ADS CRUDE CARRIERS PLC

2019

Annual Report

Contents

Chairman's Letter

Dear fellow shareholders,

We established ADS Crude Carriers Plc in mid-2018 during a low point in the tanker market and 2019 is thus our first full year of operation.

During the past 12 months:
i. Our ships were upgraded with exhaust emissions cleaning systems (scrubbers) ahead of the implementation of IMO 2020;
ii. We maintained top-class (CAP-1) rating following dry dockings and intermediate surveys for all three of our vessels;
iii. And we delivered on our commitment to return earnings to shareholders in the form of quarterly dividends.

I write this letter at a time where a pandemic disease known as Covid-19 or the Corona virus has impacted the life of every person on the planet. Our immediate priority is the safety, health and wellbeing of all of our people and their families. Our seafarers have been significantly impacted as crew changes are for the time being not possible. I would like to thank both the crew who remain onboard for longer and the crew at home waiting to sign-on for their hard work, positive attitude and understanding.

I do not know what the long-term economic consequences of this virus will be, but short-term it is clear that it will have a major impact on the financial markets and world trade. This does not necessarily mean that the tanker market will be weak, as the supply and demand ratio of tankers is influenced by many factors, a number of which are dynamic and unpreditable, such as oil price and contango, storage, sanctions, and security issues. The VLCC market is volatile and, hence, hard to forecast.

If the market is to be strong over the next couple of years – as many market analysts have forecast – our Company will be well positioned to generate significant profits and cash flow. Our vessels have a low cash break-even and we will deliver all free cash back to our shareholders as dividends.

I am grateful to have you onboard as co-owners in ADS Crude Carriers Plc.

Bjørn Tore Larsen,
Chairman

Key partners

ARENDALS DAMPSKIBSSELSKAB

Corporate Manager
– Arendals Dampskibsselskab AS

The general and corporate management of the ADS Crude Carriers Plc group of companies is performed by Arendals Dampskibsselskab AS, a Norwegian shipping company founded in 1857, managing shipping and offshore investments on behalf of its shareholders and third parties.

FRONTLINE

Commercial Manager
– Frontline Ltd

The Commercial management of the ADS Crude Carriers Plc Fleet is provided by Frontline Ltd, a global leading owner and operator of crude tankers with 35 years history, providing strong market presence.

OSM MARITIME

Technical Manager
– OSM Maritime Group

Technical management of the ADS Crude Carriers Plc Fleet is provided by OSM Maritime Group, a global vessel manager with more than 30 years of experience in ship, asset and crew management.

Fleet

ADS Page
Vessel name: ADS Page
Type: VLCC
Yard: Hitachi Zosen Corporation, Japan
Built: 2002
Delivery to ADS Crude Carriers:
20 July 2018
DTW: 299.164 MT
LOA: 329,99 m
Scrubber fitted

ADS Stratus
Vessel name: ADS Stratus
Type: VLCC
Yard: Hitachi Zosen Corporation, Japan
Built: 2002
Delivery to ADS Crude Carriers:
14 August 2018
DTW: 299.157 MT
LOA: 329.99 m
Scrubber fitted

ADS Serenade
Vessel name: ADS Serenade
Type: VLCC
Yard: Hitachi Zosen Corporation, Japan
Built: 2002
Delivery to ADS Crude Carriers:
13 September 2018
DTW: 299.152 MT
LOA: 329,99 m
Scrubber fitted

Board of directors

Bjørn Tore Larsen
Chairman
Controlling shareholder of Arendals Dampskibsselskap, OSM Maritime Group and OSM Aviation Group. Founded the OSM Group in 1989. Mr. Larsen is a Norwegian citizen and resides in Norway.

Mr. Larsen was appointed to the Board of Directors on 10 August 2018. As at 31 December 2019 he held 2,424,934 shares in the Company, equivalent to 10.4% of the Company, through controlling ownership of ADS Shipping Ltd and affiliated companies.

Mario Demetriades
Director and Deputy Chariman
Marios Demetriades is an experienced Financial Services professional with significant experience as a Non-Executive Director in various listed and private companies in the Banking, Infrastructure and Shipping industries. He previously served as the Minister of Transport, Communications and Works for the Republic of Cyprus from 2014 to 2018 and held various positions in the Accounting, Investment and Banking sectors.. He is a qualified Chartered Accountant and Chartered Financial Analyst holder and a member of the CFA Institute, the Institute of Chartered Accountants in England and Wales and the Institute of Certified Public Accountants of Cyprus (ICPAC). Mr. Demetriades is a Cypriot citizen and resides in Cyprus.

Mr. Demetriades was appointed to the Board of Directors on 10 August 2018. As at 31 December 2019 he owns no shares in the Company

Trym Sjølie
Director
Trym Otto Sjølie is the Chief Operating Officer of SFL Corporation Ltd ("SFL") and has a background spanning over 25 years in the shipping industry in diverse capacities, ranging from asset management, technical and operational management, chartering and engineering. Mr. Sjølie holds a Master of Science degree in Marine engineering and Naval Architecture from the Norwegian University of Science and Technology (NTNU) and a Master of Management Degree from BI Norwegian Business School. Mr. Sjølie is a Norwegian citizen and resides in Norway.

Mr. Sjølie was appointed to the Board of Directors on 10 August 2018. He represents SFL, owner of 4,031,800 shares, or 17.2%, of the Company.

Sofi Mylona
Director
Sofi Mylona is a Partner in the Shipping Department of the law firm Scordis, Papapetrou & Co. LLC in Cyprus and has over 20 years experience as an advocate focusing on Shipping, International Trade and Banking. She studied law at the University of Leicester and the Bar Vocational Course at Holborn College, in the United Kingdom. She is a member of Lincoln's Inn, Inns of Court (Barrister at Law), the Cyprus Bar Association, WISTA Cyprus and WISTA International. Mrs. Mylona has served as member of the board of directors of various Cyprus registered shipping and other companies. Mrs. Mylona is a Cypriot citizen and resides in Cyprus.

Mrs. Mylona was appointed to the Board of Directors on 21 August 2019. As at 31 December 2019 she owns no shares in the Company.

Lia Papaiacovou
Director & Company Secretary
Lia Papaiacovou has more than 20 years' experience in the maritime industry and is currently the Head of Corporate and General manager of Shiphold Management Services Ltd and director of BT Larsen & Co Ltd. Mrs. Papaiacovou holds a degree in Business Administration, is a member of WISTA (Women's International Shipping and Trading Association) as well as being Chairperson a member of the PR Committee of the CSC (Cyprus Shipping Chamber) Events Committee. Mrs. Papaiacovou is a Cypriot citizen and resides in Cyprus.

Mrs. Papaiacovou was appointed to the Board of Directors on 21 August 2019. As at 31 December 2019 she owns no shares in the Company.

ADS Stratus

ADS CRUDE CARRIERS PLC

Dividend policy

The Board of Directors (the "Board") aim to distribute dividends to shareholders for financial periods the Company generates sufficient net profits and has available excess cash.

When evaluating dividend distributions, the Board take into account the net profit and cash generated during the reported period, the underlying Company financial performance and market development post-period end, as well as expectations about the future and considering the Company's forecasted liquidity, investment plans, financing requirements and level of financial flexibility that the Board believes is appropriate for the Company.

Dividend history

Period	Total dividend	Dividend per share[1]	Announced	Ex-div date	Payment date
Q3 2018	*ADS Crude Carriers Plc established and agreements entered for purchase of first vessels.*				
Q4 2018	*First full quarter of vessel operations.*				
Q1 2019	USD 1 million	USD 0.04 (NOK 0.37)	29 May 2019	12 Jun 2019	26 Jun 2019
Q2 2019	USD 0.5 million	USD 0.02 (NOK 0.19)	22 Aug 2019	4 Sep 2019	16 Sep 2019
Q3 2019	*No dividend. All vessels in yard for upgrade.*				
Q4 2019	USD 2 million	USD 0.09 (NOK 0.79)	27 Feb 2020	10 Mar 2020	18 Mar 2020

[1]ADS Crude Carriers Plc's functional and presentational currency is USD and all dividends announced by the Company are initially announced in total USD and estimated USD equivalents per share. As a result of the Company's shares being traded on the Oslo Børs Merkur Markets all dividend payments will be in NOK based on an exchange rate secured by the Company between the date of announcing a dividend and the ex-div date.

