Financial Statements 2016

This financial statement is part of Heijmans' annual report 2016.
The complete English version of the annual report will be published
a number of weeks after the publication of the Dutch annual report.

In case of differences between the Dutch and the English annual report (financial statements), the first shall prevail.

Please note that in the tables the European currency notation has been used.

Publication date: 24 February 2017

Financial statements 2016

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1. Consolidated statement of profit or loss

x € 1.000

		2016			2015		
		Continued operations	Discontinued operations	Total	Continued operations	Discontinued operations	Total
6.1	Revenue	1.369.680	514.111	1.883.791	1.450.040	528.543	1.978.583
	Cost of sales	-1.334.976	-466.578	-1.801.554	-1.334.518	-487.940	-1.822.458
Gross profit		**34.704**	**47.533**	**82.237**	**115.522**	**40.603**	**156.125**
6.3	Other operating income	721	1.132	1.853	1.791	2.035	3.826
	Selling expenses	-32.163	-6.730	-38.893	-35.186	-7.437	-42.623
6.4	Administrative expenses	-106.129	-25.339	-131.468	-119.726	-25.090	-144.816
6.5	Other operating expenses	-1.590	-6.126	-7.716	-1.473	-32	-1.505
Operating result		**-104.457**	**10.470**	**-93.987**	**-39.072**	**10.079**	**-28.993**
6.6	Financial income	2.482	2.340	4.822	1.462	2.229	3.691
6.6	Financial expense	-11.277	-1.320	-12.597	-12.478	-713	-13.191
6.11	Result of joint ventures and associates	-4.662	2.622	-2.040	3.979	4.148	8.127
Result before tax		**-117.914**	**14.112**	**-103.802**	**-46.109**	**15.743**	**-30.366**
6.7	Income tax	-349	-6.343	-6.692	7.431	-4.323	3.108
Result after tax		**-118.263**	**7.769**	**-110.494**	**-38.678**	**11.420**	**-27.258**
The entire result after tax is attributable to the shareholders.							
Earnings per share (in €)							
6.19	Earnings per ordinary share after tax	-5,52	0,36	-5,16	-1,87	0,55	-1,32
6.19	Earnings per ordinary share after tax and dilution effects	-5,52	0,36	-5,16	-1,87	0,55	-1,32
	Dividend distributed per ordinary share in the financial year	0,00	0,00	0,00	0,00	0,00	0,00

2a. Consolidated statement of comprehensive income

x € 1.000

	2016	2015
1. Result after tax	**-110.494**	**-27.258**
Other comprehensive income that after initial recognition is (possibly) reclassified to profit or loss:		
Effective portion of changes in the fair value of cash flow hedges for joint ventures and associates	-568	429
Other comprehensive income that is never reclassified to the statement of profit or loss:		
Changes in actuarial results on defined benefit plans	-17.418	16.565
Tax effect on changes in actuarial results on defined benefit plans	4.371	-4.137
Other comprehensive income (after tax)	**-13.615**	**12.857**
Comprehensive income	**-124.109**	**-14.401**

The entire comprehensive income is fully attributable to the shareholders.

2b. Consolidated statement of changes in equity

x € 1.000

2016	Paid-up and called-up share capital	Share premium reserve	Reserve for actuarial results	Hedging reserve	Reserve for Bonus Investment Share Matching Plan	Retained earnings	Result for the year after tax	Total Equity
Balance at 1 January 2016	**6.423**	**242.680**	**-14.918**	**375**	**229**	**58.466**	**-27.258**	**265.997**
Result after tax	**-**	**-**	**-**	**-**	**-**	**-**	**-110.494**	**-110.494**
Unrealised results	**-**	**-**	**-13.047**	**-568**	**-**	**-**	**-**	**-13.615**
Total realised and unrealised results for the reporting period:	**-**	**-**	**-13.047**	**-568**	**-**	**-**	**-110.494**	**-124.109**
Transactions with owners of the group:								
Bonus Investment Share Matching Plan	-	-	-	-	10	-	-	10
Appropriation of result for 2015								
Transferred to retained earnings	-	-	-	-	-	-27.258	27.258	0
Total transactions with owners	**-**	**-**	**-**	**-**	**10**	**-27.258**	**27.258**	**10**
Balance at 31 December 2016	**6.423**	**242.680**	**-27.965**	**-193**	**239**	**31.208**	**-110.494**	**141.898**

x € 1.000

2015	Paid-up and called-up share capital	Share premium reserve	Reserve for actuarial results	Hedging reserve	Reserve for Bonus Investment Share Matching Plan	Retained earnings	Result for the year after tax	Total Equity
Balance at 1 January 2015	**5.839**	**222.152**	**-27.346**	**-54**	**219**	**105.759**	**-47.293**	**259.276**
Result after tax	**-**	**-**	**-**	**-**	**-**	**-**	**-27.258**	**-27.258**
Unrealised results	**-**	**-**	**12.428**	**429**	**-**	**-**	**-**	**12.857**
Total realised and unrealised results for the reporting period:	**-**	**-**	**12.428**	**429**	**-**	**-**	**-27.258**	**-14.401**
Transactions with owners of the group:								
Bonus Investment Share Matching Plan		-	-	-	10	-	-	10
Share issue	584	20.528	-	-	-	-	-	21.112
Appropriation of result for 2014								
Transferred to retained earnings	-	-	-	-	-	-47.293	47.293	0
Total transactions with owners	**584**	**20.528**	**-**	**-**	**10**	**-47.293**	**47.293**	**21.122**
Balance at 31 December 2015	**6.423**	**242.680**	**-14.918**	**375**	**229**	**58.466**	**-27.258**	**265.997**

3. Consolidated statement of financial position

x € 1.000

Assets		31 December 2016	31 December 2015
Non-current assets			
6.9	Property, plant and equipment	54.507	89.928
6.10	Intangible assets	81.619	112.413
6.11	Joint ventures and associates	65.796	76.751
6.12	Other investments	33.615	32.124
6.21	Employee-related receivable	25.111	37.688
6.13	Deferred tax assets	29.946	31.230
		290.594	**380.134**
Current assets			
6.14	Strategic land portfolio	146.974	172.336
6.14	Residential properties in preparation or under construction	58.156	75.572
6.14	Other inventory	11.304	17.845
6.15	Work in progress	60.196	151.810
6.8	Income tax receivables	38	471
6.16	Trade and other receivables	176.071	266.403
6.17	Cash and cash equivalents	30.249	125.392
		482.988	**809.829**
6.2	Assets held for sale	**282.586**	-
Total assets		**1.056.168**	**1.189.963**

x € 1.000

Equity and liabilities		31 December 2016	31 December 2015
Equity			
2b	Issued capital	6.423	6.423
2b	Share premium reserve	242.680	242.680
2b	Reserves	-27.919	-14.314
2b	Retained earnings from prior financial years	31.208	58.466
1	Result for the year after tax	-110.494	-27.258
		141.898	**265.997**
Non-current liabilities			
6.20	Interest-bearing loans and other non-current financing liabilities[1]	58.405	103.335
6.21	Employee benefits	12.333	22.032
6.22	Provisions	2.364	2.732
6.13	Deferred tax liabilities	609	6.793
		73.711	**134.892**
Current liabilities			
6.20	Interest-bearing loans and other current financing liabilities	118.630	31.770
6.23	Trade and other payables	371.066	580.232
6.15	Work in progress	118.081	148.136
6.8	Income tax payables	65	7.029
6.21	Employee benefits	2.703	3.181
6.22	Provisions	15.366	18.726
		625.911	**789.074**
6.2	Liabilities held for sale	**214.648**	-
Total equity and liabilities		**1.056.168**	**1.189.963**

[1] The interest-bearing loans include cumulative preference shares amounting to €45.1 million (2015: €45.1 million).

4. Consolidated statement of cash flows - indirect method

x € 1.000

		2016	2015
Operating result - including discontinued operations		**-93.988**	**-28.993**
Adjustments for:			
6.2	Exceptional write-down of assets held for sale (a loss on the sale of the subsidiary Franki)	6.094	-
6.3	Gain on sale of non-current assets	-409	-2.062
6.9	Depreciation of property, plant and equipment	16.930	17.592
6.10	Amortisation of intangible assets	1.622	1.505
	Impairment of debtors	140	1.028
6.14	Adjustment of valuation of property investments and land portfolios, excluding joint ventures	18.754	11.200
	Net change in work in progress	28.855	-20.666
	Change in other working capital and long-term provisions	-33.194	40.779
	Operating result after adjustments	-55.196	20.383
	Interest paid	-13.380	-14.653
	Interest received	4.561	3.691
	Income tax paid	-4.100	151
Cash flow from operating activities		**-68.115**	**9.572**
6.9	Investments in property, plant, and equipment	-14.987	-16.840
	Sale of property, plant and equipment	6.847	5.961
	Capital contributions to joint ventures and associates	-19.774	-1.476
	Dividends received from joint ventures and associates	9.969	5.830
	Loans granted to joint ventures and associates, less loans repaid by them	-4.302	-2.509
Cash flow from investment activities		**-22.247**	**-9.034**
2.b	Share issue	-	21.405
2.b	Transaction costs of share issue	-	-293
	Interest-bearing loans drawn down	67.125	74.071
	Interest-bearing loans repaid	-23.896	-44.116
Cash flow from financing activities		**43.229**	**51.067**
Net cash flow in the period		**-47.133**	**51.605**
6.17	Cash and cash equivalents at 1 January	125.392	73.787
	Cash and cash equivalents relating to assets held for sale	-48.010	-
6.17	**Cash and cash equivalents at 31 December**	**30.249**	**125.392**

5. Accounting principles

Heijmans N.V. (referred to as the "Company") has its registered office in the Netherlands. The Company's consolidated financial statements for the 2016 financial year include the Company and its subsidiaries (collectively referred to as "the Group") and the Group's interest in associates and jointly controlled entities.

The Executive Board prepared the financial statements on 24 February 2017. These will be submitted for approval to the General meeting of Shareholders on 12 April 2017.

(1) Statement of Compliance

The consolidated financial statements for 2016 were prepared in accordance with the International Financial Reporting Standards, as adopted by the European Union (EU-IFRS), and with Part 9 of Book 2 of the Dutch Civil Code.

(2) Basis of preparation

The financial statements are presented in thousands of euros. The financial statements are based on historical costs, unless otherwise stated.

The preparation of the annual financial statements in accordance with the EU-IFRS requires management to make judgements, estimates and assumptions that affect the reported value of assets and liabilities, and the reported value of revenues and expenses. The estimates and their underlying assumptions are based on experience and other factors that are considered reasonable. The estimates form the basis for calculating the carrying amounts of assets and liabilities that cannot easily be derived from other sources. Actual results could differ from these estimates. See also note 6.29, "Management estimates and judgements".

The estimates and underlying assumptions are continually reassessed. Revised estimates are recognised in the period in which the estimate was revised, provided that the revision only affects that period. Revisions are recognised in the reporting period and future periods if the revision also affects future periods.

The accounting principles described below have been consistently applied to all periods presented in these annual consolidated financial statements and to all entities belonging to the Group, apart from the changes explained in (3).

Comparetive figures haven been adjusted for classification purposes, if applicable.

(3) Implications of new directives

The amendments to IFRS 10 and 12 and to IAS 28 adopted by the EU that apply to financial years commencing on or after 1 January 2016 have no significant effect on the consolidated financial statements.

The Group is studying the effects of standards newly issued but not yet adopted by the EU. These concern IFRS 9 (financial instruments), IFRS 15 (Revenue Recognition) and IFRS 16 (Leases). For the moment, it is expected that IFRS 15 will have a limited effect on the financial results. IFRS 16 will have a significant effect, particularly on the statement of financial position. If IFRS 16 had been applied to the 2016 financial statements, an item "Leased assets rights of use" would have been included on the statement of financial position (under Non-current assets), and an item of comparable size on the equity and liabilities side (under Financial lease commitments). As a result, the total on each side would have been higher by approximately 10% . In the statement of profit or loss, there would have been a movement between the operating result items and the interest items (leaving the net result unchanged). As a consequence, the operating result would have been only a few € million higher, with interest expenses increasing by a similar amount. Amendment of the accounting principles is expected to only have a limited effect on equity. The effect on the financial results for 2017 and later years is expected to be of comparable magnitude.

(4) Accounting principles used for consolidation

(4a) Subsidiaries (full consolidation)

A subsidiary is an entity over which the Group has direct or indirect control. Control exists if the Group:
a) has power over the entity;
b) is exposed or has rights to variable returns because of its involvement with the entity; and
c) can use its power over the entity to affect the size of these returns.
Each of these three criteria has to be satisfied to establish that the Group has control over a company in which it owns an interest. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences to the date that control ceases.

Business combinations are recognised according to the acquisition method, as from the date on which control is transferred to the Group. The transaction cost of an acquisition is recognised at fair value, as are the net identifiable assets acquired. Any resulting goodwill is tested every year for impairment. Any gain from a favourable purchase is recognised directly in profit or loss. Transaction costs are recognised when these are incurred, unless they relate to the issue of debt or equity instruments. The transfer sum includes no amount for settling existing account balances. Such amounts are generally recognised in the statement of profit or loss. The fair value of a contingent payment is recognised on the date of acquisition. If this conditional payment is classified as equity, it is not subsequently remeasured. Instead, the settlement figure is recognised in equity. In other cases, adjustments after initial recognition are recognised in profit or loss.

(4b) Joint ventures and associates (equity method)

A joint venture is a joint arrangement in which the Group has joint control together with other parties, and has a right to the net assets of the joint venture. The parties involved have agreed contractually that control is shared and that decisions concerning relevant activities require unanimous approval from the parties having joint control over the joint venture. A joint venture is recognised from the date on which the Group shares control until the date on which this ceases.An associate is an entity over which the Group has significant influence, but cannot exercise control. Significant influence is presumed to exist when the Group holds 20% or more of the voting rights. An associate is recognised from the date on which the Group has significant influence until the date on which this ceases.Joint ventures and associates are recognised in accordance with the equity method and are initially recognised at acquisition cost. The investments of the Group include the goodwill determined during acquisition. The consolidated financial statements include the Group's proportionate share of the comprehensive income determined in accordance with the Group's accounting principles. If the Group's share of the losses is greater than the value of the interest in a joint venture or associate, the value of the interest is written off to nil. No further losses are then recognised except insofar as the Group has made a commitment or intends to recognise the losses.

(4c) Joint operations (proportional consolidation)

Joint operations are arrangements over which the Group exercises control jointly with third parties. For its share in a joint operation, the Group recognises its assets (including its share of the assets held jointly), liabilities (including its share of the liabilities incurred jointly), revenue (including its share of the revenue from the output of the joint operation), and expenses (including its share of the expenses incurred jointly). In practice, the method for recognising joint operations is comparable to that used for proportional consolidation.

(4d) Elimination of transactions on consolidation

Intragroup balances and any unrealised income and expense arising from intragroup transactions are eliminated when preparing the consolidated financial statements.

Unrealised income from transactions with associates, joint ventures and joint operations are eliminated in proportion to the Group's interests in the entities concerned.

(5) Foreign currency

(5a) Transactions in foreign currency

Transactions in foreign currency are translated into euros at the exchange rate prevailing on the transaction date. Foreign currency balances, as well as assets acquired and liabilities paid in foreign currencies, are translated at the corresponding exchange rates prevailing on the closing date. Foreign currency differences resulting from translation are recognised in the statement of profit or loss.

(5b) Financial statements of foreign operations denominated in foreign currency

The assets and liabilities of foreign operations are translated into euros at the exchange rate prevailing on the closing date. The revenues and expenses of foreign operations are translated into euros at average exchange rates.

Foreign currency exchange rate differences arising from the translation of a net investment in foreign operations and the associated hedging transactions are recognised as other comprehensive income that after initial recognition is (possibly) reclassified to the statement of profit or loss. When an investment is disposed of, the amount transferred to equity is recognised in the statement of profit or loss.

All foreign currency differences arising from foreign operations are presented as separate equity components.

(6) Financial instruments

(6a) Derivative financial instruments

The Group may use interest rate swaps, cross-currency swaps and inflation hedges to hedge its interest rate, currency and inflation risk exposures arising from corporate and project financing activities. Commodity hedges may also be used in specific cases. In accordance with its treasury policy, the Group does not hold derivatives for trading purposes. Interest-rate swaps, cross-currency swaps and inflation hedges are measured at fair value.

The fair value of interest rate and inflation 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.

(6b) Non-derivative financial instruments

Non-derivative financial instruments consist of investments in shares and bonds, trade and other receivables, cash and cash equivalents, loans and other financing liabilities, trade payables and other payable items. These instruments are recognised initially at fair value, plus – for instruments that are not recognised at fair value when their value adjustments are recognised in the statement of profit or loss – all directly attributable transaction costs. Thereafter, the current non-derivative financial instruments are measured at amortised cost, using the effective interest method, less impairment losses.

A financial instrument is recognised if the Group becomes a party to the contractual provisions of the instrument. Financial assets are derecognised 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. The normal purchase and sale of financial assets are accounted for on the trading date, i.e. the date that the Group commits itself to purchase or sell the asset. Financial liabilities are derecognised if the Group's commitments specified in the contract expire or are discharged or cancelled.

(7) Hedges

In principle, hedge accounting is applied to derivative financial instruments, subject to the cash flow hedging guidelines.

The Group may use derivatives to hedge its interest-rate, currency and inflation risks. Changes in the fair value of the derivatives that are classified as cash flow hedges are recognised directly as other comprehensive income that after initial recognition may be reclassified to the statement of profit or loss, to the extent that the hedge can be shown to be effective. To the extent that the effectiveness of the hedge cannot be demonstrated, changes in fair value are recognised under the item Financial income and expense in the statement of profit or loss.

When the hedging instrument is sold or expires, or when the transaction no longer meets the effectiveness criterion, the cumulative gains or losses previously recognised in equity remain there. This amount is amortised over the original term, unless there is no longer an expectation that the hedged future interest and currency payments will occur. In that case, the above-mentioned cumulative gains and losses will be immediately recognised in the statement of profit or loss as a component of financial income and expense.

