Annual Report

Brunel International N.V.

Annual Report 2016

1: CEO statement

The ongoing crisis in the Oil & Gas sector made 2016 an exceptionally challenging year for us at Brunel. A smaller but still significant part of our organisation is focused on this global market for energy projects. Over the course of the year, some of our clients put a stop to a number of projects and postponed making new investments. All of which obviously meant less demand for the services in question.

Adapt and evolve

We're now working hard to adapt the organization to these changing market conditions. First and foremost, by making ourselves more efficient, leaner and smarter in existing markets. At the same time, however, we do see new opportunities emerging for this part of the company. Both in terms of expanding our services, and also by entering markets outside Oil & Gas.

However, it'll be a while before we see these initiatives and developments reflected in our results. And although recovery of the market for Oil & Gas projects is inevitable, making any more specific predictions at this time is difficult. Except for one: as always, we're confident about the resilience and entrepreneurial qualities of our people. And as a result, optimistic about the medium-to-long term developments and opportunities for this part of the business.

Change brings opportunities

In Europe, we have 54 offices and are active in 6 countries: Germany, The Netherlands, Belgium, Switzerland, Austria and the Czech Republic. Our focus is on specialists in engineering, IT, finance, legal, and marketing & communications. Overall growth and profit development in the region have been positive, but we have also seen considerable underlying differences in 2016.

The Netherlands started the year very strongly, but then saw growth completely evaporate with the introduction of new legislation for engaging freelancers. The negative effects of which were luckily a one-off phenomenon. Meanwhile Germany managed in 2016 to accelerate even the impressive growth path achieved in 2015. Even though the differences between countries are significant, the underlying results of all our European organisations in 2016 have once more been stronger across the region.

The robust organisations we have in Europe will form the basis for a return to growth. And, partly as a result of changes forced by the crisis, Energy will also soon be contributing to those growth figures. We live in times that are challenging, but also changing. And for strong organisations like Brunel, change always brings with it opportunities.

Rising to the challenge

The quality of our staff, the way in which we collaborate, the choices we make – they all determine the level of our success. So I'd like to thank every member of this wonderful team – in other words, every single Bruneller – for the great efforts you put in last year and excellent results you achieved under difficult circumstances. I have complete faith in our unique company and the strength of our team. And I wish each of you every success during the exciting but demanding period that lies ahead of us. I'm sure each of you will face your individual challenges head-on and with typical Brunel vigor and optimism.

Jan Arie van Barneveld
CEO

2: Corporate profile

Corporate profile of Brunel

Brunel was founded in 1975 by the graduated engineer Jan Brand. Starting with the placement of a single fellow engineer, the foundation was laid for what became a global provider of business services that specialises in the flexible placement of professionals. Over the years, the company has continued to grow and diversify, but has always maintained Jan Brand's original focus: placing highly qualified, mainly technical, specialists.

Two perspectives

Brunel serves the world market from two main perspectives. On the one hand, we aim our services at specific global business lines. Examples include our focus on the worldwide Oil & Gas industry, and on the international automotive, rail, aerospace, telecom and pharmacy sectors. On the other hand, we focus on traditional secondment in Europe, and more specifically Germany, The Netherlands, Belgium, the Czech Republic and Austria.

Access to excellence

In everything we do, we follow our firmly-rooted cultural values: eagerness, result-driven and operational excellence. This allows us to provide added value for clients in both business and government sectors, by meeting their knowledge and project capacity needs in a highly effective way. Brunel stands out from its competitors through its superior services, which center on high-quality account management and recruitment management, and our in-depth knowledge of the relevant market segments and related disciplines.

A truly global business

Today Brunel is an international group with a strong global brand. Operating from its own international network of 97 branch offices in 35 countries, we have over 10,000 employees and an annual revenue of EUR 885 million (2016).

Brunel International N.V. is listed on Euronext Amsterdam and included in the Amsterdam Small Cap Index (AScX).

Drs. J.A. (Jan Arie) van Barneveld (l) and Drs. P.A. (Peter) de Laat, RA

Management of Brunel

Drs. J.A. (Jan Arie) van Barneveld
Chief Executive Officer, male (1950)

Jan Arie van Barneveld was appointed Chief Executive Officer of Brunel International N.V. on 29 September 2000.

His most recent position before transferring to Brunel was as director of Avéro Life & Mortgages (part of the Achmea Insurance Group). Before that Van Barneveld held successive general management positions at Hooge Huys Insurances, Belgian insurance company Corona and engineering factory Meijn.

Van Barneveld started his career at Coopers & Lybrand. He completed his Quantitative Business Economics and Accounting studies at the Vrije Universiteit Amsterdam.

Other directorships: Member of the Supervisory Board Museum Boijmans Van Beuningen.

Drs. P.A. (Peter) de Laat, RA
Chief Financial Officer, male (1972)

Peter de Laat was appointed Chief Financial Officer of Brunel International N.V. on 1 May 2014.

After having obtained his Master Degree in Business Economics, De Laat worked for sixteen years with Deloitte Accountants and was amongst others member of the team responsible for the audit of Brunel. In 2012 De Laat joined Brunel and from April 2013 held the position of Director Finance and Control.

3: Financial highlights

Financial highlights 2016

EUR million, unless stated otherwise

	2016	2015
Profit		
Revenue	884.9	1,228.9
Gross Profit	187.1	230.0
Operating costs	160.3	173.9
Operating profit (EBIT)	26.8	56.1
Result before tax	24.2	56.7
Tax	13.6	19.1
Group income	10.6	37.6
Net income	10.1	37.1
Ratios		
Change in revenue on previous year	-28.0%	-11.4%
Gross margin	21.1%	18.7%
Operating profit / Revenue	3.0%	4.6%
Group income / Revenue	1.2%	3.1%
Balance		
Working capital	259.7	310.4
Group equity	293.7	347.7
Balance sheet total	399.7	479.4
Net cash flow	33.3	53.1
Ratios		
Shareholders' equity / total assets	73.5%	72.5%
Current assets / current liabilities	3.50	3.42
Workforce		
Employees total (average)	10,796	12,495
Employees indirect (average)	1,481	1,601
Employees total (year end)	10,371	11,554
Employees indirect (year end)	1,446	1,503
Shares in EUR		
Earnings per share	0.20	0.75
Shareholders equity per share	5.81	6.96
Dividend per share	0.40	1.50
Highest price	19.69	20.65
Lowest price	13.45	12.95
Closing price at 31 December	15.39	16.80

4: Report from the Supervisory Board

We hereby present the report of the Supervisory Board for the year 2016

Financial statements 2016

The financial statements and the notes thereto have been audited by PricewaterhouseCoopers Accountants N.V. who provided an unqualified audit opinion. The Supervisory Board supports the proposal of the Board of Directors to declare a dividend of EUR 0.20 per share and an additional dividend of EUR 0.20 per share.

The financial statements will be presented at the General Meeting of Shareholders on 11 May 2017. We recommend the General Meeting of Shareholders to adopt the financial statements and discharge the members of the Board of Directors.

Position and major topics 2016

Main topics for 2016 were succession of the CEO, the change in the Board of Directors and the response and progress of the response to the current turmoil in the Oil & Gas industry.

Based on various discussions held throughout the year, and on mutual agreement, Brunel International N.V. and Mr. Arjan de Vries decided to part ways. A settlement was agreed on the termination of the contract for services. Based on this settlement agreement Brunel has paid an amount of EUR 313,410 gross to Mr. De Vries. The Supervisory Board of Brunel is very grateful for his contribution to Brunel during his long career with Brunel and regret the differences of opinion regarding the operational management and strategy. The decision has been taken to continue with a Board of Directors of two members consisting of CEO Jan Arie van Barneveld and CFO Peter de Laat.

After the departure of Mr. De Vries, the Supervisory Board has organised additional meetings with the Board of Directors to discuss:

- Analysis of current situation within Energy
- Planned response
- Progress

Cost saving measures as well as new business initiatives have been discussed intensively, as well as current management potential within Energy.

Besides these items, and the periodical financial performance reviews, topics discussed during the year under review were risk assessment and risk management, the group's working capital, cash position, dividend policy. These discussions included presentations by the Board of Directors on strategy, operations and financial performance. Progress regarding the company's IT strategy and infrastructure, investments and corporate tax rate development were also reviewed. The discussion on the strategy also included utilising the global network outside the Oil & Gas industry.

The Supervisory Board also invited directors of The Netherlands, Germany and Energy to meetings to present their strategy and organisation, also as part of the analysis of the current management potential available within Brunel.

In 2016, the Supervisory Board has approved the plan to implement an internal audit function in the course of 2017.

The solvency ratio of the company is 73.5% and the cash position is healthy. The objective to fund the projected organic growth from its own resources is achievable.

The national and international laws and regulations relating to the company cover areas such as employment, work permits, health & safety, foreign exchange and taxes. The Supervisory

Board has discussed how compliance with relevant laws and regulations can be ensured. Non-compliance is reported via the periodic consultation with the Supervisory Board. The Supervisory Board obtains information from the Board of Directors regarding the extent and nature of various regulations and how compliance is monitored internally.

Composition of the Supervisory Board

Ir. D. (Daan) van Doorn
Chairman
(b.1948, male, Dutch)

Appointed:
Annual General Meeting of Shareholders in May, 2006

Current term:
2014 – 2018

Former main directorship:
CEO and Chairman of the Executive Board of Vion N.V.

Other directorships:
Chairman of the Supervisory Board of Coöperatieve Rabobank Oosterschelde
Member of the Supervisory Board of A-ware Food Group B.V.

Drs. A. (Aat) Schouwenaar
Vice Chairman
(b. 1946, male, Dutch)

Appointed:
Annual General Meeting of Shareholders in May, 2001

Current term:
2015-2017

Former main directorship:
Chairman of the Management Board and CEO of Endemol B.V.

Other directorships:
Chairman of the Supervisory Board of Holland Casino (until November 2016)
Vice Chairman of the Supervisory Board of Asito Dienstengroep S.E.
Vice Chairman of the Supervisory Borad of Docdata N.V. (until January 2017)
Member of the Supervisory Board of Stadion Amsterdam N.V.

Drs. Ing. J. (Jan) Bout
Supervisory Director
(b. 1946, male Dutch)

Appointed:
Extraordinary General Meeting of Shareholders on 15 November 2012

Current term:
2016 - 2020

Former main directorship:
Chairman of the Board of Directors of Royal Haskoning

Other directorships:
Member of the Supervisory Board of Haskoning DHV Groep B.V.

Corporate governance structure

The Board of Directors and Supervisory Board are responsible for compliance with the Dutch Corporate Governance Code (‘the Code’) and maintaining the corporate governance structure. They are collectively accountable towards these issues to the General Meeting of Shareholders. Once a year, compliance with the best practice provisions of the Code is discussed with the Board of Directors.

Compliance with the Code is described in this report in the section ‘Corporate governance’. Where feasible and relevant, Brunel International N.V. will implement the changes following the 2016 revised Corporate Governance Code.

Appointment and selection

The members of the Supervisory Board are appointed for a term of four years and may thereafter be reappointed. They can remain on the board for up to twelve years from the date of their first appointment. Candidates nominated for appointment or reappointment must meet the criteria as shown in the drawn-up profile.

In deviation of article III.3.5 of the Dutch corporate governance code, because of his expertise and the phase Brunel is in, especially regarding the succession of the CEO, it will be proposed to the General Meeting of Shareholders on 11 May 2017 to reappointed Mr. Schouwenaar for an additional term of two years in addition to his term of sixteen years.

In the General Meeting of Shareholders on 17 May 2016, Mr Bout was reappointed for his second term of four years on the Supervisory Board.

Although there is currently no female representation on the Supervisory Board or the Board of Directors, with the result that we do not meet the legal objectives, the diversity of both Boards has always been a part of the selection process of new members, to ensure a diverse Board composition when possible within the required profile.

Meetings

In 2016 the Supervisory Board held seven scheduled meetings, all of which were attended by the entire Board of Directors and Supervisory Board. The Supervisory Board further held four closed meetings that were not attended by the Board of Directors.

Committees

According to the guidelines of the Code, Brunel is not obliged to set up separate auditing, remuneration and selection & appointment committees. However Brunel has had an Audit Committee since 2001 and has opted to retain the structure. The complete Supervisory Board also serves as the Remuneration and Selection & Appointment Committees. By-laws and terms of reference for both the Supervisory Board and its committees are posted on the company's website.

Evaluation of the Board of Directors

The performance of the Board of Directors as a whole, and of its individual members, was reviewed.

Self-evaluation of the Supervisory Board

At a private meeting, the Supervisory Board reflected on its own performance and that of its individual members. In its own estimation, and in accordance with article III.2.1. of the Dutch Corporate Governance code, the Supervisory Board consists of independent members and has a balanced composition of knowledge and experience.

Remuneration Committee

This committee, chaired by Mr. Schouwenaar, assesses remuneration, including the short-term and long-term bonuses of the members of the Board of Directors; prepares the remuneration report; and oversees the remuneration policy of the company. In 2014 a benchmark analysis has been performed by an external consultancy agency. The results of this benchmark were utilised in the determination of the compensation and the targets for the board.

Remuneration policy

The remuneration policy remains unchanged. The Supervisory Board believes that the remuneration policy expedites the short-term operational performance and long-term objectives of the company and provides appropriate incentives to achieve the strategic goals.

The remuneration of new members of the Board of Directors is compliant with the Dutch Management and Supervison Act ('Wet Bestuur & Toezicht'), including the applicable requirements for claw back procedures on bonus.

The remuneration structure for the Board of Directors is designed to balance short-term operational performance with the long-term objectives of the company, with due regard for the risks to which variable remuneration may expose the enterprise. The total remuneration and the remuneration elements are based on the going rates in the international labour market and are fine-tuned using data from companies which are similar to Brunel in terms of scale and complexity.

Before the remuneration policy as a whole is determined, and the level of remuneration of individual board members is fixed, scenario analysis are made of the variable remuneration components and the consequences that they could have on the level of remuneration of the board members. The level and structure of the remuneration of the board members is determined by reference to the scenario analysis carried out and with due regard for the pay differentials within the company. In determining the level and structure of the remuneration of board members, both financial and non-financial indicators relevant to the long term objectives of the company are taken into account. The remuneration package, following the adoption of the remuneration policy, contains three components: base salary, short term variable component and long term variable component.

The base annual salary is assessed periodically against a group of comparable enterprises. Before appointing the new board members, an independent benchmark was performed by an external HR consultancy agency. The variable component of the total remuneration package is performance related. It consists of short- and long-term components. Performance targets and conditions are derived from our strategy and annual business plans. The targets are assigned prior to the relevant year and assessment of realisation is conducted after year-end by the Supervisory Board. The short-term incentive compensation is paid in cash. The short-term bonus scheme for the members of the Board of Directors rewards both financial performance and individual performance. Both elements are weighted equally. The quantitative targets (budget, sales, margin, profitability, EBIT and control of working capital) reflect the financial parameters considered by the Supervisory Board to be critical with regard to the realisation of Brunel's strategic objectives. The Supervisory Board ensures that the targets agreed are both challenging and realistic. For commercial and competition-related considerations, Brunel does not wish to publish the targets that have been agreed. The short term bonus may not exceed 75% of the fixed annual salary of the CEO. For other board members the maximum bonus opportunity is 50% of the fixed annual salary. The realisation of each financial or individual target can independently result in bonus payment. The Supervisory Board allocates the bonus based on the achievement of the targets of members of the Board of Directors and determines the associated pay-out.

The board members have been compensated for the cap of the maximum amount of "pensionable income" at EUR 100,000 that came into effect at 1 January 2015. The expected saving on pension premium for Brunel has been added to the salaries of the board members. This addition is not taken into account when calculating the bonus.

The remuneration report outlines the remuneration policy, provides a description of implementation of the remuneration policy in 2016, and sets out the remuneration of the members of the Board of Directors. The remuneration policy and remuneration report are posted on the company’s website.

Audit Committee

The Supervisory Board selects the external auditors. The Audit Committee has a supervisory role regarding the integrity of the internal and external financial reports of the company, risk management, and information technology. The Supervisory Board, the Board of Directors and the external auditor are represented in the Audit Committee.

The Audit Committee met five times in 2016: prior to the publication of the full-year 2015 figures, prior to announcing the quarterly results and to discuss the external auditor's audit plan for 2016 and interim findings.

The discussion on the scope of the audit included the key audit matters as identified by PricewaterhouseCoopers N.V.: working capital, recovery of compensable tax losses, compliance with laws and regulations and IT implementations, as well as the effectiveness of the Corporate Finance and Control (CFC) department.

The Audit Committee's chairman, Mr. Bout, held meetings with the CFO on an ongoing basis. Mr. Bout reported the committee's findings to all members of the Supervisory Board.

Recurring items for the Audit Committee meetings such as risk assessment and risk management, tax compliance, IT systems, internal controls, compliance with laws and regulations, and the quality of the finance function were discussed. Furthermore, the set up performance of the commercial team, that monitors and strengthens contractual risk management, has been evaluated.

Appointment of external auditor annual accounts 2017

It will be proposed to the Annual Shareholders Meeting on 11 May 2017 that PricewaterhouseCoopers Accountants N.V. will be our external auditor for the annual accounts of 2017.

Internal audit function

From an internal control perspective, Brunel is organised in regions (Energy) and countries (Europe). In each region and country, a financial controller is responsible for internal control for the activities in his/her area. These financial controllers meet with the CFO on a monthly basis. Furthermore, compensation and hiring/dismissal of these financial controllers is the responsibility of the CFO in order to provide sufficient independence towards local general managers.

Besides the local controllers, Brunel has an independent team of controllers in Amsterdam in the CFC department. Core competences are auditing, reporting and controlling, and the majority of the team has worked with a big four audit firm before joining Brunel. Besides group reporting, CFC performs internal audit activities, both in desktop reviews and during visits.

All entities are visited by a member of CFC at least once every two years, and significant or high risk entities are visited multiple times in a year. CFC also provides the group with accounting manuals and updates on internal control procedures. The members of CFC report directly to the Board of Directors, primarily the CFO and have the possibility to meet with the Audit Committee if deemed necessary.

In 2016, the need to implement an internal audit function within Brunel has been considered again. In previous evaluations, it was concluded that there was no need to install an internal audit function. Considerations in this evaluation were that reliable financial information is ensured by (I) reliable administration and management information systems, monitored by regional financial controllers, (II) increased visits from central management, (III) uniform worldwide IT systems and (IV) extended scope for external audits using locally based native-speaking audit personnel.

During the evalution in 2016, it was concluded to implement an internal audit function in the course of 2017, to increase independency of the activities and enhance support to the Audit Committee. An implementation plan has been prepared and approved.

Risks and internal risk management systems

During 2016 the Audit Committee also discussed with the Board of Directors the updated risk assessment that was performed by the Board of Directors in cooperation with commercial management and the regional financial controllers. This concerns risks associated with the strategy and the nature of the business, and the way that the Board of Directors monitors the design and operation of the internal risk management systems. Risk assessment and risk management systems are being further embedded in the reporting structure to support decision-making and achieving of strategic objectives in the coming years. The operational and strategic risks related to the company are described in the section 'Risks, risk management and control systems' of this annual report.

Information and communication technology

In 2016, an update on the IT strategy was discussed, as well as the transfer of the responsibilities from the project organisation to the support organisation after finalisation of the main IT projects.

Financial reporting

The Board of Directors informed the Supervisory Board on the processes for the preparation of the financial reports and how the quality of the financial reporting is monitored. On the basis of this and the report of the external auditor, the Supervisory Board believes the Board of Directors adequately interprets its responsibility for the quality of the financial information.

Dialogue with the external auditor

The Audit Committee has discussed the annual accounts, annual report, management letter and risk management policy with the Board of Directors and the external auditor. The Supervisory Board assessed the independence of the auditor. It was concluded that threats to independence are absent. The Supervisory Board believes that the external auditor provided the Supervisory Board with all relevant information in order to exercise its supervisory responsibilities.

The main items included in the auditor's board report are:

- Analysis of EBIT
- Working capital developments
- Audit differences
- Management estimates
- Key audit matters

Relationship with shareholders

The Supervisory Board discussed with the Board of Directors how to take into account the interests of shareholders as well as the issues raised by shareholders at the last Annual General Meeting of Shareholders. The Supervisory Board believes that the company acted in a constructive and careful way regarding the shareholders' interests.

Other

The Supervisory Board approved the operational and financial objectives of the company, and also approved the strategy designed to achieve the objectives and the preconditions associated with that strategy.

The Supervisory Board endorsed the Board of Directors' efforts on Corporate Social Responsibility (CSR) and the particular aspects that are relevant to the enterprise.

Furthermore, no matters occurred which under the law, the statutes or the Code require the approval of the Supervisory Board.

Conflicts of interest

In 2016, no matters occurred involving conflicts of interest of directors, Supervisory Board Members, shareholders and/or external auditors that are of material significance to the company and/or the respective directors, members, shareholders and/or external auditors. Information on related party transactions is included under note 20 to the annual accounts.

Amsterdam, 24 February 2017

The Supervisory Board

D. van Doorn
Chairman

A. Schouwenaar
Vice Chairman

J. Bout
Supervisory Director

5: Report from the Board of Directors

Business model

Brunel offers top quality account management and recruitment management, meeting stringent compliance and safety standards in every location in which our clients operate.

Our Brunel Europe division is a specialist in the flexible labour market with the expertise of Engineering, Automotive, Finance, IT, Legal and Pharma recruitments and services in The Netherlands, Germany, Belgium and other European countries.

On the other hand, Brunel Energy has established a global network of business lines based on the regions and locations with developed oil fields and their associated business. This division is expanding its services by also becoming a project resourcing specialist and unleashing the full potential of our global infrastructure by also looking into other related sectors such as mining, renewable energy and construction.

For clients and projects, Brunel is a service and solution partner. We get the job done and provide the access to a flexible and specialised knowledge base in order to meet the rising global service demand and break down today's technical boundaries.

For specialists and candidates, we are their growth facilitator. Specialists constantly look for assignments in their area of expertise in order to realise their career potential. They need a facilitator connecting them to challenging projects and to take care of the administration and operational process so they can focus on developing the skills which they progress towards distinction. At the same time, Brunel provides specialists the opportunities to excel through assignments and to develop cutting-edge experience.

Business model

How Brunel does business

- Function as a hub connecting clients, projects and specialists throughout the world with 40 years' experience and a well established global network
- Provide high quality and time efficient services and solutions of employment, recruitment, contracting, global mobility and talent management

How Brunel creates value

- Become a knowledge partner for clients to achieve business continuity, flexibility, efficiency and success
- Become a growth platform for specialists to accumulate peak employee value and career advancement
- Achieve both profitability for shareholders and sustainable business growth
- Innovative mindset of creating added value for stakeholders

Clients & Projects

- Seek qualified brain-power to tackle technical challenges
- Seek workforce capacity, mobility and talent solutions to improve business productivity

Specialists

- Seek employment and career development

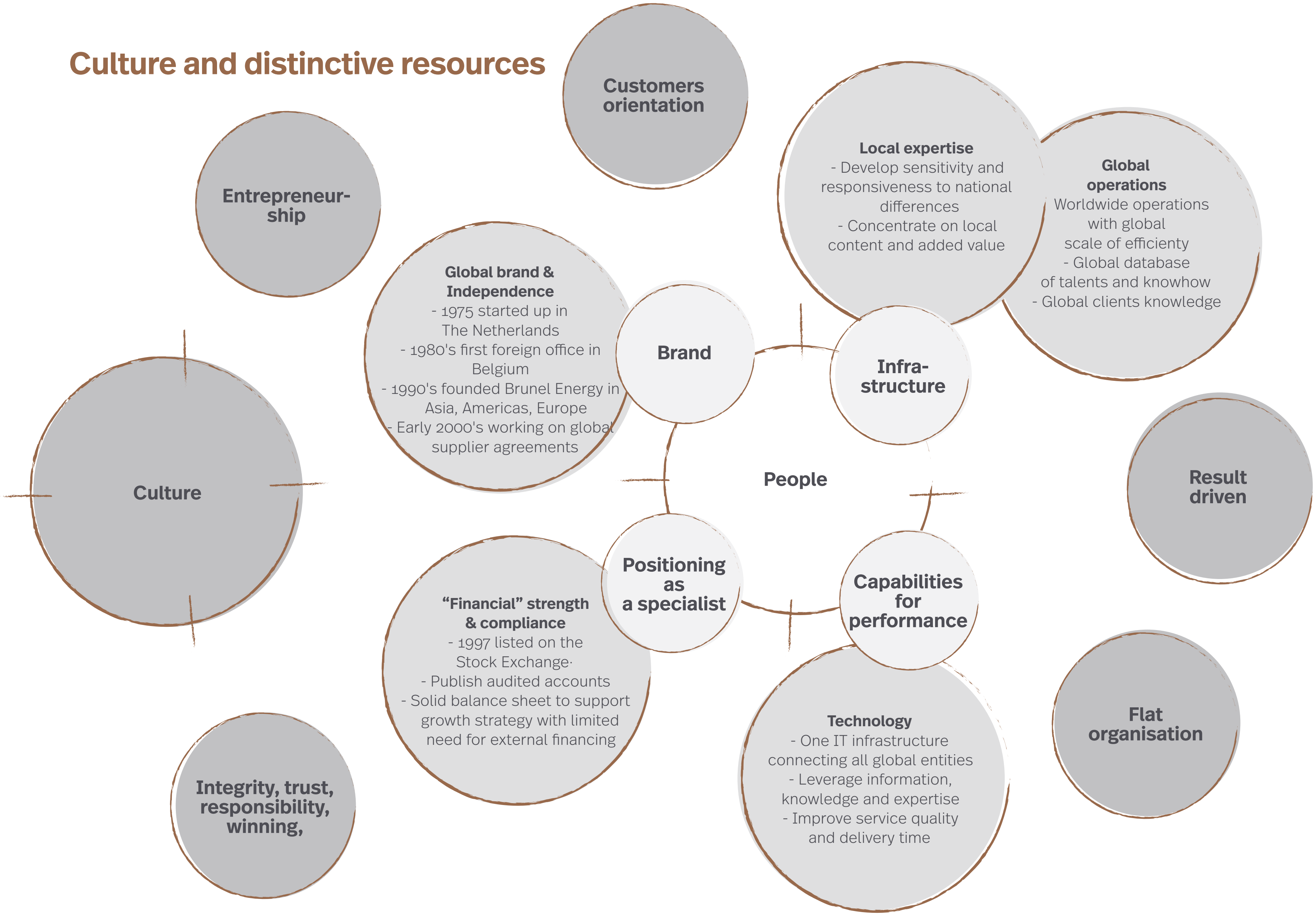
Brunel

- People & culture
- Operational excellence
- Risk management
- Corporate governance
- IT & organisational infrastructure

Profitability & growth

THE WHOLE IS GREATER THAN THE SUM OF ITS PARTS

Culture and distinctive resources



The essence of our strategy is to compete in attractive businesses in which our distinctive resources – Brunel's brand, positioning, infrastructure, capabilities and people, contribute to our competitive advantages.

Our business is unique in its quality, size and diversity. It is built on an effective business process, world class IT infrastructure, operational excellence and dedicated staff to maximise value for our clients, specialists and investors alike.

It is important that we continue to enhance our culture of compliance, with which the management is continuously engaged. A winning culture is the cornerstone of everything we do, underpinning our competitive advantages in the international market. In today's ever-changing environment, Brunel continues evolving to ensure we remain a market leader.

Organisational structure and specialism

Brunel's organisation is built around our culture of business excellence and leads directly to the attraction and treatment of specialists. Having access to the right knowledge and experience is essential to Brunel.

By developing close-working relationships in the spirit of partnering, Brunel is able to fully understand and appreciate clients' and specialists' needs throughout the full project life cycle. We provide added-value via the tailor-made solutions and short lines of communication which enable us to respond quickly and accurately to their needs, wherever in the world.

