TULIP OIL HOLDING B.V. GROUP

ANNUAL REPORT AND AUDITED FINANCIAL STATEMENTS 2019

THE HAGUE, 27 FEBRUARY 2020

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KEY EVENTS IN 2019

15 February 2019	Q10a first well brought on stream Start of commissioning for the Q10a offshore platform
March 2019	2D seismic processing for Q07, Q08, Q10 and Q11 completed
April - May 2019	P15 maintenance shutdown
May - June 2019	Steig 1 well drilled in Germany
August 2019	Q10a sixth well drilled
September 2019	Q10a rig release
October 2019	Reprocessing of 1800 km^2 of 3D seismic for Q07, Q08, Q10 and Q11 completed
November 2019	Field development plan for Steig prepared

SUMMARY OF FINANCIAL RESULTS

€ ‘000	2019	2018	2017
Operating profit/(loss)	**17,293**	(8,556)	(29,034)
EBITDA[1]	**35,372**	(3,767)	(5,152)
Profit/(loss) for the year	**14,459**	(2,972)	(17,819)
Cash flow from operations	**28,356**	(4,016)	(4,812)
Cash flow from investments	**(53,040)**	(32,794)	(586)
Total assets	**227,038**	202,836	168,242
Interest-bearing debt[1]	**86,057**	85,668	85,330
Cash and cash equivalents	**7,397**	37,487	81,539

SUMMARY OF PRODUCTION

	Operated/ non-operated	Unit	2019	2018
Q10a (60%)	Operated	boepd	**6,516**	-
DKK (60%)	Operated	boepd	**-**	11
Lauben (50%)	Non-operated	boepd	**28**	49
Schwarzbach (100%)	Operated	boepd	**5**	13
Steig (100%)	Operated	boepd	**11**	-

- **Production**. First production revenues started from Q10a. Overall net Q10a gas production of 372 million Sm^3. The Steig well was tested for 7 weeks
- **Cash flow from operations**. Positive cash generation arising from Q10a production from four producing wells at an average gas realised price of 12.55 €/MWh
- **Exploration.** Successful exploration well drilled in Steig, South Germany. Development planning and preparation for permit applications is ongoing.

Figures in brackets apply to the corresponding year (2018).

[1] The Company uses certain measures of performance that are not specifically defined under IFRS or other generally accepted accounting principles. These non-IFRS measures include EBITDA, interest-bearing debt and net working capital. EBITDA is defined as profit/(loss) for the year before additions/deductions of tax credit/(charge), net finance costs, depreciation and amortization. Interest-bearing debt is defined as the sum of bond payable, intercompany loans and finance lease obligations. Net working capital is defined as current assets, excluding cash and cash equivalents less current liabilities

REPORT OF THE BOARD

Company Profile

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 and RP staff and contractors to provide services to TOH and its subsidiaries in the Netherlands and Germany. Joint arrangements in Netherlands have Energie Beheer Nederland B.V. (“EBN”) as a partner.

RP holds several exploration and production licenses 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 licenses contain mature oil fields along with new near field exploration and appraisal prospects targeting mostly oil opportunities but also gas opportunities in deeper intervals. Joint arrangements in Germany have Wintershall Dea GmbH as a partner.

Overview

The Board hereby submits to the shareholders the financial statements for the financial year 2019, as prepared by management and approved by the Board on 27 February 2020. KPMG Accountants N.V. audited the financial statements. Its report can be found on page 73. The Board recommends that shareholders, in accordance with the Articles of Association, adopt these financial statements and, as proposed by the Board, transfer the profit for the 2019 financial year of €14.5 million to retained earnings.

Business review

On 15 February 2019, TONO announced start-up and commissioning of the Q10 offshore gas development in the Dutch North Sea. Initial gas production started on 15 February 2019, to be processed at TAQA P15 platform before being sold to Market.

A total of 6 wells have now been drilled and 4 of the wells are now producing. Of the remaining 2 wells, 1 well tested an unexplored deeper gas reservoir, which proved to be tight and non-productive. Plans are being prepared to side-track this well into one of the producing reservoirs. The other well was found to require an alternative completion technique, which is in preparation.

The Q10a field produced 620 million standard cubic meters of gas (gross) in 2019. The average gas price realised by TONO during 2019 was 12.55 €/MWh.

In Q3 2019, TONO obtained the requisite permits for a 4-well drilling program to test exploration and appraisal targets in the Q10b and Q11 blocks. These targets are in the vicinity of the Q10a platform.

In Germany, production from Schwarzbach and Lauben has been steady compared to 2018 other than maintenance periods. The Steig 1 exploration well was drilled successfully in May-June 2019 with an oil column of 150 meters in the well. A production test of more than 7 weeks has been completed with 4,000 barrels of oil produced, which has demonstrated economic viability of the Steig-1 oil discovery. This test provided the necessary data and information for the next phase of appraisal and production with horizontal wells. The field development planning is in progress and the preparations for permit applications have commenced. A phased development concept has been selected for Steig, with combined initial production and further appraisal using horizontal wells. Static and dynamic reservoir models are being built. The Company’s latest view is that Steig has in excess of 114 million barrels of oil in place.

There has been minimal activity in TON during 2019. TON continues to hold a number of licenses and management continues to look at opportunities to realise value from these including commercial deals with the intent of focusing attention and growth offshore in the Netherlands.

Financial position

In 2019, EBITDA amounted to a profit of €35.4 million (loss of €3.8 million) and EBIT was a profit of €17.3 million (loss of €8.6 million). Profit for the year was €14.5 million (loss of €3.0 million). Interest bearing debt, senior secured bond, amounted to €86.1 million (€85.7 million) at 31 December 2019.

Outlook

2020 will see the Company producing Q10a and maturing neighbouring exploration and appraisal targets. Development planning and permit applications will continue in 2020 for a Steig development.

Our thanks and appreciation to all our staff, contractors and partners for their contributions and cooperation during an exciting and successful 2019.

Finance Review

INCOME STATEMENT

€ ‘000	2019	2018
Revenue	**49,576**	2,688
EBITDA[1]	**35,372**	(3,767)
EBIT	**17,293**	(8,556)
Net finance costs	**(3,797)**	(3,320)
Profit/(loss) before taxes	**13,496**	(11,876)
Taxes	**963**	8,904
Profit/(loss) for the year	**14,459**	(2,972)

Income. In February 2019 the Group recognised its first revenue from Q10a contributing to total revenue of €49.6 million. In 2019, 372 million Sm^3 of sales gas was produced, after taking into account the maintenance of the P15 processing facilities. The average sales gas price realised during 2019 is €12.55 per MWh.

In May/June 2019, RP commenced drilling of its Steig-1 onshore well in Southern Germany. This has delivered an oil discovery. Early production testing results are included in revenue.

EBITDA. The increase in EBITDA and EBIT is aligned with the increase in revenue from Q10a.

EBIT. Depreciation for the year is higher than 2018 as depreciation on the Q10a assets commenced based on units of production method. Impairments for the period amounted to €2.1 million. These impairments principally relate to a write down in the RP asset base comprising goodwill and tangible fixed assets. Prior year impairments mainly relate to the Bedernau asset in RP and partial RP goodwill.

Profit before taxes. The Group recorded its first profit before tax of €13.5 million (loss €11.9 million) following the start-up of the Q10a platform. Interest costs related to the Q10a development have been capitalised from the date of final investment decision.

STATEMENT OF FINANCIAL POSITION

€ ‘000	2019	2018
Deferred tax asset	**58,958**	57,995
PPE	**146,012**	95,424
Cash and cash equivalents	**7,397**	37,487
Net working capital[1]	**(4,138)**	(17,889)
Total assets	**227,038**	202,836
Equity	**91,693**	75,241
Interest bearing debt[1]	**86,057**	85,668

Deferred tax assets. Deferred tax assets have increased to €59.0 million (€58.0 million), after a provision of €3.0 million (€nil) on CIT losses in TON that are likely to expire. Post fiscal unity CIT losses have been utilised during the year. The remaining deferred tax asset principally covers SPS losses in the Netherlands and CIT losses in Germany. Ongoing production from Q10a and the Steig development plans indicate that this asset is fully recoverable.

Property, plant and equipment (“PPE”). PPE increased significantly to €146.0 million (€95.4 million) mainly reflecting the Q10-a platform construction and the drilling of development wells.

Equity. Equity amounted to €91.7 million (€75.2 million) at the end of the year, corresponding to an equity ratio of 40.4% (37.1%). The increase in the equity ratio follows the start of Q10a production revenues.

Debt to equity ratio. Long term debt divided by equity amounts to 0.9 (1.1).

CASHFLOW STATEMENT

€ '000	2019	2018
Cash flow from operations	**28,356**	(4,016)
Cash flow from investing	**(53,040)**	(32,794)
Cash flow from financing	**(5,406)**	(7,242)
Net change in cash and cash eq.	**(30,090)**	(44,052)
Cash and cash eq. end of year	**7,397**	37,487

Cash flow from operations. The Group generated its first positive cashflow during the period with production revenues from Q10a.

Cash flow from investments. Cash outflow comprises payments made in respect of the execution of the Q10a development project, drilling of development wells in Q10a and the Steig 1 exploration well.

Cash and cash equivalents. The liquidity ratio as measured by cash, marketable securities and accounts receivable divided by current liabilities amounted to 1.1 (1.6).

During 2019 the Group did not have any derivative financial instruments. Risks related to price, credit, liquidity and cash are included in note 26.

TOH company

The Company made a higher profit for the year of €15.3 million (loss of €2.1 million) principally as a result of the profit from affiliates of €12.2 million comprising the result of TONO and RP (loss of €5.7 million).

Research and development

The Group does not conduct material research and development.

Information supply and computerisation

The Group's IT applications and systems are centralised in a single location at the head office in the Hague. The main servers are located in the Hague with back up servers in Heidelberg and the Cloud. The majority of the systems are running on standard desktop applications with some specialised software applications being used for sub surface modelling. A limited number of data exchanges / interfaces exist between the systems and applications.

Going concern

When preparing the consolidated financial statements, management has assessed the Company's ability to continue as a going concern. With continued production in 2020 the Group is well positioned to generate cashflow from operations before any new investments are made.

Management statement

The consolidated financial statements give a true and fair view of the consolidated assets and liabilities, the consolidated financial position and profit or loss. The management report provides a true and fair view of the significant risks and uncertainties to which the Group is exposed.

Governance & risk management

A culture of ethical behaviour aligned to our business integrity values and a robust management system with short lines of command are central to how we run the business. Through clear corporate governance policies, supported by robust risk, assurance and performance management processes, we manage the opportunities and risks in our operations and respond to the concerns of our shareholders and stakeholders.

Board and Committees

The long-term success of the Company is the collective responsibility of the Board. The Board adopts an equal opportunities commitment including the recruitment of female directors. The Board currently has no female representation on the Board, but actively looks in all recruitment of executive and non-executive positions to include female talent with the necessary skills and competencies to help its compliance with regulations.

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

- Leo Koot, Independent Non-Executive Chairman;
- Imad Mohsen, Chief Executive Officer & Executive Director;
- Ruud Schrama, Independent Non-Executive Director – *resigned 20 December 2019*;
- Ruud Schrama, Chief Financial Officer and Executive Director – *appointed 20 December 2019*;
- David Ellis, Non-Executive Director;
- Richard Jennings, Non-Executive Director.

The Audit Committee members are:

- Ruud Schrama, Chair – *resigned 16 October 2019*;
- David Ellis, Chair – *appointed 16 October 2019*;
- Leo Koot;
- Richard Jennings – *appointed 4 November 2019*.

The role of the Board

The Board is accountable to shareholders for the creation and delivery of strong, sustainable financial performance and long-term 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. 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 deals with its core activities in planned meetings throughout the year. Matters which require decisions outside the scheduled meetings are dealt with through additional dedicated meetings and conference calls as required.

