



OFFSHORE

ENERGY. COMMITTED.

ANNUAL REPORT 2018

4.3.21 DERIVATIVE FINANCIAL INSTRUMENTS

Further information about the financial risk management objectives and policies, the fair value measurement and hedge accounting of financial derivative instruments is included in note 4.3.29 Financial Instruments – Fair Values and Risk Management.

In the ordinary course of business and in accordance with its hedging policies as of December 31, 2018, the Company held multiple forward exchange contracts designated as hedges of expected future transactions for which the Company has firm commitments or forecasts. Furthermore, the Company held several interest rate swap contracts designated as hedges of interest rate financing exposure. The most important floating rate is the US\$ 3-month LIBOR. Details of interest percentages of the long-term debt are included in note 4.3.24 Borrowings and Lease Liabilities.

The fair value of the derivative financial instruments included in the statement of financial position is summarized as follows:

Derivative financial instruments

	31 December 2018			31 December 2017		
	Assets	Liabilities	Net	Assets	Liabilities	Net
Interest rate swaps cash flow hedge	6	42	(36)	-	109	(109)
Forward currency contracts cash flow hedge	18	41	(23)	69	5	64
Forward currency contracts fair value through profit and loss	22	32	(11)	23	39	(16)
Total	46	116	(70)	92	154	(61)
Non-current portion	12	41	(29)	8	80	(72)
Current portion	34	75	(41)	85	73	11

The ineffective portion recognized in the income statement (please refer to note 4.3.9 Net Financing Costs) arises from cash flow hedges which totalled less than a US\$ 1 million loss in 2018 (2017: US\$ 17 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.

4.3.22 NET CASH AND CASH EQUIVALENT

	31 December 2018	31 December 2017
Cash and bank balances	81	164
Short-term investments	637	793
Cash and cash equivalent	718	957
Net cash and cash equivalent	718	957

The cash and cash equivalents dedicated to debt and interest payments (restricted) amounted to US\$ 188 million as per December 31, 2018 (2017: US\$ 204 million). Short-term investment deposits are made for varying periods of up to one year, usually less than three months, 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, Ghana and Nigeria) amounts to US\$ 50 million (2017: US\$ 58 million).

Further disclosure about the fair value measurement is included in note 4.3.29 Financial Instruments – Fair Values and Risk Management.