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THIS REPORT (THE “REPORT”) CONTAINS FINANCIAL INFORMATION (THE “FINANCIAL INFORMATION”), OPERATIONAL, LEGAL AND OTHER INFORMATION CONCERNING TULIP OIL NETHERLANDS OFFSHORE 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 REALISED, 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.

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.

KEY EVENTS IN H1 2020

H1 2020	Gas production was 190 million Sm ³ , more than double the same period last year (2019 H1: 82 million Sm ³).
H1 2020	In response to low gas prices, gas is being "left in the ground" after production was curtailed to 1 million Sm ³ /d in Q2.
H1 2020	Capital and operating expenditures have been reduced since the outbreak of COVID 19. The mid-year cash balance has been more than tripled to €16.5 million (H1 2019: €4.7 million).
Q2 2020	Preparations are underway for the use of existing third party compression facilities.



SUMMARY AND COMMENTARY

€'000	2020 H1 Unaudited	2019 H1 Unaudited	2018 H1 Unaudited	2019 FY Audited	2018 FY Audited	2017 FY Audited
<i>Gas production (million Sm³)</i>	190	82	-	372	-	-
Revenue	17,141	11,376	-	47,834	-	-
EBITDA ¹	12,415	6,916	(901)	36,695	(2,579)	(1,883)
Operating profit/(loss)	3,984	3,496	(937)	21,264	(2,652)	(1,945)
Profit/(loss) for the period	867	7,281	(658)	23,518	(424)	(3,348)
Cash flow from operations	15,606	2,545	(1,826)	28,196	(1,424)	(1,981)
Cash flow from investments	(715)	(29,458)	(12,825)	(47,450)	(32,614)	(455)
Interest-bearing debt ¹	89,928	92,386	93,495	90,256	92,667	93,322
Cash and cash equivalents	16,475	4,682	60,661	6,071	36,130	79,386

Revenue. Q10-A production increased to 190 million Sm³ compared to the previous half year period of 82 million Sm³. Production for Q2 2020 at 71 million Sm³ is however lower than Q1 2020 at 119 million Sm³. This reduction was in response to lower gas prices. The average realised price for the first half year period is €8.2 per MWh (2019 half year period: €13.0 per MWh).

EBITDA. See Revenue. Variable production costs have fallen in line with lower production over H2 2020. Exploration expenses have fallen in H1 2020 compared to H1 2019 following completion of the 3D seismic re-processing.

Operating profit. See Revenue and EBITDA. The production also attracted depreciation.

Profit/(loss) for the period. Two quarterly interest payments were incurred on the bond together with intercompany interest payments. In addition during 2020 following the implementation of fiscal unity tax compensation, a current tax charge was incurred.

Cash flow from operations. The Company generated positive cash flow of €15.6 million for the period (H1 2019: €2.5 million).

Cash flow from investments. Residual cash outflow from capital expenditure was incurred following the end of the drilling campaign in 2019.

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

Cash and cash equivalents. Cash at the end of the period increased following a reduction in capital and operating expenditures in response to the COVID 19 situation.

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, intercompany loans and 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	2020	2019	2019
Revenue	2	17,141	11,376	47,834
Total Revenue		17,141	11,376	47,834
Exploration expenses		(147)	(825)	(1,468)
Production costs		(3,564)	(2,992)	(7,503)
Other operating expenses	4	(1,015)	(643)	(2,168)
Depreciation and amortisation	7-9	(8,431)	(3,420)	(15,431)
Impairments	3,7-9	-	-	-
Total operating expenses		(13,157)	(7,880)	(26,570)
Operating profit/(loss)		3,984	3,496	21,264
Interest income		-	-	-
Other financial income		3	-	-
Interest expenses		(925)	(836)	(1,893)
Other financial expenses		(512)	(605)	(1,277)
Other interest expenses		(11)	(5)	(11)
Net finance costs	5	(1,445)	(1,446)	(3,181)
Profit/(loss) before taxes		2,539	2,050	18,083
Tax credit/(charge)	6	(1,672)	5,231	5,435
Profit/(loss) for the period		867	7,281	23,518