(8) Revenue

(8a) Sales of goods - mainly residential properties and land

Revenues from the sales of goods - mainly residential properties and land - are carried at the fair value of the payment received or due to be received. Revenues from the sales of goods are recognised in the statement of profit or loss if the significant risks and rewards of ownership have been transferred to the buyer, it is probable that the amount receivable will be collected, the associated costs can be reliably estimated, there is no continued management involvement with the goods, and the amount of the revenues can be reliably determined.

The transfer of risks and rewards varies depending on the conditions in the associated sales contract. The sale of residential construction projects generally involves the transfer of risks and rewards when the purchase or contracting agreement is signed, and subsequently in proportion to progress with the construction work. Revenues from these residential construction projects are recognised in the statement of profit or loss in proportion to the extent of project completion (see accounting principle 15b). Expected losses are recognised immediately in the statement of profit or loss.

(8b) Work in progress - projects

The revenue and costs agreed in relation to work in progress 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 costs recorded in relation to the total expected costs. If the results from a contract cannot be determined reliably, contract revenue is only recognised insofar as it is probable that the costs incurred can be covered by revenue. Expected project losses are recognised immediately in the statement of profit or loss.

Revenues from additional work are included in the overall contract revenues if the client has accepted the sum involved in any way. Claims and incentives are recognised under work in progress insofar as it is probable that these will generate revenue and can be reliably determined.

(8c) Rental income

Rental income from an investment property is recognised in the statement of profit or loss in proportion to the term of the lease.

(8d) PPP contracts

Revenues from Public-Private Partnership (PPP) contracts concern revenues from construction and operation. Revenues from construction are recognised in the same way as revenues from work in progress (see accounting principle 8b). Revenues from operations are recognised when the related services are delivered.

(8e) Services

Revenues from services are recognised in the statement of profit or loss in proportion to the stage of completion of the transaction on the reporting date. The stage of completion is determined from assessments of the work already carried out.

(9) Other operating income

Grants
Grants that compensate the Group for expenses incurred are always recognised as revenue in the statement of profit or loss in the same period in which the corresponding expenses are recognised.

(10) Expenses

(10a) Selling expenses

Costs of sales are the costs of sales that are not charged to projects.

(10b) Administrative expenses

The administrative expenses represent general expenses that are not costs of sales and are not charged to projects.

(10c) Lease payments under operating leases

Lease payments made under operating leases are recognised in the statement of profit or loss, evenly spread over the term of the lease.

(10d) Lease payments under financial leases

Lease payments made under financial leases are apportioned between the financial expense and the reduction of the outstanding liability. The financial expense is allocated to each period during the total lease term so as to produce a constant periodic rate of interest over the remaining term of the liability.

(10e) Financial income and expense

Net financing costs comprise interest payable on borrowings and financial lease commitments, dividends on cumulative preference shares, interest receivable on funds invested, dividend income, and foreign currency exchange gains and losses, as well as gains and losses on hedging instruments that are recognised in the statement of profit or loss (see accounting principle 7).

Financing expenses that can be directly allocated to the acquisition, construction or production of an asset are capitalised as part of the costs of that asset during the period that the asset is under development.

The interest component of a financial lease payment is recognised in the statement of profit or loss and is calculated using the effective interest method.

(11) Income tax

Deferred tax assets and liabilities are recognised for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes, and the values used for taxation purposes. A deferred tax asset or liability is not recognised for non-deductible goodwill, assets and liabilities whose initial recognition does not affect accounting or taxable profit, or differences relating to investments in subsidiaries to the extent that these will probably not reverse in the foreseeable future. The amount of the deferred tax assets and liabilities is based on the manner in which the expected asset and liability carrying amounts will be realised or settled, based on the income tax rates that have been enacted or substantively enacted on the closing date.

Deferred tax assets and liabilities are set off against each other if there is a right enforceable by law to set them off, and if these tax assets and liabilities are associated with income tax levied by the same tax authority on the same taxable entity, or on different taxable entities that intend to set them off or that will be realising the tax assets at the same time as the tax liabilities.

Income tax recognised in the statement of profit or loss during the financial year comprises the income tax owed or refundable over the reporting period and the deferred income tax. The income taxis recognised in the statement of profit or loss, except to the extent that it relates to items recognised in other comprehensive income. In that case, the relevant portion of the income tax is recognised in other comprehensive income.

The income tax owed or refundable over the financial year is the expected tax payable on the taxable income for the financial year, using tax rates enacted or substantively enacted on the closing date, as well adjustments to tax payable in respect of previous years.

A deferred tax asset (net of any deferred tax liability) is recognised only to the extent that it is probable that future taxable profits will be available that can be utilised towards realising the deferred asset. The amount of the deferred tax asset is reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Additional income tax that arises from the distribution of dividends is recognised at the same time as the liability to pay the related dividend is recognised.

(12) Property, plant and equipment

(12a) Assets in ownership

Items of property, plant and equipment are measured at cost or estimated cost less accumulated depreciation (see below) and impairments (see accounting principle 20). Cost includes costs that can be directly allocated to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials, direct labour costs, financing costs and any other costs that can be directly allocated to making the asset ready for use, as well as any costs for dismantling and removing the asset and restoring the site where the asset is located. The costs of self-constructed assets and acquired assets include (i) the initial estimate at the time of installation of the costs of dismantling and removing the assets and restoring the site on which the assets are located and (ii) changes in the measurement of existing liabilities recognised in relation to the costs identified in (i) above.

If elements of an item of property, plant or equipment have different useful lives, the component method is applied.

(12b) Leased assets

Leases for which the Group takes on nearly all the risks and rewards of ownership are classified as financial leases. The leased asset is stated at an amount equal to the lower of its fair value and the present value of the minimum lease payments at the inception of the lease, less accumulated depreciation (see below) and impairments (see accounting principle 20).

(12c) Expenses after initial recognition

The Group includes the cost of replacing part of an asset in the carrying amount of items of property, plant and equipment when the cost is incurred. This occurs if it is likely that the future economic benefits of the asset will accrue to the Group and the cost price of the asset can be reliably determined. All other expenses are taken to the statement of profit or loss when these are incurred.

(12d) Depreciation of property, plant and equipment

Depreciation is recognised in the statement of profit or loss using the straight-line method over the estimated useful life of each part of an item of property, plant or equipment. The residual values are reassessed on an annual basis. Depreciation is not applied to land. The estimated useful lives are as follows:

- Buildings: main building structures and roofs: 30 years
- Buildings: technical equipment: 15 years
- Buildings: interior walls: 10 years
- Office equipment: 3 - 10 years
- Machinery: 5 - 10 years
- Installations: 5 - 10 years
- Large-scale equipment and other capital assets: 3 - 10 years

(12e) Investment property

Given its marginal importance, investment property (property held for its rental income and/or increase in value) is recognised under property, plant and equipment. Investment property is measured at cost, less accumulated depreciation and impairment losses. Cost includes costs that can be directly allocated to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials, direct labour costs, financing costs and any other costs that can be directly allocated to making the asset ready for use, as well as any costs for dismantling and removing the asset and restoring the site where the asset is located. Rental income from investment property is accounted for as described in principle 8.

(13) Intangible assets

(13a) Goodwill

All business combinations are recognised using the acquisition method. Goodwill is the amount that arises from the acquisition of subsidiaries. Goodwill represents the excess of the cost of the acquisition over the net fair value of the identifiable assets and liabilities at the time of acquisition. An impairment test is carried out every year (see accounting principle 20).

Negative goodwill arising from an acquisition is recognised directly in the statement of profit or loss.

(13b) Other intangible assets

The intangible assets acquired by the Group that have finite useful lives are measured at cost less accumulated depreciation and accumulated impairments.

(13c) Amortisation

Regarding goodwill, an impairment test is systematically performed every year at the closing date to determine whether there are any impairments. The other intangible assets are amortised through the statement of profit or loss on a straight-line basis over the expected useful lives of the intangible assets, and undergo periodic impairment testing (see accounting principle 20). The estimated useful lives of the intangible asset categories are as follows:

- Customer base: 5 - 20 years
- Order book: 4 years
- Sand quarry concession: 5 - 15 years
- Brand: 5- 10 years

(13d) Expenses after initial recognition

Expenditure on intangible assets, other than goodwill, is only capitalised after initial recognition if it is expected to increase the future economic benefits that are inherent in the specific asset to which the expenditure relates. All other items of expenditure are recognised as costs in the statement of profit or loss when these are incurred.

(14) Other investments

Other investments are measured at amortised cost using the effective interest method, less impairments.

(15) Inventory

(15a) Strategic land portfolio

The strategic land portfolio represents the reported land holdings that are managed centrally in the Company's strategic land portfolio. These holdings are acquired and held for future property development. The interest and development costs for land portfolios that are under development are capitalised. Land holdings are measured at cost or net realisable value if lower.

(15b) Residential properties in preparation or under construction

Sold

Residential construction projects where the buyer only has limited influence on the main elements in the design of the assets are recognised under inventory. Contracts with buyers concern purchase/contracting agreements that have been formulated in a way that the land is initially bought after which the building is constructed. By accession, everything that is built on the land is the property of the purchaser. Moreover, the purchase price is fixed in advance, so that the economic risk of an increase or decrease in value is borne by the buyer. The transfer of risks and benefits therefore occurs continually during the progress of the project. Revenue and results are thus accounted for in proportion to project progress - in accordance with IFRIC 15 - and valuation is made in the same way as for construction work in progress (see accounting principle 16). Progress is measured according to billing progress, as this is linked to previously established phases.

Unsold

Unsold residential properties in preparation and under construction are measured at cost, or at net recoverable value if lower. The net recoverable value is the estimated sale price in the context of normal business operations, less the estimated costs of completion and the costs of sale. Development and construction rights are also recognised under residential properties in preparation or under construction.

(15c) Other inventory

The item Other inventory includes land and premises for sale, raw materials and consumables, inventory in production and finished products.

Inventory is measured at cost, or at net recoverable value if lower. The net recoverable value is the estimated sale price in the context of normal business operations, less the estimated costs of completion and the costs of sale. The cost of inventory is based on the first in, first out (FIFO) principle, and includes expenditure incurred in acquiring the inventory, the production or conversion costs, and the other costs incurred in bringing the inventory to its current location and current condition. The cost of inventory includes an appropriate share of production overheads based on normal operating capacity, as well as the attributable financing expenses.

Land and property held for sale are also recognised under inventory. This concerns land and premises that have been technically delivered as developed but which on the closing date were not sold to third parties. The inventory of land and premises for sale is valued at cost (including interest and allocated overhead costs), less any write-offs relating to a lower net realisable value as a consequence of the risk of inability to sell or rent.

(16) Work in progress

Construction work in progress concerns projects commissioned by third parties. These are measured at cost plus profit recognised to date (see also principle 8), in proportion to the progress of the project, less expected losses and progress billings. Total expected project losses, if any, are directly recognised as expenses in the relevant period.

Cost includes all costs that relate directly to the projects.

Revenues from additional work are included in the overall contract revenues if the client has accepted the sum involved in any way. Claims and incentives are recognised under work in progress insofar as it is probable that these will generate revenue and can be reliably determined.

Interest and development costs for construction work in progress are only capitalised if the asset is under construction. If no construction activities are carried out over an extended period, the interest and development costs are no longer capitalised.

The preparation costs and the design and development costs of major projects are capitalised as work in progress if the following conditions are met:

- the costs can be separately identified;
- the costs can be reliably determined;
- it is probable that the project will be awarded; and
- there is no longer any competition as regards the awarding of the project.

If any of these requirements is not fulfilled, the costs are charged to the result for the period in which they are incurred. Costs, once expensed in the statement of profit or loss in the period in which they are incurred, are not subsequently capitalised if the project is awarded.

The profit capitalised on work in progress is based on the estimated final result, taking into account the percentage of progress on this specific work. The progress percentage is calculated as the ratio between the costs incurred to date and the total expected costs, on a project-by-project basis.

(17) Trade and other receivables

Trade and other receivables are estimated at amortised cost less impairment losses due to the risk of non-collection.

(18) Cash and cash equivalents

Cash and cash equivalents comprise cash and bank balances and other call deposits with an original term of a maximum of three months. Current account overdrafts that are repayable on demand and form an integral part of the Group's cash management are included as a component of cash and cash equivalents in the statement of cash flows.

(19) Assets held for sale and discontinued operations

Non-current assets (or groups of assets and liabilities that are to be disposed of), for which it is expected that the carrying amount will probably be realised within one year mainly by means of a sale transaction and not through continued use, are classified as "held for sale or distribution", after it is established that the relevant conditions have been met. Immediately preceding this classification, the assets (or the components of a group of assets to be disposed of) are measured again in accordance with the Group's accounting principles. The assets or group of assets to be disposed of are generally measured at the carrying amount or the fair value less sale costs, if lower. Any impairment loss on a group of assets held for sale is first allocated to goodwill and then pro rata to the remaining assets and liabilities, subject to the restriction that impairment losses are not allocated to inventory, financial assets, deferred tax assets or employee benefits, all of which are measured in accordance with the Group's accounting principles. Impairment losses arising from the initial classification as held for sale or distribution and gains or losses on revaluation arising after initial recognition are recognised in the statement of profit or loss. If the gain concerned exceeds the accumulated impairment loss, the difference is not recognised.

A discontinued operation is an element of the Group's operations that represents a separate significant business activity or separate significant geographical business area that has been disposed of or is held for sale or distribution, or a subsidiary that has been acquired solely for the purpose of resale. Classification as a discontinued operation occurs upon disposal, or when the operation meets the criteria for classification as held for sale, if earlier. If an operation is designated as a discontinued operation, the comparative figures in the statement of profit or loss are adjusted as if the operation had been discontinued from the beginning of the comparative period.

(20) Impairments

The carrying amounts of the Group's assets, excluding work in progress (see accounting principle 16), inventory (see accounting principle 15) and deferred tax assets (see accounting principle 11), are reviewed each closing date to determine whether there is any indication of impairment. If there are such indications, an estimate is made of the recoverable amount of the asset concerned.

For goodwill, intangible assets with an unlimited useful life, and intangible assets that are not yet ready for use, the fair value is estimated at the closing date.

An impairment is recognised whenever the carrying amount of an asset or its cash-generating unit exceeds its realisable value. Impairments are recognised in the statement of profit or loss.

Impairments recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the units, and then to reduce the carrying amount of the other assets in the unit (or group of units) on a pro rata basis.

(20a) Determination of recoverable value

The recoverable value of an asset is equal to the higher of the fair value minus cost to sell and the value in use. To determine the value in use, the discounted value of the estimated future cash flows is calculated using a discount rate that reflects current market rates as well as the specific risks associated with the asset. For any asset that does not generate cash inflows and is largely independent of other assets, the recoverable amount is determined on the basis of its cash-generating unit.

(20b) Reversal of impairments

An impairment relating to securities held to maturity or assets measured at amortised cost is reversed if the increase in fair value subsequent to recognition of the impairment can be objectively linked to an event that occurred after the impairment was recognised.

An impairment in respect of goodwill is never reversed.

In respect of other assets, impairments recognised in other periods are reversed if there is an indication that the impairment no longer exists or has decreased and if there has been a change in the estimates used to determine the recoverable amount.

An impairment is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment had been recognised.

(21) Share capital

(21a) Costs of issuing ordinary shares

Costs directly attributable to the issuing of ordinary shares are charged to equity, after deduction of any tax effects.

(21b) Repurchase of own shares

If shares representing capital that is recognised as equity in the balance are repurchased, the amount of the consideration paid, including directly attributable costs, is recognised as a deduction from equity. Repurchased shares are classified as treasury shares and are presented as a deduction from total equity.

(21c) Dividend

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

(22) Interest-bearing loans

(22a) Financing of preference share capital

Preference share capital is classified as a liability because the dividend payments are not discretionary. Dividends on preference share capital are recognised as interest expense in the statement of profit or loss.

(22b) Loans

Interest-bearing loans are initially recognised at fair value less attributable transaction costs. Any difference between the amortised cost and the redemption amount calculated by the effective interest method is recognised in the statement of profit or loss over the term of each such loan.

(23) Employee benefits

(23a) Defined contribution plans

Commitments for contributions to defined-contribution pension plans are recognised as an expense in the statement of profit or loss when they are due.

(23b) Defined benefit plans

The Group's net obligation in respect of defined benefit pension plans is calculated separately for each plan by estimating the amount of future pension benefit that employees have earned in return for their service in the reporting period and in previous periods. The discounted present value of these pension benefits is determined, and is reduced by the fair value of the plan assets. The discount rate is the yield at the closing date on high quality corporate bonds that have terms to maturity approximately the same as the terms of the Group's liabilities. The calculation is performed by a qualified actuary using the projected unit credit method. This method takes into account future salary increases resulting from employee career opportunities and general salary increases, including adjustments for inflation.

If the entitlements under a plan are changed, or a plan is curtailed, the resulting change in entitlements relating to past service, or the gain or loss on the closure, as the case may be, is recognised directly in the statement of profit or loss.

Actuarial gains and losses are recognised directly as other comprehensive income that will never be reclassified to the statement of profit or loss.

If the result of the calculation is a potential asset for the Group, recognition of the asset is limited to the present value of the economic benefits available as possible future refunds from the plan or lower future contributions. When calculating the present value of the economic benefits, possible minimum financing obligations that apply are taken into account.

(23c) Long-term employee benefits

The Group's net liability in respect of long-term employee benefits, other than pension plans, is the amount of future benefits that employees have accrued in return for their service in the reporting period and in previous periods, such as jubilee payments, bonuses and incentives. The liability is calculated using the projected unit credit method and is discounted to determine its present value. The discount rate is the yield at the closing date on high quality corporate bonds that have terms to maturity approximately the same as the terms of the Group's liabilities. Actuarial gains and losses on these benefits are recognised in the statement of profit or loss.

(23d) Severance payments

Severance payments are recognised as an expense if the Group has shown that it is committed to terminating the employment contract of an employee or group of employees before the normal retirement date, by producing a detailed, formal plan, without there being a realistic option of the plan being withdrawn.

(24) Provisions

A provision is recognised in the statement of financial position if the Group has a present legal or actual liability that is the result of a past event and it is probable that its settlement will require an outflow of funds. Provisions are determined by discounting the expected future cash flows at a pre-tax discount rate that reflects current market assessments of the time value of money and, where necessary, the risks specific to the liability. The accrued interest on provisions is treated as a financing charge.