How Brunel is organised

Specialists

10,000 specialists placements every year
1,500 new candidates attraction every week
1,000 permanent recruitment on an annual basis
1 centralised global database of
700,000 candidates with 190 nationalities

Clients & projects

40 years of working experience with clients
from more than 35 areas of specialisms

Brunel people & organisation

1 flat networked organisation of
1500 indirect employees

97 branch offices in 35 countries across
6 continents connected with 1 global IT network

6 regional hubs – Amsterdam, Bremen,
Houston, Dubai, Rotterdam, Singapore
to facilitate 2 operation divisions – Brunel
Energy and Brunel Europe

Brunel culture

1 shared unique, strong and effective Brunel
culture. In everything we do,
we follow our firmly rooted cultural values of
entrepreneurship, a result-driven approach and
operational excellence

Brunel's services and expertise

Brunel Energy

the global talent resourcing and mobility solution specialist

Services

Talent resourcing
- Contractor recruitment
- Permanent recruitment
- Offshore manning
- Master service provider

Global care and mobility
- Onboarding and offboarding
- Payroll and taxation
- Visas, work permits and logistics
- Welcome support and in-country services
- Medical, liability and travel insurances
- HSE services and emergency response
- Compliance

Project resourcing
- Vendor inspection
- Commissioning
- POEA licence
- Operations & maintenance

Expertise

Mining
Energy
Infrastructure

One Brunel

Oil & Gas
Engineering
High-tech
Automotive
Construction
Manufacturing

Brunel Europe

Brunel Netherlands – the flexible labour market specialist
Brunel Germany – the technical specialist, and other entities in Belgium, Austria, Czech Republic and Switzerland

Expertise

Finance
IT & Telecom
Legal
Life Sciences & Healthcare
Marketing & Communication
Rail
Pharma
Electrical
Aerospace
Shipbuilding
Machinery & Plant
Energy & Power plant

Services

Personnel solutions
Consultancy
Project management
Co-sourcing (IT)
Training
Service and work contracts
Temporary staffing
Resourcing solutions
Talent scouting

Business environment

Our business is operating in a world of constant changes. We keep monitoring a set of business environment indicators, i.e. the macroeconomic conditions, industry cycles, talent market trends, clients' behaviour, competition, regulatory environment and the emerging technology. Digital technology, in particular, is an unstoppable force which keeps evolving. It transforms the industries we are operating in, disrupts the current market, and marks changes in clients' and talents' behaviours. We embrace digital disruption and work with the trend rather than against it.

Brunel's Board and senior management have further assessed the business environment indicators in the materiality determination process and presented the results in the materiality matrix. Risks, opportunities and Brunel's activities are further explained in the "Connectivity matrix - External material matters from our business environment".

Evolving regulatory landscape trends:
- Adverse regulatory environment in local labour market regarding to flexible labour and immigration policy
- Revised Governance Code
- Technology triggers the regulators to enhance individuals' privacy related rights and raise a higher standard of international companies' business practices

Macroeconomics and industry cycles trends:
- A further economy recovery with a modest growth rate in Europe
- Continuous investment cut and cost pressure in Oil & Gas industry
- Increased technical complexity in Energy projects might increase risks in project execution and demand more experienced specialists

Talent market trends:
- Increases flexibility and greater mobility
- Broader skills gap
- Technology makes these changes possible and transforms talents behaviour in job market

Client behaviours & trends:
- Add flexibility to workforce and cost base
- Outsource HR functions and labour-intensive activities
- Total offering of services with fewer suppliers
- Strict compliance
- Technology is adopted by clients with significant impact on their business practices; increases clients' need of understanding employment-related data analysis

Competition trends:
- Generic manpower companies working towards specialisation
- Global niche players expand global coverage
- Industry consolidation
- Technology lowers the boundary to offer staffing services especially in immature markets

Sustainability and material issues

Sustainability is embedded into Brunel's business. Our role in the community goes beyond our own company and employees. The responsibility extends further to our clients, suppliers, candidates, the education sector and society in general. Sustainability is also a broad topic. It is important that we understand our key priorities in economic, social and environmental aspects so that we can align time, resources and investment accordingly to meet stakeholders' expectations.

Reporting principles and purpose

Following the integrated reporting framework, identifying material issues is an important step to present Brunel's performance in relation to broader concepts of sustainability. We aim to provide a concise, accurate and comprehensive view of Brunel's operations and performance. It should help explain to all stakeholders, including providers of financial capital, the significance of various aspects of social, economic and governance performance on Brunel's s ability to create value.

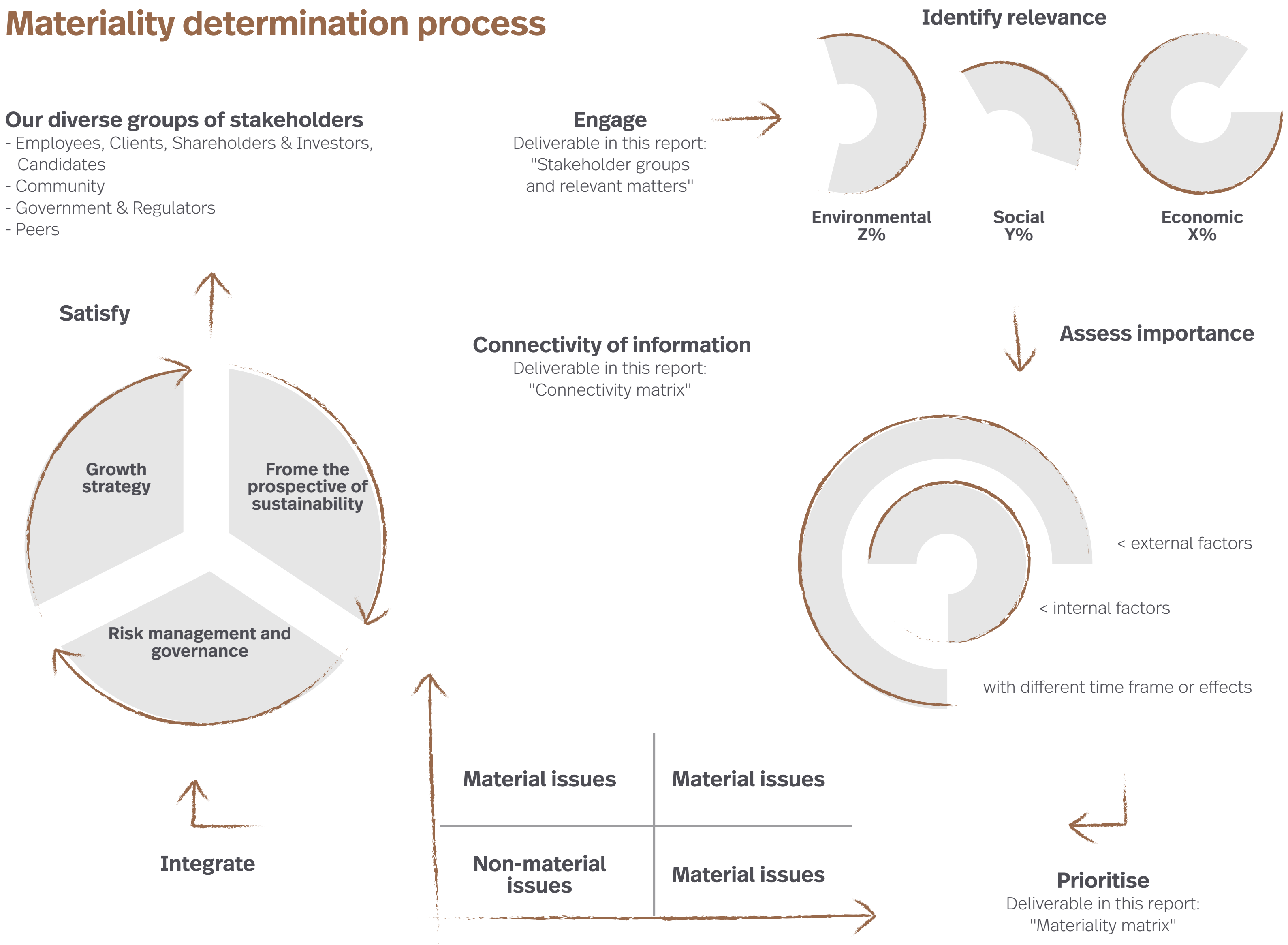
Definition of material issues

Material matters are those matters we believe have, or will have, a significant long-term impact on our profitability, our reputation and our operations.

Scope and boundary

We include only information we defined as material. This information covers main participations of Brunel International N.V. Beyond the physical boundary, we look at stakeholders who have a direct impact – either positive or negative- on our companies, including employees, clients, shareholders and investors, candidates, communities, candidates, government and regulators and peers (see "Stakeholder groups and relevant matters" for stakeholder groups and engagement details).

Materiality determination process



1. Identifying relevance

Identifying relevant matters is the starting point for identifying material issues that will be reported this year. Brunel's Board of Directors, senior management of business divisions and support units are the key personnel involved in this identification process. This process includes evaluating external business environment factors' and internal capabilities' impacts on Brunel's strategy execution and value creation, and Brunel's performance in the current business reporting cycle. Therefore, the relevant matters have been gathered through stakeholder engagement which is part of our business operations and management.

Stakeholder groups and relevant matters

Stakeholder groups	Why we engage?	How we engage?		Areas of interest?	What we do?
Employees	These stakeholder groups make up the company, providing human capital, financial capital, intellectual capital and market for our services to make Brunel's business possible.	Manage closely	Employees' surveys, MeyerMonitor, performance reviews, training, talent development programs, formal or informal social events, work council meetings, intranet, B-app	Access to information, employee performance and recognition, training & development opportunities, ethics & culture, job security, career advancement, salaries & benefits	Management communications, performance reviews, Brunel brand and focus on one Brunel culture, education, induction and leadership program, codes of conduct, top benefits
Clients			Customers' events, surveys, business meetings, site visits, tenders, contracts, service agreements	Price and performance, liability, full service offering, on time availability, delivery and quality of services, operational excellence	Appoint key account managers, encourage innovation, provide in-house consultation, offer added value, cross-sell of services, clients journey and on-boarding program
Shareholders & investors			Investors roadshows, results presentations, General Meeting of Shareholders, teleconferences and one-on-one meetings, Board meetings	Growth in the share price, Brunel's reputation, strategic direction, management succession, corporate governance and ethics	Annual review of strategy and risk assessment, remuneration committee assessment and review policy, disclosure of reliable financials, leadership training, provide financial growth, enhance business ethics
Candidates			Candidates' events, social media and marketing campaigns, workshops	Job opportunities, job market information, individual's privacy rights	Mentoring program for students, apprenticeship, talent scouting

Stakeholder group	Why we engage?	How we engage?		Areas of interest?	What we do?
Government & regulators	This stakeholder group impacts the operational and regulatory environment in which we deliver services.	Keep informed	Governments' and regulatory bodies' publications, consultations and workshops, written communication	Governance, compliance and remuneration practices, increased contribution to economy and job creation, on time payment tax duties, professionalism, impact on community	Comply to corporate governance code, continue to develop and monitor legal compliance, pay tax and ensure employment of over 10,000 people
Community	This stakeholder group is impacted by our services, and has the ability to affect our reputation.	Keep satisfied	Community development, sponsorships and donations	Local employment, economic and social contribution	Brunel Foundation, active participation in engineering community initiatives, partnership with universities
Peers	This stakeholder group impacts the sector reputation, practices and environment in which we operate.	Monitor	Industry meetings and sector publications, peers websites	Industry benchmark, competitiveness of Brunel	Competitive intelligence

2. Assessing importance

Identifying relevant matters provides the Board and senior management a good understanding of stakeholder groups' interests. To help determine materiality, we look at a number of factors in particular, business environment trends, possible impact on financial performance, brand, reputation, strategy and people.

For matters that are categorized as:

- matters that have occurred historically and matters currently exist, for example, human, financial and intellectual capitals needed for profitability and growth; internal systems supporting strategy execution and operation;
- matters that will definitely occur in the future, e.g. new regulations and laws become effective with future dates, senior management assesses their importance based on their magnitude of effect in short, medium and long-term.

For matters that may occur in the future or have potential future effects, the Board assesses both the magnitude of the effect and the likelihood of occurrence for these matters.

3. Prioritising material matters

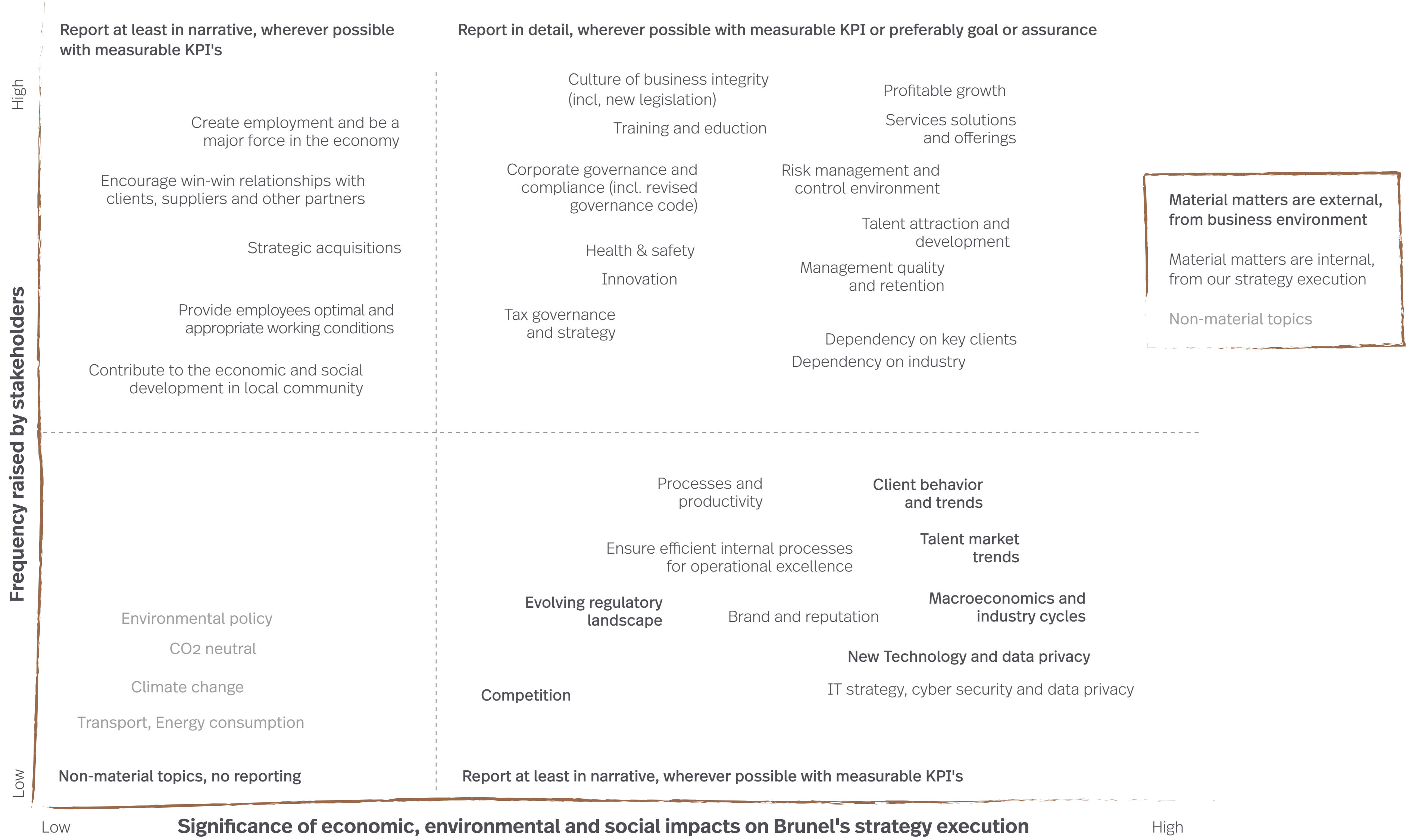
This prioritising process has been mainly carried out during senior management meetings of Brunel Netherlands, Brunel Germany and Brunel Energy. On the Group level, the Board prioritises the material matters based on their importance assessment and prioritization results from different divisions.

Those matters with - the greatest effect or potential long-term effect on Brunel's ability as a whole to create value from financial, operational, strategic, reputational, cultural and regulatory perspectives - are considered the most important. They cover both internal and external factors and are considered in quantitative or qualitative terms whichever is applicable.

As a direct follow-up, the Board has reviewed and updated Brunel's risk assessment and risk management system in Q3 2016 (refer to page 57-75) and discussed the matters with the Supervisory Board and Audit Committee (refer to Report from the Supervisory Board).

The material matters tables on page 36 represent the current year's most material issues.

Materiality matrix



Integrating material matters into business

The process for determining materiality is ongoing and evolves each year. However, the material matters which reflect Brunel's strategy execution and have impact on our financial performance remain static over the past two years, and stay relevant and applicable to Brunel in the short-term as minimum. Therefore, these matters and relevant management plans and results are periodically discussed and reviewed by senior management, the Board of Directors, the Supervisory Board, Audit Committee and external auditors (see "Report from Supervisory Board").

Connectivity of information as a core principle

The materiality determination process helps us understand stakeholders' interests (see page 33-34), helps us manage risks and opportunities to generate further business values when facing every changing business environment (see "Business Environment" and "External material matters from our business environment"), helps us determine our long-term strategic direction as One Brunel, integrates into our business practice to achieve strategic objectives (see 'Strategy") and complements our Enterprise Risk Management processes (see "Risks, risk management and control system"). These material issues also provide a basis of the story line when prepare this annual report.

Changes in this year's materiality analysis

In 2016, the Board revisits previously identified material matters. To present our efforts on an integrated way of reporting this year, we move beyond the already presented "materiality matrix" in 2015 and the material issues have been further categorized based on relevant external factors such as business environment and internal factors, such as pillars of growth strategy, to reflect the material matters determine process; and have been listed under a different time frame of effects to explain our management of these matters in practice.

Material matters relevant to Brunel's strategy have not changed this year.

For matters which have been raised in stakeholders' engagement historically but not anymore in 2016, for example, human rights, the Board has reviewed this topic. Brunel respects human rights. Our approach to human rights is informed by general concepts as described in the UN Guiding Principles and revised OECD guidelines. This matter reflects Brunel's values and has always been integrated into existing governance and business management systems, such as topics of health and safety, country risks, local content, equal opportunity policy, standards of business conduct. These topics are assessed and reported in details in this report therefore "human rights" has been removed from this year's material matters list as a stand alone issue.

Matters related to technology, corporate governance and sustainability gain in importance, which is in line with Brunel's preparation to meet new regulatory requirements in the next reporting cycle.

Connectivity matrix - External material matters from our business environment

Material matters	What are the risks?	What are the opportunities?	What we do?
Macroeconomics and industry cycles	- Large dependence on economy upturn - Energy industry downturn leads pressure on our margins and ability to gain profitable businesses	- Further build our contractor business in the emergence of specialist recruitment structural growth market - Drive growth above the economic cycle - Leverage existing global business infrastructure into new markets and sectors	See "Directions fot growth" page 44-49, see "Risks, risk management and control system – Unfavourable macroeconomic conditions" page 66
Talent market trends	- Uncertain of changing immigration regulation and other regulatory environment in local markets - War for highly-skilled talents and specialists	- Advance Brunel's global network to offer integrated global mobility service solutions - Actively adopting technology to improve productivity - Access to additional demographic groups to meet demand for new niche specialisms	See "Driver for growth – quality of our people & management" page 50-51, see "Risks, risk management and control system –attraction, development and retention talents" page 68
Client behaviours & trends	- Increasing requirement on service speed and quality; - Stricter tender process and power in contract negotiation process - Margin pressure and liabilities	- Open up strategic dialogues with existing clients to help them manage skilled flexible workforce and provide a total talent solution - Brunel's market position gives a competitive advantage when win new clients who are adopting the new trends - Compliance as a service	See "Direction for growth – by adding new services" page 44-49, see "Risks, risk management and control system – contract negotiation and management" page 72

Material matters	What are the risks?	What are the opportunities?	What we do?
Competition	- Margin pressure - Service delivery - Attract and retain skilled people - Reputation	- Increase penetration rate of recruitment service in markets where Brunel has strong presence - Innovation and client centric services	See “Risks, risk management and control system – Competition” page 67
New technology & data privacy	- Shortage of human intelligence to apply technology properly - Digital disruption	- Service solution innovation - Unleash the benefits of Brunel’s IT infrastructure - Brunel’s expertise, comprehensive market knowledge and human intelligence drives better results when apply technology for clients and candidates	See “Drivers for growth – IT infrastructure “page 50-51, see “Risks, risk management and control system – Information Technology risks” page 74
Evolving regulatory landscape	- Direct impact on the costs of our clients - Higher compliance risks and costs - Reputation damage	- Enhance “Culture of Compliance” - Offer “Compliance as a service” - Participate in constructive social dialogue to find the appropriate balance of regulations on our industry services	See “Risks, risk management and control system – Non-compliance with laws, regulations, local standards and codes” page 69-70

Connectivity matrix - Internal material matters relevant to our growth strategy

Strategic objectives	Material matters	Material matters with different time frame of effects:			What we do?
		Short-term	Medium-term	Long-term	
Profitability and growth	Profitable growth	Dependency on key clients			See “Risks, risk management and control system – Unfavourable macroeconomic conditions” page 66, see “Directions for growth” page 44-49
			Dependency on industry		
				Strategic acquisition	
	Create employment and be a major force in the economy		Tax governance and strategy		See “Concentrating on profitable growth – from the prospective of sustainability” page 49
People and culture	Talent development	Training and education	Attraction and retention of talents		See “Driver for growth – quality of our people & management" page 50-51, see “Risks, risk management and control system –attraction, development and retention talents” page 68
	Management quality		Quality and retention of management		
	Reputation		One Brunel brand, reputation		See “Culture and distinctive resources” page 25, see “Drivers for growth – the Brunel culture” page 50-51
				Provide employee optimal and appropriate working conditions	See “Building a solid reputation of having good quality resources and being and industry shaper – from the prospective of sustainability” page 51-54
	Contribute to the economic and social development in local community		Health and safety		

Strategic objectives	Material matters	Material matters with different time frame of effects:			What we do?
		Short-term	Medium-term	Long-term	
Operational excellence	Ensure efficient internal processes for operational excellence		IT strategy, cyber security and data privacy		See “Drivers for growth – IT infrastructure “page 50-51, “Risks, risk management and control system – Information Technology risks” page 74
			Processes and productivity		See “Achieving operational excellence – organisational and infrastructure for growth” page 55-56
		Risk management and control environment			See “Risks, risk management and control system” page 57-75
	Services	Services solutions and offerings			See “Achieving operational excellence – 100% client focus through business lines and regions” page 55-56, “Directions for growth – by adding new services” page 44-45
				Innovation	
	Encourage win-win relationships with clients and other partners				
Governance	Corporate Governance and compliance	Revised Governance code			See “Corporate Governance” page 76-81, “Risks, risk management and control system – Risk management framework" page 57-63, "Non-compliance with laws, regulations, local standards and codes” page 69-70
	Culture of business integrity	New legislation concerning internal Whistleblower policy, new EU regulation on privacy and data protection			

Strategy

Regardless of the uncertain and dynamic environment we are operating in, Brunel maintains its growth strategy as a priority. It is vital that we make wise choices about where and how to compete in order to grow at a reasonably fast pace as a specialist in both the global market and lucrative niches.

The formula for growth in broad terms

To grow successfully and sustainably, we must at the very least meet the following three conditions:

- have a clear direction, and be prepared to make choices in terms of markets and positioning
- continue to increase our capacities at the right moment, at the appropriate rate and in the right directions
- improve our organisational and IT infrastructures continually

How to create competitive returns for shareholders and sustainable value for our stakeholders?

	Profitability and growth	People and culture	Operational excellence Governance
What are our strategic objectives?	1 **Concentrating on profitable growth**	2 **Building a solid reputation and being an industry shaper**	3 **Achieving operational excellence**
What challenges do we face?	- Increased price pressure - Stricter regulatory environment	- New technical challenges - The war for talent	- Tension between customer focus and operating processes
What are the associated top risks?	- Unfavourable macroeconomics - Competition - Dependency on key clients - Contract negotiations and -management	- Attraction & retention of talents	- Non-compliance
How do we achieve growth?	**- Directions for growth**	**- Drivers for growth**	**- Organisational infrastructure for growth**

Growth formula

Strategic objective:

Concentrating on profitable growth

Growth formula - directions for growth:

- within the existing commercial structure
- through expansion of offices
- by deepening existing verticals
- through new verticals
- by adding new services

Brunel has a balanced business combination of Brunel Energy and Brunel Europe which can provide strong financial and operation results in different market conditions.

The significant capital expenditure cuts of our energy clients and cancellation of projects keep giving us performance pressure. More competitors offer very low rates to gain market share in this competitive environment. Brunel's global business has seen revenue decreased and profits slide. In 2016 all regions have focused on right-sizing their cost base to match the more depressed operating environment. All regions will continue to reduce overhead costs to better reflect the current market trends.

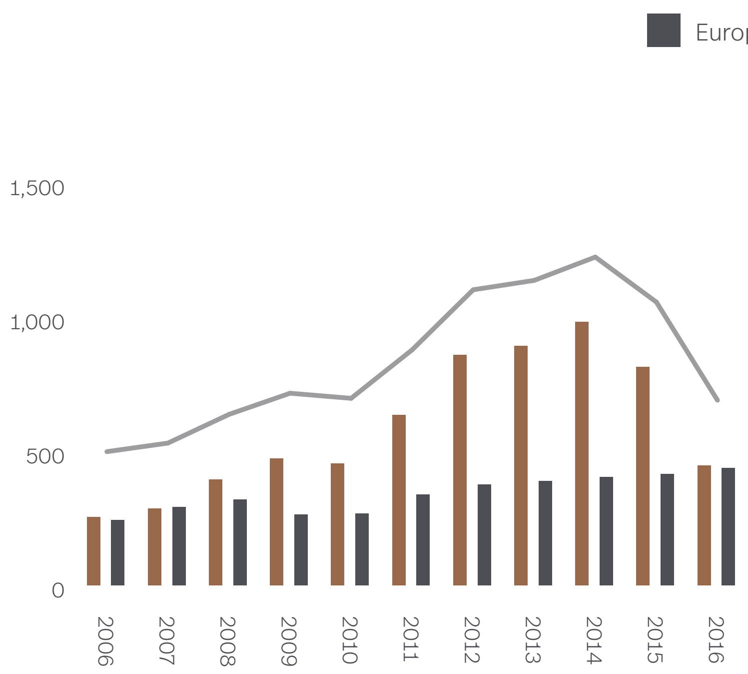
Brunel has shifted away from reactive filling vacancies and servicing nominees for our clients in energy sector and in the process to be a proactive project partner and help our clients realise their strategic goals. We keep developing a solid track record to work as their partner providing global mobility care, from immigration, logistics, payroll and taxation to healthy and safety services, medical and emergence response. This also ties in nicely with compliance and cost efficiencies, making the move from transaction only to serve a win-win for our clients.

Brunel has developed a global infrastructure connecting all continents. All our offices are connected and supported via regional hubs by sharing financial, human and commercial resources. In today's challenging operating environment, this global infrastructure benefits the regions where Brunel is already well estabilished to focus on maximising economies of scale, whilst also providing the agility to quickly adjust our organisation to new opportunities of diversification in mining, infrastructure, renewable energy and their related sectors by leveraging the benefits of shared supports from the regional hubs.

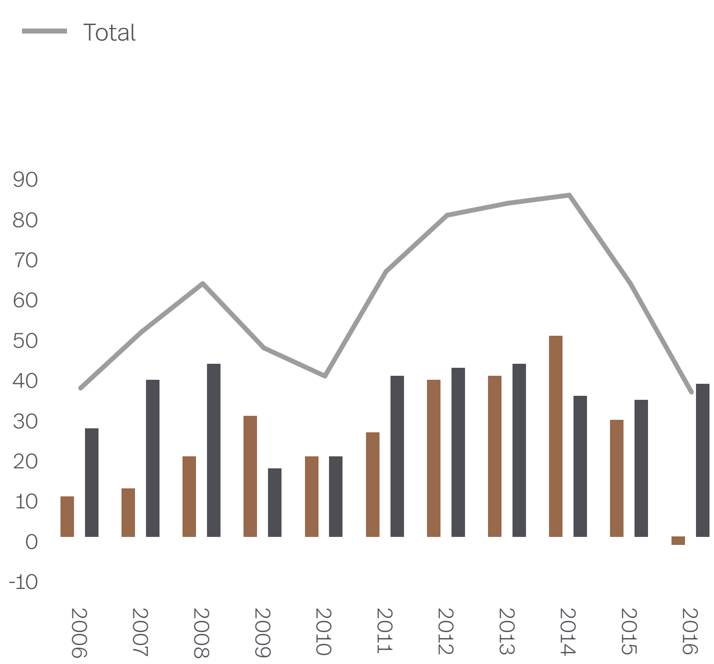
Brunel Europe, Germany in particular has made good progress to deliver profitability. We keep increasing our content knowledge and competitive intelligence. The proactive approach has further specialised our business lines, enabling us to better fulfil and anticipate customers' requirements, intensifying cooperation and innovation with them. Specialisation as such attracts more clients in a field of increasing technical complexity and higher requirements on specialists. Deepening these verticals brings us in niches where such advantages put us ahead of the competition and brings in higher margins.

