



Veritas Petroleum  
Services B.V.

Quarterly report

30 June 2017



## Q2 2017 Update from the board of directors

### Financial performance

Veritas Petroleum Services B.V. and its subsidiaries, hereafter “the Group”, similar to Q1 2017 closed a quarter showing increased volumes in testing and surveys but still experienced continued price pressure.

Furthermore, the cost control measures continue to show effect resulting in a decrease of the expenses in Q2 in comparison to prior year. The expenses decreased to USD 8,611 thousand (Q2 2016: 8,767 thousand).

The Group’s Q2 EBITDA decreased to USD 3,222 thousand in comparison to prior year (Q2 2016: USD 3,533 thousand). The exceptional expenses are reflecting, amongst others, the impact of the cost reduction programs.

The Group closed Q2 2017 with a net profit of USD 64 thousand (Q2 2016: net loss of USD 479 thousand). Excluding the exceptional expenses the net result shows a profit of USD 257 thousand in Q2 2017 (Q2 2016: net profit of 654 thousand).

The operating cash flow in Q2 2017 was USD 428 thousand positive. The operating cash flow in comparison to prior year is impacted by a decrease in working capital versus prior year.

### Organizational changes

There are no significant organizational changes to report on in Q2 2017.

Malcolm Cooper  
Managing Director VPS Group



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

For the quarter ended 30 June

<i>In thousands of USD</i>	Q2 2017 (Unaudited)	Q2 2016 (Unaudited) *)	YTD 2017 (Unaudited)	YTD 2016 (Unaudited) *)
Revenues	11,833	12,300	23,480	24,797
Payroll expenses	(5,451)	(5,494)	(11,027)	(11,269)
Other operating expenses	(3,160)	(3,273)	(6,222)	(6,579)
	(8,611)	(8,767)	(17,249)	(17,848)
<b>EBITDA **)</b>	<b>3,222</b>	<b>3,533</b>	<b>6,231</b>	<b>6,949</b>
Depreciation & amortisation	(1,486)	(1,443)	(2,942)	(2,868)
Exceptional expenses **)	(193)	(1,133)	(424)	(1,329)
<b>Operating profit</b>	<b>1,543</b>	<b>957</b>	<b>2,865</b>	<b>2,752</b>
Interest income	91	87	182	176
Interest expense	(1,464)	(1,439)	(2,917)	(2,874)
Other financial expenses	(257)	(243)	(492)	(241)
<b>Net Finance Costs</b>	<b>(1,630)</b>	<b>(1,595)</b>	<b>(3,227)</b>	<b>(2,939)</b>
<b>Result before tax</b>	<b>(87)</b>	<b>(638)</b>	<b>(362)</b>	<b>(187)</b>
Tax expenses	151	159	352	296
<b>Result after tax</b>	<b>64</b>	<b>(479)</b>	<b>(10)</b>	<b>109</b>



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

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

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

## Condensed consolidated interim statement of financial position

### Balance Sheet - Assets

<i>In thousands of USD</i>	30 June 2017 (Unaudited)	30 June 2016 (Unaudited) *	31 December 2016 (Audited)
Intangible Assets	41,532	44,939	43,884
Goodwill	64,258	64,258	64,258
<b>Total Intangible Assets</b>	<b>105,790</b>	<b>109,197</b>	<b>108,142</b>
Tangible Fixed Assets	12,216	13,164	12,338
Financial Fixed assets	264	276	274
<b>Total Fixed Assets</b>	<b>118,270</b>	<b>122,637</b>	<b>120,754</b>
Trade Debtors	5,655	6,695	5,812
Services to be invoiced	3,497	3,762	3,756
Other Current Assets	1,586	1,457	1,252
Cash & Banks	12,691	9,865	12,721
<b>Total Current Assets</b>	<b>23,429</b>	<b>21,779</b>	<b>23,541</b>
<b>Total Assets</b>	<b>141,699</b>	<b>144,416</b>	<b>144,295</b>



\*) See note 4 for details on restatement between Q2 2016 reporting and restated Q2 2016 figures

