OKEANIS ECO TANKERS CORP.
(Incorporated under the laws of the Republic of the Marshall Islands with registration number 96382)

Consolidated Financial Statements for the
Period Ended September 30, 2018 and
Independent Auditor's Report

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DIRECTORS' STATEMENT
For the period from April 30, 2018 (inception) to September 30, 2018

The Directors present their statement to the members together with the audited financial statements of the Group for the financial period ended September 2018.

In the opinion of the Directors,

(a) The consolidated financial statements of the Group as set out are drawn up as to give a true and fair view of the financial position of the Group as at 30 September and the financial performance, changes in equity and cash flows of the Group for the financial period covered by the consolidated financial statements.

(b) As at the date for this report of this report, the Board do not have any reason to believe that the Group's shareholders do not support the going concern of the Group and it confirms that the conditions for continued operations as a going concern are present for the Group. These financial statements have been prepared under this assumption.

Deloitte Certified Public
Accountants S.A.
3a Fragoklissias &
Granikou str.
Maroussi Athens GR 151-25
Greece

Tel: +30 210 6781 100
Fax: +30 210 6776 221-2
www.deloitte.gr

Independent Auditor's Report

To the Shareholders
of Okeanis Eco Tankers Corp.

Opinion

We have audited the accompanying consolidated financial statements of Okeanis Eco Tankers Corp. and its subsidiaries (collectively the "Group"), which comprise the consolidated statement of financial position as at September 30, 2018, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the period then ended and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Group as at September 30, 2018 and its financial performance and cash flows for the period then ended in accordance with International Financial Reporting Standards (IFRSs).

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 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), and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management 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 management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Deloitte.

Auditor's Responsibility for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the 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 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 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 management.

- Conclude on the appropriateness of management's 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 financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the combined financial statements, including the disclosures, and whether the combined financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the combined 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 those charged with governance 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.

Deloitte Certified Public Accountants S.A.

January 22, 2019
Athens, Greece

Okeanis Eco Tankers Corp.
Consolidated statement of profit or loss and other comprehensive income
For the period from April 30, 2018 (inception) to September 30, 2018
(All amounts expressed in U.S. Dollars)

	Notes	April 30, 2018 (inception) to September 30, 2018
Revenue		**12,870,423**
Expenses		
Commissions		(168,537)
Voyage expenses	11	(3,733,699)
Vessel operating expenses	10	(3,640,190)
Management fees	13	(348,600)
Depreciation and amortisation	7	(3,404,031)
General and administrative expenses		(459,815)
Total expenses		**(11,754,872)**
Operating profit		**1,115,551**
Other income / (expenses)		
Interest income		217,993
Interest and other finance costs	12	(3,599,161)
Foreign exchange loss		(16,347)
Other expenses		**(3,397,515)**
Loss for the period		**(2,281,964)**
Other comprehensive income		-
Total comprehensive loss for the period		**(2,281,964)**
Total comprehensive loss attributable to the owners of the Group		(2,281,964)
Loss per share from continuing operations, basic and diluted	17	(0.14)

The accompanying notes are an integral part of these consolidated financial statements.

Okeanis Eco Tankers Corp.
Consolidated statement of financial position
As at September 30, 2018
(All amounts expressed in U.S. Dollars)

	Notes	As at September 30, 2018
Assets		
Non-current assets		
Vessels, net	7	399,370,832
Vessels under construction	8	148,192,457
Other fixed assets		20,286
Other guarantees		20,000
Restricted cash		3,000,000
Total non-current assets		**550,603,575**
Current assets		
Inventories	6	2,723,557
Trade and other receivables		4,179,058
Claims receivable	18	2,415,654
Prepaid expenses		425,896
Current accounts due from related parties	13	1,093,513
Cash & cash equivalents		31,334,850
Total current assets		**42,172,528**
Total assets		**592,776,103**
Shareholder's equity and liabilities		
Shareholder's equity		
Share capital		27,400
Additional paid-in capital	14	290,787,295
Accumulated losses		(2,281,964)
Total shareholder's equity		**288,532,731**
Non-current liabilities		
Long-term borrowings, net of current portion	12	267,278,950
Total non-current liabilities		**267,278,950**
Current Liabilities		
Trade payables		6,481,424
Accrued expenses	9	3,750,936
Current accounts due to related parties	13	3,769,341
Current portion of long-term borrowings	12	22,962,721
Total current liabilities		**36,964,422**
Total liabilities		**304,243,372**
Total shareholder's equity and liabilities		**592,776,103**

The accompanying notes are an integral part of these consolidated financial statements.

Okeanis Eco Tankers Corp.
Consolidated statement of changes in equity
For the period from April 30, 2018 (inception) to September 30, 2018
(All amounts, expressed in U.S. Dollars, except for number of shares)

	Number of shares	**Share capital**	**Additional paid in capital (Note 14)**	**Accumulated losses**	**Total**
Balances, inception	**-**	**-**	**-**	**-**	**-**
Issuance of shares on incorporation	10,000	10	**-**	-	**10**
Issuance of shares in exchange for acquisition of ownership interest in contributed companies (note 3)	15,990,000	15,990	194,752,976	-	**194,768,966**
Issuance of shares in initial offering	11,400,000	11,400	96,034,319	-	**96,045,719**
Loss for the period	-	-	-	(2,281,964)	**(2,281,964)**
Balances, September 30, 2018	**27,400,000**	**27,400**	**290,787,295**	**(2,281,964)**	**288,532,731**

The accompanying notes are an integral part of these consolidated financial statements.

Okeanis Eco Tankers Corp.
Consolidated statement of cash flows
For the period from April 30, 2018 (inception) to September 30, 2018
(All amounts expressed in U.S. Dollars)

	April, 30 2018 (inception) to September 30, 2018
Cash flows from operating activities:	
Loss for the period	(2,281,964)
Adjustments to reconcile loss to net cash used in operating activities:	
Depreciation	3,404,031
Interest expense	3,409,270
Interest income	(217,993)
Amortization of loan financing fees	150,295
Changes in working capital:	
Trade and other receivables	(2,190,694)
Prepaid expenses	674,090
Inventories	(354,793)
Trade and other payables	1,451,957
Accrued expenses	503,324
Claims	(2,399,156)
Interest paid	(3,650,979)
Net cash used in operating activities	**(1,502,612)**
Cash flows from investing activities:	
Current account due from related parties	(697,222)
Payments for vessels and vessels under construction	(102,309,429)
Payments for other fixed assets	(20,286)
Decrease in restricted cash	1,450,000
Interest received	142,905
Net cash used in investing activities	**(101,434,032)**
Cash flows from financing activities:	
Proceeds from long term borrowings	42,000,000
Acquisition of cash and cash equivalents of the contributed companies	5,666,630
Proceeds from private placement	96,508,125
Payments for offering expenses	(462,406)
Current account due to related parties	(742,355)
Payment of loan financing fees	(915,000)
Repayments of long-term borrowings	(7,783,500)
Net cash provided by financing activities	**134,271,494**
Net change in cash and cash equivalents	31,334,850
Cash and cash equivalents at beginning of the period	-
Cash and cash equivalents at the end of the period	**31,334,850**

The accompanying notes are an integral part of these consolidated financial statements.

