Veritas Petroleum Services B.V.

Quarterly report

31 March 2018

Q1 2018 Update from the board of directors

Financial performance

Veritas Petroleum Services B.V. and its subsidiaries, hereafter "the Group", closed a quarter showing increased revenues as a result of accelerated volumes. While the Group is still experiencing some market driven price pressure, the extent has lessened from previous quarters.

In addition, on 31 January 2018, the Group acquired 100% of the shares in Transoil Laboratory Ltd based in Manchester, United Kingdom leading to additional revenues in Q1 2018 for USD 0.3 million.

As a result, revenues increased to USD 12,275 thousand in Q1 2018 in comparison to USD 11,647 thousand in Q1 2017.

Furthermore, the cost control measures continue to show effect in Q1 2018 in comparison to Q1 2017, although partly offset by exchange rate results.

The Group's Q1 EBITDA increased to USD 3,422 thousand in comparison to prior year (Q1 2017: USD 3,009 thousand) and the Group's Q1 Operating profit increased to USD 1,700 thousand in comparison to prior year (Q1 2017: USD 1,322 thousand).

The Group closed Q1 2018 with a net profit of USD 152 thousand (Q1 2017: net loss of USD 74 thousand).

The operating cash flow in YTD Q1 2018 was USD 1,060 thousand negative, versus a negative cash flow of USD 2,324 YTD Q1 2017.

Organizational changes

On 31 January 2018, the Group acquired 100% of the shares in Transoil Laboratory Ltd based in Manchester, United Kingdom. There are no other significant organizational changes to report in Q1 2018.

Malcolm Cooper
Managing Director VPS Group

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

For the quarter ended 31 March

In thousands of USD	Q1 2018 (Unaudited)	Q1 2017 (Unaudited) *	YTD 2018 (Unaudited)	YTD 2017 (Unaudited) *
Revenues	12,275	11,647	12,275	11,647
Payroll expenses	(5,611)	(5,576)	(5,611)	(5,576)
Other operating expenses	(3,242)	(3,062)	(3,242)	(3,062)
	(8,853)	(8,638)	(8,853)	(8,638)
EBITDA **	3,422	3,009	3,422	3,009
Depreciation & amortisation	(1,487)	(1,456)	(1,487)	(1,456)
Exceptional expenses **	(235)	(231)	(235)	(231)
Operating profit	1,700	1,322	1,700	1,322
Interest income	97	91	97	91
Interest expense	(1,511)	(1,453)	(1,511)	(1,453)
Other financial expenses	(339)	(235)	(339)	(235)
Net Finance Costs ***	(1,753)	(1,597)	(1,753)	(1,597)
Result before tax	(53)	(275)	(53)	(275)
Tax expenses	205	201	205	201
Result after tax	152	(74)	152	(74)

* See note 4 for details on restatement of the Q1 2017 results
** In accordance with the amended bond agreement
*** See note 9 for details on the comparison of 2018 with 2017

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

In thousands of USD	31 March 2018 (Unaudited)	31 March 2017 (Unaudited) *	31 December 2017 (Audited) *
Intangible Assets	42,984	43,635	40,115
Goodwill	71,277	64,258	64,258
Total Intangible Assets	114,261	107,893	104,373
Tangible Fixed Assets	11,962	11,949	11,757
Financial Fixed assets	305	236	304
Total Fixed Assets	126,528	120,078	116,434
Trade Debtors	7,116	5,657	5,828
Services to be invoiced	3,532	3,830	3,235
Other Current Assets	1,539	1,695	1,186
Cash & Banks	7,744	9,618	15,669
Total Current Assets	19,931	20,799	25,918
Total Assets	146,459	140,877	142,352

* See note 4 for details on restatement between Q1 2017 reporting and restated Q1 2017 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 March 2018 (Unaudited)	31 March 2017 (Unaudited) *	31 December 2017 (Audited) *
Share Capital	6,300	6,300	6,300
Share Premium	56,700	56,700	56,700
Free reserves/unrecovered loss	(13,907)	(13,558)	(13,591)
Current year result	152	(74)	(316)
Total Equity	49,245	49,368	49,093
Shareholder Loan	14,338	9,821	10,552
Bond	64,334	64,347	64,184
Employee Benefits	479	376	474
Deferred Tax	11,042	11,167	10,482
Non-current Liabilities	90,193	85,711	85,692
Trade Creditors	1,326	1,129	2,088
Tax payable	666	395	687
Other Short Term Liabilities	5,029	4,275	4,792
Current Liabilities	7,021	5,798	7,567
Total Liabilities	97,214	91,509	93,259
Total Equity & Liabilities	146,459	140,877	142,352

