report, in 2016 we started to focus on developing specific regional markets, in which we further expand our network and promote our institute. These focus regions are South-east Europe, the Baltic States and the North Sea Region within the European continent. In Asia, these are India and Malaysia. Over the past months, we have made a good start with promoting ourselves in these regions.

Activities that are worth mentioning are the signing of an agreement for partnership and cooperation with Universiti Teknologi Petronas in Malaysia, the development of a new course in India, and our visit to several companies and events in Southeast Europe and the Baltic region. In Croatia and Lithuania, we specifically enjoyed the support of the Dutch embassies in promoting our institute among regional stakeholders in energy and education. As a result, we were able to further expand our network and acquired several leads for new joint training programmes and events. Moreover, we are in the process of identifying a regional partner in Southeast Europe. Also our traditional market, Russia,

continues to have our dedicated attention, as we are looking for new ways of cooperation with the renowned Skolkovo Business School.

Of course, we will remain open to opportunities in other regions and keep a reactive approach here, whereas we will continue to actively focus on the abovementioned regions. We see many opportunities. Given our size, we need to be selective and in general we prefer to seek good local partners so that we can develop 'satellites' for various regions.

## Shifting focus from open market to in-company programmes

Last year, four out of seventeen intended open market programmes did not take place due to a lack of participants, meaning almost a quarter of our open market portfolio. Besides the obvious sense of disappointment, this may well imply a triple loss: no income from the cancelled course, time and money spent on marketing is lost, while no time is left to generate alternative income.

Until now, our focus on in-company programmes has mainly been reactive. Over the last year, we noticed an increasing demand for in-company programmes, not only from our partners but also from unexpected quarters and new parties like SmartestEnergy, London and OSHEE, Albania, which lead us to reassess the potential of in-company programmes.



OUR BEST-PERFORMING COURSES

TOP 5 IN-COMPANY PROGRAMMES



TOP 5 OPEN MARKET PROGRAMMES



One of the reasons that might explain why companies nowadays are more likely to choose an in-company programme over an open market programme is cost reduction. By choosing an in-company programme, companies save on travel and accommodation costs. Another important argument for choosing an in-company programme over

an open market programme is team building and the ability to customize a programme to the training needs of a company.

From a gas to a gas and energy transition portfolio

It is clear that the world of energy is changing, but the nature and speed of change vary considerably around the globe. Even within Europe there are clear differences. For example in Northwestern Europe the energy transition process is in full swing and there are a lot of investments in projects related to non-fossil fuels, energy efficiency and energy savings. On the other hand, for example in Eastern Europe, large investment projects are planned or take place precisely to increase the gas infrastructure. The demand for energy knowledge is therefore quite different.

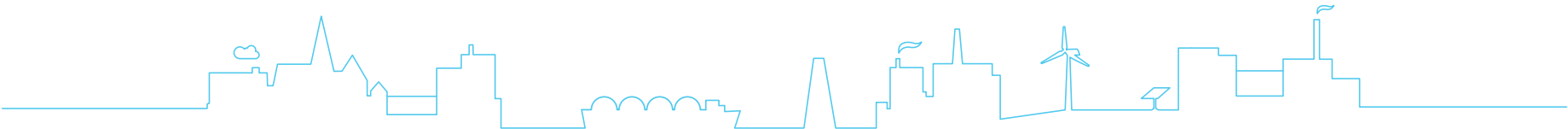
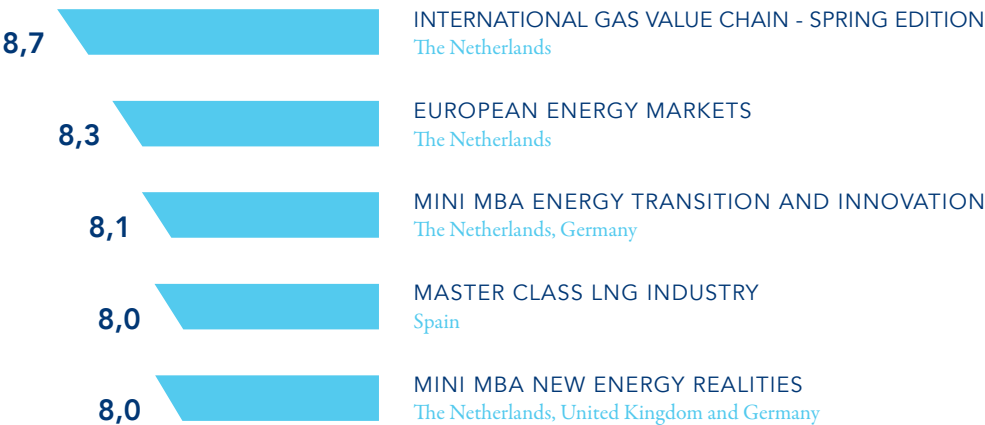
For EDI this has meant broadening the scope of its portfolio. With strong roots in the gas industry our portfolio still covers

many gas-related topics, but over the last couple of years we have added courses on energy transition to our portfolio.

Open market programmes

In 2016, we were able to run thirteen open market programmes. As for the *Executive Master of Finance & Control for the Energy Industry*, six participants graduated in September 2016. On the one hand, it is of great additional value for EDI to be able to offer a Master Programme of its own. On the other hand it also carries a significant (financial) risk too. As the programme will cease to exist, we are considering a follow-up for this programme together with another university or business school.

