Financial statements 2016

Consolidated statement of profit or loss and other comprehensive income for the year ended 31 December 2016

AMOUNTS IN EUR '000	Notes	2016	2016	2015	2015
Total revenue	6		400,318		321,343
Raw materials		138,350		103,630	
Subcontracted work and other external charges		115,576		102,645	
Logistic and other project related expenses		16,912		14,532	
Direct personnel expenses	7	30,127		21,996	
Production and general manufacturing expenses		12,927		7,439	
Indirect personnel expenses	7	12,479		8,036	
Depreciation and amortization	14/15	8,684		6,986	
Facilities, housing and maintenance		3,850		2,031	
Selling expenses	8	670		577	
General expenses	9	4,079		5,389	
Other (income) / expenses	10	6,732		(184)	
Operating profit			49,932		48,266
Finance income	11	34		99	
Finance costs	11	(2,052)		(2,065)	
Net finance costs			(2,018)		(1,965)
Profit before tax			47,914		46,301
Income tax expense	12		10,549		10,673
Profit attributable to the shareholder			37,365		35,628
Other comprehensive income			–		–
Total comprehensive income			**37,365**		**35,628**
Earnings per share					
Number of ordinary shares outstanding	13		25,501,356		25,501,356
Basic earnings per share (EUR)			1.47		1.40
Diluted earnings per share (EUR)			1.47		1.40

Consolidated statement of financial position as at 31 December 2016

AMOUNTS IN EUR '000	Note	31-12-2016	31-12-2015
Assets			
Intangible fixed assets	14	143	–
Property, plant and equipment	15	115,103	51,703
Investment property	16	375	375
Investments in joint ventures	17	16	–
Other financial assets		719	–
Total non-current assets		116,356	52,078
Inventories	18	190	196
Work in progress – amounts due from customers	19	17,390	64,530
Trade receivables	20	69,112	67,040
Other financial assets		5	67
Prepayments		3,223	547
Cash and cash equivalents	21	304	28,733
Total current assets		90,224	161,112
Total assets		**206,580**	**213,189**

AMOUNTS IN EUR '000	Note	31-12-2016	31-12-2015
Equity			
Share capital	22	5,100	45
Additional paid-in capital	22	1,059	1,059
Retained earnings		28,391	(2,182)
Result for the year		37,365	35,628
Total equity		71,915	34,551
Liabilities			
Loans and borrowings	23	42,273	49,376
Other non-current financial liabilities	24	392	960
Employee benefits	25	252	218
Deferred tax liabilities	12	328	812
Total non-current liabilities		43,245	51,367
Loans and borrowings	23	–	6,250
Trade payables	26	50,536	70,995
Work in progress – amounts due to customers	19	31,113	41,969
Employee benefits	25	1,445	871
Wage tax and social security		923	556
VAT payable		510	1,044
CIT payable		2,258	2,267
Other current liabilities		4,635	3,320
Total current liabilities		91,420	127,272
Total liabilities		134,665	178,639
Total equity and liabilities		**206,580**	**213,189**

Consolidated statement of changes in equity for the year ended 31 December 2016

AMOUNTS IN EUR '000	Share capital	Additional paid-in capital	Retained earnings	Result for the year	Total equity
Balance as at 1 January 2016	45	1,059	(2,182)	35,628	34,551
Appropriation of result	–	–	35,628	(35,628)	–
Issue of share capital	5,055	–	(5,055)	–	–
Total comprehensive income					
Profit attributable to the shareholder	–	–	–	37,365	37,365
Total comprehensive income	–	–	–	37,365	37,365
Transactions with owners of the Company					
Dividend distributions	–	–	–	–	–
Total transactions with owners of the Company	–	–	–	–	–
Balance as at 31 December 2016	**5,100**	**1,059**	**28,391**	**37,365**	**71,915**
Balance as at 1 January 2015	45	1,059	26,376	27,996	55,476
Appropriation of result	–	–	27,996	(27,996)	–
Total comprehensive income					
Profit attributable to the shareholder	–	–	–	35,628	35,628
Total comprehensive income	–	–	–	35,628	35,628
Transactions with owners of the Company					
Dividend distributions	–	–	(56,553)	–	(56,553)
Total transactions with owners of the Company	–	–	(56,553)	–	(56,553)
Balance as at 31 December 2015	**45**	**1,059**	**(2,182)**	**35,628**	**34,551**

Consolidated cash flow statement for the year ended 31 December 2016

AMOUNTS IN EUR '000	2016	2015
Cash flows from operating activities		
Profit before tax	47,914	46,301
Adjustments for:		
Depreciation and amortization	8,684	6,986
Net finance costs	2,018	1,965
Changes in net working capital		
> Inventories	6	92
> Work in progress amounts due / from customers	36,284	(15,874)
> Trade receivables	(2,072)	(60,548)
> Prepayments	(3,386)	(441)
> Trade payables	(24,760)	52,469
	16,774	(15,350)
VAT payable and receivable	(535)	1,044
Other financial assets	71	203
Employee benefits	608	(57)
Wage tax and social security	368	(802)
CIT payable	–	2,267
Other current liabilities	1,315	2,844
	1,827	5,499
Income taxes paid – via shareholder	–	(8,905)
Income taxes paid	(11,041)	–
Interest paid – via shareholder	–	(606)
Interest paid	(2,587)	(1,518)
Net cash from operating activities	**52,887**	**25,421**

Consolidated cash flow statement for the year ended 31 December 2016 (continued)

AMOUNTS IN EUR '000	2016	2015
Cash flows from investing activities		
Purchase of intangible fixed assets	(156)	–
Purchase of property, plant and equipment	(67,771)	(14,491)
Investments in joint ventures	(20)	–
Loans and borrowings to joint ventures	(15)	–
Current account with shareholders	–	(1,930)
Net cash from (used in) investing activities	**(67,962)**	**(16,421)**
Cash flows from financing activities		
Proceeds from new borrowing	42,896	20,626
Repayment of borrowings	(56,250)	(2,000)
Dividends	–	(23,887)
Net cash from (used in) financing activities	**(13,354)**	**(5,261)**
Net increase / (decrease) in cash and cash equivalents	(28,429)	3,740
Cash and cash equivalents as at 1 January	**28,733**	**24,993**
Cash and cash equivalents as at 31 December	**304**	**28,733**

Notes to the consolidated financial statements for the year ended 31 December 2016

1 Reporting entity

Sif Holding N.V. (the 'Company') is a company domiciled in the Netherlands. The Company's registered office is at Mijnheerkensweg 33, Roermond. These consolidated financial statements comprise the Company and its subsidiaries (collectively the 'Group' and individually 'Group companies'). Information on the structure of the Group is provided in note 28.

On 12 May 2016, the Company obtained a listing on Euronext Amsterdam. A total of 8,447,010 numbers of existing shares were successfully placed with investors (by its shareholder) for an issue price of EUR 14.00 (fourteen euros) per share, resulting in a total placement size of EUR 118.3 million, representing 33% of Sif's ordinary shares.

The consolidated financial statements of the Group for the year ended 31 December 2016, were authorised for issue in accordance with a resolution of the Executive Board on 28 March 2017.

The Group is primarily involved in the manufacturing of metal structures, parts of metal structures, pipes, pipe structures, components for the offshore industry and foundation piles for offshore wind farms.

2 Basis of preparation

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union (EU-IFRSs).

The consolidated financial statements have been prepared on a historical cost basis, except for derivative financial instruments and investment property that have been measured at fair value. The Group's consolidated financial statements are presented in EUR ('000), which is also the Company's functional currency, if not stated otherwise. All values are rounded to the nearest thousands (EUR '000) on individual line items which can result in minor rounding differences in sub-totals and totals, except when otherwise indicated.

Management estimates and judgements

The preparation of the Group's consolidated financial statements requires management to make estimates and assumptions. To make these estimates and assumptions the Group uses factors such as experience and expectations about future events that are reasonably expected to occur given the information that is currently available. These estimates and assumptions are reviewed on an ongoing basis.

Revisions of accounting estimates and assumptions, or differences between accounting estimates and assumptions and the actual outcomes, may result in adjustments to the carrying amounts of assets and liabilities, which would be recognised prospectively.

Work in progress

Revenues and costs in relation to work in progress are recognised in the statement of profit or loss and other comprhensive income in proportion to the stage of completion of each project. The stage of completion is assessed based on the actual hours incurred compared with the estimated hours needed to complete the full project. In addition, management estimates at each reporting date the total expected costs to be incurred for each individual project and adjustments are made where appropriate.