(24a) Warranties

A provision for warranties is recognised after the underlying products or services have been sold and delivered. The provision is made for costs that must be incurred to correct deficiencies that appear after delivery but during the warranty period.

(24b) Restructuring

A restructuring provision is recognised (i) when the Group has approved a detailed and formal restructuring plan and (ii) the restructuring has either commenced or been publicly announced.

(24c) Environment

A provision for restoration of contaminated land is formed in accordance with the Group's environmental policy and applicable legal requirements.

(24d) Onerous contracts

A provision for onerous contracts is recognised if the benefits that the Group expects to receive from a contract are lower than the unavoidable costs of meeting the contractual obligations. Provisions are valued at the lower of the present value of the expected costs of terminating the contract and the present value of the expected net costs of continuing the contract. Where appropriate, the Group recognises impairment losses on any assets associated with the contract prior to forming the provision.

(25) Trade and other payables

Trade and other payables are recognised at amortised cost.

(26) Statement of cash flows

The statement of cash flows is prepared using the indirect method. The liquidity item in the statement of cash flows comprises cash and cash equivalents after deduction of current-account overdrafts that are repayable on demand.

(27) Segment reporting

A segment is a clearly distinguishable operation of the Group. The segments are identified in accordance with the classification used by the Executive Board when taking operational decisions. The Group distinguishes the following segments: Property Development, Residential Building, Non-Residential, and Infrastructure.

6. Segment reporting

x € 1.000

6.1 Segment reporting

The Group distinguishes the following segments: Property Development, Residential Building, Non-Residential, and Infra, in line with the management conducted by the Executive Board. At year-end 2016, the operations in Germany and Belgium were recognised in the statement of financial position as assets and liabilities held for sale, and in the statement of profit or loss as discontinued operations. The abridged statements of profit or loss for these operations are presented as separate segment information. The comparative figures have been restated accordingly. The segments are managed primarily on the basis of operational results. In accordance with IFRS 8, the segment figures represent data that can be allocated to a segment either directly or on reasonable grounds.

Summary statement of profit or loss by business segment

2016 **Business segments**	Property development	Residential building	Non-residential	Infra	Other	Dis-continued operations	Eliminations	Total
Revenue								
Third parties	332.253	132.215	293.105	608.725	3.382	514.111		1.883.791
Intercompany	-	164.112	21.941	11.885	67.634		-265.572	0
Total revenue	**332.253**	**296.327**	**315.046**	**620.610**	**71.016**	**514.111**	**-265.572**	**1.883.791**
Operating result	**-7.604**	**4.001**	**-6.894**	**-81.897**	**-12.063**	**10.470**	**-**	**-93.987**
Financial income								4.822
Financial expense								-12.597
Result of joint ventures and associates	1.671	0	-9.266	2.854	79	2.622	-	-2.040
Result before tax								**-103.802**
Income tax								-6.692
Result after tax								**-110.494**

2015 **Business segments**	Property development	Residential building	Non-residential	Infra	Other	Dis-continued operations	Eliminations	Total
Revenue								
Third parties	278.143	142.246	370.484	657.563	6.667	523.480		1.978.583
Intercompany	-	152.847	50.578	31.943	69.628	5.063	-310.059	0
Total revenue	**278.143**	**295.093**	**421.062**	**689.506**	**76.295**	**523.480**	**-310.059**	**1.978.583**
Operating result	**-7.010**	**5.335**	**-1.193**	**-27.115**	**-9.089**	**10.079**	**-**	**-28.993**
Financial income								3.691
Financial expense								-13.191
Result of joint ventures and associates	2.410		-97	5.510	304			8.127
Result before tax								**-30.366**
Income tax								3.108
Result after tax								**-27.258**

x € 1.000

Summary statement of financial position and analysis by business segment

2016 **Business segments**	Property development	Residential building	Non-residential	Infra	Other	Discontinued operations	Eliminations	Total
Assets	344.906	94.747	153.322	211.557	386.930	282.586	-448.320	1.025.728
Not allocated								30.440
Total assets	**344.906**	**94.747**	**153.322**	**211.557**	**386.930**	**282.586**	**-448.320**	**1.056.168**
Liabilities	61.188	93.955	149.626	250.838	200.977	214.648	-270.679	700.553
Not allocated								213.717
Total liabilities	**61.188**	**93.955**	**149.626**	**250.838**	**200.977**	**214.648**	**-270.679**	**914.270**
Equity								**141.898**
Total equity and liabilities								**1.056.168**
Property, plant and equipment								
Depreciation	38	134	-	4.467	6.703	5.588	-	16.930
Investments	-	60	-	1.751	5.795	7.380	-	14.986
Intangible assets								
Amortisation	-	-	1.021	569	-	-	32	1.622
Joint ventures and associates								
Carrying amount	57.150	-	734	5.714	2.198	-	-	65.796

x € 1.000

2015 **Business segments**	Property development	Residential building	Non-residential	Infra	Other	Dis-continued operations	Eliminations	Total
Assets	396.333	93.325	125.955	276.532	757.080	352.849	-846.582	1.155.492
Not allocated								34.471
Total assets	**396.333**	**93.325**	**125.955**	**276.532**	**757.080**	**352.849**	**-846.582**	**1.189.963**
Liabilities	57.988	86.810	108.453	256.643	40.852	200.227	-28.985	721.988
Not allocated								201.978
Total liabilities	**57.988**	**86.810**	**108.453**	**256.643**	**40.852**	**200.227**	**-28.985**	**923.966**
Equity								**265.997**
Total equity and liabilities								**1.189.963**
Property, plant and equipment								
Depreciation	42	-	-	3.760	7.969	5.821		17.592
Investments	-	-	-	3.433	7.964	5.443		16.840
Intangible assets								
Amortisation	-	-	1.022	451	-	32		1.505
Joint ventures and associates								
Carrying amount	52.333	-	1	4.322	1.224	18.871		76.751

Transactions between business segments are conducted at arm's length terms that are comparable to those for transactions with third parties. Assets not allocated mainly concern deferred tax assets. Unallocated liabilities mainly concern interest-bearing loans and other financing commitments.

By the nature of its operations, the Infra segment is highly dependent on public sector contracts.

External revenues break down by country as follows:

	2016	**2015**
Netherlands	1.369.353	1.451.041
Belgium	230.794	209.718
Germany	283.644	317.824
Total	**1.883.791**	**1.978.583**

Non-current assets (including those held for sale) break down by country as follows:

	2016	**2015**
Netherlands	290.464	297.900
Belgium	18.191	18.255
Germany	59.337	63.979
Total	**367.992**	**380.134**

x € 1.000

Underlying operating result by business segment

2016 In € millions	Property develop-ment	Residential building	Non-residential	Infra	Other	Dis-continued operations	Total
Underlying operating result	**14,5**	**4,0**	**-15,1**	**-77,9**	**-11,9**	**20,0**	**-66,4**
Operating result of joint ventures	-3,4		9,0	-1,7	0,2	-3,0	1,1
Write-downs of property	-18,7						-18,7
Reorganisation costs			-0,7	-2,3	-0,4	-0,5	-3,9
Loss on sale of Franki						-6,1	-6,1
Other	0,0	0,0		0,0	0,0	0,0	0,0
Total exceptional items	-22,1	0,0	8,3	-4,0	-0,2	-9,6	-27,6
Operating result	**-7,6**	**4,0**	**-6,8**	**-81,9**	**-12,1**	**10,4**	**-94,0**

2015 In € millions	Property develop-ment	Residential building	Non-residential	Infra	Other	Dis-continued operations	Total
Underlying operating result	**9,0**	**5,3**	**0,3**	**-26,3**	**-8,4**	**14,9**	**-5,2**
Operating result of joint ventures	-4,2		0,0	-0,8	-0,2	-4,4	-9,6
Write-downs of property	-11,6						-11,6
Reorganisation costs	-0,2		-1,5		-0,4	-0,5	-2,6
Other	0,0	0,0	0,0	0,0	0,0	0,0	0,0
Total exceptional items	-16,0	0,0	-1,5	-0,8	-0,6	-4,9	-23,8
Operating result	**-7,0**	**5,3**	**-1,2**	**-27,1**	**-9,0**	**10,0**	**-29,0**

By underlying operating result, the Group means the operating result adjusted for the operating result of joint ventures, write-downs of investment properties and strategic land portfolios, reorganisation costs, gains and losses on the sale of entities, impairments of goodwill, and, if applicable, other non-operating results disclosed in the table above that the Group considers as exceptional items. The underlying operating result also applies as the basis for calculation for covenant reporting to the bank consortium.

x € 1.000

6.2 Discontinued operations and assets and liabilities held for sale

At the end of 2016, it was decided to limit Heijmans' operations to the Dutch market.

On 17 January 2017, Heijmans sold its subsidiary Franki to PORR Deutschland GmbH. The purchase price of €14 million had been paid in cash on 16 January 2017. In 2016, Franki generated a result after tax of approximately €0.4 million (before write-downs of goodwill and property, plant and equipment). The loss of €6.1 on the sale is recognised under Other operating expenses (see note 6.5). € 2.0 million of the loss was treated as an impairment of intangible assets (see note 6.10) and € 4.1 million as an impairment of property, plant and equipment (see note 6.9), before being reclassified under assets held for sale.

On 7 February 2017, Heijmans reached agreement on the sale of all the shares in its Belgian companies Heijmans Bouw, Heijmans Infra, Van den Berg and Heijmans (B) NV to BESIX. Completion of the transaction is expected to take place in the second quarter of 2017, following approval by the competition authorities. The net revenue attributable to Heijmans should be over €40 million in cash. In 2016, these Belgian entities generated a combined result after income tax of €6.3 million.

In addition to the above, the sale of Oevermann is expected to take place within one year of the balance date. In 2016, Oevermann generated a result after income tax of €7.9 million.

All the above entities have been classified as discontinued operations. In 2015, none of them were recognised as discontinued operations or as assets and liabilities held for sale. The comparative figures in the statement of profit or loss have been restated to reflect this. The result after tax of the discontinued operations, excluding the loss on the sale of Franki, is €13.9 milion (2015: €11.4 million). At year-end 2016, the entities were recognised in the statement of financial position as assets and liabilities held for sale.

Assets held for sale	**31 December 2016**
Property, plant and equipment	22.861
Intangible assets	27.143
Interests in joint ventures and associates	18.718
Other investments	2.811
Deferred tax assets	5.749
Other inventory	5.126
Work in progress	43.412
Trade and other receivables	108.756
Cash and cash equivalents	48.010
	282.586

x € 1.000

Liabilities held for sale	31 December 2016
Interest-bearing loans and other non-current financing liabilities	1.271
Employee benefits	13.015
Provisions	8.497
Deferred income tax	8.374
Trade and other payables	165.326
Work in progress	10.708
Income tax payables	7.457
	214.648

The cash flows from discontinued operations amounted to:

Cash flows from discontinued operations	2016	2015
Cash flow from operating activities	-992	43.810
Cash flow from investment activities	-6.985	20.359
Cash flow from financing activities	-928	-8.822
	-8.905	**55.347**

Group equity includes no unrealised results that after initial recognition have or might have been reclassified to the statement of profit or loss in connection with the assets held for sale.

in € millions	Reported as at 31 December 2016	Pro forma as at 31 December 2016
Total assets	**1.056**	**910**
Equity	142	157
Cumulative financing preference shares	45	45
Capital base	**187**	**202**
Solvency based on capital base	**18%**	**22%**

x € 1.000

The difference between the figure reported for the total assets and the corresponding pro forma figure is due to the omission from the pro forma statement of financial position of the item representing the assets held for sale relating to Franki and the Belgian entities, being an amount of €146 million. For the pro forma statement of financial position, the purchase prices are treated as having been applied to reduce interest-bearing debt. Pro forma equity exceeds reported equity due to the treatment of the gain of around €15 million expected on the sale of the Belgian entities.

6.3 Other operating income

Other operating income from continuing operations	2016	2015
Gain on sale of non-current assets	138	1.479
Miscellaneous	583	312
	721	**1.791**

The gain on the sale of non-current assets relates to the sale of machinery and equipment.

6.4 Employee expenses, depreciation, and research and development expenses

Employee expenses included under continuing operations in the statement of profit or loss break down as follows:

Employee expenses	2016	2015
Wages and salaries	-281.526	-277.375
Compulsory social insurance contributions	-42.046	-45.701
Defined contribution plans	-29.840	-29.862
Defined benefit plans and jubilee payments	-543	-655
	-353.955	**-353.593**

The income statement includes an amount of approximately €3.5 million (2015 €2.4 million), of which €3.5 million (2015: €1.4 million) relates to reorganisation provisions and €0 million (2015: €1 million) to wholly or partly vacant property and other expenses deemed directly involved in the reorganisation.

The number of employees at year-end 2016 was 4,716 in the Netherlands (2015: 4,946).

x € 1.000

Depreciation and amortisation relating to continuing operations recognised in the statement of profit or loss break down as follows:

Depreciation	**2016**	**2015**
Depreciation of property, plant and equipment	-11.342	-11.771
Amortisation of intangible assets	-1.590	-1.473
	-12.932	**-13.244**

Depreciation of property, plant and equipment is included in the cost of sales and administrative expenses. Amortisation of intangible assets is recognised under other operating expenses.

The costs for research and development relating to continuing operations recognised in the statement of profit or loss are:

Costs for research and development	**2016**	**2015**
	-2.675	**-2.361**

Project work also involves research and development activities, which are reflected in the cost of sales. The costs relating to these activities are not included in the figures stated above.

6.5 Other operating expenses

Other operating expenses for continuing operations break down as follows:

Other operating expenses for continuing operations	**2016**	**2015**
Amortisation of intangible assets	-1.590	-1.473
	-1.590	**-1.473**

The amortisation of intangible assets includes the customer base and concessions for sand quarries.

The loss of €6.1 million on the sale of Franki is recognised under discontinued operations in the statement of profit or loss.

x € 1.000

6.6 Financial income and expense

The net financing expense for continuing operations break down as follows:

Financial income and expense	2016	2015
Interest income	2.482	1.462
Financial income	**2.482**	**1.462**
Interest expense	-13.097	-14.124
Exceptional write-down of loan	0	-1.250
Capitalised financing costs	1.820	2.896
Financial expense	**-11.277**	**-12.478**
	-8.795	**-11.016**

The cumulative financial expense for 2016 amounts to €8.8 million, which is €2.2 million lower than the €11.0 million for 2015.

The interest and development costs for land portfolios that are under development are capitalised. The interest rate used for determining the financing costs to be capitalised is 4.20% for 2016 (2015: 4.20%).

The financial expense item in 2015 includes an exceptional write-down of a loan granted to a previously sold subsidiary.

The average rate of interest in 2016 was below the rate in 2015. For a summary of the interest rates, see note 6.20.

x € 1.000

6.7 Income tax

Recognised in the statement of profit or loss	2016	2015
Current tax charges or credits		
Current financial year	-4.640	-3.863
Prior financial years	250	176
Amount of the positive effect of losses not previously recognised, receivables or temporary differences used to reduce the current tax charges	-261	484
	-4.651	**-3.203**
Deferred tax charges or credits		
Relating to temporary differences and losses recognised in the current financial year	24.294	9.319
Relating to the write-off of a deferred tax asset (charge) or to the reversal of a write-off (credit)	-26.755	-3.000
Relating to adjustments for prior years	420	-8
	-2.041	**6.311**
Total tax charge/credit in the statement of profit or loss	**-6.692**	**3.108**

For 2016, the tax charge relating to continuing operations is €0.3 million (2015: credit of €7.4 million).

Analysis of the effective tax rate	2016 %	2016 €	2015 %	2015 €
Result before tax		**-103.802**		**-30.366**
Based on local tax rate	25,0%	25.950	25,0%	7.591
Effect of foreign tax rates	-1,3%	-1.320	-3,6%	-1.079
Non-deductible expenses	-1,6%	-1.629	-5,4%	-1.638
Non-taxable revenues	-2,6%	-2.746	2,9%	875
Losses not recognised in current financial year and other deferred tax assets and the reversals thereof	-25,8%	-26.755	-10,7%	-3.243
Effect of utilising losses available for set-off	0,2%	250	1,4%	417
Effect of adjustments to estimates for prior years	-0,4%	-442	0,6%	185
Total tax rate	**-6,4%**	**-6.692**	**10,2%**	**3.108**

x € 1.000

The effective tax rate for 2016 is -6.4% (2015: 10.2%).

The main differences between the profit calculated for financial purposes and that for tax purposes concern the non-deductible interest expenses relating to the cumulative preference financing shares, general limits on expense deductions in the various jurisdictions, the exempt results of participating interests, non-recognition or reversal of losses in the Netherlands, and the notional deduction for interest in Belgium.