Revenue and EBIT development from 2006 to 2016

Revenue development



EBIT development



From the prospective of sustainability:

Achieving a profitable growth makes it possible for Brunel to share responsibility in society and community. Being responsible not only means creating sustainable financial returns for shareholders, but also providing sustainable value for other stakeholder groups as a knowledge partner, a resource provider, a growth facilitator and contributing to society as a major force of employment creation in the economy.

In Brunel, we see sustainability as an integration result of maintaining an effective growth strategy and operating as a socially responsible business. With regard to sustainability, we have implemented a set of principles and partnership focuses defined in the CSR policy (available at www.brunelinternational.net).

To reflect the material matters identified during materiality determine process:

- create employment and be a major force in the economy
- contribute to the economic and social development in local community
- encourage win-win relationships with clients and other partners,

we focus on the aspects that are related to work in the broadest sense: Brunel's role in the labour market as a reflection of society, promoting working environment that focuses on the safety, health, education and personal development of our people, participating in a wide range of sponsoring activities for sport and health, and fighting life-threatening diseases at both an international level and local level.

Community involvement

Local employment

In some markets we operate in, there has been a focus on attracting existing local expertise and, where necessary, bringing in international specialists to train and develop the local talents of the future. Our operations in Russia, Papua New Guinea and Thailand are good examples of maximising local employment opportunities to build local economic growth.

Best employer 2016

As before in 2014 when Brunel Netherlands finished first place, Brunel Netherlands was awarded again in 2016. This time as for 2nd Best Employer in the business services industry and, in the category Profit, Brunel Netherlands finished in the top 10 in ninth place. These awards were presented by the research companies Effectory and Intermediair.

Brunel Foundation and charity activities

The Brunel Foundation is an independent foundation that shapes the social involvement of Brunel Netherlands, Brunel Belgium and its employees. The Brunel Foundation's activities focus on making the knowledge, expertise and ability of Brunel employees available for social initiatives by deploying our employees, offering financial support, and developing and/or participating in social projects/initiatives.

The Brunel Foundation focuses on three pillars: education, innovation and contributing to or increasing awareness of social themes.

In Singapore, Indonesia, Philippines and Brazil, we donate to local charities and organise volunteer activities to support local children to participate programs of health and safety, education and sports.

Commitment continued in 2016

Brunel Netherlands

- **MVO Prestatieladder, level 3.** This is a certificate on CSR policy and continuous improvement on the subjects, people, planet and profit & prosperity.
- **FIRA Silver.** This certificate verifies on CSR policy and results, and is made available to (potential) clients to enable them to select a supplier based on CSR results and commitment.
- **VCU certificate Brunel Engineering.** This certificate verifies Brunel Engineering's commitment and operational execution on safety measurements for employees before the start of a secondment assignment.
- **ISO 9001.** Certificate on quality management and customer satisfaction.

Brunel Germany

- **DIN EN ISO 14001.** This is a certificate on operating an environmental management system and a responsible handling of all resources.

Brunel International

- As a Dutch stock listed company, Brunel believes that our policies comply with Dutch legislation. In 2017, we plan to work towards publicly committing to OECD Guidelines for Multinational Enterprises. This process consists of getting familiar with the process of commitment and the Guidelines themselves, self-assessment, relevance and value-adding assessment for stakeholder groups, seek practical implementation examples, good practices and tools. The outcome will provide a solid basis when we publicly commit to the Guidelines.

Tax governance and strategy

Pursuing a transparent and honest tax policy is part of doing business for Brunel. As such, our tax structure follows our business and Brunel has no evasive tax-structure. Complying with tax laws and paying fair share of taxes is an important part of our corporate social responsibility since it contributes to provide the basic building blocks for economic growth in the countries we operate, even more so in the developing countries. We do not only pay a substantial amount of corporate income tax, but also significant amounts on other taxes such as wage taxes, withholding taxes and VAT. Due to the nature of our business, wage tax is an important area for us, both for compliance as well as for the significance of the amounts.

Of course we also try to optimise our tax position. But once again, also for this part, tax should follow the business and all transactions must have a business rationale.

Since tax compliance is an important part of our service delivery, it is our policy to effectively manage risk and to comply with all applicable tax laws, rules and regulations. The aim is to comply with the letter as well as the spirit of the law. Therefore,, we make use of the services of reputable tax advisors at both local and group level. We strive to establish an open and transparent relationship with the tax authorities in all countries we operate in. To achieve consistency, all significant dealings with tax authorities are monitored by the CFO.

Transactions conducted between group companies located in different countries are conducted in line with the OECD Guidelines for Multinational Enterprises and other local transfer pricing regulations.

During 2016, we reviewed the current tax policy, amongst others for compliance with the OECD BEPS developments. Considering our tax policy and structure, we believe the impact of these developments for Brunel will be limited. Country-by-country reporting will probably result in more discussions with tax authorities. We understand external country-by-country reporting will provide more insight into local tax contributions. However, especially considering the turbulent circumstances in the Oil & Gas industry and competitiveness, we decided not to introduce this reporting this year.

The disclosures in the financial statements on our corporate income tax rate, as well as the actual corporate income tax paid reflect our tax policy execution.

Strategic objective: building a solid reputation of having good quality resources and being an industry shaper

Growth formula - drivers for growth:

- direction and position
- IT infrastructure
- the Brunel culture
- quality of our people & management

We keep sharpening our corporate image as a predominantly technical, active worldwide specialist and a knowledge and resource partner with a solid reputation.

High recognition as a specialist is vital in differentiating us from the competition. Successfully implementing complex technical or logistical projects also sets up apart as a specialist and a credible provider of high quality services. Such a profile makes us both more attractive and better positioned in the on-going battle for clients and talents.

In 2016 we have upgraded our main systems to optimise efficiency and ensure standardisation around the globe. This IT infrastructure covered business development, account management, recruitment, finance & payrolling, financial reporting and consolidation. Such a functional IT infrastructure helps to minimize the business disruption when Brunel expands its service scope and enters into new verticals.

To keep a market-leading position, Brunel needs to attract, develop and retain exceptional and motivated specialists to work within our organisation and to work for our clients and projects. A pre-existing labour shortage with the industry leads to a real manpower challenge.

This challenge affects the global Oil & Gas and engineering industries and in particular the secondment sectors. In the long run, the sectors are working with educational institutions to attract and develop young talents; in the meanwhile, we are actively applying technology to optimally utilise the knowledge sources that are already accessible. This includes speedy selection and global full life-cycle mobility arrangement.

The talent shortage also is caused by the facts that some specialists lack the voice or skills to properly advertise themselves. Due to this, these specialists often do not succeed in utilising the full range of possibilities of their career. Brunel is to help our specialists develop and market themselves to the full extent of their abilities.

Brunel's culture of excellence comes from the development of excellent people. Our organisation is flat with few management layers. To develop excellent people demands our management to be alert and strong on coaching and leading by example. Besides, our employees need self-discipline and a strong sense of where boundaries lie. Excellent people sustain the Brunel culture and the good working culture motivates our people. We aim to create a long lasting bond with the specialists, beyond the simple paymaster throughout projects. This helps us retain knowledge and stimulate the flow of information through our network.

Building a reputation

Building a solid reputation and being an industry shaper

Create a corporate profile of a specialist and the authoritative thermometer in the field

Passionately committed Brunel people and management

Develop the global network of extensive knowledge resources

Attraction, development and retention of the specialists

Effective IT infrastructure of optimal utilising the knowledge sources

Keep improving service quality & build strategic partnership

Brunel culture of excellence

Have high quality and interesting projects for specialists to work on

Clear direction and position

Putting our clients & specialists first

Drivers for growth

From the prospective of sustainability:

Contributing to develop our people and future talents is an important way for Brunel to promote sustainability. To understand the identified material matter – provide employee optimal and appropriate working conditions, it means providing people opportunities to their career advancement, using educational establishments and institutions to educate the younger generation, as well as ensuring a healthy and safe environment.

Training and talent development

In general, we develop our people under the following guidelines:

- Attract talent to ensure growth
- Develop programmes for individual career advancement and company leadership
- Retain talents with high performance
- Promote communication, knowledge sharing and inter-relation between divisions and offices

In 2016, Brunel business units and local offices took their own initiatives and offered diverse training programs and plans such as:

- Tailored onboarding and induction programme
- Recruitment & Sales training, coaching programme and acquisition camp to grow the sales organisation and their skills
- Communication training, time management training to improve employees' productivity
- Management development programmes and leadership programmes for middle management and high potentials
- Intensive talent programmes for best performers of sales organisation, taxes, compliance and audit related workshops for operating, finance and HR teams
- Exchange management and recruiters globally both within and among divisions
- Making bonus plans for all indirect staff, where different programmes existing for both commercial and non-commercial staff. For key employees, Brunel also has a share-option scheme.

All the programmes will be continued and further developed by the local offices in2017.

Promoting engineering culture

To further develop our engineers and raise the profile of the engineering profession, Brunel Netherlands joined the partnership with the Royal Institute of Engineers (KIVI), the professional association of engineers in The Netherlands since 2015. The business line Brunel Engineering contributes to the career development and ambitions of direct employees by offering to become a certified Chartered or Incorporated Engineer. The titles "Chartered Engineer" (CEng) and "Incorporated Engineer" (IEng) are recognized internationally. This allows the engineer to prove that he or she strives for excellence and continuous development in his or her field. Brunel Engineering is the first employment agency in The Netherlands that certifies its engineers.

Technology and science for young generation

Brunel Netherlands has formed a partnership with TU Delft and YES! Delft Students and Honours Programme to encourage (technical) innovation, entrepreneurship and promoting excellence among students. We also take part in the innovative educational project Youth and Technology Network Nederlands, which aims to attract college students to study engineering and technology. Regularly we organise presentations and training sessions (including job training and labour market orientation) for students to prepare them for their career start.

Brunel Netherlands offers the Young Specialist Programme to its direct employees in Insurance & Banking sector. This traineeship offers training in various required skills, combined with the opportunity to gain experience with various clients.

Brunel Germany partners with different German engineering organisations, promoting technology and helping develop dedicated engineering students. At nearly every university, we offer important soft skill training (e.g. project management) and career advice to prepare students for their professional career take-off since 2009. One aspect of our commitment to VDI, the Association of German Engineers, is to provide exceptional engineering students a company mentor as part of the two-year programme and complete an internship lasting at least three months or alternatively write their final thesis at the partner company. During the programme, the participants also attend seven seminars and trainings in the field of soft and management skills, which have also been implemented by our partner companies.

Brunel Germany has been a main sponsor of VDI's voluntary network association since 2014 and supports the association with lectures on technology and science, valuable soft skills workshops and job application training courses and network meetings.

Since 2006, Brunel Germany has sponsored the event Formula Student Germany and ten racing teams to design and build a single seat formula race car. The team with the best overall package of construction, performance, and financial and sales planning wins the competition. For this reason, Brunel also enables the sponsored racing teams to participate in project and time management workshops as well as training on technical and business issues such as the preparation of business plans and sales strategies. In addition, the students can take part in our development centers of Brunel Car Synergies GMbH and visit our offices.

Health and Safety

Brunel's safety vision: we believe that every individual has the right to work and live in a safe environment. At Brunel we do everything we can to create such an environment based on the principles of care, trust, learning, ownership and accountability.

Based on our moral duty of care, local legal requirements, client and industry expectations and HSE "best practice", Brunel has introduced a Global HSE System for both contractors and employees in 2015 (see AR 2015 page 74-75). The implementation of this system was an expansion of our current local HSE infrastructure which was at different maturity levels. By the end of 2016, we have successfully completed the first stage implementation in all regions – Emergency response and incident management, our 24/7 worldwide emergency call function is now fully active; and moved on to the second stage – HSE policy, procedure, medical fitness and injury management.

The implementation progress and results is communicated via Brunel's intranet and local initiatives such as:

- Emergence Response training
- Annual refresh training to prevent health damages
- Burn-out prevention workshops
- Flu vaccines offering, CPR courses
- Sports activities and workout sessions support

In Brunel everyone from the executive to our specialists has a personal responsibility and accountability to be involved in preventing health and safety issues. The Global HSE system will be continued in 2017 to ensure all regions comply.

Strategic objective: achieving operational excellence

Growth formula - organisational and infrastructure for growth:

- 100% client focus through business lines and regions
- centralisation of certain functions
- balancing customer focus and operational excellence
- strong back office and operations department

For Brunel, operational excellence means achieving deep commercial know-how, efficient business processes, increased productivity, improved customer responsiveness and cost minimisation throughout our organisation as a whole. To achieve this, we need motivated and committed employees. They must be backed up by an effective management system implemented company-wide and must be able to rely on a cutting-edge IT infrastructure.

Brunel is first and foremost a sales-driven and results-oriented company. Brunel has a strong culture of entrepreneurship and employee autonomy with a flat management. Brunel's sales force is organised in business lines and regions. This structure brings manageability, clear lines of accountability and helps maximise client services without loosing our focus on specific industries and key clients. A strong supporting infrastructure is vital to facilitate, manage and monitor those commercial services so that the back office does not neglect the compliance and other processes that form our operational excellence. To this end a strong centralisation has taken place in the back offices which take away the operation and compliance tasks from the sales organisation.

This centralisation has also been put in place in regards to the regions, creating centralised regional hubs. Examples of centralised back office hubs are Amsterdam, Bremen, Houston, Dubai, Rotterdam and Singapore. Overall this management structure allows commercial activity, business development, account management and recruitment to be 100% externally focused on clients and candidates, while being fully supported by strong centralised regional hubs that help oversee and manage the potential pitfalls of a bold sales organisation such as risk management and internal control.

Operational excellence

Developing the tools we need with
continuous improvement

Streamlining process to improve producti-
vity, efficiency and regulatory compliance

More flexible, transparent, collaborative
and manageable

Culture of entrepreneurship and world
class operational discipline

A mind-set-shift process and smart ma-
nagement about how to apply technology

Risks, risk management and control systems

Brunel's risk management is aimed at long-term sustainable management of its business activities. The Board of Directors considers the ability to control strategic, operational, compliance, financial reporting and financial risks crucial to achieving set targets, and for the continuity of the company.

For this reason, Brunel has developed different risk appetites to achieve different strategic objectives and pays considerable attention at all relevant levels to risk management and internal control. Brunel has embedded the COSO ERM framework as the foundation of its risk management framework.

The Board of Directors reviews the risk management framework and assesses company's top risks on a regular basis, followed by communication and action among different level and functions within Brunel. On an annual basis, the Board of Directors discusses its risk management framework and company risks with the Audit Committee and the Supervisory Board as well as the external auditor.

Risk appetite

The Board of Directors defines the risk appetite of Brunel i.e. the level of risk that Brunel willing to take to achieve its objectives and sets the risk appetite by our strategy, code of conduct, company values, authority schedules and policies. Our risk appetite differs by types of risk:

Risk category	Risk description	Risk appetite
Strategic risks (S)	Risks which affect or are created by Brunel's business strategy and could affect Brunel's long-term positioning and performance	Low - moderate
Operational risks (O)	Risks which affect Brunel's ability to execute its strategic plan	Low - moderate
Compliance risks (C)	Risks of non-compliance with laws, regulations, local standards, codes of conducts, internal policies and procedures	Zero tolerance
Financial and reporting risks (F)	Risks include areas such as financial reporting, valuation, currency, liquidity and impairment risks	Low

Risk management framework

Brunel's internal risk management and control measures are based on the COSO ERM framework and distinguish between eight components:

1. Internal environment
2. Objective setting
3. Event identification
4. Risk assessment
5. Risk response
6. Control activities
7. Information and communication
8. Monitoring

1. Internal environment

The Board of Directors is responsible for coherence between the various internal control and risk management elements. Factors that influence the internal environment include integrity, management style, the tone set at the top, the risk management philosophy and risk appetite. Periodically the Board of Directors – together with a senior officer from Corporate Finance & Control if required – visits the operating companies to facilitate complex decision-making, to control financial progress and to monitor realisation of the business objectives. Another important aspect of the internal environment is the code of conduct, which includes a whistle-blower policy. The code is posted on the corporate website. To implement the new legislation concerning internal whistle-blower policy, Brunel has adopted a reporting system which is developed and managed by an independent third party to protect whistle-blower's anonymity.

2. Objective setting

Brunel has set its objectives based on its strategic growth pillars. The objectives chosen support and align with Brunel's mission, and are consistent with our risk appetite.

3. Event identification

Brunel strives to ensure that all potential events are identified that could affect the achievement of the objectives which Brunel has set itself. This includes internal and external events. During the financial controllers meeting in September 2016 updates for the risk assessment have been performed. This update will be carried out a regular basis.

4. Risk assessment

Our risk assessment helps us effectively assess and prioritise the risks we face, based on the potential impact of those risks on the company and the likelihood of those risks occurring. The risk assessment enables Brunel to further improve its risk management and provide additional confidence that corporate objectives will be achieved. The risks listed in this section are our main, material and company-specific, risks based on the risk analysis.

5. Risk response

Our approach to risk management is not only improving the controls in place to manage these risks, but also their effectiveness. With this information, Brunel is able to determine how to manage its risks and select its risk responses, such as avoiding, accepting, reducing and/or sharing the risks. The set of actions that Brunel has developed is aligned with our risk appetite.

6. Control activities

All Brunel divisions are subject to general policy rules and procedures aimed at controlling our risks. The implementation of our global IT systems enables us to replace manual controls by automated controls.

The most important policies and procedures are:

Risk category:	Risk management:
Strategic risk	Strategy updates Annual business reviews
Operational risk	Uniform IT systems Contracting procedures Weekly KPI reporting Monthly management reporting Quarterly business reviews Visits Insurances
Compliance risk	Reporting & disclosures Legal counselling Anti-bribery & corruption Training
Financial risk	Uniform IT systems Accounting & control manual Internal control Corporate finance & control department Monthly reporting Quarterly reviews Treasury Audit

Strategy updates

The Board of Directors reviews Brunel's strategy periodically, at least every three years, or when developments require a review of the strategy.

Annual business reviews

Brunel reviews all businesses at least annually during the budget cycle. The budget is prepared by all entities. All budgets are discussed with local management by the Board of Directors, supported by the Corporate Finance & Control Department. The main opportunities and threats for achieving the budget are discussed. After approval by the Supervisory Board, the budgets are used to set targets for local management. The Board of Directors maintains a list of breakthroughs that need to be achieved in order to successfully execute Brunel's strategy.

Uniform IT systems

Brunel has successfully integrated its local and regional IT systems under a five-year 'One Brunel, One IT" program. A distinction can be further made between IT infrastructure and applications. The IT infrastructure provides all Brunel employees access to the Brunel-workplace. The global Brunel workplace is managed centrally. Besides the ease of access to all applications and personal documents everywhere in the world, this infrastructure enables us to manage all IT risks globally.

The global implementation of all our applications was finalised at the end of 2014: most of our entities are using the same applications for front- mid- and accounting processes. Our CRM-solution is interfaced to our accounting application(s), using customised interfaces. As a result of the global setup, all commercial and compliancy information is stored, and accessible, in one secured environment. The finalisation at the end of 2014 enabled us to replace manual controls by automated controls. The IT programme has been finalised in Q2 2016 with the release of the update of our CRM application, which will allow us to increase standardisation of processes throughout our organisation.

Contracting procedures

Brunel's management of the contracting procedures is fully functioning now since the establishment of commercial teams two years ago. For each region within Energy a risk manager has been appointed. This risk manager has been selected based on his/her experience in contracting and compliance with tax, other legislation and client requirements. All agreements or binding offerings are reviewed by the risk manager to determine the risk factor. Risk depends on a number of factors, such as margin, location, services and insurance requirements. Every high risk contract has to be reviewed by the corporate legal department and has to be approved by the CFO.

Reporting

Brunel has the following reports in place to maintain full insight in performance and strategy execution:

- Online, real time headcount report
- Weekly KPI reporting
- Monthly management reporting, including all relevant commercial activities
- Monthly financial reporting
- Quarterly updated rolling forecasts

All reports are summarised and provided to the Board of Directors. At least each quarter the reports are discussed with local management by a member of the Board of Directors, supported by the Corporate Finance & Control Department.

Insurances

Brunel has an insurance manual in place, including insurance policies in the fields of employment relationships, liabilities and business continuity.

Accounting and Control manual

This manual includes, besides reporting policies, valuation principles and definitions:

- The main internal control activities
- Authorisation rules
- Procedures on tax compliance
- Contracting procedures
- Treasury procedures

7. Information and communication

The information and communication policy for internal risk management and control systems is aimed at acceptance and implementation at all organisational levels.

This has resulted in a generally accepted code of conduct, internal training courses for new employees, and training-on-the-job programmes.

Relevant information on Brunel's main risks is clearly communicated throughout the organisation. Effective communication also occurs in a broader sense, flowing down, across, and up the entity. To this end various types of business deliberations are carried out. Thus every year Brunel's financial community holds an international meeting, attended by all regional financial controllers, to discuss best practices and the latest developments in financial management and internal controls, and subsequently to document and implement these company-wide.

8. Monitoring

Corporate Finance & Control / Internal Audit

Monitoring the adequacy and effectiveness of internal risk management and control systems is an on-going improvement process. Monitoring activities are arranged in periodic consultation between the Board of Directors and local managers, and through frequent contact between the Corporate Finance & Control department and local financial management. These discussions are partly based on the weekly operational and monthly financial reports.

Brunel currently does not have an internal audit department. However, CFC also includes controllers with an auditing background and many internal audit activities are now performed by this department. CFC is an independent department that reports directly to the Board of Directors. The activities of CFC include, amongst others, reviewing monthly reports of all entities and visiting our operating entities. During these visits, accuracy of monthly reporting and compliance with policies and procedures is verified, amongst others.

All operating entities of Brunel are visited at least once every two years, and significant entities are visited at least three times a year. In addition, CFC advises local management in terms of possible improvements to their internal risk management and control systems.

In 2016 it was decided that Brunel will implement an internal audit function in 2017, and a plan to do so has been drawn up.

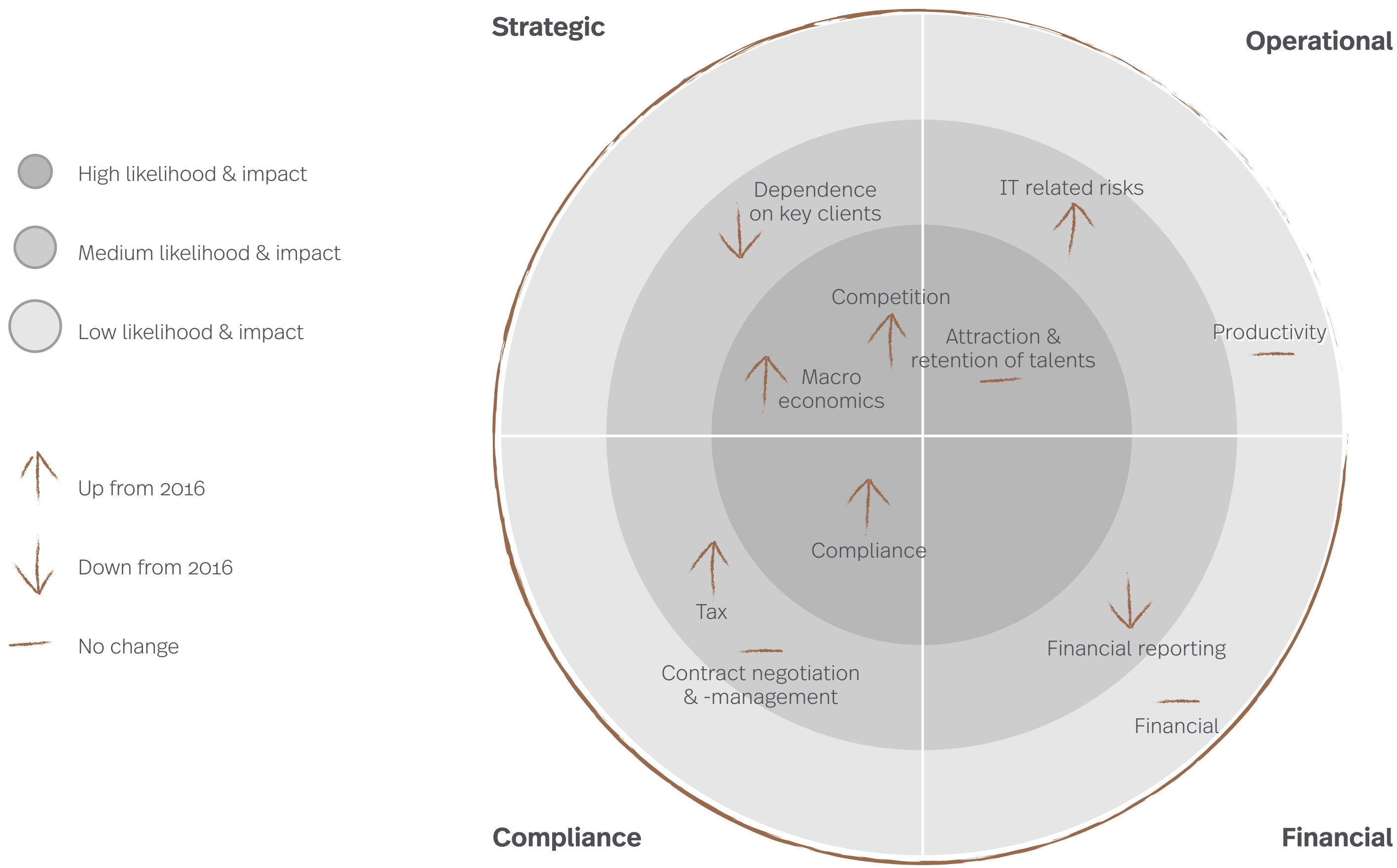
External audit

The external auditor is responsible for auditing the annual financial statements. The auditor reports findings in the form of management letters at the level of the Group or individual operating companies. In addition, he reports directly to the Audit Committee. The external auditor attends the meetings of the Supervisory Board at which the annual accounts are adopted. The auditor also attends – and is authorised to address – the General Meeting of Shareholders.

Top risks and risk trends

Brunel assesses risks according to their impact and likelihood (including the related mitigating actions). The resulting impact could comprise a material direct or indirect adverse effect on Brunel's business, operations, volumes, financial condition and performance, reputation and/or other interests. Below we identify and discuss our top company-specific risks, the risk trends through 2016 and our risk response plan. The risks listed and the response plans are not exhaustive and may be adjusted from time to time.

Risk trends


High likelihood & impact
Medium likelihood & impact
Low likelihood & impact
Up from 2016
Down from 2016
No change
Strategic
Operational
Compliance
Financial
Dependence on key clients
IT related risks
Competition
Attraction & retention of talents
Productivity
Macro economics
Compliance
Tax
Contract negotiation & -management
Financial reporting
Financial

Risks with high likelihood & impact

Unfavourable macroeconomic conditions/geo-political situation (S)

Brunel's professional secondment business in Europe is very dependent on the economic cycle. The Energy division is dependent on the Oil & Gas industry, making us vulnerable to the current capex reductions in the industry and geo-political events.

Key aspects:	Response plans:
Dependency on countries	Expanding, diversifying and monitoring client base
Dependency on industries	Closely monitoring all market developments and continuously reviewing the countries in which we do business and their geo-political events
	Continuously exploring business opportunities in "new" Energy countries
	Maintaining flexibility in cost structure and managing the share of contractors versus employees
	Concentrating on projects which fit our portfolio

Implementation in 2016 and looking forward:

In order to minimize the downside risk of adverse economic condition, Brunel manages the share of contractors versus employees in the European business. As the margin on contractors is significantly lower, the right mix needs to be carefully managed. Meanwhile, all starters are hired on a temporary contract and depending on their performance, are offered a longer term contract. In 2017 economic growth in Europe is expected to continue at a moderate pace and employment should continue to rise modestly. These factors contribute to Brunel Europe's strategy execution positively.

In a similar operating environment in 2017, our clients are not likely in a comfortable position to take larger investment decision. Therefore we do not expect aggressive performance return within Brunel's global business. Our business development in mining, engineering and new countries still require further development to pay off with profitable returns.

Competition (S)

Competition is continuously increasing through our existing competitors, new market entrants and clients' increasing expectations on services portfolio. The intense competition puts pressure on our margins and it drives us to raise service quality.

