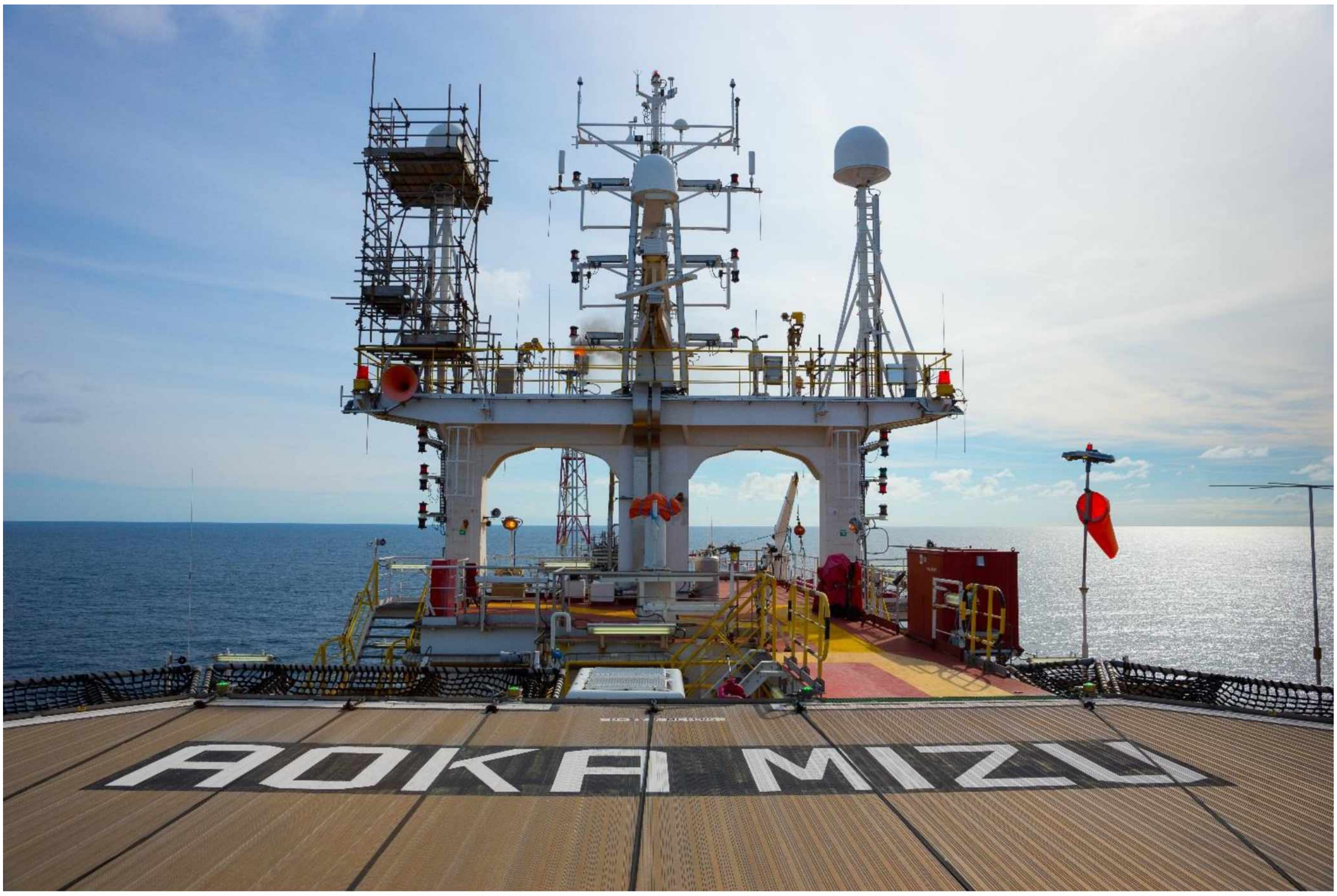
Aurelia Energy N.V.

