Annual report 2016

Oranjewoud N.V.

Contents

Foreword

In this annual report, we present our figures for 2016 and update you on the development of the various segments within Oranjewoud N.V.

Oranjewoud N.V. was founded on October 18, 2001 and is listed on the official Euronext N.V. Market in Amsterdam. Oranjewoud N.V. is 96.00% owned by Sanderink Investments B.V. With a workforce of nearly 10,000, Oranjewoud N.V. recorded revenue of €2.3 billion in 2016.

Since 2005, Oranjewoud N.V. has continued to expand, partly driven by acquisitions. In January of 2016, a 50% stake in Dual Inventive Holding was acquired, and in December of 2016, Edel Grass became fully owned by Oranjewoud through the acquisition of fellow shareholder Koninklijke Ten Cate's 50% stake.

In 2016, Oranjewoud matched its historically high revenue of €2.3 billion achieved in 2015. The stabilization that started in 2015 continued in 2016 with the achievement of a net profit, while the strategy of reducing the risk profile of the backlog and order intake has yielded its benefits.

The Rail Systems segment and the Consulting and Engineering Services segment (and Antea Group Netherlands in particular) performed especially well, propping up our operating results amidst the impact of two isolated problems: Antea Group ceasing its operations in Colombia and problems with the PPP project for the construction of the new premises of the National Institute for Public Health and the Environment (RIVM). On the whole, the operating profit dropped to €71.4 million in 2016 (2015: €88.7 million). Net profit decreased to €13.9 million in 2016 (2015: €19.2 million).

To further improve solvency and strengthen the company's cash position, Oranjewoud N.V.'s major shareholder, Sanderink Investments, injected €19 million into the listed company in late December of 2016. This capital injection consisted in additional paid-in capital of €10 million and the conversion of a subordinated loan of €9 million into paid-in capital.

The Board of Directors

Corporate profile

Oranjewoud N.V., top holding of Strukton Groep and Antea Group, is a listed enterprise encompassing companies that operate both nationally and internationally. The companies that are part of Oranjewoud N.V. are active in the fields of civil infrastructure, rail systems, technology and buildings, the environment, spatial development, infrastructure, water and recreation. This covers the whole process, from preliminary studies, consultancy, design, planning and organization, right up to realization, management and operation.

Strukton's focus is on railroad and civil engineering, as well as on technology-driven specialist products and services for railroad systems, civil infrastructure, and technology and buildings that set the company apart from the competition. Strukton has clients both in Europe and beyond and operates in three markets:

- Rail Systems: railroad infrastructure and electric train system maintenance, innovation, and construction, both heavy rail and light rail (Strukton Rail)
- Civil Infrastructure: design, execution, management, and maintenance as part of infrastructure projects across the Netherlands (Strukton Civiel)
- Technology and Buildings: design, implementation, maintenance, and operation of technical systems and buildings across the Netherlands (Strukton Worksphere)

Strukton International operates on an international scale, providing integrated railroad and civil infrastructure solutions that are used primarily in the construction of transport systems in densely populated areas, in ports, and as part of port hinterland connectivity infrastructure. In its operations, Strukton International draws on the capacity, experience, and expertise of both Strukton Rail and Strukton Civiel.

Strukton Integrale Projecten works on PPP concession projects and financing solutions both within each of these markets and across markets. Aside from that, Strukton Integrale Projecten offers project and contract management services for integrated PPP and MEAT (Most Economically Advantageous Tender) bidding procedures. For PPP assets acquired, Strukton Integrale Projecten takes care of all SPC management tasks during both the construction and the operation phase.

Antea Group provides Consulting & Engineering services in the area of infrastructure, space, management & data, the environment, safety and realization. A combination of strategic thinking, technical expertise and a pragmatic approach offers effective solutions to our clients.

In the area of sports and leisure facilities, Antea Group can take care of the whole process, from preliminary studies, consultancy, design, planning and organization, right up to realization, management and operation.

Oranjewoud N.V.'s temporary staff division focuses on technical professionals in a broad range of fields, including architectural engineering, civil engineering, industrial automation, mechanical engineering, electrical engineering, and technical business administration.

Oranjewoud N.V. operating companies work under contract from national and local government bodies and the private sector.

Key figures

	2016	2015	2014	2013	2012 *
Results (in millions of euros)					
Total revenue	2,315.6	2,305.6	2,136.8	1,962.1	1,719.8
Ebitda	71.4	88.7	16.3	44.6	69.3
Net profit	13.9	19.2	(25.1)	(12.6)	23.5
Total comprehensive income	15.3	26.8	(38.5)	(11.6)	19.4
Total net cash flow	43.9	56.5	17.0	17.1	(64.6)
Total operational cash flow	103.7	67.0	56.6	49.4	17.6
Equity (in millions of euros)					
Equity (E)	273.9	242.1	206.5	246.8	259.2
Total assets (TA)	1,632.8	1,661.3	1,467.3	1,317.9	1,037.8
E/TA	16.8%	14.6%	14.1%	18.7%	25.0%
Employees (headcount)					
Number at end of financial year	9864	10187	10499	10587	9646
Backlog (in millions of euros)					
Consultancy & Engineering Services	234.9	248.6	230.7	246.6	252.6
Rail Systems	1,486.0	1,290.0	1,196.4	1,043.2	719.2
Civil infrastructure	341.0	470.3	380.3	1,462.1	643.2
International	520.0	919.9	952.0	-	-
Technology & Buildings	502.0	538.2	445.2	507.6	583.6
Other	16.4	12.0	12.8	11.6	12.8
Total	3,100.3	3,479.0	3,217.4	3,271.1	2,211.4

* Restated for comparison purposes in connection with changes in accounting policies on pensions (IAS 19) and joint arrangements (IFRS 11).

Profiles

Board of directors

Mr. G.P. Sanderink (1948, nationality: Dutch)
Gerard Sanderink has spent a large part of his career in the IT software sector. In 1978, he co-founded and became managing director of ICT Automatisering. After selling his shares, Gerard Sanderink started up Centric. Centric has grown into a leading provider of information technology in the Netherlands, and also operates in Belgium, Germany, Norway, Romania, Switzerland and Sweden. In late 2005, Gerard Sanderink acquired the Oranjewoud consultancy and engineering firm, which was brought under the listed company Oranjewoud N.V. in late 2006. Driven by his passion for technology, his entrepreneurial spirit and his global vision, he then acquired engineering firms in the United States, France, Colombia and India. In late 2010, Oranjewoud N.V. acquired Strukton Groep, and Gerard Sanderink has been chairman of its Board ever since.

Mr. P.G. Pijper (1966, nationality: Dutch)
Pieter Pijper joined Oranjewoud in the year 2000 and became Oranjewoud N.V.'s CFO in 2007. In 2008, he added the role of CFO at Antea Group United States to his duties. In addition to his work at Oranjewoud N.V. and Antea Group United States, Pieter Pijper teaches risk management courses and fulfils a number of managerial roles. Since 2012, Pieter Pijper has been serving as the CFO of Strukton Rail. He is also a member of the Supervisory Board of Eurailscout B.V. and the Board of Directors of Strukton Rail in Sweden and Denmark.

Supervisory board

Mr. H.G.B. Spenkelink (1947, nationality: Dutch)
Herman Spenkelink was a member of the Board of Directors at Dura Vermeer Groep N.V. between 1983 and 2008. Starting from 1974 he held various positions at the Dura Vermeer Groep. After stepping down as director in 2008, he has continued to serve Dura Vermeer Groep in various advisory roles. Owing to his long tenure at Dura Vermeer, Herman Spenkelink can boast considerable experience and expertise in the construction and real estate market segments. He also holds a number of directorships and sits on several supervisory boards ("Aqua+" Beheer B.V. in Goor, AGAR Holding B.V. in Hengelo and Alewijnse Holding B.V. in Nijmegen, all in the Netherlands).

Mr. J.P.F. van Zeeland (1946, nationality: Dutch)
Jan van Zeeland brings key financial and corporate governance expertise and experience to the company. Between 1964 and 2004, Jan van Zeeland worked in accounting; from 1981 as a partner at the accounting firms Vis & Van Zeeland, Zeeland and Ernst & Young Accountants LLP. In 2008, he became an executive board member (wethouder) on the local council of Geldrop-Mierlo, a position he held until 2010.

Mr. W.G.B. te Kamp (1945, nationality: Dutch)
Wim te Kamp's forte is his specific knowledge and expertise of the engineering sector. Between 1967 and 1983 he held different positions at Fugro B.V., and in 1983 he became managing director at consultancy and engineering firm Tauw B.V., a position he held until 1998. As the managing director of the venture capital company Wadinko B.V., Wim te Kamp added experience and expertise in the area of finance and investment to his credentials. Since 2007, he has served in various advisory and managerial roles and sits on several supervisory boards (Rudico Beheer B.V. in Eerbeek, IJsseltechnologie Groep B.V. in Zwolle, Leferink Office Works Holding B.V. in Haaksbergen and Calder Holding B.V. in Zwolle, all in the Netherlands).

Supervisory board report

General

The membership of the Supervisory Board is as follows:

- Mr. H. G. B. Spenkelink, Chairman of the Supervisory Board. Year of birth: 1947. Nationality: Dutch. Most significant past position: Member of the Board of Directors of Dura Vermeer Groep N.V.
- Mr. W. G. B. te Kamp. Year of birth: 1945. Nationality: Dutch. Most significant past position: General Director of consulting and engineering firm Tauw B.V.
- Mr. J. P. F. van Zeeland. Year of birth: 1946. Nationality: Dutch. Most significant past position: partner at Ernst & Young Accountants LLP.

The members of the Supervisory Board were initially appointed in the extraordinary general meeting of October 29, 2010 to three-year terms. Mr. Spenkelink and Mr. Te Kamp were reappointed in 2012 to four-year terms (until 2016). In 2016, Mr. Spenkelink was reappointed to a three-year term, while Mr. Te Kamp was reappointed for two years. Mr. Van Zeeland was reappointed to a four-year term in 2013. At the General Meeting of Thursday, September 7, 2017, Mr. Van Zeeland will be nominated for reappointment to a four-year term.

All members of the Supervisory Board are independent, as stipulated in best practice clause III.2.1 of the Dutch Corporate Governance Code. There are no conflicts of interests, in accordance with best practice clauses III.6.1 and III.6.3.

The Supervisory Board held five ordinary meetings in 2016 with the Board of Oranjewoud N.V. There were also several meetings with the auditor, PwC.

Aside from that, members of the Supervisory Board met with various people from across the organization on several occasions, including:

- Strategy sessions with all Strukton Group operating companies
- Strategy session and work meeting at Antea Group Netherlands
- Meeting with employee representatives

Ordinary meetings were attended by all members of the Supervisory Board. The purpose of the meetings was to arrive at an effective and efficient working relationship between the Supervisory Board and the Board of Directors and to discuss the strategy. Moreover, meetings were also used to provide insight into the strategic, operational and financial goals of the organization. The meetings discussed items such as the interim financial reports and the semi-annual figures for 2016.

It is furthermore important to build personal relationships with the management of the various operating companies through participation in the aforementioned strategy sessions, which also help create understanding of their competencies and skills.

The effectiveness of the internal audit function was also reviewed in 2016. While there is no formal internal audit function at Oranjewoud N.V. level, an audit function does exist embedded at the various operating companies. In 2017, an assessment will be made of whether or not to take further steps with respect to the internal audit function. The overriding aim remains to embed the internal audit function at the various operating companies.

Reports have been prepared of all meetings.

Auditor appointment

PricewaterhouseCoopers Accountants N.V. (PwC) has been appointed Oranjewoud’s auditor for the 2016 financial year. 2016 is PwC’s second year as Oranjewoud’s auditor. In the first year, PwC was only able to commence its auditing activities in late October of 2015. The audit cycle for 2016, however, was “normal”, including interim auditing. Throughout 2016, PwC Netherlands visited the various group companies outside the Netherlands (including the Riyadh subway project) on several occasions.

State of Affairs

After the Group had returned to the black in 2015 after two consecutive loss-making years, 2016 saw further stabilization. Apart from two isolated issues (termination of our involvement in the operations of Antea Group Colombia and problems with the PPP project for the construction of the new premises of the National Institute for Public Health and the Environment (RIVM), which is handled by a consortium consisting of Strukton/Heijmans/Hurks), efforts to lower the risk profile of the backlog and order intake continued steadily.
In 2016, two problem projects, namely the construction of highway A15 between Maasvlakte and Vaanplein and the construction of a tunnel for highway A2 near Maastricht, were concluded. The double-deck tunnel in Maastricht (the only one of its kind in the Netherlands) was completed (on time!) in mid-December of 2016, including all traffic and tunnel systems, which was no mean feat. The combination of complex engineering problems and the completion date agreed with the client made for a challenging process, which was ultimately completed successfully.

In 2016, the Board of Directors had to decide to cease the operations of Antea Colombia (Consulting and

Engineering Services segment). Falling oil prices and hefty fluctuations in the US dollar to Colombian Peso exchange rate have prompted major parties in the oil and gas industry to rein in their spending. Despite a major reorganization in 2015 (which saw the workforce reduced to approx. 175 by the end of 2015), investments in diversification of services offered, and financial support in the form of additional paid-in capital from Oranjewoud N.V., Antea Colombia unfortunately failed to return to profitability. Economic stagnation in Colombia and the expectation that oil prices will continue to stay low put a damper on prospects for improvement.

The RIVM PPP project (new construction) took a heavy toll on the company in 2016, driving down financial results and tying up management attention. Due to unforeseen vibration issues, the intended design became impossible to implement at the location designated by the client. Mitigating measures were subsequently taken in the design to eliminate the vibrations and steady the building. These modifications came with additional costs, making the building more expensive and leading to a delay. Together with the client, the consortium is currently looking for a solution where the consortium receives adequate financial compensation.

Away from the above issues, the strategy adopted has clearly started to pay off. The group has set out to lower the risk/reward ratio in its backlog and order intake, and to market technology and specialty products in the Netherlands and selected other countries. The backlog's risk profile reduced in 2016 thanks to the completion of the Maasvlakte-Vaanplein A15 and A2 tunnel near Maastricht projects. When it comes to order intake, methods such as formalized bid board procedures are used to optimize the risk/reward ratio. On top of that, 2016 saw Oranjewoud land several technology and specialty product projects in countries such as Germany, Chile, the U.S., and Australia.

All segments for which the group presents figures have, regardless of incidental effects of the cessation of Colombian operations (Consulting and Engineering Services segment) and issues complicating the RIVM PPP project (Technology and Buildings segment), either kept operating results steady or improved them in 2016.

Revenue stood at €2.3 billion in 2016 (2015: €2.3 billion), while the operating profit dropped from €88.7 million to €71.4 million (which includes the operating loss due to the isolated problems, amounting to €25.4 million). The conclusion to draw is that efforts launched in 2015 to lay a solid foundation continued and bore further fruit in 2016, despite the lower operating profit in 2016.

The Supervisory Board would like to single out the Rail Systems segment (operating profit of €48.3 million) and Antea Group Netherlands (Consulting and Engineering Services segment, operating profit of €16 million) for particular praise for their performance. Together, these operations posted an operating profit of €64.3 million, which represents approx. 90% of the group's total operating profit of €71.4 million.

The aforementioned circumstances and their consequences were regular topics of discussion at meetings of the Supervisory Board and the Board of Directors. The atmosphere at these meetings was always one of openness.

Continuity in financing

In late December of 2016, Oranjewoud N.V.'s major shareholder, Sanderink Investments, injected €19 million into the listed company. This capital injection consisted in additional paid-in capital of €10 million and the conversion of a subordinated loan of €9 million into paid-in capital, raising Sanderink Investments' stake from 95.7% to 96.0%. This capital injection was in compliance with best practice clause III.6.4. Oranjewoud N.V. subsequently injected €24 million into Strukton Groep N.V. — €15 million in cash and €9 million in the form of a debt-to-equity transaction.

Aside from that, refinancing deals were struck for both Oranjewoud N.V. and Strukton Group with their respective banks in late April of 2016. For further details on the capital injection and refinancing deals, please refer to the Directors' Report and the financial statements.

Acquisitions

2016 saw discussion of several acquisition proposals from the Board of Directors. The acquisitions completed were in accordance with the Group's strategic line. The report from the Board of Directors provides further details on these acquisitions.

Review

Oranjewoud N.V. uses agents to a limited degree. In actual fact, the group only has one single relevant agency contract, namely the one with the local agent for the Riyadh subway project in Saudi Arabia. This project started in mid-2013.

The Supervisory Board, with the help of external experts, has conducted a review of how the aforementioned contract (with the local agent, which was entered into in the first quarter of 2013) came about, looking also at the effectiveness of internal procedures with respect to anti-corruption and integrity.

Based on this review, the Supervisory Board concludes that the agency contract for the Riyadh subway project in Saudi Arabia, as entered into in early 2013, could have included more compliance guarantees. The Supervisory Board's review did not turn up any concrete indications of possible irregularities.

The Supervisory Board has furthermore found that internal procedures for compliance, standardization and other aspects of agency agreements have improved further in 2016. Given the Group's international ambitions, this process will require continuous focus. Improving compliance and risk management is an ongoing process that is partly subject to the continuously changing social context within which the group operates. Improvement measures, both those that have already been taken and those that are lined up, are described in the Internal Control section on page 18.

For further details, also refer to the Agent Remuneration section on page 11 of the Directors' Report.

Performance of the Supervisory Board and the Board of Directors
A separate meeting was held to discuss the performance of the Board of Directors and its individual members, as well as the performance of the Supervisory Board. It concluded that the special areas of knowledge and experience for the organization are represented adequately in the current make-up of the Boards.

Supervisory Board Profile
Oranjewoud N.V.'s Supervisory Board compiled a profile of the Supervisory Board, in consultation with the Board of Directors and the works council. It was agreed that this profile would be subject to periodic reviews of its compatibility with social developments (such as corporate governance) and Oranjewoud N.V.'s policy and where necessary amended in consultation with the Board of Directors and the works council. The Corporate Governance Code contains both principles and best practices to which persons (directors and Supervisory Board members, among others) and parties affiliated with a company should mutually adhere. This profile was adopted on July 6, 2011 under the Oranjewoud N.V. Supervisory Board Regulations, Section 2.2 (c). The 2016 profile does not feature any amendments with respect to 2011. Please visit the Oranjewoud N.V. website for the full text of the Supervisory Board Profile: www.oranjewoudnv.nl.

Diversity
The Dutch Management and Supervision Act (*Wet Bestuur en Toezicht*), which came into force on January 1, 2013, included imposition of a best efforts obligation on large corporations to appoint at least 30% women and at least 30% men to the seats filled by natural persons, on both the Board of Directors and the Supervisory Board. Both the members of the Board of Directors and the members of the Supervisory Board were appointed for long terms. As soon as new appointments are up for discussion, the Supervisory Board will take this best efforts obligation into account when drafting the profile.

Supervisory Board Expansion
The proposed appointment of Ms. Rianne Jans RC (1974) to the Supervisory Board will be on the agenda at the upcoming general shareholders' meeting. Ms. Jans is Finance Director at Eindhoven Airport and has Chief Financial Officer and Risk Officer experience, gained at major internationally operating tech firms. The appointment of Ms. Jans will strengthen the Supervisory Board and guarantee continuity of the Supervisory Board's work.

Committees
In 2016, the Supervisory Board featured three members. Given the size of the Supervisory Board, the Board collectively fulfills the roles of audit committee and remuneration committee. Specific points for the audit committee were discussed during the ordinary Supervisory Board meetings and with the auditor.

Governance of the Company
There were no changes to the company's governance in 2016. Mr. Sanderink was appointed to the position of general director for an indefinite period of time. Besides holding a directorship under the articles of association, he also has a special position and responsibility at the company as a nominal director and the company's major shareholder. The Supervisory Board recognizes this position and holds it in high esteem. Mr. Pijper, the company's chief financial officer (CFO), was appointed to a four-year term on October 29, 2010. After this four-year term, he was reappointed to his position of CFO (nominal, not under the articles of association) for an indefinite term. Competences specified by the articles of association were replaced by new working arrangements on the Board of Directors and corresponding competences.

Remuneration of Members of the Board
There were no changes to the system of remuneration for the members of the Board of Directors in 2016 in comparison to the 2015 financial year. Please refer to note 21 for details on remuneration.

Remuneration of the Board of Directors
The Board of Directors is made up of Mr. G. P. Sanderink. Mr. Sanderink was appointed to an indefinite term and does not receive any remuneration in exchange for his work. Mr. P. G. Pijper was appointed director under the articles of association for a four-year term on October 29, 2010. On October 29, 2014, Mr. Pijper was reappointed to the position of CFO (nominal, not under the articles of association). Mr. Pijper is entitled to a payment of one year's salary in the event

that he is asked to resign. This is in line with the Dutch Corporate Governance Code. There are no special agreements between the members of the Board of Directors and Oranjewoud N.V. that provide for a payment on termination of employment or dismissal as a member of the Board of Directors after a public takeover bid on the company. For further details, please refer to note 21 in the financial statements.

Financial Statements

The 2016 financial statements have been drawn up and signed by the Board of Directors in accordance with legal requirements given in Section 2:101(2) of the Dutch Civil Code. The management report and the financial statements were discussed by the Supervisory Board in the presence of the external auditor. After assessing the external auditor's findings, summarized in a report submitted to the Supervisory Board and the Board of Directors, and after reviewing the auditor's report issued by PricewaterhouseCoopers Accountants N.V., the financial statements were approved and signed by all members of the Supervisory Board in accordance with their legal obligations by virtue of Section 2:101(2) of the Dutch Civil Code. The Supervisory Board proposes that the Shareholders' Meeting finalize the financial statements. In addition to this, it is proposed that the Board of Directors be granted discharge for the management services provided and the Supervisory Board be granted discharge for its supervision services.

Dividend

In principle, Oranjewoud N.V. intends to make 30% of the net profits plus amortization (after taxation) resulting from the acquisition of Strukton Groep N.V. available for dividend payment. Dividend payment is subject to future profit developments, market developments, desired solvency and the leverage under existing and future bank covenants. Dividends will be made available as optional dividends (cash and/or shares).

To boost solvency and bolster the company's cash position, Oranjewoud N.V. added €19 million to its Shareholders' Equity on December 21, 2016 through a private share issue to Sanderink Investments B.V. In 2016, Shareholders' Equity grew further owing to realized gains (€11.3 million) and unrealized gains (€1.4 million). The balance sheet total fell slightly. Solvency increased from 14.6% to 16.8%. Solvency is - still - too low. Aside from that, the company needs sufficient resources to be able to fund possible growth of operating capital due to an increase in activity. The combination of these facts prompted the proposal from the Board of Directors to forgo payment of dividends for the 2016 financial year, with the approval of the Supervisory Board.

In conclusion

On the whole, the picture for 2016 is a positive one, despite the drop in financial results. This conclusion is based primarily on the fact that the course we have set in terms of our strategy has started to bear fruit. Further recovery of profits above 2015 levels is considered a possibility in 2017. Like in 2016, the company will have to work hard in 2017 to realize the strategic goals. The Supervisory Board is confident that the foundations of the total company are sufficiently solid to sustain further growth of the company.

The Oranjewoud N.V. Supervisory Board thanks the management and employees for all of their hard work in 2016.

The Supervisory Board
Mr. H.G.B. Spenkelink
Mr. W.G.B. te Kamp
Mr. J.P.F. van Zeeland

June 30, 2017

Report by the board of directors

Introduction
Oranjewoud N.V. (Oranjewoud) is a leading partner in the development and application of sustainable and integral solutions for all facets of the environment in which we live, work, play and travel.

Oranjewoud N.V. has pinpointed four strategic growth sectors for the medium to long term – Infrastructure, Environment, Spatial Development and Water.

Satisfied
In 2016, the foundations of the group were further reinforced, following the return to profitability in 2015. A number of key aspects that play a role in further bolstering the foundations were realized in 2016. In summary:

- The group has made a profit for the second year in a row.
- The group's continuity has been guaranteed by the refinancing of both Oranjewoud N.V.'s and Strukton Groep N.V.'s ring-fenced financing deals.
- On top of that, the group's equity was boosted by the issue of shares to an amount of €19 million to major shareholder Sanderink Investments.
- Important steps were furthermore taken in terms of reducing the risk profile of the backlog and order intake.

The Directors' Report will go into these aspects in greater detail below.

State of Affairs
In 2016, Oranjewoud's net revenue totaled €2.3 billion (2015: over €2.3 billion). The operating result (EBITDA) stood at €71.4 million (2015: €88.7 million), a drop of €17.3 million. Net profit totaled €13.9 million (2015: €19.2 million).

In 2015, following two loss-making years, the company steered onto the road to recovery and saw its performance stabilize. This stabilization continued in 2016 with the posting of a net profit, while the strategy of reducing the risk profile of the backlog and order intake has been bearing fruit. In 2016, the problematic Maasvlakte-Vaanplein A15 project was brought to a close and the main milestones of the A2 tunnel project near Maastricht were achieved (the tunnel was officially opened in mid-December of 2016), significantly reducing Oranjewoud's risk exposure. The Riyadh subway project in Saudi Arabia is making steady progress, as confirmed by the fact that the performance guarantees submitted by Oranjewoud subsidiary Strukton were reduced from $300 million to $165 million as various milestones were achieved.

In 2016, no new projects of over €100 million were acquired. The current size of the order intake of "large" projects lies in the range of €10 to €50 million per project. The scope of these newly acquired projects is in keeping with our strategy of lowering our backlog's risk profile.

The drop in the operating profits is entirely down to two isolated issues and wholly unrelated to the positive developments that started in 2015 and continued in 2016.

In a press release of July 25, 2016, Oranjewoud reported its withdrawal from the operations of Antea Group Colombia (Consulting and Engineering Services segment). Back in 2015, Antea Colombia was forced to significantly reorganize its operations as low oil prices led to clients putting projects on hold or canceling them altogether. This reorganization saw the company shrink its workforce from approx. 800 employees to 175 by the end of 2015. In 2016, further workforce reductions turned out to be required, as market conditions continued to be challenging. The injection of additional capital and attempts to reduce dependency on clients in the oil and gas industry (diversification) failed to create sufficient prospects for the company's future. Ceasing Antea Colombia's operations came with a loss of €7.4 million in 2016. The adverse cash effect (after settlement of the final bankruptcy) is limited, since funds poured in could be offset against corporate income tax payable in the Netherlands by the Oranjewoud N.V. taxable unit.

The second isolated problem is the PPP project for the construction of the new premises of the Netherlands' Institute for Public Health and the Environment (RIVM) (Technology and Buildings segment). The three companies partnering on this project are Strukton, Hurks and Heijmans (SHH). The project ran into unforeseen issues relating to vibrations. Given the nature of the building, which is to be a laboratory, it is imperative that these vibration issues be resolved. Various measures have now been incorporated into the design, including adjusted pile-driving procedures and reinforcements in the building, which have indeed eliminated the vibration issues. This unforeseen problem does, however, lead to increased construction costs and a longer lead time for the project. Due to the fact that this is a public/private partnership, the above issue also impacts on the financing of the project. SHH is in the process of negotiating an adequate financial solution with the client, one that factors in the unforeseen nature of the vibration issues. Oranjewoud subsidiary Strukton has a 37.5% stake in the partnership (Heijmans 37.5% and Hurks 25%). Based on all known facts and current circumstances, the loss on this project is currently estimated at €48 million, which is to be borne by SHH for the full 100%. Strukton has included its share in this loss, amounting to €18 million, in the 2016 operating result in full.

In 2016, the Rail segment (Strukton Rail) and the Consulting and Engineering Services segment (which includes Antea Group Netherlands) drove up the operating result. Rail posted an operating profit of €48.3 million, while Antea Group Netherlands posted an operating profit of €16.0 million. The Technology and Buildings segment (Strukton Worksphere) posted an operating loss of €5.9 million, due primarily to the aforementioned €18-million loss on the RIVM PPP project. Without the RIVM project, this segment would have posted a healthy operating profit of €12 million in 2016. This excellent performance must not be overshadowed by a non-recurring incident in a ring-fenced project. The other segments for which the group presents figures have all made a profit.

For further details on the segments for which the group presents figures, please refer to the Segmentation section of the Directors' Report.

Strategy

The strategy was detailed in the 2015 annual report. In 2016, further work went into implementing this strategy, which was primarily about:

- Focusing on technology and specialist products
- Reducing the risk profile of projects in the order intake
- Striking the right balance between revenue, risk and reward
- Business development in selected countries and regions, taking account of the three goals mentioned above

The specific strategic focus of each of the segments for which the group presents figures is detailed below, and is, naturally, in line with the strategy detailed in the 2015 annual report.

Strukton's strategic focus is on technology combined with specialist products.

This strategy has the Rail Systems segment (Strukton Rail) target things such as the further development of measuring and monitoring systems, software, and more extensive mechanization and automation of the production process. Strukton has also completed targeted acquisitions in the area of asset management (the former NS Spooraansluitingen, now operating under the name Strukton Rail Short Line) and technology (acquiring a 50% stake in Dual Inventive. The markets in which Strukton Rail operates have been liberalized to varying degrees, meaning that the way in which the state manages railroad infrastructure differs from one country to the next. In some countries, private-sector parties play a major role in maintaining and expanding railroad infrastructure, while in others their role is limited. As a direct consequence of this, our business development approach has to be tailored to specific countries. After all, market structure determines market behavior. Relevant market developments are currently ongoing in Belgium, Denmark and Italy. In these countries, the state-run railroad infrastructure manager is considering outsourcing railroad maintenance to the market. This is a development that offers opportunities for Strukton Rail in said countries, partly because they can use existing technology for predictive maintenance there, improving availability of railroad infrastructure.

In the Civil Infrastructure segment (Strukton Civiel), the focus is on technology in combination with specialist products and techniques such as immersed tunnels, concrete injection, infrastructure engineering, etc. The International Infrastructure and Rail Systems segment (Strukton International) deploys the - combined - knowledge and products of the aforementioned segments on an international scale in selected countries and business regions. The combination of specialist civil engineering products and railroad expertise gives Strukton a competitive edge in bidding for contracts that call for this kind of integrality.

In terms of technology, the Technology and Buildings segment (Strukton Worksphere) specializes in remote monitoring of mechanical and power supply systems in buildings across the Netherlands as part of carbon emission reduction and energy management efforts.

Strukton's strategic choice to go for technology in combination with specialist products could potentially lead to a drop in revenue in the long term. This is a logical consequence of this strategy decision. Acquisitions and possible divestments are also an integral part of the adopted strategy.

Companies in the Consulting and Engineering Services segment are primarily centering their strategy on the areas of infrastructure, the environment, water and urban planning. Their focus will initially be on developing operations in their home market. The companies in this segment team up in international bidding procedures and in product development and innovation, mostly in bilateral partnerships.

The strategy rethink led to the conclusion that the importance of the Dutch home market will diminish in relation to other markets in the future, especially for Strukton Group. Key market segments for infrastructure and railroads are still seeing cut-throat competition (on price), unpredictable bidding processes, including unclear contracting criteria, and poor risk/reward ratios. We are aiming to further set ourselves apart from the competition through technology and specialty products, which are important foundations of a successful international strategy. Internationally, the strategy also targets the combination of civil engineering and railroads (such as the solving of transport issues in densely populated urban areas). Successful implementation of the strategy will further push down the risk profile of the company and the backlog.

Acquisitions

2016 saw two acquisitions, in line with the strategic goals formulated for the four strategic growth sectors. These acquisitions are explained below.

Edel Grass

In 2008, Oranjewoud Realisatie Holding and Koninklijke Ten Cate became joint shareholders in Edel Grass. They agreed that it would be in Edel Grass' best interests if all shares were held by one single shareholder, reaching an agreement in late December of 2016 for Oranjewoud Realisatie Holding to acquire all shares.
From the early days of the development of artificial grass, Edel Grass has operated in the market for artificial grass systems, becoming a leading provider of artificial grass systems in Europe, especially for tennis courts, and field hockey and soccer pitches. Edel Grass also operates in the landscaping market.

Dual Inventive

On January 1, 2016, Strukton Rail B.V. acquired a 50% stake in Dual Inventive Holding. Dual Inventive develops and manufactures innovative technological products that improve safety, efficiency and reliability of railroad infrastructure and maximize railroad capacity.
Dual Inventive and Strukton had already been working together in various areas for quite some time. By pooling their networks and innovation capability, the two companies expect to boost their fire power in the domestic and international markets for railroad maintenance and configuration of processes for rail safety improvement. Outside the Netherlands, they mainly see opportunities in countries such as Sweden, France, Belgium, Italy and the United Kingdom.

The share purchase liabilities associated with the above acquisitions came to approx. €6.7 million.

Agent remuneration

The group only uses agents in specific cases, and has therefore entered into a limited number of agency contracts. In some countries, having an agent is compulsory, but agents can also be used to provide local support during a project. For the group as a whole, the agency contract for the Riyadh subway project in Saudi Arabia is basically the only relevant one. The agreement with the agent there was sealed in the first quarter of 2013, after it became clear that the consortium that includes Strukton International (an Oranjewoud N.V. subsidiary) would be awarded the contract. The project agreement was formalized on July 10, 2013. Under the agency contract, Strukton's project organization can rely on local support by the agent. At the start of the project, such support was considered necessary as Strukton had no experience in Saudi Arabia whatsoever, and was embarking on the largest project in the company's history. The project is making good progress. The agent is paid a fixed percentage of Strukton's contract value, while payment stays in step with progress on the project. The agreed percentage stays well within the standards set by the OECD. The project is going well – the consortium that includes Strukton completed a large number of civil structures in 2016, putting the consortium well ahead of the two other consortia building the other subway lines in Riyadh in terms of output - and the project organization is stable. There are no records documenting the deployment of the agent for the work specified in the agency contract. Use of the agent's services was very limited in the 2015 and 2016 financial years, as a direct result of the excellent progress of project output. Strukton's project organization is independent.
When hiring an agent, compliance with all applicable legislation and regulations is crucial, as is compliance with other standards, such as the OECD standard for agent remuneration. The Supervisory Board's report makes mention of the Supervisory Board's review, aided by external experts, of how the Riyadh agency agreement came about and whether it is still fit for purpose today. Their review looked at the agent's activities and remuneration.

The conclusion that ensued from the review is that the agreement with the agent could have included more compliance guarantees back in 2013. The review also showed that there are no concrete indications of possible irregularities. Although there are no indications to this effect, a risk of non-compliance with applicable legislation and regulations can never be ruled out completely, which potentially impacts on the financial statements. These possible consequences cannot be estimated reliably, which is why no provision was created.

For further details about rectification and improvement measures in the area of compliance, please refer to the Internal Control section.

Intended full takeover

Costruzioni Linee Ferroviarie (CLF)

Oranjewoud N.V. subsidiary Strukton Rail has been a CLF shareholder since 1998, and had upped its stake from 40% to 60% in 2013 by acquiring the shares of fellow shareholder Unieco. As part of this deal, a put option was agreed for Unieco (40% shareholder). As Unieco exercised the put option, Strukton Rail was supposed to become the 100% owner of CLF.
The shares were supposed to be transferred in late June of 2016. However, this share transfer was postponed on several occasions. Unieco was unable to deliver the

shares, as they had been encumbered with a lien, which was not lifted. At the end of 2016, Strukton Rail took out an injunction to force Unieco to hand over the shares. Unieco was not able to comply with this injunction either, as a direct result of which the agreement was dissolved on account of the default on the part of Unieco. Unieco's put option was consequently canceled and Strukton Rail was relieved of its obligations. Negotiations about the transfer of Unieco's CLF shares to Strukton Rail may be resumed at some time in the near future. The long-term debt under the put option, totaling €32 million, has been reclassified on the balance sheet, and is now recognized as a third-party share in the shareholders' equity. At the end of 2016, the minority stake in CLF was valued at approx. €34.5 million.

Financing and Share Issue

Financing

On April 21, 2017, Oranjewoud N.V. agreed an extension to the existing financing arrangement. The main features of this financing arrangement are:

- term through to June 30, 2020;
- no compulsory repayments up to the end date;
- term loan of $23.8 million;
- term loan of €10.0 million;
- multi-purpose facility: €20 million;
- accordion option: €20 million.

On April 26, 2017, Strukton Group's financing arrangement was extended to June 30, 2018. The main features of this financing arrangement are:

- term through to June 30, 2018;
- no compulsory repayments up to the end date;
- term loan of €40 million;
- current account facility of €75 million;
- committed bank guarantee facilities totaling €261.6 million, of which €163.2 million for the Riyadh subway project in Saudi Arabia;
- Oranjewoud N.V.'s financing arrangement fully ring-fenced.