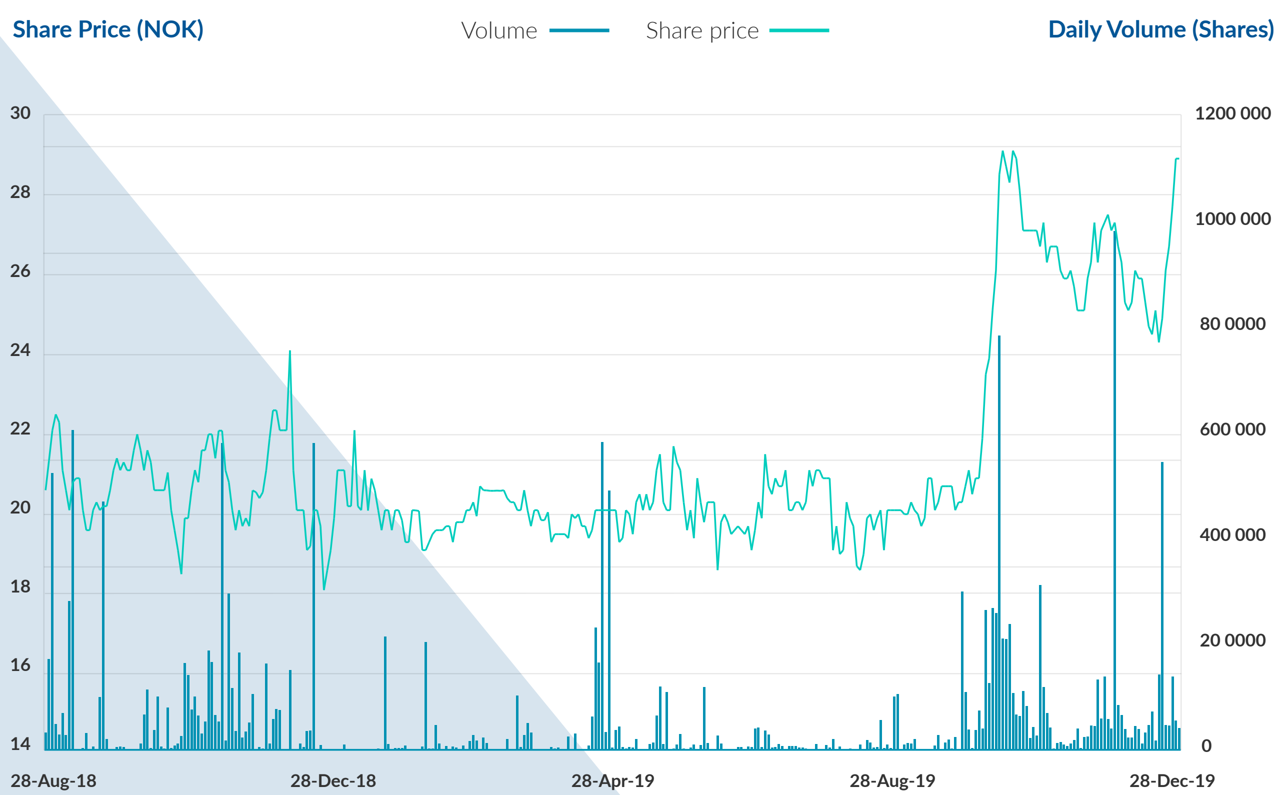
Share information

Shares in ADS Crude Carriers Plc are listed on the Oslo Børs Merkur Markets under the ticker symbol 'ADS-ME'

ADS Crude Carriers Plc shares were listed on the Oslo Børs Merkur Markets on 28 August 2018. During 2019, a total of 11 million shares were traded representing approximately 50% of the average volume weighted shares outstanding. At the end of the year, ADS Crude Carriers Plc had a market capitalization of NOK 715 million. The issued and paid up share capital of the Company as of 31 December 2019 was USD 4.7 million divided into 23,390,300 shares, each with a par value of USD 0.20. All shares have equal rights in all respects, including with respect to voting and dividends.

Share performance 2019

since listing



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: ADS Page, ADS Stratus and ADS Serenade.

Headlines 2019

- First full year of operations following establishment of ADS Crude Carriers Plc mid-2018
- Completion of vessel upgrades ahead of IMO 2020; total CAPEX investment USD 22.5 million, of which USD 12 million for exhaust emissions cleaning systems on all vessels, remainder for mandatory intermediate vessel surveys
- Amendment of vessel loans, providing gross financing USD 7.5 million used towards intermediate vessel surveys, as well as USD 7.5 million Revolving Credit Facility ("RCF") to provide greater working capital flexibility
- Commencement of dividend payments; quarterly dividends paid for Q1 and Q2 2019 and declared for Q4 2019 post-yearend
- High backlog secured, with around 500 vessel days in 2020 secured at an average TCE of approximately USD 72,000 per day

Key financials 2019

(In thousands of USD)	*12 months* 2019	*8 months* 2018
Revenue	42 226	13 432
Net revenue[1]	20 047	7 907
Vessel operating days	885	417
TCE[1] per day (in USD)	22 653	18 962
Operating profit	1 674	903
Net profit	(948)	102
EPS (in USD per share)	(0.04)	0.01
Dividend (in USD per share)	0.15	-
Cash flow from ops excluding working capital movements	8 713	2 695
Cash flow from operations	2 380	(2 595)
Net cash flow	(8 381)	13 689
Cash and cash equivalents	5 309	13 689
Equity ratio	52 %	61 %
Net interest-bearing debt[1]	30 693	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 came into force on 1 January 2020. The Company took delivery of three VLCCs during mid-2018 – ADS Page on 20 July 2018, ADS Stratus on 9 August 2018 and ADS Serenade on 13 September 2018 – and completed installation of exhaust emissions cleaning systems ("scrubbers") on the vessels during mandatory intermediate vessel surveys in the second half of 2019. The Company's Fleet was successfully equipped with scrubbers ahead of implementation of the IMO 2020 regulations and, as at the date of this report, the installation of exhaust emissions cleaning systems on our vessels has already resulted in savings from reduced bunker cash cost of approximately USD 4.2 million in 2020, equivalent to 35% of the total investment cost.

The Company is managed by Arendals Dampskibsselskab AS, while commercial management of the vessels is provided by Frontline Ltd. Technical management of ADS Stratus and ADS Serenade has been provided by OSM Maritime Group since the Company purchased the vessels and on 5 August 2019 technical management of ADS Page was transferred to OSM Maritime Group from Thome Ship Management, thus allowing a more efficient structure whereby one service provider provides technical management for the fleet of sister vessels.

2. Financial review

As the Company was established on 30 April 3018, then comparative figures for 2018 are for the eight-month period ending 31 December 2018, while amounts for 2019 are for the full year.

2.1 Income statement

During 2019 there were a total number of 1,095 vessel days (2018: 417) and 885 vessel operating days (2018: 417), with 210 days spent related to yard stay projects, including days before and after yard stay (2018: nil). The Company recorded revenue of USD 42.2 million, up from USD 13.4 million, while net revenue increased to USD 20.0 million from USD 7.9 million in 2018. Of the USD 12.1 million increase in net revenue, USD 8.9 million was due to increased vessel operating days and USD 3.7 million due to a higher day rate. The Company recorded an average TCE per day of USD 22,653 in 2019, up from USD 18,962 the year before.

Vessel operating expenses increased by 117% to USD 10.0 million (2018: USD 4.6 million) due to an increase of 163% in the number of vessel days, which was partially offset by a reduction in the average vessel OPEX per day. Of the USD 5.4 million increase in total vessel operating expenses, an increase of USD 7.4 million was due to increased vessel days while a decrease of USD 2.0 million was due to lower average vessel OPEX per day.

General and administrative costs increased by 72% to USD 1.0 million (2018: USD 0.6 million) in the year mainly due to increased number of days in the financial period.

Depreciation increased to USD 7.4 million in the year (2018: USD 1.8 million) as a result of increased number of vessel days, a higher depreciation base following capitalized vessel survey and scrubber investment costs in 2019, and a reduction in the residual value estimate of the vessels. Q4 2019 was the first quarter for which depreciation was recognized for the recently completed scrubber installations and intermediate surveys, while following an evaluation of the IFRS requirement to annually reassess residual values, the Company reduced the residual values of the vessels used for depreciation purposes with prospective impact from 1 October 2019.

The Company calculates vessel depreciation based on an estimated useful lifetime of 20 years from original delivery and the estimated residual value at the end of that period. The residual value is the estimated recycling value at age 20 years. During 2019 there was an approximate 25% decline in vessel recycling prices, and, consequently, the Company reduced the unit recycling price of its vessels to USD 325/ldt from 1 October 2019 (previously USD 425/ldt) for depreciation purposes.

Operating profit increased to USD 1.7 million (2018: USD 0.9 million), driven by higher net revenue somewhat offset by higher cash operating costs and increased non-cash depreciation costs.

Finance costs increased to USD 2.8 million (2018: USD 0.9 million) due to a higher number of calendar days in the period, as well as increase in the outstanding interest-bearing debt following amendment to the vessel loans mid-2019 and an increase in the interest rate. period.

The Company recorded a net loss of USD 0.9 million (2018: net profit USD 0.1 million) and EPS was negative USD 0.04 (2018: positive USD 0.01).

2.2 Balance sheet

The Company had gross assets of USD 102.7 million at 31 December 2019 (2018: USD 92.2 million), consisting of vessel carrying values totaling USD 81.6 million (2018: USD 67.7 million) and current assets of USD 21.2 million (2018: USD 24.4 million). During 2019 the Company capitalized USD 21.2 million in costs related to scrubber investments and intermediate vessel surveys. Receivables from customers increased by USD 5.5 million to USD 10.3 million (2018: 4.7 million) as a result of higher revenue recorded at the end of the period and as at the date of this report USD 10.1 million has been received from charterers, with the remaining balance expected to be received during 2020.

The book value of equity at the yearend was USD 53.5 million (2018: USD 56.0 million), down USD 2.4 million due to the net loss of USD 0.9 million recorded in 2019 and cash dividends totaling USD 1.5 million paid in the year.

