



ÅRSREGNSKAPET FOR REGNSKAPSÅRET 2018 - GENERELL INFORMASJON

Enheten

Organisasjonsnummer: 921 045 387
Organisasjonsform: Aksjeselskap
Foretaksnavn: ADS CRUDE II AS
Forretningsadresse: Sandvigveien 19
4816 KOLBJØRNSVIK

Regnskapsår

Årsregnskapets periode: 08.06.2018 - 31.12.2018

Konsern

Morselskap i konsern: Nei

Regnskapsregler

Regler for små foretak benyttet: Nei
Benyttet ved utarbeidelsen av årsregnskapet til selskapet: Forenklet IFRS

Årsregnskapet fastsatt av kompetent organ

Bekreftet av representant for selskapet: BEN BOILING
Dato for fastsettelse av årsregnskapet: 15.05.2019

Grunnlag for avgivelse

År 2018: Årsregnskapet er elektronisk innlevert
År 2017: Tall er hentet fra elektronisk innlevert årsregnskap fra 2018

Det er ikke krav til at årsregnskapet m.v. som sendes til Regnskapsregisteret er undertegnet. Kontrollen på at dette er utført ligger hos revisor/enhetens øverste organ. Sikkerheten ivaretas ved at innsender har rolle/rettighet for innsending av årsregnskapet via Altinn, og ved at det bekreftes at årsregnskapet er fastsatt av kompetent organ.

Brønnøysundregistrene, 05.09.2020



Resultatregnskap

Beløp i: USD	Note	2018	2017
RESULTATREGNSKAP			
Inntekter			
Salgsinntekt		5 893 000	
Sum inntekter		5 893 000	
Kostnader			
Voyage exp	4	2 751 000	
OPEX	5	1 826 000	
Avskrivning på varige driftsmidler og immaterielle eiendeler	8	642 000	
G&A	6	58 000	
Sum kostnader		5 277 000	
Driftsresultat		616 000	
Finansinntekter og finanskostnader			
Annen finansinntekt	7	33 000	
Sum finansinntekter		33 000	
Annen finanskostnad	7	260 000	
Sum finanskostnader		260 000	
Netto finans		-227 000	
Ordinært resultat før skattekostnad		389 000	0
Ordinært resultat etter skattekostnad		389 000	0
Årsresultat		389 000	0
Overføringer og disponeringer			
Overføringer til/fra annen egenkapital		389 000	
Sum overføringer og disponeringer		389 000	



Balanse

Beløp i: USD	Note	2018	2017
BALANSE - EIENDELER			
Anleggsmidler			
Immaterielle eiendeler			
Varige driftsmidler			
Skip, rigger, fly og lignende	8	22 531 000	
Sum varige driftsmidler		22 531 000	
Sum anleggsmidler		22 531 000	0
Omløpsmidler			
Varer			
Fordringer			
Kundefordringer		1 707 000	
Andre fordringer	9	2 919 000	
Sum fordringer		4 626 000	
Bankinnskudd, kontanter og lignende			
Bankinnskudd, kontanter og lignende		2 605 000	
Sum bankinnskudd, kontanter og lignende		2 605 000	
Sum omløpsmidler		7 231 000	0
SUM EIENDELER		29 762 000	0
BALANSE - EGENKAPITAL OG GJELD			
Egenkapital			
Innskutt egenkapital			
Selskapskapital	12	11 000	
Overkurs		13 585 000	
Sum innskutt egenkapital		13 596 000	
Opptjent egenkapital			



Balanse

Beløp i: USD	Note	2018	2017
Annen egenkapital		389 000	
Sum opptjent egenkapital		389 000	
Sum egenkapital		13 985 000	0
Gjeld			
Langsiktig gjeld			
Annen langsiktig gjeld			
Langsiktig konserngjeld	10	9 725 000	
Sum annen langsiktig gjeld		9 725 000	
Sum langsiktig gjeld		9 725 000	0
Kortsiktig gjeld			
Leverandørgjeld		2 945 000	
Kortsiktig konserngjeld	12	2 644 000	
Annen kortsiktig gjeld		463 000	
Sum kortsiktig gjeld		6 052 000	
Sum gjeld		15 777 000	0
SUM EGENKAPITAL OG GJELD		29 762 000	0



Skatteetaten

Vår dato 22.01.2019	Din/Deres dato 20.12.2018	Saksbehandler Torstein Kinden Helleland
800 80 000 Skatteetaten.no	Din/Deres referanse Arild Bårdsen	Telefon 22078139
Org.nr 974761076	Vår referanse 2019/5205172	Postadresse Postboks 9200 Grønland 0134 OSLO

ADS CRUDE II AS
c/o Arendals Dampskibsselskab AS Postboks 198
4802 ARENDAL

Tillatelse til å utarbeide årsregnskap og årsberetning på norsk språk for ADS Crude II AS, org.nr. 921 045 387

Det vises til deres brev av 20. desember 2018 der det søkes om dispensasjon fra kravet til å utarbeide årsregnskap og årsberetning på norsk språk for ADS Crude II AS.

Skattedirektoratet gir på bakgrunn av en konkret helhetsvurdering ADS Crude II AS dispensasjon fra kravet til å utarbeide årsregnskap og årsberetning på norsk språk, jf. regnskapsloven § 3-4 tredje ledd. Dispensasjonen gjelder så lenge opplysningene som vedtaket baserer seg på ikke endres vesentlig.

Kopi av dette brevet må sendes Regnskapsregisteret i Brønnøysund sammen med årsregnskapet. Det påligger den regnskapspliktige å dokumentere ved dette brev at tillatelsen er gitt.

Bakgrunn

ADS Crude II AS er datterselskap av ADS Crude Holding AS. ADS Crude Holding AS er igjen datterselskap av det børsnoterte selskapet ADS Crude Carriers Plc som er registrert på Kypros. ADS Crude II AS driver med befrakting av råolje som virksomhet. All virksomhet foregår utenfor Norge. Som følge av at selskapet driver innen internasjonal shipping, foregår all rapportering og kommunikasjon i hovedsak på engelsk. Arbeidsspråket er engelsk.

Skattedirektoratets vurdering

Etter regnskapsloven § 3-4 tredje ledd skal "årsregnskapet og årsberetningen ... være på norsk. Departementet kan ved ... enkeltvedtak bestemme at årsregnskapet og/eller årsberetningen kan være på et annet språk."

I Ot. prp. nr. 42 (1997-1998) Om lov om årsregnskap m.v., er det uttalt følgende om regnskapslovens formål, jf. pkt. 1.1:

Regjeringen har som siktemål at regnskapsloven skal bidra til informative regnskaper for ulike grupper av regnskapsbrukere. Regnskapsbrukerne er dels investorer og kreditorer som tilfører kapital til foretakene, og dels andre grupper som har interesse av å vite hvordan foretaket drives, f.eks. de ansatte og lokalsamfunnet. Informasjonen til kapitalmarkedet skal gi grunnlag for riktig prising av finansielle objekter. Riktig prisdannelse på aksjer er en forutsetning for at ressursbruken i



samfunnsøkonomien skal bli best mulig. Gode regnskaper vil også gjøre det vanskeligere for markedsdeltakere å ta ut spekulasjonsgevinster med basis i skjevt fordelt informasjon.”

Det fremgår således at et av hovedformålene med regnskapsloven er å bidra til *“informative regnskaper for ulike grupper av regnskapsbrukere”*. Regnskapsbrukere vil omfatte, jf. uttalelsen i proposisjonen, blant andre investorer, kreditorer, ansatte og lokalsamfunnet.

Det er etter Skattedirektoratets vurdering derfor avgjørende ved vurdering av om dispensasjon fra kravet til å utarbeide årsregnskap og/eller årsberetning på norsk kan gis, at det ikke foreligger mulige brukere av regnskapsinformasjon som blir vesentlig berørt negativt ved en eventuell dispensasjon.

Som nevnt ovenfor er det særlig hensynet til brukerne av regnskapsinformasjon som skal vurderes ved en dispensasjonssøknad. I denne vurderingen har Skattedirektoratet lagt vekt på at selskapet er indirekte eiet av et utenlandsk selskap. Virksomheten er utpreget internasjonal og arbeidsspråket er engelsk. Videre er det vektlagt at alle sentrale aktører og samarbeidspartnere innen denne bransjen behersker og benytter engelsk.

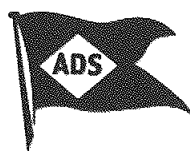
Vennligst oppgi vår referanse ved henvendelse i saken.

Med hilsen

Henning Stokke
seniorrådgiver
Juridisk avdeling
Skattedirektoratet

Torstein Kinden Helleland

Dokumentet er elektronisk godkjent og har derfor ikke håndskrevne signaturer.



ADS CRUDE II AS

ANNUAL REPORT 2018



ADS CRUDE II AS
FULL YEAR 2018 REPORT

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Board of Directors' Report

1. Operations and market

ADS Crude II AS (the "Company") is a company with limited liability incorporated on 8 June 2018 in Norway. The registration number of the Company is 921045387 and the registered address is Sandvigveien 19, 4816 Kolbjørnsvik, Norway. The Company owns one VLCC tank vessel, *ADS Stratus* (the "Vessel") which was delivered on 9 August 2018 and has subsequently been operating in the global spot charter market. The Company is a wholly owned subsidiary within the ADS Crude Carriers Plc group of companies listed on the Oslo Stock Exchange – Merkur Markets, which was formed during 2018 with an aim of acquiring tankers at low entry prices ahead of the new IMO emission regulations that come into force on 1 January 2020. The financial statements of the ultimate parent company, ADS Crude Carriers Plc, for 2018 are available at www.adscrude.com.

The Company is managed by Arendals Dampskibsselskab AS. Commercial management of the Vessel is provided by Frontline Ltd and technical management provided by OSM Maritime Group. The Company plans to install a scrubber system on the Vessel during the second half of 2019. The cost of the scrubber, including installation, is expected to be provided by ADS Crude Carriers Plc, which raised the funds in a private placement equity issue on 16 July 2018.

2. Financial review

The period from 8 June to 31 December 2018 (the "Period" or "2018") is the first financial period of the Company. There are no comparative figures as this is the first period of operation.

2.1. Income statement

The Company was in a start-up phase during the first half of the Period. After delivery on 9 August 2018, the Vessel proceeded immediately to commence operations in the spot market. The Company recorded revenue of USD 5.9 million and net revenue of USD 3.1 million. The Company had a total of 144 available vessel days and recorded an average TCE per day of USD 21,816.

Vessel operating expenses were USD 1.8 million in the Period. Included within vessel operating costs are certain start-up costs in order to prepare the vessels for operations, but which were not eligible for capitalization. Depreciation of the vessel was USD 0.6 million and operating profit was USD 0.6 million in 2018.

Finance costs totalled USD 0.3 million, consisting mainly of interest cost arising on the Company's non-current loan.

Net profit was USD 0.4 million in 2018.

2.2. Balance sheet

The Company had gross assets of USD 29.8 million at 31 December 2018, consisting of carrying value of the Vessel of USD 22.5 million and current assets of USD 7.2 million. The book value of equity at the Period end was USD 14.0 million, non-current liabilities were USD 9.7 million and current liabilities USD 6.1 million. The non-current liabilities consist of one loan from ADS Crude Holding AS, a group company that directly owns 100% of the share capital of the Company.

2.3. Cash flow

Net cash flow from operations before working capital movements was USD 1.0 million, and after working capital movements of USD 1.0 million was an inflow of USD 2.1 million for the Period.



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Cash invested in property, plant and equipment was USD 22.8 million in 2018 following purchase of the Vessel for USD 22.5 million, plus USD 0.1 million direct purchase costs. An amount of USD 0.2 million was paid as first installment to the scrubber manufacturer, representing 10% of the total scrubber purchase price.

Cash flow from financing activities was an inflow of USD 23.3 million, consisting of gross equity raise proceeds of USD 13.6 million, and loan proceeds of USD 9.7 million.

Cash and cash equivalents held at 31 December 2018 totaled USD 2.6 million.

2.4. Dividends and allocation of net profit

The Company recorded a net profit of USD 0.4 million for 2018. The Board of Directors propose to transfer the net profit to retained earnings. The Board of Directors propose a dividend of USD 1.5 million is paid. The Company has sufficient remaining equity and liquidity after payment of the dividend.

2.5. Going concern

The Company's financial projections used in its going concern evaluation are based on certain assumptions about the future, including those related to the VLCC market, vessel utilization, productivity and operating cost level, expected future capital investments and the availability of financing such investments. Based on these assumptions, the Company expects to have sufficient liquidity to operate for at least 12 months from the date of this report and, therefore, these financial statements are prepared using the going concern assumption.

The Company's Vessel requires an intermediate survey (dry docking) during 2019 and the cost of the intermediate surveys will be financed either through cash from operations, debt financing, equity, or a combination.

2.6. Events after the reporting period

There are no events or occurrences after the reporting period and before approval of the financial statements that have a significant bearing on the understanding of the financial statements.

