

# Annual REPORT

**S&P**  
OFFSHORE

2015



## Number of Employees

### Number of employees (by operating segment)

By operating segment:	2015		2014	
	Average	Year-end	Average	Year-end
Lease and operate	1,624	1,560	1,560	1,686
Turnkey	2,262	2,069	2,598	2,455
Other	361	286	407	436
<b>Total excluding employees working for JVs and associates</b>	<b>4,247</b>	<b>3,915</b>	<b>4,565</b>	<b>4,577</b>
Employees working for JVs and associates	3,053	2,385	3,765	3,723
<b>Total</b>	<b>7,300</b>	<b>6,300</b>	<b>8,330</b>	<b>8,300</b>

### Number of employees (by geographical area)

By geographical area:	2015		2014	
	Average	Year-end	Average	Year-end
Netherlands	390	373	420	407
Worldwide	3,857	3,542	4,145	4,170
<b>Total excluding employees working for JVs and associates</b>	<b>4,247</b>	<b>3,915</b>	<b>4,565</b>	<b>4,577</b>
Employees working for JVs and associates	3,053	2,385	3,765	3,723
<b>Total</b>	<b>7,300</b>	<b>6,300</b>	<b>8,330</b>	<b>8,300</b>

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.

### 6.3.7 Net Financing Costs

	2015	2014
Interest income on loans & receivables	24	25
Interest income on Held-to-Maturity investments	1	1
Net gain on financial instruments at fair value through profit and loss	-	4
Net foreign exchange gain	-	1
Other financial income	0	-
<b>Financial Income</b>	<b>25</b>	<b>31</b>
Interest expenses on financial liabilities at amortised cost	(132)	(89)
Interest expenses on hedging derivatives	(61)	(68)
Interest addition to provisions	(2)	(5)
Net cash flow hedges ineffectiveness	(5)	(5)
Net foreign exchange loss	-	-
Impairment of financial assets	-	(29)
Other financial expenses	-	-
<b>Financial Expenses</b>	<b>(200)</b>	<b>(196)</b>
<b>Net financing costs</b>	<b>(175)</b>	<b>(166)</b>

The increase in interest expenses in 2015 is mainly related to interest paid on the facility of FPSO Cidade de Ilhabela upon commencement of production in November 2014.

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The interest expenses are disclosed net of US\$ 48 million capitalized interest (2014: US\$ 54 million) related to FPSO projects under construction.

In 2014, the US\$ 29 million impairment of financial asset was related to a dispute with a US-based client on a joint venture (Note 6.3.2 Operating segments). The financial asset remains impaired.

### 6.3.8 Research and Development Expenses

Research and development expenses consist of US\$ 43 million (2014: US\$ 40 million).

The amortization of development costs recognized in the statement of financial position is allocated to the "cost of sales".

### 6.3.9 Income Tax

The relationship between the Company's income tax expense and profit before income tax (referred to as 'Effective tax rate') can vary significantly from period to period considering, among other factors, (a) changes in the blend of income that is taxed based on gross revenues versus profit before taxes and (b) the different statutory tax rates in the location of the Company's operations (c) the possibility to recognize deferred tax assets on tax losses to the extent that suitable future taxable profits will be available. Consequently, income tax expense does not change proportionally with income before income taxes. Significant decreases in profit before income tax typically lead to a higher effective tax rate, while significant increases in profit before income taxes can lead to a lower effective tax rate, subject to the other factors impacting income tax expense noted above. Additionally, where a deferred tax asset is not recognized on a loss carry forward, the Effective Tax Rate is impacted by the unrecognized tax loss.

The components of the Company's (provision) benefit for income taxes were as follows:

#### Income tax recognised in the consolidated Income Statement

	<i>Note</i>	2015	2014
Corporation tax on profits for the year		(31)	(47)
Adjustments in respect of prior years		(1)	(3)
<b>Total current income tax</b>		<b>(32)</b>	<b>(50)</b>
Deferred tax	6.3.16	6	24
<b>Total</b>		<b>(26)</b>	<b>(26)</b>

The Company's operational activities are subject to taxation at rates which range up to 35% (2014: 35%).