The carrying value of non-current liabilities at the yearend increased by USD 6.8 million to USD 36.6 million (2018: USD 29.7 million) as a result of an increase in interest-bearing debt following an amendment to the vessel loans in 2019 in order to part-finance the Company's CAPEX investments in the year. Current liabilities increased by USD 6.2 million to USD 12.6 million (2018: USD 6.4 million) as a result of current liabilities related to the intermediate surveys and scrubber investments completed at the end of 2019. Included within current liabilities at 31 December 2019 is a total amount of USD 9.0 million (2018: USD 1.2 million) relating to intermediate surveys and scrubber investments, all of which is expected to be paid to suppliers in 2020.

2.3 Cash flow

Net cash flow from operations before working capital movements increased by USD 6.0 million to USD 8.7 million (USD: 2018 USD 2.7 million), and after working capital movements of negative USD 6.3 million (2018: negative USD 5.3 million) was an inflow of USD 2.4 million (2018: outflow of USD 2.6 million). The level of working capital movement is within the normal range expected.

Cash invested in property, plant and equipment was USD 12.8 million, down on the USD 68.4 million cash invested in 2018 which was largely due to the vessel purchases. The cash investment in 2019 related to the mandatory vessel intermediate surveys and scrubber investments. A further USD 9.0 million is expected to be paid in cash in 2020 in relation to capitalized vessel survey and scrubber investments done in 2019.

Cash flow from investing activities was a net inflow of USD 2.1 million, down on the inflow of USD 84.7 million in 2018 which was mainly related to the USD 55.9 million net equity raise and USD 29.7 million net loan proceeds in 2018. During 2019 the Company amended the terms of the vessel loan, increasing the nominal interest-bearing debt to USD 37.5 million from the previous USD 30 million. Interest costs totaling USD 2.2 million (2018: USD 0.4 million) were paid in the year, an increase of USD 1.8 million due to higher interest-bearing debt and increased interest rate following the vessel loan amendment, as well as the timing of interest payments. An amount of USD 1.0 million (2018: USD 0.5 million) was transferred to restricted cash due to the amended vessel loan requiring an amount equivalent to approximately six months' interest payment, up from the previous three months', being deposited in escrow.

Cash and cash equivalents held at 31 December 2019 totaled USD 5.3 million (2018: USD 13.7 million), while the Company had a restricted cash deposit of USD 1.5 million (2018: USD 0.5 million). In addition, the Company's Revolving Credit Facility of USD 7.5 million was undrawn and fully available at yearend.

2.4 Dividends and allocation of net profit

The Company is subject to interim financial reporting due to its listing on a public stock exchange and, as a result, the Board of Directors (the "Board") make decision on dividends based on publicly available interim financial reports. The Board aim to distribute dividends to shareholders for financial periods the Company generates sufficient net profits and has available excess cash.

When evaluating dividend distributions, the Board take into account the net profit and cash generated during the reported period, the underlying Company financial performance and market development post-period end, as well as expectations about the future and considering the Company's forecasted liquidity, investment plans, financing requirements and level of financial flexibility that the Board believes is appropriate for the Company.

The dividends declared by the Board during 2019, total USD 1.5 million (2018: nil), are deducted from accumulated profit and losses as at 31 December 2019. The dividend of USD 2 million in relation to publication of the Company's Q4 2019 report was declared by the Board after 31 December 2019 and, therefore, is not deducted from accumulated profits and losses held by the Company at the end of 2019.

The Board propose that the net loss of USD 0.9 million recorded in the consolidated incomes statement in 2019 is transferred to retained earnings.

In relation to 2019 the Company has paid or declared the following dividends:

Financial period	Total dividend	Dividend per share[1]	Announced	Ex-div date	Payment date
Q1 2019	USD 1.0m	USD 0.04/NOK 0.37	29 May 2019	12 Jun 2019	26 Jun 2019
Q2 2019	USD 0.5m	USD 0.02/NOK 0.19	22 Aug 2019	4 Sep 2019	16 Sep 2019
Q4 2019	USD 2.0m	USD 0.09/NOK 0.79	27 Feb 2020	10 Mar 2020	18 Mar 2020
	USD 3.5m	**USD 0.15/NOK 1.35**			

[1]ADS Crude Carriers Plc's functional and presentational currency is USD and all dividends announced by the Company are initially announced in total USD and estimated USD equivalents per share. As a result of the Company's shares being traded on the Oslo Børs Merkur Markets all dividend payments will be in NOK based on an exchange rate secured by the Company between the date of announcing a dividend and the ex-div date.

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 Oslo Børs 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 planned for 2019 on the acquired vessels, 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 "Old Loan"). During 2019, the Company agreed terms with the lender of the vessel loan whereby a new loan of nominal value USD 37.5 million (the "New Loan") replaced the Old Loan. The New Loan was drawdown on 28 June 2019, providing gross proceeds of USD 7.5 million after the repayment of the Old Loan. Less loan issue costs amounting to USD 0.9 million, net proceeds of USD 6.6 million were received. The proceeds of the New Loan were used towards the vessel intermediate surveys (dry dockings) that were completed during the second half of 2019.

In December 2019 the Company secured a USD 7.5 million credit facility in order to provide a working capital buffer to the Company immediately after completion of the Fleet-wide yard stays (the "Revolving Credit Facility" or "RCF"). The RCF is provided by the Company's two largest shareholders, SFL Corporation Ltd and ADS Shipping Ltd, at market terms. The RCF has a tenor of 12 months and is unsecured.

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, operating cost level – including savings from the use of scrubbers – and capital 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.

2.5 Parent company's unconsolidated financial statement

The Parent Company recorded a net profit of USD 4.1 million for the year, up from a net loss of USD 0.2 million in 2018. The increase is mainly due to dividends from subsidiaries of USD 4.4 million received in the year (2018: nil). General and administrative costs increased by USD 0.2 million to USD 0.4 million (2018: USD 0.2 million) driven by an increased number of days in the period. Net finance income increased by USD 1.8 million to USD 1.8 million (2018: nil) due to an increase in interest income from subsidiaries following establishing non-current loans to subsidiaries during 2019. There was a corresponding increase in finance costs of USD 1.7 million to USD 1.7 million (2018: nil) due to increased interest costs and increased loan fee amortization costs, both following the amendment of the Group's vessels loans on 28 June 2019 whereby the Parent Company became the borrower.

The Board of Directors propose to transfer the net profit of USD 4.1 million to retained earnings. During release of ADS Crude Carriers Plc's interim earnings during 2019, the Board have declared dividends totaling USD 1.5 million, which are deducted from retained earnings held at 31 December 2019. Additionally, on 27 February 2020, the Board declared a dividend of USD 2 million in relation to release of its Q4 2019 earnings.

The Parent Company had gross assets at 31 December 2019 totaling USD 96.7 million (2018: USD 56.8 million), of which USD 82.7 million (2018: USD 45.2 million) are non-current assets and USD 14.0 million (2018: USD 11.6 million) current assets. The increase in non-current assets is due to an increase in loans to subsidiaries of USD 37.5 million. The Parent Company's book equity was USD 59.3 million (2018: USD 56.8 million) at yearend. The Company's non-current liabilities increased to USD 36.6 million (2018: nil) following the amendment to the Group's vessels loans on 28 June 2019, whereby the Parent Company became the borrower from the 3rd party lender and immediately lent the proceeds to subsidiaries.

2.6 Events after the reporting period

On 26 February 2020, the Board of Directors declared a dividend of USD 2 million, or approximately USD 0.09 per share. The last day of trading including the right to the dividend was 9 March, the ex-dividend date 10 March and the dividend was paid in NOK on or around 18 March to all shareholders on record at 11 March.

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 2019, the Company had vessel loans with carrying value USD 36.6 million (2018: USD 29.7 million) nominal value USD 37.5 million (2018: USD 30 million) that had floating interest rates based on LIBOR plus a margin of 5.1% (2018: 4.5%). During 2019 the Company secured a one-year USD 7.5 million Revolving Credit Facility which incurs a 5% commitment fee on the undrawn amount and is subject to 10% interest on the drawn amount. As at 31 December 2019 the RCF remains undrawn. The Company has no other fixed interest rate borrowings.

To indicate the sensitivity of the Company's earnings to changes in interest rates, should LIBOR increase by 200 basis points, the Company's interest cash cost would increase by USD 0.7 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 2019 the Company had cash and cash equivalents denominated in Norwegian krone that had a carrying value of USD 0.4 million (2018: USD 0.2 million) and denominated in Euro of USD 0.1 million (2018: nil). All other financial assets and liabilities of the Company at 31 December 2019 are denominated in US dollars and, hence, the Company's maximum exposure to foreign exchange risk equates to USD 0.4 million.

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 2019, the Company's vessels were predominantly on spot charters and at 31 December 2019, the Company's vessels were on spot charters to three different counterparties. Charter hire income from spot charters is generally payable to the Company within three days after cargo discharge. Of the USD 10.3 million receivable from customers in the balance sheet at 31 December 2019, an amount of USD 10.1 million has been received from charterers as at the date of this report, with the remaining balance expected to be received during 2020.

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 2019 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 (excluding interest payments).