6.8 Income tax receivables and payables

	31 December 2016		31 December 2015	
Geographical segment	**Receivables**	**Liabilities**	**Receivables**	**Liabilities**
Netherlands	38	65	39	76
Belgium	-	-	11	6.168
Germany	-	-	421	785
	38	**65**	**471**	**7.029**

Income tax receivables relate to outstanding income tax claims for financial years that have not yet been settled and for which excessive provisional assessments were paid. Income tax payables relate to outstanding income tax payments for financial years that have not yet been settled, supplemental to income tax assessments already paid, and taking account of prospective and retrospective rules for the set-off of losses. Owing to the reclassification to assets and liabilities held for sale, no amounts have been recognised relating to Belgium or Germany for 2016.

x € 1.000

6.9 Property, plant and equipment

Cost	Land and buildings	Machinery, installations and large-scale equipment	Other capital assets	Operating assets under construction	Total
Balance at 1 January 2015	**84.114**	**149.400**	**67.349**	**4.361**	**305.224**
Investments	1.118	4.577	6.604	4.541	16.840
Disposals	-1.027	-9.081	-6.059	0	-16.167
Reclassifications	764	3.439	-199	-4.004	0
Balance at 31 December 2015	**84.969**	**148.335**	**67.695**	**4.898**	**305.897**
Balance at 1 January 2016	**84.969**	**148.335**	**67.695**	**4.898**	**305.897**
Investments	654	4.851	5.111	4.370	14.986
Disposals	-10.723	-14.723	-12.956	0	-38.402
To assets held for sale	-19.145	-64.430	-10.558	-3.396	-97.529
Reclassifications	0	2.051	2.142	-4.193	0
Balance at 31 December 2016	**55.755**	**76.084**	**51.434**	**1.679**	**184.952**
Depreciation and impairment losses					
Balance at 1 January 2015	**50.157**	**111.086**	**49.402**	**-**	**210.645**
Depreciation	3.475	8.815	5.302	-	17.592
Disposals	-688	-7.929	-3.651	-	-12.268
Reclassifications	60	145	-205	-	0
Balance at 31 December 2015	**53.004**	**112.117**	**50.848**	**0**	**215.969**
Balance at 1 January 2016	**53.004**	**112.117**	**50.848**	**-**	**215.969**
Depreciation	2.930	8.588	5.412	-	16.930
Disposals	-9.388	-9.988	-12.475	-	-31.851
Impairments of assets held for sale		4.065			4.065
To assets held for sale	-10.586	-55.154	-8.928	-	-74.668
Balance at 31 December 2016	**35.960**	**59.628**	**34.857**	**0**	**130.445**

x € 1.000

Carrying amount					
At 1 January 2015	33.957	38.314	17.947	4.361	94.579
At 31 December 2015	31.965	36.218	16.847	4.898	89.928
At 1 January 2016	31.965	36.218	16.847	4.898	89.928
At 31 December 2016	**19.795**	**16.456**	**16.577**	**1.679**	**54.507**

At year-end, the contractual obligations relating to the acquisition of property, plant and equipment amounted to €0.5 million.

Since the beginning of 2015, given the limited importance, investment property (property held for its rental income and/or increase in value) has been recognised as "Other capital assets", rather than as a separate item in the statement of financial position. The value of investment property was €1.9 million at year-end 2016 (2015: €2 million).

For further details on the impairment of assets held for sale, refer to note 6.2.

The item "Machinery, installations and large-scale equipment" includes approximately €2.7 million in assets that were previously recognised under "Other capital assets". This resulted from the review of the allocation of items. The comparative figures for 2015 have been adjusted accordingly.

x € 1.000

6.10 Intangible assets

Intangible assets consist of goodwill and identified intangible assets.

Cost	Goodwill	Identified intangible asset	Total
Balance at 1 January 2015	**183.576**	**48.359**	**231.935**
Investments	0	0	0
Balance at 31 December 2015	183.576	48.359	231.935
Balance at 1 January 2016	183.576	48.359	231.935
To assets held for sale	-26.970	-500	-27.470
Balance at 31 December 2016	**156.606**	**47.859**	**204.465**

Impairment losses and amortisation	Goodwill	Identified intangible asset	Total
Balance at 1 January 2015	**86.552**	**31.465**	**118.017**
Amortisation	-	1.505	1.505
Balance at 31 December 2015	86.552	32.970	119.522
Balance at 1 January 2016	86.552	32.970	119.522
Amortisation	-	1.622	1.622
Impairments of assets held for sale	2.029	0	2.029
To assets held for sale		-327	-327
Balance at 31 December 2016	**88.581**	**34.265**	**122.846**

Carrying amount	Goodwill	Identified intangible asset	Total
At 1 January 2015	97.024	16.894	113.918
At 31 December 2015	97.024	15.389	112.413
At 1 January 2016	97.024	15.389	112.413
At 31 December 2016	**68.025**	**13.594**	**81.619**

x € 1.000

The composition of the carrying amount for goodwill and other intangible assets at year-end 2016 is as follows:

	2016		2015	
Acquisition	**Goodwill**	**Identified intangible asset**	**Goodwill**	**Identified intangible asset**
IBC (NL-2001)	21.207	-	21.207	-
Burgers Ergon (NL-2007)	31.107	10.255	31.107	11.276
Oevermann (DU-2007) - at year-end 2016, recognised under assets held for sale	-	-	26.970	205
Other	15.711	3.339	17.740	3.908
Carrying amount at 31 December 2016	**68.025**	**13.594**	**97.024**	**15.389**

The item "Other" mainly refers to the cash-generating unit Infra (€16 million).
For further details on the impairment of assets held for sale, refer to note 6.2.
The remaining amortisation term for the intangible asset that was part of the Burgers Ergon acquisition is 10 years.

The remaining intangible assets of the other acquisitions relate mainly to concessions for sand quarries.

The amortisation of the other intangible assets is recognised in the statement of profit or loss under "Other operating expenses".

Goodwill is tested annually for impairment, based on the relevant cash-generating unit. For an explanation of the calculation of the realisable value, reference is made to the accounting principles.

The impairment tests are based on the value in use calculated by means of the discounted cash flow method. The pre-tax WACC (weighted average cost of capital) used for this calculation ranged from 12% to 13% (2015: from 10% to 11%), corresponding to a discount rate after tax of 9.7% (2015: 8.6%).

The value in use of the cash-flow generating business units is based on their expected future cash flows. The period adopted to determine the present value of cash flows is indefinite. In the determination of future cash flows, the medium to long-term planning for the relevant cash-flow generating unit is used. The assumptions underlying the medium to long-term planning are partly based on historical experience and external information sources. The medium to long-term planning generally covers a period of 5 years. Cash flows after 5 years are extrapolated using growth rates not exceeding 1.5% (2015: 2%).

The realisable value calculated for the impairment test depends on the growth rate used and the period over which the cash flows are realised.

The expected cash flows are discounted using a pre-tax WACC varying between 12% and 13%. If the pre-tax WACC were 1 percentage point higher, this would not result in an impairment. Cash flows after five years are extrapolated using growth rates not exceeding 1.5%. If this maximum were 1 percentage point lower, this would not result in an impairment.

x € 1.000

The cash-flow generating unit Non-Residential – to which the goodwill and other intangible assets of Burgers Ergon and the majority of the goodwill for IBC is allocated, in total €61 million (2015: € 62 million) – is sensitive to changes in the assumptions, whereby the realisable value could become lower than the carrying amount of 45 million (2015: €22 million). According to the impairment test, the realisable value of the cash-flow generating unit Non-Residential is currently some €50 million (2015: €120 million) higher than the carrying amount. One significant factor in this context is the change in the EBIT (result before tax and interest) margin. For the test, revenue in future years was assumed to have the same order of magnitude as in 2016. A key assumption is that the EBIT margin reaches 4% of revenue. If the EBIT margin were only 2% , the realisable value would be equal to the carrying amount.

6.11 Joint ventures and associates

The statement of financial position item joint ventures and associates breaks down as follows:

	2016	**2015**
Joint ventures	61.595	73.304
Associates	4.201	3.447
	65.796	**76.751**

Joint ventures

Together with 3i Investments plc. (formerly Barclays Infrastructure Funds Management), Heijmans has been participating since June 2013 in the joint venture Heijmans Capital B.V. for the financing of DBFMO (design, build, finance, maintain, operate) projects. The focus of the collaboration is on sharing the risk-bearing capital and knowledge required for such projects, from the tendering phase onwards. The project for the National Military Museum was transferred to the joint venture at the time of establishment. In 2014, Heijmans took on part of the funding for the projects A9-Gaasperdammerweg, RIVM-Utrecht Science Park/De Uithof and A12-Veenendaal-Ede-Grijsoord. Then in 2016, Heijmans also took on part of the funding of the A27/ A1 Hart van Zuid projects. The share of 3i Investments plc. in Heijmans Capital B.V is 80% and Heijmans' share in the company is 20% (2015: 20%). This joint venture is of strategic importance for Heijmans, with its share being classified as a material interest.

The figures presented below were extracted from the financial statements of Heijmans Capital, prepared in accordance with the Group's accounting principles. Also shown below is the reconciliation of the Group's interest with equity.

x € 1.000

	2016		2015	
Revenue	25.262		46.621	
Operating result	-2.113		665	
Financial income	7.175		4.775	
Financial expense	-5.011		-4.027	
Result of joint ventures	668		435	
Result before tax		**719**		**1.848**
Income tax		21		-329
Result after tax		**740**		**1.519**
Unrealised changes in the fair value of cash flow hedges		-3.788		2.172
Comprehensive income		**-3.048**		**3.691**
20% share of result after tax		**148**		**304**
20% share of other comprehensive income		**-758**		**434**
Non-current assets		**111.226**		**99.300**
Cash and cash equivalents	3.280		3.706	
Other current assets	25.456		23.765	
Total current assets		**28.736**		**27.471**
Non-current financial liabilities	133.083		102.456	
Other non-current liabilities	167		827	
Total non-current liabilities		**133.250**		**103.283**
Current financial liabilities	635		7.868	
Other current liabilities	2.487		9.934	
Total current liabilities		**3.122**		**17.802**
Net amount		**3.590**		**5.686**
20% share of equity		**718**		**1.137**

The Group received no dividend from Heijmans Capital in 2016 (2015: nil).

x € 1.000

The reconciliation of the Group's interests in joint ventures, as recognised in the statement of financial position, inclusive equity is shown below.

	2016	2015
Interest in the capital of Heijmans Capital	718	1.232
Interest in the capital of Property Development joint ventures	57.150	52.330
Interest in the capital of other joint ventures	-6.247	19.742
	51.621	73.304
Negative asset values recognised in other provisions	9.974	-
	61.595	73.304

The amounts below are the Group's shares of the results of joint ventures.

	2016	2015
Share of the net result of Heijmans Capital	148	304
Share of the net result of Property Development joint ventures	1.671	2.410
Share of the net result of other joint ventures	-8.074	4.659
	-6.255	7.373

The Property joint ventures in which the group participates achieved revenue of €49 million in 2016 (2015: €41 million). In total, they have inventory of €122 million (2015: €122 million), mainly in the form of a strategic land portfolio. The aforementioned amounts relate to Heijmans' share.

In a number of joint ventures, there are limits on the payout of dividends, often depending on the preference specified for repayment of the debts of the joint ventures concerned.

The group has undertaken commitments to joint ventures totalling €2 million (2015: €3 million) relating to the granting of subordinated loans if certain conditions are met. Apart from the commitments and contingent liabilities disclosed in notes 6.25, 6.26 and 6.27, the Group has no commitments or contingent liabilities relating to joint ventures.

Associates

The amounts shown below concern the interests of the Group in the equity and results of associates:

	2016	2015
Interests in the equity of associates	4.201	3.447
Interests in the net results of associates	1.593	745
Share of other comprehensive income of associates	-218	393

x € 1.000

6.12 Other investments

	2016	2015
Non-current receivables	33.361	29.904
Other non-current receivables and investments	254	2.220
Balance at 31 December	**33.615**	**32.124**

The non-current receivables mainly concern loans granted to property development joint ventures.

6.13 Deferred tax assets and liabilities

The balance of the deferred tax assets and liabilities relating to temporary differences between the value for tax purposes and for financial reporting purposes of items on the statement of financial position, and the value of the tax loss carry-forwards can be broken down as follows:

	Receivables 31 December		Liabilities 31 December		Net value 31 December	
	2016	2015	2016	2015	2016	2015
Property, plant and equipment	-	-	510	1.071	-510	-1.071
Intangible assets	-	-	3.291	7.968	-3.291	-7.968
Work in progress	-	-	-	888	-	-888
Employee benefits	-	-	2.473	6.479	-2.473	-6.479
Provisions	90	-	-	817	90	-817
Other items	-	1.317	-	413	-	904
Value of recognised loss carry-forwards	35.521	40.756	-	-	35.521	40.756
Deferred tax assets and liabilities	**35.611**	**42.073**	**6.274**	**17.636**	**29.337**	**24.437**
Set-off of deferred tax assets and liabilities	-5.665	-10.843	-5.665	-10.843	-	-
Net deferred tax assets and liabilities	**29.946**	**31.230**	**609**	**6.793**	**29.337**	**24.437**

x € 1.000

The movement in the statement of financial position of the deferred tax assets and liabilities in 2016 breaks down as follows:

	Net value at 1 January 2016	**Recognised in income tax**	**Recognised in other comprehensive income**	**To assets/ liabilities held for sale**	**Net value at 31 December 2016**
Property, plant and equipment	-1.071	2005			
Intangible assets	-7.968	-479	-	5.156	-3.291
Work in progress	-888	1.019	-	-131	0
Employee benefits	-6.479	15	4.316	-325	-2.473
Provisions	-817	323	-	584	90
Other items	904	0	-	-904	0
Value of recognised loss carry-forwards	40.756	-3.024	-	-2.211	35.521
Total	**24.437**	**-2.041**	**4.316**	**2.625**	**29.337**

The movement in the statement of financial position of the deferred tax assets and liabilities in 2015 breaks down as follows:

	Net value at 1 January 2015	**Recognised in income tax**	**Recognised in other comprehensive income**	**To assets/ liabilities held for sale**	**Net value at 31 December 2015**
Property, plant and equipment	-1.375	304	-	-	-1.071
Intangible assets	-7.697	-285	14	-	-7.968
Land and strategic land portfolio	-7.604	7.604	-	-	0
Work in progress	-65	-823	-	-	-888
Employee benefits	-2.680	293	-4.092	-	-6.479
Provisions	-172	-645	-	-	-817
Other items	-1.207	2.111	-	-	904
Value of recognised loss carry-forwards	43.004	-2.248	-	-	40.756
Total	**22.204**	**6.311**	**-4.078**	**0**	**24.437**

x € 1.000

Measurement of deferred tax assets

At year-end 2016, the recognised loss carry-forward was €35.5 million, which relates to the loss carry-forward of the Dutch fiscal unity. This loss carry-forward has been set off against the fiscal unity's deferred tax liabilities.

The losses of the Dutch fiscal unity are subject to a loss carry-forward period of 9 years. A deferred tax asset is recognised to the extent that it is probable, based on forecasts, that sufficient future taxable profits will be available that can be utilised towards realising the deferred asset. A relatively small number of large problem projects produce the losses, measures have been taken to prevent such losses. Most of the activities perform according to plan. The forecasts are based on the order book, the 2017 business plan, and the long-term forecast. These also underlie the measurement of the realisable value of goodwill (for impairment tests). For the long-term forecast, the average EBIT margin of the Dutch fiscal unity is assumed to grow to approximately 3% of revenue. The remaining settlement term of 9 years is longer than the period currently used until 2021. A factor inherent in the measurement of the deferred tax assets is that the utilization of losses depends on the realisation of the 2017 business plan and the long-term forecasts, which are the Group's best estimates.

Measurement of deferred tax liabilities

For determining the amount of the deferred tax liabilities, the value for tax purposes of the construction work in progress in the Netherlands (including residential building projects) is largely treated as being equal to the value under IFRS.

Deferred tax assets or liabilities are recognised for any temporary differences originating at subsidiaries, joint operations or joint ventures. No deferred tax assets or liabilities have been recognised for temporary differences arising from investments in associates in view of their relative insignificance.

The majority of the deferred tax liabilities have a term of more than one year.

Tax losses not recognised in the statement of financial position

At year-end 2016, the tax-deductible losses of the Heijmans NV fiscal unity amounted to €266,3 million (2015: €160.0 million). An analysis of this figure shows that €51.4 million relates to 2012, €69.6 million to 2014, €38.9 million to 2015, and €106.4 million to 2016, of which €124.3 million is not recognized. At year-end 2016, the other tax losses not recognised in the statement of financial position amounted to €41.3 million (2015: €45.9 million). This relates to one German and two Belgian subsidiaries that conduct no operations and are not held for sale.

x € 1.000

6.14 Inventory

	31 December 2016	31 December 2015
Strategic land portfolio	146.974	172.336
Residential properties in preparation or under construction	58.156	75.572
Raw materials and consumables	9.216	15.142
Finished products	2.088	2.703
Total	**216.434**	**265.753**
Carrying amount of inventory pledged as security	3.082	14.082
Inventory amount recognised as a charge in the period	352.533	320.574
Finished products measured at net realisable value	3.066	3.497

Strategic land portfolio

The strategic land portfolio comprises land holdings that are measured at cost or net realisable value if lower. Net realisable value of an individual land position can be the direct or indirect recoverable value. The net realisable value depends on the expected manner and timing of realisation. Accordingly, the value is generally derived by using an indirect method for determining the recoverable value. The indirect recoverable value is the estimated revenue in the normal course of business, less the estimated costs of completion and selling. To calculate the present value of the expected cash flows, a discount rate of 6% is often used, unless, thanks to favourable financing terms, a different percentage has been set for a joint arrangement. Setting the discount rate takes into account the expected capital structure, operating risks, and circumstances relating to Heijmans or specifically to the project.

Determining the indirect recoverable value involves the use of judgements and estimates. The strategic land portfolio is affected by several elements of uncertainty, such as demographic changes, location, and details and implementation of development plans and administrative decisions, with as local a focus as possible. For each location, the outcome is an expected trend for land and residential property prices, as well as other variables, that ultimately determine the indirect recoverable value. Twice a year, the Group carries out its own assessment of the values of all the land holdings.

In general, the risk of deviations from the judgements and estimates is greater for strategic land holdings without a site allocation plan than for those with one. Moreover, this risk keeps increasing the longer the expected delay is for the start of the development work.

x € 1.000

The net realisable value of the strategic land portfolio was calculated in 2016 and compared with the carrying amount. This led to a write-down of €17.6 million and a write-down of €1.2 million concerning a joint venture (2015: write-downs totalling €11.2 million and a reversal of an earlier write-down of €0.5 million concerning a joint venture). The decreases in value are partly due to specific local conditions that have adversely affected the success of projects, time to completion, expected margins and the number of completed residential properties.

In principle, the term of the strategic land portfolio is more than 12 months after the closing date (mostly 5 to 10 years). Items in "Residential properties in preparation or under construction" usually have a term of 3 to 5 years as from the closing date. The other items in principle have a term of less than 12 months.

For more information on the pledging of land portfolios in connection with the new financing agreements, refer to note 6.20.

