

H1 2018

UNAUDITED HALF YEARLY REPORT FOR TULIP OIL NETHERLANDS B.V.

The Hague, 30 August 2018

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

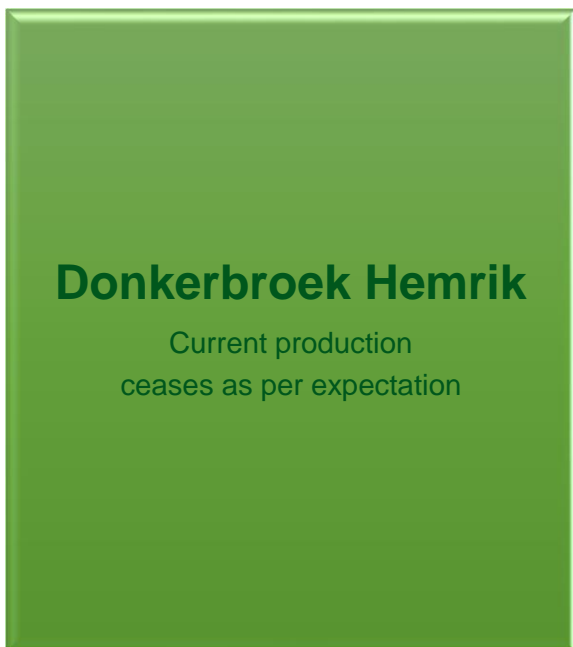
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Important information and disclaimer

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All figures are presented in € unless otherwise stated, and figures in brackets apply to the first half year period in 2017 (H1 2017).



SUMMARY OF FINANCIAL RESULTS

(€ 1000)	H1 2018	H1 2017	2017 Audited FY	2016 Audited FY
Operating profit/(loss)	(472.3)	(9,845.0)	(13,772.7)	(4,638.4)
EBITDA	(263.7)	(138.5)	(432.5)	(2,887.2)
Net profit/(loss) for the period	(1,437.3)	(7,547.9)	(12,232.5)	(6,138.5)
Cash flow from operations	(1,353.7)	(706.1)	(1,984.9)	(9,405.3)
Cash flow from investments	-	-	-	-
Total assets	38,940.6	43,974.9	39,436.2	49,202.3
Net interest-bearing debt	36,157.4	55,225.0	35,308.6	52,909.8
Cash and cash equivalents	71.5	45.5	576.4	510.7

SUMMARY OF PRODUCTION

	Operated/ non-operated	Unit	H1 2018	H1 2017	2017 Audited FY	2016 Audited FY
DKK (60%)	Operated	boepd	12.8	93.9	64.2	242.8



SUMMARY OF THE FIRST HALF YEAR 2018

Tulip Oil Netherlands BV (“the Company” or “TON”) holds a 60% operated interest in the licences of Donkerbroek Main, Donkerbroek West, Akkrum and Marknesse. Additionally the Company holds a 60% operated interest in M10a/M11/TEN, a 30% operated interest in Schagen and a 10% non-operated interest in F06b.

Production for this half year period has been significantly lower at 12.8 boepd compared to the prior period at 93.9 boepd in line with expectations. In April 2018, production from Donkerbroek has ceased.

EBITDA for H1 2018 amounted to a loss of €263.7 (loss of €138.5) thousand and EBIT was a loss of €472.3 (loss of €9,845.0) thousand. Net profit/(loss) for the period was a loss of €1,437.3 (loss of €7,547.9) thousand. Interest bearing debt has decreased to €36,157.4 (€55,225.0) thousand at the end of the half year period following the capitalisation of intercompany loans at the end of 2017. Fiscal corporation tax losses carried forward at 31 December 2017 amounted to €29 million and State Profit Share losses (before corporate tax credit) carried forward amounted to €43 million.



Donkerbroek Hemrik facility



FINANCIAL REVIEW

INCOME STATEMENT

(€ 1000)	H1 2018	H1 2017
Total income	62.4	563.2
EBITDA	(263.7)	(138.5)
EBIT	(472.3)	(9,845.0)
Net financial items	(1,065.2)	(968.4)
Profit/(loss) before taxes	(2,195.6)	(11,811.2)
Taxes	758.3	4,263.3
Net profit/(loss) for the period	(1,437.3)	(7,547.9)

Activity during the first half of 2018 has been limited. Production from the DKK-4 well has stopped in April 2018 in line with expectations.

