



Veritas Petroleum  
Services B.V.

Quarterly report

30 September  
2015



## Q3 2015 Update from the board of directors

### Financial performance

Veritas Petroleum Services B.V. and its subsidiaries, hereafter “the Group” experienced a stable Q3 2015. Challenging markets wherein the Group operates however still demand intensive focus. Revenue developments were as expected both on testing services and surveys. Overall EBITDA is in line with expectations.

The overall sales of the group showed a slight decrease of 2.2% vs Q3 2014. On YTD basis sales increased by 0.9%.

Testing volumes YTD show a stable performance in comparison to prior year and survey volumes continue to show strong growth.

Costs (adjusted for post-acquisition related costs) of the Group in Q3 2015 were 9.4% lower than Q3 2014 (YTD 2.6%) reflecting amongst others the impact of the USD-EUR rate on our Europe cost base. As a result the Group’s Q3 2015 EBITDA increased to USD 3,606 thousand (2014: USD 2,918 thousand).

The Group closed Q3 2015 financials with a net profit of USD 386 thousand (2014: net loss of USD 100 thousand).

Both exceptional items and capital expenditures are significantly lower than last year reflecting the ending of carve out activities and leading to increase in cash.

### Organizational changes

No changes have occurred within the board of directors of the Group up and till the date of this quarterly report. The supervisory board of VPS announced that effective 1 October 2015 John Notman-Watt is replaced by Thomas Klitbo as chairman in the Supervisory Board. John Notman-Watt remains a member of the Supervisory Board.

Gerard Rohaan  
CEO VPS Group

Stan Peeters  
CFO VPS Group

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

For the quarter ended 30 September

<i>In thousands of USD</i>	Q3 2015 (Unaudited)	Q3 2014 (Unaudited) *)	YTD 2015 (Unaudited)	YTD 2014 (Unaudited) *)
<b>Revenues</b>	13,048	13,339	39,284	38,917
Payroll expenses	{5,579}	{5,955}	{17,185}	{17,031}
Other operating expenses	{3,863}	{4,467}	{11,599}	{12,519}
	<b>{9,442}</b>	<b>{10,422}</b>	<b>{28,784}</b>	<b>{29,550}</b>
<b>EBITDA</b>	<b>3,606</b>	<b>2,918</b>	<b>10,500</b>	<b>9,368</b>
Depreciation & amortisation	{1,381}	{1,334}	{4,173}	{4,035}
Known exceptional items	{318}	{189}	{953}	{2,297}
<b>Operating profit</b>	<b>1,907</b>	<b>1,396</b>	<b>5,374</b>	<b>3,037</b>
Interest income	0	4	2	6
Interest expense	{1,427}	{1,409}	{4,287}	{4,626}
Other financial expenses	{236}	{90}	{632}	{147}
<b>Net Finance Costs **</b>	<b>{1,663}</b>	<b>{1,495}</b>	<b>{4,917}</b>	<b>{4,767}</b>
<b>Result before tax</b>	<b>244</b>	<b>{100}</b>	<b>457</b>	<b>{1,731}</b>
Tax expenses	142	-	93	-
<b>Result after tax</b>	<b>386</b>	<b>{100}</b>	<b>550</b>	<b>{1,731}</b>



\*) See note 4 for details on restatement of 2014 results

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

	30 September 2015 (Unaudited)	30 September 2014 (Unaudited) *)	31 December 2014 (Audited)
<i>In thousands of USD</i>			
Intangible Assets	43,933	47,361	46,103
Goodwill	64,258	64,258	64,258
<b>Total Intangible Assets</b>	<b>108,191</b>	<b>111,619</b>	<b>110,361</b>
Tangible Fixed Assets	16,777	17,115	17,376
Financial Fixed assets	497	885	619
<b>Total Fixed Assets</b>	<b>125,465</b>	<b>129,619</b>	<b>128,356</b>
Trade Debtors	6,146	9,218	7,477
Services to be invoiced	3,065	3,159	3,102
Other Current Assets	510	1,923	1,458
Cash & Banks	13,162	8,336	11,548
<b>Total Current Assets</b>	<b>22,883</b>	<b>22,636</b>	<b>23,585</b>
<b>Total Assets</b>	<b>148,348</b>	<b>152,255</b>	<b>151,941</b>



\*) See note 4 for details on restatement of 2014 results

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

	30 September 2015 (Unaudited)	30 September 2014 (Unaudited) *)	31 December 2014 (Audited)
<i>In thousands of USD</i>			
Share Capital	6,300	6,300	6,300
Share Premium	56,700	56,700	56,700
Free reserves/unrecovered loss	(11,624)	(9,139)	(9,448)
Current year result	550	(1,731)	(2,176)
<b>Total Equity</b>	<b>51,926</b>	<b>52,130</b>	<b>51,376</b>
Shareholder Loan	8,512	7,738	7,926
Bond	68,954	68,491	68,514
Employee Benefits	339	486	823
Deferred Tax	12,163	12,643	12,751
<b>Non-current Liabilities</b>	<b>89,968</b>	<b>89,358</b>	<b>90,014</b>
Trade Creditors	958	2,958	2,006
Tax payable	109	1,254	1,358
Other Short Term Liabilities	5,387	6,555	7,187
<b>Current Liabilities</b>	<b>6,454</b>	<b>10,767</b>	<b>10,551</b>
<b>Total Liabilities</b>	<b>96,422</b>	<b>100,125</b>	<b>100,565</b>
<b>Total Equity &amp; Liabilities</b>	<b>148,348</b>	<b>152,255</b>	<b>151,941</b>



