



EXPERIENCE **MATTERS**

2016

ANNUAL REPORT

5 FINANCIAL REPORT 2016

The trade debtors aged more than one year mostly relate to one contract for which some legal documents pending signature temporarily prevent the joint venture to settle the Company's receivable.

5.3.19 CONSTRUCTION WORK-IN-PROGRESS

	Note	31 December 2016	31 December 2015
Cost incurred		856	5,967
Instalments invoiced		(855)	(1,687)
Total construction work-in-progress		1	4,280
of which debtor WIP (cost incurred exceeding instalments)		15	4,336
of which creditor WIP (instalments exceeding cost incurred)	5.3.27	(14)	(56)

The cost incurred includes the amount of recognized profits and losses to date. The instalments exceeding cost incurred comprise the amounts of those individual contracts for which the total instalments exceed the total cost incurred. The instalments exceeding cost incurred are reclassified to other current liabilities. Advances received from customers are included in other current liabilities. For both aforementioned details, reference is made to Note 5.3.27 'Trade and other payables'.

The decreased construction work-in-progress reflects the completion of construction activities related to FPSOs *Cidade de Marica*, *Cidade de Saquarema* and *Turritella* during the period.

5.3.20 DERIVATIVE FINANCIAL INSTRUMENTS

Further information about the financial risk management objectives and policies, the fair value measurement and hedge accounting of financial derivative instruments is included in Note 5.3.29 'Financial Instruments – Fair values and risk management'.

In the ordinary course of business and in accordance with its hedging policies as of December 31, 2016, the Company held multiple forward exchange contracts designated as hedges of expected future transactions for which the Company has firm commitments or forecasts. Furthermore, the Company held several interest rate swap contracts designated as hedges of interest rate financing exposure.

The fair value of the derivative financial instruments included in the statement of financial position is summarized as follows:

Derivative financial instruments

	31 December 2016			31 December 2015		
	Assets	Liabilities	Net	Assets	Liabilities	Net
Interest rate swaps cash flow hedge	6	170	(164)	0	205	(205)
Forward currency contracts cash flow hedge	7	54	(47)	2	86	(84)
Forward currency contracts fair value through profit and loss	26	12	14	18	41	(23)
Total	38	236	(198)	21	332	(311)
Non-current portion	8	122	(113)	0	167	(167)
Current portion	30	114	(84)	21	164	(144)