STATEMENT OF COMPREHENSIVE INCOME

		Unaudited	Unaudited	Audited
		6 months	6 months	Year
		ended	ended	ended
		30 June	30 June	31 December
€'000		2020	2019	2019
Profit/(loss) for the period		867	7,281	23,518
Total comprehensive income in period		867	7,281	23,518

STATEMENT OF FINANCIAL POSITION

		Unaudited H1 30 June 2020	Unaudited H1 30 June 2019	Audited H2 31 December 2019
€'000	<i>Note</i>			
ASSETS				
Intangible assets				
Other intangible assets	7	1,621	1,694	1,658
Tangible fixed assets				
Property, plant and equipment	3,8	105,313	115,518	129,004
Financial assets				
Deferred tax assets	6	21,706	21,311	21,515
Total non-current assets		128,640	138,523	152,177
Inventories				
Inventories		830	60	365
Receivables				
Trade receivables		1,165	3,755	8,092
Other short-term receivables	10	1,042	3,601	1,042
Cash and cash equivalents				
Cash and cash equivalents	11	16,475	4,682	6,071
Total current assets		19,512	12,098	15,570
TOTAL ASSETS		148,152	150,621	167,747

STATEMENT OF FINANCIAL POSITION

		Unaudited H1 30 June 2020	Unaudited H1 30 June 2019	Audited H2 31 December 2019
€'000	<i>Note</i>			
EQUITY AND LIABILITIES				
Equity				
Share capital		-	-	-
Share premium		20,517	20,517	20,517
Retained earnings		14,310	(2,794)	13,443
Total equity		34,827	17,723	33,960
Non-current liabilities				
Long-term abandonment provision	12	13,180	21,504	31,457
Long-term bond payable	13	84,997	84,136	84,566
Interest-bearing loans from affiliates	14	3,700	6,500	4,200
Other non-current liabilities		106	1,855	121
Current liabilities				
Trade payables		948	6,975	1,637
Accrued expenses		6,841	9,522	8,155
Liabilities against affiliates		461	1,050	376
Other current financial liabilities		1,315	1,356	1,376
Other current liabilities		1,777	-	1,899
Total liabilities		113,325	132,898	133,787
TOTAL EQUITY AND LIABILITIES		148,152	150,621	167,747

STATEMENT OF CHANGES IN EQUITY (Unaudited)

€'000	Share capital	Share premium	Retained earnings	Total equity
Equity as of 31.12.2018	-	20,517	(10,075)	10,442
Share premium injection	-	-	-	-
Profit/(loss) for the period	-	-	7,281	7,281
Equity as of 30.06.2019	-	20,517	(2,794)	17,723
Share premium injection	-	-	-	-
Profit/(loss) for the period	-	-	16,237	16,237
Equity as of 31.12.2019	-	20,517	13,443	33,960
Share premium injection	-	-	-	-
Profit/(loss) for the period	-	-	867	867
Equity as of 30.06.2020	-	20,517	14,310	34,827

STATEMENT OF CASH FLOW

	Note	Unaudited 6 months ended 30 June 2020	Unaudited 6 months ended 30 June 2019	Audited Year ended 31 December 2019
€'000				
CASH FLOW FROM OPERATING ACTIVITIES				
Profit/(loss) for the period		867	7,281	23,518
Tax credit/(charge)	6	1,672	(5,231)	(5,435)
Net finance costs	5	1,445	1,446	3,181
Depreciation and amortisation	7-9	8,431	3,420	15,431
Impairments	3,8,9	-	-	-
Other items		-	8	-
Taxes (paid)/received		(1,848)	-	-
Decrease/(increase) in trade and other receivables		6,928	(2,459)	(4,453)
(Decrease)/increase in trade, other payables and provisions		(1,424)	(1,920)	(3,741)
(Increase)/decrease in inventories		(465)	-	(305)
NET CASH FLOW FROM OPERATING ACTIVITIES		15,606	2,545	28,196
CASH FLOW FROM INVESTMENT ACTIVITIES				
Payments to acquire tangible fixed assets		(715)	(29,458)	(47,450)
NET CASH FLOW FROM INVESTMENT ACTIVITIES		(715)	(29,458)	(47,450)
CASH FLOW FROM FINANCING ACTIVITIES				
Repayment of loan to parent Company	14	(500)	(500)	(2,800)
Repayment of long term payables		(17)	-	(5)
Other finance charges (net)		(11)	(6)	(11)
<i>Net interest paid:</i>				
Interest expenses	5	(925)	(836)	(1,893)
Change in other current financial liabilities		(61)	(20)	-
Interest capitalised on capital expenditure	5	(2,973)	(3,173)	(6,096)
NET CASH FLOW FROM FINANCING ACTIVITIES		(4,487)	(4,535)	(10,805)
Increase/(decrease) in cash and cash equivalents		10,404	(31,448)	(30,059)
Cash and cash equivalents at start of period		6,071	36,130	36,130
CASH AND CASH EQUIVALENTS AT END OF PERIOD	11	16,475	4,682	6,071