The Company recorded a lower operating loss of €472.3 (loss €9,845.0) thousand in the first half period. The net loss for the period was €1,437.3 (loss €7,547.9) thousand after net financial expenses of €-1,065.2 (€-968.4) thousand and a tax credit of €758.3 (€4,263.3) thousand.

STATEMENT OF FINANCIAL POSITION

(€ 1000)	H1 2018	H1 2017
Deferred tax assets	20,594.6	17,190.5
PPE	5.5	4,100.2
Cash and cash equivalents	71.5	45.5
Net working capital	(23.9)	7.4
Total assets	38,940.6	43,974.9
Equity	1,882.4	(12,512.3)
Interest bearing debt	(36,157.4)	(55,225.0)

Compared to the year end position of 31 December 2017, there have not been any material movements in the balance sheet.



CASHFLOW STATEMENT

(€ 1000)	H1 2018	H1 2017
Cash flow from operations	(1,353.7)	(706.1)
Cash flow from investing	-	-
Cash flow from financing	848.8	240.9
Net change in cash and cash eq.	(504.9)	(465.2)
Cash and cash eq. end of period	71.5	45.5

Net cash outflow from operating activities was €1,353.7 (€706.1) thousand.

Net cash inflow from financing activities equaled €848.8 (€240.9) thousand, reflecting the amounts received from the holding Company.

Funding

At the end of H1 2018, the Company had available liquidity of €71.5 (€45.5) thousand, comprising of cash and cash equivalents of €71.5 (€45.5) thousand.



FINANCIAL STATEMENTS WITH NOTES

INCOME STATEMENT

		Unaudited	Unaudited	Audited
		H1	H1	01.01-31.12
(€ 1000)	Note	2018	2017	2017
Petroleum revenues		62.4	563.2	756.3
Total Income	2	62.4	563.2	756.3
Exploration expenses		(0.3)	(1.6)	(3.3)
Production costs		(223.2)	(277.8)	(436.2)
Depreciation	8	(1.2)	(9,706.5)	(12,445.9)
Impairments	3,8	(207.4)	-	(894.3)
Other operating expenses	4	(102.6)	(422.3)	(749.3)
Total operating expenses		(534.7)	(10,408.2)	(14,529.0)
Operating profit/(loss)		(472.3)	(9,845.0)	(13,772.7)
Interest income		333.2	1,197.9	2,202.2
Interest expenses		(1,419.2)	(2,134.5)	(4,159.3)
Other financial expenses		20.8	(31.8)	(63.6)
Net financial items	5	(1,065.2)	(968.4)	(2,020.7)
Share of interest in affiliates	7	(658.1)	(997.8)	(3,348.2)
Profit/(loss) before taxes		(2,195.6)	(11,811.2)	(19,141.6)
Taxes (-)/ tax income (+)	6	758.3	4,263.3	6,909.1
Net profit/(loss) for the period		(1,437.3)	(7,547.9)	(12,232.5)
Net profit/(loss) for the period is attributable to:				
<i>Owners of Tulip Oil Netherlands B.V.</i>		<i>(1,437.3)</i>	<i>(7,547.9)</i>	<i>(12,232.5)</i>

STATEMENT OF COMPREHENSIVE INCOME

		Unaudited	Unaudited	Audited
		H1	H1	01.01-31.12
(€ 1000)		2018	2017	2017
Net profit/(loss) for the period		(1,437.3)	(7,547.9)	(12,232.5)
Total comprehensive income in period		(1,437.3)	(7,547.9)	(12,232.5)