(All amounts expressed in U.S. Dollars, except for number of shares)

1. Incorporation and General Information

Okeanis Eco Tankers Corp. ("OET" or the "Company"), was founded on April 30, 2018 as a private limited corporation under the laws of the Republic of the Marshall Islands. OET is ultimately controlled by Glafki Marine Corporation through voting interest. Glafki is owned by Ioannis Alafouzos and Themistoklis Alafouzos. The Company was founded for the purpose of acquiring an ownership interest in 16 companies (the "Contributed Companies"), 15 of which owned a vessel, in the water or a vessel under construction, and their principal activity is to own, charter out and operate tanker vessels. The 16th company is a commercial management company (OET Chartering Inc.), engaged in the provision of commercial shipping services.

The table below sets forth an overview of the Contributed Companies noted above, as well as their function:

Company name	Date of contribution from Okeanis	Incorporated	Function	Interest held by OET
Therassia Marine Corp.	June 28, 2018	Liberia	"Nissos Therassia" ownership and operation	100%
Milos Marine Corp.	June 28, 2018	Liberia	"Nissos Heraclea" ownership and operation	100%
Ios Maritime Corp.	June 28, 2018	Liberia	"Nissos Schinoussa" ownership and operation	100%
Omega One Marine Corp.	June 28, 2018	Marshall Islands	"Milos" ownership and operation	100%
Omega Two Marine Corp.	June 28, 2018	Marshall Islands	"Poliegos" ownership and operation	100%
Omega Three Marine Corp.	June 28, 2018	Marshall Islands	"Kimolos" ownership and operation	100%
Omega Four Marine Corp.	June 28, 2018	Marshall Islands	"Folegandros" ownership and operation	100%
Omega Five Marine Corp.	June 28, 2018	Marshall Islands	Vessel under construction (Hull 3012)	100%
Omega Seven Marine Corp.	June 28, 2018	Marshall Islands	Vessel under construction (Hull 3013)	100%
Omega Nine Marine Corp.	June 28, 2018	Marshall Islands	Vessel under construction (Hull 3014)	100%
Omega Eleven Marine Corp.	June 28, 2018	Marshall Islands	Vessel under construction (Hull 3015)	100%
Nellmare Marine Ltd	June 28, 2018	Marshall Islands	Vessel under construction (Hull 3050)	100%
Anassa Navigation S.A.	June 28, 2018	Marshall Islands	Vessel under construction (Hull 3051)	100%
Arethusa Shipping Ltd.	June 28, 2018	Marshall Islands	Vessel under construction (Hull 3089)	100%
Moonsprite Shipping Corp.	June 28, 2018	Marshall Islands	Vessel under construction (Hull 3090)	100%
OET Chartering Inc.	June 28, 2018	Marshall Islands	Commercial management company	100%

1. Incorporation and General Information - Continued

The consolidated financial statements comprise the financial statements of OET and the Contributed Companies (collectively the "Group").

2. Basis of Preparation and statement of compliance

The consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standards (IFRS) published by the International Accounting Standards Board (the "IASB"). The consolidated financial statements are expressed in United States Dollars ($) since this is the currency in which the majority of the Group's transactions are denominated. The consolidated financial statements have been prepared on the historical cost basis. These are the first IFRS financial statements of the Group as defined under IFRS 1: First-time Adoption of International Financial Reporting Standards ("IFRS 1"). The subsidiaries indirectly controlled by the Company had previously issued stand-alone financial statements in accordance with IFRS, and, as a result, for the purpose of the Group's first IFRS financial statements, there was no need to perform reconciliations from previous generally accepted accounting principles, in accordance with paragraph 28 of IFRS 1. As required by IFRS 1, the Group has applied all IFRS standards and interpretations that are effective for the first IFRS consolidated financial statements for the period ended September 30, 2018.

The consolidated financial statements have been prepared on a going concern basis.

3. Basis of Consolidation

The consolidated financial statements have been prepared based on the control that OET exercises over the Contributed Companies. The results of operations of the Contributed Companies are included in these consolidated financial statements from the date of their acquisition by OET, which took place on June 28, 2018. Control is achieved since OET has the power to govern the financial and operating policies of the Contributed Companies, so as to obtain benefits from their activities. All inter-company balances and transactions are eliminated in full on consolidation. OET and the Contributed Companies were entities under common control before and after the acquisition, and therefore the acquisition was not accounted for in accordance with the provisions of IFRS 3 *Business Combinations*, but as a transaction between entities under common control. Accordingly, on acquisition, the Contributed Companies' assets and liabilities were recorded at their book values. The following major classes of assets and liabilities of the Contributed Companies were acquired by OET on June 28, 2018:

Description	**Amount in U.S. Dollars**
Vessels, net and advances for vessels under construction	448,479,181
Cash and cash equivalents	5,666,630
Restricted cash	4,450,000
Inventories	2,368,764
Trade and other receivables	1,293,969
Other assets	2,308,259
Long-term borrowings	(256,785,107)
Other liabilities	(13,012,730)
Total	**194,768,966**

4. Summary of Significant Accounting Policies

Use of estimates

The preparation of the consolidated financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosures of contingent assets and liabilities at the date of the consolidated financial statements, and the stated amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Vessel revenue recognition

Revenues are generated from time charter and voyage charter agreements.

Under a time charter agreement, the vessel is hired by the charterer for a specified period of time in exchange for consideration which is usually based on a daily hire rate. The charterer has the full discretion over the ports visited, shipping routes and vessel speed. The contract/charter party generally provides typical warranties regarding the speed and performance of the vessel. The charter party generally has some owner protective restrictions such that the vessel is sent only to safe ports by the charterer, subject always to compliance with applicable sanction laws, and carry only lawful or non-hazardous cargo. In a time charter contract, the Group is responsible for all the costs incurred for running the vessel such as crew costs, vessel insurance, repairs and maintenance and lubricants. The charterer bears the voyage related costs such as bunker expenses, port charges, canal tolls during the hire period. The performance obligations in a time charter contract are satisfied over the term of the contract, beginning when the vessel is delivered to the charterer until it is redelivered back to the Group. The charterer generally pays the charter hire in advance of the upcoming contract period. The time charter contracts are considered operating leases and therefore do not fall under the scope of IFRS 15 because (i) the vessel is an identifiable asset (ii) the Group does not have substantive substitution rights and (iii) the charterer has the right to control the use of the vessel during the term of the contract and derives the economic benefits from such use. In case of a time charter agreement with contractual changes in rates throughout the term of the agreement, any differences between the actual and the straight-line revenue in a reporting period is recognized as a straight-line asset or liability and reflected under current assets or current liabilities, respectively, in the consolidated statement of financial position.