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 2019. 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 Tulip Oil Holding B.V.'s ("TOH") Board of Directors on 27 August 2020.

Note 1 Accounting principles

The accounting principles used for this interim report are consistent with the principles used in the Company's (Tulip Oil Netherlands Offshore B.V.) ("TONO") annual financial statements as at 31 December 2019.

In preparing these unaudited interim financial statements, management has made judgements, estimates and assumptions concerning the future that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Different estimates, assumptions and judgements could significantly affect the information reported, and actual results may differ from the amounts included in these financial statements and notes.

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 2019.

Consistent with the audited 2019 year-end financial statements, prior mid-year figures have been reclassified, where necessary.

Note 2 Revenue

	Unaudited	Unaudited	Audited
	6 months ended 30 June 2020	6 months ended 30 June 2019	Year ended 31 December 2019
€'000			
Recognised income liquids	-	188	849
Recognised income gas	17,141	11,188	46,985
Total revenue	17,141	11,376	47,834
Breakdown of produced volumes (thousand barrels of oil energy equivalent)			
Liquids	7	-	15
Gas	1,218	518	2,363
Total produced volumes	1,225	518	2,378
Gas (million Sm³)	190	82	372

Note 3 Impairments

Impairment tests of individual cash-generating units are performed when impairment triggers are identified. TONO and its business partners have taken measures in response to the COVID-19 outbreak, including provisions for business continuity and a reduction in expenditure levels. Given the COVID-19 situation, as well as the recent decline in oil and gas prices, the Q10-A asset has been retested for impairment. No impairment has been identified.

Note 4 Other operating expenses

	Unaudited 6 months ended 30 June 2020	Unaudited 6 months ended 30 June 2019	Audited Year ended 31 December 2019
€'000			
Staff and contractors	130	741	2,249
Travel and travel related costs	26	50	81
IT and communication	39	48	40
Professional services	138	117	252
Cost recharges	1,384	2,233	3,671
Other (including recovery of cost and capitalisation of costs)	(702)	(2,546)	(4,125)
Total other operating expenses	1,015	643	2,168

There are no employees of the Company in the first half of 2020 (H1 2019: Nil).

The directors of Tulip Oil Netherlands Offshore B.V. 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.

Other includes the recovery of cost from our joint venture partner and the capitalisation of costs.

Note 5 Net finance costs

	Unaudited	Unaudited	Audited
	6 months ended 30 June 2020	6 months ended 30 June 2019	Year ended 31 December 2019
€'000			
Interest income	-	-	-
Other financial income	(3)	-	-
Total financial income	(3)	-	-
Interest expenses	3,739	3,718	7,497
Interest on loans from affiliates	159	291	492
Capitalised interest cost, development projects	(2,973)	(3,173)	(6,096)
Total interest expenses	925	836	1,893
Other interest expenses	11	5	11
Unwinding of bond discount	174	173	347
Accretion expenses	81	175	417
Amortised bond costs	257	257	513
Total other financial expenses	512	605	1,277
Net finance costs	1,445	1,446	3,181

Note 6 Taxes

	Unaudited 6 months ended 30 June 2020	Unaudited 6 months ended 30 June 2019	Audited Year ended 31 December 2019
Taxes for the period €'000			
Current tax expense			
Current period	(1,863)	-	-
Changes in estimates related to prior periods	-	-	-
Deferred tax expense			
Origination and reversal of temporary differences	191	5,231	5,435
Tax credit/(charge)	(1,672)	5,231	5,435