STATEMENT OF FINANCIAL POSITION

(€ 1000)	Note	Unaudited 30.06.2018	Unaudited 30.06.2017 (restated – note 1)	Audited 31.12.2017 (restated – note 1)
ASSETS				
Investments				
Investments in subsidiaries	7	10,208.3	-	10,866.4
Intangible assets				
Deferred tax assets	6	20,594.6	17,190.5	19,836.3
Tangible fixed assets				
Property, plant and equipment	8	5.5	4,100.2	6.7
Financial assets				
Long-term loan to affiliates	9	8,000.0	22,426.8	8,000.0
Total non-current assets		38,808.4	43,717.5	38,709.4
Receivables				
Accounts receivable		32.3	155.9	85.6
Other short-term receivables	10	28.4	56.0	64.8
Cash and cash equivalents				
Cash and cash equivalents	11	71.5	45.5	576.4
Total current assets		132.2	257.4	726.8
TOTAL ASSETS		38,940.6	43,974.9	39,436.2



STATEMENT OF FINANCIAL POSITION

(€ 1000)	Note	Unaudited 30.06.2018	Unaudited 30.06.2017 (restated – note 1)	Audited 31.12.2017 (restated – note 1)
EQUITY AND LIABILITIES				
Equity				
Share capital		100.0	100.0	100.0
Share premium		28,353.8	7,837.2	28,353.8
Retained earnings		(26,571.4)	(20,449.5)	(25,134.1)
Total equity		1,882.4	(12,512.3)	3,319.7
Non-current liabilities				
Long-term abandonment provision	12	816.2	1,057.7	629.6
Interest-bearing loans from affiliates	13	36,150.8	55,217.4	35,300.8
Other non-current liabilities		6.6	7.6	7.8
Current liabilities				
Trade creditors		50.0	24.2	57.3
Accrued expenses		4.0	-	29.2
Liabilities against affiliates		30.6	89.7	91.8
Other current liabilities		-	90.6	-
Total liabilities		37,058.2	56,487.2	36,116.5
TOTAL EQUITY AND LIABILITIES		38,940.6	43,974.9	39,436.2



STATEMENT OF CHANGES IN EQUITY (Unaudited)

(€ 1000)	Share capital	Share premium	Retained earnings (Restated – note 1)	Total equity (Restated – note 1)
Equity as of 31.12.2016 - restated	100.0	7,837.2	(12,901.6)	(4,964.4)
Share premium injection	-	-	-	-
Net profit/(loss) for the period	-	-	(7,547.9)	(7,547.9)
Equity as of 30.06.2017	100.0	7,837.2	(20,449.5)	(12,512.3)
Share premium injection	-	20,516.6	-	20,516.6
Net profit/(loss) for the period	-	-	(4,684.6)	(4,684.6)
Equity as of 31.12.2017	100.0	28,353.8	(25,134.1)	3,319.7
Share premium injection	-	-	-	-
Net profit/(loss) for the period	-	-	(1,437.3)	(1,437.3)
Equity as of 30.06.2018	100.0	28,353.8	(26,571.4)	1,882.4



STATEMENT OF CASH FLOW

		Unaudited	Unaudited	Audited
		H1	H1	01.01-31.12
(€ 1000)	Note	2018	2017	2017
CASH FLOW FROM OPERATING ACTIVITIES				
Profit/(loss) before taxes		(2,195.6)	(11,811.2)	(19,141.6)
Taxes paid during the period		-	-	-
Net financial items	5	1,065.2	968.4	2,020.7
Depreciation	8	208.6	9,706.5	12,445.9
Net impairment losses	3	-	-	894.3
Income from participating interests		658.1	997.8	3,348.2
<i>Interest paid:</i>				
Net financial items	5	(1,065.2)	(968.4)	(2,020.7)
Accretion interest		(20.6)	31.8	63.6
Decrease/(increase) in trade and other receivables		89.4	396.2	457.6
Decrease/(increase) in trade and other payables		(93.6)	(27.2)	(52.9)
NET CASH FLOW FROM OPERATING ACTIVITIES		(1,353.7)	(706.1)	(1,984.9)
CASH FLOW FROM INVESTMENT ACTIVITIES				
Payments to acquire tangible fixed assets		-	-	-
NET CASH FLOW FROM INVESTMENT ACTIVITIES		-	-	-
CASH FLOW FROM FINANCING ACTIVITIES				
Repayment of loan to holding Company	13	-	-	(1,000.0)
Loan proceeds from holding Company	13	850.0	3,075.0	4,675.0
Repayments from subsidiary		-	-	2,000.0
Payment to subsidiary	9	-	(2,075.0)	(2,865.0)
Repayment of BNP loan and others		(1.2)	(759.1)	(759.4)
NET CASH FLOW FROM FINANCING ACTIVITIES		848.8	240.9	2,050.6
Net change in cash and cash equivalents		(504.9)	(465.2)	65.7
Cash and cash equivalents at start of period		576.4	510.7	510.7
CASH AND CASH EQUIVALENTS AT END OF PERIOD	11	71.5	45.5	576.4