Leases

The Group rents warehouse / factory facilities and several housing units in order to carry out its activities. These rental contracts are accounted for as operating leases. As of September 2015, the Group entered into a lease agreement with Havenbedrijf Rotterdam N.V. for the lease of two plots in the Rotterdam harbour which will end on 1 July 2031. It is the Group's opinion that it does not possess the principal risks and benefits associated with ownership of the assets.

Jubilee scheme
The costs of the jubilee scheme are calculated according to actuarial methods. The actuarial method uses assumptions about discount rates, future salary increases, and retention rates. Such estimates are very uncertain, owing to the long-term nature of the scheme. The assumptions used are reviewed each reporting date.

Impairment
The Group assesses whether there is any indication that assets have been impaired as at the reporting date. If any such indication is detected, or if an asset is required to undergo its annual impairment testing, the Group estimates the recoverable amount of the asset. In determining the recoverable amount of the asset estimates shall be made, including for example estimates of future cash flows and discount rates.

3 Significant accounting policies
The Group has consistently applied the following accounting policies to all periods presented in these consolidated financial statements.

3.1 Basis of consolidation
Subsidiaries
The consolidated financial statements comprise the financial statements of the Group and its subsidiaries as at 31 December 2016. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if, and only if, the Group has:

1. Power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee)
2. Exposure, or rights, to variable returns from its involvement with the investee
3. The ability to use its power over the investee to affect its returns

Transactions eliminated on consolidation
Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated. Unrealised gains arising from transactions with equity-accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

3.2 Profit or loss accounts
3.2.1 *Revenue*
Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duty. The Group has concluded that it is the principal in all of its revenue arrangements since it is the primary obligor in all the revenue arrangements has pricing latitude and is also exposed to inventory and credit risk.

Contract revenues and costs are recognised in the statement of profit or loss in proportion to the stage of completion of the project. The stage of completion is assessed by reference to the proportion of hours spent in relation to the total projected hours up to completion of the project. Contract revenues include the contractually agreed amount plus any additional agreed additional work.
If contract results cannot be determined reliably, contract revenue is recognised only to the extent that the expenses incurred are eligible to be recovered.

Work in progress takes into account the expenses of raw materials, subcontracted work, logistic and other project related expenses, as well as direct personnel and production and general manufacturing expenses that are attributable to contract activity. Contract costs are recognised as incurred unless they create an asset related to future contract work. Expected project losses are recognised immediately in the statement of profit or loss.

3.2.2 Employee benefits

Short-term employee benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably. Wage tax deductions (WBSO) are recognised in profit or loss over the periods in which the Group recognises the related costs which the grants are intended to compensate.

Post-employment benefit plan

The Group has a defined benefit scheme for which premiums are payable to an industry pension fund (Bedrijfstakpensioenfonds) that is separately managed: the Pensioenfonds Metaal en Techniek (PMT). This pension scheme is administered together with those of other legal entities. The pension obligation is based on the duration of the participation in the plan and their salary levels. The related obligations are covered by the periodical premiums to the industry pension fund. The associated businesses are not obliged to compensate any deficits in the pension funds, nor are they entitled to any surpluses. Furthermore, the structure of the administration does not allow for providing the required information to the Group for accounting for the pension scheme as a defined benefit scheme in accordance with IAS 19. As such, this pension scheme has been accounted for as a defined contribution scheme in the financial statements. Obligations for contributions to the industry pension fund are expensed as the related service is provided. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available.

Other long-term employee benefits

The Group's net obligation in respect of long-term employee benefits is the amount of future benefit that employees have earned in return for their service in the current and prior periods. That benefit is discounted to determine its present value. Remeasurements are recognised in profit or loss in the period in which they arise.

3.2.3 Finance income and finance costs

The Group's finance income and finance costs include:

> interest income;
> interest expense; and
> the foreign currency gain or loss on financial assets and financial liabilities.

Interest income or expense is recognised using the effective interest method.

3.2.4 Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currency of Group entities at exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the reporting date. Differences arising on settlement or translation of monetary items are recognised in profit or loss. The non-monetary assets on historical costs, these items are translated, but at historical rates, the rate at date of the transaction.

3.2.5 Income tax

Income tax expense comprises current and deferred tax. Income taxes are recognised in profit or loss except to the extent that they relate to items recognised directly in equity or in other comprehensive income. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Current tax

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to tax payable or receivable in respect of previous years. It is measured using tax rates enacted or substantively enacted at the reporting date.

Deferred tax
Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes, except for:

> temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss; and

> temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible unused tax losses, tax credits and unused deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised. Such reductions are reversed when the probability of future taxable profits improves.

Unrecognised deferred tax assets are reassessed at each reporting date and recognised to the extent that it has become probable that future taxable profits will be available against which they can be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity.

The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.
Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

3.3 Balance sheet accounts

3.3.1 *Intangible fixed assets*

Intangible fixed assets (software) are recognised at cost less straight-line amortization and any impairment. Amortization is based on the estimated useful contribution of the assets concerned, which is three years. Amortization methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

3.3.2 *Property, plant and equipment*

Recognition and measurement
Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of replacing part of the plant and equipment and borrowing costs for long-term construction projects if the recognition criteria are met. All other borrowing costs are expensed in the period in which they occur. All other repair and maintenance costs are recognised in profit or loss as incurred.

If significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Any gain or loss on disposal of an item of property, plant and equipment is recognised in profit or loss.

Subsequent expenditure
Subsequent expenditure is capitalised only when it is probable that the future economic benefits associated with the expenditure will flow to the Group.

Depreciation
Depreciation is calculated to write off the cost of items of property, plant and equipment less their estimated residual values using the straight-line method over their estimated useful lives, and is recognised in profit or loss. Land is not depreciated.

Assets which are under construction are capitalised under property, plant or equipment whereby depreciation will start when the asset is available for use. The estimated useful lives of property, plant and equipment for current and comparative periods are as follows:

Buildings:	6 – 20 years.
Plant and equipment:	5 – 10 years.
Other fixed assets:	5 – 10 years.

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

3.3.3 *Investment property*
Investment property is initially measured at cost. After initial recognition, the fair value model is applied and impairment analyses is performed on a yearly basis.

Any gain or loss on disposal of an investment property (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is recognised in profit or loss.

3.3.4 *Investments in joint ventures*
A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control. The Group's investments in its joint venture are accounted for using the equity method. Under the equity method, the investment in a joint venture is initially recognised at cost.

The carrying amount of the investment is adjusted to recognise changes in the Group's share of net assets of the joint venture since the acquisition date.

3.3.5 *Inventories*
Inventories are measured at the lower of cost and net realisable value. The cost of inventories is based on the first-in first-out principle. Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

3.3.6 *Work in progress*
Amounts due from customers
Amounts due from customers represent the gross amount expected to be collected from customers for contract work performed to date. They are measured as costs incurred plus profits recognised to date less progress billings and recognised losses.

Amounts due to customers
Contracts for which progress billings, advances received from customers and recognised losses exceed costs incurred plus recognised profits are presented as amounts due to customers.

3.3.7 *Cash and cash equivalents*
Cash and cash equivalents in the statement of financial position comprise cash at banks and on hand, which are subject to an insignificant risk of changes in value.

3.3.8 *Financial instruments*
Initial recognition and measurement
Financial assets are classified, at initial recognition, as financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, available for sale (AFS) financial assets. All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset.

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings or payables. All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.
The Group's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts, and derivative financial instruments. Finance transaction costs are capitalised at cost and amortised until the expiring date of the financing agreement.

Subsequent measurement

Derivative financial instruments

The Group may use interest rate swaps and foreign currency contracts to hedge its interest-rate and foreign currency risk exposures arising from project and financing activities. In accordance with its treasury policy, the Group does not hold derivatives for trading purposes. Interest-rate swaps and foreign currency contracts are measured at fair value.

The fair value of interest-rate swaps is calculated as the present value of the estimated future cash flows. The fair value of forward currency contracts is determined using the forward foreign exchange rates as at the closing date. When measuring the fair value of an asset or a liability, the Group uses market observable data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- **Level 1**: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- **Level 2**: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- **Level 3**: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

If the inputs used to measure the fair value of an asset or a liability might be categorised in different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

Non-derivative financial instruments

Non-derivative financial instruments consist of trade and other receivables, cash and cash equivalents, loans and borrowings, and trade payables. These instruments are recognised initially at fair value, plus all directly attributable transaction costs. Thereafter, the non-derivative financial instruments are measured at amortised cost, using the effective interest method, less impairment losses.

