



EXPERIENCE **MATTERS**

2016

ANNUAL REPORT

5 FINANCIAL REPORT 2016

5.5.5 SHAREHOLDERS' EQUITY

For an explanation of the shareholders equity, reference is made to the consolidated statement of changes in equity and 5.3.23 Equity Attributable to Shareholders.

Legal reserve

	31 December 2016	31 December 2015
Joint venture equity non-distributable	947	827
Capitalized development expenditure	18	15
Translation reserve	(45)	(26)
Cash flow hedges	(212)	(263)
Total	708	553

Under the Dutch guidelines for financial reporting which apply to the Company statement of financial position, a legal reserve must be maintained for the above-mentioned items.

PROPOSED APPROPRIATION OF PROFITS

With the approval of the Supervisory Board, it is proposed that the result shown in the Company income statement be appropriated as follows (in US\$):

Appropriation of result

Profit/Loss attributable to shareholders	2016
	182
In accordance with Article 29 clause 4 to be transferred to retained earnings	136
At the disposal of the General Meeting of Shareholders	46

It is proposed that US\$ 46 million of the profit of the year ended December 31, 2016 be distributed among the shareholders.

5.5.6 OTHER CURRENT AND NON-CURRENT LIABILITIES

Current and non current liabilities

	31 December 2016	31 December 2015
Amounts owed to Group companies	-	2
Total non current liabilities	-	2
Amounts owed to Group companies	303	38
Taxation and social security costs	1	5
Other creditors	3	74
Total current liabilities	307	116

The other current liabilities fall due in less than one year. The fair value of other current liabilities approximates the book value, due to their short-term character.

The movement in the current portion of 'other creditors' mainly relates to the last US\$ 70 million remaining installment due, following the settlement with the Dutch Public Prosecutor's Office over the investigation into potentially improper sales payments.

5.5.7 REVENUE

The revenue comprises management fees charged to 100% owned group companies.

5.5.8 GENERAL AND ADMINISTRATIVE EXPENSES

	2016	2015
Employee Benefits	(22)	(27)
Other costs	(5)	(4)
Total	(27)	(31)

The employee benefits include the Management Board remuneration, and recharge of other personnel costs at the headquarter, as well as share based payments (IFRS 2 costs) for the entire group. For further details on the Board of Management remuneration, reference is made to section 5.3.6 Employee Benefit Expenses.

The other costs include amongst others audit fees, legal, compliance, corporate governance and investor relation costs. For the audit fees reference is made to section 5.3.34 Auditor's Fees and Services.

5.5.9 FINANCIAL EXPENSES

The financial expenses relate to interest expenses charged by group companies to SBM Offshore N.V.

5.5.10 INCOME TAX

The income tax relates to variance on valuation allowances on deferred tax asset position recognized on the preceding years within the Dutch fiscal unity after settlements of tax positions between the Dutch group companies belonging to the fiscal unity. All tax liabilities and tax assets are transferred to fiscal unity parent.

5.5.11 COMMITMENTS AND CONTINGENCIES

The Company has issued performance guarantees for contractual obligations to complete and deliver projects in respect of several Group companies, and fulfilment of obligations with respect to long-term lease/operate contracts. Furthermore, the Company has issued parent company guarantees in respect of several Group companies' financing arrangements.

The Company is head of a fiscal unity for current income tax in which almost all Dutch Group companies are included. Current income tax liabilities of Dutch Group companies are settled via intercompany current accounts to the Company. This means that these companies are jointly and severally liable in respect of the fiscal unity as a whole.

5.5.12 DIRECTORS' REMUNERATION

For further details on the Directors' remuneration, reference is made to section 5.3.6 Employee Benefit Expenses of the consolidated financial statements.

5.5.13 NUMBER OF EMPLOYEES

The Company has no employee, excluding members of the Management Board.