



Veritas Petroleum
Services B.V.

Quarterly report

30 September
2017



Q3 2017 Update from the board of directors

Financial performance

Veritas Petroleum Services B.V. and its subsidiaries, hereafter “the Group”, closed a quarter showing increased revenues caused by increased volumes but still experiencing price pressure. As a result, revenues increased to USD 11,936 thousand in Q3 2017 in comparison to USD 11,767 thousand in Q3 2016.

Furthermore, the cost control measures continue to show effect resulting in a decrease of the other operating expenses in Q3 in comparison to prior year. The expenses decreased to USD 8,371 thousand (Q3 2016: 8,596 thousand).

The Group’s Q3 EBITDA increased to USD 3,565 thousand in comparison to prior year (Q3 2016: USD 3,171 thousand) and the Group’s Q3 Operating profit increased to USD 1,485 thousand in comparison to prior year (Q3 2016: USD 748 thousand).

The Group closed Q3 2017 with a net profit of USD 121 thousand (Q3 2016: net loss of USD 668 thousand).

The operating cash flow in YTD Q3 2017 was USD 58 thousand positive, versus a negative cash flow of USD 1,638 YTD Q3 2016.

Organizational changes

There are no significant organizational changes to report in Q3 2017.

Malcolm Cooper
Managing Director VPS Group



Condensed consolidated interim statement of profit or loss and other comprehensive income

For the quarter ended 30 September

<i>In thousands of USD</i>	Q3 2017 (Unaudited)	Q3 2016 (Unaudited) *)	YTD 2017 (Unaudited)	YTD 2016 (Unaudited) *)
Revenues	11,936	11,767	35,416	36,564
Payroll expenses	(5,539)	(5,254)	(16,566)	(16,523)
Other operating expenses	(2,832)	(3,342)	(9,054)	(9,921)
	(8,371)	(8,596)	(25,620)	(26,444)
EBITDA **)	3,565	3,171	9,796	10,120
Depreciation & amortisation	(1,525)	(1,442)	(4,467)	(4,310)
Exceptional expenses **)	(555)	(981)	(979)	(2,310)
Operating profit	1,485	748	4,350	3,500
Interest income	93	90	275	266
Interest expense	(1,470)	(1,448)	(4,387)	(4,322)
Other financial expenses	(153)	(220)	(645)	(461)
Net Finance Costs	(1,530)	(1,577)	(4,757)	(4,516)
Result before tax	(45)	(829)	(407)	(1,016)
Tax expenses	166	161	518	457
Result after tax	121	(668)	111	(559)



*) See note 4 for details on restatement of 2016 results

***) In accordance with the amended bond agreement.

The explanatory notes on pages 8 till 13 are integral part of these (unaudited) condensed consolidated interim financial statements.

Condensed consolidated interim statement of financial position

Balance Sheet - Assets

<i>In thousands of USD</i>	30 September 2017 (Unaudited)	30 September 2016 (Unaudited) *)	31 December 2016 (Audited)
Intangible Assets	40,663	44,162	43,884
Goodwill	64,258	64,258	64,258
Total Intangible Assets	104,921	108,419	108,142
Tangible Fixed Assets	12,397	13,047	12,338
Financial Fixed assets	276	291	274
Total Fixed Assets	117,594	121,758	120,754
Trade Debtors	6,617	6,535	5,812
Services to be invoiced	3,221	3,412	3,756
Other Current Assets	1,474	1,359	1,252
Cash & Banks	11,571	8,503	12,721
Total Current Assets	22,883	19,810	23,541
Total Assets	140,478	141,567	144,295



*) See note 4 for details on restatement between Q3 2016 reporting and restated Q3 2016 figures

The explanatory notes on pages 8 till 13 are integral part of these (unaudited) condensed consolidated interim financial statements.

Condensed consolidated interim statement of financial position

Balance Sheet - Equity & Liabilities

<i>In thousands of USD</i>	30 September 2017 (Unaudited)	30 September 2016 (Unaudited) *)	31 December 2016 (Audited)
Share Capital	6,300	6,300	6,300
Share Premium	56,700	56,700	56,700
Free reserves/unrecovered loss	(13,558)	(11,209)	(11,205)
Current year result	111	(559)	(2,353)
Total Equity	49,553	51,232	49,442
Shareholder Loan	10,302	9,365	9,593
Bond	64,019	63,848	64,208
Employee Benefits	407	418	359
Deferred Tax	10,774	11,600	11,363
Non-current Liabilities	85,502	85,231	85,523
Trade Creditors	1,129	1,085	2,660
Tax payable	312	(21)	533
Other Short Term Liabilities	3,982	4,039	6,137
Current Liabilities	5,423	5,104	9,330
Total Liabilities	90,925	90,335	94,853
Total Equity & Liabilities	140,478	141,567	144,295



*) See note 4 for details on restatement between Q3 2016 reporting and restated Q3 2016 figures

The explanatory notes on pages 8 till 13 are integral part of these (unaudited) condensed consolidated interim financial statements.

