



# 2017

## ANNUAL REPORT



**EXPERIENCE MATTERS**



## 4 FINANCIAL STATEMENTS 2017

### 4.3.32 INFORMATION ON NON-CONTROLLING INTERESTS

The Company has several jointly owned subsidiaries:

| Entity name   | Partners  | % of ownership | Country registration         | 2017 main reporting segment | Project name             |
|---|---|----------------|------------------------------|-----------------------------|--------------------------|
| Aseng Production Company Ltd.                       | GE Petrol   | 60.00          | Cayman island                | Lease & Operate             | FPSO Aseng               |
| Gepsing Ltd.  | GE Petrol   | 60.00          | Cayman island                | Lease & Operate             | FPSO Aseng               |
| Gepsing Ltd - Equatorial Guinea Branch              | GE Petrol   | 60.00          | Equatorial Guinea            | Lease & Operate             | FPSO Aseng               |
| Brazilian Deepwater Floating Terminals Ltd.         | Malaysia International Shipping Corporation Behard                                      | 51.00          | Bermuda                      | Lease & Operate             | FPSO Espirito Santo      |
| Brazilian Deepwater Production Ltd.                 | Malaysia International Shipping Corporation Behard                                      | 51.00          | Bermuda                      | Lease & Operate             | FPSO Espirito Santo      |
| Brazilian Deepwater Production Contractors Ltd.     | Malaysia International Shipping Corporation Behard                                      | 51.00          | Bermuda                      | Lease & Operate             | FPSO Espirito Santo      |
| Operações Marítimas em Mar Profundo Brasileiro Ltda | owned by Brazilian Deepwater Production Contractors (see information above)             | 51.00          | Brazil                       | Lease & Operate             | FPSO Espirito Santo      |
| SBM Stones S.à.r.l.                                 | Mitsubishi Corporation; Nippon Yusen Kabushiki Kaisha                                   | 55.00          | Luxembourg                   | Turnkey                     | FPSO Turritella          |
| SBM Turritella LLC                                  | owned by SBM Stones S.a r.l. (see information above)                                    | 55.00          | The United States of America | Turnkey                     | FPSO Turritella          |
| SBM Stones Holding Operations B.V.                  | Mitsubishi Corporation; Nippon Yusen Kabushiki Kaisha                                   | 55.00          | The Netherlands              | Lease & Operate             | FPSO Turritella          |
| SBM Stones Operations LLC                           | Mitsubishi Corporation; Nippon Yusen Kabushiki Kaisha                                   | 55.00          | The United States of America | Lease & Operate             | FPSO Turritella          |
| Alfa Lula Alto S.à.r.l.                             | Mitsubishi Corporation; Nippon Yusen Kabushiki Kaisha ; Queiroz Galvao Oleo e Gas, S.A. | 56.00          | Luxembourg                   | Turnkey                     | FPSO Cidade de Marica    |
| Alfa Lula Alto Holding Ltd.                         | Mitsubishi Corporation; Nippon Yusen Kabushiki Kaisha ; Queiroz Galvao Oleo e Gas, S.A. | 56.00          | Bermuda                      | Lease & Operate             | FPSO Cidade de Marica    |
| Alfa Lula Alto Operações Marítimas Ltda.            | owned by Alfa Lula Alto Holding Ltd. (see information above)                            | 56.00          | Brazil                       | Lease & Operate             | FPSO Cidade de Marica    |
| Beta Lula Central S.à.r.l.                          | Mitsubishi Corporation; Nippon Yusen Kabushiki Kaisha ; Queiroz Galvao Oleo e Gas, S.A. | 56.00          | Luxembourg                   | Turnkey                     | FPSO Cidade de Saquarema |
| Beta Lula Central Holding Ltd.                      | Mitsubishi Corporation; Nippon Yusen Kabushiki Kaisha ; Queiroz Galvao Oleo e Gas, S.A. | 56.00          | Bermuda                      | Lease & Operate             | FPSO Cidade de Saquarema |
| Beta Lula Central Operações Marítimas Ltda.         | Owned by Betal Lula Central Holding Ltd. (see information above)                        | 56.00          | Brazil                       | Lease & Operate             | FPSO Cidade de Saquarema |
| Tupi Nordeste S.à.r.l.                              | Nippon Yusen Kabushiki Kaisha; Itochu Corporation; Queiroz Galvao Oleo e Gas, S.A.      | 50.50          | Luxembourg                   | Lease & Operate             | FPSO Cidade de Paraty    |
| Tupi Nordeste Operações Marítimas Ltda.             | Owned by Tupi Nordeste Holding (see information below)                                  | 50.50          | Brazil                       | Lease & Operate             | FPSO Cidade de Paraty    |
| Tupi Nordeste Holding Ltd.                          | Nippon Yusen Kabushiki Kaisha; Itochu Corporation; Queiroz Galvao Oleo e Gas, S.A.      | 50.50          | Bermuda                      | Lease & Operate             | FPSO Cidade de Paraty    |
| Guara Norte S.à.r.l.                                | Mitsubishi Corporation; Nippon Yusen Kabushiki Kaisha ; Queiroz Galvao Oleo e Gas, S.A. | 62.25          | Luxembourg                   | Lease & Operate             | FPSO Cidade de Ilhabela  |