Quarterly report

For the period ended June 30, 2017



FPSO Aoka Mizu

Results and main developments for the six months ended June 30, 2017

Second quarter results

The net result after tax for the six-month period ended June 30, 2017 amounted to a loss of U.S.$7.1 million compared to a profit of U.S.$43.6 million for the six-month period ended June 30, 2016. EBITDA for the six-month period ended June 30, 2017 was U.S.$74.7 million compared to U.S.$126.4 million for the six-month period ended June 30, 2016. The financial results for the first half year of 2017 were mainly impacted by the following items:

The SPM division generated U.S.$15.8 million EBITDA in the second quarter of 2017, resulting in U.S.$17.7 million EBITDA for the six-month period ended June 30, 2017 compared to U.S.$24.8 million EBITDA for the six-month period ended June 30, 2016. In 2017, progress on the running SPM projects is in final stages, resulting in lower EBITDA recognition compared to the year 2016. The Company has recently concluded a contract for the delivery of 3 buoy systems. Delivery of these buoy systems is expected by Q1 2018. For the first half year of 2017 this project has not contributed to the result.

EBITDA for the FPSO division in the second quarter of 2017 amounted to U.S.$30.8 million, resulting in U.S.$62.9 million EBITDA for the six-month period ended June 30, 2017 compared to U.S.$107.7 million EBITDA for the six-month period ended June 30, 2016. The U.S.$44.8 million decrease in EBITDA compared to the first half year of 2016 was mainly driven by a U.S.$34.3 million decrease in EBITDA for the FPSO Glas Dowr. This decrease in EBITDA is due to the recognition of the largest part of the termination fee following the termination for convenience by ENI in 2016 compared to the lay-up of the vessel in the first half year of 2017. EBITDA of the FPSO Aoka Mizu reduced by U.S.$12.2 million. FPSO Aoka Mizu stopped production from the Ettrick field on June 1, 2016. EBITDA for the FPSO Haewene Brim decreased by U.S.$1.1 million compared to the first half year of 2016. This decrease was caused by credits on the lease in 2017. EBITDA of the FPSO Bleo Holm increased by U.S.$0.6 million due to higher tariff income in the first half year of 2017 compared to the first half year of 2016. EBITDA of the FPSO Munin increased by U.S.$1.1 million as a result of cost savings on the lay-up of the vessel in the first half year of 2017 compared to the first half year of 2016. Finally FPSO tender costs in the first half year of 2017 decreased by U.S.$1.1 million, despite the increase in number of tender prospects in 2017.

During the first half year of 2017, unallocated expenses amounted to U.S.$6.0 million, compared to U.S.$6.1 million for the first half year of 2016. The unallocated expenses for the first half year of 2016 include a reorganization provision of U.S.$1.3 million. Because of the lower number of contracted staff in the first half year of 2017 the overall recovery percentage also decreased. In the first half year of 2016 the overhead recovery was slightly higher than the first half year of 2017, which was driven by higher project activity and utilization of the engineering staff.

Depreciation and amortization expenditure in the first half year of 2017 amounted to U.S.$54.1 million compared to U.S.$55.5 million in the first half year of 2016. Decommissioning of FPSO Glas Dowr was completed on March 1, 2016 and decommissioning of FPSO Aoka Mizu on August 1, 2016. As from these dates the FPSOs are classified as ‘FPSOs held for conversion’ and are depreciated on an adjusted depreciation rate after the reassessment of the anticipated useful life.

Finance expenses were U.S.$2.5 million lower compared to the previous year, at U.S.$27.2 million versus U.S.$29.7 million in the first half year of 2016. The amendment agreements to the senior secured project finance facility and corporate credit facility have led to one-off additional amortization expenditures of debt arrangement fees of U.S.$1.3 million due to recalculation of the debt arrangement fees over the remainder period of the facilities in 2016. In total an amount of U.S.$6.5 million was added to the debt arrangement fees. Other interest costs decreased by U.S.$3.8 million compared to the previous year, mainly due to further reduction of net debt.

Currency exchange results were U.S.$0.9 million negative in the first half year of 2017 compared to U.S.$3.0 million positive in the first half year of 2016. The currency exchange results relate mainly to positive or negative fair market value of euro denominated forward exchange contracts that were entered into to hedge the currency exposure on SPM projects.

Income tax benefit for the first half year of 2017 amounted U.S.$0.2 million versus U.S.$0.8 million income tax expense for the first half year of 2016. The income tax expense in 2016 mainly relates to withholding tax and Australian corporate tax in relation to Glas Dowr. The U.S.$0.2 million income tax benefit in 2017 relates mainly to refunds as a result of recalculation of Glas Dowr corporate income tax paid in prior years.