(In thousands of USD)	2020	2021	2022	Total
Interest-bearing debt	-	-	37 500	37 500
Other current liabilities	9 499	-	-	9 499
Trade payables	3 141	-	-	3 141
Total	**12 640**	**-**	**37 500**	**50 140**

The table below shows the maturity profile of the Company's financial liabilities based on contractual payment terms (excluding interest payments), while for the interest-bearing debt – which consists wholly of the Vessel Loan – it shows the maturity profile assuming maximum payments are made under the cash sweep mechanism that is part of the Vessel Loan. The cash sweep applies for every quarter starting Q1 2020 whereby all free cash held by the Company above an amount equivalent to 10% of gross outstanding debt at the quarter end, up to a maximum of USD 0.75 million per quarter, is repaid.

(In thousands of USD)	2020	2021	2022	Total
Interest-bearing debt (including cash sweep)	3 000	3 000	31 500	37 500
Other current liabilities	9 499	-	-	9 499
Trade payables	3 141	-	-	3 141
Total	**15 640**	**3 000**	**31 500**	**50 140**

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.

On 1 March 2019 ADS Crude Carriers Plc appointed its first and only employee, based at the Company's office in Cyprus. 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's one employee is female, while two of the current five members of the Board of Directors are female.

5. Outlook

The last months of 2019 and first months of 2020 have reminded us that the tanker market is unpredictable and volatile as we have seen reported market rates for VLCCs swing from all-time high levels down to close to cash breakeven levels and then back up to super profit territory almost overnight. The VLCC market has recently been influenced by a number of factors, including increasing average sailing distances, tighter available fleet capacity (eg. sanctioning of Cosco vessels) the impacts of IMO 2020, the return to the global fleet of previously sanctioned vessels, reduction in oil production (eg. Libya) and the sudden outbreak of the coronavirus all having an impact. During the second week of March 2020, following the disagreement amongst OPEC countries to reduce oil supply, tanker rates shot back up following Saudi Arabia's decision to reduce the price of their oil and to increase production. The past months have reminded us that the tanker market is unpredictable and volatile. The Board expect the VLCC market will remain dynamic during 2020.

During the past weeks governments and authorities around the world have implemented a range of measures and general restrictions on travel, transport and almost all other aspects of private and business life in response to the outbreak of the Covid-19 virus. It remains unknown how long these measures will be in place and whether things will get worse before they get better. With respect to the Company's vessels there have been no significant issues with health, safety or restriction of operations related to Covid-19 so far, though like a number of other vessel operators all crew changes have been temporarily suspended. An increasing number of restrictions on port operations and similar measures are being implemented by authorities and vessel operations represent an activity with major exposure. The Company is following the guidelines of all relevant authorities, expert advice and best industry practices in close cooperation with the technical manager of the vessels. The macroeconomy has already been impacted by Covid-19 but it is unknown how long this will last, the effect on the tanker market and on the Company. As of today, it is not possible to estimate the financial impact, if any, to the Company as a result of Covid-19.

Post-year end the Company entered a six-month time charter for ADS Page, due to commence early April 2020, prior to which the vessel continued to operate in the spot market. ADS Serenade and ADS Stratus have remained operating in the spot market during 2020. As at the date of this report, the Company has filled around 500 vessel days in 2020 at an average TCE of approximately USD 72,000 per day, which includes voyages already completed in 2020 to-date as well as secured future charters.

Limassol, 2. April 2020

Bjørn Tore Larsen
Chairman

Marios Demetriades,
Deputy Chairman

Trym Sjølie

Sofi Mylona

Lia Papaiacovou

Consolidated statement of comprehensive income

(In thousands of USD)	Note	*12 months* 2019	*8 months* 2018
Revenue	4.5	**42 226**	**13 432**
Operating expenses			
Voyage expenses	6	(22 179)	(5 525)
Vessel operating expenses	7	(9 964)	(4 562)
General & administrative costs	8	(1 043)	(606)
Depreciation	11	(7 366)	(1 835)
Total operating expenses		**(40 552)**	**(12 529)**
Operating profit		**1 674**	**903**
Finance cost	9	(2 825)	(859)
Finance income	9	203	57
Profit before tax		**(948)**	**102**
Income tax		-	-
Profit after tax and total comprehensive income		**(948)**	**102**
(In USD)			
Earnings per share attributable to equity holders			
Basic	10	(0.04)	0.01
Diluted	10	(0.04)	0.01

Consolidated statement of financial position

(In thousands of USD)	Note	2019	2018
Assets			
Non-current assets			
Vessels	11	81 568	67 714
Total non-current assets		**81 568**	**67 714**
Current assets			
Receivables from customers	4, 5, 15	10 267	4 745
Other current assets	12, 15	4 104	5 488
Restricted cash	15	1 498	524
Cash and cash equivalents	15	5 309	13 689
Total current assets		**21 177**	**24 447**
Total assets		**102 745**	**92 161**
Equity and liabilities			
Equity			
Issued share capital		4 678	4 678
Share premium		51 207	51 207
Retained earnings		(2 346)	102
Total equity		**53 539**	**55 987**
Non-current liabilities			
Interest-bearing debt	13, 15	36 566	29 729
Total non-current liabilities		**36 566**	**29 729**
Current liabilities			
Other current liabilities	14, 15	9 499	1 333
Trade payables	15	3 141	5 113
Total current liabilities		**12 640**	**6 446**
Total equity and liabilities		**102 745**	**92 161**

Consolidated statement of cash flows

		12 months	*8 months*
(In thousands of USD)	Note	2019	2018
Cash flow from operating activities			
Profit for the period		(948)	102
Adjustment for non-operating cash flow items			
Depreciation	11	7 366	1 835
Interest expenses	9	2 498	793
Interest income	9	(202)	(35)
Net operating cash flow before working capital items		**8 713**	**2 695**
Working capital movements		(6 334)	(5 290)
Total operating cash flow		**2 380**	**(2 595)**
Cash flow from investing activities			
Payments for vessels and equipment	11	(12 837)	(68 387)
Total cash flow used in investing activities		**(12 837)**	**(68 387)**
Cash flow from financing activities			
Proceeds from share issue		-	56 933
Transaction cost on issue of shares		-	(1 048)
Receipt from bank loan	13	7 500	30 000
Transaction cost related to bank loan	13	(900)	(300)
Interest paid	9	(2 210)	(391)
Decrease/(increase) in restricted cash		(973)	(524)
Interest received	9	161	1
Dividends paid		(1 500)	-
Total cash flow from financing activities		**2 077**	**84 671**
Net increase in cash and cash equivalents		**(8 381)**	**13 689**
Cash and cash equivalents at the beginning of the period		13 689	-
Cash and cash equivalents at the end of the period	15	**5 309**	**13 689**

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**

(In thousands of USD apart from number of shares)	Number of shares	Issued share capital	Share premium	Retained earnings	Total equity
Balance at 1 January 2019	**23 390 300**	**4 678**	**51 207**	**102**	**55 987**
Total comprehensive income for the period	-	-	-	(948)	(948)
Dividends paid	-	-	-	(1 500)	(1 500)
Balance at 31 December 2019	**23 390 300**	**4 678**	**51 207**	**(2 346)**	**53 539**

The nominal value of the Company's authorized share capital, including issued and non-issued shares, at 31 December 2019 is USD 4.7 million, consisting of 23,390,300 shares with par value USD 0.20 per share.

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 2019 were authorized for issue in accordance with a resolution of the Board of Directors passed on 2 April 2020.

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: ADS 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.

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.

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 Oslo Børs 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 planned for 2019 on the acquired vessels, 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 "Old Loan"). During 2019, the Company agreed terms with the lender of the vessel loan whereby a new loan of nominal value USD 37.5 million (the "New Loan") replaced the Old Loan. The New Loan was drawdown on 28 June 2019, providing gross proceeds of USD 7.5 million after the repayment of the Old Loan. Less loan issue costs amounting to USD 0.9 million, net proceeds of USD 6.6 million were received. The proceeds of the New Loan were used towards the vessel intermediate surveys (dry dockings) that were completed during the second half of 2019.

In December 2019 the Company secured a USD 7.5 million credit facility in order to provide a working capital buffer to the Company immediately after completion of the Fleet-wide yard stays (the "Revolving Credit Facility" or "RCF"). The RCF is provided by the Company's two largest shareholders, SFL Corporation Ltd and ADS Shipping Ltd, at market terms. The RCF has a tenor of 12 months and is unsecured.

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, operating cost level – including savings from the use of scrubbers – and capital 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.

2.2 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.

2.3 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 directly attributable costs of subsequent expenditures, including major renovations, upgrades and inspections are included in the asset's carrying amount only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. All other repairs and maintenance costs are charged to the income statement during the financial period in which they are incurred.

The Company calculates vessel depreciation based on an estimated useful lifetime of 20 years from original delivery and the estimated residual value at the end of that period. The residual value is the estimated recycling value at age 20 years. 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 at least annually. The revision of residual value is considered a change in an accounting estimate and, therefore, the effect of change is recognized prospectively.

During 2019 there was an estimated 25% decline in vessel recycling prices, and for depreciation purposes the Company has reduced the unit recycling price to USD 325/ldt from 1 October 2019 (previously USD 425/ldt).

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.

Capitalized scrubber investment costs are depreciated fully on a straight-line basis from the first day of the month following completion of the projects until the end of the useful lifetime of the vessel on which a scrubber is installed, which for all the vessels in Company's Fleet is during 2022.

2.4 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.

Subsidiaries are all those entities over which the Parent Company has control. The Parent Company controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Parent Company. They are de-consolidated from the date that control ceases.

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.

