ADS CRUDE CARRIERS PLC

Interim Consolidated Financial Information

First Half Year 2018

ADS Crude Carriers Plc: **First half year 2018 Financial Report**

Finance
The Company was incorporated 30 April 2018 in Cyprus. The subsidiaries ADS Crude Holding AS, ADS Crude I AS, ADS Crude II AS and ADS Crude III AS were all incorporated during June 2018. By the end of the first half 2018 there had been no operating income or costs in the Company.

The assets consist of cash holdings of USD 1 172 The equity consists of a share capital of USD 1 172.

There are no liabilities.

Accounting principles
The interim report is prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by EU and the regulations for interim reporting given in IAS 34. The interim report has not been audited.

Organisation
The Vessels will be under commercial management of Frontline Management Ltd. OSM Ship Management AS will be the Technical Manager.

Subsequent events
After the end of the first half year and by the issue of this report the Company has been capitalized by issuing 23 384 440 new shares through a Private Placement. Including the shares originating from the incorporation the share capital is USD 4,7 million split on 23 390 300 shares with a par value of USD 0,20 each. The total equity prior to start of other financing and ship purchase activities was USD 57,8 million.

The first vessel Front Page (to be renamed ADS Eagle) was delivered 20 July 2018 and went directly to a charter as FSO west of Nigeria. The duration of the charter is between 150 and 210 days.

The second vessel ADS Stratus was delivered 9 August 2018 and is on its way to an approximately 40-day spot charter for transport of crude oil.

The third vessel ADS Serenade was delivered 13 September 2018 and will be trading in the spot market.

On 28 August 2018 ADS Crude Carriers Plc was accepted for trading at The Oslo Stock Exchange's Merkur Market.

Outlook:
Consolidating operations
After a period of start-up activities and building up the initial fleet of VLCC's, the Company will focus on streamlining the operations to maximize shareholder returns. In addition, the project of installing scrubbers on board the vessels for the purpose of reducing emissions and operating costs will be started.

Limassol, 25 September 2018

The Board of Directors

Bjørn Tore Larsen
Chairman

Trym Sjølie
Director

Marios Demetriades
Director

Penelope Evangelidou
Director

Alkistis Dimitriou
Director

ADS CRUDE CARRIERS PLC

Consolidated figures[1] (in USD)

ADS Crude Carriers Plc
Consolidated figures according to IFRS

INCOME STATEMENT (USD)	YTD 2018
Revenues	**0**
Cost of sales	0
Employee benefits	0
Other operating expenses	0
EBITDA [2]	**0**
Depreciation	0
Write down/(reversal)	0
EBIT [3]	**0**
Financial income	0
Financial costs	0
Profit before taxes	**0**
Taxes	0
Profit after taxes	**0**
Other comprehensive income	
Exchange differences on translation of foreign operations	0
Other comprehensive income for the period	**0**
Total comprehensive income for the period	**0**
Earnings per share (USD)	0,0000
Diluted earnings per share (USD)	0,0000

[1] The figures are not audited
[2] Earnings before interest, taxes, depreciation and amortisation
[3] Earnings before interest and taxes

ADS CRUDE CARRIERS PLC

ADS Crude Carriers Plc

BALANCE SHEET (USD)	**30.06 2018**
ASSETS	
NON-CURRENT ASSETS	
Intangible assets	0
Vessels under construction	0
Other non-current assets	0
Pension funds	0
TOTAL NON-CURRENT ASSETS	**0**
CURRENT ASSETS	
Other current assets	0
Cash and cash equivalents	1 172
Asset held for sale	0
TOTAL CURRENT ASSETS	**1 172**
TOTAL ASSETS	**1 172**
EQUITY AND LIABILITIES	
SHAREHOLDERS EQUITY (note 1)	**1 172**
LIABILITIES	
Interest bearing loans	0
Non-interest bearing loans	0
Pension liability	0
Deferred tax liability	0
TOTAL NON-CURRENT LIABILITIES	**0**
CURRENT LIABILITIES	
Non-Interest bearing Loans and Borrowings	0
Trade and other payables	0
Income tax payable	0
Public duties payable	0
Other short-term liabilities	0
TOTAL CURRENT LIABILITIES	**0**
TOTAL LIABILITIES	**0**
TOTAL EQUITY AND LIABILITIES	**1 172**

Note 1:
Initial share capital by company registration

1.1.1 Note 1 Accounting principles

1.1 Corporate information

The consolidated Balance of ADS Crude Carriers Plc (the "Company") and its wholly-owned subsidiaries (together the "Group") is prepared based upon the financial transactions carried through by the end of the First Half Year of 2018.

The Company is by 30 June 2018 a limited liability company[1] incorporated in Cyprus, which is also the domicile of the Company. The Company plans to have its shares traded on the Oslo Merkur Stock Exchange (Merkur) in Norway[2].

