ADS CRUDE CARRIERS PLC

FOURTH QUARTER AND
PRELIMINARY FULL YEAR
2018 REPORT

HEADLINES 2018:

- ADS Crude Carriers Plc established mid-2018
- 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

HEADLINES Q4 2018:

- First quarter of fully operative fleet following vessel deliveries the previous quarter
- Revenue of USD 10.5 million
- Net revenue[1] of USD 6.8 million
- TCE[1] per day of USD 24,697
- Operating profit of USD 2.6 million
- EPS of USD 0.09
- Backlog estimated at 80% of Q1 2019 vessel operating days booked at an average TCE per day of USD 25,000

KEY FINANCIALS

(In thousands of USD)	Quarter ended / as at 31-Dec-18	Quarter ended / as at 30-Sep-18	Period / as at 30-Apr-18 to 31-Dec-18
Revenue	10 466	2 967	13 432
Net revenue[1]	6 816	1 091	7 907
TCE[1] per day *(in USD)*	24 697	7 736	18 962
Operating profit	2 642	(1 738)	903
Net profit	2 168	(2 066)	102
EPS *(in USD per share)*	0.09	(0.11)	0.01
Cash flow from operations	3 221	(5 815)	(2 595)
Cash and cash equivalents	13 689	11 353	13 689
Equity ratio	61 %	64 %	61 %
Net interest-bearing debt[1]	15 787	18 123	15 787

[1] Net revenue, TCE per day and NIBD are non-IFRS measures. Please refer to Note 7 for explanation and reconciliation

FINANCIAL PERFORMANCE

The Company was in a start-up phase through Q3 2018 following delivery of the vessels during the quarter. As a result, revenue and costs recognized in Q3 2018 do not reflect a period of full quarterly operational performance. Additionally, certain non-recurring costs were incurred during the Company's start-up. The fourth quarter 2018 marked the first quarter with a fully operative fleet for the period.

Revenue

The Company had two vessels operating in the spot market and one on time charter during the quarter, recording revenue of USD 10.5 million in Q4 2018, up from USD 3.0 million in Q3 2018. Net revenue increased by USD 5.7 million to USD 6.8 million, due to more vessel days and an increase in the average TCE per day. Available vessel days increased to 276, up from 141 in Q3 2018, while daily TCE increased to USD 24,697 in the quarter, up from USD 7,736.

Operating costs

Vessel operating expenses increased by 44% to USD 2.7 million in the quarter, mainly driven by an increase in the number of vessel operating days following delivery of the vessels in Q3 2018. General and administrative costs were USD 0.2 million in Q4 2018, down from USD 0.4 million the previous quarter, mainly due to a reduction in corporate start-up costs.

Depreciation was USD 1.3 million in Q4 2018, up from USD 0.6 million the preceding quarter, driven by an increase in the number of vessel days following purchase of the vessels part way through Q3 2018.

Operating profit was USD 2.6 million in Q4 2018, up from a loss of USD 1.7 million in Q3 2018, resulting in a total operating profit of USD 0.9 million for 2018. EPS was USD 0.09 in Q4 2018, up from a loss of USD 0.11 the previous quarter. EPS for 2018 was USD 0.01. Operating profits and EPS for 2018 were negatively impacted by start-up costs incurred following the vessel acquisitions in Q3 2018 and only having one full quarter of earnings in the year.

Finance cost

Finance costs totaled USD 0.5 million in Q4 2018, up from USD 0.3 million the previous quarter as a result of the loans drawn down during Q3 2018 following the vessel purchases. Finance costs in both quarters consisted mainly of interest cost arising on the Company's vessel loans.

Net profit was USD 2.1 million in Q4 2018, up from a loss of USD 2.1 million the previous quarter, resulting in a total net profit of USD 0.1 million in 2018.

CASH FLOW

Net cash flow from operations was USD 3.2 million in the quarter, up from negative USD 5.8 million in Q3 2018, due to an increase in operating profits and a reduction in negative working capital movements. Working capital movements reduced to negative USD 0.7 million in Q4 2018, from negative USD 4.6 million in Q3 2018. Net cash flow from operations was negative USD 2.6 million in 2018, mainly driven by negative working capital movements of USD 5.3 million. 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 0.5 million in Q4 2018 due to investments in scrubbers. Cash investments in property, plant and equipment was USD 67.9 million in Q3 2018 following purchase of the vessels for USD 22.5 million per vessel, plus direct purchase costs. Cash investments in property, plant and equipment totaled USD 68.4 million for 2018.