Under a voyage charter agreement, the charterer hires the vessel to transport a specific agreed-upon cargo for a single voyage which may include more than one load ports and discharge ports. The consideration is determined on the basis of a freight rate per metric ton of cargo carried, or on a lump sum basis. The charter party generally has a minimum amount of cargo. The charterer is liable for any short loading of cargo or "dead" freight. The voyage contract generally has standard payment terms, where freight is paid within certain days after the completion of discharge. The voyage charter party generally has a "demurrage" or "despatch" clause. As per this clause, the charterer reimburses the Group for any potential delays exceeding the allowed laytime as per the charter party clause at the ports visited which is recorded as demurrage revenue. Conversely, the charterer is given credit if the loading/discharging activities happen within the allowed laytime known as despatch resulting in a reduction in revenue. In a voyage charter contract, the performance obligations begin to be satisfied once the vessel begins loading the cargo. The Company determined that its voyage charter contracts consist of a single performance obligation of transporting the cargo within a specified time period. Therefore, the performance obligation is met evenly as the voyage progresses, and as a result revenue is recognized on a straight line basis over the voyage days from the commencement of the loading of cargo to completion of discharge.

4. Summary of Significant Accounting Policies – Continued

Vessel revenue recognition – continued

The voyage contracts are considered service contracts which fall under the provisions of IFRS 15, because the Group as the shipowner retains the control over the operations of the vessel such as directing the routes taken or the vessel speed.

Under a voyage charter agreement, the Company bears all voyage related costs such as fuel costs, port charges and canal tolls, as applicable. These costs are considered contract fulfillment costs because the costs are direct costs related to the performance of the contract and are expected to be recovered. The costs incurred during the period prior to commencement of loading the cargo, primarily bunkers, are deferred as they represent setup costs and recorded as a current asset and are amortized on a straight-line basis as the related performance obligations to which they relate are satisfied.

Address commissions are discounts provided to charterers under time and voyage charter agreements. Brokerage commissions are commissions payable to third-party chartering brokers for commercial services rendered. Both address and brokerage commissions are recognized on a straight-line basis over the duration of the voyage or the time charter period, and are reflected under Commissions in the consolidated statement of profit or loss and other comprehensive income.

Revenue received in advance represents revenue collected in advance of being earned. The portion of the revenue received in advance, which is recognized in the next twelve months from the consolidated statement of financial position date, is classified under current liabilities in the consolidated statement of financial position.

Vessel voyage expenses

Vessel voyage expenses mainly relate to voyage charter agreements and consist of port, canal and bunker costs that are unique to a particular voyage, and are recognized on a pro-rata basis over the duration of the voyage. Under time charter arrangements, voyage expenses are paid by charterers.

Vessel operating expenses

Vessel operating expenses comprise all expenses relating to the operation of the vessel, including crewing, insurance, repairs and maintenance, stores, lubricants, spares and consumables and miscellaneous expenses. Vessel operating expenses are recognized as incurred; payments in advance of services or use are recorded as prepaid expenses.

Trade receivables

Trade receivables include estimated recoveries from hire and freight billings to charterers, net of any provision for doubtful accounts. At each statement of financial position date, all potentially uncollectible accounts are assessed individually for purposes of determining the appropriate provision. As of September 30, 2018, the provision for doubtful accounts amounted to nil.

4. Summary of Significant Accounting Policies - Continued

Deferred financing costs

Fees incurred for obtaining new loans or refinancing existing facilities such as arrangement, structuring, legal and agency fees are deferred and classified against long-term debt in the consolidated statement of financial position. Any fees incurred for loan facilities not yet advanced are deferred and classified under non-current assets in the consolidated statement of financial position. These fees are classified against long-term debt on the loan drawdown date.

Deferred financing costs are deferred and amortized over the term of the relevant loan using the effective interest method, with the amortization expense reflected under interest and finance costs in the consolidated statement of profit or loss and other comprehensive income. Any unamortized deferred financing costs related to loans which are either fully repaid before their scheduled maturities or related to loans extinguished are written-off in the consolidated statement of profit or loss and other comprehensive income.

Vessels and depreciation

Vessels are stated at cost, which comprises vessels' contract price, major improvements, and direct delivery and acquisition expenses less accumulated depreciation and any impairment. Depreciation is calculated on a straight line basis over the estimated useful life of the vessels, after considering their estimated residual value. Each vessel's residual value is equal to the product of its lightweight tonnage and its estimated scrap rate. The scrap value is estimated to be approximately $400 per ton of lightweight steel. The Group currently estimates the useful life of each vessel to be 25 years from the date of original construction.

Special survey and dry-docking costs

Special survey and dry-docking costs are capitalized as a separate component of vessel cost. These costs are capitalized when incurred and amortized over the estimated period to the next scheduled dry-docking/special survey. The Group's vessels are required to undergo dry-docking approximately every 5 years, until a vessel reaches 10 years of age, after which a vessel is required to be dry-docked approximately every 2.5 years. If a special survey or dry-docking is performed prior to the scheduled date, any remaining unamortized balances are written-off and reflected in depreciation in the statement of profit or loss and other comprehensive income.

4. Summary of Significant Accounting Policies - Continued

Impairment of vessels

The Group assesses at each reporting date whether there are any indications that the vessels' carrying amounts may not be recoverable. If such an indication exists, and where the carrying amount exceeds the estimated recoverable amount, the vessels are written down to their recoverable amount. The recoverable amount is the greater of fair value less costs to sell and value in use. The fair value less costs to sell is the amount obtainable from the sale of a vessel in an arm's length transaction, less any associated costs of disposal. In assessing value-in-use, the estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the vessels. During the period ended September 30, 2018 no impairment charges were deemed necessary.

Advances for vessels under construction

Advances for vessels under construction comprise of the cumulative amount of instalments paid to shipyards for vessels under construction, other pre-delivery expenses directly related to the construction of the vessel and capitalised interest, at the statement of financial position date. On delivery of a vessel, the balance is transferred to vessels, net, in the consolidated statement of financial position.

