



Tulip Oil

Exploration and Production

The Hague, 30 August 2019



2019

UNAUDITED HALF YEARLY CONSOLIDATED
FINANCIAL STATEMENTS WITH NOTES

TULIP OIL HOLDING B.V.
GROUP

H1

2019

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GROUP

The Hague, 30 August 2019

All Statements contained in this document are subject to the legal disclaimer and risk factors in Appendix 1.

Forward-looking statements in this report reflect current views about future events and are, by their nature, subject to significant risks and uncertainties because they relate to events and depend on circumstances that are expected to occur in the future.

All numbers in this report are stated in €'000 unless otherwise stated.

Important information and disclaimer

THIS REPORT (THE "REPORT") CONTAINS FINANCIAL INFORMATION (THE "FINANCIAL INFORMATION"), OPERATIONAL, LEGAL AND OTHER INFORMATION CONCERNING TULIP OIL HOLDING B.V. AND ITS SUBSIDIARIES (THE "GROUP") AND ITS BUSINESS. THE REPORT HAS BEEN PREPARED BY OR AT THE DIRECTION OF THE COMPANY FOR INFORMATION PURPOSES ONLY.

THE INFORMATION CONTAINED IN THIS REPORT MAY INCLUDE RESULTS OF ANALYSES FROM A QUANTITATIVE MODEL THAT MAY REPRESENT POTENTIAL FUTURE EVENTS THAT MAY OR MAY NOT BE REALIZED, AND IS NOT A COMPLETE ANALYSIS OF EVERY FUTURE MATERIAL FACT RELATING TO THE GROUP OR ITS BUSINESS. THIS REPORT CONTAINS PROJECTIONS AND FORWARD LOOKING STATEMENTS. THE WORDS "BELIEVE", "EXPECT", "COULD", "MAY", "ANTICIPATE", "INTEND" AND "PLAN" AND SIMILAR EXPRESSIONS IDENTIFY FORWARD-LOOKING STATEMENTS. ALL STATEMENTS OTHER THAN STATEMENTS OF HISTORICAL FACTS INCLUDED IN THE REPORT, INCLUDING, WITHOUT LIMITATION, THOSE REGARDING THE FINANCIAL INFORMATION, THE GROUP'S FINANCIAL POSITION, POTENTIAL BUSINESS STRATEGY, POTENTIAL PLANS AND POTENTIAL OBJECTIVES, ARE FORWARD-LOOKING STATEMENTS. SUCH FORWARD-LOOKING STATEMENTS INVOLVE KNOWN AND UNKNOWN RISKS, UNCERTAINTIES AND OTHER FACTORS WHICH MAY CAUSE THE GROUP'S ACTUAL RESULTS, PERFORMANCE, ACHIEVEMENTS AND VALUE TO BE MATERIALLY DIFFERENT FROM ANY FUTURE RESULTS, PERFORMANCE, ACHIEVEMENTS OR VALUES EXPRESSED OR IMPLIED BY SUCH FORWARD-LOOKING STATEMENTS. SUCH FORWARD-LOOKING STATEMENTS ARE BASED ON NUMEROUS ASSUMPTIONS REGARDING THE GROUP'S PRESENT AND FUTURE BUSINESS STRATEGIES AND THE ENVIRONMENT IN WHICH THE GROUP WILL OPERATE IN THE FUTURE. NO WARRANTY OR REPRESENTATION IS GIVEN BY THE GROUP OR ANY OF ITS REPRESENTATIVES AS TO THE REASONABLENESS OF THESE ASSUMPTIONS. FURTHER, CERTAIN FORWARD-LOOKING STATEMENTS ARE BASED UPON ASSUMPTIONS OF FUTURE EVENTS THAT MAY NOT PROVE TO BE ACCURATE. THE FORWARD-LOOKING STATEMENTS IN THE FINANCIAL INFORMATION SPEAK ONLY AS AT THE DATE OF THE FINANCIAL INFORMATION AND THE GROUP ASSUMES NO OBLIGATION TO UPDATE OR PROVIDE ANY ADDITIONAL INFORMATION IN RELATION TO SUCH FORWARD-LOOKING STATEMENTS. NOTHING IN THIS REPORT IS, OR SHOULD BE CONSTRUED AS, A PROFIT FORECAST. BY DOWNLOADING OR RECEIVING THIS REPORT, YOU ACKNOWLEDGE THAT YOU WILL BE SOLELY RESPONSIBLE FOR FORMING YOUR OWN VIEW OF THE POTENTIAL FUTURE PERFORMANCE OF THE GROUP.