TOP 5 BEST-VALUED PROGRAMMES



During autumn, the modules of the *Fellowship on Energy Programme* were held in Bratislava (hosted by NAFTA), in Moscow (hosted by Rosneft) and in Berlin. This year, we will offer an updated version of these modules under the new name of *Executive Programme International Gas Business and Cooperation* (IGBC). Based on a survey and discussions with the alumni of the programme, the content of the new edition is more focused on market developments and international cooperation in the Eurasian region. The international diversity of the participants has been identified as the IGBC's main selling point. Therefore, it has been decided to use the topics of international cooperation and gas advocacy as a common thread in this programme. This implies that we also look at leadership from different perspectives. The growing interconnectivity of gas systems requires that future managers understand the implications of cultural differences on gas business and cooperation. Moreover, we have set up a new Advisory Board including members from Siemens, E.ON Global Commodities, OAO Gazprom, Moscow School of Management SKOLKOVO and Petronas (tbc). Regular meetings of the Advisory Board will make sure that the content fits the training needs of the energy business.

Because of changing market developments, we decided to end the *Master of Gas Business Management*. We noticed in response to our marketing efforts that a Master Programme with a total length of six weeks, a summer school, three essays and a thesis to write, is too intense. Also the costs related to such an extensive programme form a bottleneck. In order to offer all participants the opportunity to complete the programme, all modules are being offered one last time.

## In-company training programmes

Last year we received, as mentioned above, many in-company requests, also from outside the 'traditional circle' of EDI participating companies. We started the year, however, with a large in-company programme on gas trading, LNG and gas market developments for Gazprom Export.

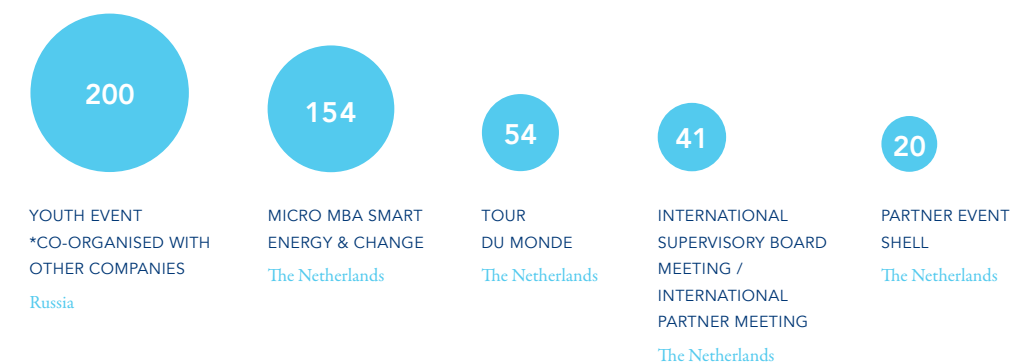
During autumn, we had the pleasure of welcoming several groups of senior managers from ONGC India to the Netherlands for lectures and in-company training programmes, as part of their 'Europe Experience' programme. These sessions were the result of cooperation with the Indian Institute of Management Indore (IIMI). It was the first time that we worked together with the IIMI, and we expect that we will join forces again in the near future. Also new was our cooperation with InnoEnergy for whom we organised an in-company training programme. The first reactions from participants were very positive and we hope to work together with them again in 2017.

## Events

Taking part in and organising events continues to play an important role in increasing the exposure of EDI towards our target groups. As it is a custom, in April we held our annual International Supervisory Board meeting, which was hosted in The Hague by one of our founding partners, Shell. Afterwards, the International Partner Meeting, which was attended by all of our partners, was held in the Louwman Museum in The Hague.

## HIGHLIGHTS OF EVENTS IN 2016

### PARTICIPANTS



\* since this event was co-organised by several other companies, we don't add the number of participants to our total number of participants.

In August, EDI attended the very large and well-known ONS Conference and Exhibition in Stavanger, Norway, where we shared a small but attractive stand in the Holland Pavilion drawing quite a lot of attention to our current programmes and upcoming activities including the projects regarding the North Sea region. As a result, we were able to recruit participants from Boskalis for the Fellowship on Energy Programme and enter into discussions with a.o. Van Oord, Heerema and Boskalis on how EDI could meet their training requirements. Moreover, contact was established with the Association of Dutch Suppliers in the Oil and Gas Industry (IRO) to promote our North Sea course, which builds on the success of the Gas meets Wind Symposium that took place in June 2016.

In September, the participants of the Gazprom MBA visited Gasunie, GasTerra and Entrance. Together with FINEC, EDI was

responsible for organising the programme. Also in September, we organised the second edition of the Micro MBA in collaboration with Nyenrode Business University. The event, focusing on Smart Energy and Change, was attended by 150 young professionals from twenty different companies. It was met with great interest, as it addressed a variety of energy transition issues that occupy many young energy professionals. Also the refreshing concept of short presentations and interactive sessions seemed to appeal to the participants.