Refinancing negotiations for Strukton Group for the period beyond June 30, 2018 will start in the short term. The aim is to agree a refinancing deal with a term of several years.

Bank Covenants

Oranjewoud N.V. is in compliance with the conditions agreed with the banks for the entirety of 2016 and as of December 31, 2016.

Strukton Groep N.V. (Strukton) has its own financing arrangement that is fully ring-fenced from Oranjewoud N.V.'s financing. Until the end of the third quarter of 2016, Strukton was subject to covenants regarding EBITDA, capital expenditure, minimum available liquidity, leverage, interest cover, fixed charge cover and solvency. These covenants were complied with. As part of the extension of the financing arrangement, new covenants were agreed for the period from December 31, 2016 to June 30, 2018. As at December 31, 2016, Strukton is in compliance with these revised covenants.

Share Capital and Subordinated Loan

In December of 2016, Oranjewoud N.V. issued 4,139,434 B shares to the Gouda-based company Sanderink Investments B.V. for €4.59 per share (the average of the closing prices over the period from November 28, 2016 to December 9, 2016). This private share issue has brought in a total of €19 million. These B shares have not been listed. Oranjewoud's B share issue to Sanderink Investments B.V. - described above - saw Sanderink Investments B.V.'s stake grow from 95.7% to 96.0%.

Of the amount of €19 million raised through the share issue, an amount of €9 million was used to repay most of the €10-million subordinated loan issued by Sanderink Investments B.V. in March of 2015 and convert it into shareholders' equity. On balance, this debt-to-equity transaction is cash neutral. The remaining amount of €10 million was injected as cash.

Oranjewoud N.V. subsequently injected €24 million into its subsidiary Strukton Groep N.V. Strukton's financial results have stabilized over the past two years, and the risk exposure in the backlog has been reduced considerably. This has made Oranjewoud confident that Strukton will be able to continue the upward trend. Oranjewoud's confidence in Strukton's performance is underlined by Oranjewoud's cash injection of €24 million. Of this cash injection, an amount of €9 million was used to partly repay the subordinated loan of €15 million issued by Oranjewoud in March of 2015 and convert it into paid-in capital. On balance, this debt-to-equity transaction is cash neutral. Aside from this cash injection, Oranjewoud has granted Strukton another subordinated loan, this time totaling €5 million. Oranjewoud has also paid in additional capital totaling €10 million. With these additional funds, Strukton is able to shore up its shareholders' equity and cash position.

Separate Companies

Antea Group's consulting and engineering services and Strukton's implementation operations have not been merged and will not be merged either. There will, of course, be collaboration whenever clients can be given the opportunity to take advantage of the Group's combined knowledge, capabilities and references, and the Group will also exchange knowledge and share best practices.

Antea Group and Strukton each have their own strategic objectives. Oranjewoud N.V.'s policy in terms of preventing possible conflicts of interest has been shaped by compartmentalizing companies and procedures that will be adapted to internal organizational changes and the requirements set by tender legislation and regulations. These procedures comprise: organizational separation of projects, separation of companies, separation of management systems, securing confidentiality and the corporate code (of conduct). Staff at Oranjewoud N.V.'s relevant entities will be briefed on conflicts of interest, integrity and the importance of compliance with (internal) regulations. The ICT systems and the management teams of Antea Group and Strukton are completely separate.

Revenue and Profit

Revenue totaled €2.3 billion in 2016 (2015: €2.3 billion). Revenue was up in the Consulting and Engineering Services, Rail, and International segments. Revenue growth in the Consulting and Engineering Services segment, from €30 million to €388 million, came mainly on the back of the takeover of IRH Groupe (France) at the end of 2015. Growth in the Rail segment, from €64 million to €829 million, was realized in various countries (Netherlands, Sweden, Italy, Denmark and Belgium). The International segment saw its revenue rise by €80 million to €244 million. This rise was almost entirely driven by greater output of the Riyadh subway project in Saudi Arabia. The Civil Infrastructure segment's revenue was down €80 million to €484 million. This drop came as a result of completion of the Maasvlakte - Vaanplein A15 project at the start of the second quarter of 2016. Revenue in the Technology and Buildings segment was down €50 million to €323 million. This downturn came mainly as a result of the late start of construction work for the RIVM PPP project (mid-2017).

The operating profit fell from €88.7 million to €71.4 million due to the two aforementioned isolated problems in Colombia and with the RIVM PPP project.

The net profit fell from €19.2 million to €13.9 million.

Total revenue and profit	2016	2015	2014	2013	2012 *
Results (in millions of euros)					
Revenue	2,315.6	2,305.6	2,136.8	1,962.1	1,719.8
Ebitda	71.4	88.7	16.3	44.6	69.3
Net profit	13.9	19.2	(25.1)	(12.6)	23.5
Total net cash flow	43.9	56.5	17.0	17.1	(64.6)
Equity (in millions of euros)					
Equity (E)	273.9	242.1	206.5	246.8	259.2
Total assets (TA)	1,632.8	1,661.3	1,467.3	1,317.9	1,037.8
E/TA	16.8%	14.6%	14.1%	18.7%	25.0%
Employees (headcount)					
Number at end of financial year	9864	10187	10499	10587	9646
Backlog (in millions of euros)					
Consultancy & Engineering Services	234.9	248.6	230.7	246.6	252.6
Rail Systems	1,486.0	1,290.0	1,196.4	1,043.2	719.2
Civil infrastructure	341.0	470.3	380.3	1,462.1	643.2
International	520.0	919.9	952.0	-	-
Technology & Buildings	502.0	538.2	445.2	507.6	583.6
Other	16.4	12.0	12.8	11.6	12.8
Total	3,100.3	3,479.0	3,217.4	3,271.1	2,211.4

*) Restated for comparison purposes in connection with changes in accounting policies on pensions (IAS 19) and joint arrangements (IFRS 11).

Amortization

PPA amortization (excl. other amortization and excl PPA depreciation etc.)

Amounts x EUR 1,000	Excl. Strukton Gross amortization	Excl. Strukton Corporate Tax Release	Excl. Strukton Effect on net profit	Strukton Gross amortization	Strukton Corporate Tax Release	Strukton Effect on net profit	Total Gross amortization	Total Corporate Tax Release	Total Effect on net profit
2015	9,017	-2,415	6,601	2,629	-657	1,972	11,646	-3,073	8,573
2016	9,847	-2,712	7,135	634	-159	476	10,481	-2,871	7,610
2017	8,618	-2,298	6,320	0	0	0	8,618	-2,298	6,320
2018	2,781	-697	2,084	0	0	0	2,781	-697	2,084
2019	820	-207	613	0	0	0	820	-207	613
2020	568	-142	426	0	0	0	568	-142	426
Total	**31,651**	**-8,471**	**23,180**	**3,263**	**-816**	**2,447**	**34,914**	**-9,287**	**25,627**

Total gross amortization of intangible fixed assets, Purchase Price Allocation (PPA) depreciation and other amortizations amount to €13.3 million (2015: €14.8 million). Amortization of intangible fixed assets had a major impact on net profit in 2016.

In the 2016 financial year, a gross amount (non-cash) of €10.5 million (2015: €11.6 million) related to Purchase Price Allocations (PPAs) was amortized at the expense of the profits (see table above). From the gross amortization, a sum of €0.6 million (2015: €2.6 million) arises from the amortization related to Strukton Group's PPA.

Amortizations ensuing from Purchase Price Allocations (PPAs) will continue to affect net profits in 2017 and beyond. Based on Strukton Group's PPA, existing amortizations from previous acquisitions and amortizations from later acquisitions, and the remaining economic service life estimated at the end of 2016, the effects reflected in the above table are expected in the coming years.

Subsequent Events

On April 21, 2017, Oranjewoud N.V. got an extension to the existing financing arrangement. The main features of this financing arrangement are:

- term through to June 30, 2020;
- no compulsory repayments up to the end date;
- term loan of $23.8 million;
- term loan of €10.0 million;
- multi-purpose facility: €20 million;
- accordion option: €20 million.

On April 26, 2017, Strukton Group's financing arrangement was extended to June 30, 2018. The main features of this financing arrangement are:

- term through to June 30, 2018;
- no compulsory repayments up to the end date;
- term loan of €40 million;
- current account facility of €75 million;
- committed bank guarantee facilities totaling €261.6 million, of which €163.2 million for the Riyadh subway project in Saudi Arabia;
- Oranjewoud N.V.'s financing arrangement fully ring-fenced.

Segmentation

Oranjewoud N.V. reports on the following segments: Consulting & Engineering Services, Rail Systems, Civil Infrastructure, International Infrastructure and Rail Systems, Technology & Buildings, and Other.

Consulting & Engineering Services

In millions of euros	**2016**	**2015**
Operating income	388.4	358.3
Earnings (ebitda)	14.3	19.5
Backlog	234.9	248.6
Number of employees (at year-end)	3052	3372

Revenue in the Consulting and Engineering Services segment was up over €30 million to €388.4 million (2015: €358.3 million). The operating profit fell from €19.5 million in 2015 to €14.3 million in 2016. The reduction of the number of employees to 3052 by the end of 2016 (2015: 3372) was due primarily to the cessation of operations in Colombia and reorganizations in France.

In 2016, the Dutch economy showed slight signs of a recovery. Although the number of orders from the oil and gas industry continues to be low, major corporations and institutes are stepping up their investment in research and development. Furthermore, it seems as if clients are slowly but surely starting to buck the trend of looking only at price in awarding contracts, placing greater emphasis on quality.

In **the Netherlands**, Antea Group has managed to maintain its leading position in the highly competitive consulting and engineering services market. In 2016, both revenue and operating profits were up on the previous year. The total value of the backlog (incl. India) was down slightly to €80.2 million (2015: €84.5 million). Standing at 1530, the number of employees has remained stable (2015: 1550).

In **Belgium**, Antea Group continues to face price competition, cautious clients and relatively high bidding costs. In 2016, both revenue and operating profits stayed on the same level as in 2015. With a value of €28.1 million, the backlog also remained virtually the same as last year (€27.1 million). The number of employees has not changed (2015: 200).

In **France**, Antea Group continues to face reduced investment appetite from public-sector and other clients and suspension of projects due to persistently challenging economic conditions. There was some improvement in the award of contracts from private-sector clients, but it is as yet unclear to what extent this is a structural improvement. Revenue was up significantly in 2016, mainly thanks to the consolidation in the figures of Groupe IRH, which was acquired at the end of 2015. The operating result was down, mainly due to reorganization costs (staff, accommodation and IT) at Groupe IRH. For 2017, Antea Group France has set itself the target of improving the staffing levels and cutting overheads. The backlog grew considerably to €58.3 million (2015: €31.8 million). The number of employees fell to 840 (2015: 900).

Antea Group's efforts in the **United States** to further diversify its product and service offering continued to produce benefits in 2016: both revenue and operating profits were up in 2016 compared to 2015. The value of the backlog fell to €67.9 million (2015: €75.7 million). This decrease can be attributed mainly to Environmental Liability Transfer (ELT) projects, which are at the end of their term. The number of employees fell to 385 (2015: 415).

Corporate Social Responsibility and Sustainability at Antea Group

Anticipating today's questions and tomorrow's answers. That is what Antea Group stands for. 'Understanding today. Improving tomorrow'. Together with our clients, we work to build a better and sustainable living environment every single day. An environment where we can all live, work and play in comfort. Not only today, but also in the future. Sustainable business practices are possible only in harmony with the world around us. Antea Group takes its responsibility seriously, internally and in relationships with clients and partners, as well as across the chain. To Antea Group, sustainability and corporate social responsibility stand for sensible practices at the company, aimed at striking a balance between the Ps of Profit, People and Planet to ensure the company continues to be relevant in both the market and society.

Rail Systems

Strukton Rail's core activities include new development, maintenance and management of railroad and train systems, both heavy rail and light rail (including traction and overhead lines, signaling, telecommunications and information and control systems), design, manufacturing, installation and commissioning of power supply systems for rolling stock, data acquisition, data management and system integration. Strukton Rail specializes in asset management, high output working methods and equipment, monitoring systems, measuring and inspection trains, energy systems, traction electronics and on-board power grids, and installation and integration of ERTMS and other train security systems.

In millions of euros	**2016**	**2015**
Operating income	828.9	764.9
Earnings (ebitda)	48.3	49.3
Backlog	1,486	1,290
Number of employees (at year-end)	3497	3534

In 2016, Strukton Rail as a whole posted fine results. All countries contributed to the results. Net revenue grew to €829.0 million (2015: €764.9 million). The slight drop in the operating profit was due primarily to a number of disappointing projects in Sweden.

Although Strukton Rolling Stock still made a small loss in 2016, their financial performance was considerably better than in 2015.

The Rail Systems segment saw the value of its backlog rise by €196 million to €1,486 million (2015: €1,290 million). This rise was driven by the growing backlog in the Netherlands and Scandinavia. In Sweden, Strukton landed several large-scale maintenance contracts, while the backlog also grew sharply in Denmark.

Civil Infrastructure

Strukton Civiel's core activities are the design, execution, management and maintenance of integrated infrastructure projects, civil structures, road construction, underground construction, hydraulic engineering and concrete construction. Strukton Civiel specializes in foundation engineering, bitumen, environmental engineering, asset management, bridge and lock renovation, traffic management technology (traffic and tunnel engineering systems), prefab concrete, noise barriers, raw and waste material management, traffic routing and incident management.

In millions of euros	**2016**	**2015**
Operating income	483.8	602.8
Earnings (ebitda)	4.6	3.3
Backlog	341	470
Number of employees (at year-end)	1253	1303

After a period of transition and reorganization, the Civil Infrastructure segment entered an upward trajectory in 2016. Compared to 2015, the operating profit rose to €3.6 million (2015: €3.3 million). The three road construction companies in particular, but also specialist firms such as Terracon Funderingstechnieken, were instrumental in realizing an operating profit. Completion of large projects such as the Maasvlakte-Vaanplein A15 project and the A2 tunnel project near Maastricht, as well as the strategic decision to focus more on results than on revenue, coupled with some restraint in taking on large projects, have led to a drop in net revenue and a smaller backlog compared to 2015.

International Infrastructure and Rail Systems

Strukton International's focus is on marketing specialist products and services across the globe, such as traction electronics and on-board power grids, monitoring systems, power systems, polymer modified bitumen (PMB), immersion and underwater engineering services and foundation engineering. The combination of specialist products and railroad and civil engineering expertise puts Strukton in a unique position in the construction of integrated railroad and civil infrastructure projects in densely populated areas, ports and port hinterland connectivity. Strukton International primarily targets projects where its expertise can be deployed repeatedly.

In millions of euros	**2016**	**2015**
Operating income	244.1	164.2
Earnings (ebitda)	8.4	9.7
Backlog	520	920
Number of employees (at year-end)	155	115

Strukton International has seen the majority of its work in its focus countries shift from market exploration to contracting and project execution. The International Infrastructure and Rail Systems segment's operating profit of €8.4 million (2015: €9.7 million) came largely on the back of the Riyadh subway project in 2016 as well. As a member of the FAST consortium handling this project, Strukton is working on three of the six lines of a fully automated and unmanned subway system that is laid out underneath the Saudi capital, Riyadh. The total value of this contract is around €6 billion. Strukton's share represents around €1 billion. By the end of 2016, the total output value stood at approx. €2.5 billion, with Strukton's share being approx. €454 million. This project is expected to be completed in 2020. The drop in the number of orders in the backlog was caused mainly by continued work on the Riyadh subway project.

Technology & Buildings

Strukton Worksphere (Technology and Buildings segment) designs, develops, makes, maintains and operates technical systems and buildings across the Netherlands. Maintenance work and management are the basis of their activities, with the organization targeting the health-care, manufacturing, mobility hub and office markets.

In millions of euros	**2016**	**2015**
Operating income	323.2	372.9
Earnings (ebitda)	-5.9	5.3
Backlog	502	538
Number of employees (at year-end)	1701	1680

The Technology and Buildings segment's result failed to live up to expectations in 2016, due primarily to the provision created for the RIVM PPP project. This is a complex project, mainly because the laboratories have to be built to very precise specifications, including strict requirements relating to vibration. The project has consequently suffered a delay. In 2016, measures were developed to resolve the vibration issues. The client and the consortium are currently negotiating the financial settlement of additional costs involved in the new design and caused by the project delay.

The small decrease in the Technology and Buildings segment's backlog in 2016 is down to a slightly lower order intake on larger projects.

Corporate Social Responsibility and Sustainability at Strukton Group
Corporate Social Responsibility (CSR) has been embedded in Strukton's operations for many years. The CSR policy is captured in the tagline of 'Thinking in terms of service life together', with people, planet and profit as the mainstays. Strukton partners with clients, suppliers, sub-contractors and other chain partners in working on sustainability and service life extension. Strukton advises clients on sustainability, service life extension, circularity and energy-efficiency measures. One example is the asphalt Strukton used for the Maasvlakte-Vaanplein A15 project, which will last twelve instead of the usual eight years. This kind of extended service life means less waste, less use of raw materials, less energy consumption for production and replacement and less inconvenience for road users. Strukton also continuously looks for ways to do business in the most sustainable way possible in terms of its own operations. For 2016, Strukton had set itself the target of using green power to meet 90% of its energy needs, a target that they ended up surpassing: Strukton uses 100% green power and intends to keep it that way in 2017.

Other
The Other segment includes reporting on the Sports and Temporary Staff units.

In millions of euros	**2016**	**2015**
Operating income	47.2	42.5
Earnings (ebitda)	1.7	1.6
Backlog	16.4	12.0
Number of employees (at year-end)	206	183

Sports
The Dutch sports market remained stable compared to previous years. Antea Group Sport, Edel Grass and J&E Sports all contributed towards the positive development of revenue and operating profits, which were both up on 2015. Together, these sports companies managed to build up a 35% share of the total volume of the Dutch market. The value of the backlog fell to €8 million (2015: €9.5 million).

Temporary staff
Following the improvement that started in 2015, the Temporary staff market continued to rally in 2016. Demand for technology staff is up, which has resulted in revenue growth and a significant rise in operating profits. The value of the backlog grew to €3 million (2015: €2.5 million).

Internal Control

Oranjewoud N.V.'s operations are wide-ranging and performed by a varied group of operating companies that are active in the areas of hydraulic engineering, infrastructure, the environment and spatial planning. Internal control is handled by each of the operating companies separately, so there is only limited internal control at the level of Oranjewoud N.V. itself. Organizing internal control in this way was a conscious choice, prompted by the fact that it fosters entrepreneurship. However, due to increased complexity of the environment in which the group operates (in terms of risks, legal context and increased international business), a need has arisen to design and implement additional procedures in the area of internal auditing and related processes at Oranjewoud N.V. level on top of existing procedures. These procedures will be detailed in a handbook and, as a minimum requirement, they will govern the activities of the operating companies.

The group's strategy is focused on reducing risk exposure in the backlog and order intake. In 2016, important steps were taken in this area. Structured bidding procedures (including formalized bid boards) will help reduce the level of risk in our order intake. One key aspect that will receive particular attention in bidding for contracts is a project's operating capital requirement. The aim is to keep operating capital as low as possible, or, if that turns out not to be possible, try to compensate for it by quoting a higher price in our bid.

The organization is also working hard on improving when it comes to compliance and duty of care. The importance of pursuing the right compliance policy and honoring our duty of care continues to grow, on the one hand because of the group's international ambitions, and on the other due to the continuously changing social context with respect to these issues.
Our efforts to improve in this area include the following, but this is by no means an exhaustive list:

- A number of initiatives to further bolster internal anti-corruption and integrity procedures, whereby the company draws on the expertise of third parties
- The training of compliance officers and giving of compliance training to employees involved in international bidding and contracts.
- Sharing of best practices in the areas of compliance and duty of care with peer companies in our industry.
- Current standard agency agreements will include right-to-audit, anti-corruption and other additional clauses, as well as a requirement to comply with Strukton's code of conduct.
- Setting up internal controls and underlying documentation to underpin the current and future activities of agents.
- Wherever possible, existing agency contracts will be improved and amended.

Dividend

In principle, Oranjewoud N.V. intends to make 30% of the net profits plus amortization (after taxation) resulting from the acquisition of Strukton Groep N.V. available for dividend payment. Dividend payment is subject to future profit developments, market developments, desired solvency and the leverage under existing and future bank covenants. Dividends will be made available as optional dividends (cash and/or shares).

To boost solvency and bolster the company's cash position, Oranjewoud N.V. added €19 million to its Shareholders' Equity on December 21, 2016 through a private share issue to Sanderink Investments B.V. In 2016, Shareholders' Equity grew further owing to realized gains (€11.3 million) and unrealized gains (€1.4 million). The balance sheet total fell slightly. Solvency increased from 14.6% to 16.8%. Solvency is - still - too low. Aside from that, the company needs sufficient resources to be able to fund possible growth of operating capital due to an increase in activity. The combination of these facts prompted the proposal from the Board of Directors to forgo payment of dividends for the 2016 financial year, with the approval of the Supervisory Board.

Capital Structure

The authorized capital stock as at December 31, 2016 amounted to €10,000,000, consisting of 100,000,000 A and B shares of €0.10 each. The subscribed and fully paid-up share capital amounted to 62,872,869 shares of €0.10 each. Subscribed share capital as at December 31, 2016 consisted of €2,955,307 in A shares and €3,331,980 in B shares (December 31, 2015: €2,955,307 A shares and €2,918,037 B shares). Unlike A shares, exchange-listing has not been requested for B shares. There is no difference in terms of control between the A shares and B shares.

On December 21, 2016, Oranjewoud N.V. increased its Shareholders' Equity through a private share issue of 4,139,434 B shares to boost the company's equity and capital requirement. The aforementioned shares were issued to Sanderink Investments B.V. at the average closing price over the period from November 28, 2016 to December 9, 2016. The issue price is €4.59 per share. These B shares have not been listed. Oranjewoud N.V.'s B share issue to Sanderink Investments B.V. - described above - saw Sanderink Investments' stake grow from 95.7% to 96.0%.

Financing and Financial Instruments

General

The Group's main financial instruments comprise bank loans and credits and cash and cash equivalents. The Group also uses interest rate swaps and inflation swaps to hedge interest and inflation risks arising from corporate and project financing. The main purpose of the financial instruments is to attract financing for the Group's operating activities. In addition there are various other financial fixed assets and liabilities, including trade receivables and debts to suppliers, which arise directly from the operating activities. No derivatives or financial instruments are held for trading purposes.

All financial assets and liabilities, excluding PPP receivables, annuity loans and derivatives valued at fair value, have been valued according to the "loans and receivables" category as referred to in IAS 39.

Financial Covenants

Oranjewoud N.V. is in compliance with the conditions agreed with the banks for the entirety of 2016 and as of December 31, 2016.

Strukton Groep N.V. (Strukton) has its own financing arrangement that is fully ring-fenced from Oranjewoud N.V.'s financing. Until the end of the third quarter of

2016, Strukton was subject to covenants regarding EBITDA, capital expenditure, minimum available liquidity, leverage, interest cover, fixed charge cover and solvency. These covenants were complied with. As part of the extension of the financing arrangement, new covenants were agreed for the period from December 31, 2016 to June 30, 2018. As at December 31, 2016, Strukton is in compliance with these revised covenants.

Interest Rate Risk

Loans and credit are needed due to the mismatch between receivables and liabilities. Loans and credit with a variable rate of interest are exposed to the risk of cash flow changing due to interest rate fluctuations. The Group's policy aims to acquire long-term financing at a fixed rate of interest by taking out interest rate swaps. Interest rate swaps are always used to hedge interest rate risks on the financing of PPP projects.

Currency Risk

The majority of the Group's activities are carried out in the Eurozone. Outside Europe, the Riyadh subway project in Saudi Arabia got underway in 2013. The currency risk on a large part of future cash flows from the Riyadh subway project is hedged in US dollars. Incidental non-euro positions are hedged using forward exchange contracts. Currency risk on foreign subsidiaries' shareholders' equity and on long-term loans granted to these subsidiaries, known as the translation risk, is not hedged, with the exception of Antea United States.

Credit Risk

Given that a large number of our clients are public-sector organizations (governments), our exposure to credit risk is minimal. For projects above a certain value for private-sector clients, credit risk is also a factor in the assessment of the contract. Aside from that, billing for contracts (in advance) is based on project progress. The available cash and cash equivalents are held with creditworthy banking institutions.

Liquidity Risk

Liquidity risk is the risk of the Group being unable to meet its financial obligations at the required time. The basic principles of liquidity management are that there must be sufficient liquidity to be able to meet current and future financial obligations, both under normal and exceptional circumstances, without incurring unacceptable losses or jeopardizing the Group's reputation. The Group uses ongoing liquidity forecasting to monitor whether the available liquidity is sufficient. In case of long-term contracts, clients are generally asked to pay installments to cover the financing of project expenditure.

Bank Guarantees

Bank guarantees have been issued by the Group for projects, lease agreements and investment relief.

Corporate Social Responsibility and Sustainability

Investing in the Future

Finding a balance between financial/economic results, social interests and the environment. Not only thinking about the here and now, but also thinking about future generations. Oranjewoud N.V. actively works to ensure corporate social responsibility. This includes sustainability in business, sustainable operational management, volunteer work by employees and sponsorship of social initiatives. We are seeing a constant increase in market demand for sustainable solutions and applications. Oranjewoud N.V. is keeping pace with this significant development. Please refer to the sections on the different segments for specific information about activities and projects as part of Corporate Social Responsibility and Sustainability efforts.

2017

The results achieved in 2016 and the strategic focus of the segments for which the group presents figures inspire confidence for the future. Still, the Board of Directors refrains from making any statements regarding results projected for 2017.

Statement from the Board as per Section 5:25C(2c) of the *Wet op het financieel toezicht* (Dutch Financial Supervision Act)

We confirm that the financial statements were prepared in compliance with International Financial Reporting Standards (IFRS) as ratified by the European Union, as well as in compliance with Title 9, Book 2 of the Dutch Civil Code and give a true and fair view of the assets, liabilities, financial position and profits of Oranjewoud N.V. and consolidated companies, and that the annual report prepared by the Board of Directors gives a true and fair view regarding the situation as at the balance sheet date and operations during the financial year, as well as of affiliated companies whose data was incorporated into Oranjewoud N.V.'s financial statements, and that important risks the Group is facing have been reflected in the annual report.

Corporate Governance

Organization
Oranjewoud N.V. is governed by a Board of Directors, which is supervised by a Supervisory Board. The members of the Board of Directors and the Supervisory Board are appointed and dismissed by the general shareholders' meeting (the "General Meeting").

Board of Directors
The Board of Directors is in charge of running the company, guided by the interests of the company and associated companies. Members of the Board of Directors are appointed by the General Meeting. A member of the Board of Directors shall step down by no later than the day on which the annual general meeting is held in the fourth calendar year following his or her last appointment and shall also be immediately re-appointable – provided that the candidate has stepped down in accordance with this clause. The Supervisory Board nominates one or multiple candidates for each vacancy. The General Meeting can revoke the binding nature of a binding nomination through a decision adopted with a simple majority of votes cast representing at least a third of the company's subscribed share capital. The General Meeting is authorized to suspend or dismiss any member of the Board of Directors. The General Meeting can only suspend or dismiss a director following a proposal to this effect from the Supervisory Board or with a simple majority of the votes cast representing at least one third of the company's subscribed share capital. A member of the Board of Directors can also be suspended by the Supervisory Board.

Supervisory Board
The Supervisory Board is charged with monitoring the company's management policy and general operations at the company and associated companies. The Supervisory Board also advises the Board of Directors. In fulfilling their task, Supervisory Board members are guided by the interests of the company and associated companies. The Supervisory Board must have at least three members. Supervisory Board members are appointed by the General Meeting on the recommendation of the Supervisory Board. Each Supervisory Board member shall step down by no later than the day of the first General Meeting held in the fourth calendar year following his or her last appointment. The Supervisory Board members shall step down periodically according to a schedule set by the Supervisory Board. The General Meeting can hold a vote of no confidence in the Supervisory Board (with an absolute majority of the votes cast, representing at least one third of the subscribed share capital).

Shareholders' Meeting
Oranjewoud N.V. convenes a general shareholders' meeting at least annually. The General Meeting is convened either by the Supervisory Board or by the Board of Directors. The General Meeting shall at least deliberate on and/or adopt: the annual report, the financial statements, the proposal to pay a dividend (if applicable) and the appointment of the external auditor. Other issues that may be put on the agenda and announced by the Supervisory Board or the Board of Directors under observance of the relevant provisions in the articles of association include the granting of discharge to members of the Board of Directors and the Supervisory Board, the reserve and dividend policy, assignment of a body within the company that is authorized to issue shares and/or authorization of the Board of Directors to have the company acquire its own shares.

Articles of Association
Oranjewoud N.V. is a public limited liability company under Dutch law. The General Meeting is authorized to amend the articles of association, on the understanding that a decision to that effect can only be made at the proposal of the Board of Directors. A proposal by the Board to amend the articles of association is subject to the approval of the Supervisory Board. Oranjewoud N.V.'s articles of association were last amended on October 29, 2010.

Shares
Oranjewoud N.V.'s authorized capital stock amounts to €10,000,000, consisting of 50,000,000 A shares and 50,000,000 B shares with a nominal value of €0.10 each. As at December 31, 2016, the subscribed share capital stands at €6,287,286.90, consisting of 29,553,066 A shares and 33,319,803 B shares. Unlike the A shares, the B shares are not listed. There is no difference in terms of control between the A shares and B shares.

New Share Issues
Shares are issued following a decision of the General Meeting or by virtue of a decision of the Board of Directors, if and insofar as the Board has been requested to do so by the General Meeting. The decision is subject to the approval of the Supervisory Board. This authority covers all unissued shares of the company's authorized capital stock. The duration of this authority is defined by a decision of the General Meeting and shall be five years at most. The General Meeting of May of 2016 granted the Board the authority, for a period of 18 months starting from the date of the meeting, to issue shares and grant rights to take shares, up to a maximum of 10% of the outstanding capital at the time of the meeting, plus a maximum of 20% if the allocation or issue is carried out within the framework of a merger or acquisition.

Acquisition of Shares in the Company's Own Capital
The company is permitted to acquire its own fully paid-up shares, albeit only for no consideration or if: a) the

payable equity is at least equal to the purchase price; and b) the total nominal amount of the shares that the company has acquired, holds, holds in pledge or holds through a subsidiary does not exceed 50% of the company's subscribed share capital. Acquisition, other than acquisition for no consideration, is only possible if the General Meeting has authorized the Board to do so. The Board has not asked the General Meeting for any authorization to purchase the company's own shares.

Corporate Governance Code
Unless stated otherwise, Oranjewoud N.V.'s Board of Directors and Supervisory Board endorse and adhere to the principles and best practice provisions of the Dutch Corporate Governance Code, as published in *Staatscourant* no. 18499 of December 3, 2009 (the Code).

Oranjewoud N.V. deviates from the Code on the following best practice clauses:

- II.1.1 Oranjewoud N.V. has a director under the articles of association, Mr. G. P. Sanderink, who was appointed to an indefinite term. Mr. Sanderink does not receive remuneration from the company in exchange for his work.
- II.1.3 Oranjewoud N.V. has not published a code of conduct on its website. Strukton Group and Antea Group have published their codes of conduct on their respective websites.
- II.3.3 Oranjewoud N.V. does not adhere to best practice clause II.3.3, because a significant number of Oranjewoud N.V. shares (96.0%) are held by Sanderink Investments B.V., of which Mr. Sanderink is also director and sole shareholder.

In 2016, there were no transactions of any significance involving a conflict of interests between the director and Oranjewoud N.V.

Risk Management

Business is about taking and managing risks. The Oranjewoud N.V. risk management policy is geared towards protecting the Group from events which may impede achievement of strategic objectives and which may have a material impact on the Group's financial position. A targeted market approach, consistent and regular reporting, and raising awareness across the company are the mainstays of Oranjewoud N.V.'s risk management policy.

Oranjewoud N.V. minimizes risks by requiring effective internal risk management and control systems at the business units and also oversees application of and compliance with these systems. Key factors of risk management include employee commitment, exemplary behavior by management, and transparency and openness when it comes to voicing opinions and discussing dilemmas.

The different Oranjewoud Group business units focus on engineering and consulting services provided by Antea Group on the one hand, and on construction and implementation activities by Strukton Group on the other. Strukton Group and Antea Group each have their own risk management systems within the framework of Oranjewoud N.V.'s overarching risk management policy. Responsibility for maintenance, adaptation and application of these risk management systems primarily lies with the business units themselves.

All business units have a code of conduct in place specifying things such as the managers' level of authorization. These codes of conduct are subjected to regular audits. These audits are conducted both on an ongoing basis (part of the planning and control cycle within the group) and on an as-needed basis (audits conducted by certification institutes or auditors).

Strukton Groep Risk Management
Commercial, operational and financial risks are part and parcel of Strukton's business. Strukton attempts to limit exposure to such risks by adopting a systematic approach, both on a strategic and an operational level.

To be able to manage risk adequately, it is important that risk awareness be embedded broadly across the company. Strukton works to raise risk awareness by creating an open and transparent corporate culture. To reduce the company's risk profile, the boards of the respective operating companies use strict selection criteria for new projects. Strukton bids only for projects that are a good fit with Strukton's core competencies, involve a limited level of risk and offer good profit prospects. Projects that include a long-term maintenance and management component are of particular interest to Strukton. In line with the company's strategy, returns are continuously weighed up against risk.

Strukton has several large clients. Around twenty percent of its revenue comes from the Dutch rail market. The market volume has fallen over the past years. The most important client in this market, ProRail, actively supports new parties in their efforts to enter this technically and logistically complex market. In order to remain competitive, Strukton is ever vigilant in ensuring the size of its organization and its quality remain in keeping with market conditions. Strukton is stepping up operations outside the Netherlands, while also trying to expand operations in the Dutch market by targeting private-sector parties and municipal transport authorities.

Due to the complexity of these bidding procedures (especially involving projects put out to bid on a D&C or

DBFMO basis), bidding costs are on the rise, while clients are often unwilling to cover these costs. Strukton is therefore highly critical in selecting contracts to bid for.

For a large part of its revenue, Strukton is dependent on contracts awarded by public and semi-public organizations. Delays in political decisions and adjustments in government investment budgets affect contract volumes. To limit susceptibility to economic downturns, Strukton strives for a situation where a substantial chunk of revenue is produced by long-term and recurring contracts.

Antea Group Risk Management
In day-to-day operations, achieving business objectives and managing risk go hand in hand. When it comes to raising awareness of and preventing business risk, the following factors play a key role: attainability of targets, employee commitment and exemplary behavior by management, transparency and openness in voicing opinions and discussing dilemmas, and adherence to and monitoring of risk management systems. The risk management systems are aligned with the nature and scale of clients and contracts. For contracts involving a lower level of complexity, a simpler, but still tried-and-tested and effective, model is used, such as rules of conduct, authorized signatory instructions, a risk assessment protocol, and uniform terms and conditions for entering into obligations. Antea Group has furthermore taken the necessary precautions to protect sensitive information against unauthorized access and modification, which will ultimately earn Antea Group ISO 27001 certification. This ISO standard stands for a process-based approach to defining, implementing, executing, monitoring, maintaining and improving information security using an Information Security Management System.

For cross-border and large-scale projects, a risk management system is used which is derived from the risk management systems of the major oil companies commissioning the work. The quotations and project progress are discussed in full with the responsible management, the financial managers and the legal counsel. When putting together multinational bids and contracts, the Decision Making Framework is used to assess the various project-related and other risks, such as financial risks, local legislation and regulations, dealing with cultural differences, etc. All employees receive regular training in the use of this risk management system. Application of the risk management system is audited on a regular basis by Antea Group's group control and group legal departments.

International (Legislation and Regulations)
As internationalization advances, Oranjewoud N.V. business units increasingly operate on an international scale. The board of Oranjewoud N.V. has drafted clear, verifiable rules for the management of all business units. Each of the countries where Oranjewoud N.V. has operations presents some special focus points. All country organizations are subject to the same rules on matters such as hospitality, bribery, donations to political organizations or charities, and compliance with national legislation and regulations in the area of working conditions and employment terms. The risk management systems are the same for all business units, with local focus points for legislation and regulations, governance and compliance, insurance terms and conditions, and risk management. Several times a year, the directors from the different country organizations come together for a meeting. Strategy, risk management, claims, clients, compliance and governance are fixtures on the agenda of those meetings. This provides a good picture of the financial and project administration and the operational state of affairs in the company.