Cash flow from investing activities was an outflow of USD 0.4 million in Q4 2018, due to payment of interest. Cash flow from investing activities was an inflow of USD 85.0 million in Q3 2018, 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. Cash flows from investing activities totaled an inflow of USD 84.7 million in 2018.

Cash and cash equivalents held at 31 December 2018 totaled USD 13.7 million, up from USD 11.4 million at 30 September 2018. In addition, the Company had restricted cash deposits of USD 0.5 million at 31 December 2018.

DIVIDENDS

The net profit of USD 2.1 million generated in Q4 2018 covered the USD 2.0 million net loss in Q3 2018, leaving a net profit of USD 0.1 million for 2018. No dividend is declared for Q4 2018 and the Board of Directors do not propose a dividend for 2018.

OUTLOOK

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 Group 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.

The VLCC tanker market improved significantly through Q4 2018 following lower levels earlier in the year. Through Q1 2019 those higher rates tailed off, which was somewhat expected due to normal seasonal movements, as well as due to lower OPEC volumes, before recently making a partial recovery. 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 end the current time charter during March 2019. On cessation of the time charter, *Front* Page will operate in the spot market. Including the time charter, the Company has secured estimated backlog of approximately 80% of Q1 2019 vessel operating days booked at an average TCE of approximately USD 25,000.

Interim consolidated statement of comprehensive income

		Quarter ended		Period from
(In thousands of USD)	*Note*	**31-Dec-18**	**30-Sep-18**	**30-Apr-18 to 31-Dec-18**
Revenue		**10 466**	**2 967**	**13 432**
Operating expenses				
Voyage expenses		(3 649)	(1 876)	(5 525)
Vessel operating expenses		(2 690)	(1 872)	(4 562)
General & administrative costs		(223)	(384)	(606)
Depreciation	*3*	(1 262)	(573)	(1 835)
Total operating expenses		**(7 824)**	**(4 705)**	**(12 529)**
Operating profit		**2 642**	**(1 738)**	**903**
Finance cost		(531)	(328)	(859)
Finance income		57	-	57
Profit before tax		**2 168**	**(2 066)**	**102**
Income tax		-	**-**	-
Profit after tax and total comprehensive income		**2 168**	**(2 066)**	**102**
Earnings per share attributable to equity holders (in USD)				
- Basic	*6*	0.09	(0.11)	0.01
- Diluted	*6*	0.09	(0.11)	0.01

Interim consolidated statement of financial position

(In thousands of USD)	*Note*	**31-Dec-18**	**30-Sep-18**
Assets			
Non-current assets			
Vessels	*3*	67 714	67 292
Total non-current assets		**67 714**	**67 292**
Current assets			
Receivables from customers		4 745	3 159
Other current assets	*4*	5 488	2 109
Restricted cash		524	524
Cash and cash equivalents		13 689	11 353
Total current assets		**24 447**	**17 145**
Total assets		**92 161**	**84 437**
Equity and liabilities			
Equity			
Issued share capital		4 678	4 678
Share premium		51 207	51 207
Retained earnings		102	(2 066)
Total equity		**55 987**	**53 819**
Non-current liabilities			
Interest-bearing debt	*5*	29 729	29 710
Total non-current liabilities		**29 729**	**29 710**
Current liabilities			
Other current liabilities		1 333	773
Trade payables		5 113	134
Total current liabilities		**6 446**	**908**
Total equity and liabilities		**92 161**	**84 437**

Interim consolidated statement of cash flows

		Quarter ended		Period from
(In thousands of USD)	*Note*	**31-Dec-18**	**30-Sep-18**	**30-Apr-18 to 31-Dec-18**
Cash flows from operating activities				
Profit for the period		**2 168**	**(2 066)**	**102**
Adjustment for items not affecting operating cash flows:				
Depreciation	*3*	1 262	573	1 835
Interest expense		505	288	793
Interest income		(35)	-	(35)
Net operating cash flow before working capital movements		**3 900**	(1 205)	2 695
Working capital movements		(679)	(4 611)	(5 290)
Total operating cash flow		**3 221**	**(5 815)**	**(2 595)**
Cash flows from investing activities				
Payments for vessels		(522)	(67 865)	(68 387)
Total cash flows used in investing activities		**(522)**	**(67 865)**	**(68 387)**
Cash flows from financing activities				
Proceeds from share issue		-	56 932	56 933
Transaction cost on issue of shares		-	(1 048)	(1 048)
Receipt from bank loan		-	30 000	30 000
Transaction costs related to bank loan		-	(300)	(300)
Interest paid		(363)	(28)	(391)
Decrease/(increase) in restricted cash		-	(524)	(524)
Interest received		1	-	1
Total cash flows from financing activities		**(362)**	**85 032**	**84 671**
Net increase in cash and cash equivalents		**2 336**	**11 352**	**13 689**
Cash and cash equivalents at the beginning of the period		11 353	1	-
Cash and cash equivalents at the end of the period		**13 689**	**11 353**	**13 689**

Interim consolidated 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
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.