In October, we contributed to the Youth Day of the International Gas Forum in St. Petersburg, Russia. As with last year's edition, EDI was responsible for recruiting and coaching the Dutch participants and organising two workshops. At the Youth Day an MoU was signed with the UK based Business School ESCP Europe. Also in October, we co-organised the Tour



du Monde together with the International Gas Union and KVGN (the Dutch gas association). At the event young energy professionals had the opportunity to get inspired by speakers from leading energy companies about global key developments. High level experts like Tim Egan (IGU Regional Coordinator for North America and CEO, Canadian Gas Association, Canada) and Khaled Abu Bakr (IGU Regional Coordinator the Middle

East & Africa and Chairman, Egyptian Gas Association, Chairman TAQA Arabia, Egypt) were amongst the lecturers. The IGU President and the CEO of Gasunie were present at the opening session and addressed the participants. IGU management appreciated EDI's initiative and requested our support in the preparation/organisation of the major young executive event to be held at the World Gas Conference in 2018.

## THE PARTNER NETWORK

### FOUNDING PARTNERS:

N.V. Nederlandse Gasunie, GasTerra B.V., OAO Gazprom, University of Groningen, Shell

### ASSOCIATED PARTNERS:

EBN, Enagás

### AFFILIATED PARTNERS:

A. Hak

### BUSINESS PARTNERS:

Eneco, ENGIE, Gas Connect Austria, NAFTA, ONGC, PwC, Rosneft

### KNOWLEDGE PARTNERS:

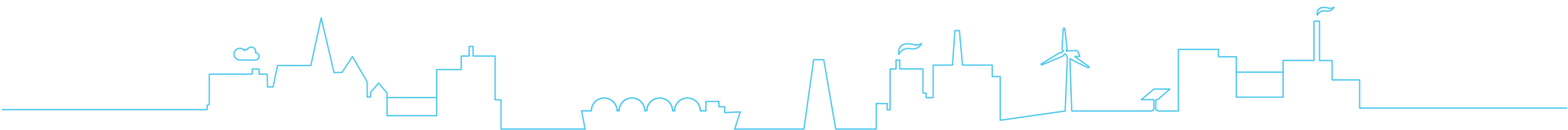
Clingendael, Energy Academy Europe, Energy Delta Research Centre (EDReC), Energy Valley, ESCP Europe, European School of Management and Technology, Gubkin Russian State University of Oil & Gas, Higher School of Economics, St. Petersburg University of Economics, Institute of World Economy and International Relations (IMEMO), Indian Institute of Management Indore (IIMI), Moscow School of Management SKOLKOVO, Moscow State Institute of International Relations (MGIMO), Nyenrode Business University, Oxford Institute for Energy Studies (OIES), Universiti Teknologi Petronas (UTP), PwC Academy, RWTH Aachen University, TNO.

