2017

FULL YEAR REPORT FOR

TULIP OIL HOLDING B.V.

GROUP

The Hague, 30 April 2018

HIGHLIGHTS IN 2017

+€81mln

of cash and cash equivalents

FID on Q10 gas field

► Read more in the press release

€87 million Bond issue

► Read more in the press release

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KEY EVENTS IN 2017

24 July 2017	Production licence secured for Q07/Q10a (TONO Subsidiary)
25 October 2017	TONO Subsidiary secures €87 million Senior Secured Callable bond financing
October 2017	Re-Capitalisation of €20.5 million of loans from TOH B.V. to TON B.V. and from TON B.V. to TONO B.V.
20 December 2017	Received the production licence and production permit for Schwarzbach (RP 90% Subsidiary)
21 December 2017	Received the production licence and production permit for Lauben (50% interest)

KEY EVENTS – OUTLOOK

1 January 2018	Tulip Oil Holding B.V. board expanded
11 January 2018	Final Investment Decision related to the development of the Q10 gas field
11 January 2018	Heads of Agreement signature with TAQA for the hook-up, transportation and processing of Q10 production
18/22 January 2018	Contracts awarded for the Q10 development for pipeline and platform
February 2018	Draft Drilling permit for Steig 1 (Untergrombach) received

SUMMARY OF FINANCIAL RESULTS

(€1000)	2017	2016
Operating profit/(loss)	(29,034.3)	(22,281.9)
EBITDA	(5,152.1)	(7,787.2)
Net profit/(loss) for the year	(17,819.1)	(9,988.2)
Cash flow from operations	(4,806.5)	(12,824.0)
Cash flow from investments	(585.5)	(9,194.0)
Total assets	168,241.7	101,512.9
Interest-bearing debt	85,330.0	759.1
Cash and cash equivalents	81,539.0	2,907.8

SUMMARY OF PRODUCTION

	Operated/ non-operated	Unit	2017	2016
Q10 (60%)	Operated	boepd	-	-
DKK (60%)	Operated	boepd	64.2	242.8
Lauben (50%)	Non-operated	boepd	44.3	3.5
Schwarzbach (100%)	Operated	boepd	16.9	13.6

REPORT OF THE BOARD

CHIEF EXECUTIVE REVIEW

Tulip Oil Holding BV ("TOH") is a European oil and gas company with assets in Germany and the Netherlands, hereinafter referred to as "the Company". The Company's subsidiaries include the 100% owned Tulip Oil Netherlands BV ("TON"), 100% owned Tulip Oil Netherlands Offshore BV ("TONO") and 90% owned Rhein Petroleum GmbH ("RP") which together is considered the Tulip Oil Holding Group, hereinafter referred to as "the Group". The Company employs TOH staff and contractors to provide services to TOH and its subsidiaries in the Netherlands and Germany.

During 2017 the key highlights have been the successful placement in October of an €87 million senior secured bond to be listed on the Oslo Børs in 2018. This has proven to be a key enabler for the Group to develop the Q10 opportunity. Once producing Q10 will be a strong foundation for future development of projects in the pipeline across the TOH portfolio.

3D design view of the proposed Q10 platform

Tulip's first exploration well in Q10

The successful maturation of the Q10 gas field led to Final Investment Decision being taken on 11 January 2018 by both Tulips' Partner EBN and the board of Tulip.

This was a significant milestone for the company and was predicated on the work completed during 2017 on the contracting strategy and project execution options. TONO will now accelerate the development of the Q10 gas field which is expected to become a major offshore producing asset in the Netherlands. The Q10 gas field will encompass an unmanned offshore platform (Q10-A) with a pipeline to tie back to the TAQA operated P15d platform. First gas is expected in 2019. It is expected that a major part of the Group's staff, contractors and resources will be focussed on this development during the forthcoming period.

All figures are presented in € unless otherwise stated, and figures in brackets apply to the corresponding period in the previous year (2016).

Schwarzbach operating facility

RP holds several exploration and production licences in two core areas of the operations: The Upper Rhein Graben – running from Frankfurt to the Swiss/French Border and the Molasse Basin to the West of Munich. Most of the licences contain mature oil fields along with new exploration and appraisal prospects targeting mostly oil opportunities but gas opportunities in deeper intervals. Production within the initial period for Schwarzbach and Lauben has been steadily increasing over time helping to support Rhein Petroleum. Applications for production permits have now been successful. Further applications have also been made for the exploration and development prospects within Weinheim and Untergrombach. The Weinheim permit was received in 2017 and the Untergrombach permit in early 2018. 2017 also saw RP receive the production licence and permit for Schwarzbach and Lauben.

Production from TON related assets for the year has been lower at 64.2 boepd compared to the prior period at 242.8 boepd following gradual reservoir depletion at the Donkerbroek Hemrik gas asset.

In 2017, EBITDA amounted to a loss of €5,152.1 (loss of €7,787.2) thousand and EBIT was a loss of €29,034.3 (loss of €22,281.9) thousand. Net loss for the year was €17,819.1 (€-9,988.2) thousand. Interest bearing debt amounted to €85,330.0 (€759.1) thousand at 31 December 2017 comprising of the bond. In 2016, interest bearing debt was €759.1 thousand.

The future looks exciting as the Q10 development is underway as well as further growth options in both the Netherlands and Germany. My thanks and appreciation to all our staff, contractors and partners for their help and cooperation during 2017.

Signed on the original: Imad Mohsen

Imad Mohsen
Chief Executive Officer

All figures are presented in € unless otherwise stated, and figures in brackets apply to the corresponding period in the previous year (2016).

FINANCIAL REVIEW

INCOME STATEMENT

(€ 1000)	2017	2016
Total income	2,249.6	2,359.0
EBITDA	(5,152.1)	(7,787.2)
EBIT	(29,034.3)	(22,281.9)
Net financial items	(1,702.9)	49.1
Profit/(loss) before taxes	(30,737.2)	(22,232.8)
Taxes	12,918.1	12,244.6
Net profit/(loss) for the period	(17,819.1)	(9,988.2)

Total income for the year was €2,249.6 (€2,359.0) thousand.

Operating expenses, excluding depreciation and impairment, amounted to €7,401.7 (€10,146.2) thousand. The decrease arises from less production related activity in 2017 and workover related costs in 2016.

Depreciation for the year amounted to €13,140.4 (€8,732.4) thousand. The current year includes the accelerated depreciation on Donkerbroek Hemrik following the change in reserves estimates. Impairments for the period are higher at €10,741.8 (€5,762.3) thousand mainly as a result of the impairment in both tangible fixed assets and goodwill related to the Donkerbroek Hemrik assets.

The company recorded a higher operating loss of €29,034.3 (loss €22,281.9) thousand as a result of additional depreciation and impairment charges. The net loss for the period was €17,819.1 (€9,988.2) thousand after net financial items of €-1,702.9 (credit of €49.1) thousand and a tax credit of €12,918.1 (€12,244.6) million.

STATEMENT OF FINANCIAL POSITION

(€ 1000)	2017	2016
Deferred tax asset	49,090.7	36,172.6
PPE	28,162.7	47,507.1
Cash and cash equivalents	81,539.0	2,907.8
Net working capital	(2,137.3)	(1,226.3)
Total assets	168,241.7	101,512.9
Equity	78,212.9	94,002.0
Interest bearing debt	85,330.0	759.2

Deferred tax assets amounted to €49,090.7 (€36,172.6) thousand. The increase arises from the loss incurred by the Group and also a restatement of the prior year figures as a result of an error in the recognition of temporary differences. This is further explained in note 1d.

Property, plant and equipment decreased to €28,162.7 (€47,507.1) thousand, reflecting impairments in TON related assets and accelerated depreciation offset by pre front end engineering studies on Q10.

The group's cash and cash equivalents were €81,539.0 (€2,907.8) thousand as of 31 December 2017. Total assets were €168,241.7 (€101,512.9) thousand at the end of the year.

Equity amounted to €78,212.9 (€94,002.0) thousand at the end of the year, corresponding to an equity ratio of 46.5% (92.6%). The decrease in the equity ratio follows the bond issue by TONO resulting in an increase in cash and cash equivalents.

Interest-bearing debt increased to €85,330.0 (€759.1) thousand, consisting primarily of the TONO bond of €85,322.2 thousand.

CASHFLOW STATEMENT

(€ 1000)	2017	2016
Cash flow from operations	(4,806.5)	(12,824.0)
Cash flow from investing	(585.5)	(9,194.0)
Cash flow from financing	84,023.2	22,882.0
Net change in cash and cash eq.	78,631.2	864.0
Cash and cash eq. EOP	81,539.0	2,907.8

Net cash flow from operating activities was €-4,806.5 (€-12,824.0) thousand.

Net cash flow from investment activities was €-585.5 (€9,194.0) thousand. Investments in fixed assets mainly reflect capital expenditures on pre front end engineering and development studies for the Q10 development.

Net cash flow from financing activities amounted to €84,023.2 (€22,882.0) thousand, reflecting the proceeds raised from the TONO bond issue and amounts received less paid on intercompany loans.

Funding

At the end of the year, the company had total available liquidity of €81,539.0 (€2,907.8) thousand, comprising of cash and cash equivalents of €8,605.5 (€2,120.4) million and restricted cash and cash equivalents of €72,933.5 (€787.4) thousand. The restricted cash and cash equivalents relates to the payment of the next six quarters of interest payable on the bond. The balance was linked to the approval of the Q10 project but is now available to be drawn down in tranches.

In October 2017, the company priced senior secured notes offering of €87 million aggregate principal amount due in 2022 at par via a bullet repayment. The coupon rate on the bond amounts to 3 month EURIBOR + 8.5% p.a. with interest payable quarterly. The offering was closed on 25 October 2017.

Going concern

When preparing the consolidated financial statements, management has assessed the Company's ability to continue as a going concern. With the successful placement of a €87 million bond by Tulip Oil Netherlands Offshore B.V. the Group has secured sufficient resources to continue as a going concern.

DIRECTOR'S REPORT

The Board hereby submits to the shareholders the financial statements for the financial year 2017, as prepared by management and approved by the Board in its meeting of 30 April 2018. Deloitte Accountants B.V. audited the financial statements. Its report can be found on page 55. The Board recommends that shareholders, in accordance with the Articles of Association, adopt these financial statements and, as proposed by the Board, transfer for the net loss for the 2017 financial year of €17,819.1 thousand to retained earnings.

Risks and Risk management

The following section is not intended to be an exhaustive list of risks and as such is a highlight to outline some of the potential risks as shared in previous communication's to investors. It merely complements and does not seek to replace or supersede previous communication's.

Effective management of risk forms an integral part of how Group operates as a business and is embedded in day-to-day operations.

Responsibility for identifying potential strategic, operational, reporting and compliance risks, and for implementing fit-for-purpose responses, lies primarily with line management. Group-wide risk management priorities are defined by management and endorsed by the Board, who bears ultimate responsibility for managing the main risks faced by the Company and for reviewing the adequacy of the Group's internal control system.

Management is inherently risk averse and has put in place processes, procedures and controls for monitoring its risks and taking relevant actions to manage the risks going forward. Where relevant the outcome of these risks is outlined in this report.

Development projects are associated with risks relating to delays and costs

Development projects, including the development of the Fields, involve advanced engineering work, extensive procurement activities and complex construction work to be carried out under various contract packages at different locations offshore and onshore. Furthermore, the Issuer must carry out drilling operations, install, test and commission offshore and onshore installations and obtain governmental approval to take them into use, prior to commencement of production. The complexity of the development of the Fields makes them sensitive to various circumstances and weather conditions, which may affect the planned progress or sequence of the various activities, as this may result in delays or costs increases.

The current or future projected target dates for production start of the development of the Fields may be delayed and significant cost overruns may incur due to delays, changes in any part of the development project, weather conditions, technical difficulties, project mismanagement, equipment failure, natural disasters, political, economic, taxation, legal, regulatory or social uncertainties, piracy, terrorism or protests, which again may materially adversely affect the Group's future business, operating results, financial condition and cash flow. Ultimately, there are risks that the rights granted under the Group's licences or agreements with the government may be forfeited and the Issuer may be liable to pay large penalty sums, which could jeopardize its ability to continue operations.

Finally, it is noted that the Group is dependent on cooperation with the state participant, EBN B.V., in the development, construction and operation of the Fields it is involved in, in the Netherlands. Further, EBN B.V.'s failure to comply with its obligations under any cooperation agreement may adversely affect the Company and the development and operation of the Dutch Fields.

