



Tulip Oil

Exploration and Production

The Hague, 30 August 2019



2019

UNAUDITED HALF YEARLY FINANCIAL
STATEMENTS WITH NOTES

TULIP OIL NETHERLANDS B.V.

H1

2019

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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 NETHERLANDS B.V. (THE "COMPANY") 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 COMPANY 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 COMPANY'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 COMPANY'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 COMPANY'S PRESENT AND FUTURE BUSINESS STRATEGIES AND THE ENVIRONMENT IN WHICH THE COMPANY WILL OPERATE IN THE FUTURE. NO WARRANTY OR REPRESENTATION IS GIVEN BY THE COMPANY 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 COMPANY 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 COMPANY.

SUMMARY AND COMMENTARY

€'000	2019 H1 Unaudited	2018 H1 Unaudited	2017 H1 Unaudited	2018 FY Audited	2017 FY Audited	2016 FY Audited
Revenue	1	62	563	291	756	2,136
EBITDA (excluding share of interest in affiliates) ¹	(249)	(264)	(139)	(513)	(432)	(2,887)
Operating profit/(loss)	(249)	(472)	(9,845)	(831)	(13,773)	(4,638)
Profit/(loss) for the period	6,509	(1,437)	(7,548)	(2,174)	(12,232)	(6,138)
Cash flow from operations	(430)	(268)	(706)	(287)	(1,985)	(9,405)
Cash flow from investments	4	-	-	-	-	-
Interest-bearing debt ¹	(37,481)	(36,157)	(55,225)	(36,501)	(35,309)	(52,910)
Cash and cash equivalents	106	71	45	249	576	511

Tulip Oil Netherlands B.V. (“the Company” or “TON”) holds a 60% operated interest in the licences of Donkerbroek Main, Donkerbroek West, Akkrum and Marknesse. Additionally the Company holds a 60% operated interest in M10a/M11/TEN and a 30% operated interest in Schagen. The Company also has a wholly owned subsidiary, Tulip Oil Netherlands Offshore B.V. (“TONO”).

Revenue. There has been no production in the first half year of 2019. Production from the DKK-4 well ceased in April 2018. The Company continues to operate the assets for their long term development opportunities and/or short term commercial opportunities.

Profit/(loss) for the period. Profit for the period was higher at €6.5 million mainly due to income from affiliates which includes the production revenues arising from the Q10-A asset in subsidiary TONO.

Interest-bearing debt. This increased to €37.5 million as a result of funding support from its parent company, Tulip Oil Holding B.V.

¹ The Company 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 amortisation. Interest-bearing debt is defined as the bond payable plus finance lease obligations.

UNAUDITED FINANCIAL STATEMENTS WITH NOTES

INCOME STATEMENT

		Unaudited	Unaudited	Audited
		6 months	6 months	Year
		ended	ended	ended
		30 June	30 June	31 December
€'000	Note	2019	2018	2018
Revenue	2	1	62	70
Other revenues		-	-	221
Total Income		1	62	291
Exploration expenses		(52)	-	-
Production costs		(103)	(223)	(506)
Depreciation	8	-	(1)	(2)
Impairments	3,8	-	(207)	(316)
Other operating expenses	4	(95)	(103)	(298)
Total operating expenses		(250)	(534)	(1,122)
Operating profit/(loss)		(249)	(472)	(831)
Interest income		291	333	669
Other financial income		-	-	-
Interest expenses		(1,483)	(1,419)	(2,907)
Other financial expenses		(10)	21	(38)
Net finance costs	5	(1,202)	(1,065)	(2,276)
Share of interest in affiliates	7	7,281	(658)	(424)
Profit/(loss) before taxes		5,830	(2,195)	(3,531)
Tax credit/(charge)	6	679	758	1,357
Profit/(loss) for the period		6,509	(1,437)	(2,174)

STATEMENT OF COMPREHENSIVE INCOME

		Unaudited	Unaudited	Audited
		6 months	6 months	Year
		ended	ended	ended
		30 June	30 June	31 December
€'000		2019	2018	2018
Profit/(loss) for the period		6,509	(1,437)	(2,174)
Total comprehensive income in period		6,509	(1,437)	(2,174)