Audit Committee meetings

The Audit Committee oversees the financial reporting process in order to ensure that the information provided to the shareholders is fair, balanced and understandable and allows accurate assessment of the Company’s position, performance and systems of internal control.

The Audit Committee meets at least twice a year to oversee the half year and year end financial reporting. Meetings outside of this are organised as required.

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 reporting process 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.

Business integrity policy

The Group operates under a Business Integrity Framework that applies to all staff and employees. The framework has been communicated to all staff and is reinforced regularly. Each quarter the Group obtains confirmation of compliance with key aspects of this policy.

The framework encompasses the following elements:

1. Comply with Relevant Legislation and will not pay or knowingly cause to be paid any bribes or facilitation payments, and will report to the Chief Financial Officer any request from any person for a bribe or facilitation payment;
2. Comply with the occupational health, safety and environmental (HSE) laws, rules and regulations of the relevant territory in which TOH is operating or, in the absence of such laws, rules and regulations, adhere to local standards or industry standards of good oilfield practice in relation to any assets operated by TOH;
3. Report any HSE incidents to TOH Line Management who will seek to investigate and rectify as quickly and effectively as practically possible;
4. Comply with the Manual of Authorities and where in doubt check with the Finance Director;
5. Comply with the EU Anti-Trust Regulations and not make any agreements with competitors regarding prices, dividing markets or specific customers;
6. Avoid conflicts of interest or report them if they have the potential to occur;
7. Ensure that records are kept accurately and retained in accordance with TOH's IT/data management Policy;
8. Follow the procedures on gifts and entertainment, and ensure all necessary approvals are obtained;
9. Not use company resources, time or name in political activities or to make any political contributions;
10. Behave in a manner that does not damage the reputation of the company and to refrain from any form of discrimination or harassment;
11. Report any breach or suspected breach of this Policy as soon as practicable to a member of the TOH Line Management.

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 staff, employees, contractors and the public. Significant efforts are undertaken to avoid impact to the environment and integrity of assets and damage.

The HSE Policy of the Group reflects the integrated way our staff work with contractors and service providers. All personnel working directly or indirectly for the Group must manage HSE in line with the policy. The Group is committed to:

- Pursue the goal of no harm to people, assets or the environment;
- Promote sustainability related to the avoidance of the unnecessary depletion of natural resources and to use material and energy efficiently;
- Respect our neighbours and to not have a negative social impact on the societies in which we operate;
- Support and promote a culture in which we all working for the Group share this commitment

Risks and Risk management

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 executive 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. The principal risks are set out below.

Development projects are associated with risks relating to delays and costs

Development projects, including the development of the oil and gas 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 Group 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 oil and gas fields makes them sensitive to various circumstances including weather conditions, which may affect the progress, costs or sequence of the planned activities.

The current or future projected target dates for production start of the development of fields may be delayed and significant cost overruns may be incurred due to several reasons including delays, changes in any part of the development project and/or weather conditions.

Marketing and sale of hydrocarbons

The marketability and price of hydrocarbons produced by the Group will be affected by numerous extraneous factors. The Group has secured a gas sales contract with Chevron for the marketing of its hydrocarbons.

Commodity price fluctuations

The Group's revenue and earnings will depend upon prevailing local and international oil and gas prices. The Group's net production revenue could be reduced by materially lower oil and gas prices, to the extent not addressed by meaningful hedging arrangements. Oil and gas are freely traded and, as a result, the Group, in common with its local and international competitors, does not 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.

Recovery, reserve and resource estimates

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, including but not limited to items 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 future actual production, revenues and development and operating expenditures with respect to its reserves may vary materially from current estimates thereof.

If the reserves or resources of the Group prove to be 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 Group may not recover its initial outlay of capital expenditures and operating costs of any such operation, which could cause a material adverse effect on the business, prospects, financial condition or results of operations of the Group.

The Group has conducted an independent assessment of Q10a reserves in 2016.

Cautionary statement: the operating and financial review and certain other sections of this document contain forward looking statements which are subject to risk factors associated with, amongst others, the economic and business circumstance occurring from time to time in the countries and markets in which the Group operates. It is believed that the expectations reflected in these statements are reasonable but they may be affected by a wide range of variables, which could cause actual results to differ materially from those currently anticipated. By receiving, reading or downloading this report the recipient acknowledges that they will be solely responsible for forming their own view of the potential future performance of the Group.

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 Oslo Bors Bond Listing Prospectus – Securities Note 1 August 2018 on the Tulip Oil website: www.tulipoil.com/reporting.

The Hague, 27 February 2020.

Leo Koot
Non-Executive Chairman

Imad Mohsen
Chief Executive Officer

Ruud Schrama
Chief Financial Officer

AUDITED FINANCIAL STATEMENTS WITH NOTES

CONSOLIDATED STATEMENT OF PROFIT OR LOSS FOR THE YEAR ENDED 31 DECEMBER 2019

€ '000	Note	Year ended 31 December 2019	Year ended 31 December 2018
Revenue	3,4	49,232	2,275
Other revenues		344	413
Total Revenue		**49,576**	**2,688**
Purchases	5	(497)	(920)
Exploration expenses		(1,618)	(304)
Production costs		(8,441)	(2,305)
Depreciation and amortisation	15	(16,006)	(1,187)
Impairments	6,15	(2,073)	(3,602)
Other operating expenses	7,9	(3,648)	(2,926)
Total operating expenses		**(31,786)**	**(10,324)**
Operating profit/(loss)		**17,293**	**(8,556)**
Other financial income		840	160
Interest expenses		(1,777)	(2,544)
Other financial expenses		(2,834)	(936)
Other interest expenses		(26)	-
Net finance costs	8	**(3,797)**	**(3,320)**
Profit/(loss) before taxes		**13,496**	**(11,876)**
Tax (charge)/credit	10	963	8,904
Profit/(loss) for the year		**14,459**	**(2,972)**
Profit/(loss) for the year is attributable to:			
Owners of the Company		*14,822*	*(2,578)*
Non-controlling interests	12,22	*(363)*	*(394)*

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2019

€ '000	Year ended 31 December 2019	Year ended 31 December 2018
Profit/(loss) for the year	14,459	(2,972)
Total comprehensive income in year	**14,459**	**(2,972)**

The Group initially applied IFRS 16 at 1 January 2019 using the modified retrospective approach. Under this approach, comparative information is not restated and the cumulative effect of initially applying IFRS 16 is recognised in retained earnings at the date of initial application.

The notes on pages 19 to 58 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2019

€ '000	*Note*	**31 December 2019**	**31 December 2018**
ASSETS			
Intangible assets			
Goodwill	*13*	178	1,429
Other intangible assets	*13*	1,657	1,730
Tangible fixed assets			
Property, plant and equipment	*14*	146,012	95,424
Financial assets			
Long-term other loans	*16*	2,710	3,000
Deferred tax assets	*10*	58,958	57,995
Total non-current assets		**209,515**	**159,578**
Inventories			
Inventories		504	314
Receivables			
Trade receivables	*17*	8,314	144
Other short-term receivables	*18*	1,308	5,313
Cash and cash equivalents			
Cash and cash equivalents *	*19*	7,397	37,487
Total current assets		**17,523**	**43,258**
TOTAL ASSETS		**227,038**	**202,836**

*Includes restricted cash and cash equivalents

The notes on pages 19 to 58 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2019

€ '000	Note	31 December 2019	31 December 2018
EQUITY AND LIABILITIES			
Equity			
Share capital	*20*	18	18
Share premium	*21*	144,124	144,131
Retained earnings		(55,181)	(70,003)
Equity attributable to owners of the Company		**88,961**	**74,146**
Non-controlling interests	*22*	2,732	1,095
Total equity		**91,693**	**75,241**
Non-current liabilities			
Abandonment provision	*23*	34,914	17,770
Long-term bond payable	*24*	84,567	83,706
Other non-current liabilities	*25*	1,600	2,459
Current liabilities			
Trade payables		2,110	8,366
Accrued expenses		8,809	13,857
Other current liabilities		1,969	61
Other current financial liabilities		1,376	1,376
Total liabilities		**135,345**	**127,595**
TOTAL EQUITY AND LIABILITIES		**227,038**	**202,836**

The Group initially applied IFRS 16 at 1 January 2019 using the modified retrospective approach. Under this approach, comparative information is not restated and the cumulative effect of initially applying IFRS 16 is recognised in retained earnings at the date of initial application.

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CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2019

€ ‘000	Share capital	Share premium	Retained earnings	Non-controlling interests	Total equity
Equity as of 31.12.2017	**18**	**144,131**	**(67,425)**	**1,489**	**78,213**
Profit/(loss) for the year	-	-	(2,578)	-	(2,578)
Non-controlling interests share of the profit/(loss) for the year	-	-	-	(394)	(394)
Equity as of 31.12.2018	**18**	**144,131**	**(70,003)**	**1,095**	**75,241**
Share premium adjustments/injection	-	(7)	-	2,000	1,993
Profit/(loss) for the year	-	-	14,822	-	14,822
Non-controlling interests share of the profit/(loss) for the year	-	-	-	(363)	(363)
Equity as of 31.12.2019	**18**	**144,124**	**(55,181)**	**2,732**	**91,693**

The Group initially applied IFRS 16 at 1 January 2019 using the modified retrospective approach. Under this approach, comparative information is not restated and the cumulative effect of initially applying IFRS 16 is recognised in retained earnings at the date of initial application.

The notes on pages 19 to 58 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2019

€ '000	*Note*	Year ended 31 December 2019	Year ended 31 December 2018
Cash flow from operating activities			
Profit/(loss) for the year		**14,459**	**(2,972)**
Tax charge/(credit)	*10*	(963)	(8,904)
Net finance costs	*8*	3,797	3,320
Depreciation and amortisation	*15*	16,006	1,187
Net impairment losses	*15*	2,073	3,602
Other adjustments		(7)	-
Change in long term other loans		-	-
(Increase)/decrease in trade and other receivables		(4,165)	(4,220)
Increase/(decrease) in trade, other payables and provisions		(2,654)	4,076
(Increase)/decrease in inventories		(190)	(105)
Net cash flow from operating activities		**28,356**	**(4,016)**
Cash flow from investment activities			
Payments to acquire tangible fixed assets	*30*	(53,040)	(32,794)
Net cash flow from investment activities		**(53,040)**	**(32,794)**
Cash flow from financing activities			
Repayment of long term loans	*31*	-	(3)
Proceeds from additional share premium of minority shareholder	*22*	2,000	-
Repayment of long term receivables		-	148
Proceeds from the issue of participation certificates		117	162
Net interest paid:			
Total interest expenses	*8*	(1,777)	(2,544)
Other interest expenses		(26)	2
Interest capitalised on capital expenditure	*8*	(5,720)	(4,995)
Increase/(decrease) in other current financial liabilities		-	41
Bond setup and legal costs paid	*24*	-	(53)
Net cash flow from financing activities		**(5,406)**	**(7,242)**
Increase/(decrease) in cash and cash equivalents		**(30,090)**	**(44,052)**
Cash and cash equivalents at 1 January		37,487	81,539
Cash and cash equivalents at 31 December	*19*	**7,397**	**37,487**

The Group initially applied IFRS 16 at 1 January 2019 using the modified retrospective approach. Under this approach, comparative information is not restated and the cumulative effect of initially applying IFRS 16 is recognised in retained earnings at the date of initial application.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

Note 1 General

a) Reporting entity and relationship with parent company

Tulip Oil Holding B.V. (the Company) is a private limited liability Company incorporated in The Netherlands. The Company is the ultimate parent company of te Group. The address of its registered office and principal place of business is Alexanderstraat 18, 2514JM Den Haag, The Netherlands. The Company was founded on 29 June 2010 and is registered in the Trade Register at the Chamber of Commerce under number 50297023.