KEY EVENTS IN H1 2019

15 February 2019	First well brought on stream Start of commissioning for the Q10-A offshore platform
23 March 2019	Second well brought on stream
March 2019	2D seismic processing for Q07, Q08, Q10 and Q11 completed
April - May 2019	P15 maintenance shutdown
19 June 2019	Third well brought on stream
May - June 2019	The Steig 1 well was drilled in Rhein Petroleum

KEY EVENTS - OUTLOOK

19 July 2019	Fourth well brought on stream
July-August 2019	Fifth and sixth well drilled
Q3 2019	Bring wells 5 and 6 on stream and release the rig in September 2019
Q3-Q4 2019	Further evaluation of the Steig 1 discovery and the commencement of a field development plan
Q3-Q4 2019	3D seismic reprocessing for Q07, Q08, Q10 and Q11 is in progress. Completion is expected in 2H 2019



CONSOLIDATED SUMMARY AND COMMENTARY

€000	H1 2019 Unaudited	H1 2018 Unaudited	H1 2017 Unaudited	FY 2018 Audited	FY 2017 Audited	FY 2016 Audited
Total revenue	12,130	1,254	1,114	2,689	2,250	2,359
EBITDA ¹	6,866	(1,750)	(2,218)	(3,767)	(5,152)	(7,787)
Operating profit/(loss)	3,093	(2,929)	(12,539)	(8,556)	(29,034)	(22,282)
Profit/(loss) for the period	7,525	(801)	(8,862)	(2,972)	(17,819)	(9,988)
Cash flow from operations	4,014	(3,399)	(2,814)	(4,016)	(4,806)	(12,824)
Cash flow from investments	(32,094)	(12,927)	(127)	(32,794)	(586)	(9,194)
Interest-bearing debt ¹	85,886	85,501	8	85,668	85,330	759
Cash and cash equivalents	5,827	61,617	688	37,487	81,539	2,908

Revenue. In 1H 2019 the Group recognised its first revenue from Q10-A contributing to the total revenue of €12.1 million. The first three wells of the Q10-A project were brought on stream on 15 February, 24 March and 19 June. The average production rate in the last week of June reached 3.1 million Sm³ per day. In 1H 2019 more than 130 million Sm³ of sales gas (gross) was produced intermittently, after taking into account the maintenance of the P15 processing facilities and the drilling of further wells.

In May/June 2019, Rhein Petroleum (“RP”) commenced the drilling of its Steig-1 onshore well in Southern Germany. This has delivered an oil discovery, the size and value of this is being further evaluated and planning for the development of this oil field has commenced.

EBITDA. See Revenue. The commencement of Q10-A production has meant that costs have been incurred that are associated with that production. These include costs for field operations and tariffs for the use of third-party infrastructure.

Operating profit. See Revenue and EBITDA. The Q10-A production also attracted an element of depreciation.

Profit/(loss) for the period. Further to Operating Profit, two quarterly interest payments were made on the existing bond and ongoing drilling investments generated a tax credit.

Cash flow from operations. The Group generated its first positive cash flow of €4.0 million for the period.

Cash flow from investments. Cash outflow comprises payments made in respect of the execution of the Q10-A development project. Three Q10-A wells were completed during the period and the drilling of the fourth Q10-A well commenced during the period. Also during the period the Steig 1 well was drilled.

Interest-bearing debt. The existing bond remains the only material external debt in the Group.