Foreign currency translation

The functional currency of the Group is the U.S. dollar because the vessels operate in international shipping markets, which primarily transact business in U.S. dollars. Transactions denominated in foreign currencies are converted into U.S. Dollars and are recorded at the exchange rate in effect at the date of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated to U.S. Dollars at the rate of exchange prevailing at the consolidated statement of financial position date. Any resulting foreign exchange differences are reflected under foreign exchange gains/ (losses) in the consolidated statement of profit or loss and other comprehensive income.

Interest bearing loans and borrowings

Loans and borrowings are initially recognised at fair value, being the fair value of the consideration received net of issue costs associated with the borrowing. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortized cost using the effective interest method.

Cash and cash equivalents

The Group considers highly liquid investments such as time deposits and certificates of deposit with original maturities of three months or less to be cash equivalents. For the purposes of the consolidated cash flow statement, cash and cash equivalents consist of cash and cash equivalents as defined above.

4. Summary of Significant Accounting Policies - Continued

Restricted cash

Restricted cash represents pledged cash deposits or minimum liquidity to be maintained with certain banks under the Group's borrowing arrangements. In the event that the obligation relating to such deposits is expected to be terminated within the next twelve months from the statement of financial position date, they are classified under current assets otherwise they are classified as non-current assets on the statement of financial position. The Group classifies restricted cash separately from cash and cash equivalents in the consolidated statement of financial position. Restricted cash does not include general minimum liquidity requirements with no obligation to retain such funds in retention accounts.

Inventories

Inventories consist of bunkers, lubricants and provisions on board the vessels at each statement of financial position date and are stated at the lower of cost or net realisable value. It is the Group's policy to value inventories using the FIFO method.

Pension and retirement benefit obligations – crew

The crew on board the Group's vessels is employed under short- term contracts (usually up to nine months) and, accordingly, the Group is not liable for any pension or other retirement benefits.

Cash flow statement policy

The Group uses the indirect method to report cash flows from operating activities.

Earnings/(loss) per share

Basic earnings/(loss) per share is calculated by dividing (loss)/income attributable to equity holders of OET by the weighted average number of common shares outstanding. Diluted (loss)/earnings per share is calculated by adjusting (loss)/income attributable to equity holders of OET and the weighted average number of common shares used for calculating basic per share for the effects of all potentially dilutive shares. Such dilutive common shares are excluded when the effect would be to reduce a loss per share or increase earnings per share. The Group applies the if-converted method when determining diluted (loss)/earnings per share. This requires the assumption that all potential ordinary shares have been converted into ordinary shares at the beginning of the period or, if not in existence at the beginning of the period, the date of the issue of the financial instrument or the granting of the rights by which they are granted. Under this method, once potential ordinary shares are converted into ordinary shares during the period, the dividends, interest and other expense associated with those potential ordinary shares will no longer be incurred. The effect of conversion, therefore, is to increase income (or reduce losses) attributable to ordinary equity holders as well as the number of shares in issue. Conversion will not be assumed for purposes of computing diluted earnings per share if the effect would be anti-dilutive.

During the period ended September 30, 2018, there were no potentially dilutive items.

4. Summary of Significant Accounting Policies - Continued

Employee compensation - personnel

Employee compensation is recognized as an expense, unless the cost qualifies to be capitalized as an asset. Defined contribution plans are post-employment benefit plan under which the Group pays fixed contributions into separate entities on a mandatory, contractual or voluntary basis. The Group has no further payment obligations once the contributions have been paid. The Group's contributions are recognized as employee compensation expenses when they are due.

Employee entitlement to annual leave are recognized when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the statement of financial position date.

Termination benefits are those benefits which are payable when employment is terminated before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group recognizes termination benefits when it is demonstrably committed to either terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal or providing termination benefits as a result of an offer made to encourage voluntary redundancy. Benefits falling due to more than 12 months after the statement of financial position date are discounted to present value.

Taxation

All companies comprising the Group are not subject to tax on international shipping income since their countries of incorporation do not impose such taxes. The Group's vessels are subject to registration and tonnage taxes, which are included under vessel operating expenses in the consolidated statement of profit or loss and other comprehensive income.

Provisions and contingencies

Provisions are recognized when the Group has a present legal or constructive obligation as a result of past events and it is probable that an outflow of resources embodying economic benefits will be required to settle this obligation and a reliable estimate of the amount of the obligation can be made.

Provisions are reviewed at each statement of financial position date and adjusted to reflect the present value of the expenditure expected to be required to settle the obligation. Contingent liabilities are not recognized in the consolidated financial statements but are disclosed unless the possibility of an outflow of resources embodying economic benefits is remote. Contingent assets are not recognized in the consolidated financial statements but are disclosed when an inflow of economic benefits is probable.

4. Summary of Significant Accounting Policies - Continued

Fair value of financial assets and liabilities

The definitions of the levels, provided by IFRS 7 Financial Instruments Disclosure, are based on the degree to which the fair value is observable.

- Level 1 fair value measurements are those derived from quoted prices in active markets for identical assets or liabilities.

- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Cash and cash equivalents and restricted cash are considered Level 1 financial instruments. There are no financial instruments in Levels 2 or 3 and no transfers between fair value hierarchy levels during the period presented.

The carrying amounts reflected in the consolidated statement of financial position for cash and cash equivalents, restricted cash, trade and other receivables, receivable claims, and other current liabilities, approximate their respective fair values due to the relatively short-term maturity of these financial instruments.

Sale and leaseback transactions

In case a vessel is sold and subsequently leased back by the Group, pursuant to a memorandum of agreement (MOA) and a bareboat charter agreement, the Group evaluates the terms of the transaction in accordance with IAS 17 “Leases” to determine whether it falls within the scope of IAS 17 “Leases”. In the case the leaseback is determined to be a finance leaseback, all the risks and rewards of ownership of the subject vessel remain with the Group-lessee, and hence the transaction is recognized as a debt financing transaction, with the subject vessel continuing to be recorded at her carrying amount on the consolidated statement of financial position. In the case the leaseback is determined to be an operating leaseback, any related gains or losses (being the difference between the carrying amount of the vessel on the sale date, and the proceeds from her sale), are accounted for as follows:

- If the transaction is at fair value, gains or losses are recognized immediately;

- If the sale price is below fair value, any profit or loss is recognized immediately except if the loss is compensated for by future lease payments at below market price, in which case it is deferred and amortized in proportion to the lease payments over the period for which the asset is expected to be used; or

- If the sale price is above fair value, the excess over the fair value is deferred and amortized over the period for which the asset is expected to be used.