Derecognition and offsetting

The Group derecognises financial assets if the contractual rights to the cash flows arising from those financial assets expire, or if the Group transfers the financial asset to another party without retaining control or without substantially retaining all the risks and rewards of the asset. Any interest retained in such derecognised financial asset is recognised as a separate asset or liability by the Group. Financial liabilities are derecognised if the Group's commitments specified in the contract expire or are discharged or cancelled.

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group has a legal right to offset the amounts and intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

3.3.9 *Share capital*

Cash dividend and non-cash distribution to the shareholder

The Company recognises a liability to make cash or non-cash distributions to the shareholders when the distribution is authorised and the distribution is no longer at the discretion of the Company. As per the corporate laws in the Netherlands, a distribution is authorised when it is approved by the shareholders.
A corresponding amount is recognised directly in equity.

Non-cash distributions are measured at the fair value of the assets to be distributed with fair value remeasurement recognised directly in equity. Upon distribution of non-cash assets, any difference between the carrying amount of the liability and the carrying amount of the assets distributed is recognised in the statement of profit or loss.

3.3.10 *Leases*

The determination of whether an arrangement is (or contains) a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease if fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.

Group as a lessee

A lease is classified at the inception date as a finance lease or an operating lease. A lease that transfers substantially all the risks and rewards incidental to ownership to the Group is classified as a finance lease.

Finance leases are capitalised at the commencement of the lease at the inception date fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised in finance costs in the statement of profit or loss. A leased asset is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.
Operating lease payments are recognised as an operating expense in the statement of profit or loss on a straight-line basis over the lease term.

Group as a lessor

Leases in which the Group does not transfer substantially all the risks and rewards of ownership of an asset are classified as operating leases. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

3.3.11 *Impairment*

Each reporting date, the Group assesses whether there is any indication that the Group's assets, excluding work in progress, inventories and deferred tax assets have been impaired. If there are such indications, an estimate is made of the recoverable amount of the asset concerned. An impairment is only recognized when the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Any impairments are recognized in the statement of profit or loss under depreciation and impairment expenses.

The recoverable amount of an asset or cash-generating unit is the higher of the value in use and the fair value less costs of disposal. The recoverable amount is calculated for each asset individually, unless that asset does not generate any cash flows that are largely independent from those of other assets or groups of assets. The calculation of the value in use is based on a discount of the estimated future cash flows, using a discount rate that reflects the current market assessments of the time value of money and the specific risks associated with the asset. For the calculation of fair value minus cost of disposal use is made of an appropriate valuation model.

A previously recognized impairment loss is only reversed if the assumptions used to determine the asset's recoverable amount have changed since the most recent impairment loss. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years.

4 Changes in accounting policies and disclosures

The Group applied for the first time certain standards and amendments, which are effective for annual periods beginning on or after 1 January 2016. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

Although these new standards and amendments are applied for the first time in 2016, they did not have a material impact on the annual consolidated financial statements of the Group:

- Amendments to IFRS 10, IFRS 12 and IAS 28 – Investment Entities: Applying the Consolidation Exception, effective 1 January 2016
- Amendments to IFRS 11 Joint Arrangements – Accounting for Acquisitions of Interests in Joint Operations, effective 1 January 2016
- Amendments to IAS 1 Presentation of Financial Statements – Disclosure Initiative, effective 1 January 2016
- Amendments to IAS 16 Property, Plant and Equipment and IAS 38 Intangible Assets – Clarification of Acceptable Methods of Depreciation and Amortisation, effective 1 January 2016
- Amendments to IAS 16 Property, Plant and Equipment and IAS 41 Agriculture – Bearer Plants, effective 1 January 2016
- Amendments to IAS 19 Employee Benefits – Defined Benefit Plans: Employee Contributions, effective 1 February 2015
- Amendments to IAS 27 Separate Financial Statements – Equity Method in Separate Financial Statements, effective 1 January 2016
- Annual Improvements to IFRSs 2010-2012 Cycle (issued December 2013), effective 1 February 2015
- Annual Improvements to IFRSs 2012-2014 Cycle (issued September 2014), effective 1 January 2016

5 New and amended standards and interpretations, effective for annual periods starting after 1 January 2016

5.1 Standards issued but not yet effective

The standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Group's financial statements are disclosed below. The Group intends to adopt these standards and interpretations, if applicable, when they become effective.

- IFRS 9 Financial Instruments, effective 1 January 2018
- IFRS 15 Revenue from Contracts with Customers, including amendments to IFRS 15: Effective date of IFRS 15 and Clarifications to IFRS 15 Revenue from Contracts with Customers, effective 1 January 2018
- IFRS 16 Leases, effective 1 January 2019
- Amendments to IAS 7 Statement of Cash Flows – Disclosure Initiative, effective 1 January 2017
- Amendments to IAS 12 Income Taxes – Recognition of Deferred Tax Assets for Unrealised Losses, effective 1 January 2017
- Amendments to IAS 40 Investment Property – Transfers of Investment Property, effective 1 January 2018
- IFRIC 22 Foreign Currency Transactions and Advance Consideration, effective 1 January 2018
- Annual Improvements to IFRSs 2014-2016 Cycle (issued December 2016), effective 1 January 2017 and 1 January 2018

5.2 IFRS 9 Financial Instruments

The final version of IFRS 9 replaces IAS 39 Financial Instruments: Recognition and Measurement and all previous versions of IFRS 9. IFRS 9 brings together all three aspects of the accounting for financial instruments project: classification and measurement, impairment and hedge accounting. IFRS 9 is effective for annual periods beginning on or after 1 January 2018, with early application permitted. Except for hedge accounting, retrospective application is required but providing comparative information is not compulsory. For hedge accounting, the requirements are generally applied prospectively, with some limited exceptions.

The Group plans to adopt the new standard on the required effective date. The Group has performed a high-level impact assessment of all three aspects of IFRS 9. This preliminary assessment is based on currently available information and may be subject to changes arising from further detailed analyses or additional reasonable and supportable information being made available to the group in the future. Overall, the Group expects no significant impact on its balance sheet and equity.

5.2.1 *Classification and measurement*
The Group does not expect a significant impact on its balance sheet or equity on applying the classification and measurement requirements of IFRS 9.

Loans as well as trade receivables are held to collect contractual cash flows and are expected to give rise to cash flows representing solely payments of principal and interest. Thus, the Group expects that these will continue to be measured at amortised cost under IFRS 9. However, the Group will analyse the contractual cash flow characteristics of those instruments in more detail before concluding whether all those instruments meet the criteria for amortised cost measurement under IFRS 9.

5.2.2 *Impairment*
IFRS 9 requires to record expected credit losses on all of its debt securities, loans and trade receivables, either on a 12-month or lifetime basis. The Group expects to apply the simplified approach and record lifetime expected losses on all trade receivables.

5.2.3 *Hedge accounting*
The Group expects no impact as no hedge accounting is used at this point in time.

5.3 IFRS 15 Revenue from Contracts with Customers
IFRS 15 establishes a five-step model to account for revenue arising from contracts with customers. Under IFRS 15, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

The new revenue standard will supersede all current revenue recognition requirements under IFRS. Either a full retrospective application or a modified retrospective application is required for annual periods beginning on or after 1 January 2018. Early adoption is permitted.

The Group plans to adopt the new standard on the required effective date using the full retrospective method. The Group is currently assessing the impact of IFRS 15 based on the five steps of the new revenue recognition model.

5.4 IFRS 16 Leases
IFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model similar to the accounting for finance leases under IAS 17 Leases. At the commencement date of a lease, a lessee will recognise a liability to make lease payments (i.e., the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e., the right-of-use asset). Lessees will be required to separately recognise the interest expense on the lease liability and the depreciation expense on the right-of-use asset. IFRS 16 also requires lessees and lessors to make more extensive disclosures than under IAS 17.

The new standard is effective for annual periods beginning on or after 1 January 2019. A lessee can choose to apply the standard using either a full retrospective or a modified retrospective approach. The standard's transition provisions permit certain reliefs. The Group is currently assessing the impact of IFRS 16, which is expected to be material on its consolidated financial statements. For further information, we refer to note 29 Operating leases which will be partially presented on-balance based on IFRS 16.