Marketing and sale of hydrocarbons

The marketability and price of hydrocarbons produced by the Group will be affected by numerous factors beyond its control. The ability of the Group to market hydrocarbons may for instance depend upon its ability to reserve capacity in pipelines or ships for transportation of hydrocarbons to commercial markets and to processing facilities, as well as the operational functioning of such facilities. There is no guarantee that the terms of such potential connection agreements will be satisfactory to execute the development of the Fields. If the Group does not successfully market and sell hydrocarbons to prospective buyers, it could have a material adverse effect on the business, prospects, financial condition or results of operations.

The oil and gas industry is subject to commodity price fluctuations, which may adversely impact the Issuer's results of operations, financial condition and prospects

The Group's revenue and earnings will depend upon prevailing local and international oil and gas prices. Any material decline in oil and gas prices, to the extent not addressed by meaningful hedging arrangements, could result in a reduction of the Group's net production revenue. Oil and gas are globally traded and, as a result, the Group, in common with its local and international competitors, is unable to control the prices it receives for its oil and gas. Historically, oil and gas prices have been volatile and subject to wide fluctuations for many reasons, including but not limited to:
(i) global and regional supply and demand, and expectations regarding future supply and demand for oil and gas;
(ii) availability of pipelines, tanker ships and processing equipment; proximity to, and the capacity and cost of, transportation; petroleum refining capacity;
(iii) price, availability and government subsidies of alternative fuels; price and availability of new technologies; the ability of the members of the Organisation of the Petroleum Exporting Countries (OPEC) and other oil-producing nations to set and maintain specified levels of production and prices;
(iv) political, economic and military developments in producing regions, particularly the Middle East, Russia, Africa and Central and South America and domestic and foreign governmental regulations and actions, including export restrictions, taxes, repatriations and nationalisation;
(v) global and regional economic conditions; weather conditions and natural disasters; and
(vi) terrorism or the threat of terrorism, which may affect supply, transportation or demand for oil and gas and refined petroleum products.

It is impossible to predict accurately future oil and gas price movements, and oil and gas prices may not remain at their current levels

Recovery, reserve and resource estimates may prove inaccurate and reporting standards may differ from the standards of other jurisdictions

Estimates of economically recoverable oil and gas reserves and the future net cash flows therefrom are based upon a number of variable factors and assumptions, such as geological projections of reserves and underground conditions, historical production, production rates, ultimate reserve recovery, timing and amount of capital expenditures, marketability of oil and gas, oil and gas quality, transportation tariffs and capacity, royalty and taxation rates, assumed effects of regulation by governmental agencies and future operating costs, all of which may vary from actual results. All such estimates are, to some degree, speculative, and classifications of reserves are only attempts to define the degree of speculation involved. For those reasons, estimates of the economically recoverable oil and gas reserves attributable to any particular group of properties, classification of such reserves based on risk of recovery and estimates of future net revenues expected therefrom prepared by different engineers, or by the same engineers at different times, may vary. The Group's actual production, revenues and development and operating expenditures with respect to its reserves will vary from estimates thereof, and such variations could be material.

If the actual reserves or resources of the Group are less than the current estimates or of lesser quality than expected, the Group may be unable to recover and produce the estimated levels or quality of oil or gas and, as a result, the Issuer may not recover its initial outlay of capital expenditures and operating costs of any such operation and there may be a material adverse effect on the business, prospects, financial condition or results of operations of the Group.

The Issuer's financial performance depends on its ability to locate and develop oil and gas reserves, to produce these reserves commercially and get paid for them

Oil and gas exploration and production is capital intensive, inherently uncertain in its outcome and involves a high degree of risk which even a combination of experience, knowledge and careful evaluation may not be able to overcome. The Group's existing and future oil and gas projects may involve unprofitable efforts, either from dry wells or from wells that are productive but do not produce sufficient net revenues to return a profit after development, operating and other costs.

Completion of a well does not guarantee a profit on the investment or recovery of the costs associated with that well. In addition, drilling hazards or environmental damage could significantly affect operating costs, and production from successful wells may be adversely affected by conditions including delays in obtaining governmental approvals or consents, shut-ins of connected wells resulting from extreme weather conditions, natural disasters, difficulties arising from environmental or other challenges, equipment or services shortages or failures, insufficient storage or transportation capacity or adverse geological conditions, procurement delays or difficulties arising from the political, environmental and other conditions in the areas where the hydrocarbons are located or through areas which the Group's products are transported, and those may also make it uneconomical to develop the hydrocarbons.

The Group is reliant on its completion of the development of the Fields to achieve its projected production levels. In particular, there is a need to ensure the project (including the delivery by contractors and suppliers) is managed on time and within budget, using efficient technologies to achieve the required specifications. Oil and gas development projects are generally unpredictable and subject to substantial risk and uncertainties and may result in substantial cost overruns and or delays.

Production delays and declines, whether or not as a result of the foregoing conditions, may result in lower revenue or cash flows from operating activities until such time, if at all, that the delay or decline is cured or arrested. In the event that such cash flows are reduced in the future, the Group may be forced to scale back or delay discretionary capital expenditure, resulting in delays to, or the postponement of, the Group's planned production and development activities or making it uneconomical to develop Reserves and Contingent Resources, which could have a material adverse effect on its business, results of operations, financial condition or prospects.

Competition

The oil and natural gas industry is highly competitive. The Group's competitors for the exploration, development and production of hydrocarbons, and for capital to finance such activities include companies that have greater financial and personnel resources available to them than the Issuer.

The Group's ability to discover reserves, to participate in drilling opportunities and to identify and enter into commercial arrangements with customers will be dependent upon developing and maintaining close working relationships with its future industry partners, its ability to select and evaluate suitable drilling opportunities and to consummate transactions in a highly competitive environment.

Alternatives to and changing demand for petroleum products

Fuel conservation measures, alternative fuel requirements, increasing consumer demand for alternatives to oil and gas, and technological advances in fuel economy and energy generation devices could reduce the demand for hydrocarbons. The Group cannot predict the impact of changing demand for oil and gas products, and any major changes may have a material adverse effect on the Group's business, financial condition and results of operations.

Cost of new technologies

The oil and gas industry is characterized by rapid and significant technological advancements and introductions of new products and services utilizing new technologies. Other oil and natural gas companies may have greater financial, technical and personnel resources that allow them to enjoy technological advantages and may in the future allow them to implement new technologies before the Issuer. There can be no assurance that the Group will be able to respond to such competitive pressures and implement such technologies on a timely basis or at an acceptable cost. One or more of the technologies currently utilized by the Group or implemented in the future may become obsolete. In such case and if the Group is otherwise unable to utilize the most advanced commercially available technology, the Group's business, financial condition and results of operations could be materially adversely affected.

The Group may be unable to obtain or renew required concessions, licence, permits and other authorisations (together, "Licences") or such Licences may be suspended, terminated or revoked prior to their expiry

The Group conducts its exploration, development and production operations pursuant to a wide variety of Licences. The Group may not have all the Licenses needed for the development and operation of the Fields, and certain Licenses are subject to a process of public hearing and are therefore not final. There is no guarantee that all required Licenses will be granted in accordance with the applications, nor that they will be granted on conditions satisfactory to develop and operate the Fields. This implies a risk that the development of the Fields will not be carried out as planned, or that the costs and time frame of the development will differ from the current prognosis.

Such Licences contain conditions and requirements that must be met in order to maintain such Licences. A failure by the Group to meet the conditions and requirement under the Licences may cause the Licences to be revoked. Further, there can be no assurance that the relevant authorities will not significantly alter the conditions or area of, or that any third party will not challenge, the Licences held by the Group. There can further not be any assurance that an expired Licence will be renewed.

In addition, a Licence may be revoked, in whole or in part, by the competent authority in a limited number of circumstances set out in the Dutch Mining Act.

The loss or revocation of, or failure to renew a Licence, in whole or in part, could cause a substantial loss of value and earnings for the Issuer and may have a material adverse effect on the business of the Issuer and value of the Bonds.

A significant change in Dutch laws and regulations for the petroleum industry, particularly any unfavorable amendments to applicable tax laws, may have an adverse effect on the Group's business and financial condition.

The Group's operations in the Netherlands and Germany are subject to a complex set of general and specific laws, regulations and restrictions with respect to planning (permit) requirements, environmental requirements, health and safety requirements and other laws and regulations. In addition, the Group is subject to the special Dutch tax regime for petroleum exploration and production operations, pursuant to which not only corporate income tax is levied, but also a state profit share (staatsaandeel in de winst) is due in respect of the income from such petroleum exploitation operations.

The (tax) laws and regulations of the Netherlands and Germany, including the tax regime applicable to petroleum exploration and production operations, may be subject to change, and there may be changes in interpretation and enforcement of such tax (tax) laws or regulations. As a result, the Group may face increased costs for complying with such laws and regulations. In addition, the Group may face increases in the amount of tax and/or state profit share payable if rates increase, or if tax laws or regulations are modified in an adverse manner, or if new tax laws or regulations are introduced by the competent authorities with or without retrospective effect. Any additional taxes or other sums that become due could have a material adverse effect on the Group's business, results of operations, cash flow and financial condition.

Activities in the oil and gas sectors can be dangerous and may be subject to interruption

The Group's operations are subject to the significant hazards and risks inherent in the oil and gas sector in which it operates. These hazards and risks include:

(i) explosions and fires;

(ii) blowouts and other operational disruptions in relation to the Issuer's upstream exploration;

(iii) disruption to production operations;

(iv) leaks, spills, release of gas or soil contamination from site operations and storage;

(v) natural disasters;

(vi) ruptures and spills from crude and product carriers or storage tanks;

(vii) equipment break-downs and other mechanical or system failures;

(viii) improper installation or operation of equipment;

(ix) transportation accidents or disruption of deliveries of gas, crude oil, fuel, equipment and other supplies as well as capacity constraints in gas transportation pipelines;

(x) disruption of electricity, water and other utility services;

(xi) acts of political unrest, war or terrorism;

(xii) labour disputes; and

(xiii) community opposition activities.

In addition, the Group's operations are subject to all of the risks normally incidental to the drilling of oil and gas wells and the operation and development of oil and gas properties, including encountering unexpected formations or pressures, differential sticking of drilling assemblages, premature declines of reservoirs, equipment failures and other accidents (including accidents during equipment and rig moves), sour gas releases, uncontrollable flows of oil, natural gas or well fluids, adverse weather conditions, diseases impacting the health of personnel, pollution and other environmental risks.

Further, oil and gas development is dependent on the availability of certain equipment for which there is high demand and limited availability. Failure or delay in obtaining such equipment or infrastructure, including drilling rigs (in particular), pipelines and storage tanks, on which the Group's production activities are dependent, could result in disruptions to the Group's projects.

If any of these events were to occur, they could result in environmental damage, injury to persons, loss of life and/or a failure to produce oil or gas in commercial quantities. They could also result in significant delays to drilling programmes, a partial or total shutdown of operations, significant damage to the Group's equipment and equipment owned by third parties and personal injury or wrongful death claims being brought against the Issuer. These events could also put at risk some or all of the Group's Licenses which enable it to explore and develop, and could result in the Group incurring significant civil liability claims, significant fines or penalties, as well as criminal sanctions potentially being enforced against the Issuer and/or its officers.

In addition, the Group's operations, including the Issuer's drilling programme and other exploration activities, as well as the transport and other logistics on which the Group is dependent, may be adversely affected and severely disrupted by climatic conditions. Natural disasters or adverse conditions may occur in those geographical areas in which the Group operates, including severe weather, earthquakes, cyclones, excessive rainfall, tropical storms, floods, bridge or road washouts, droughts or epidemic and disease.

The Group's insurance and indemnities may not adequately cover all risks or expenses

The Group maintains insurance with respect to its operations in accordance with international oil field practice, including third party liability insurance up to specified limits, and it believes that its insurance programme is adequate to cover the consequences of the insurable hazards and risks to which the Group's operations are subject. However, the Group is unable to insure against all risks and may be exposed under certain circumstances to uninsurable hazards and risks which may result in financial liability, property damage, personal injury or other hazards or liability for the acts or omissions of sub-contractors, operators and joint venture partners. Although indemnities may have been provided by sub-contractors, operators and joint venture partners, such indemnities may be difficult to enforce given the financial positions of those giving the indemnities or due to the jurisdiction in which the Group seeks to enforce the indemnities, leaving the Group exposed to claims by third parties.

There is also no guarantee that the Group will be able to maintain adequate insurance in the future at rates the Group considers reasonable. Accordingly, the Group could incur substantial losses if an event which is not fully covered by insurance occurs, which would have a material adverse effect on the Group's business, results of operations and financial condition.

