SBM OFFSHORE

Press Release

SBM OFFSHORE 2016 HALF-YEAR EARNINGS

Solid Turnkey Performance; Cost Savings Ahead of Plan; Positive Free Cash Flow Generation; EUR 150 Million Share Repurchase

August 10, 2016

SBM Offshore is pleased to report revenue in line with expectations, a Settlement Agreement with Petrobras and Brazilian authorities, the delivery of two of three vessels under construction and FPSO *Turritella* approaching Ready for Start-Up leading to first oil. The revenue contribution from the new additions to the Lease & Operate fleet has allowed the Company to commence generating positive free cash flow in the first half of the current fiscal year, which is expected to be continued over the remainder of 2016. While the oil and gas industry continues to face headwinds, SBM Offshore is playing its part to lower the cost of deepwater development. These advances have led to increased client engagement and positive signs for the medium term outlook of the offshore industry. The Company reiterates its 2016 guidance and announces the initiation of a EUR 150 million share repurchase program.

Bruno Chabas, CEO of SBM Offshore, commented:

"Industry challenges persisted in the first half of 2016 although more productive discussions with some clients to find economic solutions for deepwater development are taking place. We are making significant progress in aligning our business to the realities of today's market. In addition, we are building on our proven track record of on time delivery through investments in our Fast4ward initiative actively positioning the Company to remain the provider of choice in the floating solutions business. The importance of experienced and reliable contractors takes center stage. SBM Offshore remains disciplined in its commercial approach to new projects in order to mitigate risks which could adversely impact the Company in the years ahead."

Financial Highlights

- Share repurchase program of EUR 150 million announced
- Cost savings of US$270 million, well ahead of plan
- New Chief Financial Officer nominated
- Settlement Agreement reached in Brazil
- Directional[1] revenue in line with expectations at US$939 million
- Underlying Directional[1] EBITDA of US$349 million and underlying EPS of $0.31 per share
- Proportional net debt at the end of June reduced by US$68 million to US$3.1 billion
- Cash dividend of US$0.21 per share paid on May 3, 2016

	YTD Directional[1]			YTD IFRS		
in US$ million	1H 2016	1H 2015	% Change	1H 2016	1H 2015	% Change
Revenue	939	1,572	*-40%*	1,066	1,457	*-27%*
Turnkey	*338*	*1,030*	*-67%*	*504*	*965*	*-48%*
Lease and Operate	*600*	*542*	*11%*	*562*	*492*	*14%*
EBIT	124	255	*-51%*	213	204	*4%*
Underlying EBIT	146	255	*-43%*	235	204	*15%*
EBITDA	327	430	*-24%*	322	302	*7%*
Underlying EBITDA	349	430	*-19%*	344	302	*14%*
Profit attributable to Shareholders	38	164	*-77%*	117	106	*10%*
Underlying Profit attributable to Shareholders	66	164	*-60%*	145	106	*37%*
in US$ billion	Jun-30-16	Dec-31-15	% Change	Jun-30-16	Dec-31-15	% Change
Backlog	18.0	18.9	*-5%*	-	-	*NM*
Net Debt	3.1	3.1	*-2%*	5.2	5.2	*0%*

[1] Directional view is a non-IFRS disclosure, which assumes all lease contracts are classified as operating leases and all vessel joint ventures are proportionally consolidated.

FIRST HALF 2016 RESULTS

Guidance

The Company reiterates its 2016 Directional[1] revenue guidance of at least US$2.0 billion, of which US$0.6-0.7 billion is expected in the Turnkey segment and US$1.3-1.4 billion in the Lease and Operate segment. The Company also reconfirms the 2016 Directional[1] EBITDA guidance of around US$750 million.

Overview

Directional[1] revenue for the first half of 2016 declined by 40% to US$939 million versus US$1,572 million in the year-ago period, reflecting the expected slowdown in Turnkey activity levels due to continued difficult oil and gas market conditions.

Directional[1] Turnkey revenue decreased by US$692 million from the year-ago period to US$338 million for the first half of 2016. This reflects lower activity on the construction of the FPSOs *Cidade de Maricá*, *Cidade de Saquarema* and *Turritella*, the finalization of the remaining turret projects, the positive effect in 2015 of the divestment of a 45% stake in the *Turritella* project to joint venture partners and the lack of significant order intake over the periods.

Directional[1] Lease and Operate revenue increased by 11% versus the first half of 2015 mainly due to the commencement of production of FPSO *Cidade de Maricá* which was on hire commencing February 7, 2016 and the contribution of the Production Handling Agreement signed in September 2015 with Noble to connect the Big Bend and Dantzler fields to the Thunder Hawk Deepdraft™ Semi in the U.S. Gulf of Mexico.

HSSE

The Company has continued to improve its safety performance in the first half of 2016. Reported Total Recordable Injury Frequency Rate (TRIFR) was on target at 0.26, reflecting the lower number of incidents and manhours due to project construction completion.

Process Safety Management activities continued, including strengthening Management of Change controls and improving the information requirements for Process Safety for each operating unit.

As it relates to environmental performance, the volume of oil discharged through produced water has continued to be consistently better than the industry benchmark. Flaring under the Company's control increased above target due to the flaring on new units in Brazil as well as one in Angola. In the latter case, remedial work on that unit is being scheduled.

Compliance

On July 16, 2016 SBM Offshore announced the signing of a Settlement Agreement totaling US$273 million with the Brazilian Ministry of Transparency, Oversight and Control (Ministério da Transparência, Fiscalização e Controle – "MTFC"), the Public Prosecutor's Office (Ministério Público Federal – "MPF"), the General Counsel for the Republic (Advocacia Geral da União – "AGU"), Petróleo Brasileiro S.A. – Petrobras ("Petrobras") closing out the inquiries of the MPF, the MTFC and Petrobras into potentially improper sales practices in Brazil.

Under the terms of the Settlement Agreement the MTFC, the MPF, the AGU and Petrobras fully discharge and exempt SBM Offshore from legal actions for all matters related to or arising from any acts relating to its then main Brazilian agent and his companies over the period 1996 – 2012 and all related investigations conducted by Petrobras, the MPF and the MTFC.

The terms of the Settlement Agreement consist of the following items:

[1] Directional view is a non-IFRS disclosure, which assumes all lease contracts are classified as operating leases and all vessel joint ventures are proportionally consolidated.

- cash payment by SBM Offshore totalling US$162.8 million, of which US$149.2 million will go to Petrobras, US$6.8 million to the MPF and US$6.8 million to the Council of Control of Financial Activities (Conselho de Controle de Atividades Financeiras – "COAF"). This amount will be paid in three installments. The first installment of US$142.8 million will be payable as of the effective date of the Settlement Agreement. The two further installments of US$10 million in nominal value each will be due respectively one and two years following the effective date of the Settlement Agreement

- a fixed reduction in lease income based on relinquishing 95% in future performance bonus payments related to FPSOs *Cidade de Anchieta* and *Capixaba* lease and operate contracts, representing a nominal value of approximately US$179 million over the period 2016 to 2030, or a present value for SBM Offshore of approximately US$112 million

- SBM Offshore further remains under the obligation to cooperate with the procedures that may be conducted by the MTFC and the MPF against third parties

- the implementation by SBM Offshore of improvements of its internal compliance program in relation to Brazil, in consultation with the MTFC, to whom SBM for three years following the effective date of the Settlement Agreement, will periodically report on matters addressed in the agreement.

The Public Prosecutor's Office submitted the Settlement Agreement for approval of the Fifth Chamber for Coordination and Review and Anti-Corruption of the Federal Prosecutor Service. Upon receiving approval the Settlement Agreement will become binding upon the parties which will trigger the payment of the first installment of US$142.8 million to Petrobras, the MPF and the COAF. The MTFC has also sent the Settlement Agreement to the Federal Court of Accounts (Tribunal de Contas da União – "TCU").

The Company continues to cooperate with the United States Department of Justice following the reopening of its investigation in January 2016.

Operational Update

First half 2016 Lease & Operate fleet uptime performance was 95%. Operational uptime for the period was mainly impacted by downtime associated with the Deep Panuke production facility and FPSO *Cidade de Paraty*.

In the Company's first quarter trading update of May 11, 2016 it was highlighted that the Deep Panuke production facility experienced a malfunctioning of its flarestack on March 20, 2016. The facility was shutdown for repairs which were completed on May 26, 2016, within the 120 day contractual allowance. While there was no impact to the contractual dayrate related to the shutdown, the downtime impacted the fleet uptime average by 3.1%.

Also during the period, FPSO *Cidade de Paraty* experienced a temporary production interruption due to a compressor malfunction. Contingencies, including a spare compressor, have been put in place to mitigate future impact. Downtime impacted the fleet average by 0.9%.

Furthermore, on June 28, 2016, at an onshore third party natural gas processing facility in Pascagoula, Mississippi, an explosion occurred which led to required intermittent shutdowns of the Thunder Hawk DeepDraft™ Semi in the U.S. Gulf of Mexico due to pipeline capacity constraints. Given the unique nature of the Production Handling Agreement, fees associated with produced volumes could lead to a loss of income.

Project Review

FPSO Cidade de Maricá (Brazil)

On February 16, 2016 SBM Offshore announced that *Cidade de Maricá* was formally on hire as of February 7, 2016 after achieving first oil and the completion of a 72-hour continuous production test leading to final acceptance.

FPSO Cidade de Saquarema (Brazil)

On July 12, 2016 SBM Offshore announced that *Cidade de Saquarema* was formally on hire as of July 8, 2016 after achieving first oil and the completion of a 72-hour continuous production test leading to final acceptance.

FPSO Turritella (US Gulf of Mexico)

The vessel is on location in the US Gulf of Mexico and the United States Coast Guard's Certificate of Compliance was issued on July 29, 2016. Ready for Start-up is the next necessary step in supporting well operations before commercial production and first oil. The charter contract includes an initial period of 10 years with extension options up to a total of 20 years.