NOTES TO THE FINANCIAL STATEMENTS (Unaudited)

(All figures in € 1000 unless otherwise stated)

These interim financial statements have been prepared in accordance with the International Financial Reporting Standards as adopted by the EU ("IFRS") IAS 34 "Interim Financial Reporting". Thus the interim financial statements do not include all information required by IFRS and should be read in conjunction with the Company's annual financial statements as at 31 December 2017. The interim financial statements reflect all adjustments which are, in the opinion of management, necessary for a fair statement of the financial position, results of operations and cash flows for the dates and interim periods presented. Interim period results are not necessarily indicative of results of operations or cash flows for an annual period. These interim financial statements have not been subject to review or audit by independent auditors.

These interim financial statements were authorized for issue by the Tulip Oil Holding B.V.'s Board of Directors on 29 August 2018.

Note 1 Accounting principles

The accounting principles used for this interim report are consistent with the principles used in the Company's (Tulip Oil Netherlands B.V.) annual financial statements as at 31 December 2017. There are no new standards effective from 1 January 2018.

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

The significant judgements made by management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the annual financial statements as at 31 December 2017.

The prior year financial statements have been restated for an overstatement in the deferred tax asset balance 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. For full details please see the year ended 31 December 2017 financial statements.

Note 2 Income

	Unaudited	Unaudited	Audited
	H1	H1	01.01-31.12
(€ 1000)	2018	2017	2017
Recognized income liquids	-	7.0	7.0
Recognized income gas	62.4	556.2	749.3
Total petroleum revenues	62.4	563.2	756.3
Breakdown of produced volumes (thousand barrels of oil equivalent)			
Liquids	-	0.1	0.2
Gas	2.3	16.9	23.4
Total produced volumes	2.3	17.0	23.6



Note 3 Impairments

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

Note 4 Other operating expenses

	Unaudited	Unaudited	Audited
	H1	H1	01.01-31.12
(€ 1000)	2018	2017	2017
Salary and contractors	2.6	3.5	4.8
Travel and travel related costs	4.5	13.2	23.7
IT and communication	2.0	88.9	135.9
Professional services	20.5	7.5	89.7
Cost recharges	110.0	552.7	834.1
Other (including recovery of cost)	(37.0)	(243.5)	(338.9)
Total other operating expenses	102.6	422.3	749.3

There are no employees of the company in the first half of 2018 (2017: Nil).

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

Note 5 Financial items

	Unaudited	Unaudited	Audited
	H1	H1	01.01-31.12
(€ 1000)	2018	2017	2017
Interest income	(333.2)	(1,197.9)	(2,202.2)
Interest on loans from affiliates	1,419.2	2,134.5	4,159.3
Total interest expenses	1,419.2	2,134.5	4,159.3
Accretion expenses	(20.8)	31.8	63.6
Total other financial expenses	(20.8)	31.8	63.6
Net financial items	1,065.2	968.4	2,020.7



Note 6 Taxes

	Unaudited H1 2018	Unaudited H1 2017	Audited 01.01-31.12 2017
Taxes for the period (€ 1000)			
Calculated current year tax	-	-	-
Change in deferred taxes	758.3	4,263.3	6,909.1
Tax (charge)/credit	758.3	4,263.3	6,909.1

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

	Unaudited H1 2018	Unaudited H1 2017	Audited 01.01-31.12 2017
Taxes for the period (€ 1000)			
Profit/(loss) before taxes	(2,195.6)	(11,811.2)	(19,141.6)
Add back of participations	658.1	997.8	3,348.2
Profit/(loss) before taxes and participations	(1,537.5)	(10,813.4)	(15,793.4)
Combined tax rate of corporate income tax and State Profit Share of 50% (2016: 50%)	768.8	5,406.7	7,896.7
<i>Fluctuations from statutory tax rate:</i>			
Tax deductions not expensed	68.8	455.7	772.4
Settlement of losses with no cash settlement	(189.2)	(605.6)	(1,026.5)
Other movements	109.9	(993.5)	(733.5)
Tax credit	758.3	4,263.3	6,909.1