4. Summary of Significant Accounting Policies - Continued

Sale and leaseback transactions - continued

New and revised IFRSs in issue not yet effective

At the date of authorization of these consolidated financial statements, the following standards relevant to the Group were in issue but not yet effective:

In January 2016, the IASB issued IFRS 16 Leases, which sets out the principles for the recognition, measurement, presentation and disclosure of leases for both parties to a contract, i.e. the customer ("lessee") and the supplier ("lessor"). IFRS 16 eliminates the classification of leases by lessees as either operating leases or finance leases and, instead, introduces a single lessee accounting model. Applying that model, a lessee is required to recognise: (a) assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value; and (b) depreciation of lease assets separately from interest on lease liabilities in the statement of profit or loss. Lessors continue to classify their leases as operating leases or finance leases, and to account for those two types of leases differently. IFRS 16 supersedes the previous leases Standard, IAS 17 Leases, and related Interpretations. The standard is effective from January 1, 2019, with early adoption permitted only with concurrent adoption of IFRS 15 Revenue from Contracts with Customers. Management has elected not to adopt early, and it anticipates that the implementation of this standard will not have a material impact on the Group's consolidated financial statements, since the changes for lessors are fairly minor and the Group's lessee obligations are not significant.

5. Critical Accountings Judgments and Key Sources of Estimation Uncertainty

The preparation of financial statements in conformity with International Financial Reporting Standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosures of contingent assets and liabilities at the date of the consolidated financial statements, and the stated amounts of revenues and expenses during the reporting period. Management evaluates whether estimates should be going on an ongoing basis, utilizing historical experience, consultation with experts and other methods it considers reasonable in the particular circumstances. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability in the future.

The key sources of estimation uncertainty are as follows:

Vessel lives and residual values

The carrying value of the vessels represents their original cost at the time of purchase, less accumulated depreciation and any impairment. Vessels are depreciated to their residual values on a straight-line basis over their estimated useful lives. The estimated useful life of 25 years is management's best estimate and is also consistent with industry practice for similar types of vessels. The residual value is estimated as the lightweight tonnage of the vessel multiplied by a forecast scrap value per ton. The scrap value per ton is estimated using the current scrap prices assuming a vessel is already of age and condition as expected at the end of its useful life at the statement of financial position date. The scrap rate is estimated to be approximately $400 per ton of lightweight steel.

5. Critical Accountings Judgments and Key Sources of Estimation Uncertainty – Continued

An increase in the estimated useful life of a vessel or in its scrap value would have the effect of decreasing the annual depreciation charge and extending it into later periods. A decrease in the useful life of a vessel or in its scrap value would have the effect of increasing the annual depreciation charge.

Vessel lives and residual values - Continued

When regulations place significant limitations over the ability of a vessel to trade on a worldwide basis, the vessel's useful life is adjusted to end at the date such regulations become effective. The estimated salvage value of the vessel may not represent the fair market value at any one time since market prices of scrap values tend to fluctuate.

Impairment of vessels

The carrying amount of each vessel is evaluated at each statement of financial position date to determine whether there is any indication that this vessel has suffered an impairment loss. If any such indication exists, the recoverable amount of the vessel is estimated in order to determine the extent of the impairment loss (if any).

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value, using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted. The projection of cash flows related to the vessel is complex and requires management to make various estimates including future vessel earnings, operating expenses, dry-docking costs, management fees, commissions and discount rates. These items have been historically volatile. As part of the process of assessing the fair value less cost to sell for a vessel, the Group obtains valuations from independent ship brokers on an annual basis or when there is an indication that an asset or assets may be impaired. If an indication of impairment is identified, the need for recognizing an impairment loss is assessed by comparing the carrying amount of the vessel to the higher of the fair value less cost to sell and the value in use.

Further, as of September 30, 2018, the carrying amounts of the remaining vessels owned by the Group were higher than their respective fair values, as determined taking into consideration independent broker valuations, which served as an indication for impairment. As a result, the Group performed an impairment test, by comparing each vessel’s carrying amount to its respective recoverable amount. The vessels’ recoverable amounts were higher than their respective carrying amounts and consequently, no impairment loss was recognized for these vessels in the period ended September 30, 2018.

The impairment test is most sensitive to variances in the discount rate and in future tanker daily earnings. The Group’s sensitivity analysis performed allowed for reductions in daily tanker earnings of up to 7% for both Aframax and Suezmax vessels, and for increases in the discount rate of up to 1.5% for Aframax vessels and 1.3% for Suezmax vessels, before impairment losses would be triggered.

5. Critical Accountings Judgments and Key Sources of Estimation Uncertainty - Continued

Deferred dry-docking costs

The Group recognizes dry-docking costs as a separate component from the vessels' carrying amounts and amortizes them on a straight-line basis over the estimated period until the next dry-docking of the vessels. If a vessel is disposed of before the next scheduled dry-docking, the remaining unamortized balance written-off and forms part of the gain or loss recognized upon disposal of vessels in the period when contracted. Vessels are estimated to undergo dry-docking every 5 years after their initial delivery from the shipyard, until a vessel reaches 10 years of age, and thereafter every 2.5 years to undergo special or intermediate surveys, for major repairs and maintenance that cannot be performed while they are operating. However, this estimate might be revised in the future. Management estimates costs capitalized as part of the dry-docking component as costs to be incurred during the first dry-docking at the dry-dock yard for a special survey and parts and supplies used in making such repairs that meet the recognition criteria, based on historical experience with similar types of vessels.

Classification of lease contracts

The classification of the leaseback part in a sale and leaseback transaction as either an operating or a finance leaseback, requires judgment. The Group follows a formalized process for leaseback classification, mainly in determining the present value of the minimum lease payments and assessing the incitative nature of any repurchase options. The outcome of the transaction (at option exercise's dates in particular) may differ from the original assessment made at inception of the lease contract.

6. Inventories

Inventories are analysed as follows:

	September 30, 2018
Bunkers	1,805,969
Lubricants	844,824
Provisions	72,764
Total	**2,723,557**

(All amounts expressed in U.S. Dollars, except for number of shares)

7. Vessels, Net

Vessels, net are analysed as follows:

	Vessels' cost	Dry-docking and special survey costs	Total
Cost			
Balance, April 30,2018	**-**	**-**	**-**
Transfer of vessels at cost on acquisition of contributed companies	355,161,165	4,800,000	359,961,165
Transfer from vessels under construction	67,289,036	800,000	68,089,036
Balance, September 30, 2018	**422,450,201**	**5,600,000**	**428,050,201**
Accumulated depreciation			
Balance, April 30,2018	**-**	**-**	**-**
Transfer of vessels accumulated depreciation on acquisition of contributed companies	(23,277,682)	(1,997,656)	(25,275,338)
Charge for the period	(3,154,800)	(249,231)	(3,404,031)
Balance, September 30, 2018	**(26,432,482)**	**(2,246,887)**	**(28,679,369)**
Net book value, April 30,2018	**-**	**-**	**-**
Net book value, September 30, 2018	**396,017,719**	**3,353,113**	**399,370,832**

The Group has pledged the above vessels to secure the loan facilities granted to the Contributed Companies (see Note 12).