FPSO Marlim Sul (Brazil)

Decommissioning activities were completed in April 2016. The vessel received a decommissioning dayrate through the end of the first quarter of 2016.

Sea Lion FPSO FEED (Falkland Islands)

On January 13, 2016 SBM Offshore announced the award of the Front-End Engineering and Design (FEED) contract, by Premier Oil plc, for an FPSO for Phase 1 of its Sea Lion development in the North Falkland Basin. FEED activity continues to progress on the 18-month contract with final investment decision targeted for the second half of 2017.

Browse FLNG FEED (Australia)

On March 23, 2016, participants in the Browse Floating Liquified Natural Gas (FLNG) project in Australia decided not to proceed with the development. As a result, SBM Offshore's FEED activities related to the project have ceased.

Turrets & Mooring Systems

Commissioning continues in accordance with client's schedules and contractual planning for the two large, complex turrets for Prelude FLNG and FPSO *Ichthys*.

Main Projects Overview

Project	Contract	SBM Share	Capacity, Size	POC	Expected Delivery	Notes
Prelude, Turret	Turnkey sale	100%	95m height, 11,000 tons		2016	Delivered to the client.
Ichthys, Turret	Turnkey sale	100%	60m height, 7,000 tons		2016	Final integration phase with the vessel ongoing.
Cidade de Maricá, FPSO	20 year finance lease	56%	150,000 bpd		2016	Producing and on hire as of February 7, 2016.
Cidade de Saquarema, FPSO	20 year finance lease	56%	150,000 bpd		2016	Producing and on hire as of July 8, 2016.
Turritella, FPSO	10 year finance lease	55%	60,000 bpd, disconnectable		2016	US Coast Guard Certificate of Compliance received

Legend, Percentage of Completion (POC)

<25%	25%-50%	50%-75%	>75%	100%

SBM OFFSHORE

Directional[1] Backlog

Directional[1] backlog at the end of June 2016 came in at US$18.0 billion compared to US$18.9 billion at the end of 2015. While this reflects US$939 million of revenue generated in the first half of 2016 and the low level of order intake for the Turnkey segment, it also emphasizes the resilience and excellent long-term visibility of the Lease and Operate portfolio revenue.

Directional[1] Turnkey backlog decreased to US$0.3 billion compared to US$0.5 billion at the end of 2015 as no major Turnkey orders were signed in the first half of 2016.

While the price of oil appears to be stabilizing, order intake continued to be impacted by delays in client final investment decisions. New orders during the first half of 2016 amounted to US$48 million. Backlog as of June 30, 2016 is expected to be executed as per the below table:

(in billion US$)	Turnkey	Lease & Operate	Total
2H 2016	0.3	0.8	1.1
2017	-	1.5	1.5
2018	-	1.5	1.5
Beyond 2018	-	13.9	13.9
Total Backlog	**0.3**	**17.7**	**18.0**

Funding

As of June 30, 2016, SBM Offshore had cash and undrawn committed credit facilities totaling US$2,122 million compared to US$2,681 million at year-end 2015 on an IFRS basis. On a Proportional basis the period ended at US$2,060 million versus US$2,155 million at the end of 2015.

Proportional net debt as of June 30, 2016 amounted to US$3,079 million versus US$3,147 million at the end of 2015. The improvement over the period is mostly attributable to cash flow generation in the Lease & Operate segment. This was partially offset by ongoing investments in the three FPSOs under construction and the reinstatement of a dividend at US$0.21 per ordinary share.

Investing in the Future

In previous announcements SBM Offshore stated that a planned multi-year restructuring was expected to generate costs totaling US$87 million with anticipated annualized savings of US$120 million as a result of workforce reductions totaling 1,900 positions.

	Restructuring Costs		Annualized Savings	
	Planned	**Updated**	**Planned**	**Updated**
2014/2015	57	63	80	200
2016E	30	37	40	40
2017E				30
Total	**87**	**100**	**120**	**270**

[1] Directional view is a non-IFRS disclosure, which assumes all lease contracts are classified as operating leases and all vessel joint ventures are proportionally consolidated.

Updated figures show that the Company plans to realize US$270 million of annualized Employee Benefits savings. Excluding the approximately US$80 million in positive impact from foreign exchange rate fluctuations over the period 2014 – 2016, expected savings amount of US$190 million compared to anticipated annualized cost savings of US$120 million. The additional savings include approximately US$20 million due to natural attrition, approximately US$30 million due to increased expected reductions in headcount as a result of the 2016 restructuring plan and approximately US$20 million from various additional cost saving measures.

Building on the good progress achieved on cost savings related to a reduced workload in the Company's Engineering Centers, attention is now turning towards overheads. Additional cost savings will be targeted through various means, including a 10% voluntary cut in fixed income for the next twelve months by the members of the Management Board and the Executive Committee. In addition, the Management Board and the Executive Committee will reduce their potential 2016 short-term cash incentive by 50%.

The Management Board continues to view a full recovery as unlikely before 2018, and as previously announced the Company will maintain a Turnkey overcapacity to position itself for a future market upturn. This leads to cumulative Directional[1] Turnkey EBIT losses of approximately US$150 million over 2016 and 2017, which is expected to be mostly back-end loaded. SBM Offshore retains the capacity to make further adjustments to its cost based should market conditions warrant.

Uses of Cash and Share Repurchase

The Company has reached the positive free cash flow inflexion point in the first half of 2016. With the delivery of the last vessels under construction, the release of pre-completion corporate guarantees associated with project financings is a top priority. A recent Brazilian court ruling regarding the enforceability of vessel mortgages under Bahamian flag has been cast in doubt. As a result, SBM Offshore is in the process of re-flagging FPSOs *Cidade de Maricá* and *Cidade de Saquarema* before the project loans are accepted by the lenders as non-recourse to the parent. This process is expected to be completed early in the fourth quarter of 2016.

Simultaneously, the Company has undertaken reviews of various uses of cash and will continue evaluating the best opportunities for returns on capital and value creation. A first step was taken on April 6, 2016 when the Annual General Meeting of Shareholders voted in favor of the proposed US$0.21 per ordinary share dividend distribution. The cash dividend was paid in Euros on May 3, 2016 using an exchange rate of 1.1368, equating to €0.1847 per ordinary share.

SBM Offshore is pleased to announce a share repurchase program effective August 11, 2016. The Company intends to repurchase shares up to EUR 150 million predominantly for share capital reduction purposes and, to a lesser extent, for employee share programs. The repurchase program is expected to be completed no later than the end of 2016, and it will be accomplished under the authorization granted by the Annual General Meeting of Shareholders of the Company held on April 6, 2016. The execution of the share repurchase program will be done under the terms of an engagement letter with a third party, performed in compliance with the safe harbor provisions for share repurchases, and therefore transactions may be carried out during closed periods. In accordance with the European Market Abuse Regulation, the Company will inform the market on the progress made in the execution of this program through weekly press releases and updates on its website. The share repurchase program does not obligate the Company to acquire any amount of shares, and it may be suspended at any time at the Company's discretion.

Master Limited Partnership (MLP)

The contemplated initial public offering of common units is subject to market conditions, which continue to be challenging in the current environment. The Management Board regards the MLP as a key tool in support of funding future awards, and expects the MLP market conditions to improve once the overall confidence in the Oil and Gas market has returned and clients are committing to new investments.

[1] Directional view is a non-IFRS disclosure, which assumes all lease contracts are classified as operating leases and all vessel joint ventures are proportionally consolidated.

Management Board

Further to the announcement that Mr. P.M. van Rossum will retire as Management Board member and Chief Financial Officer (CFO), the selection process for a replacement has been successfully concluded. The Supervisory Board nominates Mr. D.H.M. Wood as Management Board member and CFO. The Company will hold an Extraordinary General Meeting of Shareholders on November 30, 2016 where it will be proposed that Mr. Wood be appointed as a member of the Management Board for a period of four years until the Annual General Meeting of Shareholders in 2021. Further information regarding this nomination can be found in a separate press release issued today.

Outlook and Guidance

Management's expectations for low order intake in 2016 and 2017 remain unchanged. Industry challenges affecting the Turnkey segment since 2014 have persisted in the first half of 2016 although green shoots are beginning to appear resulting in more productive discussions with clients on deepwater projects. A positive medium to long-term outlook is maintained as offshore development remains a crucial component of the overall energy mix to meet future demand.

The Company reiterates its 2016 Directional[1] revenue guidance of at least US$2.0 billion, of which US$0.6-0.7 billion is expected in the Turnkey segment and US$1.3-1.4 billion in the Lease and Operate segment. The Company also reconfirms the 2016 Directional[1] EBITDA guidance of around US$750 million.

Full year 2016 Directional[1] capital expenditure for the three finance lease vessels under construction has been revised from approximately US$90 million to approximately US$70 million, in line with revised cost estimates on these projects. Directional[1] capital expenditure excludes changes in net working capital and is presented net of upfront payments for FPSOs *Cidade de Maricá* and *Cidade de Saquarema*.

[1] Directional view is a non-IFRS disclosure, which assumes all lease contracts are classified as operating leases and all vessel joint ventures are proportionally consolidated.

