



OFFSHORE

ENERGY. COMMITTED.

ANNUAL REPORT 2018

4 FINANCIAL STATEMENTS 2018

4.3.23 EQUITY ATTRIBUTABLE TO SHAREHOLDERS

For a consolidated overview of changes in equity reference is made to the Consolidated Statement of Changes in Equity.

ISSUED SHARE CAPITAL

The authorized share capital of the Company is two hundred million euros (EUR 200,000,000). This share capital is divided into four hundred million (400,000,000) ordinary shares with a nominal value of twenty-five eurocents (EUR 0.25) each and four hundred million (400,000,000) protective preference shares, with a nominal value of twenty-five eurocents (EUR 0.25) each. The protective preference shares can be issued as a protective measure as described in note 3.5 Corporate Governance.

During the financial year the movements in the outstanding number of ordinary shares are as follows:

number of shares	2018	2017
Outstanding at 1 January	205,671,305	213,471,305
Share-based payment remuneration	-	-
Treasury shares cancelled	-	(7,800,000)
Outstanding 31 December	205,671,305	205,671,305

TREASURY SHARES

A total number of 945,880 treasury shares are still reported in the outstanding ordinary shares as at December 31, 2018 and held predominantly for employee share programs. During 2018, a total of 1,308,394 shares were transferred to employee share programs.

Within equity, an amount of US\$ 1,116 million (2017: US\$ 1,051 million) should be treated as legal reserve (please refer to note 4.5.5 Shareholders Equity).

ORDINARY SHARES

Of the ordinary shares, 1,061,910 shares were held by members of Management Board, in office as at December 31, 2018 (December 31, 2017: 574,685) as detailed below :

Ordinary shares held in the Company by the Management Board

	Shares subject to conditional holding requirement	Other shares	Total shares at 31 December 2018	Total shares at 31 December 2017
Bruno Chabas	354,561	439,027	793,588	574,685
Philippe Barril	165,047	-	165,047	-
Erik Lagendijk	69,351	-	69,351	-
Douglas Wood	33,924	-	33,924	-
Total	622,883	439,027	1,061,910	574,685

Of the Supervisory Board members, only Sietze Hepkema holds shares in the Company (256,333 shares as at December 31, 2018), resulting from his previous position as member of the Management Board.

OTHER RESERVES

The other reserves comprises the hedging reserve, actuarial gains/losses, the foreign currency translation reserve and IFRS 2 reserves. The movement and breakdown of the other reserves can be stated as follows (all amounts are expressed net of deferred taxes):

	Hedging reserve Forward currency contracts	Hedging reserve Interest rate swaps	Actuarial gain/(loss) on defined benefit provisions	Foreign currency translation reserve	IFRS 2 Reserves	Total other reserves
Balance at 1 January 2017	(84)	(128)	(1)	(45)	23	(235)
Cash flow hedges						
Change in fair value	114	23	-	-	-	137
Transfer to financial income and expenses	1	27	-	-	-	28
Transfer to construction contracts and property, plant and equipment	4	-	-	-	-	4
Transfer to operating profit and loss	16	-	-	-	-	16
IFRS 2 share based payments						
IFRS 2 vesting costs for the year	-	-	-	-	12	12
IFRS 2 vested share based payments	-	-	-	-	(17)	(17)
Actuarial gain/(loss) on defined benefit provision						
Change in defined benefit provision due to changes in actuarial assumptions	-	-	7	-	-	7
Foreign currency variations						
Foreign currency variations	-	-	-	(17)	-	(17)
Balance at 31 December 2017	51	(77)	6	(62)	18	(65)
Cash flow hedges						
Change in fair value	(63)	39	-	-	-	(23)
Transfer to financial income and expenses	0	5	-	-	-	5
Transfer to construction contracts and property, plant and equipment	(14)	-	-	-	-	(14)
Transfer to operating profit and loss	7	-	-	-	-	7
IFRS 2 share based payments						
IFRS 2 vesting costs for the year	-	-	-	-	17	17
IFRS 2 vested share based payments	-	-	-	-	(14)	(14)
Actuarial gain/(loss) on defined benefit provision						
Change in defined benefit provision due to changes in actuarial assumptions	-	-	(4)	-	-	(4)
Foreign currency variations						
Foreign currency variations	-	-	-	(17)	-	(17)
Balance at 31 December 2018	(19)	(33)	2	(79)	21	(108)

The hedging reserve consists of the effective portion of cash flow hedging instruments related to hedged transactions that have not yet occurred, net of deferred taxes. The increased marked-to-market value of interest rate swaps mainly arises from an increase in the interest rate whereas the decreased marked-to-market value of forward currency contracts is mainly driven by the appreciation of the US\$ exchange rate versus the hedged currencies.

Actuarial gain/(loss) on defined benefits provisions includes the impact of the remeasurement of defined benefit provisions.

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The foreign currency translation reserve is used to record exchange differences arising from the translation of the financial statements of foreign subsidiaries.

4.3.24 BORROWINGS AND LEASE LIABILITIES

The line item 'Borrowings and lease liabilities' in the consolidated statement of financial position is further detailed as follows:

Borrowings and lease liabilities (summary)

	31 December 2018	31 December 2017
Borrowings	3,856	4,347
Lease liabilities	161	-
Total Non-current portion of Borrowings and lease liabilities	4,017	4,347
Borrowings	492	1,223
Lease liabilities	27	-
Total Current portion of Borrowings and lease liabilities	519	1,223

BORROWINGS

The movement in borrowings is as follows:

	2018	2017
Non-current portion	4,347	5,564
Add: current portion	1,223	557
Remaining principal at 1 January	5,571	6,120
Additions	1	-
Redemptions	(1,241)	(576)
Transaction and amortized costs	17	26
Other movements	0	0
Total movements	(1,223)	(550)
Remaining principal at 31 December	4,348	5,571
Less: Current portion	(492)	(1,223)
Non-current portion	3,856	4,347
Transaction and amortized costs	94	112
Remaining principal at 31 December (excluding transaction and amortized costs)	4,442	5,682
Less: Current portion	(508)	(1,240)
Non-current portion	3,934	4,442

The Company has no 'off-balance sheet' financing through special purpose entities. All long-term debt is included in the consolidated statement of financial position.

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