Cash and cash equivalents. Cash available at the outset of the period was primarily invested in the Q10-A development and utilised for interest payments.

¹ The Group uses certain measures of performance that are not specifically defined under IFRS or other generally accepted accounting principles. These non-IFRS measures include EBITDA and interest-bearing debt. EBITDA is defined as profit/(loss) for the period before additions/deductions of tax credit/(charge), net finance costs, depreciation and amortization. Interest-bearing debt is defined as the bond payable plus finance lease obligations.

UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS WITH NOTES

CONSOLIDATED INCOME STATEMENT

		Unaudited	Unaudited	Audited
		6 months	6 months	Year
		ended	ended	ended
€'000	Note	30 June	30 June	31 December
		2019	2018	2018
Revenue	2	12,074	1,235	2,275
Other revenues		56	19	414
Total revenue		12,130	1,254	2,689
Purchases		(203)	(521)	(920)
Exploration expenses		(914)	(33)	(305)
Production costs		(3,412)	(1,051)	(2,305)
Depreciation and amortisation	7,8	(3,733)	(623)	(1,187)
Impairments	3,8	(40)	(556)	(3,602)
Other operating expenses	4	(735)	(1,399)	(2,926)
Total operating expenses		(8,834)	(3,662)	(10,325)
Operating profit/(loss)		3,093	(2,929)	(8,556)
Interest income	5	-	-	-
Other financial income	5	-	-	160
Interest expenses	5	(780)	(1,387)	(2,544)
Other financial expenses	5	(633)	(340)	(936)
Net finance costs	5	(1,413)	(1,727)	(3,320)
Profit/(loss) before taxes		1,680	(4,656)	(11,876)
Tax credit/(charge)	6	5,845	3,855	8,904
Profit/(loss) for the period		7,525	(801)	(2,972)
Profit/(loss) for the period is attributable to:				
Owners of the Company		7,694	(634)	(2,578)
Non-controlling interests		(169)	(167)	(394)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

		Unaudited	Unaudited	Audited
		6 months	6 months	Year
		ended	ended	ended
€'000		30 June	30 June	31 December
		2019	2018	2018
Profit/(loss) for the period		7,525	(801)	(2,972)
Total comprehensive income in period		7,525	(801)	(2,972)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

€'000	Note	Unaudited	Unaudited	Audited
		H1	H1	H2
		30 June 2019	30 June 2018	31 December 2018
ASSETS				
Intangible assets				
Goodwill	7	1,430	3,260	1,430
Other intangible assets	7	1,694	1,767	1,730
Tangible fixed assets				
Property, plant and equipment	3,8	131,303	49,229	95,424
Financial assets				
Long-term other loans		3,000	3,050	3,000
Deferred tax assets	6	63,840	52,946	57,995
Total non-current assets		201,267	110,252	159,579
Inventories				
Inventories		193	15	313
Receivables				
Trade receivables		3,855	3,740	144
Other short-term receivables	9	3,849	2,867	5,313
Cash and cash equivalents				
Cash and cash equivalents *	10	5,827	61,617	37,487
Total current assets		13,724	68,239	43,257
TOTAL ASSETS		214,991	178,491	202,836

*Includes restricted cash and cash equivalents

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		Unaudited H1	Unaudited H1	Audited H2
€'000	Note	30 June 2019	30 June 2018	31 December 2018
EQUITY AND LIABILITIES				
Equity				
Share capital		18	18	18
Share premium		144,124	144,131	144,131
Retained earnings		(62,309)	(68,059)	(70,003)
Equity attributable to owners of the Company		81,833	76,090	74,146
Non-controlling interests		925	1,321	1,094
Total equity		82,758	77,411	75,240
Non-current liabilities				
Abandonment provision	11	24,435	2,286	17,770
Long-term bond payable	12	84,136	83,305	83,706
Other non-current liabilities		2,967	2,217	2,459
Current liabilities				
Trade creditors		7,768	7,959	8,366
Accrued expenses		11,500	3,886	13,858
Other current liabilities		70	71	61
Other current financial liabilities		1,357	1,356	1,376
Total liabilities		132,233	101,080	127,596
TOTAL EQUITY AND LIABILITIES		214,991	178,491	202,836

