



**Veritas Petroleum Services  
B.V.**

**Consolidated Financial  
statements**

**31 December 2017**



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## Directors' report

Under the stipulations of Article 2:394 sub 4 of the Civil Code of the Netherlands, the director's report is not filed with this Annual report. The director's report is available at the Company's office in Barendrecht, The Netherlands.

## Consolidated statement of financial position as at 31 December 2017

(After proposed result appropriation)

<i>In thousands of USD</i>	<i>Note</i>	31 December 2017	31 December 2016
<b>Assets</b>			
Property, plant and equipment	13	11,757	12,338
Intangible assets and goodwill	14	104,373	108,142
Trade and other receivables	15	167	142
Deferred tax assets	12	137	132
<b>Non-current assets</b>		<b>116,434</b>	<b>120,754</b>
Loans and receivable		14	13
Trade and other receivables	15	9,151	9,555
Current tax receivables		333	471
Prepayments	16	751	781
Cash and equivalents	17	15,669	12,721
<b>Current assets</b>		<b>25,918</b>	<b>23,541</b>
<b>Total assets</b>		<b>142,352</b>	<b>144,295</b>
<b>Equity</b>			
Share capital	18	6,300	6,300
Share premium	18	56,700	56,700
Legal reserves for subsidiaries	18	40	40
Accumulated losses	18	(13,947)	(13,598)
<b>Total equity</b>		<b>49,093</b>	<b>49,442</b>
<b>Liabilities</b>			
Loans and borrowings	19	74,736	73,801
Employee benefits	20	474	359
Deferred tax liabilities	12	10,482	11,363
<b>Non-current liabilities</b>		<b>85,692</b>	<b>85,523</b>
Loans and borrowings	19	1,137	1,141
Employee benefits	20	1,578	2,413
Trade and other payables	21	3,845	4,551
Current tax liabilities		687	533
Deferred income/ revenue	22	320	692
<b>Current liabilities</b>		<b>7,567</b>	<b>9,330</b>
<b>Total liabilities</b>		<b>93,259</b>	<b>94,853</b>
<b>Total equity and liabilities</b>		<b>142,352</b>	<b>144,295</b>

The accompanying notes are integral part of these consolidated financial statements.

## Consolidated statement of profit or loss and other comprehensive income

For the year ended 31 December

<i>In thousands of USD</i>	<i>Note</i>	<b>2017</b>	<b>2016</b>
Revenue	7	47,424	48,250
Selling and distribution expenses	8 (A)	(6,613)	(6,418)
Employee benefit expenses	9	(19,093)	(20,171)
Administrative expenses	8 (A)	(10,012)	(11,378)
Other income / (expense)	8 (B)	376	(47)
<b>EBITDA</b>		<b>12,082</b>	<b>10,236</b>
Depreciation, amortisation and impairment expenses	10	(6,112)	(6,250)
<b>Operating Profit</b>		<b>5,970</b>	<b>3,986</b>
Finance income	11	378	411
Finance costs	11	(7,011)	(6,826)
<b>Net finance costs</b>		<b>(6,633)</b>	<b>(6,415)</b>
<b>Profit / (Loss) before tax</b>		<b>(663)</b>	<b>(2,429)</b>
Income taxes	12	347	76
<b>Net Profit / (Loss)</b>		<b>(316)</b>	<b>(2,353)</b>
<b>Total Profit / (Loss) attributable to:</b>			
Owners of the Company		<b>(316)</b>	<b>(2,353)</b>
<b>Other comprehensive Income / (Loss)</b>			
<i>Items that will not be reclassified to profit or loss</i>			
Remeasurements of defined benefit liability (assets), net of tax	12	(33)	3
<b>Total comprehensive Profit / (Loss)</b>		<b>(349)</b>	<b>(2,350)</b>
<b>Total comprehensive Profit / (Loss) attributable to:</b>			
Owners of the Company		<b>(349)</b>	<b>(2,350)</b>

The accompanying notes are integral part of these consolidated financial statements.

## Consolidated statement of changes in equity for the year ended 31 December 2017

### Attributable to owners of the Company

<i>In thousands of USD</i>	Share capital	Share Premium	Legal reserves for subsidiaries	Accumulated losses	Total equity
Balance at 1 January 2017	6,300	56,700	40	(13,598)	49,442
Net result	-	-	-	(316)	(316)
Other comprehensive income / (loss)	-	-	-	(33)	(33)
<b>Total comprehensive income / (loss)</b>	-	-	-	<b>(349)</b>	<b>(349)</b>
Balance at 31 December 2017	6,300	56,700	40	(13,947)	49,093

### Attributable to owners of the Company

	Share capital	Share Premium	Legal reserves for subsidiaries	Accumulated losses	Total equity
Balance at 1 January 2016	6,300	56,700	40	(11,248)	51,792
Net result	-	-	-	(2,353)	(2,353)
Other comprehensive income / (loss)	-	-	-	3	3
<b>Total comprehensive income / (loss)</b>	-	-	-	<b>(2,350)</b>	<b>(2,350)</b>
Balance at 31 December 2016	6,300	56,700	40	(13,598)	49,442

The accompanying notes are integral part of these consolidated financial statements.

## Consolidated statement of cash flows for the year ended 31 December 2017

<i>In thousands of USD</i>	<i>Note</i>	<b>2017</b>	<b>2016</b>
<b>Cash flows from operating activities</b>			
Net (Loss) / Profit		(316)	(2,353)
Adjustment for:			
- Depreciation	10	2,036	2,258
- Amortisation	10	4,076	3,988
- Impairment loss on intangible assets	10	-	4
- (Gains) / Losses from impairment of trade receivable	8 (B)	(147)	(80)
- Net finance costs	11	6,633	6,415
- Tax (income) / expense	12	(347)	(76)
		<b>11,935</b>	<b>10,156</b>
<b>Changes in working capital</b>			
- Trade and other receivables		237	(802)
- Prepayments		30	(158)
- Trade and other payables		(903)	1,226
- Employee benefits payable		(720)	6
- Deferred income / revenue		(372)	(511)
Cash generated from operating activities		<b>10,207</b>	<b>9,917</b>
Interest Paid		(4,565)	(4,561)
Foreign exchange result on internal cash transfers		(263)	(256)
Taxes paid		(247)	(1,513)
<b>Net cash from operating activities</b>		<b>5,132</b>	<b>3,587</b>
<b>Cash flows from investing activities</b>			
Interest received		28	13
Acquisition of property, plant and equipment	13	(1,455)	(1,245)
Acquisition of intangible assets	14	(307)	(1,027)
<b>Net cash used in investing activities</b>		<b>(1,734)</b>	<b>(2,259)</b>
<b>Cash flows from financing activities</b>			
Buy-back of bonds	19	-	(1,152)
Transaction costs related to loans and borrowings	19	(628)	-
<b>Net cash used in financing activities</b>		<b>(628)</b>	<b>(1,152)</b>
Increase in cash and cash equivalents		2,770	176
Cash and cash equivalents at 1 January	17	12,721	12,614
Effect of movements in exchange rates on cash held		178	(69)
<b>Cash and cash equivalents at 31 December</b>		<b>15,669</b>	<b>12,721</b>

The accompanying notes are integral part of these consolidated financial statements.

## Consolidated statement of cash flows for the year ended 31 December 2017 (continued)

<i>In thousands of USD</i>	Cash/ bank overdraft	Borrowings due <1 year	Borrowings due >1 year	Total
<b>Net debt at 1 January 2017</b>	<b>12,721</b>	<b>(1,141)</b>	<b>(73,801)</b>	<b>(62,221)</b>
Cashflows	2,770	4,554	628	7,952
Foreign exchange adjustments	178	-	-	178
Other non-cash movements	-	(4,550)	(1,563)	(6,113)
<b>Net debt at 31 December 2017</b>	<b>15,669</b>	<b>(1,137)</b>	<b>(74,736)</b>	<b>(60,204)</b>

<i>In thousands of USD</i>	Cash/ bank overdraft	Borrowings due <1 year	Borrowings due >1 year	Total
<b>Net debt at 1 January 2016</b>	<b>12,614</b>	<b>(1,171)</b>	<b>(73,516)</b>	<b>(62,073)</b>
Cashflows	176	4,580	1,152	5,908
Foreign exchange adjustments	(69)	-	-	(69)
Other non-cash movements	-	(4,550)	(1,437)	(5,987)
<b>Net debt at 31 December 2016</b>	<b>12,721</b>	<b>(1,141)</b>	<b>(73,801)</b>	<b>(62,221)</b>

The accompanying notes are integral part of these consolidated financial statements.



## Notes to the consolidated financial statements

### 1. Reporting entity

Veritas Petroleum Services B.V. (hereafter “the Company”) is a private limited liability company domiciled in the Netherlands. The Company’s registered office is at Zwolseweg 1, 2994 LB, Barendrecht and has its legal seat in Rotterdam. The Company is registered at the Chamber of Commerce with registration number 58848754. These consolidated financial statements comprise the Company and its subsidiaries (collectively the ‘Group’ and individually ‘Group companies’) together operating as Veritas Petroleum Services Group. The Group primarily provides testing and survey services to the Maritime industry.

Veritas Petroleum Services Holding B.V. is the holding company of the Veritas Petroleum Services Group. The parents of the group are as per 31 December 2017 VPS International S.à.r.l. (95.15%) and VPS Management Holding B.V. (4.85%); the preference shares A held by DET Norske Veritas Holding AS as per 31 December 2016 have been repaid in 2017 and were cancelled subsequently. The ultimate parent of VPS International S.à.r.l. is IK VII Limited.

The operations of Veritas Petroleum Services B.V. and its group companies are mainly comprised of participating in, financing and managing of other companies, as well as serving the Maritime industry since launching their commercial Fuel Quality Testing (FQT) services in 1981. The Group offers a wide range of fuel management services to assist ship operators, power plant operators and other industry operators with total fuel management solutions, delivering measurable improvements to risk management, cost and operational efficiency and compliance with regulatory requirements.

### 2. Basis of accounting and measurement

These consolidated statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as endorsed by the European Union (EU) and the statutory provisions of Part 9, Book 2 of the Dutch Civil Code. The consolidated financial statements have been prepared at the historical cost convention, except for the net defined benefit (asset) liability, which has been accounted for at fair value or the plan assets less the present value of the defined benefit obligation.

These consolidated financial statements reflect all of the assets, liabilities, revenues, expenses and cash flows of the Group (See note 27 for an overview of the Group legal entities) and disclose all matters relevant to Veritas Petroleum Services B.V.’s ability to continue as a going concern. Veritas Petroleum Services B.V. has the intent and ability to undertake necessary precautions to continue on a going concern basis.

Details of the Group’s accounting policies are included in Notes 5 and 6.

These consolidated financial statements were authorised for issue by the Company’s board of directors on 19 April 2018.

#### *Functional and presentation currency*

These consolidated financial statements are presented in thousands of United States Dollars (USD), which is the Company’s functional currency.

### 3. Use of judgements and estimates

In preparing these consolidated financial statements, management has made judgements, estimates and assumptions 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.

## Notes to the consolidated financial statements (continued)

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

### Critical estimates, judgements and errors

The areas involving significant estimates or judgements are related to

- Note 14 - impairment test: key assumptions underlying recoverable amount

Estimates and judgements are continually evaluated. They are based on historical experience and other factors, including expectations of future events that may have a financial impact on the entity and that are believed to be reasonable under the circumstances.

### Measurement of fair values

A number of the Group's disclosures require the measurement of fair value, 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 entire in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement. The Group recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

Further information about the assumptions made in measuring fair values is included in:

- Note 14 - impairment test: key assumptions underlying recoverable amount; and
- Note 20 - employee benefits: based on actuarial calculations.

## 4. Changes in accounting policies

Except for the changes below, the Group has consistently applied the accounting policies set out in Note 5 to all periods presented in these consolidated financial statements.

The Group has adopted the following new standards, amendments to a standard including any consequential amendments to other standards, and new interpretations with an effective date for annual periods beginning after or on 1 January 2017.

- *IAS 7 Statement of Cashflows - Disclosure amendments*

The IAS 7 disclosure amendments require additional disclosure of changes in liabilities arising from financing activities.

- *IAS 12 Income Taxes - Recognition of Deferred Tax Assets for Unrealised Losses amendments*

The IAS 12 amendments give additional guidance on the assessment of the probability of future taxable profits and the nature of these future taxable profits.

## Notes to the consolidated financial statements (continued)

Where relevant, the Group has applied the amendments to IAS 7 and IAS 12 that became effective in 2017. The adoption of these amendments did not have a material impact on the Company's financial performance or disclosures.

### 5. Significant accounting policies

The Group has consistently applied the following accounting policies to all periods presented in these consolidated financial statements.

#### **Basis of consolidation**

##### *Business combinations*

The Group accounts for business combinations using the acquisition method when control is transferred to the group. The consideration transferred in the acquisition is generally measured at fair value, as are the identifiable net assets acquired. Any goodwill that arises is tested annually for impairment. Any gain on a bargain purchase is recognised in profit or loss immediately. Transaction costs are expensed as incurred, except if related to the issue of debt or equity instruments.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognised in profit or loss. Any contingent consideration is measured at fair value at the date of acquisition. If an obligation to pay contingent consideration that meets the definition of a financial instrument is classified as equity, then it is not re-measured and settlement is accounted for within equity. Otherwise, subsequent changes in the fair value of the contingent consideration are recognised in profit or loss.

##### *Subsidiaries*

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to influence those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

##### *Transaction eliminated on consolidation*

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated.

#### **Foreign currency**

##### *Functional and presentation currency*

Items included in the financial statements of each of the group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The financial statements are presented in United States dollars which is the group's presentation currency and equals the functional currency.

##### *Transactions and balances*

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured.

Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement. Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the income statement within finance income or cost.

## Notes to the consolidated financial statements (continued)

### *Group companies*

All the results and financial position of the group entities (none of which has the currency of a hyper-inflationary economy) are measured in the Group's functional currency.

### **Revenue**

#### *Rendering of services*

Main activity of the Group is performing services to the Maritime industry. The Group entered different type of billing arrangement with its customers. Revenue from rendering services as far as these are completed at the reporting date and when the transaction can be estimated reliable are recognised in profit or loss. Received amounts from service arrangements wherefore services are not completed at reporting date are recognised as deferred income.

#### *Sale of goods*

Revenue is recognised when the significant risks and rewards of ownership have been transferred to the customer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, if there is no continuing management involvement with the goods, and the amount of revenue can be measured reliably. Revenue is measured based on net of returns, trade discounts and volume rebates.

### **Expenses**

Expenses arising from the company's business operations are accounted for as operating expenses in the year incurred. Losses originating before the end of the financial year are taken into account if they have become known before preparation of the financial statements.

