

# 2017

## ANNUAL REPORT



**EXPERIENCE MATTERS**



## 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

The Company has provided loans to joint ventures and associates such as shareholder loans and funding loans at rates comparable to the commercial rates of interest.

During the period, the Company entered into trading transactions with joint ventures and associates on terms equivalent to those that prevail in arm's-length transactions. The increase of revenue mainly relates to repair work performed on one FPSO under warranty period. The decrease of cost of sales is mainly driven by lower transactions with the Brasa yard.

Additional information regarding the joint ventures and associates is available in 4.3.31 'Interest in joint ventures and associates'.

#### 4.3.34 AUDITOR'S FEES AND SERVICES

Fees included in other operating costs related to PwC, the 2017 and 2016 Company's external auditor, are summarized as follows:

in thousands of US\$	2017	2016
Audit fees	1,861	1,962
<i>Out of which:</i>		
- invoiced by PwC Accountants N.V.	1,009	1,344
- invoiced by PwC network firms	852	618
Tax fees	47	32
Other	101	533
<b>Total</b>	<b>2,009</b>	<b>2,527</b>

In 2017, the other auditor's fees were mainly related to the review of the Company sustainability report.

In 2016, the other auditor's fees were mainly related to other auditing services carried out in the course of the development of a potential master limited partnership (MLP) project and review of the Company sustainability report.

#### 4.3.35 EVENTS AFTER END OF REPORTING PERIOD

In accordance with the Company's dividend policy introduced in 2017 which consists of paying out a dividend based on the Company's assessment of the underlying cash flow position and 'Directional net income', where a target pay-out ratio of between 25% and 35% is also considered, a dividend out of retained earnings of US\$ 0.25 per share will be proposed to the Annual General Meeting on April 11, 2018, corresponding to approximately 64% of the US\$ 80 million Company's 2017 Directional net income adjusted for non-recurring items.

On January 16, 2018 the Company and Shell completed the transaction related to the sale of *Turritella* (FPSO). The financial impacts of the transaction are provided in note 4.3.1 'Financial Highlights'.