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (Unaudited)

€'000	Share capital	Share premium	Retained earnings	Minority interest	Total equity
Equity as of 31.12.2017	18	144,131	(67,425)	1,488	78,212
Share capital/premium adjustments	-	-	-	-	-
Profit/(loss) for the period	-	-	(634)	-	(634)
Minority interest share of the profit/(loss) for the period	-	-	-	(167)	(167)
Equity as of 30.06.2018	18	144,131	(68,059)	1,321	77,411
Share capital/premium adjustments	-	-	-	-	-
Profit/(loss) for the period	-	-	(1,944)	-	(1,944)
Minority interest share of the profit/(loss) for the period	-	-	-	(227)	(227)
Equity as of 31.12.2018	18	144,131	(70,003)	1,094	75,240
Share capital/premium adjustments	-	(7)	-	-	(7)
Profit/(loss) for the period	-	-	7,694	-	7,694
Minority interest share of the profit/(loss) for the period	-	-	-	(169)	(169)
Equity as of 30.06.2019	18	144,124	(62,309)	925	82,758

CONSOLIDATED STATEMENT OF CASH FLOW

		Unaudited	Unaudited	Audited
		6 months ended 30 June	6 months ended 30 June	Year ended 31 December
€'000	Note	2019	2018	2018
CASH FLOW FROM OPERATING ACTIVITIES				
Profit/(loss) for the period		7,525	(801)	(2,972)
Tax charge/(credit)	6	(5,845)	(3,855)	(8,904)
Net finance costs	5	1,413	1,727	3,320
Depreciation and amortisation	7,8	3,733	623	1,187
Impairments	3,8	40	556	3,602
Other items		(7)	-	-
(Increase)/decrease in trade and other receivables		(2,247)	(3,608)	(4,220)
(Increase)/decrease in trade, other payables and provisions		(588)	1,974	4,076
(Increase)/decrease in inventories		(10)	(15)	(105)
NET CASH FLOW FROM OPERATING ACTIVITIES		4,014	(3,399)	(4,016)
CASH FLOW FROM INVESTMENT ACTIVITIES				
Payments to acquire tangible fixed assets		(32,094)	(12,927)	(32,794)
NET CASH FLOW FROM INVESTMENT ACTIVITIES		(32,094)	(12,927)	(32,794)
CASH FLOW FROM FINANCING ACTIVITIES				
Repayment of long term loans		-	(1)	(3)
Repayment on long term receivables		-	98	148
Proceeds from the issue of participation certificates		163	47	162
<i>Interest paid:</i>				
<i>Total interest expenses</i>	5	(780)	(1,387)	(2,544)
<i>Other financial income</i>		-	-	2
<i>Interest capitalized on capital expenditure</i>	5	(2,942)	(2,349)	(4,995)
<i>Increase/(decrease) in other current financial liabilities</i>		(21)	21	41
Bond setup and legal costs paid		-	(25)	(53)
NET CASH FLOW FROM FINANCING ACTIVITIES		(3,580)	(3,596)	(7,242)
Increase/(decrease) in cash and cash equivalents		(31,660)	(19,922)	(44,052)
Cash and cash equivalents at start of period		37,487	81,539	81,539
CASH AND CASH EQUIVALENTS AT END OF PERIOD	10	5,827	61,617	37,487

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)

Tulip Oil Holding B.V. ("TOH"), hereinafter referred to as "the Company", is the ultimate parent of the entire group of companies. With its subsidiaries, 100% owned Tulip Oil Netherlands B.V. ("TON"), 100% owned Tulip Oil Netherlands Offshore B.V. ("TONO") and 90% owned RP it forms the Group. The Company employs the Tulip Oil Holding staff and contractors who in turn provide services to different subsidiaries in the Netherlands and Germany.