3. Financial risks

The Company's primary financial risks relate to market risk, credit risk and liquidity risk.

The Company's principle financial liabilities consist of a loan used to finance the Company's Vessels as well as trade payables and other payables. The Company's principal financial assets are customer receivables, other assets and cash deposits at banks.

3.1. Interest rate risk

The Company's exposure to the risk of changes in market interest rates relates to its vessel loan. As at 31 December 2018, the carrying value of the loan was USD 9.7 million and is subject to floating interest rates based on LIBOR plus a margin of 4.50%. The Company has no fixed interest rate borrowings.

To indicate the sensitivity of the Company's earnings to changes in interest rates, should LIBOR increase or decrease by 200 basis points, the Company's interest cash cost would increase or decrease by USD 0.2 million per year.

3.2. Foreign exchange risk

The Company operates in the global tanker industry, for which the majority of transactions are denominated in US dollars, the Company's functional and presentational currency. All of the Company's revenue recognized in 2018 was denominated in USD dollars. The majority of the Company's operating costs are denominated in US dollars.



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As at 31 December 2018, the Company has no significant financial assets and liabilities denominated in foreign currency. The Company's maximum exposure to foreign exchange risk is considered insignificant.

3.3. Credit risk

Credit risk is the risk that a counterparty defaults on its contractual obligations, resulting in a financial loss to the Company. The Company is exposed to credit risk primarily from receivables from customers and cash held at banks.

The Company manages its credit risk related to customers by aiming to provide services only to reputable customers. Part of the Company's customer credit risk management is provided by the Company's commercial vessel manager, Frontline Ltd.

During 2018, the Company's vessel operated in the spot market for three different charterers. Payment terms for spot charters are generally payment at discharge. At 31 December 2018 the carrying value of the receivables from customers was USD 1.7 million and subsequent to the Period end, the Company received payment in full of the amount owed.

The Company aims to manage its counterparty risk relating to cash held at bank by only holding deposits at recognizable international banks. As at 31 December 2018 all of the Company's cash and cash equivalents was held with Nordea Bank.

3.4. Liquidity risk

Liquidity risk is the risk that the Company cannot meet its financial obligations as they fall due. The Company manages its risk of a shortage of funds by continuously monitoring maturity of its financial assets and liabilities and using a cash flow forecasting tool that makes projections about future cash flows from operating activities and required for investing activities.

The table below shows the maturity profile of the Company's financial liabilities based on contractual payment terms.

<i>(In thousands of USD)</i>	2019	2020	2021	2022	Total
Loans from group companies	-	-	-	9 725	9 725
Payable to group companies	2 644	-	-	-	2 644
Other current liabilities	463	-	-	-	463
Trade payables	2 945	-	-	-	2 945
Total	6 052	-	-	9 725	15 777

The Company intends to install a scrubber system on board the vessel during the intermediate survey (dry docking) scheduled for the second half of 2019. The scrubber purchase, including installation costs, totals an estimated USD 3 million and is expected to be fully financed by ADS Crude Carriers Plc from the proceeds of a private placement equity issue performed in July 2018. As at 31 December 2018, no formal financing arrangement has been entered between the Company and ADS Crude Carriers Plc and this is expected to happen during the first half of 2019. The cost of the intermediate surveys will be in addition to the scrubbers and will be financed either through cash from operations, debt financing, equity, or a combination.

The Company is engaged in the transportation of crude oil. Historically, the tanker industry has been cyclical, with volatility in profitability, charter rates and asset values resulting from changes in the supply of and demand for, tanker capacity and changes in the supply of and demand for crude oil. If the tanker industry, declines in the future, the Company's earnings and cash flow may be adversely impacted.



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4. People and the organization

During the period ended 31 December 2018 the Company did not have any employees. The administrative and corporate management of the Company is provided by Arendals Dampskibsselskab AS. Commercial management of the vessels is provided by Frontline Ltd, while technical management of the vessels, including employment of crew onboard, is provided by OSM Maritime Group. The Company currently has one member of the Board of Directors.

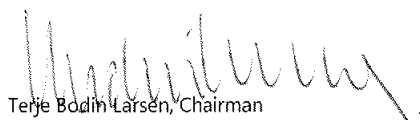
5. Outlook

The VLCC tanker market improved significantly through the latter part of 2018 following lower levels earlier in the year. During the first quarter 2019, the VLCC market has remained dynamic, with periods of improving rates followed by short periods of declines, but overall a significant improvement resulting in a higher average market TCE rate in Q1 2019 compared to the same quarter in 2018. The market will likely be impacted during 2019 due to behaviors as a consequence of the pending IMO 2020 regulations, with an expected surge in the number of vessel owners temporarily reducing capacity to install scrubbers during the second half of the year. The VLCC market is expected to remain dynamic during 2019.

As at the date of this report, *ADS Stratus* continues to operate in the spot market.

Arendal, 15 May 2019

The Board of Directors



Terje Bodin Larsen, Chairman



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Statement of comprehensive income

<i>(In thousands of USD)</i>	<i>Note</i>	8-Jun-18 to 31-Dec-18
Revenue		5 893
Operating expenses		
Voyage expenses	4	(2 751)
Vessel operating expenses	5	(1 826)
General & administrative costs	6	(58)
Depreciation	8	(642)
Total operating expenses		(5 277)
Operating profit		616
Finance cost	7	(260)
Finance income	7	33
Profit before tax		389
Income tax		-
Profit after tax and total comprehensive income		389



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Statement of financial position

<i>(In thousands of USD)</i>	<i>Note</i>	31-Dec-18
Assets		
Non-current assets		
Vessel	8	22 531
Total non-current assets		22 531
Current assets		
Receivables from customers		1 707
Other current assets	9	2 919
Cash and cash equivalents		2 605
Total current assets		7 230
Total assets		29 761
Equity and liabilities		
Equity		
Issued share capital	12	11
Share premium		13 585
Retained earnings		389
Total equity		13 984
Non-current liabilities		
Loans from group companies	10	9 725
Total non-current liabilities		9 725
Current liabilities		
Payables to group companies	12	2 644
Other current liabilities		463
Trade payables		2 945
Total current liabilities		6 052
Total equity and liabilities		29 761



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Statement of cash flows

<i>(In thousands of USD)</i>	8-Jun-18 to 31-Dec-18
Cash flows from operating activities	
Profit for the period	389
Adjustment for items not affecting operating cash flows:	
Depreciation	642
Net operating cash flow before working capital movements	1 030
Working capital movements	1 039
Total operating cash flow	2 069
Cash flows from investing activities	
Payments for vessel	(22 785)
Total cash flows used in investing activities	(22 785)
Cash flows from financing activities	
Proceeds from share issue	13 595
Receipt from loan from group company	9 725
Total cash flows from financing activities	23 321
Net increase in cash and cash equivalents	2 605
Cash and cash equivalents at the beginning of the period	-
Cash and cash equivalents at the end of the period	2 605



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Statement of changes in equity

(In thousands of USD apart from number of shares)

	Number of shares	Issued share capital	Share premium	Retained earnings	Total equity
Issue of share capital					
8 June 2018 at NOK 100 per share	300	4	-	-	4
10 September at NOK 199,954.93 per share	570	7	13 585	-	13 592
Total comprehensive income for the period	-	-	-	389	389
Balance at 31 December 2018	870	11	13 585	389	13 984

The nominal value of the Company's authorized share capital, including issued and non-issued shares, at 31 December 2018 is NOK 87,000, consisting of 870 shares with par value NOK 100 per share.

ADS Crude Holding AS, a 100% subsidiary of ADS Crude Carriers Plc, owns 100% of the share capital of the Company at 31 December 2018. ADS Crude Carriers Plc is the ultimate parent company in the ADS Crude Carriers group.



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Notes to the financial statements

1. General information

These financial statements of ADS Crude II AS (the "Company") for the period ended 31 December 2018 were authorized for issue in accordance with a resolution of the Board of Directors passed on 15 May 2019.

ADS Crude II AS (the "Company") is a company with limited liability incorporated on 8 June 2018 in Norway, which is also its country of domicile. The registration number of the Company is 921045387 and the registered address is Sandvigveien 19, 4816 Kolbjørnsvik, Norway. The Company owns one VLCC tank vessel, *ADS Stratus* (the "Vessel") which was delivered on 9 August 2018 and has subsequently been operating in the global spot charter market. The Company is a wholly owned subsidiary within the ADS Crude Carriers Plc group of companies listed on the Oslo Stock Exchange – Merkur Markets, which was formed during 2018 with an aim of acquiring tankers at low entry prices ahead of the new IMO emission regulations that come into force on 1 January 2020. The consolidated financial statements of the ultimate parent company, ADS Crude Carriers Plc, for 2018 are available at www.adscrude.com.

2. Significant accounting policies

2.1. Basis of preparation

These financial statements are prepared in accordance with the Norwegian Accounting Act 53-9 and regulations on simplified IFRS (International Financial Reporting Standards) as set by The Norwegian Department of Finance on 21 January 2008. This means that recognition and measurement are in accordance with IFRS and the presentation and accompanying notes are in accordance with the Norwegian Accounting Act and Norwegian generally accepted accounting practice. No simplifications given by the Norwegian regulations have been utilized when preparing the financial statements.

2.2. Going concern

The Company's financial projections used in its going concern evaluation are based on certain assumptions about the future, including those related to the VLCC market, vessel utilization, productivity and operating cost level, expected future capital investments and the availability of financing such investments. Based on these assumptions, the Company expects to have sufficient liquidity to operate for at least 12 months from the date of this report and, therefore, these financial statements are prepared using the going concern assumption.

The Company's Vessel requires an intermediate survey (dry docking) during 2019 and the cost of the intermediate surveys will be financed either through cash from operations, debt financing, equity, or a combination.

2.3. Revenue recognition

Revenue is recognized when a contractual performance obligation is satisfied by transferring a promised good or service to a customer.

Spot charters

Revenue from spot charters is recognized over the estimated length of each voyage, calculated on a load-to-discharge basis. The load-to-discharge period is deemed to be the period during which the customer obtains economic benefit.

Certain costs that are incurred to obtain and fulfil a spot charter contract may qualify for deferral. The Company incurs voyage expenses between the previous discharge port, or customer contract date if later, and the next load port. Such voyage expenses are capitalized if the costs directly relate to the contract, generate or enhance resources of the entity that will be used in satisfying performance obligations, and the costs are expected to be recovered. Any costs capitalized



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during the previous discharge port and next load port are amortized on a straight-line basis during the subsequent load-to-discharge period.

Time charter

Revenue from time charters is recognized on a straight-line basis over the rental period of the charter.

2.4. Property, plant and equipment

Vessels

Vessels are stated at historical cost, less accumulated depreciation and impairments. The cost includes any costs that were directly attributable to the purchase of a vessel.

The vessels are depreciated down to their estimated residual values on a straight-line basis over the useful life of the vessels. The useful lifetime of a vessel is expected to be 20 years from the original delivery date of the vessel following construction. A vessel's residual value is its estimated scrap value expected at the date of scrapping, calculated as the product of the lightweight tonnage of the vessel and the estimated scrap price per tonne. Residual values are reviewed annually.

Capitalized docking and survey costs are depreciated fully on a straight-line basis from the completion of a docking to the estimated date of the next one. Costs related to ordinary maintenance performed during drydocking are charged to the income statement as part of vessel operating expenses in the period in which they were incurred.

2.5. Foreign currency translation

The functional and presentational currency of the Company is US dollar.

Income and expenses denominated in foreign currencies are translated into US dollar at the exchange rates prevailing at the dates of the transactions. Exchange gains and losses resulting from settlement of such transactions as well as from the translation at period end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the income statement as finance income and finance costs.

2.6. Cash and cash equivalents

Cash and cash equivalents consist of cash deposits held at call with banks. Cash and cash equivalents that are restricted for the Company's use are disclosed separately in the statement of financial position.

2.7. Share capital

Shares are classified as equity. Incremental costs directly attributable to the issue of new shares are recorded in equity as a reduction from the gross share issue proceeds.

2.8. Financial liabilities

Financial liabilities are measured at fair value on recognition, net of directly attributable transaction costs. Subsequent to initial recognition, the Company's financial liabilities are measured at amortized cost using the effective interest rate method. The Company's main financial liabilities consist of non-current loans, trade and other payables and accruals. The Company has no financial derivatives.

The Company derecognizes a financial liability only when the Company's obligations are discharged, cancelled or expire.



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Loan fees

Expenses that are directly attributable to the inception of a loan are capitalized and amortized over the term of the relevant loan using the effective interest rate method. Amortization of loan costs are included as finance costs in the income statement. The capitalized but unamortized amount of such loan costs are recorded net of the loan liability in the statement of financial position.

2.9. Financial assets

Financial assets are measured at fair value on recognition. Subsequent to initial recognition, the Company's financial assets are measured at amortized cost using the effective interest rate method. Normally, the interest element for the Company's financial assets is disregarded since the receivables are short-term. The Company's main financial assets consist of receivables from customers and other receivables.

The Company derecognizes a financial asset when the contractual rights to cash flows from the asset expire.