STATEMENT OF FINANCIAL POSITION

€'000	Note	Unaudited	Unaudited	Audited
		H1	H1	H2
		30 June 2019	30 June 2018	31 December 2018
ASSETS				
Investments				
Investments in subsidiaries	7	17,723	10,208	10,442
Tangible fixed assets				
Property, plant and equipment	8	-	5	4
Financial assets				
Long-term loan to affiliates	9	6,500	8,000	7,000
Deferred tax assets	6	21,873	20,595	21,194
Total non-current assets		46,096	38,808	38,640
Receivables				
Trade receivables		1	33	-
Other short-term receivables	10	41	29	180
Cash and cash equivalents				
Cash and cash equivalents		106	71	249
Total current assets		148	133	429
TOTAL ASSETS		46,244	38,941	39,069

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		100	100	100
Share premium		28,354	28,354	28,354
Retained earnings		(20,799)	(26,571)	(27,308)
Total equity		7,655	1,883	1,146
Non-current liabilities				
Long-term abandonment provision	11	994	816	984
Interest-bearing loans from affiliates	12	37,481	36,151	36,501
Other non-current liabilities		-	6	-
Current liabilities				
Trade payables		12	50	294
Accrued expenses		49	4	15
Liabilities against affiliates		53	31	126
Other current liabilities		-	-	3
Total liabilities		38,589	37,058	37,923
TOTAL EQUITY AND LIABILITIES		46,244	38,941	39,069

STATEMENT OF CHANGES IN EQUITY (Unaudited)

€'000	Share capital	Share premium	Retained earnings	Total equity
Equity as of 31.12.2017	100	28,354	(25,134)	3,320
Share premium injection	-	-	-	-
Profit/(loss) for the period	-	-	(1,437)	(1,437)
Equity as of 30.06.2018	100	28,354	(26,571)	1,883
Share premium injection	-	-	-	-
Profit/(loss) for the period	-	-	(737)	(737)
Equity as of 31.12.2018	100	28,354	(27,308)	1,146
Share premium injection	-	-	-	-
Profit/(loss) for the period	-	-	6,509	6,509
Equity as of 30.06.2019	100	28,354	(20,799)	7,655

STATEMENT OF CASH FLOW

		Unaudited	Unaudited	Audited
		6 months	6 months	Year
		ended	ended	ended
		30 June	30 June	31 December
€'000	Note	2019	2018	2018
CASH FLOW FROM OPERATING ACTIVITIES				
Profit/(loss) for the period		6,509	(1,437)	(2,174)
Tax (credit)/charge		(679)	(758)	(1,357)
Net finance costs	5	1,202	1,065	2,276
Depreciation	8	-	1	2
Impairments	3,8	-	207	316
Share of interest in affiliates	7	(7,281)	658	424
Decrease/(increase) in trade and other receivables		136	89	(29)
(Decrease)/increase in trade, other payables and provisions		(317)	(93)	255
NET CASH FLOW FROM OPERATING ACTIVITIES		(430)	(268)	(287)
CASH FLOW FROM INVESTMENT ACTIVITIES				
Payments to acquire tangible fixed assets		-	-	-
Proceeds on disposal of tangible fixed assets		4	-	-
NET CASH FLOW FROM INVESTMENT ACTIVITIES		4	-	-
CASH FLOW FROM FINANCING ACTIVITIES				
Repayment of loan to parent Company	12	(250)	-	(1,000)
Loan proceeds from parent Company	12	1,230	850	2,200
Repayments from subsidiary	9	500	-	1,000
Repayment of other loans		(5)	(1)	(2)
<i>Net interest paid:</i>				
Total interest paid	5	(1,483)	(1,419)	(2,907)
Interest income	5	291	333	669
NET CASH FLOW FROM FINANCING ACTIVITIES		283	(237)	(40)
Net change in cash and cash equivalents		(143)	(505)	(327)
Cash and cash equivalents at start of period		249	576	576
CASH AND CASH EQUIVALENTS AT END OF PERIOD		106	71	249

NOTES TO THE FINANCIAL STATEMENTS (Unaudited)

These unaudited 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 interim financial statements do not include all information required by IFRS and should be read in conjunction with the Company's audited annual financial statements as at 31 December 2018. The unaudited 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 interim financial statements have not been subject to review or audit by independent auditors.

These unaudited interim financial statements were authorised for issue by the Tulip Oil Holding B.V.'s Board of Directors on 30 August 2019.

