Veritas Petroleum Services B.V.

Quarterly report

31 December 2016

Q4 2016 Update from the board of directors

Financial performance

Veritas Petroleum Services B.V. and its subsidiaries, hereafter “the Group”, closed a relatively good quarter showing continuous price pressure, but also first signs of a growing contract base for testing services and solid growth for quantity services.

As a result of continuous focus on cost efficiencies, the expenses decreased to USD 8,432 thousand (Q4 2015: 9,131 thousand). The Group’s Q4 EBITDA decreased to USD 3,253 thousand in comparison to prior year (Q4 2015: USD 3,692 thousand), but showed an improvement compared to Q3 2016 (USD 3,170 thousand).

All figures are presented in accordance with the amended bond agreement (the Q4 and YTD 2015 figures are restated).
The exceptional expenses are reflecting, amongst others, the impact of the cost reduction programs.

The Group closed 2016 with a net loss of USD 1,463 thousand (2015: net profit of USD 404 thousand). Excluding the exceptional expenses the net result shows a profit of USD 1,609 thousand in 2016 (2015: net profit of 1,939 thousand).

The operating cash flow of 2016 was USD 3,492 thousand positive. The operating cash flow in comparison to prior year is impacted by an increase in exceptional expenses, a temporary increase in working capital and lower operational performance.

Organizational changes

No change have occurred within the board of directors of the Group in Q4 2016.

Stan Peeters
CFO VPS Group

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

For the quarter ended 31 December

In thousands of USD	Q4 2016 (Unaudited)	Q4 2015 (Unaudited) *)	YTD 2016 (Unaudited)	YTD 2015 (Audited) *)
Revenues	11,685	12,823	48,250	52,107
Payroll expenses	(5,190)	(5,013)	(21,713)	(22,050)
Other operating	(3,242)	(4,118)	(13,164)	(15,515)
	(8,432)	(9,131)	(34,877)	(37,565)
EBITDA **)	3,253	3,692	13,373	14,542
Depreciation & amortisation	(1,430)	(1,550)	(5,741)	(5,723)
Exceptional expenses **)	(762)	(620)	(3,072)	(1,535)
Operating profit	1,061	1,522	4,560	7,284
Interest income	97	78	364	80
Interest expense	(1,463)	(1,490)	(5,785)	(5,777)
Other financial expenses	(361)	294	(824)	(726)
Net Finance Costs	(1,727)	(1,118)	(6,245)	(6,423)
Result before tax	(666)	404	(1,685)	861
Tax expenses	(235)	(550)	222	(457)
Result after tax	(901)	(146)	(1,463)	404

*) See note 4 for details on restatement of 2015 results
**) In accordance with the amended bond agreement.

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

Condensed consolidated interim statement of financial position

In thousands of USD	31 December 2016 (Unaudited)	31 December 2015 (Audited) *)
Intangible Assets	43,414	46,849
Goodwill	64,258	64,258
Total Intangible Assets	107,672	111,107
Tangible Fixed Assets	13,283	13,351
Financial Fixed assets	285	290
Total Fixed Assets	121,240	124,748
Trade Debtors	5,653	5,212
Services to be invoiced	3,785	3,451
Other Current Assets	1,034	1,043
Cash & Banks	12,721	12,614
Total Current Assets	23,193	22,320
Total Assets	144,433	147,068

*) See note 4 for details on restatement between Q4 2015 reporting and restated Q4 2015 figures

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

Condensed consolidated interim statement of financial position

Balance Sheet - Equity & Liabilities

In thousands of USD	31 December 2016 (Unaudited)	31 December 2015 (Audited) *)
Share Capital	6,300	6,300
Share Premium	56,700	56,700
Free reserves/unrecovered loss	(11,205)	(11,612)
Current year result	(1,463)	404
Total Equity	50,332	51,792
Shareholder Loan	9,593	8,719
Bond	63,847	64,797
Employee Benefits	360	397
Deferred Tax	11,387	12,188
Non-current Liabilities	85,187	86,101
Trade Creditors	2,653	1,668
Tax payable	232	1,239
Other Short Term Liabilities	6,029	6,268
Current Liabilities	8,914	9,175
Total Liabilities	94,101	95,276
Total Equity & Liabilities	144,433	147,068

*) See note 4 for details on restatement between Q4 2015 reporting and restated Q4 2015 figures

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

Condensed consolidated interim statement of changes in equity

For the quarter ended 31 December

In thousands of USD	Equity
Balance at 31 December 2015 (audited)	**51,792**
Result for the period	(1,463)
Other Comprehensive Income	3
Balance at 31 December 2016 (unaudited)	**50,332**

Balance at 31 December 2014 (audited)	51,376
Result for the period	404
Other Comprehensive Income	12
Balance at 31 December 2015 (audited)	51,792