## PARTICIPANTS IN OUR COURSES AND EVENTS

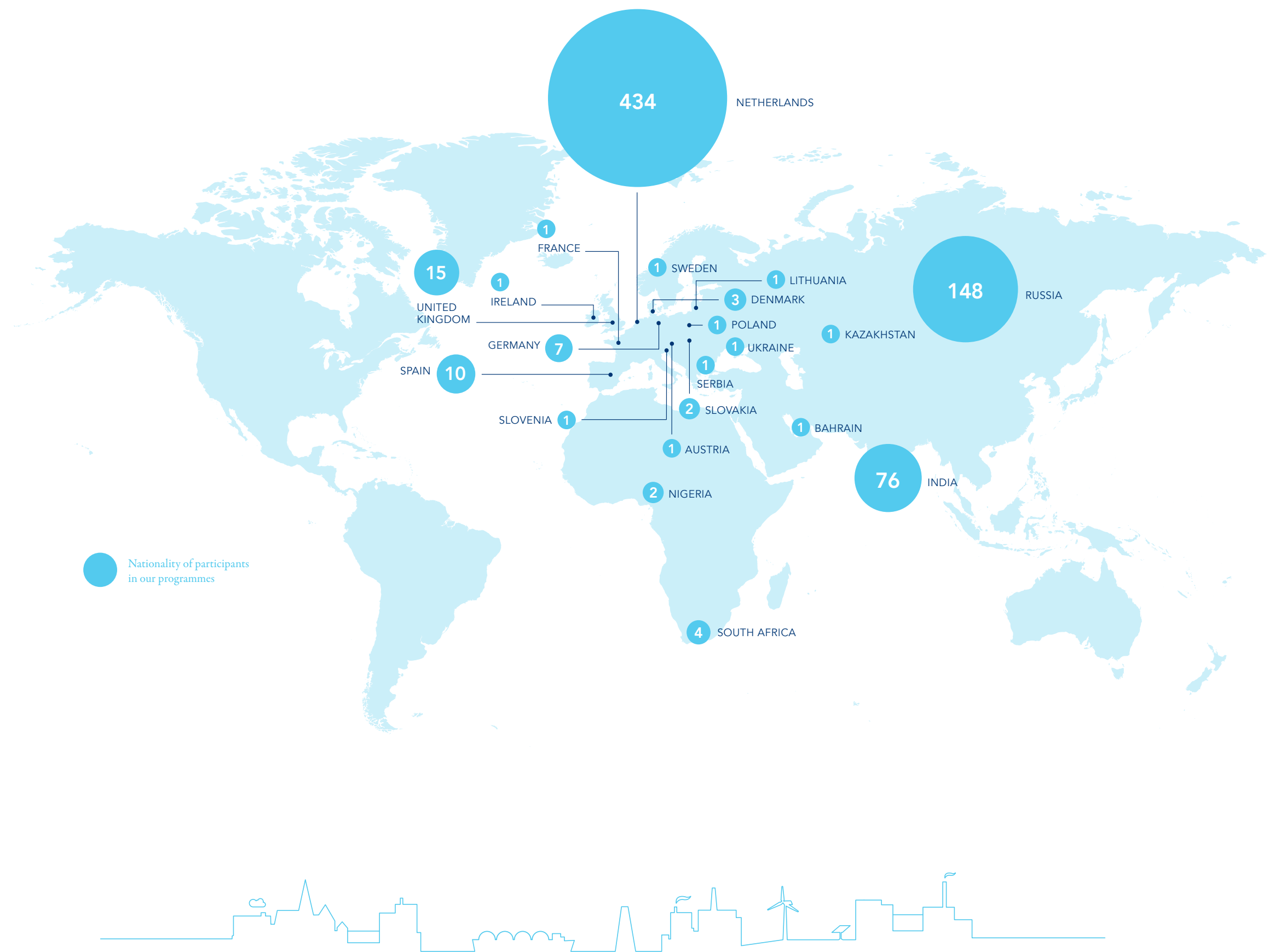
### PARTICIPANTS



### PARTICIPANTS BY PARTNER



OUR GLOBAL REACH





## 2. LOOKING FORWARD

The insights we gained over the past year, were used to adjust our strategic course. Please allow us to highlight the most important steps for 2017.

### Increasing the efficiency of our courses

In order to increase the efficiency of our products, we decided to slightly change our way of working. In the upcoming year we will organise fewer open market programmes and focus more on the marketing of the in-company programmes. With fewer open market programmes to market, we will have more time to increase the number of participants in each course, thereby increasing the diversity of the groups and the learning experience. Last, but not least, also making the courses financially more sustainable.

### Strengthening partnerships

In these times of rapidly changing environments in our industry, companies feel different about entering a partnership than some years ago. However, this does not

imply that companies are not interested in opportunities to collaborate. On the contrary; companies are looking for partnerships, but they would like to have a clear view on the deliverables during the partnership, so that their expectations are met. In practice this means a closer dialogue and consultation before a partnership is established. We are also increasingly making use of opportunities to host our programmes at premises of energy companies to strengthen the relation with the hosting party and also provide them a platform to introduce themselves to the international group of participants and extend their network. In 2016, Gas Connect Austria, Royal Haskoning, Gazprom Neft, Engie, NAFTA and Rosneft already opened their doors to us and we are confident many other companies will follow.

### Joining forces with Energy Academy Europe and Energy Valley

In February 2017, we moved to a different location; a new fully sustainable and energy-neutral building, which we will be sharing with our new and current partners the Energy Academy Europe, Energy Valley,

the Hanze University of Applied Sciences and the University of Groningen. We already are working together more closely and are assessing the opportunities to make greater use of each other's strengths and talents. At the same time, as stated in our annual report of 2015, the challenge for EDI is to constantly be aware of the developments in the market and be able to adapt to them. In the course of this year, we will start to explore the legal aspects of our cooperation with the Energy Academy Europe and Energy Valley. Also we will start identifying additional potential areas of cooperation, such as the development of a joint Master programme. Our joint mission will be to become a centre of excellence for energy education, innovation, business development and research. The intention of the current boards is to form one executive board for the three organisations in one new foundation. In addition to a board, we will form a joint strategic partner council. Despite all these exciting changes, our mission, sharing the energy of knowledge, will remain the same for the coming years and our partners will still have an important say in the development of our portfolio. EDI BV will remain intact and will continue to look after our key activities.

All in all, 2016 was a year in which we gained new relevant insights into how to make best use of our time, improve our financial performance and create more value for our partners and stakeholders. With this new regional focus, as well as an updated approach to market our products – we look forward to an exciting year ahead. Similarly, we are eager to make use of the new opportunities that closer collaboration with the Energy Academy Europe and Energy Valley

and new international partners will bring. We will continue to focus on our mission, as laid down by our “Founding Fathers” some 15 years ago: ‘to prepare the energy professionals for the challenges of today and tomorrow!’

With kind regards,  
Marcel Kramer and Anja Hulshof





### 3. FINANCIAL STATEMENTS

#### Our Financial Position

amounts x 1,000 euro

	Budget 2017	Budget 2016	2016	2015
<b>INCOME</b>				
Education and events*	961	983	754	923
Partner fees	875	856	862	879
Grants			102	271
Other	16		43	85
	<b>1,852</b>	<b>1,839</b>	<b>1,761</b>	<b>2,158</b>
<b>COSTS</b>				
Costs of outsourced work and other external charges*	1,037	1,050	950	1,008
Employee expenses	509	525	522	519
Other costs	332	376	328	275
	<b>1,878</b>	<b>1,951</b>	<b>1,800</b>	<b>1,802</b>
<b>Operating result</b>	<b>-26</b>	<b>-112</b>	<b>-39</b>	<b>356</b>
<b>WORKING CAPITAL</b>				
	<b>12/31/2016</b>		<b>12/31/2015</b>	
Debtors and other receivables		429		739
Cash and equivalents		1323		955
		1,752		1,694
Short term Liabilities		-605		-517
<b>Working capital</b>		<b>1,147</b>		<b>1,177</b>
<b>CASH FLOW</b>				
	<b>12/31/2016</b>		<b>12/31/2015</b>	
Net result		-39		356
Depreciation		9		12
		-30		368
Investment fixed assets		0		-1
<b>MOVEMENTS IN WORKING CAPITAL</b>		<b>-30</b>		<b>367</b>