FINANCIAL REVIEW

Highlights – Directional[1] Performance

1H 2016 *in US$ million*	1H 2016 Directional (1)	1H 2015 Directional (1)	Variance
Total Revenue	**939**	**1,572**	***-40%***
Lease and Operate			
Third parties revenue	600	542	*11%*
Gross Margin	183	168	*9%*
Operating profit/(loss) (EBIT)	**170**	**149**	***14%***
Underlying EBIT Margin	*28%*	*28%*	*3%*
Depreciation, amort. and impairment	198	167	*19%*
EBITDA	**368**	**316**	*16%*
Turnkey			
Third parties revenue	338	1,030	*-67%*
Gross Margin	98	282	*-65%*
Operating profit/(loss) (EBIT)	**2**	**171**	***-99%***
Underlying EBIT Margin	*1%*	*17%*	*-96%*
Depreciation, amort. and impairment	5	4	*14%*
EBITDA	**6**	**175**	*-97%*
Other			
Other operating income/(expense)	(22)	(5)	*311%*
Selling, Administrative, Research & Development expenses	(26)	(61)	*-56%*
Operating profit/(loss) (EBIT)	**(48)**	**(66)**	***-27.1%***
Total Operating profit/(loss) (EBIT)	**124**	**255**	*-51%*
Total EBITDA	**327**	**430**	*-24%*
Net financing costs	(86)	(70)	*23%*
Share of profit of equity-accounted investees	3	(4)	*-185%*
Income tax expense	(3)	(17)	*-85%*
Profit/(Loss)	**38**	**164**	*-77%*

(1) Directional view is a non-IFRS disclosure, w hich treats all leases as operating leases and consolidates the vessel joint ventures proportionally

Directional[1] revenue for the first half of 2016 declined by 40% to US$939 million versus US$1,572 million in the year-ago period, reflecting the strong slowdown in Turnkey activity levels due to continued difficult oil and gas market conditions.

Directional[1] revenue by segment was as follows:

- Directional[1] Turnkey revenue decreased by US$692 million from the year-ago period to US$338 million for the first half of 2016, reflecting lower activity on the construction of the FPSOs *Cidade de Maricá*, *Cidade de Saquarema* and *Turritella*, as well as the finalization of the remaining turret projects during the first half of 2016, the positive effect in 2015 of the divestment of a 45% stake in the *Turritella* project to joint venture partners and the lack of significant order intake over the periods.

- Directional[1] Lease and Operate revenue increased by 11% versus the first half of 2015 mainly due to FPSO *Cidade de Maricá* commencing production on February 7, 2016 and the contribution of the Production Handling Agreement signed in September 2015 with Noble to connect the Big Bend and Dantzler fields to the Thunder Hawk Deepdraft™ Semi in the U.S. Gulf of Mexico.

Directional[1] Earnings Before Interest, Taxes, Depreciation and Amortization (EBITDA) for the first half of 2016 decreased to US$327 million compared with US$430 million in the year-ago period. This variance was primarily attributable to:

[1] Directional view is a non-IFRS disclosure, which assumes all lease contracts are classified as operating leases and all vessel joint ventures are proportionally consolidated.

- Directional[1] Turnkey EBITDA decreased by US$169 million due to the strong drop off of activity on all main construction projects during the period and despite the steady contribution of gross margin expressed as a percentage of Turnkey revenue (29% in the period versus 27% in the first half of 2015).

- Directional[1] Lease and Operate EBITDA increased by 16% compared with the year-ago period mostly due to FPSO *Cidade de Maricá* commencing production in February 2016. First half 2016 Directional[1] Lease & Operate EBITDA margin came in at 61% compared to 58% during the first half of 2015.

- As a result of the signing of the Settlement Agreement with Petrobras and Brazilian authorities in July 2016, the provision booked in the full-year 2015 financials has been adjusted to reflect the present value of the financial terms of the agreement at US$273 million. This impacts the 'Other operating expense' and 'Net Financing Costs' lines of the consolidated income statement by US$22 million and US$6 million respectively during the period.

- As a result of the ongoing review of the Company's cost structure due to the continued market downturn, the workforce reduction is now expected to amount to at least 650 positions worldwide over the course of 2016 as a result of the 2016 restructuring plan. This necessary adjustment of the Company's structure was initiated at the end of 2014 allowing the Turnkey segment to remain at breakeven during the first half of 2016 and to lower overheads costs by 29% during the period. Restructuring costs accounted for as "Other operating expense" over the period represent a charge of US$31 million. The expected annualized savings are anticipated to reach at least US$70 million as a result of the restructuring plan.

For the first half of 2016, Directional[1] EBIT decreased to US$124 million, compared to US$255 million in 2015.

Directional[1] net financing costs totaled US$86 million in the first half of 2016, up from US$70 million in the year-ago period. The increase was primarily due to interest costs related to the project financing of FPSO *Cidade de Maricá,* which commenced production in early 2016, and the unwinding of the Brazil provision settlement discount for US$6 million.

The 2016 effective tax rate came in at 7% compared to 9% in the year-ago period.

SBM Offshore recorded a Directional[1] net profit of US$38 million in the first half of 2016 or US$0.18 per share, compared with US$164 million or US$0.78 per share for the first half of 2015.

Adjusted for the increase of the Brazilian settlement provision, underlying Directional[1] net profit amounts to US$66 million or US$0.31 per share.

IFRS Performance

First half 2016 IFRS revenue amounted to US$1,066 million, a decrease of 27% versus US$1,457 million in the year-ago period as a result of the slowdown of construction activities despite the 14% year-on-year increase in Lease & Operate revenue.

IFRS EBIT for the first half of 2016 remained stable to US$213 million compared to US$204 million in the year ago period as the drop of Turnkey gross margin was offset by the sharp decrease of overhead costs and additional Lease & Operate gross margin.

IFRS net income attributable to shareholders came in at US$117 million compared to US$106 million a year ago.

Statement of Financial Position

Total assets increased by US$0.5 billion to US$11.8 billion as of June 30, 2016 compared from US$11.3 billion at year-end 2015. This reflects the finalization of the Company's investments in FPSOs *Cidade de Maricá*, *Cidade de Saquarema* and *Turritella* during the period, the reduction of working capital and an increased cash position.

[1] Directional view is a non-IFRS disclosure, which assumes all lease contracts are classified as operating leases and all vessel joint ventures are proportionally consolidated.

As of June 30, 2016 IFRS net debt remained stable at US$5,227 million as a result of strong cash-flow generation offset by a decrease in working capital, investments in the ongoing Lease & Operate projects under construction and the 2016 dividend payment. Cash and cash equivalent balances came in at US$1,039 million and committed, undrawn, long-term bank facilities stood at US$1,082 million. The average cost of debt stood at 4.5%, compared to 4.0% at the end of 2015.

Total equity as of June 30, 2016 decreased slightly to US$3,372 million versus December 31, 2015 under the negative impact of the mark to market revaluation of financial derivatives due to lower interest rates. The Company's net debt to total equity ratio remained stable at 150% at year-end 2015 compared to 155% at the end of the first half of 2016.

The Company's solvency ratio stood at 32.7% while the leverage ratio came at 3.6x and the interest cover ratio came in at 6.9x, all firmly within covenant requirements.

The Company, together with its core relationship banks, signed an amendment to its Revolving Credit Facility (RCF) on April 18, 2016 providing headroom improvements to the leverage and interest coverage ratios. The agreed upon amendments, combined with a strong cash position, provide the Company with a larger degree of flexibility given the current industry downturn.

Key Financial Covenant	Definition
Solvency Ratio	Tangible Net Worth(1) divided by Total Tangible Assets(2) > 25%
Leverage Ratio	Consolidated Net Borrowings(3) divided by Adjusted EBITDA(4) – <3.75x at June 30, 2016 – <4.25x at December 31, 2016 – <4.50x at June 30, 2017 – <4.25x at December 31, 2017 – <3.75x thereafter At the request of the Company, the leverage ratio may be replaced by the Operating Net Leverage Ratio which is defined as Consolidated Net Operating Borrowings(5) divided by Adjusted EBITDA(4) < 2.75 – This only applies to the period starting from June 30, 2015 to June 30, 2016
Interest Cover Ratio	Adjusted EBITDA(4) divided by Net Interest Payable(6) > 5.0 at June 30, 2016 and > 4.0 thereafter

Including cash outflows for finance leases under construction previously reported as investing activities, cash from operating activities was positive US$166 million for the period compared to negative US$394 million during the first half of 2015. Cash outflows in finance leases under construction for the first half of 2016 decreased significantly to US$51 million compared to US$394 million in the year-ago period taking into consideration the strong decreasing investments in the fully consolidated FPSOs *Cidade de Maricá*, *Cidade de Saquarema*, *Cidade de Ilhabela* and *Turritella*.

Directional[1] capital expenditure through the first half of 2016 amounted to a combined total of US$25 million, reflecting the advanced construction progress of the Company's main projects which are expected to be completed over the next twelve months. These amounts correspond to the SBM Offshore share in SBM Inc. (the Company's construction subsidiary) costs as well as costs directly incurred at the joint venture level.

Full year 2016 Directional[1] capital expenditure for the three finance lease vessels under construction has been revised from approximately US$90 million to approximately US$70 million, in line with revised cost estimates on these projects. This is as a result of the accelerated delivery schedule of *Cidade de Maricá* and *Cidade de Saquarema*. Directional[1] capital expenditure excludes changes in net working capital and is presented net of upfront payments for FPSOs *Cidade de Maricá* and *Cidade de Saquarema*.

Further financial information is provided in the consolidated interim financial statements included in this press release.

[1] Directional view is a non-IFRS disclosure, which assumes all lease contracts are classified as operating leases and all vessel joint ventures are proportionally consolidated.

Analyst Presentation & Conference Call

SBM Offshore has scheduled a conference call and webcast of its presentation to the financial community followed by a Q&A session at 9.00 Central European Summer Time on Thursday, August 11, 2016.

The presentation will be hosted by Bruno Chabas (CEO), Peter van Rossum (CFO), Philippe Barril (COO) and Erik Lagendijk (CGCO). Interested parties are invited to listen to the call by dialing +31 20 531 5851 in the Netherlands, +44 203 365 3210 in the UK or +1 (866) 349 6093 in the US. Interested parties may also listen to the presentation via webcast through a link posted on the Investor Relations section of the Company's website.