Note 1 Accounting principles

The accounting principles used for this unaudited interim report are consistent with the principles used in the Company's (Tulip Oil Netherlands B.V.) audited annual financial statements as at 31 December 2018. The Company has also adopted IFRS 16 *Leases* with effect from 1 January 2019. There is no impact on these half year financial statements from the adoption of this standard.

In preparing these unaudited 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 Company's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the audited annual financial statements as at 31 December 2018.

Consistent with the audited 2018 year end financial statements, prior mid-year figures have been reclassified, where necessary.

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	-	-	7
Recognised income gas	1	62	63
Total revenue	1	62	70
Breakdown of produced volumes (thousand barrels of oil energy equivalent)			
Liquids	-	-	-
Gas	-	2	4
Total produced volumes	-	2	4

Note 3 Impairments

Impairment tests of individual cash-generating units are performed when impairment triggers are identified. No new triggers have been identified during the first half of 2019. The impairment 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	6 months	Year
	ended	ended	ended
	30 June	30 June	31 December
€'000	2019	2018	2018
Contractors	-	3	5
Travel and travel related costs	-	4	7
IT and communication	2	2	4
Professional services	63	21	52
Cost recharges	80	110	297
Other (including recovery of cost)	(50)	(37)	(67)
Total other operating expenses	95	103	298

There are no employees of the company in the first half of 2019 (2018: Nil).

The directors of the Company received no compensation for their services. All fees related to the duties of the directors are disclosed in the consolidated financial statements of the parent, Tulip Oil Holding B.V.

Note 5 Net finance costs

	Unaudited	Unaudited	Audited
	6 months	6 months	Year
	ended	ended	ended
	30 June	30 June	31 December
€'000	2019	2018	2018
Interest income	(291)	(333)	(669)
Total financial income	(291)	(333)	(669)
Interest on loans from affiliates	1,483	1,419	2,907
Capitalised interest cost, development projects	-	-	-
Total interest expenses	1,483	1,419	2,907
Other financial expenses	-	-	-
Accretion expenses	10	(21)	38
Total other financial expenses	10	(21)	38
Net finance costs	1,202	1,065	2,276



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	523	-	-
Deferred tax expense			
Origination and reversal of temporary differences	156	758	1,357
Tax credit/(charge)	679	758	1,357

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

	Unaudited 6 months ended 30 June 2019	Unaudited 6 months ended 30 June 2018	Audited Year ended 31 December 2018
€'000			
Profit/(loss) before taxes	5,830	(2,195)	(3,531)
Add back share of interest in affiliates	(7,281)	658	424
Profit/(loss) before taxes and share of interest in affiliates	(1,451)	(1,537)	(3,107)
Income tax credit calculated at 50.0% (2018: 50.0%)	725	769	1,553
Uplift	39	69	157
Other movements	55	109	98
Horizontal relief not compensated	(140)	(189)	(451)
Tax credit	679	758	1,357

	Unaudited			Total
	Tax losses	Provisions	Other	
Deferred taxes for the period €'000				
At 31 December 2017	19,590	221	26	19,837
<i>(Charged)/credited to:</i>				
Profit and loss account	602	50	106	758
At 30 June 2018	20,192	271	132	20,595
<i>(Charged)/credited to:</i>				
Profit and loss account	539	60	-	599
At 31 December 2018	20,731	331	132	21,194
<i>(Charged)/credited to:</i>				
Profit and loss account	921	(242)	-	679
At 30 June 2019	21,652	89	132	21,873



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.

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.

Note 7 Investments

	Unaudited	Unaudited	Audited
€'000	30 June 2019	30 June 2018	31 December 2018
Balance at the beginning of the period	10,442	10,866	10,866
Share of interest in TONO	7,281	(658)	(424)
Balance at the end of the period	17,723	10,208	10,442