\* including movements in work in progress

#### Notes on the financial position

As mentioned, EDI finds itself in a transition due to the changes that are taking place in the energy landscape. This has not been without financial implications for both the industry and service providers to the industry, such as EDI. For the year 2016, the consolidated result amounted - €38,818, while the estimated result was at - €112,000. Although still in red, we have managed to bend the curve upwards. This was mainly achieved by increasing interest in transition-related courses, more in-company programmes, positive results from the studies we conducted on cuts on expert and ICT costs. Early 2016 we switched to another ICT service provider, which resulted in further cost reductions.

##### Education and events

2016 saw a strategic shift in our portfolio, in which we had less open market courses and more in-company programmes. In general, our portfolio is shifting from traditionally gas focused programmes to more energy transition oriented programmes. As a consequence, the result derived from the courses in 2016 was € 30,000 below the estimated amount, mainly due to the cancellation of four gas related courses. The estimated course budget for 2017 is in line with that of 2016, meaning that less open market courses are offered, while aiming to have a larger number of participants for each course. On its turn, this also frees up more capacity for the acquisition of in-company programmes. Therefore, we hope to see a growing revenue stream from such in-company programmes.

##### Staff

Personnel costs for 2016 were equal to those for 2015 (2016: 11, 2015: 12). Costs for external staff were reduced, compared to 2015. No changes are expected in the number of FTEs in the coming years.

Moreover, part of the experts costs were covered by other revenues. It should be noted that with regard to our CSR-policy, we have introduced an obligatory code of conduct concerning social media and the use of email and internet.

##### Earmarked reserve

The earmarked reserve was lowered with the abovementioned negative result of €38,818. On December 31st 2016, the earmarked reserve amounted €1,162,294. Within the framework of our integration with Energy Valley and Energy Academy Europe, we expect that the earmarked reserve might be called upon to finance investments for new channels of communication, such as a website, new branding and marketing materials, that will need to be developed. Although we did not invest the total amount of €250,000 in online education as mentioned in last year's report, we will continue to develop online education as a service. Online and distant learning is considered as a growing and promising market.

## Consolidated balance sheet as at December 31, 2016

*After proposal result appropriation*

Assets				
		12/31/2016		12/31/2015
		€	€	€
<b>FIXED ASSETS</b>				
Tangible fixed assets (1)			14,921	24,075
<b>CURRENT ASSETS</b>				
Receivables				
Trade debtors (2)		392,076		385,394
Other receivables and accrued assets (3)		36,633		353,832
			428,709	739,226
Cash and banks (4)			1,323,206	955,375
<b>Total assets</b>			<b>1,766,836</b>	<b>1,718,676</b>
<b>Equity and Liabilities</b>				
		€	€	€
<b>GROUP EQUITY</b>			1,162,294	1,201,111
<b>SHORT TERM LIABILITIES</b>				
Trade creditors (5)		84,795		184,879
Taxes and social security premiums (6)		39,268		16,884
Projects in progress (7)		101,580		32,438
Other liabilities and accrued expenses (8)		378,899		283,364
			604,542	517,565
<b>Total equity and liabilities</b>			<b>1,766,836</b>	<b>1,718,676</b>

## Consolidated statement of income and expenses for the year 2016

	12/31/2016		12/31/2015	
	€	€	€	€
Net turnover (9)	1,685,702		2,380,248	
Movements in projects in progress	76,474		-222,633	
<b>Total income</b>		<b>1,762,176</b>		<b>2,157,615</b>
Expenses work contracted out and other external expenses (10)	950,497		1,007,534	
Personnel expenses (11)	522,431		518,829	
Depreciation (12)	9,154		12,352	
Other operating expenses (13)	317,955		266,546	
<b>Total operating expenses</b>		<b>1,800,037</b>		<b>1,805,261</b>
<b>Operating Result</b>		<b>-37,861</b>		<b>352,354</b>
Financial income and expenses (14)		-957		3,726
<b>Results from operational activities before taxation</b>		<b>-38,818</b>		<b>356,080</b>
Taxes income (15)		-		-
<b>Net result after taxation</b>		<b>-38,818</b>		<b>356,080</b>

## Notes to the financial statements of the consolidated annual report

### General

The financial statements have been prepared in accordance with the Dutch Civil Code, Book 2, Chapter 9.

### Activities

Energy Delta Institute is founded on January 31, 2002, by:

- N.V. Nederlandse Gasunie
- University of Groningen

The foundation has its registered office in Groningen, the Netherlands.

The objective of the foundation is to come to a coherent whole of initial and post initial university training and research, in such a manner that the present knowledge in the field of energy, and of gas in particular, is passed on to institutions in the international energy and gas markets, as well as to individuals who are employed in this sector.