* See note 4 for details on restatement between Q1 2017 reporting and restated Q1 2017 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 March

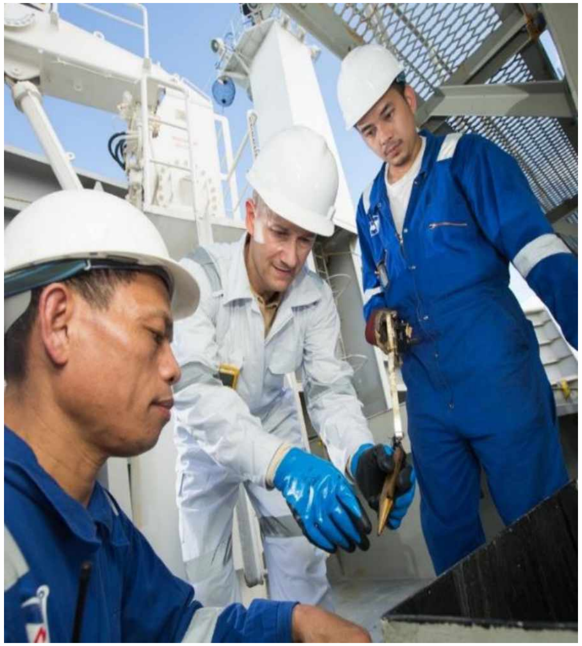
In thousands of USD	Equity
Balance at 31 December 2017 (audited)	**49,093**
Result for the period	152
Other Comprehensive Income	-
Balance at 31 March 2018 (unaudited)	**49,245**
Balance at 31 December 2016 (audited)	49,442
Result for the period	(74)
Other Comprehensive Income	-
Balance at 31 March 2017 (unaudited)	49,368

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 March

In thousands of USD	Ytd Q1 2018 (Unaudited)	Ytd Q1 2017 (Unaudited) **
Cash flow from operating activities		
Profit before tax	(53)	(275)
Other cash generated from operating activities	(1,007)	(2,049)
Net cash from operating activities	(1,060)	(2,324)
Net cash used in investing activities ***	(10,726)	(778)
Net cash used in financing activities ****	3,500	-
Change in cash and cash equivalents	(8,286)	(3,102)
Cash and cash equivalents at 1 January	15,669	12,721
Cash opening balance acquired Group companies	360	-
Cash and cash equivalents at 31 March	7,743	9,619



** See note 4 for details on restatement between Q1 2017 reporting and restated Q1 2017 figures

*** Includes amongst others the cash outflow related to the acquisition of Transoil Laboratory Ltd on 31 January 2018

**** Financing obtained for the acquisition of Transoil Laboratory Ltd on 31 January 2018

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 three months ended 31 March 2018 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 2017.

This condensed consolidated interim financial statement was authorised for issue by the Company's Board of Management on 30 May 2018.

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 2017.

4. Restatement of 2017 quarterly reports

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

Explanatory notes to condensed consolidated interim financial statements

Income statement

In thousands of USD	YTD 31 March 2017 as reported May 2018 (Unaudited)	Restatements / Adjustments (Unaudited)	YTD March 2017 Restated (Unaudited)	Comments
Revenues	11,647	0	11,647	
Payroll expenses	(5,576)	0	(5,576)	
Other operating expenses	(3,062)	0	(3,062)	
	(8,638)	0	(8,638)	
EBITDA	**3,009**	**0**	**3,009**	
Depreciation & amortisation	(1,456)	(0)	(1,456)	
Exceptional expenses	(231)	0	(231)	
Operating profit	**1,322**	**(0)**	**1,322**	
Interest income	91	(0)	91	
Interest expense	(1,453)	(0)	(1,453)	
Other financial expenses	(235)	(0)	(235)	
Net Finance Costs	**(1,597)**	**0**	**(1,597)**	
Result before tax	**(275)**	**0**	**(275)**	
Tax expenses	201	(0)	201	
Result after tax	**(74)**	**(0)**	**(74)**	