Residential properties in preparation or under construction

Residential properties in preparation or under construction can be analysed as follows:

	2016	2015
Unsold residential properties:		
Costs less provisions for losses and risks	57.147	61.240
Sold residential properties:		
Costs less provisions for losses and risks, plus profits based on percentage of completion	312.784	207.070
less: Progress billings	-311.775	-192.738
Total residential properties in preparation or under construction	**58.156**	**75.572**

Revenues from sales of residential properties in preparation and or under construction recognised in the reporting period amounted to €0.3 billion (2015: €0.3 billion). The amounts in question relate to continuing operations.

x € 1.000

6.15 Work in progress

	31 December 2016	31 December 2015
Costs less provisions for losses and risks, plus profits based on percentage of completion	1.683.259	1.461.903
less: Progress billings	-1.741.144	-1.458.229
Balance of work in progress	**-57.885**	**3.674**
Positive balance of work in progress (recognised under current assets)	60.196	151.810
Negative balance of work in progress (recognised under current liabilities)	-118.081	-148.136
Balance of work in progress	**-57.885**	**3.674**

The value of work in progress is periodically assessed for each project by the project manager and the manager of the unit concerned. The assessment is mainly based on the information in the project files, the project accounting records and the knowledge and experience of the persons involved. Estimates are an inherent feature of this process and of the project activities' valuations, as is the fact that the Group is involved in negotiations and discussions on the financial settlement of projects, such as extra work or reduced work, claims, arbitration and penalties, delivery times and the quality of the work. It may turn out at a later stage that actual results differ from the estimates. This will be so particularly for long-term projects that include considerable customisation. It can also occur if there are unsettled claims or discussions with clients about additional work that are still continuing on the closing date. For further details on a number of specific projects, refer to note 6.29.

The uncertainty surrounding the above-mentioned estimates increases, for example:

- contract types involving special arrangements mean more risks for the Group. Such is the case with a DC contract, under which the Group accepts the design risk. DBMO contracts also include responsibility for maintenance and operation;
- projects are in the design stage. When producing a final design from a provisional one, significant changes may be necessary, which can require a positive or negative adjustment to the initial forecast.

Projects are also fraught with opportunities and risks during execution. Examples include additional work, claims and unforeseen circumstances that could be for the account of the Group.

Revenues from additional work are included in the overall contract revenues if the client has accepted the sum involved in any way. Claims and incentives are recognised under work in progress insofar as it is probable that these will generate revenue and can be reliably determined. When determining the amount to be recognised, specific contractual arrangements and the legislation of the country where a project is being carried out are taken into account.

For claims and penalties imposed by contractors against Heijmans, because of construction overruns for example, these are recognised if it is likely that they will have an adverse effect.

x € 1.000

Bonuses are recognised as revenues from work in progress if the project is far enough advanced and it is probable that the performance indicators specified will be met, and the bonus amount can be reliably determined. If the bonus can only be received after expiry of a predetermined period following completion of the project, then that bonus is only recognised when it is sufficiently probable that the bonus will be received.

The positive balance of work in progress represents all the projects in progress for third parties where the incurred costs plus the capitalised profit, less the recognised losses, are greater than the progress billings.

The negative balance of work in progress represents all the projects in progress for third parties where the incurred costs plus the capitalised profit, less the recognised losses, are smaller than the progress billings.

Revenues from work in progress carried out for third parties that were recognised in the reporting period amounted to €1.0 billion (2015: €1.1 billion). The amounts in question relate to continuing operations.

Work in progress generally has a term of less than 12 months.

6.16 Trade and other receivables

	31 December 2016	31 December 2015
Trade receivables	115.963	193.412
Amounts to be invoiced	23.604	28.308
Receivables from joint operations	7.065	13.030
Prepayments	12.848	8.549
Other receivables	16.591	23.104
Total trade and other receivables	**176.071**	**266.403**

Trade receivables are presented after deduction of impairment losses. The write-down for expected bad debts is recognised in the statement of profit or loss under administrative expenses. At year-end 2016, a provision of €2.9 million was formed for impairment of trade receivables (2015: €7.4 million).

Trade and other receivables are mainly short-term.

x € 1.000

6.17 Cash and cash equivalents

	31 December 2016	31 December 2015
Bank balances	28.414	122.955
Cash in hand	1	0
Funds in blocked accounts	1.834	2.437
Total cash and cash equivalents	**30.249**	**125.392**

Of the total cash and cash equivalents, €24 million (2015: €13 million) is held by joint ventures and is available in consultation with the joint venture partners concerned.

The funds in blocked accounts mainly relate to the obligatory G accounts (guarantee accounts) under the Dutch Wages and Salaries Tax and Social Security Contributions (Liability of Subcontractors) Act.

Cash is utilised to reduce the Group's financing to the extent contractually and practically permitted, for example, by making the balances concerned part of notional cash pool arrangements.

6.18 Equity

Paid-up and called-up share capital In thousands of ordinary shares	**2016**	**2015**
Outstanding at 1 January	21.407	19.461
Share issue	-	1.946
Outstanding at 31 December	**21.407**	**21.407**

Refer to statement 2b for explanatory notes on the changes in equity, and to the Company financial statements for explanatory notes on the authorised share capital, the statutory reserve for participating interests, the hedging reserve, the appropriation of result, and other figures.

x € 1.000

6.19 Result per share

Basic result per ordinary share.

Basic loss per share in 2016 on continuing operations was -€5.52 (2015: loss of -€1.87). The calculation is based on the result after tax attributable to the holders of ordinary shares or depositary receipts for ordinary shares, and on the weighted average of the number of ordinary shares that were outstanding during 2016.

Result attributable to holders of ordinary shares (all operations)	**2016**	**2015**
Result attributable to holders of ordinary shares after tax	**-110.494**	**-27.258**

Weighted average number of ordinary shares In thousands of shares	**2016**	**2015**
Ordinary shares outstanding on 1 January	21.407	19.461
Effect of shares issued on 20 May 2015		1.200
Weighted average number of ordinary shares at 31 December	**21.407**	**20.661**

Diluted earnings per ordinary share

The calculation of the diluted earnings per share for 2016 is based on the weighted average number of ordinary shares in 2016, 21,407 thousand, plus the dilution effect of shares allocated under the Bonus Investment Share Matching Plan (see note 6.28).

x € 1.000

6.20 Interest-bearing loans and other financing liabilities

The breakdown of interest-bearing loans and other financing liabilities is shown below.

31 December 2016	Non-current portion	Current portion	Total
Cumulative financing preference shares	45.100	-	45.100
Syndicated bank financing	-	105.000	105.000
Project financing	521	517	1.038
Other non-current liabilities	12.784	9.222	22.006
Current account overdrafts with credit institutions	-	3.891	3.891
Total liabilities	**58.405**	**118.630**	**177.035**

31 December 2015	Non-current portion	Current portion	Total
Cumulative financing preference shares	45.100	-	45.100
Syndicated bank financing	50.000	-	50.000
Project financing	1.038	11.259	12.297
Other non-current liabilities	6.039	18.973	25.012
Financial lease commitments	1.158	455	1.613
Current account overdrafts with credit institutions	-	1.083	1.083
Total liabilities	**103.335**	**31.770**	**135.105**

x € 1.000

Cumulative financing preference shares

At year-end 2016, 4,510,000 cumulative financing B preference shares were outstanding at €10 a share. The dividend on these shares is 7.9% as of 1 January 2014 and is payable annually, 14 days after the General Meeting of Shareholders. At the General meeting of Shareholders in April 2014, the shareholders voted in favour of authorising the Executive Board for a period of 18 months to repurchase up to 40% of the cumulative financing B preference shares in the Company's capital. Subsequently, the amount outstanding on these shares can be reduced by 40% by cancelling cumulative financing B preference shares. In line with the adopted resolution, Heijmans' Executive Board repurchased 2,100,000 preferences shares in July 2015. The dividend will be reassessed on 1 January 2019 and every 5 years thereafter. The Group has the right to repurchase or cancel these preference shares before their maturity date in case of an interest rate change or at any other time subject to payment of compensation.

Syndicated bank financing

Of the committed and syndicated bank facility, €256 million were originally due to expire on 31 March 2017 and €246 million on 30 June 2018. This facility is provided by a bank consortium comprising Rabobank, ING Bank, ABN AMRO Bank, KBC, and Deutsche Bank (leaving the consortium on 31 March 2017). Collateral has been provided for the facility. The credit margin on this facility ranged from 2.0% to 3.5%, depending on the leverage ratio of the preceding quarter. The covenants agreed are an interest coverage ratio of at least 4, to be tested at the end of every quarter, a (recourse) leverage ratio of no more than 3 to be tested every six months, as well as from 30 June 2017 an average leverage of no more than 2.5, to be tested every quarter. In principle, if the conditions are not complied with, drawings under the facility are repayable immediately on demand. The Executive Board actively monitors compliance with the conditions.

Due to the losses on the problematic projects, Heijmans would no longer have been in compliance with the financial bank covenants at year-end 2016. Accordingly, the company took the initiative to engage in constructive discussions with providers of finance. On 15 February 2017, this resulted on new arrangements for the financing from the bank consortium comprising Rabobank, ING Bank, ABN AMRO Bank and KBC. The key features of the new arrangements are a reduction in the use of debt and a year's extension of the financing arrangements until 1 July 2019. The committed credit facility will be reduced in stages to €215 million as from 30 June 2017, €180 million as from 30 September 2017, €170 million as from 31 March 2018, €156 million as from 30 June 2018, €145 million as from 31 December 2018, and €122 million as from 30 June 2019. Most of the revenue from disposals will be used for debt reduction. It has been agreed that there is no need for financial covenant tests as at 31 December 2016 or 31 March 2017. Regarding the tests as at 30 June 2017, 30 September 2017 and 31 December 2017, minimum levels for EBITDA and solvency have been agreed. In the case of EBITDA, these minimum levels are €0 million for the first half of 2017, €5 million for the first three quarters of 2017, and €20 million for the whole of 2017. For solvency, the minimums are 16% on 30 June 2017, 18% on 30 September 2017, and 20% on 31 December 2017. The solvency calculation is based on capital base divided by total assets. Capital base comprises equity plus cumulative financing preference shares. Based on the business plan for 2017, including the intended disposals abroad, the Group expects to continue operating during the next financial year within the limits of the covenants. Changes in EBITDA and net debt are relevant parameters in this context. The development of net debt is subject to seasonal effects, timing and realisation of divesments and fluctuations due to specific projects, which is mainly relevant for the covenants in mid-year, when the capital requirement is higher. To be measured as from 31 March 2018, the existing covenants will then apply again: an interest coverage ratio of at least 4, to be tested at the end of every quarter, and a (recourse) leverage ratio of no more than 3 for each period of six months. Measurement of the average leverage ratio will commence on 30 June 2018, and this must not exceed 2.5 in any quarter. For next year, the interest-rate spread is likely to be 300 to 500 basis percentage points.

x € 1.000

This will mainly depend on the extent to which disposals are completed in the second half of the year.

The leverage ratio is calculated as the net debt divided by EBITDA (earnings before interest, tax, depreciation and amortisation). The interest coverage ratio is calculated as the EBITDA divided by the net interest expense. The definitions of these items include several adjustments in the reported figures, as agreed upon with the bank consortium in the credit agreement. Key adjustments in relation to the accounting definition of net debt are increase by net debt from joint ventures, and reduction by the amount of outstanding cumulative financing B preference shares and the financing of certain projects that are negotiated without any recourse towards Heijmans (non-recourse). Key adjustments in relation to the EBITDA in accounting terms concern the capitalised interest, results on the sale of business units, fair value adjustments, reorganisation costs, and operating results of joint ventures. The main adjustments with respect to the net interest expense in accounting terms are removing the interest expenses from non-recourse project financing and cumulative financing B preference shares.

Additional collateral has been agreed with the banks. This comprises a pledge of the proceeds from the disposals and a first mortgage on land holdings with a combined carrying amount of almost €80 million. The interest margin to be paid to the bank consortium has been increased. However, it will return to the current level in step with planned reduction in the facility actually taking place.

The reconciliation between the underlying result, EBITDA, net debt and net interest expense as reported and in accordance with the definitions agreed with the bank consortium, and calculation of the ratios is shown below.

x € 1.000

x € 1 million	Note	2016	2015
Interest-bearing debt	6.20	177	
Interest-bearing debt to entities held for sale	6.2	1,3	
Interest-bearing debt held for sale	6.20	178,3	135,1
Cash and cash equivalents	6.17	30,2	
Cash and cash equivalents held for sale	6.2	48,0	
Less: cash and cash equivalents	6.17	78,2	125,4
Net debt		**100,1**	**9,7**
Adjustments for:			
Net debt of joint ventures	6.11	84,7	75,5
Non-recourse net debt for project financing		-92,6	-87,2
Cumulative financing B preference shares	6.20	-45,1	-45,1
Other		2,0	2,4
Covenant net debt (A)		**49,1**	**-44,7**
Operating result	1.	-94,0	-29,0
Exceptional expenses		28,7	14,3
Depreciation and amortisation	6.9/6.10	18,6	19,1
EBITDA of joint ventures		0,7	11,7
Underlying EBITDA		**-46,0**	**16,1**
Adjustments for:			
Capitalised interest	6.6	1,8	2,9
EBITDA for project with non-recourse financing		-3,6	-1,8
Other		-0,6	0,2
Covenant EBITDA (B)		**-48,4**	**17,4**
Net interest expense	**6.6**	**9,6**	**11,1**
Adjustments for:			
Joint venture net interest expense		2,1	3,1
Interest on cumulative financing B preference shares		-3,0	-3,6
Non-recourse project financing interest expense	6.20	-3,6	-4,5
Interest on cumulative financing B preference shares		-0,8	-3,2
Net covenant interest expense (C)		**4,3**	**2,9**
Leverage ratio (A/B) <3		**-1,0**	**-2,6**
Interest cover ratio (B/C) >4 (2015:>3)		**-11,3**	**6,0**

x € 1.000

Project financing

Project financing was negotiated for specific (real estate) projects. The repayment schedules for project financing are usually related to the projects' progress. Project financings will generally expire no later than the date of completion and/or sale of the projects. Recourse is limited to project assets only, including future positive cash flows from these projects, as well as the contracts and mortgage collateral related to the project / project company in most cases. Heijmans N.V. has guaranteed the repayment of principal and/or payment of interest up to an amount of €0.6 million (2015: €1 million) of the total project financing. Regarding the remaining €0.4 million (2015: €11 million), this is therefore financed without right of recourse against Heijmans N.V. or any of its subsidiaries.

Average interest rate	2016	2015
Cumulative financing preference shares	7,9%	7,9%
Syndicated bank financing	3,7%	4,1%
Project financing	2,9%	2,0%
Other bank financing	2,5%	2,6%
Other non-current liabilities	2,9%	3,0%

x € 1.000

6.21 Employee benefits

Movement in the liability for defined benefit plans and jubilee payments

	Liability		Fair value of assets		Net asset relating to vested pension rights and jubilee payments	
	2016	**2015**	**2016**	**2015**	**2016**	**2015**
Balance at 1 January	**394.715**	**434.179**	**407.190**	**429.889**	**-12.475**	**4.290**
Recognised in profit or loss						
Service cost	487	525	-	-	487	525
Interest expense/income	9.698	8.551	10.048	8.474	-350	77
Settlements and curtailments	501	122	-	-	501	122
Administrative and other expenses	-	-	-489	-453	489	453
Recognised in other comprehensive income						
Actuarial result experience	6.968	-1.220	-	-	6.968	-1.220
Actuarial result indexing	0	-337	-	-	0	-337
Actuarial result discount rate	50.072	-33.048	-	-	50.072	-33.048
Actuarial result return on investments	-	-	39.840	-18.433	-39.840	18.433
Contributions and benefits						
Employer contributions	-	-	2.912	1.770	-2.912	-1.770
Pension and jubilee payments	-14.197	-14.057	-14.197	-14.057	-	-
To assets/liabilities held for sale	-20.353	-	-7.338	-	-13.015	-
Total at 31 December	**427.891**	**394.715**	**437.966**	**407.190**	**-10.075**	**-12.475**

The pension and jubilee payments relating to continuing operations in 2017 will amount to approximately €14 million. Over the next few years, this amount should not change significantly.

x € 1.000

The total liability arising from defined benefit pension plans and jubilee payments is recognised in the statement of financial position as follows:

	31 December 2016	31 December 2015
Non-current employee benefits	12.333	22.032
Current employee benefits	2.703	3.181
Employee-related receivable	-25.111	-37.688
	-10.075	**-12.475**

The employee-related receivable concerns a plan that, in accordance with the regulations for valuation in the Pensions Act as specified in the Financial Assessment Framework, is subject to a funding ratio of 99.4% (2015: 103.5%). (See "Stichting Pensioenfonds Heijmans N.V." below.) The receivable is based on the assumption that this closed plan will gradually wind down, and on the conclusion that the Group, as the employer, will eventually be the sole remaining stakeholder and therefore logically entitled to the final balance..

Liability for defined benefit plans in the Netherlands

The liability for defined benefit plans concerns the liabilities recognised for one company pension fund and approximately 15 plans placed with insurance companies.

Stichting Pensioenfonds Heijmans N.V.

"No new members will be admitted to the Pensioenfonds Heijmans plan. Pension is currently being accrued at an insurer on the portion of salary that exceeds the maximum salary threshold of the industry pension fund. This plan came into effect on 1 January 2012 for new employees. As of 1 January 2013, existing employees have also been accruing pension rights under this plan. (This concerns employees who have been with the Company since before 1 January 2012 and were accruing supplementary pension rights with Pensioenfonds Heijmans.) The plan is an average pay scheme with conditional indexation and qualifies as a defined contribution plan. The pension accrual of employees who became members of the supplementary plan before the end of 2012 remains guaranteed by Stichting Pensioenfonds Heijmans N.V.
While employees stay with Heijmans, the pensions they accrued until the end of 2012 are conditionally indexed. Heijmans pays a contribution each year to cover the costs of this. Approximately 26% of the members in the new plan were members of the former plan who are still employed by Heijmans, and accordingly have a conditional right to indexation, depending on the salary increase in accordance with the collective employment agreement for the Construction Industry for a maximum of 4% a year. For the rest, 51% are former employees and 23% are pensioners. The average term of the pension liabilities is approximately 17 years. Because of the funding deficit in the former plan, Heijmans made an additional contribution of €5 million in 2012, and a further €3 million in 2013. Heijmans is under no obligation to make any further

x € 1.000

contributions. The pension contributions and required buffers are calculated in accordance with the rules stated in the Pensions Act. In accordance with these rules, the contributions are cost effective, and the funding ratio set by the pension fund policy needs to be 109% at year-end 2016 (2015: 108.9%). The funding ratio as at 31 December 2016 set by policy is 99.4%. It is expected that equity will be at the required level within the prescribed term and that no further measures will be necessary. Supervision of compliance is a responsibility of De Nederlandsche Bank (DNB), the Netherlands central bank. The Board of the fund comprises representatives of the employer, employees and pensioners.