### **Employee benefits**

The group operates various post-employment schemes, including both defined benefit and defined contribution pension plans.

#### *Pension obligations*

A defined contribution plan is a pension plan under which the group pays fixed contributions into a separate entity. The group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

Typically, defined benefit plans define an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation.

The liability recognised in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension obligation. In countries where there is no deep market in such bonds, the market rates on government bonds are used.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity in other comprehensive income in the period in which they arise.

## Notes to the consolidated financial statements (continued)

Past-service costs are recognised immediately in income.

For defined contribution plans, the group pays contributions to publicly or privately administered pension insurance plans on a mandatory, contractual or voluntary basis. The group has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

The Company's branch office in United Arab Emirates provides end of service benefits to its employees. The entitlement of these benefits is based upon the employees' final salary and length of service, subject to the completion of a minimum service period. The expected costs of these benefits are accounted for based on the Project Unit Credit Method (PUCM) over the period of employment.

### Finance income and finance costs

The group's finance income and finance costs include:

- Interest income;
- Interest expenses;
- Dividend income;
- The net gain or loss on financial assets and financial liabilities;
- Foreign currency translation.

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

### Income tax

Income tax expenses comprises current and deferred tax. Tax is recognised in profit or loss for except to the extent that it relates to a business combination, or items recognised directly in equity or in Other Comprehensive Income.

### Current tax

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustments to the tax payable or receivable in respect of previous years. 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 only offset 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 the affects neither accounting nor taxable profit or loss;
- Temporary differences related to investments in subsidiaries 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.

## Notes to the consolidated financial statements (continued)

Deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. 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 reporting date, to recover or settle the carrying amount of its assets and liabilities. For this purpose, the carrying amount of investment property measured at fair value is presumed to be recovered through sale, and the Group has not rebutted this presumption.

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

### Property, plant and equipment

#### *Recognition and measurement*

Property, plant and equipment are non-current assets used in the operating activities of the Group with a useful life of over one year. An item of property, plant and equipment is initially recognised at its acquisition cost which consists of the purchase price and other expenditures directly related to the acquisition that are necessary for bringing the asset to its operating condition and location.

An item of property, plant and equipment is subsequently stated at cost less any accumulated depreciation and any impairment losses.

#### *Subsequent expenditure*

Subsequent expenditure incurred for an item of property, plant and equipment is recognised as a non-current asset when it is probable that the Group will derive future economic benefits from it and its cost can be measured reliably.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within 'Other expense & income' in the consolidated statement of profit or loss and other comprehensive income.

#### *Depreciation*

Depreciation is calculated to write off the cost items of property, plant and equipment less their estimated residual values using the straight-line method over their estimated useful lives, and is generally recognised in 'Depreciation, amortisation and impairment expenses' in the consolidated statement of profit or loss and other comprehensive income. Land is not depreciated.

The estimated useful lives for the current and comparative years of significant items of Property, Plant and Equipment are as follows:

- Buildings 5 - 25 years
- Equipment, fixtures and fittings 3 - 10 years

## Notes to the consolidated financial statements (continued)

### Intangible assets and goodwill

#### *Intangibles - Customer relationships*

Separately acquired customer relationships are shown at historical cost. Customer relationships in a business combination are recognised at fair value at the acquisition date. Customer relationships have a finite useful life and are carried at cost less accumulated amortisation. Amortisation is calculated using the straight-line method to allocate the cost over their estimated useful lives with a maximum of 17 years.

#### *Intangibles - Software*

Costs associated with maintaining computer software programmes are recognised as an expense as incurred. Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the group are recognised as intangible assets when the following criteria are met:

- it is technically feasible to complete the software product so that it will be available for use;
- management intends to complete the software product and use or sell it;
- there is an ability to use or sell the software product;
- it can be demonstrated how the software product will generate probable future economic benefits;
- adequate technical, financial and other resources to complete the development and to use or sell the software product are available; and
- the expenditure attributable to the software product during its development can be reliably measured

Directly attributable costs that are capitalised as part of the software product include the software development employee costs and an appropriate portion of relevant overheads. Other development expenditures that do not meet these criteria are recognised as an expense as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period.

Computer software development costs recognised as assets are amortised over their estimated useful lives using the straight-line method, which does not exceed five years.

#### *Goodwill*

Goodwill arises on the acquisition of subsidiaries and represents the excess of the consideration transferred over Veritas Petroleum Services B.V. interest in net fair value of the net identifiable assets, liabilities and contingent liabilities of the acquiree and the fair value of the non-controlling interest in the acquiree.

For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the CGUs, or groups of CGUs, that is expected to benefit from the synergies of the combination. Each unit or group of units to which the goodwill is allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes.

### Financial Instruments

The Group classifies non-derivative financial assets into the following categories: financial assets at fair value through profit or loss, held-to-maturity financial assets, loans and receivables and available-for-sale financial assets.

The Group classifies non-derivative financial liabilities into the other financial liabilities category.

## Notes to the consolidated financial statements (continued)

### *Non-derivative financial assets and financial liabilities - Recognition and de-recognition*

The Group initially recognises loans and receivables and debt securities issued on the date when they are originated. All other financial assets and financial liabilities are initially recognised on the trade date.

The Group derecognises a financial asset when the contractual right to the cash flows from the 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 assets are transferred, or it neither transfers nor retains substantially all or the risk and rewards of ownership and does not retain control over the transferred asset. Any interest in such derecognised financial assets that is created or retained by the Group is recognised as a separate asset or liability.

The Group derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire.

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the group has a legal right to offset the amounts and intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

### *Non-derivative financial assets - Measurement*

<b>Financial asset at fair value through profit or loss</b>	A financial asset is classified at fair value through profit or loss if it is classified as held-for-trading or designated as such on initial recognition. Directly attributable transaction costs are recognised in profit or loss as incurred. Financial assets at fair value profit or loss are measured at fair value and changed therein, including any interest and dividend income, are recognised in profit or loss.
<b>Held-to-maturity financial assets</b>	These assets are initially recognised at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, they are measured at amortised costs using the effective interest method.
<b>Loans and receivables</b>	These assets are initially recognised at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, they are measured at amortised costs using the effective interest method.
<b>Financial asset available for sale</b>	These assets are initially recognised at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, they are measured at fair value and changes therein are recognised through other comprehensive income.

### *Non-derivative financial liabilities - Measurement*

Non-derivative financial liabilities are initially recognised at fair value less any directly attributable transaction costs. Subsequent to initial recognition, these liabilities are measured at amortised costs using the effective interest method.

### **Share capital**

Ordinary shares are classified as share capital. Incremental costs directly attributable to the issuance of new ordinary shares or options are shown in equity as a deduction, net of tax, from the proceeds.



## Notes to the consolidated financial statements (continued)

### *Share-based payment*

Selected managers of the group participate in Veritas Petroleum Services Holding B.V. (“the Company”) through indirect share ownership via a management holding company. In relation with a change in control event, the shares will be settled in cash either by the majority shareholder or the acquirer. The Company or another group entity will under no circumstances be required to settle in cash. Accordingly, this arrangement is classified as an equity-settled share-based payment arrangement.

The Company determines the fair value of the shares at the grant date and recognises, if applicable, an expense for the services received over the service period with a corresponding increase in equity. Only if the purchase price is lower than the actual market value of the shares at the grant date, or if the selling price is above actual market value at the date of sale, this results in a fair value to be reported as a share-based payment expense.

### **Impairment of financial assets**

A financial asset is impaired if its carrying amount is greater than its estimated recoverable amount. An assessment is made at each balance sheet date to determine whether there is objective evidence that a specified asset, or a group of similar assets, may be impaired. If such evidence exists any impairment loss is recognised in the income statement. The recoverable amount of an interest-bearing instrument is determined based on the net present value of future cash flows discounted at original effective interest rates. Any impairment loss is recognised in the income statement.

### *Assets carried at amortised cost*

If there is objective evidence that an impairment loss on assets carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset’s carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not been incurred) discounted at the financial asset’s original effective interest rate (i.e. the effective interest rate computed at initial recognition). The carrying amount of the asset is reduced through use of an allowance account. Any impairment loss is recognised in the income statement.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed, to the extent that the carrying value of the asset does not exceed its amortised cost at the reversal date. Any subsequent reversal of an impairment loss is recognised in the income statement.

In relation to trade receivables, a provision for impairment is made when there is objective evidence (such as the probability of insolvency or significant financial difficulties of the debtor) that the company will not be able to collect all of the amounts due under the original terms of the invoice. The carrying amount of the receivable is reduced through use of an allowance account. Impaired debtors are derecognised when they are assessed as uncollectible.

### **Impairment of non-financial assets**

Non-financial assets, like property, plant and equipment and intangible assets other than goodwill, are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Goodwill impairment reviews are undertaken annually or more frequently if events or changes in circumstances indicate a potential impairment. Whenever the carrying amount of an asset exceeds its recoverable amount, an impairment loss is recognised.

The recoverable amount is the higher of an asset’s fair value less costs to sell and value in use. The fair value less costs to sell is the amount obtainable from the sale of an asset in an arm’s length transaction, whilst value in use is the present value of estimated future cash flows expected to arise from the continuing use of an asset and from its disposal at the end of its useful life.

## Notes to the consolidated financial statements (continued)

The discount rate used for value-in-use calculations is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to that asset. The gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sale proceeds and the carrying amount of the asset and is recognised in the income statement. Reversal of impairment losses recognised in prior years (other than goodwill) is recorded as income when there is an indication that the impairment losses recognised for the asset no longer exist or have decreased.

### Trade and other receivables

Trade and other receivables are amounts due from customers for products provided and services performed in the ordinary course of business. If collection is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets. Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

### Cash and cash equivalents

In the statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less and bank overdrafts. In the balance sheet, bank overdrafts are shown within borrowings in current liabilities.

### Borrowings

Borrowings are initially recognised at fair value. Borrowing costs directly attributable to the acquisition of the qualifying borrowing are added to the cost of the borrowing and amortised over the same period of the borrowing. Borrowings are subsequently stated at amortised cost, which is the amount received plus or minus any premium or discount, less transaction costs. Any difference between the proceeds (net of transaction costs) and the redemption value is recognised as interest in the income statement over the period of the borrowings using the effective interest method.

Borrowings are classified as current liabilities unless the company has an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period.

### Trade and other payables

Trade and other payables are obligations to pay for products and services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities. Trade and other payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

### Leases

At inception of an arrangement, the Group determines whether the arrangements is or contains a lease.

At interception or on reassessment of an arrangement that contains a lease, the Group separates payments and other consideration required by the arrangement into those for the lease and those for other elements on the basis of their relative fair values.

If the Group concludes for a finance lease that is impracticable to separate the payments reliably, then an asset and liability are recognised at an amount equal to the fair value of underlying assets; subsequently, the liability is reduced as payments are made and an imputed finance cost on the liability is recognised using the group's incremental borrowing rate.

## Notes to the consolidated financial statements (continued)

### *Lease payments*

Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognised as an integral part of the total lease expense, over the term of lease.

### **Cash flow statement**

The cash flow statement has been prepared using the indirect method, whereby profit or loss is adjusted for the effects of transactions of a non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments, and items of income or expense associated with investing or financing cash flows. Corporate income taxes, issuance of share capital, interest received and dividends received are presented under the cash flow from operating activities. The bond loan, buy-backs of the loan, interest paid and dividends paid are presented under the cash flow from financing activities. Acquisition of assets and the cost of group companies acquired is presented under the cash flow from investment activities, as far as payment has been made with cash and cash equivalents. The cash and cash equivalents of the group companies acquired are deducted from the purchase cost.

## 6. Standards issued but not yet adopted

A number of new standards and amendments to standards are issued but not yet mandatorily effective (but early adoption is allowed) for annual periods beginning after 1 January 2017; however, the Group has not applied the following new or amended standards in preparing these financial statements.

New or amended standards	Summary of the requirements	Possible impact on consolidated financial statements
<b>IFRS 9 <i>Financial Instruments</i></b>	IFRS 9, published in July 2014, replaces the existing guidance in IAS 39 Financials instruments: Recognition and Measurement. IFRS 9 includes revised guidance on the classification and measurement of financial instruments, including a new expected credit loss model for calculating impairment on financial assets, and the new general hedge accounting requirements. It also carries forward the guidance on recognition and derecognition of financial instruments from IAS 39. IFRS 9 is effective for annual reporting periods beginning on or after January 2018, with early adoption permitted.	The Group has assessed the impact on its consolidated financial statements resulting from application of IFRS 9.  The Group does not apply hedge accounting, as such there is no impact due to the new hedge accounting requirements as reflected in IFRS 9.  All financial instruments of the Group are carried at amortised cost which would not change when performing the “solely payments of principal and interest” test and assessing the business model in accordance with IFRS 9. The Group has determined the impairment loss of receivables by applying the expected credit loss model. Considering historical information the Group determined the historical payment profile per region, resulting in different expected credit losses per region and ageing category.

## Notes to the consolidated financial statements (continued)

New or amended standards	Summary of the requirements	Possible impact on consolidated financial statements
<b>IFRS 9</b> <i>Financial Instruments</i> <i>(continued)</i>		<p>Based on the assessments undertaken amongst which projecting the expected credit loss model on the outstanding receivables as per balance sheet date 31 December 2017, the Group expects no material impact on the allowance for impairment on trade and other receivables.</p> <p>The Group will apply IFRS 9 retrospectively from 1 January 2018, with the practical expedients permitted under the standard and will not restate the comparative amounts for the year prior to first adoption.</p>
<b>IFRS 15</b> <i>Revenue from Contracts with Customers</i>	<p>IFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It replaces existing revenue recognition guidance, including IAS 18 Revenue, IAS 11 Construction Contracts and IFRIC 13 Customer Loyalty Programmes.</p> <p>IFRS 15, is based on the principle that revenue is recognized when a control of a good or service transfers to a customer. A customer obtains control when it has the ability to direct the use of and obtain the benefits from the good or service.</p> <p>IFRS 15 is effective for annual reporting periods beginning on or after 1 January 2018, with early adoption permitted. The standard permits either a full retrospective or a modified retrospective approach for the adoption.</p>	<p>The Group has assessed the impact on its consolidated financial statements resulting from application of IFRS 15. The assessment includes the Group's revenue categories rendering of services and sale of goods, and considered the impact of critical judgements in determining the performance obligations, the respective price and the timing of recognition of revenues. Based on the assessments undertaken, the Group expects no material impact on the recognition of revenues in the Company's financial statements.</p> <p>The Group will adopt the standard using the modified retrospective approach which means that the cumulative impact of the adoption will be recognized in retained earnings as of January 1, 2018 and comparative amounts will not be restated, and it will apply IFRS 15 to new contracts and not completed contract as of that date.</p>

## Notes to the consolidated financial statements (continued)

New or amended standards	Summary of the requirements	Possible impact on consolidated financial statements
<b>IFRS 16 Leases</b>	IFRS 16 establishes principles for the recognition, measurement, presentation and disclosure of leases, with the objective of ensuring that lessees and lessors provide relevant information that faithfully represents those transactions. IFRS 16 will supersede IAS 17 and require almost all leases to be on the balance sheet of lessees and introduces a single income statement model which basically treats all leases as finance leases. IFRS 16 is effective for annual reporting periods beginning on or after 1 January 2019, with early adoption permitted if IFRS 15 Revenue from Contracts with Customers has also been applied.	The Group is assessing the potential impact on its consolidated financial statements resulting from application of IFRS 16.  The Group intends to adopt the standard using the modified retrospective approach, which means that the initial cumulative impact of the adoption, if any, will be recognized in retained earnings as of that date and, therefore, the comparative figures will not be restated.