The foundation attempts to achieve its objective by:

- a. Setting up the required knowledge infrastructure;
- b. Developing training for the gas market;
- c. Supplying grants for participants who qualify for them;
- d. Propagating Groningen and the northern region as a focal point of gas related knowledge;
- e. Fund-raising;
- f. All other legitimate resources.

### Consolidation principles

The consolidated financial statements of foundation EDI include the financial information of its group entities and the other corporate bodies which are under the control of leadership of the foundation.

The activities of Energy Delta Institute B.V. take place for the account and risk of Stichting Energy Delta Institute from January 1, 2012. The company financial figures of Energy Delta Institute B.V. are therefore consolidated.

### Abbreviated profit and loss account

These consolidated financial statements have been prepared by management in accordance with article 2:402 of the Netherlands Civil Code and its generally accepted accounting principles. The Company financial statements present an abbreviated profit and loss account as permitted by the Civil Code.

### Estimates

When preparing the financial statements, the director, according to the general principles, make several estimates and assumptions that help determine the amounts in the financial statements. The actual results may deviate from the estimates made.

### Accounting policies in respect of the valuation of assets and liabilities

#### Tangible fixed assets

Tangible fixed assets are presented at cost minus accumulated depreciation and, if applicable, minus impairments in value. Depreciation is based on the estimated useful life and calculated as a fixed percentage of cost, taking into account any residual value. Depreciation is provided from the date an asset comes into use.

#### Projects in progress

The work in progress on third party contracts is valued at the incurred contract costs increased by the attributed profit and net of recognised losses and invoiced instalments. If the result from a contract cannot be reliably estimated no profit is attributed or recognised as part of work in progress. The contract costs include the costs directly relate to the contract. The percentage of completion is determined on the basis of

the contract costs incurred up to the balance sheet date in proportion to the estimated aggregate contract costs. Income and expenses are recognised in the profit and loss account based on the progress of the project. Expenditure incurred in a year concerning project activities are not included in the calculation.

The amounts of work in progress are recognised under the receivables if the amount of the (collective) net income is greater than the sum of the invoiced instalments. If the (collective) amount of the income is less than the invoices, the amount is recognised under the liabilities.

#### Accounts receivable

Receivables are recorded at fair value and then valued at amortised cost, net of allowances for doubtful accounts, determined individually. On initial recognition the fair value and the amortised cost equal the face value.

#### Cash at bank

Unless otherwise noted, the liquid assets are available for disposal by the company or group.

#### Current liabilities

Short-term liabilities are liabilities due within one year or less.

### Accounting policies in respect of the result determination

#### General

The result for the year is the difference between net turnover and all related costs. The costs are determined according to the stated accounting policies.

Profits are realised in the year when the corresponding turnover is realised. Losses are recognised for the year in which it will be reasonable to estimate their existence. The other gains and losses are allocated based on the relating financial year.

### Turnover

Net turnover represents amounts invoiced for goods and services supplied during the financial year, net of discounts and value added taxes. Partner donations are taken into account in the book year for which they are granted. In case book year for which they are granted. In case the funds are not yet spent according to the agreements with them, the remaining amount is added to an earmarked reserve.

Under the subsidy revenues, the part of a donation or of a subsidy that is used in a financial year for the activities focussed on realising the targets that are set in the donation or subsidy conditions are justified. In case more subsidies are received than can be attributed to these activities, an earmarked reserve will be created.

### Costs of sales

The cost of goods sold comprise of amounts incurred for direct and indirect cost of goods and services purchased for sale.

### Depreciation and amortization

Depreciation relates to the purchase price of the tangible fixed assets. Gains and losses on disposal of tangible fixed assets are recorded under amortisation/depreciation, gains only to the extent that the gain is not capitalised deducted from replacement investments.

### Net financial result

Financial gains and losses are the received (receivable) and paid (payable) interest from/to third parties and group companies.

### Taxation

Corporation tax is calculated at the applicable rate on the result for the financial year, taking into account permanent differences between profits calculated according to the financial statement and profits calculated for taxation purposes, and with which deferred tax assets (if applicable) are only valued insofar as their realisation is likely.

## Notes to the consolidated balance sheet as at December 31, 2016

Assets	€		12/31/2016	12/31/2015
			€	€
<b>1. TANGIBLE FIXED ASSETS</b>		<b>2. TRADE DEBTORS</b>		
Other fixed assets		Trade debtors	255,031	235,696
Balance as at January 1, 2016		To be invoiced	150,000	150,000
Cost	97,548		<b>405,031</b>	<b>385,696</b>
Accumulated depreciation	-73,473	Provision for doubtful debts	-12,955	-302
<b>Book value as at January 1, 2016</b>	<b>24,075</b>		<b>392,076</b>	<b>385,394</b>
Movements		<b>3. OTHER RECEIVABLES AND ACCRUED INCOME</b>		
Additions	0			
Depreciation	-9,154	Other receivables	36,633	353,832
<b>Balance Movements</b>	<b>-9,154</b>		<b>36,633</b>	<b>353,832</b>
Balance as at December 31, 2016		<b>4. CASH AND BANKS</b>		
Cost	97,548	ABN AMRO Bank N.V.	731,293	606,182
Accumulated depreciation	-82,627	ABN AMRO N.V. saving account	591,913	349,193
<b>Book value as at December 31, 2016</b>	<b>14,921</b>		<b>1,323,206</b>	<b>955,375</b>