These consolidated financial statements comprise the Company and its subsidiaries (collectively the 'Group' and individually 'Group companies'). The Company is a holding company. The main focus of the Group, of which the Company is the parent, is upstream development and production company with a focus on the exploitation opportunities in undiscovered and undeveloped oil and gas fields in both Germany and The Netherlands.

Financial reporting period

These financial statements cover the year 2019, which ended at the balance sheet date of 31 December 2019.

b) Going concern

The financial statements of the Company have been prepared on the basis of the going concern assumption.

Note 2 Basis of preparation

a) Statement of compliance

The consolidated financial statements of the Company are part of the statutory financial statements of the Company. These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union (EU-IFRS) and with Section 2:362(9) of the Netherlands Civil Code.

This is the first set of the Group's annual financial statements in which IFRS 16 *Leases* has been applied. Changes to significant accounting policies are set out in note 2e.

The consolidated financial statements were authorised for issue by the Board on 27 February 2020.

b) Basis of measurement

The consolidated financial statements have been prepared on the historical cost basis except for the following items, which are measured on an alternative basis on each reporting date:

- derivative financial instruments are measured at fair value (comparative figures only);
- non-derivative financial instruments are measured at fair value through profit and loss account ('FVTPL'); and
- contingent consideration assumed in a business combination at fair value.

c) Functional and presentation currency

These consolidated financial statements are presented in euro, which is the Company's functional currency. All amounts have been rounded to the nearest €1 thousands, unless otherwise stated.

d) Use of judgements and estimates

In preparing these consolidated financial statements, management has made judgements and estimates that affect the application of the Group's accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively.

Judgements

There are no significant judgements made in applying the accounting policies to the Group's financial statements.

Assumptions and estimation uncertainties

Information about assumptions and estimation uncertainties at 31 December 2019 that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities in the next financial year are included below.

Note 2 Basis of preparation *(cont'd)*

• Carrying value of property, plant and equipment (note 14):

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 resources and the related cost profiles.

• Commercial resources estimates used in the calculation of depreciation and impairment of property, plant and equipment (note 14):

P1 proven and P2 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 resources using standard recognised evaluation techniques. The estimate is reviewed at least annually by management and is reviewed as required by independent consultants.

P1 proven and P2 probable reserves are determined using estimates of oil and gas in place, recovery factors and future commodity prices, these 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 resources by reference to operators, where applicable, and internal engineers.

• Abandonment provision (note 23):

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.

• Current tax charge and deferred tax assets (note 10):

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.

Current tax is calculated based on the best available information. Changes between the tax charge included in the financial statements and the subsequent tax filings are recognised prospectively as a prior year adjustment.

• Measurement of fair values (note 26):

A number of the Group's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities. When measuring the fair value of an asset or a liability, the Group uses observable market data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows.

- *Level 1:* quoted prices (unadjusted) in active markets for identical assets or liabilities.
- *Level 2:* inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- *Level 3:* inputs for the asset or liability that are not based on observable market data (unobservable inputs).

If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

- 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 2019 Annual Report and Accounts.

e) Changes in accounting policies

Except for the changes below, the Group has consistently applied the accounting policies set out in note 33 to all periods presented in these consolidated financial statements.

The Group has initially applied IFRS 16 Leases from 1 January 2019. A number of other new standards and amendments are also effective from 1 January 2019 but they do not have a material effect on the Group's financial statements. These new standards and amendments are as follows:

The Group applied IFRS 16 using the modified retrospective approach, under which the cumulative effect of initial application is recognised in retained earnings at 1 January 2019. Accordingly, the comparative information presented for 2018 is not restated – i.e. it is presented, as previously reported, under IAS 17 and related interpretations. The details of the changes in accounting policies are disclosed below. Additionally, the disclosure requirements in IFRS 16 have not generally been applied to comparative information.

A. Definition of a lease

Previously, the Group determined at contract inception whether an arrangement was or contained a lease under IFRIC 4 Determining whether an Arrangement contains a Lease. The Group now assesses whether a contract is or contains a lease based on the definition of a lease as included in IFRS 16.

On transition to IFRS 16, the Group elected to apply the practical expedient to grandfather the assessment of which transactions are leases. The Group applied IFRS 16 only to contracts that were previously identified as leases. Contracts that were not identified as leases under IAS 17 and IFRIC 4 were not reassessed for whether there is a lease under IFRS 16. Therefore, the definition of a lease under IFRS 16 was applied only to contracts entered into or changed on or after 1 January 2019.

B. As a lessee

As a lessee, the Group leases many assets including property, production equipment and IT equipment. The Group previously classified leases as operating or finance leases based on its assessment of whether the lease transferred significantly all of the risks and rewards incidental to ownership of the underlying asset to the Group. Under IFRS 16, the Group recognises right-of-use assets and lease liabilities for most of these leases – i.e. these leases are on-balance sheet.

At commencement or on modification of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of its relative stand-alone price.

However, for leases of property the Group has elected not to separate non-lease components and account for the lease and associated non-lease components as a single lease component.

Note 2 Basis of preparation *(cont'd)*

i. Leases classified as operating leases under IAS 17

Previously, the Group classified property leases as operating leases under IAS 17. On transition, for these leases, lease liabilities were measured at the present value of the remaining lease payments, discounted at the Group's incremental borrowing rate as at 1 January 2019. Right-of-use assets are measured at either:

– their carrying amount as if IFRS 16 had been applied since the commencement date,

discounted using the Group's incremental borrowing rate at the date of initial application: the Group applied this approach to its largest property lease; or

– an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments: the Group applied this approach to all other leases.

The Group has tested its right-of-use assets for impairment on the date of transition and has concluded that there is no indication that the right-of-use assets are impaired.

The Group used a number of practical expedients when applying IFRS 16 to leases previously classified as operating leases under IAS 17. In particular, the Group:

– did not recognise right-of-use assets and liabilities for leases for which the lease term ends within 12 months of the date of initial application;

– did not recognise right-of-use assets and liabilities for leases of low value assets (e.g. IT equipment);

– excluded initial direct costs from the measurement of the right-of-use asset at the date of initial application; and

– used hindsight when determining the lease term.

ii. Leases classified as finance leases under IAS 17

The Group leases some items of production and other equipment. These leases were classified as finance leases under IAS 17. For these finance leases, the carrying amount of the right-of-use asset and the lease liability at 1 January 2019 were determined at the carrying amount of the lease asset and lease liability under IAS 17 immediately before that date.

f) Statement of cash flows

The statement of cash flows is prepared in accordance with indirect method and constitutes an explanation of the change in net cash, defined as cash and cash equivalents. In the statement of cash flows, a differentiation is made between cash flows from operating, investing and financing activities.

Cash flows in currencies other than the euro, are translated at the exchange rates, prevailing at the date of the transaction. The Group uses periodically fixed average exchange rates that effectively approximate the exchange rates on transaction dates.

Note 3 Geographical information

The geographical information below analyses the Group's revenue and non-current assets by the Company's country of domicile and other countries. In presenting the following information, geographical revenue has been based on geographical location of customers and geographical assets has been based on geographical location of the assets. Greater than 10% of the revenue in Germany comes from oil sales to Esso.

	Revenue		Non-current assets*	
€ '000	Year ended 31 December 2019	Year ended 31 December 2018	31 December 2019	31 December 2018
The Netherlands	47,835	63	170,353	126,952
Germany	1,397	2,212	39,162	32,626
Consolidated totals	**49,232**	**2,275**	**209,515**	**159,578**

** Non-current assets exclude financial investments (other than equity-accounted investees, deferred tax assets and employee benefit assets)*

Note 4 Revenues

Revenue is measured based on the consideration specified in a contract with a customer. The Group recognises revenue when it transfers control over the oil or gas sold to a customer. The increase in revenues follows the start of production in Q10a in 2019.

€ '000	Year ended 31 December 2019	Year ended 31 December 2018
Recognised income liquids	2,246	2,212
Recognised income gas	46,986	63
Total petroleum revenues	**49,232**	**2,275**
Breakdown of produced volumes (thousand barrels of oil equivalent)		
Liquids	31	23
Gas	2,363	1
Total produced volumes	**2,394**	**24**
Gas (million Sm^3)	**372**	**-**

Note 5 Purchases

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

Note 6 Impairments

Goodwill

Goodwill has been reviewed at year end using management forecasts. The key assumptions related to the forecast are the reserves within these producing assets (see note 33k), capex and opex forecasts and oil and/or gas prices as set by a review of publicly available benchmarks such as OECD data and the Intercontinental Exchange. Opex forecasts have been inflated at 2% each year (2018: 2%).

The goodwill at the beginning of the year of €1.4 million relates to assets held within Germany, RP, and the Q10-A asset within TONO. Based on management forecasts, a total impairment of €2.0 million is needed in respect of the German assets (Lauben and Schwarzbach). As a result, the goodwill related to the German assets of €1.3 million has been written off in full and the remainder of the impairment taken against tangible fixed assets (€0.7 million).

The remaining goodwill relates to the Q10a assets in TONO and has been supported through a value in use calculation using a discount rate of 10% for 2019 (2018: 10%).

In 2018 goodwill related to the Weinheim and Bedernau assets in Germany was impaired (€1.8 million).

Tangible fixed assets

Impairment tests of individual cash-generating units are performed when impairment triggers are identified using the successful efforts method. During 2019 no impairment triggers have been identified other than that arising from the goodwill impairment mentioned above on Schwarzbach and Lauben assets. This amounts to €0.7 million.

Finally the re-assessment of discount rates for abandonment provisions has led to a write down of €0.1 million for assets previously impaired.

During 2018 the remaining Bedernau asset value of €1.0 million has been impaired following an assessment of potential opportunities available with this asset by its operator. The capitalised value for the Weinheim exploration of €0.1 million has also been impaired following a review of internal plans for this development. Finally the re-assessment of discount rates for abandonment provisions has led to a write down of €0.7 million for assets previously impaired.

Note 7 Other operating expenses

€ ‘000	Year ended 31 December 2019	Year ended 31 December 2018
Salary and contractors	7,369	5,040
Other headcount related	71	62
Travel and travel related costs	233	263
IT & Communication	105	287
Office rent	38	212
Professional services	517	278
Other (including recovery of cost and capitalisation of costs)	(4,685)	(3,216)
Total operating expenses	**3,648**	**2,926**

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

Note 8 Net finance costs

€ '000	Year ended 31 December 2019	Year ended 31 December 2018
Interest income	**-**	**-**
Other financial income	(1,210)	(160)
Change in fair value of participation certificates	370	-
Total other financial income	**(840)**	**(160)**
Interest expenses	7,497	7,539
Capitalised interest cost, development projects	(5,720)	(4,995)
Total interest expenses	**1,777**	**2,544**
Impairment of financial assets *(see note 16)*	1,500	-
Unwinding of bond discount	347	346
Accretion expenses	473	81
Amortised bond costs	514	509
Total other financial expenses	**2,834**	**936**
Other interest expenses	26	-
Total other interest expenses	**26**	**-**
Net finance costs	**3,797**	**3,320**

Note 9 Employee benefit expenses

€ '000	Year ended 31 December 2019	Year ended 31 December 2018
Salaries and wages	2,438	2,165
Social charges	246	267
Pension contributions	-	-
Total employee benefit expenses	**2,684**	**2,432**

As of 31 December 2019, the Tulip Oil Group of Companies had 21 employees of which 9 are working in the Netherlands (2018: 21 of which 9 are working in the Netherlands).

Remuneration of board members

The emoluments, including pension costs as referred to in Section 2:383(1) of the Netherlands Civil Code, charged in the financial year to the company, its subsidiaries and consolidated other companies amounted to €0.4 million (2018: €0.4 million) for non-executive board members, the former non-executive board members and the former non-executive board members.