The following new or amended standards are not expected to have a significant impact of the Group's consolidated financial statements.

- Accounting for acquisitions of an interest in a joint operation (Amendments to IFRS 11)
- Application of the consolidation exception (Amendments to IFRS 10, IFRS 12, IAS 28)
- IFRS 14 Regulatory Deferral Accounts
- Disclosure initiative (Amendments to IAS 1 and IAS 7)
- Clarification of acceptable methods of depreciation and amortisation (Amendments to IAS 16 and IAS 38)
- Reinstating the equity method as an accounting option for investments in subsidiaries, joint ventures and associates in an entity's separate financial statements (Amendments to IAS 27)
- IAS 41 Agriculture: Bearer Plants (Amendments to IAS 16 and IAS 41)
- Annual improvements to IFRSs 2012-2014 cycle (Amendments to IFRS 5, IAS 19 and IAS 34)
- Transfers of Investment Property (Amendments to IAS 40)
- Classification and Measurement of Share-based Payment Transactions (Amendments to IFRS 2)

### 7. Revenue

The Group considers its activities as one segment in relation to the disclosure requirements of IFRS 8 Segment reporting. The revenue by type can be split as follows:

<i>In thousands of USD</i>	2017	2016
Sales of goods	1,613	1,906
Rendering of services	45,811	46,344
<b>Total of revenue</b>	<b>47,424</b>	<b>48,250</b>

## Notes to the consolidated financial statements (continued)

The laboratories of the group are geographically spread around the world and generate the following geographical revenue streams per region.

<i>In thousands of USD</i>	2017	2016
Europe	28,583	29,990
Africa, Middle East and Asia	12,316	11,957
Americas	6,525	6,303
<b>Total of revenue</b>	<b>47,424</b>	<b>48,250</b>

### 8. Income and Expenses

#### A. Expenses by nature

<i>In thousands in USD</i>	<i>Note</i>	2017	2016
Subcontracted work operations		(3,927)	(3,803)
Advertising and marketing		(336)	(409)
Freight		(2,350)	(2,206)
<b>Total of selling and distribution expenses</b>		<b>(6,613)</b>	<b>(6,418)</b>
Leases of property, plant and equipment	25	(1,592)	(1,501)
Office and real estate expenses		(1,022)	(1,135)
ICT and communication expenses		(1,673)	(1,813)
Operational equipment and related maintenance		(715)	(689)
Laboratory consumables		(2,277)	(2,267)
Travel and lodging		(974)	(1,462)
Professional fees - legal and tax		(258)	(192)
Professional fees - audit and accounting		(353)	(389)
Professional fees - other		(821)	(1,595)
Office supplies and support		(196)	(205)
Local and property taxes		(131)	(130)
<b>Total of administrative expenses</b>		<b>(10,012)</b>	<b>(11,378)</b>

#### B. Other income / (expenses)

<i>In thousands in USD</i>	<i>Note</i>	2017	2016
Reversal of impairment due to repayment doubtful debts	24	196	258
Written off irrecoverable debts		(35)	(19)
Additional impairment for doubtful debts	24	(106)	(319)
Customer liabilities written off		288	-
Rental income from property sub-lease	25	33	33
<b>Total of other income and (expenses)</b>		<b>376</b>	<b>(47)</b>

## Notes to the consolidated financial statements (continued)

### 9. Employee benefit expenses

<i>In thousands in USD</i>	<b>2017</b>	<b>2016</b>
Wages and salaries	(14,061)	(14,172)
Severance expenses	(731)	(1,942)
Social security contributions	(2,161)	(1,996)
Contributions to defined contributions plans	(672)	(735)
Gain related to post-employment defined benefit plans	13	1
Contribution to foreign governmental retirement arrangements	(687)	(488)
Travel and work related expense allowances	(448)	(449)
Employee re-location allowances	(164)	(175)
Other employee benefits	(182)	(215)
<b>Total of employee benefit expenses</b>	<b>(19,093)</b>	<b>(20,171)</b>

#### *Average number of employees*

During financial year 2017, the average number of employees expressed as on a full-time-equivalent (fte) basis amounts to 262 (2016: 248). Of these employees 170 (2016: 161) were employed outside the Netherlands. The average number of employees per Europe region amounts to 113 (2016: 107), Africa, Middle East and Asia region amounts to 116 (2016: 109) and Americas region amounts to 33 (2016: 33).

### 10. Depreciation, amortisation and impairment expenses

<i>In thousands in USD</i>	<i>Note</i>	<b>2017</b>	<b>2016</b>
Depreciation of Property, plant and equipment	13	(2,036)	(2,258)
Amortisation of intangible assets	14	(4,076)	(3,988)
Impairment of intangible assets	14	-	(4)
<b>Total of depreciation, amortisation and impairment</b>		<b>(6,112)</b>	<b>(6,250)</b>

### 11. Net finance costs

<i>In thousands in USD</i>	<b>2017</b>	<b>2016</b>
Interest income on loans and receivables	378	363
Gain on repurchased bonds	-	48
<b>Finance income</b>	<b>378</b>	<b>411</b>
Interest expenses on financial liabilities	(5,862)	(5,774)
Loss on reassessment cashflows bond loan	(37)	(346)
Other financial expenses	(900)	(449)
Net foreign exchange loss	(212)	(257)
<b>Finance costs</b>	<b>(7,011)</b>	<b>(6,826)</b>
<b>Total of net finance costs recognised in profit or loss</b>	<b>(6,633)</b>	<b>(6,415)</b>

## Notes to the consolidated financial statements (continued)

### 12. Income taxes

#### Amounts recognised in profit or loss

<i>In thousands in USD</i>	2017	2016
<b>Current tax expense</b>		
Current year tax on profits for the year	(743)	(783)
Adjustments to prior years	222	38
<b>Total of current tax</b>	<b>(521)</b>	<b>(745)</b>
<b>Deferred tax</b>		
Change in recognised deductible temporary differences	868	821
<b>Total of deferred tax</b>	<b>868</b>	<b>821</b>
<b>Total of income taxes</b>	<b>347</b>	<b>76</b>

The group considers its accrual for tax liabilities to be adequate for all open tax years based on its assessment of many factors, including interpretations of tax law and prior experience.

#### Amounts recognised in OCI

<i>In thousands in USD</i>	2017			2016		
	Before tax	Tax expense	Net of tax	Before tax	Tax benefit	Net of tax
Remeasurements of defined benefit liability (assets)	44	(11)	33	(4)	1	(3)
	44	(11)	33	(4)	1	(3)

#### Reconciliation of effective tax rate

<i>In thousands in USD</i>	2017	2017	2016	2016
Profit / (loss) before tax		(663)		(2,429)
Tax using the Company's domestic tax rate	25.0%	166	25.0%	607
Effect of tax rates in foreign jurisdictions	19.6%	130	-0.3%	(7)
Reduction in tax rate	0.0%	-	0.0%	-
Tax effect of:				
Non-deductible or non-taxable items	1.8%	12	3.2%	78
Current year losses for which no deferred tax asset is recognised	-44.3%	(294)	-28.1%	(684)
Utilisation deferred tax assets on current tax losses	-2.0%	(13)	0.2%	6
Change in recognised deductible temporary differences	15.1%	100	1.5%	37
Changes in estimates related to prior years	37.3%	247	1.6%	38
	<b>52.5%</b>	<b>347</b>	<b>3.1%</b>	<b>76</b>

The Group has operations in various countries that have different tax laws and rates. The effect on the effective tax rate for the 2017 and 2016 reconciliations above is the corporate income tax rate on taxable profits under tax law in that jurisdiction.



## Notes to the consolidated financial statements (continued)

### Movement in deferred tax balances

*In thousands in USD*

2017	Net balance at 1 January	Recognised in Profit or loss	Recognised in OCI	Recognised directly in equity	Balance 31 December		
					Net	Deferred tax assets	Deferred tax liabilities
Property, plant and equipment	(1,336)	94	-	-	(1,242)	10	(1,252)
Intangible assets	(10,014)	784	-	-	(9,230)	-	(9,230)
Employee benefits	-	(3)	11	-	8	8	-
Carry forward tax loss	119	-	-	-	119	119	-
Tax assets (liabilities) before set-off	(11,231)	875	11	-	(10,345)	137	(10,482)
Set-off tax	-	-	-	-	-	-	-
<b>Net tax asset (liabilities)</b>	<b>(11,231)</b>	<b>875</b>	<b>11</b>	<b>-</b>	<b>(10,345)</b>	<b>137</b>	<b>(10,482)</b>
Non-current						137	(9,698)
Current						-	(784)
<b>Net tax asset (liabilities)</b>						<b>137</b>	<b>(10,482)</b>

*In thousands in USD*

2016	Net balance at 1 January	Recognised in Profit or loss	Recognised in OCI	Recognised directly in equity	Balance 31 December		
					Net	Deferred tax assets	Deferred tax liabilities
Property, plant and equipment	(1,376)	40	-	-	(1,336)	13	(1,349)
Intangible assets	(10,798)	784	-	-	(10,014)	-	(10,014)
Employee benefits	2	(3)	1	-	-	-	-
Carry forward tax loss	119	-	-	-	119	119	-
Tax assets (liabilities) before set-off	(12,053)	821	1	-	(11,231)	132	(11,363)
Set-off tax	-	-	-	-	-	-	-
<b>Net tax asset (liabilities)</b>	<b>(12,053)</b>	<b>821</b>	<b>1</b>	<b>-</b>	<b>(11,231)</b>	<b>132</b>	<b>(11,363)</b>
Non-current						132	(10,579)
Current						-	(784)
<b>Net tax asset (liabilities)</b>						<b>132</b>	<b>(11,363)</b>

The deferred tax asset includes the carry-forward losses for Norway. The utilisation of the deferred tax asset is dependent on future taxable profits.

### Unrecognised deferred tax assets

Deferred tax assets have not been recognised in respect of the following items, because it is not probable that future taxable profit will be available against which those deductible temporary differences can be utilised by the Group. The unused tax losses and potential tax benefit are as follows:

<i>In thousands in USD</i>	2017	2016
Unused tax losses for which no deferred tax asset has been recognised	(11,752)	(15,836)
<b>Potential tax benefit @ 25%</b>	<b>(2,938)</b>	<b>(3,959)</b>

The unrecognised deferred tax asset regards tax losses completely attributable to the Company. See Note 46 for expiration of tax losses.

## Notes to the consolidated financial statements (continued)

### 13. Property, plant and equipment

#### Reconciliation of net book value

<i>In thousands in USD</i>	<i>Note</i>	Land and buildings	Equipment, fixtures and fittings	Assets under construction	Total
<b>Cost</b>					
Balance at 1 January 2016		15,144	20,091	155	35,390
Additions		5	941	299	1,245
Disposals		(62)	(353)	-	(415)
Transfer of assets under construction to other fixed asset classes		8	147	(155)	-
<b>Balance at 31 December 2016</b>		<b>15,095</b>	<b>20,826</b>	<b>299</b>	<b>36,220</b>
Balance at 1 January 2017		15,095	20,826	299	36,220
Additions		10	1,224	221	1,455
Disposals		(19)	(967)	-	(986)
Transfer of assets under construction to other fixed asset classes		-	291	(291)	-
<b>Balance at 31 December 2017</b>		<b>15,086</b>	<b>21,374</b>	<b>229</b>	<b>36,689</b>
<b>Accumulated depreciation and impairment losses</b>					
Balance at 1 January 2016		(4,752)	(17,287)	-	(22,039)
Depreciation	10	(818)	(1,440)	-	(2,258)
Disposal		62	353	-	415
<b>Balance at 31 December 2016</b>		<b>(5,508)</b>	<b>(18,374)</b>	<b>-</b>	<b>(23,882)</b>
Balance at 1 January 2017		(5,508)	(18,374)	-	(23,882)
Depreciation	10	(702)	(1,334)	-	(2,036)
Disposals		19	967	-	986
<b>Balance at 31 December 2017</b>		<b>(6,191)</b>	<b>(18,741)</b>	<b>-</b>	<b>(24,932)</b>
<b>Net book value</b>					
Balance at 1 January 2016		10,392	2,804	155	13,351
<b>At 31 December 2016</b>		<b>9,587</b>	<b>2,452</b>	<b>299</b>	<b>12,338</b>
<b>At 31 December 2017</b>		<b>8,895</b>	<b>2,633</b>	<b>229</b>	<b>11,757</b>

## Notes to the consolidated financial statements (continued)

### 14. Intangible assets and goodwill

#### A. Reconciliation of net book value

<i>In thousands in USD</i>	<i>Note</i>	Goodwill	Customer relationships	Software	Software development costs in progress	Other	Total
<b>Cost</b>							
Balance at 1 January 2016		64,258	49,500	4,565	-	148	118,471
Additions		-	-	1,027	-	-	1,027
<b>Balance at 31 December 2016</b>		<b>64,258</b>	<b>49,500</b>	<b>5,592</b>	<b>-</b>	<b>148</b>	<b>119,498</b>
Balance at 1 January 2017		64,258	49,500	5,592	-	148	119,498
Additions		-	-	307	-	-	307
<b>Balance at 31 December 2017</b>		<b>64,258</b>	<b>49,500</b>	<b>5,899</b>	<b>-</b>	<b>148</b>	<b>119,805</b>
<b>Accumulated amortisation and impairment losses</b>							
Balance at 1 January 2016		-	(6,309)	(944)	-	(111)	(7,364)
Amortisation	10	-	(2,912)	(1,076)	-	-	(3,988)
Impairment	10	-	-	-	-	(4)	(4)
<b>Balance at 31 December 2016</b>		<b>-</b>	<b>(9,221)</b>	<b>(2,020)</b>	<b>-</b>	<b>(115)</b>	<b>(11,356)</b>
Balance at 1 January 2017		-	(9,221)	(2,020)	-	(115)	(11,356)
Amortisation	10	-	(2,911)	(1,165)	-	-	(4,076)
Impairment	10	-	-	-	-	-	-
<b>Balance at 31 December 2017</b>		<b>-</b>	<b>(12,132)</b>	<b>(3,185)</b>	<b>-</b>	<b>(115)</b>	<b>(15,432)</b>
<b>Net book value</b>							
Balance at 1 January 2016		64,258	43,191	3,621	-	37	111,107
<b>At 31 December 2016</b>		<b>64,258</b>	<b>40,279</b>	<b>3,572</b>	<b>-</b>	<b>33</b>	<b>108,142</b>
<b>At 31 December 2017</b>		<b>64,258</b>	<b>37,368</b>	<b>2,714</b>	<b>-</b>	<b>33</b>	<b>104,373</b>

#### B. Impairment of goodwill

For the purpose of impairment testing, the total amount of goodwill is allocated to its cash generating unit Veritas Petroleum Services Group. The recoverable amount of this CGU was based on fair value less cost of disposal, estimated using discounted cash flows.