\*) See note 4 for details on restatement of 2014 results

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

## Condensed consolidated interim statement of changes in equity

For the quarter ended 30 September

<i>In thousands of USD</i>	Equity
<b>Balance at 1 januari 2015 (audited)</b>	51,376
Total Comprehensive income	550
<b>Balance at 30 September 2015 (unaudited)</b>	51,926
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<b>Balance at 1 januari 2014 (audited)</b>	53,861
Total Comprehensive income	(1,731)
<b>Balance at 30 September 2014 (unaudited)</b>	52,130



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

## Condensed consolidated interim statement of cash flows

### For the quarter ended 30 September

<i>In thousands of USD</i>	Ytd 2015 (Unaudited)	Ytd 2014 (Unaudited)
<b>Cash flow from operating activities</b>		
Net profit *)	457	(1,731)
Cash generated from operating activities	2,439	2,718
Net cash from operating activities	2,896	987
Net cash used in investing activities	(1,282)	(4,693)
Net cash used in financing activities	-	-
Change in cash and cash equivalents	1,614	(3,706)
Cash and cash equivalents at 31 December prior year	11,548	12,042
<b>Cash and cash equivalents at 30 September 2015</b>	<b>13,162</b>	<b>8,336</b>

\*) See note 4 for details on restatement of 2014 results



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

## Explanatory notes to condensed consolidated interim financial statements

### 1. Reporting entity

Veritas Petroleum Services B.V. is a company domiciled in The Netherlands. The condensed consolidated interim financial statements of the Company as at and for the nine months ended 30 September 2015 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 2014.

This condensed consolidated interim financial statement was authorised for issue by the Company's Board of Management on 27 November 2015.

### 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 2014.

### 4. Restatement of 2014 quarterly reports

The results presented here for the period ending 30 September 2014 are different from what was published last year. The 2014 quarterly results were prepared with the best knowledge available at that time but in the course of 2014 better insight has developed as a result of amongst others PPA valuation, set up of IFRS reporting and annual closing 2014. The 2014 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

<i>In thousands of USD</i>	YTD 30 September 2014 as reported Oct-2014 (Unaudited)	Restatements / Adjustments (Unaudited)	YTD 30 September 2014 Restated (Unaudited)	Comments
<b>Revenues</b>	38,917		38,917	
Payroll expenses	(17,438)	407	(17,031)	Corrected monthly distribution of costs
Other operating expenses	(12,542)	23	(12,519)	Corrected monthly distribution of costs
	(29,980)	430	(29,550)	
<b>EBITDA</b>	<b>8,937</b>	<b>430</b>	<b>9,368</b>	
Depreciation & amortisation	(4,036)	1	(4,035)	Rounding
Known exceptional items	(2,377)	80	(2,297)	Corrected monthly distribution of costs
<b>Operating profit</b>	<b>2,524</b>	<b>511</b>	<b>3,037</b>	
Interest income	14	(8)	6	Corrected monthly distribution of costs
Interest expense	(4,626)		(4,626)	
Other financial expenses	(36)	(111)	(147)	Effect of valuation of bond against amortised cost arising from 2014 audit / IFRS
<b>Net Finance Costs</b>	<b>(4,648)</b>	<b>(119)</b>	<b>(4,767)</b>	
<b>Result before tax</b>	<b>(2,124)</b>	<b>392</b>	<b>(1,731)</b>	
Tax expenses	588	(588)	-	No tax asset build up. Arising from 2014 audit / IFRS
<b>Result after tax</b>	<b>(1,536)</b>	<b>(196)</b>	<b>(1,731)</b>	

## Explanatory notes to condensed consolidated interim financial statements

### Balance Sheet - Assets

<i>In thousands of USD</i>	30 September 2014 as reported Oct-2014 (Unaudited)	Restatements / Adjustments (Unaudited)	30 September 2014 Restated (Unaudited)	Comments
Intangible Assets	48,968	(1,607)	47,361	Reclass of capitalized bond issue fees. As of 2015 the bond including issue fees is accounted for at amortized cost & PPA valuation carried out end 2014
Goodwill	63,116	1,142	64,258	PPA valuation carried out end 2014
<b>Total Intangible Assets</b>	<b>112,084</b>	<b>(465)</b>	<b>111,619</b>	
Tangible Fixed Assets	17,060	55	17,115	PPA valuation carried out end 2014
Financial Fixed assets	465	420	885	Reclass arising from 2014 audit / IFRS
<b>Total Fixed Assets</b>	<b>129,609</b>	<b>10</b>	<b>129,619</b>	
Trade Debtors	9,218	-	9,218	
Work in Progress	3,159	-	3,159	
Other Current Assets	1,179	744	1,923	Corrected monthly accounting
Cash & Banks	8,743	(407)	8,336	Monthly f/x revaluations arising from 2014 audit / IFRS
<b>Total Current Assets</b>	<b>22,299</b>	<b>337</b>	<b>22,636</b>	
<b>Total Assets</b>	<b>151,908</b>	<b>347</b>	<b>152,255</b>	