5.5 Amendments to IAS 7 Statement of Cash Flows – Disclosure Initiative
The amendments are part of the IASB's Disclosure Initiative and require an entity to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes. On initial application of the amendment, entities are not required to provide comparative information for preceding periods. These amendments are effective for annual periods beginning on or after 1 January 2017, with early application permitted. Application of the amendments will result in additional disclosure provided by the Group.

5.6 Amendments to IAS 12 Income Taxes – Recognition of Deferred Tax Assets for Unrealised Losses

The amendments clarify that an entity needs to consider whether tax law restricts the sources of taxable profits against which it may make deductions on the reversal of that deductible temporary difference. Furthermore, the amendments provide guidance on how an entity should determine future taxable profits and explain the circumstances in which taxable profit may include the recovery of some assets for more than their carrying amount.

Entities are required to apply the amendments retrospectively. However, on initial application of the amendments, the change in the opening equity of the earliest comparative period may be recognised in opening retained earnings (or in another component of equity, as appropriate), without allocating the change between opening retained earnings and other components of equity. Entities applying this relief must disclose that fact.

These amendments are effective for annual periods beginning on or after 1 January 2017 with early application permitted. These amendments are not expected to have any impact on the Group.

5.7 Amendments to IAS 40 Investment Property – Transfers of Investment Property

The amendments clarify the requirements on transfers to, or from, investment property. Either a full retrospective application or a modified retrospective application is required for annual periods beginning on or after 1 January 2018. The amendments' transition provisions permit certain reliefs. The amendments will not have any impact on the Group.

5.8 IFRIC 22 Foreign Currency Transactions and Advance Consideration

IFRIC 22 addresses the exchange rate to use in transactions that involve advance consideration paid or received in a foreign currency. The interpretation is effective 1 January 2018. The interpretation will not have any impact on the Group.

5.9 Improvements to IFRS 2014-2016 Cycle (issued December 2016)

The IASB issued the 2014-2016 cycle improvements to its standards and interpretations, primarily with a view to removing inconsistencies and clarifying wording. These improvements include:

> **IFRS 12 Disclosure of Interests in Other Entities**: The amendments clarify that the disclosure requirements in IFRS 12, other than those in paragraphs B10–B16, apply to interests that are classified as held for sale or discontinued operations. The amendments are effective for annual periods beginning on or after 1 January 2017.

> **IAS 28 Investments in Associates and Joint Ventures**: The amendments clarify that the measurement election, i.e. measuring investees at fair value through profit or loss, is available on an investment-by-investment basis. Additionally, the amendment clarify that the choice, for an entity that is not an investment entity, to retain the fair value measurements used by that investment entity associate or joint venture when applying the equity method is also available on an investment-by-investment basis. The amendments are effective for annual periods beginning on or after 1 January 2018.

These amendments are not expected to have any impact on the Group.

6 Operating segments

For management purposes, the Group is organised into divisions based on its products and services and has three operating segments:

> Wind, which produces and delivers monopiles, transition pieces or other foundation components for the off-shore wind industry;

> Oil and Gas, which produces and delivers piles, pile sleeves, pin-piles etcetera for application in the oil and gas industry;

> Other, not Wind or Oil and Gas.

These divisions offer different products and services, and require different technology and target different markets. The Group's CEO reviews internal management reports of each division at least quarterly.

Information related to each operating segment is set out below.

Segment contribution constitutes the difference between revenue and cost of sales. Cost of sales includes the costs of raw materials, subcontracted work and other external charges as well as logistic and other project related expenses. The gross profit is determined by subtracting costs relating to direct personnel expenses and production and general manufacturing expenses, from contribution.

Finance income, finance costs, indirect personnel expenses, depreciation and amortization, facilities, housing and maintenance, selling expenses, general expenses and other income / expenses are not allocated to individual segments as these are managed on an overall group basis. Costs of sales like raw materials, subcontracted work and other charges and logistic and other project related expenses depend on underlying contract with customers. Gross profit before tax is used to measure performance because management believes that this information is the most relevant in evaluating the results of the respective segments relative to other entities that operate in the same industries. Total assets, which are located in the Netherlands, are not allocated to individual segments as these are managed on an overall group basis.

6.1 Information about operating segments

AMOUNTS IN EUR '000

				2016				2015
	Wind	Oil and Gas	Other	Total	Wind	Oil and Gas	Other	Total
Revenue	351,919	47,956	443	400,318	283,195	36,895	1,253	321,343
Segment contribution	105,443	23,668	369	129,480	80,810	18,941	785	100,536
Gross profit	75,411	10,687	328	86,426	59,857	10,721	523	71,101
Indirect personnel expenses				(12,479)				(8,036)
Depreciation and amortization				(8,684)				(6,986)
Facilities, housing and maintenance				(3,850)				(2,031)
Selling expenses				(670)				(577)
General expenses				(4,079)				(5,388)
Other (income) / expenses				(6,732)				183
Net finance costs				(2,018)				(1,965)
Total profit before tax				**47,914**				**46,301**

6.2 Geographical information

The Oil and Gas, Wind and Other segments are managed on a global basis, but manufacturing facilities and sales offices operate solely from the Netherlands.
The geographic information below analyses the Group's revenue by the Company's country of domicile, the European Community (EC) and other countries outside the EC and Europe. In presenting the following information, segment revenue has been based on the geographical location of customers.

AMOUNTS IN EUR '000	2016	2015
The Netherlands	39,588	76,670
All foreign countries:		
European Community	350,761	239,855
Europe outside EC	9,969	4,818
Total revenues	**400,318**	**321,343**

6.3 Major customers

Revenues from three customers of the Group's Wind segment represented approximately EUR 337 million (2015: three customers EUR 275 million) of the Group's total revenues. In 2016 the largest customer represented a revenue of approximately EUR 151 million, the second customer approximately EUR 100 million and the third customer approximately EUR 86 million. In 2015 the largest customer represented a revenue of approximately EUR 118 million, the second customer approximately EUR 108 million and the third customer approximately EUR 49 million.

7 Personnel expenses

AMOUNTS IN EUR '000	2016	2015
Wages and salaries	12,552	10,159
Hired staff and temporary workers	24,033	14,566
Compensation / grants received	(48)	(16)
Social security contributions	1,797	1,561
Pension expense	1,642	1,417
Other employee benefit expenses	2,630	1,593
	42,606	**29,280**

7.1 Pension expenses

Obligations for contributions to the industry pension fund are expensed as the related service is provided. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available.
The expected contributions to the plan for the next annual reporting period are in line with the actual expense of the current financial year.

The pension fund coverage ratio of the PMT industry fund at 31 December 2016 amounted to 97.2% (2015: 97.3%). The 2016 premium has remained at a level similar to the 2015 premiums. The Group's participation in the industry pension fund is less than 0.05 % (2015: 0.05%) based on the number of active participants in the plan. The Group expects to pay pension contributions of approximately EUR 1.8 million in 2017.

7.2 Number of employees

The average number of employees employed by the Group in 2016 amounts to 207 FTE (2015: 193 FTE). The table below provides an overview of the average number of FTE split per functional area.

AMOUNTS IN EUR '000	2016	2015
Production and distribution	152	144
Management	4	2
Purchasing	4	3
Sales	9	7
Administrative	7	6
Other	31	31
	207	193

8 Selling expenses

AMOUNTS IN EUR '000	2016	2015
Travel and representation	328	243
Promotional and advertising costs	144	118
Other	198	216
	670	577

9 General expenses

AMOUNTS IN EUR '000	2016	2015
Consultancy fees	1,501	828
Non-recurring advisory fees	–	2,563
Insurances	897	848
Software, license fees	958	823
Office expenses	353	219
Other	370	109
	4,079	5,389

Non-recurring advisory fees 2015 mainly contain preliminary expenses regarding the IPO. The advisory fees 2016 regarding the IPO are recognized as other income / expense.

10 Other (income) / expenses

The other (income) and expenses include a total of EUR 6.8 million of net non-recurring costs in relation to the initial public offering (IPO) of the Company. Furthermore an amount of EUR 3.2 million is recorded on the statement of financial position as at 31 December 2016 to be amortized over the next 16 months, all of which in relation to the secured clawback arrangement of management. The IPO was successfully completed on 12 May 2016.