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

	Unaudited 6 months ended 30 June 2020	Unaudited 6 months ended 30 June 2019	Audited Year ended 31 December 2019
€'000			
Profit/(loss) before taxes	2,539	2,050	18,083
Income tax (charge)/credit at 50% (2019: 50%)	(1,270)	(1,025)	(9,042)
Uplift	680	368	1,367
Marginal field incentive	345	2,031	3,294
Other movements	467	(1,242)	138
Shared profits/(losses) not compensated	-	821	4,621
Tax compensation prior year	(1,848)	-	-
Difference on depreciation of assets	342	73	381
Adjustments related to prior year	(388)	4,205	4,676
Tax (charge)/credit	(1,672)	5,231	5,435

	Unaudited			
Deferred taxes for the period €'000	Tax losses	Provisions	Other	Total
At 31 December 2018	18,882	7,553	(10,355)	16,080
<i>(Charged)/credited to:</i>				
Profit and loss account	4,014	2,850	(1,633)	5,231
At 30 June 2019	22,896	10,403	(11,988)	21,311
<i>(Charged)/credited to:</i>				
Profit and loss account	(1,186)	3,638	(2,248)	204
At 31 December 2019	21,710	14,041	(14,236)	21,515
<i>(Charged)/credited to:</i>				
Profit and loss account	573	(10,113)	9,731	191
At 30 June 2020	22,283	3,928	(4,505)	21,706

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.

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. CIT losses for 2019 and 2020 can only be carried forward for six years. Management expects to recover these losses against current and future revenues.

Note 7 Intangible assets

€'000	Unaudited Licenses
Acquisition cost 31.12.2018	1,803
Additions	-
Disposals	-
Acquisition cost 30.06.2019	1,803
Accumulated amortisation and impairments 31.12.2018	(73)
Amortisation	(36)
Impairment	-
Accumulated amortisation and impairments 30.06.2019	(109)
Book value 30.06.2019	1,694
Acquisition cost 30.06.2019	1,803
Additions	-
Disposals	-
Acquisition cost 31.12.2019	1,803
Accumulated amortisation and impairments 30.06.2019	(109)
Amortisation	(36)
Impairment	-
Accumulated amortisation and impairments 31.12.2019	(145)
Book value 31.12.2019	1,658
Acquisition cost 31.12.2019	1,803
Additions	-
Disposals	-
Acquisition cost 30.06.2020	1,803
Accumulated amortisation and impairments 31.12.2019	(145)
Amortisation	(37)
Impairment	-
Accumulated amortisation and impairments 30.06.2020	(182)
Book value 30.06.2020	1,621

The licenses consist of amounts payable for the Q10 license which are amortised over a period of 20-25 years. These are tested for impairment if triggers are identified. No impairment has been identified.

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 31.12.2018	89,264	-	-	89,264
Additions	35,446	-	51	35,497
Other movements	-	-	-	-
Reclassification	(107,343)	107,343	-	-
Acquisition cost 30.06.2019	17,367	107,343	51	124,761
Accumulated depreciation and impairments 31.12.2018	(5,859)	-	-	(5,859)
Depreciation	-	(3,381)	(3)	(3,384)
Impairment	-	-	-	-
Accumulated depreciation and impairments 30.06.2019	(5,859)	(3,381)	(3)	(9,243)
Book value 30.06.2019	11,508	103,962	48	115,518
Acquisition cost 30.06.2019	17,367	107,343	51	124,761
Additions	25,383	-	78	25,461
Other movements	-	-	-	-
Reclassification	(18,178)	18,178	-	-
Acquisition cost 31.12.2019	24,572	125,521	129	150,222
Accumulated depreciation and impairments 30.06.2019	(5,859)	(3,381)	(3)	(9,243)
Depreciation	-	(11,970)	(5)	(11,975)
Impairment	-	-	-	-
Accumulated depreciation and impairments 31.12.2019	(5,859)	(15,351)	(8)	(21,218)
Book value 31.12.2019	18,713	110,170	121	129,004
Acquisition cost 31.12.2019	24,572	125,521	129	150,222
Additions	325	2,730	4	3,059
Other movements	(1,650)	(16,706)	-	(18,356)
Reclassification	39	(39)	-	-
Acquisition cost 30.06.2020	23,286	111,506	133	134,925
Accumulated depreciation and impairments 31.12.2019	(5,859)	(15,351)	(8)	(21,218)
Depreciation	-	(8,373)	(21)	(8,394)
Impairment	-	-	-	-
Accumulated depreciation and impairments 30.06.2020	(5,859)	(23,724)	(29)	(29,612)
Book value 30.06.2020	17,427	87,782	104	105,313