The emoluments, including pension costs as referred to in Section 2:383(1) of the Netherlands Civil Code, charged in the financial year to the company, its subsidiaries and consolidated other companies amounted to €1.4 million for executive directors. No disclosure has been made for the prior year as the exemption allowed under section 2:383(1) has been utilised.

No loans, advances or guarantees have been granted by the Company to its executive board member or non-executive board members during either 2019 or 2018.

Note 10 Taxes

€ ‘000	Year ended 31 December 2019	Year ended 31 December 2018
Current tax expense		
Current year	-	-
Changes in estimates related to prior years	-	-
Deferred tax expense		
Derecognition of deferred tax previously recognised	(3,007)	-
Adjustments to deferred tax relating to change in tax rates	(356)	-
Origination and reversal of temporary differences	4,326	8,904
Tax credit/(charge)	**963**	**8,904**

As disclosed in note 2e), the tax charge for the year includes estimates. In 2019 tax return submissions for earlier years has resulted in a change in these estimates which has been accounted for prospectively.

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

€ ‘000	Year ended 31 December 2019	Year ended 31 December 2018
Profit/(loss) before tax	**13,496**	**(11,876)**
Income tax (expense)/benefit calculated at 43.6%* (2018: 46.1%*)	**(5,884)**	**5,472**
Effect of individual tax rate deviations from weighted average	**(1,096)**	**56**
Uplift	1,484	436
Marginal field incentive	3,294	6,795
Goodwill impairment	(313)	(458)
Changes in prior year tax estimates	3,478	-
Tax credit	**963**	**8,904**
Effective tax rate	***7.1%***	***75.0%***

**based on weighted average of the statutory tax rates applicable to each of the companies in the Group*

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

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

		Temporary differences		
€ ‘000	Tax losses	Provisions	Other	Total
At 1 January 2018	**51,919**	**291**	**(3,119)**	**49,091**
Profit and loss account	8,246	7,906	(7,248)	8,904
At 31 December 2018	**60,165**	**8,197**	**(10,367)**	**57,995**
Profit and loss account	(1,269)	6,292	(4,060)	963
At 31 December 2019	**58,896**	**14,489**	**(14,427)**	**58,958**

Note 10 Taxes *(cont'd)*

The tax losses are made up of Corporate Income Tax ('CIT') related losses in RP, TON, TONO and TOH and State Profit Share ('SPS') losses in TON and TONO. Provisions relate to temporary differences on abandonment provisions and other related to temporary differences on property, plant and equipment, abandonment fixed assets and other provisions/liabilities.

The CIT and SPS losses in TONO have been partially utilised in 2019. With ongoing production in 2020, management are convinced that these losses will be utilised.

Deferred tax assets have not been recognized in respect of certain tax losses amounting to €3.0 million (€ nil) because it is not probable that future taxable profit will be available against which the Group can create offset.

For the remaining CIT and SPS losses management continues to recognise an asset based on development opportunities in M11 and DKK that can be matured thereby allowing utilisation of the related CIT and SPS losses. If for any reason some or all of these plans do not materialise then a write down of (a part of) the currently recognised CIT deferred tax asset will be needed. The remaining post fiscal unity losses in TON can be utilised and recovered through the fiscal unity and the SPS losses can be carried forward indefinitely.

Management has also continued to recognise an asset related to the Corporate Income Tax losses in its German subsidiary RP. This recognition is based principally on future developments within Steig, Lauben and Schwarzbach. 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 significant utilisation of these losses within the Dutch fiscal union.

Note 11 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	
			Year ended 31 December 2019	Year ended 31 December 2018
Rhein Petroleum GmbH	Exploration, production and manufacturing of hydrocarbons	Heidelberg, Germany	90%	90%
Tulip Oil Netherlands B.V.	Onshore and offshore exploration and production of hydrocarbon volumes	The Hague, Netherlands	100%	100%
Tulip Oil Netherlands Offshore B.V.	Offshore exploration and production of hydrocarbon volumes	The Hague, Netherlands	100%	100%

Joint arrangements

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

Joint arrangement	Partner	Country	Status	Year ended 31 December 2019	Year ended 31 December 2018
Q07-Q10a (offshore)	EBN	NL	Operated	60%	60%
Q08 (offshore)	EBN	NL	Operated	60%	60%
Q10b (offshore)	EBN	NL	Operated	60%	60%
Q11 (offshore)	EBN	NL	Operated	60%	60%
M10-M11 (offshore)	EBN	NL	Operated	60%	60%
TEN	EBN	NL	Operated	60%	60%
DKK	EBN	NL	Operated	60%	60%
Marknesse	EBN	NL	Operated	60%	60%
Schagen	EBN - Petrogas	NL	Operated	30%	30%
Lauben	Wintershall	Germany	Non operated	50%	50%
Bedernau	Wintershall	Germany	Non operated	50%	50%

Note 12 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 December 2019	31 December 2018	Year ended 31 December 2019	Year ended 31 December 2018	31 December 2019	31 December 2018
Rhein Petroleum GmbH	Germany	10%	10%	(363)	(394)	2,732	1,095

Summarised financial information in respect of RP is set out below. The summarised financial information below represents amounts before intra Group eliminations.

Rhein Petroleum GmbH

€ '000	31 December 2019	31 December 2018
Total non-current assets	39,162	32,626
Total current assets	1,042	697
Total assets	**40,204**	**33,323**
Total equity	27,309	10,938
Total non-current liabilities	12,266	22,025
Total current liabilities	629	360
Total equity and liabilities	**40,204**	**33,323**

€ '000	Year ended 31 December 2019	Year ended 31 December 2018
Revenue	1,397	2,397
Total operating expenses	(3,741)	(5,663)
Net finance costs	(2,485)	(2,358)
Tax (charge)/credit	1,200	1,679
Profit/(loss) for the year	**(3,629)**	**(3,945)**
Attributable to:		
Owners of Rhein Petroleum GmbH	*(3,266)*	*(3,551)*
Non-controlling interests	*(363)*	*(394)*

Note 13 Intangible fixed assets

€ '000	Other intangible assets	Goodwill
Acquisition cost 31.12.2017	**24,055**	**5,059**
Additions	-	-
Other movements	(1)	-
Disposals	-	-
Acquisition cost 31.12.2018	**24,054**	**5,059**
Accumulated amortisation and impairments 31.12.2017	**(22,251)**	**(1,800)**
Amortisation	(73)	-
Impairment	-	(1,830)
Accumulated amortisation and impairments 31.12.2018	**(22,324)**	**(3,630)**
Book value 31.12.2018	**1,730**	**1,429**
Acquisition cost 31.12.2018	**24,054**	**5,059**
Additions	-	-
Other movements	-	-
Disposals	-	-
Acquisition cost 31.12.2019	**24,054**	**5,059**
Accumulated amortisation and impairments 31.12.2018	**(22,324)**	**(3,630)**
Amortisation	(73)	-
Impairment	-	(1,251)
Accumulated amortisation and impairments 31.12.2019	**(22,397)**	**(4,881)**
Book value 31.12.2019	**1,657**	**178**

Goodwill in the books of TOH arises from the original acquisition of RP in 2011, Q10a and DKK. Goodwill is not amortised but tested regularly for impairment at least annually or when impairment triggers are identified. The other intangible assets consists of amounts paid for the Q10 license which are amortised over a period of 20-25 years. These are tested for impairment if triggers are identified.

The Group performed an impairment test in relation to capitalised goodwill at year end. This review resulted in the write down of €1.3 million of goodwill related to certain licenses within the RP asset base. The remaining goodwill relates to the Q10a asset for which adequate headroom exists at the impairment test date of 31 December 2019 (see note 6).

Note 14 Property, plant and equipment

€ '000	Assets under construction	Production facilities including wells	Other	Total
Acquisition cost 31.12.2017	**29,449**	**45,468**	**972**	**75,889**
Additions	68,942	1,452	16	70,410
Other movements	(19)	(43)	(208)	(270)
Reclassification	(9,547)	9,431	553	437
Acquisition cost 31.12.2018	**88,825**	**56,308**	**1,333**	**146,466**
Accumulated depreciation and impairments 31.12.2017	**(15,026)**	**(31,956)**	**(745)**	**(47,727)**
Depreciation	-	(970)	(144)	(1,114)
Impairment	-	(1,772)	-	(1,772)
Reclassification	9,159	(9,251)	(345)	(437)
Other movements	8	-	-	8
Accumulated depreciation and impairments 31.12.2018	**(5,859)**	**(43,949)**	**(1,234)**	**(51,042)**
Book value 31.12.2018	**82,966**	**12,359**	**99**	**95,424**
Acquisition cost 31.12.2018	**88,825**	**56,308**	**1,333**	146,466
Additions	66,570	74	703	67,347
Other movements	-	-	4	4
Disposals	-	-	(4)	(4)
Reclassification	(125,521)	125,521	-	-
Acquisition cost 31.12.2019	**29,874**	**181,903**	**2,036**	**213,813**
Accumulated depreciation and impairments 31.12.2018	**(5,859)**	**(43,949)**	**(1,234)**	**(51,042)**
Depreciation	-	(15,684)	(249)	(15,933)
Impairment	-	(822)	-	(822)
Reclassification	-	-	-	-
Other movements	-	-	(4)	(4)
Accumulated depreciation and impairments 31.12.2019	**(5,859)**	**(60,455)**	**(1,487)**	**(67,801)**
Book value 31.12.2019	**24,015**	**121,448**	**549**	**146,012**

The reclassification relates to a correction to the financial statements to align the reporting categories with those held in the Group's financial systems.

Additions include €0.5 million of assets recognised on implementation of IFRS 16 on 1 January 2019. A corresponding liability has also been recorded at that date.

Assets under construction

Assets under construction relate to two wells in the Netherlands and the Steig exploration well.

Other

Other mainly consists of fixtures, fittings and office equipment.

Note 15 Depreciation and amortisation

Depreciation and amortisation in the Income statement € '000	Year ended 31 December 2019	Year ended 31 December 2018
Depreciation of tangible fixed assets	15,933	1,114
Amortisation of intangible assets	73	73
Total depreciation and amortisation in the Income statement	**16,006**	**1,187**
Impairment in the Income statement € '000		
Impairment/(reversal) of tangible fixed assets	822	1,772
Impairment/(reversal) of intangible assets	-	-
Impairment of goodwill	1,251	1,830
Total impairment in the Income statement	**2,073**	**3,602**

Note 16 Long-term other loans

€ '000	31 December 2019	31 December 2018
Receivables carried at amortised cost		
Carry receivable from Deutsche Rohstoff A.G. ("DRAG")	1,500	3,000
Interest accrued on loan	1,210	-
Total	**2,710**	**3,000**
Non-current	*2,710*	*3,000*
Current	-	-

Long-term other loans carry an interest of upto 10.0% (2018: 10.0%). During 2019 an impairment on the DRAG carry receivable of €1.5 million has been recognised. This impairment has been recorded under net finance costs (see note 8). In addition, the cumulative interest due on the carry of €1.2 million has also been recognised under net finance costs (see note 8). At year end 2019 and 2018 the fair value of the long term loans is approximately equal to the book value.

Note 17 Trade receivables

The trade receivables are considered to be held within a held-to-collect business model consistent with the Group's continuing recognition of the receivables. Information about the Group's exposure to credit and market risks and impairment losses for trade and other receivables is included in note 26.

Note 18 Other short-term receivables

€ '000	31 December 2019	31 December 2018
Joint venture receivable	487	1,850
Prepayments	170	712
VAT receivable	559	1,515
Other receivables	92	1,236
Total other short-term receivables	**1,308**	**5,313**

Note 19 Cash and cash equivalents

The item 'Cash and cash equivalents' consists of bank accounts and restricted cash. For 2019, the restricted funds relate to the minimum liquidity requirements of the bond, guarantee deposits and bond interest payments. The restricted funds for 2018 mainly relate to bond interest payments and the funds available after final investment decision. As final investment decision was taken after 31.12.2018, these funds were classified as restricted for the prior year.