11 Net finance costs

AMOUNTS IN EUR '000	2016	2015
Interest on bank balances and on current account	34	99
Finance income	34	99
Interest on loans and borrowings	(1,945)	(1,564)
Fair value changes of interest rate swaps	568	548
Costs of bank guarantees	–	(125)
Borrowing cost finance facility	(283)	(606)
Other	(392)	(317)
Finance costs	(2,052)	(2,064)
Net finance costs recognised in profit or loss	**(2,018)**	**(1,965)**

Borrowing costs in 2015 included the write-off of the remaining balance (EUR 560) in relation to refinancing facility as completed by the Group and lenders on 11 November 2015.

12 Income tax expense

12.1 Income tax recognised in profit or loss

AMOUNTS IN EUR '000	2016	2015
Current year income tax charge	11,033	11,006
Movement in deferred tax position	(484)	(333)
Tax expense recognized in statement of profit or loss	**10,549**	**10,673**

The Group believes that its accruals for tax liabilities are adequate for all open tax years based on its assessment of many factors, including interpretations of tax law and prior experience.

12.2 Movement in deferred tax balances

AMOUNTS IN EUR '000	Net balance at 1 January	Recognised in profit or loss	Net balance at 31 December	Deferred tax assets	Deferred tax liabilities
2016					
Property, plant and equipment	(1,068)	627	(441)	–	(441)
Derivatives	240	(143)	97	97	–
Investment property	16	–	16	16	–
Tax assets (liabilities) before netting	(812)	484	(328)	113	(441)
Netting of tax				(113)	113
Net tax assets (liabilities)				–	(328)

AMOUNTS IN EUR '000	Net balance at 1 January	Recognised in profit or loss	Net balance at 31 December	Deferred tax assets	Deferred tax liabilities
2015					
Property, plant and equipment	(1,542)	474	(1,068)	–	(1,068)
Derivatives	377	(137)	240	240	–
Investment property	19	(3)	16	16	–
Tax assets (liabilities) before netting	(1,146)	333	(812)	256	(1,068)
Netting of tax				(256)	256
Net tax assets (liabilities)				–	(812)

12.3 Unrecognised deferred tax assets and liabilities

At 31 December 2016 and 31 December 2015, the Group has recognised all deferred tax assets and liabilities applicable to the Group.

12.4 Reconciliation of effective tax rate

%	2016	2015
Tax using the Company's domestic tax rate	25.0	25.0
Reduction in tax rates due to tax incentives	(3.3)	(2.2)
Non tax deductible expenses	0.1	0.3
	21.8	**23.1**

13 Earnings per share

13.1 Basic earnings per share

The calculation of basic earnings per share has been based on the ordinary shareholders and weighted-average number of ordinary shares outstanding.

Weighted average number of ordinary shares

	2016	2015
Issued ordinary shares at 1 January	25,501,356	25,501,356
Issued ordinary shares at 31 December	25,501,356	25,501,356
Weighted average number of ordinary shares at 31 december	**25,501,356**	**25,501,356**

As per 8 December 2005, the issued share capital of the Company amounted to EUR 45, consisting of 454 shares with a nominal value of EUR 100 (one hundred euros per share). On 14 January 2016, in light of the IPO, each of the Company's shares were split into 500 shares, each with a nominal value of EUR 0.20 (20 eurocents per share). In addition 25,274,356 numbers of shares were issued for an amount of EUR 5,055 with a corresponding decrease in retained earnings. For comparability the weighted average number of ordinary shares for 2015 were adjusted in accordance with IAS 33.26 due to the change in number of ordinary shares outstanding as per 14 January 2016 without a corresponding change in resources.

14 Intangible fixed assets

14.1 Reconciliation of the carrying amount

AMOUNTS IN EUR '000	Software
Cost	
Balance at 1 January 2015	–
Additions	–
Disposals	–
Balance at 31 December 2015	**–**
Balance at 1 January 2016	–
Additions	156
Disposals	–
Balance at 31 December 2016	**156**
Accumulated depreciation	
Balance at 1 January 2015	–
Depreciation	–
Disposals	–
Balance at 31 December 2015	**–**
Balance at 1 January 2016	–
Depreciation	(13)
Disposals	–
Balance at 31 December 2016	**(13)**
Carrying amounts	
At 31 December 2015	–
At 31 December 2016	143

15 Property, plant and equipment

15.1 Reconciliation of the carrying amount

AMOUNTS IN EUR '000	Land and buildings	Equipment	Other fixed assets	Total
Cost				
Balance at 1 January 2015	58,301	40,628	1,265	100,193
Additions	4,288	10,040	163	14,492
Disposals	–	–	(19)	(19)
Balance at 31 December 2015	**62,589**	**50,668**	**1,409**	**114,666**
Balance at 1 January 2016	62,589	50,668	1,409	114,666
Additions	48,438	22,795	837	72,070
Disposals	–	–	–	–
Balance at 31 December 2016	**111,027**	**73,463**	**2,246**	**186,736**
Accumulated depreciation				
Balance at 1 January 2015	(29,020)	(26,126)	(848)	(55,994)
Depreciation	(2,066)	(4,803)	(117)	(6,986)
Disposals	–	–	18	18
Balance at 31 December 2015	**(31,086)**	**(30,929)**	**(947)**	**(62,962)**
Balance at 1 January 2016	(31,086)	(30,929)	(947)	(62,962)
Depreciation	(2,636)	(5,844)	(191)	(8,671)
Disposals	–	–	–	–
Balance at 31 December 2016	**(33,722)**	**(36,773)**	**(1,138)**	**(71,633)**
Carrying amounts				
At 31 December 2015	31,502	19,739	461	51,703
At 31 December 2016	77,305	36,690	1,108	115,103

At 31 December 2016 and 2015 all property, plant and equipment was collateralized as part of the financing agreements in place (see note 23).

16 Investment property

16.1 Reconciliation of the carrying amount

AMOUNTS IN EUR '000	2016	2015
Balance at 1 January	375	375
Additions	–	–
Impairment	–	–
Balance at 31 December	**375**	**375**

Investment property comprises a commercial property that is leased to a third party. The lease contains an initial non-cancellable period till July 2017, with annual rents indexed to consumer prices. Subsequent renewals are negotiated with the lessee. No contingent rents are charged. Further information about this lease is included in note 29.

Fair value as of 31 December 2016 is estimated at EUR 375 (2015: EUR 375) determined by external, independent property valuators, having appropriate recognised professional qualifications and recent experience in the location and category of the property. The external valuation of the property dates from 30 October 2014. Based on recent market conditions the movement in fair value is deemed immaterial. The fair value measurement has been categorised as a Level 3 fair value based on the inputs to the valuation technique used.

17 Investment in joint ventures

The group has a 50% interest in SBR Engineering GmbH, a joint venture consisting of engineering capacity of experienced workforce. The group's interest in SBR Engineering GmbH is accounted for using the equity method in the consolidated financial statements. The investment in joint ventures can be specified as follows:

AMOUNTS IN EUR '000	2016	2015
Balance at 1 January	–	–
Additions	20	–
Result for the year	(4)	–
Dividends paid	–	–
Balance at 31 December	**16**	**–**

The group entered into a loan agreement with the joint venture for the amount of EUR 15. This loan will be repaid in yearly instalments of EUR 5 starting on 1 January 2017 until the loan has been fully repaid. The amount of the loan agreement is classified as non-current other financial assets (EUR 10) and current other financial assets (EUR 5).

18 Inventories

AMOUNTS IN EUR '000	2016	2015
Raw materials and consumables	190	196
	190	**196**

During 2016 and 2015 no inventories were written down to the lower of net realisable value and no provision has been recognised.

19 Work in progress

AMOUNTS IN EUR '000	2016	2015
Work in progress – amounts due from customers (current assets)	17,390	64,530
Work in progress – amounts due to customers (current liabilities)	(31,113)	(41,969)
	(13,723)	**22,562**
Expenses incurred including realized profit to date	599,695	333,113
Invoiced terms	(613,418)	(310,551)
	(13,723)	**22,562**

Management periodically reviews the valuation of work in progress based on project agreements, project results till date and estimates of project expenses to be incurred. Each period end management assesses the status of the projects and takes into consideration all aspects in order to finalize the projects in line with contractual agreement and relating contingencies, such as potential upward or downward adjustment in the projected estimates, and accounts for them accordingly. Due to changes in estimates, fluctuations in the anticipated project result can occur over the contract term.