Insured plans

Heijmans has some 15 insured pension plans in the form of guarantee contracts. Other than the costs of indexation, Heijmans is not liable for payments due to aggravated mortality assumptions. The risks inherent in the plan of these being necessary are largely borne by the insurers. It is a responsibility of the insurers to hold sufficient funds to pay out all benefits. Supervision of this aspect is in the hands of DNB. The indexed value is determined according to the variables set out in the insurance contract. The average term of the pension liabilities is approximately 15 years.

Industry pension funds

The majority of the pensions have been placed with industry pension funds, the main ones being the Pension Fund for the Construction Industry (Bouwnijverheid) and the Pension Fund for the Engineering, Mechanical and Electric Contracting Sector (Metaal en Techniek). Both these funds operate average pay plans with indexation. The funding ratio set by the policy of the Collective Pension Fund for the Construction Industry was 105.4% at year-end 2016 (year-end 2015: 110.9%). The funding ratio set by the policy of the pension fund for the Engineering, Mechanical and Electric Contracting Sector was 92.8% at year-end 2016 (year-end 2015: 98.5%). These funding ratios are calculated in line with the accounting principles used by the various industry pension funds, in accordance with the Pensions Act and the Financial Assessment Framework. Since their funding ratios have only a marginal effect on the contribution adjustments, these plans qualify as defined benefit pension plans. Despite this, they are treated as defined contribution plans because the administration of the industry pension funds is not designed to supply the required information.

With regard to these plans, Heijmans has an obligation to pay the predetermined premiums. The Group cannot be obligated to supplement any shortfalls, other than by means of future contribution adjustments. Heijmans has no claim to any surplus in the funds.

Jubilee payments

The jubilee payments are a monthly salary, or a portion thereof, for employment periods of 25 and 40 years.

x € 1.000

Income and expense items recognised in connection with defined benefit plans and jubilee payments	2016	2015
Service cost	-487	-525
Interest expense	-9.698	-8.551
Expected return on assets	10.048	8.474
	-137	**-602**
Administrative and other expenses	-489	-453
Settlements and curtailments	-501	-122
Total expense for defined benefit plans and jubilee payments	**-1.127**	**-1.177**

The above expenses relate to operations in aggregate. In respect of continuing operations, the expense for 2016 is €0.5 million (2015: €0.7 million).

The principal actuarial assumptions as at year-end are:

	31 December 2016	31 December 2015
Discount rate	1,75%	2,50%
Expected return on plan assets	1,75%	2,50%
Future wage inflation	2,25%	2,25%
Future pay increases	0-1,5%	0-1,5%
Future indexation	0-0,75%	0-0,75%
Staff turnover	7,0-16,0%	7,0-16,0%
Mortality table	AA Forecast Table 2016 0/0	AA Forecast Table 2014 0/0

The discount rate is based on high quality corporate bonds adjusted for the term of the payment obligation. This also applies to the expected yield.

The indexation for the supplementary plan that is administered by Stichting Pensioenfonds Heijmans N.V. tracks wage inflation.

x € 1.000

Financing liability for defined benefit plans and jubilee payments	31 December 2016	31 December 2015
Defined benefit plans:		
- Funded plans	422.736	377.530
- Unfunded plans	-	11.562
Jubilee payments (unfunded)	5.155	5.623
Liability for defined benefit plans and jubilee payments at 31 December	**427.891**	**394.715**

Breakdown of plan assets as a percentage of the total	31 December 2016	31 December 2015
Shares	8%	9%
Fixed-interest securities	41%	41%
Liquid assets	0%	0%
Other/insured plans	51%	50%

Stichting Pensioenfonds Heijmans N.V. assets

At Stichting Pensioenfonds Heijmans N.V., approximately 65% of the interest-rate risk associated with the liabilities is hedged using a liability-matching portfolio. Of the total plan assets, valued at €215 million, €178 million is in fixed-interest securities, €37 million in shares, and €0 million in liquid assets and current receivables. The fixed-interest securities as well as the shares are listed, and these assets are measured at list price. No investments are made in Heijmans shares.

Reasonably possible changes, like those shown below, as of the reporting date to one of the relevant actuarial assumptions, with the other assumptions remaining unchanged, can affect the liabilities associated with the vested pension rights.

x € 1 million	2016	
	Increase	Decrease
Change of 0.50 %-points in discount rate	-34,5	39,1
Change of 0.25 %-points in wage and price inflation, and in indexation	11,6	-4,7
Change of 1 year in life expectancy	16,9	-17,1

The above effects were determined by the actuary who performed the calculations. The combined effect of changes to more than one of the assumptions can be different from the sum of the corresponding individual effects owing to interactions. The effects presented apply only to the liabilities, and not to the fair value of the investments. For a plan in the form of an insurance contract, the effect of a change in the discount rate is largely mitigated by an equal but opposite effect on the plan investments. This is because of the guarantee provided by the insurer.

Heijmans expects to contribute approximately €3 million in 2017 to its defined pension plans and approximately €30 million to defined contribution plans. The expected contributions in subsequent years are likely to be in line with those expected for 2016, depending as well on changes in the above-mentioned actuarial assumptions.

6.22 Provisions

General

Provisions for warranty obligations, restructuring costs and environmental risks are recognised if Heijmans has an existing obligation and it is probable that an outflow of economic benefits will occur. The amount of each provision can be reliably estimated. The provisions are stated at face value, unless the time value of money is material.

	1 January 2016	Reversal of unused amounts	Additions to provisions	Provisions used/ other changes	To liabilities held for sale	31 December 2016
Warranty obligations	9.696	0	723	-1.464	-7.656	1.299
Restructuring costs	8.409	-23	3.816	-8.182	-569	3.451
Environmental risks	733	0	49	-203	0	579
Other provisions	2.620	-70	10.939	-816	-272	12.401
Total provisions	**21.458**	**-93**	**15.527**	**-10.665**	**-8.497**	**17.730**

Duration of provisions and non-interest-bearing debt	31 December 2016	31 December 2015
Non-current portion	2.364	2.732
Current portion	15.366	18.726
Total	**17.730**	**21.458**

Provision for warranty obligations

The provisions relate to complaints and deficiencies that become apparent after the delivery of projects and that fall within the warranty period. The magnitude of the costs provided for is dependent partly on the estimated allocation of the claim to the related construction partners. It is expected that most of the obligations will materialise in the next two years.

Provision for restructuring costs

The provision for restructuring costs relates to the expected severance costs related to organisational changes. Most of the provision will be used in 2017 and the remainder in the years 2018 and 2019.

x € 1.000

Provision for environmental risks
This item represents possible site restoration costs. The costs have been estimated by site, based on government regulations concerning the method of restoration and soil investigation. The periods within which restoration needs to take place vary by site. In the event that the restoration does not have to take place for another few years, there is an obligation to monitor the pollution. The expected monitoring costs have also been included in the provision.

Other provisions
The other provisions include €10.0 million for negative asset values (2015: nil), €0.3 million for legal disputes (2015: €0.4 million), €1.2 million for quarry restoration liabilities (2015: €0.7 million), and €0.3 million for vacant properties (2015: €0.4 million). Among the remainder is a provision for expenses that might be incurred in connection with occupational disability.

6.23 Trade and other payables

Trade and other payables	31 December 2016	31 December 2015
Suppliers and subcontractors	228.331	359.224
Invoices due for work in progress	18.418	47.495
Invoices due for work completed	31.398	46.099
Pension obligations	2.400	1.493
Employee expenses payable	13.413	25.903
VAT payable	36.005	53.051
Wage tax and social security contributions payable	13.429	16.508
Administrative and costs of sales payable	3.194	11.924
Interest payable	4.826	4.869
Other liabilities	19.652	13.666
Total trade and other payables	**371.066**	**580.232**

x € 1.000

6.24 Financial risks and management

General

In the normal course of business, Heijmans is exposed to various financial risks, including credit, liquidity, market, price and interest-rate risks.

This section describes the degree to which these risks manifest themselves, the objectives set regarding the risks, and the policy and procedures for measuring and managing them, as well as the management of capital.

The risk policy is focused on the identification and analysis of the risks to which the Group is exposed and the setting of acceptable limits.

The risk policy and systems are assessed on a regular basis and then modified if necessary for changes in market conditions and the operations of the Group. The objective is to create a disciplined and constructive approach to risk management, with the aid of training, standards and procedures whereby all employees are aware of their roles and responsibilities.

The Audit Committee periodically reviews the risk management policy and procedures. In addition, the Committee reviews the risk policy used in the light of the risks to which the Group is exposed.

Credit risk

Credit risk is the risk that the Group will be exposed to financial loss if a party against which Heijmans has a claim fails to meet its contractual obligations. Credit risks arise primarily from receivables due from customers and consortium partners.

The credit risk associated with property development is limited, as future residents can only take possession of the new property once they have met all their obligations. The creditworthiness is assessed in transactions involving the development of commercial property, building assignments and infrastructure projects, with additional collateral possibly being requested. Heijmans carries out many assignments for public authorities for which the credit risk is considered extremely limited.

The assessment of creditworthiness is part of the standard procedure. Credit risk is mitigated by pre-financing arrangements and payments in instalments. Risks are insured with a credit insurer if considered necessary.

The large number of clients, a substantial part of which are private individuals and public authorities, means there is no concentration of credit risk.

The cash and cash equivalents are held at different banks that are assessed as regards creditworthiness, effectively limiting the liquidity risk.

A provision for doubtful receivables is recognised following an assessment of the potential risks for each individual receivable. Doubtful receivables are subjected to an impairment test and written down as necessary to the present value of the future cash flows if lower.

x € 1.000

The carrying amount of the financial assets exposed to credit risk can be specified as follows:

	31 December 2016	31 December 2015
Other investments	33.615	32.124
Cash and cash equivalents	30.249	125.392
Trade and other receivables	176.071	266.403
Total	**239.935**	**423.919**

Other investments are mainly loans granted by the Group to joint arrangements in which it participates.

The geographical distribution of the carrying amount of the trade receivables including receivables from joint operations subject to credit risk is as follows:

	31 December 2016	31 December 2015
Netherlands	122.481	118.718
Belgium	547	42.835
Germany	0	44.889
Total	**123.028**	**206.442**

Age analysis of outstanding debtors without impairment, in periods after invoice due payment date:

	31 December 2016	31 December 2015
< 30 days	16.993	13.670
30-60 days	4.238	7.368
60-90 days	555	1.545
> 90 days - 1 year	9.245	12.856
> 1 year	5.878	16.176
Total	**36.909**	**51.615**

x € 1.000

Including debtor payments not yet due and debtors for which an impairment was recognised, the balance of trade receivables at year-end 2016 was €116 million (2015: €193 million).

The due dates of the other financial assets have not been exceeded.

Trade receivables are reported after deduction of impairment losses relating to doubtful receivables. The movement in the provision was as follows:

	2016	**2015**
Balance at 1 January	7.361	7.471
Additions	118	1.028
Withdrawals	-2.862	-334
Release	-152	-804
To assets held for sale	-1.572	-
Balance at 31 December	**2.893**	**7.361**

Liquidity risk

Liquidity risk is the risk that the Group cannot meet its financial obligations at the time it is required to do so. See also note 6.20, "Interest-bearing loans". The liquidity-risk management assumption is that sufficient liquidity levels will be maintained to meet current and future financial obligations, both under normal circumstances and exceptional circumstances, without incurring unacceptable risks and without endangering the reputation of the Group.

12-month rolling liquidity forecasts are used to determine whether the Group has sufficient liquidity available. Based on this forecast, the Group considers that sufficient liquidity is available to conduct operations.

To secure the availability of financial resources for both the long term and the short term, Heijmans has access to the following facilities:

- €45 million in cumulative financing preference shares without a repayment obligation;
- €256 million in committed, syndicated bank financing (as from 1 April 2016), to be reduced in steps to €122 million by 30 June 2019 (see note 6.20). A significant part of the reduction needs to result from the disposal of foreign operations. Based on the receivables to arise from the various selling process, the feasibility of completing the disposals within the time limits set for reducing the bank financing is considered realistic;
- project financing for which committed financing is available for most of the anticipated principal sum and duration of the project in question; and
- €5 million in overdraft facilities. These are uncommitted.

x € 1.000

In order to satisfy clients' requirements for bank guarantees, Heijmans has access to sufficient guarantee facilities with various institutions. These facilities are uncommitted.

At year-end 2016, the bank guarantee facilities totalled €505 million (2015: €501 million) provided by 23 parties. After the planned sales of the foreign companies, over €270 million in bank guarantee will remain for the Dutch companies. This is considered adequate to support the budgetted revenue for the next period.

The contractual maturity dates of the financial obligations, including interest payments, are as follows:

31 December 2016	Carrying amount	Contractuele cash flow	< 6 months	6-12 months	1-2 years	2-5 years	> 5 year
Cumulative financing preference shares	-45.100	-62.915	-3.563	-	-3.563	-10.689	-45.100
Syndicated bank financing	-105.000	-105.071	-105.071	-	-	-	-
Project financing	-1.038	-1.071	-147	-143	-718	-63	-
Other non-current liabilities	-22.006	-24.672	-691	-4.894	-444	-14.978	-3.665
Current account overdrafts with credit institutions	-3.891	-3.891	-3.891	-	-	-	-
Trade and other payables	-371.064	-371.064	-371.064	-	-	-	-
Total	**-548.099**	**-568.684**	**-562.934**	**-5.037**	**-4.725**	**-25.730**	**-48.765**

31 December 2015	Boekwaarde	Contractuele kasstromen	< 6 maanden	6-12 maanden	1-2 jaar	2-5 jaar	> 5 jaar
Cumulative financing preference shares	-45.100	-60.241	-4.452	-	-3.563	-7.126	-45.100
Syndicated bank financing	-50.000	-50.009	-	-	-50.009	-	-
Project financing	-12.297	-12.345	-186	-10.874	-267	-1.018	-
Other non-current liabilities	-25.012	-26.958	-771	-18.984	-2.910	-471	-3.822
Financial lease commitments	-1.613	-1.744	-363	-245	-489	-647	-
Current account overdrafts with credit institutions	-1.083	-1.083	-1.083	-	-	-	-
Trade and other payables	-580.232	-580.232	-580.232	-	-	-	-
Total	**-715.337**	**-732.612**	**-587.087**	**-30.103**	**-57.238**	**-9.262**	**-48.922**

For the cumulative financing preference shares B, the nominal value on the commitment due date and the interest revision term have both been taken into account. The cumulative financing preference shares do not have a repayment obligation. In the liquidity overview, the nominal value of the loan has been included in the period > 5 years.

x € 1.000

Market risk
Market risk is the risk that the income of the Group or the value of financial instruments is adversely affected by changes in market prices, for example, due to movements in exchange rates, interest rates and share prices. The objective of managing market risk is to keep the market risk position within acceptable limits while achieving optimum returns.To manage market risk, derivatives may be bought and sold, and financial commitments may be undertaken. Transactions of this nature are carried out within established guidelines.

Price risk
Price risk associated with the purchase of raw materials and auxiliary materials, as well as with outsourced work, is mitigated by making price indexation agreements with clients, or where possible by making price agreements with suppliers at an early stage. If necessary, derivatives may be used occasionally to hedge the price risk of procuring raw materials.

Interest-rate risk
The interest rate policy at Heijmans is directed towards limiting the impact of changes in interest rates on the results of the Group. In addition, some of the loans have been concluded at fixed interest rates.

If the interest rate for 2016 had been 2 percentage points higher on average, then the result before tax based on the average level of debt would have been approximately €2.9 million lower (2015: €3.2 million lower). The effect of a 2 percentage point difference in interest rates on the Group's equity (assuming all other variables remained constant) would have been a decrease of €2.2 million (2015: decrease of €2.4 million).

The table below shows the periods in which interest rates for interest-bearing financial assets and financial liabilities are reviewed:

		31 December 2016					
	Note	Total	0–6 months	6–12 months	1–2 year	2–5 year	> 5 year
Other investments	6.12	33.615	19.025	-	12.486	860	1.244
Cash and cash equivalents	6.17	30.249	30.249	-	-	-	-
Cumulative financing preference shares	6.20	-45.100	0	-	-	-45.100	-
Syndicated bank financing	6.20	-105.000	-105.000	-	-	-	-
Project financing	6.20	-1.038	-1.038	-	-	-	-
Other non-current liabilities	6.20	-22.006	-437	-18.689	-	-	-2.880
Current account overdrafts with credit institutions	6.20	-3.891	-3.891	-	-	-	-
Total		**-113.171**	**-61.092**	**-18.689**	**12.486**	**-44.240**	**-1.636**

x € 1.000

	Note	Total	31 December 2015 0–6 months	6–12 months	1–2 year	2–5 year	> 5 year
Other investments	6.12	32.124	18.784	-	11.236	860	1.244
Cash and cash equivalents	6.17	125.392	125.392	-	-	-	-
Cumulative financing preference shares	6.20	-45.100	0	-	-	-45.100	-
Syndicated bank financing	6.20	-50.000	-50.000	-	-	-	-
Project financing	6.20	-12.297	-12.297	-	-	-	-
Other non-current liabilities	6.20	-25.012	-546	-18.933	-2.653	-	-2.880
Financial lease commitments	6.20	-1.613	-329	-216	-449	-619	-
Current account overdrafts with credit institutions	6.20	-1.083	-1.083	-	-	-	-
Total		**22.411**	**79.921**	**-19.149**	**8.134**	**-44.859**	**-1.636**

As at the closing date, 30% (2015: 39%) of the interest-bearing debt had been negotiated at a fixed rate of interest, and 70% (2015: 61%) at a floating rate. Due to seasonal effects, the average debt during the year is higher than the debt at the closing date. The portion of the gross debt subject to a floating interest rate is also higher during the year. The gross floating rate interest debt is offset by items such as cash and cash equivalents, which are also subject to floating rate interest.