These unaudited consolidated interim financial statements have been prepared in accordance with the International Financial Reporting Standards as adopted by the EU ("IFRS") IAS 34 "Interim Financial Reporting". Thus the unaudited consolidated interim financial statements do not include all information required by IFRS and should be read in conjunction with the Group's audited consolidated annual financial statements as at 31 December 2018. The unaudited consolidated interim financial statements reflect all adjustments which are, in the opinion of management, necessary for a fair statement of the financial position, results of operations and cash flows for the dates and interim periods presented. Interim period results are not necessarily indicative of results of operations or cash flows for an annual period. These unaudited consolidated interim financial statements have not been subject to review or audit by independent auditors.

These unaudited consolidated interim financial statements were authorised for issue by the Company's Board of Directors on 30 August 2019.

Note 1 Accounting principles

The accounting principles used for this interim report are consistent with the principles used in the Group's audited consolidated annual financial statements as at 31 December 2018. The Group has adopted IFRS 16 *Leases* with effect from 1 January 2019. The impact of IFRS 16 is disclosed in note 8.

In preparing these unaudited consolidated interim financial statements, management has made judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

The significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the audited consolidated annual financial statements as at 31 December 2018.

Note 2 Revenue

	Unaudited 6 months ended 30 June 2019	Unaudited 6 months ended 30 June 2018	Audited Year ended 31 December 2018
€'000			
Recognised income liquids	885	1,173	2,213
Recognised income gas	11,189	62	62
Total revenues	12,074	1,235	2,275
Breakdown of produced volumes (thousand barrels of oil energy equivalent)			
Liquids	12.9	11.8	22.5
Gas	518.4	2.3	1.4
Total produced volumes	531.3	14.1	23.9

Note 3 Impairments

Impairment tests of individual cash-generating units are performed when impairment triggers are identified. During the first half year period no new impairment triggers have been identified. The impairments during the first half year period of 2018 reflects an adjustment to bring the asset value of the DKK facilities, previously impaired, to zero following the change in discount rate related to the abandonment provision.

Note 4 Other operating expenses

	Unaudited	Unaudited	Audited
	6 months ended	6 months ended	Year ended
	30 June	30 June	31 December
€'000	2019	2018	2018
Salary and contractors	3,046	2,367	5,041
Other headcount related	41	36	62
Travel and travel related costs	90	127	263
IT & Communication	82	146	286
Office accommodation costs	21	108	212
Professional services	235	246	278
Other (including recovery of cost and capitalisation of costs)	(2,780)	(1,631)	(3,216)
Total other operating expenses	735	1,399	2,926

Note 5 Net finance costs

	Unaudited	Unaudited	Audited
	6 months ended	6 months ended	Year ended
	30 June	30 June	31 December
€'000	2019	2018	2018
Interest income	-	-	-
Other financial income	-	-	(160)
Total financial income	-	-	(160)
Interest expenses	3,722	3,736	7,539
Capitalised interest cost, development projects	(2,942)	(2,349)	(4,995)
Total interest expenses	780	1,387	2,544
Unwinding of bond discount	173	172	346
Accretion expenses	203	(84)	81
Amortised loan costs	257	252	509
Total other financial expenses	633	340	936
Net finance costs	1,413	1,727	3,320

Note 6 Taxes

	Unaudited 6 months ended 30 June 2019	Unaudited 6 months ended 30 June 2018	Audited Year ended 31 December 2018
Taxes for the period €'000			
Current tax expense			
Current period	-	-	-
Changes in estimates related to prior periods	4,507	-	-
Deferred tax expense			
Origination and reversal of temporary differences	1,338	3,855	8,904
Tax credit/(charge)	5,845	3,855	8,904

The income tax credit for the period can be reconciled to the accounting profit as follows:

€'000	Unaudited 6 months ended 30 June 2019	Unaudited 6 months ended 30 June 2018	Audited Year ended 31 December 2018
Profit/(loss) before tax	1,680	(4,656)	(11,876)
Income tax (charge)/credit calculated at 31.1% (2018: 46.1%)	(522)	2,146	5,475
Uplift	407	194	436
Marginal field incentive	2,031	1,174	3,397
Other movements	3,929	341	54
Goodwill impairment	-	-	(458)
Tax credit	5,845	3,855	8,904

The tax rates used for the 2019 and 2018 reconciliations above is a mixed tax rate between the Netherlands and Germany.