Any reputation damage can drive our clients to our competitors.

Key aspects:	**Response plans:**
Margin pressure	Closely monitoring the trends of clients' preferences, markets and competitors
Service delivery	Maintaining close contact with clients and specialists
Reputation	Flexibility to adjust network and local operations to meet new service requirements
	Focusing on Brunel's unique and tailored services
	Enhancing Brunel's service quality and efficiency
	Developing innovation team and adding value through innovation
	Knowledge sharing

Implementation in 2016 and looking forward:

Our mitigation measures in 2016 can be categorised mainly into "innovation", "quality and efficiency" and "knowledge sharing", in 2017, further efficiency improvement on technology applications and innovative service solution will be continued.

Attraction and retention key personnel (O)

The potential for inadequate succession of key personnel in Brunel's (senior) management function is due to a lack of structural attention for succession planning, a small top management basis and the scarcity of qualified managers within the organisation. The scarcity of qualified internal staff could limit future growth and as we are just able to manage the existing business.

Key aspects:	Response plans:
Experienced staff	Preparing current successful employees for future key positions
Management potential	Improving talent development programmes for sales organisation
	Initiating structured training programmes for other business functions
	Succession plan
	Retention plan
	Improving employee engagement

Implementation in 2016 and looking forward:

In 2016 Brunel has implemented various training programmes for the various levels within the organisation and they are planned to be further optimised in the coming years. Various high potential employees were given the opportunities to work in Brunel exchange programmes and the programmes will be formalised in 2017. For key employees, Brunel also has a share-option scheme. Senior management and high potentials are closely followed, monitored and coached in various talent development programmes.

Non-compliance with laws, regulations, local standards and codes (C)

Brunel’s global presence exposes it to a variety of regulatory, political and other environments which may affect our business and operations, especially in emerging markets where the legal systems are in varying stages of development. In specific countries with tougher business environment, we also face uncertainties which are cases of unknown probabilities. In particular, our operations in these difficult countries are subject to the uncertainty associated with the local legal system, which could adversely affect our business and limit the legal protection available. Although we cannot predict the effect of further legal developments in such countries, we make careful decisions when we tap into any new countries, in order to manage or even avoid the uncertainties.

Non-compliance with internal policies and/or external laws and regulations by employees, subcontractors or third-party suppliers could result in financial losses, loss of customers or reputational damage.

Brunel is a full member of TRACE International since 2013 and complies with global anti-corruption laws, in particular the United States Foreign Corrupt Practices Act and UK’s Anti-Corruption & Bribery Act 2010.

Key aspects:	Response plans:
HR	Increasing knowledge and awareness of laws, regulations, standards and codes
Legal	Monitoring, reviewing, reporting and adapting to relevant (changes in) rules and regulations
HSE	Strengthening IT infrastructure for standard operational procedures and guidance
Business conduct	Implement and update global HSE system
Anti-bribery & corruption	Risk-based reviews of operations by HSE professionals
	Increasing internal compliance awareness and effective communication between central compliance resource and country managers working in the field
	Communicating and implementing business conduct standards internally
	Maintaining a global whistle blower procedure

Implementation in 2016 and looking forward:

In 2016, the global compliance risk has continued to increase in the industries and some of the countries we operate in or new countries we are looking into. Brunel has committed to maintain a strong corporate compliance culture, especially preventing illegal practices such as bribery and collusion in our industries and operation locations. Brunel has zero-tolerance to any violation on these laws. Brunel has also closely monitored the global sanction lists, implemented third-party due diligence procedure in high-risk business environment and ensured safe and legal financial transactions with international customers. Despite our continuous efforts, we expect an increased compliance risk onwards due to an increased regulatory environment.

Other top risks with medium likelihood and impact

Dependency on key clients (S)

The dependency on key clients in Europe is lower compared to Energy, since the clients in Europe have a lower revenue share for Brunel and the client base is more widespread. Our Energy business had a first move advantage to work on global supplier agreements with international oil companies. Until recent years, our ability to grow is highly dependent on key clients and their preference to continue to do business with Brunel.

Key aspects :	**Response plan:**
Damage by losing one of the key clients	**Further expanding, diversifying and monitoring client base**
	Strengthen sales organisation
Complacency attitude of having business "given" by key clients	**Monitoring on an ad hoc basis the share of key clients as a percentage of total revenue**
	Improving service quality and efficiency and compliance as a service

Implementation in 2016 and looking forward:

In The Netherlands, the IT business line has grown in relation to engineering, making Brunel less vulnerable to the engineering sector. Brunel Germany has a strong focus on automotive industry which implies a weakness to growths. In 2016, several sales initiatives have been rolled out in different Brunel entities to strengthen our salesforce on expanding our customer base and wining new clients however it will take some time for new client base to fully pay off. We have also diversified our client profile by adding new service packages to gain market share and to be able to return to growth again, our salesforce has a focus on clients and countries with volume potential, sustainable margins and acceptable risks.

Contract negotiation and management (C)

The potential of entering into burdensome, unenforceable or unfavourable contract terms or contracts that lack clear definition of business arrangements result in non-compliance with contract terms and increased costs. Due to the focus on further growth and the expanding clients the risk of entering in these contracts has increased.

Key aspects :	Response plan:
Margin pressure caused by burdensome and unfavourable contracts	Developing and implementing commercial task force globally
Liabilities	Performing go/no go client and project selection through thorough review of contract conditions, clients credit check and risk assessment
	Setting up and updating minimum commercial, financial and legal requirements which our contracts should comply with

Implementation in 2016 and looking forward:

In 2016, the commercial team has been growing towards a more professional organisation. The team has better valuated new projects from the commercial, legal, financial and compliance aspects. This has enabled us to manage our contact negotiation and management risk while balancing the commercial benefits. We have also updated our IT systems to better facilitate the use of standard contracts.

Moreover 2016 we have developed a training to increase the awareness of risks in contracting in all our departments. This training has been rolled out in most of our regions.
In 2017 we will set up processes to encourage communications among different regions for global contracts and update our IT systems to fully facilitate the contracting process.

Tax (C)

Brunel operates worldwide which exposes the group to various jurisdictions and complex tax systems.

Depending on jurisdictions, tax rules as well as interpretations can be subject to changes, which can expose Brunel to additional tax costs.

Key aspects :	**Response plans:**
Additional cost	**Formal procedures and monitoring systems around tax compliance**
Reputation damage	**Engage reputable tax advisors**
	Training
	Implement group wide controls

Implementation in 2016 and looking forward:

In 2016, the increased tax risks due to the budgetary issues caused by the low oil price in some developing countries remained unchanged. In The Netherlands we have adopted a new tax law for freelancers.
The commercial team has put more and more attention on tax compliance in the contracting process. We have also seen a lot of changes in tax laws and interpretations. Especially in developing countries, the attitude of local tax authorities has become more opportunistic or even aggressive. This manifests itself in unexpected tax claims, a disproportionate amount of tax audits, and a tax authority that is not open to resolve disputes without going to court. Dispute resolution can be time-consuming and costly. To minimise these tax risks, we engage reputable tax advisors to ensure our compliance. In some developing countries, we might occasionally accept an incorrect tax claim, because the actual claim is lower then the expected costs for the appeal.

Information Technology risks (O)

In the last five years, we have been working on automation and improving working process. However regulatory requirements and scrutiny are ever increasing, rapid deployment of emerging technologies also creates risks. Cyber attacks, data fraud or theft, information mismanagement, privacy and data protection can have a big negative impact on our business continuity and reputation.

Key aspects :	**Response plans:**
Change management	**Formalising change management procedure**
Security & user management	**Further attention required for segregation of duties conflicts in key applications**
Key applications for sales, operation and finance departments	**Implement formal user management procedures for local finance applications**
	Maintain an up to date security environment
Cyber security and data privacy	**Further increase the awareness of data privacy among different level and functions**

Implementation in 2016 and looking forward:

Brunel's IT general controls environment is evolving and has improved compared to previous year. We are able to centrally manage all our systems and data via proven technology and professional partners. Key IT systems and system interface have been further rolled out which increased the automation of work process & control. The IT organisation is currently in the last phase of the transition period from a project development organisation to a support organisation.

The new General Data Protection Regulation (GDPR) has been adopted in April 2016 and allows organisations providing services in Europe to meet the compliance requirements before its full enforcement in May 2018. Besides the EU Regulation, our operations outside European Union are subject to other strict national Data Privacy Acts. Brunel has committed to bring our current data privacy infrastructure into a higher level to defend individuals' privacy rights and demonstrate accountability. As data breach incidents and related cyber risks increases, Brunel is actively installing adequate measures, policies and procedures to safeguard individual's data and minimize incidents caused business disruption.

Financial reporting (F)

The main measure to control the quality of the financial reporting, and prevent unintentional or intentional errors is internal control. Brunel continues to standardise and to uniformise processes and procedures. As a result, more group wide controls will be implemented, as well as sharing of best practices. We are also monitoring the business environment to be able to quickly respond to changes in the control environment. In 2016, we have implemented a new application for consolidation (Tagetik) that enables us to interface data directly for the source and get more detailed insight in the financials of our operations.

Productivity (O)

This applies specifically to the secondment business in Europe, where employment contracts are based on contractual agreements with clients. Potential early termination of deployed employees can result in loss of productivity. Productivity is measured on a daily basis and reported on a weekly basis, so that corrective actions can be taken in a timely manner.

Financial risks (F)

Brunel has always had exceptionally high solvency rates. The company does not use any long-term credit lines and boasts favourable liquidity positions and bank facilities that accommodate the day-to-day management of the working capital. During the current crisis in the Oil & Gas industry, it looks like this is increasingly becoming an advantage, as our strong balance sheet was recognised by both clients and employees.

Brunel is considered a solid partner in business and our assets include a limited amount of goodwill. As a result, impairment risks and the associated deterioration of the solvency level are highly unlikely. Brunel's most important financial assets are its account receivables, spread over more than two thousand clients. Despite internal procedures, uncollectible debts cannot be ruled out; but the risk of a material erosion of operating profit is very small.

Brunel does incur currency risks. Main currency risk is the translation risks in connection with our accounts receivable positions and foreign participations. In the ordinary course of business, revenues and expenses are often stated in the same currency, which helps reduce the effect of exchange rate differences. However, some (developing) countries have implemented mandatory use of local currencies to protect their economies. This can increase our currency risk due to the international nature of our clients and contractors. Awarded pension schemes concern defined contribution schemes managed by external parties.

Further information is included on pages 111-113 of the financial statements.

Corporate governance

Brunel's understanding of corporate governance is based on applicable laws, the rules and regulations applicable to companies listed on the NYSE Euronext Amsterdam stock exchange and the Dutch corporate governance code (the "Code"). The full text of the Code can be seen on www.commissiecorporate governance.nl.

The Dutch Corporate Governance code contains principles and best practices on the government of listed companies and their accountability to their shareholders on this topic. The Code was adopted in 2003 and amended in December 2008. On 8 December 2016 the Dutch Corporate Governance Code Monitoring Committee published the revised Corporate Governance Code which will take effect on January 2017.

Compliance and continuation

The Board of Directors and Supervisory Board are responsible for maintaining the corporate governance structure and for ensuring compliance with that structure. They render joint account on these issues to the General Meeting of Shareholders.

Brunel is of the opinion that the vast majority of the principles and best practices of the Code are being applied. Where feasible and relevant, Brunel International N.V. will implement the changes following the 2016 revised Corporate Governance Code. Dutch listed companies are required to report in 2018 on compliance with the revised Code in the 2017 financial year. The key aspects of Brunel's corporate governance structure and compliance with the Code will be submitted for discussion at the 2018 annual general meeting.

This chapter describes the principal aspects of the corporate governance structure. If applicable, explanations for deviating from the 2008 Code's best practice stipulations are provided.

The corporate governance structure at Brunel International N.V. and the deviations from the Code are based on current conditions and views within Brunel Conditions may change which may lead to adjustments in the structure and in the way in which Brunel International N.V. complies with the Code.

Every substantial change to the corporate governance structure of the company will be submitted to the General Meeting of Shareholders for discussion on a separate agenda item.

Deviations from the Dutch corporate governance code

Best practice provision II.2.1

Contrary to the provisions of best practice provision II.1.1, the CEO has been appointed for an indefinite period of time. The CEO was appointed before the Code was implemented and the Company wishes to respect the existing contract with the CEO.

Best practice provision III.3.5

After having reached the maximum term of appointment to the Supervisory Board Mr. Schouwenaar was re-appointed for an extra term in 2013. In order to secure continuity and effective succession within the Supervisory Board the Annual General Meeting of Shareholders re-appointed Mr. Schouwenaar at 30 April 2015 for an additional term of two years.

Best practice provision IV.1

In 2005 the General Meeting of Shareholders decided to discontinue the adoption of the rules applicable to statutory two-tier entities (“structuurregime”). The Supervisory Board was granted the right to submit a binding nomination in the case of the appointment of Directors and Supervisory Directors. In deviation from best practice provision IV.1.1 such nomination may only be rejected by the General Meeting of Shareholders by means of a two-thirds majority of votes cast, representing more than half the issued capital. These criteria were prescribed as the Supervisory Board considered it necessary, in light of Brunel’s specific circumstances, to ensure that its position is as strong as possible in the current structure.

Best practice provision IV.3

Information for analysts, shareholders, the press and other parties in the financial markets is provided in accordance with the relevant recommendations in the Code. However, Brunel does not entirely comply with the public nature of meetings, for example through transmission on the internet, as we believe this implies a disproportionate burden for our organisation.

Board of Directors

Tasked with the management of the company, the Board of Directors is responsible for setting Brunel's mission, vision and strategy; execution of its implementation; taking responsibility for Brunel's overall results, and addressing corporate responsibility issues.
The Board of Directors operates in accordance with the interests of Brunel International N.V. and is to that end required to consider all appropriate interests associated with the company. The Board of Directors is responsible for complying with all relevant primary and secondary legislation, the risk profile associated with the strategy, the corporate responsibility issues relevant to the company, its financing, and its external communications.

The Board of Directors is required to report developments on the abovementioned subjects to, and discuss the internal risk management and control systems with, Brunel's Supervisory Board and its Audit Committee.

Supervisory Board

Brunel International N.V.'s Articles of Association determine that the Supervisory Board consists of a minimum of three members. The Supervisory Board determines the number of its members.

The Supervisory Board is charged with supervising the Board of Directors and the general course of affairs of Brunel, as well as advising the Board of Directors. The Supervisory Board evaluates the corporate structure and the control mechanisms established by the Board of Directors.

In performing its duties the Supervisory Board shall take into account the relevant interest of the company's stakeholders, and, to that end, consider all appropriate interests associated with the company.

Members of the Supervisory Board perform their duties without mandate and independent of any particular interest in the business of the company. The Supervisory Board is responsible for the quality of its own performance and for this purpose annually reviews its performance. The responsibility for proper performance of its duties is vested in the Supervisory Board as a whole.

Brunel ensures that there are structured reporting lines to the Supervisory Board.

The Audit Committee assists the Supervisory Board in fulfilling its supervisory responsibilities for the integrity of the financial reporting process, the system of internal business controls and risk management, the external audit process, the external auditor's qualifications, independence and performance.

The Chairman of the Supervisory Board ensures the proper functioning of the board and its committees and acts on behalf of the Supervisory Board as the main contact for the Board of Directors. The Vice-Chairman replaces the

Chairman when required and acts as contact for the other board members concerning the functioning of the Chairman.

The by-laws of the Supervisory Board and the resignation schedule are posted on the company's website, www.brunelinternational.net

Structure and shares

The authorised capital of Brunel International N.V. is EUR 5,998,000 divided into 199,600,000 ordinary shares and one priority share. The par value of the ordinary shares is EUR 0.03 each. The par value of the priority share is EUR 10,000. On 31 December 2016 the number of outstanding shares was 50,413,624.

Priority share

The priority share, which has a par value of EUR 10,000, has been issued to Stichting Prioriteit Brunel, subject to the condition precedent that the majority shareholder loses its majority share in Brunel International N.V.'s share capital. The priority share will be fully paid up as soon as the issue becomes unconditional.

The protective stipulations are included in the Articles of Association of Brunel International N.V. and are posted on the company's website.

Major shareholder

According to The Netherlands Authority for the Financial Markets (AFM) register on notification of substantial holdings, Brunel founder Mr. J. Brand directly or indirectly holds a capital interest of approximately 63%, with corresponding voting rights.

Annual General Meeting of Shareholders Brunel International N.V. is required to hold an Annual General Meeting of Shareholders within six months after the end of the financial year in order to, among other things, adopt the financial statements and to decide on any proposal concerning dividends. Further to Dutch law, the release from liability of the members of the Board of Directors and release from the liability of Supervisory Board members for the performance of their respective duties during the financial year are also agenda items for this meeting.

Voting rights

Each shareholder has the right to attend General Meetings of Shareholders, either in person or by written or electronic proxy, to address the meeting and to exercise voting rights, subject to the provisions of Brunel International N.V.'s Articles of Association. An eligible shareholder has the aforementioned rights if registered as shareholder on the applicable record date as set by the Board of Directors.

Each of the shares in Brunel International N.V.'s share capital carries the right to cast one vote. Unless otherwise required by Dutch law or Brunel International N.V.'s Articles of Association, resolutions are passed by a simple majority of votes cast by the shareholders present or represented at the meeting.

Auditor

The Annual General Meeting of Shareholders charges the external auditors with the task of auditing Brunel International N.V.'s annual accounts.

Delegation

On 17 May 2016 the Annual General Meeting of Shareholders authorised the Board of Directors for a period of 18 months to issue (rights) to shares and to restrict or exclude shareholders' pre-emption rights, with due observance of the law and Articles of Association (which require the approval of the Supervisory Board). The authorisation is limited to 5% of Brunel International N.V.'s issued share capital, as at the date of issue.

A new authorisation will be submitted for approval to the Annual General Meeting of Shareholders of 11 May 2017.

On 17 May 2016 the Annual General Meeting of Shareholders also authorised the Board of Directors for a period of 18 months to acquire own shares with due observance of the law and the Articles of Association (which require the approval of the Supervisory Board) to the maximum of 10% of the issued share capital of Brunel International N.V., by means of stock market purchases or in any other way, at prices lying within the bandwidth of 10% above and 10% below the Euronext Amsterdam opening price for the company's shares on the day of the purchase, or, in default thereof, the most recent prices registered. A new authorisation will be submitted for approval to the Annual General Meeting of Shareholders of 11 May 2017.

Amendment to the Articles of Association

Amendment to Brunel International N.V.'s Articles of Association can take place upon a proposal of the Board of Directors approved by the Supervisory Board and adopted by the General Meeting of Shareholders. A proposal to amend the Articles of Association must be stated in a notice convening a General Meeting of Shareholders. The proposal shall be passed upon an absolute majority of the votes cast in the General Meeting of Shareholders.

Governance statement

The coroporate governance statement can be found on the company's website www.brunelinternational.net.

Performance

Brunel International N.V.

The continuing downturn in the Oil & Gas sector has had a severe impact on our 2016 performance. This has been aggrevated by a temporary hick up in the growth in The Netherlands due to the new legislation for freelancers. Germany continued on the growth path started in 2015 resulting in strong growth in revenue and operating profit. As a result of these developments, revenue decreased by 28%.

The gross margin increased from 18.7% to 21.1% mainly as a result of a change in the mix between Europe and Energy. Gross profit was impacted by the lower revenue.

Overhead expenses for 2016 include EUR 3.9 million of one off expenses for redundancies and restructuring in Energy. The measures taken, partly offset by a higher cost level in Europe, resulted in a decline of overhead expenses of 7.8%.

Our associate in Angola continued to struggle under the difficult circumstances in Angola, resulting in a loss of EUR 1.8 million. Activities have been downsized significantly to leave a limited remaining exposure.

The effective tax rate for 2016 ended at 56%. A downward adjustment under the current circumstances of the outlook for the coming years for our activities in the USA has lead to an impairment of EUR 3.3 million of the deferred tax asset relating to these activities.

These developments have resulted in a significantly lower net result.

Our direct headcount decreased to 8,925 at 31 December 2016 from 10,051 at 31 December 2015 whilst our indirect headcount decreased from 1,503 to 1,446. Main impact was of course the lower level of activities in Energy with the headcount in Europe remaining pretty stable. For 2017 we expect a further decrease in headcount in Energy, but at a lower pace, largely offset by an increase in Europe.

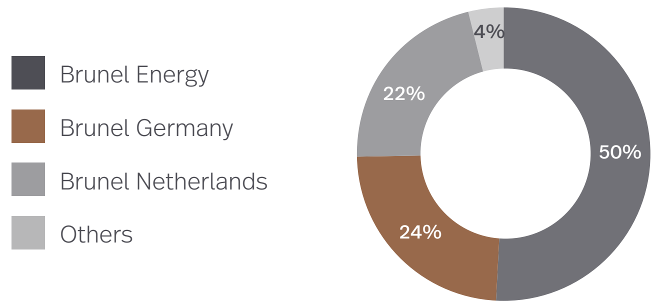
Balance Sheet

Working capital decreased by 16%, mainly as a result of the lower level of activities, partly offset by some short term projects towards the end of the year. Collection remained pretty stable, with average days outstanding slightly increasing.

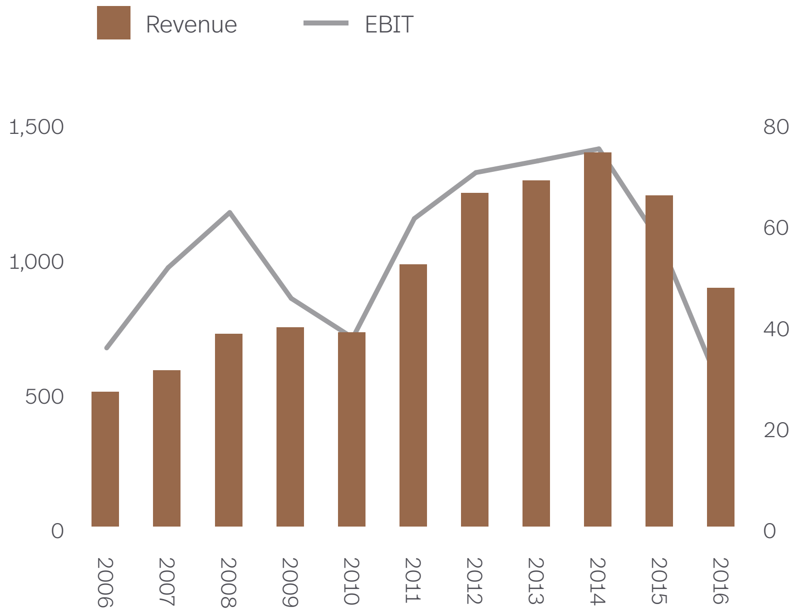
Investments in fixed assets in 2017 will be at a similar level as in 2016.

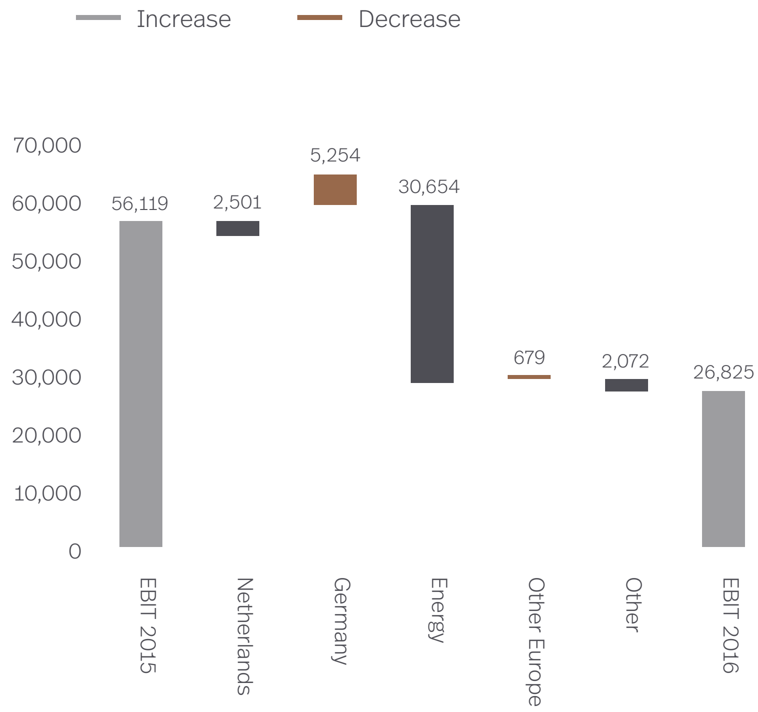
Brunel International N.V.

Revenue share



Revenue and EBIT





Brunel Netherlands

Brunel Netherlands initially profited from the economic climate in The Netherlands, resulting in a strong performance in Q1. The remainder of the year was severely impacted by the new legislation for freelancers that came into effect with the start of the transition period on May 1. The uncertainty around this transition period has lead to different interpretations in our industry, where we appeared to be more stringent. As a result, we have seen a considerable number of freelancers transferring to our competitors. From July onwards, the direct headcount returned to growth. Adjusted for the estimated impact of the freelancers, revenue would have grown by 7%. Business line IT was the outperformer with a growth of over 20%. Engineering remained flat and Finance struggled with the current environment in the Insurance and Banking industry.

Profitability was further impacted by a slightly lower margin, mainly due to idle time for training activities and a slightly higher bench.

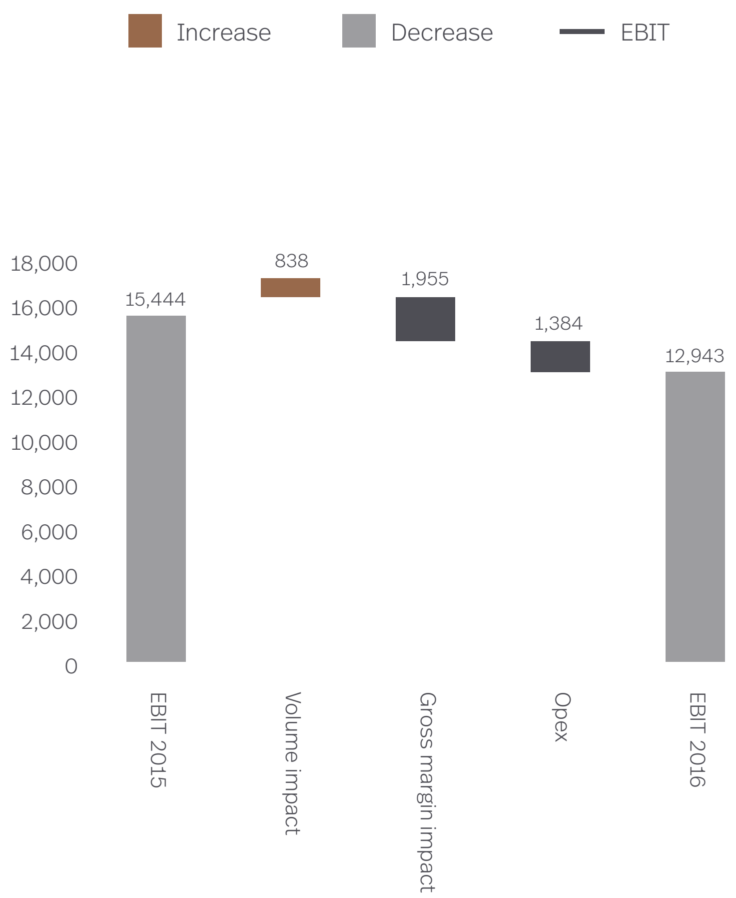
Operating expenses increased following investments in the commercial organisation and the exploration of new technologies.

