



ÅRSREGNSKAPET FOR REGNSKAPSÅRET 2020 - GENERELL INFORMASJON

Enheten

Organisasjonsnummer: 998 584 531
Organisasjonsform: Aksjeselskap
Foretaksnavn: AET SEA SHUTTLE AS
Forretningsadresse: Sandvigveien 19
4816 KOLBJØRNSVIK

Regnskapsår

Årsregnskapets periode: 01.01.2020 - 31.12.2020

Konsern

Morselskap i konsern: Nei

Regnskapsregler

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

Årsregnskapet fastsatt av kompetent organ

Bekreftet av representant for selskapet: t Rajalingam Subramaniam
Dato for fastsettelse av årsregnskapet: 16.06.2021

Grunnlag for avgivelse

År 2020: Årsregnskapet er elektronisk innlevert
År 2019: Tall er hentet fra elektronisk innlevert årsregnskap fra 2020

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

Brønnøysundregistrene, 17.08.2022



Resultatregnskap

Beløp i: USD	Note	2020	2019
RESULTATREGNSKAP			
Inntekter			
Salgsinntekt	3	33 093 000	
Annen driftsinntekt	4	60 000	
Sum inntekter		33 153 000	
Kostnader			
Varekostnad		27 908 000	
Administrative kostnader		957 000	
Sum kostnader		28 865 000	
Driftsresultat		4 288 000	
Annen finanskostnad		3 481 000	
Sum finanskostnader		3 481 000	
Netto finans		-3 481 000	
Ordinært resultat før skattekostnad	5	807 000	0
Skattekostnad på ordinært resultat	6	0	
Ordinært resultat etter skattekostnad		807 000	0
Årsresultat		807 000	0
Andre resultatkomponenter for IFRS-foretak		-1 222 000	
Sum resultatkomponenter for IFRS-foretak		-1 222 000	
Totalresultat		-415 000	



Balanse

Beløp i: USD	Note	2020	2019
BALANSE - EIENDELER			
Anleggsmidler			
Immaterielle eiendeler			
Varige driftsmidler			
Skip, rigger, fly og lignende	7	210 707 000	
Sum varige driftsmidler		210 707 000	
Sum anleggsmidler		210 707 000	0
Omløpsmidler			
Varer			
Fordringer			
Andre fordringer	8	2 895 000	
Sum fordringer		2 895 000	
Bankinnskudd, kontanter og lignende			
Bankinnskudd, kontanter og lignende	9	16 438 000	
Sum bankinnskudd, kontanter og lignende		16 438 000	
Sum omløpsmidler		19 333 000	0
SUM EIENDELER		230 040 000	0
BALANSE - EGENKAPITAL OG GJELD			
Egenkapital			
Innskutt egenkapital			
Selskapskapital	13	604 000	
Overkurs		55 504 000	
Annen innskutt egenkapital		62 401 000	
Sum innskutt egenkapital		118 509 000	
Opptjent egenkapital			



Balanse

Beløp i: USD	Note	2020	2019
Fond	14	-2 360 000	
Sum opptjent egenkapital		-2 360 000	
Sum egenkapital		116 149 000	0
Gjeld			
Langsiktig gjeld			
Annen langsiktig gjeld			
Gjeld til kredittinstitusjoner	10	79 411 000	
Øvrig langsiktig gjeld	11	111 000	
Derivatforpliktelse	12	2 360 000	
Sum annen langsiktig gjeld		81 882 000	
Sum langsiktig gjeld		81 882 000	0
Kortsiktig gjeld			
Gjeld til kredittinstitusjoner	10	21 280 000	
Leverandørgjeld	11	10 727 000	
Betalbar skatt		2 000	
Sum kortsiktig gjeld		32 009 000	
Sum gjeld		113 891 000	0
SUM EGENKAPITAL OG GJELD		230 040 000	0



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Statsautoriserte revisorer
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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of AET Sea Shuttle AS

Report on the audit of the financial statements

Opinion

We have audited the financial statements of AET Sea Shuttle AS, which comprise the balance sheet as at 31 December 2020, statement of comprehensive income, and statements of cash flows and changes in equity for the year then ended and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements have been prepared in accordance with laws and regulations and present fairly, in all material respects, the financial position of the Company as at 31 December 2020 and its financial performance and cash flows for the year then ended in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway.