Liabilities	12/31/2016	12/31/2015
	€	€
<b>5. TRADE CREDITORS</b>		
Trade creditors	84,796	184,879
<b>6. TAXES AND SOCIAL SECURITY PREMIUMS</b>		
VAT	27,842	3,051
Wage tax	11,280	15,568
Social security premiums	147	147
Pension premiums	0	-1,882
	<b>39,269</b>	<b>16,884</b>
<b>7. PROJECT IN PROGRESS</b>		
Project in progress		
Advanced revenues	157,442	32,438
Capitalized expenditures	-55,862	
	<b>101,580</b>	<b>32,438</b>
<b>8. OTHER LIABILITIES AND ACCRUED EXPENSES</b>		
Holiday pay accruals	30,950	30,314
Other liabilities	343,067	241,100
Accrued liabilities	25,000	11,950
	<b>399,017</b>	<b>283,364</b>

## Off-balance-sheet Commitments

### Lease obligations

The company has contractual rent of €59,000 (2015: €91,000). There are no obligations with a term exceeding five years.

## Notes to the consolidated statement of income and expenses for 2016

	2016	2015
	€	€
<b>9. NET TURNOVER</b>		
Founding partners	750,000	750,000
Associated partners	86,950	101,900
Affiliated Partners	25,000	0
Subsidy revenues		270,796
Green decommissioning		85,000
TKI GAS Externalities Power 2 Gas Study	101,750	
Other services	43,635	27,083
Educational programmes	678,367	1,145,469
	<b>1,685,702</b>	<b>2,380,248</b>
<b>10. EXPENSES WORK CONTRACTED OUT AND OTHER EXTERNAL CHANGES</b>		
Cost of work contracted out	371,139	366,934
Other external expenses	579,358	640,600
	<b>950,497</b>	<b>1,007,534</b>
<i>Cost of work contracted out</i>		
Communication	5,098	2,486
Costs Moscow office	50,000	50,000
Work contracted	71,878	81,917
Management fees	244,163	232,531
	<b>371,139</b>	<b>366,934</b>
<i>Other external expenses</i>		
Costs educational programs	382,618	475,633
Costs E-Learning	25,000	-
TKI GAS Externalities Power 2 Gas Study	82,830	-
Costs Green decommissioning	-	65,938
Other costs	88,910	99,029
	<b>579,358</b>	<b>640,600</b>

### Partners

#### Founding Partners:

- Gasunie
- GasTerra
- OAO Gazprom
- Shell
- University of Groningen (in kind)

#### Associated Partners:

- EBN
- Enagás S.A.

#### Affiliated Partners

- A. Hak

### Educational programmes

The revenues of educational programs are revenues in Energy Delta Institute B.V.

	2016	2015
	€	€
<b>11. PERSONNEL EXPENSES</b>		
Wages and salaries	423,180	424,781
Social security premiums and pension costs	99,251	94,048
	<b>522,431</b>	<b>518,829</b>
<b>12. DEPRECIATION</b>		
Depreciation of tangible fixed assets	9,154	12,352
<b>13. OTHER OPERATING EXPENSES</b>		
Other staff expenses	31,729	37,924
Housing expenses	91,885	91,261
Selling expenses	66,856	46,068
Car expenses	-	3,752
Office expenses	52,150	65,278
General expenses	75,335	22,262
	<b>317,955</b>	<b>266,545</b>
<b>14. FINANCIAL INCOME AND EXPENSE</b>		
Other interest and similar income	737	8,688
Interest and similar expenses	-1,691	-4,962
	<b>-954</b>	<b>3,726</b>
<b>15. TAXES ON INCOME</b>		
Corporate income tax	-	-

### Average number of employees

During the year 11 employees were employed by the group on the basis of a full time contract of services

## Company balance sheet as at December 31, 2016

*After proposal result appropriation*

Assets				
	12/31/2016		12/31/2015	
	€	€	€	€
<b>FIXED ASSETS</b>				
Financial fixed assets (16)	118,407		127,735	
		118,407		127,735
<b>CURRENT ASSETS</b>				
Receivables	198,144		576,665	
Cash and banks	1,104,821		712,818	
		1,302,965		1,289,483
<b>Total assets</b>		<b>1,421,372</b>		<b>1,417,218</b>

Equity and Liabilities				
	12/31/2016		12/31/2015	
	€	€	€	€
<b>FOUNDATION EQUITY (17)</b>				
Earmarked reserve		1,162,294		1,201,111
<b>SHORT TERM LIABILITIES</b>				
Trade creditors	36,548		115,084	
Liabilities to group companies	-		-	
Other liabilities and accrued expenses	222,530		101,023	
		259,078		216,107
<b>Total equity and liabilities</b>		<b>1,421,372</b>		<b>1,417,218</b>

## Company abbreviated profit and loss account for 2016

	2016		2015	
	€	€	€	€
Income from participations in group and associated companies (18)	-9,328		30,467	
Company result after taxes	-29,490		-325,613	
<b>Net result after taxation</b>		<b>-38,818</b>		<b>356,080</b>