| Entity name                            | Partners  | % of ownership | Country registration | 2017 main reporting segment | Project name            |
|--|---|----------------|----------------------|-----------------------------|-------------------------|
| Guara Norte Holding Ltd.               | Mitsubishi Corporation; Nippon Yusen Kabushiki Kaisha ; Queiroz Galvao Oleo e Gas, S.A. | 62.25          | Bermuda              | Lease & Operate             | FPSO Cidade de Ilhabela |
| Guara Norte Operações Marítimas Ltda.  | Owned by Guara Norte Holding Ltd. (see information above)                               | 62.25          | Brazil               | Lease & Operate             | FPSO Cidade de Ilhabela |
| SBM Capixaba Operações Marítimas Ltda. | Owned by FPSO Capixaba Venture S.A. (see information below)                             | 80.00          | Brazil               | Lease & Operate             | FPSO Capixaba           |
| SBM Espirito Do Mar Inc.               | Queiroz Galvao Oleo e Gas, S.A.   | 80.00          | Switzerland          | Lease & Operate             | FPSO Capixaba           |
| FPSO Capixaba Venture S.A.             | Queiroz Galvao Oleo e Gas, S.A.   | 80.00          | Switzerland          | Lease & Operate             | FPSO Capixaba           |
| FPSO Brasil Venture S.A.               | MISC Berhad   | 51.00          | Switzerland          | Lease & Operate             | FPSO Brazil             |
| SBM Operações Ltda.                    | MISC Berhad   | 51.00          | Brazil               | Lease & Operate             | FPSO Brazil             |
| SBM Systems Inc.                       | MISC Berhad   | 51.00          | Switzerland          | Lease & Operate             | FPSO Brazil             |
| South East Shipping Co. Ltd.           | Mitsubishi Corporation  | 75.00          | Bermuda              | Lease & Operate             | Yetagun                 |

Included in the consolidated financial statements are the following items that represent the Company's interest in the revenues, assets and loans of the partially owned subsidiaries.

Figures are presented at 100% before elimination of intercompany transactions.

#### Information on non-controlling interests (NCI) – 2017

| Project name             | Place of business            | Total assets | Non-current assets | Cash       | Loans        | Non-current liabilities | Current liabilities | Dividends to NCI | Revenue      |
|--------------------------|------------------------------|--------------|--------------------|------------|--------------|-------------------------|---------------------|------------------|--------------|
| FPSO Aseng               | Equatorial Guinea            | 269          | 130                | 23         | 80           | -                       | 106                 | -                | 84           |
| FPSO Espirito Santo      | Brazil                       | 311          | 264                | 15         | 0            | 249                     | 47                  | 39               | 113          |
| FPSO Turrutella          | The United States of America | 1,063        | -                  | 22         | 724          | 0                       | 739                 | -                | 175          |
| FPSO Cidade de Marica    | Brazil                       | 1,772        | 1,640              | 57         | 1,308        | 1,258                   | 146                 | -                | 204          |
| FPSO Cidade de Saquarema | Brazil                       | 1,726        | 1,627              | 24         | 1,353        | 1,294                   | 105                 | -                | 208          |
| FPSO Cidade de Paraty    | Brazil                       | 1,214        | 1,123              | 28         | 622          | 538                     | 145                 | -                | 160          |
| FPSO Cidade de Ilhabela  | Brazil                       | 1,587        | 1,427              | 90         | 902          | 793                     | 169                 | -                | 201          |
| FPSO Capixaba            | Brazil                       | 197          | 175                | 8          | 65           | 74                      | 87                  | 7                | 94           |
| Non material NCI         |                              | 76           | 0                  | 7          | 4            | 4                       | 11                  | 1                | 9            |
| <b>Total 100%</b>        |                              | <b>8,214</b> | <b>6,387</b>       | <b>274</b> | <b>5,056</b> | <b>4,210</b>            | <b>1,554</b>        | <b>47</b>        | <b>1,247</b> |