8. Advances for Vessels Under Construction

Balance, April 30, 2018	**-**
Transfer of advances for vessels under construction at cost on acquisition	113,793,354
Interest capitalized	247,039
Payments during the period	102,241,100
Transfer to vessels, net	(68,089,036)
Balance at September 30, 2018	**148,192,457**

(All amounts expressed in U.S. Dollars, except for number of shares)

9. Accrued Expenses

Accrued expenses are analysed as follows:

	September 30, 2018
Accrued voyage expenses	2,081,237
Accrued loan interest	1,095,594
Accrued payroll related expenses	109,388
Accrued crew wages and related cost	33,869
Accrued social insurance contributions	109,694
Accrued administrative expenses	218,190
Accrued operating expenses	102,964
Total	**3,750,936**

10. Vessel Operating Expenses

Vessel operating expenses are analysed as follows:

	September 30, 2018
Crew wages and other crew costs	2,643,804
Insurances	202,790
Stores	138,119
Spares	189,928
Repairs and surveys	90,132
Flag expenses	68,045
Lubricants	126,509
Miscellaneous expenses	180,863
Total	**3,640,190**

11. Voyage Expenses

Voyage expenses are analysed as follows:

	September 30, 2018
Port expenses	1,958,055
Bunkers	1,775,644
Total	**3,733,699**

(All amounts expressed in U.S. Dollars, except for number of shares)

12. Long- Term Borrowings

The Contributed Companies have entered into loan agreements which are analysed as follows:

Company	Vessel / Hull	Total amount of loan in USD	Amount of installment	Remaining number of installments	Outstanding loan balance as of September 30, 2018	Balloon payment	Spread
1. Therassia Marine Corp.	M/T Nissos Therassia	36,500,000	540,000	13	28,400,000	21,380,000	2.60%
2. Milos Marine Corp.	M/T Nissos Heraclea	40,000,000	590,000	15	32,330,000	23,480,000	2.25%
3. Ios Maritime Corp.	M/T Nissos Schinoussa	36,500,000	540,000	15	29,480,000	21,380,000	2.60%
4. Omega One Marine Corp.	M/T Milos	36,600,000	601,500	17	31,881,000	21,655,500	2.50%
5. Omega Three Marine Corp.	M/T Kimolos	47,000,000	500,000	7			
			616,750	24	46,500,000	28,198,000	3.10%
6. Omega Four Marine Corp.	M/T Folegandros	42,000,000	500,000	8			
			600,000	24	42,000,000	23,600,000	3.10%
		6,730,000	-	-	4,480,000	-	3.00%
7. Omega Five Marine Corp.	Hull 3012	33,000,000	-	-	8,250,000	-	7.00%
8. Omega Seven Marine Corp.	Hull 3013	33,000,000	-	-	8,250,000	-	7.00%
9. Omega Nine Marine Corp.	Hull 3014	33,000,000	-	-	8,250,000	-	7.00%
10. Omega Eleven Marine Corp.	Hull 3015	33,000,000	-	-	8,250,000	-	7.00%

The Contributed Companies, #1 and #3 in the table above have entered into bank loan facilities with HSH Nordbank in order to partially finance the acquisition of the acquired vessels. As at September 30, 2018 the Corporate Guarantor of the respective bank loan facilities was Kyklades.

The Contributed Company, #2 in the table above has entered into a bank loan facility with BNP Paribas in order to partially finance the acquisition of the acquired vessel. As at September 30, 2018 the Corporate Guarantor of the respective bank loan facility was Okeanis Marine Holdings SA.

The Contributed Company, #4 in the table above has entered into a bank loan facility with ABN Amro in order to partially finance the acquisition of the acquired vessel. As at September 30, 2018 the Corporate Guarantor of the respective bank loan facility was Okeanis Eco Tankers Corporation.

12. Long- Term Borrowings - Continued

The Contributed Companies, #5 and #6 in the table above have entered into bank loan facilities with ALPHA BANK in order to partially finance the acquisition of the acquired vessels. As at September 30, 2018 the Corporate Guarantor of the bank loan facility with Contributed Company #5 was Kyklades. As for Contributed Company #6 the Corporate Guarantors were Kyklades and OET. Furthermore, the Contributed Company, #6 in the table above, entered on April 20, 2018 into a loan agreement with Bigal Shipping Corporation ("Bigal"), a related party, to provide working capital. Interest expense on the loan with Bigal amounted to $42,933 for the period ended September 30, 2018. Please refer also to Note 19 for details on the full repayment of the loan during the fourth fiscal quarter of 2018. For the loan and balance with related party Bigal, please refer to Note 13.

The Contributed Companies, #7, #8, #9 and #10 in the table above have entered into a loan agreement with Ocean Yield ASA for the purposes of financing part of the hulls' predelivery instalments. As at September 30, 2018 the Corporate Guarantor of the respective bank loan facility was OET.

Financing arrangements with OCY Poliegos Limited

Omega Two Marine Corp (the "Omega") has entered into a debt financing transaction with OCY Knight AS. On June 8, 2017, Omega transferred the M/T Poliegos to OCY Knight AS (the "original buyer") for 54,000,000, and, as part of the agreement, bareboat chartered the vessel back for a period of 14 years, with purchase options at the end of the seventh, tenth and twelfth year. Omega received $47.0 million in cash as part of the transaction, with $7.0 million to be retained by the original buyer as a deposit which can be used towards the repurchase of the vessel pursuant to the purchase options. This transaction is treated as a financing transaction and the M/T Poliegos continues to be recorded as an asset on the consolidated statement of financial position, since the risks and rewards of ownership have effectively remained with Omega, and it is probable that Omega will exercise the purchase option by the end of year 12. Pursuant to a memorandum of agreement dated on August 23, 2018 the original buyer sold M/T Poliegos to OCY Poliegos Limited (the "new buyer") for an amount of $48,032,540. As a result, on the same date, both aforementioned parties and the company accordingly novated the bareboat charter so that the new buyer could substitute the original buyer. Omega continues to technically manage, commercially charter, and operate the M/T Poliegos. Pursuant to this financing arrangement, Omega will pay a daily bareboat charter rate of $11,550, plus interest pursuant to USD Libor annual adjustments. The outstanding balance as of 30 September 2018 was $44,382,253.