€ ‘000	31 December 2019	31 December 2018
Bank accounts	4,999	31,796
Restricted funds	2,398	5,691
Cash and cash equivalents	**7,397**	**37,487**

Note 20 Share capital

€ ‘000	31 December 2019	31 December 2018
Share capital	18	18
	18	**18**

Share capital compromises:

€ ‘000	31 December 2019	31 December 2018
731,632 (prior year: 731,632) fully paid ordinary shares Type A at a par value of € 0.01	7	7
377,054 (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
1 (prior year: nil) fully paid ordinary shares Type D at a par value of € 0.01	-	-
	18	18

As of 31 December 2019 the shareholders of the company are as follows:
- A shares: 731,632 shares Northwharf Nominees Limited
- B shares: 377,054 shares Tulip Oil Investment B.V.
- C shares: 730,900 shares Northwharf Nominees Limited
- C shares: 731 shares R.J.P. Beheer B.V.
- D share: 1 share Stichting Foundation.

Note 21 Share premium

€ '000	31 December 2019	31 December 2018
Share premium	144,124	144,131
Additional paid-in capital	-	-
	144,124	**144,131**

The holders of the ordinary shares made no additional payments in the year 2019 (2018: €nil).

Note 22 Non-controlling interests

€ '000	31 December 2019	31 December 2018
Balance at beginning of year	1,095	1,489
Share premium injection	2,000	-
Share of loss for the year	(363)	(394)
Balance at end of year	**2,732**	**1,095**

During 2019 the minority shareholder DRAG injected €2.0 million into RP (2018: € nil).

Note 23 Abandonment provision

€ '000	2019	2018
Abandonment provision at beginning of the year	**17,770**	**1,421**
Accretion expense - present value calculation	473	81
Additions	10,259	14,477
Change in estimates and incurred liabilities*	6,412	1,791
Total abandonment provision at year end	**34,914**	**17,770**
Break down of the abandonment provision to short-term and long-term liabilities		
Short-term	-	-
Long-term	34,914	17,770
Total abandonment provision	**34,914**	**17,770**

** 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 additions during 2019 relate to the abandonment provision for the additional wells drilled during 2019. The estimate is based on executing a concept for abandonment in accordance with the Petroleum Activities Act and international regulations and guidelines. The calculations assume an inflation rate of 1.5% (2018: 1.5%) and a discount rate of 0.5% (2018: 2.0%).

Note 24 Long-term bond payable

€ '000	Long-term bond	Bond costs	Total
Book value at 1.1.2018	**85,322**	**(2,418)**	**82,904**
Bond costs setup	-	(53)	(53)
Amortisation of bond costs	-	509	509
Unwinding of bond discount	346	-	346
Book value at 31.12.2018	**85,668**	**(1,962)**	**83,706**
Bond costs setup	-	-	-
Amortisation of bond costs	-	514	514
Unwinding of bond discount	347	-	347
Book value at 31.12.2019	**86,015**	**(1,448)**	**84,567**

The bond of €87 million (face value) is denominated in € and runs from October 2017 to September 2022. The bond was issued at 98% of its face value. The bond carries an interest rate of 3 month EURIBOR + 8.5%. The principal falls due on September 2022 and interest is paid on a quarterly basis. TONO is the issuer of the Bond and TON and TOH are Guarantors. No covenants currently apply to the bond except for the minimum liquidity restrictions and the reserving of bond interest related payments (see note 19). Please see www.tulipoil.com for details of the covenants that apply.

In respect of the bond the following pledges are required:

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

- TON Share Pledge over all of the shares in TON, granted by TOH in favour of the Bond Trustee on first priority, as security for the obligations and liabilities;

- TON Subordinated Loans Pledge over all Subordinated Loans made by TON to TONO, granted by TON in favour of the Bond Trustee on first priority, as security for the obligations and liabilities;

- A Dutch law governed omnibus pledge granted by 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 TONO to another Group Company.

A voluntary repayment option exists to redeem the outstanding bonds at set prices at specified periods upto April 2022. At the balance sheet date the call option on the bond was significantly out of the money and therefore it is valued at €nil.

Note 25 Other non-current liabilities

€ '000	31 December 2019	31 December 2018
Participation certificates	1,111	656
Q10 contingent consideration	-	1,803
ROU liabilities	489	-
Total other non-current liabilities	**1,600**	**2,459**

Participation Certificates

During previous years the Company has given qualifying full time employees and permanent contractors the one time opportunity to irrevocably invest in the Company. The participants in this programme are entitled to receive a settlement in the event the Company makes a distribution, such as a dividend payment.

The participation certificates have been designated as FVTPL instruments by management and are valued using a discounted cash flow approximation of the pre-money valuation of the Company and its subsidiaries and other affiliated companies. This is considered relevant level 3 fair value input. The movement in the participation certificates is shown in the following table:

€ '000	Participation certificates
Book value participation certificates 31.12.2017	**517**
Issuance of new participation certificates	296
Fair value mutation in participation certificates	(157)
Book value participation certificates 31.12.2018	**656**
Issuance of new participation certificates	85
Fair value mutation in participation certificates	370
Book value participation certificates 31.12.2019	**1,111**

Q10 contingent consideration

In January 2015 TON purchased 30% of the license of Q07-Q10 from PA Resources UK Ltd. In this contract there is a contingent liability to pay PA Resources UK Ltd £1.6 million (€1.9 million) 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 Q07-Q10. This transaction was completed on 13 August 2015 and hence this contingent liability has been transferred to Tulip Oil Netherlands Offshore B.V.

This amount has now been recorded within other current liabilities given management's expectation that the vesting conditions for the contingent consideration is expected to be met in 2020.

Note 25 Other non-current liabilities *(cont'd)*

Long term interest payable

The interest over the long-term bond is payable per quarter. The balance presented as part of the other current liabilities relates to the interest over the long-term bond payable as at year-end.

Note 26 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. 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 following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value:

€ '000	Designated at FVTPL	Financial assets at amortised cost	Other financial liabilities	Fair value hierarchy
Financial assets				
Long-term other loans	-	2,710	-	Level 3
Trade receivables	-	8,314	-	Level 3
Other short-term receivables	-	1,308	-	Level 3
Cash and cash equivalents	-	7,397	-	Level 3
Total financial assets	-	**19,729**	-	
Financial liabilities				
Long-term bond payable	-	-	84,567	Level 3
Other non-current liabilities	1,111	-	1,600	Level 3
Trade payables	-	-	2,110	Level 3
Other current financial liabilities	-	-	1,376	Level 3
Other current liabilities	-	-	1,969	Level 3
Total financial liabilities	**1,111**	**-**	**91,622**	

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 carry (see note 16). The other non-current liabilities that are valued at FVTPL are the participation certificates (see note 25).

Note 26 Financial instruments *(cont'd)*

Risk management framework

The Board has overall responsibility for the establishment and oversight of the Group's risk management framework. The Board is responsible for developing and monitoring the Group's risk management policies.

The Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed when needed to reflect changes in market conditions and the Group's activities.

The Group aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Group Audit Committee oversees how management monitors compliance with the Group's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Group.

Commodity price (market) risk

Market risk is the risk that changes in market prices e.g. as foreign exchange rates, interest rates and equity prices will affect the Group's income or the value of its holdings of financial instruments. The objective of material risk management is to manage and control market risk exposures within acceptable parameters, while optimising return.

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 2019 and 2018 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	
€ '000	**Market movement**	**Year ended 31 December 2019**	**Year ended 31 December 2018**	**31 December 2019**	**31 December 2018**
Interest rate	10 basis points	87	87	(93)	(22)

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 manage operations based on its cash balance and cash planning. Gas production in 2020 will help generate additional cash to meet ongoing obligations.

Note 26 Financial instruments *(cont'd)*

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 oil and gas 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. Material 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.

Expected credit loss assessment

The Group performs an expected credit loss assessment on an asset by asset basis due to the relatively small number of individual financial assets. The Group applies the lifetime method for assessing expected credit losses.

Cash and cash equivalents

The Group held cash and cash equivalents of €7.4 million at 31 December 2019 (2018: €37.5 million). The cash and cash equivalents are held with bank and financial institution counterparties which are rated at least AA-.

Impairment on cash and cash equivalents has been measured on a 12 month expected loss basis and reflects the short maturities of the exposures. The Group considers that its cash and cash equivalents have low credit risk based on external credit ratings of the counterparties.

The Group uses a similar approach for assessment of ECL's for cash and cash equivalents to those used for debt securities.

The Group has not recognised an allowance for credit losses over cash and cash equivalents in 2019 or 2018.

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 2019 (2018: €nil).

As at 31 December 2019 and 2018, 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, which has established an appropriate liquidity risk management framework covering the Group's short, medium and long-term funding and liquidity management requirements.

Note 26 Financial instruments *(cont'd)*

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 2019 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.

€ '000	Weighted average effective interest rate (%)	1-3 months	3 Months to 1 year	1-5 years	5- years	Total
31 December 2019						
Long-term bond	8.5	-	-	86,015	-	86,015
Other current liabilities	-	-	1,899	-	-	1,899
Other current financial liabilities	-	1,376	-	-	-	1,376
Trade payables	-	2,110	-	-	-	2,110
Total		3,486	1,899	86,015	-	91,400
31 December 2018						
Long-term bond	8.5	-	-	85,668	-	85,668
Q10 contingent consideration	-	-	-	1,803	-	1,803
Other current liabilities	-	61	-	-	-	61
Other current financial liabilities	-	1,376	-	-	-	1,376
Trade payables	-	8,366	-	-	-	8,366
Total		9,803	-	87,471	-	97,274

Note 27 Related party transactions

As of 31 December 2019 the Company has nine key employees (2018: nine) in management. This function is also provided by certain management companies and their personnel.

Loans to directors

There are no loans to directors in 2019 or 2018.

Key management and director transactions

Some members of management hold positions in other entities that result in them having control or significant influence over the financial or operating policies of these entities.

A number of these entities transacted with the Company in the reporting period. The terms and conditions of the transactions with key management and their related parties were no more favourable than those available, or which might reasonably be expected to be available, on similar transactions to non-key management personnel related entities on an arm's length basis.

Other related parties

Transactions with other related parties are set out below:

€ '000	Transaction type	**Year ended 31 December 2019**	**Year ended 31 December 2018**
Key management	Management fees	2,967	1,679
Key management personnel	Remuneration	687	757
Participation certificates	Investment certificates	50	19
Tulip Oil Investment BV	Intercompany recharges	-	(14)
Global Natural Resource Investments	Monitoring fee	150	150
Outstanding balances receivable (payable) at end of year:			
Carry DRAG	Loan	1,500	3,000
Global Natural Resource Investments	Services provided	38	38

All outstanding balances with these related parties are priced on an arm's length basis and are to be settled in cash. No expense has been recognised in the current year or prior year for bad and doubtful debts in respect of amounts owed by related parties.

Note 28 Leases

Leases as lessee

The Group leases some warehouse and office facilities under operating leases. The leases typically run for a period of 1-3 years, with an option to renew the lease after that date. Lease payments are renegotiated every one year to reflect market rentals. Some leases provide for additional rent payments that are based on changes in local price indices. Previously, these leases were classified as operating leases under IAS 17.

The Group leases IT equipment with contract terms of one to three years. These leases are short-term and/or leases of low-value items. The Group has elected not to recognise right-of-use assets and lease liabilities for these leases.

Information about leases for which the Group is a lessee is presented below.