The movement in deferred tax assets is shown in the table below:

Deferred taxes for the period €'000	Unaudited			Total
	Tax losses	Provisions	Other	
At 31 December 2017	51,919	291	(3,119)	49,091
<i>(Charged)/credited to:</i>				
Profit and loss account	3,647	225	(17)	3,855
At 30 June 2018	55,566	516	(3,136)	52,946
<i>(Charged)/credited to:</i>				
Profit and loss account	4,599	7,681	(7,231)	5,049
At 31 December 2018	60,165	8,197	(10,367)	57,995
<i>(Charged)/credited to:</i>				
Profit and loss account	4,911	2,410	(1,476)	5,845
At 30 June 2019	65,076	10,607	(11,843)	63,840

Note 6 Taxes (cont'd)

The tax losses are made up of Corporate Income Tax ('CIT') and State Profit Share ("SPS") losses. Provisions relate to temporary differences on abandonment provisions and other relates to temporary differences on abandonment fixed assets and other provisions/liabilities.

TONO CIT losses for the years prior to 2019 can be carried forward for a period of nine years from the originating year and SPS losses can be carried forward indefinitely. Management expects to recover these losses against current and future revenues.

TON CIT losses for the years prior to 2019 can be carried forward for a period of nine years from the originating year and SPS losses can be carried forward indefinitely. Management continues to recognise the CIT losses of TON as an asset. The arm's-length transaction sale of the Q10-A asset in 2015 is under re-evaluation, and the Group continues to operate the assets for their long term development opportunities and/or short term commercial deals. If some or all of these plans do not materialise then a write down of (a part of) the currently recognised CIT deferred tax asset would be required. Remaining post fiscal unity losses in TON can be utilised and recovered against TONO's current and future revenues.

RP CIT losses can be carried forward indefinitely. Management continues to recognise an asset for CIT losses related to its German subsidiary Rhein Petroleum GmbH on the basis of future developments within Steig, Lauben and Schwarzbach. If some or all of these plans do not materialise, management has contemplated a restructuring related to its German subsidiary to allow significant utilisation of these CIT losses within the Dutch fiscal union.

Note 7 Intangible assets

€'000	Unaudited	Unaudited
	Licenses	Goodwill
Acquisition cost 31.12.2017	24,055	5,059
Additions	-	-
Disposals	(1)	-
Acquisition cost 30.06.2018	24,054	5,059
Accumulated depreciation and impairments 31.12.2017	(22,251)	(1,799)
Depreciation	(36)	-
Impairment	-	-
Accumulated depreciation and impairments 30.06.2018	(22,287)	(1,799)
Book value 30.06.2018	1,767	3,260
Acquisition cost 30.06.2018	24,054	5,059
Additions	-	-
Disposals	-	-
Acquisition cost 31.12.2018	24,054	5,059
Accumulated depreciation and impairments 30.06.2018	(22,287)	(1,799)
Depreciation	(37)	-
Impairment	-	(1,830)
Accumulated depreciation and impairments 31.12.2018	(22,324)	(3,629)
Book value 31.12.2018	1,730	1,430
Acquisition cost 31.12.2018	24,054	5,059
Additions	-	-
Disposals	-	-
Acquisition cost 30.06.2019	24,054	5,059
Accumulated depreciation and impairments 31.12.2018	(22,324)	(3,629)
Depreciation	(36)	-
Impairment	-	-
Accumulated depreciation and impairments 30.06.2019	(22,360)	(3,629)
Book value 30.06.2019	1,694	1,430

Goodwill is not depreciated within the books but tested regularly for impairment. The remaining licenses are depreciated over a term period of 20-25 years.