The live webcast and replay, which should be available shortly after the call, will be available at: http://player.companywebcast.com/sbmoffshore/20160811_1/en/Player.

Financial Calendar	Date	Year
Trading Update 3Q 2016 – Press Release	November 9	2016
Extraordinary General Meeting of Shareholders	November 30	2016
Full-Year 2016 Earnings – Press Release	February 8	2017
Annual General Meeting of Shareholders	April 13	2017
Trading Update 1Q 2017 – Press Release	May 10	2017
Half-Year 2017 Earnings – Press Release	August 8	2017

Corporate Profile

SBM Offshore N.V. is a listed holding company that is headquartered in Amsterdam. It holds direct and indirect interests in other companies that collectively with SBM Offshore N.V. form the SBM Offshore group ("the Company").

SBM Offshore provides floating production solutions to the offshore energy industry, over the full product life-cycle. The Company is market leading in leased floating production systems with multiple units currently in operation and has unrivalled operational experience in this field. The Company's main activities are the design, supply, installation, operation and the life extension of Floating Production, Storage and Offloading (FPSO) vessels. These are either owned and operated by SBM Offshore and leased to its clients or supplied on a turnkey sale basis.

As of December 31, 2015, Group companies employed approximately 7,000 people worldwide. Full time company employees (4,900) are spread over five regional centers, eleven operational shore bases and the offshore fleet of vessels. A further 2,100 are working for the joint ventures with several construction yards. Please visit our website at www.sbmoffshore.com.

The companies in which SBM Offshore N.V. directly and indirectly owns investments are separate entities. In this communication "SBM Offshore" is sometimes used for convenience where references are made to SBM Offshore N.V. and its subsidiaries in general, or where no useful purpose is served by identifying the particular company or companies.

The Management Board
Amsterdam, The Netherlands, August 10, 2016

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Compliance statement

The Management Board of the Company declares, to the best of its knowledge that:

- The condensed consolidated interim financial statements IAS 34 as of and for the six months ended 30 June 2016 as presented under IAS 34, and supplemented by essential non-IFRS disclosures (Directional Reporting), give a true and fair view of the assets, liabilities, financial position and profit and loss of the Company, and the undertakings included in the consolidation taken as a whole;
- The interim financial statements and the Management Board report as presented in the press release dated 10 August 2016, give a fair view of the information required pursuant to section 5.25d, subsection 8 and, as far as applicable, subsection 9 of the Dutch Financial Markets Supervision Act (Wet op het Financieel toezicht).

Management Board.

Mr. B.Y.R. Chabas, Chief Executive Officer

Mr. P. Barril, Chief Operating Officer

Mr. P.M. van Rossum, Chief Financial Officer

Mr. E. Lagendijk, Chief Governance and Compliance Officer

SBM OFFSHORE 2016 HALF-YEAR EARNINGS

The Notes 1 to 22 are an integral part of these condensed interim financial statements.

Consolidated Income Statement

For the six months ended 30 June, figures are expressed in millions of US$	Notes	2016	2015
Revenue	8	1,066	1,457
Cost of sales		(696)	(1,054)
Gross margin	8	370	403
Other operating income/(expense)	9	(51)	(48)
Selling and marketing expenses		(19)	(32)
General and administrative expenses		(72)	(102)
Research and development expenses		(15)	(17)
Operating profit/(loss) (EBIT)		213	204
Financial income		14	13
Financial expenses		(128)	(102)
Net financing costs	10	(115)	(89)
Share of profit of equity-accounted investees		40	48
Profit/(Loss) before tax		138	164
Income tax expense	11	(7)	(11)
Profit/(Loss)		131	153
Attributable to shareholders of the parent company		117	106
Attributable to non-controlling interests		14	47
Profit/(Loss)		131	153

Earnings/(loss) per share

	Notes	2016	2015
Weighted average number of shares outstanding	12	212,153,004	209,961,397
Basic earnings/(loss) per share	12	US$ 0.55	US$ 0.50
Fully diluted earnings/(loss) per share	12	US$ 0.55	US$ 0.50

Consolidated Statement of Comprehensive Income

For the six months ended 30 June, figures are expressed in millions of US$	2016	2015
Profit/(Loss) for the period	131	153
Cash flow hedges	(170)	2
Deferred tax on cash flow hedges	(5)	1
Currency translation differences	(26)	(7)
Items that are or may be reclassified to profit or loss	(201)	(4)
Remeasurements of defined benefit liabilities	(6)	3
Deferred tax on remeasurement of defined benefit liabilities	0	-
Items that will never be reclassified to profit or loss	(6)	3
Other comprehensive income for the period, net of tax	(207)	(2)
Total comprehensive income for the period, net of tax	(76)	151
Of which		
- on controlled entities	(66)	103
- on equity-accounted entities	(10)	48
Attributable to shareholders of the parent company	5	102
Attributable to non-controlling interests	(81)	50
Total comprehensive income for the period, net of tax	(76)	151

In order to minimize interest rate risk, the floating interest rates of long term floating rate loans are hedged with interest rate swaps. The significant increase of the negative fair value of these interest rate swaps compared to 31 December 2015 is triggered by the decrease in the long-term US swap rates (10Y US Swap rate decreased by 82 basis points). Consequently, the negative hedging reserve linked to the interest rate swaps designated as cash flow hedges increased significantly.

Due to the above mentioned hedging strategy, the effect in the fair values and hedging reserve of the change in the interest rates will have no material impact in the future cash flows, nor on covenants calculation.

Consolidated Statement of Financial Position

Figures are expressed in millions of US$	Notes	30 June 2016	31 December 2015
ASSETS			
Property, plant and equipment	13	1,577	1,686
Intangible assets		49	45
Investment in associates and joint ventures		500	460
Finance lease receivables	14	4,640	3,020
Other financial assets	15	281	321
Deferred tax assets		62	59
Derivative financial instruments	19	11	0
Total non-current assets		7,118	5,591
Inventories		6	8
Finance lease receivables	14	209	164
Trade and other receivables		633	705
Income tax receivables		0	0
Construction work-in-progress	16	2,768	4,336
Derivative financial instruments	19	39	21
Cash and cash equivalents		1,039	515
Assets held for sale	13	11	-
Total current assets		4,704	5,749
TOTAL ASSETS		11,823	11,340
EQUITY AND LIABILITIES			
Issued share capital		59	58
Share premium reserve		1,164	1,162
Retained earnings		1,620	1,532
Other reserves		(376)	(255)
Equity attributable to shareholders of the parent company		2,466	2,496
Non-controlling interests		906	970
Total Equity	17	3,372	3,465
Loans and borrowings	18	5,742	4,959
Provisions	20	245	131
Deferred income		262	260
Deferred tax liabilities		5	3
Derivative financial instruments	19	401	167
Other non-current liabilities		-	-
Total non-current liabilities		6,654	5,521
Loans and borrowings	18	525	763
Provisions	20	299	410
Trade and other payables		821	992
Income tax payables		42	25
Bank overdrafts		-	-
Derivative financial instruments	19	109	164
Total current liabilities		1,796	2,354
TOTAL EQUITY AND LIABILITIES		11,823	11,340

Consolidated Statement of Changes in Equity

Figures are expressed in millions of US$	Outstanding number of shares	Issued share capital	Share premium reserve	Retained earnings	Other reserves	Attributable to shareholders	Non-controlling interests	Total Equity
At 1 January 2016	211,694,950	58	1,162	1,532	(255)	2,496	970	3,466
Profit/(Loss) for the period		-	-	117	-	117	14	131
Foreign currency translation		1	-	-	(32)	(31)	4	(26)
Remeasurements of defined benefit provisions		-	-	-	(6)	(6)	-	(6)
Cash flow hedges/net investment hedges		-	-	-	(76)	(76)	(99)	(175)
Comprehensive income for the period		1	-	117	(113)	5	(81)	(76)
IFRS 2 Vesting cost of Share based payments		-	-	-	8	8	-	8
Issuance of shares on the share based scheme	781,036	0	2	15	(15)	2	-	2
Cash dividend		-	-	(45)	-	(45)	(4)	(49)
Equity funding[1]		-	-	-	-	-	94	94
Equity repayment[2]		-	-	-	-	-	(72)	(72)
At 30 June 2016	212,475,986	59	1,164	1,620	(376)	2,466	906	3,372

1 equity contribution into Alfa Lula Alto S.à r.l, Beta Lula Central S.à r.l. and SBM Stones Sarl following shareholders resolution.

2 mainly equity repayment from Alfa Lula Alto S.à r.l following shareholders resolution.

Figures are expressed in millions of US$	Outstanding number of shares	Issued share capital	Share premium reserve	Retained earnings	Other reserves	Attributable to shareholders	Non-controlling interests	Total Equity
At 1 January 2015	209,695,094	64	1,160	1,482	(287)	2,419	730	3,149
Profit/(Loss) for the period		-	-	106	-	106	47	153
Foreign currency translation		(5)	-	-	(2)	(7)	-	(7)
Remeasurements of defined benefit provisions		-	-	-	3	3	-	3
Cash flow hedges/net investment hedges		-	-	-	1	1	2	3
Comprehensive income for the period		(5)	-	106	1	102	50	151
IFRS 2 Vesting cost of Share based payments		-	-	10	-	10	-	10
Issuance of shares on the share based scheme	529,460	0	6	(3)	-	3	-	3
Cash dividend		-	-	-	-	-	-	-
Transactions with non-controlling interests		-	-	38	-	38	(38)	-
Equity funding[1]		-	-	-	-	-	89	89
Equity repayment[2]		-	-	-	-	-	(40)	(40)
At 30 June 2015	210,224,554	59	1,165	1,634	(285)	2,573	790	3,363

1 mainly equity contribution into Alfa Lula Alto S.à r.l following shareholders resolution.

2 equity repayment from company Guara Norte S.à r.l. following shareholders resolution.