Outlook

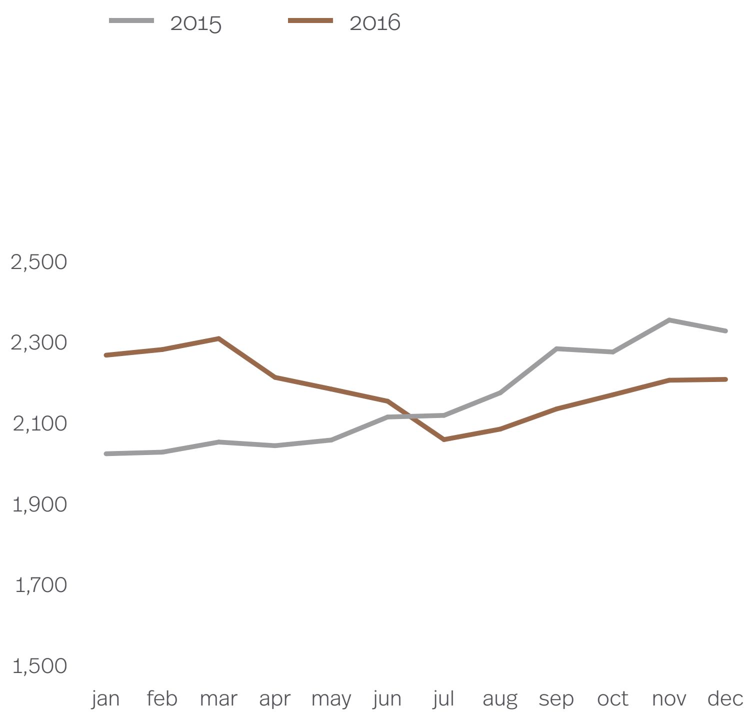
For 2017 we expect that the headcount growth we have resumed from July 2016 onwards will continue. This will result in revenue growth, despite the fact that we have started 2017 at a lower level than 2016. We expect profitability to improve slightly.

Brunel Netherlands

EBIT



Headcount development



Brunel Germany

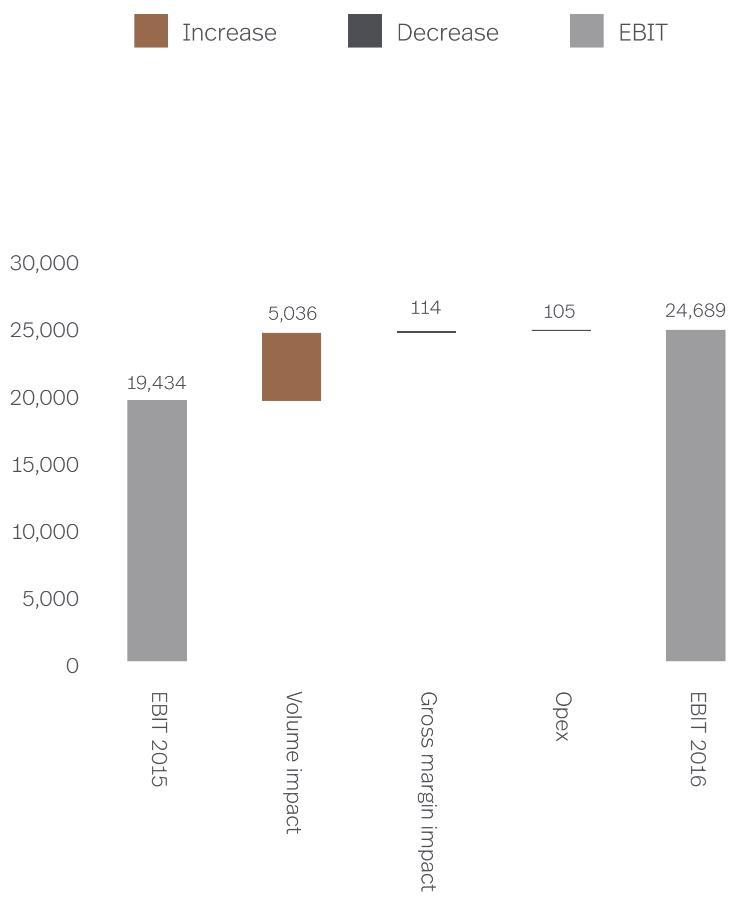
The growth in Germany continued in 2016 on the back of the current economical climate. The YoY growth from 2015 to 2016 in headcount is 11.8%. We are experiencing limited margin pressure, but have been able to offset this by an improved productivity.
The growth has been achieved without an increase in operating expenses, resulting in a strong increase in operating profit.

Outlook

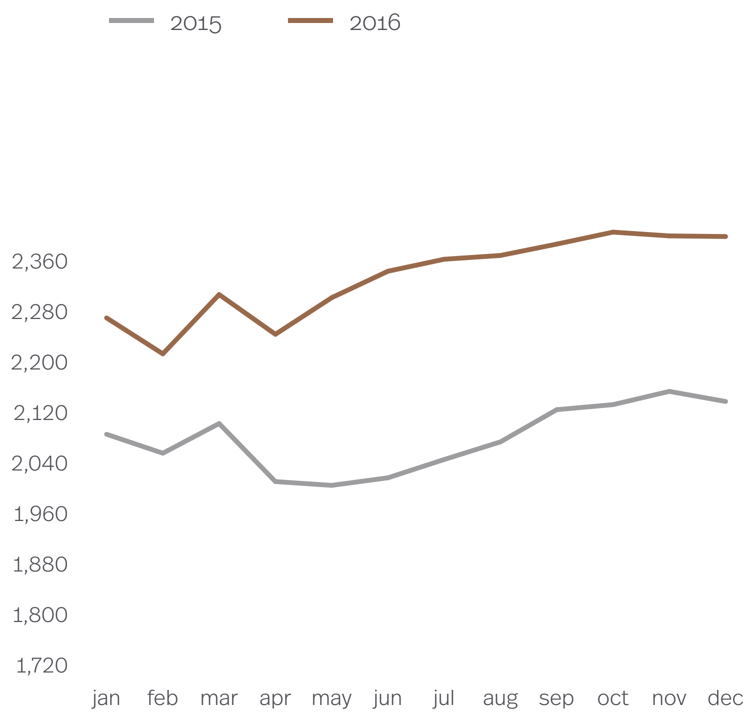
In 2017 a new law will come into effect. Elements of this law are equal pay, a limit to contract periods for secondment of 18 months and a stricter regulation of types of agreements. This provides an opportunity for us rather than a threat. In anticipation on this law, and as a response to market developments, we have increased our capabilities to also offer services besides secondment. We expect we have taken the appropriate measures and expect to see the growth continuing in 2017.

Brunel Germany

EBIT



Headcount development



Brunel Europe - Other entities

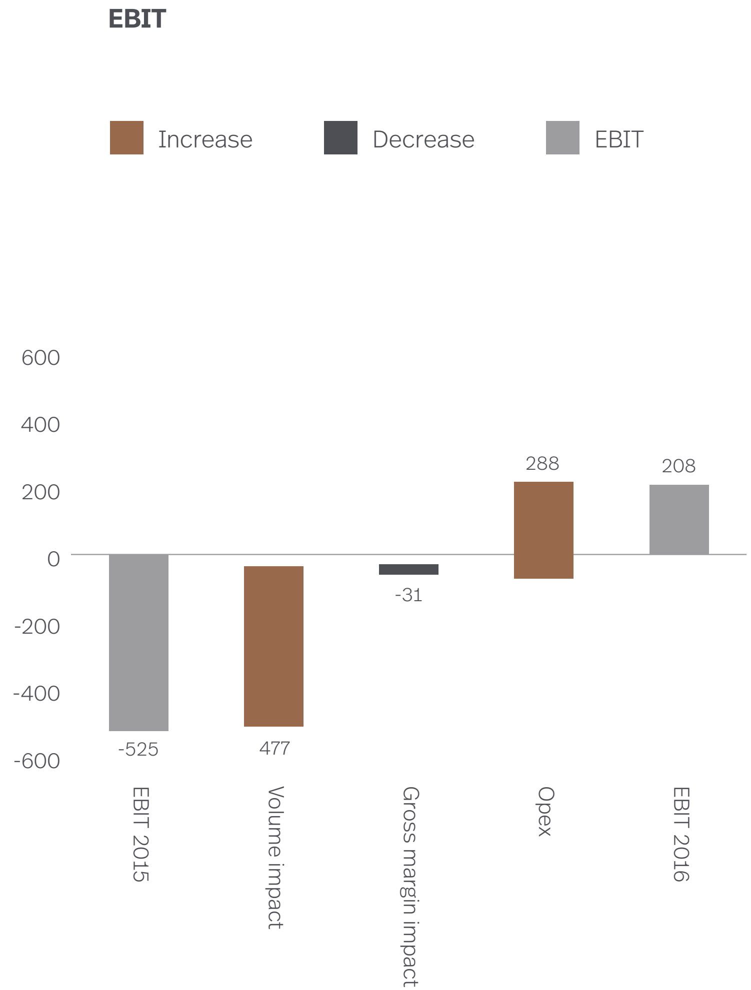
In the rest of Europe a revenue growth of 21% was achieved. Austria, the Czech Republic and Switzerland all showed strong growth.

The lower operating expenses are mainly caused by lower cost for doubtful debt in Belgium.

Outlook

We expect continuous growth in Austria, Switzerland and the Czech Republic. Belgium expects to make up for the lower level of activities at the beginning of 2017.

Brunel Europe - Other entities



Brunel Energy

The Energy division continued to be impacted significantly by the downturn in the Oil & Gas sector, which had been more severe and lasted longer than many expected. The current level of upstream offshore projects is very low, with little new projects being initiated. Besides the decline in headcount, our revenue has also been impacted by significantly reduced contractor rates, since most of our business is priced at cost plus. In 2016, we have also seen competitors offering very low fees (markups) for their services, also impacting our markets and clients.

We have seen revenue decrease in all our regions.

Rightsizing our offices and maximising the use of our IT solutions helped us to achieve a significant cost saving. The 2016 operating expenses includes EUR 3.9 million of costs for redundancies and restructuring. Restructuring includes expenses relating to closing or pausing some of our activities in Africa and Asia. This will allow us to further reduce operating expenses in 2017 in order to achieve at least a break even operating result.

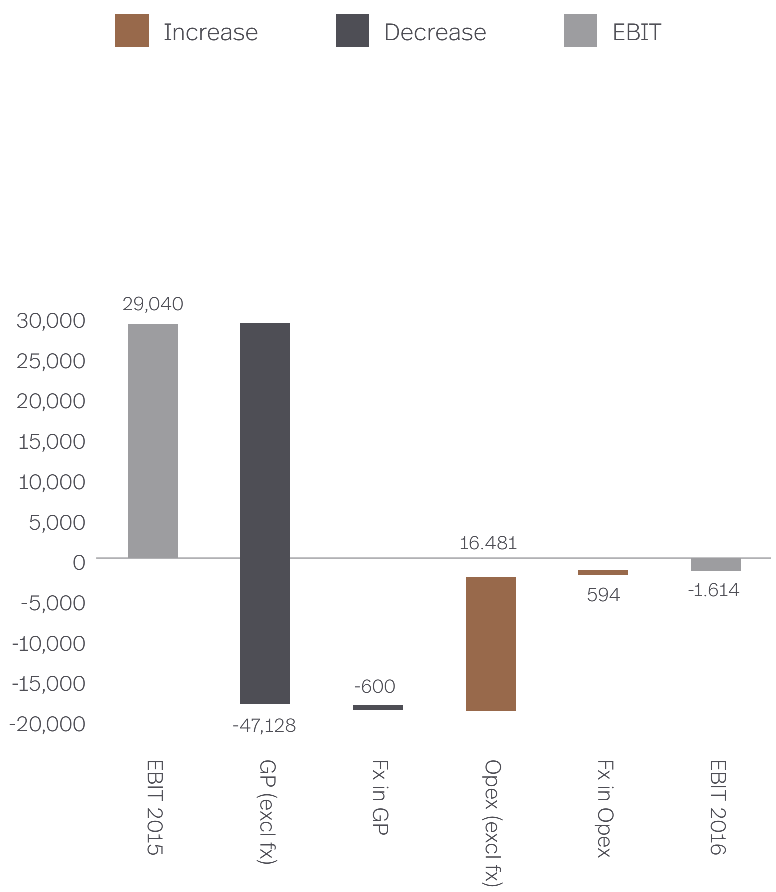
The impact of exchange rate movements on our performance was limited.

Outlook

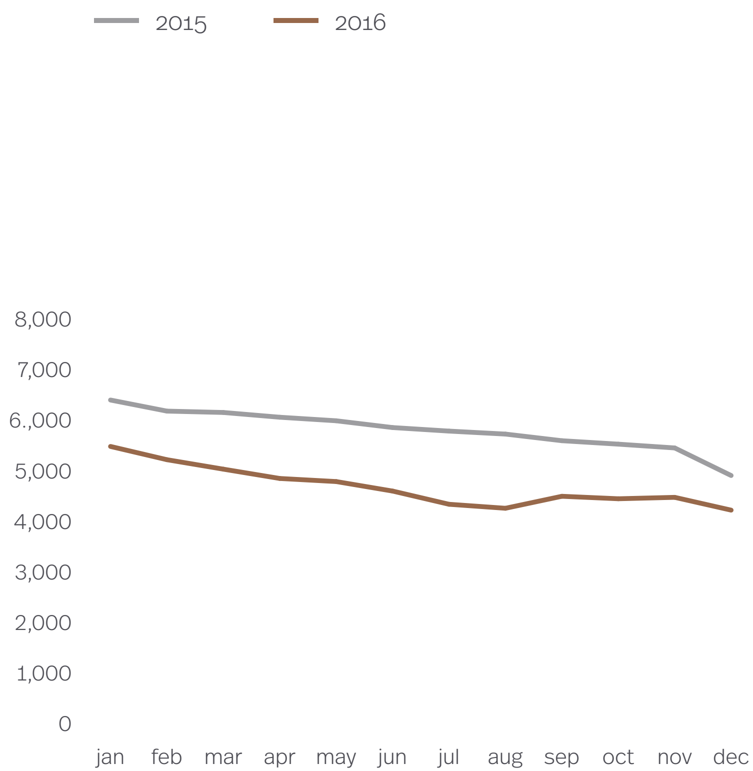
In 2017, we will see the full year impact of the decline in revenue in 2016, in combination with a further decline in headcount especially in the first half of 2017. As a result of our efforts towards new activities we expect that the revenue will be stabilizing in the second half of 2017 and we could even be returning to growth.

Brunel Energy

EBIT



Headcount development



In control statement

The Board of Directors is responsible for establishing and maintaining adequate internal risk management and control systems. The internal risk management at Brunel focuses on managing both financial risks and operational risks as described in "Risks, risk management and control systems" of the Annual Report. As a key part of its scope, Risk Management is responsible for the design, monitoring and reporting on the internal control framework.

In 2016, the Board of Directors, in accordance with best-practice provision II.1.4 of the Dutch Corporate Governance Code, reviewed and analysed the strategic, operational, financial reporting and compliance risks to which the Group is exposed, and it regularly reviewed the design and operational effectiveness of the Brunel risks and control systems, including the improvements. The outcome of these reviews was shared with the Audit Committee and the Supervisory Board.

In line with the adoption of the Dutch Corporate Governance Code, Brunel prepared the In Control Statement 2016 in accordance with the best practice provision II.1.5. of the Dutch Corporate Governance Code. Taking the risks and control systems described above into consideration, the Board of Directors is of the opinion that the internal risk management and control systems with regard to financial reporting risks have been working adequately during the year under review and provide reasonable assurance that the financial report does not contain material misstatements.

The members of the Board of Directors as required by section 5:25c, paragraph 2, under c of the Dutch Act on Financial Supervision (Wet op Financieel Toezicht) confirm that to the best of their knowledge:

These 2016 financial statements give, in accordance with IFRS as endorsed by the EU, a true and fair view of the assets, liabilities, financial position and profit or loss of the Company and the undertakings included in the consolidation taken as a whole.

This Annual Report gives a true and fair view of the Company's position and the undertakings included in the consolidation taken as a whole as of 31 December 2016, and of the development and performance of the business for the financial year then ended.

This Annual Report includes a description of the principal risks and uncertainties that the Company faces.

Amsterdam, 24 February 2017

The Board of Directors

J.A. van Barneveld
CEO

P.A. de Laat
CFO

6: The Brunel share

Structure and shares

Brunel International N.V. is a public limited liability company. Its authorised capital is EUR 6 million, divided into 199.6 million ordinary shares and one priority share. The par value of the ordinary shares is EUR 0.03 each. The par value of the priority share is EUR 10,000. The priority share has not been issued.

Stock exchange listing

Brunel International N.V. ordinary shares are listed at the NYSE Euronext stock exchange in Amsterdam (ticker symbol BRNL). Since 2015, Brunel has been listed on the Amsterdam Small Cap Index (AScX). Since April 2011, options on Brunel shares have also been traded on NYSE Liffe, the derivatives market of NYSE Euronext.

Share capital

The total number of shares outstanding on 31 December 2016 is 50,413,624, giving a market capitalisation of EUR 776 million at that time. The number of shares outstanding at year-end 2015 was 49,967,624. The increase in the number of shares outstanding is due to the exercise of stock option rights.

Share option scheme

Up to 2014, option rights were granted to the members of the Board of Directors, under the Articles of Association. A note explaining these grants is included in the Supervisory Board's remuneration report, which is available on the company's website. Several senior management members were also granted option rights. In 2015 the share option scheme was revised to a Share Appreciation Rights (SAR) scheme.

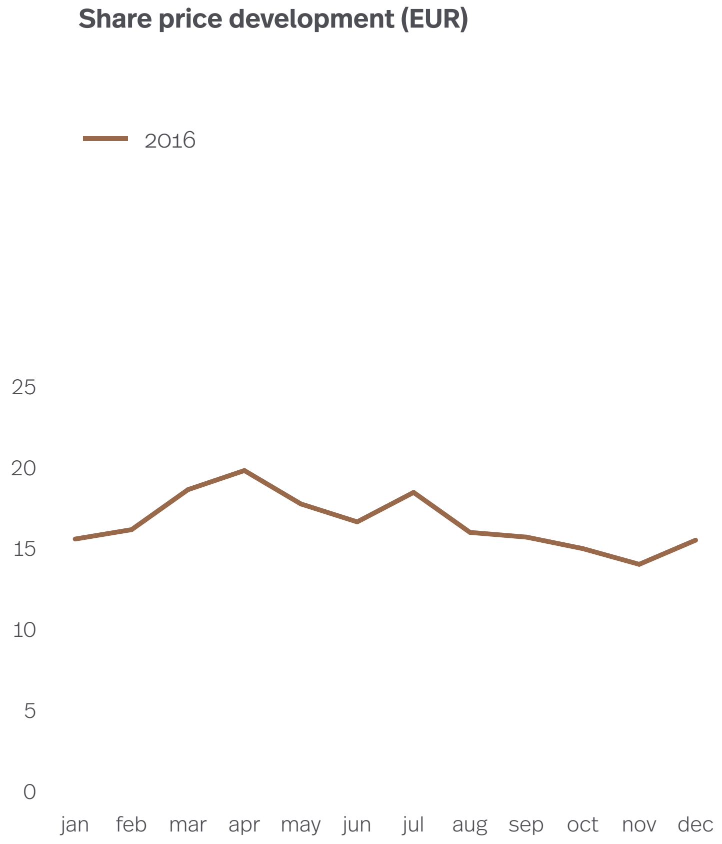
Interests

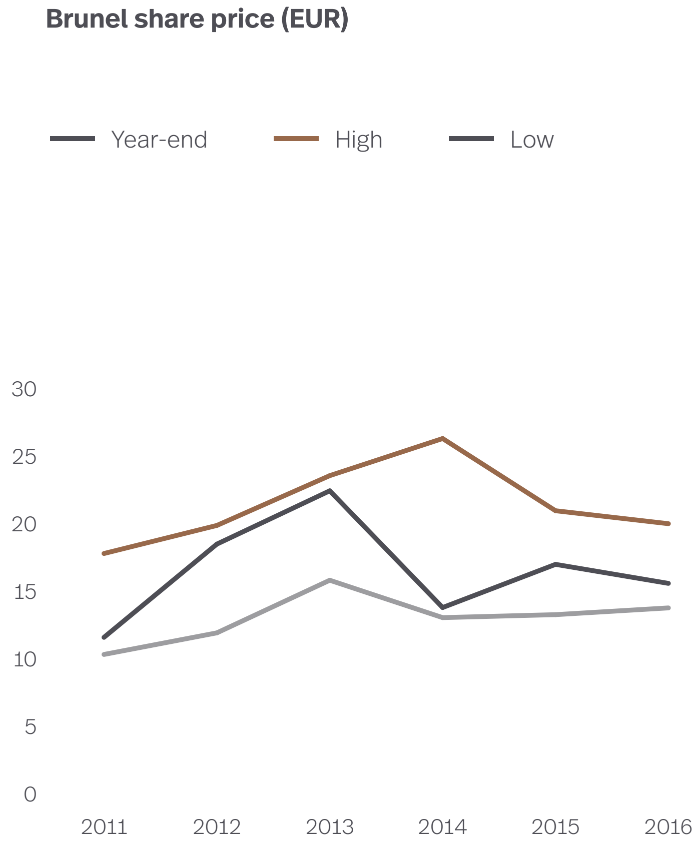
According to the AFM register on notification of substantial holdings, Mr J. Brand, the company's founder, directly or indirectly holds a capital interest of approximately 63%, with corresponding voting rights.

Dividend

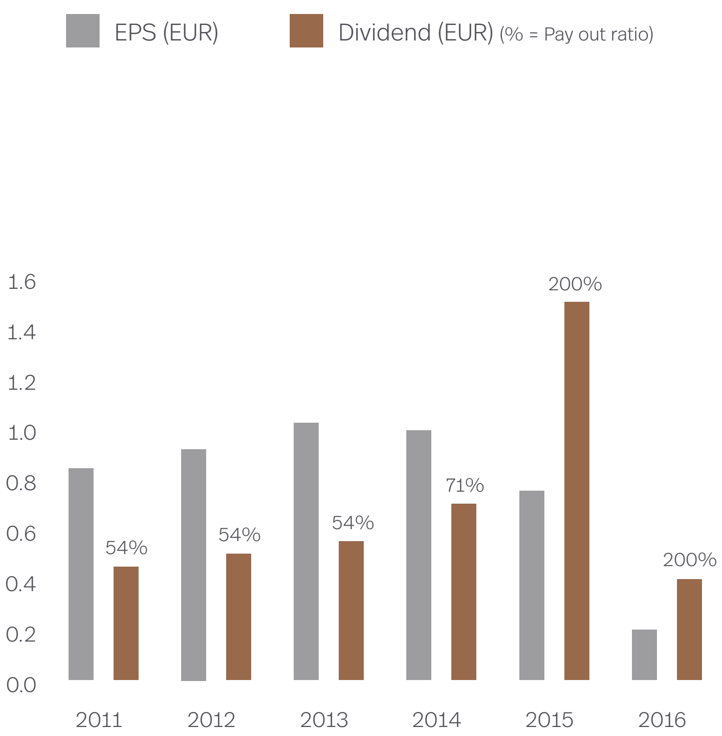
For this year we propose to pay a dividend of EUR 0.20 per share and an additional dividend of EUR 0.20 per share to the General Meeting of Shareholders.

The Brunel share





Brunel earnings per share (EUR)



Financial calendar

5 May 2017	Trading update for the first quarter 2017
11 May 2017	Annual General Meeting of Shareholders
15 May 2017	Ex-dividend listing
9 June 2017	Dividend available for payment
18 August 2017	Half-year results 2017
3 November 2017	Trading update for the third quarter 2017

7: Annual accounts

Brunel International N.V.

Financial statements 2016

Contents

Consolidated balance sheet

x EUR 1,000, before profit appropriation

	31 December 2016		31 December 2015	
Non-current assets				
Goodwill (1)	4,265		4,218	
Other intangible assets (2)	13,905		13,043	
Property, plant and equipment (3)	7,301		10,729	
Financial assets (4)	-		-	
Deferred income tax assets (16)	10,563		12,729	
Total non-current assets		**36,034**		**40,719**
Current assets				
Trade and other receivables (5)	204,506		253,627	
Income tax receivables (16)	9,922		5,010	
Cash and cash equivalents (6)	149,233		180,037	
Total current assets		**363,661**		**438,674**
Total assets		**399,695**		**479,393**
Non-current liabilities				
Provisions (7)	603		712	
Deferred income tax liabilities (16)	553		1,561	
Long-term liabilities (8)	922		1,074	
Total non-current liabilities		**2,078**		**3,347**
Current liabilities				
Current liabilities (9)	100,785		124,932	
Income tax payables (16)	3,146		3,387	
Total current liabilities		**103,931**		**128,319**
Total liabilities		**106,009**		**131,666**
Net assets		**293,686**		**347,727**
Group equity (10)				
Share capital	1,512		1,499	
Share premium	83,548		76,765	
Reserves	198,042		231,885	
Unappropriated result	10,050		37,122	
Non-controlling interest	534		456	
Total equity		**293,686**		**347,727**

Consolidated profit and loss account

x EUR 1,000

		2016		2015
Revenue		**884,911**		**1,228,948**
Direct personnel expenses (13)		-697,815		-998,939
Gross Profit		**187,096**		**230,009**
Indirect personnel expenses (13)	-100,584		-107,833	
Depreciation and amortisation (14)	-8,288		-8,417	
Other expenses (15)	-51,398		-57,640	
Total operating costs		**-160,270**		**-173,890**
Operating profit		**26,826**		**56,119**
Exchange differences	-1,488		1,781	
Interest income	796		333	
Interest expenses	-96		-641	
Financial income and expense		**-788**		**1,473**
Share of profit of investments accounted for using the equity method (4)		-1,807		-928
Group result before tax		**24,231**		**56,664**
Tax (16)		-13,629		-19,060
Group result after tax		**10,602**		**37,604**
Net income attributable to equity holders of the parent (ordinary shares)		**10,050**		**37,122**
Net income attributable to non-controlling interest		552		482
Net income for the year		**10,602**		**37,604**
Basic earnings per share in euro (17)		0.20		0.75
Diluted earnings per share in euro (17)		0.20		0.74

Consolidated statement of comprehensive income

x EUR 1,000

	2016	2015
Net income	10,602	37,604
Other comprehensive income		
Items that may be reclassified subsequently to profit or loss		
Exchange differences arising on translation of foreign operations	2,886	9,397
Income tax relating to components of other comprehensive income	643	-825
Total other comprehensive income (net of tax)	3,529	8,572
Total comprehensive income	**14,131**	**46,176**
Attributable to:		
Ordinary shareholders	13,552	45,630
Minority interests	579	546
Total comprehensive income	**14,131**	**46,176**

Consolidated cash flow statement

x EUR 1,000

	2016	2015
Cash flow from operating activities		
Result before tax	24,231	56,664
Adjustments for:		
Depreciation and amortisation (14)	8,288	8,417
Interest income	-796	-333
Interest expense	96	641
Share of loss/(profit from associates (4)	1,807	928
Other non-cash expenses (20)	1,831	2,266
Share based payments (11)	497	2,123
Changes in:		
Receivables (18)	46,632	78,287
Provisions (7)	-109	-144
Long-term liabilities (8)	-152	321
Current liabilities (19)	-24,511	-32,837
Income tax paid (16)	-16,991	-28,376
Interest paid	79	-641
Interest received	790	333
Cash flow from operating activities	**41,692**	**87,649**
Cash flow from investing activities		
Additions to property, plant and equipment (3)	-1,399	-4,125
Additions to intangible fixed assets (2)	-4,404	-3,362
Disposals of property, plant and equipment (3)	31	271
	-5,772	**-7,216**
Cash flow from financial operations		
Issue of new shares	6,796	8,129
Dividend non-controlling interest	-501	-556
Dividend ordinary shareholders	-75,500	-34,884
	-69,205	**-27,311**
Total cash flow	**-33,285**	**53,122**
Cash position at 1 January	180,037	125,070
Exchange rate fluctuations	2,481	1,845
Cash position at 31 December	**149,233**	**180,037**

Consolidated statement of changes in equity

x EUR 1,000

	Share Capital	Share Premium	Reserves: Translation reserve	Reserves: Share based payments	Reserves: Retained earnings	Reserves: Unappropriated result	Attributable to ordinary shareholders	Non-controlling interest	Total
Balance at 1 January 2015	**1,481**	**68,654**	**3,996**	**6,415**	**198,833**	**48,424**	**327,803**	**466**	**328,269**
Net income						37,122	37,122	482	37,604
Exchange differences arising on translation of foreign operations			9,333				9,333	64	9,397
Income tax relating to components of other comprehensive income			-825				-825		-825
Total comprehensive income			8,508			37,122	45,630	546	46,176
Cash dividend (10)						-34,884	-34,884	-556	-35,440
Appropriation of result					13,540	-13,540			
Modification of share based payment scheme (11)				-2,152	769		-1,383		-1,383
Share based payments (11)				1,578	398		1,976		1,976
Option rights exercised (11)	18	8,111		-2,234	2,234		8,129		8,129
Balance at 31 December 2015	**1,499**	**76,765**	**12,504**	**3,607**	**215,774**	**37,122**	**347,271**	**456**	**347,727**
Net income						10,050	10,050	552	10,602
Exchange differences arising on translation of foreign operations			2,859				2,859	27	2,886
Income tax relating to components of other comprehensive income			643				643		643
Total comprehensive income			3,502			10,050	13,552	579	14,131
Cash dividend (10)					-75,500		-75,500	-501	-76,001
Appropriation of result					37,122	-37,122			
Share based payments (11)				899	134		1,033		1,033
Option rights exercised (11)	13	6,783		-1,649	1,649		6,796		6,796
Balance at 31 December 2016	**1,512**	**83,548**	**16,006**	**2,857**	**179,179**	**10,050**	**293,152**	**534**	**293,686**

Participations

Brunel International N.V.'s main participations are listed below. These are included in the consolidated financial statements of Brunel International N.V.. Unless otherwise stated, all these participations are, directly or indirectly, wholly-owned and Brunel has full or over half of the voting power. Some non-material participations are not included in the list.