2.5 Foreign currency translation

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

2.6 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.

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 receivables from customers 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 vessel recycle 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 her 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 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.

2.13 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.

2.14 Dividends
Dividends payable or paid to shareholders are recognized when declared during the financial year and are no longer at the discretion of the Company.

2.15 Income tax
The Parent Company is subject to income tax in Cyprus. The Norwegian vessel owning subsidiaries are taxed in accordance with the Norwegian Tonnage Tax regime for shipping companies. The scheme entails no tax on operating profits. The Company classifies tonnage tax as general and administrative costs.

2.16 Changes in accounting policies
The Company applied certain accounting standards and amendments for the first time, effective for the financial period beginning 1 January 2019, including IFRS 16 Leases which replaced IAS 17 Leases. IFRS 16 eliminated the classification of leases as either operating or financial leases as was previously required by IAS 17 and, instead, introduced a single lessee accounting model. The Company did not have any lease arrangements that were significantly impacted by the adoption of IFRS 16. None of the new or amended accounting standards adopted from 1 January 2019 had any significant impact on the Company's financial statements.

Certain new standards, amendments and interpretations of existing standards have been published that are mandatory for the Company's accounting periods beginning 1 January 2020 or later. None of the new standards, amendments and interpretations relevant for the Company are expected to have a significant impact on the Company's financial statements.

2.17 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 recycle value as the residual value, which requires the Company to estimate the market value at the date of recycling. During 2019 there was an estimated 25% decline in vessel recycling prices, and for depreciation purposes the Company reduced the unit recycling price to USD 325/ldt from 1 October 2019 (previously USD 425/ldt), resulting in a decrease in the residual value to approximately USD 13 million from the previous USD 17 million per vessel. The change in residual value during 2019 is expected to result in a higher depreciation charge in future financial periods. For sensitivity purposes, a change in the unit recycling price of +/- USD 25/ldt results in approximately +/- USD 1 million change in the residual value per vessel.

The actual useful lifetime of a vessel as well as the residual value may end up being different from the assumptions used in the Company 's depreciation calculation. Estimated useful lifetimes may change due to technological developments, environmental, legal and market requirements, costs related to maintenance and intermediate/special surveys, as well as charterer requirements. Residual value may vary due to changes in market recycling prices, which may be impacted by developments in vessel recycling facilities and regulations.

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.

At 31 December 2019 the carrying value of the Company's vessels, including capitalized docking and survey costs but excluding capitalized scrubber costs, was USD 70.3 million, equivalent to USD 23.4 million per vessel.

Carrying value of scrubber investments
The Company generates additional earnings by using scrubbers as it allows the Fleet to consume High-Sulphur Fuel Oil (HSFO) as opposed to more expensive Low-Sulphur Fuel Oil (HSFO). From 1 January 2020 the Company has monitored the Spread at every bunker port in which it has procured HSFO bunker fuel for its vessels. To calculate the bunker savings generated by its scrubber investment the Company has calculated the difference between the price of VLSFO bunker fuel it would have paid had the vessel not been equipped with a scrubber, and the price of HSFO it actually paid. As at the date of this report, the Company has recognized cash savings of USD 4.2 million in 2020, equivalent to 35% of its total investment in scrubbers.

The return on the Company's investment in scrubbers and the recoverability of the carrying value will depend on the relative prices of HSFO and LSFO (the "Spread") at the time and location of future bunkering, as well as the future consumption of HSFO by its vessels. Using a simplified approach, the carrying value of the scrubbers is estimated as supported providing the Spread is expected to be at least USD 70 between 1 January 2020 and the end of the Fleet's expected useful life.

At 31 December 2019 the carrying value of the Company's scrubbers was USD 11.2 million, equivalent to USD 3.7 million per vessel.

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 carrying value of the Company's financial assets and liabilities.

(In thousands of USD)	**2019**	**2018**
Financial assets		
Receivables from customers	10 267	4 745
Other current assets	4 104	5 488
Restricted cash	1 498	524
Cash and cash equivalents	5 309	13 689
Total current assets	**21 177**	**24 447**
Financial liabilities		
Non-current interest-bearing debt	36 566	29 729
Other current liabilites	9 499	1 333
Trade payables	3 141	5 113
Total financial liabilities	**49 206**	**36 174**
Net current financial assets/(liabilities)	**8 537**	**18 001**
Net current and non-current financial assets/(liabilities)	**(28 029)**	**(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 2019, the Company had vessel loans with carrying value USD 36.6 million (2018: USD 29.7 million) nominal value USD 37.5 million (2018: USD 30 million) that had floating interest rates based on LIBOR plus a margin of 5.1% (2018: 4.5%). During 2019 the Company secured a one-year USD 7.5 million Revolving Credit Facility which incurs a 5% commitment fee on the undrawn amount and is subject to 10% interest on drawn amount amounts. As at 31 December 2019 the RCF remains undrawn. The Company has no other fixed interest rate borrowings.

To indicate the sensitivity of the Company's earnings to changes in interest rates, should LIBOR increase by 200 basis points, the Company's interest cash cost would increase by USD 0.7 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 2019 was denominated in USD dollars. The majority of the Company's operating costs are denominated in US dollars.

As at 31 December 2019 the Company had cash and cash equivalents denominated in Norwegian krone that had a carrying value of USD 0.4 million (2018: USD 0.2 million) and denominated in Euro of USD 0.1 million (2018: nil). All other financial assets and liabilities of the Company at 31 December 2019 are denominated in US dollars and, hence, the Company's maximum exposure to foreign exchange risk equates to USD 0.4 million.

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 2019, the Company's vessels were predominantly on spot charters and at 31 December 2019 the Company's vessels were on spot charters to three different counterparties. Charter hire income from spot charters is generally payable to the Company within three days after cargo 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 2019 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 (excluding interest payments).

(In thousands of USD)	2020	2021	2022	Total
Interest-bearing debt	-	-	37 500	37 500
Other current liabilities	9 499	-	-	9 499
Trade payables	3 141	-	-	3 141
Total	**12 640**	**-**	**37 500**	**50 140**

The table below shows the maturity profile of the Company's financial liabilities based on contractual payment terms (excluding interest payments), while for the interest-bearing debt – which consists wholly of the Vessel Loan – it shows the maturity profile assuming maximum payments are made under the cash sweep mechanism that is part of the Vessel Loan. The cash sweep applies for every quarter starting Q1 2020 whereby all free cash held by the Company above an amount equivalent to 10% of gross outstanding debt at the quarter end, up to a maximum of USD 0.75 million per quarter, is repaid.

(In thousands of USD)	2020	2021	2022	Total
Interest-bearing debt (including cash sweep)	3 000	3 000	31 500	37 500
Other current liabilities	9 499	-	-	9 499
Trade payables	3 141	-	-	3 141
Total	**15 640**	**3 000**	**31 500**	**50 140**

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 liquidity 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 2019 the Company's equity ratio was 52% (2018: 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 2019, the Company's NIBD was USD 30.7 million (2018: 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: ADS Page on 20 July, ADS Stratus on 9 August and ADS Serenade on 13 September 2018 and as at 31 December 2019 all three of the Company's vessels were in operation in the spot market.

4.1 Major customers

The Company's revenues during the year were derived from a total of nine customers (2018: six). Customers from which the Company derived more than 10% of the total revenue in the period are shown in the table below.

(In thousands of USD)	12 months 2019	8 months 2018
Customer 1	12 121	3 704
Customer 2	7 203	2 679
Customer 3	5 180	2 111
Customer 4	5 010	1 725
Customer 5	-	1 782
Customer 6	-	1 433
Other customers	12 712	-
Total revenue	**42 223**	**13 432**

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.

5. Revenue from contracts with customers

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

(In thousands of USD)	12 months 2019	8 months 2018
Spot charter	39 313	9 728
Time charter	2 913	3 704
Total revenue	**42 226**	**13 432**

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

(In thousands of USD)	12 months 2019	8 months 2018
Receivables from customers at start of period	4 745	-
Net movement in period	5 522	4 745
Total receivables from customers at end of period	**10 267**	**4 745**
Capitalized fulfilment costs at start of period	684	-
Net movement in period	(605)	684
Total capitalized fulfilment costs at end of period	**79**	**684**
Total contract assets start of the period	**5 429**	**-**
Net movement in period	**4 917**	**5 429**
Total contract assets end of the period	**10 346**	**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 2019 for which revenue is expected to be recognized in a future period.

Customer contract payment terms are typically in full within three days following discharge of cargo.

6. Voyage expenses

(In thousands of USD)	12 months 2019	8 months 2018
Bunkers	16 800	5 372
Commercial management fees and commissions	840	210
Other voyage expenses	4 618	626
	22 258	**6 209**
Capitalized customer contract fulfilment costs movement	**(79)**	**(684)**
Net voyage expenses	**22 179**	**5 525**

7. Vessel operating expenses

(In thousands of USD)	12 months 2019	8 months 2018
Manning related cost	5 087	1 845
Other vessel operating expenses	4 877	2 717
Total vessel operating expenses	**9 964**	**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 as all crew are supplied by the technical managers of the vessels, OSM Maritime Group. Up until 5 August 2019, Thome Ship Management provided technical management of ADS Page, before OSM Maritime Group took over.