IT
IT governance is focused on IT security and business continuity: effective and efficient use of IT resources and information security management. Means used to this end include technical solutions such as the creation of a secure IT environment, data backups, arranging and maintaining fallback and recovery plans, and awareness programs for employees who work in the area of personal data processing.

Financial Instruments
Please refer to note 17 "Financial Instruments" for details on financial risk management measures.

Sensitivity of the Results
Governments and private-sector parties acting on behalf of government bodies are important clients for Oranjewoud N.V.'s business units. The policies of these clients and the associated budgets are a critical factor for the operation of the companies within the Group. Delays in political decisions and adjustments in government investment budgets affect contract volumes. The impact of these cuts cannot be predicted. Through a targeted market approach and diversification, both in the Netherlands and on an international scale, Oranjewoud N.V. seeks to appeal to a more diverse range of clients and reduce dependency on large public-sector clients.

Joint Ventures
Joint ventures with different partners on an operational and financial level are always set up under the internal and external stewardship of specialists. As part of day-to-day operations, financial and project-related activities and results are discussed with the management of the unit participating in the joint venture, as well as with financial and legal experts of Antea Group, Strukton Group, and Oranjewoud N.V.

Safety
The safety policy at the business units is geared toward control and preventing operational activities from leading to accidents, injury and loss of reputation, as well as toward ensuring activities are not in breach of legislation and regulations. All employees have access to the Quality, Labor and Environment systems (QLE). The QLE systems are tested regularly by independently accredited certification institutes. Prevention takes top priority within the Oranjewoud Group. Its safety policy also stresses human behavior as a risk factor. These risks must be minimized using careful work preparation, analysis of near-accidents and toolbox meetings.

Liability Risk
Oranjewoud N.V. has a centralized insurance policy primarily geared towards prevention of fluctuations in profits due to damage and/or losses in projects under the responsibility of a company in the Group. Oranjewoud N.V. has therefore formulated cover requirements and takes out insurance, such as liability insurance, professional indemnity insurance and more specific forms of insurance, at group level. Given the wide variety of projects, both in terms of size and complexity, as well as the requirements imposed by local and other legislation and regulations in the various countries where the companies operate, several supplementary insurance policies that take this diversity into account have been procured.

Status
The status of risk management efforts at Oranjewoud N.V. was discussed several times in 2016 during (joint) meetings of the Board of Directors and the Supervisory Board. The conclusion was that internal risk management was effective in the financial year under review.

In Control Statement
The Board of Directors declares acceptance of responsibility for the set-up and functioning of the internal risk management and control system tailored to the Group. During 2016, the Board of Directors systematically analyzed and assessed the relevant significant risks as well as the control environment.

Oranjewoud N.V.'s operations are wide-ranging and performed by a varied group of operating companies that are active in the areas of hydraulic engineering, infrastructure, the environment and spatial planning. Internal control is handled by each of the operating companies separately, so there is only limited internal control at the level of Oranjewoud N.V. itself. Organizing internal control in this way was a conscious choice, prompted by the fact that it fosters entrepreneurship. However, due to increased complexity of the environment in which the group operates (in terms of risks, legal context and increased international business), a need has arisen to design and implement additional procedures in the area of internal auditing and related processes at Oranjewoud N.V. level on top of existing procedures. These procedures will be detailed in a handbook and, as a minimum requirement, they will govern the activities of the operating companies.

The respective reports by the Supervisory Board and the Board of Directors both make mention of the Supervisory Board's review of how the agency contract for the Riyadh subway project in Saudi Arabia came about, which also looked at the current effectiveness of the contract. This review showed that there are no concrete indications of possible irregularities. It also concluded, however, that the contract with the agent could have included more compliance guarantees back in 2013 and that the agent's activities need to be better documented. Although there are no indications to this effect, a risk of non-compliance with applicable legislation and regulations can never be ruled out completely, which potentially impacts on the financial statements. These possible consequences cannot be estimated reliably, which is why no provision was created.

Partly following on from the above findings regarding the Riyadh agency contract (but not exclusively, as this issue has been addressed since 2015), improvement and rectification measures have been formulated in the area of compliance and duty of care (also refer to the section on Internal Control for further details).

With the above considerations in mind, the Board of Directors declares that the risk management and control systems in the financial reporting provide a reasonable degree of certainty that the financial reporting does not contain any inaccuracies of material significance, and that the risk management and control systems have functioned properly over the financial year.

The risk management and control systems in place significantly reduced the risk of incorrect decisions, deliberate circumvention of management processes and non-compliance with rules and regulations. However, it is virtually impossible to be aware of all risks at all times, let alone to fully describe and manage them. Therefore the existing systems cannot provide absolute certainty regarding attainment of objectives, nor can they fully prevent all inaccuracies of material significance, such as losses, fraud or transgressions of rules and regulations.

On behalf of the Board of Directors

Mr. G. P. Sanderink

June 30, 2017

Financial Statements 2016

Oranjewoud N.V.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(in thousands of euros)

	31-12-2016		31-12-2015	
Non-current assets				
Intangible assets (1)	**87,912**		100,762	
Property, plant and equipment (2)	**174,750**		180,066	
Investment property (3)	**5,533**		5,369	
Associates (4)	**28,970**		27,758	
Other financial non-current assets (5)	**37,969**		33,603	
Deferred tax assets (6)	**47,786**		47,534	
		382,920		**395,092**
Current assets				
Inventories (7)	**31,029**		29,800	
Receivables (8)	**659,835**		780,459	
Work in progress (9)	**329,223**		213,901	
Income tax receivables	**7,005**		7,896	
Cash and cash equivalents (10)	**222,781**		234,198	
		1,249,873		**1,266,254**
Total assets		**1,632,793**		**1,661,346**
Equity				
Issued capital	**6,287**		5,873	
Share premium	**201,896**		183,310	
Translation reserve	**932**		(2,684)	
Legal reserve subsidiaries	**7,513**		8,460	
Hedging reserve	**(1,945)**		(2,001)	
Actuarial reserve	**(7,896)**		(5,660)	
Retained earnings	**55,795**		36,760	
Undistributed profit	**11,331**		18,088	
Equity attributable to equity holders of the parent company	**273,913**		242,146	
Non-controlling interests	**35,156**		416	
Total equity (11)		**309,069**		**242,562**
Non-current liabilities				
Deferred employee benefits (12)	**47,434**		43,592	
Provisions (13)	**16,582**		13,988	
Deferred tax liabilities (6)	**8,932**		11,628	
Subordinated loans (14)	**1,000**		10,000	
Non-current liabilities (14)	**40,676**		150,044	
Total non-current liabilities		**114,624**		**229,252**
Current liabilities				
Trade payables	**330,288**		335,826	
Amounts owed to credit institutions (10)	**32,936**		92,301	
Work in progress (9)	**381,749**		338,194	
Corporate income tax payable	**5,573**		7,474	
Provisions (13)	**2,825**		3,543	
Other current liabilities (15)	**455,729**		412,194	
Total current liabilities		**1,209,100**		**1,189,532**
Total equity and liabilities		**1,632,793**		**1,661,346**

CONSOLIDATED STATEMENT OF INCOME

(in thousands of euros)	2016	2015
Revenue (18)	**2,315,565**	2,305,607
Other operating income (19)	**10**	1,887
Total operating income	**2,315,575**	**2,307,494**
Project costs of third parties	**(1,240,685)**	(1,246,830)
Staff costs (20)	**(807,356)**	(785,069)
Other operating expenses (22)	**(196,180)**	(186,867)
Depreciation	**(45,166)**	(49,246)
Total operating expenses	**(2,289,387)**	**(2,268,012)**
Operating profit	**26,188**	**39,482**
Finance revenue (23)	**5,808**	5,850
Finance costs (23)	**(22,117)**	(24,517)
Net finance revenue/(costs)	**(16,309)**	(18,667)
Share in profit after taxes of associates (4)	**11,645**	3,402
Profit before taxes	**21,524**	**24,217**
Income tax (24)	**(7,626)**	(4,973)
Net profit for the year	**13,898**	**19,244**
Attributable to:		
Shareholders of the parent company	**11,331**	18,088
Non-controlling interests	**2,567**	1,156

EARNINGS PER SHARE (in euros)

	2016	2015
Net earnings per share attributable to equity holders of the parent company (basic and diluted)	0.19	0.31
Average number of shares outstanding	58,948,912	58,408,124

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
(in thousands of euros)

		2016		2015	
Profit after taxes			**13,898**		19,244
Realized results	note 32		**1,972**		-
<u>Other comprehensive income to be reclassified to profit and loss in future periods</u>					
Changes in fair value of derivatives for hedge accounting		**75**		5,360	
Income tax	note 6	**(19)**		(1,340)	
	note 32		**56**		4,020
Currency translation differences		**1,644**		(2,380)	
Income tax		**-**		-	
	note 32		**1,644**		(2,380)
Other comprehensive income to be reclassified to profit and loss in future periods			**1,700**		**1,640**
<u>Other comprehensive income not to be reclassified to profit and loss in future periods</u>					
Change in actuarial reserve	note 12	**(2,879)**		7,755	
Income tax	note 6	**643**		(1,838)	
Other comprehensive income not to be reclassified to profit and loss in future periods	note 32		**(2,236)**		**5,917**
Total comprehensive income after taxes			**15,334**		**26,801**
Attributable to:					
Shareholders of Oranjewoud			**12,767**		25,645
Non-controlling interests			**2,567**		1,156
Total comprehensive income after taxes			**15,334**		**26,801**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
(in thousands of euros)

Group equity	Attributable to equity holders of the parent company									Non-controlling interests	Total
	Issued share capital	Share premium	Translation differences reserve *)	Legal reserve subsidiaries	Hedge-reserve *)	Actuarial reserve	Retained earnings	Profit for the financial year	Total capital and reserves		
Balance at January 1, 2015	5,688	173,495	(304)	893	(6,021)	(11,577)	71,265	(26,938)	206,501	454	206,955
Issue of shares	185	9,815	-	-	-	-	-	-	10,000	-	10,000
Dividend payment for 2014	-	-	-	-	-	-	-	-	-	-	-
Retained earnings for 2014	-	-	-	-	-	-	(26,938)	26,938	-	-	-
Subtotal	5,873	183,310	(304)	893	(6,021)	(11,577)	44,327	-	216,501	454	216,955
Profit for the financial year	-	-	-	-	-	-	-	18,088	18,088	1,156	19,244
Unrealised gains and losses	-	-	(2,380)	7,567	4,020	5,917	(7,567)	-	7,557	-	7,557
Total comprehensive income after taxes	-	-	(2,380)	7,567	4,020	5,917	(7,567)	18,088	25,645	1,156	26,801
Reclassification to liabilities	-	-	-	-	-	-	-	-	-	(1,194)	(1,194)
Balance at December 31, 2015	5,873	183,310	(2,684)	8,460	(2,001)	(5,660)	36,760	18,088	242,146	416	242,562
Balance at January 1, 2016	5,873	183,310	(2,684)	8,460	(2,001)	(5,660)	36,760	18,088	242,146	416	242,562
Issue of shares	414	18,586	-	-	-	-	-	-	19,000	-	19,000
Dividend payment for 2015	-	-	-	-	-	-	-	-	-	-	-
Retained earnings for 2015	-	-	-	-	-	-	18,088	(18,088)	-	-	-
Subtotal	6,287	201,896	(2,684)	8,460	(2,001)	(5,660)	54,848	-	261,146	416	261,562
Profit for the financial year	-	-	-	-	-	-	-	11,331	11,331	2,567	13,898
Realized results	-	-	1,972	-	-	-	-	-	1,972	-	1,972
Unrealised gains and losses	-	-	1,644	(947)	56	(2,236)	947	-	(536)	(115)	(651)
Total comprehensive income after taxes	-	-	3,616	(947)	56	(2,236)	947	11,331	12,767	2,452	15,219
Termination put option contract CLF	-	-	-	-	-	-	-	-	-	32,288	32,288
Balance at December 31, 2016	6,287	201,896	932	7,513	(1,945)	(7,896)	55,795	11,331	273,913	35,156	309,069

*) In addition to the Legal reserve subsidiaries also the Translation differences reserve and the Hedge reserve concerns legal reserves.

CONSOLIDATED STATEMENT OF CASH FLOWS
(in thousands of euros)

		2016		2015	
Profit after taxes		**13,898**		19,244	
Non-cash movements:					
Profit/(loss) of associates	note 4	**(11,645)**		(3,402)	
Corporate income tax	note 24	**7,626**		4,973	
Finance revenue and costs	note 23	**16,309**		18,667	
Depreciation and amortization		**45,166**		49,246	
Result on sale of ppp-projects		**-**		(1,310)	
Result on sale of associates		**-**		(52)	
Badwill business combination	note 1	**-**		(1,741)	
Impairment by finishing activities		**5,209**		-	
Change in provisions		**6,062**		5,952	
Cash flow from operating activities before changes in working capital		**82,625**		91,577	
Changes in working capital:					
Trade payables		**(5,558)**		(58,880)	
Other current liabilities		**(12,815)**		15,288	
Inventories		**3,123**		3,930	
Work in progress		**6,224**		38,977	
Trade receivables		**7,079**		10,963	
Other receivables and prepayments and accrued income		**25,962**		(35,129)	
Change in working capital		**24,015**		(24,851)	
Dividend received from associates		**8,783**		2,961	
Interest received		**5,007**		5,847	
Income tax paid		**(16,708)**		(8,546)	
		21,097		(24,589)	
Cash flow from operating activities			**103,722**		66,988
Investments in intangible assets	note 1	**(961)**		(1,050)	
Investments in property, plant and equipment	note 2	**(23,026)**		(20,944)	
Investments in investment property	note 3	**(160)**		(184)	
Investments in associates	note 4	**(2,508)**		(2,943)	
Investments in consolidated companies	note 1	**(6,023)**		(1,848)	
Disposal of property, plant and equipment		**(1,894)**		1,141	
Disposal of associates		**(286)**		3,781	
Change in other financial non-current assets		**(4,366)**		(2,732)	
Cash flow from investing activities			**(39,224)**		(24,779)
Drawings subordinated loans		**-**		10,000	
Repayments subordinated loans		**(9,000)**		-	
Drawings loans		**9,090**		23,457	
Repayments loans		**(18,349)**		(5,419)	
Other changes		**(149)**		(1,675)	
Interest paid		**(21,207)**		(22,057)	
Issue of shares		**19,000**		10,000	
Cash flow from financing activities			**(20,615)**		14,306
Net cash flow			**43,883**		56,515
Balance of cash and cash equivalents at January 1st			**141,897**		76,297
Exchange differences on cash and cash equivalents			**4,065**		9,085
Balance of cash and cash equivalents at December 31st	note 10		**189,845**		141,897

ACCOUNTING POLICIES

Corporate information

Oranjewoud N.V. is a public limited liability company established under Dutch law in the Netherlands in Gouda, Antwerpseweg 8. The shares of the company are listed on the official market of Euronext N.V. in Amsterdam. Sanderink Investments B.V. holds 96.00% of the shares in Oranjewoud N.V. Sanderink Investments B.V. is wholly owned by Gerard Sanderink's Stichting Administratiekantoor Sanderink Investments. Oranjewoud N.V. engages in the fields of Consultancy and Engineering Services, sports and recreational facilities, temporary employment, railsystems, civil infrastructure, property and construction, technical management and services, and PPP-concession projects. The organization supplies premium-quality services in the fields of infrastructure and accommodation solutions, urban development, construction, nature and landscape, environment and safety, property and sports and recreational facilities. Oranjewoud N.V. handles the entire process from study, consulting, design, plan preparation and supervision to realization, management and commercial operation.

The financial statements 2016 were drawn up on June 30, 2017 by the company's Board of Directors and approved by the Supervisory Board and will be submitted to the General Meeting for adoption on September 21, 2017.

Basis of preparation

The consolidated Group figures are presented in euros, the functional currency of the Group. The consolidated financial statements of the Group have been prepared in accordance with the International Financial Reporting Standards (IFRS) as endorsed by the European Union (IFRS-EU) and also in accordance with Part 9 of Book 2 of the Dutch Civil Code.

Should this English version of the Financial Statements of Oranjewoud N.V. in certain parts be different from the Dutch version, then the Dutch version will be considered leading.

Going-concern assumption

Oranjewoud N.V.'s 2016 financial statements were prepared based on the going-concern assumption. For a detailed explanation of the reasons for this, please refer to the section on Risk Management under Liquidity Risk.

Principles used in preparing the consolidated financial statements

Unless stated otherwise, the consolidated financial statements were prepared based on historical costs. The principles for financial reporting as outlined below have been applied consistently for the periods presented in these consolidated financial statements, excepting only standards and interpretations that have not yet been applied.

Application of new and revised standards and interpretations (IAS / IFRS):

The Group has applied a number of new and revised standards in 2016 issued by the International Accounting Standards Board (IASB) and that are (mandatory or early adoption) in effect on reporting periods commencing on or after January 1, 2016.

The application of new and revised standards did not impact on the current reporting period or previous periods, and is not expected to affect future reporting periods either.

There are no other IFRSs or IFRIC amendments with a material impact on the Group that apply to reporting periods commencing on or after January 1, 2016.

Not yet applied standards and interpretations

The standards and interpretations that have been issued on the date of publication of the financial statement of the Group but were not yet in force, are explained in the following. Where applicable, the Group intends to apply these as soon as they are in force. The following standards and interpretations not yet mandatory in 2016, were not applied in these financial statements.

IFRS 9 Financial Instruments

IFRS 9 replaces the majority of guidelines from the current IAS 39 standard. IFRS 9 is split up into three main parts, being classification and measurement, impairment, and hedge accounting.

The most important change in terms of classification and measurement is that the business model and the features of the financial instrument are used as the basis for classification and measurement. Assets are valued at amortized cost or fair value based on the business model and the features of the financial instrument. When it comes to impairments, IFRS 9 introduces one single impairment model, which looks at projected losses, to replace the model that looked at incurred losses.

IFRS 9 provides amended conditions that have to be met to be able to use hedge accounting. Although the hedge models have remained the same, hedge accounting rules have been relaxed.

IFRS 9 will enter into force for financial years starting on or after January 1, 2018. It is not possible at this stage to quantify the impact of the implementation of IFRS 9.

IFRS 15 Revenue from contracts with customers
The new standard is based on the principle that revenue is recognized when performance obligations are realized. IFRS 15 replaces IAS 18 Revenue recognition and IAS 11 Construction contracts and multiple interpretations. The Group is currently in the process of mapping the impact of IFRS 15. Based on the first analyses, we are as yet unable to quantify the impact of IFRS 15. However, it is clear that the concept of percentage of completion can still be used for the majority of contracts.

This standard will be compulsory for financial years starting on or after January 1, 2018. Instead of retrospectively applying the full method, the Group will make use of the simplified transitional arrangement. This will see comparative figures (2017 financial year) still recognized based on the former regulations (IAS 11 and IAS 18) in the 2018 financial statements. In the 2018 financial year, revenue will be recognized based on the new regulations (IFRS 15). The impact of implementation of IFRS 15 on shareholders' equity will then also be detailed.

IFRS 16 Leases
IFRS 16 will enter into force on and be compulsory from January 1, 2019. IFRS 16 will replace the current standard, IAS 17, and associated interpretations. The new standard requires systematic recognition of rights and commitments under lease agreements. As a result, nearly all lease and rental agreements have to be recognized on the tenant's balance sheet. IFRS 16 will have an impact on various significant ratios. The Group is currently in the process of analyzing the impact of implementation of IFRS 16. It is not possible at this stage to quantify the impact of the implementation of IFRS 16. The Group has a number of rental agreements and operating leases that, under the new standard, will in principle have to be recognized on the balance sheet.

Basis of consolidation

Subsidiaries (full consolidation)

Subsidiaries include all entities in which the Group has direct or indirect decisive control. Decisive control is exercised when the Group:
- has the power to steer the relevant activities of a subsidiary so as to obtain benefits from its activities;
- is exposed, or has rights, to variable returns from its involvement with the subsidiary; and
- has the ability to use its power to affect its returns.

Subsidiaries are fully consolidated from the date on which the Group obtains control. They are deconsolidated from the moment the Group no longer has control.

The purchase method of accounting is used to account for the Group's acquisition of subsidiaries. The consideration transferred for the acquisition of a subsidiary is the fair value of assets transferred, the equity instruments issued at acquisition date, and the liabilities incurred by the Group. The consideration transferred includes the fair value of any asset, consideration or liability resulting from a contingent consideration agreement. Acquisition-related costs are expensed as incurred.

Acquired identifiable assets and (contingent) liabilities acquired are initially measured at their fair values at the acquisition date. For each acquisition, the Group values a possible non-controlling interest either at fair value or at the non-controlling interest share in the identified net assets of the acquired party.

If the consideration transferred, the non-controlling interest or the fair value at acquisition date of an interest in the acquired party that already existed at the acquisition date exceeds the fair value of the Group's share in the identifiable net assets, the difference will be recorded as goodwill. If the consideration transferred is less than the fair value of the identifiable net assets, the difference will be taken directly to the income statement.

Joint arrangements
Based on IFRS 11, joint arrangements are classified as joint ventures or joint operations. Classification depends on each shareholder's or partner's rights and obligations and is unrelated to the legal format. The Group is involved in both joint ventures and joint operations.

Joint operations
Joint operations are the Group's interests in entities, in which control is contractually exercised jointly with third parties. The Group recognises its share in the joint operations' individual revenues and expenses, assets and liabilities and combines it on a line-by-line basis with corresponding items in the Group's financial statements.

Joint ventures
Joint ventures are entities that the Group controls jointly with third parties, and where control arrangements have been laid down in an agreement. The Group is entitled to a share of these entities' net profits, as well as to a share of the net asset. The consolidated financial statements recognize joint ventures as a participation as per the equity method. Investments in associates include goodwill (net of any accumulated impairment losses). The parties to the arrangement have agreed contractually that control is shared and decisions regarding relevant activities require unanimous consent of the parties which have joint control of the joint venture.

Associates
Associates are entities where the Group has significant influence on financial and operating policy without having decision-making authority, as these are not joint ventures. The consolidated financial statements recognize the Group's share in total loss/income from unconsolidated investments as per the equity method, after correction of the principles in accordance with the Group's principles, from the date on which the Group gained significant influence until the date on which it ceased to have significant influence. Investments in associates include goodwill (net of any accumulated impairment losses).

Associates without significant influence
Participating without significant influence are carried at amortized cost using the effective interest method.

Transactions eliminated on consolidation
Intragroup balances and any unrealized gains and losses on transactions within the Group and income and expenses arising from transactions, are eliminated in the preparation of the consolidated financial statements. Unrealized gains and losses arising from transactions with associates and jointly controlled entities are eliminated in proportion to the importance the Group has in the entity.

Consolidated interests
The consolidated associates and the equity interest percentages are presented in note 40.

Basis of valuation

Foreign currency transactions and investments in foreign operations
Transactions in foreign currencies are initially recorded at the functional currency rate at the time of the transaction. Cash and cash equivalents, receivables, debts and obligations in foreign currencies are translated at the rate applicable at the reporting date. Translation differences are recognized in the statement of income, with the exception of differences on foreign currency loans providing a hedge against an investment in a foreign operation. These differences are taken to the translation differences reserve until the date of sale of the foreign operations, following which they are recognized in the statement of income.

Assets and liabilities of foreign operations are translated into euros at the exchange rates ruling at the reporting date. Currency differences ensuing from this conversion are included in conversion difference reserves of the shareholders' equity. In case of full or partial divestiture of foreign subsidiaries, joint operations, joint ventures and participations in which the Group has ceased to have decision-making authority, conversion differences are transferred to the statement of income. Income and expenditure from foreign operations are converted to euros at the rate that approximates the exchange rate on the transaction date.

Derivative financial instruments
The Group uses interest rate swaps, inflation swaps and an "overdraft facility" to hedge interest rate and inflation risks arising from corporate and project financing. For the interest rate swaps and inflation swaps, which were concluded with Strukton in the acquisition of Strukton, hedge accounting is not applied. These interest rate swaps, inflation swaps and

“overdraft facility” are measured at fair value. The change in fair value of these swaps is directly recognized in the statement of income. No hedge accounting is applied since the hedge in fact starts at the acquisition date and then ineffectiveness would arise for sure.

For interest rate swaps, inflation swaps and “overdraft facility” which were conducted after the acquisition of Strukton, hedge accounting is applied. The change in fair value of the interest rate swaps, inflation swaps and “overdraft facility”, which serve to hedge interest rate risks and currency risks arising from future interest payments and future cash flows in US dollars, are reported directly in equity, if the hedge can be characterized as effective. The amounts deferred in equity are transferred to the income statement when the hedged future interest coupons and hedged future indexation payments are accounted for in the income statement. For the part where the hedge effectiveness can not be proved, the value changes are immediately justified in the consolidated statement of income. When the interest rate swap is sold or terminated, or if the hedge relationship is no longer effective, the cumulative gain or loss at that point remains included in equity, unless no longer is expected that the original hedged cash flows will occur. At that time, the deferred results in equity are immediately justified in the in the consolidated statement of income.

Intangible assets

Patents and Intellectual Property

Patents and Intellectual Property are carried at cost less accumulated amortization and any impairments. Patents are amortized on a straight-line basis over their useful lives of five years. The lifespan of Intellectual Property is seven years.

Software

Software is measured at historical cost, including capitalised finance costs, less annual straight-line amortization based on the expected lifespan and accumulated impairment. The lifespan of software is between two and five years.

Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The cost price of an acquisition is determined based on the total fee transferred (determined based on fair value as of the acquisition date) and the sum of any minority interest in the acquired party. For every business combination, the acquiring party values the minority interest in the acquired party either at the fair value or in proportion to the acquired party's net assets. Expenses associated with the acquisition are deducted from the statement of income immediately.

When the Group acquires an enterprise, it evaluates the acquired financial assets and liabilities so they can be classified properly and, in accordance with the contractual conditions, so economic circumstances and other applicable circumstances can be identified. This also includes the separation of embedded derivatives by the acquired party. If the business combination is carried out in various phases, then the fair value as of the acquisition date of the interest in the acquired party held previously by the Group is recalculated, incorporating changes in value into the statement of income.

Any contingent fee to be transferred by the Group shall be recognized at fair value as of the acquisition date. Future changes in the fair value of the contingent fee regarded as an liability shall be accounted for in accordance with IAS 39 either in the statement of income or as a transaction in the unrealized results. If the contingent fee is classified as equity, then it shall only be reevaluated on final settlement in the equity.

Goodwill is first valued at its cost price, which is the amount by which the transferred fee exceeds the balance of the assets acquired and the liabilities taken on. If this fee is less than the fair value of the net assets of the acquired subsidiary, then the difference shall be accounted for in the statement of income.

After initial recognition, the goodwill is valued at cost price minus any accumulated impairment losses. To check for impairment, the goodwill resulting from a business combination starting from the acquisition date is allocated to the cash flow-generating units expected to profit from the business combination, regardless of whether assets or liabilities from the acquired entity have been allocated to these units.

If goodwill is part of a cash flow-generating unit and some of the business activity within the unit is disposed, then the goodwill pertaining to the disposed activity will be included in that activity's carrying amount to determine the earnings resulting from the disposal. Goodwill that is disposed under the conditions described above is determined on the basis of the relative proportions of the values of the disposed activity and the part of the cash flow-generating unit to be retained.

Other intangible assets
If intangible assets can be separately identified on the acquisition of an entity, these are capitalised and amortized within the amortization period applicable. An amortization period varying between 4 to 12 years applies to client bases, depending on their nature and expected churn rate. An amortization period of 0.5 to 6 years is applied to the value of a backlog. Amortization periods are reviewed annually.

Property, plant and equipment
Land and buildings
Buildings are carried at cost less linear depreciation, based on their expected life-cycle, taking into account a residual value, and accumulated impairment. The lifespan of buildings is twenty-five years. If major repairs are carried out, the amount is activated and depreciated. Future buildings are being activated including interest. Land is not depreciated (excluding land hardening (ten years)).

Plant, tools, fixtures, fitting and other
Plant, tools, fixtures, fittings and other (including inventories) are carried at cost less straight-line depreciation, based on their expected useful lives and residual value, and accumulated impairment. Cost includes the cost of replacing spare parts in the plant and tools, provided that those costs meet the requirements for recognition in the statement of financial position. The lifespan of plant, tools, fixtures and fittings are between two and six years, and of other between three and ten years.

Assets under construction
Assets under construction are valued at incurred costs and consist mainly of term payments for the acquisition of equipment that is not already in use.

Derecognition
An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition is recognized in the statement of income in the year in which the item is derecognized. Residual values, useful lives and measurement methods are reviewed and adjusted, if appropriate, at the end of each financial year.

Where tangible fixed assets consist of significant parts, they are listed as separate items (major components) under tangible fixed assets.

Leased assets with the Group acting as a lessee
Leases under which the Group assumes substantially all risks and rewards of ownership are classified as finance leases. On initial recognition the leased asset is carried at the lower of fair value and the present value of the minimum lease installments. They are subsequently accounted for in accordance with the applicable accounting policy.
Other leases relate to operating lease agreements, for which the leased assets are not included in the statement of financial position of the Group. The leased assets are attributed linearly to the lease term.

Property investments
Property investment is an asset that is held to earn rentals or for capital appreciation, or both. Property investments are valued at cost price reduced with accumulated depreciation and impairment losses. When a property is issued for personal use, it is transferred to tangible assets. The fair value of investment properties is listed in the consolidated financial statement notes. Fair value is being defined as the price that would be received to sell an asset or that would be paid to transfer a liability in a orderly transaction between market participants at the measurement date. The fair value measurement is based on the assumption that the transaction to sell an asset or transfer a liability takes place at: the principal market for the asset or liability, or in the absence of a major market, at the most favorable market for the asset or liability. The principal or most favorable market should be accessible to the Group.

Depreciation is charged to the income statement on a straight-line method based on the estimated life cycle of each component. Depreciation rates are similar to those of the categories of tangible fixed assets. Depreciation methods, life cycle and residual values are reassessed at the reporting date.

Non-current assets held for sale
Non-current assets (or groups of assets and liabilities that are disposed) of which the carrying amount is expected to mainly be realized through a sale transaction and not through the continued use of the asset are classified as ‘held for sale’.

Immediately prior to this classification, the assets (or the components of a group of assets that are to be disposed) are revalued in line with the Group's financial reporting principles. The assets (or a group of assets that are to be disposed) are subsequently valued based on the carrying amount, or, if lower, the fair value (less cost of sales).
Impairment losses on a group of assets to be disposed will initially be recognized as goodwill and subsequently be prorated to the remaining assets and liabilities. Impairment losses ensuing from the initial classification are included in the statement of income.

Other financial assests

Other long term receivables

Receivables with fixed or determinable repayments are initially recognized at fair value and subsequently at amortized cost using the effective interest method. Gains and losses are recognized in the statement of income when the receivables are derecognized or impaired, and through the amortization process. A non-current financial asset is written off as soon as the Group is no longer entitled to the cash flows from the asset.

Ppp claims

Receivables from public/private partnerships (ppp receivables) are pending concession payments from public bodies (governments) in relation to ppp concession projects. The ppp claims are recognized as financial fixed assets. In the first processing in the consolidated financial statements, the ppp assets are rated at fair value and subsequently at amortized cost using the effective interest method. This method uses a rate which is (almost) equal to the interest (after hedging) of the ppp related non-recourse loan (ppp loan where the borrower is not jointly and severally liable against the lender).

With the acquisition of Strukton the long-term receivables of four ppp projects, existing on acquisition date, were consolidated. At acquisition date these claims were rated at fair value, in accordance with IFRS 3. Valuation after initial recognition takes place at fair value, to avoid an accounting mismatch between ppp receivables and ppp liabilities, that would arise from valuing against amortized cost. The change in fair value is recognized directly in the statement of income. For a more detailed explanation of the circumstances that led to this way of valuing the claim, reference is made to the explanations under note 17.

Deferred taxes

Deferred tax assets and liabilities are recognized for temporary differences between the tax bases of assets and liabilities and the accounting policies used in these financial statements as well as for carry-over losses for the portion for which sufficient taxable profit is likely to be realized. The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that sufficient future taxable profits are not likely.

Deferred taxes are calculated at the rate that is likely to apply at the time of settlement pursuant to legislation. Deferred taxes are recognized in the statement of income, except if related to items recognized as unrealized results, in which case the deferred taxes are likewise recognized as unrealized results.

If after settlement a deferred tax asset arises, it is recognized under non-current assets. Deferred tax assets and liabilities are offset if a legally enforceable right to do so exists, if they relate to income tax assessed by the same tax authority and if the company has the legally enforcable right to settle on a net basis.

Impairment

Financial assets

A financial asset is considered to be subject to impairment if objective evidence indicates that one or more events have had a negative effect on the expected future cash flows of that asset. An impairment loss in respect of a financial asset carried at amortized cost is calculated as the difference between carrying amount and the present value of expected future cash flows, discounted at the original effective interest rate.
All impairment losses are charged to the statement of income.

An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was taken. For financial assets carried at amortized cost, the reversal comes in favor of the statement of income. When it involves financial assets shares which are available for sale, the reversal is recognized directly in equity.

Non-financial assets

The carrying amounts of non-financial assets of the Group, other than inventories and deferred tax assets, is reviewed at each reporting date to determine whether there is any indication of impairment. If such indications exist, an estimate of the recoverable amount of the asset is made. Of goodwill and intangible assets with indefinite lifecycles or not yet in use, an estimate of the recoverable amount is made at each reporting date.

An impairment loss is recognized when the carrying amount of an asset or its cash flow generating unit to which it belongs, exceeds its recoverable amount. Impairment losses are included in the statement of income. For an asset or a cash flow generating unit, the recoverable amount equals the highest company value or the fair value minus the costs to sell. In determining the company value, the present value of the estimated future cash flows is calculated using a discount rate that reflects current market assessments of the time value of money and the specific risks relating to the asset.

With respect to goodwill (excluding goodwill included in the bookvalue of investments) impairment losses are not reversed. For other assets, impairment losses included in prior periods are reviewed at each reporting date to determine indications that the loss has decreased or no longer exists. An impairment loss is reversed if the estimates used to determine the recoverable amount, have changed. An impairment loss is reversed only to the extent that the carrying amount of the asset does not exceed the carrying amount, after depreciation or amortization, which would have been determined if no impairment loss was recorded.

Inventories
Inventories are stated at cost price or net realizable value if lower. Net realizable value is the estimated selling price in the ordinary course of business, reduced with the estimated costs of completion and selling expenses. The costs of inventories are based on the average purchase costs or cost price, and include expenditure incurred in acquiring the inventories and related purchase costs. The cost price of inventories of finished goods includes an appropriate share of the overhead based on normal operating capacity.

Receivables
Projects in progress
Works in progress are gross amounts that still have to be charged for contract work performed up to the reporting date that are pending collection from clients. This item is valued at cost, plus profit recognized up to that point, less installments billed and losses recognized. The cost encompasses all expenditure related directly to specific projects and attribution of fixed and variable indirect costs incurred for the Group’s contract operations, based on normal output capacity. Works in progress are recognized on the balance sheet as receivables from, or liabilities to, the client under the contract. This is a receivable when the amount of the costs incurred (including the result recognized) exceeds the amount of the installments billed. If the amount of costs incurred (including the result recognized) is lower than that of the installments billed, work in progress is a liability. Additional work is recognized only when there is a contractual basis for it and it is reasonably likely to be accepted (more than 50% likelihood). Claims are recognized when they are highly likely to succeed (‘highly probable’).

Trade receivables, receivables from affiliated companies and *other receivables*
Trade receivables, receivables from affiliated companies and other receivables are initially recognized at fair value and subsequently at amortized cost using the effective interest method.

Cash and cash equivalents
Cash and cash equivalents are bank balances, deposits and cash balances. Bank balances that are available on demand and that form an integral part of the company’s cash management system is included in the statements of cash flows under cash and cash equivalents.

Equity attributable to equity holders of the parent company
Reserves
The reserves consist of a share premium, a translation differences reserve, a legal reserve subsidiaries, a hedge reserve and an actuarial reserve. The share premium reserve is a reserve created through additional capital injections by the shareholder. The conversion difference reserve contains all currency exchange rate differences arising due to conversion of the Group's net investment in foreign subsidiaries. The statutory reserve for participations consists of non-paid-out profits from participations, which cannot be paid out without limitations. The hedge reserve consists of the cumulative change in fair value of hedge instruments when the hedged transactions have not yet been carried out or the hedge position has not yet ended. An actuarial reserve is created for the cumulative change in fair value of pension liabilities as a result of changes in actuarial assumptions.