The Group's operations are subject to general and specific regulations and restrictions governing workplace health and safety requirements, environmental requirements, social impacts, and other laws and regulations

The Group's primary operational safety risks are those inherent in the oil and gas industry such as fires, blowouts, explosions, equipment or system failures and transportation accidents, which may result in death or injury of staff.

Certain of the Group's operations may also create environmental risks in the form of spills, and the release of gas or soil contamination from site operations, recycling and waste disposal.

A health, safety, security or environmental incident could lead to the Issuer having to make material changes to its facilities or processes and pay compensation to any injured parties. There can be no assurance that the Group will not incur substantial financial obligations, which may lead to an adverse effect on the Group's business, financial condition and prospects.

The Group's environmental liabilities could be significant

Significant liability could be imposed on the Group for damages, clean-up costs or penalties in the event of certain discharges into the environment, environmental damage caused by previous owners of properties purchased or used by the Group, acts of sabotage by third parties or non-compliance with environmental laws or regulations by the Group. Such liabilities could have a material adverse effect on the Group. While the current legislation to which the Group is subject is limited, it is expected that additional environmental protection laws will be implemented in the future. It is not possible to predict what future environmental regulations will provide; however, these laws could impose additional obligations on the Group which may, for example, result in the Group incurring significant expenditures for the installation and operation of pollution control systems, as well as equipment for remedial measures and a penalty regime in the event of a breach of those laws, which could adversely affect the Group's business, financial condition and results of operations. It is also not possible to predict how environmental regulations will be applied or enforced in the future.

Furthermore, no assurance can be given that changes to environmental laws and regulations outside the Group's control will not result in a curtailment of production, a material increase in the cost of production, development or exploration activities, or increase compliance and remediation costs or otherwise adversely affect the Group's business, financial condition and results of operations or prospects.

The Group is dependent on its executive management and Board of Directors

The Group is dependent upon its executive management and board having relevant oil and gas experience. In this respect, it is noted that the Group currently has a small number of employees, but is reliant on services from other companies in the Group, meaning that the Group's control of key personnel's connection to the Group is remote. The loss of any of such personnel with its consequential loss of institutional and operational knowledge, experience, expertise and possible effect on governmental relations, and its ability to deliver the strategy of the Group could have a disproportionate and material adverse effect on the Group.

The loss of or diminution in the services of members of the Group's executive management team or board could have a material adverse effect on the Group's business, financial condition and results of operations.

There is no assurance that the Group will successfully continue to retain existing specialised personnel and executive management or attract additional qualified executive management and/or oil and gas personnel required to successfully execute and implement the Group's business plan, which will be particularly important as the Group expands. Competition for such personnel is intense. The loss of such personnel and the failure to successfully recruit replacements would adversely affect its business, prospects, financial condition and results of operations.

The Group relies on the services of third parties to implement its growth and development

The Group relies to a large extent on external contractors to carry out drilling activities, transportation of oil and gas and the construction, operation and maintenance of its facilities. As a result, the Group is dependent on external contractors performing satisfactorily and fulfilling their obligations. Any failure by an external contractor to perform satisfactorily and fulfil its obligations may lead to delays or curtailment of the production, transportation or delivery of oil and gas and related products. In addition, the costs of third party operators may increase, leading to higher production and transportation expenses for the Group. Any such failure in performance or increase in costs could have an adverse effect on the Group's results of operations.

Some of the services required for the Group's operations and strategic developments are currently only available on commercially reasonable terms from a limited number of providers. These operations and developments may be interrupted or otherwise adversely affected by failure to supply, or delays in the supply of, services that meet the Group's quality requirements. A change of a provider of such services may result in the Group experiencing additional costs, interruptions to supply continuity or other adverse effects on its business. There is no guarantee that the Issuer will be able to find adequate replacement services on a timely basis or at all. Any failure in performance by third party service providers, external contractors or consultants, increase in costs or inability to find adequate replacement services on a timely basis, if at all, could have a material adverse effect on the Group's business prospects, financial condition and results of operations.

The Group cannot accurately predict its future decommissioning liabilities

The Group has assumed certain obligations in respect of the decommissioning of its fields and related infrastructure. These liabilities are derived from legislative and regulatory requirements concerning the decommissioning of wells and production facilities and require the Group to make provision for and/or underwrite the liabilities relating to such decommissioning. Although the Group's accounts make a provision for such decommissioning costs, there can be no assurances that the costs of decommissioning will not exceed the amount of the long-term provision set aside to cover such decommissioning costs. In addition, governments may require decommissioning to be carried out in circumstances where there is no express obligation to do so, which may result in higher decommissioning costs than the Group expected at the time when provisions were made, and it may be required to provide cash-back guarantees, blocked cash deposits or similar upfront relating to future decommissioning costs. It is difficult to forecast accurately the costs that the Group will incur in satisfying its decommissioning obligations and the Group may have to draw on funds from other sources to bear such costs. Any significant increase in the actual or estimated decommissioning costs that the Issuer incurs could have a material adverse effect on the Group's business, results of operation, financial condition and prospects.

Risks associated with legal disputes

The Group may from time to time be involved in legal disputes and legal proceedings related to the Group's operations or otherwise. Such disputes and legal proceedings may be expensive and time-consuming, and could divert management's attention from the Group's business. Furthermore, legal proceedings could be ruled against the Group and the Group could be required to, inter alia, pay damages, halt its operations, stop its expansion projects, etc., which could consequently adversely affect the Group's business, prospects, results of operations or financial condition.

Political uncertainty

The citizens of the United Kingdom recently voted to withdraw from the European Union and the Government of the United Kingdom has started taking steps to implement such withdrawal. Some European countries have also experienced the rise of anti-establishment political parties and public protests held against open-door immigration policies, trade and globalization. To the extent that certain political actions taken in Europe and elsewhere in the world result in a marked decrease in free trade, access to personnel and freedom of movement, it could have an adverse effect on the Issuer's ability to market its products, increase costs for goods and services required for third party lessees' operations, reduce their access to skilled labour and as a result, negatively impact the Issuer's business, financial condition, results of operations or prospects.

RISKS RELATED TO BONDS AND THE BOND GUARANTEES

For specific risks related to the bond issued by Tulip Oil Netherlands Offshore B.V. please see the Tulip Oil website.

Board and Committees

After the end of 2017, the Board of Tulip Oil Holding B.V. was expanded to include an independent non executive Chairman and non executive directors. The Board is also now considering further expansions of sub committees to help with specific agenda items. The long-term success of the Company is the collective responsibility of the Board.

The current directors of Tulip Oil Holding B.V. are:

- Leo Koot, Non Executive Chairman – appointed 29 January 2018;
- Imad Mohsen, Chief Executive Officer;
- Roelof Platenkamp, Executive Chairman – resigned 29 January 2018;
- Roelof Platenkamp, Non Executive Director – appointed 29 January 2018;

- Ruud Schrama, Non Executive Director – appointed 29 January 2018;
- David Ellis, Non Executive Director;
- Richard Jennings, Non Executive Director – appointed 29 January 2018.

The role of the Board

The Board is accountable to shareholders for the creation and delivery of strong, sustainable financial performance and long-term shareholder value. It meets these aims through setting the Group's strategy and ensuring that the necessary resources are available to achieve the agreed strategic goals. The Board also sets the Company's key policies and reviews management and financial performance. The Board operates within a framework of controls and these clear procedures, lines of responsibility and delegated authorities allow risk to be assessed and managed effectively. These are underpinned by the Board's work to set the Group's core values and standards of business conduct and ensure that these, together with the Group's obligations to its stakeholders, are widely understood across all its activities.

Board meetings and visits

The Board and its Committees deal with its core activities in planned meetings throughout the year. Matters which require decisions outside the scheduled meetings are dealt with through additional ad hoc meetings and conference calls.

Internal controls

The Directors acknowledge their responsibility for the Group's systems of internal control, which are designed to safeguard the assets of the Group and to ensure the reliability of financial information for both internal use and external publication.

Overall control is ensured by a regular detailed reporting system covering both technical progress of projects and the state of the Group's financial affairs. The Board has put in place procedures for identifying, evaluating and managing principal risks that face the Group. Principal risks are regularly reported to the Board. The Group recognises that any system of internal control can provide only reasonable, and not absolute, assurance that material financial irregularities will be detected or that the risk of failure to achieve business objectives is eliminated. However, the Board's objective is to ensure that the Group has appropriate systems in place for the identification and management of risks.

Health, Safety and Environment

The Group has a policy to conduct operations in a manner that protects the health, safety and well being of its employees, contractors and the public. Significant efforts are undertaken to avoid impact to the environment and integrity of assets and damage.

Outlook

In 2018, the Group will develop the Q10 licence and consider further opportunities for Donkerbroek Hemrik and also exploration and development opportunities on the other licences held.

The development of Q10 will result in considerable investments and the hiring of additional staff including contractors is expected.

On behalf of the Board
Leo Koot

Signed on the original: Leo Koot

Chairman
30 April 2018

FINANCIAL STATEMENTS WITH NOTES

INCOME STATEMENT

(€ 1000)	Note	01.01-31.12 2017	2016 (restated – note 1d)
Petroleum revenues		2,249.6	2,359.0
Total Income	*2*	**2,249.6**	**2,359.0**
Purchases	*3*	(505.9)	-
Exploration expenses	*4*	(29.6)	(47.7)
Production costs		(1,499.4)	(4,964.0)
Depreciation	*13*	(13,140.4)	(8,732.4)
Impairments	*5,13*	(10,741.8)	(5,762.3)
Other operating expenses	*6,8*	(5,366.8)	(5,134.5)
Total operating expenses		**(31,283.9)**	**(24,640.9)**
Operating profit/(loss)		**(29,034.3)**	**(22,281.9)**
Interest income		-	-
Other financial income		5.6	54.2
Interest expenses		(1,335.8)	-
Other financial expenses		(372.7)	(5.1)
Net financial items	*7*	**(1,702.9)**	**49.1**
Profit/(loss) before taxes	*8*	**(30,737.2)**	**(22,232.8)**
Tax (charge)/credit	*9*	12,918.1	12,244.6
Net profit/(loss) for the year		**(17,819.1)**	**(9,988.2)**
Net profit/(loss) for the year is attributable to:			
Owners of Tulip Oil Holding B. V.		*(17,216.9)*	*(9,225.4)*
Non-controlling interests		*(602.2)*	*(762.8)*

STATEMENT OF COMPREHENSIVE INCOME

(€ 1000)	01.01-31.12 2017	2016 (restated – note 1d)
Net profit/(loss) for the year	(17,819.1)	(9,988.2)
Total comprehensive income in year	**(17,819.1)**	**(9,988.2)**

STATEMENT OF FINANCIAL POSITION

(€ 1000)	Note	31.12.2017	31.12.2016 (restated – note 1d)	31.12.2015 (restated – note 1d)
ASSETS				
Intangible assets				
Goodwill	*12*	3,259.7	5,059.3	5,059.3
Other intangible assets	*12*	1,804.3	4,632.9	5,193.0
Tangible fixed assets				
Property, plant and equipment	*13*	28,162.7	47,507.1	52,241.0
Financial assets				
Long-term other loans	*14*	3,147.5	3,152.5	3,119.0
Deferred tax assets	*9*	49,090.7	36,172.6	23,928.0
Total non-current assets		**85,464.9**	**96,524.4**	**89,540.3**
Inventories				
Inventories		-	-	-
Receivables				
Accounts receivable		680.8	1,284.3	986.1
Other short-term receivables	*15*	557.0	796.4	1,709.0
Cash and cash equivalents				
Cash and cash equivalents *	*16*	81,539.0	2,907.8	1,429.0
Total current assets		**82,776.8**	**4,988.5**	**4,124.1**
TOTAL ASSETS		**168,241.7**	**101,512.9**	**93,664.4**

*Includes restricted cash and cash equivalents

STATEMENT OF FINANCIAL POSITION

(€ 1000)	Note	31.12.2017	31.12.2016 (restated – note 1d)	31.12.2015 (restated – note 1d)
EQUITY AND LIABILITIES				
Equity				
Share capital	*17*	18.2	18.2	18.2
Share premium	*18*	144,131.3	142,101.3	119,001.3
Retained earnings		(67,424.9)	(50,208.0)	(40,982.6)
Minority interest	*19*	1,488.3	2,090.5	3,071.3
Total equity		**78,212.9**	**94,002.0**	**81,108.2**
Non-current liabilities				
Long-term abandonment provision	*20*	1,420.9	3,679.4	4,682.0
Long-term bond payable	*21*	82,904.6	-	-
Other non-current financial liabilities		7.8	-	-
Other non-current liabilities	*22*	2,320.2	525.3	653.0
Current liabilities				
Trade creditors		1,500.0	2,209.3	2,691.1
Accrued expenses		463.8	236.9	-
Other current liabilities	*23*	76.3	100.9	630.1
Other current financial liabilities	*24*	1,335.2	-	-
Other loans		-	759.1	3,900.0
Total liabilities		**90,028.8**	**7,510.9**	**12,556.2**
TOTAL EQUITY AND LIABILITIES		**168,241.7**	**101,512.9**	**93,664.4**