Brunel Corporate B.V., Amsterdam, The Netherlands
Brunel Nederland B.V., Rotterdam, The Netherlands
Brunel Energy Holding B.V., Rotterdam, The Netherlands
Brunel Energy Europe Staff B.V., Amsterdam, The Netherlands
Brunel Energy Europe B.V., Rotterdam, The Netherlands
Brunel CR B.V., Amsterdam, The Netherlands
Brunel Consultants N.V., Mechelen, Belgium
Brunel Energy Nederland B.V., Rotterdam, The Netherlands
Brunel Engineering Consultants N.V., Mechelen, Belgium
Brunel International UK Ltd, Glasgow, United Kingdom
Brunel Service GmbH & Co. KG, Bremen, Germany
Brunel GmbH, Bremen, Germany
Car Synergies GmbH, Bochum, Germany
Brunel International France Sarl, Paris, France
Brunel Italia SRL, Milan, Italy
Brunel Energy Norge AS, Stavanger, Norway
Brunel Austria GmbH, Salzburg, Austria
Brunel Switzerland AG, Zürich, Switzerland
Brunel Polska Sp. Z o.o., Wroclaw, Poland
Brunel Denmark ApS, Copenhagen, Denmark
Brunel Recruitment Kazakhstan Atyrau LLP, Atyrau, Kazakhstan
Brunel Energy Nigeria Ltd, Lagos, Nigeria
Brunel Energy LLC, Dubai, United Arab Emirates
Brunel DMCC, Dubai, United Arab Emirates
Brunel Oil & Gas Services WLL (75%), Doha, Qatar
Brunel India Private Ltd, Mumbai, India
Brunel Energy Kuwait WLL (75%), Farwania, Kuwait
Ishtar Baghdad for General Services LLC, Baghdad, Iraq
Brunel Technical Services Company (Kurdistan) LLC, Erbil, Iraq
Brunel Energy Japan K.K., Tokyo, Japan
Brunel International South East Asia Pte Ltd, Singapore
Brunel Technical Services Pte Ltd, Singapore
Brunel Energy Malaysia SDN BHD, Kuala Lumpur, Malaysia
Brunel Energy Korea Ltd, Ulsan, South Korea
Brunel Energy Hong Kong Ltd, Hong Kong, China
Brunel Hong Kong Ltd, Hong Kong, China
Brunel Consultancy Shanghai Ltd, Shanghai, China
Brunel Technical Services Manpower Corporation, Makati City, Philippines
Brunel Technical Services Philippines Inc, Makati City, Philippines
Brunel Technical Services Thailand Ltd, Bangkok, Thailand
Brunel Energy (Thailand) Ltd, Bangkok, Thailand
Brunel Energy Pty Ltd, Perth, Australia
Brunel Technical Services Pty Ltd, Perth, Australia
Brunel Construction & Maintenance Services Pty Ltd, Perth, Australia
Brunel Energy Inc, Houston, Unites States of America
Brunel Energy Canada Inc, Calgary, Canada
Multec Canada Ltd, Toronto, Canada
Brunel Energy Servicos Ltda Brasil, Rio de Janeiro, Brasil

Notes to the consolidated financial statements

General information

Brunel International N.V., registered at the Chamber of Commerce under number 24261450, is a public limited liability company domiciled in Amsterdam, The Netherlands and listed on the Euronext Amsterdam. The head office of the company is located in Amsterdam, the address is:

John M. Keynesplein 33
1066 EP Amsterdam
The Netherlands

The consolidated financial statements of Brunel include the company and its subsidiaries (together referred to as 'Brunel'). A summary of the main subsidiaries is included on page 102 of this report.

The financial statements were signed and authorised for issue by the Board of Directors and released for publication on 24 February 2017. The financial statements and the dividend proposal are subject to adoption by the General Meeting of Shareholders on 11 May 2017.

Unless stated otherwise all the information in these financial statements is in thousands of Euro, which is the Company's functional currency. All financial information presented in Euro has been rounded to the nearest thousand.

Brunel's activities are mainly secondment, project management, recruitment and consultancy.

Statement of compliance

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union and also comply with the financial reporting requirements included in Part 9 of Book 2 of the Dutch Civil Code.

The financial information relating to Brunel International N.V. is presented in the consolidated financial statements, in accordance with article 2:402 of the Netherlands Civil Code

The financial statements have been prepared under the historical cost convention, and financial assets and financial liabilities at fair value through profit and loss.

New and amended standards adopted by the group

The following new and revised International Financial Reporting Standards (IFRSs) have been adopted in these consolidated financial statements. The application of these new and revised IFRSs has not had any material impact on the amounts reported for the current and prior years but may affect the accounting for future transactions or arrangements.

- Accounting for acquisition of interests in joint operations – Amendments to IFRS 11
- Clarification of acceptable methods of depreciation and amortisation- Amendments to IAS 16 and IAS 38
- Annual Improvements to IFRSs 2012-2014 Cycle
- Disclosure initiative – Amendments to IAS 1

New and revised IFRSs issued but not yet effective

The Group has not applied the following new and revised IFRSs that have been issued but are not yet effective:

- IFRS 15, 'Revenue from contracts with customers' [1]
- IFRS 16, 'Leases' [2]
- IFRS 9, 'Financial Instruments' [3]

The Board of Directors does not anticipate that the new IFRS 15 and IFRS 9 standards and amendments will have a significant effect on amounts reported in the consolidated financial statements. Application of the new standards and amendments may result in more extensive disclosures in the financial statements.

The Company has a number of lease contracts for land and buildings and cars that are currently accounted for under IAS 17 as operating leases. The following changes are expected upon transition to IFRS 16: Assets and liabilities are expected to increase by an amount close to the net present value of future lease payments.

Earnings before interest, taxes, depreciation and amortisation (EBITDA) will increase as the lease payments will be presented as depreciation and finance cost rather than operating expenses.

Operating cash flow will increase and investing and financing cash flow will decrease as the lease payments will no longer be considered as operational.

The Company will continue to analyse the impacts and practical consequences of these standard's future application.

[1] Effective for annual periods beginning on or after 1 January 2018

[2] Effective for annual periods beginning on or after 1 January 2019

[3] Effective for annual periods beginning on or after 1 January 2018

Principles of consolidation

The consolidated financial statements include the financial information of Brunel International N.V. and its subsidiaries. Subsidiaries relate to companies controlled directly or indirectly by Brunel International N.V. These companies are listed on page 102. An investor controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. The results of acquired or disposed companies are consolidated from the date which control is transferred and the date the control is ceased, respectively.

All intra-group transactions, balances, income and expenses are eliminated on consolidation.

Non-controlling interests in the net assets of consolidated subsidiaries are identified separately from Brunel's equity therein. Non-controlling interests consist of the net equity value of those interests at the date of the original business combination and the Non-controlling interests' share of changes in equity since the date of the combination. Profit or loss and each component of other comprehensive income are attributed to the owners of the parent and to the non-controlling interests. Total comprehensive income is attributed to the owners of the parent and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Accounting principles for the valuation of assets and liabilities and determination of profit

Goodwill

Goodwill is allocated to groups of cash-generating units for the purpose of impairment testing. The allocation is made to those groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose.

A cash-generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised directly in the profit or loss. An impairment loss recognised for goodwill is not reversed in subsequent periods.

The recoverable amount is based on the higher of the fair value less cost of disposal and value in use. The value in use is determined by means of cash flow projections based on the actual operating results adjusted for non-cash items (mainly depreciation) and the expected future performance. The latter is based on management's estimates and assumptions of revenue growth and development of operating margins, assessed with external data.

Acquisition-related intangible assets

Acquisition-related intangible assets (customer databases and trade names) that are acquired by Brunel and have definite useful lives are stated at cost less accumulated amortisation and impairment losses. When an intangible asset is acquired in a business combination, its cost is the fair value at the date of its acquisition. This cost is determined on a basis that reflects the estimated amount that the entity would have paid for the asset in an arm's length transaction between knowledgeable and willing parties, based on the best information available. If the fair value cannot be measured reliably, the asset is not recognised as a separate intangible asset, but is included in goodwill. Amortisation of acquisition-related intangible assets is charged to operating expenses on a straight-line basis over their estimated useful lives, from the date they are available for use. The residual values and useful lives are reviewed at each balance sheet date and adjusted, if appropriate. Refer to Note 2 Other intangible assets for further details.

Software

Acquired software (licenses) and developed software are stated at cost less accumulated amortisation and impairment losses. Expenditures in relation to the development of identifiable and unique software products used by Brunel, and that will probably generate economic benefits exceeding costs beyond one year, are recognised as intangible assets and amortised over their estimated useful lives. Capitalised costs include employee costs of software development and an appropriate portion of relevant overhead. Expenditures associated with maintaining computer software programs are recognised as an expense when incurred. Amortisation of software applications is charged to operating expenses and/or cost of services on a straight-line basis over their estimated useful lives, from the date they are available for use. The residual values and useful lives are reviewed at each balance sheet date and adjusted, if appropriate. Acquired computer software licenses are amortised, using the straight line method, over their useful lives.

Property, plant and equipment

Property, plant and equipment are stated at historical cost less accumulated depreciation and impairment losses. Historical cost includes expenditures that are directly attributable to the acquisition of the assets. Depreciation of property, plant and equipment is charged to operating expenses on a straight-line basis over their estimated useful lives, from the date they are available for use. Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within depreciation and amortisation in the profit and loss account.

Financial fixed assets

Associates are all entities over which the group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting. Under the equity method, the investment is initially recognised at cost, and the carrying amount is increased or decreased to recognise the investor's share of the profit or loss of the investee after the date of acquisition. The group's investment in associates includes goodwill identified on acquisition.

Funding in the company balance sheet is initially stated at fair value. Subsequent measurement is at amortised costs less provision for impairment.

Impairment of assets

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

Business combinations

All business combinations are accounted for by applying acquisition method. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognised amounts of acquiree's identifiable net assets. When a company or business is acquired, the acquirer recognises goodwill as an asset. Goodwill is recognised for the future economic benefits arising from assets acquired that are not individually identified and separately recognised. The excess of the consideration transferred over the fair value of the identifiable net assets acquired is recorded as goodwill. Impairment of goodwill will be tested at least annually. An impairment loss recognised for goodwill is not reversed in a subsequent period. Changes in ownership interests in subsidiaries that do not result in loss of control are dealt with in equity.

Trade receivable and other receivables

Trade receivable and other receivables are initially stated at fair value. Subsequent measurement is at amortised costs less provision for impairment.

Provisions

are recognised for legally enforceable or constructive obligations as a result of a past event and for which the settlement is likely to require an outflow of resources and to the extent these can be reliably estimated. If the effect is material, provisions are determined by discounting the expected future cash flows at an interest rate that reflects the current market assessments of the time value of money and, where appropriate, the risks specific to the obligation.

Provisions for onerous contracts are recognised if the expected benefits to be derived by Brunel from a contract are lower than the unavoidable cost of meeting its obligations under the contract. Estimated amounts for legal claims are provided for at the lowest amount at which Brunel expects the claim to be reasonably settled. Due to the highly uncertain timing of the expected future cash out-flow, provided amounts for legal claims are categorised to be settled within one year after the balance sheet date, unless these are explicitly expected to be settled differently.

Long-term liabilities

Long-term liabilities are recognised initially at fair value, net of transaction costs incurred. Long-term liabilities are subsequently carried at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the profit and loss account over the period of the long-term liabilities using the effective interest method.

Current liabilities

Current liabilities are initially stated at fair value and subsequently measured at amortised cost using the effective interest method.

Cash and cash equivalents

Cash and cash equivalents include cash in hand and deposits held at call with banks.

Foreign currency and exchange differences

Balance sheet items denominated in foreign currencies are translated at the rates of exchange prevailing at the balance sheet date; profit and loss account items are translated at the average rates during the financial year. Exchange differences relating to transactions in foreign currency are recorded in the profit and loss account.

Exchange differences due to the consolidation of foreign companies are charged or credited directly in other comprehensive income to the translation reserve.

For the purpose of presenting consolidated financial statements, the assets and liabilities of Brunel's foreign operations are translated into Euro using exchange rates prevailing at the end of each reporting period. Income and expense items are translated at the average exchange rates for the period.

Functional and presentation currency

Brunel operates in countries with different currencies. All companies have, as their functional currency, the local currency of the country in which they operate, which is their primary economic environment. The functional currency of the parent company, as well as of a major portion of its subsidiaries, is the Euro.

The translation reserve comprises all translation differences arising from the translation of the net investment in activities in currencies other than the Euro. Such translation differences are recognised initially in other comprehensive income and presented in this separate component of shareholders' equity and recognised in the statement of comprehensive income on disposal of the net investment. The translation reserve also includes the tax effect on translation differences.

Share based payment

Brunel has a share based payment arrangement under which options are granted to the directors and senior management of the company. These options are settled in ordinary shares. The grant date fair value of these options is included in the indirect personnel expenses. The expenses are credited to equity for the same amount. The fair value is calculated based on the Black-Scholes option valuation model. At each balance sheet date, Brunel revises its estimates of the number of options that are expected to become exercisable subject to continued employment based on this non-market vesting condition. The impact of the revision of original estimates, if any, is recognised in the income statement with a corresponding adjustment to equity.

The share-based payment reserve relates to options granted by Brunel to its employees under its share option plan.

Stock Appreciation Rights (SAR)

In 2015 the option scheme has been replaced by a SAR scheme. The SAR granted to personnel are conditional and linked to performance targets for the year of allocation. The SAR scheme is a cash settled plan. The fair value of these SAR's is charged to the income statement in the indirect personnel expenses from the grant date through vesting date linearly. The fair value of the SAR is determined at every year-end based on the Black and Scholes option valuation model. At each balance sheet date, Brunel revises its estimates of the number of SAR's that are expected to become exercisable subject to continued employment based on this non-market vesting condition. The impact of the revision of original estimates, if any, is recognised in the income statement with a corresponding entry to liabilities.

The SAR liability relates to SAR's granted by Brunel to its employees under its SAR scheme.

Revenue recognition

Revenue is recognised when it is probable that the economic benefits will flow to the company and when the amount can be measured reliably. Revenue for Brunel is mainly derived from the provision of services to third parties after deduction of sales tax and discounts granted. The following types of revenue are recognised;

- Contracting revenue (rendering of services) whereby hours or days worked at agreed rates during the financial reporting period are recognised as revenue.
- Reimbursable expenses related revenue in cases where Brunel acts as a principal are recognised as a

gross amount (including true up) upon the receipt of a reimbursable claim.

- Recruitment revenue relate to revenue for the recruitment of employees for third parties whereby revenue is recognised once the service has been completed.
- Other revenue such as in cases where Brunel acts as a service provider, revenues are reported on a net basis, when the service is rendered.

Direct personnel expenses

Direct personnel expenses relate to costs attributed directly to the services provided.

Exchange differences

Foreign currency transactions are translated into the functional currency at the exchange rate applicable at the date of the transactions. Currency translation differences resulting from the settlement of these transactions and the translation of the monetary assets and liabilities denominated in foreign currency at the balance sheet date are recognised as exchange differences in the consolidated profit and loss account.

Foreign exchange differences relating to bank balances are recorded in the financial income and expense, other foreign exchange differences are recorded in the gross profit.

Interest income and expenses

Interest income comprises interest received on outstanding deposits and interest costs comprise interest due on funds drawn, calculated using the effective interest method.

Retirement benefit costs

All pension plans prevailing within Brunel are defined contribution plans, which are funded through payments to independent entities. Brunel has no legal or constructive obligations to pay further contributions if these separate entities do not hold sufficient assets to pay all employees the pension benefits relating to employee service in the current and prior periods. The regular contributions constitute net periodic costs for the year in which they are due and are included within direct and indirect personnel expenses.

Leasing

Rentals payable under operating leases are charged to profit or loss on a straight-line basis over the term of the relevant lease. Benefits received and receivables as an incentive to enter into an operating lease are also spread on a straight-line basis over the lease term.

Taxation

The tax expense for the period comprises current and deferred tax. Tax is recognised in the income statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the company and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. Brunel’s liability for current tax is calculated using applicable rates.

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset realised. Deferred tax is charged or credited to profit or loss, except when it relates to funding items charged or credited directly to equity, in which case the related deferred tax is also dealt with in equity.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

Accounting principles for determining the consolidated cash flow statement

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

Accounting principles for segment reporting

Operating segments have been identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision maker in order to allocate resources to the segments and to assess their performance. Information reported to the Group's chief operating decision maker is focused at components engaged in providing services in a particular economic environment from those of other segments. A geographical segment is engaged in providing services in a particular economic environment which are subject to risks and returns that are different from those segments operating in other economic environments.

Critical accounting estimates, assumptions and judgments

In the preparation of financial statements, management makes certain critical accounting estimates and assumptions concerning the future. The resulting reported amounts will, by definition, rarely equal the related actual outcome. Estimates and judgments are continually evaluated and are based on historical experience and various other factors, including expectations of future events, which are believed to be reasonable under the circumstances. The following estimates, assumptions and judgments have an inherent significant risk of potentially causing material adjustments to the carrying amounts of assets and liabilities within the next financial year.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision only affects that period or in the period of the revision and future periods if the revision affects both current and future periods.

Impairment of assets

Brunel tests whether intangible assets have suffered any impairment, in case of triggering events and at least annually for goodwill. Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. The recoverable amounts of cash-generating units have been determined using, amongst other instruments, value-in-use calculations. These calculations require the use of estimates. Based on these impairment tests, impairment losses, if any, are identified. However, should the actual performance of these cash-generating units become materially worse compared to the performance based on the estimates, possible impairment losses could arise, or could deviate from the detected impairment losses. This impairment loss or deviation could have impact on the carrying amounts of the intangible assets. For the impairment testing of goodwill, refer to note 1.

Receivables

Brunel has receivables on third parties in numerous countries. These receivables include revenue to be invoiced. Significant judgment is required in determining the collectability of the receivables. When the expected payments are different from the fair value such differences will impact the valuation of the receivable. Hence an allowance for bad debts will be recognised, which will be deducted from the receivables. Refer to note 5.

Provisions

Due to the nature of provisions, a considerable part of their determination is based on estimates and/or judgments, including assumptions concerning the future. The actual outcome of these uncertain factors may be materially different from the estimates, causing differences with the estimated provisions. Hence, the differences between actual outcomes and the recorded provisions can impact results over the periods involved. The timing of outflow of resources to settle these obligations is subject to the same uncertain factors. Refer to note 7.

Income taxes

Brunel is subject to income taxes in numerous jurisdictions. Significant judgment is required in determining the worldwide deferred tax asset on, amongst other items, tax losses carry-forward. There are many uncertain factors that influence the amount of the tax losses carry-forward. Brunel recognises deferred tax assets on tax losses carry forward based on their best estimates. When the actual results are different from the amounts that were initially estimated, such differences will impact the income tax in the income statement and the deferred tax assets and/or deferred tax liabilities in the period in which these deviations occur.

Capital risk management

Brunel manages its capital to ensure that entities in the group will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance. The dividend policy of Brunel is aimed at maximising the distributions to shareholders, while reserving enough capital to ensure the ability to continue as a going concern and to fund planned growth. Brunel's strategy is to use existing cash and cash flows in stead of long-term credit facilities to finance further growth. This typically leads to high solvency rates.

Financial risk management

Brunel's activities are exposed to a variety of financial risks, including the effect of changes in debt and equity market prices, foreign currency exchange rates and interest rates. Brunel's overall risk management program focuses to minimise potential adverse effects on the financial performance of Brunel. This program is implemented and carried out under policies approved by the Board of Directors.

Liquidity risk

Brunel maintains sufficient cash to fund her ongoing operations. In addition there is the availability of funding through adequate credit facilities to minimise liquidity risk. Within Brunel derivative financial instruments are not used or hedging activities undertaken. The department Corporate Finance & Control monitors the worldwide cash position.

Foreign exchange risk

x EUR 1,000

Currency fluctuations affect the consolidated results, because a portion of the cash flow is generated in other currencies than Euro. Brunel limits the foreign exchange risk by maintaining a back-to-back policy, meaning that the management strives to have both income and expenses to be generated locally in the same currency. Due to the back-to-back policy, the foreign exchange risk of Brunel is limited to the exchange risk over the results in foreign currencies and the trade receivable and cash positions in foreign currencies. The foreign currencies that can have a material effect on the income statement of Brunel are the US dollar and the Australian dollar. The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities at the reporting date are as follows:

	Assets 31 December		Liabilities 31 December	
	2016	2015	2016	2015
US Dollar	91,413	116,416	14,497	15,440
Australian Dollar	30,699	61,134	8,998	19,770
	122,112	**177,550**	**23,495**	**35,210**

The following table details the Group's sensitivity to a 10% increase and decrease in the Euro against the relevant foreign currencies. These percentages represent management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a change in foreign currency rates. A positive number below indicates an increase in profit and other equity when the Euro weakens 10% against the relevant currency. For a 10% strengthening of the Euro against the relevant currency, there would be an equal and opposite impact on the profit and other equity, and the balances below would be negative.

	US dollar Impact		Australian dollar Impact	
	2016	2015	2016	2015
Profit or loss	-583	-149	167	797
Other equity	5,695	7,856	2,134	2,393
Total equity	**5,112**	**7,707**	**2,301**	**3,190**
Revenue	**17,228**	**27,080**	**11,249**	**22,513**

Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the company. Brunel has no significant concentrations of credit risk. The most important balance sheet items that are imposed to credit risk are the trade and other receivables. The trade accounts receivable include an allowance for bad debts. Reference is made to note 5. Generally services are provided to large and financially strong companies. In order to minimise credit risk exposure Brunel intensively monitors the payment behaviour of their customers. Other policies limit the amount of credit exposure to any financial institution. Despite these internal procedures, uncollectible debts can not be ruled out, but the risk of a material erosion of the operating profit is small. As per 31 December 2016 the largest receivable against a single counterparty amounted EUR 11.2 million (31 December 2015: EUR 8.1 million). For 2016, largest revenue from transactions with a single external customer amounted to EUR 63.6 million (2015: EUR 53.9 million).

Interest rate risk

Due to the nature of Brunel's business the operating cash flows are substantially independent of changes in market interest rates. Interest coverage is the leading parameter in managing interest exposure. Due to the capital structure of Brunel the interest paid and received are immaterial amounts and hence no material interest rate risk applies.

Notes to the consolidated balance sheet

X EUR 1,000, unless stated otherwise

1. Goodwill

Movements during the year:

	2016	2015
At cost at 1 January	6,634	6,634
Accumulated impairment and exchange rate movements	2,416	-2,530
Balance at 1 January	**4,218**	**4,104**
Changes in carrying amount:		
Exchange rate movements	47	114
Balance at 31 December	**4,265**	**4,218**
At cost at 31 December *	4,254	6,634
Accumulated impairment and exchange rate movements	11	-2,416
Balance at 31 December	**4,265**	**4,218**

* In 2016 a goodwill amount of 2.390 that was fully impaired has been written off from both the at cost value and the accumulated impairment.

Goodwill has been allocated for impairment testing purposes to two individual cash generating units:

	2016	2015
Brunel Germany	2,844	2,844
Brunel Energy	1,421	1,374
Balance at 31 December	**4,265**	**4,218**

Impairment testing

In the financial year the company assessed the recoverable amount of goodwill for the main allocated amounts. The recoverable amount of the main cash-generating unit (Brunel Germany) for which goodwill is capitalised is based on value in use. The value in use is determined by means of cash flow projections based on the actual operating results adjusted for non-cash items (mainly depreciation) and the expected future performance. The latter is based on management's estimates and assumptions of revenue growth and development of operating margins, assessed with external data. The forecasted cash flows have been derived from the budget 2017.

The value in use of the main cash-generating unit resulted in no impairment compared to the carrying amount as at 31 December 2016.

Management has projected cash flow forecasts over a period of five years. The annual budget is used as a basis for the projection in the first year whereas key assumptions were applied for the extrapolation of the results to the period after the second year.

Key assumptions for 2017-2021 used in calculation of the value in use for the significant cash generating unit Brunel Germany are:

	2016	2015
Revenue growth	5%	5%
Budgeted gross margin	36.1%	35.5%
Overhead costs increase	2%	2%
Terminal growth rate	0%	0%
Pre tax discount factor	13%	14%
Depreciations and investments plans	Depreciations are used for new or replacing investments	Depreciations are used for new or replacing investments

Key assumptions for 2017-2021 used in calculation of the value in use for the significant cash generating unit Energy are:

	2016
Revenue growth	3.5%
Budgeted gross margin	11.0%
Overhead costs increase	2%
Terminal growth rate	1.5%
Pre tax discount factor	14%
Depreciations and investments plans	Depreciations are used for new or replacing investments

All cash generating units have substantial headroom available to cover variations in assumptions.

2. Other intangible assets

The other intangible assets consist of the following:

	2016	2015
Software	13,905	12,883
Trade name For All Finance	-	160
Customer database For All Finance	-	-
Balance at 31 December	**13,905**	**13,043**

The amortisation rates are as follows:

- Software: 20-40% per annum
- Trade name For All Finance: 33.33% per annum
- Customer database For All Finance: 15% per annum

Residual values are considered to be zero.

Software

Movements during the year:

At cost at 1 January	22,646
Accumulated amortisation	-8,515
Balance at 1 January 2015	**14,131**
Changes in carrying amount:	
Additions	3,362
Disposals	-
Amortisation	-4,662
Exchange rate	52
Total changes 2015	**-1,248**
At cost at 31 December	25,928
Accumulated amortisation	-13,045
Balance at 31 December 2015	**12,883**
Changes in carrying amount:	
Additions	4,404
Disposals	-2
Transfer from PP&E	2,357
Amortisation	-5,743
Exchange rate	6
Total changes 2016	**1,022**
At cost at 31 December	32,087
Accumulated amortisation	-18,182
Balance at 31 December 2016	**13,905**

Software mainly includes financial and business supporting software acquired. The average remaining amortisation period is four years.

Trade name For All Finance

	2016	2015
At cost at 1 January	965	965
Accumulated amortisation and impairment	-805	-483
Balance at 1 january	**160**	**482**
Changes in carrying amount:		
Amortisation	-160	-322
Balance at 31 December	**-**	**160**
At cost at 31 December	965	965
Accumulated amortisation and impairment	-965	-805
Balance at 31 December	**-**	**160**

Customer database For All Finance

	2016	2015
At cost at 1 January	3,937	3,937
Accumulated amortisation and impairment	-3,937	-3,331
Balance at 1 january	**-**	**606**
Changes in carrying amount:		
Amortisation	-	-606
Balance at 31 December	**-**	**-**
At cost at 31 December	3,937	3,937
Accumulated amortisation and impairment	-3,937	-3,937
Balance at 31 December	**-**	**-**

3. Property, plant and equipment

Movements during the year:

	Office equipment	Computer systems	Total
At cost at 1 January	23,005	4,186	27,191
Accumulated depreciation	-14,113	-3,508	-17,621
Balance at 1 January 2015	**8,892**	**678**	**9,570**
Changes in carrying amount:			
Additions	3,804	321	4,125
Disposals	-243	-28	-271
Depreciation	-2,430	-397	-2,827
Exchange rate	118	14	132
Total changes 2015	**1,249**	**-90**	**1,159**
At cost at 31 December	25,756	4,043	29,799
Accumulated depreciation	-15,615	-3,455	-19,070
Balance at 31 December 2015	**10,141**	**588**	**10,729**
Changes in carrying amount:			
Additions	776	623	1,399
Disposals	-150	-16	-166
Transfer to Software	-2,380	23	-2,357
Depreciation	-2,037	-347	-2,384
Exchange rate	73	8	81
Total changes 2016	**-3,718**	**291**	**-3,428**
At cost at 31 December	19,125	4,218	23,343
Accumulated depreciation	-12,702	-3,339	-16,041
Balance at 31 December 2016	**6,423**	**879**	**7,301**
Depreciation rate	20-40%	20-40%	20-40%

No leased items are included in property, plant and equipment. Residual values are considered to be zero. The carrying amount equals the estimated fair value of the assets.