Retained earnings
Retained earnings include the cumulative results of previous financial years less the dividend payment.

Non-controlling interests
Non-controlling interests concerns the equity that is entered by third parties and relates to non-controlling interests in consolidated subsidiaries.

Group equity
The group equity consists of the equity attributable to equity holders of the parent company and non-controlling interests.

Pensions
Oranjewoud N.V. operates various pension plans in accordance with local regulations and terms.

Defined contribution plans
For defined contribution plans the Group pays on mandatory, contractual or voluntary basis contributions to pension funds or insurance companies. Apart from the payment of contributions, the Group has no further obligations. Obligations for contributions to pension based on defined contributions are charged to the statement of income when the contributions are due.

Defined benefit plans
Defined benefit plans lead to a fixed remuneration after leaving employment, the amount of which among other things depends on salary, service time and accrual percentage. Under IAS 19 the Group is required to take a provision for this fixed remuneration after employment. The Group's net obligation in respect of defined benefit pension plans, is calculated separately for each plan by estimating the amount of future benefit that employees have earned in return for their service during the reporting period and prior periods. The present value of these entitlements is determined and deducted with the fair value of Investment Funds.The discount rate is the return at balance date from high quality corporate bonds of which the duration approaches the pensionobligation deadlines of the Group. The calculation is performed by a qualified actuary using the 'projected unit credit' method. This method takes into account future salary increases as a result of career opportunities for employees and general wage developments including inflation.

If the benefits under a plan are improved, the part of the improved benefit plan relating to the past service of employees is then charged to the income statement immediately. During the financial year defined benefits are directly recognized in the statement of income.

The Group recognizes all actuarial gains and losses related to defined benefit plans and the notional return of investments immediately in the consolidated statement of comprehensive income. The notional return on investments is based on the same discount rate. If the investment funds exceed obligations, withdrawal of benefits will be restricted up to an amount equal to the balance of any unrecognized pension of past service and the present value of any future refunds from the fund or reductions in future contributions.

Provisions
Provisions are recognized in the statement of financial position if the Group has a present legal or constructive obligation as a result of a past event and when it is probable that resources will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are made by discounting expected future cash flows. The discount rate used is a pre-tax discount rate that reflects both the current market estimations of the time value of money and specific risks relating to the liability.

Restructuring provision
A provision for restructuring is entered if a detailed formal plan for such has been approved and the stakeholders have a warranted expectation that the restructuring will be carried out, due to initiation of plan execution or due to communication of its key elements to the stakeholders.

Project provision (warranty obligations)
A warranty provision is entered if the underlying projects or services have been sold and delivered. This provision is included for costs that it is strictly necessary to incur in order to remove defects appearing after delivery but during the warranty period. The provision is based on the best estimate of the outgoing cash flow.

Jubilee provision (Other long term employee benefits)
The Group's net obligation for long-term employee benefits, except pension, is the amount of future benefits, such as jubilee payments, that employees have earned in exchange for their services during the reporting period and previous periods. The obligations are calculated with the 'projected unit credit' method and are discounted to present value. The discount rate is the result at balance sheet date on high quality government bonds of which the duration approaches the term of these longterm obligations of the Group. Any actuarial gains or losses are recognized in the income statement in the period in which they occur.

Other
The other provisions include provisions for specific guarantees issued in selling participations, risks of legal proceedings against the group and/or its operating companies, severance schemes and other relatively minor risks.

Subordinated loans
When a loan is subordinated to other recognized debts, it is classified as a subordinated loan. At initial recognition in the financial statements, subordinated loans are valued at fair value (less transaction costs) and subsequently at amortized cost based on the effective interest method.

Non-current liabilities
In the consolidated annual account non-current liabilities are initially recognized at fair value (less transaction costs) and subsequently at amortized cost using the effective interest method. Transaction costs are amortized over the term of the financing. The portion of the non-current liabilities due within one year is recognized as repayment of non-current liabilities under current liabilities. A liability is written off when the obligations ends, expires or matures.

Unconditional obligations which are based on an option agreement are valued at fair value. This fair value is calculated based on the discounting of the real rate of nominal liability.

Current liabilities
Trade payables, other current liabilities and amounts owed to credit institutions are initially recognized at fair value and subsequently at amortized cost using the effective interest method. Income tax payable is recognized at nominal value.

Basis of accounting policies

Operating income
Services
Proceeds arising from services provided or goods supplied are credited to the statement of income, insofar as the economic benefit is likely to accrue to the Group and in respect of contracts for which the Group acts as the principal. This is prorated on the basis of the extent of completion of a project at the reporting date (percentage of completion method).

The completed portion of the total expected proceeds is determined by expressing the recorded production costs as a percentage of the total recorded and expected project costs. The estimate of the total expected project costs is based in part on advance costing and experience adjustments, on the basis of the actual efficiency of the project and contract extras, for instance.

Losses, calculated to the completion of a project, are recognized immediately. Costs incurred on projects for which no engagement has yet been obtained and is not expected either, are charged to the statement of income.
Projects commissioned by others
Contractual revenues and expenses in the income statement are recognized in proportion to the stage of completion of the project based on a reliable estimate of the outcome of the particular construction. The contractual revenues is defined as the contract price, more or less work as a result of changes to the contract, claims and incentive fees, provided it is probable that this will result in revenue and can be measured reliably. The interest expenses, to be allocated to a project, are a part of the contractual costs. The stage of completion is determined based on the proportion of costs against the total expected costs.

If the results of a project can not be estimated reliably, revenue is only recognized to the extent that contract costs will most likely be recoverable. Expected losses on projects are recognized immediately in the income statement.

Service and maintenance contracts
Revenue from service and maintenance contracts is recognized in the income statement in proportion to the stage of completion of the transaction at the reporting date. The stage of completion is determined based on assessments of the work done.

Revenue from goods in stock
Revenue of goods on stock concern mainly stock revenue of prefabricated concrete applications. Proceeds from the sale of stock is recognized in the income statement when significant risks and benefits of ownership are transferred to the

buyer, the collection of the fee is probable, the associated costs and possible return of goods can be reliably estimated and there is no continuing management involvement with the goods.

Concessions
During the operational phase of concession management, revenue consists of:
- The fair value of the delivery of contractual services;
- Interest income related to the investment in the project.
Revenues are recognized when the related services are delivered. Interest is accounted for as financial income in the period to which it relates.

Other operating income
Other operating income include amongst others trading companies, real estate, and tangible assets transaction results. Transaction results are recognized when the significant risks and benefits of ownership are transferred to the buyer, the collection of the fee is probable, the associated costs can be reliably estimated and there is no continuing management involvement with the assets.

Revenues are recognized at fair value of the service contribution, net of discounts and direct taxes.

Operating expenses
Operating expenses are allocated to the year to which they relate.

Lease payments under operating leases
Lease payments under operating leases are recognized in the statement of income over the lease term using the straight-line method.

Public/private partnerships (concessions)
Bidding costs for public/private partnerships are incorporated into the statement of income as costs up to the point where it becomes likely that the contract will be secured. As soon as it becomes likely that the contract will be secured, the costs are capitalized. In practice, the point when it becomes likely that the contract will be secured is generally equivalent to the preferred bidder announcement time. If a provisional or final design is delivered at the time of 'Financial Close', income will be recognized for this, less capitalized costs. This income is agreed between the contractual parties and represents the fair value of the delivered goods/services.

Finance revenue and costs
Financial income includes interest income on invested funds, foreign exchange gains, gains on hedging instruments included in the income statement.

Financial expenses includes interest payable on borrowings, unwinding of provisions, foreign currency losses, impairment losses on financial assets and losses on hedging instruments included in the income statement. Financial income and expenses directly attributable to the acquisition, construction or production of a qualifying asset are capitalized as part of the cost of that asset during the period the asset is manufactured.

Government grants
Government grants are recorded if a reasonable assurance can be given that the entity can accomplish the conditions attached to the grant, and if therefore the grant will be received. Government grants are deducted from related expenses.

Profit Tax
Profit Tax includes the payable and deductible profit taxes and deferred income taxes for the reporting period. Income Tax is recognized in the income statement, except where it relates to items recognized directly in equity, in which case the tax is incorporated in equity.

The payable and deductable tax over a financial year is the expected tax payable on the taxable profit for the year, calculated using tax rates which are established at reporting date, or decided upon at reporting date, and any corrections from previous tax years.

Deferred tax assets and liabilities are recognized for temporary differences between the amounts of assets and liabilities according to the basis of valuation and accounting policies in this annual account and according to the tax base.

Deferred tax liabilities are not recognized in the following temporary differences: the initial recognition of goodwill, the initial recognition of assets or liabilities in a transaction that is not a business concern and neither has influence on commercial or taxable profit, and differences relating to investments in subsidiaries and jointly controlled entities in that in the foreseeable future will probably not be settled. Deferred tax liabilities are measured using the tax rates that are expected to apply in the reversal of temporary differences based on the laws that are established at reporting date.

Deferred tax assets are only recognized to the extent it is probable that in the future taxable profits will be available for the realization of the temporary difference and can be utilized. Deferred tax assets are reviewed at each reporting date and reduced to the extent it is no longer probable that the related tax benefit will be realized.

Additional income tax in respect of dividend payments is included at the same time as the obligation to pay the related dividend.

Discontinued operations

Discontinued operations are operations of the Group that represent a separate significant business operation or a separate significant geographic business region, which have been sold or are being held for sale. Discontinued operations can also be a subsidiary that was acquired purely to be sold on.

Such operations are classified as discontinued from the moment they are disposed or as soon as the business operation meets the criteria for classification as held for sale. When an operation has been classified as discontinued, the comparative figures in the statement of income will be revised as if the operation had been terminated from the start of the period of comparison.

Segmented information

For management purposes, the Group is divided into segments, based on products and services. The statement of income and a number of statement of financial position items are accounted for by segment. This classification is supported by the management reporting structure, under which the aforesaid units are reported wholly separately to the Group management. The Management monitors the operating results of the segments seperately to support decisionmaking concerning allocation of resources and review of results. Segment results are assessed on the basis of the operating result which in turn is based on the operating profit or loss disclosed in the consolidated financial statements. However, Group financing and income taxes are managed at Group level. Prices for transactions between segments are determined at arm’s length.

Principles for the statement of cash flows

Statement of cash flow

The statement of cash flows is prepared using the indirect method. Cash flows in foreign currencies are converted at the exchange rates ruling at the transaction date, with cash flows of associates being translated at the average exchange rate during the financial year. The in acquisitons included stocks, receivables, liabilities, provisions and amount owed to credit institutions are included in the cash flow from investing activities. Acquisition prices paid for associates acquired (after deduction of cash and cash equivalents purchased as part of the transaction) as well as selling prices received for disposed associates are included in the cash flow from investing activities. Revenue from interest, dividend and income taxes are included in the cash flow from operating activities. Transactions involving no exchange of cash are not included in the statement of cash flows. Bank debts that are payable on demand and which constitute an integral part of the company's cash management system are included under the liquid assets in the cash flow statements.

Key estimates and evaluations

In order to draw up the consolidated annual financial statements, the management must form opinions and make estimates and assumptions which affect application of principles and the reported value of assets and liabilities, and of income and expenses. The estimates and associated assumptions are based on past experience and various other factors which are considered to be reasonable according to the circumstances. Actual results may deviate from these estimates. The estimates and underlying assumptions are subject to continuous review. Estimate revisions are incorporated in the period in which the estimate was revised, or in future periods if the revision applies to future periods.
The main elements in uncertainties regarding estimates are as follows:

Earnings taken from projects

As soon as a reliable estimate can be made of the earnings from a project, the contractual revenues and expenses in the statement of income are incorporated in proportion to the project completion phase. The completion phase is determined on the basis of the ratio of booked costs to total projected costs. Loss provisions for projects are taken out if it is likely that the costs of a project will exceed its revenue. This is evaluated periodically for each project by the project manager and the management. This assessment is conducted on the basis of the project administration, the project monitoring system, project files and stakeholder knowledge and experience. Making estimates is an inherent part of this process. For long-term projects in particular, there exists a risk that reality will deviate from the estimates. Past experience has shown that, in general, the estimates on which project provision sums are based are adequately reliable.

Performance-based pay and project claims
Bonuses on projects are included if the project has progressed far enough along for the sum of the bonus to be reliably determined and if it is likely that the specified performance targets will be met or exceeded. Claims are accounted for if negotiations between parties have progressed to such an extent that it is likely that the counterparty will accept the claim and the amount of the claim can be reliably determined.

Work in progress
The item work in progress contains besides the incurred cost and the billed amounts by project also the interim profit or the interim loss provision. Both this profit or this loss are based on an estimate of the final result by project, the forecast end work.

The mentioned estimate of the result contains more uncertainty when for example:
- The agreed contract form contains more risk for the contractor. In a design & construct contract the contractor also takes the design risk on his behalf. In a DBMO contract this is expanded with the responsibility for maintenance and operation;
- The contract is still in an early stage of design or realisation. In elaborating a provisional design to a final design material deviations from the provisional design can occur (because an initial solution may turn out to be impossible on second thoughts, or because the land conditions are better or worse than expected, or because the dialogue with stakeholders is much more complicated and therefore more expensive than assumed beforehand. Also during the realization a number of risks may prove that are on behalf of the contractor. The mentioned deviations can moreover be positive and negative.
- The term of the contract is longer and thus the forecasts of the final work is inherently more subject to uncertainty;
- Projects are subject to more work and claim situations.

In the 2016 financial year, the RIVM/CBG project was subject to greater estimation uncertainty. This is a project commissioned by the Dutch Central Government Real Estate Agency and executed by a consortium made up of Strukton, Hurks and Heijmans, and involving the construction of new premises for the Dutch National Institute for Public Health and the Environment (Rijksinstituut voor de Volksgezondheid en Milieu or RIVM) and the Medicines Evaluation Board (College ter Beoordeling van Geneesmiddelen or CBG).

As work on this construction project was about to start, it became clear that the original design did not meet all vibration criteria. After agreeing a delay with the commissioning party, the Strukton-Hurks-Heijmans consortium worked out a series of measures to ensure the design complies with the vibration criteria for laboratory facilities. The certificate of commencement was issued in mid-January of 2017. Construction work is expected to get underway in the spring of 2017. For the 2016 financial year, the Group has created a provision for this project (covering Strukton’s 37.5% stake in the consortium) totaling €18 million. The current valuation is the best estimation at this point in time.

Intangible and tangible assets
The depreciation periods for the intangible and tangible assets are based on the expected service life.
Goodwill is tested for impairment on an annual basis. Based on the business plans for the coming five years, cash flow projections are formulated for each business unit separately. A weighted average cost of capital (WACC) is defined for each business unit. Projected cash flows and the WACC are used as the basis for the discounted cash flow method that is used to test goodwill. The Group has developed a standard method for this purpose.

Deferred tax
Deferred tax assets and liabilities are based on expected future profits, differences between book and tax accounting policies and corporate income tax rates.

Warranty obligations
The provision for warranty obligations, which is part of the project provision, is based on specific claims where the possible outcomes are weighed based on the best estimation of the likelihood of each possible outcome occurring.

Doubtful debt provision
The doubtful debt provision is statistically calculated based on an individual assessment of all outstanding receivables, making an objective estimate of the risk that each receivable will be uncollectable. This objective estimate is based on past experience, information on the relevant debtor from stakeholders, correspondence, etc.

Defined benefit plans and employee benefits
The main actuarial premises underlying the reported pension liabilities and other employee benefits are given in the explanatory notes on the relevant items.
All assumptions, expectations and forecasts used as a basis for estimates in the consolidated financial statements reflect the prospects of the Group as closely as possible.

Impairment
An estimate of the realizable value is needed in order to be able to test for impairment losses on assets. The realizable value of an asset or cash-generating unit equals the value in use or fair value less cost of sales, whichever is highest. If possible, fair value less cost of sales is calculated based on a binding sales contract in an arm's length transaction between independent parties. If there is no binding sales contract, but the asset is traded in an active market, fair value less cost of sales equals the market price of the asset less the costs of disposal. In the absence of both a binding sales contract for an asset and an active market, fair value less cost of sales will be based on the best available information to arrive at a figure that, on the balance sheet date, could be obtained through disposal of the asset in a transaction between knowledgeable and willing independent parties after deduction of the costs of disposal. In determining this value, the results of recent transactions involving similar assets in the same industry are also factored in.

In determining the value in use, the present value of projected future cash flows is calculated using a discount rate that reflects both the current market rate and specific risks relating to the asset. Cash flow projections are based on reasonable and well-founded assumptions that constitute the management's best estimate of economic conditions as they are expected to be during the remainder of the asset's service life.

Classification of joint arrangements
Investments in joint arrangements are classified as joint ventures or joint operations, depending on the contractual rights and obligations involved. Classification of joint ventures and joint operations can in some cases involve a certain level of subjectivity. The board's judgment in this respect is based on current economic conditions as much as possible.

Risk Management

Financial risks
The Group has a strict policy that aims to minimize and control present and future risks and to minimize financial costs. This is done by means of general management, including internal procedures and instructions and specific measures aimed at controlling the specified risks.

The financial risks of the Group are mainly credit risks, interest rate risks, currency risks, liquidity risks and inflation risks. The risk of fluctuations in exchange rates and interest are partly hedged using various derivatives so risks to primary financial instruments are transferred to other contract parties. Interest and currency risks are largely managed centrally. Speculative positions are not taken.

Credit risks
A significant part of clients consist of public organizations (governments) so that credit risk is minimal. For deliveries to private customers higher than a certain amount, credit risk is involved in the contract assessment. In addition, invoices are sent in conjunction with the progress of the project (pre-pay). The available cash is placed with creditworthy banks.

Interest rate risk
Loans are required because of the mismatch between assets and liabilities. Variable rate loans are exposed to the risk of change in cash flows due to interest rate changes. The Group policy is aimed at long-term financing partially at fixed interest rates. To achieve this interest rate swaps are taken. The interest rate risk relating to the financing of PPP-projects is always hedged using interest rate swaps.

Currency risk
Most of the activities of the Group take place in the Euro area. In addition, the metro project in Riyadh, Saudi Arabia, is started in 2013. For the metro project in Riyadh the currency risk is hedged on a large part of the future cash flows in US

dollar. Occasional foreign currency exposures are hedged by currency term contracts. The foreign currency risk on the equity of foreign subsidiaries and the provided long term loans to these subsidiaries, the so called translation risk, is not hedged, except for Antea Group USA.

Liquidity risk
Liquidity risk is the risk that the Group will not be able to meet its financial obligations at the required moment. The principles of liquidity management require that there are sufficient liquidity funds to meet current and future financial obligations, under normal and special circumstances, without suffering unacceptable losses or jeopardizing the reputation of the Group. Rolling cash flow forecasts are used to determine that sufficient liquidity is available. In long-term contracts clients are often requested for payments in installments to finance the project.

Oranjewoud N.V. has several ringfenced financing arrangements.

On April 26, 2017, Strukton Group's financing arrangement was renewed, with a term ending on June 30, 2018. In December of 2016, the shareholder injected cash to bolster the capital position. The financing arrangement was extended and the capital position bolstered through, among other things:
- additional paid-in capital of €10 million and a subordinated loan of €5 million granted by Oranjewoud N.V. The subordinated loan has a term of 55 years. Early repayment is possible;
- conversion of €9 million of the subordinated loan granted in March of 2015 into paid-in capital;
- credit facilities totaling €115 million (term loan of €40 million and operating capital of €75 million) and guarantee facilities totaling €261.6 million (including €163.2 million for the Riyadh subway project). No compulsory repayments are due during the term;
- in 2015, Sanderink Investments B.V. issued a guarantee to grant an additional subordinated loan or equity capital totaling a maximum of €30 million in case of a liquidity deficit;
- for the fourth quarter of 2016 through to June 30, 2018, new covenants have been agreed regarding EBITDA, capital expenditure, minimum available liquidity, leverage, interest cover, fixed charge cover and solvency. As of December 31, 2016, Strukton complies with the revised covenants.
- the paid-in capital and the subordinated loan granted by Oranjewoud N.V. have bolstered Strukton Group's balance sheet. Based on a liquidity forecast for Strukton Group through to June of 2018, the Strukton board expects to have sufficient financial elbow room to be able to implement the business plan. Forecasting liquidity is largely dependent on the development of external market conditions, order intake, the development of project results, and on the net operating capital.

Strukton does not have any indications that point to unfavorable developments in certain market conditions, such as price development both at contracting authorities and suppliers and subcontractors, or arrangements with suppliers and credit insurance companies. The same goes for order intake and timely lead conversion and development of project results within the expected bandwidths.

The board of Strukton has identified a range of measures that will (or may) produce additional financial scope. These measures include:
- faster billing, better payment terms and payment collection on invoices to boost working capital;
- securing dividends from non-credit base subsidiaries, participations, and associated partnerships;
- selling investment property.

Based on the extension of the financing obtained, the additional paid-in capital of Oranjewoud N.V., the business plan (factoring in identified sensitivities), measures to create additional financial scope, and previously realized results, the boards of Strukton and Oranjewoud are of the opinion that the company will be able to stay within the boundaries of its credit and guarantee facilities and comply with the covenants that were agreed.

The boards of Strukton and Oranjewoud acknowledge that there is a risk that failure to attain the forecast liquidity may lead to a need for additional liquidity and see the company draw on the guarantee provided by Sanderink Investments B.V.

New refinancing arrangements must be agreed by June 30, 2018. Strukton's board is currently working on preparations for these refinancing arrangements. Based on the 2017 budget and the business plans for 2018 through 2021, the board expects to agree on new financing deals before the aforementioned deadline.

Based on the actions, plans, and forecasts specified above, the 2016 financial statements were prepared based on the going-concern assumption.

Inflation risk
Long-term contracts typically include indexation with respect to the client. Incidentally, the inflation risk is hedged using an inflation swap.

Capital management
The policy of the management is geared towards maintaining a strong capital position to retain the confidence of clients, creditors and the markets and ensure future development of business operations. Capital consists of issued and paid-up capital, retained earnings, share premium reserve, hedge reserve, translation difference reserve and an actuarial reserve. In addition to the yield from equity, the management also monitors the amount of the dividend to be paid to the shareholder. Management strives to strike a balance between higher yield, which would be possible with more loan capital, and the benefits and security offered by a solvent capital position.

The management strives for a solvency rate of at least 12.5%. By year-end 2016, the solvency was 16.8% (2015: 14.6%).

NOTES TO THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION

1. Intangible assets	Patents	IP	Software	Goodwill	Brand-name	Client base	Backlog	Total
Balance at January 1, 2015:								
Cost	796	1,063	8,290	62,419	6,100	51,215	63,005	192,888
Amortization	(577)	(76)	(6,593)	-	(2,946)	(35,313)	(46,780)	(92,285)
Carrying amount	219	987	1,697	62,419	3,154	15,902	16,225	100,603
Carrying amount at January 1, 2015	219	987	1,697	62,419	3,154	15,902	16,225	100,603
Acquisition of subsidiaries	49	-	-	4,169	-	88	907	5,213
Investments	158	-	899	-	-	-	-	1,057
Disposals	-	-	(2)	-	-	-	-	(2)
Other	-	7,714	418	-	-	430	315	8,877
Exchange differences	-	-	3	(366)	-	215	-	(148)
Amortization and impairment	(126)	(1,389)	(1,021)	(1,030)	(824)	(5,181)	(5,267)	(14,838)
Carrying amount at December 31, 2015	300	7,312	1,994	65,192	2,330	11,454	12,180	100,762
Balance at December 31, 2015								
Cost	1,003	8,777	7,924	65,192	6,100	46,427	64,227	199,650
Amortization	(703)	(1,465)	(5,930)	-	(3,770)	(34,973)	(52,047)	(98,888)
Carrying amount	300	7,312	1,994	65,192	2,330	11,454	12,180	100,762
Carrying amount at January 1, 2016	300	7,312	1,994	65,192	2,330	11,454	12,180	100,762
Acquisition of associates	-	-	-	1,029	-	546	400	1,975
Investments	163	-	797	-	-	-	-	960
Deconsolidation	-	-	-	(2,107)	-	(387)	-	(2,494)
Other	-	-	-	1	-	-	-	1
Exchange differences	-	-	(49)	11	-	74	-	36
Amortization and impairment	(189)	(1,437)	(1,192)	(29)	(765)	(4,075)	(5,641)	(13,328)
Carrying amount at December 31, 2016	274	5,875	1,550	64,097	1,565	7,612	6,939	87,912
Balance at December 31, 2016:								
Cost	1,166	8,777	6,510	64,097	2,600	42,245	22,551	147,946
Amortization	(892)	(2,902)	(4,960)	-	(1,035)	(34,633)	(15,612)	(60,034)
Carrying amount	274	5,875	1,550	64,097	1,565	7,612	6,939	87,912

Patents are amortized using the straight-line method over a five-year service life, and software for two to five years. There are no financing costs capitalized in 2016 and 2015 as part of the cost price of software in development.

In the category software the software tool iEHS, developed by Antea USA for selling to third parties is the main component. The total development costs have a carrying amount as of December 31, 2016 of € 91,000 (2015: € 295,000). The decrease is the result of regular amortization.

Business Combinations

At **December 21, 2016** Oranjewoud N.V. via Oranjewoud Realisatie Holding B.V. acquired the other 50% of the shares of Edel Grass B.V. from Ten Cate Nederland B.V. A breakdown of the fair value is set out below:

Edel Grass B.V.	Fair value
Intangible assets	946
Property, plant and equipment	1,218
Non-current assets subtotal	2,164
Stocks	4,350
Trade receivables	4,006
Other receivables	700
Cash and cash equivalents	268
Current assets subtotal	9,324
Assets subtotal	11,488
Provisions	401
Non-current debt	517
Trade payables	2,087
Other liabilities	1,177
Current debt subtotal	3,264
Liabilities subtotal	4,182
Assets subtotal less liabilities subtotal	7,306
Acquisition price	3,891
Fair Value existing participation	8,335
Fair value of assets and liabilities on acquisition date	7,306
Goodwill purchased on acquisition	1,029

Current assets include work in progress on the basis of the accounting policies of the Group. The parties involved concur that it would be in Edel Grass' best interests to have one of the current shareholders hold all shares. From the early days of the development of artificial grass, Edel Grass has operated in the market for artificial grass systems, becoming a leading provider of artificial grass systems in Europe, especially for tennis courts, and field hockey and soccer pitches. Edel Grass also operates in the landscaping market. These are factors as defined in IFRS 3.67(h), which resulted in the recognition of goodwill. The goodwill purchased on acquisition of € 1,029,000 includes the expected synergies arising from the acquisition. Separately from goodwill at the acquisition the value of the backlog and the client base have been included in the intangible assets. There is no value assigned to other intangible assets, because this value is not deemed material. The purchase price allocation is for the time being because the fair value of the property, plant and equipment not yet final can be determined.

From the date of acquisition (December 21, 2016) of Edel Grass B.V. there is no contribution to the Group's 2016 total revenue and to the 2016 profit after taxes. The total revenue of Edel Grass B.V. in 2016 is € 34.4 million en the profit after taxes € 0.6 million. The external (consulting) costs relating to the acquisition of the associat amounted at most to some tens of thousands of euros.

Summary:

At December 31, 2016	Acquisition price	Fair value at date of obtai-ning control	Aggregate impairments	Goodwill	Negative goodwill
Antea Nederland B.V.	47,500	44,113	-	3,387	-
Temporary Staff	35,359	21,014	(1,000)	13,576	232
Van der Heide Beheer B.V.	15,246	9,186	-	6,060	-
Antea USA Inc.	16,172	15,817	-	355	-
Other acquisitions in 2008	741	433	-	360	52
Antea France SAS	14,500	8,769	-	5,731	-
J&E Sports B.V.	4,659	2,809	-	1,850	-
Strukton Groep N.V.	168,475	155,143	-	13,332	-
Ooms Nederland Holding B.V.	17,876	24,774	-	-	6,898
Van Straten B.V.	1,039	1,039	-	-	-
Rasenberg Holding B.V.	15,850	8,438	-	7,412	-
Unihorn India Pvt. Ltd.	1,500	2,725	-	-	1,225
Géo-Hyd SARL	1,100	1,060	-	40	-
Costruzioni Linee Ferroviarie S.p.A.	48,920	43,378	-	5,542	-
Van Rens B.V.	1,273	976	(89)	208	-
Strukton Rail Västeräs AB	2,407	1,626	(30)	751	-
Sieben Spoorbouw BVBA	1,300	1,006	-	294	-
NS Spooraansluitingen B.V.	7,200	8,941	-	-	1,741
Groupe IRH Environnement SAS	1,100	(3,069)	-	4,169	-
Edel Grass B.V.	3,891	2,862	-	1,029	-
Total	406,108	351,040	(1,119)	64,097	10,148

The negative goodwill was credited to the statement of income for the years concerned, where it was presented as “other operating income”.

2016	Payment	Net cash[1)]	Net payment
Edel Grass B.V.	3,891	268	3,623
NS Spooraansluitingen B.V.	2,400	-	2,400
Total 2016	6,291	268	6,023

[1)] Relates to cash available in the associate at the date of acquisition.

Impairments and amortization

Acquired associates generate cash flows independently or in collaboration with other segment components and are therefore defined internally, either independently or jointly with the other segment components, as cash generating units (CGU). Capitalised goodwill has been tested, as refered to in IAS 36, for impairment at the CGU level, segment level and Group level.

The valuation methodology relates to the discounted cash flow method, assuming a indefinite lifespan. For each of the acquisitions as CGU the value has been detemined on the basis of the cash flows expected by management. The rate of growth applied varies on the basis of fixed amounts, or by means of relative increases per year, depending on ma-nagement expectations. Management expectation is based on historical data, backlog, reviews and external information. The weighted average cost of capital (wacc) applied varies between 13.1% to 18.2%, depending on the CGU’s risk profile.

The key assumptions and the method of quantification for impairment for the CGU's are:

Percentages	Wacc (pre-tax) 2016	Wacc (pre-tax) 2015	Revenue growth planperiod 2016	Revenue growth planperiod 2015	Revenue growth perpetual 2016	Revenue growth perpetual 2015
Antea Nederland B.V.	13.3	13.2	3.0	3.0	0.5	0.5
Temporary Staff	13.9	14.5	10-30	7-20	0.5	0.5
Van der Heide Beheer B.V.	13.3	13.4	3.0	3.0	0.5	0.5
Antea USA Inc.	18.2	16.7	3.0	3.0	2.0	2.0
J&E Sports B.V.	13.3	13.3	3.0	3.0	0.5	0.5
France	13.9	13.1	3.0	3.0	0.5	0.5
Edel Grass B.V.	13.3		3.0		0.5	
Strukton Groep N.V.:						
Railsystems	14.6	13.5	0-3,9	-1,6-+7,1	0.5	0.5
Civil Infrastructure	13.1	13.3	0-1,2	0-5,6	0.5	0.5
Technique and Buildings	13.3	13.0	-3,4-+12,2	7,1-12,3	0.5	0.5
Rasenberg Holding B.V.	13.1	13.0	1,8-2,4	3.0	0.5	0.5
Environmental technique	13.3	13.0	0-7,4	3.0	0.5	0.5
Siebens Spoorbouw BVBA	16.3	15.0	-7,7-+2,4	-8,4-+2,6	0.5	0.5
Costruzioni Linee Ferroviarie S.p.A.	15.8	15.3	3.0	3.0	0.5	0.5

The most important sensitivities in the impairment test for the CGU's are:

Sensitivity amounts in millions of euros	Wacc + 1% 2016	Wacc + 1% 2015	Wacc - 1% 2016	Wacc - 1% 2015	Annual revenue growth -1% 2016	Annual revenue growth -1% 2015	No perpetual growth 2016	No perpetual growth 2015
Antea Nederland B.V.	-3.8	-3.7	4.5	4.4	-1.8	-1.7	-0.8	-0.8
Temporary Staff	-1.7	-1.3	1.9	1.5	-1.0	-0.8	-0.5	-0.3
Van der Heide Beheer B.V.	-1.3	-1.2	1.5	1.4	-0.8	-0.7	-0.4	-0.3
Antea USA Inc.	-1.4	-1.4	1.6	1.6	-1.0	-0.9	-1.0	-1.0
J&E Sports B.V.	-0.5	-0.4	0.5	0.5	-0.3	-0.3	-0.1	-0.1
France	-3.0	-3.1	3.5	3.6	-1.1	-1.3	-0.5	-0.6
Edel Grass B.V.	-0.7		0.8		-0.2		-0.1	
Strukton Groep N.V.:								
Railsystems	-15.8	-19.0	18.3	22.2	-10.3	-14.8	-3.0	-3.9
Civil Infrastructure	-5.3	-7.8	6.2	9.0	-3.5	-6.2	-1.4	-1.8
Technique and Buildings	-4.5	-5.8	5.2	6.8	-2.4	-4.3	-0.5	-1.0
Rasenberg Holding B.V.	-1.3	-2.6	1.6	3.1	-0.9	-2.0	-0.4	-0.7
Environmental technique	-0.5	-0.3	0.5	0.4	-0.3	-0.2	-0.1	-0.1
Siebens Spoorbouw BVBA	-0.1	-0.1	0.1	0.1	-0.1	-0.1	0.0	0.0
Costruzioni Linee Ferroviarie S.p.A.	-7.4	-7.4	8.4	8.4	-4.2	-4.9	-3.1	-1.5

Antea Nederland B.V.
The test was conducted on the future cash flows in the Netherlands. The result of the calculation of the realizable value is € 21.4 million higher than the carrying amout of the company, including the goodwill entered there. Therefore, the Group did not enter any impairment on the goodwill for Antea Nederland B.V. in this financial year.

Temporary staff
The test was conducted on the future cash flows of the combined entities in the Netherlands. The entities must be considered combined due to extensive integration. The result of the calculation of the realizable value is € 3.2 million

higher than the carrying amout of the company, including the goodwill entered there. Therefore, the Group did not enter any impairment on the goodwill for Temporary staff in this financial year.

Van der Heide Beheer B.V.
The test was conducted on the future cash flows in the Netherlands. The result of the calculation of the realizable value is € 7.6 million higher than the carrying amout of the company, including the goodwill entered there. Therefore, the Group did not enter any impairment on the goodwill for Van der Heide Beheer B.V. in this financial year.

Antea USA, Inc.
The test was conducted on the future cash flows in the United States. The result of the calculation of the realizable value is € 9.6 million higher than the carrying amout of the company, including the goodwill entered there. Therefore, the Group did not enter any impairment on the goodwill for Antea USA, Inc. in this financial year.

J&E Sports B.V.
The test was conducted on the future cash flows in the Netherlands. The result of the calculation of the realizable value is € 2.6 million higher than the carrying amout of the company, including the goodwill entered there. Therefore, the Group did not enter any impairment on the goodwill for J&E Sports B.V. in this financial year.

France
The test was conducted on the future cash flows of the combined entities in France. The entities must be considered combined due to extensive integration. The result of the calculation of the realizable value is € 3.5 million higher than the carrying amout of the company, including the goodwill entered there. Therefore, the Group did not enter any impairment on the goodwill for France in this financial year.

Edel Grass B.V.
The test was conducted on the future cash flows in the Netherlands. The result of the calculation of the realizable value is limited higher than the carrying amout of the company, including the goodwill entered there. Therefore, the Group did not enter any impairment on the goodwill for Edel Grass B.V. in this financial year.

Strukton Groep N.V.
Strukton Groep N.V. can be split in three cash generating units (CGU) for impairment testing. This CGU classification is in accordance with the segment classification. The test has been done by CGU. The goodwill attribution by CGU is:

(amounts x € 1,000)	2016	2015
Railsystems	3,000	3,000
Civil infrastructure	5,000	5,000
Buildings	5,332	5,332
Total	13,332	13,332

<u>Rail Systems</u>
The test was conducted on the future cash flows in Europe. The result of the calculation of the realizable value is € 17.2 million higher than the carrying amount of the CGU, including the goodwill entered there. Therefore, the Group did not enter any impairment on the goodwill for Strukton Rail in this financial year.

<u>Civil infrastructure</u>
The test was conducted on the future cash flows in Europe. The result of the calculation of the realizable value is € 6.2 million higher than the carrying amount of the CGU, including the goodwill entered there. Therefore, the Group did not enter any impairment on the goodwill for Strukton Civil in this financial year.