Note 8 Tangible fixed assets

	Unaudited	Unaudited	Unaudited	Unaudited
€'000	Assets under construction	Production facilities including wells	Fixtures and fittings, office equipment	Total
Acquisition cost 31.12.2017	29,449	45,468	972	75,889
Additions	21,257	1	1	21,259
Other movements	143	806	-	949
Disposals	-	(695)	-	(695)
Reclassification	7,429	(7,429)	-	-
Acquisition cost 30.06.2018	58,278	38,151	973	97,402
Accumulated depreciation and impairments 31.12.2017	(15,025)	(31,956)	(745)	(47,726)
Depreciation	-	(503)	(83)	(586)
Impairment	-	(556)	-	(556)
Disposals	-	695	-	695
Reclassification	(7,527)	7,527	-	-
Accumulated depreciation and impairments 30.06.2018	(22,552)	(24,793)	(828)	(48,173)
Book value 30.06.2018	35,726	13,358	145	49,229
Acquisition cost 30.06.2018	58,278	38,151	973	97,402
Additions	47,685	1,451	15	49,151
Other movements	(162)	(849)	(208)	(1,219)
Disposals	-	695	-	695
Reclassification	(16,977)	16,860	553	436
Acquisition cost 31.12.2018	88,824	56,308	1,333	146,465
Accumulated depreciation and impairments 30.06.2018	(22,552)	(24,793)	(828)	(48,173)
Depreciation	-	(466)	(62)	(528)
Impairment	-	(1,216)	-	(1,216)
Disposals	-	(695)	-	(695)
Reclassification	16,687	(16,778)	(345)	(436)
Other movements	7	-	-	7
Accumulated depreciation and impairments 31.12.2018	(5,858)	(43,948)	(1,235)	(51,041)
Book value 31.12.2018	82,966	12,360	98	95,424

Note 8 Tangible fixed assets (cont'd)

	Unaudited	Unaudited	Unaudited	Unaudited
€'000	Assets under construction	Production facilities including wells	Fixtures and fittings, office equipment	Total
Acquisition cost 31.12.2018	88,824	56,308	1,333	146,465
Additions	39,289	-	574	39,863
Other movements	-	(243)	-	(243)
Disposals	-	-	(4)	(4)
Reclassification	(107,343)	107,343	-	-
Acquisition cost 30.06.2019	20,770	163,408	1,903	186,081
Accumulated depreciation and impairments 31.12.2018	(5,858)	(43,948)	(1,235)	(51,041)
Depreciation	-	(3,570)	(127)	(3,697)
Impairment	(10)	(30)	-	(40)
Disposals	-	-	-	-
Reclassification	5,780	(5,780)	-	-
Accumulated depreciation and impairments 30.06.2019	(88)	(53,328)	(1,362)	(54,778)
Book value 30.06.2019	20,682	110,080	541	131,303

Additions include €483.9 of assets recognised on implementation of IFRS 16 on 1 January 2019. A corresponding liability has also been recorded at that date.

	Unaudited	Unaudited	Audited
€'000	6 months ended 30 June 2019	6 months ended 30 June 2018	Year ended 31 December 2018
Depreciation and amortisation in the Income statement			
Depreciation of tangible fixed assets	3,697	586	1,114
Amortisation of intangible assets	36	37	73
Total depreciation and amortisation in the Income statement	3,733	623	1,187
Impairment in the Income statement €'000			
Impairment/(reversal) of tangible fixed assets	40	556	1,772
Impairment/(reversal) of intangible assets	-	-	-
Impairment of goodwill	-	-	1,830
Total impairment in the Income statement	40	556	3,602

Note 9 Other short-term receivables

€'000	Unaudited 30 June 2019	Unaudited 30 June 2018	Audited 31 December 2018
JV receivable	2,182	-	1,851
Prepayments	248	-	712
Project invoices in advance of work done	-	2,705	-
VAT receivable	1,322	162	1,514
Other receivables	97	-	1,236
Total other short-term receivables	3,849	2,867	5,313

Note 10 Cash and cash equivalents

Cash and cash equivalents consist of bank accounts and bond related restricted cash balances. For the current half period the restricted funds mainly relate to one quarter of bond interest payments.