The key assumptions used in the estimation of the recoverable amount are set out below. The values assigned to the key assumptions represent management's assessment of future trends in the marine fuel market and have been based on historical data from both internal and external resources.

#### Key assumptions

Pre-tax cash flow projections in the fair value less costs of disposal calculation are mainly dependent on the development of the revenue growth rate. Management estimates the assumptions based on the past performance, expected general market developments and potentials in the market. The management key assumptions over a 5-year (2016: 4-year) forecast period can be specified as follows:

<i>Management forecast projection</i>	2018 - 2022	2017 - 2020
Revenue	6.20%	12.90%
Budgeted EBITDA growth rate	12.20%	18.20%
Capex (in USD Millions)	13.3	15.2

## Notes to the consolidated financial statements (continued)

The Company's expected growth will be supported by offering our existing services to new markets, the introduction of new services and introducing innovative services to provide additional tests on existing samples. Budgeted EBITDA was estimated taking into account past experience, adjusted as follows.

- Revenue growth was projected taking into account the average growth levels experienced within the Maritime Industry and expected growth in new services.
- Significant one-off (post) acquisition, refinance and organisational restructuring costs are excluded from budgeted EBITDA.

The Company will focus on cost efficiency projects and invest in laboratory equipment to facilitate efficiencies and new services. By introducing new services, investment in new and existing equipment and focus on (new) business development, management aims to increase the market share in the next five years.

The weighted average pre-tax discount rate and terminal value growth rate are as follows:

<i>In percent</i>	2018 - 2022	2017 - 2020
Discount rate	9.50%	11.00%
Terminal value growth	2.00%	2.00%

The discount rate was a post-tax measure estimated based on the observable Maritime industry weighted-average cost of capital. The terminal growth rate was determined based on management's estimate of the long-term compound annual EBITDA growth rate, consistent with the assumption that a market participant would make.

The impairment analysis in 2017 did not result in an impairment. The recoverable amount less cost of disposal of CGU being USD 177 million exceeded its carrying amount of USD 120 million by USD 57 million (headroom).

### Sensitivity analysis

Management has identified that a deviation in key assumptions could lead to a carrying amount exceeding the recoverable amount. The following table shows a sensitivity (percentage point change per key assumption) resulting in a headroom of nil:

<i>In percentage point</i>	2018 - 2022	2017 - 2020
Discount rate	3.42%	0.70%
Terminal value growth rate	-5.04%	-0.90%
Revenue growth rate	-3.00%	-1.20%
EBITDA for the projection period	-8.64%	-6.30%

Furthermore, management calculated a sensitivity based on movements of these key assumptions. The impact on the headroom can be specified as follows:

<i>In thousands in USD</i>	Impact on Headroom			
	31 December 2017		31 December 2016	
	Increase	Decrease	Increase	Decrease
Discount rate (1% movement)	(21)	28	(13)	17
Terminal value growth rate (1% movement)	22	(17)	14	(10)
Revenue per year in the projection period (3% movement)	18	(18)	27	(25)
EBITDA per year in the projection period (10% movement)	5	(5)	17	(16)

## Notes to the consolidated financial statements (continued)

### 15. Trade and other receivables

<i>In thousands in USD</i>	2017	2016
Trade receivables	5,828	5,668
Trade receivables from related parties	-	2
Loans to employees	23	19
Deposits in connection to lease contracts	132	116
Other receivables	100	136
Services to be invoiced	3,235	3,756
<b>Total of trade and other receivables</b>	<b>9,318</b>	<b>9,697</b>
Non-current	167	142
Current	9,151	9,555
<b>Total of trade and other receivables</b>	<b>9,318</b>	<b>9,697</b>

#### *Services to be invoiced*

At 31 December 2017, the services to be invoiced reflect the services to clients provided by the Group during the month of December 2017. These services will be invoiced in January 2018 following the arrangements with these clients.

#### *Credit and market risk, and impairment losses*

The provision for impairment of trade receivables is as follows.

<i>In thousands in USD</i>	2017	2016
Trade receivables	6,000	6,049
Provision for impairment of receivables	(172)	(381)
<b>Total of trade receivables</b>	<b>5,828</b>	<b>5,668</b>

Information about the Group's exposure to credit and market risks, impairment losses for trade and other receivables, excluding services to be invoiced, is included in Note 24.

### 16. Prepayments

<i>In thousands in USD</i>	2017	2016
Software licenses and (IT) maintenance contracts	282	222
Employee benefits	79	42
Trading supplies to be received	61	108
Rent of buildings and equipment	165	159
Insurance premiums	92	164
Membership fees	10	4
Other	62	82
<b>Total of prepayments</b>	<b>751</b>	<b>781</b>

## Notes to the consolidated financial statements (continued)

### 17. Cash and cash equivalents

<i>In thousands in USD</i>	2017	2016
Petty cash	1	3
Bank balances	15,668	12,718
<b>Total of cash and cash equivalents</b>	<b>15,669</b>	<b>12,721</b>

The total amount of cash and cash equivalents are at free disposal to the company.

### 18. Equity

Reference is made to Note 42 for details.

### 19. Loans and borrowings

<i>In thousands in USD</i>	Unsecured bond loan	Unsecured shareholders loan	Total
<b>Non-current Loans and borrowings</b>			
Balance at 1 January 2017	64,208	9,593	73,801
Capitalized commission	(628)	-	(628)
Amortization	567	-	567
Loss on reassessment cashflows bond loan	37	-	37
Interest	-	959	959
<b>Balance 31 December 2017</b>	<b>64,184</b>	<b>10,552</b>	<b>74,736</b>
Balance at 1 January 2016	64,797	8,719	73,516
Amortisation	265	-	265
Bonds buy back	(1,152)	-	(1,152)
Gain on repurchased bonds	(48)	-	(48)
Loss on reassessment cashflows bond loan	346	-	346
Interest	-	874	874
<b>Balance 31 December 2016</b>	<b>64,208</b>	<b>9,593</b>	<b>73,801</b>
<b>Current Loans and borrowings</b>			
Accrued interest Unsecured bond			
		1,137	1,141
<b>Total of current Loans and borrowings</b>		<b>1,137</b>	<b>1,141</b>

The term and conditions of the outstanding loans are as follows.

<i>In thousands in USD</i>	Currency	interest rate	Year of maturity	31 December 2017		31 December 2016	
				Face value	Carrying amount	Face value	Carrying amount
Unsecured bond loan	USD	7%	2019	65,000	64,184	65,000	64,208
Unsecured shareholders loan	USD	10%	2023	10,552	10,552	9,593	9,593
<b>Total of interest bearing liabilities</b>				<b>75,552</b>	<b>74,736</b>	<b>74,593</b>	<b>73,801</b>

## Notes to the consolidated financial statements (continued)

### Unsecured bond loan

The Group issued on 1 April 2014 an unsecured bond loan for in total USD 70 million of which the proceeds have been used for a repayment on the shareholders loan of USD 75 million. The total unsecured bond loan amount is divided in 350 coupons with a face value of USD 200,000 each, which ranks *pari passu* between themselves. By issuing the bond loan, the Group entered into a bond agreement with its bond holders which stipulates certain (financial) requirements to be met (See also Note 24). The issued unsecured bond loan on the Oslo Stock Exchange has been listed per 4 February 2016. A compliance certificate is submitted on a quarterly basis starting per 31 March 2016.

In January 2017 the bond terms have been amended retrospectively to enable to incur extra “exceptional items” necessary to grow the Company through acquisitions and cost improvement initiatives. The difference of USD 37 thousand due to reassessing the future cash flows is recognised in the statement of profit or loss.

### Unsecured Shareholders loan

The Group borrowed an initial loan of USD 75 million of its shareholder which has been partly repaid in 2014. The loan bears an annual interest of 10% which are capitalised to the outstanding amount on an annual basis. The remainder of the loan will be repaid in financial year 2023 or earlier upon a partly disposal of the shareholders interest.

Information about the Group’s exposure to fair values, interest rate, foreign currency and liquidity risk is included in Note 24.

## 20. Employee benefits

<i>In thousands in USD</i>	2017	2016
Net defined benefit liability (Plan A)	19	(13)
Liability for social security contributions and retirement arrangements premiums	284	551
Liability for salaries, holiday allowances and incentives to be paid	1,294	1,605
Liability for resignation fee foreign regulations (Plan B)	455	372
Liability for other employee benefits	-	257
<b>Total of employee benefit liabilities</b>	<b>2,052</b>	<b>2,772</b>
Non-current	474	359
Current	1,578	2,413
<b>Total of employee benefit liabilities</b>	<b>2,052</b>	<b>2,772</b>

The Group contributes to the following post-employment defined benefit plans.

- Plan A is a defined benefit plan which entitles a retired employee to receive an annual pension payment based on the employee’s salary level at the time of retirement and on the number of years of provided service. The retirement age is 67 years. In total, the plan is beneficiary for 2 people (2016: 2) in Norway. The plan has been closed for new participants.
- Plan B is a defined benefit plan which entitles an employee an end of service benefit. The plan is beneficiary for in total 33 employees (2016: 35) in United Arab Emirates which are still in active duty. The benefit is settled when the employee is not employed at the Company.

## Notes to the consolidated financial statements (continued)

The defined benefits plan (Plan A) is administered by a single pension fund that is legally separated from the Group.

The following tables analyse plan assets, present value of defined benefit obligation, expense recognised in profit or loss, actuarial assumptions and other information for A.

The following table shows a reconciliation from the opening balances to the closing balances for net defined benefit liability (asset) and its components.

<i>In thousands in USD</i>	Defined benefit obligation		Fair value of plan assets		Net defined benefit liability (asset)	
	2017	2016	2017	2016	2017	2016
Balance at 1 January	378	382	(391)	(373)	(13)	9
Revaluation opening balances	2	1	(4)	(1)	(2)	0
<b>Included in profit or loss</b>						
Current service cost	19	18	-	-	19	18
Past service costs (income)	-	-	-	-	-	-
Curtailment	-	(8)	-	-	-	(8)
Interest cost (income)	11	11	(9)	(8)	2	3
	30	21	(9)	(8)	21	13
<b>Included in OCI</b>						
Remeasurement loss (gain):						
- Actuarial loss (gain)	-	-	-	-	-	-
Arising from:						
- demographic assumptions	-	-	-	-	-	-
- financial assumptions	-	-	-	-	-	-
- experience adjustments	44	(3)	(0)	(1)	44	(4)
- Return on plan assets excluding interest income	-	-	-	-	-	-
	44	(3)	(0)	(1)	44	(4)
<b>Other</b>						
Transfer of post-employment defined benefit	-	-	-	-	-	-
Contributions paid by the employer	(4)	(4)	(27)	(27)	(31)	(31)
Contributions paid by the participants	-	-	-	-	-	-
Benefits paid	-	(19)	-	19	-	-
	(4)	(23)	(27)	(8)	(31)	(31)
<b>Balance at 31 December</b>	<b>450</b>	<b>378</b>	<b>(431)</b>	<b>(391)</b>	<b>19</b>	<b>(13)</b>

As per 31 December 2017 the fair value of the plan assets for plan A consists of debt instruments, solely (2016: 100% debt instruments). There are no reimbursement rights included in the plan assets.



## Notes to the consolidated financial statements (continued)

### Defined benefit obligation (plan A)

#### Actuarial assumptions

The following were the principal actuarial assumptions at the reporting date (expressed as weighted averages).

	2017	2016
Discount rate	2.60%	2.70%
Future salary growth	2.50%	2.50%
Rate of pension increase	0.00%	0.00%
Increase of social security base amount	2.25%	2.25%

Assumptions regarding future mortality have been based on published statistics and mortality tables (AG2014). The current longevities underlying the values of the defined benefit obligation at the reporting date were as follows.

	2017	2016
Longevity at age 65 for current pensioners		
Males	21.00	21.00
Females	24.10	24.10
Longevity at age 65 for current members aged 40		
Males	23.20	23.20
Females	26.50	26.50

#### Sensitivity analysis (plan A)

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown below.

Plan A <i>In thousands in USD</i>	31 December 2017		31 December 2016	
	Increase	Decrease	Increase	Decrease
Discount rate (1% movement)	(26)	26	(24)	24
Future salary growth (1% movement)	18	(17)	14	(15)
Future life expectancy (1% movement)	11	(11)	9	(9)

Since the number of participants in Norway is limited, any risk associated with the post-employment defined benefit plans is considered limited. The Group has no further obligation other than the annual contribution to the Norwegian pension provider.

#### Employees' end-of-service benefits (Plan B)

The Company provides its employees an end-of service benefit (Plan B) for which a provision is provided. Any movement in the provision is recognised in statement of profit or loss. The following were the principal actuarial assumptions at the reporting date used for employees' end-of-service benefit calculation based on the Project Unit Credit Method:

	2017	2016
Discount rate	1.98%	2.47%
Future salary growth	3.50%	3.50%
Estimate of turnover within 5 years	30.00%	30.00%

## Notes to the consolidated financial statements (continued)

### Sensitivity analysis (plan B)

The sensitivity analysis has been determined based on reasonable possible changes of the respective assumptions occurring at the end of the reporting period, while holding all other assumptions constant.

Plan B <i>In thousands in USD</i>	31 December 2017		31 December 2016	
	Increase	Decrease	Increase	Decrease
Discount rate (1% movement)	(20)	23	(19)	21
Future salary growth (1% movement)	20	(18)	19	(17)
Estimate of turnover (5% movement)	(29)	32	30	(28)

The future cash flows are impacted by the future salary growth and turnover in employees. Assumptions regarding future mortality do not have a material impact on the provision.