Consolidated Cash Flow Statement

For the six months ended 30 June, figures are expressed in millions of US$	2016	2015
Cash flow from operating activities		
Receipts from customers	926	1,045
Payments for finance leases construction	(51)	(394)
Payments to suppliers and employees	(698)	(1,026)
Income tax received/(paid)	(10)	(20)
Net cash from operating activities	166	(394)
Cash flow from investing activities		
Investment in property, plant and equipment	(7)	(1)
Investment in intangible assets	(5)	(4)
Additions to funding loans	(44)	(3)
Redemption of funding loans	34	65
Interest received	7	4
Dividends received from equity-accounted investees	19	3
Net proceeds from disposal of property, plant and equipment	0	13
Net proceed from disposal of Financial assets	(19)	-
Net cash used in investing activities	(15)	77
Cash flow from financing activities		
Net equity funding from partners	22	49
Additions to borrowings and loans	1,050	587
Repayments of borrowings and loans	(547)	(293)
Dividends paid to shareholders and non-controlling interests	(49)	-
Interest paid	(95)	(89)
Net cash from financing activities	381	253
Net increase/(decrease) in cash and cash equivalents	533	(64)
Net cash as at 1 January	515	452
Net increase/(decrease) in net cash	532	(64)
Currency differences	(8)	1
Net cash end of period	1,039	389

Notes

1 General information

SBM Offshore N.V. is a Company domiciled in Amsterdam, the Netherlands. SBM Offshore N.V. is the holding Company of a group of international marine technology oriented companies. The Company serves globally the offshore oil and gas industry by supplying engineered products, vessels and systems, as well as offshore oil and gas production services.

The Company has its listing on the Euronext Amsterdam stock exchange.

The condensed consolidated interim financial statements as of and for the six months ended 30 June 2016 comprise the interim financial statements of SBM Offshore N.V., its subsidiaries and interests in associates and joint ventures (together referred to as 'the Company'). They are presented in millions of US Dollars, except when otherwise indicated. Figures may not add up due to rounding.

The condensed interim financial statements were authorised for issue by the Supervisory Board on 10 August 2016, and have been reviewed, but not audited.

2 Basis for preparation

The condensed consolidated interim financial statements as at and for the six months ended 30 June 2016 have been prepared in accordance with IAS 34 "Interim financial reporting". The interim financial statements should be read in conjunction with the annual financial statements for the year ended 31 December 2015, as the same policies apply except for the new IFRS standards and interpretations adopted by the European Union as at 30 June 2016, where effective, for financial years beginning January 1st, 2016.

The consolidated financial statements of the Company as at and for the year ended 31 December 2015 are available upon request or can be downloaded on the Company's website.

The condensed consolidated interim financial statements are not materially impacted by seasonality.

3 Accounting principles

3.1 New standards, amendments and interpretations applicable as of January 1st, 2016

The Company has adopted the following new standards with a date of initial application of January 1st, 2016:

- IAS 19 Amended "Defined Benefit Plans: Employee Contributions";
- IFRS 11 Amendment "Accounting for Acquisitions of Interests in Joint Operations";
- IAS 16 and IAS 38 Amendment "Clarification of Acceptable Methods of Depreciation and Amortisation";
- IAS 27 Amendment "Equity Method in Separate Financial Statements";
- IAS 1 Amendment "Disclosure Initiative";
- Annual improvements: 2010-2012 and 2012-2014 cycles;

The adoption of the interpretations, amendments and annual improvements had no significant effect on the financial statements for earlier periods and on the interim financial statements for the period ended 30 June 2016. The Company does not expect the mentioned changes to have a significant effect on the financial statements for the financial year ending 31 December 2016.

3.2 Standards and interpretations not mandatory applicable to the Company as of January 1st, 2016

The Company has decided not to early adopt standards and amendments published by the IASB and endorsed by the European Commission, but not mandatory applicable as of January 1st, 2016.

Other new standards and amendments have been published by the IASB but have not been endorsed yet by the European Commission. Early adoption is not possible until European Commission endorsement. Those which may be relevant to the Company are set out below:

IFRS 15 "Revenue from Contracts with Customers": This standard specifies how and when an IFRS reporter will recognize revenue as well as requiring such entities to provide users of financial statements with more informative, relevant disclosures. The standard provides a single, principles based five-step model to be applied to all contracts with customers. This standard will be mandatory as of 1 January 2018.

IFRS 9 "Financial Instruments": This Standard includes requirements for recognition and measurement, impairment, derecognition and general hedge accounting. This standard will be mandatory as of 1 January 2018.

IFRS 16 "Leases": This standard specifies how an IFRS reporter will recognize, measure, present and disclose leases. The standard provides a single lessee accounting model, requiring lessees to recognize assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value. Lessors continue to classify leases as operating or finance, with IFRS 16's approach to lessor accounting substantially unchanged from its predecessor, IAS 17. This standard will be mandatory as of 1 January 2019.

The Company is analyzing the impacts and practical consequences of these standard's future application.

4 Use of estimates

When preparing the condensed consolidated interim financial statements, it is necessary for the Management of the Company to make estimates and certain assumptions that can influence the valuation of the assets and liabilities and the outcome of the income statement. The actual outcome may differ from these estimates and assumptions, due to changes in facts and circumstances. Estimates and judgments are continously evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable.

The judgments made by the Management in applying the Company's accounting policies, and the key sources of estimation and assumptions were the same as those that applied to the consolidated financial statements as of and for the year ended 31 December 2015.

5 Fair value measurement

The Company measures some financial instruments, such as derivatives, at fair value at each balance sheet date. Also, fair values of financial instruments measured at amortised cost are disclosed in Note19 "Accounting classifications and fair value of financial instruments".

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability;
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible to the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Information regarding the fair value of all financial assets and liabilities is included in Note19 "Accounting classifications and fair value of financial instruments".

6 Financial risk management

All aspects of the Company's financial risk management objectives and policies are consistent with those disclosed in the consolidated financial statements as of and for the year ended 31 December 2015.

In the Company’s view, financial market, treasury and liquidity risks remain largely covered by the Company's full hedging policy and resulting volatility is not considered material in the overall financial context.

7 Highlights

Provision for settlement in Brazil

At the end of fiscal year 2015, the Company announced that the settlement discussions related to potentially improper sales practices with the Brazilian Ministry of Transparency, Oversight and Control (Ministério da Transparência, Fiscalização e Controle – ‘MTFC’), the Attorney General’s Office (Advocacia-Geral da União – ‘AGU’), the Public Prosecutor’s Office (Ministério Público Federal –‘MPF’) and Petrobras had progressed to the point where it had become sufficiently clear that a settlement with these parties in Brazil will have a financial component. Consequently, based on information available to it, the Company recorded a non-recurring provision of US$ 245 million in the year-end financial results of 2015.

During the first half of 2016, the Company, the MTFC, the MPF, the AGU and Petrobras engaged in further negotiations which resulted in the signature on Friday, July 15 of a Settlement Agreement. The financial terms for final settlement negotiated between the Parties are made up as follows:

- cash payment by SBM Offshore totalling US$ 162.8 million, of which US$ 149.2 million will go to Petrobras, US$ 6.8 million to the MPF and US$ 6.8 million to the Council of Control of Financial Activities (Conselho de Controle de Atividades Financeiras – “COAF”). This amount will be paid in three instalments. The first instalment of US$ 142.8 million will be payable as of the effective date of the Settlement Agreement. The two further instalments of US$ 10 million each will be due respectively one and two years following the effective date of the Settlement Agreement representing a present value for the Company of approximately US$ 18 million; and,
- a reduction of 95% in future performance bonus payments related to FPSOs Cidade de Anchieta and Capixaba lease and operate contracts, representing a present value for the Company of approximately US $ 112 million over the period 2016 to 2030.

The Public Prosecutor's Office shall submit the Settlement Agreement for approval by the Fifth Chamber for Coordination and Review and Anti-Corruption of the Federal Prosecutor Service. The MTFC will additionally send the Settlement Agreement to the Federal Court of Accounts (Tribunal de Contas da União – "TCU").

As a result from the signature of the settlement agreement in July 2016, the provision booked in December 2015 has been increased during the period, up to the amount of the present value of the financial terms of the agreement being US$ 273 million, impacting the lines "Other operating expense" of the consolidated income statement by US$ 22 million and "Net financing costs" for US$ 6 million for the unwinding of the discounting impact of future settlement.

First Oil Cidade de Marica and Cidade de Saquarema

The portion of the Construction Work-in-progress related to the construction of Cidade de Marica has been transferred to Finance Lease Receivable in the Consolidated Statement of Financial Position following the FPSO achieving first oil and being formally on hire as of February 7, 2016.

As of 30 June 2016 the activities related to FPSO Cidade de Saquarema are reported as "Construction Work-in-progress" in the Consolidated Statement of Financial Position.

Restructuring

As a result of an on-going review of the cost structure and continued market downturn, the Company's workforce reduction is now expected to amount to at least 650 positions worldwide over the year 2016. Restructuring costs accounted for as "Other operating expense" over the period ended 30 June 2016 represent US$ 31 million, of which US$ 17 million relate to Monaco based employees. The total liabilities for restructuring included in "Provisions" and "Trade and other payables" represent US$ 22 million as of 30 June 2016 for the Company.

8 Segments reporting

The Company's reportable operating segments as defined by IFRS 8 "Operating segments" are:

- Lease and Operate;
- Turnkey.

The operating segments are measured under Directional Reporting accounting principles, as described under section 6.2.7.B.(e) "Significant Accounting policies" of the consolidated financial statements as of and for the year ended 31 December 2015.

