



EXPERIENCE **MATTERS**

**2016**

ANNUAL REPORT

The ineffective portion recognized in the income statement (Note 5.3.7 'Net financing costs') arises from cash flow hedges totaling a US\$ 2 million loss (2015: US\$ 5 million loss). The maximum exposure to credit risk at the reporting date is the fair value of the derivative assets in the statement of financial position.

## FORWARD CURRENCY CONTRACTS

The gross notional amount of the outstanding forward currency contracts at December 31, 2016 were US\$ 2 billion (2015: US\$ 2 billion) of which US\$ 2 billion will mature in the next twelve months.

The net notional amount of the outstanding forward currency contracts at December 31, 2016 was US\$ 1 billion (2015: US\$ 1 billion) of which US\$ 0 billion will mature in the next twelve months.

## INTEREST RATE SWAPS

The gross notional amount of the outstanding interest rate swap contracts at December 31, 2016 were US\$ 7 billion (2015: US\$ 4 billion) and US\$ 7 billion (2015: US\$ 7 billion) including forward-start contracts.

The net notional amount of the outstanding interest rate swap contracts at December 31, 2016 were US\$ 5 billion (2015: US\$ 3 billion) and US\$ 5 billion (2015: US\$ 6 billion) including forward-start contracts. The increase in the current outstanding interest rate swap notional is due to the start of the derivatives hedging the lease and operating phase of the financing related to FPSOs Cidade de Marica, Cidade de Saquarema and Turritella).

The most important floating rate is the US\$ 3-month LIBOR. Details of interest percentages of the long-term debt are included in Note 5.3.24 'Loans and borrowings'.

## 5.3.21 NET CASH AND CASH EQUIVALENT

	31 December 2016	31 December 2015
Cash and bank balances	415	260
Short-term investments	489	255
<b>Cash and cash equivalent</b>	<b>904</b>	<b>515</b>
Bank overdrafts	-	-
<b>Net cash and cash equivalent</b>	<b>904</b>	<b>515</b>

The cash and cash equivalents dedicated to debt and interest payments (restricted) amounts to US\$ 221 million (2015: US\$ 159 million). Short-term deposits are made for varying periods of up to one year depending on the immediate cash requirements of the Company and earn interest at the respective short-term deposit rates.

The cash and cash equivalents held in countries with restrictions on currency outflow (Angola, Brazil, Equatorial Guinea and Nigeria) amounts to US\$ 45 million (2015: US\$ 38 million).

Further disclosure about the fair value measurement is included in Note 5.3.29 'Financial Instruments – Fair values and risk management'.

## 5 FINANCIAL REPORT 2016

### 5.3.22 ASSETS HELD FOR SALE

The movement of the assets held for sale is summarized as follows:

#### Assets held for sale

	31 December 2016	31 December 2015
<b>Book value at 1 January</b>	-	<b>13</b>
Reclassified assets	12	-
Disposal	(11)	-
Other movements	-	(13)
<b>Book value at 31 December</b>	<b>1</b>	<b>-</b>

In July 2016, the Company sold FPSO Falcon impacting the Lease and Operate segment.

In 2015, the Company completed the disposal of FPSO *Brasil* and VLCC *Alba* reported in the segment Lease and Operate.

### 5.3.23 EQUITY ATTRIBUTABLE TO SHAREHOLDERS

For a consolidated overview of changes in equity reference is made to the consolidated statement of changes in equity.

#### ISSUED SHARE CAPITAL

The authorized share capital of the Company is two hundred million euro (€ 200,000,000). This share capital is divided into four hundred million (400,000,000) Ordinary Shares with a nominal value of twenty-five eurocent (€ 0.25) each and four hundred million (400,000,000) Protective Preference Shares, with a nominal value of twenty-five eurocent (€ 0.25) each. The Protective Preference Shares can be issued as a protective measure as described in the Corporate Governance (section 3.5 of the Annual Report).

During the financial year the movements in the outstanding number of ordinary shares are as follows:

number of shares	2016	2015
<b>Outstanding at 1 January</b>	<b>211,694,950</b>	<b>209,695,094</b>
Share-based payment remuneration	1,776,355	1,999,856
<b>Outstanding 31 December</b>	<b>213,471,305</b>	<b>211,694,950</b>

#### TREASURY SHARES

The Company completed its share repurchase program under the authorization granted by the Annual General Meeting of Shareholders of the Company held on April 6, 2016. In the period between August 11, 2016 and December 20, 2016 a total number of 11,442,179 shares totaling EUR 150,000,000 were repurchased. These treasury shares are still reported in the outstanding ordinary shares as at December 31, 2016. The repurchased shares are held as Treasury shares predominantly for share capital reduction purposes and, to a lesser extent, for employee share programs.

Within the equity, an amount of US\$ 708 million (2015: US\$ 553 million) should be treated as legal reserve (please refer to 5.4 Company Financial Statements).