Explanatory notes to condensed consolidated interim financial statements

Balance Sheet - Assets

In thousands of USD	31 March 2017 as reported May 2017 (Unaudited)	Restatements / Adjustments (Unaudited)	31 March 2017 Restated (Unaudited)	Comments
Intangible Assets	43,633	2	43,635	Rounding
Goodwill	64,258	(0)	64,258	
Total Intangible Assets	107,891	2	107,893	
Tangible Fixed Assets	11,949	0	11,949	
Financial Fixed assets	236	(0)	236	
Total Fixed Assets	120,076	2	120,078	
Trade Debtors	5,640	17	5,657	Allignment mapping of accounts with financial statements
Services to be invoiced	3,830	0	3,830	
Other Current Assets	1,658	37	1,695	Allignment mapping of accounts with financial statements
Cash & Banks	9,619	- 1	9,618	Rounding
Total Current Assets	20,747	52	20,799	
Total Assets	140,823	54	140,877	

Explanatory notes to condensed consolidated interim financial statements

Balance Sheet - Equity & Liabilities

In thousands of USD	31 March 2017 as reported May 2017 (Unaudited)	Restatements / Adjustments (Unaudited)	31 March 2017 Restated (Unaudited)	Comments
Share Capital	6,300	0	6,300	
Share Premium	56,700	0	56,700	
Free reserves/unrecovered loss	(13,558)	0	(13,558)	
Current year result	(74)	(0)	(74)	
Total Equity	49,368	(0)	49,368	
Shareholder Loan	9,821	0	9,821	
Bond	64,347	0	64,347	
Employee Benefits	352	24	376	Allignment mapping of accounts with financial statements
Deferred Tax	11,191	(24)	11,167	Allignment mapping of accounts with financial statements
Non-current Liabilities	85,711	0	85,711	
Trade Creditors	1,128	1	1,129	Rounding
Tax payable	357	38	395	Allignment mapping of accounts with financial statements
Other Short Term Liabilities	4,259	16	4,275	Allignment mapping of accounts with financial statements
Current Liabilities	5,744	54	5,798	
Total Liabilities	91,455	54	91,509	
Total Equity & Liabilities	140,823	54	140,877	

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 2017. The following new or amended standards, which became effective in 2018, do not have a significant impact on the Group's financial performance or disclosure:

- Amendments resulting from Annual Improvements to IFRS standards
- Introduction of IFRS 9 “Financial Instruments” and IFRS 15 “Revenue from Contracts with Customers”

The Group is assessing the potential impact on its financial performance or disclosure resulting from the future application of IFRS 16. The impact of IFRS 16 (effective from financial year 2019) on the balance sheet and the income statement will be disclosed in more detail in the annual report of financial year 2018. The current expectation is that the EBITDA will be positively impacted and the annual result will be remain unchanged.

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 three months ended 31 March 2018 22% (three months ended 31 March 2017: 22%).

8. Loan Covenants

The Group needs to be compliant with the stipulations in the loan covenant requirements of the bond agreement. As per 31 March 2018 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 during financial year 2018 in comparison to financial year 2017 is mainly caused by the borrowing structure of the Group and financial year closing adjustments.

The increased net finance costs is caused by the increased interest for the shareholder loan and an increase in the other financial expenses in Q1 2018 in comparison to Q1 2017 with regards to the amortisation of the finance expenses regarding the bond amendment in 2017 and foreign currency exchange effects.

The net finance costs of the Group is as follows.

In thousands of USD	**Q1 2018 (Unaudited)**	Q1 2017 (Unaudited) *	**YTD 2018 (Unaudited)**	YTD 2017 (Unaudited) *
Interest costs shareholdersloan 10%	**(286)**	(228)	**(286)**	(228)
Interest cost bond loan 7%	**(1,225)**	(1,225)	**(1,225)**	(1,225)
Interest income bond buy-back	**88**	88	**88**	88
Net currency exchange effects	**46**	44	**46**	44
Other financial income (expense)	**(376)**	(275)	**(376)**	(275)
Net finance costs	**(1,753)**	(1,597)	**(1,753)**	(1,597)

* See note 4 for details on restatement of the Q1 2017 results

About the Group

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

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

Company contact

Investor relations

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

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