2016 segments reporting

For the six months ended 30 June	Lease and Operate	Turnkey	Reported segments	Other	Total Directional reporting
Third party revenue	600	338	939	-	939
Gross margin	183	98	281	-	281
Other operating income/expense	0	(29)	(29)	(22)	(51)
Selling and marketing expenses	(1)	(18)	(19)	0	(19)
General and administrative expenses	(12)	(35)	(46)	(26)	(72)
Research and development expenses	0	(15)	(15)	0	(15)
Operating profit/(loss) (EBIT)	170	2	172	(48)	124
Net financing costs					(86)
Share of profit of equity-accounted investees					3
Income tax expense					(3)
Profit/(Loss)					38
Operating profit/(loss) (EBIT)	170	2	172	(48)	124
Depreciation, amortisation and impairment	198	5	203	1	203
EBITDA	368	6	375	(47)	327
Other segment information :					
Impairment charge/(reversal)	(5)	-	(5)	-	(5)

Reconciliation of 2016 segments reporting

For the six months ended 30 June	Reported segments under Directional reporting	Impact of consolidation methods	Impact of lease accounting treatment	Impact of Other[1]	Total Consolidated IFRS
Revenue					
Lease and Operate	600	51	(89)	-	562
Turnkey	338	(12)	178	-	504
Total revenue	939	39	89	-	1,066
Gross margin					
Lease and Operate	183	19	17	-	219
Turnkey	98	(16)	69	-	151
Total gross margin	281	3	86	-	370
EBIT					
Lease and Operate	170	19	18	-	207
Turnkey	2	(16)	68	-	54
Other	-	0	0	(48)	(48)
Total EBIT	172	3	86	(48)	213
EBITDA					
Lease and Operate	368	31	(88)	-	311
Turnkey	6	(16)	68	-	59
Other	-	-	-	(47)	(47)
Total EBITDA	375	15	(20)	(47)	322

1 Impact of business segment that does not meet the definition of an operating segment

2015 segments reporting

For the six months ended 30 June	Lease and Operate	Turnkey	Reported segments	Other	Total Directional reporting
Third party revenue	542	1,030	1,572	-	1,572
Gross margin	168	282	450	-	450
Other operating income/expense	(7)	(32)	(40)	(5)	(45)
Selling and marketing expenses	(3)	(29)	(32)	-	(32)
General and administrative expenses	(9)	(33)	(41)	(61)	(102)
Research and development expenses	-	(17)	(17)	-	(17)
Operating profit/(loss) (EBIT)	149	171	320	(66)	255
Net financing costs					(70)
Share of profit of equity-accounted investees					(4)
Income tax expense					(17)
Profit/(Loss)					164
Operating profit/(loss) (EBIT)	149	171	320	(66)	255
Depreciation, amortisation and impairment	167	4	171	5	175
EBITDA	316	175	491	(61)	430
Other segment information :					
Impairment charge/(reversal)	-	-	-	-	-

Reconciliation of 2015 segments reporting

For the six months ended 30 June	Reported segments under Directional reporting	Impact of consolidation methods	Impact of lease accounting treatment	Impact of Other[1]	Total Consolidated IFRS
Revenue					
Lease and Operate	542	21	(71)	-	492
Turnkey	1,030	3	(68)	-	965
Total revenue	1,572	24	(139)	-	1,457
Gross margin					
Lease and Operate	168	19	19	-	206
Turnkey	282	(6)	(80)	-	197
Total gross margin	450	14	(60)	-	403
EBIT					
Lease and Operate	149	16	19	-	184
Turnkey	171	(6)	(80)	-	86
Other	-	0	-	(66)	(66)
Total EBIT	321	10	(60)	(66)	204
EBITDA					
Lease and Operate	316	28	(71)	-	273
Turnkey	175	(6)	(81)	-	88
Other	-	-	-	(59)	(59)
Total EBITDA	491	22	(152)	(59)	302

1 Impact of business segment that does not meet the definition of an operating segment

9 Other Operating Income and Expense

Other Operating Income and Expense

For the six months ended 30 June	2016	2015
Restructuring expenses	(31)	(49)
Settlement expenses	(22)	-
Other operating income	2	1
Total	(51)	(48)

The other operating income and expense mainly include the net restructuring costs following the workforce reduction plans and the increase of the provision for the settlement in Brazil. Please refer to Note 7 "Highlights".

10 Net financing costs

Net financing costs

For the six months ended 30 June	2016	2015
Interest income on loans & receivables	12	13
Interest income on Held-to-Maturity investments	0	-
Net foreign exchange gain	-	1
Other financial income	1	0
Financial Income	14	13
Interest expenses on financial liabilities at amortised cost	(75)	(68)
Interest expenses on hedging derivatives	(40)	(32)
Interest addition to provisions	(7)	(1)
Net loss on financial instruments at fair value through profit and loss	(1)	-
Net cash flow hedges ineffectiveness	-	(2)
Net foreign exchange loss	(5)	-
Other financial expenses	0	-
Financial Expenses	(128)	(102)
Net financing costs	(115)	(89)

The increase in Net financing cost was primarily due to the interest costs related to the FPSO Cidade de Marica project loan as the unit commenced production in February 2016.

11 Income tax

The effective tax rate, excluding the income from companies accounted for under the equity method, was 7.0% in the first half of 2016, compared to 41.4% for the full year 2015. The 2015 effective tax rate was largely affected by the provision booked for Brazilian settlement (US$ 245 million) without tax effects.

12 Earning/Loss per share

The basic earnings per share for the period is US$ 0.55 (for the six months ended 30 June 2015: US$ 0.50). The fully diluted earnings per share amounts to US$ 0.55 (for the six months ended 30 June 2015: US$ 0.50).

Basic earnings / loss per share is calculated by dividing net profit / loss for the period attributable to shareholders of the Company by the weighted average number of shares outstanding during the period.

Diluted earnings / loss per share is calculated by dividing the net profit / loss attributable to shareholders of the Company by the weighted average number of shares outstanding during the period plus the weighted average number of shares that would be issued on the conversion of all the potential dilutive shares into ordinary shares.

The following reflects the share data used in the basic and diluted earnings per share computations:

Earnings per share

	30 June 2016	30 June 2015
Earnings attributable to shareholders (in thousands of US$)	117,485	105,822
Number of shares outstanding at 1 January	211,694,950	209,695,094
Average number of new shares issued	458,054	266,303
Weighted average number of shares outstanding	212,153,004	209,961,397
Potential dilutive shares from stock option scheme and other share-based payments	137,634	279,413
Weighted average number of shares (diluted)	212,290,638	210,240,810
Basic earnings per share	US$ 0.55	US$ 0.50
Fully diluted earnings per share	US$ 0.55	US$ 0.50

13 Property, plant and equipment

The movement of the Property, Plant and Equipment is summarized as follows:

Movement in property, plant and equipment

	30 June 2016	31 December 2015
Cost	3,709	3,810
Accumulated depreciation and impairment	(2,023)	(1,887)
Book value at 1 January	1,686	1,923
Additions	7	7
Disposals	0	(4)
Depreciation	(113)	(198)
(Impairment)/impairment reversal	5	(13)
Exchange rate differences	2	(9)
Other movements	(11)	(19)
Total movements	(109)	(238)
Cost	3,702	3,709
Accumulated depreciation and impairment	(2,126)	(2,023)
Net book value at end of period	1,577	1,686

Except the depreciation charge, there was no significant movement in property, plant and equipment in the period ending 30 June 2016.

"Other movements" for the period refer to FPSO Falcon, which was laid up in 2014 and sold in July 2016, resulting in the impairment reversal of US$ 5 million in the lease and operate segment and classification as "Asset held for sale" for US$ 11 million on the statement of financial position as at 30 June 2016.

14 Finance lease receivables

Finance lease receivables (reconciliation gross / net investment)

	30 June 2016	31 December 2015
Gross receivable	9,153	5,972
Less: Unearned finance income	(4,305)	(2,788)
Total	4,848	3,184
Of which		
Current portion	209	164
Non-current portion	4,640	3,020

As of 30 June 2016, finance lease receivables relate to the finance lease of:

- FPSO Cidade de Marica, which started production in February 2016 for a charter of 20 years;
- FPSO Cidade de Ilhabela, which started production in November 2014 for a charter of 20 years;
- FPSO Cidade de Paraty, which started production in June 2013 for a charter of 20 years;
- FPSO Aseng, which started production in November 2011 for a charter of 20 years;
- FSO Yetagun life extension started in May 2015 for a charter of 3 years.

The increase in finance lease receivable is driven by the recognition of the finance lease receivable of FPSO Cidade de Marica, less the redemptions as per the payment plans.

For the accounting treatment of FPSO Cidade de Marica, please refer to Note 7. "Highlights".

15 Other financial assets

	30 June 2016	31 December 2015
Non-current portion of other receivables	59	58
Corporate securities	-	30
Non-current portion of loans to joint ventures and associates	222	233
Total	281	321

The current portion of other receivables and loans to joint ventures and associates are included within the “trade and other receivables” in the statement of financial position.

The reduction of Corporate securities follows the discontinuation of a pension plan that existed for certain Offshore employees and for which the risks and ownership were transferred to an external party at fair value. Net cash impact of Corporate securities disposal and pension plan transfer is disclosed on the line item "Net proceed from disposal of Financial assets" in the Consolidated Cash Flow Statement.

Loans to joint-ventures and associates

	30 June 2016	31 December 2015
Current portion	63	66
Non-current portion	222	233
Total	286	299

As of 30 June 2016 the decrease in loans to joint ventures represents the combined effect of additions and redemptions of loans.

The carrying amount of one of the loans to joint ventures and associates was partially impaired in 2014 (US $ 29 million) and remains impaired. In addition, the cumulative losses recognised using the equity method in excess of the Company's investment in ordinary shares of two joint ventures represent US$ 112 million as of 30 June 2016 (US$ 96 million as of 31 December 2015) and reduces the carrying amount of the loans provided to these joint ventures and associates. The valuation of the Company's investment in these Angolan joint ventures is sensitive to the achievable business plan of these joint ventures which is linked to macro economic conditions in Angola and the development of the Angolan Kwanza against US dollar.