Note 9 Depreciation and amortisation

	Unaudited 6 months ended 30 June 2020	Unaudited 6 months ended 30 June 2019	Audited Year ended 31 December 2019
Depreciation and amortisation in the Income statement €'000			
Depreciation of tangible fixed assets	8,394	3,384	15,359
Depreciation of intangible assets	37	36	72
Total depreciation and amortisation in the Income statement	8,431	3,420	15,431
Impairment in the Income statement €'000			
Impairment/(reversal) of tangible fixed assets	-	-	-
Total impairment in the Income statement	-	-	-

Note 10 Other short-term receivables

	Unaudited 30 June 2020	Unaudited 30 June 2019	Audited 31 December 2019
€'000			
JV receivable	460	2,149	472
Other receivables	421	310	80
Prepayments	109	92	93
VAT receivable	52	1,050	397
Total other short-term receivables	1,042	3,601	1,042

Note 11 Cash and cash equivalents

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

	Unaudited 30 June 2020	Unaudited 30 June 2019	Audited 31 December 2019
€'000			
Bank accounts	14,570	2,565	4,176
Restricted funds	1,905	2,117	1,895
Cash and cash equivalents	16,475	4,682	6,071

Note 12 Provision for abandonment liabilities

	Unaudited	Unaudited	Audited
€'000	30 June 2020	30 June 2019	31 December 2019
Provisions as of beginning of the period	31,457	15,106	15,106
Accretion expense	79	175	417
Additions	-	6,223	10,018
Change in estimates and incurred liabilities	(18,356)	-	5,916
Total abandonment provision at period end	13,180	21,504	31,457
Break down of the abandonment provision to short-term and long-term liabilities			
Short-term	-	-	-
Long-term	13,180	21,504	31,457
Total abandonment provision	13,180	21,504	31,457

The changes in estimates and incurred liabilities during the first half of 2020 relate to an update of the cost estimates to abandon the Q10-A platform, pipeline and wells and an update of the inflation rate assumption. Following clarifications of the proposed legislative changes regarding abandonment requirements, the cost to abandon is now estimated based on cleaning and leaving the pipeline between Q10-A and P15 in place. Abandonment provisions are determined using an inflation rate of 1.0% (2019: 1.5%) and a discount rate of 0.5% (2019: 0.5%) in line with publicly available economic forecasts.

The additions during 2019 relate to the recording of the abandonment provision of producing wells.

Note 13 Bonds

	Unaudited	Unaudited	Audited
€'000	30 June 2020	30 June 2019	31 December 2019
Senior secured bond	86,188	85,841	86,014
Bond setup costs	(1,191)	(1,705)	(1,448)
Long-term bond	84,997	84,136	84,566

The bond of €87 million (face value) is denominated in € and matures in 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 13 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 upto April 2022. At the balance sheet date the call option on the bond is significantly out of the money and hence has no value attached to it.

Note 14 Interest bearing loans from affiliates

	Unaudited	Unaudited	Audited
€'000	30 June 2020	30 June 2019	31 December 2019
Balance at the beginning of the period	4,200	7,000	7,000
Additions during the period	-	-	-
Repayments during the period	(500)	(500)	(2,800)
Balance at the end of the period	3,700	6,500	4,200

Tulip Oil Netherlands Offshore B.V. has entered into a loan agreement with Tulip Oil Netherlands B.V. to finance the purchase of the licence interest in Q7 and Q10-A. The loan is unsecured, bears an interest rate of 8.4% per annum and is repayable by 1 January 2025.

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 2019. There have been no significant changes in any risk management policies since year end.