Impairment of financial assets

For trade receivables, contract assets and lease receivables the Company applies the simplified approach permitted by IFRS 9 *Financial instruments*, which uses lifetime expected losses to be recognized from initial recognition of the financial assets. For all other financial assets that are subject to impairment under IFRS 9, the Company applies the general approach three stage model, based on changes in credit quality since initial recognition.

2.10. Impairment of non-financial assets

At each reporting date, the Company assess whether there is indication that an asset is impaired. If an indication exists, the Company estimates the asset's recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and its value in use. Where the recoverable amount exceeds an asset's carrying value, there is no impairment. In the event the recoverable amount is lower than the carrying value, an impairment charge is recognized and the asset's carrying value is written down to its recoverable amount.

The carrying amounts of vessels are reviewed for potential impairments whenever there is an indication that the carrying amount may not be fully recoverable. Such indicators may include depressed spot market rates, depressed second hand tanker values and sudden and significant reductions in scrap values. The Company assesses the recoverability of the carrying value of each vessel on an individual basis by estimating the fair value less costs to sell of the vessel. The fair value is based on recent independent market transactions for similar vessels between a willing buyer and willing seller. If the fair value less costs to sell of the vessel support its carrying value, then there is no impairment. If the fair value less costs to sell is less than a vessel's carrying value, then a value in use test is performed by calculating the net present value of future cash flows the Company expects to generate from continuing use of the vessel up to and including scrapping. The value in use calculation requires the Company to make assumptions about future vessel performance, including about charter rates, utilization and productivity, vessel operating expenses, drydocking requirements, scrap values and discount rate.

2.11. Holdings on board

The Company has bunker and lube oil onboard the vessels which are consumed in line with vessel operations. Any holdings onboard at the reporting date are measured at the lower of cost and net realizable value using the first in, first out (FIFO) method.

2.12. Statement of cash flows

The Company's statement of cash flows is prepared using the indirect method. Cash flows are divided into cash flows attributable to either operating activities, investing activities or financing activities. In the cash flow statement, net profit



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for the period is adjusted for non-cash items recorded in the income statement, such as depreciation, as well as for non-cash movements in working capital. Any cash flows that have been recorded initially in the income statement as part of net profit but which are investing or financing in nature are removed from operating cash flows and presented as part of investing or financing cash flows. All amounts presented in the investing activities and financing activities sections are pure cash flows only.

2.13. Income tax

The Company is taxed under the Norwegian Tonnage Tax regime for shipping companies. In general, the scheme entails no tax on profits, apart from on net finance income. Instead, the Company pays a tonnage tax based on the net tonnage of its vessel. Net finance income is taxed at the Norwegian corporation tax rate of 23% in 2018 (reducing to 22% from 2019). The Company classifies tonnage tax cost as general and administrative costs.

The Company has not recognized a deferred tax asset for any net financial loss as at 31 December 2018.

2.14. Changes in accounting policies

These financial statements are for the Company's first financial period and the Company has not changed accounting policies during the period.

Certain new standards, amendments and interpretations of existing standards have been published that are mandatory for the Company's accounting periods beginning 1 January 2019 or later. The new standards, amendments and interpretations relevant for the Company are listed below.

2.14.1. IFRS 16 Leases

Effective 1 January 2019, IFRS 16 *Leases* will replace IAS 17 *Leases*. IFRS 16 eliminates the classification of leases as either operating or financial leases as is required by IAS 17 and, instead, introduce a single lessee accounting model. The Company does not currently have any lease arrangements and, hence, adoption of IFRS 16 is not expected to have any significant impact on the Company's financial statements.

2.15. Critical accounting estimates and judgments

The preparation of the Company's financial statements requires management and the board to make estimates, judgments and assumptions that affect the reported amount of revenue, expenses, assets and liabilities, as well as the accompanying disclosures. Uncertainty about these estimates, judgments and assumptions could result in outcomes that require a material adjustment to the carrying amounts of assets or liabilities in future periods. A summary of the most significant judgments, estimates and assumptions are described below.

Vessel depreciation

Vessel depreciation is based on the estimated useful lifetime of 20 years from original delivery and the estimated residual value at the end of that period. The Company uses estimated scrap value as the residual value, which requires the Company to estimate the scrap market value at the date of scrapping. The Company has used USD 425/ldt as the estimated unit scrap price.

Impairment of vessels

Whether there exists an impairment indicator may require the Company to make judgments. In preparing these financial statements, the Company performed an impairment test on the carrying value of its vessels using the fair value less cost of disposal method. The results of the test indicated there was no impairment. To assess the fair value of the Company's vessels, recent market transactions between independent third parties on a willing seller willing buyer basis are used as a benchmark. Costs of disposal are estimated by the Company as a percentage of the gross market value.



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3. Financial risk management

The Company's primary financial risks relate to market risk, credit risk and liquidity risk. Market risk is the risk that the fair value of future cash flows of a financial asset or liability will fluctuate because of changes in market prices, such as foreign exchange and interest rates. The Company's financial risk exposure is monitored by Management and its Board of Directors oversee the management of these risks.

The Company's principle financial liabilities are loans used to finance the Company's vessels, as well as trade payables and other payables. The Company's principal financial assets are customer receivables, other assets and cash deposits at banks.

The table below shows the Company's financial assets and liabilities.

<i>(In thousands of USD)</i>	31-Dec-18
Financial assets	
Receivables from customers	1 707
Other current assets	2 919
Cash and cash equivalents	2 605
Total financial assets	7 230
Financial liabilities	
Loans from group companies	9 725
Payable to group companies	2 644
Other current liabilities	463
Trade payables	2 945
Total financial liabilities	15 777
Net current financial assets/(liabilities)	3 822
Net current and non-current financial assets/(liabilities)	(8 547)

3.1. Interest rate risk

The Company's exposure to the risk of changes in market interest rates relates to its vessel loan. As at 31 December 2018, the carrying value of the loan was USD 9.7 million and is subject to floating interest rates based on LIBOR plus a margin of 4.50%. The Company has no fixed interest rate borrowings.

To indicate the sensitivity of the Company's earnings to changes in interest rates, should LIBOR increase or decrease by 200 basis points, the Company's interest cash cost would increase or decrease by USD 0.2 million per year.

3.2. Foreign exchange risk

The Company operates in the global tanker industry, for which the majority of transactions are denominated in US dollars, the Company's functional and presentational currency. All of the Company's revenue recognized in 2018 was denominated in USD dollars. The majority of the Company's operating costs are denominated in US dollars.

As at 31 December 2018, the Company has no significant financial assets and liabilities denominated in foreign currency. The Company's maximum exposure to foreign exchange risk is considered insignificant.

3.3. Credit risk

Credit risk is the risk that a counterparty defaults on its contractual obligations, resulting in a financial loss to the Company. The Company is exposed to credit risk primarily from receivables from customers and cash held at banks.



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The Company manages its credit risk related to customers by aiming to provide services only to reputable customers. Part of the Company's customer credit risk management is provided by the Company's commercial vessel manager, Frontline Ltd.

During 2018, the Company's vessel operated in the spot market for three different charterers. Payment terms for spot charters are generally payment at discharge. At 31 December 2018 the carrying value of the receivables from customers was USD 1.7 million and subsequent to the Period end, the Company received payment in full of the amount owed.

The Company aims to manage its counterparty risk relating to cash held at bank by only holding deposits at recognizable international banks. As at 31 December 2018 all of the Company's cash and cash equivalents was held with Nordea Bank.

3.4. Liquidity risk

Liquidity risk is the risk that the Company cannot meet its financial obligations as they fall due. The Company manages its risk of a shortage of funds by continuously monitoring maturity of its financial assets and liabilities and using a cash flow forecasting tool that makes projections about future cash flows from operating activities and required for investing activities.

The table below shows the maturity profile of the Company's financial liabilities based on contractual payment terms.

<i>(In thousands of USD)</i>	2019	2020	2021	2022	Total
Loans from group companies	-	-	-	9 725	9 725
Payable to group companies	2 644	-	-	-	2 644
Other current liabilities	463	-	-	-	463
Trade payables	2 945	-	-	-	2 945
Total	6 052	-	-	9 725	15 777

The Company intends to install scrubbers on board the vessel during the intermediate survey (dry docking) scheduled for the second half of 2019. The scrubber purchase, including installation costs, total an estimated USD 3 million and is expected to be fully financed by ADS Crude Carriers Plc from the proceeds of a private placement equity issue performed in July 2018. As at 31 December 2018, no formal financing arrangement has been entered between the Company and ADS Crude Carriers Plc and this is expected to happen during the first half of 2019. The cost of the intermediate surveys will be in addition to the scrubbers and will be financed either through cash from operations, debt financing, equity, or a combination.

4. Voyage expenses

<i>(In thousands of USD)</i>	8-Jun-18 to 31-Dec-18
Bunkers	2 846
Commercial management fees and commissions	67
Other voyage expenses	259
	3 172
Capitalized customer contract fulfilment costs	(420)
Net voyage expenses	2 751



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Capitalized fulfilment costs are recognized as other current assets in the statement of financial position and are expensed on a straight-line basis over the period of revenue recognition.

5. Vessel operating expenses

<i>(In thousands of USD)</i>	8-Jun-18 to 31-Dec-18
Manning	634
Technical manager fee	69
Lube oils and other consumables	178
Other vessel operating expenses	946
Total vessel operating expenses	1 826

Manning costs include the cost of the crew onboard the Company's vessels and are all third-party costs. The Company does not employ any crew directly and all crew are supplied by the technical managers of the vessels, OSM Maritime Group. Vessel operating expenses were negatively impacted in 2018 by certain start-up costs incurred in relation to the vessel acquisitions and preparing the vessels for operations, but which did not qualify for capitalization.

6. General and administrative expenses

<i>(In thousands of USD)</i>	8-Jun-18 to 31-Dec-18
Administrative manager fees	15
Tonnage tax	34
Other expenses	9
Total general and administrative expenses	58

During the period ended 31 December 2018 the Company did not have any employees. The administrative and corporate management of the Company is provided by Arendals Dampskibsselskab AS. No amount was paid to the auditor for statutory audit services during the period up to 31 December 2018 as the significant part of the audit work was performed after the period end.

7. Net finance expense

<i>(In thousands of USD)</i>	8-Jun-18 to 31-Dec-18
Finance income	
Currency exchange gain	33
Total finance income	33
Finance expense	
Interest expense to group companies	258
Currency exchange loss	3
Total finance expense	260
Net finance expense	227



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8. Property, plant and equipment

<i>(In thousands of USD)</i>	8-Jun-18 to 31-Dec-18
Costs	
Balance at start of period	-
Additional capital expenditures	23 173
Balance at end of period	23 173
Depreciation	
Balance at start of period	-
Depreciation for the period	642
Balance at end of period	642
Net book value at start of period	-
Net book value at end of period	22 531
Carrying value of pledged assets at period end	21 987

The Company has capital commitments relating to manufacturing of a scrubber system totaling USD 1.6 million, excluding installation costs, of which USD 0.5 million is included in the carrying value of the vessel at 31 December 2018. The scrubber will be installed on the Company's vessel during the intermediate survey planned for the second half of 2019.

9. Other current assets

<i>(In thousands of USD)</i>	31-Dec-18
Inventory (bunkers and lube oil)	2 267
Capitalized fulfilment costs	420
Advance payments to suppliers	65
VAT receivable	34
Other assets	133
Net book value at end of period	2 919

Capitalized fulfilment costs are voyage expenses incurred between the previous discharge port, or customer contract date if later, and the next load port. As at 31 December 2018, USD 0.4 million of voyage expenses are capitalized at 31 December 2018 in accordance with IFRS 15.



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10. Loan from group company

<i>(In thousands of USD)</i>	Inception	Maturity	Interest	31-Dec-18
Interest-bearing debt				
Loan from ADS Crude Holdings AS	13-Aug-18	31-Dec-22	LIBOR + 4.50%	9 725
Total interest-bearing debt				9 725

The loan is repayable in full at maturity. The vessel *ADS Stratus* is mortgaged as security.

11. Financial assets and liabilities

All of the Company's financial assets and financial liabilities are measured at amortized cost, apart from inventory and capitalized fulfillment costs included within other current assets. Inventory mainly consists of bunkers onboard and is measured at cost using the FIFO method, while customer contract fulfillment costs are measured in accordance with IFRS 15.

The fair values of the Company's financial assets and liabilities are summarized in the table below.

<i>(In thousands of USD)</i>	<i>Fair value hierarchy</i>	Carrying value 31-Dec-18	Fair value 31-Dec-18
Financial assets			
Receivables from customers		1 707	1 707
Other current assets		2 919	2 919
Cash and cash equivalents		2 605	2 605
Total financial assets		7 230	7 230
Financial liabilities			
Loan from group companies	Level 2	9 725	9 852
Payable to group companies		2 644	2 644
Other current liabilities		463	463
Trade payables		2 945	2 945
Total financial liabilities		15 777	15 904

The fair values of receivables from customers, other current assets, and cash and cash equivalents, payables to group companies, other current liabilities and trade payables approximate their carrying values largely due to their short-term maturities.