## 4 FINANCIAL STATEMENTS 2017

### Information on non-controlling interests (NCI) – 2016

| Project name             | Place of business            | Total assets | Non-current assets | Cash       | Loans        | Non-current liabilities | Current liabilities | Dividends to NCI | Revenue      |
|--------------------------|------------------------------|--------------|--------------------|------------|--------------|-------------------------|---------------------|------------------|--------------|
| FPSO Aseng               | Equatorial Guinea            | 365          | 215                | 14         | 180          | 148                     | 76                  | 4                | 74           |
| FPSO Espirito Santo      | Brazil                       | 409          | 321                | 40         | 7            | 266                     | 52                  | 15               | 161          |
| FPSO Turrítella          | The United States of America | 1,169        | 1,038              | 37         | 791          | 718                     | 84                  | -                | 199          |
| FPSO Cidade de Marica    | Brazil                       | 1,804        | 1,684              | 52         | 1,394        | 1,363                   | 140                 | -                | 372          |
| FPSO Cidade de Saquarema | Brazil                       | 1,755        | 1,668              | 18         | 1,426        | 1,372                   | 105                 | -                | 300          |
| FPSO Cidade de Paraty    | Brazil                       | 1,264        | 1,167              | 38         | 734          | 664                     | 136                 | -                | 134          |
| FPSO Cidade de Ilhabela  | Brazil                       | 1,610        | 1,466              | 78         | 1,010        | 909                     | 163                 | -                | 192          |
| FPSO Capixaba            | Brazil                       | 284          | 217                | 26         | 45           | 81                      | 105                 | -                | 83           |
| Non material NCI         |                              | 79           | 4                  | 7          | 3            | 11                      | 11                  | 1                | (8)          |
| <b>Total 100%</b>        |                              | <b>8,738</b> | <b>7,781</b>       | <b>310</b> | <b>5,590</b> | <b>5,532</b>            | <b>871</b>          | <b>20</b>        | <b>1,509</b> |

Reference is made to section 4.3.24 'Loans and borrowings' for a description of the bank interest-bearing loans and other borrowings per entity.

Included in the consolidated financial statements are the following items that represent the aggregate contribution of the partially owned subsidiaries to the Company consolidated financial statements:

#### Interest in non-controlling interest (summary)

|            | 2017 | 2016 |
|------------|------|------|
| Net result | 154  | 65   |

#### Reconciliation equity at 100 % with Non-controlling interests on partially owned subsidiaries

|                                  | 2017         | 2016       |
|----------------------------------|--------------|------------|
| Equity at 100%                   | 2,450        | 2,335      |
| Company ownership                | (1,392)      | (1,338)    |
| <b>Accumulated amount of NCI</b> | <b>1,058</b> | <b>996</b> |

### 4.3.33 RELATED PARTY TRANSACTIONS

During 2017, no major related party transactions requiring additional disclosure in the financial statements took place.

For relations with Supervisory Board Members, Managing Directors and other key personnel reference is made to Note 4.3.6 'Employee benefit expenses'.

The Company has transactions with joint ventures and associates which are recognized as follows in the Company's consolidated financial statements:

#### Related party transactions

|  | Note   | 2017 | 2016  |
|--|--------|------|-------|
| Revenue                                |        | 25   | 10    |
| Cost of sales                          |        | (12) | (106) |
| Loans to joint ventures and associates | 4.3.15 | 110  | 215   |
| Trade receivables                      |        | 139  | 164   |
| Trade payables                         |        | 61   | 78    |