Other developments

On November 28, 2016, the Company has signed a Heads of Terms with Hurricane Energy, a UK based oil and gas-company focused on hydrocarbon resources in naturally fractured basement reservoirs, for the use of the Aoka Mizu FPSO on the Lancaster field, West of Shetland. Following the signing of the Agreement, the Company and Hurricane have substantially concluded the second phase FEED study at the end of March, 2017. Under the terms of the Agreement, the Company and Hurricane have granted each other an exclusive right to enter into fully-termed agreements until November 2017, parties expect to enter into the agreements prior to Hurricane's expected sanction date in mid-2017. On April 4, 2017, the bondholders were served with a notice of a written resolution to permit the implementation of the head of terms with Hurricane and related bond amendments. On April 11, 2017, The Nordic Trustee ASA confirmed that the proposed resolution was passed with the requisite majority of voting bonds voting in favour of the proposed resolution and therefore the bond agreement will be changed as set out in the notice. On May 3, 2017, the project finance facility lenders consented to enter into a Hurricane letter of quiet enjoyment and bond coupon increase. Subsequently, Hurricane agreed to authorize the Company to procure long lead items in order to keep the project on schedule to deliver first oil by end of 1H 2019. On June 23, 2017, the Company and Hurricane Energy plc ("Hurricane") reached agreement on the key contracts outlining terms for the upgrade, lease and operation of the FPSO Aoka Mizu ("Transaction Documents") in connection with the Early Production System on Hurricane's Lancaster Field ("Lancaster EPS"). On June 30, 2017, Hurricane announced a fundraising of U.S.$530.0 million to fund capital expenditure in relation to the Lancaster EPS. The Transaction Documents became effective in accordance with their terms on August 14, 2017.

On June 30, 2017, Repsol Sinopec Resources UK Limited gave notice of extending the firm period of the bareboat charter for FPSO Bleo Holm at unchanged charter terms. The firm contract period now runs up until June 30, 2019.

In the SPM Segment, the Company has recently commenced works for the delivery of 3 buoy systems, with delivery of these buoy systems being expected by Q2 2018.

The corporate facility that was scheduled to mature on March 31, 2017 has been extended till September 15, 2017, however, the availability under the facility has reduced to U.S.$5.0 million until a new lender or lenders are found. The Company is in advanced discussions with a new RCF lender to provide available drawing room by stepping into the existing RCF structure.

Given the current business outlook and the liquidity forecast as well as the available options to secure funding, the Company expects to be in compliance with its covenants under the existing loan agreements (including the Corporate Facility, the Project Finance Facility and the Bond Loan).

General information

Aurelia Energy N.V. ("the Company") is the holding company of the Bluewater group (Bluewater), a specialized service provider to, and operator in, the offshore oil industry. Bluewater designs, develops, owns and operates floating production storage and offloading units ("FPSOs"), provides auxiliary equipment and services to FPSOs and designs, develops, performs project management and constructs single point mooring systems ("SPMs").

An FPSO is a type of floating production unit used by oil companies to produce, process, store and offload hydrocarbons from offshore fields. FPSOs are either newly built or converted tankers upon which production equipment is mounted. The fluids (oil, gas and water) are processed on board the FPSO vessel, and the treated crude oil is stored before being exported to an off take system utilizing shuttle tankers. Bluewater's fleet of FPSOs is involved in the production, rather than the exploration or drilling phase of oil field development. The FPSOs are leased to oil companies under medium- and long-term service contracts or bareboat contracts.

SPMs are used to transfer fluids to and from a floating production unit, an offshore storage vessel or shuttle tanker while securing the unit, vessel or tanker to the ocean floor. Most SPMs consist of an anchoring system that is connected to the ocean floor and a fluid transfer system that permits the transfer of fluids between fixed and rotating parts of the mooring system. SPMs are generally developed and constructed for oil companies and contractors.

Revenues are earned from day rates consisting of a fixed facility fee and a compensation for operating the FPSO pursuant to leases with oil companies, supplemented from time to time with fees based on volumes of produced barrels of oil. Additionally, revenues are earned on a lump-sum or reimbursable basis from the design, engineering, procurement and management services that are provided in the various FPSO and SPM projects being managed.

FPSO and SPM projects are being managed from the initial design and engineering phase to final installation. Further, Bluewater engages subcontractors in the fabrication of FPSOs, SPMs and auxiliary equipment.