As per year-end, no loss making contracts have been identified by management. The amounts due from customers concern all projects in progress for which expenses incurred plus recorded profit minus project losses if any, exceed the terms invoiced to customers. Amounts due to customers concern the balances of all projects in progress for which the invoiced terms exceed expenses incurred plus recorded profit minus project losses if any.

Both the amounts due to and due from customers predominantly have durations shorter than 12 months and are therefore considered to be current.

20 Trade receivables

All trade and other receivables mature within 12 months. Trade receivables are non-interest bearing and are generally on terms of 30 to 60 days. At 31 December 2016 an amount of EUR 240 of the trade receivables were provided for (2015: EUR 0). As at 31 December, the ageing (without the provided trade receivables) analysis of trade receivables is as follows:

AMOUNTS IN EUR '000	Total	Not past due	<30 days past due	30 – 60 days past due	61 – 90 days past due	91 – 120 days past due	> 120 days past due
31 December 2016	69,112	55,873	9,111	4,126	–	–	2
31 December 2015	67,040	66,790	240	–	10	–	–

20.1 Credit and market risks, and impairment losses

Information about the Group's exposure to credit and market risks, and impairment losses for trade and other receivables, excluding construction contracts in progress, is included in note 24.

21 Cash and cash equivalents

AMOUNTS IN EUR '000	2016	2015
Cash	10	12
Bank balances	294	28.720
Cash and cash equivalents	**304**	**28.733**

The balance of the cash and cash equivalents are freely accessible and available to the Group and no restrictions apply.

22 Capital and reserves

22.1 Share capital

On 14 January 2016, the authorised capital of the Group was increased to EUR 25 million, consisting of 125,000,000 shares with a nominal value of EUR 0.20 (20 eurocents) per share. The issued shares were converted into 25,501,356 shares, each having a nominal value of EUR 0.20 (20 eurocents per share). For further information we refer to note 13. These shares were issued to the existing shareholders in exchange for their current shares. All ordinary shares rank equally with regard to the Company's residual assets.

22.2 Additional paid-in capital

The additional paid-in capital results from contributions in kind by the shareholder in relation to the issuance of loans as the transaction costs related to the issuance of additional loans were not passed on by the shareholder.

22.3 Dividends

The following dividends were declared and settled by the Company during the year:

	2016	2015
Number of ordinary shares dividend eligible	25,501,356	454
Rounded dividend per ordinary share (EUR '000)	–	125
Dividends declared and settled during the year (EUR '000)	**–**	**56,553**

23 Loans and borrowings

The company has the following financing arrangements:

AMOUNTS IN EUR '000	2016	2015
Non-current portion	42,273	49,376
Current portion	–	6,250
Total loan and borrowings	**42,273**	**55,626**

The movement in financing arrangements can be specified as follows:

AMOUNTS IN EUR '000	2016	2015
Balance at 1 January	56,250	37,000
Financing costs	(624)	(573)
Net value of loans and borrowings	55,626	36,427
Drawn	–	21,250
Repayment	(56,250)	(2,000)
Additions financing costs	(146)	(662)
Amortisation financing costs	284	611
Movements in revolving credit facility	42,759	–
Balance at 31 December	42,759	56,250
Financing costs	(486)	(624)
Net value of loans and borrowings	**42,273**	**55,626**

Information about the Group's exposure to interest rate, foreign currency and liquidity risk is included in note 24.

As per 30 December 2016, the secured bank loans are refinanced into a EUR 90 million revolving credit facility. Given the nature of this funding, the entire facility is presented as non-current loans and borrowings. The EUR 90 million revolving credit facility is funded on Euribor + supplement and will expire on 30 June 2019. As per year-end 2016 an amount of EUR 42 million is outstanding and an amount of EUR 48 million has not been drawn.

23.1 Terms and repayment schedule

The terms and conditions of outstanding loans are as follows:

AMOUNTS IN EUR `000	Currency	Nominal interest rate (%)	Year of maturity	Fair value 2016	Carrying amount 2016	Fair value 2015	Carrying amount 2015
Secured bank loan A	EUR	Euribor + supplement	2017	–	–	30,905	30,905
Secured bank loan B	EUR	Euribor + supplement	2018	–	–	24,721	24,721
Revolving credit facility	EUR	Euribor + supplement	2019	42,273	42,273	–	–
Total interest-bearing loans and borrowings				**42,273**	**42,273**	**55,626**	**55,626**

The supplement to the Euribor interest rate of the revolving credit facility depends on the leverage ratio as defined in the loan agreement and ranges between 150 and 225 bps. The revolving credit facilities are collateralized by the following items:

- Current assets (inventory and construction contracts net position)
- Trade receivables
- Intercompany receivables
- Credit balances
- Receivables from hedging activities
- Receivables from insurance contracts
- Shares in Sif Netherlands B.V. and Sif Property B.V. by Sif Holding N.V.
- Non-current assets

23.2 Loan covenants

As per year-end the Group has one revolving credit facility which has to be repaid in full on 30 June 2019. The interest is based on Euribor plus a supplement that depends on the leverage per quarter. The following financial ratios have to be met:

- a cash flow cover (ratio of cash flow to debt service in respect of any relevant period) of greater than 1.00 for that relevant period; and
- a leverage ratio (the ratio of total debt on the last day of the relevant period to EBITDA in respect to that relevant period which shall not exceed: 2016: 2.50x; in the first quarter of 2017: 2.25x; in the second quarter of 2017: 2.00x; in the third quarter of 2017 and in every quarter thereafter: 1.50x).

Sif did not breach any of their loan covenants during 2016.

24 Financial instruments

24.1 Accounting classifications and fair values

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy.
It does not include fair value information for loans and borrowings as included in note 23 and for other financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

AMOUNTS IN EUR '000	Carrying amount		Fair value			
	Designated at fair value	Total	Level 1	Level 2	Level 3	Total
31 December 2016						
Financial liabilities measured at fair value						
Interest rate swaps	392	392	–	392	–	392
	392	**392**	**–**	**392**	**–**	**392**

AMOUNTS IN EUR '000	Carrying amount		Fair value			
	Designated at fair value	Total	Level 1	Level 2	Level 3	Total
31 December 2015						
Financial liabilities measured at fair value						
Interest rate swaps	960	960	–	960	–	960
	960	**960**	**–**	**960**	**–**	**960**

24.2 Measurement of fair values

Valuation techniques and significant unobservable inputs

The following tables show the valuation techniques used in measuring Level 2 fair values, as well as the significant unobservable inputs used.

Financial instruments measured at fair value

Type	Valuation technique	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
Interest rate swaps	Market comparison technique: The fair values are based on marked-to-market (MTM) quotes from the issuing bank institutions. Similar contracts are traded in an active market and the quotes reflect the actual transactions in similar instruments.	Not applicable.	Not applicable.

24.3 **Financial risk management**

The Group has exposure to the following risks arising from financial instruments:

- Credit risk
- Liquidity risk
- Market risk

Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty fails to meet its contractual obligations and arises principally from the Group's receivables on customers.

The carrying amount of financial assets represents the maximum credit exposure.

Trade and other receivables

The Group's exposure to credit risk is mainly influenced by the individual customer characteristics. In addition, management considers general factors that may influence the credit risk of its customer base, including the default risk of the industry and the countries in which customers operate.

The Group has established a credit policy under which each new customer is analysed individually for creditworthiness before the Group's standard payment and delivery terms and conditions are offered. Management believes that the unimpaired amounts that are past due by more than 30 days are still collectible in full, based on historic payment behaviour and extensive analysis of customer credit risk, including underlying customers' credit ratings if they are available.

Cash and cash equivalents

The Group held cash and cash equivalents of EUR 304 at 31 December 2016 (2015: EUR 28,733). The cash and cash equivalents are held with bank and financial institution counterparties, which are at least rated A-based on rating agency ratings.

Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under the normal course of business, and within the covenants as agreed with the banks and financial institutions.

The Group aims to maintain the minimal level of its cash and cash equivalents at an amount in excess of expected cash outflows on financial liabilities (other than trade payables) over the next 60 days. The Group also monitors the level of expected cash inflows on trade and other receivables together with expected cash outflows on trade and other payables.