Although the Group is confident in the overall reliability of the data used for both sensitivity analysis, the outcome as such can be subject to an element of uncertainty or limitations in the calculations.

## 21. Trade and other payables

<i>In thousands in USD</i>	Note	2017	2016
Trade Payables due to related parties		-	84
Trade Payables		2,088	2,660
<i>Accrued expenses</i>			
- Operational related; freight, subcontractors etc.		557	591
- Advertising and marketing		-	55
- ICT and communication		1	10
- Professional fees		344	317
- Rebate		606	409
- Other		249	425
<b>Total of trade and other payables</b>		<b>3,845</b>	<b>4,551</b>
Non-current		-	-
Current		3,845	4,551
<b>Total of trade and other payables</b>		<b>3,845</b>	<b>4,551</b>

Volume-based rebates are given to selected customers and are calculated in accordance with the agreement terms. The Group's exposure to currency and liquidity risk related to trade and other payables is disclosed in Note 24.

## 22. Deferred income / revenue

<i>In thousands in USD</i>	2017	2016
Customer advances	320	692
<b>Total of deferred income / revenue</b>	<b>320</b>	<b>692</b>
Non-current	-	-
Current	320	692
<b>Total of deferred income / revenue</b>	<b>320</b>	<b>692</b>

## Notes to the consolidated financial statements (continued)

Some part of the Group's customers made payments in advance (annually and quarterly) for services to be provided. Such agreements are based on an expected quantity of services to be provided in a specific period.

### 23. Capital management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders over the longer term and to maintain an optimal capital structure to reduce the cost of capital. Reference is made to Note 24 regarding management the Company's capital on basis of the gearing ratio covenant.

In order to maintain or adjust the capital structure, the group does currently not pay dividends under its financing agreements and the Group strives to retain sound solvency and liquidity levels.

### 24. Financial instruments

#### Risk management framework

The Company's board of directors has overall responsibility for the establishment and oversight of the Group's risk management framework. In 2017 a risk control framework is developed and a risk assessment has been performed. The risk control framework will be finalized in 2018. Based on the identified business and financial risks, internal controls are being identified and documented and will subsequently be tested to evaluate the design and implementation of such internal controls. In addition, Group's risk management policies will be documented and monitored. The Compliance manager will report regularly to the board of directors on his activities.

The Group's risk management policies are established to identify and analyse risk faced by the Group, to set appropriate risk limits and controls and to monitor risk adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. The Group, through its training and management standards and procedures, aims to maintain 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 risk control framework in relation to the risks faced by the Group.

#### Fair value

##### Non-current financial instruments

As per 31 December 2017 the fair values of non-current financial instruments differ not material from its carrying amount except for the following financial instruments:

In thousands of USD	Carrying amount		Fair value	
	2017	2016	2017	2016
Unsecured bond loan	64,184	64,208	64,147	63,619
Unsecured shareholder loan	10,552	9,593	11,257	10,553
<b>Total of financial instruments</b>	<b>74,736</b>	<b>73,801</b>	<b>75,404</b>	<b>74,172</b>

##### Current financial instruments

As per 31 December the carrying amounts of the current financial instruments represents its fair value due to the short-term maturities of these assets and liabilities.

## Notes to the consolidated financial statements (continued)

### Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from customers. The concentration of credit risk is limited due to a large number of customer contracts which are unrelated. Therefore the Group believes that no additional credit risk provision is required besides the normal provision for bad debt.

The carrying amount of financial assets represents the maximum credit exposure.

### Trade and other receivables

The Group established an allowance for impairment that reflects its estimate of incurred losses in respect of the indicated credit risks regarding trade receivables. For the sales occurred during 2017, the credit risk is influenced mainly by the individual characteristics of each customer. However, management also considers the factors that may influence the credit risk of its customer base, including the default risk of the industry and country in which customers operate. Further details of concentration of revenue are included in Note 7.

A credit policy has been established where each new customer is analysed individually for creditworthiness before the Group's standard payment and delivery terms and conditions are offered. The Group reviews external ratings, if they are available, and in some cases bank references. For all new customers a creditworthiness check is performed and for existing customers the creditworthiness is reviewed on a yearly basis.

At 31 December 2017, the maximum exposure to credit risk for trade receivables by geographic region was as follows.

<i>In thousands of USD</i>	Carrying amount	
	2017	2016
Netherlands, Belgium, Germany, France, Greece	1,953	1,603
Other Eurozone countries	1,101	990
Norway	403	418
UK	127	159
USA	396	586
Africa, Middle east, Asia	1,625	1,637
Other regions	223	275
<b>Total</b>	<b>5,828</b>	<b>5,668</b>

At 31 December 2017, the maximum exposure to credit risk for trade receivables by type of counterparty was as follows.

<i>In thousands of USD</i>	2017	2016
End-user customers	5,828	5,668
<b>Total</b>	<b>5,828</b>	<b>5,668</b>

## Notes to the consolidated financial statements (continued)

### Impairment

At 31 December 2017, the ageing of trade receivables that were not impaired was as follows.

<i>In thousands of USD</i>	2017	2016
Neither past due nor impaired	3,327	3,719
Past due 1 - 30 days	1,155	1,037
Past due 31 - 60 days	514	405
Past due 61 - 120 days	537	438
Past due >121 days	295	69
<b>Total</b>	<b>5,828</b>	<b>5,668</b>

Management believes that unimpaired amounts that are past due by more than 30 days are still collectible in full, based on historical payment behaviour and extensive analysis of customer credit risk, including underlying customer' credit ratings as far as available.

An analysis of the credit quality of trade receivables that were not impaired is as follows.

<i>In thousands of USD</i>	2017	2016
Lowest Risk (D&B rating)	2,423	2,305
Low Moderate Risk (D&B rating)	825	1,283
High Moderate Risk (D&B rating)	1,334	1,527
Highest Risk (D&B rating)	1,246	553
<b>Total</b>	<b>5,828</b>	<b>5,668</b>

The Group uses for its analysis a monitoring portfolio management tool of credit agency Dun and Bradstreet. Credit ratings of the Group's trade receivables are determined on available information in Dun and Bradstreet's databases. Trade receivables classified at highest risk includes observed highest risk counter parts as well as unclassified counterparties.

The movement in the provision for impairment in respect of trade and other receivables during the year was as follows.

<i>In thousands of USD</i>	Impairment movement
Balance 1 January 2016	(415)
Reversal of impairment due to repayment	258
Release due to write-off (previously provisioned)	95
Additional impairment	(319)
<b>Balance at 31 December 2016</b>	<b>(381)</b>
Reversal of impairment due to repayment	196
Release due to write-off (previously provisioned)	119
Additional impairment	(106)
<b>Balance at 31 December 2017</b>	<b>(172)</b>

The Group believes that its allowance for impairment as per 31 December 2017 is sufficient to absorb expected future write offs on trade and other receivables.

## Notes to the consolidated financial statements (continued)

### Cash and Cash equivalents

The Group held cash and cash equivalents of USD 15,669 thousand at 31 December 2017 (2016: USD 12,721 thousand). The cash and cash equivalents are held by bank counter parties, which are rated AA-, based on Standard & Poor's ratings.

### Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

The Group monitors its risk to a shortage of funds using a cash flow forecast model. This model considers the maturity of both its non-current and current assets and liabilities (trade receivables and other financial assets or liabilities) and projected cash flows from operations.

The Group aims to maintain the level of its cash and cash equivalents at an amount in excess of expected cash outflows on financial liabilities (other than trade payables over the next 60 days). The Group also monitors the level of expected cash inflows on trade and other receivables together with expected cash outflows on trade and other payables.

At 31 December 2017, the expected cash flows from trade and other receivables maturing within two months were USD 4,482 thousand (2016: USD 4,756 thousand). This excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters.

### Exposure to liquidity risk

The following are the remaining contractual maturities of financial liabilities at the reporting date. The amounts are gross and undiscounted, and include estimated interest payments and exclude the impact of netting agreements.

<i>In thousands of USD</i>		Contractual cash flows					
31 December 2017	Carrying amount	Total	2 months or less	2- 12 months	1-2 years	2-5 years	More than 5 years
<b>Non-derivative financial liabilities</b>							
Unsecured bond loan	64,184	(74,100)	-	(4,550)	(69,550)	-	-
Unsecured shareholders loan	10,552	(17,595)	-	-	-	-	(17,595)
Trade & other payables	3,845	(3,845)	(3,845)	-	-	-	-
	<b>78,581</b>	<b>(95,540)</b>	<b>(3,845)</b>	<b>(4,550)</b>	<b>(69,550)</b>	<b>-</b>	<b>(17,595)</b>

<i>In thousands of USD</i>		Contractual cash flows					
31 December 2016	Carrying amount	Total	2 months or less	2- 12 months	1-2 years	2-5 years	More than 5 years
<b>Non-derivative financial liabilities</b>							
Unsecured bond loan	64,208	(76,375)	-	(4,550)	(4,550)	(67,275)	-
Unsecured shareholders loan	9,593	(17,595)	-	-	-	-	(17,595)
Trade & other payables	4,551	(4,551)	(4,551)	-	-	-	-
	<b>78,352</b>	<b>(98,521)</b>	<b>(4,551)</b>	<b>(4,550)</b>	<b>(4,550)</b>	<b>(67,275)</b>	<b>(17,595)</b>

## Notes to the consolidated financial statements (continued)

The unsecured bond loan is expiring on March 31<sup>st</sup> 2019. The expiry date of the unsecured bond loan within the twelve month period of the Group's cashflow forecast model is monitored closely. Based on the Group's financial position, its underlying performance and its market expectation, the Group is confident to refinance the unsecured bond loan with a new bond loan upon its expiry date or that the Group is able to attract alternative debt financing. The Group consequently considers no material exposure to liquidity risk with regards to the expiry date of the publicly listed (bullet) bond loan on March 31<sup>st</sup> 2019.

The Group's unsecured bond loan contains loan covenants. A future breach of covenants may require the Group to repay the loan earlier than indicated in the above table. Under the agreement, the covenants are monitored on a regular basis by the Group finance team and regularly reported to the management to ensure compliance with the agreement.

As a result the Group monitors its liquidity (minimum of USD 5 million) as well as its capital on the basis of the gearing ratio covenant as part of the bond agreement. This ratio is calculated as net interest bearing debt divided by EBITDA. Net interest bearing debt is calculated as total aggregated loans and borrowings less shareholder loans and unrestricted cash and cash equivalents. The EBITDA is calculated as 'earnings before interest, tax, depreciation and amortisation and before exceptional items'. The covenant includes a maximum gearing ratio of 4.5 per end of 2017. Per 31 December 2017, the Group complied with all quarterly and annual covenant requirements.

The interest payments on the shareholders loan and bond issues in the table above are based on interest rates as disclosed in note 19. In addition, the interest rate of the shareholders loan will be accrued for and for that reason a cash outflow at repayment date. It is not expected that cash flows included in the maturity analysis could occur significantly earlier or at significant different amounts.

### **Market risk**

Market risk is the risk that changes in market prices, such 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 market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return. The Group is closely monitoring the world economy as the Group's sales is depending on the developments in marine fuel market.

### *Currency risk*

The Group is exposed to currency risk to the extent that there is a mismatch between the currencies in which sales, purchases and borrowings are denominated and the respective functional currencies of Group companies. The functional currency of the Group is US dollar. The currencies in which these transactions are primarily denominated are US dollar, Euro, Singapore Dollar, United Arab Emirates Dirham and Norwegian Krone.

The group's borrowings are denominated in US dollar that match the cash flow generated by the underlying operations of the Group - primarily in US dollar. In addition, interest on borrowings is denominated in the currency of the borrowing. This provides an economic hedge without derivatives being entered into and therefore hedge accounting is not applied in these circumstances.

## Notes to the consolidated financial statements (continued)

### Exposure to currency risk

The summary quantitative data about the Group's exposure to currency risk as reported to the management of the Group is as follows per 31 December 2017.

<i>In thousands</i>	31 December 2017					31 December 2016				
	EUR	USD	SGD	NOK	AED	EUR	USD	SGD	NOK	AED
Trade receivables	372	5,215	90	160	46	334	5,545	75	-	18
Bond loan	-	(64,184)	-	-	-	-	(64,208)	-	-	-
Shareholder loan	-	(10,552)	-	-	-	-	(9,593)	-	-	-
Trade payables	(675)	(516)	(914)	(286)	(388)	(1,373)	(932)	(696)	(371)	(297)
Net statement of financial position exposure	(303)	(70,037)	(824)	(126)	(342)	(1,039)	(69,188)	(621)	(371)	(279)

### Sensitivity analysis

A reasonably expected possible strengthening (weakening) of the Euro (EUR), Singapore dollar (SGD), United Arab Emirates Dirham (AED) or Norwegian Krone (NOK) against the United States Dollar (USD) versus the rates per 31 December 2017 would affect the measurement of financial instruments denominated in a foreign currency and effect profit or loss by the amounts shown below.

<i>in thousands of USD</i>	Profit or loss	
	Strengthening	Weakening
<b>31 December 2017</b>		
EUR (15% movement)	45	(45)
SGD (7% movement)	58	(58)
NOK (7% movement)	9	(9)
AED (7% movement)	24	(24)

<i>in thousands of USD</i>	Profit or loss	
	Strengthening	Weakening
<b>31 December 2016</b>		
EUR (15% movement)	156	(156)
SGD (7% movement)	43	(43)
NOK (7% movement)	26	(26)
AED (7% movement)	20	(20)

### Interest rate risk

The Group's interest exposure is nil as all its borrowings are at a fixed rate. In addition, the Group's policy is not to enter borrowing agreements with a floating rate.



## Notes to the consolidated financial statements (continued)

### 25. Commitments

#### Leases as lessee

The Group leases a number of offices and laboratory facilities under operating leases. The leases typically run for a period between five and ten years, with an option to renew these leases after that date. Lease payments are renegotiated at the end of the lease period to reflect the market rentals. Some leases provide additional rent payments that are based on changes in local price indices. For certain operating leases, the Group is restricted from entering into any sub-lease arrangements. The offices and laboratory lease were entered into pre-acquisition which is three years ago as combined lease of land and buildings. The Group determined that the land and building elements of the offices and laboratories leases are operating leases.

The rent paid to the landlord is adjusted to market rentals at regular intervals, and the Group does not have an interest in the residual value of the land and building elements of the offices and laboratories. As a result, it was determined that substantially all the risks and rewards of the land and building elements of the offices and laboratories are with the landlord.