The Hague, 30 April 2018

Signed on the original: Imad Mohsen

Imad Mohsen
Chief Executive Officer

STATEMENT OF CHANGES IN EQUITY

(€ 1000)	Share capital	Share premium	Retained earnings	Minority interest	Total equity
Equity as of 31.12.2015 – as originally stated	**18.2**	**119,001.3**	**(37,727.7)**	**3,071.3**	**84,363.1**
Prior year adjustment	-	-	(3,254.9)	-	(3,254.9)
Equity as of 31.12.2015	**18.2**	**119,001.3**	**(40,982.6)**	**3,071.3**	**81,108.2**
Share premium injection	-	23,100.0	-	-	23,100.0
Share premium attributable to minority interest	-	-	-	(218.0)	(218.0)
Net profit/(loss) for the year	-	-	(9,225.4)	-	(9,225.4)
Minority interest share of the net profit/(loss) for the year	-	-		(762.8)	(762.8)
Equity as of 31.12.2016	**18.2**	**142,101.3**	**(50,208.0)**	**2,090.5**	**94,002.0**
Share premium injection	-	2,030.0	-	-	2,030.0
Net profit/(loss) for the year	-	-	(17,216.9)	-	(17,216.9)
Minority interest share of the net profit/(loss) for the year	-	-	-	(602.2)	(602.2)
Equity as of 31.12.2017	**18.2**	**144,131.3**	**(67,424.9)**	**1,488.3**	**78,212.9**

STATEMENT OF CASH FLOW

(€ 1000)	Note	01.01-31.12 2017	2016
CASH FLOW FROM OPERATING ACTIVITIES			
Profit/(loss) before taxes		(30,737.2)	(22,232.8)
Taxes paid during the year		-	-
Net financial items	*7*	1,702.9	(49.1)
Depreciation	*13*	13,140.4	8,732.4
Net impairment losses	*5*	10,741.8	5,762.3
Interest paid:			
Interest expenses	*7*	(1,702.9)	49.1
Accretion interest on abandonment liabilities		220.5	-
Amortisation of bond legal costs		90.0	-
Unwinding of discount on bond		62.2	-
Increase/(decrease) in other current financial liabilities		1,335.2	-
Change in long term receivable		4.9	-
Decrease/(increase) in trade and other receivables		843.0	(580.9)
Decrease/(increase) in trade and other payables		(507.3)	(3,502.0)
(Increase)/decrease in inventories		-	-
Changes in abandonment liabilities		-	(1,003.0)
NET CASH FLOW FROM OPERATING ACTIVITIES		**(4,806.5)**	**(12,824.0)**
CASH FLOW FROM INVESTMENT ACTIVITIES			
Payments to acquire tangible fixed assets		(585.5)	(9,194.0)
NET CASH FLOW FROM INVESTMENT ACTIVITIES		**(585.5)**	**(9,194.0)**
CASH FLOW FROM FINANCING ACTIVITIES			
Repayment of BNP and other loans	*27*	(759.2)	-
Proceeds from additional share premium	*18*	2,030.0	23,100.0
Non-controlling interest share contribution		-	(218.0)
Net proceeds from issuance of bond	*27*	85,260.0	-
Bond setup and legal costs paid	*27*	(2,507.6)	-
NET CASH FLOW FROM FINANCING ACTIVITIES		**84,023.2**	**22,882.0**
Net change in cash and cash equivalents		**78,631.2**	**864.0**
Cash and cash equivalents at start of the year		2,907.8	2,043.8
CASH AND CASH EQUIVALENTS AT END OF THE YEAR	*16*	**81,539.0**	**2,907.8**

NOTES TO THE FINANCIAL STATEMENTS

Note 1 Accounting policies

a) General information

Tulip Oil Holding B.V. (the Company) is a limited Company incorporated in The Netherlands. The Company is the ultimate parent company of the group. The address of its registered office and principal place of business is Alexanderstraat 18, 2514JM Den Haag, The Netherlands, with registered number 502972023.

The Company is an upstream development and production company with a focus on oil and gas assets in both Germany and The Netherlands. The Company was established in July 2010 to exploit opportunities in undiscovered and undeveloped oil and gas fields in the German onshore sector and the Netherlands offshore and onshore sectors.

b) Adoption of new and revised standards

Standards not affecting the reported results or the financial position

New and revised Standards and Interpretations adopted in the current year did not have any significant impact on the amounts reported in these Financial Statements.

At the date of authorisation of these Financial Statements, the following Standards and Interpretations have not been applied in these Financial Statements, but will have an impact on future Financial Statements.

IFRS 9	Financial Instruments
IFRS 16	Leases

The adoption of IFRS 9 Financial Instruments, the Group will adopt for the year commencing 1 January 2018 and will impact both the measurement and disclosures of financial instruments. The Group has reviewed its financial assets and liabilities and is expecting minimal impact from this standard given the financial assets of the Group primarily relate to trade and other receivables and cash and cash equivalents and the financial liabilities are measured at amortised cost. The Group also has no current hedging arrangements in place. The adoption of IFRS 16 Leases, the Group will adopt for the year commencing 1 January 2019 and this will impact both the measurement and disclosures of leases. IFRS 16 will result in almost all leases being recognized on the balance sheet, as the distinction between operating and finance leases is removed. Under the new standard, an asset (the right to use the leased item) and a financial liability for the lease instalments are recognized. The only exceptions are short-term and low-value leases, for which IFRS 16 allows accounting and reporting reliefs. The accounting for lessors will not significantly change. As at 31 December 2017, the Group has non-cancellable operating lease commitments of €178.1 thousand, see Note 24 – Commitments and Contingencies. Most of these commitments will be in scope of the standard relate to real estate and IT, and, to a lesser extent, automobile leases.

IFRS 15 Revenue will not have an effect on these financial statements due to the nature of the activities and the sales arrangements of the Company.

c) Changes in accounting policy

The Group's accounting policies are consistent with the prior year. Prior year figures have been reclassified to align to a more representative presentation for the Group. These reclassifications are very limited. Key line items such as profit after tax and net assets are the same as in previous years.

d) Prior year adjustment

The prior year financial statements have been restated for an error in the deferred tax asset balance in Tulip Oil Netherlands Offshore B.V. arising from the non-recognition of some temporary differences. This restatement results in an adjustment to the opening retained earnings at 1.1.2016 of €3,254.9 thousand. The relevant restatements for 2016 are set out in note 9.

e) Basis of accounting

Financial Statements have been prepared in accordance with IFRS as adopted by the European Union (and therefore the Group Financial Statements comply with Article 4 of the EU IAS Regulation) and Title 9 Book 2 of the Netherlands Civil Code.

The Financial Statements have been prepared on the historical cost basis, except for derivative financial instruments that have been measured at fair value and assets classified as held for sale which are carried at fair value less cost to sell. The Financial Statements are presented in euros and all values are rounded to the nearest €0.1 thousands, except where otherwise stated. The Special Statements have been prepared on a going concern basis.

The principal accounting policies adopted by the Group are set out below.

f) Basis of consolidation

The consolidated Financial Statements incorporate the Financial Statements of the Company and entities controlled by the Company (its subsidiaries) made up to 31 December each year. Control is achieved where the Company has the power over an investee entity, is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to use its power to affect its returns. Non-controlling interests in the net assets of consolidated subsidiaries are identified separately from the Group's equity therein.

Non-controlling interests consist of the amount of those interests at the date of the original business combination (see below) and the non-controlling share of changes in equity since the date of the combination. Losses within a subsidiary are attributed to the non-controlling interest even if that results in a deficit balance. The Group does not have any material non-controlling interests.

The results of subsidiaries acquired or disposed of during the year are included in the Group income statement from the transaction date of acquisition, being the date on which the Group gains control, and will continue to be included until the date that control ceases.

Where necessary, adjustments are made to the Financial Statements of subsidiaries to bring the accounting policies used into line with those used by the Group.

All intra-Group transactions, balances, income and expenses are eliminated on consolidation.

g) Joint arrangements

The Group is engaged in oil and gas exploration, development and production through unincorporated joint arrangements; these are classified as joint operations in accordance with IFRS 11. The Group accounts for its share of the results and net assets of these joint operations. In addition, where Tulip acts as Operator to the joint operation, the gross liabilities and receivables (including amounts due to or from non-operating partners) of the joint operation are included in the Group's balance sheet.

h) Revenue

Sales revenue represents the sales value, net of VAT, of the Group's share of liftings in the year. Revenue is recognized when goods are delivered and title has passed.

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount.

i) Inventory

Inventories, other than oil products, are stated at the lower of cost and net realisable value. Cost is determined by the first in first-out method and comprises direct purchase costs, costs of production and transportation and manufacturing expenses. Net realisable value is determined by reference to prices existing at the balance sheet date.

Oil product is stated at net realisable value and changes in net realisable value are recognised in the income statement.

j) Foreign currencies

The euro is the presentation currency of the Group. Income and expense items are translated at the average exchange rates for the period. Transactions in foreign currencies are recorded at the rates of exchange ruling at the transaction dates. Monetary assets and liabilities are translated into functional currency at the exchange rate ruling at the balance sheet date, with a corresponding charge or credit to the income statement.

k) Goodwill

The Group allocates goodwill to cash-generating units (CGUs) or groups of CGUs that represent the assets acquired as part of the business combination. The legal entities within the Group are considered CGU's for the purposes of impairment testing.

Goodwill is tested for impairment annually as at 31 December and when circumstances indicate that the carrying value may be impaired.

Impairment is determined for goodwill by assessing the recoverable amount, using the 'Value in Use' method, of each CGU (or group of CGUs) to which goodwill relates. When the recoverable amount of the CGU is less than its carrying amount, an impairment loss is recognised. Impairment losses relating to goodwill cannot be reversed in future periods.

l) Exploration, evaluation and production assets

The Group adopts the successful efforts method of accounting for exploration and evaluation costs. Pre-licence costs are expensed in the period in which they are incurred. All licence acquisition, exploration and evaluation costs and directly attributable administration costs are initially capitalised in cost centres by well, field or exploration area, as appropriate. Interest payable is capitalised insofar as it relates to specific development activities.

These costs are then written off as exploration costs in the income statement unless commercial reserves have been established or the determination process has not been completed and there are no indications of impairment.

All field development costs are capitalised as property, plant and equipment. Property, plant and equipment related to production activities is amortised in accordance with the Group's depletion and amortisation accounting policy.

m) Commercial reserves

Commercial reserves are proven and probable oil and gas reserves, which are defined as the estimated quantities of crude oil, natural gas and natural gas liquids which geological, geophysical and engineering data demonstrate with a specified degree of certainty to be recoverable in future years from known reservoirs and which are considered commercially producible.

n) Depletion and amortisation

All expenditure carried within each field is amortised from the commencement of production on a unit of production basis, which is the ratio of oil and gas production in the period to the estimated quantities of commercial reserves at the end of the period plus the production in the period, generally on a field-by-field basis or by a group of fields which are reliant on common infrastructure. Costs used in the unit of production calculation comprise the net book value of capitalised costs plus the estimated future field development costs required to recover the commercial reserves remaining. Changes in the estimates of commercial reserves or future field development costs are dealt with prospectively.

Where there has been a change in economic conditions that indicates a possible impairment in a discovery field, the recoverability of the net book value relating to that field is assessed by comparison with the estimated discounted future cash flows based on management's expectations of future oil and gas prices and future costs.

In order to discount the future cash flows the Group calculates CGU-specific discount rates. The discount rates are based on an assessment of the Group's post-tax Weighted Average Cost of Capital (WACC). The post-tax WACC is subsequently grossed up to a pre-tax rate.

Where there is evidence of economic interdependency between fields, such as common infrastructure, the fields are grouped as a single CGU for impairment purposes.

Where conditions giving rise to impairment subsequently reverse, the effect of the impairment charge is also reversed as a credit to the income statement, net of any amortization that would have been charged since the impairment.

o) Decommissioning

Provision for decommissioning is recognised in full when the related facilities are installed. A corresponding amount equivalent to the provision is also recognised as part of the cost of the related property, plant and equipment. The amount recognised is the estimated cost of decommissioning, discounted to its net present value, and is reassessed each year in accordance with local conditions and requirements.