Condensed consolidated interim income statement
For the period ended June 30

In thousands of U.S.$	***Note***	**June 30, 2017**	**June 30, 2016**
Operating activities			
Revenues	*1*	134,189	282,835
Raw materials, consumables used and other operating costs		(37,601)	(124,942)
Employee benefits expense		(21,913)	(31,447)
EBITDA		74,675	126,446
Depreciation and amortization expense	*2*	(54,113)	(55,495)
Results from operating activities (EBIT)		20,562	70,951
Finance income		206	107
Finance expenses		(27,245)	(29,716)
Currency exchange results		(879)	3,039
Net finance expense		(27,918)	(26,570)
Profit / (Loss) before income tax		(7,356)	44,381
Income tax (expense)/ benefit		221	(781)
Profit / (Loss) for the period		(7,135)	43,600

The profit/ (loss) for the period is fully attributable to the shareholder.

The interim financial statements have not been audited

Condensed consolidated interim statement of financial position

In thousands of U.S.$	*Note*	June 30, 2017	December 31, 2016
Assets			
Property, plant and equipment	2	705,811	747,856
Intangible assets		2,859	3,559
Other financial investments		144	196
Deferred tax assets		62,378	62,378
Total non-current assets		771,192	813,989
Inventories		1,493	1,602
Trade and other receivables		28,302	16,706
Construction contracts		3,403	2,146
Prepayments for current assets		3,467	1,963
Cash and cash equivalents		73,964	67,975
Total current assets		110,629	90,392
Total assets		881,821	904,381
Equity			
Share capital		170,000	170,000
Share premium		198,568	198,568
Accumulated deficit		(162,546)	(155,411)
Other reserves		(28,360)	(28,641)
Total equity attributable to equity holder of the Company		177,662	184,516
Liabilities			
Loans and borrowings, including derivatives	3	466,691	477,367
Deferred income		60,423	85,887
Employee benefits		19,752	18,348
Total non-current liabilities		546,866	581,602
Loans and borrowings	3	24,410	23,730
Trade and other payables		33,946	27,815
Deferred income		98,937	86,718
Total current liabilities		157,293	138,263
Total liabilities		704,159	719,865
Total equity and liabilities		881,821	904,381

The interim financial statements have not been audited

Condensed consolidated interim statement of changes in equity

Attributable to equity holder of the Company

In thousands of U.S.$

	Issued Share Capital	Share Premium	Translation reserve	Investment revaluation reserve	Employee benefits reserve (IAS 19R)	Hedging reserve	Accumu-lated deficit	Total equity
Balance at December 31, 2016	**170,000**	**198,568**	**(11,997)**	**(2,804)**	**(14,034)**	**194**	**(155,411)**	**184,516**
Loss for the period	-	-	-	-	-	-	(7,135)	(7,135)
Foreign currency translation differences	-	-	334	(5)	-	-	-	329
Movement cash flow hedges	-	-	-	-	-	(48)	-	(48)
Total comprehensive income	-	-	334	(5)	-	(48)	(7,135)	(6,854)
Balance at June 30, 2017	**170,000**	**198,568**	**(11,663)**	**(2,809)**	**(14,034)**	**146**	**(162,546)**	**177,662**

The interim financial statements have not been audited

Condensed consolidated interim statement of cash flows

In thousands of U.S.$	**June 30, 2017**	**June 30, 2016**
Net cash from (used in) operating activities	28,251	47,970
Net cash from (used in) investing activities	(11,150)	(815)
Net cash from (used in) financing activities	(12,381)	(65,753)
Translation effect on cash	1,269	315
Net increase / (decrease) in available cash and cash equivalents	5,989	(18,283)
Cash and cash equivalents at the beginning of the period	67,975	101,529
Cash and cash equivalents at the end of the period	73,964	83,246

The interim financial statements have not been audited

Notes to the unaudited condensed consolidated interim financial statements

Reporting entity

Aurelia Energy N.V. ("the Company") has its legal seat in Willemstad (Curaçao). The unaudited condensed consolidated interim financial statements of the Company as at and for the period ended June 30, 2017 comprise the Company and its subsidiaries (together referred to as "the Group" or "Bluewater" and individually as "Group entities") and the Group's interest in jointly controlled entities.

Statement of compliance

The unaudited condensed consolidated interim financial statements have been prepared using accounting policies consistent with International Financial Reporting Standards (IFRSs) as applied in the most recent annual financial statements.