The Company uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

Level 1: quoted and unadjusted prices in active markets for identical assets or liabilities.

Level 2: other techniques for which inputs which have a significant impact on the fair value are observable, either directly or indirectly.

Level 3: techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.



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12. Related parties

ADS Crude Holding AS, a 100% subsidiary of ADS Crude Carriers Plc, owns 100% of the share capital of the Company at 31 December 2018. ADS Crude Carriers Plc is the ultimate parent company in the ADS Crude Carriers group.

12.1. Transactions with other group companies

The table below shows the balances due to other group companies at 31 December 2018.

<i>(In thousands of USD)</i>	As at 31-Dec-18
<i>Payables to group companies</i>	
ADS Crude Carriers Plc	100
ADS Crude Holding AS	694
ADS Crude I AS	1 850
Total payables to group companies	2 644

The payables to group companies are as a result of other group companies providing working capital during the start-up phase of the Company. The payables are current and non-interest bearing. There were no other transactions for goods or services provided in the Period.

12.2. Board of Directors and key management personnel

The Company had no employees during 2018. No remuneration or benefits were paid to members of the Board of Directors during the Period.

Terje Bodin Larsen, Chairman and sole member of the Board of Directors, fulfils the role of CEO of the ADS Crude Carriers group through an administrative and corporate management service agreement contract the Company has with Arendals Dampskibsselskab.

12.3. Other related parties

Arendals Dampskibsselskab AS

Arendals Dampskibsselskab AS, a company controlled by Chairman of the Board of Directors of ADS Crude Carriers Plc, Bjørn Tore Larsen, is contracted to provide administrative and corporate management services to the Company for an agreed fee of USD 100 per vessel calendar day. The management contract is for at least the period up to 31 December 2022, and the agreement will thereafter automatically be extended for successive 12-month periods unless it is terminated by either party not less than 12 months prior to the end of such period.

During 2018, USD 15k was paid to Arendals Dampskibsselskab AS for administrative and corporate management services. No amount was owed to Arendals Dampskibsselskab AS at the period end.

OSM Group

B.T. Larsen & Co. Ltd is a related party of the ADS Crude Carriers group as it is a company controlled by Chairman of the Board of Directors of ADS Crude Carriers Plc, Bjørn Tore Larsen. OSM Ship Management AS, a member of the OSM Group, provides technical vessel management for the Company's vessel for an agreed fee of USD 180k per annum.

During 2018, USD 69k was paid to OSM Ship Management AS for technical ship management services. No amount was owed to OSM Ship Management AS at the period end.



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Ship Finance

Ship Finance International Ltd is a related party of the ADS Crude Carriers group as it provides key management personnel to the ultimate parent company through representation on the Board of Directors by Mr Trym Sjølie, Chief.

During 2018 the Company acquired the vessel from a company associated with Ship Finance International Ltd for a total consideration of USD 22.5 million.

Frontline

Frontline Management (Bermuda) Ltd is a related party of the ADS Crude Carriers group as it is in the same group of companies as Ship Finance International Ltd, is contracted to provide commercial management services to the Company for a fee of USD 250 per vessel calendar day, in addition to 1.25% of gross charter hire, in relation to the Company's three vessels.

During 2018 the total cost of the commercial management fees and commission to Frontline was USD 67k.

13. Alternative performance measures

In order to measure financial performance and position, the Company makes use of the Alternative Performance Measures (APMs) described below. The APMs are non-IFRS measures which provide supplemental information to the IFRS financial measures.

13.1. Net revenue

Net revenue is calculated as revenue less voyage expenses. The Company uses net revenue as an indication of the profitability of voyages and charters. Net revenue is used as the numerator when calculating TCE per day.

<i>(In thousands of USD)</i>	8-Jun-18 to 31-Dec-18
Net revenue	
Revenue	5 893
Voyage expenses	(2 751)
Total net revenue	3 142

13.2. TCE per day

Time charter equivalent (TCE) per day is calculated by dividing net revenue by the number of vessel operating days in the period. Vessel operating days are the calendar days in the period as calculated from the date of delivery of a newly acquired vessel, excluding any days associated with drydocking or off-hire. TCE is a common shipping industry measure of performance on a per day basis. The Company uses TCE per day as it enables comparison of financial performance between periods regardless of changes in the mix of charter types.

<i>(In thousands of USD)</i>	8-Jun-18 to 31-Dec-18
TCE	
Net revenue	3 142
Vessel operating days	144
TCE (in whole USD)	21 816



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14. Events after the reporting period

There are no events or occurrences after the reporting period and before approval of the financial statements that have a significant bearing on understanding the understanding of the financial statements.

Arendal, 15 May 2019

The Board of Directors

Terje Bodin Larsen, Chairman



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4816 Kolbjørnsvik,
Norway



Minutes of board meeting in ADS Crude II AS

Place: ADS Office, Arendal, Norway

Date: 15 May 2019

Present were:

Terje Bodin Larsen, (Chairman)

All members were present and the Board thus formed a quorum.

The following also attended the meeting:

Ben Boiling, CFO

Agenda:

1. Proposal regarding the annual report and accounts

The management's proposal regarding the annual report and accounts was examined. All the questions which were asked were answered without any objections being stated by the Board of Directors.

2. Proposal regarding the appropriation of the profit for the year (settlement of the loss for the year), including dividend

The Board discussed the management's proposal regarding the allocation of the profit the year, including dividend. The Board approved the submitted proposal regarding the allocation of the profit for the year. The Board agreed to propose a total dividend of USD 1.5 million to the general meeting, which means that a dividend of approximately USD 1,724.14 per share will be paid per share to everyone registered as a shareholder as at 16 May 2019. Provided this is approved by the general meeting, the dividend will be paid on 20 May 2019.

3. Approval of the annual report and accounts

Following this, the Board unanimously adopted the submitted annual report and accounts. All the directors signed the annual report and accounts without reservation.

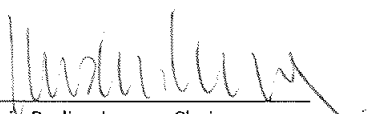
4. Notice of ordinary general meeting

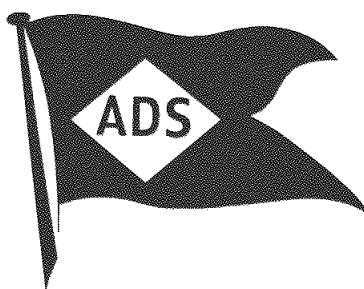
The Board unanimously decided to present the annual report and accounts to the general meeting. The Board decided to authorise the Chairman of the Board to give notice of an ordinary general meeting.

5. Any other business

There were no issues to be dealt with under this item.

Arendal, 15 May 2019


Terje Bodin Larsen, Chairman



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ADS CRUDE CARRIERS PLC

Board of Directors' Report

ADS Crude Carriers was incorporated as a private limited liability company (ADS Crude Carriers Ltd) on 30 April 2018 and converted to a public limited company (ADS Crude Carriers Plc) on 10 August 2018. The principal activities of ADS Crude Carriers Plc (the "Parent Company") and its wholly owned subsidiaries (together, the "Company") are operating tanker vessels in the global tanker market. The Company owns and operates a fleet of three VLCCs: *Front Page*, *ADS Stratus* and *ADS Serenade*.

HEADLINES 2018

- ADS Crude Carriers Plc and subsidiaries established
- USD 57 million gross equity raised 16 July 2018 in a private placement
- Admitted for listing at Oslo Stock Exchange – Merkur Market 28 August 2018
- Purchase of three VLCCs for USD 22.5 million per vessel
- Vessels delivered on 20 July, 9 August and 13 September 2018
- Debt of USD 10 million per vessel
- Scrubber purchase and installation for all vessels fully financed; installation planned during intermediate surveys scheduled H2 2019

KEY FINANCIALS 2018

<i>(In thousands of USD)</i>	30-Apr-18 to 31-Dec-18
Revenue	13 432
Net revenue ¹	7 907
TCE ¹ per day <i>(in USD)</i>	18 962
Operating profit	903
Net profit	102
EPS <i>(in USD per share)</i>	0.01
Cash flow from operations	(2 595)
Cash and cash equivalents	13 689
Equity ratio	61 %
Net interest-bearing debt ¹	15 787

¹ Net revenue, TCE per day and NIBD are non-IFRS measures (see Note 17 to the consolidated financial statements)

1. Operations and market

ADS Crude Carriers Plc was formed during 2018 with an aim of acquiring tankers at low entry prices ahead of the new IMO emission regulations that come into force on 1 January 2020. The Company took delivery of three VLCCs during the third quarter 2018: *Front Page* on 20 July 2018, *ADS Stratus* on 9 August 2018 and *ADS Serenade* on 13 September 2018. The Company is managed by Arendals Dampskibsselskab AS, while commercial management of the vessels is provided by Frontline Ltd. Technical management of the vessels is provided by OSM Maritime and Thome Ship Management. The Company plans to install scrubbers across its fleet in Q3 and Q4 2019 and is well prepared to take advantage from the relative savings in fuel cost it expects to benefit from commencing 1 January 2020 and the initial years following IMO 2020 implementation. The cost of scrubbers, including installation, is fully financed from proceeds of the 16 July 2018 equity issue.



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2. Financial review

The period from 30 April to 31 December 2018 (the "Period" or "2018") is the first financial period of the Company. There are no comparative figures as this is the first period of operation.

2.1. Income statement

The Company was in a start-up phase during the first half of the Period. After delivery of the vessels between 20 July and 13 September 2018, the Company had two vessels operating in the spot market and one on time charter. The Company recorded revenue of USD 13.4 million and net revenue of USD 7.9 million. The Company had a total of 417 available vessel days and recorded an average TCE per day of USD 18,962.

Vessel operating expenses were USD 5.5 million in the Period. Included within vessel operating costs are certain start-up costs in order to prepare the vessels for operations, but which were not eligible for capitalization. General and administrative costs were USD 0.6 million in 2018 and were impacted by corporate start-up costs. Depreciation, all of which related to the Company's three vessels, was USD 1.8 million in 2018. Operating profit was USD 0.9 million for 2018.

Finance costs totalled USD 0.9 million and finance income USD 0.1 million. Finance costs consisted mainly of interest cost arising on the Company's vessel loans.

Net profit was USD 0.1 million in 2018 and EPS was USD 0.01.

2.2. Balance sheet

The Company had gross assets of USD 92.2 million at 31 December 2018, consisting of vessel carrying values of USD 67.7 million and current assets of USD 24.4 million. The book value of equity at the Period end was USD 56.0 million, non-current liabilities were USD 29.7 million and current liabilities USD 6.4 million. The non-current liabilities consist of the three vessel loans with nominal value USD 10 million per vessel, less unamortized loan costs.

2.3. Cash flow

Net cash flow from operations before working capital movements was USD 2.7 million, and after working capital movements of negative USD 5.3 million was an outflow of USD 2.6 million for the Period. The level of working capital movement is within the normal range expected during the Company's first period of operation.

Cash invested in property, plant and equipment was USD 68.4 million in 2018 following purchase of the Company's three vessels for USD 22.5 million per vessel, plus direct purchase costs. An amount of USD 0.5 million was paid as first installment to the manufacturer of scrubbers, representing 10% of the total scrubber purchase price.

Cash flow from investing activities was an inflow of USD 84.7 million, consisting mainly of gross equity raise proceeds of USD 56.9 million, less issue costs of USD 1.0 million, and gross loan proceeds of USD 30.0 million, less issue costs of USD 0.3 million. An amount of USD 0.5 million was transferred to restricted cash in relation to terms of the loan that require an amount equivalent to approximately one quarter's interest payment being deposited in escrow. Interest payment totaling USD 0.4 million was made in the Period.

Cash and cash equivalents held at 31 December 2018 totaled USD 13.7 million. In addition, the Company had restricted cash deposits of USD 0.5 million at 31 December 2018.

2.4. Dividends and allocation of net profit

The Company recorded a net profit of USD 0.1 million for 2018. The Board of Directors propose to transfer the net profit to retained earnings and do not propose a dividend for 2018.



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2.5. Going concern

The Company was incorporated on 30 April 2018 as a limited liability company, converted to a public limited company on 10 August 2018 and subsequently admitted to trading on the Merkur Market on 28 August 2018. On 16 July 2018, the Company raised gross proceeds of USD 57 million in a private placement equity issue. The purpose of the equity issue was to provide proceeds to part-finance purchase of three VLCCs, finance scrubber installments on the acquired vessels planned for 2019, as well as provide liquidity for working capital build-up, cover general corporate purposes and equity transaction fees. During the second half of 2018 the Company purchased three vessels for a total price of USD 67.5 million, or USD 22.5 million per vessel. In addition to the equity contribution, the vessel purchase was partly financed by a USD 30 million loan, or USD 10 million per vessel (the "Fleet Loan"). All of the Company's vessels require intermediate surveys (dry dockings) during 2019 and the cost of the intermediate surveys will be financed either through cash from operations, debt financing, equity, or a combination.