Changes in the estimated timing of decommissioning or decommissioning cost estimates are dealt with prospectively by recording an adjustment to the provision, and a corresponding adjustment to property, plant and equipment. The unwinding of the discount on the decommissioning provision is included as a finance cost.

p) Intangible assets

Intangible assets acquired separately

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortization and accumulated impairment losses. Amortization is recognized on a straight-line basis over their estimated useful lives. The estimated useful life and amortization method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are carried at cost less accumulated impairment losses.

Intangible assets acquired in a business combination

Intangible assets acquired in a business combination and recognized separately from goodwill are initially recognized at their fair value at the acquisition date (which is regarded as their cost).

Subsequent to initial recognition, intangible assets acquired in a business combination are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets that are acquired separately.

Derecognition of intangible assets

An intangible asset is derecognized on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognized in profit or loss when the asset is derecognized.

q) Property, plant and equipment

Property, plant and equipment is stated in the balance sheet at cost less accumulated depreciation and any recognised impairment loss. Depreciation on property, plant and equipment other than production assets is provided at rates calculated to write off the cost less the estimated residual value of each asset on a straight line basis over its expected useful economic life of between three and five years.

r) Finance costs and debt

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Finance costs of debt are allocated to periods over the term of the related debt at a constant rate on the carrying amount. Arrangement fees and issue costs are deducted from the debt proceeds on initial recognition of the liability and are amortised and charged to the income statement as finance costs over the term of the debt.

s) Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax. For purposes of corporate income tax, Tulip Oil Holding B.V. forms a fiscal unity with its subsidiaries Tulip Oil Netherlands B.V. and Tulip Oil Netherlands Offshore B.V. as of 1 June 2016. The companies are separately liable for tax. For the calculation of corporate income tax horizontal compensation is applicable as of 1 June 2016.

Current and deferred tax are provided at amounts expected to be paid using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred corporation tax is recognised on all temporary differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more, or right to pay less, tax in the future have occurred at the balance sheet date. Deferred tax assets are recognised only to the extent that it is considered more likely than not that there will be suitable taxable profits from which the underlying temporary differences can be deducted. Deferred tax is measured on a non-discounted basis.

Deferred tax is provided on temporary differences arising on acquisitions that are categorised as Business Combinations. Deferred tax is recognised at acquisition as part of the assessment of the fair value of assets and liabilities acquired. Any deferred tax is charged or credited in the income statement as the underlying temporary difference is reversed.

State Profit Share tax is calculated at the applicable rate on the result for the financial year, taking into account permanent differences between profit calculated according to the annual account and profit calculated for taxation purposes, and with which deferred tax assets (if applicable) are only valued insofar as their realization is likely.

t) Financial assets

All financial assets are recognised and derecognised on a trade date where the purchase or sale of a financial asset is under a contract whose terms require delivery of the investment within the timeframe established by the market concerned, and are initially measured at fair value, plus transaction costs.

Financial assets are classified into the following specified categories: financial assets 'at fair value through profit or loss' (FVTPL); 'held-to-maturity' investments; 'available- for- sale' (AFS) financial assets; and 'loans and receivables'. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

u) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank, demand deposits and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

v) Loans and receivables

Trade receivables, loans and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as loans and receivables. Loans and receivables are measured at amortised cost using the effective interest method, less any impairment. Interest income is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

w) Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees on points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset, or, where appropriate, a shorter period.

Income is recognised on an effective interest basis for debt instruments other than those financial assets classified as at FVTPL.

x) Financial liabilities and equity instruments

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into.

y) Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. Equity instruments issued by the Group are recorded at the proceeds received, net of direct issue costs.

z) Other financial liabilities

Other financial liabilities, including borrowings, are initially measured at fair value, net of transaction costs. Other financial liabilities are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.

aa) Critical accounting judgements

The Group assesses critical accounting judgements annually. The following are the critical judgements that the Directors have made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in the Financial Statements.

With respect to the application of the Group's accounting policies, management applied some judgements. These mainly relate to the valuation of the deferred tax asset (evaluation of possible future taxable profits) and the recognition of the additional payment to PA Resources although as per the balance sheet date the condition is not yet fulfilled (refer to note 22).

Key sources of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

• Carrying value of property, plant and equipment (note 13):

Management performs impairment reviews on the Group's property, plant and equipment assets at least annually with reference to indicators in IAS 36 Impairment of Assets. Where indicators are present and an impairment test is required, the calculation of the recoverable amount requires estimation of future cash flows within complex impairment models.

Key assumptions and estimates in the impairment models relate to: commodity prices and the long-term corporate economic assumptions thereafter, pre-tax discount rates that are adjusted to reflect risks specific to individual assets, commercial reserves and the related cost profiles.

• Commercial reserves estimates used in the calculation of depreciation and impairment of property, plant and equipment (note 13):

Proven and probable reserves are estimates of the amount of oil and gas that can be economically extracted from the Group's oil and gas assets. The Group estimates its reserves using standard recognised evaluation techniques. The estimate is reviewed at least twice annually by management and is reviewed as required by independent consultants.

Proven and probable reserves are determined using estimates of oil and gas in place, recovery factors and future commodity prices, the latter having an impact on the total amount of recoverable reserves. Future development costs are estimated taking into account the level of development required to produce the reserves by reference to operators, where applicable, and internal engineers.

• Presumption of going concern:

The Group closely monitors and manages its liquidity risk. Cash forecasts are regularly produced and sensitivities run for different scenarios including, but not limited to, changes in commodity prices and different production rates from the Group's producing assets. In the currently low commodity price environment, the Group has taken appropriate action to reduce its cost base and increase liquidity. The Group's forecasts show that the Group will be able to operate within its current debt facilities and have sufficient financial headroom for the 12 months from the date of approval of the 2017 Annual Report and Accounts.

Notwithstanding our forecasts of liquidity headroom throughout the 12-month period, risk remains in relation to the volatility of the oil price environment, operational performance of the Group's assets, their impact on operating cash flows and the Group's currently contracted debt maturity profile, such that the Group's liquidity position may deteriorate within the assessment period.

To mitigate these risks and to fulfil the Group's objective to reduce net debt, the Group continues to closely monitor cash flow projections and will take mitigating actions in advance to maintain our liquidity. Actions available to the Group include additional funding options, further rationalisation of our cost base, including cuts to discretionary capital expenditure, and portfolio management.

Based on the analysis above and the level of mitigating actions available, the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the annual Financial Statements.

• Decommissioning costs (note 20):

Decommissioning costs are uncertain and cost estimates can vary in response to many factors, including changes to the relevant legal requirements, the emergence of new technology or experience at other assets. The expected timing, work scope, amount of expenditure and risk weighting may also change. Therefore significant estimates and assumptions are made in determining the provision for decommissioning.

The estimated decommissioning costs are reviewed annually by an internal expert and the results of this review are then assessed alongside estimates from Operators. Provision for environmental clean-up and remediation costs is based on current legal and contractual requirements, technology and price levels.

• Deferred tax assets (note 9):

Deferred tax assets are recognised only to the extent it is considered probable that those assets will be recoverable. This involves an assessment of when those assets are likely to reverse, and a judgement as to whether or not there will be sufficient taxable profits available to offset the assets when they do reverse. This requires assumptions regarding future profitability and is therefore inherently uncertain. To the extent assumptions regarding future profitability change, there can be an increase or decrease in the amounts recognised in respect of deferred tax assets as well as in the amounts recognised in income in the period in which the change occurs.

Note 2 Income

(€ 1000)	01.01-31.12 2017	2016
Recognized income liquids	1,500.3	256.0
Recognized income gas	749.3	2,103.0
Total petroleum revenues	**2,249.6**	**2,359.0**

Breakdown of produced volumes (thousand barrels of oil equivalent)		
Liquids	22.5	7.0
Gas	23.4	88.1
Total produced volumes	**45.9**	**95.1**

Note 3 Purchases

(€ 1000)	01.01-31.12 2017	2016
Purchases	505.9	-
Total purchases	**505.9**	**-**

Purchases consist of Rhein Petroleum purchasing Wintershall's share of production from the Lauben field.

Note 4 Exploration expenses

(€ 1000)	01.01-31.12 2017	2016
Other exploration expenses	29.6	47.7
Total exploration expenses	**29.6**	**47.7**

Note 5 Impairments

Impairment tests of individual cash-generating units are performed when impairment triggers are identified.

The impairments of €10,741.8 thousand in the year (€5,762.3) relates to:

- a re-assessment of the Donkerbroek Hemrik reserves requiring a full impairment in line with management's assessment of future recoverability (€894.8 thousand);
- a partial impairment of the Bedernau tangible fixed assets following a re-evaluation of the development opportunities available (€3,919.6 thousand);
- goodwill impairment related to the amount recognised for Donkerbroek Hemrik following the acquisition of Smart Energy in 2012 (€1,799.6 thousand);
- full impairment on acquired licences related to Donkerbroek Hemrik amounting to €4,066.7 thousand;
- remaining impairment of the Q7-07 dry well of €61.1 thousand.

Impairments are based on value in use calculations by management using a discount rate of 10% for 2017 (2016: 10%). The recoverable value for Bedernau is €1.0 million.

Note 6 Other operating expenses

	01.01-31.12	
(€ 1000)	**2017**	**2016**
Salary and contractors	4,148.1	4,327.4
Other headcount related	125.8	44.4
Travel and travel related costs	275.9	295.6
IT & Communication	285.4	342.5
Office rent	206.0	200.1
Professional services	1,036.5	779.8
Other (including recovery of cost)	(710.9)	(855.3)
	5,366.8	**5,134.5**

Professional services includes audit fees and other non audit related fees for Deloitte and its member firms charged of €131,140 (2016: €76,647) and €nil (2016: €nil) respectively. Other non audit related fees amount to €147,976 (2016: €94,520).

The statutory directors' remuneration for 2017 and 2016, in total including severance payments, amount to €731.8 thousand (2016: €710.0 thousand).

Note 7 Financial items

	01.01-31.12	
(€ 1000)	**2017**	**2016**
Interest income	**-**	**-**
Other financial income	-	(48.2)
Change in fair value of derivatives	(5.6)	(6.0)
Total other financial income	**(5.6)**	**(54.2)**
Interest expenses	1,335.8	-
Capitalized interest cost, development projects	-	-
Total interest expenses	**1,335.8**	**-**
Unwinding of bond discount	62.2	-
Accretion expenses	220.5	5.1
Amortized loan costs	90.0	-
Total other financial expenses	**372.7**	**5.1**
Net financial items	**1,702.9**	**(49.1)**

Note 8 Employee benefit expense

	01.01-31.12	
(€ 1000)	**2017**	**2016**
Salaries and wages	2,109.1	2,173.8
Social charges	262.6	263.1
Pension contributions	3.0	2.4
	2,374.7	**2,439.3**

As of 31 December 2017, the Tulip Oil Group of Companies had 24 employees of which 17 are working in Germany (2016: 22 of which 16 are working in Germany).

Defined contribution plans

One employee of the Group's subsidiary in Germany is a member of a state-managed retirement benefit plan operated by the German government. The respective subsidiary is required to contribute a specified percentage of payroll costs to the retirement benefit scheme to fund the benefits. The only obligation of the Group with respect to the retirement benefit plan is to make the specified contributions. This employee has left the company at the end of 2017.

Note 9 Taxes

	01.01-31.12	
(€ 1000)	**2017**	**2016**
Calculated current year tax	-	-
Change in deferred taxes in the Income statement	12,918.1	12,244.6
Tax (charge)/credit	**12,918.1**	**12,244.6**

The income tax gain for the year can be reconciled to the accounting profit as follows:

	01.01-31.12	
(€ 1000)	**2017**	**2016**
Loss before tax	(30,737.2)	(22,232.8)
Income tax gain calculated at 38.5% (prior year: 38.5%)	11,848.5	8,554.0
CIT charge	5,359.1	3,769.3
Uplift	1,086.9	922.1
Marginal field incentive	204.0	1,471.0
Other movements	4.2	1,577.3
Goodwill impairment	1,156.9	-
CIT credit for State Profit Share	(5,382.4)	(4,687.7)
Profit offset against prior losses	-	1,150.1
CIT credit on State Profit Share temporary differences	(1,359.1)	(511.5)
Income tax gain recognized	**12,918.1**	**12,244.6**

The tax rates used for the 2017 and 2016 reconciliations above is a mixed tax rate between the Netherlands and Germany.