Basis for opinion

We conducted our audit in accordance with laws, regulations, and auditing standards and practices generally accepted in Norway, including 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 Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Norway, and we have fulfilled our ethical responsibilities as required by law and regulations. We have also complied with our other ethical obligations in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other information

Other information consists of the information included in the Company's annual report other than the financial statements and our auditor's report thereon. The Board of Directors (management) is responsible for the other information. Our opinion on the audit of the financial statements does not cover the other information, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information, and, in doing so, consider whether the other information is materially inconsistent with the 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 management for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway, 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 Company'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 Company or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities 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



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includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with laws, regulations, and auditing standards and practices generally accepted in Norway, including International Standards on Auditing (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 law, regulations and generally accepted auditing principles in Norway, including ISAs, we exercise professional judgment and maintain professional scepticism 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 Company'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 Company'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 Company to cease to continue as a going concern;
- ▶ evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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.

Report on other legal and regulatory requirements

Opinion on the Board of Directors' report

Based on our audit of the financial statements as described above, it is our opinion that the information presented in the Board of Directors' report concerning the financial statements, the going concern assumption and proposal for the allocation of the result is consistent with the financial statements and complies with the law and regulations.

Opinion on registration and documentation

Based on our audit of the financial statements as described above, and control procedures we have considered necessary in accordance with the International Standard on Assurance Engagements (ISAE) 3000, *Assurance Engagements Other than Audits or Reviews of Historical Financial Information*, it is our opinion that management has fulfilled its duty to ensure that the Company's accounting information is properly recorded and documented as required by law and bookkeeping standards and practices accepted in Norway.

Independent auditor's report - AET Sea Shuttle AS

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Oslo, 23 June 2021
ERNST & YOUNG AS

The auditor's report is signed electronically

Erik Søreng
State Authorised Public Accountant (Norway)

Permeo document key: E1K7T-K3JH4-UED42-71F8A-POD5E-4EWEN

Independent auditor's report - AET Sea Shuttle AS

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"By my signature I confirm all dates and content in this document."

Erik Søreng

Statsautorisert revisor

On behalf of: Ernst & Young AS

Serial number: 9578-5999-4-1529830

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AET Sea Shuttle AS
(Incorporated in Norway)

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(998584531)
AET Sea Shuttle AS
(Incorporated in Norway)

Directors' report for the year ended 31 December 2020

The Directors have pleasure in presenting their report together with the audited financial statements of the Company for the financial year ended 31 December 2020.

Incorporation and principal activity

The Company was incorporated in Norway on 25 June 2012 and its registered office is at Sandvigveien 19 4816 Kolbjørnsvik 0906 Arendal, Norway. The principal activity of the Company is to own and charter ships. There has been no significant change in the nature of this activity during the financial year.

Going concern

In accordance with the Accounting Act §3-3a we confirm that the Financial Statements have been prepared under the assumption of going concern.

Results

	2020 USD'000	2019 USD'000
Profit for the year	<u>807</u>	<u>12,129</u>

The Directors propose to allocate the profit of the year to retained earnings.

Review of the business

The Company owns two Dynamic Positioning shuttle tankers namely Eagle Barents and Eagle Bergen, which were delivered from the shipyard on 9 March 2015 and 6 May 2015 respectively. Eagle Barents and Eagle Bergen are chartered out on 7 year time charter contracts, and have been in operation since 2015. The ships are under technical management of OSM Ship Management AS.

In 2015, the Company executed a USD212.8 million loan facility to replace the facilities that were provided by related companies for the purpose of financing part of the total project cost of the ships. To hedge its interest rate fluctuations exposure, the Company entered into an interest rate swap ("Swap A") arrangement to hedge 50% of its term loan facility for Tranche A with a notional amount of USD53.9 million. Under this arrangement, the Company pays fixed interest rate of 1.90% per annum and receives cash flows at floating rates. This interest rate swap arrangement matures on 6 May 2022.