The registered office and principal place of business of the Company is located at OSM HOUSE, 22 Amathountos, 4532 Agios, Tychonas Limassol, Cyprus. The Group's subsidiaries are located in Arendal, Norway.

The principal activities of the Company are owning and operating a fleet of tanker vessels (VLCC) and to trade those vessels in international markets.[3]

1.2 Basis of preparation

The Balance of 30 June 2018 has been prepared on historical financial transactions only, and as disclosed in the accounting policies below.

The Balance has been prepared on the basis of a going concern assumption.

1.2 - 1 Functional currency and presentation currency

The Opening Balance is presented in US Dollars ("USD"), which is the Group's presentational and the Parent company's functional currency. All values in the tables are rounded to the nearest USD.

1.2 - 2 Statement of compliance

These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by EU and the regulations for interim reporting given in IAS 34.

1.3 Basis of consolidation

The consolidated Balance comprises the opening balance of the Company and its subsidiaries as at the balance sheet date. The balance of the subsidiaries used in the preparation of the consolidated Opening Balance are prepared for the same reporting date as the Company. Consistent accounting policies are applied to similar transactions and events in similar circumstances.

All intra-group balances, income and expenses and unrealised gains and losses resulting from intra-group transactions are eliminated in full.

[1] The Company was converted to a Public Limited Company on 10 August 2018
[2] The Company was admitted to trading on Oslo Stock Exchange – Merkur Market on 28 August 2018
[3] After the date of this balance sheet the Company has entered into agreements for the purchase of three VLCC's

Subsidiaries are those entities in which ADS Crude Carriers Plc either owns, directly or indirectly, over fifty per cent of the voting rights, or otherwise has the power to govern their operating and financial policies. Share options, convertibles and other equity instruments are considered when assessing whether an entity is controlled.

Acquisitions of subsidiaries are accounted for by applying the purchase method. Identifiable assets acquired, and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. Adjustments to those fair values relating to previously held interests are treated as a revaluation and recognised in equity. Any excess of the cost of business combination over the Group's share in the net fair value of the acquired subsidiary's identifiable assets, liabilities and contingent liabilities is recorded as goodwill on the balance sheet. Any excess of the Group's share in the net fair value of the acquired subsidiary's identifiable assets, liabilities and contingent liabilities over the cost of business combination is recognised as income in the income statement on the date of acquisition.

Subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

At the date of this Balance the Group consist of the parent company and the following wholly owned subsidiaries, all established in Norway:

ADS Crude Holding AS
ADS Crude I AS
ADS Crude II AS
ADS Crude III AS

1.5 Summary of significant accounting policies

1.5 - 1 Foreign currency translation and transactions

Functional currency

Items included in the financial statements of each subsidiary in the Group are initially recorded in the functional currency that best reflects the economic substance of the underlying events and circumstances relevant to that subsidiary. The consolidated financial statements are presented in USD, which is also the functional currency of the parent company.

Foreign currency transactions and balances

Transactions in foreign currencies are measured in the respective functional currencies of the Company and its subsidiaries and are recorded on initial recognition in the functional currencies at exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the closing rate of exchange ruling at the balance sheet date. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. At time of preparing the Opening Balance the following exchange rates were used:

EUR/USD 1,172

1.5 - 1 Foreign currency translation and transactions (continued)

Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

Exchange differences arising on the settlement of monetary items or on translating monetary items at the balance sheet date are recognized in the income statement except for exchange differences arising on monetary items that form part of the Group's net investment in foreign operations, which are recognized in other comprehensive income and recognized in the consolidated income statement on disposal of the foreign operation.

Group companies

The assets and liabilities of foreign operations are translated into USD at the rate of exchange ruling at the balance sheet date and their income statements are translated at the weighted average exchange rates for the year. The exchange differences arising on the translation are booked directly in other comprehensive income as foreign currency translation reserve. On disposal of a foreign operation, the cumulative amount recognized in foreign currency translation reserve relating to that particular foreign operation is recognized in the income statement.

1.5 - 2 Vessels – Vessel purchase contracts

After the date of this Balance sheet, the Group has entered into three vessel purchase agreements.

Vessels will be depreciated on a straight-line basis to an estimated scrap value over the remaining estimated economic life span.

The total estimated useful life of the assets are as follows:

Vessels	25 years

The carrying values of vessels are reviewed for impairment when events or changes in circumstances indicate that the carrying values may not be recoverable.

The residual values, useful life and depreciation method are reviewed at each financial year-end to ensure that the amount, method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the vessels.

Vessels are derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of an asset is included in the income statement in the year the asset is derecognized.