Right-of-use assets

Right-of-use assets related to leased properties that do not meet the definition of investment property are presented as property, plant and equipment.

€ '000	**Office facilities**
Balance at 1 January	484
Depreciation charge for the year	(192)
Additions to right-of-use assets	145
Derecognition of right-of-use assets	-
Balance at 31 December	**437**

Amounts recognised in profit or loss

2019 – Leases under IFRS 16 € '000	**Year ended 31 December 2019**
Interest on lease liabilities	-
Expenses related to short term leases	4
Expenses related to leases of low-value assets, excluding short term leases of low value assets	9
2018 – Operating leases under IAS 17	
Lease expense	**569**

Amounts recognised in statement of cash flows

2019 – Leases under IFRS 16 € '000	**Year ended 31 December 2019**
Total cash outflow for leases	13,128

The cash outflow above includes amounts that have been capitalised on the balance sheet and expensed in the profit and loss account.

Note 28 Leases *(cont'd)*

Extension options

Some property leases contain extension options exercisable by the Group up to one year before the end of the non-cancellable contract period. Where practicable, the Group seeks to include extension options in new leases to provide operational flexibility. The extension options held are exercisable only by the Group and not by the lessors. The Group assesses at lease commencement date whether it is reasonably certain to exercise the extension options. The Group reassesses whether it is reasonably certain to exercise the options if there is a significant event or significant changes in circumstances within its control.

The Group has estimated that the potential future lease payments, should it exercise the extension option, would result in an increase in lease liability of €0.2 million.

The future minimum lease payments under non-cancellable leases payable as at 31 December are shown in the table below.

	IFRS 16	**IAS 17**
€ '000	**31 December 2019**	**31 December 2018**
Operating lease commitments		
Due within one year	45	8,354
Two to five years	119	103
After five years	-	-
Total operating lease commitments	**164**	**8,457**

In the profit and loss account, lease expenses of €0.2 million (€0.5 million) were recognised.

Note 29 Contingent liabilities

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

Note 30 Reconciliation of investing cashflows

€ '000	*Note*	**Year ended 31 December 2019**	**Year ended 31 December 2018**
Additions to fixed assets	*14*	(67,347)	(70,410)
Non cash abandonment additions	*23*	16,671	16,268
Non cash other		-	57
Capitalised interest	*8*	5,720	4,995
Movement in accruals and trade payables		(8,084)	16,296
Investing cashflow		**(53,040)**	**(32,794)**

Note 31 Reconciliation of financing cashflows

€ '000	**Share premium**	**Long term bond**	**Amortised bond costs**	**Other current liabilities**	**Participation certificates**
At 01.01.2018	**144,131**	**85,322**	**(2,418)**	**76**	**517**
Financing cashflows	-	-	(53)	(3)	162
Non-cash movements	-	346	509	(12)	(23)
At 31.12.2018	**144,131**	**85,668**	**(1,962)**	**61**	**656**
Financing cashflows	-	-	-	-	117
Non-cash movements	(7)	347	514	1,908	338
At 31.12.2019	**144,124**	**86,015**	**(1,448)**	**1,969**	**1,111**

Note 32 Subsequent events

There have been no subsequent events after the balance sheet date upto the signing of these financial statements which require either adjustment or disclosure.

Note 33 Significant accounting policies

The Group has consistently applied the following accounting policies to all periods presented in these consolidated financial statements, except if mentioned otherwise (also see note 2).

Set out below is an index of the significant accounting policies, the details of which are available on the pages that follow.

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Note 33 Significant accounting policies *(cont'd)*

a) 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. Subsidiaries are entities controlled by the Group. 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. Non-controlling interests are initially measured at their proportionate share of the acquiree's identifiable net assets at the acquisition date.

Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

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.

Intra-Group balances and transactions and any unrealised income and expenses arising from intra-Group transactions are eliminated. Unrealised gains arising from transactions with equity-accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

b) Foreign currencies

The euro is the functional and presentation currency of the Group. Transactions in foreign currencies are translated to the respective functional currencies of Group entities at exchange rates at the dates of the transactions. Income and expense items are translated at the average exchange rates for the period.

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the reporting date. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into the functional currency at the exchange rate when the fair value was determined. Non-monetary items that are measured based on historical cost in a foreign currency are translated at the exchange rate at the date of the transaction. Foreign currency differences are generally recognised in profit or loss and presented within other operating expenses or finance costs.

c) Revenue

Sales revenue represents the sales value, net of VAT, of the Group's share of liftings in the year. Revenue is recognised 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.

d) Operating profit

Operating profit is the result generated from the continuing principal revenue producing activities of the Group as well as other income and expenses related to operating activities. Operating profit excludes net finance costs, share of profit of equity accounted investees and income taxes.

Note 33 Significant accounting policies *(cont'd)*

e) 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 net liabilities and receivables (including amounts due to or from non-operating partners) of the joint operation are included in the Group's balance sheet.

f) Finance income and finance costs

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.

Interest income or expense is recognised using the effective interest method. Dividend income is recognised in profit or loss on the date that the Group's right to receive payment is established.

g) 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. formed 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.

Interest and penalties related to income taxes, including uncertain tax treatments, are accounted for under IAS 37 *Provisions, Contingent Liabilities and Contingent Assets*.

Current tax

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to tax payable or receivable in respect of previous years. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any. It is measured using tax rates enacted or substantively enacted at the reporting date. Current tax also includes any tax arising from dividends.

Current tax assets and liabilities are offset only if certain criteria are met.

Deferred tax

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for:

- Temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss;
- Temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and
- Taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences to the extent that is probable that future taxable profits will be available against which they can be used. Future taxable profits are determined based on the reversal of relevant taxable temporary differences. If the amount of taxable temporary differences is insufficient to recognise a deferred tax asset in full, then future taxable profits, adjusted for reversals of existing temporary differences, are considered, based on business plans for individual subsidiaries in the Group. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised; such reductions are reversed when the probability of future taxable profits improves.

Unrecognised deferred tax assets are reassessed at each reporting date and recognised to the extent that it has become probable that future taxable profits will be available against which they can be used.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date.

The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset only if certain criteria are met.

h) Leases

The Group has applied IFRS 16 using the modified retrospective approach, under which comparative information is not restated. The Group has disclosed accounting policies under both IFRS 16 (for the current period) and IAS 17 (for the comparative period presented) in order for users to understand the current period as well as comparative information and changes in significant accounting policies. The details of accounting policies under IAS 17 and IFRIC 4 are disclosed separately.

At inception of an arrangement, the Group determines whether the arrangement is or contains a lease. The Group has applied IFRS 16 using the modified retrospective approach and therefore the comparative information has not been restated and continues to be reported under IAS 17 and IFRIC 4. The details of accounting policies under IAS 17 and IFRIC 4 are disclosed separately.

Policy applicable from 1 January 2019

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group uses the definition of a lease in IFRS 16.

This policy is applied to contracts entered into or changed, on or after 1 January 2019.

(i) As a lessee

At commencement or on modification of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of its relative stand-alone prices. However, for the leases of property the Group has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Group by the end of the lease term or the cost of the right-of-use asset reflects that the Group will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

Note 33 Significant accounting policies *(cont'd)*

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

The Group determines its incremental borrowing rate by obtaining interest rates from various external financing sources and makes certain adjustments to reflect the terms of the lease and type of the asset leased.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- the exercise price under a purchase option that the Group is reasonably certain to exercise, lease payments in an optional renewal period if the Group is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, if the Group changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Group presents right-of-use assets that do not meet the definition of investment property in 'property, plant and equipment' and lease liabilities in 'loans and borrowings' in the statement of financial position.

Short-term leases and leases of low-value assets

The Group has elected not to recognise right-of-use assets and lease liabilities for leases of low-value assets (less than €5,000) and short-term leases (period less than one year), including IT equipment. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

Policy applicable before 1 January 2019

For contracts entered into before 1 January 2019, the Group determined whether the arrangement was or contained a lease based on the assessment of whether:

- fulfilment of the arrangement was dependent on the use of a specific asset or assets; and
- the arrangement had conveyed a right to use the asset. An arrangement conveyed the right to use the asset if one of the following was met:
    - the purchaser had the ability or right to operate the asset while obtaining or controlling more than an insignificant amount of the output;
    - the purchaser had the ability or right to control physical access to the asset while obtaining or controlling more than an insignificant amount of the output; or
    - facts and circumstances indicated that it was remote that other parties would take more than an insignificant amount of the output, and the price per unit was neither fixed per unit of output nor equal to the current market price per unit of output.

Note 33 Significant accounting policies *(cont'd)*

As a lessee

In the comparative period, as a lessee the Group classified leases that transferred substantially all of the risks and rewards of ownership as finance leases. When this was the case, the leased assets were measured initially at an amount equal to the lower of their fair value and the present value of the minimum lease payments. Minimum lease payments were the payments over the lease term that the lessee was required to make, excluding any contingent rent. Subsequent to initial recognition, the assets were accounted for in accordance with the accounting policy applicable to that asset.

Assets held under other leases were classified as operating leases and were not recognised in the Group's statement of financial position. Payments made under operating leases were recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received were recognised as an integral part of the total lease expense, over the term of the lease.

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) Intangible assets and goodwill

Recognition and measurement

Goodwill

Goodwill arising on the acquisition of subsidiaries is measured at cost less accumulated impairment losses.

Research and development

Expenditure on research activities is recognised in profit or loss as incurred.

Development expenditure is capitalised only if the expenditure can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable and the Group intends to and has sufficient resources to complete development and to use or sell the asset. Otherwise, it is recognised in profit or loss as incurred. Subsequent to initial recognition, development expenditure is measured at cost less accumulated amortisation and any accumulated impairment losses.

Other intangible assets

Other intangible assets, including customer relationships, patents and trademarks, that are acquired by the Group and have finite useful lives are measured at cost less accumulated amortisation and accumulated impairment losses.

Amortisation is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation 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.

Subsequent expenditure

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognised in profit or loss as incurred.

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 fields (licenses) 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.

Note 33 Significant accounting policies *(cont'd)*

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.

k) Exploration, evaluation and production assets

The Group adopts the successful efforts method of accounting for exploration and evaluation costs. Pre-license costs are expensed in the period in which they are incurred. All license 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 depreciated in accordance with the Group's depreciation accounting policy.

l) Commercial reserves

P1 developed producing and P2 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 annually by management and is reviewed as required by independent consultants.

m) Depreciation based on depletion

All expenditure carried within each field is depreciated 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 amortisation that would have been charged since the impairment.

n) Provisions

Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost.

Restructuring

A provision for restructuring is recognised when the Group has approved a detailed and formal restructuring plan, and the restructuring either has commenced or has been announced publicly. Future operating losses are not provided for.

Onerous contracts

A provision for onerous contracts is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract. Before a provision is established, the Group recognises any impairment loss on the assets associated with that contract.

Abandonment provision

An abandonment 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 abandonment, discounted to its net present value, and is reassessed each year in accordance with local conditions and requirements.

Changes in the estimated timing of abandonment or abandonment 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 abandonment provision is included as a finance cost.

o) Property, plant and equipment

Recognition and measurement

Items of property, plant and equipment are measured at cost, which includes capitalised borrowing costs less accumulated depreciation and any accumulated impairment losses. The cost of certain items of property, plant and equipment at 1 January 2015, the Group's date of transition to EU-IFRS, was determined with reference to its fair value at that date.

If significant parts of an item of property, plant and equipment have different useful lives, then they are accounted for as separable items (major components) of property, plant and equipment.

Any gain or loss on disposal of an item of property, plant and equipment is recognised in the profit and loss account.

Subsequent expenditure

Subsequent expenditure is capitalised only when it is probable that the future economic benefits associated with the expenditure will flow to the Group.