The Company is subject to certain financial covenants under the Fleet Loan, including levels of minimum liquidity (no less than 10% of the financial indebtedness), minimum working capital (positive at all times) and maximum vessel loan-to-value ratio (no more than 70%). The Company is in compliance with all financial covenants.

The Company's financial projections used in its going concern evaluation are based on certain assumptions about the future, including those related to the VLCC market, vessel utilization, productivity and operating cost level, expected future capital investments and the availability of financing such investments. Based on these assumptions, the Company expects to have sufficient liquidity to operate for at least 12 months from the date of this report and, therefore, these financial statements are prepared using the going concern assumption.

2.6. Parent company's unconsolidated financial statements

The Parent Company recorded a net loss of USD 0.2 million for 2018, driven by general and administrative costs of USD 0.2 million. The Parent Company had no revenue in 2018 as it has no revenue generating activities. The Parent Company is a holding company and expects future income in the form of dividends from subsidiaries.

The Board of Directors propose to transfer the net profit to retained earnings and do not propose a dividend for 2018.

The Parent Company had gross assets at 31 December 2018 of USD 56.8 million, of which USD 45.2 million is investment in subsidiaries and USD 11.6 million current assets. The Parent Company's book equity was USD 56.8 million at the Period end. The Company has no non-liabilities as at 31 December 2018.

2.7. Events after the reporting period

There are no events or occurrences after the reporting period and before approval of the financial statements that have a significant bearing on understanding the understanding of the consolidated or unconsolidated financial statements.

3. Financial risks

The Company's primary financial risks relate to market risk, credit risk and liquidity risk.

The Company's principle financial liabilities are loans used to finance the Company's vessels, as well as trade payables and other payables. The Company's principal financial assets are customer receivables, other assets and cash deposits at banks.

3.1. Interest rate risk

The Company's exposure to the risk of changes in market interest rates relates to its vessels loans. As at 31 December 2018, the Company had vessel loans with carrying value USD 29.7 million (nominal value USD 30 million) that had floating interest rates based on LIBOR plus a margin of 4.50%. The Company has no fixed interest rate borrowings.



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To indicate the sensitivity of the Company's earnings to changes in interest rates, should LIBOR increase or decrease by 200 basis points, the Company's interest cash cost would increase or decrease by USD 0.6 million per year.

3.2. Foreign exchange risk

The Company operates in the global tanker industry, for which the majority of transactions are denominated in US dollars, the Company's functional and presentational currency. All of the Company's revenue recognized in 2018 was denominated in USD dollars. The majority of the Company's operating costs are denominated in US dollars.

As at 31 December 2018, the only financial assets and liabilities denominated in foreign currency is a cash and cash equivalent of USD 0.2 million. Hence, the Company's maximum exposure to foreign exchange risk is considered insignificant.

3.3. Credit risk

Credit risk is the risk that a counterparty defaults on its contractual obligations, resulting in a financial loss to the Company. The Company is exposed to credit risk primarily from receivables from customers and cash held at banks.

The Company manages its credit risk related to customers by aiming to provide services only to reputable customers. Part of the Company's customer credit risk management is provided by the Company's commercial vessel manager, Frontline Ltd.

During 2018, one of the Company's vessels was on a time charter and two of its vessels operated in the spot market and at 31 December 2018, the Company's vessels were on charters (time or spot) to three different counterparties. Charter hire income is payable to the Company in advance, while payment terms for spot charters are generally payment at discharge.

The Company aims to manage its counterparty risk relating to cash held at bank by only holding deposits at recognizable international banks. As at 31 December 2018 all of the Company's cash and cash equivalents and restricted cash was held with Nordea Bank.

3.4. Liquidity risk

Liquidity risk is the risk that the Company cannot meet its financial obligations as they fall due. The Company manages its risk of a shortage of funds by continuously monitoring maturity of its financial assets and liabilities and using a cash flow forecasting tool that makes projections about future cash flows from operating activities and required for investing activities.

The table below shows the maturity profile of the Company's financial liabilities based on contractual payment terms.

<i>(In thousands of USD)</i>	2019	2020	2021	2022	Total
Interest-bearing debt	-	-	-	29 729	29 729
Other current liabilities	1 333	-	-	-	1 333
Trade payables	5 113	-	-	-	5 113
Total	6 446	-	-	29 729	36 174

The Company intends to install scrubbers on board the vessels during intermediate surveys (dry dockings) scheduled for the second half of 2019. The scrubber purchase, including installation costs, total an estimated USD 3 million per vessel and is fully financed from the proceeds of the July 2018 private placement proceeds. An amount of USD 0.5 million was paid during 2018 and a further USD 1.2 million is included in trade payables at 31 December 2018 relating



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to prepayments for the purchase of the scrubbers. The cost of the intermediate surveys will be in addition to the scrubbers and will be financed either through cash from operations, debt financing, equity, or a combination.

4. People and the organization

The Company's registered office is in Cyprus and its Norwegian subsidiaries are based in Arendal, Norway. The Company's fleet of vessels operate globally.

During the period ended 31 December 2018 the Company did not have any employees. On 1 March 2019 ADS Crude Carriers Plc employed one employee, based at the Company's office in Cyprus. The administrative and corporate management of the Company is provided by Arendais Dampskibsselskab AS. Commercial management of the vessels is provided by Frontline Ltd, while technical management of the vessels, including employment of crew onboard, is provided by OSM Maritime Group and Thome Ship Management.

The Company currently has five members of the Board of Directors, two of which are female.

5. Outlook

The VLCC tanker market improved significantly through the latter part of 2018 following lower levels earlier in the year. During the first quarter 2019, the VLCC market has remained dynamic, with periods of improving rates followed by short periods of declines, but overall a significant improvement resulting in a higher average market TCE rate in Q1 2019 compared to the same quarter in 2018. The market will likely be impacted during 2019 due to behaviors as a consequence of the pending IMO 2020 regulations, with an expected surge in the number of vessel owners temporarily reducing capacity to install scrubbers during the second half of the year. The VLCC market is expected to remain dynamic during 2019.

As at the date of this report, *ADS Stratus* and *ADS Serenade* continue to operate in the spot market, while *Front Page* is expected to complete its current time charter during the first half of April 2019 and will subsequently commence operations in the spot market.

Limassol, 3 April 2019

The Board of Directors

Bjørn Tore Larsen, Chairman

Marios Demetriades

Torm Sjølie

Penelope Evangelidou

Alkistis Dimitrou



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Consolidated statement of comprehensive income

<i>(In thousands of USD)</i>	<i>Note</i>	30-Apr-18 to 31-Dec-18
Revenue	4, 5	13 432
Operating expenses		
Voyage expenses	6	(5 525)
Vessel operating expenses	7	(4 562)
General & administrative costs	8	(606)
Depreciation	11	(1 835)
Total operating expenses		(12 529)
Operating profit		903
Finance cost	9	(859)
Finance income	9	57
Profit before tax		102
Income tax		-
Profit after tax and total comprehensive income		102
Earnings per share attributable to equity holders (in USD)		
- Basic	10	0.01
- Diluted	10	0.01



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Consolidated statement of financial position

<i>(In thousands of USD)</i>	<i>Note</i>	31-Dec-18
Assets		
Non-current assets		
Vessels	11	67 714
Total non-current assets		67 714
Current assets		
Receivables from customers		4 745
Other current assets	12	5 488
Restricted cash		524
Cash and cash equivalents		13 689
Total current assets		24 447
Total assets		92 161
Equity and liabilities		
Equity		
Issued share capital		4 678
Share premium		51 207
Retained earnings		102
Total equity		55 987
Non-current liabilities		
Interest-bearing debt	13	29 729
Total non-current liabilities		29 729
Current liabilities		
Other current liabilities	14	1 333
Trade payables		5 113
Total current liabilities		6 446
Total equity and liabilities		92 161



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Consolidated statement of cash flows

<i>(In thousands of USD)</i>	30-Apr-18 to 31-Dec-18
Cash flows from operating activities	
Profit for the period	102
Adjustment for items not affecting operating cash flows:	
Depreciation	1 835
Interest expense	793
Interest income	(35)
Net operating cash flow before working capital movements	2 695
Working capital movements	(5 290)
Total operating cash flow	(2 595)
Cash flows from investing activities	
Payments for vessels	(68 387)
Total cash flows used in investing activities	(68 387)
Cash flows from financing activities	
Proceeds from share issue	56 933
Transaction cost on issue of shares	(1 048)
Receipt from bank loan	30 000
Transaction costs related to bank loan	(300)
Interest paid	(391)
Decrease/(increase) in restricted cash	(524)
Interest received	1
Total cash flows from financing activities	84 671
Net increase in cash and cash equivalents	13 689
Cash and cash equivalents at the beginning of the period	-
Cash and cash equivalents at the end of the period	13 689



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Consolidated statement of changes in equity

<i>(In thousands of USD apart from number of shares)</i>	Number of shares	Issued share capital	Share premium	Retained earnings	Total equity
Balance at incorporation on 30 April 2018	-	-	-	-	-
Issue of share capital					
30 April 2018 at USD 0.20 per share	5 860	1			1
16 July 2018 at NOK 20 per share	23 384 440	4 677	52 255		56 932
Transaction costs of issue of shares			(1 048)		(1 048)
Total comprehensive income for the period				102	102
Balance at 31 December 2018	23 390 300	4 678	51 207	102	55 987

The nominal value of the Company's authorized share capital, including issued and non-issued shares, at 31 December 2018 is USD 4.7 million, consisting of 23,390,300 shares with par value USD 0.20 per share.



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Notes to the consolidated financial statements

1. General information

These consolidated financial statements of ADS Crude Carriers Plc ("ADS Crude Carriers" or the "Company") for the period ended 31 December 2018 were authorized for issue in accordance with a resolution of the Board of Directors passed on 3 April 2019.

ADS Crude Carriers Plc is a public limited company listed on the Merkur Market at the Oslo Stock Exchange.

The Company is incorporated in Cyprus and the address of its registered office is OSM House, 22 Amathountos, 4532 Agios Tychonas, Limassol, Cyprus. The Company is domiciled in Cyprus and has Norwegian subsidiaries based in Arendal, Norway. The principal activities of the Company are operating tanker vessels in the global tanker market. The Company owns and operates a fleet of three VLCCs: *Front Page*, *ADS Stratus* and *ADS Serenade*.

The Company is managed by Arendals Dampskibsselskab AS. Commercial management of the vessels is provided by Frontline Ltd, while technical management of the vessels is provided by OSM Maritime Group and Thome Ship Management.

2. Significant accounting policies

2.1. Basis of preparation

These financial statements are prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB) and as adopted by the EU.

2.2. Going concern

The Company was incorporated on 30 April 2018 as a limited liability company, converted to a public limited company on 10 August 2018 and subsequently admitted to trading on the Merkur Market on 28 August 2018. On 16 July 2018, the Company raised gross proceeds of USD 57 million in a private placement equity issue. The purpose of the equity issue was to provide proceeds to part-finance purchase of three VLCCs, finance scrubber installments on the acquired vessels planned for 2019, as well as provide liquidity for working capital build-up, cover general corporate purposes and equity transaction fees. During the second half of 2018 the Company purchased three vessels for a total price of USD 67.5 million, or USD 22.5 million per vessel. In addition to the equity contribution, the vessel purchase was partly financed by a USD 30 million loan, or USD 10 million per vessel (the "Fleet Loan"). All of the Company's vessels require intermediate surveys (dry dockings) during 2019 and the cost of the intermediate surveys will be financed either through cash from operations, debt financing, equity, or a combination.

The Company is subject to certain financial covenants under the Fleet Loan, including levels of minimum liquidity (no less than 10% of the financial indebtedness), minimum working capital (positive at all times) and maximum vessel loan-to-value ratio (no more than 70%). The Company is in compliance with all financial covenants.

The Company's financial projections used in its going concern evaluation are based on certain assumptions about the future, including those related to the VLCC market, vessel utilization, productivity and operating cost level, expected future capital investments and the availability of financing such investments. Based on these assumptions, the Company expects to have sufficient liquidity to operate for at least 12 months from the date of this report and, therefore, these financial statements are prepared using the going concern assumption.



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2.3. Revenue recognition

Revenue is recognized when a contractual performance obligation is satisfied by transferring a promised good or service to a customer.

Spot charters

Revenue from spot charters is recognized over the estimated length of each voyage, calculated on a load-to-discharge basis. The load-to-discharge period is deemed to be the period during which the customer obtains economic benefit.

Certain costs that are incurred to obtain and fulfil a spot charter contract may qualify for deferral. The Company incurs voyage expenses between the previous discharge port, or customer contract date if later, and the next load port. Such voyage expenses are capitalized if the costs directly relate to the contract, generate or enhance resources of the entity that will be used in satisfying performance obligations, and the costs are expected to be recovered. Any costs capitalized during the previous discharge port and next load port are amortized on a straight-line basis during the subsequent load-to-discharge period.