In 2016, the Company entered into an additional interest rate swap arrangement to hedge 50% of its term loan facility for Tranche B with a notional amount of USD48.6 million ("Swap B"). Under this arrangement, the Company pays fixed interest rate of 1.96% per annum and receives cash flows at floating rates. This interest rate swap arrangement matures on 4 July 2022.



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Review of the business (cont'd.)

A further interest rate swap arrangement was entered into in 2019 to hedge the remaining 50% of its term loan facility for both Tranche A and Tranche B, Tranche A with a notional amount of USD33.1 million at a fixed interest rate of 2.45% and Tranche B with a notional amount of USD30.6 million at a fixed interest rate of 2.43%.

Cash used in investing activity mainly relates to drydocking of ships amounted to USD7,891,000 (2019: USD83,000). Cash used in financing activities mainly relates to repayment of loans and borrowings amounted to USD21.3 million (2019: USD21.3 million).

Dividends

The Board of Directors unanimously agreed that no dividends will be paid in 2020.

Other statutory information

The Company operates two Dynamic Positioning shuttle tankers. The ships are under the technical management of OSM Ship Management AS, which is also responsible for meeting the requirements related to safety and environment, as well as pollution. No events that significantly effects the environment, other than normal course of business, has been reported in 2020.

As the Company has one employee, the Company is now required to have an occupational pension scheme under the Norwegian Act on Mandatory Occupational Pension.

The Board of Directors has not received any remuneration in 2020 or 2019.

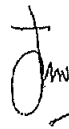


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AET Sea Shuttle AS
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The Directors' Report was approved by the Board of Directors on 16 June 2021 and signed by the Directors:



Rajalingam a/l Subramaniam



John Baptist Manuel Peter



Bjørn Tore Larsen

John Alexander Rein



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The Directors' Report was approved by the Board of Directors on 16 June 2021 and signed by the Directors:

Rajalingam a/l Subramaniam

John Baptist Manuel Peter


John Alexander Rein

Bjørn Tore Larsen



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Independent auditors' report to the member of
AET Sea Shuttle AS
(Incorporated in Norway)



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Independent auditors' report to the member of
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Statement of comprehensive income For the year ended 31 December 2020

	Note	2020 USD'000	2019 USD'000
Revenue	3	33,093	42,463
Cost of sales		<u>(27,908)</u>	<u>(25,842)</u>
Gross profit		5,185	16,621
Other operating income	4	60	184
Administration expenses		<u>(957)</u>	<u>(446)</u>
Operating profit		4,288	16,359
Finance costs		<u>(3,481)</u>	<u>(4,230)</u>
Profit before taxation	5	807	12,129
Taxation	6	<u>-</u>	<u>-</u>
Profit for the year		<u>807</u>	<u>12,129</u>
Other comprehensive income			
<i>Item that may be reclassified subsequently to profit or loss</i>			
Cash flow hedge, representing total other comprehensive loss for the year		<u>(1,222)</u>	<u>(2,214)</u>
Total comprehensive (loss)/income for the year		<u>(415)</u>	<u>9,915</u>

The notes set out on pages 12 to 46 form an integral part of the financial statements.



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(Incorporated in Norway)

Statement of financial position As at 31 December 2020


	Note	2020 USD'000	2019 USD'000
Assets			
Non-current asset			
Ships	7	<u>210,707</u>	<u>217,347</u>
		<u>210,707</u>	<u>217,347</u>
Current assets			
Other receivables	8	2,895	4,856
Bank balances	9	<u>16,438</u>	<u>18,366</u>
		<u>19,333</u>	<u>23,222</u>
Total assets		<u>230,040</u>	<u>240,569</u>
Equity and liabilities			
Current liabilities			
Loans and borrowings	10	21,280	21,280
Trade and other payables	11	10,727	2,830
Tax payable		<u>2</u>	<u>-</u>
		<u>32,009</u>	<u>24,110</u>
Net current liabilities		<u>(12,676)</u>	<u>(888)</u>
Non-current liabilities			
Loans and borrowings	10	79,411	98,316
Trade and other payables	11	111	441
Derivative liabilities	12	<u>2,360</u>	<u>1,138</u>
		<u>81,882</u>	<u>99,895</u>
Total liabilities		<u>113,891</u>	<u>124,005</u>
Equity			
Share capital	13	604	604
Share premium		62,401	62,401
Retained earnings		55,504	54,697
Hedging reserve	14	<u>(2,360)</u>	<u>(1,138)</u>
Total equity		<u>116,149</u>	<u>116,564</u>
Total equity and liabilities		<u>230,040</u>	<u>240,569</u>