Note 9 Taxes *(cont'd)*

	Deferred tax assets			
(€ 1000)	Tax losses	Provisions	Other	Total
At 1 January 2016 – as originally stated	**26,774.0**	**1,117.5**	**(708.6)**	**27,182.9**
Prior year adjustment	(850.1)	0.5	(2,405.3)	(3,254.9)
At 1 January 2016	**25,923.9**	**1,118.0**	**(3,113.9)**	**23,928.0**
(Charged)/credited to:				
Profit and loss account	12,084.3	(799.5)	959.8	12,244.6
At 31 December 2016	**38,008.2**	**318.5**	**(2,154.1)**	**36,172.6**
(Charged)/credited to:				
Profit and loss account	13,910.7	(27.9)	(964.7)	12,918.1
At 31 December 2017	**51,918.9**	**290.6**	**(3,118.8)**	**49,090.7**

Management has continued to recognise an asset related to Corporate Income Tax and State Profit Share losses in TON. This recognition is based on management's intent to mature its key remaining assets into profit making assets: M10-M11, Schagen and DKK-HRK. In the short term the well intervention on HRK-1 well in the AKK 11 field is the most straightforward way to access the remaining gas reserves behind the pipe which have been proven by existing wells. In addition, management is also continuing its work to mature the fields related to Schagen and M10-M11. Management has also continued to recognise an asset related to the Corporate Income Tax losses in its German subsidiary Rhein Petroleum GmbH. This recognition is based principally on future developments within Untergrombach, Bedernau, Lauben, Weinheim and Schwarzbach. Currently management has given priority to the Q10 field in TONO in order to realize first gas in 2019, for which final investment decision and financing has been secured. Once this development is on stream, management can focus on development of the other fields. If for any reason these plans for TON are not undertaken and the other development opportunities in Schagen and M10/M11 are also not successful, then a write down of upto €3.9 million of the currently recognised deferred tax asset will be needed. The remaining post fiscal unity losses in TON can be utilised and recovered through TONO's taxable profits. In the adverse scenario that none of the developments in Germany were to be successful, management has contemplated a restructuring related to its German subsidiary to allow the utilisation of these losses within the Dutch fiscal union.

The restatement for 2016 has the following impact:

(€ 1000)		**2016 (restated)**	**2016 (as originally stated)**	**Restatement**
Deferred tax asset		36,172.6	43,136.7	(6,964.1)
Deferred tax liability		-	(1,590.0)	1,590.0
Tax credit in the profit and loss account		12,244.6	14,363.0	(2,118.4)
Equity		94,002.0	99,376.1	(5,374.1)

Note 10 Subsidiaries and joint arrangements

Subsidiaries

Details of the Group's subsidiaries (both direct and indirect) at the end of the reporting year are as follows.

Name of subsidiary	Principal activity	Place of incorporation and operation	Proportion of ownership interest and voting power held by the Group	
			31.12.2017	31.12.2016
Rhein Petroleum GmbH	Exploration, production and manufacturing of carbon hybrids, especially oil and gas.	Heidelberg, Germany	90.0%	90.0%
Tulip Oil Netherlands B.V.	Exploration and production, onshore and offshore of hydrocarbon volumes	The Hague, Netherlands	100.0%	100.0%
Tulip Oil Netherlands Offshore B.V.	Exploration and production, onshore and offshore of hydrocarbon volumes	The Hague, Netherlands	100.0%	100.0%

Joint arrangements

The Group has the following interest in joint arrangements, which classify as joint operations:

Joint arrangement	Partner	Status	01.01-31.12 2017	2016
Q7-Q10 (offshore block)	Energie Beheer Nederland	Operated	60%	60%
M10-M11 (offshore block)	Energie Beheer Nederland	Operated	60%	60%
F6 (offshore block)	Energie Beheer Nederland – Dana - Dyas	Non operated	10%	10%
Terschelling	Energie Beheer Nederland	Operated	60%	60%
Donkerbroek Hemrik	Energie Beheer Nederland	Operated	60%	60%
Schagen	Energie Beheer Nederland - Petrogas	Operated	30%	30%
Marknesse	Energie Beheer Nederland	Operated	60%	60%
Lauben	Wintershall	Non operated	50%	50%
Bedernau	Wintershall	Non operated	50%	50%

Note 11 Details of non-wholly owned subsidiaries that have material non-controlling interests

Name of subsidiary	Place of incorporation and principal place of business	Proportion of ownership interests and voting rights held by non-controlling interests		Loss allocated to non-controlling interests		Accumulated non-controlling interests	
		31.12.2017	31.12.2016	31.12.2017	31.12.2016	31.12.2017	31.12.2016
Rhein Petroleum GmbH	Germany	10%	10%	(602.2)	(762.8)	1,488.3	2,090.5

Summarized financial information in respect of RP is set out below. The summarized financial information below represents amounts before intragroup eliminations.

Rhein Petroleum GmbH

(€ 1000)	31.12.2017	31.12.2016
Total non-current assets	32,495.4	35,661.5
Total current assets	471.0	1,095.3
Total assets	**32,966.4**	**36,756.8**
Total equity	14,882.6	20,904.9
Total non-current liabilities	17,641.2	15,314.4
Total current liabilities	442.6	537.5
Total equity and liabilities	**32,966.4**	**36,756.8**

	01.01-31.12 2017	2016
Revenue	1,493.3	222.8
Total operating expenses	(8,088.1)	(10,193.5)
Net financial items	(1,984.4)	(823.6)
Tax (charge)/credit	2,556.9	3,166.0
Net profit/(loss) for the year	**(6,022.3)**	**(7,628.3)**
Attributable to:		
Owners of Rhein Petroleum GmbH	*(5,420.1)*	*(6,865.5)*
Non-controlling interests	*(602.2)*	*(762.8)*

Note 12 Intangible fixed assets

(€ 1000)	Licences	Goodwill
Acquisition cost 31.12.2015	**22,255.8**	**5,059.3**
Additions	-	-
Disposals	-	-
Reclassification	-	-
Acquisition cost 31.12. 2016	**22,255.8**	**5,059.3**
Accumulated depreciation and impairments 31.12.2015	**(17,062.8)**	**-**
Depreciation	(560.1)	-
Impairment	-	-
Retirement/transfer depreciations	-	-
Accumulated depreciation and impairments 31.12.2016	**(17,622.9)**	**-**
Book value 31.12.2016	**4,632.9**	**5,059.3**
Acquisition cost 31.12.2016	**22,255.8**	**5,059.3**
Additions	1,802.6	-
Disposals	(3.5)	-
Reclassification	-	-
Acquisition cost 31.12.2017	**24,054.9**	**5,059.3**
Accumulated depreciation and impairments 31.12.2016	**(17,622.9)**	**-**
Depreciation	(561.0)	-
Impairment	(4,066.7)	(1,799.6)
Retirement/transfer depreciations	-	-
Accumulated depreciation and impairments 31.12.2017	**(22,250.6)**	**(1,799.6)**
Book value 31.12.2017	**1,804.3**	**3,259.7**

Goodwill is not depreciated within the books but tested regularly for impairment. The remaining licences are depreciated over a period of 24 years.

Note 13 Tangible fixed assets

(€ 1000)	Assets under construction	Production facilities including wells	Fixtures and fittings, office equipment	Total
Acquisition cost 31.12.2015	**19,836.8**	**47,805.5**	**935.9**	**68,578.2**
Additions	9,690.5	858.9	1.5	10,550.9
Other movements	(447.0)	(903.2)	-	(1,350.2)
Reclassification	-	-	-	-
Acquisition cost 31.12.2016	**29,080.3**	**47,761.2**	**937.4**	**77,778.9**
Accumulated depreciation and impairments 31.12.2015	**(11,369.4)**	**(4,600.1)**	**(367.7)**	**(16,337.2)**
Depreciation	-	(7,976.3)	(196.0)	(8,172.3)
Impairment	(3,594.3)	(2,168.0)	-	(5,762.3)
Retirement/transfer depreciations	-	-	-	-
Accumulated depreciation and impairments 31.12.2016	**(14,963.7)**	**(14,744.4)**	**(563.7)**	**(30,271.8)**
Book value 31.12.2016	**14,116.6**	**33,016.8**	**373.7**	**47,507.1**
Acquisition cost 31.12.2016	**29,080.3**	**47,761.2**	**937.4**	**77,778.9**
Additions	455.3	76.5	34.5	566.3
Other movements	(86.2)	(2,369.6)	-	(2,455.8)
Reclassification	-	-	-	-
Acquisition cost 31.12.2017	**29,449.4**	**45,468.1**	**971.9**	**75,889.4**
Accumulated depreciation and impairments 31.12.2016	**(14,963.7)**	**(14,744.4)**	**(563.7)**	**(30,271.8)**
Depreciation	-	(12,398.2)	(181.2)	(12,579.4)
Impairment	(61.7)	(4,813.8)	-	(4,875.5)
Retirement/transfer depreciations	-	-	-	-
Accumulated depreciation and impairments 31.12.2017	**(15,025.4)**	**(31,956.4)**	**(744.9)**	**(47,726.7)**
Book value 31.12.2017	**14,424.0**	**13,511.7**	**227.0**	**28,162.7**

Note 13 Tangible fixed assets (cont'd)

	01.01-31.12	
Depreciation in the Income statement (€ 1000)	2017	2016
Depreciation of tangible fixed assets	12,579.4	8,172.3
Depreciation of intangible assets	561.0	560.1
Total depreciation in the Income statement	**13,140.4**	**8,732.4**
Impairment in the Income statement (€ 1000)		
Impairment/(reversal) of tangible fixed assets	4,875.5	5,762.3
Impairment/(reversal) of intangible assets	4,066.7	-
Impairment of goodwill	1,799.6	-
Total impairment in the Income statement	**10,741.8**	**5,762.3**

2017 includes accelerated depreciation for Donkerbroek Hemrik related assets following a reserves classification change. The amount of additional depreciation included in 2017 amounts to €12,050.4 thousand.

Note 14 Other financial assets

(€ 1000)	31.12.2017	31.12.2016
Receivables carried at amortized cost		
Receivables from non-consolidated Tulip Oil companies	-	40.0
Loan to Mohsen Oil Services B.V.	147.5	112.5
Loan to Deutsche Rohstoff A.G.	3,000.0	3,000.0
Total	**3,147.5**	**3,152.5**
Non-current	*3.147.5*	*3,152.5*
Current	*-*	*-*

The interest on the loan to Deutsche Rohstoff AG is 10%. The accumulated interest due to be received of €1,154.4 (2016: €854.4) thousand has not been recognized based on management's estimation of recoverability.

Note 15 Other short-term receivables

(€ 1000)	31.12.2017	31.12.2016
Prepayments	241.7	60.2
VAT receivable	313.5	732.8
Other receivables	1.8	3.4
Total other short-term receivables	**557.0**	**796.4**

Note 16 Cash and cash equivalents

The item 'Cash and cash equivalents' consists of bank accounts. The restricted funds mainly relate to six quarters of bond interest payments and the remaining amount relates to funds available once the project final investment decision is approved. Given the final investment decision was taken on 11 January 2018 these funds are no longer restricted.

(€ 1000)	31.12.2017	31.12.2016
Cash in hand	0.3	0.1
Bank accounts	8,605.2	2,120.3
Restricted funds	72,933.5	787.4
Cash and cash equivalents	**81,539.0**	**2,907.8**

Note 17 Issued capital

(€ 1000)	31.12.2017	31.12.2016
Share capital	18.2	18.2
	18.2	**18.2**

Issued capital compromises:

(€ 1000)	31.12.2017	31.12.2016
731,632 (prior year: 731,632) ordinary shares Type A at a par value of € 0.01 of which 712,320 have been paid	7	7
377,963 (prior year: 377,963) fully paid ordinary shares Type B at a par value of € 0.01	4	4
731,631 (prior year: 731,631) fully paid ordinary shares Type C at a par value of € 0.01	7	7
	18	**18**

By notarial deed on 8 August 2013 share capital B has been increased with 2,603 shares of € 0.01.

On 16 December 2013 the Articles of association of the Company have been changed. A new type of shares (C shares) has been issued. In the same deed the capital of A shares has been changed from € 14,000 to € 7,000. The difference has been added to the share premium reserve. On the same date share capital A has been increased by 19,312 shares of € 0.01.

As of 31 December 2017 the shareholders of the company are as follows:
- A shares: 731,632 shares Northwarf Nominees Limited
- B shares: 377,963 shares Tulip Oil Investment B.V.
- C shares: 730,900 shares Northwarf Nominees Limited
- C shares: 731 shares R.J.P. Beheer B.V.

Note: as per balance date, a number of 19,312 shares in share capital A have not yet been paid up by Northwharf Nominees Limited.

Note 18 Share premium

(€ 1000)	31.12.2017	31.12.2016
Share premium	142,101.3	119,001.3
Additional paid-in capital	2,030.0	23,100.0
	144,131.3	**142,101.3**

The holders of the ordinary shares made additional payments in the year 2017, amounting to €2,030.0 thousand (2016: €23,100).