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





## Condensed consolidated interim statement of financial position

### Balance Sheet - Equity & Liabilities

<i>In thousands of USD</i>	30 June 2017 (Unaudited)	30 June 2016 (Unaudited) *)	31 December 2016 (Audited)
Share Capital	6,300	6,300	6,300
Share Premium	56,700	56,700	56,700
Free reserves/unrecovered loss	(13,558)	(11,208)	(11,205)
Current year result	(10)	109	(2,353)
<b>Total Equity</b>	<b>49,432</b>	<b>51,901</b>	<b>49,442</b>
Shareholder Loan	10,057	9,143	9,593
Bond	63,869	63,764	64,208
Employee Benefits	391	447	359
Deferred Tax	10,970	11,796	11,363
<b>Non-current Liabilities</b>	<b>85,287</b>	<b>85,150</b>	<b>85,523</b>
Trade Creditors	1,586	1,073	2,660
Tax payable	335	275	533
Other Short Term Liabilities	5,059	6,017	6,137
<b>Current Liabilities</b>	<b>6,980</b>	<b>7,365</b>	<b>9,330</b>
<b>Total Liabilities</b>	<b>92,267</b>	<b>92,515</b>	<b>94,853</b>
<b>Total Equity &amp; Liabilities</b>	<b>141,699</b>	<b>144,416</b>	<b>144,295</b>



\*) See note 4 for details on restatement between Q2 2016 reporting and restated Q2 2016 figures

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



## Condensed consolidated interim statement of changes in equity

### For the quarter ended 30 June

<i>In thousands of USD</i>	Equity
<b>Balance at 31 December 2016 (audited)</b>	<b>49,442</b>
Result for the period	(10)
Other Comprehensive Income	-
<b>Balance at 30 June 2017 (unaudited)</b>	<b>49,432</b>
<b>Balance at 31 December 2015 (audited)</b>	<b>51,792</b>
Result for the period	109
Other Comprehensive Income	-
<b>Balance at 30 June 2016 (unaudited)</b>	<b>51,901</b>



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

## Condensed consolidated interim statement of cash flows

For the quarter ended 30 June

<i>In thousands of USD</i>	Ytd 2017 (Unaudited)	Ytd 2016 (Unaudited) *)
<b>Cash flow from operating activities</b>		
Profit before tax	(362)	(187)
Other cash generated from operating activities	790	(652)
Net cash from operating activities	428	(839)
Net cash used in investing activities	(458)	(758)
Net cash used in financing activities	-	(1,152)
Change in cash and cash equivalents	(30)	(2,749)
Cash and cash equivalents at 1 January	12,721	12,614
<b>Cash and cash equivalents at 30 June</b>	<b>12,691</b>	<b>9,865</b>

\*) See note 4 for details on restatement between Q2 2016 reporting and audited figures 2016



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



## Explanatory notes to condensed consolidated interim financial statements

### 1. Reporting entity

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

### 2. Basis of accounting

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

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

### 3. Use of judgments and estimates

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

### 4. Restatement of 2016 quarterly reports

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



## Explanatory notes to condensed consolidated interim financial statements

### Income statement

<i>In thousands of USD</i>	YTD 30 June 2016 as reported August 2016 (Unaudited)	Restatements / Adjustments (Unaudited)	YTD 30 June 2016 Restated (Unaudited)	Comments
Revenues	24,797	-	24,797	
Payroll expenses	(11,876)	607	(11,269)	Reclassification exceptional items in accordance with bond amendment
Other operating expenses	(6,675)	96	(6,579)	Reclassification exceptional items in accordance with bond amendment
	(18,551)	703	(17,848)	
<b>EBITDA</b>	<b>6,246</b>	<b>703</b>	<b>6,949</b>	
Depreciation & amortisation	(2,869)	1	(2,868)	Rounding
Exceptional expenses	(625)	(704)	(1,329)	Reclassification exceptional items in accordance with bond amendment
<b>Operating profit</b>	<b>2,752</b>	<b>-</b>	<b>2,752</b>	
Interest income	177	(1)	176	Rounding
Interest expense	(2,874)	-	(2,874)	
Other financial expenses	(245)	4	(241)	Reclassification exceptional items in accordance with bond amendment
<b>Net Finance Costs</b>	<b>(2,942)</b>	<b>3</b>	<b>(2,939)</b>	
<b>Result before tax</b>	<b>(190)</b>	<b>3</b>	<b>(187)</b>	
Tax expenses	296	-	296	
<b>Result after tax</b>	<b>106</b>	<b>3</b>	<b>109</b>	