Exposure to liquidity risk

The following are the remaining contractual maturities of financial liabilities at the reporting date. The amounts are gross and undiscounted, and exclude interest payments:

31 December 2016

AMOUNTS IN EUR '000	Carrying amount	Total	Contractual cash flows: 3 months or less	3 - 12 months	1 - 2 years	2 - 5 years	More than 5 years
Non-derivative financial liabilities							
Revolving credit facility	42,273	(42,273)	–	–	–	(42,273)	–
Trade payables	50,536	(50,536)	(50,536)	–	–	–	–
	92,809	**(92,809)**	**(50,536)**	**–**	**–**	**(42,273)**	**–**

31 December 2015

AMOUNTS IN EUR '000	Carrying amount	Total	Contractual cash flows: 3 months or less	3 - 12 months	1 - 2 years	2 - 5 years	More than 5 years
Non-derivative financial liabilities							
Secured bank loans	55,626	(58,797)	(281)	(7,031)	(26,172)	(25,313)	–
Trade payables	70,995	(70,995)	(70,995)	–	–	–	–
	126,621	**(129,792)**	**(71,276)**	**(7,031)**	**(26,172)**	**(25,313)**	**–**

As disclosed in note 23, the Group has a revolving credit facility within the finance facility that contains loan covenants. A future breach of covenants may require the Group to repay the loan earlier than indicated in the table above. The interest payments on variable interest rate loans and bond issues in the table above reflect market forward interest rates at the reporting date. These amounts may change as market interest rates change.

Market risk

Market risk is the risk that changes in market prices – such as foreign exchange rates, interest rates and equity prices – will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

The Group uses derivatives to manage market risks. All such transactions are carried out within treasury policy guidelines.

Interest rate risk

The interest rate profile of the Group's interest-bearing financial instruments as reported to management of the Group is as follows:

CARRYING AMOUNT IN EUR '000	2016	2015
Variable rate instruments		
Total loans and borrowings	42,759	56,250
Balance covered by interest rate swaps	24,750	33,000
Balance exposed to variable interest rates	**18,009**	**23,250**

The Group has performed a cash flow sensitivity analysis for variable rate instruments. A reasonable possible change of 50 basis points in interest rates at the reporting date would have increased (decreased) profit or loss before tax by the amounts shown below. This analysis assumes that all other variables remain constant.

PROFIT OR LOSS IN EUR '000	50 basis points increase	50 basis points decrease
31 december 2016		
Variable rate instruments	217	(217)
Interest rate swaps	(128)	128
Net impact	**89**	**(89)**
31 december 2015		
Variable rate instruments	266	(266)
Interest rate swaps	(157)	157
Net impact	**109**	**(109)**

Currency risk

The Group is exposed to currency risk to the extent that there is a mismatch between the currencies in which sales, purchases and borrowings are denominated and the respective functional currencies of Group companies. The functional currency of Group companies is the Euro. The currency in which transactions are primarily denominated is also the Euro. The currency risk is limited since the Group almost fully conducts its sales, purchases and borrowings in its functional currency and closes hedge contracts at the time of entering into contracts in foreign currencies.

25 Employee benefits

AMOUNTS IN EUR '000	2016	2015
Jubilee provision	252	218
Accrual for employee bonuses	653	413
Accrual for employee vacation days outstanding	430	292
Personnel expenses payable	362	166
Total employee benefits liabilities	**1,697**	**1,089**
Non-current	252	218
Current	1,445	871
	1,697	**1,089**

The movement in the jubilee provision can be specified as follows:

AMOUNTS IN EUR '000	2016	2015
Balance at 1 January	218	230
Additions	72	45
Used	(38)	(57)
Released	–	–
Balance at 31 December	**252**	**218**

26 Trade payables

AMOUNTS IN EUR '000	2016	2015
Trade payables	**50,536**	**70,995**

All trade payables mature within 12 months. Trade payables decreased mainly as a result of higher trade payables at year-end 2015 related to the investments of property, plant and equipment (Rotterdam plant). Information about the Group's exposure to currency and liquidity risk is included in note 24.

27 Capital management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders as well as to maintain an optimal capital structure to continue to be able to qualify for large commercial tenders while optimizing the overall cost of capital. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The Group aims for a financing structure that ensures continuing operations and minimises cost of capital. For this, flexibility and access to the financial markets are important conditions. The Group monitors its financing structure using a solvency ratio. Solvency is calculated as total equity divided by total assets. At year-end 2016, the solvency ratio was 34,8% (2015: 16.2%).

In addition, the loan covenants are closely monitored to ensure that these remain within agreed thresholds. The current loan covenants include the cashflow cover and leverage ratio for which reference is made to note 23.

28 List of subsidiaries

Included in the consolidated financial statements are the following subsidiaries:

Name	Location	Share in issued capital %
Sif Property B.V.	Roermond	100
Sif Netherlands B.V.	Roermond	100

29 Operating leases

29.1 Leases as lessee

The Group leases warehouse / factory facilities, a house and an apartment under operating leases. The lease for the warehouse runs for a remaining period of 4 to 6 months. The lease for the house runs for a half year and the lease for the apartment runs for a remaining period of 3 months (cancellation period).

The Group entered into a lease agreement with Havenbedrijf Rotterdam N.V. for the lease of a specific plot in the Rotterdam harbour. The lease started at 1 September 2015 and will end on 1 July 2031, with annual committed lease payments of EUR 0.8 million during the initial building phase increasing up to EUR 3.3 million after 5 years when the plots and buildings are fully in use.

Future minimum rentals payable

At 31 December, the future minimum rentals payables under non-cancellable leases can be specified as follows:

AMOUNTS IN EUR '000	2016	2015
Less than 1 year	1,971	1,144
Between 1 and 5 years	12,055	10,600
More than 5 years	31,418	37,973
	45,444	**49,717**

Amounts recognised in profit or loss

AMOUNTS IN EUR '000	2016	2015
Lease expenses	1,341	478
	1,341	**478**

29.2 Leases as lessor

The Group leases out its investment property (see note 16).

Future minimum rental receivable

At 31 December, the future minimum rental receivables under non-cancellable leases are as follows:

AMOUNTS IN EUR '000	2016	2015
Less than 1 year	32	13
Between 1 and 5 years	–	8
More than 5 years	–	–
	32	**21**

30 Off-balance sheet commitments

30.1 Commitments for the purchase of property, plant and equipment

At 31 December 2016, the Group commitments for the purchase of property, plant and equipment amounts to EUR 4,399 (2015: EUR 18,828) relating to the purchase of property, plant and equipment items.

30.2 Guarantee facilities

At 31 December guarantee facilities of the Group can be specified as follows:

Name AMOUNTS IN EUR '000	Type	31-12-2016 Total facility	31-12-2016 Used	31-12-2015 Total facility	31-12-2015 Used
Euler Hermes Interborg N.V. / Ace European Group	General	100,000	53,849	70,000	24,182
Euler Hermes Interborg N.V.	General	–	–	15,000	4,603
Nationale Borg Maatschappij	General	10,000	9,558	10,000	–
Coöperatieve Rabobank U.A.	General	20,000	6,070	7,500	2,417
ING Bank N.V.	General	20,000	3,183	7,500	640
ABN AMRO Bank N.V.	General	20,000	–	–	–
Nationale Borg Maatschappij	Project	6,788	6,788	6,788	6,788
Coöperatieve Rabobank U.A.	Project	21,979	21,979	29,615	29,615
ING Bank N.V.	Project	14,404	14,404	22,040	22,040
Total		**213,171**	**115,831**	**168,443**	**90,285**

The Group is jointly and severally liable for all amounts to which Euler Hermes, Ace European Group, Coöperatieve Rabobank U.A., ING Bank N.V. and Nationale Borg Maatschappij have a right to claim in relation to the above mentioned guarantees. The shareholder (before IPO) is also jointly and severally liable for all amounts of the pending guarantees which have been provided before 12 May 2016.

31 Related parties

31.1 Transactions with shareholders (before IPO)

The shareholders (before IPO) paid a part of the IPO bonus of EUR 3.7 million. During 2016 final settlement took place with the shareholders (before IPO), the net effect (EUR 123) is paid by the Company.

31.2 Transactions with joint ventures

During the year, the group made an investment in SBR Engineering GmbH, a joint venture consisting of engineering capacity of experiences workforce. The group has made an investment of EUR 20 and also entered into a loan agreement of EUR 15.

31.3 Transactions with key management personnel

The members of the supervisory board and the executive board are considered key management personnel.