Note 19 Non-controlling interests

(€ 1000)	31.12.2017	31.12.2016
Balance at beginning of year	2,090.5	3,071.3
Capital contributions attributable to non-controlling interest	-	(218.0)
Share of loss for the year	(602.2)	(762.8)
Balance at end of year	**1,488.3**	**2,090.5**

Note 20 Provisions

(€ 1000)	31.12.2017	31.12.2016
Provisions as of beginning of period	3,679.4	4,682.0
Accretion expense - present value calculation	220.5	-
Change in estimates and incurred liabilities**	(2,479.0)	(1,002.6)
Total provision for decommissioning costs at the end of period	**1,420.9**	**3,679.4**
Break down of the provision to short-term and long-term liabilities		
Short-term	-	-
Long-term	1,420.9	3,679.4
Total provision for decommissioning costs	**1,420.9**	**3,679.4**

** The change in estimates are related to a re-assessment by management of the cost to decommission its assets based on actual experience, timing of the decommissioning and the discount rate applied.

The estimate 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 2.3% (2016: 2.3%) and a discount rate before tax of 8.50% (2016: 6.3%).

Note 21 Bonds

(€ 1000)	31.12.2017	31.12.2016
TULIP Senior secured bond	85,322.2	-
Bond setup costs	(2,417.6)	-
Long-term bonds	**82,904.6**	**-**

The loan of €87 million (face value) is denominated in € and runs from October 2017 to September 2022 and 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.

In respect of the bond the following pledges are required:

- TOH Intra-Group Loan Pledge over all intra-Group loans made by the Ultimate Parent to the Parent, granted by the Ultimate Parent 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 the Parent, granted by the Ultimate Parent 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 the Parent to the Issuer, granted by the Parent in favour of the Bond Trustee on first priority, as security for the obligations and liabilities;

- A Dutch law governed omnibus pledge granted by TON in favour of the bond holders on first priority, as security for the obligations and liabilities comprising:

  (a) a receivables pledge of all of TONO's 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 theTONO 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 was significantly out of the money and hence has no value attached to it.

Note 22 Other non-current liabilities

Participation Certificates

During previous years the Company has have given certain full time employees and permanent contractors the one time opportunity to irrevocably invest in the Company. The participants in this program are entitled to receive a settlement in the event the Company makes a distribution. This settlement will take place upon occurrence of any of the following events:

- The first public offering of any class of equity securities of the Company;
- The sale and transfer of all the shares in the Company or the sale of the whole of the assets and undertakings of the Company;
- Any other realisation as determined by the Board.

The Settlement Price shall be calculated by multiplying the Proceeds by the participation formula, which is calculated based on the pre-money valuation of the Company and its subsidiaries and other affiliated companies. The participation certificates are valued at the amount invested by the employees which is €517 thousand (2016: €517). This is considered a fair value based on level 3 input.

Other liabilities

In January 2015 TON purchased 30% of the license of Q7-Q10 from PA Resources Ltd. In this contract there is a contingent liability to pay PA Resources £1.6 million (GBP 1,600,000.00) following and provided that TON shall have fully recovered all of its Qualifying Cost and Expenses up to the Point of Break Even, in respect of that development. On 17 July 2015 Tulip Oil Netherlands B.V. entered into a sale and purchase agreement with Tulip Oil Netherlands Offshore B.V. to transfer the license of Q7-Q10. This transaction was completed on 13 August 2015 and hence this contingent liability has been transferred to Tulip Oil Netherlands Offshore B.V.

In 2017 this amount has been recorded within other non-current liabilities given approval of the Q10 project in January 2018.

Note 23 Other current liabilities

(€ 1000)	31.12.2017	31.12.2016
Other current liabilities	76.3	100.9
Total other current liabilities	**76.3**	**100.9**

Note 24 Financial instruments

Financial risk management objectives

The Group is exposed to a variety of risks including commodity price risk, interest rate risk, credit risk, foreign currency risk and liquidity risk. The use of derivative financial instruments (derivatives) is governed by the Group's policies approved by the Board of Directors. Compliance with policies and exposure limits are monitored and reviewed internally on a regular basis. The Group does not enter into or trade financial instruments, including derivatives, for speculative purposes.

Fair values of financial assets and liabilities

The Group considers the carrying value of all its financial assets and liabilities to be materially the same as their fair value.

The Group has no material financial assets that are past due. No financial assets are impaired at the balance sheet date, except for the interest on the DRAG loan. All financial assets and liabilities with the exception of derivatives in 2016 are measured at amortised cost.

Fair values of derivative instruments

Other current financial liabilities - Determination fair value

On 11 September 2015 the Company and BNP Paribas entered into a derivative agreement (Pre-paid Swap Agreement) for a total amount of €6,626,530 for the financing of certain works on gas fields and related infrastructure.

The amount for the monthly repayments was based on notional quantity (MWh) set by BNP in the Agreement multiplied by the fixed price in EUR per MWh (based on TTF Front Month Heren published by ICIS-Heren) less an amount equal to the product of the total notional quantity and the finance and hedge margin.

The fair value of the derivative as of 16 September 2015 amounted to €6,930 thousand. Based on level 3 input the fair value of the derivative as of 31 December 2016 was determined by the actual repayment of the derivative in 2017 and amounted to €759.1 thousand (recognized under other loans as part of current liabilities).

The following provides an analysis of the Group's financial instruments measured at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable:

- Level 1: fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2: fair value measurements are those derived from inputs other than quoted prices included within Level 1 which are observable for the asset or liability, either directly or indirectly; and
- Level 3: fair value measurements are those derived from valuation techniques which include inputs for the asset or liability that are not based on observable market data.

All the Group's derivatives are Level 3 (2016: Level 3). There were no transfers between fair value levels during the year.

Note 24 Financial instruments *(cont'd)*

Other non-current liabilities – Determination of fair value

For the participation certificates please refer to note 22.

Commodity price risk

The Group does not use derivatives to mitigate the commodity price risk associated with its underlying oil and gas revenues.

Cash flow and interest rate risk

The Group's principal exposure to interest costs now relates to the bond issue. The bond carries an interest rate of 3 month EURIBOR + 8.5%. No interest rate hedging has been taken out by the Group as management believes the effects of an adverse change in the EURIBOR to be low. The Group's financial assets and liabilities, excluding trade and other receivables and trade and other payables, at 31 December 2017 and 2016 were all denominated in €. No other currencies of cash or debt are held.

The following table demonstrates the sensitivity of the Group's financial instruments to reasonably possible movements in interest rates:

		Effect on finance costs		Effect on equity	
(€1000)	Market movement	**2017**	**2016**	**2017**	**2016**
Interest rate	100 basis points	870.0	-	(448.7)	-

Cash flow risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's approach to managing cashflow is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due.

The Group actively manages its cashflow risk by maintaining sufficient cash and cash equivalents and the availability of the funds from the bond secured by Tulip Oil Netherlands Offshore B.V. helps to ensure that sufficient cash exists to meet its obligations going forward.

Credit risk

The Group has a credit policy that governs the management of credit risk, including the establishment of counterparty credit limits and specific transaction approvals. The primary credit exposures for the Group are its receivables generated by the marketing of crude oil and gas and amounts due from JV partners. These exposures are managed at the corporate level. The Group's crude sales are predominantly made to international oil market participants including the oil majors, trading houses and refineries. JV partners are predominantly international major oil and gas market participants. Counterparty evaluations are conducted utilising international credit rating agency and financial assessments. Where considered appropriate, security in the form of trade finance instruments from financial institutions with appropriate credit ratings, such as letters of credit, guarantees and credit insurance, are obtained to mitigate the risks.

Foreign currency risk

The Group conducts and manages its business predominately in euro's, the operating currency of the industry in which it operates. From time to time the Group undertakes certain transactions denominated in other currencies. There were no material foreign currency financial derivatives in place at 31 December 2017 (2016: €nil).

Note 24 Financial instruments *(cont'd)*

As at 31 December 2017, there were no material monetary assets or liabilities of the Group that were not denominated in the functional currency of the respective subsidiaries.

The Group does not see material movements arising from foreign currency fluctuations.

Liquidity risk

The Group manages its liquidity risk using both short and long-term cash flow projections, supplemented by debt financing plans and active portfolio management. Ultimate responsibility for liquidity risk management rests with the Board of Directors, which has established an appropriate liquidity risk management framework covering the Group's short, medium and long-term funding and liquidity management requirements.

The Group closely monitors and manages its liquidity risk. Cash forecasts are regularly produced and sensitivities run for different scenarios including, but not limited to, changes in commodity prices, different production rates from the Group's producing assets and delays to development projects. In addition to the Group's operating cash flows, portfolio management opportunities are reviewed to potentially enhance the financial capability and flexibility of the Group.

The Group's forecast, taking into account the risks described above, show that the Group will be able to operate within its current debt facilities and have sufficient financial headroom for the 12 months from the date of approval of the 2017 Annual Report and Accounts.

The following table details the Group's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay.

(€ 1000)	Weighted average effective interest rate (%)	1-3 months	3 Months to 1 year	1-5 years	5-years	Total
31 December 2017						
Interest bearing	8.5	-	-	85,322.2	-	85,322.2
31 December 2016						
Interest bearing	n/a	759.2	-	-	-	759.2

Note 25 Related party transactions

As of 31 December 2017 the Company has no key employees in management. This function is provided by certain management companies and their personnel.

The Company has paid the following management fees to these companies:

	01.01-31.12	
(€ 1000)	**2017**	**2016**
Management fees	731.8	710.0

Transactions with other related parties are set out below:

(€ 1000)	**Transaction type**	**2017**	**2016**
Management personnel	Management	731.8	710.0
Outstanding balances receivable (payable) at end of year:			
Mohsen Oil Services	Related party loan	147.5	112.4
Tulip Oil Investment BV	Intercompany loan	-	40.0
Carry DRAG	Loan	3,000.0	3,000.0
Tulip Oil Oman BV	Services provided	-	65.3
Global Natural Resource Investments	Services provided	150.0	150.0

Note 26 Commitments and contingencies

(€ 1000)	**2017**	**2016**
Operating lease commitments		
Due within one year	172.1	69.9
After one year but within two years	6.0	102.6
After two years but within five years	-	3.3
Due after five years	-	-
	178.1	175.8
Contingent liabilities		
Performance guarantees	-	-
Other contingent liabilities (see note 22)	-	1,876.5
	-	**1,876.5**

Tulip Oil Holding B.V., Tulip Oil Netherlands B.V. and Tulip Oil Netherlands Offshore B.V. are part of a fiscal unity where each entity is individually liable for the tax payments.

Note 27 Reconciliation of financing cashflows

(€ 1000)	01.01.2017	Financing cashflow	Non cash movements	31.12.2017
Amortised bond costs	-	(2,507.6)	90.0	2,417.6
Share premium	142,101.3	2,030.0	-	144,131.3
Long term bond	-	85,260.0	62.2	85,322.2
Long term loans	759.1	(750.9)	(0.4)	7.8
Participation certificates	517.0	-	-	517.0
Other current liabilities	8.3	(8.3)	-	-

COMPANY INCOME STATEMENT

(€ 1000)	Note	01.01-31.12 2017	2016
Petroleum revenues		-	-
Total Income		**-**	**-**
Purchases		135.3	144.5
Exploration expenses			-
Production costs		6.6	0.6
Depreciation		(728.0)	(742.7)
Impairments	*12*	(5,866.3)	-
Other operating expenses		(268.0)	23.6
Total operating expenses		**(6,855.7)**	**(718.5)**
Operating profit/(loss)		**(6,720.4)**	**(574.0)**
Interest income		5,995.6	4,207.8
Other financial income		5.2	4.9
Interest expenses		-	-
Other financial expenses		-	-
Net financial items		**6,000.8**	**4,212.7**
Share of interest in affiliates		**(17,653.4)**	**(13,004.1)**
Profit/(loss) before taxes		**(18,373.0)**	**(9,365.4)**
Tax (charge)/credit		1,156.9	140.2
Net profit/(loss) for the year		**(17,216.1)**	**(9,225.2)**

COMPANY STATEMENT OF FINANCIAL POSITION

(€ 1000)	Note	**31.12.2017**	**31.12.2016 (restated – note 2)**
ASSETS			
Investments			
Investments in affiliates	*2*	16,714.4	13,851.1
Intangible assets			
Licenses	*12*	-	4,627.6
Deferred tax assets		474.1	-
Goodwill	*3*	3,259.7	5,059.3
Tangible fixed assets			
Property, plant and equipment		192.8	325.7
Financial assets			
Long-term other loans		3,147.5	3,112.0
Long-term loans with affiliates		52,219.7	64,989.9
Total non-current assets		**76,008.2**	**91,965.6**
Receivables			
Accounts receivable		-	0.2
Other short-term receivables	*4*	275.1	151.8
Intercompany balance receivables		353.1	449.0
Cash and cash equivalents			
Cash and cash equivalents *		1,444.8	1,200.4
Total current assets		**2,073.0**	**1,801.4**
TOTAL ASSETS		**78,081.2**	**93,767.0**

*Includes restricted cash and cash equivalents

COMPANY STATEMENT OF FINANCIAL POSITION

(€ 1000)	Note	**31.12.2017**	**31.12.2016**
EQUITY AND LIABILITIES			
Equity			
Share capital	*5*	18.2	18.2
Share premium	*6*	144,131.3	142,101.3
Retained earnings		(67,424.9)	(50,208.0)
Total equity		**76,724.6**	**91,911.5**
Non-current liabilities			
Deferred taxes		-	682.8
Other non-current liabilities		517.0	517.0
Current liabilities			
Trade creditors		717.9	556.0
Accrued expenses		85.1	76.1
Intercompany payables		-	0.1
Other current liabilities		36.6	23.5
Total liabilities		**1,356.6**	**1,855.5**
TOTAL EQUITY AND LIABILITIES		**78,081.2**	**93,767.0**

During the year the Company made a loss of €17,216.1 thousand (2016: loss of €9,225.2 thousand).