Furthermore, the Group has liabilities relating to operating leases for cars provided to employees, each lease having a term of up to four years.

#### Future minimum lease payments

At 31 December 2017, the future minimum lease payments under non-cancellable leases were payable as follows.

<i>In thousands of USD</i>	2017	2016
Less than one year	1,061	941
Between one and five years	2,125	2,236
More than five years	1,303	1,519
Less: Unearned lease income	(12)	(12)
	<b>4,477</b>	<b>4,683</b>

#### Capital commitments

As per 31 December 2017, the Company has USD 554 thousand (2016: nil) of capital commitments for the purchase of Equipment, Fixtures and Fittings. The purchase was contracted before balance sheet date but did not incur before balance sheet date.

### 26. Related parties

#### Parent and ultimate controlling party

The shares of the Company are for 100% held by Veritas Petroleum Services Holding B.V. of which shares are for 95.15% held by VPS International S.à.r.l. and 4.85% is held by VPS Management Holding B.V. The ultimate parent of VPS International holding S.à.r.l. is IK VII Limited. Key management personnel own indirectly an interest in VPS Management Holding B.V.

## Notes to the consolidated financial statements (continued)

### Transactions with key management personnel

The Group's key management personnel consists of executive and managing directors. Their compensation is comprised as follows.

<i>In thousands of USD</i>	2017	2016
Short-term employee benefits	(1,692)	(1,667)
Termination benefits	(366)	(613)
Post-employment benefits	(161)	(120)
<b>Total of transactions with key management personnel</b>	<b>(2,219)</b>	<b>(2,400)</b>

Compensation of the Group's key management personnel includes salaries, non-cash benefits and contributions to a post-employment defined contribution plan.

### Other related party transactions

<i>In thousands of USD</i>	Transaction values for the year ended 31 December		Trade Receivables as at 31 December	
	2017	2016	2017	2016
<b>Sale of goods and services</b>				
Ultimate parent DNV GL AS	-	5	-	1
DNV Dubai AQSC	-	34	-	-
DNV GL USA	-	1	-	-
<b>Total of trade of receivables</b>	<b>-</b>	<b>40</b>	<b>-</b>	<b>1</b>

<i>In thousands of USD</i>	Transaction values for the year ended 31 December		Trade Payables as at 31 December	
	2017	2016	2017	2016
<b>Purchase of goods and services</b>				
Ultimate parent DNV GL AS	-	(7)	-	-
DNV Netherlands BV	-	(217)	-	(58)
DNV GL Business Assurance BV	-	(23)	-	(26)
KEMA Nederland BV	-	(40)	-	-
<b>Total of trade of payables</b>	<b>-</b>	<b>(287)</b>	<b>-</b>	<b>(84)</b>

As Det Norske Veritas GL AS is not a shareholder as per 31 December 2017 and for the majority of the financial year 2017, no information is stated above for the financial year ending 31 December 2017 with regards to the former shareholder and its subsidiaries. The information for the financial year ending 31 December 2016 is stated unchanged.

## Notes to the consolidated financial statements (continued)

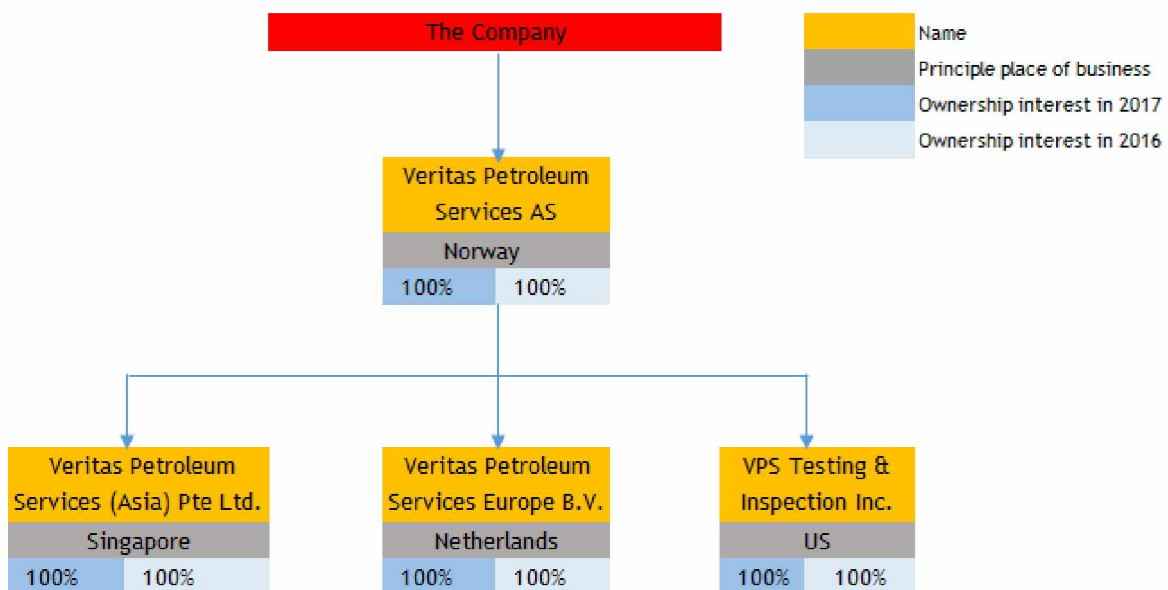
All outstanding balances with these related parties are priced on at arm's length basis and are to be settled in cash within six months of the reporting date.

<i>In thousands of USD</i>	Transaction values for the year ended 31 December		Other balances as at 31 December	
	2017	2016	2017	2016
<b>Other</b>				
<i>Parent of the Group - Veritas Petroleum Services Holding B.V.</i>				
- Loan and related interest	(959)	(874)	(10,552)	(9,593)
<b>Total of other related party transactions</b>	<b>(959)</b>	<b>(874)</b>	<b>(10,552)</b>	<b>(9,593)</b>

None of the balances is secured. No expense has been recognised in the current year or prior year for bad or doubtful debts in respect of amounts owed by related parties.

### 27. List of subsidiaries

Set out below is a list of material subsidiaries of the Group.



## Notes to the consolidated financial statements (continued)

### 28. Events after balance sheet date

#### *Establishment of new subsidiary*

In January 2018 Transoil Laboratory Holding Ltd, a 100% subsidiary of Veritas Petroleum Services B.V., has been established for the purpose of the acquisition of Transoil Laboratory Ltd.

#### *Acquisition of new shareholders loan*

In January 2018 Veritas Petroleum Services B.V. obtained a new unsecured 5.7% interest-bearing shareholders loan from Veritas Petroleum Services Holding B.V. of USD 3.5 million and provided a 5.7% interest-bearing shareholders loan to Transoil Laboratory Holding Ltd of GBP 5.3 million for the purpose of the acquisition of Transoil Laboratory Ltd through the newly established subsidiary Transoil Laboratory Holding Ltd.

#### *Acquisition of new subsidiary*

On 31 January 2018, Transoil Laboratory Holding Ltd based in London, United Kingdom, acquired 100% of the shares in Transoil Laboratory Ltd based in Manchester, United Kingdom.

Transoil Laboratory Ltd is a transformer and insulating oil testing company; the acquisition enables Veritas Petroleum Services B.V. to expand its testing and advisory service offering into power industries.

The fair value of the consideration transferred at acquisition date for the acquisition of the shares in Transoil Laboratory Ltd is GBP 7.5 million (approximately USD 10.7 million) plus a payment for the net working capital in excess of what has been agreed (GBP 0.3 million) of which GBP 0.5 million (approximately USD 0.7 million) is deferred to 31 December 2018 and is subject to the continued employment of key personnel (not being the former owner) and the operational growth throughout financial year 2018. The Group's expectation is to pay the full amount of the deferred purchase price.

The fair value of the acquired net assets and liabilities is GBP 0.6 million. An initial Purchase Price Allocation (hereafter "PPA") has been performed showing the following outcome. The Brandname of Transoil Laboratory is valued at GBP 0.2 million, Transoil Laboratory's Customer Relationships at GBP 2.6 million and deferred tax liabilities have been determined with regards to the identified intangible fixed assets of GBP 0.5 million based on the applicable tax rate in the United Kingdom of 19%. The goodwill is, based on the initial PPA, consequently valued at GBP 5.0 million at acquisition date and will be revalued yearly at 31 December to the Company's functional currency in accordance with International Financial Reporting Standards (IFRS) as endorsed by the European Union (EU).

The business of Transoil Laboratory is complementary to the services of the Group. Substantial synergies are expected to be realised on the level of Transoil Laboratory, as well as on the level of the Company. Based on the available cashflow forecasts, the Group deems the goodwill determined based on the initial PPA, recoverable.

The acquired receivables, as part of the acquired assets, mainly consist of trade receivables for which the Group estimates its fair value in line with the carrying amount given the short-term character of the receivables and expects all of the receivables to be collected.

## Company statement of income

For the year ended 31 December

<i>In thousands of USD</i>	<i>Note</i>	<b>2017</b>	<b>2016</b>
Net Turnover	32	47,423	48,249
<b>Total operating income</b>		<b>47,423</b>	<b>48,249</b>
Wages and salaries	33	(2,513)	(2,838)
Social security charges		(276)	(208)
Pension expenses		(203)	(308)
Depreciation and amortisation expenses	36 & 37	(1,015)	(884)
Other operating expenses	34	(40,798)	(43,205)
<b>Total operating expenses</b>		<b>(44,805)</b>	<b>(47,443)</b>
Other interest income and similar income	35	350	398
Interest expenses and similar expenses	35	(6,703)	(6,567)
<b>Result on ordinary activities before tax</b>		<b>(3,735)</b>	<b>(5,363)</b>
Tax on result on ordinary activities		6	26
Share in profit/loss of subsidiaries and participation	38	3,413	2,984
<b>Result on ordinary activities after tax</b>		<b>(316)</b>	<b>(2,353)</b>

The accompanying notes are integral part of these company financial statements.

## Company statement of financial position as at 31 December 2017

(After proposed result appropriation)

<i>In thousands in USD</i>	<i>Note</i>	31 December 2017	31 December 2016
<b>Assets</b>			
Property, plant and equipment	36	63	57
Intangible assets	37	2,482	3,230
Investments in subsidiaries	38	142,753	139,373
<b>Non-current assets</b>		<b>145,298</b>	<b>142,660</b>
Loans receivable	39	14	13
Trade and other receivables	40	15,530	14,917
Current tax receivables		68	82
Prepayments		273	326
Cash and equivalents	41	6,976	5,995
<b>Current assets</b>		<b>22,861</b>	<b>21,333</b>
<b>Total assets</b>		<b>168,159</b>	<b>163,993</b>
<b>Equity</b>			
Share capital	42	6,300	6,300
Share premium	42	56,700	56,700
Legal reserve for subsidiaries	42	40	40
Accumulated losses	42	(13,947)	(13,598)
<b>Total equity</b>		<b>49,093</b>	<b>49,442</b>
<b>Liabilities</b>			
Loans and borrowings	43	74,736	73,801
<b>Non-current liabilities</b>		<b>74,736</b>	<b>73,801</b>
Loans and borrowings	43	1,137	1,141
Employee benefits		376	564
Trade and other payables	44	42,484	38,303
Current tax liabilities		13	50
Deferred income/ revenue	45	320	692
<b>Current liabilities</b>		<b>44,330</b>	<b>40,750</b>
<b>Total liabilities</b>		<b>119,066</b>	<b>114,551</b>
<b>Total equity and liabilities</b>		<b>168,159</b>	<b>163,993</b>

The accompanying notes are integral part of these company financial statements.

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## Notes to the Company financial statements

### 29. General

The Company financial statements are part of the 2017 financial statements of Veritas Petroleum Services B.V. For setting the principles for the recognition and measurement of assets and liabilities and determination of the result for its company financial statements, Veritas Petroleum Services B.V. makes use of the option in Section 2:362 (8) of Part 9 of the Dutch Civil Code. This means that the principles for recognition and measurement of assets and liabilities and determination of the result for the Company financial statements of Veritas Petroleum Services B.V. are the same as those for the consolidated financial statements. In this context, investments in companies in which significant control is exercised are measured according to the equity method.

### 30. Basis of preparation

The consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS) as endorsed by the International Accounting Standards Boards (IASB) and endorsed by the European Union and with Part 9, Book 2 of the Dutch Civil Code. For a description of these accounting principles, reference is made to the accounting principles within the consolidated financial statements (see Note 5). The share in the result of subsidiaries in which the company has holdings comprises the share of Veritas Petroleum Services B.V. in the result of the subsidiaries. Results on transactions in which transfer of assets and liabilities has occurred between Veritas Petroleum Services B.V. and its subsidiaries, and mutually between subsidiaries which each other, are not recognised insofar as these can be considered as not realised.

### 31. Significant accounting policies

These are the same as for the consolidated financial statements. In addition, the equity method is applied for the investments in consolidated subsidiaries based on the parent company's accounting policies.

## Notes to the Company financial statements (continued)

### 32. Net Turnover

The net turnover can be split as follows:

<i>In thousands in USD</i>	<i>Note</i>	<b>2017</b>	<b>2016</b>
The Netherlands		22,730	23,554
Other countries		24,693	24,695
<b>Total of Net turnover</b>		<b>47,423</b>	<b>48,249</b>

### 33. Wages and salaries

Wages and salaries can be specified as follows:

<i>In thousands in USD</i>	<b>2017</b>	<b>2016</b>
Wages and salaries	(2,016)	(2,018)
Severance expenses	(443)	(716)
Travel and work related expense allowances	(41)	(68)
Other employee benefits	(13)	(36)
<b>Total of wages and salaries</b>	<b>(2,513)</b>	<b>(2,838)</b>

#### *Average number of employees*

During financial year 2017, the average number of employees expressed as on a full-time-equivalent (fte) basis amounts to 22 (2016: 17). None of the employees were employed outside the Netherlands. All the employees were employed in the Europe region.