4. Financial fixed assets

	2016	2015
Balance at 1 January	**-753**	**160**
Acquisition of associate	-	-
Result for the year	-1,807	-928
Exchange rate movements	46	15
Net assets at 31 December	**-2,514**	**-753**
Reclass negative participations to receivable associates	2,514	753
Balance at 31 December	**-**	**-**

Interest in associates

Set out below is the associates of the group as at 31 December 2016 which, in the opinion of the directors, are material to the group. The entity listed below has share capital consisting solely of ordinary shares, which are held directly by the group. The country of incorporation or registration is also their principal place of business, and the proportion of ownership interest is the same as the proportion of voting rights held.

Name of entity	Country of incorporation	% of ownership interest		Nature of relationship	Measurement method	Carrying amount	
		2016	2015			2016	2015
IBR Solucões Limitada [1]	Angola	49%	49%	Associate	Equity method	-	-

[1] IBR Solucões Limitada is an associate of Brunel International N.V. operating in Angola.

The tables on the next page provide summarised financial information for the associate that is material to the group. The information disclosed reflects the amounts presented in the financial statements of the relevant associate and not Brunel International N.V.'s share of those amounts. They have been amended to reflect adjustments made by the entity when using the equity method, including fair value adjustments and modifications for differences in accounting policy.

	2016	2015
Current assets	4,184	6,698
Current liabilities	-5,012	-6,751
Long-term liabilities	-1,686	-700
Net assets at 31 December	**-2,514**	**-753**

	2016	2015
Opening net assets 1 January	-753	322
Profit / (loss) for the period	-1,807	-1,139
Foreign exchange	46	64
Closing net assets at 31 December	**-2,514**	**-753**

Summarised statement of comprehensive income

	2016	2015
Revenue	5,137	7,979
Profit / (loss) for the period	-1,807	-1,139

The net asset value has been fully provided for and the result has been included in our consolidated profit and loss account.

5. Trade and other receivables

	2016	2015
Trade accounts receivables	140,436	165,256
Receivable from associates	805	2,664
Prepayments	4,684	8,756
Accrued income	48,167	66,347
Other receivables	10,414	10,604
Balance at 31 December	**204,506**	**253,627**

All receivables have an expected term of less than one year. The carrying amount of these receivables equals the fair value. Prepayments and accrued income include a Nigerian withholding tax receivable of EUR 1,606 (2015: EUR 2,150) for which EUR 1,606 (2015: EUR 2,150) has been impaired.

The amount of trade accounts receivables above includes an allowance for bad debts. All of the amounts included in the allowance for bad debts relate to individually impaired trade accounts receivables. A provision for impairment of trade and other receivables is established when it is more likely than not that the Group will not be able to collect the amounts receivable. The provision for impairment of trade receivables is based on the trade receivable portfolio experience of subsidiaries, as well as on individual assessments of expected non-recoverable receivables. Significant financial difficulties of the debtor, the probability that the debtor will enter into bankruptcy or financial reorganisation, and serious default or delinquency in payments, are considered indicators that the trade receivable is impaired. The amount of the provision is equal to the difference between the carrying amount of the asset and the present value of estimated future cash flows. The movement in this allowance is as follows:

	2016	2015
Balance at 1 January	**7,301**	**7,404**
Fully provided receivables which are written off	-1,289	-1,643
Change in allowance recognised in result	1,688	1,311
Exchange rate movements	134	229
Balance at 31 December	**7,834**	**7,301**

Ageing of past due and not impaired trade accounts receivables is as follows:

	2016	2015
60-90 days - past due, not impaired	4,216	3,990
90-120 days - past due, not impaired	2,781	2,013
120+ days - past due, not impaired	5,087	4,857
Balance at 31 December	**12,084**	**10,860**

The specific credit terms granted vary from 14-90 days. These terms are based on the general terms and conditions of Brunel and/or specific agreements with individual customers.

Generally services are provided to large and financially strong companies, which are mainly operating in the oil industry. In order to minimise credit risk exposure Brunel intensively monitors the payment behaviour of their customers based on specific agreements with individual customers and the credit worthiness of the customer. Based on historical behaviour of their customers Brunel does not expect any material write-offs.

The current assessment of the counterparty risk of or customers is that we do not expect any material write-offs. This assumption is based on the current payment behaviour of our clients. Additionally we are in frequent contact with clients that have amounts outstanding past the due date.

6. Cash and cash equivalents

This item consists mainly of bank balances, part of which EUR 10.4 million (2015: EUR 12.1 million) is not freely disposable on grounds of issued bank guarantees.

7. Provisions

	Onerous contracts	Legal claims	Illness	Total
Balance at 1 January	**210**	**-**	**502**	**712**
Additions	-	26	22	48
Withdrawals	-110	-	-	-110
Release	-	-	-47	-47
Balance at 31 December	**100**	**26**	**477**	**603**

The provision for onerous contracts represents the present value of the future lease payments that the Group is presently obligated to make under non cancellable operating lease contracts for premises. The estimate may vary as a result of the utilisation of the leased premises and sub-lease arrangements where applicable.

The majority of the non-current part of these provisions is expected to be settled within three years of the balance sheet date.

The provision for illness represents the obligation for continuation of wage payment during extended periods of illness.

8. Long-term liabilities

The long-term liabilities concerns the long-term part of the agreed rent free period for offices in The Netherlands. These amounts will expire within one to five years. The carrying amount of these liabilities equals the fair value.

9. Current liabilities

	2016	2015
Trade payables	14,799	16,634
Taxes and social security charges	33,151	40,623
Pensions	1,579	732
Accrued employee expenses	41,714	38,428
Accrued expenses	5,473	27,181
Other liabilities	4,069	1,334
Balance at 31 December	**100,785**	**124,932**

Practically all liabilities have an expected term of less than one year. The majority of trade payables and taxes and social security charges are due within a range of 1–45 days.

The majority of the other liabilities and accrued employee expenses are due within a range of 1–180 days. The carrying amount of these liabilities equals the fair value.

10. Group Equity

The authorised capital is EUR 5,998,000 divided into one priority share with a nominal value of EUR 10,000 and 199.6 million ordinary shares with a nominal value of EUR 0.03. The subscribed capital consists of 50,413,624 ordinary shares (2015: 49,967,624) with a value of EUR 1,512,409.

The movement in the number of issued shares is:

	2016	2015
Issued at 1 January	**49,967,624**	**49,396,624**
Issue of Shares	446,000	571,000
Issued at 31 December	**50,413,624**	**49,967,624**

Except for the translation reserve, all reserves are freely distributable. In 2015 the cash dividend per share was EUR 0.75 and an additional super dividend of EUR 0.75 per share. The proposed dividend for 2016 will be EUR 0.20 per share and an additional dividend of EUR 0.20 per share. Further information is provided in the consolidated statement of changes in Group equity on page 101 of this report.
The priority share, which has a par value of EUR 10,000, has been issued to Stichting Prioriteit Brunel, subject to the condition precedent that the majority shareholder loses its majority share in Brunel International N.V.'s share capital. The priority share will be fully paid up as soon as the issue becomes unconditional. The protective stipulations are included in the Articles of Association of Brunel International N.V. and are posted on the company's website.

Non-controlling interest

The movement in non-controlling interest is as follows:

	2016	2015
Balance at 1 January	**456**	**466**
Result for the year	552	482
Dividend	-501	-556
Exchange rate movements	27	64
Issued at 31 December	**534**	**456**

11. Option rights

Outstanding options:

Year granted	2011	2012	2013	2014	Total
Outstanding at 1 January 2016	**179,000**	**142,000**	**418,000**	**467,000**	**1,206,000**
Performance adjustment	-	-	12,000	-	12,000
Exercised	-166,000	-126,000	-154,000	-	-446,000
Forfeited	-13,000	-	-	-26,000	-39,000
Outstanding at 31 December 2016	**-**	**16,000**	**276,000**	**441,000**	**733,000**
Weighted average exercise prices in EUR		15.00	16.29	22.92	
Range of exercise prices in EUR		15.00	16.29 - 17.21	22.92	
Expiry date		2 March 2017	1 March -15 March 2018	1 March 2019	

Year granted	2011	2012	2013	2014	Total
Outstanding option rights J.A. van Barneveld					
1 January 2016	**100,000**	**-**	**-**	**100,000**	**200,000**
Performance adjustment	-	-	-	-	-
Exercised	(100,000)	-	-	-	(100,000)
Forfeited	-	-	-	-	-
31 December 2016	**-**	**-**	**-**	**100,000**	**100,000**
Exercise prices in EUR	15.31	-	-	22.92	

	2016 Number of options	Weighted average exercise price	2015 Number of options	Weighted average exercise price
Balance at 1 January	**1,206,000**	**18.44**	**3,255,000**	**18.20**
Modification of the plan	-	-	(973,.000)	18.25
Performance adjustment during the year	12,000	16.29	-	-
Exercised during the year	(446,000)	15.23	(571,000)	14.24
Forfeited during the year	(39,000)	20.41	(505,000)	21.98
Balance at the 31 December	**733,000**	**20.25**	**1.206,000**	**18.44**

The options granted to personnel are conditional and linked to performance targets for the year of allocation. The main performance targets are revenue and EBIT. The vesting period is three years. Options can be exercised during two years after vesting on condition that the employee is still in the service of the company. The method of settlement can be sale of treasury shares or share issue.

All options are granted with an exercise price equal to the market price of the shares at the day of granting.

The options granted to the Board of Directors are conditional, meaning that they can be exercised after three years on condition that the applicable board member still holds the position. This last condition does not apply to the 2014 series for the CEO.

The weighted average share price of options exercised in 2016 amounts to EUR 15.23 (2015: EUR 14.24). Options exercised by the Board of Directors are exercised at a weighted average share price of EUR 15.31 (2015: EUR 12.65). The costs for the equity settled option scheme for 2016 are EUR 0.9 million and the revaluation to the Stock Appreciation rights, related to the modification of the plan in 2015, amounted to EUR 0.1 million. The issue of shares related to the exercise of option rights led to an increase of the share capital of EUR 13k and increase of the share premium of EUR 6.8 million. The corresponding release of the share based payments reserve to the retained earnings amounted to EUR 1.6 million.

The reference dates are the date of granting, and precisely three years later. As per 31 December 2016 only the 2012 and the 2013 outstanding options can be exercised.

Shares will be issued by Brunel on the day of exercising the options. No financing arrangement is in place in relation to the share options granted. Brunel does not hold any treasury shares.

For the Dutch participants the option scheme has been modified in 2015 based on IFRS 2 guidance for options that had not vested yet. The only adjustment was that the possibility to settle options in shares had been cancelled. As a consequence the scheme for these participants is a cash settled plan. This modification was accounted for by a reclass from equity to liabilities. This modification had been done to align our compensation scheme with current practises

Stock Appreciation Rights (SAR)

In 2015 the option scheme has been replaced by a SAR scheme. The SAR's granted to personnel are conditional and linked to performance targets for the year of allocation. The main performance targets are revenue and EBIT. The vesting period is three years. Options can be exercised during two years after vesting on condition that the employee is still in the service of the company. This last condition does not apply to the SAR's granted to the CEO. The SAR scheme is a cash settled plan. There is no incremental fair value as a result of the settlement method modification.

Due to the cash settlement method of the SAR's, the rights are subject to a mark-to-market valuation exercise to measure the fair value on the specific balance date. When (re)measuring the fair value on the latest reporting date, the expected life of the right is determined based on the expectation regarding exercise behaviour of the participants (in line with IFRS 2 B16-21). Exercise behaviour is influenced by for example share price development.

The grant date fair value of the SAR's is determined based on the Black and Scholes option valuation model. In this model the expected volatility is based on historical volatility for the corresponding periods of the Company shares (26,86% - 31,01%), the expected dividend yield is based on the dividend policy and set at 3.0%, an expected life of five years and a risk free interest of -0.822%. The risk free interest is based on the yield of AAA rated EU government bonds with a one year maturity. The weighted average fair value of SAR's granted in 2016 amounts to EUR 2.07. During 2016 662,500 SAR's have been granted conditionally and 70,000 have been granted unconditionally to the CEO, 115,000 SAR's have been exercised and 719,000 SAR's were forfeited. At 31 December 2016 a total of 378,000 SAR's can be exercised. The total costs of the SAR scheme in 2016 recognised in the P&L amount to EUR -/-424k. Per year end the total liability for the SAR scheme amounts to EUR 733k. Costs are spread over the period in which employees provide services

12. Contingent liabilities

Brunel has entered into long-term non-cancellable commitments under rent and lease contracts. Brunel leases all of its offices under operating lease arrangements. Some of the arrangements include renewal options. Other lease commitments relate to company cars for which operational lease arrangements apply with commitments up till five years.

	2016	2015
Expire in year 1	13,878	13,531
Expire in years 2-5	26,220	22,973
Expire in years 6 and later	8,470	9,011
Balance at 31 December	**48,568**	**45,515**

Notes to the consolidated profit and loss account

x EUR 1,000, unless stated otherwise

13. Salaries and social security charges

The profit and loss account includes the following amounts:

	2016		2015	
	Direct	**Indirect**	**Direct**	**Indirect**
Salaries	500,526	69,822	760,950	79,999
Social charges	36,323	10,137	31,226	9,564
Pension charges	14,877	1,369	20,236	2,088
Other	146,089	19,256	186,527	16,182
Total	**697,815**	**100,584**	**998,939**	**107,833**

The relative share social charges has increased in 2016 as a result of the increased share of staff in the Netherlands and Germany, where social charges are relatively high. The pension schemes in the group can all be classified as defined contribution.

Remuneration of directors

The directors' remunerations charged to the results in 2016 (2015) are set out below:

	Short-term employee benefits						
	Salary	Bonus	Pension	Other *	Termination benefit **	Share based payments	Total
Board of Directors:							
J.A. van Barneveld, CEO	600 (600)	158 (180)	34 (60)	157 (157)	-	-195 (326)	**754 (1,323)**
P.A. de Laat, CFO	300 (280)	53 (65)	7 (6)	10 (10)	-	52 (71)	**422 (432)**
J.A. de Vries, COO Energy (stepped down per 19 August 2016)	200 (280)	23 (25)	8 (8)	13 (13)	418 (-)	-197 (129)	**465 (455)**
Supervisory Board:							
D. van Doorn	64 (55)	-	-	-	-	-	**64 (55)**
A. Schouwenaar	56 (50)	-	-	-	-	-	**56 (50)**
J. Bout	56 (50)	-	-	-	-	-	**56 (50)**
	1,276 (1,315)	**234 (270)**	**49 (74)**	**180 (180)**	**418 (-)**	**-340 (526)**	**1,817 (2,365)**

* Other benefits concern the compensation for the cap of the maximum amount of "pensionable income" at €100,000 that came into effect at 1 January 2015. The expected saving on pension premium for Brunel has been added to the salaries of the Board members.
** Includes a termination benefit of EUR 313 and EUR 105 salary for notice period, both including the compensation for "pensionable income" cap

- Mr Van Barneveld has 169,984 shares in the company, in addition to 100,000 conditional share options.
- Mr De Laat has 3,500 shares in the company.
- Mr De Vries has 7,000 shares in the company.
- The members of the Supervisory Board hold neither shares nor share options in the company.
- No loans and/or guarantees have been issued to members of the Board of Directors or Supervisory Board.

SAR rights of directors

Year granted	**2012**	**2013**	**2014**	**2015**	**2016**	**Total**
J.A. van Barneveld, CEO	150,000	75,000	-	70,000	70,000	365,000
P,A, de Laat, CFO	-	10,000	20,000	50,000	50,000	130,000
J.A. de Vries, COO Energy						
(stepped down per 19 August 2016)	-	-	-	-	-	-
Range of exercise prices in EUR	15.00	16.29 - 17.21	22.92	17.68	17.26	

14. Depreciation and amortisation

The costs for depreciation and amortisation in the profit and loss account consist of:

	2016	2015
Other intangible assets (2)	5,904	5,590
Property, plant and equipment (3)	2,384	2,827
Total	**8,288**	**8,417**

15. Other expenses

The 2016 other expenses amount to EUR 51.4 million (2015: EUR 57.6 million) and include EUR 13.1 million (2015: EUR 14.2 million) rental costs and leasing costs.

Audit costs

	Pricewaterhouse Coopers Accountants N.V.	Member firms / affiliates	Total 2016	Pricewaterhouse Coopers. Accountants N.V.	Member firms / affiliates	Total 2015
Audit fees	455	683	1.138	488	729	1.217
Audit related fees	-	-	-	9	31	40
Tax services	16	152	168	-	89	89
Other non-audit fees	27	20	47	-	63	63
Total	**498**	**855**	**1.353**	**497**	**912**	**1.409**

16. Tax

	2016	2015
Current tax (Income) / expense	12,255	19,994
Deferred tax (Income) / expense	1,374	-934
Tax (Income) / expense	**13,629**	**19,060**

In 2016, the effective tax rate on the result before tax is 56.2% (2015: 33.6%).

The reconciliation between the actual tax expense and the tax expense based on the Dutch corporate income tax rate (2016 and 2015: 25%) is as follows:

	2016		2015	
Income tax at Dutch corporate income tax rate	6,058	25.0%	14,166	25.0%
Permanent differences:				
Difference with foreign tax rates	2,992	12.3%	3,961	7.0%
Weighted average applicable tax rate	**9,050**	**37.3%**	**18.127**	**32.0%**
Adjustment previous years	70	0.3%	-2,678	-4.7%
Non-taxable items	-938	-3.9%	-778	-1.4%
Tax losses not recognised as deferred tax asset	1,975	8.2%	1,920	3.4%
Impairment of deferred tax assets	3,773	15.6%	918	1.6%
Other taxes	-301	-1.2%	1,551	2.7%
Effective tax charge	**13,629**	**56.2%**	**19,060**	**33.6%**

The effective tax rate is strongly effected by impairment of deferred tax assets (USA EUR 3,291 and Brazil EUR 482) and changes in the mix of results of subsidiaries in countries with different tax rates and/or systems. Countries with alternative minimum taxes had a relatively lower share in the results.

The adjustment previous years mainly relate to the settlement of withholding tax receivables in 2016, that was not anticipated hence the receivable was fully provided for. Other taxes mainly relate to taxes on dividend and interest payments.

Movement schedule tax assets and liabilities

	Current	Deferred	Total
Balance at 1 january 2016			
Tax assets	5,010	12,729	17,739
Tax liability	-3,387	-1,561	-4,948
	1,623	**11,168**	**12,791**
Movements during the year			
Paid / received	16,991	-	16,991
Through profit and loss	-12,255	-1,374	-13,629
Through other comprehensive income	643	-	643
Transfer from prepayments	-481	-	-481
Exchange rate adjustment	255	216	471
	5,153	**-1,158**	**3,995**
Balance at 31 December 2016			
Tax assets	9,922	10,563	20,485
Tax liability	-3,146	-553	-3,699
	6,776	**10,010**	**16,786**

During the financial year an amount of EUR 643 was debited directly to other comprehensive income (2015: EUR -825) for tax relating to foreign exchange results recorded directly in the shareholders' equity.

The deferred tax assets originate from accumulated tax losses (mainly from USA, Germany and Austria), foreign tax credits and temporary differences. Recognition of these assets is based on the forecasted results for the relevant group companies.

The deferred tax liabilities relate to temporary differences and retained earnings in foreign subsidiaries which will be subject to Dutch corporate income tax once distributed to the relevant parent company.

	Opening balance	Recognised in P&L	Exchange rate adjusted	Closing balance
Deferred tax assets				
Deferred tax assets in relation to:				
Temporary differences in allowance for doubtful debt	481	-94	15	402
Temporary differences valuation other intangible assets	2,395	1,262	-	3,657
Temporary differences in accruals employee expenses	1,237	-116	-22	1,099
	4,113	**1,052**	**-7**	**5,158**
Recognised tax losses	8,616	-3,443	232	5,405
Total deferred tax assets	**12,729**	**-2,391**	**225**	**10,563**
Deferred tax liabilities				
Deferred tax assets in relation to:				
Temporary differences valuation other intangible assets	-40	40	-	-
Temporary differences in accruals employee expenses	-156	48	-9	-117
Retained earnings from subsidiaries	-1,365	929	-	-436
Total deferred tax liabilities	**-1,561**	**1,017**	**-9**	**-553**
Total deferred tax assets and liabilities	**11,168**	**-1,374**	**216**	**10,010**

Deferred tax assets amounting to EUR 5,405 (2015: EUR 8,616) are dependent on future taxable profits in excess of the profits arising from the reversal of existing temporary differences. The part of deferred tax assets that is expected to be recovered within one year is estimated at EUR 214. Unused tax losses for which no deferred tax assets have been recognised amount to EUR 38,858 (2015: EUR 12,803). All tax losses, either recognised or unrecognised can be offset with future profits. Dependant on the country EUR 1,775 of the unrecognized losses will expire within 5 years, the remainder can either be offset within 15 years or indefinitely. In addition tax credits amounting to EUR 3,370, which are dependent of the composition of future profits, have not been recognised.

17. Basic earnings per share

	2016	2015
Weighted average number of ordinary shares for the purpose of basic earnings per share	50,190,624	49,682,124
Effect of dilutive potential ordinary shares from share based payments	392,000	321,000
Weighted average number of ordinary shares for the purpose of diluted earnings per share	50,582,624	50,003,124
Net income for ordinary shareholders in EUR	10,050,198	37,122,000
Basic earnings per share in EUR	0.20	0.75
Diluted earnings per share in EUR	0.20	0.74

Notes to the consolidated cash flow statement

The majority of the items on the consolidated cash flow statement are, on an individual basis cross-referenced to the relevant notes on the consolidated income statement and balance sheet. For the remainder of the material items, the reconciliation between amounts included in the consolidated cash flow statement and related amounts in income statement and balance sheet are shown below.

18. Receivables

	2016	2015
Balance at 1 January	**253,627**	**323,956**
Change in allowance for bad debt	-1,688	-2,266
Change in receivables	-46,632	-78,287
Reclass negative participations to receivable associates	-1,807	-753
Exchange rate movements	1,006	10,977
Balance at 31 December	**204,506**	**253,627**

19. Current liabilities

	2016	2015
Balance at 1 January	**124,932**	**152,333**
Change in current liabilities	-24,511	-32,837
Change in SAR liability	-1,267	1,530
Exchange rate movements	1,631	3,906
Balance at 31 December	**100,785**	**124,932**

20. Other non-cash expenses

The other non-cash expenses include the change in allowance for bad debts recognised in the result (Note 5) and the impairment of other receivables.

21. Transactions with related parties

The Board of Directors, the Supervisory Board, majority shareholder and participations are considered to be related parties. For information about the Directors' remuneration reference is made to note 13. Transactions with related parties were made on terms equivalent to those that prevail in arm's length transactions. Included under other operating expenses is an amount of EUR 79 (2015: EUR 79) paid as consultancy fee to the majority shareholder of Brunel International N.V.. Additionally there is an amount receivable from the majority shareholder of Brunel International N.V. of EUR 123 (2015: EUR 110) for expenses paid on behalf of the majority shareholder of Brunel International N.V..

22. Segment reporting

x EUR 1,000, unless stated otherwise

Segment activities

The reportable segments are identified at components engaged in providing services that are subject to risks and returns that are different from those of other segments in a geographical overview of these activities. The Energy division supplies engineers, project management and consultancy services to oil and gas companies and related industries. As the Energy operations are similar in the nature of the products and services, the type of customers and the methods used to provide the services, a further stratification of this segment is not deemed to be useful.

Reportable segments

	Revenue		Gross profit		Operating profit	
	2016	2015	2016	2015	2016	2015
Energy *	**447,108**	**813,696**	**49,220**	**96,348**	**-1,614**	**29,040**
Europe						
Germany	210,509	196,412	75,199	70,050	24,689	19,434
Netherlands	191,373	188,437	54,495	55,713	12,943	15,444
Other regions	35,921	30,403	8,182	7,635	206	-525
Total Europe	**437,803**	**415,252**	**137,876**	**133,398**	**37,838**	**34,353**
Unallocated	-	-	-	263	-9,398	-7,274
	884,911	**1,228,948**	**187,096**	**230,009**	**26,826**	**56,119**

* In the segment Energy a revenue of EUR 13.9 million (2015: EUR 17.5 million) is generated in The Netherlands.

	Balance sheet total		Non-current assets		Investment in IA & PPE	
	2016	2015	2016	2015	2016	2015
Energy	**213,103**	**302,485**	**7,330**	**8,700**	**434**	**1,146**
Europe						
Germany	64,800	56,858	7,464	7,941	822	970
Netherlands	59,469	61,600	3,697	4,518	470	191
Other regions	62,323	58,450	17,543	19,560	4,077	5,180
Total Europe	**186,592**	**176,908**	**28,704**	**32,019**	**5,369**	**6,341**
	399,695	**479,393**	**36,034**	**40,719**	**5,803**	**7,487**

	Tax expense		Current & Long-term liabilities		Depreciation and Amortisation	
	2016	2015	2016	2015	2016	2015
Energy	**6,083**	**11,898**	**51,981**	**81,579**	**1,119**	**1,624**
Europe						
Germany	5,658	4,263	16,699	13,575	1,083	915
Netherlands	3,233	3,857	30,819	30,329	1,292	1,702
Other regions	425	-73	6,510	6,183	301	302
Total Europe	**9,316**	**8,047**	**54,028**	**50,087**	**2,676**	**2,919**
Unallocated	-1,770	-885	-	-	4,493	3,874
	13,629	**19,060**	**106,009**	**131,666**	**8,288**	**8,417**

Employees

The total number of direct and indirect employees with the group companies is set out below:

Average workforce

	2016		2015	
	Direct	**Indirect**	**Direct**	**Indirect**
Energy	**4,596**	**571**	**6,333**	**707**
Europe				
Germany	2,209	402	2,074	439
Netherlands	2,178	395	2,143	370
Other regions	332	113	344	85
Total Europe	**4,719**	**910**	**4,561**	**894**
Total	**9,315**	**1,481**	**10,894**	**1,601**
Total workforce	**10,796**		**12,495**	

Workforce at 31 December

	2016		2015	
	Direct	**Indirect**	**Direct**	**Indirect**
Energy	**4,134**	**500**	**5,248**	**614**
Europe				
Germany	2,267	397	2,139	426
Netherlands	2,197	427	2,334	377
Other regions	327	122	330	86
Total Europe	**4,791**	**946**	**4,803**	**889**
Total	**8,925**	**1,446**	**10,051**	**1,503**
Total workforce	**10,371**		**11,554**	

Other segment information

Other segment information provides an overview of the activities with regard to professional specialisation.

