



EXPERIENCE **MATTERS**

2016

ANNUAL REPORT

5 FINANCIAL REPORT 2016

5.3.13 INTANGIBLE ASSETS

2016

	Development costs	Goodwill	Software	Patents	Total
Cost	19	25	9	19	71
Accumulated amortisation and impairment	(4)	-	(3)	(19)	(26)
Book value at 1 January	15	25	5	1	45
Additions	5	-	0	-	5
Amortisation	(1)	-	(2)	(1)	(3)
Impairment	-	-	-	-	-
Other movements	-	-	0	-	0
Foreign currency variations	(1)	-	0	-	(1)
Total movements	3	-	(1)	(1)	1
Cost	23	25	11	19	77
Accumulated amortisation and impairment	(5)	-	(7)	(19)	(31)
Book value at 31 December	18	25	4	-	46

2015

	Development costs	Goodwill	Software	Patents	Total
Cost	9	25	4	13	51
Accumulated amortisation and impairment	(4)	-	(2)	(11)	(17)
Book value at 1 January	5	25	2	1	34
Additions	12	-	4	-	17
Amortisation	-	-	(1)	(1)	(3)
Impairment	-	-	-	-	-
Other movements/deconsolidation	(3)	-	0	-	(3)
Foreign currency variations	-	-	0	-	0
Total movements	9	-	3	(1)	11
Cost	19	25	8	19	71
Accumulated amortisation and impairment	(4)	-	(3)	(19)	(26)
Book value at 31 December	15	25	5	1	45

The additions are primarily related to the completion of the Fast4ward concept.

Amortisation of development costs is included in 'Cost of sales' in the income statement in 2015 for nil and US\$ 1.0 million in 2016.

Goodwill relates to the acquisition of the Houston based subsidiaries. The recoverable amount is determined based on value-in-use calculations. These calculations use pre-tax cash flow projections based on financial budgets approved by management covering a three-year period. Cash flows beyond the three-year period are extrapolated using an estimated growth rate of 2%. Management determined budgeted gross margin based on past performance and its expectations of market development and award perspective on brownfield, semi-TLP and semi-sub projects. The discount rates used are pre-tax and reflect specific risks (9.0%).

5.3.14 FINANCE LEASE RECEIVABLES

The reconciliation between the total gross investment in the lease and the net investment in the lease at the statement of financial position date is as follows:

Finance lease receivables (reconciliation gross / net_investment)

	31 December 2016	31 December 2015
Gross receivable	13,878	5,972
Less: Unearned finance income	(6,318)	(2,788)
Total	7,560	3,184
Of which		
Current portion	328	164
Non-current portion	7,232	3,020

As of December 31, 2016, finance lease receivables relate to the finance lease of:

- FPSO *Cidade de Marica*, which started production in February 2016 for a charter of 20 years;
- FPSO *Cidade de Saquarema*, which started production in July 2016 for a charter of 20 years;
- FPSO *Turitella*, which started production in September 2016 for a charter of 10 years;
- FPSO *Cidade de Ilhabela*, which started production in November 2014 for a charter of 20 years;
- FPSO *Cidade de Paraty*, which started production in June 2013 for a charter of 20 years;
- FPSO *Aseng*, which started production in November 2011 for a charter of 20 years;
- FSO *Yetagun* life extension started in May 2015 for a charter of 3 years.

The increase in finance lease receivable is driven by the recognition of the finance lease receivable of FPSOs *Cidade de Marica*, *Cidade de Saquarema* and *Turitella*, less the redemptions as per the payment plans.

Included in the gross receivable is an amount related to unguaranteed residual values. The total amount of unguaranteed residual values at the end of the lease term amounts to US\$ 48 million as of December 31, 2016. Allowances for uncollectible minimum lease payments are nil.

Gross receivables are expected to be invoiced to the lessee within the following periods:

Finance lease receivables (gross receivables invoiced to the lessee within the following periods)

	31 December 2016	31 December 2015
Within 1 year	942	426
Between 1 and 5 years	3,459	1,487
After 5 years	9,477	4,059
Total Gross receivable	13,878	5,972

The following part of the net investment in the lease is included as part of the current assets within the 'trade and other receivables' of the statement of financial position:

Finance lease receivables (part of the net investment included as part of the current assets)

	31 December 2016	31 December 2015
Gross receivable	942	426
Less: Unearned finance income	(614)	(262)
Current portion of finance lease receivable	328	164