Financing arrangements with OCY Knight AS

The Contributed Companies, #7, #8, #9 and #10 in the table above have entered into a debt financing transaction with OCY Knight AS. On February 10, 2018 each of the Contributed Companies #7, #8, #9 and #10 agreed to sell the owned vessels to OCY Knight AS for $ 75,260,000 each, and bareboat chartered the respective vessel back for a period of 14 years upon her delivery. There are purchase options at the end of the seventh, tenth and twelfth year. The relevant bareboat charters provide that the charterers shall not sell or otherwise dispose of all or any material part of its assets or operations, if such sale or disposal is reasonably likely to have a material adverse effect on the ability of the bareboat charterers to perform their obligations under the relevant bareboat charter. Each bareboat charter provides also an option to purchase the relevant VLCC for the following prices:

(All amounts expressed in U.S. Dollars, except for number of shares)

12. Long- Term Borrowings - Continued

- at the end of year 7, USD 49,830,000;
- at the end of year 10, USD 36,300,000;
- at the end of year 12, USD 25,860,000; or
- at the end of year 14, USD 14,170,000.

None of the #7, #8, #9 and #10 have drawn any amounts pursuant to the debt financing transaction with OCY Knight AS as of September 30, 2018, hence there are no amounts of such debt outstanding on the consolidated statement of financial position, as of September 30, 2018.

Long-term debt net of current portion and current portion of long-term borrowings are analysed as follows:

	Long-term borrowings, net of current portion	Current portion of long-term borrowings
Outstanding loan balance	268,800,958	23,652,295
Loan arrangement fees	(1,522,008)	(689,574)
Total	**267,278,950**	**22,962,721**

The loans are repayable as follows:

	September 30, 2018
No later than one year	23,652,295
Later than one year and not later than five years	170,127,639
Thereafter	98,673,319
Total	**292,453,253**
Less: Amounts due for settlement within 12 months	(23,652,295)
Long term borrowings	**268,800,958**

Interest expense amounting to $3,409,270 for the period ended September 30, 2018, is included under "Interest and finance costs" in the consolidated statement of profit or loss and other comprehensive income.

All loans are secured by a first preferred mortgages of the Contributed Companies' vessels and assignment of earnings and insurances.

The loan agreements include several ship finance covenants, amongst which are restrictions as to changes in management and ownership of the vessels, declaration of dividends; further indebtedness; mortgaging of vessels without the bank's prior consent and a hull cover ratio as well as several financial covenants.

(All amounts expressed in U.S. Dollars, except for number of shares)

13. Transactions and Balances with Related Parties

The Group has entered into management agreements with Kyklades Maritime Corporation ("Kyklades" or "Management Company"), as technical manager. Kyklades provide the vessels with shipping services such as technical support and maintenance, insurance, and consulting, in exchange for a daily fee of $600 per managed vessel, which is reflected under management fees in the consolidated statement of profit or loss and other comprehensive income. For the period ended September 30, 2019, management fees amounted to $348,600.

Current accounts due to related parties are analysed as follows:

	September 30,2018
Amounts due to Management Company	507,573
Amounts due to related party vessel owning companies	3,261,768
Total	**3,769,341**

Amounts due to Management Company represent expenses paid by the Management Company on behalf of the Group and for management services rendered, net of payments made to the Management Company, per the terms of the respective vessel management agreements.

Amounts due to related party vessel owning companies, which are owned by members of the Alafouzos family, represent amounts provided by vessel owning companies to the Group, for working capital purposes.

All balances noted above are unsecured and with no fixed terms of payment.

Current accounts due from related parties, which are owned by members of the Alafouzos family, amounting to $1,093,513 as at September 30, 2018, represents amounts provided to related party vessel owning companies for working capital purposes. All these balances are unsecured and with no fixed terms of payment.

14. Share Capital and Additional Paid-in Capital

OET common shares have been registered under the laws of the Republic of the Marshall Islands. Pursuant to an agreement with DNB Bank ASA (DNB Bank ASA is recorded as the sole shareholder in the records of the Company and maintains, in its role as VPS registrar, a sub-register of shareholders in the VPS where the ownership of the shares is registered in book-entry form under their ISIN MHY641771016). On 29 June 2018, the administration of Oslo Børs ASA resolved to admit OET's common shares for listing on the Merkur Market. The first day of trading of the common shares on Merkur Market was on July 3, 2018. The common shares are trading on Merkur Market under the ticker symbol, "OET-ME". Fearnley Securities AS acted as Merkur Advisor to the Company.

The Company has one class of shares. All the shares rank in parity with one another. Each share carries the right to one vote in a meeting of the shareholders and all shares are otherwise equal in all respects.

On June 28, 2018, the balances of the net assets of the Contributed Companies amounting to were recognized at their carrying historical costs upon the acquisition of their ownership interest by OET, in exchange for the issuance of 15,990,000 of the OET common shares to the holders of the ownership interest of the Contributed Companies (refer Notes 1 and 3).

(All amounts expressed in U.S. Dollars, except for number of shares)

14. Share Capital and Additional Paid-in Capital - Continued

On June 28, 2018, OET completed an initial offering of its common shares, whereby 11,400,000 common shares were issued, in exchange for net proceeds of approximately $96.5 million.

Under the Company's constitutional documents, the number of authorized shares is 100,000,000, each with a par value of $ 0.001. The number of shares in issue at the date of this report is 27,400,000, all of which have been fully paid. The Company does not currently hold any treasury shares.

Neither the Company nor any of its subsidiaries have issued any restricted shares, share options, warrants, convertible loans or other instruments that would entitle a holder of any such instrument to subscribe for any shares in the Company or its subsidiaries. Neither the Company nor any of its subsidiaries have issued subordinated debt or transferable securities other than the shares in the Company and the shares in the Company's subsidiaries which are held directly or indirectly by the Company.

The table below shows the development in the Company's issued share capital for the period from incorporation to the date hereof:

Date	Type of change	Change in issued share capital (US)	New issued share capital (USD)	No. of issued shares	Par value per share
30 April 2018	Incorporation	10	10	10,000	0,001
28 June 2018	In-kind issue	15,990	16,000	16,000,000	0,001
28 June 2018	Private placement	11,400	27,400	27,400,000	0,001

15. Financial Risk Management

The Group's principal financial instruments comprise debt, cash and cash equivalents and restricted cash. The main purpose of these financial instruments is to finance the Group's operations. The Group has various other financial assets and liabilities such as trade receivables, current accounts with related parties and payables which arise directly from its operations.