Time charter

Revenue from time charters is recognized on a straight-line basis over the rental period of the charter.

2.4. Property, plant and equipment

Vessels

Vessels are stated at historical cost, less accumulated depreciation and impairments. The cost includes any costs that were directly attributable to the purchase of a vessel.

The vessels are depreciated down to their estimated residual values on a straight-line basis over the useful life of the vessels. The useful lifetime of a vessel is expected to be 20 years from the original delivery date of the vessel following construction. A vessel's residual value is its estimated scrap value expected at the date of scrapping, calculated as the product of the lightweight tonnage of the vessel and the estimated scrap price per tonne. Residual values are reviewed annually.

Capitalized docking and survey costs are depreciated fully on a straight-line basis from the completion of a docking to the estimated date of the next one. Costs related to ordinary maintenance performed during drydocking are charged to the income statement as part of vessel operating expenses in the period in which they were incurred.

2.5. Consolidation

The consolidated financial statements comprise the financial statements of ADS Crude Carriers Plc (the "Parent Company") and its subsidiaries (together, the "Company"). All of the subsidiaries in the group are 100% owned by the Parent Company and, thus, there are no minority ownership interests.

The financial statements of the subsidiaries are prepared for the same reporting period as the Parent Company, using the same accounting policies. All intercompany transactions and balances are eliminated upon consolidation of the financial statements.



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2.6. Foreign currency translation

The functional currency of the Company is US dollar. The functional currency of the Parent Company and all subsidiaries is US dollar.

Income and expenses denominated in foreign currencies are translated into US dollar at the exchange rates prevailing at the dates of the transactions. Exchange gains and losses resulting from settlement of such transactions as well as from the translation at period end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the income statement as finance income and finance costs.

2.7. Cash and cash equivalents

Cash and cash equivalents consist of cash deposits held at call with banks. Cash and cash equivalents that are restricted for the Company's use are disclosed separately in the statement of financial position.

2.8. Share capital

Shares are classified as equity. Incremental costs directly attributable to the issue of new shares are recorded in equity as a reduction from the gross share issue proceeds.

2.9. Financial liabilities

Financial liabilities are measured at fair value on recognition, net of directly attributable transaction costs. Subsequent to initial recognition, the Company's financial liabilities are measured at amortized cost using the effective interest rate method. The Company's main financial liabilities consist of non-current loans, trade and other payables and accruals. The Company has no financial derivatives.

The Company derecognizes a financial liability only when the Company's obligations are discharged, cancelled or expire.

Loan fees

Expenses that are directly attributable to the inception of a loan are capitalized and amortized over the term of the relevant loan using the effective interest rate method. Amortization of loan costs are included as finance costs in the income statement. The capitalized but unamortized amount of such loan costs are recorded net of the loan liability in the statement of financial position.

2.10. Financial assets

Financial assets are measured at fair value on recognition. Subsequent to initial recognition, the Company's financial assets are measured at amortized cost using the effective interest rate method. Normally, the interest element for the Company's financial assets is disregarded since the receivables are short-term. The Company's main financial assets consist of receivables from customers and other receivables.

The Company derecognizes a financial asset when the contractual rights to cash flows from the asset expire.

Impairment of financial assets

For trade receivables, contract assets and lease receivables the Company applies the simplified approach permitted by IFRS 9 *Financial instruments*, which uses lifetime expected losses to be recognized from initial recognition of the financial assets. For all other financial assets that are subject to impairment under IFRS 9, the Company applies the general approach three stage model, based on changes in credit quality since initial recognition.



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2.11. Impairment of non-financial assets

At each reporting date, the Company assess whether there is indication that an asset is impaired. If an indication exists, the Company estimates the asset's recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and its value in use. Where the recoverable amount exceeds an asset's carrying value, there is no impairment. In the event the recoverable amount is lower than the carrying value, an impairment charge is recognized and the asset's carrying value is written down to its recoverable amount.

The carrying amounts of vessels are reviewed for potential impairments whenever there is an indication that the carrying amount may not be fully recoverable. Such indicators may include depressed spot market rates, depressed second hand tanker values and sudden and significant reductions in scrap values. The Company assesses the recoverability of the carrying value of each vessel on an individual basis by estimating the fair value less costs to sell of the vessel. The fair value is based on recent independent market transactions for similar vessels between a willing buyer and willing seller. If the fair value less costs to sell of the vessel support its carrying value, then there is no impairment. If the fair value less costs to sell is less than a vessel's carrying value, then a value in use test is performed by calculating the net present value of future cash flows the Company expects to generate from continuing use of the vessel up to and including scrapping. The value in use calculation requires the Company to make assumptions about future vessel performance, including about charter rates, utilization and productivity, vessel operating expenses, drydocking requirements, scrap values and discount rate.

2.12. Holdings on board

The Company has bunker and lube oil onboard the vessels which are consumed in line with vessel operations. Any holdings onboard at the reporting date are measured at the lower of cost and net realizable value using the first in, first out (FIFO) method.

2.13. Earnings per share

Basic earnings per share is calculated based on the net profit attributable to ordinary shareholders for the period divided by the weighted average number of shares in issue. The Company has no potentially dilutive equity instruments in issue.

2.14. Consolidated statement of cash flows

The Company's statement of cash flows is prepared using the indirect method. Cash flows are divided into cash flows attributable to either operating activities, investing activities or financing activities. In the cash flow statement, net profit for the period is adjusted for non-cash items recorded in the income statement, such as depreciation, as well as for non-cash movements in working capital. Any cash flows that have been recorded initially in the income statement as part of net profit but which are investing or financing in nature are removed from operating cash flows and presented as part of investing or financing cash flows. All amounts presented in the investing activities and financing activities sections are pure cash flows only.

2.15. Changes in accounting policies

These consolidated financial statements are for the Company's first financial period and the Company has not changed accounting policies during the period.

Certain new standards, amendments and interpretations of existing standards have been published that are mandatory for the Company's accounting periods beginning 1 January 2019 or later. The new standards, amendments and interpretations relevant for the Company are listed below.



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2.15.1. IFRS 16 *Leases*

Effective 1 January 2019, IFRS 16 *Leases* will replace IAS 17 *Leases*. IFRS 16 eliminates the classification of leases as either operating or financial leases as is required by IAS 17 and, instead, introduce a single lessee accounting model. The Company does not currently have any lease arrangements and, hence, adoption of IFRS 16 is not expected to have any significant impact on the Company's financial statements.

2.16. Critical accounting estimates and judgments

The preparation of the Company's consolidated financial statements requires management and the board to make estimates, judgments and assumptions that affect the reported amount of revenue, expenses, assets and liabilities, as well as the accompanying disclosures. Uncertainty about these estimates, judgments and assumptions could result in outcomes that require a material adjustment to the carrying amounts of assets or liabilities in future periods. A summary of the most significant judgments, estimates and assumptions are described below.

Vessel depreciation

Vessel depreciation is based on the estimated useful lifetime of 20 years from original delivery and the estimated residual value at the end of that period. The Company uses estimated scrap value as the residual value, which requires the Company to estimate the scrap market value at the date of scrapping. The Company has used USD 425/ldt as the estimated unit scrap price.

Impairment of vessels

Whether there exists an impairment indicator may require the Company to make judgments. In preparing these consolidated financial statements, the Company performed an impairment test on the carrying value of its vessels using the fair value less cost of disposal method. The results of the test indicated there was no impairment. To assess the fair value of the Company's vessels, recent market transactions between independent third parties on a willing seller willing buyer basis are used as a benchmark. Costs of disposal are estimated by the Company as a percentage of the gross market value.



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3. Financial risk management

The Company's primary financial risks relate to market risk, credit risk and liquidity risk. Market risk is the risk that the fair value of future cash flows of a financial asset or liability will fluctuate because of changes in market prices, such as foreign exchange and interest rates. The Company's financial risk exposure is monitored by Management and its Board of Directors oversee the management of these risks.

The Company's principle financial liabilities are loans used to finance the Company's vessels, as well as trade payables and other payables. The Company's principal financial assets are customer receivables, other assets and cash deposits at banks.

The table below shows the Company's financial assets and liabilities.

<i>(In thousands of USD)</i>	31-Dec-18
Financial assets	
Receivables from customers	4 745
Other current assets	5 488
Restricted cash	524
Cash and cash equivalents	13 689
Total financial assets	24 447
Financial liabilities	
Non-current interest-bearing debt	29 729
Other current liabilities	1 333
Trade payables	5 113
Total financial liabilities	36 174
Net current financial assets/(liabilities)	18 001
Net current and non-current financial assets/(liabilities)	(11 727)

3.1. Interest rate risk

The Company's exposure to the risk of changes in market interest rates relates to its vessels loans. As at 31 December 2018, the Company had vessel loans with carrying value USD 29.7 million (nominal value USD 30 million) that had floating interest rates based on LIBOR plus a margin of 4.50%. The Company has no fixed interest rate borrowings.

To indicate the sensitivity of the Company's earnings to changes in interest rates, should LIBOR increase or decrease by 200 basis points, the Company's interest cash cost would increase or decrease by USD 0.6 million per year.

3.2. Foreign exchange risk

The Company operates in the global tanker industry, for which the majority of transactions are denominated in US dollars, the Company's functional and presentational currency. All of the Company's revenue recognized in 2018 was denominated in US dollars. The majority of the Company's operating costs are denominated in US dollars.

As at 31 December 2018 the Company had cash and cash equivalents denominated in Norwegian krone that had a carrying value of USD 0.2 million. All other financial assets and liabilities of the Company at 31 December 2018 are denominated in US dollars and, hence, the Company's maximum exposure to foreign exchange risk equates to USD 0.2 million.



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3.3. Credit risk

Credit risk is the risk that a counterparty defaults on its contractual obligations, resulting in a financial loss to the Company. The Company is exposed to credit risk primarily from receivables from customers and cash held at banks.

The Company manages its credit risk related to customers by aiming to provide services only to reputable customers. Part of the Company's customer credit risk management is provided by the Company's commercial vessel manager, Frontline Ltd.

During 2018, one of the Company's vessels was on a time charter and two of its vessels operated in the spot market and at 31 December 2018, the Company's vessels were on charters (time or spot) to three different counterparties. Charter hire income is payable to the Company in advance, while payment terms for spot charters are generally payment at discharge.

The Company aims to manage its counterparty risk relating to cash held at bank by only holding deposits at recognizable international banks. As at 31 December 2018 all of the Company's cash and cash equivalents and restricted cash was held with Nordea Bank.

3.4. Liquidity risk

Liquidity risk is the risk that the Company cannot meet its financial obligations as they fall due. The Company manages its risk of a shortage of funds by continuously monitoring maturity of its financial assets and liabilities and using a cash flow forecasting tool that makes projections about future cash flows from operating activities and required for investing activities.

The table below shows the maturity profile of the Company's financial liabilities based on contractual payment terms.

<i>(In thousands of USD)</i>	2019	2020	2021	2022	Total
Interest-bearing debt	-	-	-	29 729	29 729
Other current liabilities	1 333	-	-	-	1 333
Trade payables	5 113	-	-	-	5 113
Total	6 446	-	-	29 729	36 174

As measured from 31 December 2018 and in addition to the financial liabilities detailed above, the Company has a capital cash commitment relating to purchase of three scrubbers totaling USD 3.0 million, excluding installation costs, which is expected to result in an outflow of cash during 2019. The scrubbers will be installed on each of the Company's vessels during the intermediate surveys planned for the second half of 2019. The total scrubber purchase and installation cost are estimated at USD 3 million per vessel and is fully financed from the proceeds of the proceeds from the July 2018 private placement. The cost of the intermediate surveys (dry dockings) will be in addition to the scrubber purchase and installation cost.



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3.5. Capital management

The Company's objectives when managing capital are to maximize the return to shareholders over the remaining expected lifetime of the vessels under the Company's control, aiming to have an optimal capital structure whereby it safeguards the Company's ability to continue as a going concern but while returning excess capital to shareholders in the form of regular dividends. The management of the capital structure involves active monitoring and adjustments in light of changes in economic conditions and risk characteristics of the Company's vessels.

The Company monitors its debt on the basis of its relative leverage and its absolute debt levels. As part of this monitoring the Company monitors its equity ratio and net interest-bearing debt (NIBD). The equity ratio is calculated as the total carrying value of equity as a proportion of the Company's equity and liabilities. At 31 December 2018 the Company's equity ratio was 61%. NIBD is calculated as the nominal value of the Company's external debt, less cash and cash equivalents and any restricted cash that can be used to repay debt. At 31 December 2018, the Company's NIBD was USD 15.8 million.

4. Segment reporting

The Company's business is limited to operating a fleet of three VLCC tankers. Management has organized and manages the entity as one business segment based upon the service provided. The Company's chief operating decision maker, being the board of directors, reviews the Company's operating results on a consolidated basis as one operating segment (as defined by IFRS 8 *Operating segments*).

The Company took delivery of its vessels during 2018: *Front Page* on 20 July, *ADS Stratus* on 9 August and *ADS Serenade* on 13 September 2018. As at 31 December 2018, the Company had three vessels in operation; two vessels were operating in the spot market and one vessel was on time charter.