8. General and administrative expenses

(In thousands of USD)	12 months 2019	8 months 2018
Administrative manager fees	233	42
Employee related costs, incl. CFO fee	146	-
Board of director fees	18	3
Auditor fees	82	44
Tonnage tax	115	59
Other expenses	445	458
Total general and administrative expenses	**1043**	**606**

On 1 March 2019 ADS Crude Carriers Plc employed one employee, based at the Company's office in Cyprus, before which the Company did not have any employees. The administrative and corporate management of the Company, as well as provision of a CFO, is provided by Arendals Dampskibsselskab AS.

The statutory audit fee for the 2019 audit of ADS Crude Carriers Plc to RSM Cyprus Ltd is agreed at EUR 12,000 plus VAT at 19%, the same fee as for 2018.

(In thousands of USD)	12 months 2019	8 months 2018
Amounts paid to auditor		
Statutory audit fees	45	14
Audit related services	37	30
Total amounts paid to auditor	**82**	**44**

The statutory audit fee for the 2019 audit of ADS Crude Carriers Plc to RSM Cyprus Ltd is agreed at EUR 12,000 plus VAT at 19% (2018: EUR 10,500 plus VAT).

9. Net finance expense

(In thousands of USD)	12 months 2019	8 months 2018
Finance income		
Interest income	202	35
Currency exchange gain	1	23
Total finance income	**203**	**57**
Finance expense		
Interest expense from interest-bearing debt	2 498	793
Currency exchange loss	1	46
Other finance cost	327	20
Total finance expense	**2 825**	**859**
Net finance expense	**2 622**	**802**

10. Earnings per share

(In thousands of USD)	12 months 2019	8 months 2018
Profit/(loss) for the period	(948)	102
Weighted average shares outstanding	23 390 300	16 070 780
Basic and diluted EPS *(USD per share)*	(0.04)	0.01

The Company has no dilutive or potential dilutive shares.

11. Vessels

(In thousands of USD)	12 months 2019	8 months 2018
Costs		
Balance at start of period	69 550	-
Additional capital expenditures	21 218	69 550
Balance at end of period	**90 768**	69 550
Depreciation		
Balance at start of period	1 835	-
Depreciation for the period	7 366	1 835
Balance at end of period	**9 201**	1 835
Net book value at start of period	67 714	**-**
Net book value at end of period	**81 568**	**67 714**
Carrying value of pledged assets at period end	**69 258**	**66 050**

During 2019 and end of 2018 the Company invested in scrubber systems for its fleet of three vessels that were installed during mandatory intermediate surveys that occurred during the second half of 2019. The total investment in intermediate surveys was USD 3.5 million on average per vessel, while investment in scrubbers was USD 4 million on average per vessel, or total estimated Fleet-wide cost USD 22.5 million. As at 31 December 2019, a cash amount of USD 13.5 million had been paid, with the remaining amount of USD 9.0 million expected to be paid during Q1 2020.

12. Other current assets

(In thousands of USD)	2019	2018
Inventory (bunkers and lube oil)	3 176	4 242
Capitalized fulfilment costs	79	684
Advance payments to suppliers	143	115
VAT receivable	121	105
Other assets	584	342
Total other current assets	**4 104**	**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 2019, USD 0.1 million (2018: USD 0.7 million) of voyage expenses were capitalized in accordance with IFRS 15.

13. Interest bearing debt

(In thousands of USD)	Maturity	Interest	2019	2018
Fleet Loan				
Nominal USD 30 million			-	29 729
Nominal USD 37.5 million	31-Dec-22	LIBOR + 5.1%	36 566	-
Total interest-bearing debt			**36 566**	**29 729**

During the year the Company agreed terms with the lender of its vessel loan whereby a new loan of nominal value USD 37.5 million (the "New Loan") replaced the previous USD 30 million vessel loan (the "Old Loan"). The New Loan was drawn down on 28 June 2019. Under the terms of the New Loan there is no fixed amortization until maturity on 31 December 2022, apart from a Cash Sweep and a Dividend Amortization mechanism:

i. Cash Sweep – from and including Q1 2020, all liquidity above the Minimum Liquidity (defined as 10% of Financial Indebtedness), on a quarterly basis is paid as prepayment of the New Loan up to a maximum amount of USD 250,000 per vessel per quarter. Applied until outstanding loan balance is USD 30 million.

ii. Dividend Amortization – whereby 50% of any dividend exceeding USD 2 million per quarter, USD 4 million per half-year and USD 6 million per annum is applied towards prepayment of the New Loan. Applied until outstanding loan balance is USD 27 million.

Any amount paid for a quarter under the Cash Sweep mechanism shall reduce accordingly the prepayment obligation under the Dividend Amortization clause.

(In thousands of USD)	2019	2018
Accrued expenses	7 771	931
Accrued interest	689	401
Contract liabilities	1 039	-
Total other current payables	**9 499**	**1 333**

14. Other current payables

Included within accrued expenses are accruals relating to intermediate surveys and scrubber investments.

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.

		2019		2018	
(In thousands of USD)	*Fair value hierarchy*	Carrying value	Fair value	Carrying value	Fair value
Financial assets					
Receivables from customers		10 267	10 267	4 745	4 745
Other current assets		4 104	4 104	5 488	5 488
Restricted cash		1 498	1 498	524	524
Cash and cash equivalents		5 309	5 309	13 689	13 689
Total financial assets		**21 177**	**21 177**	**24 447**	**24 447**
Financial liabilities					
Interest-bearing debt	Level 2	36 566	38 165	29 729	30 760
Other current liabilities		9 499	9 499	1 333	1 333
Trade payables		3 141	3 141	5 113	5 113
Total financial liabilities		**49 206**	**50 805**	**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.

16. Related parties

16.1 Board of Directors

	Directors		*12 months*	*8 months*
(In thousands of USD)	Since	To	2019	2018
Payments to Board of Directors				
Bjørn Tore Larsen (Chairman)	10-Aug-18		-	-
Marios Demetriades (Deputy Chairman)	10-Aug-18		13	3
Trym Otto Sjølie	10-Aug-18		-	-
Penelope Evangelidou	30-Apr-18	21-Aug-19	1	-
Alkistis Dimitriou	10-Aug-18	21-Aug-19	1	-
Sofi Mylona	21-Aug-19		4	-
Lia Papaiacovou	21-Aug-19		-	-
Total Board of Director fees			**18**	**3**

Non-executive independent board members are entitled to Board fees at the rate of EUR 7.5k per annum, while the Deputy Chairman position receives an additional EUR 2.5k per annum. The Company's that provided Penelope Evangelidou and Alkistis Dimitriou as board members were entitled to board fees of EUR 750 per annum. Lia Papaiacovou is a remunerated employee of the Company.

MD Mindset Capital Ltd, a company controlled by Deputy Chairman Marios Demetriades, received fees for consulting services totaling USD 27k in 2019 (2018: USD 7k).

16.2 Key management personnel

The administrative and corporate management of the Company is provided by Arendals Dampskibsselskab AS. Terje Bodin Larsen, CEO, and Ben Boiling, CFO, make up the acting Executive Management 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. No remuneration has been paid by the Company to the CEO or CFO.

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. Up to 31 March 2019 the fee payable by the Company to Arendals Dampskibsselskab AS was USD 100 per vessel calendar day and from 1 April 2019 was increased to USD 250 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. In addition, from 1 January 2019, the commencement date of the CFO, an amount of NOK 110k per month is payable to Arendals Dampskibsselskab AS in relation to provision of the CFO.

During 2019 fees totaling USD 233k (2018: USD 42k) were payable to Arendals Damskibsselskab AS for administrative and corporate management services, USD 141k (2018: nil) was payable in relation to provision of CFO and USD 17k (2018: nil) was payable as reimburseable costs. At 31 December 2019 an amount of USD 85k (2018: nil) was owed to Arendals Dampskibsselskab AS and recorded as trade payables in the statement of financial position.

ADS Shipping Ltd
ADS Shipping Ltd, a company controlled by Chairman of the Board, Bjørn Tore Larsen, owns 2,021,754 shares in the Company. Together with 403,180 shares in the Company owned by Shiphold Ltd, a company that controls ADS Shipping Ltd, ADS Shipping Ltd has an interest in 2,424,934 shares, equivalent to 10.4%, in the Company.

ADS Shipping Ltd is the minority lender of the Revolving Credit Facility that was established on 20 December 2019, providing a credit line of USD 2.5 million of the total USD 7.5 million RCF. Under the terms of the RCF, the lenders are entitled to an up-front fee on inception equivalent to 1% of the commitment. During the 12-month tenor of the RCF the lenders are entitled to 5% commitment fee on the undrawn amount and 10% interest on any drawn amount. During 2019, the Company paid ADS Shipping Ltd an
up-front fee of USD 25k and accrued USD 3k for commitment fees (2018: nil).

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, provided technical vessel management for the Company's vessels for an agreed fee for 2019 of USD 186k per vessel (2018: USD 180k), as well as provided crewing services for a fee equivalent to USD 36k per vessel (2018: USD 36k), all fees on a pro rata basis. The OSM Group provided technical management and crewing services for ADS Page from 5 August 2019, while for ADS Stratus and ADS Serenade since delivery of the vessels to the Company in 2018.

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.

During 2019 an amount of USD 448k (2018: USD 148k) was paid to OSM Ship Management AS for technical vessel management and crewing services. No amount was owed to OSM Ship Management AS at the end of either period.