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	-	19,232	13	19,245
Additions	-	207	-	207
Other movements	-	-	-	-
Acquisition cost 30.06.2018	-	19,439	13	19,452
Accumulated depreciation and impairments 31.12.2017	-	(19,232)	(7)	(19,239)
Depreciation	-	-	(1)	(1)
Impairment	-	(207)	-	(207)
Accumulated depreciation and impairments 30.06.2018	-	(19,439)	(8)	(19,447)
Book value 30.06.2018	-	-	5	5
Acquisition cost 30.06.2018	-	19,439	13	19,452
Additions	-	109	-	109
Other movements	-	-	-	-
Acquisition cost 31.12.2018	-	19,548	13	19,561
Accumulated depreciation and impairments 30.06.2018	-	(19,439)	(8)	(19,447)
Depreciation	-	-	(1)	(1)
Impairment	-	(109)	-	(109)
Accumulated depreciation and impairments 31.12.2018	-	(19,548)	(9)	(19,557)
Book value 31.12.2018	-	-	4	4
Acquisition cost 31.12.2018	-	19,548	13	19,561
Additions	-	-	-	-
Disposals	-	-	(13)	(13)
Acquisition cost 30.06.2019	-	19,548	-	19,548
Accumulated depreciation and impairments 31.12.2018	-	(19,548)	(9)	(19,557)
Depreciation	-	-	-	-
Impairment	-	-	-	-
Disposals	-	-	9	9
Accumulated depreciation and impairments 30.06.2019	-	(19,548)	-	(19,548)
Book value 30.06.2019	-	-	-	-

Note 8 Tangible fixed assets (cont'd)

	Unaudited 6 months ended 30 June 2019	Unaudited 6 months ended 30 June 2018	Audited Year ended 31 December 2018
Depreciation in the Income statement €'000			
Depreciation of tangible fixed assets	-	1	2
Total depreciation in the Income statement	-	1	2
Impairment in the Income statement €'000			
Impairment/(reversal) of tangible fixed assets	-	207	316
Total impairment in the Income statement	-	207	316

Note 9 Long term loans to affiliates

€'000	Unaudited 30 June 2019	Unaudited 30 June 2018	Audited 31 December 2018
Balance at the beginning of the period	7,000	8,000	8,000
Additional loans issued	-	-	-
Repayments of loan	(500)	-	(1,000)
Balance at the end of the period	6,500	8,000	7,000

This loan from TON to TONO is unsecured and bears an interest rate of 8.40% per annum. The loan agreement expires on 1 January 2025. This loan is covered by a subordinated loans pledge agreement in favour of the Bond trustee.

Note 10 Other short-term receivables

€'000	Unaudited 30 June 2019	Unaudited 30 June 2018	Audited 31 December 2018
JV receivables	28	-	99
Prepayments	8	16	19
VAT receivable	5	13	62
Total other short-term receivables	41	29	180

Note 11 Provision for abandonment liabilities

	Unaudited	Unaudited	Audited
€'000	30 June 2019	30 June 2018	31 December 2018
Abandonment provision at beginning of the period	984	630	630
Accretion expense	10	(21)	38
Change in estimates and incurred liabilities	-	207	316
Total abandonment provision at year end	994	816	984
Break down of the abandonment provision to short-term and long-term liabilities			
Short-term	-	-	-
Long-term	994	816	984
Total abandonment provision	994	816	984

The abandonment provision is based on executing a concept for decommissioning in accordance with the Petroleum Activities Act and international regulations and guidelines. The calculations assume an inflation rate of 2.0% (2018: 1.5%) and a discount rate of 2.0% (2018: 2.0%).

Note 12 Interest bearing loans from affiliates

	Unaudited	Unaudited	Audited
€'000	30 June 2019	30 June 2018	31 December 2018
Balance at the beginning of the period	36,501	35,301	35,301
Additions during the period	1,230	850	2,200
Repayments during the period	(250)	-	(1,000)
Balance at the end of the period	37,481	36,151	36,501

Note 13 Guarantees

On 25 October 2017 TONO has entered into a Senior Secured Callable Bond Issue (hereafter "Bond") agreement for €87,000,000. TONO is the issuer of the Bond and TON is a Guarantor.

TON is a guarantor of the Bond, under which it irrevocably and unconditionally jointly and severally:

- Guarantees to the Bond Trustees punctual performance of TONO;
- Undertakes to make any payment, immediately on demand, of any amounts unpaid by TONO;
- Agrees with the Bond Trustee that if any obligation guaranteed by it is or becomes unenforceable, invalid or illegal, it will, as an independent and primary obligation, indemnify the Bond Trustee immediately on demand against any cost, loss or liability it incurs which would have been due under the terms of the Bond.

In addition all the shares of TON have been pledged to the Bond Trustee as security.



Appendix 1 - Risk Factors

The Company'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 financials do not include all financial risk management information and disclosures as required in the annual financial statements; they should be read in conjunction with the Company's audited annual financial statements as at 31 December 2018. There have been no significant changes in any risk management policies since year end.