16 Construction Work-in-progress

The decrease in work-in-progress mainly reflects the reduction of FPSO Cidade de Marica, partially offset by the amount of construction activities related to FPSO Cidade de Saquarema and FPSO Turritella during the period.

For the accounting treatment of FPSO Cidade de Marica and FPSO Cidade de Saquarema please refer to Note 7. "Highlights".

17 Equity attributable to shareholders

The authorised share capital of the Company is two hundred million euro (€ 200,000,000). This share capital is divided into four hundred million (400,000,000) Ordinary Shares with a nominal value of twenty-five eurocent (€ 0.25) each and four hundred million (400,000,000) Protective Preference Shares, with a nominal value of twenty-five eurocent (€ 0.25) each.

During the period up to and including 30 June 2016, 781,036 new ordinary shares were issued. The total number of ordinary shares outstanding at 30 June 2016 was 212,475,986 (31 December 2015: 211,694,950).

18 Loans and borrowings

The movement of the bank interest-bearing loans and borrowings is summarised as follows:

Bank interest-bearing loans and other borrowings

	30 June 2016	31 December 2015
Non-current portion	4,959	4,332
Add: current portion	763	895
Remaining principal at beginning of period	5,722	5,227
Additions	1,086	2,013
Redemptions	(547)	(1,411)
Transaction and amortised costs	6	(95)
Other movements/deconsolidation	-	(12)
Movements during the period	544	495
Remaining principal at end of period	6,266	5,722
Less: Current portion	(525)	(763)
Non-current portion	5,742	4,959
Transaction and amortised costs	152	158
Remaining principal at end of period (excluding transaction and amortised costs)	6,419	5,880
Less: Current portion	(547)	(784)
Non-current portion	5,872	5,096

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.

The allocation per entity is as follows:

Loans and borrowings per entity

Entity name	Project name or nature of loan	% Ownership	% Interest[1]	Maturity	Net book value at 30 June 2016 Non-current	Current	Total	Net book value at 31 December 2015 Non-current	Current	Total
US$ Project Finance facilities drawn:										
SBM Espirito do Mar BV	FPSO Capixaba	100.00	2.84%	15-Jun-16	-	-	-	-	31	31
Brazilian Deepwater Prod. Ltd	FPSO Espirito Santo	51.00	5.01%	30-Jun-16	-	-	-	-	42	42
SBM Deep Panuke SA	MOPU Deep Panuke	100.00	3.80%	15-Dec-21	294	59	354	324	58	382
Tupi Nordeste Sarl	FPSO Cidade de Paraty	50.50	5.22%	15-Jun-23	669	89	758	714	87	801
Guara Norte Sarl	FPSO Cidade de Ilhabela	62.25	5.52%	15-Oct-24	954	101	1,055	1,005	98	1,103
SBM Baleia Azul Sarl	FPSO Cidade de Anchieta	100.00	5.89%	15-Sep-27	383	27	410	396	26	423
US$ Guaranteed project finance facilities drawn:										
Alfa Lula Alto Sarl	FPSO Cidade de Marica	56.00	5.01%	15-Dec-29	1,352	83	1,435	1,161	17	1,178
Beta Lula Central Sarl	FPSO Cidade de Saquarema	56.00	4.03%	15-Jun-30	1,333	60	1,394	1,290	47	1,337
SBM Turritella LLC	FPSO Turritella	55.00	3.66%	31-Dec-26	698	68	766	-	-	-
Revolving credit facility:										
SBM Offshore Finance Sarl	Corporate Facility	100.00	Variable	16-Dec-21	(3)	(1)	(4)	(3)	(1)	(4)
Other:										
Other		100.00			60	38	98	72	356	429
Net book value of loans and borrowings					5,742	525	6,266	4,959	763	5,722

1 % interest per annum on the remaining loan balance

The other borrowings mainly include loans received from partners in subsidiaries.

Revolving Credit Facility

The Company, together with its core relationship banks, has signed an amendment of its Revolving Credit Facility (RCF) on 18 April 2016, providing headroom improvements to the leverage and interest coverage ratios. The interest coverage ratio threshold has been lowered from 5.0x to 4.0x from December 31, 2016 through maturity of the RCF at the end of 2021. The leverage covenant is temporarily being adjusted upwards to 4.25x in December 2016, 4.50x in June 2017 and 4.25x in December 2017 before reverting back to the originally agreed level of 3.75x through to maturity of the facility.

The agreed upon amendments, combined with a strong cash position, provide the Company with a larger degree of flexibility given the current industry downturn.

19 Accounting classifications and fair values of financial instruments

Accounting classification

The Company uses the following fair value hierarchy for financial instruments that are measured at fair value in the statement of financial position, which require disclosure of fair value measurements by level:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1);
- Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (Level 2);
- Inputs for the asset or liability that are not based on observable market data (that is unobservable inputs) (Level 3).

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value:

Accounting classification and fair values as at 30 June 2016

		Carrying amount					
	Notes	Fair Value through profit or loss	Fair value - hedging instruments	Loans and receivables	IAS 17 Leases	Financial liabilities at amortised cost	Total
Financial assets measured at fair value							
Interest rate swaps		-	14	-	-	-	14
Forward currency contracts		9	28	-	-	-	36
Total		9	41	-	-	-	50
Financial assets not measured at fair value							
Trade and other receivables		-	-	569	-	-	569
Finance leases receivables	*14*	-	-	-	4,848	-	4,848
Loans to joint ventures and associates	*15*	-	-	286	-	-	286
Total		-	-	855	4,848	-	5,703
Financial liabilities measured at fair value							
Interest rate swaps			441	-	-	-	441
Forward currency contracts		38	33	-	-	-	70
Total		38	473	-	-	-	511
Financial liabilities not measured at fair value							
US$ project finance facilities drawn	*18*	-	-	-	-	2,578	2,578
US$ guaranteed project finance facilities drawn	*18*	-	-	-	-	3,595	3,595
Revolving credit facility/Bilateral credit facilities	*18*	-	-	-	-	(4)	(4)
Other debt	*18*	-	-	-	-	98	98
Trade and other payables/Other non-current liabilities		-	-	-	-	821	821
Total		-	-	-	-	7,087	7,087

Fair value levels 2016

	Notes	Fair value Level 1	Level 2	Level 3	Total
Financial assets measured at fair value					
Interest rate swaps		-	14	-	14
Forward currency contracts		-	36	-	36
Total		-	50	-	50
Financial assets not measured at fair value					
Finance leases receivables	14	-	-	4,504	4,504
Loans to joint ventures and associates	15	-	-	274	274
Total		-	-	4,778	4,778
Financial liabilities measured at fair value					
Interest rate swaps		-	441	-	441
Forward currency contracts		-	70	-	70
Total		-	511	-	511
Financial liabilities not measured at fair value					
US$ project finance facilities drawn	18	-	2,537	-	2,537
US$ guaranteed project finance facilities drawn	18	-	3,595	-	3,595
Revolving credit facility/Bilateral credit facilities	18	-	(4)	-	(4)
Other debt	18	-	-	122	122
Total		-	6,128	122	6,250

Additional information:

- In the above table, the Company has disclosed the fair value of each class of financial assets and financial liabilities in a way that permits the information to be compared with the carrying amounts;
- Classes of financial instruments that are not used are not disclosed;
- The Company has not disclosed the fair values for financial instruments such as short-term trade receivables, payables because their carrying amounts are a reasonable approximation of fair values as the impact of discounting is not significant;
- No instruments were transferred between Level 1 and Level 2;
- None of the instruments of the Level 3 hierarchy is carried at fair value in the statement of financial position;
- No financial instruments were subject to offsetting as of June 30th, 2016 and December 31st, 2015. Financial Derivatives amounting to a fair value of US$ 9.9 million (2015: US$ 15million) were subject to enforceable master netting arrangements or similar arrangements but were not offset as the IAS 32 “Financial instruments – Presentation” criteria was not met. The impact of offsetting would result in a reduction of both assets and liabilities by US$ 0.4 million (2015: US$ 0.0 million).

The comparative information as at 31 December 2015 is the following:

Accounting classification and fair values as at 31 December 2015

		Carrying amount							
	Notes	Fair Value through profit or loss	Fair value - hedging instruments	Held-to-maturity	Available for sale	Loans and receivables	IAS 17 Leases	Financial liabilities at amortised cost	Total
Financial assets measured at fair value									
Interest rate swaps		-	0	-	-	-	-	-	0
Forward currency contracts		18	2	-	-	-	-	-	20
Corporate securities		-	-	-	2	-	-	-	2
Total		18	3	-	2	-	-	-	23
Financial assets not measured at fair value									
Corporate securities		-	-	28	-	-	-	-	28
Trade and other receivables		-	-	-	-	640	-	-	640
Finance leases receivables	14	-	-	-	-	-	3,184	-	3,184
Loans to joint ventures and associates	15	-	-	-	-	299	-	-	299
Total		-	-	28	-	938	3,184	-	4,151
Financial liabilities measured at fair value									
Interest rate swaps		-	205	-	-	-	-	-	205
Forward currency contracts		41	86	-	-	-	-	-	127
Total		41	291	-	-	-	-	-	332
Financial liabilities not measured at fair value									
US$ project finance facilities drawn	18	-	-	-	-	-	-	2,782	2,782
US$ guaranteed project finance facilities drawn	18	-	-	-	-	-	-	2,515	2,515
Revolving credit facility/Bilateral credit facilities	18	-	-	-	-	-	-	(4)	(4)
Other debt	18	-	-	-	-	-	-	429	429
Trade and other payables/Other non-current liabilities		-	-	-	-	-	-	992	992
Total		-	-	-	-	-	-	6,714	6,714

