



EXPERIENCE **MATTERS**

2016

ANNUAL REPORT

5 FINANCIAL REPORT 2016

5.3.33 RELATED PARTY TRANSACTIONS

During 2016, 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 5.3.6 '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	2016	2015
Revenue		10	56
Cost of sales		(106)	(222)
Loans to joint ventures and associates	5.3.15	215	299
Trade receivables		164	204
Trade payables		78	60

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 decrease of revenue mainly relates to the finalisation of the construction of the FPSOs *Cidade de Marica*, *Cidade de Saquarema* and *Turitella*. 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 5.3.31 'Interest in Joint Ventures and Associates'.

5.3.34 AUDITOR'S FEES AND SERVICES

Fees included in Other operating costs related to PwC, the 2016 and 2015 Company's external auditor, are summarized as follows:

in thousands of US\$	2016	2015
Audit fees	1,962	2,162
<i>Out of which:</i>		
- invoiced by PwC Accountants N.V.	1,344	1,469
- invoiced by PwC network firms	618	693
Tax fees	32	92
Other	533	555
Total	2,527	2,810

In 2016 and 2015, 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 Company Sustainability Report.

5.3.35 EVENTS AFTER THE BALANCE SHEET DATE

In accordance with the Company policy introduced in 2015 which consists of paying out between 25% and 35% of the directional net income provided that positive free cash-flows are expected to be generated during the year of payment, and, this year, considering 2016 exceptional non-recurring items, a dividend out of 2016 net income of US\$ 0.23 per share will be proposed to the Annual General Meeting on April 13, 2017, corresponding to approximately 31% of the US\$ 150 million Company's 2016 Directional net income adjusted, this year, for non-recurring items.