



**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
<b>Outstanding at 1 January</b>	<b>205,671,305</b>	<b>213,471,305</b>
Share-based payment remuneration	-	-
Treasury shares cancelled	-	(7,800,000)
<b>Outstanding 31 December</b>	<b>205,671,305</b>	<b>205,671,305</b>

#### 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
<b>Bruno Chabas</b>	354,561	439,027	793,588	574,685
<b>Philippe Barril</b>	165,047	-	165,047	-
<b>Erik Lagendijk</b>	69,351	-	69,351	-
<b>Douglas Wood</b>	33,924	-	33,924	-
<b>Total</b>	<b>622,883</b>	<b>439,027</b>	<b>1,061,910</b>	<b>574,685</b>

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
<b>Balance at 1 January 2017</b>	<b>(84)</b>	<b>(128)</b>	<b>(1)</b>	<b>(45)</b>	<b>23</b>	<b>(235)</b>
<b>Cash flow hedges</b>						
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
<b>IFRS 2 share based payments</b>						
IFRS 2 vesting costs for the year	-	-	-	-	12	12
IFRS 2 vested share based payments	-	-	-	-	(17)	(17)
<b>Actuarial gain/(loss) on defined benefit provision</b>						
Change in defined benefit provision due to changes in actuarial assumptions	-	-	7	-	-	7
<b>Foreign currency variations</b>						
Foreign currency variations	-	-	-	(17)	-	(17)
<b>Balance at 31 December 2017</b>	<b>51</b>	<b>(77)</b>	<b>6</b>	<b>(62)</b>	<b>18</b>	<b>(65)</b>
<b>Cash flow hedges</b>						
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
<b>IFRS 2 share based payments</b>						
IFRS 2 vesting costs for the year	-	-	-	-	17	17
IFRS 2 vested share based payments	-	-	-	-	(14)	(14)
<b>Actuarial gain/(loss) on defined benefit provision</b>						
Change in defined benefit provision due to changes in actuarial assumptions	-	-	(4)	-	-	(4)
<b>Foreign currency variations</b>						
Foreign currency variations	-	-	-	(17)	-	(17)
<b>Balance at 31 December 2018</b>	<b>(19)</b>	<b>(33)</b>	<b>2</b>	<b>(79)</b>	<b>21</b>	<b>(108)</b>

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	-
<b>Total Non-current portion of Borrowings and lease liabilities</b>	<b>4,017</b>	<b>4,347</b>
Borrowings	492	1,223
Lease liabilities	27	-
<b>Total Current portion of Borrowings and lease liabilities</b>	<b>519</b>	<b>1,223</b>

### BORROWINGS

The movement in borrowings is as follows:

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

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.