Notes to the interim consolidated financial statements

1. General information

These interim consolidated financial statements of ADS Crude Carriers Plc ("ADS Crude Carriers" or the "Company") for the quarter and period ended 31 December 2018 were authorized for issue in accordance with a resolution of the Board of Directors passed on 26 February 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 interim financial statements are prepared in accordance with IAS 34 *Interim financial reporting* as issued by the International Accounting Standards Board (IASB) and as adopted by the EU. The interim financial statements do not include all the information and disclosures required by International Financial Reporting Standards (IFRS) for a complete set of financial statements.

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 interim report and, therefore, these interim financial statements are prepared using the going concern assumption.

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 their useful life. The useful lifetime is expected to be 20 years from the original delivery date of the vessel following construction. The residual value is the 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.

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.

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 of financing cash flows. All amounts presented in the investing activities and financing activities sections are pure cash flows only.

2.15. 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.

3. Property, plant and equipment

	Quarter ended		Period from
(In thousands of USD)	**31-Dec-18**	**30-Sep-18**	**30-Apr-18 to 31-Dec-18**
Costs			
Balance at start of period	67 865	-	-
Additional capital expenditures	1 685	67 865	69 550
Balance at end of period	69 550	67 865	69 550
Depreciation			
Balance at start of period	573	-	-
Depreciation for the period	1 262	573	1 835
Balance at end of period	1 835	573	1 835
Net book value at start of period	**67 292**	**-**	**-**
Net book value at end of period	**67 714**	**67 292**	**67 714**
Carrying value of pledged assets at period end	**66 050**	**66 256**	**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.

4. Other current assets

	As at	
(In thousands of USD)	**31-Dec-18**	**30-Sep-18**
Inventory (bunkers and lube oil)	4 242	1 800
Capitalized fulfilment costs	684	-
Advance payments to suppliers	115	273
VAT receivable	105	40
Other assets	342	(4)
Net book value at end of period	**5 488**	**2 109**

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.

5. Interest bearing debt

(In thousands of USD)	Inception	Maturity	Interest	As at 31-Dec-18	As at 30-Sep-18
Fleet Loan					
Vessel 1 - nominal USD 10 million	19-Jul-18	2-Oct-22	LIBOR + 4.50%	9 910	9 903
Vessel 2 - nominal USD 10 million	14-Aug-18	22-Aug-22	LIBOR + 4.50%	9 910	9 903
Vessel 3 - nominal USD 10 million	13-Sep-18	28-Mar-22	LIBOR + 4.50%	9 910	9 903
Total interest-bearing debt				**29 729**	**29 710**

All interest-bearing debt is non-current. The loans are repayable in full at maturity. 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. Each vessel loan has security in the respective vessel.

6. Earnings per share

	Quarter ended 31-Dec-18	Quarter ended 30-Sep-18	Period from 30-Apr-18 to 31-Dec-18
Basic and diluted EPS *(USD per share)*	0.09	(0.11)	0.01
Weighted average shares outstanding	23 390 300	19 577 620	16 070 780

The Company has no dilutive or potential dilutive shares.

7. 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.

7.1. 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.

(In thousands of USD)	Quarter ended 31-Dec-18	Quarter ended 30-Sep-18	Period from 30-Apr-18 to 31-Dec-18
Net revenue			
Revenue	10 466	2 967	13 432
Voyage expenses	(3 649)	(1 876)	(5 525)
Total net revenue	**6 816**	**1 091**	**7 907**

7.2. 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.

	Quarter ended		Period from
(In thousands of USD)	**31-Dec-18**	**30-Sep-18**	**30-Apr-18 to 31-Dec-18**
TCE			
Net revenue	6 816	1 091	7 907
Vessel operating days	276	141	417
TCE (in whole USD)	**24 697**	**7 736**	**18 962**

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

7.3. 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.

	As at	
(In thousands of USD)	**31-Dec-18**	**30-Sep-18**
Net interest-bearing debt (NIBD)		
Nominal value of interest-bearing debt	30 000	30 000
Cash and cash equivalents	13 689	11 353
Restricted cash available for debt repayment	524	524
NIDB	**15 787**	**18 123**

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.

7.4. 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.