Basis of preparation

These unaudited condensed consolidated interim financial statements are presented in thousands of US dollars, which is the Company's functional currency. All financial information presented has been rounded to the nearest thousand. The unaudited condensed consolidated interim financial statements have been prepared using accounting policies consistent with the recognition and measurement criteria of the International Financial Reporting Standards (IFRSs) as applied in the most recent annual financial statements. The information furnished in the unaudited condensed consolidated interim financial statements includes normal recurring adjustments and reflects all adjustments which are, in the opinion of management, necessary for fair presentation of such financial statements. Although the Company believes that the disclosures are adequate to make the information presented not misleading, it is suggested that these unaudited condensed consolidated interim financial statements be read in conjunction with the audited financial statements and the notes thereto for the year ended December 31, 2016.

The preparation of these unaudited condensed consolidated interim financial statements requires management to make judgements, estimates and assumptions that affect the application of 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 accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

In particular, significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the unaudited condensed consolidated interim financial statements are:

- Revenue recognition on construction contracts based on the percentage of completion method;
- Estimation of the anticipated useful life and future revenues earned with the leased facilities;
- Estimation of the realizable amount of tax losses carried forward;
- Potential impact of claims and litigation;
- Going concern considerations.

1. Segment information

The disclosure of segment information is consistent with the internal reports in order to assess each segment's performance and to allocate resources to them. Internal reporting is primarily based on business segments since the Company's risks and rates of return are affected primarily by differences in services and products produced.

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly employee benefits expense, head office expenses, investments and related revenue and income tax assets and liabilities. For both presented periods there are no inter segment revenues.

	FPSO		**SPM**		**Consolidated**	
In thousands of U.S.$	**June 30, 2017**	**June 30, 2016**	**June 30, 2017**	**June 30, 2016**	**June 30, 2017**	**June 30, 2016**
Total segment revenue	105,558	190,533	28,631	92,302	134,189	282,835
Total cost of operations	(42,620)	(82,809)	(10,944)	(67,474)	(53,564)	(150,283)
Unallocated expenses					(5,950)	(6,106)
EBITDA	62,938	107,724	17,687	24,828	74,675	126,446
Depreciation and amortization	(53,753)	(55,092)	(360)	(403)	(54,113)	(55,495)
Results from operating activities (EBIT)	9,185	52,632	17,327	24,425	20,562	70,951
Net finance costs					(27,918)	(26,570)
Income tax expense					221	(781)
Result for the period					(7,135)	43,600
Segment assets	771,797	885,911	44,643	74,793	816,440	960,704
Unallocated assets					65,381	93,353
Total assets					881,821	1,054,057
Segment liabilities	648,200	729,477	55,959	84,074	704,159	813,551
Capital expenditure	11,345	-	23	-	11,368	-

There are no unallocated capital expenditures in 2016 and 2017.

2. Property, plant and equipment

In thousands of U.S.$	FPSOs	FPSOs held for conversion	Office equipment	Total
Cost:				
As at December 31, 2016	842,363	1,187,976	10,090	2,040,429
Additions	-	11,345	23	11,368
Disposals	-	-	-	-
Translation result	-	-	11	11
As at June 30, 2017	842,363	1,199,321	10,124	2,051,808
Accumulated depreciation and impairment losses:				
As at December 31, 2016	628,436	661,380	2,757	1,292,573
Depreciation for the period	40,338	12,678	396	53,412
Disposals	-	-	-	-
Translation result	-	-	12	12
As at June 30, 2017	668,774	674,058	3,165	1,345,997
Net book value	173,589	525,263	6,959	705,811

As of June 30, 2017, an amount of U.S.$101,481 (June 30, 2016: U.S.$101,481) relating to capitalized interest is included in the historical cost value of the FPSOs and FPSOs held for conversion. Interest capitalized for the periods ended June 30, 2017 and 2016 amounts to U.S.$ nil. Amortization of intangible assets amounted U.S.$701 for the first half year of 2017.

3. Loans and borrowings

In thousands of U.S.$	June 30, 2017	December 31, 2016
Non-current liabilities		
Long-term bank loans	71,160	82,760
Unsecured subordinated bond	395,531	394,607
	466,691	477,367
Current liabilities		
Current portion of bank loans	24,410	23,730

The amount of long-term bank loans as per June 30, 2017 amounting to U.S.$71.2 million includes a U.S.$25.0 million deposit kept in a debt service reserve account which has been netted with the related bank loan. The amount of the Unsecured subordinated bond as per June 30, 2017 amounting to U.S.$395.5 million is the net balance of the U.S.$400 million unsecured bond loan and the current balance of unamortized borrowing costs of U.S.$4.5 million.