€'000	Unaudited 30 June 2019	Unaudited 30 June 2018	Audited 31 December 2018
Bank accounts	3,207	52,203	31,796
Restricted funds	2,620	9,414	5,691
Cash and cash equivalents	5,827	61,617	37,487

Note 11 Provision for abandonment liabilities

	Unaudited	Unaudited	Audited
€'000	30 June 2019	30 June 2018	31 December 2018
Provisions as of beginning of period	17,770	1,421	1,421
Accretion expense	202	(84)	81
Additions	6,463	-	14,477
Change in estimates and incurred liabilities	-	949	1,791
Total provision for abandonment liabilities at the end of period	24,435	2,286	17,770
Break down of the provision to short-term and long-term liabilities			
Short-term	-	-	-
Long-term	24,435	2,286	17,770
Total provision for abandonment liabilities	24,435	2,286	17,770

The additions during 2018 relate to an increase in the abandonment provision following the completion of the construction of the offshore Q10-A platform in December 2018. The additions during 2019 relate to the recording of the abandonment provision of producing wells. The estimate is based on executing a concept for decommissioning in accordance with the Petroleum Activities Act and international regulations and guidelines. Abandonment provisions are determined using an inflation rate of 2.0% (2018: 1.5%) and a discount rate of 2.0% (2018: 2.0%).

Note 12 Bonds

	Unaudited	Unaudited	Audited
€'000	30 June 2019	30 June 2018	31 December 2018
Senior secured bond	85,841	85,495	85,668
Bond setup costs	(1,705)	(2,190)	(1,962)
Long-term bonds	84,136	83,305	83,706

The bond of €87 million (face value) is denominated in € and runs from October 2017 to September 2022. The bond was issued at 98% of its face value. The bond carries an interest rate of 3 month EURIBOR + 8.5%. The principal falls due on September 2022 and interest is paid on a quarterly basis. TONO is the issuer of the Bond and TON and TOH are Guarantors. No financial covenants currently apply to the bond except for the minimum liquidity restrictions and the reserving of bond interest related payments. Please see www.tulipoil.com for details of the covenants that apply.



Note 12 Bonds (cont'd)

In respect of the bond the following pledges have been established:

- TOH Intra-Group Loan Pledge over all intra-Group loans made by TOH to TON, granted by TOH in favour of the Bond Trustee on first priority, as security for the obligations and liabilities;
- TON Share Pledge over all of the shares in TON, granted by TOH in favour of the Bond Trustee on first priority, as security for the obligations and liabilities;
- TON Subordinated Loans Pledge over all Subordinated Loans made by TON to TONO, granted by TON in favour of the Bond Trustee on first priority, as security for the obligations and liabilities;
- A Dutch law governed omnibus pledge granted by TONO in favour of the bond holders on first priority, as security for the obligations and liabilities comprising:
 - (a) a receivables pledge of all TONO monetary claims under or with respect to any insurances required to be taken out;
 - (b) a receivables pledge over each of TONO's existing bank accounts held with Dutch banks (except for the Escrow Account and the Debt Service Retention Account related to the bond);
 - (c) a receivables pledge over the earnings from the sale of hydrocarbons; and
 - (d) a receivables pledge over monetary claims under or with respect to any loans granted by TONO to another Group Company.

A voluntary repayment option exists to redeem the outstanding bonds at set prices at specified periods up to April 2022.

Appendix 1 - Risk Factors

The Group's activities expose it to a variety of operational and financial risks, including without limitation, general oil and gas industry risks, specific risks related to the business, credit risk, currency risk, interest risk and liquidity risk. The half year financial do not include all financial risk management information and disclosures required in the annual financial statements; they should be read in conjunction with the Group's audited consolidated annual financial statements as at 31 December 2018. There have been no significant changes in any risk management policies since year end.