SFL Corporation
SFL Corporation Ltd ("SFL"), a company listed on the New York Stock Exchange, provides key management personnel to the Company through representation on the Board of Directors by Trym Sjølie, Chief Operating Officer of SFL Management AS. SFL owns 4,031,800 shares, or 17.2%, of the Company.

SFL is the majority lender of the RCF, providing a credit line of USD 5 million of the total USD 7.5 million RCF. During 2019, the Company paid SFL an up-front fee of USD 50k and accrued USD 7k for commitment fees in relation to the RCF (2018: nil).

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

Frontline
Frontline Management (Bermuda) Ltd, a company within the same group of companies as SFL 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 2019 the total cost of the commercial management fees and commissions to Frontline expensed was USD 840k (2018: USD 210k), of which USD 103k was accrued and unpaid at the yearend (2018: USD 94k).

Sterna Finance
Sterna Finance Ltd ("Sterna") is an affiliate of Hemen Holding Ltd as it has the same beneficial owner. In 2018 the Company entered a loan agreement with Sterna for financing the acquisition of its three vessels and during 2019 the loan terms were amended with the impact that the total loan amount was increased from USD 30 million to USD 37.5 million (see Note 13). The New Loan was drawn down on 28 June 2019, at which point an upfront fee equivalent to 1.5% of the gross loan proceeds was paid by the Company to Sterna. Interest on the New Loan is payable at 5.1% plus LIBOR, payable quarterly in arrears. The interest charge on the Old Loan was 4.50% plus LIBOR.

During 2019 the total loan fee paid to Sterna was USD 563k (2018: USD 300k) and the total loan interest cost to the Company was USD 2 498k (2018: USD 793k), of which USD 689k (2018: USD 430k) was accrued and unpaid at the yearend. At the end of the financial period, the outstanding nominal loan amount was USD 37.5 million (2018: 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.

(In thousands of USD)	*12 months* 2019	*8 months* 2018
Revenue	42 226	13 432
Voyage expenses	(22 179)	(5 525)
Total net revenue	**20 047**	**7 907**

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.

(In thousands of USD)	*12 months* 2019	*8 months* 2018
Net revenue	20 047	7 907
Vessel operating days	885	417
TCE (in whole USD)	**22 653**	**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.

(In thousands of USD)	2019	2018
Nominal value of interest-bearing debt	37 500	30 000
Cash and cash equivalents	5 309	13 689
Restricted cash available for debt repayment	1 498	524
NIDB	**30 693**	**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.

18. Events after the reporting period

18.1 Dividend

On 26 February 2020, the Board of Directors declared a dividend of USD 2 million, or approximately USD 0.09 per share. The last day of trading including the right to the dividend was 9 March, the ex-dividend date 10 March and the dividend was paid in NOK on or around 18 March to all shareholders on record at 11 March.

18.2 Covid-19

During the past weeks governments and authorities around the world have implemented a range of measures and general restrictions on travel, transport and almost all other aspects of private and business life in response to the outbreak of the Covid-19 virus. It remains unknown how long these measures will be in place and whether things will get worse before they get better. With respect to the Company's vessels there have been no significant issues with health, safety or restriction of operations related to Covid-19 so far, though like a number of other vessel operators all crew changes have been temporarily suspended. An increasing number of restrictions on port operations and similar measures are being implemented by authorities and vessel operations represent an activity with major exposure. The Company is following the guidelines of all relevant authorities, expert advice and best industry practices in close cooperation with the technical manager of the vessels. The macroeconomy has already been impacted by Covid-19 but it is unknown how long this will last, the effect on the tanker market and on the Company. As of today, it is not possible to estimate the financial impact, if any, to the Company as a result of Covid-19.

Limassol, 2. April 2020

The Board of Directors

Bjørn Tore Larsen
Chairman

Marios Demetriades,
Deputy Chairman

Trym Sjølie

Sofi Mylona

Lia Papaiacovou

ADS Serenade

ADS CRUDE CARRIERS PLC

Parent Company unconsolidated statement of comprehensive income

(In thousands of USD)	Note	12 months 2019	8 months 2018
Revenue		**-**	**-**
Operating expenses			
General & administrative costs		(441)	(182)
Total operating expenses		**(441)**	**(182)**
Operating profit		**(441)**	**(182)**
Finance cost		(1 703))	(5)
Finance income	4	1 824	18
Dividends from subsidiaries		4 400	-
Profit before tax		**4 080**	**(169)**
Income tax		-	-
Profit after tax and total comprehensive income		**4 080**	**(169)**

Parent Company unconsolidated statement of financial position

(In thousands of USD)	Note	2019	2018
Assets			
Non-current assets			
Investments in subsidiaries	4	45 160	45 160
Loans to subsidiaries	3, 4	37 500	-
Total non-current assets		**82 660**	**45 160**
Current assets			
Receivables from subsidiaries	3, 4	13 445	3 937
Cash and cash equivalents	3	557	7 684
Total current assets		**14 003**	**11 621**
Total assets		**96 662**	**56 781**
Equity and liabilities			
Equity			
Issued share capital		4 678	4 678
Share premium		52 255	52 255
Retained earnings		2 411	(169)
Total equity		**59 344**	**56 764**
Non-current liabilities			
Interest-bearing debt	3, 5	36 566	-
Total non-current liabilities		**36 566**	**-**
Current liabilities			
Other current liabilities	3	692	15
Trade payables	3	61	2
Total current liabilities		**753**	**17**
Total equity and liabilities		**96 662**	**56 781**

Parent Company unconsolidated statement of cash flows

		12 months	*8 months*
(In thousands of USD)	Note	2019	2018
Cash flow from operating activities			
Profit for the period		4 080	(169)
Adjustment for items not affecting operating cash flows:			
Interest expense		1 703	-
Dividends from subsidiaries		(4 400)	-
Interest income		(1 770)	(1)
Net operating cash flow before working capital movements		**(387)**	**(170)**
Working capital movements		3 530	17
Total operating cash flow		**3 143**	**(153)**
Cash flow from investing activities			
Investment in subsidiaries		-	(45 160)
Loans to subsidiaries		(37 500)	-
Changes in inter-company receivables		(9 508)	(3 937)
Dividends received in cash from subsidiaries		2 400	-
Total cash flow used in investing activities		**(44 608)**	**(49 097)**
Cash flow from financing activities			
Proceeds from share issue		-	56 933
Proceeds from borrowings		37 500	-
Transaction costs related to new borrowings		(900)	-
Interest paid		(814)	-
Interest received		53	1
Dividends paid		(1 500)	-
Total cash flow from financing activities		**34 339**	**56 934**
Net increase in cash and cash equivalents		**(7 127)**	**7 684**
Cash and cash equivalents at the beginning of the period		7 684	-
Cash and cash equivalents at the end of the period		**557**	**7 684**

Parent Company unconsolidated 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
Total comprehensive income for the period	-	-	-	(169)	(169)
Balance at 31 December 2018	**23 390 300**	**4 678**	**52 255**	**(169)**	**56 764**

(In thousands of USD apart from number of shares)	Number of shares	Issued share capital	Share premium	Retained earnings	Total equity
Balance at 1 January 2019	**23 390 300**	**4 678**	**52 255**	**(169)**	**56 764**
Total comprehensive income for the period	-	-	-	4 080	4 080
Dividends paid	-	-	-	(1 500)	(1 500)
Balance at 31 December 2019	**23 390 300**	**4 678**	**52 255**	**2 411**	**59 344**

The nominal value of the Company's authorized share capital, including issued and non-issued shares, at 31 December 2019 is USD 4.7 million, consisting of 23,390,300 shares with par value USD 0.20 per share.

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 investing in subsidiaries, including ownership of shares in subsidiaries and provision of intercompany financing.

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.

2.3 Critical accounting estimates and judgments

Impairment of investment in subsidiaries

The Parent Company periodically evaluates the recoverability of investments in subsidiaries whenever indicators of impairment are present. If facts and circumstances indicate that investment in subsidiaries may be impaired, the estimated future discounted cash flows associate with these subsidiaries would be compared to their carrying amounts to determine if a write-down is necessary.

Impairment of financial assets

The loss allowance for financial assets are based on assumptions about risk of default and expected loss rates. The Company uses judgment in making these assumptions and selecting the inputs to the impairment calculation, by considering supportive forward-looking information. The main financial assets that are subject to the expected credit loss model relate to receivables from related parties, including loans receivable.

Financial risk management

The Parent Company's primary financial risks are consistent with the financial risks of the Company, as described in Note 3 of the consolidated financial statements, apart from as described below.

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 subsidiaries as summarized in the table below.

(In thousands of USD)	2019	2018
Loans to subsidiaries	37 500	-
Receivables from subsidiaries	13 445	3 937
Total receivables from subsidiaries	**50 945**	**3 937**

Loans to subsidiaries and receivables from subsidiaries are balances arising from financing the vessel-owning entities owned by the Parent Company. Based on management's expected credit loss assessment, Parent Company's financial assets are recoverable and no impairment charge was recognized.

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.