<u>Technology & Buildings</u>
The test was conducted on the future cash flows in the Netherlands. The result of the calculation of the realizable value is € 35.8 million higher than the carrying amount of the CGU, including the goodwill entered there. Therefore, the Group did not enter any impairment on the goodwill for Strukton Technology & Buildings in this financial year.

Rasenberg Holding B.V.
The test was conducted on the future cash flows in the Netherlands. The result of the calculation of the realizable value is € 2.4 million higher than the carrying amount of the company, including the goodwill entered there. Therefore, the Group did not enter any impairment on the goodwill for Rasenberg Holding B.V. in this financial year.

Milieutechniek
The test was conducted on the future cash flows in the Netherlands. The result of the calculation of the realizable value is € 3.9 million higher than the carrying amount of the company, including the goodwill entered there. Therefore, the Group did not enter any impairment on the goodwill for Milieutechniek in this financial year.

Siebens Spoorbouw BVBA
The test was conducted on the future cash flows in Belgium. The result of the calculation of the realizable value is € 0.1 million higher than the carrying amount of the company, including the goodwill entered there. Therefore, the Group did not enter any impairment on the goodwill for Siebens Spoorbouw BVBA in this financial year.

Costruzione Linee Ferroviarie S.p.A.
The test was conducted on the future cash flows in Italy. The result of the calculation of the realizable value is € 24.1 million higher than the carrying amount of the share in the company, including the goodwill entered there. Therefore, the Group did not enter any impairment on the goodwill for Costruzione Linee Ferroviarie S.p.A. in this financial year.

Sensitivity
A 1% point higher WACC decreases the cash value of the total cash flows by some € 61 million. A 1% point lower WACC increases the cash value of the total cash flows by some € 71 million. A 1% point change in the rate of growth has an impact of around € 37 million.

2. Property, plant and equipment	Buildings	Land	Plant and tools	Other	Assets under con-struction	Total
Balance at January 1, 2015:						
Cost	81,604	8,798	189,209	32,003	2,678	314,292
Depreciation	(20,161)	(230)	(89,406)	(16,167)	-	(125,964)
Carrying amount	61,443	8,568	99,803	15,836	2,678	188,328
Carrying amount at January 1, 2015	61,443	8,568	99,803	15,836	2,678	188,328
Acquisition of subsidiaries	342	-	4,358	707	241	5,648
Other changes	(390)	-	1,684	(1,100)	(1,393)	(1,199)
Additions	81	109	17,110	2,793	866	20,959
Disposals	(131)	-	(371)	(31)	-	(533)
Exchange differences	1	-	548	27	2	578
Depreciation	(3,441)	(78)	(26,343)	(3,853)	-	(33,715)
Carrying amount at December 31, 2015	57,905	8,599	96,789	14,379	2,394	180,066
Balance at December 31, 2015:						
Cost	80,931	8,907	205,189	33,991	2,394	331,412
Depreciation	(23,026)	(308)	(108,400)	(19,612)	-	(151,346)
Carrying amount	57,905	8,599	96,789	14,379	2,394	180,066
Carrying amount at January 1, 2016	57,905	8,599	96,789	14,379	2,394	180,066
Acquisition of subsidiaries	-	-	1,218	-	-	1,218
Deconsolidation	-	-	(636)	(151)	-	(787)
Other changes	(1,446)	937	2,324	(75)	(14)	1,726
Additions	357	-	20,624	3,569	(116)	24,434
Disposals	-	-	(161)	(53)	-	(214)
Exchange differences	-	-	(369)	8	(1)	(362)
Depreciation	(2,951)	(15)	(24,114)	(4,251)	-	(31,331)
Carrying amount at December 31, 2016	53,865	9,521	95,675	13,426	2,263	174,750
Balance at December 31, 2016:						
Cost	79,840	9,844	224,612	37,032	2,263	353,591
Depreciation	(25,975)	(323)	(128,937)	(23,606)	-	(178,841)
Carrying amount	53,865	9,521	95,675	13,426	2,263	174,750

In 2016 assets for an amount of € 1.2 million have been consolidated. This concerns the assets from the acquisitions of Edel Grass B.V.

In 2015 assets for an amount of € 5.6 million have been consolidated. This concerns the assets from the acquisitions of NS Spooraansluitingen (€ 3.0 million) and Groupe IRH Environnement (€ 2.6 million).

Depreciation periods:

Buildings	25 years
Land	none (surfacing is in fact depreciated)
Plant and tools	2 to 6 years
Other	3 to 10 years
Assets under construction	none

Mortgages on sites with buildings with a carrying amount of € 14.1 million (2015: € 14.7 million) have been taken out as security for a loan (see explanatory note 14).

In 2016 as well as in 2015, an assessment of the value of the tangible assets found that no impairments were necessary.

Tangible assets financed by means of financial lease agreements have a carrying amount of € 19.0 million (2015: € 14.9 million) and concern cars, it-hardware, machines and installations. The payment obligations associated with the lease agreements have been entered under the current and long-term liabilities. The Group does not have legal ownership of these assets.

Additions in 2016 mainly concern, as well as in 2015, the segment railsystems.

The majority of the tangible assets are being used as security for banks and/or other providers of loan capital.

3. Investment property

	Total
Carrying amount at January 1, 2015	9,657
Additions	184
Depreciation	(283)
Deconsolidation	(4,189)
Carrying amount at December 31, 2015	5,369
Balance at December 31, 2015:	
Cost	6,137
Depreciation	(768)
Carrying amount	5,369
Carrying amount at January 1, 2016	5,369
Additions	160
Depreciation and impairments	(113)
Other	117
Carrying amount at December 31, 2016	5,533
Balance at December 31, 2016:	
Cost	6,414
Depreciation	(881)
Carrying amount	5,533

The fair value of investment property as at December 31, 2016 amounts to € 5.5 million (2015: € 5.4 million). This value is based on valuation reports prepared by recognized experts.

The Group receives in 2016 € 0.5 million (2015: € 0.9 million) annually for its operations.

The deconsolidation of € 4,2 million in 2015 is due to the fact that Ballast Nedam in 2015 has taken over the area- and plandevelopment part of the project 'Tunnelling A2 Maastricht'. Hereby a real estate object, in which the Group had previously 50% interest, is transferred to Ballast Nedam.

The depreciation periods are based on the projected service life.

- Foundation/Structure/Other 50 years
- Roof/Heating/Ventilation 15 years
- Window and Door frames/Façades/Natural gas/Electrical/Elevators 25 years

4. Associates and joint ventures

Changes	2016	2015
Carrying amount at January 1st	27,758	29,960
Investments	2,508	2,943
Share in the profit/(loss)	11,645	3,402
Decline attributable to increase in equity interest	(4,444)	-
Dividends	(8,783)	(2,961)
Exchange differences	68	22
Other	218	1,651
Change in provision	-	(7,259)
Carrying amount at December 31st	28,970	27,758

The Group has investments in (unlisted) associates and joint ventures.

Entity	Company activity	Principal place	Share Oranjewoud 2016	Share Oranjewoud 2015
Edel Grass B.V.	Sales of artifical grass and artifical turf systems	Genemuiden		50%
Angelbrasil Geologia	Engineering and consultancy	Sao Paulo, Brasil	47%	47%
Strukton Finance Holding B.V.	Manage/fund ppp projects	Maarssen	20%	20%
Dual Inventive B.V.	Services and products track work	Oisterwijk	50%	
A1 Electronics Netherlands B.V.	Production/maintenance of electronic systems	Almelo	50%	50%
Eurailscout	Maintenance rail infrastructure	Utrecht	50%	50%
Tubex	Foundation work	Oostburg	50%	50%
DMI GmbH	Concrete injection and sealing work	Berlin	50%	50%
Aduco Holding B.V.	GRW activities	Haarlem	25%	25%
APA B.V.	Production and sales of road contruction products	Amsterdam	25%	25%
APRR B.V.	Production and sales of road contruction products	Rotterdam	25%	25%
Bituned B.V.	Trade oil and other bituminous products	Reeuwijk	50%	50%
NOAP B.V.	Production and sales of road contruction products	Heerenveen	50%	50%
Fast Consortium LLC	Construction of Riyadh metro	Riyadh	18%	18%

Strukton Rail acquired 50% of the shares in Dual Inventive Holding in 2016. The agreement sealing this acquisition was signed on Thursday, February 4, 2016. On January 1, 2016, Strukton Rail became the owner of a 50% stake in Dual Inventive Holding. Dual Inventive is a company that develops and produces innovative technological products that make working on railroad infrastructure safer and more efficient, maximize railroad capacity for railroad operators, and improve reliability of railroad infrastructure. Dual Inventive has 21 employees and revenue totaling €4.5 million.

The investments in 2015 concern in particular Eurailscout (€ 1.7 million) and associates of Ooms Contruction B.V.

The section Other in 2016 concerns several, relatively small, non consolidated accociates of the road construction companies. In 2015 the changes in the fair value of interest rate swaps of ppp projects are recognized in the Other section. In 2015, loss-making ppp projects were valued at nil because the Group is not obliged to top up losses.

2015	non-current assets	current assets	non-current liabilities	current liabilities	balance	operating income	profit	unreal. results	total CI	liquid assets	finance revenue	finance costs	income tax	divi-dend
Edel Grass B.V.	1,668	5,322	208	2,643	4,139	12,612	321	-	321	193	29	1	100	574
Angelbrasil Geologia	317	244	21	133	408	98	3	-	3	86	1	-	6	-
Strukton Finance Holding B.V.	939	79	689	79	250	-	69	6,868	6,937	52	159	159	-	63
A1 Electronics Netherlands B.V.	278	942	193	372	655	2,777	163	-	163	21	-	6	23	-
Eurailscout B.V.	11,758	7,689	3,146	7,737	8,564	14,646	1,056	-	1,056	1,416	6	105	242	-
Tubex B.V.	253	1,221	2	670	802	2,668	113	-	113	18	-	-	23	-
DMI GmbH	479	4,624	50	2,120	2,933	6,987	576	-	576	1,099	5	6	235	150
Aduco Holding B.V.	732	1,354	244	403	1,439	10,848	329	-	329	130	35	-	55	400
APA B.V.	892	1,387	-	843	1,436	3,861	592	-	592	244	-	-	197	500
APRR B.V.	1,708	1,660	225	1,556	1,587	4,758	282	-	282	312	-	-	94	300
Bituned B.V.	51	2,607	-	820	1,838	12,198	364	-	364	1,369	12	7	138	-
NOAP B.V.	1,435	1,237	716	1,444	512	3,786	143	-	143	121	-	28	39	-
Other					3,195		(609)	-	(609)					
Total					**27,758**		**3,402**	**6,868**	**10,270**					

The amounts in the chart are in proportion to the interest of the Group in the associates.

2016	non-current assets	current assets	non-current liabilities	current liabilities	balance	operating income	profit	unreal. results	total CI	liquid assets	finance revenue	finance costs	income tax	divi-dend
Edel Grass B.V.						17,178	305	-	305		11	25	95	-
Angelbrasil Geologia e Meio Ambiente	129	286	5	116	294	894	84	-	84	167	-	2	47	-
Dual Inventive bv	2,809	845	190	344	3,120	1,734	270	-	270	156	-	8	49	-
A1 Electronics Netherlands bv	343	1,416	305	391	1,063	3,742	458	-	458	44	-	16	133	50
Eurailscout	11,886	7,372	3,001	7,317	8,940	13,557	377	-	377	4,018	12	133	437	-
Tubex	172	1,217	74	235	1,080	3,170	141	-	141	208	-	5	-	-
DMI GmbH	58	2,741	-	898	1,901	3,224	148	-	148	876	5	2	94	800
Aduco Holding bv	575	1,442	183	496	1,338	2,987	409	-	409	737	-	2	113	510
APA bv	866	1,696	77	1,133	1,352	5,437	416	-	416	422	-	-	158	500
APRR bv	1,518	808	215	547	1,564	3,075	228	-	228	149	-	3	61	250
Bituned bv	40	2,959	50	1,082	1,867	9,960	379	-	379	1,632	-	3	123	350
NOAP BV	1,453	691	1,064	569	511	3,475	182	-	182	36	-	21	-	-
Fast Consortium LLC	7,788	47,531	411	53,190	1,718	188,253	6,000	-	6,000	23,039	-	-	2,216	4,960
Other					4,222		2,248	(100)	2,148					
Total					**28,970**		**11,645**	**(100)**	**11,545**					

In the 2015 financial year, the “Fast Consortium LLC” participation was recognized under Other. The value of this participation stood at € 0.7 million in 2015, with a profit amounting to € 0.6 million in 2015. In the 2016 financial year, Fast Consortium LLC posted a profit of € 6 million. The relatively high profit in 2016 is down to a redistribution of profits made on the Riyadh subway project, following an order to that effect from the Saudi tax authorities. This redistribution saw the relative share in the profits of Fast Consortium LLC go up, and the relative share in the result of the consolidated unincorporated joint venture go down.

Cash flows realized in the ppp projects are not freely available to the Group. For other associates, there are no limitations. The (pro rata interest in the) profit of associates is € 11.6 million positive (2015: € 3.4 million positive), as presented.

Comprehensive income associates	12-31-2016	12-31-2015
Share in the profit/(loss)	11,645	3,402
Other comprehensive income	(100)	6,868
Total comprehensive income	11,545	10,270

Unrealized gains on participations totaled € 6.9 million in 2015. These gains were partly produced by the sale of the 6% stake in the special purpose company Komfort B.V. to DIF Infra 3 Finance B.V. As a result of this sale, the negative fair value of the interest rate swap that was recognized in Komfort B.V. has been corrected as a net amount in the Group’s shareholders’ equity.

Aside from that, the unrealized gains relate to positive changes to the fair value of interest rate swaps of other ppp projects and to the change following the aforementioned correction of the valuation of Strukton Finance Holding B.V.

The activities of the Group are partly performed in joint operations (temporary and permanent). The consolidated financial statements include the following items, which correspond to the interests of the Group in the revenues, assets and liabilities of the various joint operations:

Joint Operations

The Group has investments in project entities. See note 40.

Pro rata equity interest in Joint Operations	12-31-2016	12-31-2015
Assets	391,426	391,571
Liabilities	(467,904)	(467,779)
Total Revenue	428,867	393,414
Net profit	(9,468)	898

All material general partnerships (V.o.f.'s) are processed as Joint Operation. Joint and several liability applies to the general partnerships. There are however no contingent liabilities. The Joint Operations consist primarily of combinations aiming at the creation of projects.

5. Other financial non-current assets	Non-current receivables	Ppp-receivables	Investments	Total
Carrying amount at January 1, 2015	29,507	2,061	2,950	34,518
Loans	802	450	-	1,252
Loan repayments	(3,960)	-	-	(3,960)
Accretion	-	133	-	133
Other changes	1,660	-	-	1,660
Carrying amount at December 31, 2015	28,009	2,644	2,950	33,603
Carrying amount at January 1, 2016	28,009	2,644	2,950	33,603
Loans	7,951	198	-	8,149
Loan repayments	(5,590)	(395)	-	(5,985)
Accretion	-	113	-	113
Other changes	2,089	-	-	2,089
Carrying amount at December 31, 2016	32,459	2,560	2,950	37,969

The ppp-receivables relate to payments to be received under concession contracts in the Netherlands. The duration of the various ppp-receivables is approximately 25 years. The majority (of the amount of the receivables) has a maturity of over five years. Given the nature of the contract parties, the credit risk has been estimated at nil. (See also note 27).

Among the investments the interest in Voestalpine Railpro B.V. 10% (2015: 10%) is justified.

6. Deferred tax

The deferred tax position at December 31st can be broken down as follows:	Consolidated statement of financial position		Consolidated statement of income	
	2016	**2015**	**2016**	**2015**
Deferred tax assets (DTA)				
Valuation of carry-forward losses	37,867	35,264	(2,603)	(2,366)
Temporary differences in valuation of provisions	2,716	1,273	(1,443)	(104)
Temporary differences in valuation of (in)tangible assets	942	949	7	(56)
Financial derivatives	1,298	2,017	(28)	(86)
Other	8,918	8,031	(283)	(1,250)
DTA	51,741	47,534		
Temporary differences in valuation of (in)tangible assets	(3,955)	-	3,955	-
Temporary differences in valuation of work in progress	-	524	524	10
Temporary differences in valuation of provisions	-	1,213	1,213	157
Valuation of carry-forward losses	-	2,200	2,200	(200)
Other	-	(10)	(10)	-
Deferred tax positions netted	(3,955)	3,927		
Deferred tax liabilities (DTL)				
Temporary differences in valuation of (in)tangible assets	(3,833)	(10,541)	(6,708)	(2,960)
Fixed assets	(3,678)	(3,469)	209	1,316
Temporary differences in valuation of work in progress	(1,417)	(1,588)	(171)	57
Other	(4)	43	47	(37)
DTL	(8,932)	(15,555)		
Balance of DTA and DTL *(presented as DTA)*	47,786	47,534		
Balance of DTA and DTL *(presented as DTL)*	(8,932)	(11,628)		
Deferred tax expense (income)			(3,091)	(5,519)
Balance of DTA and DTL	38,854	35,906		

The deferred tax has changed through the consolidated statement of comprehensive income for the income tax of changes in fair value of derivates for hedge accounting (financial derivates) of € 19,000 (2015: € 1,340,000) and for the income tax of change in actuarial reserves of € 643,000 negative (2015: € 1,838,000).

The recognized deferred tax asset of € 47,786,000 (2015: € 47,534,000) relates in particular to the valuation of compensable losses. This valuation is based on expected future profits based on estimates of the responsible management. In addition it concerns the goodwill capitalized for tax purposes (to be amortized for tax purposes) on acquisitions of Antea USA, Inc. effected prior to the acquisition of Antea USA, Inc. by Oranjewoud N.V. Since this goodwill has not been recognized for financial reporting purposes, higher amortization for tax purposes is involved in respect of this deferred tax asset.

Dividend payments, if any, to shareholders of Oranjewoud N.V. will not have any corporate income tax consequences. Carry-forward losses totalling € 45.1 million (2015: € 30.5 million) are available at several mainly foreign associates. No deferred tax asset has been recognized for this amount, as no future profits are expected. The losses can be carried forward indefinitely. Other then these carry-forward losses with foreign subsidiaries, no non-valued compensable losses apply.

In determining the valuation of the deferred tax a corporation tax rate was taken into account of between 25.0% and 40.0%, depending on the rates applicable in the relevant jurisdiction.

Deferred tax liabilities (DTL)
Deferred tax liabilities have been recognized for differences between the tax and the accounting bases of assets and liabilities, arising mainly from valuation differences arising on the valuation of assets and liabilities obtained in acquisitions.

7. Inventories	2016	2015
Raw materials and consumables	14,275	13,149
Finished goods and trade goods	7,602	3,824
Real estate	9,152	12,827
Total	31,029	29,800

In the financial year 2016 a write-down of € 0.4 million on real estate has occured. This write-down is based on a valuation report. The not sold part of real estate projects, that are already being realized, has decreased in 2016 with € 3.7 million (2015: decrease € 5.3 million). The not sold part of the real estate concerns land positions and incurred costs for real estate projects in progress. Of the unsold portion of the real estate in 2016 an amount of € 0.3 million (2015: € 2.2 million) has been provided as security to lenders.

8. Receivables	2016	2015
Receivables from affiliated companies	104	149
Trade receivables	441,905	449,808
To be invoiced for completed projects	39,894	59,252
Taxes and social security	7,161	9,082
Other receivables	146,956	165,226
Prepayments and accrued income	23,815	96,942
Total	659,835	780,459

The receivables from affiliated companies concern regular (short-term) intercompany balances between units of Oranjewoud N.V. and Centric (Holding) B.V. No interest is calculated on the balances owing to their short-term nature. Owing to their short-term nature, the face value approximates the fair value.

In other receivables and prepayments and accrued income € 81 million (2015: € 60 million) is related to payments in advance to subcontractors of the metro project in Riyadh. The remaining other receivables and prepayments and accrued income concern receivables on combinations and various kinds of other payments in advance.
The credit risks of the Group mainly relate to trade receivables, other receivables and amounts to be invoiced on completed projects and work in progress. To manage the credit risks, Oranjewoud N.V. has developed a credit policy and credit risks are continually monitored. There is no significant concentration of credit risk within Oranjewoud N.V., as there are a large number of customers, with the exception of rail operations, where there is a limited number of customers for which the credit risk is assessed as very limited and with the exception of Ballast Nedam, with which an agreement has

been concluded in early 2015. The collectibility of the receivables is reviewed on a customer-by-customer basis, depending on the customer profile and the risk assessment drawn up by management. The provision for doubtful debts has been deducted from trade receivables in the statement of financial position. No write-downs of amounts to be invoiced on account of creditworthiness reviews were necessary.

The majority of the assets of two affiliates have been pledged to the banks that have presented a committed facilty.

At December 31st the aging of trade receivables was as follows:	2016	2015
- Not past due and not provided for (0 - 30 days):	252,187	185,393
- Past due:		
31 - 60 days	103,053	129,489
61 - 90 days	18,650	40,903
91 - 180 days	38,612	34,707
181 - 365 days	17,039	55,093
> 365 days	12,364	4,223
Total	441,905	449,808
Provided for as at January 1st	(7,026)	(4,393)
Addition for the year	(4,351)	(5,584)
Written off	531	2,879
Unutilized reversed amounts	3	79
Other	16	(7)
Provided for as at December 31st	(10,827)	(7,026)

9. Work in progress	2016	2015
Of which projects with a balance:		
To be invoiced	329,223	213,901
Invoiced in advance	(381,749)	(338,194)
Total	(52,526)	(124,293)
Proceeds	4,113,031	4,116,938
Invoiced installments	(4,165,557)	(4,241,231)
Total	(52,526)	(124,293)

To be invoiced on work in progress is presented as work in progress asset. The net amount invoiced in advance is presented as work in progress liability in the statement of financial position. The balance of uninvoiced projects currently in progress consists of all projects currently in progress whose contractual revenue plus the profit entered, minus the loss entered, is greater than the declared installments. This balance is accounted for under current assets. The pre-invoiced balance consists of all projects currently in progress whose contractual revenue plus the profit entered, minus the loss entered, is less than the declared installments. This balance is accounted for under current liabilities. On the balance sheet date, some of the pre-invoiced amounts had been received and some were outstanding accounts receivable.

In total in 2016 interest has been activated to the amount of € 0.2 million (2015: € 0.1 million). Big long-term projects are in most occasions pre-financed with invoiced amounts on these projects exceeding the costs incurred. The positive balance of work in progress consists mainly of current projects.

10. Cash and cash equivalents	2016	2015
Banks	222,733	234,049
Cash	48	149
Total	222,781	234,198
Amounts owed to credit institutions:		
Part of the cash management system of the Group	32,936	92,301
Not a part of the cash management system of the Group	-	-
Total	32,936	92,301
For the statement of cash flows:		
Cash and cash equivalents	222,781	234,198
Subtracting: amounts owed to credit institutions part of the cash management system of the Group	32,936	92,301
Balance of cash and cash equivalents at December 31st	189,845	141,897

Bank balances are receiving a market interest rate.

Cash and cash equivalents are bank balances, deposits and cash balances. Bank balances that are due on demand and that form an integral part of the company's cash management system is included in the statement of cash flows under cash and cash equivalents.

The liquid assets include cash from contractor combinations to the amount of € 139.2 million (2015: € 140.3 million) and cash received on blocked accounts to the amount of € 2.6 million (2015: € 0.8 million). This cash is not freely available for company use.

The cash included in contractor combinations is cash in partnerships with contractual stipulations against free access to the liquid assets. The cash received on blocked accounts is for blocked accounts that must be maintained due to the *Wet Ketenaansprakelijkheid* (Dutch Chain Liability Act). All other cash and cash equivalents are freely available.

11. Group equity

Equity attributable to equity holders of the parent company

Share capital

The authorised share capital at December 31, 2016 amounted to € 10,000,000 consisting of 100,000,000 A and B shares of € 0.10 each. The issued and fully paid-up share capital amounted to 62,872,869 shares of € 0.10 each. The issued share capital at December 31, 2016 consists of € 2,955,307 in A shares and € 3,331,980 in B shares (December 31, 2015: € 2,955,307 in A shares and € 2,918,037 in B shares). Unlike for A shares, no listing was requested for B shares. There is no difference in terms of control or profit entitlements between the A shares and B shares.

The articles of association of the company provide that issues of shares take place pursuant to a decision of the Management. The company may acquire fully paid-up shares in its own capital, but only for no consideration. Acquisition other than for no consideration can only take place if the general meeting has authorised the Management accordingly.

On March 6, 2015, Oranjewoud N.V. increased its shareholders' equity through a private share issue of 1,855,288 B shares. The shares were issued to Sanderink Investments B.V. at the average closing price over the period from February 17, 2015 to March 4, 2015. The issue price is € 5.39 per share. These B shares will not be listed.

On December 12, 2016, Oranjewoud N.V. increased its shareholders' equity through a private share issue of 4,139,434 B shares. The shares were issued to Sanderink Investments B.V. at the average closing price over the period from November 28, 2016 to December 9, 2016. The issue price is € 4.59 per share. These B shares will not be listed.

Earnings per share
The profit attributable to holders of ordinary shares amounted to € 11,331,000 (2015: € 18,088,000). The number of shares outstanding is at January 1, 2015 56,878,147, at December 31, 2015 and January 1, 2016 58,733,435 and at December 31, 2016 62,872,869.

The profit per share amount to € 0.19 (2015: € 0.31).

The calculation of net earnings per share at December 31, is based on the net profit available to ordinary shareholders divided by the average weighted number of shares outstanding that were in issue during the year (2016: 58,948,912 shares and 2015: 58,408,124 shares). Diluted earnings per share were equal to basic earnings per share in 2016 and 2015.

Dividend
Oranjewoud N.V. intends to make 30% of the net profit increased with amortization (after taxation) resulting from the acquisition of Strukton available for dividend payment. Dividend payment is subject to future profit developments, market developments, desired solvency and the leverage under existing and future bank covenants. Dividend will be made available as optional dividend (cash and/or shares).

Oranjewoud N.V. has acquired loan capital from Rabobank for the acquisition of Strukton Groep N.V. The loan documentation stipulates the conditions for dividend payment, which includes capping dividend at 30% of the profit after taxation plus amortization (after taxation) resulting from the acquisition of Strukton Groep N.V.

To boost solvency and bolster the company's cash position, Oranjewoud N.V. added € 19 million to its Shareholders' Equity on December 12, 2016 through a private share issue to Sanderink Investments B.V. In 2016, Shareholders' Equity grew further owing to realized gains (€ 11.3 million) and unrealized gains (€ 1.4 million). The balance sheet total has dropped slightly. The solvency increased from 14.6% to 16.8%. The solvency is - still - too low. Aside from that, the company needs sufficient resources to be able to fund possible growth of operating capital due to an increase in activity. The combination of these facts prompted the proposal from the Board of Directors to forgo payment of dividends for the 2016 financial year, with the approval of the Supervisory Board.

Non-controlling interests
Strukton Railinfra Projekten B.V. has on December 31, 2016 a 60% share in the Italian Railway Builders Costruzione Linee Ferroviarie S.p.A. and Uniferr S.r.l. The Group controls these companies and therefore they are consolidated to 100%.

In December of 2015, 40% minority stakeholder Unieco Societa Cooperativa exercised its option to sell the remaining 40% of shares in Costruzione Linee Ferroviarie to Strukton Railinfra Projecten B.V. However, Unieco was unable to meet its contractual obligation to transfer the shares in 2016. The put option order was consequently automatically canceled and the non-current liability was reclassified from long-term debt to minority stakes. In the 2016 financial year Costruzione Linee Ferroviarie S.p.A. dit not pay dividend to its stakeholders. The table below shows the financial data of Costruzione Linee Ferroviarie on 100% basis.

	2016
Non-current assets	50,709
Current assets	173,989
Non-current liabilities	(32,583)
Current liabilities	(112,210)
Balance	79,905
Cash and cash equivalents	16,179
Operating income	161,328
Net profit for the year	7,806
Unrealised gains and losses	-
Total result	7,806

12. Deferred employee benefits

Oranjewoud N.V. operates various pension plans in accordance with local regulations and terms. These plans are mostly classified as defined contribution plans. These pension plans are based on a contribution which is a fixed percentage of the pensionable amount. The employer's portion of this contribution is accounted for in the statement of income.

Pension plans in the Netherlands are subject to the provisions from the Dutch Pensions Act (Pensioenwet). The Dutch Pensions Act stipulates that pension plans must be fully funded and provided independently from the company by a separate legal entity. The various pension plans are administered by a range of industry-wide pension funds and insurers. The Group has no additional responsibility for the administration of these plans.

Each employee's basic pension is covered by group plans, to which multiple employers have signed up, because they are required to by law. These plans contain an indexed career average pension scheme and are therefore considered to be defined-benefit plans. This applies in particular to the industry-wide pension funds for the construction, metal, engineering and rail industries. Given that these funds are unable to provide the required information on the Group's proportional share of the pension liabilities and fund investments, defined-benefit pension schemes are recognized as defined-contribution schemes. The Group is required to pay a pre-established premium for these schemes. The Group will not be able to claim a refund of any overpaid premiums and is not required to make good any shortfalls, unless these are caused by amendment of future premiums. The part exceeding the basic pension (top-up part), which is not covered by group schemes, is administered by external parties and concerns defined-contribution schemes.

For the personnel and many of the Group companies, the benefit plans for the following pension funds apply, with indication of the number of active participants as of December 31, 2016 and the coverage of the funds as of December 31, 2016 and 2015:

	Actives	**Coverage 2016**	**Coverage 2015**
• Industry-wide pension fund - Construction	1,389	110.3%	108.9%
• Industry-wide pension fund - Concrete production industry	19	99.8%	97.1%
• Industry-wide pension fund - Metal and Technology	1,506	97.2%	97.4%
• Railway pension fund	1,786	107.5%	106.1%
• Group insurance Zwitserleven	5		
• Pension fund - Transport	13		
• Nationale			
Nederlanden	55		
	14		
• Delta Lloyd	56		
• Alecta pension insurance plan Sweden ITP scheme	333		
• Alecta pension insurance plan Sweden SAF-LO scheme	534		
• Axa pension insurance Strukton Railinfra NV Belgium	52		
• FONDO TFR – Pension Fund - ITALY	253		

The pension scheme with Zwitserleven has been qualified as a defined contribution plan.

Antea France SAS, Géo-Hyd and Groupe IRH Environnement SAS and a part of the Strukton Groep companies operate pension plans which are classified as defined benefit plans. The obligation comprises pension entitlements with the principal actuarial results (changes in value of plan assets, life expectancy and the likelihood of the employee leaving the company) being for the account of the company.

The costs of these plans and the cash value of the future pension obligations are measured actuarially. The actuarial methods applied, comprise the use of assumptions regarding discount rates, future salary increases, mortality rates and the future indexation of pensions. All assumptions are reviewed at each reporting date. The table below lists the net provision for pensions, the fair value of the plan assets and the pension plan financing status.

The pension provision is specified below:	2016	2015
Antea France SAS and Géo-Hyd SARL (France)	3,269	3,165
Groupe IRH Environnement SAS (France)	1,255	1,262
Strukton Rail AB (Sweden)	36,675	32,477
Strukton Railinfra NV (Belgium)	1,405	1,227
Reef Infra B.V. (The Netherlands)	1,280	1,519
Rasenberg Wegenbouw B.V. (The Netherlands)	1,219	1,377
Costruzioni Linee Ferroviarie S.p.A. (Italy)	2,331	2,565
Total	47,434	43,592

The increase of the pension provision in 2016 is mainly caused by the decrease of the discount rate.

Antea France SAS and Géo-Hyd SARL (France)
These benefit plans provide for an amount to be paid to the employee if the employee is employed by the employer until the agreed pension age. The amount to be paid, in addition to the monthly salary, depends on the number of years of employment when the pension date is reached. The liability is a pension entitlement for which the biggest actuarial gains and losses are covered by the company.

Groupe IRH Environnement SAS (France)
There are two plans, a retirement indemnity plan and a retirement benefits plan. The retirement benefits plan is a closed plan for participants who were employed before 1996.

Strukton Rail AB (Sweden)
The pension scheme for Strukton Rail AB (Sweden) employees who were born before 1978 is a defined benefit plan. All active participants in this plan have been enrolled in the Sweden Pension Plan ITP2. The other two current schemes are the Sweden Pension Plan Balfour Beatty and the Sweden Pension Plan KPA. All the remaining participants in these two pension plans are retirees of the former Balfour Beatty and the former Svensk Banproduktion. All three pension plans are administered by pension insurer PRI. As at the end of 2016, the total liability amounts to €36.7 million. Pension entitlements were calculated at present value based on IAS 19. This calculation was made by a certified actuary. The liability has to be financed by the company. Pension payments are handled by Alecta. The company is insured against bankruptcy with PRI. As part of this policy, guarantees totaling SEK160 million were provided to PRI. In calculating the pension liability, Alecta uses bases that differ from those used by PRI. As a result, the liability calculated by Alecta is greater. An annual premium paid to PRI covers the 'estimated redemption cost'.

Strukton Rail Infra NV (Belgium)
This pension insurance plan for employees of Strukton Railinfra N.V. is a defined benefit plan. The pension liability is financed with an insurance agreement.

Reef Infra B.V. (The Netherlands)
For Reef Infra B.V. an indexation liability has been entered for the benefit plan. The indexation liability is financed with an insurance agreement with Nationale Nederlanden. New entitlements are no longer being accrued in this benefit plan.

Rasenberg Wegenbouw B.V. (The Netherlands)
For Rasenberg Wegenbouw B.V. an indexation liability has been entered for the benefit plan. The indexation liability is financed with an insurance agreement with Delta Lloyd.

Costruzioni Linee Ferroviarie S.p.A. (Italy)
Costruzioni Linee Ferroviarie S.p.A. has a defined benefit plan (FONDO TFR – Pension Fund) for its employees. A sum of € 2.3 million (2015: € 2.6 million) has been reserved on the company balance sheet for this. The pension provision in Italy has not been externally financed but should be financed by the company.

Starting points
The identified material starting points for the calculation of the pension liability are the inflation, the discount rate and the mortality tables. The inflation is an 'indirect starting point'. Salary growth and pension growth are direct starting points derived from this inflation.

Starting points	**December 31, 2016**	**December 31, 2015**
Benefit plan discount rate	1.25-2.75%	1.75-3.25%
Inflation	1.50-2.00%	1.50-1.75%
Projected fund investment returns	1.25-2.75%	1.75-3.25%
Projected salary increase	1.25-2.75%	1.75-3.25%

The following mortality tables are used as of December 31, 2016:

Groupe IRH Environnement SAS	: RET Plan: TG HF 2005
Strukton Rail AB	: PRI 2011
	: FFFS 2007:31
Strukton Railinfra NV	: MR/FR (1993 Belgium motality table)
Reef Infra B.V.	: AG 2016 prognosis
Rasenberg Wegenbouw B.V.	: AG 2016 prognosis
CLF S.p.A.	: ISTAT 2013

Sensitivity
If the discount rate would increase by 1% point, under the same other assumptions, than the present value of pension liabilities would decrease by € 9.7 million. A decrease in the discount rate by 1% point and the same other conditions, would cause the present value of pension liabilities to increase by € 12.6 million.

If the inflation would increase by 0.25% point, under the same other assumptions, than the present value of pension liabilities would increase by € 1.8 million. A decrease in the inflation by 0.25% point and the same other conditions, would cause the present value of pension liabilities to decrease by € 1.8 million.

Duration
The duration of the Defined Benefit Obligation as of December 31, 2016 for the plans amount to 19.3 years.

Sweden
If the discount rate would increase by 1% point, under the same other assumptions, than the present value of pension liabilities would decrease by € 7.6 million. A decrease in the discount rate by 1% point and the same other conditions, would cause the present value of pension liabilities to increase by € 10.0 million.

If the inflation would increase by 0.25% point, under the same other assumptions, than the present value of pension liabilities would increase by € 1.6 million. A decrease in the inflation by 0.25% point and the same other conditions, would cause the present value of pension liabilities to decrease by € 1.5 million.

If the participants of the three Swedish plans are supposed to live one year longer than assumed, then the liabilities increase by around 4.2%.

The actuarial loss on the pension plans in Sweden (which together make up 77% of the total provision) is € 2.8 million, of which € 5.3 million is down to a drop in the notional interest rate, beside which a profit of € 1.8 million is realized by modified demographic starting points.

Amounts payable by the employer directly over the coming years range from € 0.4 million to € 0.6 million per year. The ITP2 plan has a term of 24.5 years, while the term for the KPA plan is 22.2 years.