## Explanatory notes to condensed consolidated interim financial statements

### Balance Sheet - Assets

<i>In thousands of USD</i>	30 June 2016 as reported August 2016 (Unaudited)	Restatements / Adjustments (Unaudited)	30 June 2016 Restated (Unaudited)	Comments
Intangible Assets	44,939	-	44,939	
Goodwill	64,258	-	64,258	
<b>Total Intangible Assets</b>	<b>109,197</b>	<b>-</b>	<b>109,197</b>	
Tangible Fixed Assets	13,164	-	13,164	
Financial Fixed assets	276	-	276	
<b>Total Fixed Assets</b>	<b>122,637</b>	<b>-</b>	<b>122,637</b>	
Trade Debtors	6,503	192	6,695	Alignment mapping of accounts with financial statements
Services to be invoiced	3,762	-	3,762	
Other Current Assets	1,438	19	1,457	Alignment mapping of accounts with financial statements
Cash & Banks	9,865	-	9,865	
<b>Total Current Assets</b>	<b>21,568</b>	<b>211</b>	<b>21,779</b>	
<b>Total Assets</b>	<b>144,205</b>	<b>211</b>	<b>144,416</b>	

## Explanatory notes to condensed consolidated interim financial statements

### Balance Sheet - Equity & Liabilities

<i>In thousands of USD</i>	30 June 2016 as reported August 2016 (Unaudited)	Restatements / Adjustments (Unaudited)	30 June 2016 Restated (Unaudited)	Comments
Share Capital	6,300	-	6,300	
Share Premium	56,700	-	56,700	
Free reserves/unrecovered loss	(11,208)	-	(11,208)	
Current year result	106	3	109	
<b>Total Equity</b>	<b>51,898</b>	<b>3</b>	<b>51,901</b>	
Shareholder Loan	9,143	-	9,143	
Bond	64,078	(314)	63,764	Adjustment arising from 2016 audit
Employee Benefits	446	1	447	Rounding
Deferred Tax	11,796	-	11,796	
<b>Non-current Liabilities</b>	<b>85,463</b>	<b>(313)</b>	<b>85,150</b>	
Trade Creditors	1,073	-	1,073	
Tax payable	228	47	275	Alignment mapping of accounts with financial statements
Other Short Term Liabilities	5,543	474	6,017	Alignment mapping of accounts with financial statements
<b>Current Liabilities</b>	<b>6,844</b>	<b>521</b>	<b>7,365</b>	
<b>Total Liabilities</b>	<b>92,307</b>	<b>208</b>	<b>92,515</b>	
<b>Total Equity &amp; Liabilities</b>	<b>144,205</b>	<b>211</b>	<b>144,416</b>	

## Explanatory notes to condensed consolidated interim financial statements

### 5. Significant accounting policies

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

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

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

### 6. Operating segments

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

### 7. Tax Expense

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

### 8. Loan Covenants

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



## Explanatory notes to condensed consolidated interim financial statements

### 9. Net finance costs

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

<i>In thousands of USD</i>	Q2 2017 (Unaudited)	Q2 2016 (Unaudited) *)	YTD 2017 (Unaudited)	YTD 2016 (Unaudited) *)
Interest costs shareholdersloan 10%	(236)	(214)	(464)	(424)
Interest cost bond loan 7%	(1,225)	(1,225)	(2,450)	(2,450)
Interest income bond buy-back	87	87	175	175
Net currency exchange effects	56	(23)	100	67
Other financial income (expense)	(312)	(220)	(588)	(307)
<b>Net finance costs</b>	<b>(1,630)</b>	<b>(1,595)</b>	<b>(3,227)</b>	<b>(2,939)</b>

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

### 10. Subsequent events

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

## About the Group

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

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

## Company contact

### *Investor relations*

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

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