(€ 1000)	Tax losses	Provisions	Other	Total
At 31 December 2016 - restated	11,496.1	214.3	1,216.8	12,927.2
(Charged)/credited to:				
Profit and loss account	4,994.3	3.8	(734.8)	4,263.3
At 30 June 2017	16,490.4	218.1	482.0	17,190.5
(Charged)/credited to:				
Profit and loss account	3,099.6	2.3	(456.1)	2,645.8
At 31 December 2017	19,590.0	220.4	25.9	19,836.3
(Charged)/credited to:				
Profit and loss account	602.4	50.3	105.6	758.3
At 30 June 2018	20,192.4	270.7	131.5	20,594.6

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.



Note 6 Taxes (cont'd)

Currently management has given priority to the Q10A 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 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 can be utilised and recovered through TONO's taxable profits.

Note 7 Investments

	Unaudited 30.06.2018	Unaudited 30.06.2017	Audited 31.12.2017
(€ 1000)			
Balance at the beginning of the period	10,866.4	-	-
Additions during the year:			
Balance deducted from loans to affiliate reinstated	-	(6,302.0)	(6,302.0)
Tulip Oil Netherlands Offshore BV (TONO)	-	-	20,516.6
Share of interest in TONO	(658.1)	(997.8)	(3,348.2)
Balance deducted from loans to affiliates	-	7,299.8	-
Balance at the end of the period	10,208.3	-	10,866.4



Note 8 Tangible fixed assets

(€ 1000)	Assets under construction	Production facilities including wells	Fixtures and fittings, office equipment	Total
Acquisition cost 31.12.2016	-	19,691.9	13.9	19,705.8
Additions	-	-	-	-
Other movements	-	-	-	-
Reclassification	-	-	-	-
Acquisition cost 30.06.2017	-	19,691.9	13.9	19,705.8
Accumulated depreciation and impairments 31.12.2016	-	(5,894.3)	(4.8)	(5,899.1)
Depreciation	-	(9,705.3)	(1.2)	(9,706.5)
Impairment	-	-	-	-
Accumulated depreciation and impairments 30.06.2017	-	(15,599.6)	(6.0)	(15,605.6)
Book value 30.06.2017	-	4,092.3	7.9	4,100.2
Acquisition cost 30.06.2017	-	19,691.9	13.9	19,705.8
Additions	-	-	-	-
Other movements	-	(459.8)	-	(459.8)
Reclassification	-	-	-	-
Acquisition cost 31.12.2017	-	19,232.1	13.9	19,246.0
Accumulated depreciation and impairments 30.06.2017	-	(15,599.6)	(6.0)	(15,605.6)
Depreciation	-	(2,738.2)	(1.2)	(2,739.4)
Impairment	-	(894.3)	-	(894.3)
Accumulated depreciation and impairments 31.12.2017	-	(19,232.1)	(7.2)	(19,239.3)
Book value 31.12.2017	-	-	6.7	6.7
Acquisition cost 31.12.2017	-	19,232.1	13.9	19,246.0
Additions	-	-	-	-
Other movements	-	207.4	-	207.4
Reclassification	-	-	-	-
Acquisition cost 30.06.2018	-	19,439.5	13.9	19,453.4
Accumulated depreciation and impairments 31.12.2017	-	(19,232.1)	(7.2)	(19,239.3)
Depreciation	-	-	(1.2)	(1.2)
Impairment	-	(207.4)	-	(207.4)
Accumulated depreciation and impairments 30.06.2018	-	(19,439.5)	(8.4)	(19,447.9)
Book value 30.06.2018	-	-	5.5	5.5



Note 8 Tangible fixed assets (cont'd)