Condensed consolidated interim statement of changes in equity

For the quarter ended 30 September

<i>In thousands of USD</i>	Equity
Balance at 31 December 2016 (audited)	49,442
Result for the period	111
Other Comprehensive Income	-
Balance at 30 September 2017 (unaudited)	49,553
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Balance at 31 December 2015 (audited)	51,792
Result for the period	(559)
Other Comprehensive Income	-
Balance at 30 September 2016 (unaudited)	51,232



The explanatory notes on pages 8 till 13 are integral part of these (unaudited) condensed consolidated interim financial statements.

Condensed consolidated interim statement of cash flows

For the quarter ended 30 September

<i>In thousands of USD</i>	Ytd 2017 (Unaudited)	Ytd 2016 (Unaudited) *)
<i>Cash flow from operating activities</i>		
Profit before tax	(407)	(1,019)
Other cash generated from operating activities	465	(619)
Net cash from operating activities	58	(1,638)
Net cash used in investing activities	(1,208)	(1,321)
Net cash used in financing activities	-	(1,152)
Change in cash and cash equivalents	(1,150)	(4,111)
Cash and cash equivalents at 1 January	12,721	12,614
Cash and cash equivalents at 30 June	11,571	8,503

*) See note 4 for details on restatement between Q3 2016 reporting and audited figures 2016



The explanatory notes on pages 8 till 13 are integral part of these (unaudited) condensed consolidated interim financial statements.

Explanatory notes to condensed consolidated interim financial statements

1. Reporting entity

Veritas Petroleum Services B.V. is a company domiciled in The Netherlands. The condensed consolidated interim financial statements of the Company as at and for the nine months ended 30 September 2017 comprise the Company and its subsidiaries (together referred to as the Group). The Group primarily provides testing and survey services to the Maritime industry.

2. Basis of accounting

This condensed consolidated interim financial report has been prepared in accordance with IAS 34 *Interim financial reporting*. It does not include all the information required for a complete set of IFRS financial statements. However, selected explanatory notes are included to explain events and transactions that are significant for an understanding of the changes in the Group's financial position and performance since the last annual consolidated financial statements as at and for the year ended 31 December 2016.

This condensed consolidated interim financial statement was authorised for issue by the Company's Board of Management on 29 November 2017.

3. Use of judgments and estimates

In preparing these condensed consolidated interim financial statements, management has made judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates. The significant judgements made by management in applying the group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements as at and for the year ended 31 December 2016.

4. Restatement of 2016 quarterly reports

The results presented for the period ending 30 September 2016 are different from what was published last year. The 2016 quarterly results were prepared with the best knowledge available at that time but in the course of 2016 better insight has developed as a result of amongst others compliance with IFRS reporting and annual closing 2016. Moreover in January 2017 the bond agreement has been amended. The 2016 quarterly results have been changed accordingly for comparison purposes. An overview of the differences is presented below.

Explanatory notes to condensed consolidated interim financial statements

Income statement

<i>In thousands of USD</i>	YTD 30 September 2016 as reported October 2016 (Unaudited)	Restatements / Adjustments (Unaudited)	YTD September 2016 Restated (Unaudited)	Comments
Revenues	36,565	(1)	36,564	Rounding
Payroll expenses	(17,796)	1,273	(16,523)	Reclassification exceptional items in accordance with bond amendment
Other operating expenses	(10,091)	170	(9,921)	Reclassification exceptional items in accordance with bond amendment
	(27,887)	1,443	(26,444)	
EBITDA	8,678	1,442	10,120	
Depreciation & amortisation	(4,311)	1	(4,310)	Rounding
Exceptional expenses	(868)	(1,442)	(2,310)	Reclassification exceptional items in accordance with bond amendment
Operating profit	3,499	1	3,500	
Interest income	267	(1)	266	Rounding
Interest expense	(4,322)	0	(4,322)	
Other financial expenses	(463)	2	(461)	Rounding
Net Finance Costs	(4,518)	2	(4,516)	
Result before tax	(1,019)	3	(1,016)	
Tax expenses	457	(0)	457	
Result after tax	(562)	3	(559)	Rounding

Explanatory notes to condensed consolidated interim financial statements

Balance Sheet - Assets

<i>In thousands of USD</i>	30 September 2016 as reported August 2016 (Unaudited)	Restatements / Adjustments (Unaudited)	30 September 2016 Restated (Unaudited)	Comments
Intangible Assets	44,163	(1)	44,162	Rounding
Goodwill	64,258	(0)	64,258	
Total Intangible Assets	108,421	(2)	108,419	
Tangible Fixed Assets	13,046	1	13,047	Rounding
Financial Fixed assets	291	0	291	
Total Fixed Assets	121,758	(0)	121,758	
Trade Debtors	6,314	221	6,535	Alignment mapping of accounts with financial statements
Services to be invoiced	3,412	0	3,412	
Other Current Assets	1,447	(88)	1,359	Alignment mapping of accounts with financial statements
Cash & Banks	8,503	0	8,503	
Total Current Assets	19,676	134	19,810	
Total Assets	141,434	133	141,567	