Depreciation

Depreciation is calculated to write-off the cost of items of property, plant and equipment less their estimated residual values using the aforementioned depreciation based on depletion accounting policy for all assets related to oil and gas fields and straight-line method over the estimated useful lives for all other property, plant and equipment. Depreciation is recognised in the profit and loss account.

The estimated useful lives of property, plant and equipment depreciated using the straight-line method is 3 to 5 years. Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

p) Employee benefits

Short-term employee benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of the past service provided by the employee and the obligation can be estimated reliably.

Pension plans

The Group does not have any pension plans. Some employees are paid a pension contribution as part of their remuneration and are responsible for organising their pensions personally.

Termination benefits

Termination benefits are expensed at the earlier of when the Group can no longer withdraw the offer of those benefits and when the Group recognises costs for a restructuring. If benefits are not expected to be settled wholly within 12 months of the end of the reporting period, then they are discounted.

q) 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.

r) 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.

s) Financial Instruments

Recognition and Initial Measurement

Trade receivables and debt securities issued are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Group becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

Classification and Subsequent Measurement

Financial assets

On initial recognition, a financial asset is classified as measured at: amortised cost; FVOCI – debt investment; FVOCI – equity investment; or FVTPL.

Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Group may irrevocably elect to present subsequent changes in the investment's fair value in OCI. This election is made on an investment-by-investment basis.

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. This includes all derivative financial assets. On initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Note 33 Significant accounting policies *(cont'd)*

Financial assets – Subsequent measurement and gains and losses:

- **Financial assets at FVTPL -** These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss.
- **Financial assets at amortised cost** - These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.
- **Debt investments at FVOCI -** These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognised in profit or loss. Other net gains and losses are recognised in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss.
- **Equity investments at FVOCI -** These assets are subsequently measured at fair value. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are never reclassified to profit or loss.

Financial liabilities – Classification, subsequent measurement and gains and losses

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

Derecognition

Financial assets

The Group derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Group enters into transactions whereby it transfers assets recognised in its statement of financial position, but retains either all of substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognised.

Financial liabilities

The Group derecognises a financial liability when its contractual obligations are discharged or cancelled or expire. The Group also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in the profit and loss account.

Share capital - Ordinary shares

Incremental costs directly attributable to the issue of ordinary shares, net of any tax effects, are recognised as a deduction from equity. Income tax relating to transaction costs of an equity transaction is accounted for in accordance with IAS12.

Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

t) Impairment

Non-derivative financial assets

The Group recognises loss allowances for ECLs on:

- Financial assets measured at amortised cost;
- Debt investments measured at FVOCI; and
- Contract assets.

The Group measures loss allowances at an amount equal to lifetime ECLs, except for the following, which are measured at 12-month ECLs:

- Debt securities that are determined to have low credit risk at the reporting date; and
- Other debt securities and bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Loss allowances for trade receivables and contract assets are always measured at an amount equal to lifetime ECLs.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment and including forward-looking information.

The Group assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

The Group considers a financial asset to be in default when:

- The borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held); or
- The financial asset is more than 90 days past due.

The Group considers a debt security to have low credit risk when its credit risk rating is equivalent to the globally understood definition of 'investment grade'.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.

12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Group expects to receive).

ECLs are discounted at the effective interest rate of the financial asset.

Credit-impaired financial assets

At each reporting date, the Group assesses whether financial assets carried at amortised cost and debt securities at FVOCI are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- Significant financial difficulty of the borrower or issuer;
- A breach of contract such as a default or being more than 90 days past due;
- The restructuring of a loan or advance by the Group on terms that the Group would not consider otherwise;
- It is probable that the borrower will enter bankruptcy or other financial reorganisation; or
- The disappearance of an active market for a security because of financial difficulties.

Note 33 Significant accounting policies *(cont'd)*

Presentation of allowance for ECL in the statement of financial position

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

For debt securities at FVOCI, the loss allowance is charged to profit or loss and is recognised in OCI.

Write-off

The gross carrying amount of a financial asset is written off when the Group has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. For individual customers, the Group has a policy of writing off the gross carrying amount when the financial asset is 180 days past due based on historical experience of recoveries of similar assets. For corporate customers, the Group individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery. The Group expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due.

Non-financial assets

At each reporting date, the Group reviews the carrying amounts of its non-financial assets (other than biological assets, investment property, inventories and deferred tax assets) to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. Goodwill is tested annually for impairment.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs. Goodwill arising from a business combination is allocated to CGUs or groups of CGUs that are expected to benefit from the synergies of the combination.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

An impairment loss is recognised if the carrying amount of an asset or CGU exceeds its recoverable amount.

Impairment losses are recognised in profit or loss. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. For other assets, an impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

u) Fair value

'Fair value' is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which the Group has access at that date. The fair value of a liability reflects its non-performance risk.

A number of the Group's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

When one is available, the Group measures the fair value of an instrument using the quoted price in an active market for that instrument. A market is regarded as active if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

If there is no quoted price in an active market, then the Group uses valuation techniques that maximise the use of relevant observable inputs and minimise the use of unobservable inputs. The chosen valuation technique incorporates all of the factors that market participants would take into account in pricing a transaction.

If an asset or a liability measured at fair value has a bid price and an ask price, then the Group measures assets and long positions at a bid price and liabilities and short positions at an ask price.

The best evidence of the fair value of a financial instrument on initial recognition is normally the transaction price – i.e. the fair value of the consideration given or received. If the Group determines that the fair value on initial recognition differs from the transaction price and the fair value is evidenced neither by a quoted price in an active market for an identical asset or liability nor based on a valuation technique for which any unobservable inputs are judged to be insignificant in relation to the measurement, then the financial instrument is initially measured at fair value, adjusted to defer the difference between the fair value on initial recognition and the transaction price. Subsequently, that difference is recognised in profit or loss on an appropriate basis over the life of the instrument but no later than when the valuation is wholly supported by observable market data or the transaction is closed out.

v) Standards issued that are not effective

A number of new standards are effective for annual periods beginning after 1 January 2019 and earlier application is permitted; however, the Group has not early adopted the new or amended standards in preparing these consolidated financial statements.

The following amended standards and interpretations are not expected to have a significant impact on the Group's consolidated financial statements.

- *Amendments to References to Conceptual Framework in IFRS Standards*.
- *Definition of a Business (Amendments to IFRS 3).*
- *Definition of Material (Amendments to IAS 1 and IAS 8).*
- *IFRS 17 Insurance Contracts.*
- *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28)*

w) Operating segments

As the Group currently has only one revenue stream it does not recognise any separate reportable segments.

COMPANY STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31 DECEMBER 2019

€ '000	Note	Year ended 31 December 2019	Year ended 31 December 2018
Revenues		-	-
Total Income		**-**	**-**
Exploration expenses		52	-
Production costs		(2)	-
Depreciation and amortisation		(132)	(130)
Impairments	*3,7*	(1,251)	(1,830)
Other operating expenses		140	182
Total operating expenses		**(1,193)**	**(1,778)**
Operating profit/(loss)		**(1,193)**	**(1,778)**
Interest income		5,493	5,234
Other financial income		840	159
Interest expenses		-	-
Other financial expenses		(1,500)	-
Net finance income		**4,833**	**5,393**
Share of interest in affiliates	*6*	**12,193**	**(5,725)**
Profit/(loss) before taxes		**15,833**	**(2,110)**
Tax (charge)/credit	*5*	(559)	-
Profit/(loss) for the year	*15*	**15,274**	**(2,110)**

The notes on pages 63 to 71 are an integral part of these company financial statements.

COMPANY STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2019

€ '000	Note	31 December 2019	31 December 2018
ASSETS			
Investments			
Investments in affiliates	*6*	41,183	10,990
Intangible assets			
Goodwill	*7*	178	1,430
Tangible fixed assets			
Property, plant and equipment		213	74
Financial assets			
Long-term other loans	*8*	2,710	3,000
Long-term loans with affiliates	*9*	46,261	56,846
Deferred tax assets		-	474
Total non-current assets		**90,545**	**72,814**
Receivables			
Trade receivables		-	-
Other short-term receivables	*10*	183	577
Intercompany receivables		445	1,450
Cash and cash equivalents			
Cash and cash equivalents *	*11*	678	900
Total current assets		**1,306**	**2,927**
TOTAL ASSETS		**91,851**	**75,741**

*Includes restricted cash and cash equivalents

The Group initially applied IFRS 16 at 1 January 2019 using the modified retrospective approach. Under this approach, comparative information is not restated and the cumulative effect of initially applying IFRS 16 is recognised in retained earnings at the date of initial application.

The notes on pages 63 to 71 are an integral part of these company financial statements.

COMPANY STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2019

€ '000	Note	31 December 2019	31 December 2018
EQUITY AND LIABILITIES			
Equity			
Share capital	*12*	18	18
Share premium	*13*	144,124	144,131
Retained earnings	*15*	(54,260)	(69,534)
Total equity		**89,882**	**74,615**
Non-current liabilities			
Other non-current liabilities	*16*	1,274	656
Deferred tax liabilities		85	-
Current liabilities			
Trade payables		376	363
Accrued expenses		200	68
Other current liabilities		32	36
Intercompany payables		2	3
Total liabilities		**1,969**	**1,126**
TOTAL EQUITY AND LIABILITIES		**91,851**	**75,741**

The Group initially applied IFRS 16 at 1 January 2019 using the modified retrospective approach. Under this approach, comparative information is not restated and the cumulative effect of initially applying IFRS 16 is recognised in retained earnings at the date of initial application.

The notes on pages 63 to 71 are an integral part of these company financial statements.

COMPANY STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2019

€ ‘000	Share capital	Share premium	Retained earnings	Total equity
Equity as of 31.12.2017	**18**	**144,131**	**(67,424)**	**76,725**
Share premium injection	-	-	-	-
Profit/(loss) for the year	-	-	(2,110)	(2,110)
Equity as of 31.12.2018	**18**	**144,131**	**(69,534)**	**74,615**
Share premium injection/adjustments	-	(7)	-	(7)
Profit/(loss) for the year	-	-	15,274	15,274
Equity as of 31.12.2019	**18**	**144,124**	**(54,260)**	**89,882**

The Group initially applied IFRS 16 at 1 January 2019 using the modified retrospective approach. Under this approach, comparative information is not restated and the cumulative effect of initially applying IFRS 16 is recognised in retained earnings at the date of initial application.

The notes on pages 63 to 71 are an integral part of these company financial statements.

NOTES TO THE COMPANY FINANCIAL STATEMENTS

Note 1 General

These company financial statements and the consolidated financial statements together constitute the statutory financial statements of Tulip Oil Holding B.V. (hereafter: 'the Company'). The financial information of the Company is included in the Company's consolidated financial statements, as presented on pages 59 to 71.

Note 2 Basis of preparation

These company financial statements have been prepared in accordance with Title 9, Book 2 of the Netherlands Civil Code. For setting the principles for the recognition and measurement of assets and liabilities and determination of results for its company financial statements, the Company makes use of the option provided in section 2:362(8) of the Netherlands Civil Code. This means that the principles for the recognition and measurement of assets and liabilities and determination of the result (hereinafter referred to as principles for recognition and measurement) of the company financial statements of the Company are the same as those applied for the consolidated EU-IFRS financial statements. These principles also include the classification and presentation of financial instruments, being equity instruments or financial liabilities. In case no other principles are mentioned, refer to the accounting principles as described in the consolidated financial statements. For an appropriate interpretation of these statutory financial statements, the company financial statements should be read in conjunction with the consolidated financial statements.

Information on the use of financial instruments and on related risks for the group is provided in the notes to the consolidated financial statements of the group.