Breakdown

The pension liabilities and the pension plan assets are determined based on actuarial calculations that are performed as of December 31. The breakdown and the progress of the pension liabilities and the pension plan assets concerning the defined benefit plans are listed hereafter.

Provision for pension liabilities	2016	2015
Breakdown:		
Pension plan assets (fair value)	2,468	2,111
Pension liabilities (net present value)	49,902	45,703
Negative difference	47,434	43,592
Pension plan assets (fair value) presented as asset	-	-
Provision for pension liabilities	47,434	43,592
Progress:		
Pension plan assets as at January 1st	2,111	1,800
Acquisition	-	418
Expected return on plan assets	48	32
Pension contributions	1,483	729
Pensions paid	(1,338)	(1,014)
Net actuarial gain or loss on plan assets	164	127
Other changes	-	19
Pension plan asset as at December 31st	2,468	2,111
Pension liabilities as at January 1st	45,703	46,949
Acquisition	-	1,680
Claims to be awarded in financial year	2,724	3,753
Interest expense	1,274	1,056
Pensions paid	(1,338)	(1,014)
Net actuarial gain or loss on pension liabilities	2,816	(7,634)
Exchange rate differences	(1,282)	905
Other changes	5	8
Pension liabilities as at December 31st	49,902	45,703
Actuarial results as at January 1st	-	-
Net actuarial gain or loss on pension liabilities	2,878	(7,755)
Net actuarial gain or loss on plan assets	1	-
Recognized in other comprehensive income	(2,879)	7,755
Actuarial results as at December 31st	-	-
Pension expense components under defined benefit plans		
Claims to be awarded in financial year	2,724	3,753
Interest expense	1,274	1,056
Expected return on plan assets	(48)	(32)
Other	6	9
Total pension expense under defined benefit plans in statement of income	3,956	4,786

The result realised on plan assets is € 0 (2015: € 0). The Group did not hold or use any plan assets. The major categories of plan assets as a percentage of the fair value of total plan assets were as follows:

	2016	2015
Bonds	0%	0%
Funds	0%	0%
Other plan assets	100%	100%

Given that the vast majority of the benefit plans is financed with an insurance policy, the assets consist of the guarantee by the insurer that specific pensions will be paid out in the future. The value of these assets is the current cash value of these guaranteed payments. Allocation to different financial instruments is not applicable, therefore these assets are presented under other fund investments.

Please refer to note 20 for the breakdown of pension expenses into defined benefit plans and defined contribution plans. The expected contribution to the defined benefit plans in 2017 is € 4.0 million (2016: € 4.1 million).

13. Provisions

	2016	2015
Provision for restructuring	1,699	2,693
Provision for projects	7,472	4,507
Jubilee provision etc.	10,236	10,181
Other provisions	-	150
Total	19,407	17,531
Non-current part	16,582	13,988
Current part	2,825	3,543
Total	19,407	17,531

The non-current component of the provisions (excluding the jubilee provision, etc.) is expected to be settled after one year, and will certainly be settled within five. The current component is expected to be settled within one year.
The jubilee provision and such like are based on an IAS19 calculation, including discount. The likelihood of departure falls over a range from 25% for employees aged 20 years to 0% for employees aged 60 years and up. The other non-current provisions are small.

Change in provisions	Restruc-turing	Projects	Jubilee etc.	Other	Total
Balance at January 1, 2015	8,776	4,815	10,192	86	23,869
Changes due to:					
Additions	2,096	931	181	64	3,272
Acquisition of subsidiaries	-	292	-	-	292
Utilization	(7,871)	(1,020)	(30)	-	(8,921)
Exchange rate differences	9	1	-	-	10
Other	9	134	467	-	610
Release	(326)	(646)	(629)	-	(1,601)
Balance at December 31, 2015	2,693	4,507	10,181	150	17,531
Non-current part	-	4,507	9,331	150	13,988
Current part	2,693	-	850	-	3,543
Balance at December 31, 2015	2,693	4,507	10,181	150	17,531
Balance at January 1, 2016	2,693	4,507	10,181	150	17,531
Changes due to:					
Additions	721	3,720	352	-	4,793
Acquisition of subsidiaries	-	401	-	-	401
Utilization	(1,644)	(879)	(297)	-	(2,820)
Exchange rate differences	-	1	-	-	1
Other	786	(56)	-	(150)	580
Release	(857)	(222)	-	-	(1,079)
Balance at December 31, 2016	1,699	7,472	10,236	-	19,407
Non-current part	-	7,272	9,310	-	16,582
Current part	1,699	200	926	-	2,825
Balance at December 31, 2016	1,699	7,472	10,236	-	19,407

Provision for restructuring

As part of reorganizations underway a restructuring provision has been formed for expected severance costs. The provision is carried at nominal value.

Provision for projects

The provision for projects comprises a provision for claims for damages and foreseeable losses. The provision is carried at at nominal value. Other changes concerne a reclassification to work in progress.

Jubilee provision etc.

The provision is the amount of future benefit payments and claims for jubilee payments and leave entitlements. The obligations are realized to present value. Any actuarial gains or losses are recognized in the statement of income in the period in which they occur.

As part of service anniversary schemes at the Group, bonuses are paid out after a certain number of years of service. Given that there are various such schemes in place across the Group, the extent of this bonus and when it is paid depends on the entity at which an employee works. The primary risk the Group runs in relation to this facility is the interest rate risk, as a lower interest rate means a higher liability.

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14. Subordinated loans and Non-current liabilities

Subordinated loans	2016	2015
Sanderink Investments B.V.	1,000	10,000
Total	1,000	10,000

The subordinated loan granted by associated party Sanderink Investments B.V. has a term of 55 years. Early repayment is possible. Interest on this loan is payable at a rate of 5.0%.

Subordination applies to all of the Group's obligations towards the lender (Sanderink Investments B.V.), ensuing from this subordinated loan in relation to all current and future receivables of the Rabobank under the Rabobank Loan Agreement, both in cases of bankruptcy or suspension of payments on the part of the borrower and otherwise.

Non-current liabilities	2016	2015
Total current and non-current liabilites	143,675	187,638
Less:		
Current portion of non-current liabilities	(102,999)	(37,594)
Non-current liabilities	40,676	150,044
Property, plant and equipment financing	556	822
Term loan	-	39,361
Obligation purchase price CLF	-	32,000
Building Oosterhout mortgage loan	9,168	9,741
Debts financing real estate projects	2,980	2,237
Bankloans	18,143	52,849
Financial derivatives	-	1,925
Groupe IRH	1,001	1,454
Lease liabilities	6,916	7,342
Non-recourse Ppp-financing	1,905	2,305
Other non-current liabilities	7	8
Total	40,676	150,044

The decrease of the non-current liabilities is caused by shifts to current liabilities. See below and also note 15.

Non-current loans with terms up to and including 2018 have been taken out to finance property, plant and equipment (cars, tools and software).

The term loan consists of a USD-part of 23.8 million (A) and a Euro-part of 17.5 million (2015: 20 million) (B). The loan runs until July 31, 2017. Interest consists of three-month Libor (A) or Euribor (B) plus a margin of 2.6%-point (A) or 2.5% (B). The variable interest rate (A) was swapped at 1.05%. Given the duration till July 31, 2017 this term loan is recognized as current liability. In 2015 this term loan was recognized under the non-current liabilities.

Strukton Rail has been a CLF shareholder since 1998, and had previously upped its stake from 40% to 60% in 2013 by acquiring the shares of fellow shareholder Unieco. As part of this deal, a put option was agreed with Unieco. On December 18, 2015, Unieco exercised this put option, obliging the Group to buy the remaining 40% of shares at the pre-agreed price of € 32 million. However, Unieco was unable to meet its contractual obligation to transfer the shares in

2016. The put option order was consequently automatically canceled and the non-current liability was reclassified from long-term debt to minority stakes.

The interest rate on the mortgage loan on property Oosterhout is swapped for half of the mortgage amount. The interest consists of three-month Euribor plus a margin of 3.0%-points for the not swapped portion and 4.11% for the swapped portion. The term of the loan is until July 31, 2018. The carrying amount of the item of property, plant and equipment encumbered with the mortgage was € 11,405,000 at year-end 2016 (2015: € 11,712,000).

The interest rate on debt financing real estate projects is 2.87%, duration till 2018. The interest on bankloans is 3.35%, duration varies from 2017 to 2027. Due to consolidation of ppp projects, in 2016 the non-recourse ppp-financing came to € 1.9 million (2015: € 2.3 million). The interest rate is 4.00% and the duration varies from 2018 to 2043. The other non-current liabilities concern private loans.

Strukton Groep's €40-million term loan in their credit facilities is recognized under bank financing and has a term that runs through to April 30, 2017. This term loan is therefore recognized as current liability. In 2015 this term loan was recognized under non-current liabilities.

The repayment plan for the non-current liabilities and the repayment liabilities entered under the current liabilities is as follows:

2015	< 1 year	1-5 years	> 5 years	Total
Property, plant and equipment financing	364	822	-	1,186
Term loan	2,500	39,361	-	41,861
Antea Colombia	2,388	-	-	2,388
Obligation purchase price CLF	-	32,000	-	32,000
Building Oosterhout mortgage loan	573	9,741	-	10,314
Debts financing real estate projects	-	2,237	-	2,237
Bankloans	29,368	51,409	1,440	82,217
Financial derivatives	528	1,925	-	2,453
Groupe IRH	589	1,454	-	2,043
Lease liabilities	940	7,342	-	8,282
Non-recourse Ppp-financing	344	1,787	518	2,649
Other non-current liabilities	-	8	-	8
Balance at December 31, 2015	37,594	148,086	1,958	187,638

2016	< 1 year	1-5 years	> 5 years	Total
Property, plant and equipment financing	335	556	-	891
Term loan	40,079	-	-	40,079
Building Oosterhout mortgage loan	573	9,168	-	9,741
Debts financing real estate projects	518	2,980	-	3,498
Bankloans	56,406	15,166	2,737	74,309
Financial derivatives	1,794	-	-	1,794
Groupe IRH	663	1,001	-	1,664
Lease liabilities	2,232	7,156	-	9,388
Non-recourse Ppp-financing	399	1,512	393	2,304
Other non-current liabilities	-	7	-	7
Balance at December 31, 2016	102,999	37,546	3,130	143,675

For more information about interest and currency risks, see the section on financial instruments and the financial risk management section.

Further reference is made to the continuity paragraph in the accounting policies.

15. Other current liabilities

	2016	2015
Repayment obligations	101,205	37,594
Financial derivatives	1,794	-
Debts to affiliated companies	880	961
Debts in respect of other taxes and contributions	65,428	75,749
Pension obligations	3,256	5,070
Other liabilities	198,138	200,778
Accrued liablities	85,028	92,042
Total	455,729	412,194

The current liabilities have a remaining term to maturity of less than one year.

The Oranjewoud term loan consists of a USD-part of 23.8 million (A) and a Euro-part of 17.5 million (2015: 20 million) (B). The loan runs until July 31, 2017. Given the duration till July 31, 2017 this term loan is recognized as current liability. In 2015 this term loan was recognized under the non-current liabilities.

Strukton Groep's € 40-million term loan in their credit facilities is recognized under bank financing and has a term that runs through to April 30, 2017. This term loan is therefore recognized as current liability. In 2015 this term loan was recognized under non-current liabilities. See also note 14.

Other payables and accrued liabilities consist largely of outstanding invoices for work completed and holiday money and days.

Oranjewoud N.V. is for its financing arrangement in compliance with the conditions agreed with the banks for the entirety of 2016 and as of December 31, 2016.

Strukton Groep N.V. (Strukton) has its own financing arrangement that is fully ringfenced from Oranjewoud N.V.'s financing.

Schematically, the covenant results of Strukton can be listed as follows:

		Condition	Realization
Ebitda - Creditbase		>= 33.6	33.6
Ebitda - Group excl. Project Riyadh		>= 58.2	58.2
Ebitda – Project Riyadh		> 8.1	11.4
Senior Leverage Ratio	Net interest bearing debt / Ebitda	1.7	0.8
Fixed Charge Cover Ratio	(Ebitda – investments) / Interest costs	3.1	3.2
Interest Cover Ratio	Ebitda / Interest costs	4.1	4.5
Solvency Ratio	Guaranteed capital / Total balance sheet	0.212	0.250
Capital Expenditure	Investments in assets	< 10.5	9.7

16. Liabilities not included in the statement of financial position

Contingent liabilities

Contingent liabilities are liabilities resulting from events in the past whose existence is only confirmed by the occurrence of one or more uncertain future events, over which the entity does not have total control.

If it is not likely that an outflow of means that contain economic benefits will be required to settle a liability or if the amount of the liability cannot be valued in a sufficiently reliable manner, then the liabilities in question will also be designated as contingent liabilities. The contingent liabilities are guarantees issued and any liabilities from legal proceedings against Oranjewoud N.V. and/or its operating companies for which the scope of the risks and any resulting liabilities cannot be valued in a sufficiently reliable manner.

In addition to this, Oranjewoud N.V. is jointly and severally liable for all liabilities of general partnerships (contractor combinations) in which it is directly involved. This liability is limited to the Group companies participating in the general partnership. Liabilities of this kind have not been entered in the financial statements.

For real estate projects, a sum of € 0.3 million (2015: € 2.2 million) has been allocated as security for loans.

Bank guarantees, rental and lease obligations
The bank guarantees for projects, leases and capital commitments amounted to € 388,987,000 (2015: € 458,425,000). The total financial obligations for rental and operating lease amounted to € 147,713,000 (2015: € 158,466,000).

The installments mature as follows:

	2016	2015
Within one year	48,981	50,214
After one year but within five years	97,239	97,257
After five years	1,493	10,995
Total	147,713	158,466

The lease installments relate to cars and computer equipment. The rental obligations relate mainly to office buildings.

Investment obligations related to tangible fixed assets amounted to € 1,078,000 (2015: € 355,000).

Dividend payments, if any, made by Oranjewoud N.V. to shareholders do not result in corporate income tax consequences.

Legal proceedings
The Group was involved in a number of legal proceedings at year-end 2016 and 2015.

Agent remuneration
The group only uses agents in specific cases, and has therefore entered into a limited number of agency contracts. In some countries, having an agent is compulsory, but agents can also be used to provide local support during a project. For the group as a whole, the agency contract for the Riyadh subway project in Saudi Arabia is basically the only relevant one. The agreement with the agent there was sealed in the first quarter of 2013, after it became clear that the consortium that includes Strukton International (an Oranjewoud N.V. subsidiary) would be awarded the contract. The project agreement was formalized on July 10, 2013. Under the agency contract, Strukton's project organization can rely on local support by the agent. At the start of the project, such support was considered necessary as Strukton had no experience in Saudi Arabia whatsoever, and was embarking on the largest project in the company's history. The project is making good progress. The agent is paid a fixed percentage of Strukton's contract value, while payment stays in step with progress on the project. The agreed percentage stays well within the standards set by the OECD. The project is going well – the consortium that includes Strukton completed a large number of civil structures in 2016, putting the consortium well ahead of the two other consortia building the other subway lines in Riyadh in terms of output - and the project organization is stable. There are no records documenting the deployment of the agent for the work specified in the agency contract. Use of the agent's services was very limited in the 2015 and 2016 financial years, as a direct result of the excellent progress of project output. Strukton's project organization is independent.

When hiring an agent, compliance with all applicable legislation and regulations is crucial, as is compliance with other standards, such as the OECD standard for agent remuneration. The Supervisory Board's report makes mention of the

Supervisory Board's review, aided by external experts, of how the Riyadh agency agreement came about and whether it is still fit for purpose today. Their review looked at the agent's activities and remuneration.

The conclusion that ensued from the review is that the agreement with the agent could have included more compliance guarantees back in 2013. The review also showed that there are no concrete indications of possible irregularities. Although there are no indications to this effect, a risk of non-compliance with applicable legislation and regulations can never be ruled out completely, which potentially impacts on the financial statements. These possible consequences cannot be estimated reliably, which is why no provision was created.

For further details about rectification and improvement measures in the area of compliance, please refer to the Internal Control section on page 18.

17. Financial instruments

General

The main financial instruments of the Group comprise of bank loans and credits and cash and cash equivalents. The Group also uses interest rate swaps and inflation swaps to hedge interest rate and inflation risks arising from corporate and project financing. The main purpose of the financial instruments is to raise financing for the operating activities of the Group. In addition there are various other non-current financial assets and liabilities, including trade receivables and debts to suppliers, which arise directly from the operating activities. No derivatives and financial instruments are held for trading purposes.

All financial assets and liabilities, excluding (rated at fair value) ppp-claims, annuity loans and derivatives, are valued according to the category "loans and receivables" as referred to in IAS39.
On conclusion of the ppp-contracts, the variable interest rate on the non-current non-recourse financing will be switched to a fixed rate using interest rate swaps. Here, the interest accrual factor is also determined for the non-current ppp-receivable. The swapped interest and the interest accrual factor are interlinked in models and are close together. When determining the fair values of the ppp-liability and ppp-receivable, we look at the future cash flows and the differences in value resulting from the change in market interest rates with respect to the interest accrual factor and the swap interest, respectively.

Interest rate risk

The interest rate risk in respect of interest-bearing loans and bank debts is discussed under the heading Non-current liabilities.

The impact of a 1 percentage point interest increase on profit before taxes and equity is around € 0.5 million negative (2015: € 0.9 million negative). The impact of a decrease is similar in size but contrary. This interest rate risk is exclusive the effect of derivates.

Currency risk

The majority of the Group's activities are carried out in the eurozone. Most subsidiaries outside of the eurozone do business in their country's currency. For transactions in foreign currency the policy is to hedge the total net position by means of foreign currency contracts. The translation risk on equity and loans granted to subsidiaries is not hedged outside of the eurozone, except for Antea USA (see below). The Group's currency risk is limited to its foreign subsidiaries.

The currency risk of the Group relates to the foreign subsidiaries, in Colombia (2015), Scandinavia, India and in Riyadh (Saudi Arabia), to an amount equivalent to € 32.3 million (2015: € 44.7 million).

The high volatility of the US dollar versus the euro is a risk. The acquisition of Antea USA in early 2008 for a sum of USD 23,750,000 was settled in full by means of a transaction in euros. The euro/dollar rate at the time of the transaction was 1.47. The currency risk for this non-current investment was hedged by means of a loan at a rate of 1.35 in early 2011. As of August 1, 2013 the mentioned US dollar loan has been replaced with a new loan of US dollar 23.8 million. The US dollar loan functions as a natural hedge as to the equity value in US dollar of Antea USA.

The main exchange rates over the financial year are as follows:

	Average rate		Spot rate	
	2016	2015	2016	2015
USD	1.1069	1.1101	1.0541	1.0887
DKK	7.4452	7.4587	7.4344	7.4626
NOK	9.2906	8.9496	9.0863	9.6030
SEK	9.4689	9.3563	9.5525	9.1895
GBP	0.8195	0.7262	0.8562	0.7340
COP	3,377.7870	3,046.6200	3,167.2440	3,454.6600
INR	74.3717	71.2616	71.5935	72.0215
SAR	4.1409	4.1685	3.9436	4.0807

A 10% increase in the value of the euro against other currencies at year-end would have reduced equity by € 3.2 million (2015: € 6.6 million) and profit by € 0.7 million (2015: € 0.9 million). All other variables, interest rates in particular, are assumed to remain unchanged. A 10% fall in the euro against the other currencies would have had a similar, but contrary, effect, assuming that all other variables remain unchanged.

Credit risk

The Group applies procedures and policies to limit the extent of the credit risk with any counterparty or in any market. These procedures and the spread across numerous customers limit the Group's exposure to the risk related to credit concentrations and market risks. In addition, projects are invoiced on a progress basis and to the extent possible under the contract advanced billing are used. Escrow arrangements have been drawn up for specific projects as security for payment.The available cash and cash equivalents is held with creditworthy banking institutions. See also note 8.

Liquidity risk

The Group monitors its risk of a cash deficit by means of a liquidity planning tool. This tool considers the maturity of both investments and operating cash flows. The liquidity planning tool is used where relevant for specific parts of the Group. The Group aims for a balance between continuity in financing and flexibility in the use of credit facilities, loans and equity.

The total credit facilities for Oranjewoud N.V. (included Strukton Groep) amounted to some € 209 million (2015: € 205 million). Oranjewoud N.V. and its Group companies established in the Netherlands are jointly and severally liable for the aforesaid facility. The borrowers have imposed themselves not to encumber their assets with security without the lender's advance consent. Assets have been pledged as security for some of the debts. From these current account facilities € 30 million (2015: € 49 million) was used at December 31, 2016.

To finance accounts receivables, factoring agreements have been concluded with financiers with a total facility of € 77 million (2015: € 88 million). Of this, an amount of € 9.5 million (2015: € 23.4 million) was used.

The maturity profile of the financial obligations of the Group as at December 31, 2015 and 2016 is as follows:

Maturity profile (amounts x € 1,000)	Book Value	Contracted Cash flows	Within 6 months	6 to 12 months	1 to 5 years	> 5 years
At December 31, 2015						
Subordinated loans	10,000	11,417	-	-	11,417	-
Interest-bearing loans	153,185	165,348	31,957	13,633	117,711	2,047
Trade payables and other liabilities	1,134,165	1,134,165	601,194	433,085	99,886	-
Amounts owed to credit institutions	92,301	101,360	43,032	58,328	-	-
Financial derivatives	34,453	40,257	3,187	2,619	34,451	-
Total	1,424,104	1,452,548	679,370	507,665	263,465	2,047
At December 31, 2016						
Subordinated loans	1,000	1,103	-	-	1,103	-
Interest-bearing loans	141,881	146,260	53,317	57,143	32,256	3,543
Trade payables and other liabilities	1,165,037	1,174,846	619,841	450,952	104,053	-
Amounts owed to credit institutions	32,936	33,328	30,697	2,631	-	-
Financial derivatives	1,794	1,794	1,683	111	-	-
Total	1,342,648	1,357,330	705,538	510,837	137,412	3,543

Given the policy to cover liquidity and interest risks the Group has entered into several swaps. The special purpose companies have entered into interest and inflation swaps for the PPP-projects. The changes of these interest and inflation swaps have been accounted in the PPP-projects. Fair value accounting was applied for all swaps that existed at the time of Strukton's acquisition. This means that the value transactions for the derivative are accounted for directly in the statement of income. For the other swaps, hedge accounting was applied using the cash flow model.

Cash Flows due to derivatives (amounts x € 1,000)	Book Value	Contracted Cash flows	Within 6 months	6 to 12 months	1 to 5 years	> 5 years
2015						
Interest swaps: liabilities	(716)	(715)	-	-	(715)	-
Forward exchange contracts: liabilities	(1,737)	(7,542)	(3,187)	(2,619)	(1,736)	-
Obligation purchase price	(32,000)	(32,000)	-	-	(32,000)	-
Total	(34,453)	(40,257)	(3,187)	(2,619)	(34,451)	-
2016						
Interest swaps: liabilities	(333)	(333)	(222)	(111)	-	-
Forward exchange contracts: liabilities	(1,461)	(1,461)	(1,461)	-	-	-
Total	(1,794)	(1,794)	(1,683)	(111)	-	-

Fair values

A comparison of the carrying amounts and fair values of financial assets and liabilities of the Group are set out below:

(amounts x € 1,000)	Carrying amount		Fair value	
	2016	2015	2016	2015
Financial assets				
Trade receivables	441,905	449,808	441,905	449,808
Other receivables	554,158	552,448	554,158	552,448
Non-current receivables	32,459	28,009	32,459	28,009
Ppp-receivables	5,510	5,594	5,510	5,594
Cash and cash equivalents	222,781	234,198	222,781	234,198
Total	1,256,813	1,270,057	1,256,813	1,270,057
Financial liabilities				
Interest-bearing loans	141,881	153,185	141,881	153,185
Trade payables and other liabilities	1,146,113	1,128,845	1,146,113	1,128,845
Amounts owed to credit institutions	32,936	92,301	32,936	92,301
Financial derivatives	1,794	34,453	1,794	34,453
Total	1,323,724	1,418,784	1,323,724	1,418,784

Fair value hierarchy

The Group uses the following hierarchy for determining and disclosing financial instruments, distinguishing between valuation methods.

Level 1: quoted (non-adjusted) prices in active markets for similar assets or liabilities.

Level 2: other methods with all variables having a significant impact on the recognized fair value and being directly or indirectly observable

Level 3: methods using variables that have a significant impact on the recognized fair value, but are not based on observable market data.

The fair values are based on a model in which the main variable is the market rate and in which indications of value from third parties have been processed.

Assets measured at fair value

(amounts x € 1,000)

	December 31, 2015			
	Total	Level 1	Level 2	Level 3
Ppp-receivables	2,644	-	-	2,644
Associates	2,950	-	-	2,950
Total	5,594	-	-	5,594

	December 31, 2016			
	Total	Level 1	Level 2	Level 3
Ppp-receivables	2,560	-	-	2,560
Associates	2,950	-	-	2,950
Total	5,510	-	-	5,510

Progress Level 3

(amounts x € 1,000)	2016	2015
Ppp-receivables and associates		
Balance as at January 1	5,594	5,011
Loans	(197)	450
Accretion	113	133
Balance as at December 31	5,510	5,594

Liabilities measured at fair value

(amounts x € 1,000)

	December 31, 2015			
	Total	Level 1	Level 2	Level 3
Interest swaps: liabilities	716	-	716	-
Forward exchange contracts: liabilities	1,737	-	1,737	-
Obligation purchase price	32,000	-	32,000	-
Total	34,453	-	34,453	-

	December 31, 2016			
	Total	Level 1	Level 2	Level 3
Interest swaps: liabilities	333	-	333	-
Forward exchange contracts: liabilities	1,461	-	1,461	-
Total	1,794	-	1,794	-

NOTES TO THE CONSOLIDATED STATEMENT OF INCOME

18. Segmented information

Performance details of operational segments are reported based on internal reports to the board. The board assesses business operations from a combination of industries and geographical regions and defines Consultancy and Engineering Services, Rail Systems, Civil Infrastructure, International Infrastructure and Rail Systems, Technology and Buildings, and Other as operational segments. Operational segments have not been aggregated. The distribution of total revenue and profit and the distribution of statement of financial position items on the basis of the core segments of the company are as follows:

In millions of euros	Consultancy & Engineering Services		Rail		Civil		International		Technology & Buildings		Other		Eliminations		Total	
	2016	2015	**2016**	2015	**2016**	2015	**2016**	2015	**2016**	2015	**2016**	2015	**2016**	2015	**2016**	2015
Total revenue (external)	**388.4**	358.3	**828.9**	764.9	**483.8**	602.8	**244.1**	164.2	**323.2**	372.9	**47.2**	42.5			**2,315.6**	2,305.6
Between segments	**14.4**	12.0	**11.5**	8.9	**10.2**	6.2	**3.4**	1.7	**4.6**	3.9	**8.3**	7.5	**-52.4**	-40.2		
Depreciation	**7.0**	6.2	**16.7**	19.8	**5.1**	5.7	**0.9**	0.5	**2.0**	2.0	**0.2**	0.2			**31.9**	34.4
Amortization	**4.3**	3.6	**5.6**	5.2	**1.9**	2.0	**0.2**	0.6	**0.2**	1.3	**1.1**	2.1			**13.3**	14.8
Operating profit	**3.0**	9.7	**26.0**	24.3	**-2.4**	-4.4	**7.3**	8.6	**-8.1**	2.0	**0.4**	-0.7			**26.2**	39.5
Total assets	**242.5**	324.3	**639.8**	631.3	**297.3**	303.9	**277.5**	283.5	**250.3**	218.1	**66.4**	-6.0	**-141.0**	-93.8	**1,632.8**	1,661.3
Total financial assets	**18.0**	15.9	**25.9**	15.8	**11.5**	15.8	**7.3**	5.6	**3.8**	3.2	**0.4**	5.1			**66.9**	61.4
Total liabilities	**133.4**	148.1	**486.9**	526.6	**258.7**	272.1	**267.2**	276.9	**223.3**	191.1	**95.2**	97.8	**-141.0**	-93.8	**1,323.7**	1,418.8
Total investments	**3.3**	5.6	**16.2**	11.9	**2.9**	2.2	**1.0**	0.3	**0.9**	0.8	**0.1**	0.2			**24.4**	21.0
Employees	**3052**	3372	**3497**	3534	**1253**	1303	**155**	115	**1701**	1680	**206**	183			**9864**	10187

The geographical spread is as follows:

In millions of euros	The Netherlands		Italy		Sweden		Other Europe		US		Colombia		Asia		Middle East		Total	
	2016	2015	**2016**	2015	**2016**	2015	**2016**	2015	**2016**	2015	**2016**	2015	**2016**	2015	**2016**	2015	**2016**	2015
Total revenue	**1,342.5**	1,487.5	**161.6**	132.7	**272.7**	274.1	**214.8**	153.5	**81.3**	78.9	**1.6**	13.2	**2.4**	2.5	**238.7**	163.2	**2,315.6**	2,305.6
Total assets	**827.2**	843.5	**237.8**	242.8	**119.1**	119.2	**160.5**	146.8	**47.0**	51.5		12.1	**3.6**	3.4	**237.6**	242.0	**1,632.8**	1,661.3
Total financial assets	**45.0**	45.1	**8.1**	2.9			**-3.4**	-1.7	**17.2**	15.1							**66.9**	61.4
Total liabilities	**648.7**	738.7	**192.7**	201.6	**64.8**	65.5	**145.8**	129.0	**39.9**	44.7		8.0	**0.2**	0.4	**231.6**	230.9	**1,323.7**	1,418.8
Total investments	**11.9**	10.0	**9.1**	6.3	**-1.5**	0.8	**3.4**	2.4	**0.4**	0.9	**0.2**	0.5		0.1	**0.9**		**24.4**	21.0

The increase in total revenue in the segment **Consultancy & Engineering Services** is caused by the acquisition at the end of 2015 of Groupe IRH Environnement. The sharp fall in profit in 2016 is partially caused by France, but in particular by the discontinuation of the activities in Colombia, which entailed a negative exceptional Ebitda result of € 7.4 million. The net profit effect is € 5.2 million.

<u>Colombia</u>

In mid-2016, Oranjewoud N.V. decided to cease Antea Colombia SAS' operations with immediate effect. Persistently low oil prices and the resulting substantial reduction in spending by clients in the oil and gas industry, as well as the unlikeliness of the Colombian economy picking up in the short term, have made the board decide to cease Antea Colombia SAS' operations.

Oranjewoud acquired Antea Colombia in 2011. In subsequent years, this company consistently made a positive contribution to Oranjewoud Group's operating profits, growing into a company with over 800 employees by 2014. Falling oil prices and hefty fluctuations in the US dollar to Colombian Peso exchange rate have prompted major parties in the oil and gas industry to rein in their spending. Despite a drastic reorganization in 2015 (which saw the workforce cut to approx. 175 in early 2016), investments in diversification of services and financial support in the form of additional paid-in capital from Oranjewoud N.V., Antea Colombia unfortunately failed to return to profitability. Economic stagnation in Colombia and the expectation that oil prices will continue to stay low have put a damper on prospects for improvement of Antea Colombia's current situation. The board of Oranjewoud N.V. has therefore concluded that retaining the Colombian site would not be in the long-term interests of Antea Group as a whole.

However, closure of the site in Colombia does not mean a complete withdrawal from the Central and South American market for Antea Group. This region will still be actively served by Antea Group companies in Europe, Latin America and the United States, as well as by Antea Group's Inogen network.

The **Rail** segment's solid performance in the 2016 financial year saw it keep operating profits on the same level as in the previous financial year and achieve growth in operating income. Operating income was up mainly thanks to greater output in Italy and Denmark. Operations in the Netherlands and Italy in particular helped secure good operating profits in 2016. The Rail segment posted a modest profit in Sweden. The maintenance department in Sweden is working well and delivers excellent quality. The projects department in Sweden, on the other hand, faced setbacks in a number of projects. The management has taken measures to prevent similar losses on projects in the future.

The drop in revenue at the **Civil Infrastructure** segment is down to efforts to lower the company's risk profile, which saw the strategic focus shift to technology in combination with specialist products. The company is increasingly cautious and critical when it comes to bidding for large-scale and high-risk projects. Despite the completion of the reorganization at Civiel Projecten, this segment posted an operating profit of € 4.6 million. Both regional companies and specialist companies had a healthy backlog as at December 31, 2016.

The **International Infrastructure and Rail Systems** segment's output on the Riyadh subway project was relatively high in 2016. Work on the subway lines is advancing well. By the end of 2016, over half of the work had been completed, including tunnel boring and construction of standard overpasses. Railroad engineering work also started in 2016. This project is expected to be completed in 2020. The negative financial result of € 6.5 million is mainly down to the forward exchange contracts entered into for the Riyadh subway project in 2014 and 2016, which were settled in 2016. This loss was caused by the euro's sharp fall against the U.S. dollar over the last few years. Losses caused by the dwindling euro are offset by an operating profit as U.S.-dollar cash flows from Riyadh resulted in more euros because of the euro's low valuation.

Without including the RIVM project, the **Technology and Buildings** segment again bettered its operating result compared to the previous year. The RIVM project is a complex project, mainly because the laboratories have to be built to very precise specifications, including strict requirements relating to vibration. The project has consequently suffered a delay. In 2016, measures were developed to resolve the vibration issues. In January of 2017, the certificate of commencement was issued, and building work is set to start in the spring of 2017. The client and the consortium are currently still negotiating the financial settlement of additional costs involved in the new design and caused by the project delay. A loss provision of € 18 million was created in the 2016 financial year. Despite this loss on the RIVM/CBG project, the Technology and Buildings segment managed to limit its total operating loss to € 5.9 million thanks to fine results at the various entities, once again underlining the company's stability and strategic choices.

According to revenue categories, the breakdown of the total revenue is as follows:

In millions of euros	2016	2015
Projects for third parties	1,764.1	1,733.9
Temporary staff	10.7	9.7
Service maintenance and concessions	514.0	492.5
Revenue from inventory	2.6	7.0
Other	24.2	62.5
Total	2,315.6	2,305.6

19. Other operating income

Other operating income in 2015 of € 1,887,000 relates for € 1,741,000 to the badwill on the acquisition of NS Spooraansluitingen B.V.

20. Staff costs

	2016	2015
Wages and salaries	518,263	510,391
Social security contributions	99,719	92,849
Defined contribution plans	39,835	38,799
Defined benefit plans	3,956	4,786
Temporary agency staff	53,417	49,038
Other staff costs	92,166	89,206
Total	807,356	785,069

Some of the Group companies also have defined benefit plans (see note 12). The lease payments for passenger cars, included under other staff costs, were € 40.8 million (2015: € 43.2 million).

At December 31, 2016, the number of employees in the Group, expressed in full-time equivalents, was 9529 (2015: 9878).

The breakdown is as follows:

	2016	2015
The Netherlands	6142	6222
Other Europe	2814	2843
US	386	415
South America	24	250
Asia	163	148
Total	9529	9878

21. Related parties

Sanderink Investments B.V. with its associates is identified as a related party. Oranjewoud N.V. is for 96.00% owned by Sanderink Investments B.V. Sanderink Investments B.V. is for 100% owned by Stichting Administratiekantoor Sanderink Investments of Gerard Sanderink. The related parties of the Group consist of the associates, the directors and other related parties. For a list of the subsidiaries see note 40.

Purchases from related parties were made at normal market prices and concern IT related purchases in "the normal course of business" of both Oranjewoud and other companies belonging to the Group. The total amount of these purchases amounted to € 3.0 million (2015: € 3.0 million). As of the year end, we have the following outstanding receivables and liabilities due to transactions with Sanderink Investments B.V.: receivables € 104,000 (2015: € 149,000) and liabilities € 880,000 (2015: € 961,000).

Balances outstanding at year-end are not covered by collateral security, carry no interest and are settled in cash. Current account balances with foreign related entities carry interest, with a limited divergence from the current variable market rate of interest. No guarantees have been issued nor received for the amounts payable to or receivable from related parties.
In addition, there is a subordinated loan of Sanderink Investment B.V. of € 1 million (2015: € 10 million). See also note 14 “Subordinated loans”.

Board of Directors

In 2016, the membership of the Board of Directors consists of Mr G.P. Sanderink and Mr P.G. Pijper. The remuneration provided by the company for the financial year, consisting of fixed and variable remuneration, as well as pension expenses, for directors (also key decision-makers in the Group) came to € 314,449 (2015: € 279,421).