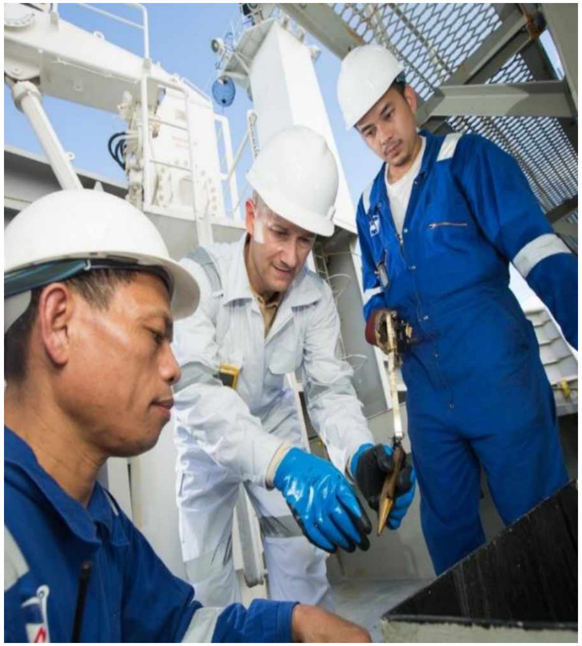
The explanatory notes on pages 8 till 13 are integral part of these (unaudited) condensed consolidated interim financial statements.

Condensed consolidated interim statement of cash flows

For the quarter ended 31 December

In thousands of USD	Ytd 2016 (Unaudited)	Ytd 2015 (Audited) *)
Cash flow from operating activities		
Profit before tax	(1,685)	861
Other cash generated from operating activities	5,177	6,339
Net cash from operating activities	3,492	7,200
Net cash used in investing activities	(2,233)	(2,447)
Net cash used in financing activities	(1,152)	(3,686)
Change in cash and cash equivalents	107	1,066
Cash and cash equivalents at 1 January	12,614	11,548
Cash and cash equivalents at 31 December	12,721	12,614

*) See note 4 for details on restatement between Q4 2015 reporting and audited figures 2015



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

Explanatory notes to condensed consolidated interim financial statements

1. Reporting entity

Veritas Petroleum Services B.V. is a company domiciled in The Netherlands. The condensed consolidated interim financial statements of the Company as at and for the twelve months ended 31 December 2016 comprise the Company and its subsidiaries (together referred to as the Group). The Group primarily provides testing and survey services to the Maritime industry.

2. Basis of accounting

This condensed consolidated interim financial report has been prepared in accordance with IAS 34 *Interim financial reporting*. It does not include all the information required for a complete set of IFRS financials statements. However, selected explanatory notes are included to explain events and transactions that are significant for an understanding of the changes in the Group's financial position and performance since the last annual consolidated financial statements as at and for the year ended 31 December 2015.

This condensed consolidated interim financial statement was authorised for issue by the Company's Board of Management on 28 February 2017.

3. Use of judgments and estimates

In preparing these condensed consolidated interim financial statements, management has made judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates. The significant judgements made by management in applying the group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements as at and for the year ended 31 December 2015.

4. Restatement of 2015 quarterly reports

The results presented for the period ending 31 December 2015 are different from what was published last year. The 2015 quarterly results were prepared with the best knowledge available at that time but in the course of 2015 better insight has developed as a result of amongst others compliance with IFRS reporting and annual closing 2015. Moreover in January 2017 the bond agreement has been amended. The 2015 quarterly results have been changed accordingly for comparison purposes. An overview of the differences is presented below.

Explanatory notes to condensed consolidated interim financial statements

In thousands of USD	YTD 31 December 2015 as reported February 2016 (Unaudited)	Restatements / Adjustments (Unaudited)	YTD 31 December 2015 Restated (Audited)	Comments
Revenues	52,107	-	52,107	
Payroll expenses	(22,230)	180	(22,050)	Reclassification exceptionals items
Other operating expenses	(15,426)	(89)	(15,515)	Reclassification funding costs and exceptionals items
	(37,656)	91	(37,565)	
EBITDA	**14,451**	**91**	**14,542**	
Depreciation & amortisation	(5,587)	(136)	(5,723)	Adjustment arising from 2015 audit
Exceptional expenses	(1,445)	(90)	(1,535)	Reclassification exceptionals items
Operating profit	**7,419**	**(135)**	**7,284**	
Interest income	55	25	80	Reclassification arising from 2015 audit
Interest expense	(5,751)	(26)	(5,777)	Reclassification arising from 2015 audit
Other financial expenses	(609)	(117)	(726)	Reclassification funding costs and exceptionals items & Adjustment arising from 2015 audit
Net Finance Costs	**(6,305)**	**(118)**	**(6,423)**	
Result before tax	**1,114**	**(253)**	**861**	
Tax expenses	(604)	147	(457)	Adjustment arising from 2015 audit
Result after tax	**510**	**(106)**	**404**	