	Revenue		Operating profit	
	2016	**2015**	**2016**	**2015**
Engineering	308,546	290,860	29,661	26,121
Energy	447,108	813,696	-1,614	29,040
IT	67,585	58,188	4,915	4,233
Unallocated	61,627	66,204	-6,136	-3,275
	884,911	**1,228,948**	**26,826**	**56,119**

Employees

The total number of direct and indirect employees with the group companies is set out below:

Average workforce

	2016		2015	
	Direct	**Indirect**	**Direct**	**Indirect**
Engineering	3,228	574	3,101	598
Energy	4,596	571	6,333	707
IT	776	115	660	102
Unallocated	715	221	800	194
	9,315	**1,481**	**10,894**	**1,601**
Total workforce	**10,796**		**12,495**	

Workforce at 31 December

	2016		2015	
	Direct	**Indirect**	**Direct**	**Indirect**
Engineering	3,337	582	3,155	585
Energy	4,134	500	5,248	614
IT	781	119	739	107
Unallocated	673	245	909	197
	8,925	**1,446**	**10,051**	**1,503**
Total workforce	**10,371**		**11,554**	

Company balance sheet

x EUR 1,000, before profit appropriation

	31 December 2016		31 December 2015	
Non-current assets				
Other intangible assets (23)	11,576		11,853	
Property, plant & equipment	-		159	
Financial assets (24)	276,841		270,757	
Deferred tax income assets	3,930		2,723	
Total non-current assets		**292,347**		**285,492**
Current assets net of current liabilities				
Trade and other receivables (25)	42,148		83,555	
Income tax receivables	2,940		232	
Cash and cash equivalents	25,001		27,841	
Total current assets		**70,089**		**111,628**
Total assets		**362,436**		**397,120**
Non-current liabilities				
Deferred income tax liabilities	436		436	
Total non-current liabilities		**436**		**436**
Current liabilities				
Current liabilities (26)	68,848		49,413	
Total current liabilities		**68,848**		**49,413**
Total liabilities		**69,284**		**49,849**
Net assets		**293,152**		**347,271**
Shareholders' equity (27)				
Share capital	1,512		1,499	
Share premium	83,548		76,765	
General reserve	182,036		219,381	
Translation reserve	16,006		12,504	
Unappropriated result	10,050		37,122	
Total shareholders' equity		**293,152**		**347,271**

Company profit and loss account

x EUR 1,000

		2016		2015
Revenue		11,262		15,520
Direct personnel expenses (13)		-		-
Gross Profit		**11,262**		**15,520**
Indirect personnel expenses	-8,700		-8,498	
Depreciation and amortisation (23)	-4,493		-3,874	
Other expenses	-7,467		-10,699	
Total operating costs		**-20,660**		**-23,071**
Operating profit		**-9,398**		**-7,551**
Exchange differences	-10		-30	
Interest income	232		3,017	
Interest expenses	-9		-54	
Financial income and expense		**213**		**2,933**
Share of profit of investments accounted for using the equity method (24)		17,465		40,855
Result before tax		**8,280**		**36,237**
Tax		1,770		885
Net result		**10,050**		**37,122**

Notes to the company balance sheet and profit and loss account

x EUR 1,000, unless stated otherwise

General

The financial statements of Brunel International N.V. have been prepared using the option of section 362, subsection 8, of Book 2 of Dutch Civil Code, meaning that the accounting principles used are the same as for the consolidated financial statements. Foreign currency has been translated, assets and liabilities have been valued, and net income has been determined, in accordance with the principles of valuation and determination of income on pages 104 until 109.

Subsidiaries of Brunel International N.V. are presented using the equity method.

23. Other intangible assets

This concerns software. Movements during the year:

	2016	2015
At cost at 1 January	**22,361**	**17,774**
Accumulated amortisation	-10,508	-6,944
Balance at 1 January	**11,853**	**10,830**
Changes in carrying amount		
Additions	3,886	4,587
Amortisation	-4,163	-3,564
Balance at 31 December	**11,576**	**11,853**
At cost at 31 December	**26,247**	**22,361**
Accumulated amortisation	-14,671	-10,508
Balance at 31 December	**11,576**	**11,853**

24. Financial assets

The financial assets consist of the following:

	2016	2015
Subsidiaries	275,222	267,291
Funding of group companies	1,619	3,466
Balance at 31 December	**276,841**	**270,757**

Subsidiaries

Movements during the year:

	2016	2015
Balance at 1 January	**267,291**	**227,915**
Capital contributions	6,507	3,942
Profit for the year	17,465	40,855
Dividend payment	-15,000	-13,000
Reclass negative participations to funding of group companies	-4,273	-1,217
Exchange rate movements	3,232	8,796
Balance at 31 December	**275,222**	**267,291**

Funding of group companies

Movements during the year:

	2016	2015
Balance at 1 January	**3,466**	**2,389**
Reclass negative participations to funding of group companies	4,274	1,217
Repayments	-7,209	-1,945
Additions	1,129	1,579
Exchange rate movements	-41	226
Balance at 31 December	**1,619**	**3,466**

25. Trade and other receivables

	2016	2015
Group companies	40,754	83,015
Other receivables	1,394	540
Balance at 31 December	**42,148**	**83,555**

26. Current liabilities

	2016	2015
Group companies	66,241	46,877
Other liabilities	2,607	2,536
Balance at 31 December	**68,848**	**49,413**

27. Shareholders' equity

Composition of and changes in shareholders' equity:

	Share Capital	Share Premium	General Reserve	Translation reserve (legal reserve)	Unapropriated result	Total 2016	Total 2015
Balance at 1 january 2016	**1,499**	**76,765**	**219,381**	**12,504**	**37,122**	**347,271**	**327,803**
Exchange differences result				3,502		3,502	8,508
Result financial year					10,050	10,050	37,122
Cash dividend (10)			-75,500			-75,500	-34,884
Appropriation of result			37,122		-37,122		
Modification of share based payment scheme						-1,383	
Share based payments (11)			1,033			1,033	1,976
Option rights exercised (11)	13	6,783				6,796	8,129
Balance at 31 December 2016	**1,512**	**83,548**	**182,036**	**16,006**	**10,050**	**293,152**	**347,271**

In the year under review the cash dividend per share was EUR 0.75 per share and an additional super dividend of EUR 0.75 per share. The proposed dividend for 2016 will be EUR 0.20 per share and an additional dividend of EUR 0.20 per share.

Information on outstanding options is provided in the notes to the consolidated balance sheet. The details on the composition of and changes in the shareholder's equity of 2016 are disclosed in the consolidated statement of changes in group equity.

Employees

Salaries, social securities charges and pension expenses amounted to EUR 3.5 million, EUR 0.4 million and EUR 0.2 million, respectively for 2016 (2015: expenses of EUR 3.1 million, EUR 0.4 million and EUR 0.2 million, respectively). At the end of 2016 Brunel International N.V. employed 17 people (2015: 15), all in The Netherlands. Besides the Board of Directors and their personal assistants, these concern the group finance and legal department. Additionally at the end of 2016 a total of 31 people (2015: 25) have been allocated to Brunel International N.V. for it's global IT department.

26. Result participations

	2016	2015
Profit group companies (22)	17,465	40,855

Other

Disclosures of director's remuneration and audit fees are included in note 13 and 15 to the consolidated financial statements.

Guarantees

The company has guaranteed the liabilities for its Dutch participations Brunel Nederland B.V. and Brunel Energy Holding B.V.. Brunel International N.V. has guaranteed towards Brunel GmbH its receivable on Brunel Car Synergies GmbH. At 31 December 2016 this receivable amounts to EUR 3.8 million (2015: EUR 6.7 million). No other guarantees have been provided (2015: EUR 0.7 million).

Brunel International N.V. is part of fiscal unities for corporate income taxes, as well as for value-added taxes. As a consequence, the company bears joint and several liabilities for the debts with respect to corporate income taxes and value-added taxes of the fiscal unities. The company settles corporate income taxes, based on the fiscal results before taxes of the subsidiaries belonging to the fiscal unity.

Amsterdam, 24 February 2017

The Board of Directors	**The Supervisory Board**
J.A. van Barneveld	D. van Doorn
P.A. de Laat	A. Schouwenaar
	J. Bout

8: Additional information

Events after balance sheet date / Subsequent events

No events of interest to thegroup as a whole took place after the balance sheet date.

Profit appropriation according to the articles of association

Article 26.2 The Board of Directors determines the part of the Company's profits which will be added to the reserves, subject to the approval of the holder of the priority share*.

Article 26.3 The remaining part of the Company's profits is at the disposal of the shareholders for distribution of profit.

Proposed profit appropriation

It will be proposed to the General Meeting of Shareholders that a dividend of EUR 0.20 per share will be paid in cash.

Additional dividend

It will also be proposed to pay an additional dividend of EUR 0.20 per share out of retained earnings.

Priority share

The priority share, which has a par value of EUR 10,000, has been issued to Stichting Prioriteit Brunel, subject to the condition precedent that the majority shareholder loses its majority share in Brunel International N.V.'s share capital. The priority share will be fully paid up as soon as the issue becomes unconditional. The protective stipulations are included in the Articles of Association of Brunel International N.V. and are posted on the company's website.

*) Pursuant to Article 4.3, as long as the priority share is not subscribed, the rights attached to this share are exercised by the General Meeting of Shareholders

9: Independent auditor's report

To: the general meeting and supervisory board of Brunel International N.V.

Report on the financial statements 2016

Our opinion

In our opinion:

- the accompanying consolidated financial statements give a true and fair view of the financial position of Brunel International N.V. as at 31 December 2016 and of its result and cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union (EU-IFRS) and with Part 9 of Book 2 of the Dutch Civil Code;
- the accompanying company financial statements give a true and fair view of the financial position of Brunel International N.V. as at 31 December 2016 and of its result for the year then ended in accordance with Part 9 of Book 2 of the Dutch Civil Code.

What we have audited

We have audited the accompanying financial statements 2016 of Brunel International N.V., Amsterdam ('the company'). The financial statements include the consolidated financial statements of Brunel International N.V. and its subsidiaries (together: 'the group') and the company financial statements.

The consolidated financial statements comprise:

- the consolidated balance sheet as at 31 December 2016;
- the following statements for 2016: the consolidated profit and loss account and the consolidated statements of comprehensive income, changes in equity and cash flows; and
- the notes, comprising a summary of significant accounting policies and other explanatory information.

The company financial statements comprise:

- the company balance sheet as at 31 December 2016;
- the company profit and loss account for the year then ended;
- the notes, comprising a summary of the accounting policies and other explanatory information.

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

The basis for our opinion

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

Independence

We are independent of Brunel International N.V. in accordance with the 'Verordening inzake de onafhankelijkheid van accountants bij assuranceopdrachten' (ViO) and other relevant independence requirements in the Netherlands. Furthermore, we have complied with the 'Verordening gedrags- en beroepsregels accountants' (VGBA).

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

Our audit approach

Overview and context

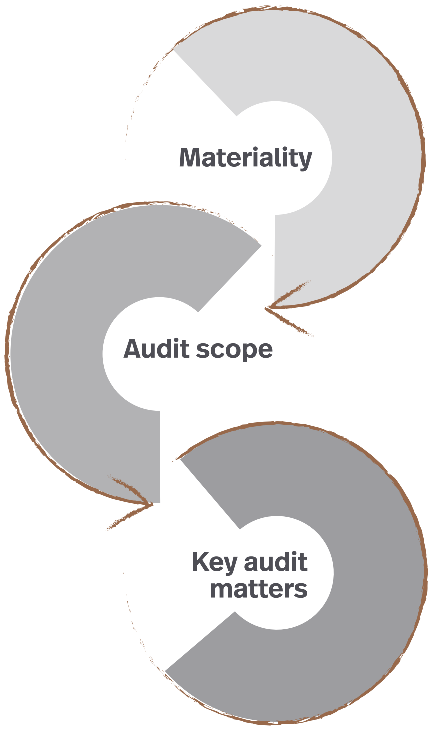
Brunel International N.V. provides business services, specialising in flexible deployment of professionals. The group comprises of components in several international regions and therefore we considered our group audit scope and approach as set out in the scope of our group audit section. We paid specific attention to the areas of focus driven by the operations of the company, as set out below.

We designed our audit by determining materiality and assessing the risks of material misstatement in the financial statements. The result of Brunel is significantly lower than last year. This affected the materiality we used in our audit as explained in the materiality section of this report.
In particular, we looked at where the board of directors made subjective judgements, for example in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. In paragraph "critical accounting estimates, assumption and judgements" of the financial statements the company describes the areas of judgement in applying accounting policies and the key sources of estimation uncertainty. Brunel's Energy division is dependent on the Oil & Gas sector. This sector is given the low oil prices, under pressure. This resulted in a down turn in business activities in this sector and pressure on liquidity at clients. This increased the counterparty risk and affected the collection of the company's accounts receivables and accrued income. Given this risk and the related estimation uncertainty in the valuation of accounts receivables and accrued income in the Energy business we considered this to be a key audit matter as set out in the key audit matter section of this report. Furthermore, we identified the recoverability of the deferred tax asset in the USA, given the level of judgement applied, and the compliance with laws and regulations relating to salaries of direct employees, considering the complexity and magnitude as key audit matters. This is further explained in the

key audit matter section of this report. Besides the key audit matters, another area of focus was the reconciliation between capacity (payroll) and billing at all entities. As in all of our audits, we also addressed the risk of management override of internal controls, including evaluating whether there was evidence of bias by the board of directors that may represent a risk of material misstatement due to fraud.

We ensured that the audit teams both at group and at component level included the appropriate skills and competences which are needed for the audit of a company providing business services specialising in flexible deployment of professionals. We therefore included specialist in the areas of payroll, social charges and wage tax laws in our audit team.

The outlines of our audit approach were as follows:



Materiality

- Overall materiality: EUR 1,029,000 which represents 3.5% of operating profit.

Audit scope

- We conducted audit work for 21 components (2015: 22 components).
- Site visits were conducted in two countries: Brazil and Germany.
- The company uses shared service centres in several locations, as a consequence we audit certain processes, served by those shared service centres, centrally.
- Audit coverage: 83% of consolidated revenue, 80% of operating profit and 83% of consolidated total assets.

Key audit matters

- Valuation of accounts receivables and accrued income in the Energy business
- Compliance with laws and regulations relating to salaries of direct employees
- Valuation of deferred tax assets in the USA

Materiality

The scope of our audit is influenced by the application of materiality which is further explained in the section 'Our responsibilities for the audit of the financial statements'.

We set certain quantitative thresholds for materiality. These, together with qualitative considerations, helped us to determine the nature, timing and extent of our audit procedures on the individual financial statement line items and disclosures and to evaluate the effect of identified misstatements on our opinion. Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

Overall group materiality	EUR 1,029,000 (2015: EUR 1,965,000).
How we determined it	3.5% of operating profit (equals EBIT as reported by Brunel), considering the impact of a late adjustment with an incidental nature.
Rationale for benchmark applied	We have applied this benchmark, a generally accepted auditing practice, based on our analysis of the common information needs of users of the financial statements. On this basis we believe that operating profit is an important metric, based on Brunel's reporting to the stakeholders, for the financial performance of the company. The materiality decreased compared to last year due to the decrease in operating profit of the Company.
Component materiality	To each component in our audit scope, we, based on our judgement, allocate materiality that is less than our overall group materiality. The range of materiality allocated across components varied between EUR 100,000 and EUR 1,000,000.

We also take misstatements and/or possible misstatements into account that, in our judgement, are material for qualitative reasons.

We agreed with the supervisory board that we would report to them misstatements identified during our audit above EUR 52,500 (2015: EUR 98,000) as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons.

The scope of our group audit

Brunel International N.V. is the parent company of a group of entities. The financial information of this group is included in the consolidated financial statements of Brunel International N.V.

The group audit focussed on the significant components in the Netherlands, Germany and Singapore. We consider these component locations as significant due to the size of the companies.

Five components in those countries were subjected to audits of their complete financial information as those components are individually financially significant to the group. Additionally, based on discussion with management and risk analysis, sixteen components were selected for audit procedures to achieve appropriate coverage on the financial line items in the consolidated financial statements.
In total, in performing these procedures, we achieved the following coverage on the financial line items:

Revenue	83%
Total assets	83%
Operating profit	80%

None of the remaining components represented more than 1% of total group revenue or total group assets. For those remaining components we performed, amongst others, analytical procedures to corroborate our assessment that there were no significant risks of material misstatements within those components.

The group's accounting process is structured around regional shared service centres and national accounting offices. The regional offices maintain the accounting records and controls for different entities ('components') in the region and report on behalf of local management to the head office finance team in Amsterdam through an integrated consolidation system. As a consequence we audit the relevant processes for the audit centrally for the entities served in those regional offices.

We used component auditors who are familiar with the local laws and regulations in each of the territories to perform audit work locally.

Where the work was performed by component auditors, we determined the level of involvement we needed to have in their audit work to be able to conclude whether sufficient appropriate audit evidence had been obtained as a basis for our opinion on the consolidated financial statements as a whole. Among others we assessed that local component teams tested the reconciliation between capacity (payroll) and billing at all entities.

The group engagement team visits the component teams on a rotational and risk basis, taking into consideration any specific country risks. In the current year the group engagement team visited Brazil, because of the growing activities and the higher fraud and bribery risk in this country. Furthermore we visited Germany, because this is the largest component of Brunel in terms of contribution to the consolidated operating profit. For all components in scope of our group audit, we held multiple conference calls throughout the audit to share knowledge, instruct the teams, discuss the audit approach and evaluate audit findings.

The group consolidation, financial statement disclosures and a number of items are audited by the group engagement team at the head office. These include, valuation of goodwill, valuation of deferred tax assets and share based payments.

By performing the procedures above at components, combined with additional procedures at group level, we have obtained sufficient and appropriate audit evidence regarding the financial information of the group as a whole to provide a basis for our opinion on the consolidated financial statements.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in the audit of the financial statements. We have communicated the key audit matters to the supervisory board, but they are not a comprehensive reflection of all matters that were identified by our audit and that we discussed. We described the key audit matters and included a summary of the audit procedures we performed on those matters.

The key audit matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon. We do not provide a separate opinion on these matters or on specific elements of the financial statements. Any comments we make on the results of our procedures should be read in this context.

Last year we reported the key audit matter “valuation and accuracy of accounts receivables and accrued income”, mainly because timely and accurate invoicing is inherently more complex in the energy sector when compared to other industries due to the location of projects and specific invoicing arrangements agreed with global clients. We did not identify any material findings last year in this respect also because Brunel further improved their invoicing process. Therefore we do not consider the accuracy of the accounts receivable and accrued income in the Energy Business as a key audit matter anymore.

Key audit matter	**How our audit addressed the matter**
Valuation of accounts receivables and accrued income in the Energy business [Refer to note 5 in the financial statements] Approximately 46% of the Group's total assets relate to accounts receivables and 'accrued income' (EUR 188,6 million) of which EUR 90.0 million relates to the Energy business. The accounts receivables and accrued income were important to our audit due to their magnitude and given the current challenging environment in the energy sector which increased the 'counterparty risk'. Due to this increased risk the company has to apply judgement as to the future collection and to whether any receivables should be impaired. This increased judgement leads to a higher risk of overstatement of the accountants receivables and accrued income. Therefore we considered this area a key audit matter.	Due to the higher risk in the energy sector we especially focused on outstanding positions within this sector. We determined that the accounts receivables not impaired older than 60 days increased compared to last year which is mainly caused by the outstanding balance of one large customer in the Asian region. We tested the aged positions, in particular the aforementioned large customer in the Asian region, by reviewing correspondence with clients where we specifically focused on management's assessment of the liquidity of these clients combined with publicly available information. We noted no material findings based on these procedures performed. Our audit procedures also included substantive testing on payments subsequently received during the year and after year end, testing on credit notes, reconciliation of revenue to be invoiced to positions with timesheets and client contracts. Some of the aforementioned procedures focus primarily on existence, however they also provide audit evidence on the valuation of the balances.
Compliance with laws and regulations relating to salaries of direct employees Brunel operates worldwide and has to comply with different laws and regulations in around 30 countries. Given the large number of countries in which Brunel operates and the regulatory environment in some of the countries in the Middle East, Asia and Africa, we observe higher complexity to comply with all the laws and regulations. Furthermore, due to the nature of the business small errors in the calculation of expenses and payments of wage tax and other payroll related charges may have a material impact on the financial statements. Hence, we focused on this increased risk of error due to non-compliance with applicable laws and regulations.	We tested controls on group level that were implemented to comply and monitor compliance with laws and regulations. We determined that we could rely on those controls for the purpose of our audit. We also performed substantive audit procedures and tested the effectiveness of internal controls on the accuracy and completeness of gross versus net salary calculations and the accuracy of filings- and payments for wage tax and other payroll related charges to fiscal authorities. We involved payroll specialists within PwC to perform these procedures and to test whether applicable local taxes and other charges were contributed to the local tax authorities. We also obtained and reviewed correspondence with fiscal authorities and tested the reconciliation between the salary administration and the finance administration. We have not noted any material non-compliance.

Key audit matter

Valuation of the deferred tax assets in the USA
[Refer to note 16 in the financial statements]

Significant tax losses were incurred in previous years by a subsidiary located in the USA. Based on the expected taxable income of this subsidiary and considering the related and inherent uncertainty, the company recognised an impairment of EUR 3.3 million and therefore the valuation of the deferred tax assets decreased to EUR 1.2 million. Due to the inherent level of uncertainty, the recent history of fiscal losses and the significant management judgement involved we considered the valuation of the deferred tax asset in the USA as significant to our audit. The main assumptions underneath the estimates made are the revenue growth, the margin development, the productivity of indirect employees, the potential cost savings when budgeted growth is not met, the development of the worldwide oil prices and the local expiry period of fiscal losses.

How our audit addressed the matter

We performed procedures on the assumptions and methodologies used, the accuracy and completeness of the fiscal losses, we have challenged the assumptions applied by group and local management and determined if the assumptions are substantiated by convincing evidence in accordance with IAS 12. This was done by, amongst others, comparing the assumptions on revenues, margins and productivity to internal budgets, the historic performance of the company, local economic developments and external market information. We reviewed cost saving measures which are planned to be implemented by management when necessary. In addition, we considered the local expiry periods together with any applicable restrictions in recovery for this jurisdiction. We found the assumptions to be consistent and well balanced.

We recalculated taxable profits based on the applicable tax rates and we checked the adequacy of the disclosures in note 16 of the financial statements. We used corporate tax specialists within PwC to assist us.

Report on the other information included in the annual report

In addition to the financial statements and our auditor's report thereon, the annual report contains other information that consists of:

- CEO statement, corporate profile of Brunel, financial highlights 2016, report from the supervisory board, report from the board of directors, the Brunel share, additional information, group financial record and worldwide offices;
- the other information pursuant to Part 9 of Book 2 of the Dutch Civil Code.

Based on the procedures performed as set out below, we conclude that the other information:

- is consistent with the financial statements and does not contain material misstatements;
- contains all information that is required by Part 9 of Book 2 of the Dutch Civil Code.

We have read the other information. Based on our knowledge and understanding obtained in our audit of the financial statements or otherwise, we have considered whether the other information contains material misstatements.

By performing our procedures, we comply with the requirements of Part 9 Book 2 of the Dutch Civil Code and the Dutch Standard 720. The scope of such procedures were substantially less than the scope of those performed in our audit of the financial statements.

The board of directors is responsible for the preparation of the other information, including the report from the board of directors and the other information pursuant to Part 9 Book 2 of the Dutch Civil Code.

Report on other legal and regulatory requirements

Our appointment

We were appointed as auditors of Brunel International N.V. on 15 August 2013 by the supervisory board following the passing of a resolution by the shareholders at the annual meeting held on 15 August 2013 and the appointment has been renewed annually by shareholders representing a total period of uninterrupted engagement appointment of 4 years.

Responsibilities for the financial statements and the audit

Responsibilities of the board of directors and the supervisory board for the financial statements

The board of directors is responsible for:

- the preparation and fair presentation of the financial statements in accordance with EU-IFRS and with Part 9 of Book 2 of the Dutch Civil Code; and for
- such internal control as the board of directors determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

As part of the preparation of the financial statements, the board of directors is responsible for assessing the company's ability to continue as a going concern. Based on the financial reporting frameworks mentioned, the board of directors should prepare the financial statements using the going-concern basis of accounting unless the board of directors either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so. The board of directors should disclose events and circumstances that may cast significant doubt on the company's ability to continue as a going concern in the financial statements.
The supervisory board is responsible for overseeing the company's financial reporting process.

Our responsibilities for the audit of the financial statements

Our responsibility is to plan and perform an audit engagement in a manner that allows us to obtain sufficient and appropriate audit evidence to provide a basis for our opinion. Our audit opinion aims to provide reasonable assurance about whether the financial statements are free from material misstatement. Reasonable assurance is a high but not absolute level of assurance which makes it possible that we may not detect all misstatements. Misstatements may arise due to fraud or error. They are considered to be material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements. Materiality affects the nature, timing and extent of our audit procedures and the evaluation of the effect of identified misstatements on our opinion.

A more detailed description of our responsibilities is set out in the appendix to our report.

Utrecht, 24 February 2017

PricewaterhouseCoopers
Accountants N.V.

P. Jongerius RA

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

In addition to what is included in our auditor's report we have further set out in this appendix our responsibilities for the audit of the financial statements and explained what an audit involves.

The auditor's responsibilities for the audit of the financial statements

We have exercised professional judgement and have maintained professional scepticism throughout the audit in accordance with Dutch Standards on Auditing, ethical requirements and independence requirements. Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error. Our audit consisted, among other things of the following:

- Identifying and assessing the risks of material misstatement of the financial statements, whether due to fraud or error, designing and performing audit procedures responsive to those risks, and obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the intentional override of internal control.
- Obtaining an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the board of directors.
- Concluding on the appropriateness of the board of directors' use of the going concern basis of accounting, and based on the audit evidence obtained, concluding whether a material uncertainty exists related to events and/or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report and are made in the context of our opinion on the financial statements as a whole. However, future events or conditions may cause the company to cease to continue as a going concern.
- Evaluating the overall presentation, structure and content of the financial statements, including the disclosures, and evaluating whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

We communicate with the supervisory board regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We provide the supervisory board with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the supervisory board, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, not communicating the matter is in the public interest.

10: Group financial record

x EUR million unless stated otherwise

	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Profit											
Net revenue	884.9	1,228.9	1,386.6	1,283.4	1,236.5	972.4	720.9	738.4	714.2	579.9	499.1
Gross profit	187.1	230.0	249.0	230.7	223.4	189.5	152.0	151.8	167.0	136.3	115.3
Operating profit	26.8	56.1	74.7	72.3	70.0	60.9	37.3	45.1	62.1	51.2	35.3
Result before tax	24.2	56.7	75.4	72.5	69.4	61.7	38.4	44.7	62.5	51.3	35.3
Group result after tax	10.6	37.6	48.9	49.9	44.5	39.7	25.6	32.1	45.6	36.9	24.2
Net income	10.1	37.1	48.4	49.5	44.1	39.4	25.2	31.1	44.8	36.1	26.3
Cash flow (net profit + depreciations/impairment)	18.3	45.5	56.7	55.9	48.9	43.4	29.2	35.5	48.0	39.2	29.7
Depreciation and amortisation	8.3	8.4	7.8	6.0	4.5	3.7	3.6	3.4	3.2	3.1	3.0
Additions to tangible fixed assets	1.4	4.1	3.1	2.6	2.8	2.7	2.3	5.3	4.0	4.3	4.5

	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Workforce											
Average over the year	10,796	12,495	13,725	13,073	11,219	9,545	7,656	7,847	7,904	7,248	6,148
Balance sheet information											
Non-current assets	36.0	40.7	41.4	36.0	37.7	31.4	27.6	28.9	19.6	17.3	15.1
Working capital	259.7	310.4	290.8	246.1	228.1	202.8	175.0	152.5	144.6	118.6	99.0
Group equity	293.7	347.7	328.3	278.1	264.2	232.9	202.2	180.9	163.8	135.4	113.6
Balance sheet total	**399.7**	**479.4**	**492.6**	**438.5**	**419.5**	**381.4**	**294.2**	**254.7**	**235.4**	**197.9**	**178.5**
Ratios											
Change in revenue on previous year	-28.0%	-11.4%	8.0%	3.8%	27.2%	34.9%	-2.4%	3.4%	23.2%	16.2%	28.0%
Gross profit / net revenue	21.1%	18.7%	18.0%	18.0%	18.1%	19.5%	21.1%	20.6%	23.4%	23.5%	23.1%
Operating profit / net revenue	3.0%	4.6%	5.4%	5.6%	5.7%	6.6%	5.2%	6.1%	8.7%	8.8%	7.1%
Group result / net revenue	1.2%	3.1%	3.5%	3.9%	3.6%	4.4%	3.6%	4.3%	6.4%	6.3%	4.8%
Group equity / total assets	73.5%	72.5%	66.5%	63.4%	62.9%	61.0%	68.7%	71.0%	69.6%	68.5%	63.6%
Current assets / current liabilities	3.50	3.42	2.81	2.57	2.48	2.38	2.91	3.08	3.03	2.91	2.54
Shares (in euros)											
Earnings per share	0.20	0.75	0.99	1.02	0.93	0.85	0.55	0.68	0.98	0.80	0.58
Shareholder’s equity per share	5.81	6.96	6.64	5.71	5.45	4.95	4.35	3.91	3.58	2.97	2.50
Dividend per share	0.40	1.50	0.70	0.55	0.50	0.45	0.40	0.40	0.40	0.35	0.25
Highest price	19.69	20.65	26.00	23.25	19.57	17.48	14.82	11.92	9.28	13.33	17.47
Lowest price	13.45	12.95	12.73	15.50	11.61	10.00	9.73	3.51	4.05	7.43	8.48
Closing price at 31 December	**15.39**	**16.80**	**13.60**	**22.25**	**18.30**	**11.39**	**14.75**	**11.73**	**4.28**	**8.18**	**13.00**

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