		2019		2018	
(In thousands of USD)	*Fair value hierarchy*	Carrying value	Fair value	Carrying value	Fair value
Fair value of financial assets					
Loans to subsidiaries	Level 2	37 500	38 165	-	-
Receivables from subsidiaries		13 445	13 445	3 937	3 937
Cash and cash equivalents		557	557	7 684	7 684
Total		**51 502**	**52 167**	**11 621**	**11 621**
Fair value of financial liabilities					
Interest-bearing debt	Level 2	36 566	38 165	-	-
Other current liabilities		692	692	15	15
Trade payables		61	61	2	2
Total		**37 319**	**38 918**	**17**	**17**

The fair values of receivables from subsidiaries, 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.

4. Investment in subsidiaries

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

	12 months	*8 months*
(In thousands of USD)	**2019**	**2018**
Costs		
Investments at start of period	45 160	-
Additional investments	-	45 160
Balance at end of period	**45 160**	**45 160**
Net book value at start of period	45 160	-
Net book value at end of period	**45 160**	**45 160**

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

			Equity investments at cost	
(In thousands of USD)	Country of incorporation	Equity interest Q4-2019	2019	2018
Name of subsidiary				
ADS Crude Holding AS	Norway	100%	45 160	45 160
ADS Crude I AS	Norway	100%	-	-
ADS Crude II AS	Norway	100%	-	-
ADS Crude III AS	Norway	100%	-	-
Total			**45 160**	**45 160**

4.1 Loans to subsidiaries

(In thousands of USD)	Maturity	Interest	2019	2018
ADS Crude I AS	31-Dec-22	LIBOR + 5.1%	12 500	-
ADS Crude II AS	31-Dec-22	LIBOR + 5.1%	12 500	-
ADS Crude III AS	31-Dec-22	LIBOR + 5.1%	12 500	-
Total loans to subsidiaries			**37 500**	

The loans to subsidiaries were lent on 28 June 2019 as part of the amendment of the Group's vessel loans. See Note 5 for further information. During 2019 the Parent Company's interest income from non-current loans to subsidiaries was USD 474k from each of the three vessel-owning subsidiaries.

4.2 Receivables from subsidiaries

(In thousands of USD)	2019	2018
ADS Crude Holding AS	3 097	2 437
ADS Crude I AS	2 770	-
ADS Crude II AS	1 722	100
ADS Crude III AS	5 857	1 400
Total receivables from subsidiaries	**13 445**	**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. During 2019 the Parent Company's interest income from current receivables was USD 97k from ADS Crude Holding AS, USD 78k from ADS Crude I AS, USD 30k from ADS Crude II AS and USD 165k from ADS Crude III AS.

5. Interest bearing debt

(In thousands of USD)	Maturity	Interest	2019	2018
Fleet Loan				
Nominal USD 37.5 million	31-Dec-22	LIBOR + 5.1%	36 566	-
Total interest-bearing debt			**36 566**	**-**

During the year the Company agreed terms with the lender of the Group's vessel loan whereby a new loan of nominal value USD 37.5 million (the "New Loan") was borrowed by the Parent Company, replacing the previous USD 30 million vessel loan (the "Old Loan") borrowed by ADS Crude Holding AS. The New Loan was drawn down by the Parent Company on 28 June 2019 and immediately lent onwards to the three vessel owning subsidiaries. Under the terms of the New Loan there is no fixed amortization until maturity on 31 December 2022, apart from a Cash Sweep and a Dividend Amortization mechanism as described in Note 19 of the consolidated financial statements.

6. Payments to auditor

The statutory audit fee for the 2019 audit of ADS Crude Carriers Plc to RSM Cyprus Ltd is agreed at EUR 12,000 (2018: EUR 10,500 plus VAT).

7. Events after the reporting period

7.1 Dividend

On 26 February 2020, the Board of Directors declared a dividend of USD 2 million, or approximately USD 0.09 per share. The last day of trading including the right to the dividend was 9 March, the ex-dividend date 10 March and the dividend was paid in NOK on or around 18 March to all shareholders on record at 11 March.

7.2 Covid-19

During the past weeks governments and authorities around the world have implemented a range of measures and general restrictions on travel, transport and almost all other aspects of private and business life in response to the outbreak of the Covid-19 virus. It remains unknown how long these measures will be in place and whether things will get worse before they get better. With respect to the Company's vessels there have been no significant issues with health, safety or restriction of operations related to Covid-19 so far, though like a number of other vessel operators all crew changes have been temporarily suspended. An increasing number of restrictions on port operations and similar measures are being implemented by authorities and vessel operations represent an activity with major exposure. The Company is following the guidelines of all relevant authorities, expert advice and best industry practices in close cooperation with the technical manager of the vessels. The macroeconomy has already been impacted by Covid-19 but it is unknown how long this will last, the effect on the tanker market and on the Company. As of today, it is not possible to estimate the financial impact, if any, to the Company as a result of Covid-19.

Limassol, 2. April 2020

The Board of Directors

Bjørn Tore Larsen
Chairman

Marios Demetriades,
Deputy Chairman

Trym Sjølie

Sofi Mylona

Lia Papaiacovou

RSM Cyprus Ltd

131, Gladstonos Street
Kermia Court, 2nd Floor
3317 Limassol, Cyprus

T. +357 25 204 000
F. +357 25 761 146

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 21 to 45 and comprise the consolidated statement of financial position as at 31 December 2019, and the consolidated statements of comprehensive income, changes in equity and cash flows for the year then ended, 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 47 to 55 and comprise the unconsolidated statement of financial position as at 31 December 2019, and the unconsolidated statements of comprehensive income, changes in equity and cash flows for the year then ended, 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 2019, and of its consolidated and unconsolidated financial performance and its consolidated and unconsolidated cash flows for the year then ended 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 and unconsolidated 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.

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
Impairment of vessels	
Management 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. The impairment test was performed using the fair value less cost of disposal method. Management's evaluation was based on reviewing the Time Charter Equivalent rates and an outlook of the market conditions in this respect. Additionally, to assess the fair value, recent market transactions between independent third parties on a willing seller willing buyer basis were used as a benchmark. 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, Management 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 2.18 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.

Key Audit Matter	How the matter was addressed in our audit
Vessel depreciation	
As per the requirements of IAS 16 Property, plant and equipment, Management has reviewed the vessels useful life and residual value. We focused on this area due to the subjective judgments and assumptions involved in determining the residual value and useful life of the vessels. Management's residual value assessment was based on a benchmark against peers, a comparison to recent/current scrap prices and future expectations of the vessel recycling market. Based on the results of the evaluation, Management has reduced the residual values of its vessels downwards to approximately USD13.2m based on an expected recycling price of USD 325/ldt (previous year USD 17.3m based on a scrap price of USD 425/ldt). The vessels estimated useful life was reviewed and remained unchanged.	We evaluated management's residual value assessment and the basis of the reduction in the vessels residual value. The appropriateness of the evaluation was discussed with management. We challenged management's position by agreeing the assumptions used to supportable evidence, through market research. We have also examined the adequacy of the disclosures related to the residual value change. Refer to Note 2.18 of the consolidated financial statements. Based on the evidence obtained, we consider that the residual value assessment is appropriate.

Key Audit Matter	How the matter was addressed in our audit
Covid – 19 virus	
Management has evaluated the impact of Covid-19 virus and re-performed there going concern assessment Based on management's evaluation the Group's vessels do not have any significant issues with health, safety or restriction of operations. The Group is following the guidelines of all relevant authorities, expert advice and best industry practices in close cooperation with the technical manager of the vessels. Management is currently unable to estimate the financial impact to the Group, since the effect on the tanker market and how long the virus will last, remain unknown.	We evaluated management's position relating to the Covid – 19 virus by making specific enquiries related to the matter and reviewing the post year end outlook. We have re-perform our risk assessment procedures and required more detailed information relating to the Group's operation in 2020. There was a high backlog secured in 2020, which keeps the Group's liquidity position stable. Based on the evidence obtained, we consider management's position to be appropriate.

Other information

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

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

Independent Auditor's Report (continued)

To the Members of ADS Crude Carriers Plc

In connection with our audit of the consolidated and unconsolidated 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 and unconsolidated 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.

Responsibilities of the Board of Directors for the Consolidated and Unconsolidated 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 and Unconsolidated 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 and unconsolidated 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 and unconsolidated 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 and unconsolidated 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.

Independent Auditor's Report (continued)

To the Members of ADS Crude Carriers Plc

- Evaluate the overall presentation, structure and content of the consolidated and unconsolidated financial statements, including the disclosures, and whether the consolidated and unconsolidated 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 and unconsolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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 and unconsolidated 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.

Report on Other Legal Requirements

Pursuant to the additional requirements of the Auditors Law of 2017, we report the following:

- In our opinion, the Board of Directors' Report has been prepared in accordance with the requirements of the Cyprus Companies Law, Cap 113, and the information given is consistent with the consolidated and unconsolidated financial statements.
- In our opinion, and in the light of the knowledge and understanding of the Group and its environment obtained in the course of the audit, we have not identified material misstatements in the Board of Directors' Report.

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, 2 April 2020

ADS CRUDE CARRIERS PLC

Cyprus
ADS Crude Carriers Plc,
OSM House, 22 Amathountos
4532 Agios Tychonas
Limassol, Cyprus
Tel +357 25335501

Norway
ADS Crude Holding AS,
PO Box 198,
4802 Arendal,
Norway
Tel: +47 41 49 40 00

Visiting Address Norway
Sandvigveien 19
4816 Kolbjørnsvik
Norway

Email: contact@adscrude.com

www.adscrude.com