1.5 - 3 Impairment of non-financial assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment assessment for an asset is required, the Group makes an estimate of the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets. In assessing value in use, the estimated future cash flows expected to be generated by the asset are discounted to their

1.5 - 3 Impairment of non-financial assets (continued)

present value. Where the carrying amount of an asset exceeds its recoverable amount, the asset is written down to its recoverable amount.

Impairment losses are recognized in the income statement except for assets that are previously revalued where the revaluation was recorded in other comprehensive income. In this case, the impairment is also recognized in other comprehensive income up to the amount of any previous revaluation.

An assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. A previously recognized impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increase cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss be recognized previously. Such reversal is recognized in the income statement unless the asset is measured at revalued amount, in which case the reversal is treated as a revaluation increase.

1.5 – 4 Inventory on board vessels

Inventory will consist of fuel, lube oil and other supplies on board the vessels. Inventory will be valued at the lower of historic cost and net realizable value.

1.5 – 5 Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, demand deposits, and short term, highly liquid investments that are readily convertible to known amount of cash and which are subject to insignificant risk of changes in value.

1.5 - 6 Provisions

Provisions are recognized when the Group has a present obligation as a result of a past event, it is probable that an outflow of resources will be required to settle the obligation and the amount of the obligation can be estimated reliably.

Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost.

1.5 - 7 Financial liabilities

Financial liabilities are recognized on the balance sheet when, and only when, the Group becomes a party to the contractual provisions of the financial instrument.

Financial liabilities are recognized initially at fair value, plus, in the case of financial liabilities other than derivatives, directly attributable transaction costs.

Subsequent to initial recognition, all financial liabilities are measured at amortized cost using the effective interest method, except for derivatives, which are measured at fair value.

1.5 - 7 Financial liabilities (continued)

A financial liability is derecognized when the obligation under the liability is extinguished or cancelled. For financial liabilities other than derivatives, gains and losses are recognized in the income statement when the liabilities are derecognized, and through the amortization process. Any gains or losses arising from the changes in fair value of derivatives are recognized in the income statement. Net gains or losses on derivatives include exchange differences.

1.5 – 8 Income taxes

Current tax

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the balance sheet date.

Current taxes are recognized in the income statement except that tax relating to items recognized directly in equity is recognized directly in equity.

Deferred tax

Deferred income tax is provided using the liability method on temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax assets and liabilities are recognized for all temporary differences, except:

- Where the deferred tax arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss;

- In respect of temporary differences associated with investments in subsidiaries, where the timing of the reversal of the temporary differences can be controlled by the Group and it is probable that the temporary differences will not reverse in the foreseeable future; and

- In respect of deductible temporary differences and carry-forward of unused tax credits and unused tax losses, if it is not probable that taxable profit will be available against which the deductible temporary differences and carry-forward of unused tax credits and unused tax losses can be utilized.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Unrecognized deferred income tax assets are reassessed at each balance sheet date and are recognized to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realized, or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the balance sheet date.

1.5 – 8 Income taxes (continued)

Deferred taxes are recognized in the income statement except that deferred tax relating to items recognized directly in equity is recognized directly in equity and deferred tax arising from a business combination adjusted against goodwill on acquisition.

1.5 – 9 Related party transactions

All transactions, agreements and business activities with related parties are conducted on arm's length according to ordinary business terms and conditions.

1.5 – 10 Share capitals and share issue expenses

Proceeds from issuance of ordinary shares are recognized as share capital in equity. Incremental costs directly attributable to the issuance of ordinary shares are deducted against share capital.

1.6 Significant accounting judgments, estimates and assumptions

The preparation of the Group's Opening Balance requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosures of contingent liabilities at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that could require material adjustment to the carrying amount of the asset or liability affected in the future.

Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the balance sheet date, that will have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are listed below:

(i) Vessel values

(ii) Estimated economic useful lifetime of vessels

(iii) Estimated scrap values of vessels

Note 2 Going concern

The 1H 2018 Financial Report has been prepared under a going concern assumption.

Note 3 Cash and cash equivalents
Figures in USD

	30 June 2018
Bank deposits	1 172
Restricted bank deposit	-
Total	1 172

Note 4 Issued capital and reserves
Figures in USD

Authorised and fully paid shares

	Number of shares	Share Capital	Other paid in equity and reserves	Retained earnings	Total equity
At incorporation 30 April 2018	5 860	1 172			1 172
At 30 June 2018	5 860	1 172	-	-	1 172

The holders of ordinary shares are entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restrictions.

By 30 June 2018 all shares in the Company was owned by ADS Shipping Ltd, a company registered in Cyprus.

ADS Crude Carriers Plc is founded as a Cyprus company and governed under Cyprus law.

For further information, visit: www.adscrude.com

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