The remuneration of Mr. P.G. Pijper is as follows. The fixed salary including holiday allowance, fixed year end bonus and reimbursements amounts to € 233,545 (2015: € 232,525) on an annual basis. The variable remuneration (exclusive one time bonuses), based on agreed upon criteria per financial year, is no more than 35% of the annual salary. Besides this the employer pays a pension contribution of 8.0% (2015: 8.0%) of the pension giving salary. Once a year, at June 30, the remuneration may be adjusted.

	Year	Salary	Bonus [1)]	Pension
G.P. Sanderink	2016	-	-	-
	2015	-	-	-
P.G. Pijper	2016	233,545	71,400	9,504
	2015	232,525	40,000	6,896

[1)] The bonus is based on agreed criteria by calendar year.

The bonus 2016 of € 71,400 is the maximum amount. The actual amount is determined after the General Meeting.
No loans, advances or related guarantees have been issued to the management.

Supervisory Board

The remuneration for the members of the Supervisory Board, consisting only of fixed remuneration, is € 94,500 (2015: € 94,500).

	2016	2015
H.G.B. Spenkelink	37,500	37,500
J.P.F. van Zeeland	28,500	28,500
W.G.B. te Kamp	28,500	28,500

22. Other operating expenses

	2016	2015
Facility expenses	39,346	37,901
Office expenses	14,865	12,478
Selling expenses	5,211	7,002
Other expenses	136,758	129,486
Total	196,180	186,867

The lease payments for company cars, included under other expenses, amount to € 21.4 million (2015: € 20.0 million). The rental costs, included in facility costs, amount to approximately € 26.5 million (2015: € 27.1 million). The rental costs mainly relate to leases of office buildings. Leases are entered into for an average of 5 to 10 years, generally with renewal options. The future lease obligations are specified in the "Liabilities not included in the statement of financial position" (note 16).
In 2016, a total of € 0.9 million was granted (2015: € 1.9 million). These grants are deducted from the costs of which the grant relates to. The costs for 'research and development' (excluding training costs) amounted to € 0.1 million in 2016 (2015: € 0.9 million).

23. Finance revenue and costs

		2016	2015
Finance revenue:	Interest income	4,931	5,536
	Accretion financial non-current assets	113	133
	Result on associates	190	181
	Exchange gains	574	-
	Subtotal	5,808	5,850
Finance costs:	Interest expense for bank debt and affiliated companies	(15,586)	(16,773)
	Exchange losses	(862)	(1,211)
	Change in derivatives	-	(2,319)
	Results forward exchange contracts	(5,669)	(4,214)
	Subtotal	(22,117)	(24,517)
	Total finance revenue and costs	(16,309)	(18,667)

In comparison to 2015, the negative balance of financial income and expenditure was € 2.4 million less, due mainly to the negative change in derivatives in 2015 of € 2.3 million concerning the sold Kromhout ppp.

The result forward exchange contracts relates to contracts for the Riyadh subway project that were entered into in 2014 and 2016 and settled in 2015. The negative result is caused by the euro's sharp fall against the U.S. dollar over the past years. Losses caused by the dwindling euro are offset by a positive Ebitda result as U.S.-dollar cash flows from Riyadh resulted in more euros.

In 2016 interest has been activated to the amount of € 0.2 million (2015: € 0.1 million) in work in progress, see also note 9.

24. Income Tax

The main components of the corporate income tax expense for 2016 and 2015 were:

Consolidated statement of income	2016	2015
Current corporate income tax		
Corporate income tax payable on profit for the year	10,741	10,817
Adjustment tax expense previous years	(24)	(325)
Deferred corporate income tax		
Relating to acquisition of associates concerning intangible assets and property, plant and equipment	(2,537)	(1,700)
Relating to valuation of carry-forward losses	(403)	(2,566)
Relating to other temporary differences	(151)	(1,253)
Corporate income tax presented in the statement of income	7,626	4,973

The reconciliation between the nominal and the effective tax rate is as follows:	2016	%	2015	%
Profit before tax	21,524		24,217	
Nominal corporate income tax	5,381	25.0	6,054	25.0
Effect adjustment tax expense previous years	(24)	(0.1)	(325)	(1.3)
Participation exemption	(1,738)	(8.1)	(1,352)	(5.6)
Effect of foreign group companies	1,478	6.9	(188)	(0.8)
Impairment goodwill	-	-	250	1.0
(Not) compensable losses	1,940	9.0	165	0.7
Other	588	2.7	369	1.5
Total	7,626	35.4	4,973	20.5

The effective tax rate in 2016 differs from what can be expected on the basis of the nominal rate. In particular the effect of participation exemption, foreign group companies and (not) valued compensable losses increase the effective rate. The effective tax rate in 2015 differs also from what can be expected on the basis of the nominal rate. In particular the effect of participation exemption increase the effective rate.

25. Cash flow statement

In the cash flow statement the changes without a cash flow have been made visible separately as a part of the operatonal cash flow. Besides that the interest receved, the interest paid and the income tax paid has been stated separately.

The total cash flow in 2016 is € 43.9 million positive (2015: € 56.5 million positive). The operational cash flow in 2016 is € 103.7 million positive (2015: € 67.0 million positive).

Acquisition of associates of € 6.0 million concerns Edel Grass B.V. and NS Spooraansluitingen. Acquisition of associates in 2015 of € 1.8 million concerns mainly the remaining payment related to the expansion of the interest in Costruzioni Linee Ferroviarie S.p.A. and the acquisition of Shortline, which has led to a positive cash flow of € 3.8 million.

26. Subsequent events

On April 21, 2017 Oranjewoud N.V. realized an extension of its existing financing arrangement. The main features of this financing arrangement are:

- Term through to June 30, 2020
- No compulsory repayments up to the end date
- Term loan of USD 23.8 million
- Term loan of € 10 million
- Multi-purpose facility: € 20 million
- Accordion option: € 20 million.

On April 26, 2017 an extension is realized of the financial arrangement of Strukton Groep. The main features of this financing arrangement are:

- Term through to June 30, 2018
- No compulsory repayments up to the end date
- Term loan of € 40 million, credit margin 3.10%
- Current account facility of € 75 million, credit margin 3.00%
- Bank guarantee lines the size of € 261.3 million, of which € 165 million for the metro project in Riyadh, Saudi Arabia.

In addition, the bilateral guaranteed line increased in March 2017 from € 30 million to a limit of € 45 million.

27. Services rendered for concessions and public private partnership (ppp)

Oranjewoud Group companies participate at year-end 2016 in a set of six Special Purpose Companies for ppp-concession projects. These companies have closed a concession agreement for provision of services. All agreements are based on a public private partnership. These contracts are of a type known as DBFM(O) (Design, Build, Finance, Maintain and Operate). The companies over which the Group can (collectively) exercise decision-making authority have been consolidated (proportionally). If the Group does not have collective decision-making authority, then the company is accounted for as a participation or investment.

The following applies for all concession agreements:

- the concession payments depend on the availability of the installation or accommodation;
- insofar as the payment is for provision of (support) services, it is accounted for in proportion to the services provided;
- the concession agreement contains indexation provisions and certain aspects can be adjusted on the basis of a benchmark;
- the Group itself is not the owner of the installation or accommodation;
- the volatility of the revenue and earnings is limited;
- the concession agreement does not include an option for extension.

Schoolbuildings

The Group holds a 9% (2015: 9%) stake in Talentgroep Montaigne B.V. The concession agreement is a DBFMO contract for construction, maintenance and management of a school building for the Montaigne Lyceum high school in The Hague. The concession started in 2004 and runs until 2034.

The Group holds a 10% (2015: 10%) stake in SPC ISE B.V. The concession agreement is a DBFMO contract for construction, maintenance and management of a school building for the International School Eindhoven. The concession started in 2011 and runs until 2043.

Public buildings

The Group holds a 6% (2015: 6%) stake in Duo2 B.V. The concession agreement is a DBFMO contract for construction, maintenance and management of the shared accommodations of the Education Executive Agency (Dienst Uitvoering Onderwijs) and the Tax Administration (Belastingdienst) in Groningen. The concession started in 2008 and runs until 2031.

The Group held till September 30, 2015 a 6% stake in Komfort B.V. The concession agreement is a DBFMO contract for construction, maintenance and management of the Kromhout Barracks in Utrecht. The concession started in 2008 and runs until 2035. At September 30, 2015 the full interest is sold to DIF Infra 3 Finance B.V.

The Group holds a 50% (2015: 50%) stake in Strukton Hurks Heijmans Holding B.V. The concession agreement is a DBFMO contract for construction, maintenance and management of the new accommodations of the National Institute for Public Health and Environment (Rijksinstituut voor Volksgezondheid en Milieu (RIVM)) and the Medicines Evaluation Board (College ter Beoordeling van Geneesmiddelen (CBG)) at the Utrecht Science Park. The concession started in 2014 and runs until 2043.

The Group holds since July 2015 a 80% stake in consortium R-creators Holding B.V. The concession agreement is a DBFMO contract for the redevelopment of the national office the Knoop. The project involves the combination of partial demolition, renovation and extension on the site of the former Knoopbarracks for the realization of a combined office and meeting centre of approximately 30,000 m^2 gross floor area for the National Government. The realization will start in the spring of 2016 and the national office will be put to use at the beginning of 2018. Then will start a maintenance and operation period of 20 years.

Infrastructure
The Group holds a 4.8% (2015: 4.8%) stake in A-Lanes A15 B.V. The concession agreement is a DBFM contract for construction and maintenance of sustainable infrastructure solutions which will ensure maximum traffic flow and safety on the A15 Maasvlakte - Vaanplein route, both during and after the works. The concession started in 2010 and runs until 2035.

The special purpose companies in question were financed with non-recourse loans. Repayment and interest guarantees were not issued by the Group. At 2016 year-end, the ppp-projects had a backlog of € 441.7 million (2015: € 447.7 million).

SEPARATE STATEMENT OF FINANCIAL POSITION AT DECEMBER 31[st]
before proposed profit appropriation (in thousands of euros)

	2016		2015	
Non-current assets				
Intangible assets (28)		**16,719**		16,719
Associates and receivables from associates (29)	**306,370**		336,267	
Other financial fixed assets (30)	**11,250**		15,750	
Deferred tax assets	**28**		47	
		317,648		352,064
		334,367		368,783
Current assets				
Receivables (31)	**126**		9	
Cash and cash equivalents	**1,023**		-	
		1,149		9
Total assets		**335,516**		368,792
Equity				
Issued capital	**6,287**		5,873	
Share premium	**201,896**		183,310	
Translation differences reserve	**932**		(2,684)	
Legal reserve	**7,513**		8,460	
Hedge reserve	**(1,945)**		(2,001)	
Actuarial reserve	**(7,896)**		(5,660)	
Retained earnings	**55,795**		36,760	
Undistributed profit	**11,331**		18,088	
Total equity (32)		**273,913**		242,146
Provisions (29)		**9,165**		112
Non-current liabilities				
Subordinated loans (14)	**1,000**		10,000	
Non-current liabilities (14)	**9,168**		49,289	
Total non-current liabilities		**10,168**		59,289
Current liabilities (33)		**42,270**		67,245
Total equity and liabilities		**335,516**		368,792

SEPARATE STATEMENT OF INCOME
(in thousands of euros)

	2016	2015
Internal charges	**1,497**	1,702
Staff costs (35)	**(104)**	(107)
Other operating expenses (36)	**(1,537)**	(1,513)
Total operating expenses	**(1,641)**	**(1,620)**
Operating profit	**(144)**	**82**
Finance revenue	**2,773**	2,758
Finance costs	**(474)**	(496)
Net finance revenue/(costs)	**2,299**	**2,262**
Share in profit after taxes of associates	**9,654**	**16,338**
Profit before taxes	**11,809**	**18,682**
Income tax	**(478)**	(594)
Profit after taxes	**11,331**	**18,088**

NOTES TO THE SEPARATE STATEMENT OF FINANCIAL POSITION

Accounting policies

The separate financial statements have been prepared in accordance with Part 9 of Book 2 of the Dutch Civil Code. In accordance with Section 362 (8) of Book 2 of the Code, the accounting policies applied are consistent with the accounting policies applied by Oranjewoud N.V. in the consolidated financial statements, with the exception of the accounting policy concerning associates. For the accounting policies see the notes to the consolidated financial statements.

Associates

Subsidiaries included in the consolidation (please refer to Consolidated equity interests and associates in note 37) are accounted for using the equity method pursuant to Section 362 (8) of Book 2 of the Code, with equity and profit of the subsidiaries being determined in accordance with the accounting policies of Oranjewoud N.V.

Associates with a negative net asset value are valued at zero. If the company fully or partly guarantees the debts of the associate concerned, a provision is formed primarily against the receivables from this associate and then in the other provisions for the share in the losses incurred by the associate, or the expected obligations at the company on behalf of these associates.

28. Intangible assets	Goodwill
Carrying amount at January 1, 2015	16,719
Amortization	-
Carrying amount at December 31, 2015	16,719
Balance at December 31, 2015:	
Accumulated cost	16,719
Amortization	-
Carrying amount	16,719
Carrying amount at January 1, 2016	16,719
Amortization	-
Carrying amount at December 31, 2016	16,719
Balance at December 31, 2016:	
Accumulated cost	16,719
Amortization	-
Carrying amount	16,719

29. Associates and receivables from associates	Associates	Receivables	Provisions	Total
Balance of receivables at January 1, 2015	219,667	76,953	112	296,732
Balance of provisions at January 1, 2015	-	-	(112)	(112)
Position at January 1, 2015	219,667	76,953	-	296,620
Capital funding	10,000	-	-	10,000
Change in actuarial reserve	5,917	-	-	5,917
Translation differences	3,843	-	-	3,843
Reported profit	16,338	-	-	16,338
Increase in receivables	-	3,437	-	3,437
Position at December 31, 2015	255,765	80,390	-	336,155
Balance at December 31, 2015	255,765	80,390	112	336,267
Balance of provisions at December 31, 2015	-	-	(112)	(112)
Position at December 31, 2015	255,765	80,390	-	336,155
Balance of receivables at January 1, 2016	255,765	80,390	112	336,267
Balance of provisions at January 1, 2016	-	-	(112)	(112)
Position at January 1, 2016	255,765	80,390	-	336,155
Capital funding	19,000	-	-	19,000
Change in actuarial reserve	(2,236)	-	-	(2,236)
Translation differences	4,342	-	-	4,342
Reported profit	9,654	-	-	9,654
Increase in receivables	-	(69,710)	-	(69,710)
Position at December 31, 2016	286,525	10,680	-	297,205
Balance at December 31, 2016	286,525	10,680	9,165	306,370
Balance of provisions at December 31, 2016	-	-	(9,165)	(9,165)
Position at December 31, 2016	286,525	10,680	-	297,205

The receivables from associates were influenced in particular by the distribution of dividend, the set-off in current account of the corporate income tax within the tax group and by the issue of loans by Oranjewoud N.V.

30. Other financial fixed assets

The other financial fixed assets include the provided subordinated loan to Strukton Groep of €11 million (2015: € 15 million). The interest on the subordinated loan to Strukton Groep is 5% per year. The duration is 55 years. Early repayment is possible.

In addition, this item includes a loan to Sanderink Holding B.V. of € 0.25 million (2015: € 0.75 million). Interest 3.5% per year. Repayment per June 30, 2017.

31. Receivables

	2016	2015
Other receivables	126	9
Total	126	9

Other receivables have a remaining term to maturity of less than one year.

32. Equity	Issued share capital	Share premium	Translation differences reserve	Legal reserve subsidiaries	Hedge-reserve	Actuarial reserve	Retained earnings	Profit for the financial year	Total
Balance at January 1, 2015	5,688	173,495	(304)	893	(6,021)	(11,577)	71,265	(26,938)	206,501
Issue of shares	185	9,815	-	-	-	-	-	-	10,000
Dividend payment for 2014	-	-	-	-	-	-	-	-	-
Retained earnings for 2014	-	-	-	-	-	-	(26,938)	26,938	-
Unrealized results	-	-	(2,380)	7,567	4,020	5,917	(7,567)	-	7,557
Add: profit for the financial year	-	-	-	-	-	-	-	18,088	18,088
Balance at January 1, 2016	5,873	183,310	(2,684)	8,460	(2,001)	(5,660)	36,760	18,088	242,146
Issue of shares	414	18,586	-	-	-	-	-	-	19,000
Dividend payment for 2015	-	-	-	-	-	-	-	-	-
Retained earnings for 2015	-	-	-	-	-	-	18,088	(18,088)	-
Realized results	-	-	1,972	-	-	-	-	-	1,972
Unrealized results	-	-	1,644	(947)	56	(2,236)	947	-	(536)
Add: profit for the financial year	-	-	-	-	-	-	-	11,331	11,331
Balance at December 31, 2016	6,287	201,896	932	7,513	(1,945)	(7,896)	55,795	11,331	273,913

The authorised share capital at December 31, 2016 amounted to € 10,000,000 consisting of 100,000,000 A and B shares of € 0.10 each. The issued and fully paid-up share capital amounted to 62,872,869 shares of € 0.10 each. The issued capital at December 31, 2016 consisted of € 2,955,307 in A shares and € 3,331,980 in B shares (December 31, 2015: € 2,955,307 in A shares and € 2,918,037 in B shares). Unlike for A shares, no listing was requested for B shares. There is no difference in terms of control between the A shares and B shares.

On March 6, 2015, Oranjewoud N.V. increased its shareholders' equity through a private share issue of 1,855,288 B shares. These shares were issued to Sanderink Investments B.V. The issue price is € 5.39 per share. These B shares will not be listed.

On December 12, 2016, Oranjewoud N.V. increased its shareholders' equity through a private share issue of 4,139,434 B shares. These shares were issued to Sanderink Investments B.V. The issue price is € 4.59 per share. These B shares will not be listed.

The translation difference reserve contains all currency exchange rate differences arising due to conversion of the Group's net investment in foreign subsidiaries with a currency other than the functional currency. As a result of the deconsolidation of Antea Colombia SAS by the cessation of the activities in June 2016, the related translation differences reserve to the amount of € 1,972,000 is realized.

The legal reserve subsidiaries concerns not free distributable profits and reserves of joint ventures.

The hedge reserve consists of the cumulative change in fair value of hedge instruments when the hedged transactions have not yet been carried out or the hedge position has not yet ended.
The actuarial reserve consists of the cumulative change in present value of pension liabilities minus the fair value of the plan assets as a result of changes in actuarial assumptions.

The Articles of Association of the company provide that issues of shares take place pursuant to a decision of the Management. The company may acquire fully paid-up shares in its own capital, but only for no consideration. Acquisition other than for no consideration can only take place if the general meeting has authorised the Management accordingly. The translation differences reserve and the actuarial reserve are not freely distributable. Other reserves consist of the balance of accumulated losses and retained earnings.

33. Current liabilities

	2016	2015
Amounts owed to credit institutions	-	63,161
Repayment obligations	40,763	3,073
Amounts owed to suppliers and trade payables	21	-
Other liabilities	1,486	1,011
Total	42,270	67,245

The current liabilities have a remaining term to maturity of less than one year.

Oranjewoud N.V. and its Group companies established in the Netherlands are jointly and severally liable for the credit facility. The borrowers have undertaken not to encumber their assets with security without the lender's advance consent.

The amounts owed to credit institutions are further explained in note 10. For an explanation on the repayment obligations see note 14. This concerns the Term loan and the mortgage loan on building Oosterhout.

34. Liabilities not included in the statement of financial position

All Dutch wholly-owned associates, which are not a part of the Strukton Groep, are part of the tax group for corporate income tax purposes of Oranjewoud N.V. (with the exception of Edel Grass B.V.). Consequently, the aforesaid companies are jointly and severally liable for corporate income tax liabilities of Oranjewoud N.V. and the companies forming part of this tax group.

Within the tax group the corporate income tax will be settled in current account.

As of October 29, 2010 Strukton Groep N.V. is forming a new taxable unit with the majority of its 100% domestic subsidiaries.

NOTES TO THE SEPARATE STATEMENT OF INCOME

35. Remuneration

For details of the remuneration of the Board of Directors and the Supervisory Board as referred to in Section 383 (1) of Book 2 of the Dutch Civil Code, see note 21 to the consolidated statement of income.

36. Other operating expenses

	2016	2015
Office expenses	76	59
Selling expenses	1	-
Other expenses	1,460	1,454
Total	1,537	1,513

37. Audit fees

The audit firm's fees can be broken down as follows:

	2016 PwC The Netherlands	2016 PwC Network	2016 PwC Total	2015 PwC The Netherlands	2015 PwC Network	2015 PwC Total
Audit of the financial statements	1,147	378	1,525	810	474	1,284
Other assurance services	17	-	17	35	5	40
Total PwC Assurance	1,164	378	1,542	845	479	1,324
Tax advice	-	39	39	206	44	250
Other non assurance services	-	-	-	-	-	-
Total PwC tax/other	-	39	39	206	44	250
Total	1,164	417	1,581	1,051	523	1,574

The audit firm's fees have been disclosed in accordance with Section 382a of Part 9 of Book 2 of the Dutch Civil Code.

38. Proposal regarding profit appropriation over 2016

The Board of Directors, with the approval of the Supervisory Board, has proposed to pass dividend payment for the financial year 2016.

39. Subsequent events

See explanatory note 26.

40. Consolidated interests and associates

The consolidated subsidiaries and the equity interest percentages are:	Equity interest (%)	
	2016	**2015**
Oranjewoud N.V., Gouda	100	100
Antea Nederland B.V., Heerenveen	100	100
Croonen B.V., Rosmalen	100	100
Oranjewoud Beheer B.V., Heerenveen	100	100
Ingenieursbureau Oranjewoud III B.V., Heerenveen	100	100
Oranjewoud International B.V., Heerenveen	100	100
Antea Inspection B.V., Heerenveen	100	100
HMVT B.V., Rotterdam	100	100
Hazelaar/HMVT Milieutechniek B.V., Coevorden	100	100
Inogen Design en Management B.V., Capelle aan den IJssel	100	100
WeGroSport N.V., Antwerp (Belgium)	100	100
WeGroSan/HMVT B.V.B.A., Antwerp (Belgium)	100	100
Antea Belgium N.V., Antwerp (Belgium)	100	100
Antea Group N.V., Gouda	100	100
Inogen Global Holding Inc., Delaware (USA)	100	100
Antea USA Inc., St. Paul (USA)	100	100
AG Participations SNC, Olivet (France)	100	100
Antea France SAS, Orléans (France)	100	100
Géo-Hyd SARL, Olivet (France)	100	100
Antea Burkina Faso, Ouagadougou (Burkina Faso)	100	100
Groupe IRH Environnement SAS, Gennevilliers (France)	100	100
ICF Environnement SAS, Gennevilliers (France)	100	100
IRH Ingenieur Conseil SAS, Gennevilliers (France)	100	100
Sorange SAS, Bezannes (France)	100	100
Antea Colombia SAS, Bogota (Colombia) +	-	100
Unihorn India Pvt. Ltd, New Delhi (India)	100	100
Oranjewoud Realisatie Holding B.V., Gouda	100	100
Antea Realisatie B.V., Oosterhout	100	100
Van der Heide Beheer B.V., Kollum #	100	100
Van der Heide Bliksembeveiliging B.V., Kollum #	100	100
Van der Heide Bliksembeveiliging Inspecties B.V., Kollum #	100	100
Van der Heide Opleidingen & Inspecties B.V., Kollum #	100	100
Van der Heide Cathodic Protection & Corrosion Engineering B.V., Kollum #	100	100
Instituut voor Technische Vakexamens B.V., Kollum #	100	100
Waterrijk Infra Boskoop B.V., Oosterhout	100	100
Gebrüder Becker GmbH, Taunusstein-Hahn (Germany)	100	100
Edel Grass B.V., Genemuiden	100	-
Oranjewoud Detachering Holding B.V., Gouda	100	100
TecQ B.V., Capelle aan den IJssel	100	100
InterStep B.V., Utrecht	100	100
InterStep Projects B.V., Utrecht	100	100
InterStep Professionals B.V., Utrecht	100	100
Nexes Services B.V., Utrecht	100	100

	Equity interest (%) 2016	2015
Ingenieursbureau Oranjewoud II B.V., Gouda	100	100
Centric Information Engineering Gouda B.V., Gouda	100	100
Oranjewoud Holding B.V., Gouda	100	100
KSI Software Solutions B.V., IJsselstein	100	100
KSI Interactive B.V., IJsselstein	100	100
Delphi Data B.V., Gouda	100	100
Multihouse TSI B.V., Gouda	100	100
Minihouse International B.V., Gouda	100	100
ASAC Belgium N.V., Brussels (Belgium)	100	100
Strukton Groep N.V., Utrecht	100	100
Strukton Rail B.V., Utrecht *	100	100
Strukton Rail Nederland B.V., Utrecht *	100	100
Strukton Rail Short Line B.V., Utrecht *	100	100
Strukton Rolling Stock B.V., Utrecht *	100	100
Strukton Embedded Solutions B.V., Utrecht	100	100
Strukton M&E B.V., Utrecht *	100	100
Strukton Systems B.V., Utrecht *	100	100
Ecorail B.V., Den Haag *	100	100
Strukton Rail Equipment B.V., Den Bosch *	100	100
Strukton Rail Consult B.V., Utrecht *	100	100
Strukton Rail Projects B.V., Utrecht	100	100
Strukton Railinfra Projecten B.V., Utrecht *	100	100
Strukton Rail Italy S.r.l., Bologna (Italy)	100	-
Strukton Rail Australia PTY Ltd., Perth (Australia)	100	100
Strukton Rail International B.V., Utrecht*	100	100
Nova Gleisbau AG, Zürich (Switzerland)	100	100
Strukton Rail N.V., Merelbeke (Belgium)	100	100
Siebens Spoorbouw B.V.B.A., Wilrijk (Belgium)	100	100
Strukton Railinfra AB, Stockholm (Sweden)	100	100
Strukton Rail AB, Stockholm (Sweden)	100	100
Strukton Railinfra Nordic AB, Stockholm (Sweden)	100	100
Strukton Rail Västeras AB, Västeras (Sweden)	100	100
Strukton Rail A/S, Copenhagen (Denmark)	100	100
SR Kraft AS, Voyenenga (Norway)	100	100
Strukton Rail Holding A/S, Copenhagen (Denmark)	100	100
Strukton Rail North America Inc., Delaware (USA)	100	-
Strukton Rail S-Bane A/S, Copenhagen (Denmark)	100	100
THV Noordzuidlijn, Merelbeke (Belgium)	100	100
Strukton Civiel B.V., Utrecht *	100	100
Strukton Civiel Projecten B.V., Utrecht *	100	100
GBN Groep B.V., Utrecht *	100	100
Grondbank Stadskanaal B.V., Utrecht	100	100
Grind & Ballast Recycling Nederland B.V., Utrecht	100	100
Strukton Asset Management Civiel B.V., Utrecht	100	100
Terracon Molhoek Beheer B.V. (v/h Colijn Beheer B.V.), Nieuwendijk *	100	100
Colijn Aannemersbedrijf B.V., Nieuwendijk *	100	100
Tensa B.V., Nieuwendijk	100	100

	Equity interest (%)	
	2016	2015
Terracon Funderingstechniek B.V., Nieuwendijk *	100	100
Terracon International B.V., Nieuwendijk	100	100
Terracon Spezialtiefbau GmbH, Berlin (Germany)	100	100
Molhoek Aannemingsbedrijf B.V., Nieuwendijk	100	100
Strukton Industriebouw B.V., Utrecht	100	100
Strukton Engineering B.V., Utrecht	100	100
Strukton Infratechnieken B.V., Utrecht *	100	100
Strukton Microtunneling B.V., Utrecht	100	100
Canor Benelux B.V., Utrecht	100	100
Reanco Benelux B.V., Utrecht	100	100
Strukton Prefab Beton B.V., Utrecht *	100	100
Strukton Verkeerstechnieken B.V., Utrecht	100	100
Adpa Holding B.V., Deventer	100	100
Repa Infra B.V., Deventer	100	100
Reef Beheer B.V., Oldenzaal *	100	100
Reef Infra B.V., Oldenzaal *	100	100
Reef Milieu B.V., Oldenzaal	100	100
Reef Infra Netwerkbouw B.V., Oldenzaal	100	100
Reef GmbH, Gronau (Germany)	100	100
Ooms Civiel B.V., Scharwoude *	100	100
Ooms Construction B.V., Scharwoude *	100	100
Ooms Materieel B.V., Scharwoude *	100	100
Ooms Transport B.V., Scharwoude *	100	100
Ooms Producten B.V., Scharwoude *	100	100
Unihorn B.V., Avenhorn *	100	100
Unihorn Astana, Astana (Kazachstan) **	100	100
Strukton Milieutechniek B.V., Utrecht	100	100
Strukton Civiel Zuid B.V., Utrecht	100	100
Rasenberg Infra B.V., Breda *	100	100
Reanco B.V., Breda	100	100
Rasenberg Verkeer & Mobiliteit B.V., Breda	100	100
Recycling & Overslag Breda B.V., Breda	100	100
Van Rens B.V., Horst	100	100
Mergor v.o.f., Maarssen	-	100
Strukton Civiel Projecten - Reef Infra v.o.f., Oldenzaal	-	100
Combinatie Reef - Colijn v.o.f. (ROR), Oldenzaal	-	100
Combinatie Strukton Infratechnieken - Colijn - Reef v.o.f., Utrecht	100	100
CMS Bouwkuipen v.o.f., Werkendam	100	100
Bouwcombinatie Strukton – Rasenberg – Ooms v.o.f., Utrecht	-	100
Colijn – Rasenberg v.o.f., Breda	100	100
RACO A59 v.o.f., Breda	100	100
Avenue2 Infra v.o.f., Nieuwegein	100	100
Meppelerdiepsluis v.o.f., Utrecht	100	100
Combinatie Strukton Zaanstad CSZ v.o.f., Utrecht	100	100
Combinatie Strukton Damsterdiep v.o.f., Oldenzaal	-	100
Duo^2 v.o.f., Maarssen	100	100
Strukton Bouw B.V., Utrecht *	100	100
Strukton Bouw & Onderhoud B.V., Utrecht *	100	100
Strukton Van Straten B.V., Eindhoven	100	100
Strukton Projectontwikkeling B.V., Utrecht	100	100

	Equity interest (%)	
	2016	**2015**
Strukton Gamma B.V., Utrecht	100	100
Strukton Delta B.V., Utrecht	100	100
C.V. Voorstadslaan, Utrecht	100	100
La Mondiale N.V., Kortrijk (Belgium)	100	100
Bouwcombinatie Eureka v.o.f., Utrecht	-	100
Strukton CSNS v.o.f., Utrecht	100	100
Combinatie Geo Grid v.o.f., Utrecht	100	100
Strukton Services B.V., Utrecht	100	100
Strukton WorkSphere B.V., Utrecht	100	100
WorkSphere Beheer B.V., Utrecht	100	100
Strukton WorkSphere België B.V.B.A., Tongeren (Belgium)	100	100
Strukton WorkSphere Bouw B.V., Utrecht	100	100
Strukton Integrale Projecten B.V., Utrecht *	100	100
Strukton Finance ESCo's Holding B.V., Utrecht	100	100
RGG cluster zwembaden ESCo Invest B.V., Utrecht	100	100
RGG KPP Esco Invest B.V., Utrecht	100	100
Strukton Assets B.V., Utrecht	100	100
Strukton Management B.V., Utrecht *	100	100
Strukton Vastgoedbeheer en Facility Management B.V., Utrecht	100	100
Servica B.V., Utrecht	100	100
Servica Advies B.V., De Meern	100	100
Strukton Materieel B.V., Utrecht *	100	100
Strukton Vuka B.V., Utrecht	100	100
Strukton Elschot B.V., Utrecht	100	100
Strukton International B.V., Utrecht	100	100
Strukton International Denmark A/S, Copenhagen (Denmark)	100	100
Strukton Immersion Projects B.V., Utrecht	100	100
Strukton Specialistische Technieken B.V., Utrecht	100	100
Onderwatertechniek Nederland B.V., Utrecht	100	100
Ooms PMB B.V., Scharwoude *	100	100
Strukton International Rail B.V., Utrecht	100	100
Strukton International Belgium N.V., Merelbeke (Belgium)	100	100
Strukton International Sweden AB, Göteborg (Sweden)	100	-
Integral consolidation with minority interests include the following:		
J&E Sports B.V., Oss	85	85
Inogen Environmental Alliance Inc., Delaware (USA)	73	73
Uniferr S.r.l., Reggio Emilia (Italy)	60	60
Costruzioni Linee Ferroviari S.p.A., Bologna (Italy)	60	60
S.I.F. EL S.p.A., Spigno Monferrato (Italy)	60	60
Fimont S.r.l., Spigno Monferrato (Italy)	37.2	37.2
Ar.Fer S.r.l., Alessandria (Italy)	60	60
Sviluppo 2010 S.r.l., Bologna (Italy)	60	60
Techno Engineering System S.r.l., Bologna (Italy)	60	60
CLF Albanie SHPK, Tirana (Albany)	60	60
Costruzioni Linee Ferroviari CLF C.A., Caracas (Venezuela)	60	60

	Equity interest (%) 2016	2015
Frejus s.c.r., Bologna (Italy)	16.79	16.79
The following entities have been treated as a joint operation:		
NV Sint-Michiels-Warande, Brussels (Belgium)	-	65
Tribase Computer and Netw Serv v.o.f., Utrecht	33 1/3	33 1/3
Combinatie Hollandia – Strukton Systems v.o.f., Utrecht	50	50
Strukton-Aarsleff JV I/S, Abyhoi (Denmark)	45	45
Sitec Consorzio Stabile ferr., Bologna (Italy)	28.5	28.5
Exploitatiemaatschappij A-Lanes A15 B.V., Nieuwegein	33 1/3	33 1/3
A-Lanes Civil v.o.f., Nieuwegein	45	45
Strukton -– Max Bögl v.o.f., Utrecht	50	50
BR3 v.o.f. (HBSKM), Rumpt	-	20
HSL1 Hollandse Meren v.o.f., Utrecht	12.6	12.6
HSL1 Kunstwerken v.o.f., Rijpwetering	22	22
Combinatie Strukton Betonbouw - Van Oord ACZ (Noord-Zuidlijn), Utrecht	75	75
Hanza Scherm v.o.f., Utrecht	-	50
Bouwcombinatie HSL4 Drechtse Steden v.o.f., Zwijndrecht	15.7	15.7
Combinatie Strukton-Besix v.o.f. (A73), Rotterdam	-	50
Combinatie Strukton-Iemants v.o.f., Utrecht	-	40
Combinatie Betonson - Strukton Parkeergarage Makro v.o.f., Son	-	50
Geluidschermen Combinatie HSL v.o.f., Zaandam	15.7	15.7
Combinatie Geluid Ballast Nedam Infra/Strukton v.o.f., Nieuwegein	-	50
Buizendaktunnel Snippeling v.o.f., Utrecht	-	33 1/3
Combinatie Geluidsscherm Betuweroute Zevenaar-Oost v.o.f., Utrecht	-	33 1/3
Combinatie Tunnelling SVO v.o.f., Utrecht	-	75
Combinatie Microtunneling Metrostation CS Amsterdam v.o.f., Harmelen	-	75
Bouwcombinatie Strukton Betonbouw - Mourik Groot-Ammers, Maarssen	-	32
Combinatie Zinktunnel Strukton/Van Oord ACZ, Maarssen	50	50
Bouwcombinatie Strukton-Boskalis, Utrecht	58	58
Combinatie Strukton Betonbouw-Hollandia v.o.f., Utrecht	-	36.19
Combinatie Onderwaterwerk Botlek v.o.f., Soest	50	50
Bouwcombinatie Strukton Rasenberg Blokdoos v.o.f., Utrecht	-	75
Combinatie Strukton Rasenberg N57 v.o.f., Utrecht	-	65
Avenue 2 v.o.f., Nieuwegein	50	50
GWW Combinatie A2 v.o.f., Arnhem	25	25
FC AV2 v.o.f., Nieuwegein	50	50
M&E Combinatie Avenue 2 v.o.f., Leerdam	-	33 1/3
Combinatie Versterken Bruggen v.o.f., Capelle a/d IJssel	50	50
Combinatie Strukton Ballast Maatvoering v.o.f., Zaandam	50	50
Combinatie optimale doorstroming v.o.f., Oldenzaal	-	40
Bouwcombinatie Kaam v.o.f., Weert	7	7
Combinatie –SRS, Breda	50	50
BPL Wegen, Rotterdam	50	50
Combinatie Buitenring v.o.f. (BPL Koepel), Rotterdam	33 1/3	33 1/3
FC Eemshaven v.o.f., Werkendam	50	50
Combinatie Spanstaal – Tensa v.o.f., Werkendam	50	50
BNSG/Molhoek v.o.f., Soest	50	50
FC Mava v.o.f., Werkendam	50	50