## Notes to the company balance sheet as at December 31, 2016

Assets / Fixed assets	12/31/2016	12/31/2015
	€	€
<b>16. FINANCIAL FIXED ASSETS</b>		
Participations in group companies	118,407	127,735

*An overview of the financial fixed assets can be found below:*

<b>PARTICIPATIONS IN GROUP COMPANIES</b>	
Energy Delta Institute B.V., Groningen (100%)	
<i>Balance as at January 1, 2016</i>	
Principal value	127,735
Share in result	-9,328
<b>Balance as at December 31, 2016</b>	<b>118,407</b>
<b>Equity</b>	
	Earmarked reserve €
<b>17. FOUNDATION EQUITY</b>	
<i>Balance as at January 1, 2016</i>	1,201,112
Appropriation of result	-38,818
<b>Balance as at December 31, 2016</b>	<b>1,162,294</b>

## Notes to the company abbreviated profit and loss account for 2016

	2016	2015
	€	€
<b>18. INCOME FROM PARTICIPATIONS IN GROUP AND ASSOCIATED COMPANIES</b>		
Result of Energy Delta Institute B.V.	-9,328	30,467

## Independent auditor's report

To: the board of Stichting Energy Delta Institute B.V.

### A. Report on the audit of the financial statements 2016

#### *Our opinion*

We have audited the financial statements 2016 of Stichting Energy Delta Institute, based in Groningen.

In our opinion, the enclosed financial statements give a true and fair view of the financial position of Stichting Energy Delta Institute as at 31 December 2016 and of its result for 2016 in accordance with Part 9 of Book 2 of the Dutch Civil Code.

The financial statements comprise:

1. the balance sheet as at 31 December 2016;
2. the profit and loss account for 2016; and
3. the notes comprising a summary of the applicable accounting policies and other explanatory information.

#### *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 'Our responsibilities for the audit of the financial statements' section of our report.

We are independent of Stichting Energy Delta Institute in accordance with the Verordening inzake de onafhankelijkheid van accountants bij assurance-opdrachten (ViO) and other relevant independence requirements in the Netherlands. Furthermore, we

have complied with the Verordening gedrags- en beroepsregels accountants (VGBA).

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

### B. Report on other information included in the annual report

Next to the financial statements and our opinion thereon, the annual report consists of other information, including:

- the management board report
- the other information on page 34

Based on the procedures as mentioned below, we are of the opinion that the other information:

- is consistent with the financial statements and contains no material deficiencies;
- includes all information as required by Part 9 of Book 2 of the Dutch Civil Code.

We have read the other information and based on our knowledge and understanding obtained from the audit of the financial statements or otherwise, we have considered if the other information contains material deficiencies.

With these procedures, we have complied with the requirements of Part 9 of Book 2 of the Dutch Civil Code and the Dutch Auditing Standard 720. These procedures do not have the same scope as our audit procedures on the financial statements.

Management is responsible for the preparation of the other information including the preparation of the management board report and the other information on page 34 in accordance with Part 9 of Book 2 of the Dutch Civil Code.

### C. Description of responsibilities for the financial statements

#### *Responsibilities of management and the Supervisory Board for the financial statements*

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

As part of the preparation of the financial statements, management is responsible for assessing the company's ability to continue as a going concern. Based on the financial reporting framework mentioned, management should prepare the financial statements using the going concern basis of accounting unless management either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so. Management 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 objective is to plan and perform the audit assignment in a manner that allows us to obtain sufficient and appropriate audit evidence for our opinion.

Our audit has been performed with a high, but not absolute, level of assurance, which means we may not have detected all material errors and fraud.

Misstatements can arise from errors or fraud and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. The materiality affects the nature, timing and extent of our audit procedures and the evaluation of the effect of identified misstatements on our opinion.

We have exercised professional judgment and have maintained professional scepticism throughout the audit, in accordance with Dutch Standards on Auditing, ethical requirements and independence requirements. Our audit included e.g.:

- Identifying and assessing the risks of material misstatement of the financial statements, whether due to errors or fraud, 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 errors, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the 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 management;
- Concluding on the appropriateness of management's use of the going concern basis of accounting, and based on the audit evidence obtained, whether a material uncertainty exists related to events 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. However, future events or conditions may cause the company ceasing 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.

Groningen, 7 April 2017

For and on behalf of BDO Audit & Assurance B.V.,

Was signed W.M. Jacobs RA

## 4. ADDITIONAL INFORMATION

### PROFIT APPROPRIATION

The profit appropriation for 2016 can be found on page 17 of this report.

### FOUNDATION & EXECUTIVE BOARD

The organisation's legal entity is in the form of a Dutch foundation.

Name: Stichting Energy Delta Institute

#### Address

Laan Corpus den Hoorn 300 9728 JT Groningen

#### Executive Board

In 2016, the following persons were members of the Executive Board:

Drs. U. Vermeulen - Chairman (N.V. Nederlandse Gasunie)

Prof. P.C. Verhoef - Treasurer (University of Groningen)

Drs. G.J. Lankhorst - Member (GasTerra B.V.)

Prof. E. Sterken - Member (University of Groningen)

Groningen, 7 April 2017

The English version of this annual report is leading.