Approved by the Board of Directors and approved for issue on 30 April 2018.

Signed on the original: Imad Mohsen

Imad Mohsen
Chief Executive Officer

COMPANY STATEMENT OF CHANGES IN EQUITY

(€ 1000)	Share capital	Share premium	Retained earnings	Total equity
Equity as of 31.12.2015	**18.2**	**119,001.3**	**(40,982.6)**	**78,036.9**
Share premium injection	-	23,100.0	-	23,100.0
Net profit/(loss) for the year	-	-	(9,225.4)	(9,225.4)
Equity as of 31.12.2016	**18.2**	**142,101.3**	**(50,208.0)**	**91,911.5**
Share premium injection	-	2,030.0	-	2,030.0
Net profit/(loss) for the year	-	-	(17,216.9)	(17,216.9)
Equity as of 31.12.2017	**18.2**	**144,131.3**	**(67,424.9)**	**76,724.6**

NOTES TO THE COMPANY FINANCIAL STATEMENTS

Note 1 Accounting policies

a) Basis of accounting

The Company financial statements have been prepared in accordance with the provisions of Part 9, Book 2, of the Dutch Civil Code. The Company uses the option of Article 362.8 of Part 9, Book 2, of the Dutch Civil Code to prepare the Company financial statements, using the same accounting policies as in the consolidated financial statements. Valuation is based on recognition and measurement requirements of accounting standards adopted by the EU (i.e. only IFRS that is adopted for use in the EU at the date of authorisation) as explained further in the notes to the consolidated financial statements.

The Financial Statements have been prepared on the historical cost basis. The Financial Statements are presented in euros and all values are rounded to the nearest €0.1 thousands, except where otherwise stated. The Financial Statements have been prepared on a going concern basis.

The principal accounting policies adopted by the Company are set out below. Further reference is made to the accounting policies in the consolidated financial statements.

b) Financial assets

All financial assets are recognised and derecognised on a trade date where the purchase or sale of a financial asset is under a contract whose terms require delivery of the investment within the timeframe established by the market concerned, and are initially measured at fair value, plus transaction costs.

Financial assets are recognized initially at fair value and subsequently at amortised cost.

c) Investments

Shares in Group undertakings are stated at equity value.

The Company assesses investments for impairment whenever events or changes in circumstances indicate that the carrying value of an investment may not be recoverable. If any such indication of impairment exists, the Company makes an estimate of the recoverable amount. If the recoverable amount of the cash-generating unit is less than the value of the investment, the investment is considered to be impaired and is written down to its recoverable amount. An impairment loss is recognised immediately in the profit and loss account.

Note 2 Investments

(€ 1000)	31.12.2017	31.12.2016
Balance at the beginning of the year	13,851.0	30,110.1
Restatement of net equity value of Tulip Oil Netherlands BV	-	(3,254.9)
Equity injections during the year	20,516.7	-
Share of interest in affiliates	(17,653.4)	(13,004.1)
Balance at the end of the year	**16,714.3**	**13,851.1**

Note 3 Goodwill

(€ 1000)	Goodwill
Acquisition cost 31.12.2015	**5,059.3**
Additions	-
Disposals	-
Reclassification	-
Acquisition cost 31.12. 2016	**5,059.3**
Accumulated depreciation and impairments 31.12.2015	**-**
Depreciation	-
Impairment	-
Retirement/transfer depreciations	-
Accumulated depreciation and impairments 31.12.2016	**-**
Book value 31.12.2016	**5,059.3**
Acquisition cost 31.12.2016	**5,059.3**
Additions	-
Disposals	-
Reclassification	-
Acquisition cost 31.12.2017	**5,059.3**
Accumulated depreciation and impairments 31.12.2016	**-**
Depreciation	-
Impairment	(1,799.6)
Retirement/transfer depreciations	-
Accumulated depreciation and impairments 31.12.2017	**(1,799.6)**
Book value 31.12.2017	**3,259.7**

Goodwill is not depreciated within the books but tested regularly for impairment.

Note 4 Other short-term receivables

(€ 1000)	31.12.2017	31.12.2016
Prepayments	157.3	13.6
VAT receivable	117.8	138.2
Total other short-term receivables	275.1	151.8

Note 5 Issued capital

(€ 1000)	**31.12.2017**	**31.12.2016**
Share capital	18.2	18.2
	18.2	**18.2**

Issued capital compromises:

(€ 1000)	**31.12.2017**	**31.12.2016**
731,632 (prior year: 731,632) ordinary shares Type A at a par value of € 0.01 of which 712,320 have been paid	7	7
377,963 (prior year: 377,963) fully paid ordinary shares Type B at a par value of € 0.01	4	4
731,631 (prior year: 731,631) fully paid ordinary shares Type C at a par value of € 0.01	7	7

By notarial deed on 8 August 2013 share capital B has been increased with 2,603 shares of €0.01.

On 16 December 2013 the Articles of association of the Company have been changed. A new type of shares (C shares) has been issued. In the same deed the capital of A shares has been changed from € 14,000 to € 7,000. The difference has been added to the share premium reserve. On the same date share capital A has been increased by 19,312 shares of €0.01.

As of 31 December 2017 the shareholders of the company are as follows:
- A shares: 731,632 shares Northwarf Nominees Limited
- B shares: 377,963 shares Tulip Oil Investment B.V.
- C shares: 730,900 shares Northwarf Nominees Limited
- C shares: 731 shares R.J.P. Beheer B.V.

Note: as per balance date, a number of 19,312 shares in share capital A have not yet been paid up by Northwharf Nominees Limited.

Note 6 Share premium

(€ 1000)	**31.12.2017**	**31.12.2016**
Share premium	**144,131.3**	142,101.3
	144,131.3	142,101.3

The holders of the ordinary shares made additional payments in the year 2017, amounting to €2,030.0 thousand (2016: €23,100).

Note 7 Proposed appropriation of result

The Company proposes to transfer the net loss for the year of €17,216.1 thousand to retained earnings in accordance with Article 14 of Articles of Association. This article states that the profits are at the disposal of the shareholders.

Note 8 Contingent liabilities

Tulip Oil Holding B.V., Tulip Oil Netherlands B.V. and Tulip Oil Netherlands Offshore B.V. belong to a fiscal union for corporate tax purposes. Under this fiscal union Tulip Oil Holding B.V. takes ultimate responsibility for the payment of taxes of all entities in the union.

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Independent auditor's report

To the shareholders and Board of Tulip Oil Holding B.V.

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS 2017 INCLUDED IN THE ANNUAL ACCOUNTS

Our opinion

We have audited the accompanying financial statements for 2017 of Tulip Oil Holding B.V., based in The Hague.

In our opinion the accompanying financial statements give a true and fair view of the financial position of Tulip Oil Holding B.V. as at 31 December 2017, and of its result and its cash flows for 2017 in accordance with International Financial Reporting Standards as adopted by the European Union (EU-IFRS) and with Part 9 of Book 2 of the Dutch Civil Code.

The financial statements comprise:

1. The consolidated and company statement of financial position as at 31 December 2017.
2. The following statements for 2017: the consolidated and company income statement, the consolidated and company statements of comprehensive income, changes in equity and cash flows.
3. The notes comprising a summary of the significant accounting policies and other explanatory information.

Basis for our opinion

We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing. Our responsibilities under those standards are further described in the "Our responsibilities for the audit of the financial statements" section of our report.

We are independent of Tulip Oil Holding B.V. in accordance with the EU Regulation on specific requirements regarding statutory audit of public-interest entities, the Wet toezicht accountantsorganisaties (Wta, Audit firms supervision act), the Verordening inzake de onafhankelijkheid van accountants bij assurance-opdrachten (ViO, Code of Ethics for Professional Accountants, a regulation with respect to independence) and other relevant independence regulations in the Netherlands. Furthermore we have complied with the Verordening gedrags- en beroepsregels accountants (VGBA, Dutch Code of Ethics).

We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

REPORT ON THE OTHER INFORMATION INCLUDED IN THE ANNUAL ACCOUNTS

In addition to the financial statements and our auditor's report thereon, the annual accounts contain other information that consists of:

- Report of the Board.
- Other Information as required by Part 9 of Book 2 of the Dutch Civil Code.

Based on the following procedures performed, we conclude that the other information:

- Is consistent with the financial statements and does not contain material misstatements.
- Contains the information as required by Part 9 of Book 2 of the Dutch Civil Code.

We have read the other information. Based on our knowledge and understanding obtained through our audit of the financial statements or otherwise, we have considered whether the other information contains material misstatements.

By performing these procedures, we comply with the requirements of Part 9 of Book 2 of the Dutch Civil Code and the Dutch Standard 720. The scope of the procedures performed is substantially less than the scope of those performed in our audit of the financial statements.

Management is responsible for the preparation of the other information, including Report of the Board in accordance with Part 9 of Book 2 of the Dutch Civil Code, and the other information as required by Part 9 of Book 2 of the Dutch Civil Code.

DESCRIPTION OF RESPONSIBILITIES REGARDING THE FINANCIAL STATEMENTS

Responsibilities of management and for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with EU-IFRS and Part 9 of Book 2 of the Dutch Civil Code. Furthermore, management is responsible for such internal control as management determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

As part of the preparation of the financial statements, management is responsible for assessing the company’s ability to continue as a going concern. Based on the financial reporting frameworks mentioned, management should prepare the financial statements using the going concern basis of accounting unless management either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so.

Management should disclose events and circumstances that may cast significant doubt on the company’s ability to continue as a going concern in the financial statements.

The board is responsible for overseeing the company’s financial reporting process.

Our responsibilities for the audit of the financial statements

Our objective is to plan and perform the audit assignment in a manner that allows us to obtain sufficient and appropriate audit evidence for our opinion.

Our audit has been performed with a high, but not absolute, level of assurance, which means we may not detect all material errors and fraud during our audit.

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Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. The materiality affects the nature, timing and extent of our audit procedures and the evaluation of the effect of identified misstatements on our opinion.

We have exercised professional judgement and have maintained professional skepticism throughout the audit, in accordance with Dutch Standards on Auditing, ethical requirements and independence requirements. Our audit included e.g.:

- Identifying and assessing the risks of material misstatement of the financial statements, whether due to fraud or error, designing and performing audit procedures responsive to those risks, and obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtaining an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.

- Evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Concluding on the appropriateness of management's use of the going concern basis of accounting, and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.

- Evaluating the overall presentation, structure and content of the financial statements, including the disclosures.

- Evaluating whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Because we are ultimately responsible for the opinion, we are also responsible for directing, supervising and performing the group audit. In this respect we have determined the nature and extent of the audit procedures to be carried out for group entities. Decisive were the size and/or the risk profile of the group entities or operations. On this basis, we selected group entities for which an audit or review had to be carried out on the complete set of financial information or specific items.

We communicate with the board regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant findings in internal control that we identified during our audit. In this respect we also submit an additional report to the audit committee in accordance with Article 11 of the EU Regulation on specific requirements regarding statutory audit of public-interest entities. The information included in this additional report is consistent with our audit opinion in this auditor's report.

The Hague, 30 April 2018

Deloitte Accountants B.V.

Signed on the original: W.P.C. Meeuwisse