



OFFSHORE

ENERGY. COMMITTED.

ANNUAL REPORT 2018

4 FINANCIAL STATEMENTS 2018

in thousands of EUR	2018			2017		
	Basic remuneration	Committees	Total	Basic remuneration	Committees	Total
Floris Deckers – Chairman from 11/4	107	17	124	75	17	92
Frans Cremers – Chairman till 11/4	34	5	39	120	17	137
Thomas Ehret – Vice-chairman	80	10	90	80	10	90
Lynda Armstrong (till 11/4)	25	5	30	75	16	91
Roeland Baan	54	12	66	-	-	-
Bernard Bajolet	54	6	60	-	-	-
Francis Gugen	75	10	85	75	10	85
Sietze Hepkema	75	8	83	75	8	83
Laurence Mulliez	75	10	85	75	8	83
Cheryl Richard ¹	90	9	99	100	8	108
Total	669	92	761	675	94	769

1 Including intercontinental travel allowance.

There are no share-based incentives granted to the members of the Supervisory Board. Nor are there any loans outstanding to the members of the Supervisory Board or guarantees given on behalf of members of the Supervisory Board.

NUMBER OF EMPLOYEES

Number of employees (by operating segment)

By operating segment:	2018		2017	
	Average	Year-end	Average	Year-end
Lease and Operate	1,524	1,535	1,506	1,513
Turnkey	1,443	1,456	1,489	1,429
Other	323	343	293	302
Total excluding employees working for JVs and associates	3,289	3,334	3,287	3,244
Employees working for JVs and associates	814	745	864	882
Total	4,103	4,079	4,150	4,126

Number of employees (by geographical area)

By geographical area:	2018		2017	
	Average	Year-end	Average	Year-end
the Netherlands	342	374	317	309
Worldwide	2,948	2,960	2,970	2,935
Total excluding employees working for JVs and associates	3,289	3,334	3,287	3,244
Employees working for JVs and associates	814	745	864	882
Total	4,103	4,079	4,150	4,126

The figures exclude fleet personnel hired through crewing agencies as well as other agency and freelance staff for whom expenses are included within other employee benefits.

4.3.7 RESEARCH AND DEVELOPMENT EXPENSES

Research and development expenses amounted to US\$ 23 million (2017: US\$ 33 million) and mainly relate to the internal project 'Digital FPSO', Renewables and FPSO Product Line development costs and investments in laboratory facilities.

The amortization of development costs recognized in the statement of financial position is allocated to cost of sales when the developed technology is used through one or several projects. Otherwise, it is allocated to research and development expenses.

4.3.8 NET IMPAIRMENT GAINS/(LOSSES) ON FINANCIAL AND CONTRACT ASSETS

Impairments of financial assets and contract assets which relate to credit risk as per IFRS 9 requirements are recognized in a dedicated line of the income statement: 'Net impairment losses on financial and contract assets'. Impairments resulting from commercial disputes and other business decisions are not included in this dedicated line of the income statement.

During the year, the following gains/(losses) related to credit risks were recognized in this dedicated line:

	2018	2017
Impairment losses		
- Individually impaired receivables (previous accounting policy)	-	-
- Movement in loss allowance for trade receivables	(3)	(1)
- Movement in loss allowance for construction work-in-progress		
(Impairment)/impairment reversal losses on financial lease receivables	-	-
(Impairment)/impairment reversal losses on other financial assets	15	-
Net impairment gains/(losses) on financial and contract assets	13	(1)

During the year 2018, the Company recognized a partial impairment reversal of a funding loan provided to an Angolan joint venture. This impairment reversal of US\$ 15 million was recognized based on an updated cash flow forecast which included additional cash available at the level of the joint venture.

4.3.9 NET FINANCING COSTS

	2018	2017
Interest income on loans & receivables	10	9
Interest income on investments	19	13
Net foreign exchange gain	17	3
Other financial income	0	2
Financial income	46	27
Interest expenses on financial liabilities at amortized cost	(223)	(231)
Interest expenses on hedging derivatives	(36)	(88)
Interest expenses on lease liabilities	(7)	-
Interest addition to provisions	(14)	(23)
Net loss on financial instruments at fair value through profit and loss	0	-
Net cash flow hedges ineffectiveness	-	(17)
Net foreign exchange loss	0	0
Impairment of financial assets	0	0
Other financial expenses	-	-
Financial expenses	(279)	(358)
Net financing costs	(233)	(331)

The increase in net foreign exchange gain results from an index-linked term deposit protecting the Company against Kwanza devaluation for its cash held in Angola.

The decrease in net financing costs is mainly due to the reduction of interest expenses related to the *Turritella* (FPSO) project loan, including hedging derivatives. The loan was repaid on January 16, 2018 after the receipt of the purchase price from Shell.