Fair value levels 2015

	Notes	Fair value Level 1	Level 2	Level 3	Total
Financial assets measured at fair value					
Interest rate swaps		-	0	-	0
Forward currency contracts		-	20	-	20
Corporate securities		-	2	-	2
Total		-	23	-	23
Financial assets not measured at fair value					
Corporate securities		25	2	-	27
Finance leases receivables	14	-	-	3,134	3,134
Loans to joint ventures and associates	15	-	-	296	296
Total		25	2	3,430	3,457
Financial liabilities measured at fair value					
Interest rate swaps		-	205	-	205
Forward currency contracts		-	127	-	127
Total		-	332	-	332
Financial liabilities not measured at fair value					
US$ project finance facilities drawn	18	-	2,700	-	2,700
US$ guaranteed project finance facilities drawn	18	-	2,515	-	2,515
Revolving credit facility/Bilateral credit facilities	18	-	(4)	-	(4)
Other debt	18	-	-	427	427
Total		-	5,211	427	5,638

Measurement of fair values

The following table shows the valuation techniques used in measuring Level 2 and Level 3 fair values, as well as the significant unobservable inputs used:

Measurement of fair values

	Level 2 and level 3 instruments	Level 3 instruments	
Type	Valuation technique	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
Financial instrument measured at fair value			
Interest rate swaps	Income approach - Present value technique	Not applicable	Not applicable
Forward currency contracts	Income approach - Present value technique	Not applicable	Not applicable
Commodity contracts	Income approach - Present value technique	Not applicable	Not applicable
Financial instrument not measured at fair value			
Loans to joint ventures and associates	Income approach - Present value technique	- Forecast revenues - Risk-adjusted discount rate (5% - 6%)	The estimated fair value would increase (decrease) if : - the revenue was higher (lower) - the risk-adjusted discount rate was lower (higher)
Finance lease receivables	Income approach - Present value technique	- Forecast revenues - Risk-adjusted discount rate (6% - 11%)	The estimated fair value would increase (decrease) if : - the revenue was higher (lower) - the risk-adjusted discount rate was lower (higher)
Loans and borrowings	Income approach - Present value technique	Not applicable	Not applicable
Other long term debt	Income approach - Present value technique	- Forecast revenues - Risk-adjusted discount rate (5%)	The estimated fair value would increase (decrease) if : - the revenue was higher (lower) - the risk-adjusted discount rate was lower (higher)
Corporate debt securities	Market approach	Not applicable	Not applicable

20 Provisions

The current portion and the non-current portion of provisions refer to the following type of provisions:

Provisions (summary)

	30 June 2016	31 December 2015
Demobilisation	107	119
Warranty	86	116
Employee benefits	36	29
Other	315	278
Total	**544**	**541**
of which :		
Non-current portion	245	131
Current portion	299	410

The decrease of the demobilization provision is primarily attributable to the completion of the demobilization of FPSO Marlim Sul during the period.

The decrease of the warranty provision follows the signature of an agreement during the period relating to warranty issues with one customer (and for which the Company recorded an additional provision in 2014) and also to usual warranty consumptions.

The Other provisions mainly relates to:

- a US$ 273 million provision for settlement in Brazil (Please refer to Note 7. "Highlights") booked in December 2015 and June 2016; and
- a provision related to a contractual dispute for US$ 22.5 million also booked in December 2015; and
- a US$ 14 million provision for restructuring (Please refer to Note 7. "Highlights").

21 Other information

21.1 Financial information related to equity-accounted investees

The bank interest-bearing loans and borrowings in the joint ventures accounted for under the equity method are as follows (amounts provided at 100% at entity level):

Informations on loans and borrowings of joint ventures and associates

				Net book value at 30 June 2016			Net book value at 31 December 2015		
Entity name	% Ownership	% Interest	Maturity	Non-current	Current	Total	Non-current	Current	Total
US$ Project Finance facilities drawn:									
Sonasing Xikomba Ltd	50.00	4.66%	16-aug-21	383	79	462	423	77	501
Normand Installer SA	49.90	3.93%	17-jul-17	47	6	53	50	6	56
OS Installer AS	25.00	3.53%	16-dec-19	91	7	98	95	7	102
Loans from subsidiaries of SBM Offshore N.V.[1]				385	59	445	380	61	441
Loans from other shareholders of the joint ventures and associates[2]				240	0	240	247	15	262
Loans from other joint ventures				251	-	251	232	0	232
Net book value of loans and borrowings				1,397	152	1,549	1,427	167	1,593

1 Please refer to note 15 'Loans to joint-ventures and associates' for presentation of the carrying amount of these loans in Company's Consolidated Statement of Financial Position.

2 Loans from the Joint Ventures SBM Shipyard Ltd to the JV Paenal - Porto Amboim Estaleiros Navais Ltda.

The total revenue of the joint-ventures accounted for under the equity method (at 100%) represents US$ 317 million for the six months ended 30 June 2016 (for the six months ended 30 June 2015: US$ 446 million).

21.2 Commitments

Parent Company Guarantees

In the ordinary course of business, the Company is committed to fulfil various types of obligations arising from customer contracts (among which full performance and warranty obligations).

As such, the Company has issued Parent Company Guarantees for contractual obligations in respect of several group companies, including equity-accounted joint ventures, with respect to FPSO long-term lease and operate contracts.

Commitments

Certain investment commitments have been entered into, principally the FPSO Turritella and the FPSOs Cidade de Marica and Saquarema. As at 30 June 2016, the remaining contractual commitments for acquisition of property, plant and equipment and investment in leases amounted to US$ 34 million (31 December 2015: US$ 35 million).

21.3 Contingencies

Contingent Liability

At the end of January 2016, the United States Department of Justice (DoJ) informed the Company that it has re-opened its past inquiry of the Company in relation to the alleged improper sales practices over the period 2007 to 2011 and has made information requests in connection with that inquiry.

During the period, the Company has cooperated with the DoJ and remains committed to close out discussions on this legacy issue which the Company self-reported to the authorities in 2012 and for which it reached a settlement with the Dutch Public Prosecutor in 2014.

Contingent Asset

The Company continues to investigate the possibility to recover losses incurred in connection with the Yme development project from insurers. Under the terms of the settlement agreement with Talisman, all pending and future claim recoveries (after expenses and legal costs) relating to the Yme development project under the relevant construction all risks insurance shall be shared 50/50 between the Company and Talisman. At this stage it is not possible to estimate the financial outcome of the insurance claim.

21.4 Related party transactions

During 2016, no major related party transactions requiring additional disclosure in the financial statements took place.

Related party transactions are mainly transactions with joint-ventures and associates, and are recognised as follows in the Group's consolidated financial statements:

Related party transactions

	Note	2016	2015
Revenue		7	33
Cost of sales		(77)	(87)
Loans to joint ventures and associates	*15*	286	299
Trade receivables		120	204
Trade payables		40	60

The Company has provided loans to joint ventures and associates such as shareholder loans and funding loans at rates comparable to the commercial rates of interest. During the period, the Company entered into trading transactions with joint ventures and associates on terms equivalent to those that prevail in arm's length transactions. The decrease of revenue mainly relates to the finalisation of the construction of the FPSO Cidade de Marica in February 2016 whereas the decrease of cost of sales is mainly driven by lower transactions with the Brasa yard on the period.

21.5 Other information

On 29 March 2016, the US Department of Justice (DoJ) informed the Company's US legal advisor that it is investigating Unaoil and companies who used Unaoil as an agent in relation to allegations of violations of the U.S. Foreign Corrupt Practices Act. As part of that investigation, the DoJ stated that it had identified information indicating that the Company had business relationships with Unaoil in Kazakhstan, Iraq and Angola. The DoJ also stated it was asking many companies who have used Unaoil as an agent for information regarding those relationships. On 1 April 2016, the DoJ requested that SBM take steps to preserve information related to Unaoil. The Company has since cooperated with the DoJ's investigation and has taken steps to preserve pertinent data.

As a result of the DoJ's investigation, the Company is currently reviewing its relationship with Unaoil. This review remains at an early stage. At this point, the Company has determined that in the period 2003-2014, SBM companies engaged Unaoil group companies in three areas: (i) the supply of flash-barges in Kazakhstan, (ii) the supply of 5 calm buoys in Iraq, and (iii) the provision of maintenance and other services in Angola.

22 Events after the Balance Sheet Date

Leniency Agreement Signed 15 July 2016 between Brazilian Authorities, Petrobras and SBM Offshore

Please refer to Note 7 "Highlights".

FPSO Cidade de Saquarema Producing and On Hire

FPSO Cidade de Saquarema is formally on hire as of July 8, 2016 after achieving first-oil and the completion of a 72-hour continuous production test leading to Final Acceptance.

23 Independent Auditor's Review Report

Review report

To: the Supervisory Board and the Management Board of SBM Offshore N.V.

Introduction

We have reviewed the accompanying condensed consolidated interim financial information for the six-month period ended 30 June 2016 of SBM Offshore N.V., Amsterdam, which comprises the condensed consolidated statement of financial position as at 30 June 2016, the condensed consolidated income statement, the condensed consolidated statement of comprehensive income, the condensed consolidated statement of changes in equity, the condensed consolidated statement of cash flows for the period then ended and the selected explanatory notes. The management board is responsible for the preparation and presentation of this condensed interim financial information in accordance with IAS 34, 'Interim Financial Reporting' as adopted by the European Union. Our responsibility is to express a conclusion on this interim financial information based on our review.

Scope

We conducted our review in accordance with Dutch law including Standard 2410, 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity'. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with auditing standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed consolidated interim financial information for the six-month period ended 30 June 2016 is not prepared, in all material respects, in accordance with IAS 34, 'Interim Financial Reporting' as adopted by the European Union.

The Hague, 10 August 2016
PricewaterhouseCoopers Accountants N.V.

drs. W.H. Jansen RA