Explanatory notes to condensed consolidated interim financial statements

In thousands of USD	31 December 2015 as reported February 2016 (Unaudited)	Restatements / Adjustments (Unaudited)	31 December 2015 Restated (Audited)	Comments
Intangible Assets	47,500	(651)	46,849	Reclassification Software investments & adjustment arising from 2015 audit
Goodwill	64,258	-	64,258	
Total Intangible Assets	111,758	(651)	111,107	
Tangible Fixed Assets	12,839	512	13,351	Reclassification Software investments
Financial Fixed assets	345	(55)	290	Adjustment arising from 2015 audit
Total Fixed Assets	124,942	(194)	124,748	
Trade Debtors	4,919	293	5,212	Reclassifcation bond interest receivable & adjustment arising from 2015 audit
Services to be invoiced	3,451	-	3,451	
Other Current Assets	578	465	1,043	Reclassifcation VAT & bond interest receivable
Cash & Banks	12,614	-	12,614	
Total Current Assets	21,562	758	22,320	
Total Assets	146,504	564	147,068	

Explanatory notes to condensed consolidated interim financial statements

In thousands of USD	31 December 2015 as reported February 2016 (Unaudited)	Restatements / Adjustments (Unaudited)	31 December 2015 Restated (Audited)	Comments
Share Capital	6,300	-	6,300	
Share Premium	56,700	-	56,700	
Free reserves/unrecovered loss	(11,647)	35	(11,612)	Adjustment arising from 2015 audit
Current year result	510	(106)	404	Adjustment arising from 2015 audit
Total Equity	51,863	(71)	51,792	
Shareholder Loan	8,719	-	8,719	
Bond	64,797	-	64,797	
Employee Benefits	397	-	397	
Deferred Tax	12,188	-	12,188	
Non-current Liabilities	86,101	-	86,101	
Trade Creditors	1,597	71	1,668	Adjustment arising from 2015 audit
Tax payable	921	318	1,239	Reclassifcation VAT & adjustment arising from 2015 audit
Other Short Term Liabilities	6,022	246	6,268	Adjustment arising from 2015 audit
Current Liabilities	8,540	635	9,175	
Total Liabilities	94,641	635	95,276	
Total Equity & Liabilities	146,504	564	147,068	

Explanatory notes to condensed consolidated interim financial statements

5. Significant accounting policies

The accounting policies applied in these condensed consolidated interim financial statements are the same as those applied in the Group's consolidated financial statements as at and for the year ended 31 December 2015. The following new or amended standards, which became effective in 2016, are not expected to have a significant impact on the Group's financial performance or disclosure:

- Amendments resulting from Annual Improvements to IFRSs 2014 cycle

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

6. Operating segments

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

7. Tax Expense

Tax expense is recognised based on management's best estimate of the weighted-average annual income tax rate expected for the full financial year multiplied by the pre-tax income of the interim reporting period. The Group's consolidated average tax rate is in respect of continuing operations for the twelve months ended 31 December 2016 22% (twelve months ended 31 December 2015: 23%).

8. Loan Covenants

The Group needs to be compliant with the stipulations in the loan covenant requirements of the bond agreement. As per 31 December 2016 the Group meets the requirements of the loan covenant as stipulated in the bond agreement.

Explanatory notes to condensed consolidated interim financial statements

9. Net finance costs

The change in net finance costs is mainly caused by the borrowing structure of the Group. The decreased finance costs is caused by the gains resulted from the bond buy-back which is offset by the currency exchange results and shareholder interest costs. Starting 2016 the interest income bond buy-back concerns the income in interest as result of the bond buy back in 2015 and Q1 2016. The net finance costs of the Group is as follows.

In thousands of USD	Q4 2016 (Unaudited)	Q4 2015 (Unaudited) *)	YTD 2016 (Unaudited)	YTD 2015 (Audited) *)
Interest costs shareholdersloan 10%	(227)	(207)	(874)	(793)
Interest cost bond loan 7%	(1,225)	(1,225)	(4,900)	(4,900)
Interest income bond buy-back	87	25	350	25
Net currency exchange effects	(133)	7	(69)	(25)
Other financial income (expense)	(219)	336	(742)	(676)
Net finance costs	(1,717)	(1,064)	(6,235)	(6,369)

*) See note 4 for details on restatement of 2015 results

10. Subsequent events

There have been no subsequent events between the period ending 31 December 2016 and the release for publication of these consolidated interim financial statements on 28 February 2017 except for the fact that in January 2017 the bond agreement has been amended.

About the Group

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

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

Company contact

Investor relations

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

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