4.1. Major customers

The Company's revenues during the period were derived from a total of six customers. Customers from which the Company derived more than 10% of the total revenue in the period are shown in the table below.

<i>(In thousands of USD)</i>	Period from 30-Apr-18 to 31-Dec-18	
Customer 1	3 704	28 %
Customer 2	2 679	20 %
Customer 3	2 111	16 %
Customer 4	1 725	13 %
Customer 5	1 782	13 %
Customer 6	1 433	11 %
Total revenue	13 432	100%

4.2. Geographic regions

The Company's revenues are generated in multiple jurisdictions since the company derives income from operating a fleet of tankers that typically load cargo in one geographical jurisdiction and unload in another and the earnings derived are not split between jurisdictions. As a result, the Company's chief operating decision maker does not evaluate performance by geographical region.



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5. Revenue from contracts with customers

The Company's revenue by type is summarized in the table below.

	Period 30-Apr-18 to 31-Dec-18		
	Spot charters	Time charters	Total revenue
<i>(In thousands of USD)</i>			
Revenue and net revenue by charter types			
Revenue	9 728	3 704	13 432
Voyage expenses	(4 818)	(707)	(5 525)
Net revenue	4 910	2 997	7 907

The Company did not recognize any impairment losses on any receivables or contract assets arising from contracts with customers.

	Receivables from customers	Capitalized fulfilment costs	Total contract assets
<i>(In thousands of USD)</i>			
Balances from customer contracts			
Balance at 30-Apr-18	-	-	-
Net movement in the period	4 745	684	5 429
Balance at 31-Dec-18	4 745	684	5 429

Capitalized fulfilment costs are recognized as other current assets in the statement of financial position and are expensed on a straight-line basis over the period of revenue recognition. The Company had no contract liabilities apart from trade payables and accrued expenses incurred as part of normal operations. The Company has received no payment in advance from customers at 31 December 2018 for which revenue is expected to be recognized in a future period.

Customer contract payment terms are typically in full at discharge for spot charters and monthly in advance for time charters.

6. Voyage expenses

	30-Apr-18 to 31-Dec-18
<i>(In thousands of USD)</i>	
Bunkers	5 372
Commercial management fees and commissions	210
Other voyage expenses	626
	6 209
Capitalized customer contract fulfilment costs	(684)
Net voyage expenses	5 525



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7. Vessel operating expenses

<i>(In thousands of USD)</i>	30-Apr-18 to 31-Dec-18
Manning	1 845
Technical manager fee	215
Lube oils and other consumables	404
Other vessel operating expenses	2 098
Total vessel operating expenses	4 562

Manning costs include the cost of the crew onboard the Company's vessels and are all third party costs. The Company does not employ any crew directly and all crew are supplied by the technical managers of the vessels, OSM Maritime and Thome Ship Management. Vessel operating expenses were negatively impacted in 2018 by certain start-up costs incurred in relation to the vessel acquisitions and preparing the vessels for operations, but which did not qualify for capitalization.

8. General and administrative expenses

<i>(In thousands of USD)</i>	30-Apr-18 to 31-Dec-18
Administrative manager fees	42
Board of director fee accrual	15
Auditor fees	44
Tonnage tax	59
Other expenses	447
Total general and administrative expenses	606

During the period ended 31 December 2018 the Company did not have any employees. On 1 March 2019 ADS Crude Carriers Plc employed one employee, based at the Company's office in Cyprus. The administrative and corporate management of the Company is provided by Arendals Dampskibsselskab AS.

<i>(In thousands of USD)</i>	30-Apr-18 to 31-Dec-18
Amounts paid to auditor	
Statutory audit fees	14
Audit related services	30
Total amounts paid to auditor	44

The statutory audit fee for the 2018 audit of ADS Crude Carriers Plc to RSM Cyprus Ltd is agreed at EUR 10,500 plus VAT at 19%.



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9. Net finance expense

<i>(In thousands of USD)</i>	30-Apr-18 to 31-Dec-18
Finance income	
Interest income	35
Currency exchange gain	23
Total finance income	57
Finance expense	
Interest expense from interest-bearing debt	793
Currency exchange loss	46
Other finance cost	20
Total finance expense	859
Net finance expense	802

10. Earnings per share

	30-Apr-18 to 31-Dec-18
Basic and diluted EPS <i>(USD per share)</i>	0.01
Weighted average shares outstanding	16 070 780

The Company has no dilutive or potential dilutive shares.

11. Property, plant and equipment

<i>(In thousands of USD)</i>	30-Apr-18 to 31-Dec-18
Costs	
Balance at start of period	-
Additional capital expenditures	69 550
Balance at end of period	69 550
Depreciation	
Balance at start of period	-
Depreciation for the period	1 835
Balance at end of period	1 835
Net book value at start of period	-
Net book value at end of period	67 714
Carrying value of pledged assets at period end	66 050

The Company has capital commitments relating to manufacturing of three scrubbers totaling USD 4.7 million, excluding installation costs, of which USD 1.6 million is included in the carrying value of vessels at 31 December 2018. The scrubbers will be installed on each of the Company's vessels during the intermediate surveys planned for the second half of 2019.



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12. Other current assets

<i>(In thousands of USD)</i>	31-Dec-18
Inventory (bunkers and lube oil)	4 242
Capitalized fulfilment costs	684
Advance payments to suppliers	115
VAT receivable	105
Other assets	342
Total other current assets	5 488

Capitalized fulfilment costs are voyage expenses incurred between the previous discharge port, or customer contract date if later, and the next load port. As at 31 December 2018, USD 0.7 million of voyage expenses are capitalized at 31 December 2018 in accordance with IFRS 15.

13. Interest bearing debt

<i>(In thousands of USD)</i>	Inception	Maturity	Interest	31-Dec-18
Fleet Loan				
Vessel 1 - nominal USD 10 million	19-Jul-18	2-Oct-22	LIBOR + 4.50%	9 910
Vessel 2 - nominal USD 10 million	14-Aug-18	22-Aug-22	LIBOR + 4.50%	9 910
Vessel 3 - nominal USD 10 million	13-Sep-18	28-Mar-22	LIBOR + 4.50%	9 910
Total interest-bearing debt				29 729

All interest-bearing debt is non-current. The loans are repayable in full at maturity, apart from a prepayment mechanism in relation to dividends whereby the Company pays 50% of any dividend payment exceeding USD 2 million per financial quarter, USD 4 million per financial half-year and USD 8 million per financial year to be applied towards prepayment of the loans until the aggregate principal amount outstanding has been reduced to USD 24 million. Costs directly related to the loan issues totaling USD 0.3 million are included in the amortized cost calculation of the carrying value of the loans. Interest is payable quarterly in arrears. Each vessel loan has security in the respective vessel.

14. Other current payables

<i>(In thousands of USD)</i>	31-Dec-18
Accrued expenses	931
Accrued interest	401
Total other current payables	1 333



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ADS CRUDE CARRIERS PLC

15. Financial assets and liabilities

All of the Company's financial assets and financial liabilities are measured at amortized cost, apart from inventory and capitalized fulfillment costs included within other current assets. Inventory mainly consists of bunkers onboard and is measured at cost using the FIFO method, while customer contract fulfilment costs are measured in accordance with IFRS 15.

The fair values of the Company's financial assets and liabilities are summarized in the table below.

<i>(In thousands of USD)</i>	<i>Fair value hierarchy</i>	Carrying value	Fair value
		31-Dec-18	31-Dec-18
Financial assets			
Receivables from customers		4 745	4 745
Other current assets		5 488	5 488
Restricted cash		524	524
Cash and cash equivalents		13 689	13 689
Total financial assets		24 447	24 447
Financial liabilities			
Interest-bearing debt	Level 2	29 729	30 760
Other current liabilities		1 333	1 333
Trade payables		5 113	5 113
Total financial liabilities		36 174	37 206

The fair values of receivables from customers, other current assets, restricted cash and cash and cash equivalents, other current liabilities and trade payables approximate their carrying values largely due to their short-term maturities.

The Company uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

Level 1: quoted and unadjusted prices in active markets for identical assets or liabilities.

Level 2: other techniques for which inputs which have a significant impact on the fair value are observable, either directly or indirectly.

Level 3: techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.



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16. Related parties

16.1. Board of Directors

<i>(In thousands of USD)</i>	Director since	30-Apr-18 to 31-Dec-18
Payments to Board of Directors		
Bjørn Tore Larsen	Chairman 10-Aug-18	-
Marios Demetriades	10-Aug-18	-
Penelope Evangelidou	30-Apr-18	-
Alkistis Dimitriou	10-Aug-18	-
Trym Otto Sjølie	10-Aug-18	-
Total payments made to Board of Directors		-

An amount of USD 15k was accrued at 31 December 2018 for estimated Board of Director ("Board") fees. No payment for remuneration was made in the period ending 31 December 2018 to any members of the Company's Board of Directors. Effective 1 October 2018, Marios Demetriades is entitled to board fees of EUR 30k per annum, payable quarterly in arrears and with the first payment made in January 2019. Penelope Evangelidou and Alkistis Dimitriou receive board fees of EUR 750 per annum in addition to EUR 300 per meeting, with first payment due in 2019. Fees for all members of the Board of Directors for 2018 will be reviewed at the Company's next Annual General Meeting.

16.2. Key management personnel

During the period ending 31 December 2018 the Company had no direct employees. Terje Bodin Larsen is the CEO and Ben Boiling is the CFO of the Company. The CEO and CFO are not employed directly by the Company but are engaged through a management service agreement with Arendals Dampskibsselskab AS. Terje Bodin Larsen has been employed at Arendals Dampskibsselskab AS since 2008. Ben Boiling commenced employment at Arendals Dampskibsselskab AS on 1 January 2019.

16.3. Other related parties

Arendals Dampskibsselskab AS

Arendals Dampskibsselskab AS, a company controlled by Chairman of the Board, Bjørn Tore Larsen, is contracted to provide administrative and corporate management services to the Company for an agreed fee of USD 100 per vessel calendar day, subject to annual consumer price index adjustments and increases at the manager's reasonable discretion. The management contract is for at least the period up to 31 December 2022, and the agreement will thereafter automatically be extended for successive 12-month periods unless it is terminated by either party not less than 12 months prior to the end of such period.

During 2018, USD 42k was paid to Arendals Dampskibsselskab AS for administrative and corporate management services. No amount was owed to Arendals Dampskibsselskab AS at the period end.

OSM Group

B.T. Larsen & Co. Ltd, a company controlled by Chairman of the Board, Bjørn Tore Larsen, controls the OSM Group. OSM Ship Management AS, a member of the OSM Group, provides technical vessel management for two of the Company's vessels for an agreed fee of USD 180k per annum per vessel. B.T. Larsen & Co. Ltd owns 2,424,934 shares, or 10.4%, of the Company, via 2,021,754 shares owned by its 100% owned subsidiary ADS Shipping Ltd and 403,180 shares owned by its 100% owned subsidiary Shiphold Ltd.



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During 2018, USD 123k was paid to OSM Ship Management AS for technical ship management services. No amount was owed to OSM Ship Management AS at the period end.

Ship Finance

Ship Finance International Ltd, a company within a group of companies controlled by Hemen Holding Ltd, provides key management personnel to the Company through representation on the Board of Directors by Trym Sjølie, Chief Operating Officer of Ship Finance. Ship Finance International Ltd owns 4,031,800 shares, or 17.2%, of the Company.

During 2018 the Company acquired three vessels from companies associated with Ship Finance International Ltd for a total consideration of USD 67.5 million.

Frontline

Frontline Management (Bermuda) Ltd, a company within the same group of companies as Ship Finance International Ltd controlled by Hemen Holding Ltd, is contracted to provide commercial management services to the Company in relation to the Company's three vessels. Under the terms of the commercial management services contract, Frontline receives a fee of USD 250 per vessel calendar day and commission of 1.25% of gross charter hire.

During 2018 the total cost of the commercial management fees and commission to Frontline was USD 210k, of which USD 94k was accrued and unpaid at the yearend.

Sterna Finance

Sterna Finance Ltd is an affiliate of Hemen Holding Ltd as it has the same beneficial owner. During 2018 the Company entered a loan agreement with Sterna Finance Ltd for financing the acquisition of its three vessels. The loan was drawn down in three tranches corresponding with the acquisition of each vessel and the total nominal value of the loan was USD 30 million. Interest is chargeable at 4.50% plus LIBOR, payable quarterly in arrears. A fee equivalent to 1% of the amount drawn was paid to Sterna Finance Ltd on each drawdown date.

During 2018 the total loan fee paid to Sterna Finance Ltd was USD 300k and the total loan interest cost to the Company was USD 793k, of which USD 430k was accrued and unpaid at the yearend. At 31 December 2018, the outstanding nominal loan amount was USD 30 million.

17. Alternative performance measures

In order to measure financial performance and position, the Company makes use of the Alternative Performance Measures (APMs) described below. The APMs are non-IFRS measures which provide supplemental information to the IFRS financial measures.