### 34. Other operating expenses

Other operating expenses can be specified as follows:

<i>In thousands in USD</i>	<b>2017</b>	<b>2016</b>
Operating expenses subsidiaries	(38,406)	(39,499)
ICT and communication expenses	(1,222)	(1,446)
Professional fees	(900)	(1,254)
Other operating expenses	(270)	(1,006)
<b>Total of other operating expenses</b>	<b>(40,798)</b>	<b>(43,205)</b>



## Notes to the Company financial statements (continued)

### 35. Other interest income and expenses

The other interest income and expenses can be specified as follows:

<i>In thousands in USD</i>	2017	2016
Interest income on loans and receivables	350	350
Gain on repurchased bonds	-	48
<b>Total of other interest income and similar income</b>	<b>350</b>	<b>398</b>

<i>In thousands in USD</i>	2017	2016
Interest expenses on financial liabilities	(6,666)	(6,221)
Loss on reassessment cashflows bond loan	(37)	(346)
<b>Total of interest expenses and similar expenses</b>	<b>(6,703)</b>	<b>(6,567)</b>

### 36. Property, plant and equipment

#### Reconciliation of net book value

<i>In thousands in USD</i>	Equipment, fixtures and fittings	Other	Total
<b>Cost</b>			
Balance at 1 January 2016	40	18	58
Additions	15	-	15
Disposals	-	-	-
<b>Balance at 31 December 2016</b>	<b>55</b>	<b>18</b>	<b>73</b>
Balance at 1 January 2017	55	18	73
Additions	24	-	24
Disposals	-	-	-
<b>Balance at 31 December 2017</b>	<b>79</b>	<b>18</b>	<b>97</b>
<b>Accumulated depreciation</b>			
Balance at 1 January 2016	(3)	-	(3)
Depreciation	(9)	(4)	(13)
<b>Balance at 31 December 2016</b>	<b>(12)</b>	<b>(4)</b>	<b>(16)</b>
Balance at 1 January 2017	(12)	(4)	(16)
Depreciation	(14)	(4)	(18)
<b>Balance at 31 December 2017</b>	<b>(26)</b>	<b>(8)</b>	<b>(34)</b>
<b>Net book value</b>			
Balance at 1 January 2016	37	18	55
<b>At 31 December 2016</b>	<b>43</b>	<b>14</b>	<b>57</b>
<b>At 31 December 2017</b>	<b>53</b>	<b>10</b>	<b>63</b>

## Notes to the Company financial statements (continued)

### 37. Intangible assets

<i>In thousands in USD</i>	Software	Software development costs in progress	Total
<b>Cost</b>			
Balance at 1 January 2016	4,120	-	4,120
Additions	822	-	822
Reclassification of assets under construction to other fixed asset classes	-	-	-
<b>Balance at 31 December 2016</b>	<b>4,942</b>	<b>-</b>	<b>4,942</b>
Balance at 1 January 2017	4,942	-	4,942
Additions	249	-	249
Reclassification of assets under construction to other fixed asset classes	-	-	-
<b>Balance at 31 December 2017</b>	<b>5,191</b>	<b>-</b>	<b>5,191</b>
<b>Accumulated amortisation</b>			
Balance at 1 January 2016	(841)	-	(841)
Amortisation	(871)	-	(871)
<b>Balance at 31 December 2016</b>	<b>(1,712)</b>	<b>-</b>	<b>(1,712)</b>
Balance at 1 January 2017	(1,712)	-	(1,712)
Amortisation	(997)	-	(997)
<b>Balance at 31 December 2017</b>	<b>(2,709)</b>	<b>-</b>	<b>(2,709)</b>
<b>Net book value</b>			
Balance at 1 January 2016	3,279	-	3,279
<b>At 31 December 2016</b>	<b>3,230</b>	<b>-</b>	<b>3,230</b>
<b>At 31 December 2017</b>	<b>2,482</b>	<b>-</b>	<b>2,482</b>

### 38. Investments in subsidiaries

<i>In thousands in USD</i>	Opening balance	Acquisitions	Remeasure- ments	Disposals	Share in result	Dividends received	Closing balance
VPS AS	139,373	-	(33)	-	3,413	-	142,753
	<b>139,373</b>	<b>-</b>	<b>(33)</b>	<b>-</b>	<b>3,413</b>	<b>-</b>	<b>142,753</b>

The Company holds direct and indirect interest in subsidiaries. A list of these subsidiaries, place of incorporation and the Company's share is set out in Note 27.

## Notes to the Company financial statements (continued)

### 39. Loans receivable

<i>In thousands in USD</i>	2017	2016
VPS Management I B.V.	7	5
VPS Management Holding B.V.	7	5
VPS Holding B.V.	-	3
<b>Total of Loans receivable</b>	<b>14</b>	<b>13</b>

The Company's short-term loans are solely related to shareholders (see Note 26). These loans bear an annual interest of LIBOR + 1.5% and are payable on demand.

### 40. Trade and other receivables

<i>In thousands in USD</i>	2017	2016
Trade receivables	5,826	5,667
Trade receivables from related parties	6,381	5,404
Other receivables	88	90
	12,295	11,161
Services to be invoiced	3,235	3,756
<b>Total of trade and other receivables</b>	<b>15,530</b>	<b>14,917</b>
Non-current	-	-
Current	15,530	14,917
<b>Total of trade and other receivables</b>	<b>15,530</b>	<b>14,917</b>

### 41. Cash and equivalents

<i>In thousands in USD</i>	2017	2016
Bank balances	6,976	5,995
<b>Total of cash and cash equivalents</b>	<b>6,976</b>	<b>5,995</b>

The total amount of cash and cash equivalents are at free disposal to the company.

## Notes to the Company financial statements (continued)

### 42. Equity

<i>In thousands of USD</i>	Share capital	Share premium	Legal reserve for subsidiaries	Accumulated losses	Total Equity
Balance at 1 January 2017	6,300	56,700	40	(13,598)	49,442
Remeasurements	-	-	-	(33)	(33)
Net result for the year	-	-	-	(316)	(316)
<b>Balance at 31 December 2017</b>	<b>6,300</b>	<b>56,700</b>	<b>40</b>	<b>(13,947)</b>	<b>49,093</b>
Balance at 1 January 2016	6,300	56,700	40	(11,248)	51,792
Remeasurements	-	-	-	3	3
Net result for the year	-	-	-	(2,353)	(2,353)
Balance at 31 December 2016	6,300	56,700	40	(13,598)	49,442

#### *Share capital*

The authorised share capital consists of 63,000,000 ordinary shares par value USD 0.10 whereof the issued and paid-in capital amounts to USD 6,300,000.

#### *Share premium*

The issued shares, in total 63,000,000 shares were priced against USD 1.00 per share. Additional paid-in capital of USD 56,700,000 has been recognised as share premium which is free distributable.

#### *Retained earnings*

The amount in retained earnings is in principle available for profit sharing among the shareholders as far as its balance is positive per end of reporting date. In respect to this, following the bond agreement the Company could restrict the availability of retained earnings for profit sharing as financial covenant stipulations are not met.

#### *Proposal for net result appropriation*

The board of directors proposes to add the current year net loss of USD 316 thousand to the accumulated losses.

#### *Legal reserve for subsidiaries*

The legal reserve represents a foreign currency translation reserve in a foreign Group's subsidiary which is legally attached to this subsidiary. As the Group accounting policy regarding foreign currency is to recognise foreign currency translation differences in profit or loss, this amount is not accounted for in the foreign currency translation reserve.

#### *Share-based payment*

Selected managers of the group have been given the opportunity to acquire the economic ownership over ordinary A shares of Veritas Petroleum Services Holding B.V. This share participation arrangement is classified as an equity-settled share-based payment arrangement.

If a participating manager is leaving the group prior to a change in control event, the leaving manager is obliged to sell and transfer the shares to the majority shareholder.

Details of the number of share awards outstanding are as follows:

<i>Number of share awards</i>	2017	2016
Outstanding at the beginning of the year	1,180,000	1,600,000
Purchased during the year	353,075	180,000
Sold during the year	(200,350)	(600,000)
<b>Outstanding at the end of the year</b>	<b>1,332,725</b>	<b>1,180,000</b>

## Notes to the Company financial statements (continued)

The nominal value of the shares in the management B.V.'s, the entities that hold directly or indirectly ordinary A shares in Veritas Petroleum Services Holding B.V., is USD 0.50. The transaction rates of the purchases and sales by the participating managers from and to the majority shareholder VPS International S.à.r.l. in Veritas Petroleum Services Holding B.V. are USD 0.91 for the purchases and USD 0.70 for the sales during the financial year respectively based on a market valuation of the Company using peer group data. The transaction prices do not include expected dividends. The sales during the year have led, after settling for financing expenses on loaned amounts between the selling manager(s) and the majority shareholder VPS International S.à.r.l., to a net pay-out of USD 94 thousand to the selling manager(s).

As of 31 December 2017, the participating managers hold indirectly 4.0% (2016: 1.9%) of the shares of the Company.

There is no impact on the group's results or its financial position from this share-based payment arrangement for selected managers.

### 43. Loans and borrowings

<i>In thousands in USD</i>	Unsecured bond loan	Unsecured shareholders loan	Total
<b>Non-current Loans and borrowings</b>			
Balance at 1 January 2017	64,208	9,593	73,801
Capitalized commission	(628)	-	(628)
Amortization	567	-	567
Loss on reassessment cashflows bond loan	37	-	37
Interest	-	959	959
<b>Balance 31 December 2017</b>	<b>64,184</b>	<b>10,552</b>	<b>74,736</b>
Balance at 1 January 2016	64,797	8,719	73,516
Amortization	265	-	265
Bond buy back	(1,152)	-	(1,152)
Gain on repurchased bonds	(48)	-	(48)
Gain on reassessment cashflows	346	-	346
Interest	-	874	874
<b>Balance 31 December 2016</b>	<b>64,208</b>	<b>9,593</b>	<b>73,801</b>

The terms and conditions of the unsecured bond loan and unsecured shareholder loan are set out in note 19. The other loans concern loans with multiple companies within the group. The accrued interest related to the loans and borrowings can be specified as follows.

Current Loans and borrowings	2017	2016
Accrued interest Unsecured bond	1,137	1,141
<b>Total of current Loans and borrowings</b>	<b>1,137</b>	<b>1,141</b>

## Notes to the Company financial statements (continued)

### 44. Trade and other payables

<i>In thousands in USD</i>	2017	2016
Trade payables due to related parties	41,188	36,468
Trade payables	411	827
Other payables	16	300
<i>Accrued expenses</i>		
- ICT and communication	1	10
- Professional fees	244	196
- Rebate accrual	606	409
- Other	18	93
<b>Total of trade and other payables</b>	<b>42,484</b>	<b>38,303</b>
Non-current	-	-
Current	42,484	38,303
<b>Total of trade and other payables</b>	<b>42,484</b>	<b>38,303</b>

### 45. Deferred income / revenue

<i>In thousands in USD</i>	2017	2016
Customer advances	320	692
<b>Total of deferred income / revenue</b>	<b>320</b>	<b>692</b>
Non-current	-	-
Current	320	692
<b>Total of deferred income / revenue</b>	<b>320</b>	<b>692</b>

Some part of the Company's customers made payments in advance for services to be provided. Such agreements are based on an expected quantity of services to be provided in a specific period. The Company expects to recognise deferred income/ revenue in the next one month.

### 46. Contingencies and commitments

Since financial year 2013, Veritas Petroleum Services B.V. joined its parent Veritas Petroleum Services Holding B.V. in Tax unity for corporate income tax and value-added-tax. As per 1 January 2014 an indirect subsidiary, Veritas Petroleum Services Europe B.V., was added to this fiscal unity in relation to corporate income tax. Under the Dutch Tax Collection Act, the members of a fiscal unity are jointly and severally liable for any tax amounts in relation to a relevant tax unity due.

The available carry forward corporate tax losses per 31 December 2017 amount to USD 11,752 thousand (2016: USD 15,836 thousand). In March 2018 Veritas Petroleum Services Holding B.V. received a confirmation of the Dutch Tax Authorities with regards to the tax declarations for fiscal years 2013-2016. The outcome of this correspondence has been included in the carry forward corporate tax losses as stated in this note.

<i>In thousands in USD</i>	Year of expiration				Total
	2023	2024	2025	2026	
Unused tax losses	5,033	1,251	2,435	3,033	11,752
Potential tax benefit @ 25%	1,258	313	609	758	2,938

## Notes to the Company financial statements (continued)

The available carry forward tax losses are measured against the Dutch corporate income tax rate of 25%.

The Company did not recognise a deferred tax asset as future amount of net income cannot be measured reliable. Unused tax losses and potential tax benefit are expiring as reflected in the table above.

### 47. Independent Audit fees

The fees listed below relate to the procedures applied to the Company and its consolidated group entities by accounting firms and external independent auditors as referred to in Section 1, subsection 1 of the Audit Firms Supervision Act ('Wet toezicht accountantsorganisaties - Wta') as well as by Dutch and foreign-based accounting firms, including their tax services and advisory groups. These fees relate to the audit of the 2017 financial statements, regardless of whether the work was performed during the financial year. The fees are included in professional fees as can be found in Note 8A.

<i>In thousands of USD</i>	PricewaterhouseCoopers Accountants N.V.		PricewaterhouseCoopers member firms and/ or affiliates		Total PricewaterhouseCoopers network	
	2017	2016	2017	2016	2017	2016
Audit of the financial statements	(172)	(159)	(26)	(27)	(198)	(186)
Other audit services	-	-	-	-	-	-
Tax services	-	-	-	-	-	-
Other non-audit services	-	-	-	-	-	-
<b>Total of audit fees</b>	<b>(172)</b>	<b>(159)</b>	<b>(26)</b>	<b>(27)</b>	<b>(198)</b>	<b>(186)</b>

### 48. Related parties

Transactions with related parties other than subsidiaries are disclosed in Note 26.

### 49. Directors' remuneration

<i>In thousands of USD</i>	2017	2016
Short-term employee benefits	(869)	(593)
Termination benefits	(366)	(415)
Post-employment benefits	(94)	(52)
<b>Total of directors remuneration</b>	<b>(1,329)</b>	<b>(1,060)</b>

In 2017 key management personnel comprised the CEO, CFO and former CFO.

### 50. Events after balance sheet date

Reference is made to the events after balance sheet date as disclosed in Note 28.

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## Notes to the Company financial statements (continued)

### Board of directors

Barendrecht, 19 April 2018

Veritas Petroleum Services B.V.

M. Cooper  
Managing Director

R. Vonk  
Chief Financial Officer



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## Other Information

### Audit opinion of an independent auditor

The company's independent auditor issued an opinion accompanying the Group financial statements which is attached to this annual report.

### Statutory principles regarding appropriation of net income

Article 21 of the Company's articles of association stipulates that net income is available without any restriction for appropriation in the General Meeting of Shareholders.

### Profit sharing and similar rights

The Company issued in total 63,000,000 ordinary shares which are without any restrictions entitled to share in profit arrangements.

### Branches

The Group has branches in United Arab Emirates, Greece, United Kingdom and Germany that trade under the trade name Veritas Petroleum Services B.V.



## *Independent auditor's report*

To: the general meeting of Veritas Petroleum Services B.V.