The main risks arising from the Group's financial instruments are credit risk, foreign currency risk and cash flow interest rate risk. The Group's policies for addressing these risks are set out below:

- **Credit risk**

  The Group only trades with charterers who have been subject to satisfactory credit screening procedures. Furthermore, outstanding balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant.

  With respect to the credit risk arising from the Group's cash and cash equivalents and restricted cash, the Group's exposure arises from default by the counterparties, with a maximum exposure equivalent to the carrying amount of these instruments. The Group mitigates such risks by dealing only with high credit quality financial institutions.

- **Foreign currency risk**

  The Group's vessels operate in international shipping markets, which utilize the U.S. Dollar as the functional currency. Although certain operating expenses are incurred in foreign currencies, the Group does not consider the risk to be significant and takes no other steps to manage its currency exposure.

- **Interest rate risk**

  The Group's exposure to interest rate risk arises from its long-term floating rate debt. The Group has not entered into any hedging transactions to cover its exposure to changes in interest rates on this debt. As an indication of the sensitivity from changes in interest rates, an increase by 50 basis points in interest rates would increase interest expense for the period ended September 30, 2018 by $277,566 assuming all other variables held constant.

(All amounts expressed in U.S. Dollars, except for number of shares)

16. Commitments and Contingencies

Commitments under shipbuilding contracts

The Group had commitments under eight shipbuilding contracts for the acquisition of eight newbuildings (refer Note 1). The Group expects to settle these commitments as follows, as of September 30, 2018:

Less than one year	443,647,300
One to three years	107,400,000
Total	**551,047,300**

Commitments under time charter agreements

Future minimum contractual charter receivable revenue, based on vessels committed non-cancellable, long-term time charter agreements, net of address commissions, were as follows, as of September 30, 2018:

Less than one year	19,193,171
One to three years	3,189,800
Total	**22,382,971**

Operating Leases

On August 1, 2018 OET Chartering Inc. entered into a three year lease agreement for office space with Anonymos Techniki Etairia Ergwn, a related company owned by members of the Alafouzos family. The lease agreement provided for a monthly rental of €890 (approximately $1,033, using the exchange rate as of September 30, 2018, which was $1.16 per euro). Operating lease rent expense was as follows, as of September 30, 2018:

Less than one year	12,390
One to three years	22,715
Total	**35,105**

(All amounts expressed in U.S. Dollars, except for number of shares)

17. Earnings / (Loss) per Share

Basic and diluted losses per share for the period ended September 30, 2018, are presented below:

Basic loss per share

	Period ended September 30, 2018 (amounts in USD)
From continuing operations	(0.14)
Total basic loss per share	**(0.14)**

The loss and weighted average number of common shares used in the calculation of basic loss per share are as follows:

	Period ended September 30, 2018 (amounts in USD)
Loss for the period attributable to the owners of the Group	(2,281,964)
Weighted average number of common shares outstanding in the period	16,837,843
Total basic loss per share	**(0.14)**

During the period ended September 30, 2018, there were no potentially antidilutive instruments affecting weighted average number of shares, and hence diluted loss per share equals basic loss per share for the period presented.

18. Claim Receivables

As of September 30, 2018, the Group has recognized and presented under “current assets” receivable amounts from vessel Insurers totalling $2,415,654 relating to hull and machinery and protection & indemnity (P&I) claims for certain vessels in the Group’s fleet. The recognition in the consolidated statement of financial position was made since realization of the claimable amounts from the insurers in the short-term is deemed highly probable.

19. Capital Risk Management

The Group’s objectives when managing capital are to safeguard the Group’s ability to continue as a going concern, ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximize shareholders value.

(All amounts expressed in U.S. Dollars, except for number of shares)

19. Capital Risk Management - Continued

The Group monitors capital using gearing ratio, which is total debt divided by total equity plus total debt, and its calculation is presented below:

	September 30, 2018
Total amount of long-term borrowings	292,453,253
Total equity	288,532,731
Gearing ratio	**50%**

20. Subsequent Events

On October 5, 2018 the Group entered into a series of supply contracts for the provision of exhaust gas cleaning systems ("EGCS ", or "Scrubbers") for vessels Nissos Therassia, Nissos Schinoussa, Milos, Poliegos, Kimolos and Folegandros.

The scheduled delivery dates of the Scrubbers are the following:

Vessel	**Date of Delivery**
Mt Nissos Therassia	30/6/2019
Mt Nissos Schinoussa	30/6/2019
Mt Milos	31/7/2019
Mt Poliegos	31/7/2019
Mt Kimolos	31/8/2019
Mt Folegandros	31/8/2019

The Group expects to settle these commitments as follows:	
Less than one year	2,817,135
One to three years	4,225,703
Total	**7,042,838**

On October 25, 2018 Okeanis received a firm offer letter from Credit Suisse for the financing of Hull 3051 that accepted and paid half the commitment fees as agreed. The total proceeds of the loan will be lower of USD 58,125,000 and the 62.5% of firm market value of the vessel at the delivery advance. The loan agreement permits predelivery financing.

On October 31, 2018 Okeanis received a firm offer letter from BNP Paribas for the financing of Hull 3089 that was accepted. The total proceeds of the loan will be the lower of a) 65% of the acquisition price of the vessel, b) 65% of the fair market value of the vessel and c) $58,175,000. The loan agreement permits predelivery financing.

20. Subsequent Events-Continued

On December 3, 2018 Okeanis signed an revolving credit facility agreement with Glafki Marine Corp. (the “Glafki RCF”), for the financing of its current newbuilding program, potential acquisitions of newbuilding vessels or vessels on the water and for general corporate purposes. The total amount available under the Glafki RCF amounts to $15 million.

On December 3, 2018 Okeanis, completed a private placement in Merkur Market of 3,910,000 common shares at a price of NOK 66 per common share. The total amount collected, after deducting selling expenses amounted to $29,099,070.

On December 7, 2018, the Group fully repaid the outstanding loan balance due to Bigal (refer Note 12) amounting to $4,584,348 inclusive of accrued interest due.

On January 19, 2019, Omega One Marine Corporation entered into a debt financing transaction with Ocean Yield Malta. On January 19, 2019, Milos Marine Corporation transferred the M/T Milos to Ocean Yield Malta (the “original buyer”) for an agreed consideration of $56.0 million, and, as part of the agreement, bareboat chartered the vessel back for a period of 13 years, with purchase options at the end of the fifth, seventh, tenth and twelfth year. Omega One Maritine Corporation is expected to receive $49.0 million in cash as part of the transaction, with $7.0 million to be retained by the original buyer as a deposit which can be used towards the repurchase of the vessel pursuant to the purchase options.