	Unaudited H1 2018	Unaudited H1 2017	Audited 01.01-31.12 2017
Depreciation in the Income statement (€ 1000)			
Depreciation of tangible fixed assets	1.2	9,706.5	12,445.9
Total depreciation in the Income statement	1.2	9,706.5	12,445.9
Impairment in the Income statement (€ 1000)			
Impairment/(reversal) of tangible fixed assets	207.4	-	894.3
Total impairment in the Income statement	207.4	-	894.3

Note 9 Long term loans to affiliates

(€ 1000)	Unaudited 30.06.2018	Unaudited 30.06.2017	Audited 31.12.2017
Balance at the beginning of the period	8,000.0	21,349.6	21,349.6
Movements during the year:			
Reinstate negative investment in affiliate to investments	-	6,302.0	6,302.0
Additions paid to affiliates	-	2,075.0	2,865.0
Repayments received from affiliates	-	-	(2,000.0)
Conversion from loan to investments	-	-	(20,516.6)
Negative investment in affiliate	-	(7,299.8)	-
Balance at the end of the period	8,000.0	22,426.8	8,000.0

Note 10 Other short-term receivables

(€ 1000)	Unaudited 30.06.2018	Unaudited 30.06.2017	Audited 31.12.2017
Prepayments	15.4	35.8	44.0
VAT receivable	13.0	20.2	20.8
Total other short-term receivables	28.4	56.0	64.8

Note 11 Cash and cash equivalents

The item 'Cash and cash equivalents' consists of bank accounts.

(€ 1000)	Unaudited 30.06.2018	Unaudited 30.06.2017	Audited 31.12.2017
Bank accounts	71.5	45.5	576.4
Cash and cash equivalents	71.5	45.5	576.4



Note 12 Provision for abandonment liabilities

(€ 1000)	Unaudited 30.06.2018	Unaudited 30.06.2017	Audited 31.12.2017
Provisions as of beginning of the period	629.6	1,025.9	1,025.9
Accretion expense - present value calculation	(20.8)	31.8	63.6
Change in estimates	207.4	-	(459.9)
Total provision for abandonment liabilities	816.2	1,057.7	629.6
Break down of the provision to short-term and long-term liabilities			
Short-term	-	-	-
Long-term	816.2	1,057.7	629.6
Total provision for abandonment liabilities	816.2	1,057.7	629.6

During 2018, the discount rate on the abandonment liabilities has been changed to 5.3% (2017: 8.5%) which allows for a net discount of 3% (2017: net 6.2%), after inflation 2.3% (2017: 2.3%), in line with practice in the industry. This change has been accounted for under change in estimates. The underlying cost of abandonment in real terms has not changed since 31 December 2017.

Note 13 Interest bearing loans from affiliates

(€ 1000)	Unaudited 30.06.2018	Unaudited 30.06.2017	Audited 31.12.2017
Balance at the beginning of the period	35,300.8	52,142.4	52,142.4
Additions during the period	850.0	3,075.0	4,675.0
Repayments during the period	-	-	(1,000.0)
Conversion from loan to equity	-	-	(20,516.6)
Balance at the end of the period	36,150.8	55,217.4	35,300.8

Note 14 Guarantees

On 25 October 2017 Tulip Oil Netherlands Offshore B.V. has entered into a Senior Secured Callable Bond Issue (hereafter "Bond") agreement for €87,000,000. Tulip Oil Netherlands Offshore B.V. is the issuer of the Bond and Tulip Oil Netherlands B.V. is a Guarantor.

For the first Escrow Account Release the following securities are given by Tulip Oil Netherlands B.V.:

- A Dutch law pledge over the entire share capital of Tulip Oil Netherlands Offshore B.V. (which, i.a., will contain an undertaking to pledge future shares);
- A Dutch law receivables pledge over all Subordinated Loans to Tulip Oil Netherlands Offshore B.V. (which, i.a., will contain an undertaking to pledge future Subordinated Loans);
- A Norwegian law personal guarantee.



Appendix 1 - Risk Factors

The Company's activities expose it to a variety of operational and financial risks, including without limitation, general oil and gas industry risks, specific risks related to the business, credit risk, currency risk, interest risk and liquidity risk. The half year financial do not include all financial risk management information and disclosures required in the annual financial statements; they should be read in conjunction with the Company's audited annual financial statements as at 31 December 2017. There have been no significant changes in any risk management policies since year end.

