SBM OFFSHORE

ENERGY. COMMITTED.

# ANNUAL REPORT 2018

Movements in net deferred tax positions

| | Note | 2018 Net | 2017 Net |
|---|---|---|---|
| **Deferred tax at 1 January** | | **11** | **19** |
| Deferred tax recognized in the income statement | 4.3.10 | (20) | (10) |
| Deferred tax recognized in other comprehensive income | | - | 0 |
| Foreign currency variations | | (1) | 1 |
| **Total movements** | | **(21)** | **(9)** |
| **Deferred tax at 31 December** | | **(10)** | **11** |

Expected realization and settlement of deferred tax positions is within 9 years. The current portion at less than one year of the net deferred tax position as of December 31, 2018 amounts to US$ 3 million. The deferred tax losses are expected to be recovered based on the anticipated profit in the applicable jurisdiction. The Company has US$ 24 million (2017: US$ 46 million) of deferred tax assets unrecognized in 2018 due to current tax losses not valued. The term in which these unrecognized deferred tax assets could be settled depends on the respective tax jurisdiction and ranges from seven years to an unlimited period of time.

The non-current portion of deferred tax assets amounts to US$ 17 million (2017: US$ 21 million).

Deferred tax assets per location are as follows:

Deferred tax positions per location

| | 31 December 2018 | | | 31 December 2017 | | |
|---|---|---|---|---|---|---|
| | Assets | Liabilities | Net | Assets | Liabilities | Net |
| Canada | 14 | 26 | (12) | 12 | 16 | (4) |
| Guyana | - | 10 | (10) | | | - |
| Monaco | 5 | - | 5 | 6 | - | 6 |
| Switzerland | 3 | - | 3 | 3 | - | 3 |
| the Netherlands | 3 | - | 3 | 3 | - | 3 |
| Brazil | 1 | - | 1 | 2 | - | 2 |
| Other | - | - | - | 1 | - | 1 |
| **Book value at 31 December** | **26** | **36** | **(10)** | **27** | **16** | **11** |

## 4.3.18 INVENTORIES

| | 31 December 2018 | 31 December 2017 |
|---|---|---|
| Materials and consumables | 3 | 3 |
| Goods for resale | 2 | - |
| MPF under construction | 96 | 7 |
| **Total** | **101** | **10** |

Multi Purpose Floater ('MPF') under construction relates to the ongoing EPC phase of two Fast4Ward™ new-build multi-purpose hulls. The Company signed contracts with China Shipbuilding Trading Company, Ltd. and the shipyard of Shanghai Waigaoqiao Shipbuilding and Offshore Co., Ltd. in June 2017 and November 2018 for the construction of these two hulls.

The Fast4Ward™ hulls remain in inventory until they are allocated to an award of an FPSO contract.