The average weighted interest term to maturity of the project financing is 0.2 years (2015: 0.1 years).

The interest-bearing loans are measured at amortised cost rather than at fair value. The measurement of the loans is therefore not affected by changes in interest rates.

Currency risk

The currency risk on sales, purchases and loans is extremely limited for Heijmans, since by far the greater part of the cash flows within the Group are in euros.

Fair values

The table below shows the fair values and the carrying amounts of the financial instruments. The fair values are allocated to different levels of the fair-value hierarchy, depending on the inputs used to determine the measurement methods. The levels are defined as follows:

Level 1: quoted (unadjusted) market prices available to the Group on the measurement date, in active markets for identical assets or liabilities.

Level 2: input that is not a quoted market price at level 1, but is obtainable for the asset or liability concerned, either directly (as a price) or indirectly (derived from a price).

Level 3: input for the asset or liability not based on data available in a market (unobservable input).

Heijmans has no financial assets or liabilities measured at fair value.

x € 1.000

			31 December 2016		31 December 2015	
			Carrying amount	Fair value	Carrying amount	Fair value
Note	Level	**Loans and receivables**				
6.12	2	Other investments	33.615	34.154	32.124	33.131
6.16	*	Trade and other receivables	176.071	176.071	266.403	266.403
6.17	*	Cash and cash equivalents	30.249	30.249	125.392	125.392
6.20	*	Current account overdrafts with credit institutions	-3.891	-3.891	-1.083	-1.083
6.20	2	Cumulative financing preference shares	-45.100	-51.169	-45.100	-52.946
6.20	2	Syndicated bank financing	-105.000	-105.000	-50.000	-50.000
6.20	2	Project financing	-1.038	-1.038	-12.297	-12.297
6.20	2	Other non-current liabilities	-22.006	-22.515	-25.012	-25.982
6.23	*	Trade and other payables	-371.064	-371.064	-580.232	-580.232
		Other financial liabilities				
6.20	2	Financial lease commitments	-	-	-1.613	-1.691
			-308.164	**-314.203**	**-291.418**	**-299.305**

* The carrying amount is a reasonable approximation of the fair value.

The above values are based on the present value of future cash flows. The loans with a fixed interest rate are discounted using the yield curve for 31 December 2016, plus the relevant risk mark-up.

All loans with a variable interest rate are assumed to have a fair value equal to their carrying amount.

Capital management

The policy has been designed to achieve a sound capital position with sufficient availability of credit to be able to ensure continuity for stakeholders. A sound long-term capital structure is based on operating with sufficient headroom within the limits of the covenants, in particular the leverage ratio. This means net interest-bearing debt after deduction of cumulative preference finance shares plus non-recourse finance, divided by EBITDA not exceeding 3.0 and an interest cover ratio of at least 4.0 (see also note 6.20 for a description of the financial ratios in the conditions agreed with the banks).

To improve the capital structure in the short term, a debt-reduction plan based on the disposal of foreign companies is being carried out. The sale of Franki (completed in January 2017) and the sale of Heijmans Belgie (sales contract signed in February 2017) are actions to realise the plan. A variant on the financial covenants applies during 2017 (see note 6.20 for more information on this).

x € 1.000

6.25 Rental and operating lease contract

	31 December 2016	31 December 2015
Rental contracts		
Instalments due within 1 year	15.177	14.872
Instalments due between 1 and 5 years	36.344	39.689
Instalments due after 5 years	6.148	9.544
Total	**57.669**	**64.105**
Lease contracts		
Instalments due within 1 year	23.549	25.001
Instalments due between 1 and 5 years	38.924	40.821
Instalments due after 5 years	1.021	912
Total	**63.494**	**66.734**

A charge of €28 million for operating leases was recognised in the statement of profit or loss for 2016 (2015: €29 million). A charge of €16 million for rental costs was recognised in the statement of profit or loss for 2016 (2015: 16 million).

The lease commitments primarily relate to future instalments on leases for vehicles and equipment. The rental commitments are for the lease of company buildings. The joint ventures in which Heijmans participates have undertaken neither rental commitments nor lease commitments.

Approximately 3,300 lease vehicles (2,370 cars, 850 vans, and 80 trucks) are leased in the Netherlands under an operating contract. In 2017, an umbrella agreement covering the cars and vans was signed with the main leasing company for a term of 4.5 years. The individual contracts covered by the agreement have terms varying from 12 months to 72 months. These contracts can only be dissolved after compensation is paid for the difference between the market value and the carrying amount (only if the market value is lower), and for the portion of the lease payments representing the management fee or administrative expenses and interest. For trucks, the maximum term is usually 120 months.

The above amounts relate to operations in aggregate. For continuing operations, the figure as at 31 December 2016 for rental contracts is €44.2 million (2015: €56.8 million) and for lease contracts, €53.8 million (€57.4 million). The expense for 2016 relating to continuing operations is €23.9 million (2015: €24.4 million).

x € 1.000

6.26 Investment commitments

	31 December 2016	31 December 2015
Contractual commitments for:		
- acquisition of property, plant and equipment	858	1.078
- acquisition of land	92.797	98.614
	93.655	**99.692**

There are no group guarantees for the capital expenditure commitments (2015: none).

In general, the contractual commitments to purchase land will arise in 1 to 10 years.
Of the investment commitments, €11 million (2015: €11 million) was undertaken by joint operations in which Heijmans participates. The amount presented is Heijmans' share of the commitments undertaken by the joint operations.
The joint ventures in which Heijmans participates have undertaken investment commitments of €1 million (2015: €1 million), this amount being Heijmans' portion.
The above amounts relate to operations in aggregate. For continuing operations, the figure as at 31 December 2016 for investment commitments is €93.2 million (2015: €99.5 million).

6.27 Contingent liabilities

General

Contingent liabilities are potential liabilities resulting from events prior to the closing date. The liabilities are potential because the outflow of economic benefits depends on the occurrence of uncertain events in the future.

Contingent liabilities can be divided into bank guarantees, parent Group guarantees and other contingent liabilities.

Bank and Group guarantees	31 December 2016	31 December 2015
Bank guarantees relating to:		
Execution of projects	338.922	274.852
Tenders	2.174	3.074
Other	38.100	45.746
	379.196	**323.672**
Group guarantees relating to:		
Execution of projects	314.512	354.837
Contingent liabilities	427	4.071
Credit and bank guarantee facilities	141.825	124.245
	456.764	**483.153**
Total	**835.960**	**806.825**

x € 1.000

The Group guarantees associated with financing facilities have been provided in connection with project financing, bank guarantees and credit facilities apply to foreign subsidiaries, joint operations and joint ventures. Heijmans has guaranteed its share of the debt of various joint operations and property joint ventures for a total of €28 million (2015: €21 million).

The Group guarantees issued for divested operations (Leadbitter and Heitkamp) are not included in the above table. They amount to €78 million (2015: €98 million). With regard to work completed and work in progress, the guarantees will be taken over by the buyer if this is possible. Where this is not possible, the buyer has provided a bank or corporate guarantee.

The above amounts relate to operations in aggregate. For continuing operations, the figure as at 31 December 2016 for bank guarantees is €211 million (2015: €164 million), and for Group guarantees, €326 million (2015: €375 million).

Other contingent liabilities
At year-end 2016, the other contingent liabilities with a significant cash impact relating to continuing operations amounted to €26 million (2015: €29 million), and with a limited cash impact to €120 million (2015: €84 million), a total of €146 million (2015: €113 million). Of the total amount, €24 million 2015: €25 million) is recognised under joint operations. This relates mainly to commitments to acquire land when the building permit is obtained and/or a certain sales percentage is achieved. No Group guarantees were issued for these commitments in 2016 (2015: none). Other contingent liabilities relating to discontinued operations are negligible.

At year-end 2016, the joint ventures in which Heijmans participates had contingent liabilities with significant cash impact amounting to €6 million (2015: €9 million, and with a limited cash impact to €20 million (2015: €22 million), a total of €26 million (2015: €31 million). This relates mainly to commitments to acquire land when the building permit is obtained and/or a certain sales percentage is achieved. The aforementioned amounts relate to Heijmans' share in the joint ventures.

6.28 Related parties

Related parties for Heijmans can be divided into subsidiaries, associates, joint arrangements (joint ventures and joint operations), a company pension fund, the members of the Supervisory Board and the members of the Executive Board. Transactions with related parties are conducted at arm's length, on terms comparable to those for transactions with third parties.

Transactions with subsidiaries, associates, joint ventures and joint operations
Heijmans undertakes a number of operating activities together with related parties, including in the form of joint ventures. Significant transactions in this context are the contribution of land positions in joint ventures and/or their financing. In addition, large and complex projects are carried out in cooperation with other companies.

There are no transactions with the organisation's management, with the exception of the remuneration discussed below. For information on the relationships with joint ventures and associates, see note 6.11.

The Group's share in the revenues and total assets of joint operations relating to continuing operations is broken down below by segment.

2016 **Business segments in € millions**	Property development	Residential building	Non-residential	Infra	Eliminations	**Total**
Revenue	28,0	15,6	19,3	33,5	-17,4	79,0
Costs	-27,2	-13,7	-18,4	-32,0	17,4	-73,9
Non-current assets	4,0	0,2	0,0	0,8	0,0	5,0
Current assets	55,6	4,0	4,2	22,2	0,0	86,0
Total assets	**59,6**	**4,2**	**4,2**	**23,0**	**0,0**	**91,0**
Non-current liabilities	0,2	0,1	0,0	0,0	0,0	0,3
Current liabilities	11,1	3,1	5,2	21,8	0,0	41,2
Total liabilities	**11,3**	**3,2**	**5,2**	**21,8**	**0,0**	**41,5**
Equity	**48,3**	**1,0**	**-1,0**	**1,2**	**0,0**	**49,5**

2015 **Business segments in € millions**	Property development	Residential building	Non-residential	Infra	Eliminations	**Total**
Revenue	24,7	9,8	5,6	75,6	-5,5	110,2
Costs	-24,2	-8,8	-5,3	-72,9	5,5	-105,7
Non-current assets	4,0	0,0	0,0	0,7	0,0	4,7
Current assets	54,3	3,2	3,9	12,7	-0,2	73,9
Total assets	**58,3**	**3,2**	**3,9**	**13,4**	**-0,2**	**78,6**
Non-current liabilities	22,9	0,0	0,0	0,0	0,0	22,9
Current liabilities	7,5	2,6	3,6	9,6	-0,2	23,1
Total liabilities	**30,4**	**2,6**	**3,6**	**9,6**	**-0,2**	**46,0**
Equity	**27,9**	**0,6**	**0,3**	**3,8**	**0,0**	**32,6**

Company pension fund

Heijmans is affiliated with Stichting Pensioenfonds Heijmans N.V. The principal function of this company pension fund is to operate pension plans for Heijmans' current and former employees and retired personnel.

In 2016, some €1.5 (2015: €0.5 million in pension contributions was paid by Heijmans to the above-mentioned company pension fund. Heijmans also made additional contributions of €5 million in 2012 and €3 million in 2013 because of a prior funding deficit. No additional contributions were made after these. Heijmans is under no obligation to make any further contributions.

Remuneration of Supervisory Directors

None of the Supervisory Directors hold depositary receipts for shares in Heijmans N.V., nor have they been allocated any options or depositary receipts for shares. All Supervisory Directors receive a fixed annual fee that is not dependent on the results in any single year. They also receive a fixed or variable expense allowance. None of the Supervisory Directors has any other business links to Heijmans from which they could derive personal benefit.

The total payments granted to Supervisory Directors in 2016 and 2015 were as follows:

in €	2016	2015
Sj. S. Vollebregt – Chairperson*	43.973	24.542
A.A. Olijslager**	13.390	52.875
P.G. Boumeester***	37.723	37.723
R. van Gelder****	42.723	40.223
S. van Keulen*****	42.723	42.723
R. Icke******	37.723	37.723
Total	**218.255**	**235.809**

* Supervisory Director since 15 April 2015 and Chairperson since 13 April 2016
** Supervisory Director from 18 April 2007 to 13 April 2016
*** Supervisory Director since 28 April 2010
**** Supervisory Director since 1 July 2010
***** Supervisory Director since 18 April 2007
****** Supervisory Director since 9 April 2008

Remuneration of members of the Executive Board

A breakdown of the gross fixed remuneration, variable remuneration, pension contribution and expense allowance for each member of the Executive Board is shown below:

in €	Gross fixed remuneration		Pension contributions		Expense allowances including reimbursement of car expenses		Total	
	2016	2015	2016	2015	2016	2015	2016	2015
A.G.J. Hillen*	414.632	395.823	116.917	111.172	24.512	29.610	556.061	536.605
R.F. Majenburg**	386.903	-	85.135	-	26.063	-	498.101	-
L.J.T. van der Els***	497.068	493.926	102.160	102.160	30.444	30.444	629.672	626.530
M.C. van den Biggelaar****	406.907	395.661	73.059	79.475	34.712	33.847	514.678	508.983
Total	**1.705.510**	**1.285.410**	**377.271**	**292.807**	**115.731**	**93.901**	**2.198.512**	**1.672.118**

* Chairperson of the Executive Board since 1 December 2016 and member of the Executive Board since 18 April 2012
** Member of the Executive Board since 13 April 2016
*** Member of the Executive Board since 28 April 2010 and Chairperson of the Executive Board from 18 April 2012 to 1 December 2016
**** Member of the Executive Board since 1 September 2009

The members of the Executive Board have been granted conditional short-term variable remuneration for 2015 equal to 20% of their respective basic salaries. For this grant to become unconditional, the conditions stated in the remuneration policy must be met in 2016 or 2017. In 2016, the conditions were not met. The Supervisory Board has invoked its discretionary power to withhold unreservedly the conditional remuneration from Mr Van der Els and Mr Van den Biggelaar, who are resigning from the Executive Board in 2017.

The long-term variable remuneration granted in 2016, amounting to €0, is for the period 2014-2016. For more information, refer to the section on remuneration in the Annual Report.

A reserve of €0.2 million has been formed for the variable remuneration to the current members of the Executive Board for the periods 2015-2017 and 2016-2018 (2015: €0.6 million for the periods 2014-2016 and 2015-2017). Specifically, €102,050 is reserved for Mr A.G.J. Hillen (2015: €197,831), nil for Mr L.J.T. van der Els (2015: €246,882), nil for Mr M.C. van den Biggelaar (2015: €197,831), and €64,484 for Mr R. Majenburg (2015: nil).

The release from existing reserves for the long-term and short-term variable remuneration for members of the Executive Board recognised as income in 2016 was €0.7 million (2015: nil).

As well as the amounts for gross fixed remuneration, pension contributions and expense allowances disclosed in the above table for each member of the Executive Board, the following amounts are recognised in the statement of profit or loss:

- Conditional short-term variable remuneration of €0 for Mr A.G.J. Hillen (2015: expense of €79,132). Net income of €95,781 (2015: €0) for long-term variable remuneration. For the Share Matching Plan, an expense of €1,876 (2015: € 1,876).
- Conditional short-term variable remuneration of €0 for Mr R.F. Majenburg (2015: €0). An expense of €64,484 (2015: €0) for long-term variable remuneration.
- Conditional short-term variable remuneration in the form of income of € 98,753 for Mr L.J.T. van der Els (2015: expense of €98,753). Income of €246,882 (2015: €0) for long-term variable remuneration. For the Share Matching Plan, an expense of €5,877 (2015: €5,877).
- Conditional short-term variable remuneration in the form of income of €79,132 for Mr M.C. van den Biggelaar (2015: expense of €79.132). Income of €197,831 (2015: €0) for long-term variable remuneration. For the Share Matching Plan, an expense of €1,876 (2015: € 1,876).

The total expense recognised in the statement of profit or loss is €1,554.246 (2015: €1,938,764)

In order to bind directors to the Company for the long term and to encourage a focus on long-term value creation, with effect from 2010 a Bonus Investment Share Matching Plan has been introduced, whereby directors can decide on a voluntary basis to use part of their variable short-term remuneration to purchase Heijmans shares.

In April 2014, Mr van der Els used 50% of the net short-term bonus granted him for 2013 to purchase shares in Heijmans. Similarly, Mr van den Biggelaar and Mr Hillen each used 20% of the net short-term bonuses granted them for the same purpose. For each share purchased - in total 2,289 shares - one share is conditionally allocated under the Share Matching Plan. The allocation becomes unconditional after three years, following which a mandatory lock-up period of two years comes into effect. The total expense relating to the allocation of shares is determined at the time of allocation and is recognised on a time-proportionate basis in the statement of profit or loss during the period that the allocated shares become unconditional.

The pension plan for Mr Hillen is arranged through the industry pension fund and the directly insured average pay plan. He also receives compensation in respect of termination of the early retirement plan. This compensation is currently €33,600 (2015: €32,695) and is indexed in accordance with pay increases under the collective labour agreement. In addition, Mr Hillen received compensation of €65,638 in 2016 (2015: €61,203) for the loss of pension accrual on his salary above €100,000. Mr Majenburg receives a fixed amount in the form of pension contributions. In 2016, this was €85,135 (2015: nil). With effect from 1 January 2015, the pension plan for Mr Van den Biggelaar is arranged through the industry pension fund and the directly insured average pay plan. Until the end of 2014, Mr Van den Biggelaar's pension plan was a defined contribution for a retirement pension payable from the age of 65, a partner pension, and an orphans' pension. The pension charge for Mr Van den Biggelaar in 2016 includes compensation of €57,479 (2015: €64,533) for the loss of pension accrual on his salary in excess of €100,000. Mr Van der Els receives a fixed allowance for pension costs.

The pension charge is calculated in accordance with accounting principle 23.

At year-end 2016, the members of the Executive Board owned a total of 139,839 depositary receipts for Heijmans shares. The ownership of these shares is partly a consequence of the Share Matching Plan as described above and partly the result of the purchase of shares by members of the Executive Board. The ownership of depositary receipts for Heijmans shares by the individual members of the Executive Board at year-end 2016 is as shown below:

Shares owned on 31 December	2016
A.G.J. Hillen - voorzitter	11.525
L.J.T. van der Els	116.130
M.C. van den Biggelaar	12.184
R.F. Majenburg	0
Total	**139.839**

Remuneration of former members of the Executive Board

An amount of €180,000 has been recognised in the statement of profit or loss for 2016 (2015: €167.000) in respect of the fees that Mr Witzel, a former member of the Executive Board, receives under his management agreement that came into effect on 1 November 2014. Mr Witzel's activities comprise consulting and managing large projects.