	Equity interest (%)	
	2016	**2015**
FC ZuBaTe v.o.f., Werkendam	25	25
A-Lanes A15 Mobility v.o.f., Nieuwegein	45	45
A-Lanes A15 JV Roads v.o.f., Nieuwegein	45	45
Combinatie Van Gelder - Strukton Civiel Projecten v.o.f. (IGO A1), Elburg	50	50
Combinatie Reef Infra/De Waard, Oldenzaal	50	50
DUOS v.o.f., Oldenzaal	50	50
A9V1, Utrecht	50	-
Combinatie Natuuronwikkeling Maasplassen v.o.f., Vinkel	50	-
Rions – Rasenberg, Sittard	50	-
Combinatie Ooms – Schadenberg, Scharwoude	50	50
Combinatie Ooms Jaro, Middelharnis	50	50
Combinatie K. Dekker - Ooms Construction Muiden, Warmenhuizen	50	50
Combinatie BAM Nelis De Ruiter/Ooms Construction/ Dura Vermeer Ondergrondse Infra v.o.f., Zwanenburg	33	33
Ooms Construction - RDM v.o.f., Scharwoude	50	50
Combinatie Ooms Construction/Strabag v.o.f., Middelharnis	50	50
Hydraphalt v.o.f.,Scharwoude	50	50
CE-Asfaltonderzoek v.o.f., Scharwoude	50	50
Combinatie Ooms Ballast MNO v.o.f., Scharwoude	33 1/3	33 1/3
Zandexploitatie Westfriesland v.o.f., Scharwoude	50	50
Grondbank West Brabant v.o.f., Utrecht	50	50
Grondbank Noord Oost Brabant v.o.f., Utrecht	50	50
Combinatie Dinteloord, Middelharnis	50	50
Fast Riyadh Metro Alliance = Fast, Riyadh (SA)	14.08	14.08
Construction Joint Venture (CJV), Riyadh (SA)	17.96	17.96
Track Joint Venture (TJV), Riyadh (SA)	8.08	8.08
Ooms PMB Gulf Asphalt Trading LLC, Abu Dhabi (UAE)	49	49
Grondontwikkeling Beilen B.V., Amsterdam	50	50
Safire Services v.o.f., Eindhoven	33.3	33.3
Bouwcombinatie Komfort v.o.f., Utrecht	50	50
Bouwcombinatie DC 16 v.o.f., Utrecht	50	50
Avenue 2 v.o.f., Nieuwegein	25	25
Bouwcombinatie ISE DB v.o.f., Eindhoven	91	91
Bouwcombinatie Strukton - De Nijs v.o.f., Utrecht	50	50
La Linea Leiden C.V., Rotterdam	50	50
Stichting Centrum Innovatief Vakmanschap de Hallen, Amsterdam	50	50
RGG cluster Zwembaden ESCo Exploitatie v.o.f., Maarssen	50	50
Bouwcombinatie ICCS v.o.f., Maarssen	50	50
SPARK v.o.f., Maarssen	50	-
RCreators DBMO v.o.f., Nieuwegein	45	45
Exploitatiemaatschappij DC 16 B.V., Nieuwegein	50	50
Exploitatiemaatschappij Komfort B.V., Nieuwegein	50	50
MEET RIVM CBG B.V., Den Bosch	37.5	37.5
Not consolidated are the following entities:		
Edel Grass B.V., Genemuiden	-	50

	Equity interest (%) 2016	2015
TRS Europe B.V., Ede	50	50
Reym-HMVT B.V., Ede	50	50
Angelbrasil Geologia e Meio Ambiente, Sao Paulo (Brasil)	46.94	46.94
Aanlegkunstgrasvelden.nl B.V., Oss	18.7	18.7
Tubex B.V., Oostburg	50	50
Voestalpine Railpro B.V., Hilversum	10	10
Profin B.V.B.A., Gent (Belgium)	50	50
Strukton Finance Holding B.V., Maarssen ***	12	12
TalentGroep Montaigne Holding B.V., Rotterdam	9	9
TalentGroep Montaigne B.V., Rotterdam	9	9
ISE Holding B.V., Utrecht	10	10
SPC ISE B.V., Eindhoven	10	10
Duo^2 Holding B.V., Utrecht	6	6
Duo^2 B.V., Utrecht	6	6
A-Lanes A15 Holding B.V., Nieuwegein	4.8	4.8
A-Lanes A15 B.V., Nieuwegein	4.8	4.8
A1 Electronics Netherlands B.V., Almelo	50	50
Buca Electronics B.V., Almelo	50	50
Eurailscout Inspection & Analysis B.V., Utrecht	50	50
Eurailscout France SAS, Paris (France)	48.7	48.7
Eurailscout Italy S.r.l., Bologna (Italy)	50	50
New Sorema Ferroviaria S.p.A., Brescia (Italy)	30	30
Erdmann Software GmbH, Görlitz (Germany)	25	25
BAG B.V., Maastricht	20	20
Nederlands Wegen Markeerbedrijf B.V., Oosterwolde	25	25
Nebeco B.V., Ede	50	50
Combinatie Verkeersmaatregelen A-Lanes v.o.f., Rotterdam	50	40
Combinatie Ballast Nedam Infra Spec./Van Rens, Leerdam	30	30
Grondstoffenrecycling Weert B.V., Weert	50	50
C2CA Technology B.V., Utrecht	50	-
Noordelijke Asfaltproduktie (NOAP) B.V., Heerenveen	50	50
Aduco Holding B.V., Haarlem	25	25
Aduco Nederland B.V., Ede	25	25
Lareco Nederland B.V., Arnhem	33 1/3	33 1/3
Lareco Holding B.V., Hardenberg	33 1/3	33 1/3
Lareco Bornem N.V., Antwerp (Belgium)	33 1/3	33 1/3
Sureco N.V., Boom (Belgium)	33 1/3	33 1/3
Lareco GmbH, Wesel (Germany)	33 1/3	33 1/3
Hoka Noord-West v.o.f., 's-Hertogenbosch	50	50
Asfalt Productie Rotterdam Rijnmond, (APRR) B.V., Rotterdam	25	25
Asfalt Productie Amsterdam (APA) B.V., Amsterdam	25	25
BituNed B.V., Reeuwijk	50	50
Palletteer B.V., Wervershoof	50	50
MT Piling B.V., Harmelen	50	50
Microtunneling Equipment Exploitatie B.V., Maarssen	50	50
Al Jaber Bitumen-Ooms LLC, Abu Dhabi (UAE)	30	30
Fast Consortium LLC, Riyadh (SA)	17.96	17.96

	Equity interest (%)	
	2016	**2015**
Strukton Construction Trading WLL, Doha (Qatar)	49	49
Strukton LLC, Riyadh (SA)	49	49
Strukton Arrigoni SpA, Santiago (SA)	50	50
DMI Nederland B.V., Weert	50	50
DMI Geräte GmbH, Berlin (Germany)	50	50
DMI Spezialinjektionen Süd GmbH, Berlin (Germany)	50	50
DMI Injektionstechnik GmbH, Berlin (Germany)	50	50
DMI International, Berlin (Germany)	50	50
DBS Spezialsanierungen GmbH, Forst (Germany)	50	50
La Linea Leiden Beheer B.V., Rotterdam	50	50
Rebru v.o.f., Utrecht	50	50
Venturium Beheer B.V., Capelle a/d IJssel	25	25
Ontwikkel- en Bouwcombinatie Laudy-Strukton v.o.f., Eindhoven	50	50
ISE Exploitatie B.V., Eindhoven	34	34
SPC Management Services B.V., Utrecht	50	50
A-Lanes Management Services B.V., Nieuwegein	25	25
RCreators Holding B.V., Utrecht	80	80
RCreators B.V., Utrecht	80	80
Strukton Hurks Heijmans B.V., Utrecht	50	50
Strukton Hurks Heijmans Holding B.V., Utrecht	50	50

For the with # branded companies disclaimers have been issued by Oranjewoud N.V. in accordance with Article 403 of Title 9 of Book 2 Civil Code.

For the with * branded companies disclaimers have been issued by Strukton Groep N.V. in accordance with Article 403 of Title 9 of Book 2 Civil Code.

+ in reorganization
** in liquidation

*** Strukton Finance Holding B.V.'s share capital is made up of different kinds of shares that are linked to various investments in PPP projects. The company's participations are generally 80/20 splits (DIF/Strukton), with the only exceptions being ISE Holding BV, for which the share split is 90/10 (DIF/Strukton), and Strukton Finance B.V. (Delfluent) and Komfort Holding B.V., where all tracker shares are held by DIF.

With the Chamber of Commerce a list has been filed of all associates, joint ventures and joint operations (mainly building combinations) which are involved in the consolidation.

A list of participations as referred to in Article 379 and 414 of Book 2 Civil Code has been filed with the trade register in Rotterdam.

Gouda, June 30, 2017

Supervisory Board:
Mr. H. G. B. Spenkelink, chairman
Mr. W.G.B. te Kamp
Mr. J. P. F . van Zeeland

Board of Directors:
Mr. G. P. Sanderink

OTHER INFORMATION

Provisions on profit appropriation in the Articles of Association

Article 33 of the Articles of Association of the company provides that the profit is at the disposal of the General Meeting of Shareholders.

Provisions for amendment of the Articles of Association

The General Meeting is authorised to amend the Articles of Association. A resolution to amend the Articles of Association can only be made on the proposal of the combined meeting. A proposal to amend the Articles of Association must be stated in the notice convening the General Meeting of Shareholders.

Before the combined meeting submits a proposal to amend the Articles of Association to the General Meeting, the combined meeting must consult with Euronext Amsterdam N.V. on the substance of the proposed amendment of the Articles of Association.

Independent Auditor's Report

To: the general meeting and the Supervisory Board of Oranjewoud N.V.

Statement on the 2016 Financial Statements

Our qualified opinion

In our opinion:

- the consolidated financial statements in this annual report, excluding the possible effects of the matter detailed in the section entitled ‘The basis for our qualified opinion’, give a true and faithful picture of the size and composition of the equity of Oranjewoud N.V. as at December 31, 2016 and of the result and cash flows over 2016 in accordance with the International Financial Reporting Standards accepted within the European Union (EU-IFRS) and with Title 9 of Book 2 of the Dutch Civil Code;
- the separate financial statements in this annual report, excluding the possible effects of the matter detailed in the section entitled ‘The basis for our qualified opinion’, give a true and fair view of the size and composition of the equity of Oranjewoud N.V. as at December 31, 2016, as well as of the result for 2016, in compliance with Title 9 of Book 2 of the Dutch Civil Code.

What we audited

We have audited the 2016 financial statements of Oranjewoud N.V., based in Gouda, the Netherlands, as included in this report. The financial statements comprise the consolidated financial statements of Oranjewoud N.V. and its subsidiaries (together referred to as: ‘the group’) and the separate financial statements.

The consolidated financial statements are made up of:

- the consolidated balance sheet as at December 31, 2016;
- the following statements for 2016: the consolidated statement of income, the consolidated statement of comprehensive income, the consolidated statement of equity transactions and the consolidated cash flow statement; and
- the explanatory notes featuring a summary of the key principles of financial reporting and other details.

The separate financial statements are made up of:

- the separate balance sheet as at December 31, 2016;
- the separate statement of income for 2016; and
- the explanatory notes featuring a summary of the principles of financial reporting that were applied and other details.

The consolidated financial statements were prepared using the framework provided by EU-IFRS and the relevant provisions of Title 9 of Book 2 of the Dutch Civil Code, while the separate financial statements were prepared using the framework provided by Title 9 of Book 2 of the Dutch Civil Code.

The basis for our qualified opinion

Finding prompting our qualified opinion

Note 16 to the financial statements explains that the Supervisory Board, aided by external experts, has conducted a review of the agency contract for the Riyadh subway project. Despite the fact that this review and other inquiries did not reveal any indications of non-compliance with applicable legislation and regulations, we were unable, due to the lack of underlying documentation on the agent’s activities, to obtain sufficient and adequate audit information.

The basis for our audit

We have conducted our audit in accordance with Dutch law, including Dutch auditing standards. Our responsibilities under these regulations are described in the section entitled ‘Our responsibilities in auditing the financial statements’.

Independence

As required by the Regulation regarding the Independence of Auditors in the case of Assurance Engagements (*Verordening inzake de onafhankelijkheid van accountants bij assuranceopdrachten*, ViO) and other relevant independence rules as applicable in the Netherlands, we are independent from Oranjewoud N.V. We have furthermore complied with the Regulation on the Code of Conduct and Professional Practice for Auditors (*Verordening gedrags- en beroepsregels accountants*, VGBA).

We consider the audit information we obtained to be sufficient and suitable as a basis for our qualified opinion.

Our Audit Approach

Summary and Context

Oranjewoud N.V. is a listed enterprise encompassing companies operating both nationally and internationally. Strukton Groep N.V. is the largest company within the Oranjewoud Group, and is itself also made up of various business units. We have further detailed the consequences for the scope of our audit in the section entitled ‘Scope of our group audit’.

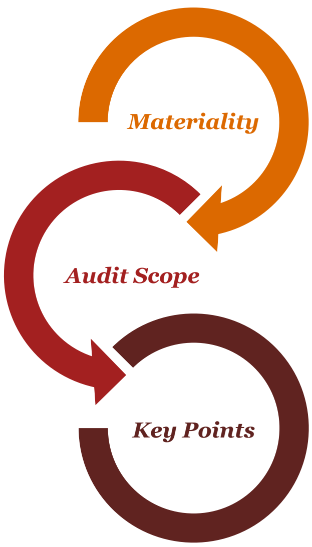
The companies that are part of Oranjewoud N.V. are active in the fields of civil infrastructure, rail systems, technology and buildings, the environment, spatial development, water and recreation. This covers the whole process, from preliminary studies, consultancy, design, planning and organization, right up to realization, management and operation. The activities are registered through projects, which is where the company realizes most of its revenue and results. This is why our audit focused heavily on these projects.

Our audit approach is based on our materiality assessment and identification and assessment of the risk of material misstatement in the financial statements. We look in particular at those areas where the Board of Directors has made subjective estimates, such as significant estimates based on assumptions regarding future events that are inherently uncertain. The company has detailed all items that are based on estimates, as well as the primary sources of estimation uncertainty, in the principles of the financial statements. Owing to the significant level of estimation uncertainty that comes with the measurement of large and complex projects, goodwill and offsettability of deferred tax liabilities, we have designated these as key points as detailed in the section entitled ‘Key points of our audit’. We subsequently also designated the financing and related covenants as a key point.

In all our audits, we look at the risk of a breach of internal control measures by the Board of Directors, which includes assessment of the risk of material misstatement caused by fraud, based on an analysis of the possible interests of the Board of Directors.

We have ensured that the audit teams, both at group level and at individual business unit level, possess the kind of specialist knowledge and expertise needed to audit a project organization. To make this possible, our team included specialists in the areas of IT, pensions, financial instruments, taxes and measurement.

The main features of our approach were the following:



Materiality

- Materiality: € 5,000,000, based on approx. 0.25% of projected consolidated revenue.

Audit Scope

- We have identified one significant business unit (Strukton Groep N.V.). We have conducted full-scope audits for this business unit and four other business units.
- Strukton Groep N.V. is made up of a sub-group of four business units, three of which are significant.
- In addition to visits by the audit teams to the Dutch-based units, we visited Belgium, Sweden, Denmark, Italy and France. We also went to Saudi Arabia for a first-hand look at Strukton’s project there.
- Our auditing activities covered a total of 97% of consolidated revenue and 86% of the consolidated balance sheet total.

Key Points

- Measurement of large-scale and complex projects

- Measurement of goodwill
- Measurement of deferred tax receivables
- Financing and related covenants

Materiality

The scope of our audit is influenced by the application of materiality. The concept of 'materiality' is detailed in the section entitled 'Our responsibility in auditing the financial statements'.
We establish quantitative boundaries for materiality. These boundaries, as well as the associated qualitative considerations, help us to establish the nature, timing and scope of our audit for individual items in and notes to the financial statements, as well as to evaluate the effect of identified misstatements on our opinion.
Based on our professional judgment, we have set materiality for the financial statements as a whole as follows:

Materiality for the group	€ 5,000,000 (2015: € 5,000,000).
Materiality assessment	Materiality is based on approx. 0.25% of projected consolidated revenue. Based on actual revenue, we have found no reasons to adjust our materiality assessment.
Benchmark selection considerations	We have applied this benchmark based on our analysis of the shared information requirements of the users of the financial statements. Given the volatility of results for the past years, pre-tax profit was not considered to be a suitable benchmark. Net revenue was therefore selected as an alternative benchmark, as this is generally also deemed to be a suitable benchmark. Given the relatively low profit margins on projects, we used a relatively low percentage in relation to net revenue. Based on the users of the financial statements and their requirements, we estimated that a lower threshold of 0.25% of projected consolidated revenue would be suitable.
Materiality for business units	Within the scope of our audit and based on our judgment, the level of materiality set for each of the business units is lower than materiality for the group as a whole. The materiality we set for business units was between € 275,000 and € 4,500,000.

We also factored in misstatements and/or possible misstatements that are, in our opinion, material for qualitative reasons.
We have agreed with the Supervisory Board that we would report misstatements exceeding € 250,000 (2015: € 250,000) found during our audit to the Supervisory Board, as well as smaller misstatements that are, in our view, relevant for quantitative reasons.

Scope of our Group Audit

Oranjewoud N.V. heads up a group of entities. The group's financial information is presented in Oranjewoud N.V.'s consolidated financial statements.

Given our ultimate responsibility for the opinion, we are responsible for the management, supervision and performance of the group audit. In this context, we made sure the nature and scope of our activities at the business units were as such that our audit work was sufficiently comprehensive for us to be able to form an opinion on the financial statements as a whole. The size and/or risk profile of business units or activities, business processes, and internal control measures, as well as the industry in which the company operates, were decisive factors in defining the nature and scope of our audit. Based on these factors, we selected business units where we felt an audit or evaluation of financial information or specific balance sheet items was required.

Oranjewoud N.V. has organized the group into six segments for which it presents figures, as outlined in note 18 to the financial statements. Four of these segments relate to Strukton Groep N.V., one relates to Antea Group, and the other segment relates mainly to secondment operations. These six segments group together companies or clusters of companies (hereinafter referred to as: group companies) that report to the responsible (divisional) management. The group audit covered 97% of revenue. We performed our audit with the help of the internal auditors of the business units in each of the eight countries where Oranjewoud has (significant) operations.

For Oranjewoud, Strukton Groep N.V. is an individually significant group company for which consolidated figures are reported to Oranjewoud N.V. as if it were a single entity, and it was also audited as such by us. At Antea Group level, there is no subconsolidation for group purposes. We therefore audited the four largest, but individually not significant, group companies of Antea Group (Netherlands, Realization, France and USA). For the other group companies that report to Oranjewoud N.V., we performed specific activities for group purposes.

In our audit of Strukton Group, we considered the Rail, Civil Infrastructure and Technology and Buildings divisions to be significant units. The fourth division (International) is not a significant unit. All four divisions were subjected to a full-scope audit for the group report on Strukton Group as a whole.

Overall, these activities have enabled us to perform an audit that covers the financial statement items listed below to the following extent:

Revenue	97%
Balance sheet total	86%
Pre-tax profit	78%

None of the business units that are not included in the audit scope represent over 1% of consolidated revenue or the consolidated balance sheet total. We subjected the financial information of these remaining business units to analytical procedures and specific activities at group level to confirm our assessment that these units do not represent significant risks of material misstatement.

Our work includes issuing audit instructions to local auditors, discussing and analyzing the audit approach to significant risks at each of the group companies with local auditors, frequent meetings with these local auditors following completed and reported work and findings, examining and discussing their reports and audit statements for group purposes, and physical or teleconference-based attendance of final meetings of local auditors and local boards of directors.

Where audit work was performed by a group company's local auditors, we arranged our involvement in such a way that we were able to draw a conclusion or gather sufficient and suitable audit information regarding these units to be able to form our opinion on the group financial statements as a whole. In deciding which auditors of the respective business units to visit, we looked at things such as the size of the business units, rotation, whether or not the auditor is a non-PwC firm, and actual events over the year. For the financial year under review, we attended final meetings in Italy (Costruzioni Linee Ferroviarie S.p.A.), Sweden (Strukton Rail AB), Denmark (Strukton Rail AS), Belgium (Strukton Rail NV), and France (Antea France SAS). We also visited the Riyadh subway project in Saudi Arabia.

Group consolidation, notes to the financial statements, as well as a number of complex aspects such as the recognition of acquisitions, group financing, measurement of deferred tax receivables, measurement of intangible fixed assets, measurement of Public Private Partnership projects, and the going-concern assumption for Strukton and Oranjewoud were audited by the group team with the help of specialists.

Through the aforementioned audit work at group companies, combined with supplementary work at group level, we obtained sufficient and suitable audit information on the group's financial situation to be able to provide an opinion on the consolidated financial statements.

Key Points of our Audit

In the key points of our audit, we describe items that, in our professional opinion, were the most important in auditing the financial statements. Although we submitted the key points to the Supervisory Board, they do not constitute a comprehensive reflection of all risks and points we identified and discussed as part of our audit. We have described the key points along with a summary of our activities in relation to these points.

We organized our audit work relating to these key points in the context of the audit of the financial statements as a whole. Our findings on individual key points must therefore be viewed in that context and not as separate opinions on these key points or on specific elements of the financial statements. In addition to the contents of the section entitled 'The basis for our qualified opinion', we selected the points outlined below as the key points of our audit.

Key points	***Our auditing activities on the key points***
Measurement of large-scale and complex projects *Note 9 to the financial statements*	

Key points	Our auditing activities on the key points
Oranjewoud runs large-scale and complex projects where revenue and results are determined based on the work progress rate. The revenue and results recognized in the financial year depend on actually incurred and recognized project costs, forecasts of costs that are needed to complete the project, and contractual revenue. Revenue and results on projects are furthermore determined to a significant degree by orders for additional work, performance bonuses and claims. The stage of completion of and related results on major, complex and long-term projects therefore has a great bearing on Oranjewoud's results. This requires a large degree of estimation by the management, which inherently comes with a significant degree of estimation uncertainty. Estimation uncertainty is greater depending on the contract form, the current contract stage, the project term and the existence of additional work or claims. Oranjewoud's estimate of the value of projects is considered a key point in the audit, because this estimate is subject to uncertainties due to the risk profile of projects, complexity of contracts, the company's complex estimates of future costs for project completion, and significant settlements for contract extras and claims with clients.	Our audit work for these projects involved testing estimates made by management based on projects' stage of completion and related results on projects based on the level of progress made. In doing so, we consulted underlying documents relating to claims and contract extras including reports by legal counsels. We also analyzed the differences in relation to earlier estimates and looked into consistency with developments over the year. Wherever relevant, we visited project sites (such as the project in Saudi Arabia). We found that claims and contract extras for these projects complied with criteria for recognition, and we verified recognition of these items through the aforementioned activities. To evaluate reasonableness and consistency in the measurement of contract extras and claims, as well as in result projections for projects, we engaged in critical discussions with project management, operating company boards, and the Board of Directors about the management's underlying assumptions.
Measurement of goodwill *Note 1 to the financial statements* As at December 31, 2016, Oranjewoud N.V. recognized € 88 million in intangible fixed assets mainly as a result of past acquisitions. Of the total value of intangible fixed assets, € 64 million represents goodwill (which is not amortized). Given the size of the goodwill item, this is a key point in our audit. When it comes to goodwill, the company performs an annual test for each cash-generating unit, in line with International Financial Reporting Standards, to check for impairment. The tests across the various cash-generating units performed by Oranjewoud N.V. did not give cause for a write-down on goodwill, because the realizable value is, based on future cash flows per unit (in particular revenue growth over the first five years, as well as the residual value period and discount rate), higher than the carrying amount of intangible fixed assets and the other relevant net assets. Oranjewoud also conducted sensitivity analyses of realizable value based on revenue growth and discount rate, and further detailed these analyses for all cash-generating units that are material and disproportionately susceptible to downward revaluation.	We brought in our measurement specialists to provide us with support in our audit to evaluate the assumptions and methods applied by Oranjewoud N.V. in relation to the discount rate used for the various cash-generating units and the model used to calculate cash flow projections. Aside from that, we audited the expected revenue growth rates and associated expected development of future cash flows. We analyzed these expected cash flows partly based on the budget for 2016 as compiled by the Board of Directors and approved by the Supervisory Board, as well as based on long-term business plans for each of the group companies and other relevant developments in business operations at cash-generating units. We also looked at the adequacy of notes to assumptions applied and the sensitivity analysis included in the financial statements.
Measurement of deferred tax receivable *Note 6 to the financial statements* Recognition and measurement of deferred tax receivables totaling € 52 million, which relate mainly to offsettable losses, is based on expected future taxable income over the coming 9 years. We classed this as a key point in our audit on account of the size and degree of estimation uncertainty regarding	Our audit approach includes an analysis of the company's assumptions underlying estimated future offsetting profits, looking at their reasonableness and consistency with internal budgets, as well as of the basis of the valuation test for goodwill and strategic plans for the coming years. We discussed the aforementioned future cash flows and the underlying detailed plans and bases with the Board of

Key points	*Our auditing activities on the key points*
future cash flows on future taxable income within the maximum setoff period.	Directors of Strukton and its various divisions, as well as with the Board of Directors of Oranjewoud, in a professional and critical manner. We also drew on the expertise of tax experts in verifying whether the setoff periods are consistent with applicable tax legislation.
Financing and related covenants *Directors' report, principles of valuation in the financial statements and note 15 to the financial statements* The financial statements of Oranjewoud N.V. were prepared based on the going-concern assumption, as detailed by the board in the 'Going-concern assumption' section of the principles of valuation in the financial statements. This section also states that the group has two financing arrangements, one for Oranjewoud and one for Strukton Group. Until the end of the third quarter of 2016, Strukton was subject to covenants regarding EBITDA, capital expenditure, minimum available liquidity, leverage, interest cover, fixed charge cover and solvency. These covenants were complied with. As part of the extension of the financing arrangement, new covenants were agreed for the period from the fourth quarter of 2016 to June 30, 2018. As at December 31, 2016, Strukton is in compliance with these revised covenants. Strukton Group's current financing arrangement is set to expire on June 30, 2018. Oranjewoud's financing arrangement is set to expire on June 30, 2020.	As part of the going-concern assumption, it was important to obtain assurance on Strukton Group's continued compliance with the covenants over the coming 12 months. Our audit approach included an analysis of the business plan for 2017 and the cash flow forecast for the coming 12 months. We evaluated the management's assumptions and the sensitivities in the cash flow projections, checking their consistency with the bases of the valuation test for goodwill. We did so with the help of our specialists. We also looked at the adequacy of notes to the going-concern assumption that was applied and the sensitivity analysis included in the financial statements.

Statement on supplementary information included in the annual report

Besides the financial statements and our auditor's report on it, the annual report contains supplementary information that is made up of:

- Foreword
- Corporate profile
- Key figures
- Member profiles
- Supervisory Board report
- Directors' Report
- Supplementary information, and
- Shareholder information.

Based on the activities detailed below, we are of the opinion that the supplementary information:

- is consistent with the financial statements and does not contain any material misstatement;
- contains all information required under Title 9 of Book 2 of the Dutch Civil Code.

We have read the supplementary information and assessed, based on knowledge and understanding obtained through our audit of the financial statements or otherwise, whether this supplementary information contains any material misstatement.

By evaluating the supplementary information, we have complied with the requirements specified in Title 9 of Book 2 of the Dutch Civil Code, and Dutch Standard 720. The evaluation of supplementary information does not go into the same kind of depth as our audit of the financial statements.
The Board of Directors is responsible for compiling the supplementary information, including the directors' report, in compliance with Title 9 of Book 2 of the Dutch Civil Code.

Statement on other requirements under legislation and regulations

Our appointment

On May 25, 2016, the Supervisory Board appointed us Oranjewoud N.V.'s external auditor following a decision by the general meeting of May 25, 2016 that is reconfirmed by the shareholders on an annual basis. We have now been the company's auditor for a period of two consecutive years.

Responsibilities with respect to the financial statements and the audit

Financial statement responsibilities of the Board of Directors and the Supervisory Board

The Board of Directors is responsible for:

- preparation and faithful representation of the financial statements in compliance with EU-IFRS and Title 9 of Book 2 of the Dutch Civil Code; as well as for
- applying the degree of internal control that the Board of Directors deems necessary to enable preparation of the financial statements without material misstatement due to fraud or errors.

In preparing the financial statements, the Board of Directors is required to assess the company's ability to continue its operations as a going concern. The Board of Directors is required to prepare the financial statements within the aforementioned financial reporting frameworks and based on the going-concern assumption, unless the Board of Directors intends to wind up the company, cease business operations, or when termination is the only viable alternative. The Board of Directors is furthermore required to use notes to the financial statements to detail events and circumstances that could lead to serious doubt about whether the company is able to continue its business operations as a going concern.
The Supervisory Board is responsible for supervising the company's financial reporting process.

Our responsibilities in auditing the financial statements

Our responsibility consists of planning and executing an audit engagement in a way that ensures that we obtain sufficient and suitable audit information to be able to form an opinion on the financial statements. Our audit opinion intends to provide a reasonable degree of assurance that the financial statements do not contain material misstatement. A reasonable degree of assurance constitutes a high, but not absolute, degree of assurance, meaning that our audit may not unearth all misstatements. Misstatements can be caused by fraud or errors, and are considered material if they can in all reasonableness be expected to influence, either separately or jointly, the economic decisions that users make based on these financial statements.

Materiality influences the nature, timing and scope of our audit activities and our evaluation of the impact of identified misstatements on our opinion.

Please refer to the appendix to our auditor's statement for a more detailed description of our responsibilities.

Rotterdam, June 30, 2017
PricewaterhouseCoopers Accountants N.V.

Mr. J. G. Bod, Registered Accountant

Appendix to our auditor's report on the 2016 financial statements of Oranjewoud N.V.

In addition to the contents of our auditor's report, this appendix further details our responsibilities in auditing the financial statement and what an audit entails.

The responsibilities of the auditor in auditing the financial statements

We have conducted this audit in a professional and critical manner, applying professional judgment wherever relevant in compliance with Dutch auditing standards, ethical standards and independence requirements. Our objective was to obtain reasonable assurance that the financial statements do not contain material misstatement as a result of errors or fraud. Our audit included the following:

- Identification and assessment of the risks that the financial statements contain material misstatement as a result of errors or fraud, selection and execution of audit activities in response to these risks, and obtaining audit information that is sufficient and suitable as a basis for our opinion. In the case of fraud, the risk of a material misstatement going unnoticed is greater than in the case of errors. Fraud can come in the form of collusion, forgery of documents, intentional failure to document transactions, intentional misrepresentation of matters, or breach of internal controls.
- Obtaining insight into internal controls that are relevant to the audit with a view to selecting audit activities that are appropriate in light of the circumstances. These activities are not intended to produce an opinion on the effectiveness of the company's internal controls.
- Evaluation of the suitability of the principles of financial reporting applied and evaluation of the reasonableness of estimates made by the Board of Directors and corresponding notes in the financial statements.
- Confirming that the going-concern assumption applied by the Board of Directors is acceptable. Assessing based on the audit information gathered whether there are events and circumstances that could lead to serious doubt as to whether the company can continue its business operations as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention to the relevant notes to the financial statements in our auditor's report. If explanatory notes are inadequate, we are required to adjust our report. Our conclusions are based on the audit information obtained up to the date of our auditor's report. Future events or circumstances can, however, cause a company to cease to be able to continue as a going concern.
- Evaluation of the presentation, structure and contents of the financial statements and notes to the financial statements, and evaluation of whether the financial statements provide a true and faithful view of underlying transactions and events.

Given our ultimate responsibility for the opinion, we are responsible for the management, supervision and performance of the group audit. In this context, we made sure that the nature and scope of our activities at the business units were such that our audit work was sufficiently comprehensive for us to be able to form an opinion on the financial statements as a whole. The geographical structure of the group, size and/or risk profile of the business units or the activities, business processes and internal control measures, as well as the industry in which the company operates, were decisive factors in this respect. Based on these factors, we selected business units where we felt an audit or evaluation of financial information or specific balance sheet items was required.

We communicated with the Supervisory Board on matters such as the planned scope and timing of the audit, as well as on significant audit findings, including possible significant shortcomings in internal controls.

We hereby confirm to the Supervisory Board that we have complied with relevant ethical standards regarding independence. We also communicated with them on all relationships and other matters that could in all reasonableness affect our independence, as well as on related measures aimed at guaranteeing our independence.

We picked the key points of our audit based on all matters discussed with the Supervisory Board. These matters are detailed in our auditor's report, unless this is prohibited by law or regulations or in exceptionally rare cases where not including this kind of information is in the best interests of society.

SHAREHOLDER INFORMATION

Provisions in the Articles of Association on profit appropriation

The Articles of Association provide as follows on profit appropriation:

1. The Management will determine, subject to the approval of the Supervisory Board, which portion of the profit achieved in a financial year is to be added to reserves.
2. The portion of the profit then remaining will be distributed as dividend. This distribution will be made after adoption of the financial statements evidencing that it is permissible.
3. Distributions on shares can only be made up to at most the amount of distributable reserves.
4. The Management can decide to make interim distributions. The decision is subject to the approval of the Supervisory Board.
5. Moreover, Sections 103, 104 and 105 of Book 2 of the Dutch Civil Code will apply to distributions to shareholders.

Proposal concerning the 2016 profit appropriation

The Board of Directors, with the approval of the Supervisory Board, has proposed to pass dividend payment for the financial year 2016.

Disclosure of Significant Shareholdings Act

On December 31, 2016, the following notifications of significant shareholdings had been received:

- Sanderink Investment B.V. 96.00%.

Stichting Administratiekantoor Sanderink Investments of Gerard Sanderink has full ownership of Sanderink Investments B.V.

Statement of changes in issued share capital

At year-end 2016, the authorised capital consisted of 100,000,000 ordinary shares of € 0.10.

	2016	2015
Balance at January 1st	58,733,435	56,878,147
Dividend	-	-
Share issue March 6	-	1,855,288
Share issue December 12	4,139,434	-
Balance at December 31st	62,872,869	58,733,435

Selected financial information per share

	2016	2015
Net earnings (net profit after taxes/ average number of issued shares)	0.19	0.31
Equity	4.65	4.15

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Five-year summary

	2016	2015	2014	2013	2012 *
Results (in millions of euros)					
Total revenue	2,315.6	2,305.6	2,136.8	1,962.1	1,719.8
Ebitda	71.4	88.7	16.3	44.6	69.3
Net profit	13.9	19.2	(25.1)	(12.6)	23.5
Total comprehensive income	15.3	26.8	(38.5)	(11.6)	19.4
Total net cash flow	43.9	56.5	17.0	17.1	(64.6)
Total operational cash flow	103.7	67.0	56.6	49.4	17.6
Equity (in millions of euros)					
Equity (E)	273.9	242.1	206.5	246.8	259.2
Total assets (TA)	1,632.8	1,661.3	1,467.3	1,317.9	1,037.8
E/TA	16.8%	14.6%	14.1%	18.7%	25.0%
Employees (headcount)					
Number at end of financial year	9864	10187	10499	10587	9646
Backlog (in millions of euros)					
Consultancy & Engineering Services	234.9	248.6	230.7	246.6	252.6
Rail Systems	1,486.0	1,290.0	1,196.4	1,043.2	719.2
Civil infrastructure	341.0	470.3	380.3	1,462.1	643.2
International	520.0	919.9	952.0	-	-
Technology & Buildings	502.0	538.2	445.2	507.6	583.6
Other	16.4	12.0	12.8	11.6	12.8
Total	3,100.3	3,479.0	3,217.4	3,271.1	2,211.4

* Restated for comparison purposes in connection with changes in accounting policies on pensions (IAS 19) and joint arrangements (IFRS 11).

Prevention of insider trading

Oranjewoud N.V. has drawn up regulations on insider trading in accordance with Section 46d of the Securities Transactions Supervision Act 1995, which have been approved by the Netherlands Authority for the Financial Markets. Oranjewoud N.V. has bound a wide ranging group of employees of the company, as well as the management of Centric Holding B.V., to the Insider Trading Regulations through signatures of commitment.

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