All amounts in the company financial statements are presented rounded to the nearest €1 thousand, unless stated otherwise.

a) Participating interests in group companies

Group companies are all entities in which the Company has directly or indirectly control. The Company controls an entity when it is exposed, or has rights, to variable returns from its involvement with the group company and has the ability to affect those returns through its power over the group company. Group companies are recognised from the date on which control is obtained by the Company and derecognised from the date that control by the Company over the group company ceases. Participating interests in group companies are accounted for in the company financial statements according to the net equity value, with separate presentation of the goodwill component under intangible fixed assets, with the principles for the recognition and measurement of assets and liabilities and determination of results as set out in the notes to the consolidated financial statements.

Participating interests with a negative net asset value are valued at nil. This measurement also covers any receivables provided to the participating interests that are, in substance, an extension of the net investment. In particular, this relates to loans for which settlement is neither planned nor likely to occur in the foreseeable future. A share in the profits of the participating interest in subsequent years will only be recognised if and to the extent that the cumulative unrecognised share of loss has been absorbed. If the Company fully or partially guarantees the debts of the relevant participating interest, or if has the constructive obligation to enable the participating interest to pay its debts (for its share therein), then a provision is recognised accordingly to the amount of the estimated payments by the Company on behalf of the participating interest.

b) Share in net result of participating interests

The share in the result of participating interests consists of the share of the Company in the result of these participating interests. Results on transactions involving the transfer of assets and liabilities between the Company and its participating interests and mutually between participating interests themselves, are eliminated to the extent that they can be considered as not realised.

Note 2 Basis of preparation *(cont'd)*

The Company makes use of the option to eliminate intragroup expected credit losses against the book value of loans and receivables from the Company to participating interests, instead of elimination against the equity value/net asset value of the participating interests.

c) Corporate income tax

The Company is the head of the fiscal unity. The Company recognises the portion of corporate income tax that it would owe as an independent tax payer, taking into account the allocation of the advantages of the fiscal unity.

Note 3 Impairments

Refer to note 6 in the consolidated financial statements for further details regarding impairments.

Note 4 Employee benefits and number of employees

Wages and salaries, social security and pension charges relating to the employees of the Company are specified in the table below.

€ ‘000	Year ended 31 December 2019	Year ended 31 December 2018
Wages and salaries	997	964
Social security charges	96	84
Pension charges	-	-
Total employee benefits	**1,093**	**1,048**

During the 2019 financial year, the average number of staff employed by the Company, converted into full-time equivalents, amounted to 7.8 people (2018: 7.3 people). This staffing level (average number of staff) can be divided into the following staff categories:

€ ‘000	Year ended 31 December 2019	Year ended 31 December 2018
Technical	5	4
Finance	3	3
Total staff	8	7

The Company also retained several key contractors for delivering the objectives of the Group.

Note 5 Taxes

€ '000	Year ended 31 December 2019	Year ended 31 December 2018
Current tax expense		
Current year	-	-
Other changes	-	-
Deferred tax expense		
Origination and reversal of temporary differences	(559)	-
Tax (charge)/credit	**(559)**	**-**

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

€ '000	Year ended 31 December 2019	Year ended 31 December 2018
Profit/(loss) before tax	**15,833**	**(2,110)**
Add: Share of interest in affiliates	(12,193)	5,725
Profit/(loss) before tax and interest in affiliates	**3,640**	**3,615**
Income tax (charge)/credit calculated at 25% (2018: 25%)	**(910)**	**(903)**
Settlement of losses with no compensation	752	1,361
Changes in prior year tax estimates	(88)	-
Goodwill impairment	(313)	(458)
Income tax credit recognised	**(559)**	**-**

Note 6 Investments in affiliates

€ '000	2019	2018
Balance at the beginning of the year	10,990	16,715
Equity injections during the year	18,000	-
Share of result of participating interests	12,193	(5,725)
Balance at the end of the year	**41,183**	**10,990**

The €18.0 million equity injection during the year (€ nil) arises from a loan to equity swap that was conducted between TOH and RP.

Note 6 Investments in affiliates *(cont'd)*

The Company, seated in The Hague is the holding company and has the following financial interests:

Name of subsidiary	Principal activity	Place of incorporation and operation	Proportion of ownership interest and voting power held by the Group	
			31 December 2019	31 December 2018
Rhein Petroleum GmbH	Exploration, production and manufacturing of hydrocarbon volumes	Heidelberg, Germany	90%	90%
Tulip Oil Netherlands B.V.	Onshore and offshore exploration and production of hydrocarbon volumes	The Hague, Netherlands	100%	100%
Tulip Oil Netherlands Offshore B.V.	Offshore exploration and production of hydrocarbon volumes	The Hague, Netherlands	100%	100%

Note 7 Goodwill

€ '000	**Licenses**	**Goodwill**
Acquisition cost 31.12.2017	**22,256**	**5,059**
Additions	-	-
Disposals	-	-
Acquisition cost 31.12.2018	**22,256**	**5,059**
Accumulated amortisation and impairments 31.12.2017	**(22,256)**	**(1,799)**
Amortisation	-	-
Impairment	-	(1,830)
Accumulated amortisation and impairments 31.12.2018	**(22,256)**	**(3,629)**
Book value 31.12.2018	**-**	**1,430**
Acquisition cost 31.12.2018	**22,256**	**5,059**
Additions	-	-
Disposals	-	-
Acquisition cost 31.12.2019	**22,256**	**5,059**
Accumulated amortisation and impairments 31.12.2018	**(22,256)**	**(3,629)**
Amortisation	-	-
Impairment	-	**(1,252)**
Accumulated amortisation and impairments 31.12.2019	**(22,256)**	**(4,881)**
Book value 31.12.2019	**-**	**178**

Note 7 Goodwill *(cont'd)*

Goodwill is not amortised but tested regularly for impairment at least annually or when impairment triggers are identified (see note 13 in the consolidated financial statements).

Note 8 Long-term other loans

See note 16 in the consolidated financial statements for an analysis of the long-term other loans held by the Company.

Note 9 Long-term loans with affiliates

€ '000	31 December 2019	31 December 2018
Balance at the beginning of the year	**56,846**	**52,220**
Additional loans issued	9,250	2,300
Conversion from loan to equity	(18,000)	-
Accrued interest	2,540	2,326
Minority shareholder loan repayment	(2,000)	-
Repayment of loans	(2,375)	-
Balance at the end of the year	**46,261**	**56,846**

The details of the long-term loans with affiliates are as follows:

Counterparty	**Outstanding principal amount and accrued interest**		**Loan repayment date**	**Interest rate**
€ '000	**31.12.2019**	**31.12.2018**		
Rhein Petroleum GmbH	9,650	20,345	2021	12.5%
Tulip Oil Netherlands B.V.	36,611	36,501	2025	8.0%

Book value of the loans is materially the same as the fair value.

Note 10 Other short-term receivables

€ '000	31 December 2019	31 December 2018
Joint venture receivables	-	213
Prepayments	49	53
Other receivables	-	134
VAT receivable	134	177
Total other short-term receivables	183	577

The carrying values of the recorded receivables are a reasonable approximation of their respective fair values given the short maturities of the positions and the fact that allowances for doubtful debts have been recognised if necessary.

Note 11 Cash and cash equivalents

The item 'Cash and cash equivalents' consists of bank accounts and cash in hand. The restricted funds mainly relate to guaranteed deposits in respect of the Group's head office.

€ '000	31 December 2019	31 December 2018
Bank accounts	661	883
Restricted funds	17	17
Cash and cash equivalents	**678**	**900**

Note 12 Share capital

Refer to note 20 in the consolidated financial statements for further details regarding share capital.

Note 13 Share premium

Refer to note 21 in the consolidated financial statements for further details regarding share premium.

Note 14 Proposed appropriation of result

The Company proposes to transfer the profit for the year of €15.3 million 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 15 Reconciliation of shareholders' equity per the consolidated financial statements with shareholders' equity per the company financial statements

The shareholders' equity per the consolidated financial statements excluding the portion attributable to non-controlling interests is not equal to the shareholders' equity per the company financial statements. The difference amounts to €0.9 million and relates to intercompany loan interest and intercompany seismic invoices capitalised by subsidiaries.

Note 16 Other non-current liabilities

The other non-current liabilities held by the Company consist of the participation certificates as detailed in note 25 of the consolidated financial statements and ROU liabilities of €0.2 million (2018: €nil).

Note 17 Financial instruments

General

The Group has exposure to the following risks from its use of financial instruments:

- Credit risk.
- Liquidity risk.
- Market risk.

In the notes to the consolidated financial statements information is included about the Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing risk. These risks, objectives, policies and processes for measuring and managing risk, and the management of capital apply also to the separate financial statements of TOH. Further quantitative disclosures are included below.

Credit risk

The primary credit risk for the Company is the intercompany loans provided to its subsidiaries. The ongoing development opportunities within both RP and TON based on future cashflow projections provide sufficient evidence to management of its ability to recover these balances.

Fair value

The fair values of the financial instruments recognised on the statement of financial position, including accounts receivable, cash at bank and in hand and current liabilities, is approximately equal to their carrying amounts.

Note 18 Related party transactions

All related party transactions are conducted on an "at arm's-length" transaction basis.

Note 19 Off-balance sheet assets and 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.

Note 20 Auditor's fee

€ '000	Type	Year ended 31 December 2019	Year ended 31 December 2018
KPMG Accountants N.V.	Audit fee*	125	110
KPMG Accountants N.V.	Other audit related work*	44	-

*as per Section 2:382a (1) and (2) of the Netherlands Civil Code.

The Hague, 27 February 2020

Imad Mohsen
Chief Executive Officer

Ruud Schrama
Chief Financial Officer

OTHER INFORMATION

Provisions in the Articles of Association governing the appropriation of profit

Under article 14 of the Company's Articles of Association, the profit is at the disposal of the General Meeting, which can allocate said profit either wholly or partly to the formation of, or addition to, one or more general or special reserve funds.

Independent auditor's report

The independent auditor's report with respect to the consolidated and company financial statements is set out on the next pages.

Independent auditor’s report

To: the General Meeting of Shareholders and the Board of Tulip Oil Holding B.V.

Report on the accompanying financial statements

Our opinion

We have audited the financial statements 2019 of Tulip Oil Holding B.V., based in The Hague. The financial statements include the consolidated financial statements and the company financial statements.

In our opinion:

- the accompanying consolidated financial statements give a true and fair view of the financial position of Tulip Oil Holding B.V. as at 31 December 2019 and of its result and its cash flows for 2019 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 accompanying company financial statements give a true and fair view of the financial position of Tulip Oil Holding B.V. as at 31 December 2019 and of its result for 2019 in accordance with Part 9 of Book 2 of the Dutch Civil Code.

The consolidated financial statements comprise:

1. the consolidated statement of financial position as at 31 December 2019;
2. the following consolidated statements for 2019: the statement of profit and loss, the statements of comprehensive income, changes in equity and cash flows; and
3. the notes comprising a summary of the significant accounting policies and other explanatory information.

The company financial statements comprise:

1. the company statement of financial position as at 31 December 2019;
2. the company statement of profit and loss for 2019; and
3. the notes comprising a summary of the 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 Wet toezicht accountants-organisaties (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 report

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

- Report of the Board;
- other information pursuant to 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 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 the Report of the Board, in accordance with Part 9 of Book 2 of the Dutch Civil Code, and other information pursuant to Part 9 of Book 2 of the Dutch Civil Code.

Description of the responsibilities for the financial statements

Responsibilities of management and the Board 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 errors or fraud.

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 have detected all material errors and fraud during our audit.

Misstatements can arise from fraud or errors 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 the 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 scepticism 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 errors or fraud, 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 errors, 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 ceasing to continue as a going concern;
- evaluating the overall presentation, structure and content of the financial statements, including the disclosures; and
- 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. 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 those charged with governance 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 identify during our audit.

The Hague, February 27, 2020

KPMG Accountants N.V.

U.C. van Zessen RA