17.1. Net revenue

Net revenue is calculated as revenue less voyage expenses. The Company uses net revenue as an indication of the profitability of voyages and charters. Net revenue is used as the numerator when calculating TCE per day.

<i>(In thousands of USD)</i>	30-Apr-18 to 31-Dec-18
Net revenue	
Revenue	13 432
Voyage expenses	(5 525)
Total net revenue	7 907



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17.2. TCE per day

Time charter equivalent (TCE) per day is calculated by dividing net revenue by the number of vessel operating days in the period. Vessel operating days are the calendar days in the period as calculated from the date of delivery of a newly acquired vessel, excluding any days associated with drydocking or off-hire. TCE is a common shipping industry measure of performance on a per day basis. The Company uses TCE per day as it enables comparison of financial performance between periods regardless of changes in the mix of charter types.

<i>(In thousands of USD)</i>	30-Apr-18 to 31-Dec-18
TCE	
Net revenue	7 907
Vessel operating days	417
TCE (in whole USD)	18 962

The Company's vessels were delivered on 20 July, 9 August and 13 September 2018.

17.3. Net interest-bearing debt (NIBD)

NIBD is calculated as the nominal outstanding value of the Company's total interest-bearing debt, less the balance of cash and cash equivalents, as well as any restricted cash that is restricted for the purposes of repaying debt.

<i>(In thousands of USD)</i>	31-Dec-18
Net interest-bearing debt (NIBD)	
Nominal value of interest-bearing debt	30 000
Cash and cash equivalents	13 689
Restricted cash available for debt repayment	524
NIBD	15 787

The Company uses NIBD as it provides an indication of the Company's debt position by indicating the ability of the Company to pay off all its debt if it became due simultaneously and only using cash.

17.4. Backlog

Backlog shows the estimated proportion of vessel operating days of a future financial reporting period for which the Company has secured commitments with clients (eg. charter parties), as well as the average TCE per day for those days. The Company uses backlog since it provides the amount of committed operating activity in future periods, thus providing an indication of the Company's future net revenue.



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18. Events after the reporting period

There are no events or occurrences after the reporting period and before approval of the financial statements that have a significant bearing on the understanding of the financial statements.

Limassol, 3 April 2019

The Board of Directors


Bjørn Tore Larsen, Chairman


Marios Demetriades


Trym Sjølie


Penelope Evangelidou


Alkistis Dimitrou



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Parent Company unconsolidated statement of comprehensive income

<i>(In thousands of USD)</i>	30-Apr-18 to 31-Dec-18
Revenue	-
Operating expenses	
General & administrative costs	(182)
Total operating expenses	(182)
Operating profit	(182)
Finance cost	(5)
Finance income	18
Profit before tax	(169)
Income tax	-
Profit after tax and total comprehensive income	(169)



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Parent Company unconsolidated statement of financial position

<i>(In thousands of USD)</i>	<i>Note</i>	31-Dec-18
Assets		
Non-current assets		
Investments in subsidiaries	4	45 160
Total non-current assets		45 160
Current assets		
Receivables from subsidiaries	4	3 937
Cash and cash equivalents		7 684
Total current assets		11 621
Total assets		56 781
Equity and liabilities		
Equity		
Issued share capital		4 678
Share premium		52 255
Retained earnings		(169)
Total equity		56 764
Current liabilities		
Other current liabilities		15
Trade payables		2
Total current liabilities		17
Total equity and liabilities		56 781



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Parent Company unconsolidated statement of cash flows

<i>(In thousands of USD)</i>	30-Apr-18 to 31-Dec-18
Cash flows from operating activities	
Profit for the period	(169)
Adjustment for items not affecting operating cash flows:	
Interest income	(1)
Net operating cash flow before working capital movements	(170)
Working capital movements	(3 920)
Total operating cash flow	(4 090)
Cash flows from investing activities	
Investment in subsidiaries	(45 160)
Total cash flows used in investing activities	(45 160)
Cash flows from financing activities	
Proceeds from share issue	56 933
Interest received	1
Total cash flows from financing activities	56 934
Net increase in cash and cash equivalents	7 684
Cash and cash equivalents at the beginning of the period	-
Cash and cash equivalents at the end of the period	7 684



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Parent Company unconsolidated statement of changes in equity

<i>(In thousands of USD apart from number of shares)</i>	Number of shares	Issued share capital	Share premium	Retained earnings	Total equity
Balance at incorporation on 30 April 2018	-	-	-	-	-
Issue of share capital					
30 April 2018 at USD 0.20 per share	5 860	1			1
16 July 2018 at NOK 20 per share	23 384 440	4 677	52 255		56 932
Total comprehensive income for the period				(169)	(169)
Balance at 31 December 2018	23 390 300	4 678	52 255	(169)	56 764

The nominal value of the Company's authorized share capital, including issued and non-issued shares, at 31 December 2018 is USD 4.7 million, consisting of 23,390,300 shares with par value USD 0.20 per share.



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ADS CRUDE CARRIERS PLC

Notes to the Parent Company unconsolidated financial statements

1. General information

ADS Crude Carriers Plc (the "Parent Company") is a holding company. The Parent Company's activities are ownership of shares in subsidiaries.

2. Significant accounting policies

2.1. Basis of preparation

These financial statements are prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB) and as adopted by the EU.

The Parent Company's accounting principles are consistent with the accounting principles of the Company, as described in Note 2 of the consolidated financial statements, apart from as described below. Note disclosures that are similar to the information available in the consolidated financial statements are not repeated in these unconsolidated financial statements.

2.2. Investments in subsidiaries

Investments in subsidiaries are presented at cost, less any impairment. To assess for impairment, the estimated recoverable amount is compared to the carrying value of investments in subsidiaries. The recoverable amount is calculated as the discounted estimated future cash flows.

3. Financial assets and liabilities

All of the Company's financial assets and financial liabilities are measured at amortized cost.

The fair values of the Company's financial assets and liabilities are summarized in the table below.

	Carrying value 31-Dec-18	Fair value 31-Dec-18
<i>(In thousands of USD)</i>		
Fair value of financial assets		
Receivables from subsidiaries	3 937	3 937
Cash and cash equivalents	7 684	7 684
Total	11 621	11 621
Fair value of financial liabilities		
Other current liabilities	15	15
Trade payables	2	2
Total	17	17

The fair values of receivables from subsidiaries, cash and cash equivalents, other current liabilities and trade payables approximate their carrying values largely due to their short-term maturities.



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4. Investment in subsidiaries

The table below shows the movement in the Parent Company's investments in subsidiaries during the Period.

<i>(In thousands of USD)</i>	30-Apr-18 to 31-Dec-18
Costs	
Investments at start of period	-
Additional investments	45 160
Balance at end of period	45 160
Net book value at start of period	-
Net book value at end of period	45 160

The table below shows all subsidiaries the Parent Company owns. The Parent Company has no other interests in entities other than the subsidiaries outlined below.

<i>(In thousands of USD)</i>	Country of incorporation	Equity interest 31-Dec-18	Carrying value 31-Dec-18
Name of subsidiary			
ADS Crude Holding AS	Norway	100%	45 160
ADS Crude I AS	Norway	100%	-
ADS Crude II AS	Norway	100%	-
ADS Crude III AS	Norway	100%	-
Total			45 160

4.1. Receivables from subsidiaries

<i>(In thousands of USD)</i>	31-Dec-18
ADS Crude Holding AS	2 437
ADS Crude I AS	-
ADS Crude II AS	100
ADS Crude III AS	1 400
Total receivables from subsidiaries	3 937

Receivables from subsidiaries are all current. The amounts receivable from subsidiaries bear interest at LIBOR + 2% and are expected to be settled within 12 months from the Period end.

5. Payments to auditor

The statutory audit fee for the 2018 audit of ADS Crude Carriers Plc to RSM Cyprus Ltd is agreed at EUR 10,500 plus VAT at 19%.



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6. Events after the reporting period

There are no events or occurrences after the reporting period and before approval of the financial statements that have a significant bearing on the understanding of the financial statements.

Limassol, 3 April 2019

The Board of Directors


Bjørn Tore Larsen, Chairman


Marios Demetriades


Trym Sjølie


Penelope Evangelidou


Alkistis Dimitrou



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ADS CRUDE CARRIERS PLC

Independent auditor's report



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Independent Auditor's Report

To the Members of ADS Crude Carriers Plc

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of parent company ADS Crude Carriers Plc (the "Company") and its subsidiaries (the "Group"), which are presented in pages 7 to 27 and comprise the consolidated statement of financial position as at 31 December 2018, and the consolidated statements of comprehensive income, changes in equity and cash flows for the period from 30 April 2018 to 31 December 2018, and notes to the consolidated financial statements, including a summary of significant accounting policies.

We have also audited the Company's unconsolidated financial statements which are presented in pages 28 to 34 and comprise the unconsolidated statement of financial position as at 31 December 2018, and the unconsolidated statements of comprehensive income, changes in equity and cash flows for the period from 30 April 2018 to 31 December 2018, and notes to the unconsolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated and unconsolidated financial statements give a true and fair view of the consolidated and unconsolidated financial position of parent company ADS Crude Carriers Plc as at 31 December 2018, and of its consolidated and unconsolidated financial performance and its consolidated and unconsolidated cash flows for the period from 30 April 2018 to 31 December 2018 in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union and the requirements of the Cyprus Companies Law, Cap. 113.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the "Auditor's Responsibilities for the Audit of the Consolidated and unconsolidated Financial Statements" section of our report. We are independent of the Group in accordance with the "International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants" (IESBA Code) together with the ethical requirements that are relevant to our audit of the consolidated financial statements in Cyprus, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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RSM Cyprus Limited is a member of the RSM network and trades as RSM. RSM is the trading name used by the members of the RSM network. Each member of the RSM network is an independent accounting and consulting firm which practices in its own right. The RSM network is not itself a separate legal entity in any jurisdiction.



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ADS CRUDE CARRIERS PLC

Independent Auditor's Report (continued)

To the Members of ADS Crude Carriers Plc

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matter

How the matter was addressed in our audit

The Company performed an impairment evaluation of all its vessels. We focused on this area due to:

- The size of the carrying value of the vessels
- The impairment valuation includes subjective judgments about the future market performance and the determination of the fair value of the vessels.

Management's evaluation was based on reviewing the Time Charter Equivalent rates and an outlook of the market conditions in this respect. Additionally, there was also an evaluation of the Fair Values of similar assets, by considering recent sale prices and sale offers.

We have focused our audit effort on management's impairment assessment, as the carrying value of the vessels corresponds to the most significant figure in the Consolidated Financial Statements and any unjustified indicators may trigger the existence of impairment.

Based on the results of the evaluation, the Company considers that no impairment indicators were identified and the carrying value of the vessels is not expected to exceed their recoverable amount.

We evaluated management's impairment evaluation assessment and the basis on which no impairment indicators were identified. The appropriateness of the evaluation was discussed with management.

We challenged the market rates identified by management and questioned the accuracy of the sale prices and sale offers used to conclude on the evaluation.

We have also examined the adequacy of the disclosures related to the valuation of the vessels. Refer to Note 2.15 of the consolidated financial statements.

Based on the evidence obtained, we consider that the impairment evaluation is appropriate and no impairment indicators were identified with respect to the vessels.

Other information

The Board of Directors is responsible for the other information. The other information comprises the information included in the Management Report, but does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.



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ADS CRUDE CARRIERS PLC

Independent Auditor's Report (continued)

To the Members of ADS Crude Carriers Plc

Responsibilities of the Board of Directors for the Consolidated Financial Statements

The Board of Directors is responsible for the preparation of consolidated and unconsolidated financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the European Union and the requirements of the Cyprus Companies Law, Cap. 113, and for such internal control as the Board of Directors determines is necessary to enable the preparation of consolidated and unconsolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated and unconsolidated financial statements, the Board of Directors is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The Board of Directors is responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated and unconsolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain 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 override of internal control.
- Obtain 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 Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors.
- Conclude on the appropriateness of the Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group'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 consolidated 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. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves a true and fair view.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.



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ADS CRUDE CARRIERS PLC

Independent Auditor's Report (continued)

To the Members of ADS Crude Carriers Plc

We communicate with the Board of Directors 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.

We also provide those charged with governance 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.

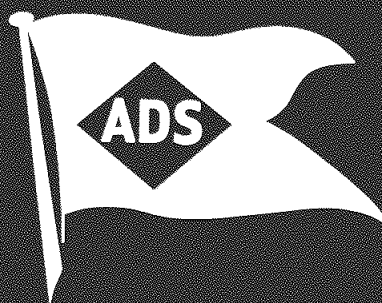
From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other Matter

This report, including the opinion, has been prepared for and only for the Group's members as a body in accordance with Section 69 of the Auditors Law of 2017 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whose knowledge this report may come to.

George Themistocleous
Certified Public Accountant and Registered Auditor
for and on behalf of
RSM Cyprus Limited
Certified Public Accountants and Registered Auditors

Limassol, 3 April 2019



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