## Explanatory notes to condensed consolidated interim financial statements

### Balance Sheet - Equity & Liabilities

<i>In thousands of USD</i>	2014 as reported Oct-2014 (Unaudited)	Restatements / Adjustments (Unaudited)	30 September 2014 Restated (Unaudited)	Comments
Share Capital	6,300	-	6,300	
Share Premium	56,700	-	56,700	
Free reserves/unrecovered loss	(2,445)	(6,694)	(9,139)	In 2014 Shareholder Loan reported under Free reserves/unrecovered loss & PPA valuation carried out end 2014
Current year result	(1,484)	(247)	(1,731)	
<b>Total Equity</b>	<b>59,071</b>	<b>(6,941)</b>	<b>52,130</b>	
Shareholder Loan	-	7,738	7,738	In 2014 Shareholder Loan reported under Free reserves/unrecovered loss
Bond	70,000	(1,509)	68,491	Reclass of capitalized bond issue fees. As of 2015 the bond including issue fees is accounted for at amortized cost.
Employee Benefits	486	-	486	
Deferred Tax	13,050	(407)	12,643	PPA valuation carried out end 2014
<b>Non-current Liabilities</b>	<b>83,536</b>	<b>5,822</b>	<b>89,358</b>	
Trade Creditors	2,951	7	2,958	corrected monthly accounting
Tax payable	933	321	1,254	corrected monthly accounting
Other Short Term Liabilities	5,417	1,138	6,555	corrected monthly accounting arising from 2014 audit / IFRS
<b>Current Liabilities</b>	<b>9,301</b>	<b>1,466</b>	<b>10,767</b>	
<b>Total Liabilities</b>	<b>92,837</b>	<b>7,288</b>	<b>100,125</b>	
<b>Total Equity &amp; Liabilities</b>	<b>151,908</b>	<b>347</b>	<b>152,255</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 2014 with exception of the treatment of foreign currency results as explained in note 9. In addition, the Group has adopted the following new standards and amendments to standards with an effective date for annual periods beginning after or on 1 January 2015.

- IFRS 7 Financial Instruments - Disclosures (2005)

IFRS 7 (2005) requires disclosure of information about the significance of financial instruments to an entity, and the nature and extent of risks arising from those financial instruments, both in qualitative and quantitative terms. Where relevant, the Group has applied the new standards and interpretations that became effective in 2015. The adoption of this standards and interpretations did not have a material impact on the Company's financial performance or disclosures.

### 6. Operating segments

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

### 7. Tax Expense

Tax expense is recognised based on management's best estimate of the weighted-average annual income tax rate expected for the full financial year multiplied by the pre-tax income of the interim reporting period. The Group's consolidated average tax rate is in respect of continuing operations for the nine months ended 30 September 2015 23% (nine months ended 30 September 2014: 23%).

### 8. Loan Covenants

The Group needs to be compliant with the stipulations in the loan covenant requirements of the bond agreement. As per 30 September 2015 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, partly offset by an increase of currency exchange results and amortised costs for the bond loan. Starting 2015 the financing related foreign currency results and effect of valuation of the bond against amortised cost are recorded in net finance cost. The net finance costs of the Group is as follows.

<i>In thousands of USD</i>	Q3 2015 (Unaudited)	Q3 2014 (Unaudited) *)	YTD 2015 (Unaudited)	YTD 2014 (Unaudited) *)
Interest costs shareholders loan 10%	(202)	(184)	(586)	(2,176)
Interest cost bond loan 7%	(1,225)	(1,225)	(3,675)	(2,450)
Net currency exchange effects	34	(65)	(33)	(65)
Other financial expense (income)	(270)	(21)	(623)	(76)
<b>Net finance costs</b>	<b>(1,663)</b>	<b>(1,495)</b>	<b>(4,917)</b>	<b>(4,767)</b>

\*) See note 4 for details on restatement of 2014 results

### 10. Subsequent events

In October 2015 the Company bought back bonds for the total amount of USD 1.4 million as part of ordinary liquidity management. Besides this matter no subsequent events occurred between the period ending 30 September 2015 and the release for publication of these consolidated interim financial statements on 27 November 2015.

## 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 Stan Peeters at +31(0) 180 221 100 or e-mail at [Stan.Peeters@v-p-s.com](mailto:Stan.Peeters@v-p-s.com).

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