6.29 Management estimates and judgements

The accounting information in the financial statements is partly based on estimates and assumptions. The Group makes these estimates and makes assumptions about future developments, based on factors such as experience and expectations about future events that may reasonably be expected to occur given the current state of affairs. These estimates and assumptions are continually reassessed.

Revisions of estimates and assumptions, or differences between estimates and assumptions and actual outcomes, may lead to material adjustments to the carrying amounts of assets and liabilities.

Supplementary to the estimates already described in the accounting principles (section 5) and the explanatory notes (6.1 to 6.28), the key elements of estimation uncertainty are explained below.

Measurement of projects

For more information on the key assumptions used in the measurement of projects, refer to note 6.15, "Work in progress". A higher estimation uncertainty applies to certain projects. These are the Dutch National Institute for Public Health and the Environment (RIVM), executed as a joint venture, N23 Westfrisiaweg, and Wilhelminasluis Zaandam.

Dutch National Institute for Public Health and the Environment (RIVM)

It appeared that the original design for the new-build for the Dutch National Institute for Public Health and the Environment (RIVM) and the Medicines Evaluation Board (CBG) did not fully satisfy the specified vibration criteria. After the principal agreed to an extension, the StruktonHurksHeijmans consortium developed a combination of measures such that design now satisfies these criteria for the laboratory units. The construction commencement certificate was issued mid-January 2017, and work itself should begin in the spring of 2017. The measurement of the projects takes the provisionally estimated additional costs into account, as well as a part payment from the principal. For 2016, Heijmans has in net terms formed a provision of €10 million for this project. (This relates to Heijmans' share of 37.5% in the business combination.) The principal and consortium are also still discussing the financial implications. As a result, there is increased estimation uncertainty about the measurement of the project, with a spread of approximately plus €5 million and minus €10 million. Heijmans considers that the risk exposure will remain within the spread, and that the current measurement is the best estimate at this time.

N23 Westfrisiaweg

N23 Westfrisiaweg For the N23 Westfrisiaweg project, there was a difference of opinion on the execution as regards the condition of the soil and its effect on the work. In February 2017, Heijmans reached agreement with the principal, in the form of a letter of intent, on the amended execution and planning, as well as on the financial settlement of the project. In connection with this, the additional matters agreed include the expected release from the risk fund and optimisation that benefit Heijmans, and how residual risks should be dealt with. The new arrangements require formation of a loss provision of €32 million for this project. Although the risk profile has improved significantly for Heijmans, increased estimation uncertainty still applies to the current project measurement, expressed as a spread of plus €5 million to minus €7.5 million. Heijmans considers that the risk exposure will remain within the spread, and that the current measurement is the best estimate at this time. With the signing of the letter of intent, the work temporarily halted has been resumed, and the project will be delivered according to plan at the end of 2018.

Wilhelminasluis Zaandam

With the Wilhelminasluis Zaandam project, there is a difference of opinion with the principal mainly concerning the design of the lock chamber. Heijmans completed the construction of the lock bays. As for the other work, this was halted pending a new design for the lock chamber. Heijmans and the principal are not yet in agreement regarding payment of the supplementary costs for producing the new design, or regarding the related extra costs resulting from the delay to the project. An arbitration procedure has been initiated. For 2016, Heijmans has formed an additional provision of €8 million for this project, which has improved its risk profile for Heijmans. However, the nature of arbitration means there is increased estimation uncertainty concerning the measurement of the project. If Heijmans were found to be completely in the wrong, which it considers unlikely, this would result in a further loss of some €10 million. The upper limit of the spread is approximately €10 million.

Financing

Note 6.20 explains in detail the conditions attached to the new financing. A key condition is the (phased) reduction of the facility to €122 million in 2019. Of major importance to the reduction in debt is the fulfilment of the disposal programme (timing and selling prices), as well as the effective management of project risks. This applies equally to the fulfilment of the 2017 business plan and the long-term forecast, especially as regards achieving the EBITDA and cash flows, and satisfying the covenants.

Pensions

The key actuarial assumptions for the calculation of the pension obligations are outlined in note 6.21.

Deferred tax assets

For more information on the key assumptions used in the measurement of deferred tax assets, refer to note 6.13, "Deferred tax assets and liabilities".

Strategic land portfolio

For more information on the key assumptions used in the measurement of the strategic land portfolio, refer to note 6.14, "Inventory".

Intangible assets

For the main principles used in the annual determination of the realisable value of intangible assets, refer to note 6.10, "Intangible assets".

7. Subsidiaries and joint operations

The following entities were included in the consolidation in 2016. Wholly owned entities are subsidiaries. The remaining entities are joint operations. For practical reasons, entities of only minor significance are not included in this list. A complete list of the subsidiaries included in the consolidation is deposited with the Trade Register at the Chamber of Commerce in Eindhoven. For significant joint ventures and associates in which the Group participates, see note 6.11. For the entities recognised as assets and liabilities held for sale, see note 6.2.

	31 December 2016	31 December 2015
Heijmans Nederland B.V., Rosmalen	100%	100%
Heijmans Vastgoed B.V., Rosmalen	100%	100%
Heijmans Vastgoed Deelnemingen B.V. Rosmalen	100%	100%
V.O.F. Gasthuiskwartier, Rosmalen	50%	50%
V.O.F. Mondriaanlaan, Utrecht	35%	35%
Heijmans Woningbouw B.V., Rosmalen	100%	100%
Heijmans Huizen B.V., Huizen	100%	100%
Heijmans Utiliteit B.V., Rosmalen	100%	100%
Heijmans Utiliteit Metaal B.V., Rosmalen	100%	100%
Hart van Zuid V.O.F.	50%	0%
Heijmans Infrastructuur B.V., Rosmalen	100%	100%
Heijmans Infra B.V., Rosmalen	100%	100%
Heijmans Wegen B.V., Rosmalen	100%	100%
Heijmans Civiel B.V., Rosmalen	100%	100%
Sanders & Geraedts B.V., Koningsbosch	100%	100%
Centrale IJkinrichting Borculo B.V., Zeewolde	100%	100%
Brinck Amersfoort B.V., Zeewolde	100%	100%
Brinck Meter Control Services B.V., Zeewolde	100%	100%
Brinck Technology B.V., Zeewolde	100%	100%
A4All V.O.F., Rotterdam	45%	45%
Waterdunen V.O.F., Amsterdam	40%	40%
3Angle EPCM V.O.F.	50%	0%
Sas van Vreeswijk V.O.F.	33%	0%
Heijmans Facilitair Bedrijf B.V., Rosmalen	100%	100%
Heijmans Materieel Beheer B.V., Rosmalen	100%	100%
Heijmans International B.V., Rosmalen	100%	100%
Heijmans (B) N.V., Schelle	100%	100%
Heijmans Infra N.V., Schelle	100%	100%
Van den Berg N.V., Schelle	100%	100%
Heijmans Vastgoed N.V., Schelle	100%	100%
Heijmans Bouw N.V., Bilzen	100%	100%
Heijmans Deutschland B.V., Rosmalen	100%	100%
Heijmans Oevermann GmbH, Münster	100%	100%
Oevermann Verkehrswegebau GmbH, Münster	100%	100%
Oevermann Hochbau GmbH, Münster	100%	100%
Oevermann Ingenieurbau GmbH, Münster	100%	100%
CMG Gesellschaft für Baulogistik GmbH, Münster	100%	100%
Franki Grundbau GmbH & Co. KG., Seevetal	100%	100%

8. Company financial statements

x € 1.000

8.1 General

The company financial statements are part of the 2016 financial statements of Heijmans N.V.

Please refer to the notes to the consolidated statement of profit or loss and statement of financial position for items in the company statement of profit or loss and statement of financial position for which no additional explanations are provided.

8.2 Accounting principles for measuring assets and liabilities and the determination of results

For determining the accounting principles to use for measuring the assets and liabilities and the determination of results of its separate financial statements, Heijmans N.V. makes use of the option provided in Section 362, subsection 8 of Book 2 of the Dutch Civil Code. This means that the principles to measure assets and liabilities and the determination of results (accounting principles) applied in the separate financial statements of Heijmans N.V. are the same as those applied in the consolidated EU-IFRS financial statements. Participating interests over which significant control is exercised are recognised using the equity method.

The share in the result of participating interests consists of the share of Heijmans N.V. in the result of these participating interests. Results from transactions where there is a transfer of assets and liabilities between Heijmans N.V. and its participating interests or between participating interests themselves are not recognised insofar as they can be deemed to be unrealised.

For details of the remuneration of the members of the Supervisory Board and the Executive Board, see note 6.28 to the consolidated financial statements.

x € 1.000

8.3 Company statement of profit or loss for 2016

		2016	2015
	Administrative expenses	-2.534	-1.969
Operating result		**-2.534**	**-1.969**
	Financial income	29.885	31.696
	Financial expense	-14.221	-15.672
Result before tax		**13.130**	**14.055**
	Income tax	-3.666	-8.626
	Share in profit or loss of participating interests	-119.958	-32.687
Result after tax		**-110.494**	**-27.258**

The employee benefits for the members of the Supervisory Board, the Executive Board, the Executive Committee and the Board's Secretariat are recognised in the company financial statements (see note 6.28 to the consolidated financial statements).

x € 1.000

8.4 Company statement of financial position at 31 December 2016 (before appropriation of result)

Assets	31 December 2016	31 December 2015
Non-current assets		
Intangible assets	21.207	21.207
Financial assets	11.732	5.242
Deferred tax asset	35.591	32.089
	68.530	**58.538**
Current assets		
Receivables	424.434	518.606
Cash and cash equivalents	0	20.748
	424.434	**539.354**
	492.964	**597.892**

Equity and liabilities	31 December 2016	31 December 2015
Equity		
Issued capital	6.423	6.423
Share premium reserve	242.680	242.680
Hedging reserve	-193	375
Reserve for actuarial results	-27.965	-14.918
Reserve for Bonus Investment Share Matching Plan	239	229
Statutory reserve for participating interests	58.959	42.059
Retained earnings	-27.751	16.407
Result after tax for the current financial year	-110.494	-27.258
	141.898	**265.997**
Non-current liabilities	**45.100**	**95.100**
Current liabilities	**305.966**	**236.795**
	492.964	**597.892**

x € 1.000

8.5 Notes to the company statement of financial position

Intangible assets (goodwill)	**2016**	**2015**
Carrying amount		
Balance at 1 January	21.207	21.207
Balance at 31 December	**21.207**	**21.207**

Financial assets	**2016**	**2015**
Participating interests in Group companies		
Balance at 1 January	-67.042	-99.687
Share in result of participating interests after tax	-119.958	-32.687
Dividend received from participating interests	-4.101	0
Capital contributions	30.566	52.475
Changes in cash flow hedges	-568	429
Changes in actuarial results relating to employee-benefits	-13.047	12.428
Balance at 31 December	**-174.150**	**-67.042**
Set off against receivables from Group companies	-185.882	-72.284
Recognised under financial assets	11.732	5.242

The "Share in result of participating interests after tax" item includes the gains on the sale of participating interests. The participating interests in Group companies are direct or indirect interests in them. The principal Group companies are listed in chapter 7.

Receivables	**31 December 2016**	**31 December 2015**
Group companies	424.025	517.950
Other receivables	409	656
	424.434	**518.606**

The receivables fall due within one year.
The comparative figures for classification purposes have been adjusted.

x € 1.000

Cash and cash equivalents
Cash balances are at the free disposal of the Company.

Equity

2016	Issued capital	Share premium reserve	Reserve for actuarial results	Hedging reserve	Reserve for Bonus Investment Share Matching Plan	Statutory reserve for participating interests	Retained earnings	Result for the year after tax	Total Equity
Balance at 1 January	6.423	242.680	-14.918	375	229	42.059	16.407	-27.258	265.997
Share issue	0	0	0	0	0	0	0	0	0
Reclassification	0	0	0	0	0	16.900	-16.900	0	0
Bonus Investment Share Matching Plan	0	0	0	0	10	0	0	0	10
Appropriation of result for 2015	0	0	0	0	0	0	-27.258	27.258	0
Comprehensive income	0	0	-13.047	-568	0	0	0	-110.494	-124.109
Balance at 31 December	**6.423**	**242.680**	**-27.965**	**-193**	**239**	**58.959**	**-27.751**	**-110.494**	**141.898**

2015	Issued capital	Share premium reserve	Reserve for actuarial results	Hedging reserve	Reserve for Bonus Investment Share Matching Plan	Statutory reserve for participating interests	Retained earnings	Result for the year after tax	Total Equity
Balance at 1 January	5.839	222.152	-27.346	-54	219	41.754	64.005	-47.293	259.276
Share issue	584	20.528	0	0	0	0	0	0	21.112
Reclassification	0	0	0	0	0	305	-305	0	0
Bonus Investment Share Matching Plan	0	0	0	0	10	0	0	0	10
Appropriation of result for 2014	0	0	0	0	0	0	-47.293	47.293	0
Comprehensive income	0	0	12.428	429	0	0	0	-27.258	-14.401
Balance at 31 December	**6.423**	**242.680**	**-14.918**	**375**	**229**	**42.059**	**16.407**	**-27.258**	**265.997**

Authorised share capital

Composition of the authorised share capital is as follows:

Authorised share capital in €	31 December 2016
35,100,000 ordinary shares, each with a nominal value of €0.30	10.530.000
7,000,000 cumulative financing preference shares B, each with a nominal value of €0.21	1.470.000
8,000,000 protective preference shares, each with a nominal value of €1.50	12.000.000
	24.000.000

As at 31 December 2016, the number of ordinary shares issued was 21,406,880. All the outstanding shares are paid up, which represents a value of €6,422,064 (at €0.30 per share). Depositary receipts are issued for ordinary shares. Holders of depositary receipts have the option to convert these into shares under certain conditions. This option has been exercised for 7 depositary receipts. The holders of ordinary shares or their depositary receipts are entitled to dividend and have the right to exercise 30 votes per share at meetings of the Company's shareholders.

Refer to section 6.20 of the consolidated financial statements for the notes on the rights and obligations relating to the cumulative financing preference shares.

Share premium reserve

The share premium reserve consists of the capital paid up in excess of the nominal value.

Reserve for actuarial results

The reserve for actuarial results represents the actuarial results on employee-benefits (see note 6.21 to the consolidated financial statements).

Hedging reserve

The hedging reserve represents the effective portion of the cumulative net change in the fair value of the cash flow hedging instruments relating to hedged transactions that have not yet occurred. This reserve is not freely distributable.

Reserve for Bonus Investment Share Matching Plan

For information on the reserve for the Bonus Investment Share Matching Plan, see note 6.28 to the consolidated financial statements.

x € 1.000

Reserve for participating interests

The statutory reserve for participating interests represents the difference between the retained earnings and the direct changes in equity as calculated using the parent company's accounting principles, on the one hand, and that portion for which the parent company can determine distribution, on the other hand. The statutory reserve is determined for each participating interest individually. This reserve is not freely distributable.

Result appropriation

It is proposed to charge the net result of approximately €110 million after tax to the reserves.

Liabilities	**31 December 2016**	**31 December 2015**
Non-current liabilities		
Financing preference shares	45.100	45.100
Syndicated bank financing	0	50.000
	45.100	**95.100**
Current liabilities		
Group companies	162.554	227.639
Dividend payable on financing preference shares	3.522	3.563
Banks	29.789	0
Syndicated bank financing	105.000	0
Tax and social security contributions	4.166	4.627
Other liabilities	935	966
	305.966	**236.795**

x € 1.000

8.6 Liabilities not disclosed in the statement of financial position

Contingent liabilities	31 December 2016	31 December 2015
Bank guarantees	379.196	323.672
Group guarantees to clients	314.939	358.908
Group guarantees to credit institutions	141.825	124.245
	835.960	**806.825**

For information on the guarantees, see note 6.27 to the consolidated financial statements.

Joint and several liability, and guarantees

With the exception of Heijmans Deutschland B.V. and Heijmans Technology B.V., statements of joint and several liability as referred to under Section 403(1)(f) of Book 2 of the Dutch Civil Code have been filed with the Trade Register of the respective Chambers of Commerce for all the Dutch wholly owned subsidiaries included in the consolidated figures.

Fiscal unity

Together with its Dutch subsidiaries, Heijmans N.V. forms a fiscal unity for the purposes of corporate income tax and value added tax. In accordance with the standard applicable conditions, each company is jointly and severally liable for the tax liabilities of every company that forms part of the fiscal unity.

Share in result of participating interests

This is the company's share in the results of its participating interests, all of which are Group companies.

x € 1.000

Auditor's fees

The following fees for Ernst & Young Accountants LLP have been charged to the Company, its subsidiaries and other companies included in the consolidated figures. These are disclosed in accordance with the provisions in Section 382a Book 2 of the Dutch Civil Code.

x € 1.000	2016		
	Ernst & Young Accountants LLP	**Other EY network firms**	**Total EY**
Examination of the financial statements	1.613	-	1.613
Other audit engagements	104	-	104
Tax consultancy services	-	-	0
Other non-audit services	-	-	0
	1.717	**-**	**1.717**

The costs relating to the examination of the financial statements for the foreign subsidiaries are billed directly by Ernst & Young Accountants LLP.

x € 1.000	2015		
	Ernst & Young Accountants LLP	**Other EY network firms**	**Total EY**
Examination of the financial statements	1.355	-	1.355
Other audit engagements	96	-	96
Tax consultancy services	-	-	0
Other non-audit services	-	-	0
	1.451	**0**	**1.451**

Events after balance date

Until the date of signing, no significant events occurred, other than those explained in the consolidated financial statements, that would have an effect on this annual report.

24 February 2017

The members of the Executive Board

A.G.J. Hillen
R.F. Majenburg
L.J.T. van der Els
M.C. van den Biggelaar

The members of the Supervisory Board

Sj. S. Vollebregt
P.G. Boumeester
R. van Gelder
R. Icke
S. van Keulen