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### *Report on the financial statements 2017*

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#### *Our opinion*

In our opinion:

- Veritas Petroleum Services B.V.'s consolidated financial statements give a true and fair view of the financial position of the Group as at 31 December 2017 and of its result and cash flows for the year then ended 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;
- Veritas Petroleum Services B.V.'s company financial statements give a true and fair view of the financial position of the Company as at 31 December 2017 and of its result for the year then ended in accordance with Part 9 of Book 2 of the Dutch Civil Code.

#### *What we have audited*

We have audited the accompanying financial statements 2017 of Veritas Petroleum Services B.V., Barendrecht ('the Company'). The financial statements include the consolidated financial statements of Veritas Petroleum Services B.V. and its subsidiaries (together: 'the Group') and the company financial statements.

The consolidated financial statements comprise:

- the consolidated statement of financial position as at 31 December 2017;
- the following statements for 2017: the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows; and
- the notes, comprising a summary of significant accounting policies and other explanatory information.

The company financial statements comprise:

- the company statement of financial position as at 31 December 2017;
- the company statement of income for the year then ended;
- the notes, comprising a summary of the accounting policies and other explanatory information.

The financial reporting framework that has been applied in the preparation of the financial statements is EU-IFRS and the relevant provisions of Part 9 of Book 2 of the Dutch Civil Code for the consolidated financial statements and Part 9 of Book 2 of the Dutch Civil Code for the company financial statements.

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### *The 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 section 'Our responsibilities for the audit of the financial statements' of our report.

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

### *Independence*

We are independent of Veritas Petroleum Services B.V. in accordance with the European Regulation on specific requirements regarding statutory audit of public interest entities, the 'Wet toezicht accountantsorganisaties' (Wta, Audit firms supervision act), the 'Verordening inzake de onafhankelijkheid van accountants bij assuranceopdrachten' (ViO – Code of Ethics for Professional Accountants, a regulation with respect to independence) and other relevant independence requirements in the Netherlands. Furthermore, we have complied with the 'Verordening gedrags- en beroepsregels accountants' (VGBA – Code of Ethics for Professional Accountants, a regulation with respect to rules of professional conduct).

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### *Our audit approach*

#### *Overview and context*

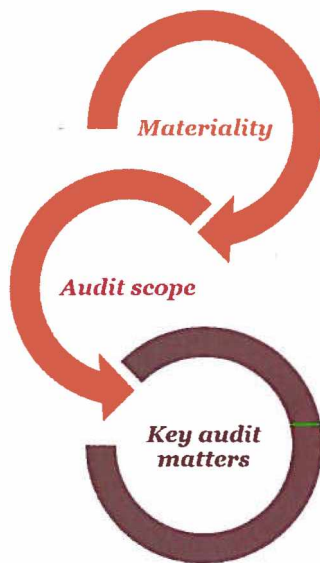
Veritas Petroleum Services B.V. and its group of companies offer a wide range of fuel management services, focusing on fuel quality testing and bunker quantity surveys. The group is comprised of several components and therefore we considered our group audit scope and approach as set out in the section 'The scope of our group audit'. We paid specific attention to the areas of focus driven by the operations of the Group, as set out below.

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements. In particular, we considered where management made important judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. In paragraph 3, of the financial statements, the company describes the areas of judgment in applying accounting policies and the key sources of estimation uncertainty. Given the significant estimation uncertainty and the related higher inherent risks of material misstatement in the impairment assessment of goodwill, we considered it to be key audit matter as set out in the section 'Key audit matters' of this report.

Other areas of focus, that were not considered to be key audit matters were revenue recognition, accuracy of accrued and deferred revenue, and the unsecured bond loan including the compliance with debt covenants. As in all of our audits, we also addressed the risk of management override of internal controls, including evaluating whether there was evidence of bias by management that may represent a risk of material misstatement due to fraud.

We ensured that the audit teams both at group and at component levels included the appropriate skills and competences, which are needed for the audit of a provider of fuel quality testing services and bunker quantity surveys. We therefore included specialists in the areas of IT and valuations in our team.

The outline of our audit approach was as follows:



**Materiality**

- Overall materiality: USD 474,000, which represents 1% of the total revenue.

**Audit scope**

- We conducted audit work on five components.
- Four components were subject to audits of their complete set of financial information ('full scope audit') and were audited by teams based in the Netherlands and Singapore.
- For the remaining component, specific audit procedures have been performed in order to increase our audit coverage on some financial statements line items.
- Audit coverage: 100% of consolidated revenue, 99% of consolidated total assets and 99% of consolidated profit before tax.

**Key audit matters**

- Valuation of goodwill

**Materiality**

The scope of our audit is influenced by the application of materiality which is further explained in the section 'Our responsibilities for the audit of the financial statements'.

Based on our professional judgment, we determined certain quantitative thresholds for materiality, including the overall materiality for the financial statements as a whole as set out in the table below. These, together with qualitative considerations, helped us to determine the nature, timing and extent of our audit procedures on the individual financial statement line items and disclosures and to evaluate the effect of identified misstatements, both individually and in aggregate, on the financial statements as a whole and on our opinion.

<b>Overall group materiality</b>	USD 474,000 (2016: USD 482,000)
<b>Basis for determining materiality</b>	1% of total revenue
<b>Rationale for benchmark applied</b>	We have applied this benchmark, a generally accepted auditing practice, based on our analysis of the common information needs of users of the financial statements. The company has a relatively fixed cost base up to a certain level of activities given the nature of those activities. The financial performance is therefore mainly reflected through the company's revenue developments. This results in the company's revenue being a significant determining factor for the EBITDA. Based on the aforementioned and our understanding of the key stakeholders we determined revenue to be the appropriate benchmark.
<b>Component materiality</b>	To each component in our audit scope, we, based on our judgement, allocate materiality that is not higher than our overall group materiality. The range of materiality allocated across components was between USD 330,000 and USD 474,000.



We also take misstatements and/or possible misstatements into account that, in our judgement, are material for qualitative reasons.

We agreed with management that we would report to them misstatements identified during our audit above USD 23,700 (2016: USD 24,000) as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons.

### *The scope of our group audit*

Veritas Petroleum Services B.V. is the parent company of a group of entities. The financial information of this group is included in the consolidated financial statements of Veritas Petroleum Services B.V.

The Group's accounting process is structured around a local finance function in each of the three regions ("Europe", "Americas" and "Africa, Middle East & Asia") in which the Group operates through four components besides the parent entity. These functions maintain their own accounting records and controls and report to the head office finance team in the Netherlands through an integrated consolidation system.

We tailored the scope of our audit to ensure that we performed sufficient work to be able to give an opinion on the financial statements as a whole, taking into account the geographic and management structure of the Group, the nature of operations of its components, the accounting processes and controls, and the markets in which the components of the Group operate.

In establishing the overall group audit strategy and plan, we determined the type of work required to be performed at the component level by the group engagement team and by each component auditor.

Four components, including the parent company, were subject to audits of their complete set of financial information, as those components are individually significant to the Group. The other three components are: Veritas Petroleum Services Asia Pte. Ltd, Veritas Petroleum Services Europe B.V. and VPS Testing & Inspection Inc. We further performed audit procedures of specific account balances at Veritas Petroleum Services AS in order to obtain sufficient coverage of specific financial statement line items in the consolidated financial statements.

In total, in performing these procedures, we achieved the following coverage on the financial line items:

<b>Revenue</b>	100%
<b>Total assets</b>	99%
<b>Profit before tax</b>	99%

The group engagement team performed the audit procedures for all components, except for the taxation of Veritas Petroleum Services Asia Pte. Ltd. For this entity, a component auditor was involved.

Where the component auditor performed the work, we determined the level of involvement we needed to have in their audit work to be able to conclude whether sufficient appropriate audit evidence had been obtained as a basis for our opinion on the consolidated financial statements as a whole.



By performing the procedures above at components, combined with additional procedures at group level, we have been able to obtain sufficient and appropriate audit evidence on the Group's financial information, as a whole, to provide a basis for our opinion on the financial statements.

### *Key audit matters*

Key audit matters are those matters that, in our professional judgement, were of most significance in the audit of the financial statements. We have communicated the key audit matters to management. The key audit matters are not a comprehensive reflection of all matters that were identified by our audit and that we discussed. In this section, we described the key audit matters and included a summary of the audit procedures we performed on those matters.

The key audit matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon. We do not provide separate opinions on these matters or on specific elements of the financial statements. Any comments or observations we make on the results of our procedures should be read in this context.

Due to the nature of the company's activities we recognize that the key audit matter which we reported in our independent auditor's report on the financial statements 2016 is continuing to be significant in the audit of the financial statements and therefore may not change significantly year over year. As compared to prior year, there have been no changes in key audit matters.

<i>Key audit matter</i>	<i>How our audit addressed the matter</i>
<p><b>Valuation of goodwill</b> <i>Note 14b</i></p> <p>In 2013 the Company acquired DNV Petroleum Services AS and its subsidiaries. At the acquisition date goodwill was recognized of USD 64 million (refer to note 14b), which is grouped together with customer relationships and other assets of the group under one cash generating unit with the carrying value of USD 120 million as of 31 December 2017. Management performed the required annual goodwill impairment test in accordance with IAS 36, 'Impairment of Assets' and concluded that a headroom of USD 57 million exists over the carrying amount of the cash generating unit.</p> <p>The assumptions in the impairment test include components of the EBITDA projections such as revenue growth based on the growth levels within the industry, expected growth in new services, expected developments of prices and quantity of services to be provided and the costs base driven by these developments. Other significant assumptions include terminal value growth rate as well as the discount rate. The assumptions are further disclosed in note 14b to the financial statements.</p> <p>The impairment test is significant to our audit as it</p>	<p>We reviewed the analysis for the determination of the cash generating unit for the purposes of the impairment test.</p> <p>Further audit procedures included detailed assessment and challenging of the underlying assumptions used in the model. In addition, we performed testing procedures over the mathematical accuracy of the calculations performed by management.</p> <p>Our valuation specialists assisted us in evaluating and challenging the assumptions and methodologies applied by management in its impairment test, in particular those relation to the terminal value growth rate and the discount rate.</p> <p>In addition, we assessed the assumptions related to EBITDA projections, through gaining a detailed understanding from management of the underlying revenue growth levels within the industry, expected growth in new services and expected developments of prices and quantity of services to be provided. We compared the forecast with historical performance of the Group and market data available from external parties.</p> <p>We evaluated the impact on the costs used in the EBITDA forecast based on the cost efficiency projects, comparing the forecast with historical pattern and assessing the</p>



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**Key audit matter**

requires significant management judgement, and it is based on assumptions that are affected by expected future market conditions. Furthermore, the outcome of the test is highly sensitive to changes in assumptions so a change in assumptions could lead to an impairment charge.

**How our audit addressed the matter**

exclusion of non-recurring costs from forecast. Furthermore, we performed a peer group analysis to assess the discount rate and verified the terminal value growth rate by using market data obtained from external parties. Moreover, we have challenged the recoverable amount by using a peer group multiple EBITDA analysis. We also focused on the adequacy of the Company's disclosures regarding those assumptions including the sensitivity analyses (as included in note 14b). We found the underlying assumptions to be reasonable.

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**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:

- the directors' report;
- the other information pursuant to Part 9 of Book 2 of the Dutch Civil Code;

Based on the procedures performed as set out below, we conclude that the other information:

- is consistent with the financial statements and does not contain material misstatements;
- contains the information that is 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 in our audit of the financial statements or otherwise, we have considered whether the other information contains material misstatements.

By performing our 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 such procedures was substantially less than the scope of those performed in our audit of the financial statements.

Management is responsible for the preparation of the other information, including the directors' report and the other information in accordance with Part 9 of Book 2 of the Dutch Civil Code.

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**Report on other legal and regulatory requirements****Our appointment**

We were appointed as auditors of Veritas Petroleum Services B.V. in 2013 by the shareholders and reappointed annually, representing a total period of uninterrupted engagement appointment of five years.

**No prohibited non-audit services**

To the best of our knowledge and belief, we have not provided prohibited non-audit services as referred to in Article 5(1) of the European Regulation on specific requirements regarding statutory audit of public interest entities.



### ***Services rendered***

The services, in addition to the audit, that we have provided to the company and its controlled entities, for the period to which our statutory audit relates, are disclosed in note 47 to the financial statements.

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## ***Responsibilities for the financial statements and the audit***

### ***Responsibilities of management***

Management is responsible for:

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

As part of the preparation of the financial statements, management is responsible for assessing the company's ability to continue as a going concern. Based on the financial reporting frameworks mentioned, management should prepare the financial statements using the going-concern basis of accounting unless management either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so. Management should disclose events and circumstances that may cast significant doubt on the company's ability to continue as a going concern in the financial statements.

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### ***Our responsibilities for the audit of the financial statements***

Our responsibility is to plan and perform an audit engagement in a manner that allows us to obtain sufficient and appropriate audit evidence to provide a basis for our opinion. Our audit opinion aims to provide reasonable assurance about whether the financial statements are free from material misstatement. Reasonable assurance is a high but not absolute level of assurance which makes it possible that we may not detect all misstatements. Misstatements may arise due to fraud or error. They are considered to be 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.

Materiality affects the nature, timing and extent of our audit procedures and the evaluation of the effect of identified misstatements on our opinion.

A more detailed description of our responsibilities is set out in the appendix to our report.

Rotterdam, 19 April 2018  
PricewaterhouseCoopers Accountants N.V.

Original has been signed by W.F.J. Vermeulen RA



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## ***Appendix to our auditor's report on the financial statements 2017 of Veritas Petroleum Services B.V.***

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In addition to what is included in our auditor's report we have further set out in this appendix our responsibilities for the audit of the financial statements and explained what an audit involves.

### ***The auditor's responsibilities for the audit of the financial statements***

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 objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error. Our audit consisted, among other things of the following:

- Identifying and assessing the risks of material misstatement of the financial statements, whether due to fraud or error, designing and performing audit procedures responsive to those risks, and obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the intentional 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, concluding whether a material uncertainty exists related to events and/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 and are made in the context of our opinion on the financial statements as a whole. However, future events or conditions may cause the company to cease to continue as a going concern.
- Evaluating the overall presentation, structure and content of the financial statements, including the disclosures, and evaluating whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Considering our ultimate responsibility for the opinion on the company's consolidated financial statements we are responsible for the direction, supervision and performance of the group audit. In this context, we have determined the nature and extent of the audit procedures for components of the group to ensure that we performed enough work to be able to give an opinion on the financial statements as a whole. Determining factors are the geographic structure of the group, the significance and/or risk profile of group entities or activities, the accounting processes and controls, and the industry in which the group operates. On this basis, we selected group entities for which an audit or review of financial information or specific balances was considered necessary.



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

We provide management with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with management, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, not communicating the matter is in the public interest.