Explanatory notes to condensed consolidated interim financial statements

Balance Sheet - Equity & Liabilities

<i>In thousands of USD</i>	30 September 2016 as reported August 2016 (Unaudited)	Restatements / Adjustments (Unaudited)	30 September 2016 Restated (Unaudited)	Comments
Share Capital	6,300	0	6,300	
Share Premium	56,700	0	56,700	
Free reserves/unrecovered loss	(11,208)	(1)	(11,209)	Rounding
Current year result	(562)	3	(559)	Rounding
Total Equity	51,230	2	51,232	
Shareholder Loan	9,365	0	9,365	
Bond	63,764	84	63,848	Adjustment arising from 2016 audit
Employee Benefits	418	(0)	418	
Deferred Tax	11,600	(0)	11,600	
Non-current Liabilities	85,147	84	85,231	
Trade Creditors	1,086	(1)	1,085	Rounding
Tax payable	-	(21)	(21)	Alignment mapping of accounts with financial statements
Other Short Term Liabilities	3,971	68	4,039	Alignment mapping of accounts with financial statements
Current Liabilities	5,057	47	5,104	
Total Liabilities	90,204	131	90,335	
Total Equity & Liabilities	141,434	133	141,567	

Explanatory notes to condensed consolidated interim financial statements

5. Significant accounting policies

The accounting policies applied in these condensed consolidated interim financial statements are the same as those applied in the Group's consolidated financial statements as at and for the year ended 31 December 2016. The following new or amended standards, which became effective in 2017, are not expected to have a significant impact on the Group's financial performance or disclosure:

- Amendments resulting from Annual Improvements to IFRSs 2014-2016 cycle
- Amendments regarding the recognition of deferred tax assets for unrealised losses

The Group is assessing the potential impact on its financial performance or disclosure resulting from application of IFRS 9, IFRS 15 and IFRS 16.

6. Operating segments

The Group considers its activities as one segment in relation to the disclosure requirements of IFRS 8 Segment reporting.

7. Tax Expense

Tax expense is recognised based on management's best estimate of the weighted-average annual income tax rate expected for the full financial year multiplied by the pre-tax income of the interim reporting period. The Group's consolidated average tax rate is in respect of continuing operations for the nine months ended 30 September 2017 22% (nine months ended 30 September 2016: 22%).

8. Loan Covenants

The Group needs to be compliant with the stipulations in the loan covenant requirements of the bond agreement. As per 30 September 2017 the Group meets the requirements of the loan covenant as stipulated in the bond agreement.

Explanatory notes to condensed consolidated interim financial statements

9. Net finance costs

The change in net finance costs is mainly caused by the borrowing structure of the Group. The increased finance costs is caused by the increased interest for the shareholder loan, decreased currency exchange results and the amortisation of the finance expenses regarding the bond amendment. The net finance costs of the Group is as follows.

<i>In thousands of USD</i>	Q3 2017 (Unaudited)	Q3 2016 (Unaudited) *)	YTD 2017 (Unaudited)	YTD 2016 (Unaudited) *)
Interest costs shareholdersloan 10%	(245)	(223)	(709)	(647)
Interest cost bond loan 7%	(1,225)	(1,225)	(3,675)	(3,675)
Interest income bond buy-back	88	88	263	263
Net currency exchange effects	58	(3)	158	64
Other financial income (expense)	(206)	(214)	(794)	(521)
Net finance costs	(1,530)	(1,577)	(4,757)	(4,516)

*) See note 4 for details on restatement of 2016 results

10. Subsequent events

There have been no subsequent events between the period ending 30 September 2017 and the release for publication of these consolidated interim financial statements on 29 November 2017.

About the Group

Previously known as DNV Petroleum Services, Veritas Petroleum Services (VPS) delivers testing, inspection and advisory solutions that help customers achieve measurable improvements to fuel management, fuel cost, operational efficiency and compliance with marine fuel regulatory requirements. In close collaboration with the industry, the company introduced the first commercial bunker fuel testing and bunker quantity surveys for ships in 1981 and 1987, respectively.

VPS operates a global network of customer service offices supported round-the-clock by technical experts and four specialized and wholly-owned ISO 17025 accredited fuel testing laboratories strategically located in Rotterdam, Singapore, Houston and Fujairah. Its bunker quantity surveys are available at more than 200 key bunkering ports worldwide.

Company contact

Investor relations

For further information about the VPS group, see our website www.v-p-s.com/investorrelations or contact Malcolm Cooper at +31(0) 180 221 100 or e-mail at Malcolm.Cooper@v-p-s.com.

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