The remuneration (including expenses) of the supervisory board members can be specified as follows:

AMOUNTS IN EUR	2016	2015
A. Goedee*	70,106	–
J.C.M. Schönfeld**	53,450	–
P.J. Gerretse**	41,108	–
C.A.J. van den Bosch**	41,531	–
A.P.W. van Wassenaer*	45,000	–
	251,195	**–**

* *Member of the supervisory board as of 14 January 2016.*

** *Member of the supervisory board as of 12 February 2016.*

The remuneration of the executive board members can be specified as follows:

Compensation of the executive board

	J.B.J. Bruggenthijs		B.A.P Nijdam**		R.J.B.J. Schmeitz***	
AMOUNTS IN EUR	2016	2015	2016	2015	2016	2015
Base salary	274,135	254,808	165,000	57,115	–	190,705
Employer´s pension contributions	25,559	22,311	25,559	7,437	–	22,311
Pension compensation*	84,727	–	18,977	–	–	–
Annual bonus****	282,200	126,100	67,035	44,427	–	124,371
Other benefits (car lease, travel expenses and relocation expenses)	131,609	28,547	18,487	–	91	2,613
Social security and other payments	9,829	9,283	9,829	3,050	–	8,810
Placement reward IPO	2,834,403	–	1,062,902	–	1,481,487	–
Placement reward IPO under clawback*****	(944,801)	–	–	–	–	–
Termination fee	–	–	137,500	–	–	–
Total remuneration	**2,697,661**	**441,049**	**1,505,289**	**112,029**	**1,481,578**	**348,810**

* *The pension compensation contains a period of two years.*
** *Chief Financial Officer of the group as per September 2015, resigned as Chief Financial Officer as per January 2017.*
*** *Resigned as Chief Financial Officer of the group as per September 2015.*
**** *The annual bonus allows for final settlement of the bonus award of the previous year and certain provisions for the award on 2016.*
***** *The placement reward under clawback reflects the end of 2016 amount.*

The executive board members were awarded their placement reward IPO in cash. The placement reward is subject to a secured clawback arrangement, which operates as a lock-up arrangement, whereby 50% of the net Placement Reward received by any individual may be reclaimed by the Company if, amongst others, the management or employment agreement of the individual terminates within one year and 25% in case of termination within two years.

The number of shares owned by directors as per year-end can be specified as follows:

	2016
J.B.J. Bruggenthijs	58,307
B.A.P. Nijdam	48,589
	106,896

32 Service fees paid to external auditors

The total service fees paid to external auditors can be specified as follows:

AMOUNTS IN EUR '000	Ernst & Young Accountants LLP		Other EY firms	
	2016	2015	2016	2015
Audit of financial statements	149	97	–	–
Other assurance services	277	518	–	–
Tax services	–	–	–	168
Total	**426**	**615**	**–**	**168**

33 Events after the reporting period

There were no material events after 31 December 2016.

Separate statement of profit or loss for the year ended 31 December 2016

AMOUNTS IN EUR '000	Note	2016		2015	
Management fee	37	4,273		–	
Total revenue			4,273		–
Indirect personnel expenses		1,480		–	
General expenses		673		2,789	
Other (income) / expenses		2,907		4	
Operating profit			(787)		(2,793)
Finance income		260		272	
Finance costs		(1,199)		(149)	
Net finance costs			(939)		123
Profit before tax			(1,726)		(2,670)
Income tax expense			277		474
Result of participation in subsidiaries	38		38,818		37,824
Result of participation in joint ventures			(4)		–
Profit after tax			**37,365**		**35,628**

Separate statement of financial position as at 31 December 2016 (before profit appropriation)

AMOUNTS IN EUR '000	Notes	31-12-2016	31-12-2015
Assets			
Investments in subsidiaries and joint ventures	39	97,348	58,515
Other financial assets		246	–
Deferred tax assets		55	120
Total non-current assets		97,649	58,635
Intercompany receivables	40	772	982
Other financial assets		5	456
Wage tax and social security		68	–
Prepayments		1,196	–
Cash and cash equivalents		174	463
Total current assets		2,215	1,901
Total assets		**99,864**	**60,536**

	Notes	31-12-2016	31-12-2015
Equity			
Share capital		5,100	45
Additional paid-in capital		1,059	1,059
Retained earnings		28,391	(2,182)
Result for the period		37,365	35,628
Total equity	41	71,915	34,551
Liabilities			
Loans and borrowings		–	16,765
Other non-current financial liabilities		221	481
Total non-current liabilities		221	17,246
Loans and borrowings		–	4,250
Trade payables		135	365
Intercompany payables	40	24,219	–
VAT payable		510	1,044
CIT payable		2,258	2,267
Other current liabilities		606	813
Total current liabilities		27,728	8,739
Total liabilities		27,949	25,985
Total equity and liabilities		**99,864**	**60,536**

Notes to the separate financial statements for the year ended 31 December 2016

34 Basis of preparation

The separate financial statements (before profit appropriation) of Sif Holding N.V. have been prepared in accordance with the provisions of Part 9, Book 2, of the Dutch Civil Code. The Company uses the option of Article 362.8 of Part 9, Book 2, of the Dutch Civil Code to prepare the separate financial statements, using the same accounting policies as those used for the consolidated financial statements (we refer to note 3). The separate financial statements have therefore been prepared in accordance with International Financial Reporting Standards as adopted by the European Union (EU-IFRSs). Investments in subsidiaries are accounted for using the net asset value. The separate financial statements are presented in EUR ('000), which is also the Company's functional currency, if not stated otherwise.

35 Significant accounting policies

The Group has consistently applied the accounting policies to all periods presented in these separate financial statements. For the principles of valuation of assets and liabilities and for the determination of the result, reference is made to the notes of the consolidated financial statements.

36 List of subsidiaries and joint ventures

Included in the separate financial statements are the following entities:

Name	Location	Share in issued capital %
Sif Property B.V.	Roermond	100
Sif Netherlands B.V.	Roermond	100
SBR Engineering GmbH	Siegen-Netphen	50

Sif Holding N.V. issued a guarantee as mentioned in Article 403, Part 9, Book 2 of the Dutch Civil Code for its subsidiaries Sif Property B.V. and Sif Netherlands B.V.

37 Management fee

The management fee contains the settlement of charges between Sif Holding N.V. and Sif Netherlands B.V. The management fee also includes compensation of the management board and supervisory board.

38 Result of participation in subsidiaries

AMOUNTS IN EUR '000	2016	2015
Result in Sif Netherlands B.V.	37,771	36,654
Result in Sif Property B.V.	1,047	1,170
Result of participation in subsidiaries	**38,818**	**37,824**

39 Investments in subsidiaries and joint ventures

AMOUNTS IN EUR '000	2016	2015
Sif Netherlands B.V.	90,587	52,817
Sif Property B.V.	6,745	5,698
SBR Engineering GmbH	16	–
Investments in subsidiaries and joint ventures	**97,348**	**58,515**

The movement in the investment value of Sif Netherlands B.V. and Sif Property B.V. is related to the result over 2016 of these subsidiaries. The movement in the investment value of SBR Engineering GmbH is related to the investment (EUR 20) and the net loss (EUR 4) over 2016.

40 Intercompany accounts

AMOUNTS IN EUR '000	2016	2015
Intercompany receivables (current assets)	772	982
Intercompany payables (current liabilities)	(24,219)	–
	(23,447)	**982**
Intercompany account Sif Netherlands B.V.	(24,219)	691
Intercompany account Sif Property B.V.	772	291
	(23,447)	**982**

The intercompany accounts are free of interest and are frequently settled.

41 Equity

The statement of changes in equity and disclosure to that statement are included in the consolidated financial statements.

The appropriation of the 2016 profit is at the free disposal of the General Meeting of Shareholders and has not been recorded in the financial statements.

42 Related parties

42.1 Transactions with (former) shareholders

The former shareholder paid a part of the IPO bonus of EUR 3.7 million. During 2016 final settlement took place with the formal shareholder, the net effect (EUR 123) is paid by Sif.

42.2 Transactions with subsidiaries

During the year several transactions between Sif Holding N.V., Sif Netherlands B.V. and Sif Property B.V. took place. These transactions also includes compensation of the management board and supervisory board. Transactions between Sif Holding N.V. and its subsidiaries takes place through the intercompany accounts. As per year-end the intercompany accounts amount to a liability to Sif Netherlands B.V. of EUR 24,219 and a receivable from Sif Property B.V. of EUR 772.

42.3 Transactions with joint ventures

During the year, the group made an investment in SBR Engineering GmbH, a joint venture consisting of engineering capacity of experiences workforce. The group has made an investment of EUR 20 and also entered into a loan agreement of EUR 15.