The notes set out on pages 12 to 46 form an integral part of the financial statements.



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The financial statements were approved by the Board of Directors on 16 June 2021 and signed by the Directors:



Rajalingam a/l Subramaniam



John Bapilist Manuel Peter

John Alexander Rehn



Bjørn Tore Larsen

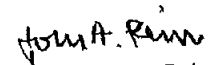


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Rajalingam a/l Subramaniam

John Baptist Manuel Peter


John Alexander Rein

Bjørn Tore Larsen



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AET Sea Shuttle AS
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Statement of changes in equity
For the year ended 31 December 2020

	Share capital USD'000	Share premium USD'000	Hedging reserve USD'000	Retained earnings USD'000	Total equity USD'000
At 1 January 2019	604	62,401	1,076	43,368	107,449
Total comprehensive income	-	-	(2,214)	12,129	9,915
Transaction with owner:					
Dividend	-	-	-	(800)	(800)
At 31 December 2019	604	62,401	(1,138)	54,697	116,564
Total comprehensive loss	-	-	(1,222)	807	(415)
At 31 December 2020	604	62,401	(2,360)	55,504	116,149

The notes set out on pages 12 to 46 form an integral part of the financial statements.



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AET Sea Shuttle AS
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Statement of cash flows For the year ended 31 December 2020

	2020 USD'000	2019 USD'000
Operating activities		
Profit before taxation	807	12,129
Adjustments for:		
Interest income	(60)	(184)
Interest expense	3,481	4,230
Depreciation of ships	14,531	13,151
Write off of ships	-	24
Unrealised exchange loss	7	6
Operating cash flows before changes in working capital	18,766	29,356
Inventories	-	329
Other receivables	1,961	262
Trade and other payables	7,763	(969)
Cash flows generated from operations	28,490	28,978
Interest received	60	184
Interest paid	(3,636)	(4,365)
Tax paid	(46)	(43)
Net cash generated from operating activities	24,868	24,754
Investing activity		
Drydocking of ships, representing net cash used in investing activity	(7,891)	(83)
Financing activities		
Repayment of loans and borrowings	(21,280)	(21,280)
Loan from a related company	2,375	-
Dividend paid to the owner of the Company	-	(760)
Dividend paid to minority shareholder	-	(40)
Movement in cash pledged with bank - restricted	577	(2,352)
Net cash used in financing activities	(18,328)	(24,432)
Net (decrease)/increase in cash and cash equivalents	(1,351)	239
Cash and cash equivalents at beginning of financial year	1,585	1,346
Cash and cash equivalents at end of financial year	234	1,585



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Statement of cash flows
For the year ended 31 December 2020 (cont'd.)

	2020	2019
	USD'000	USD'000
Cash and cash equivalents comprises:		
Bank balances	16,438	18,366
Less: Cash pledged with bank - restricted (Note 9)	<u>(16,204)</u>	<u>(16,781)</u>
Cash and cash equivalents	<u>234</u>	<u>1,585</u>

The notes set out on pages 12 to 46 form an integral part of the financial statements.



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**Notes to the financial statements
for the year ended 31 December 2020**

1. Corporate information and statement of compliance

The financial statements of the Company have been prepared in accordance with Norwegian Accounting Act and accounting standards and practices generally accepted in Norway (IFRS light).

The Company is a private limited liability company, incorporated and domiciled in Norway. The Company was incorporated on 25 June 2012.

The ultimate, penultimate, intermediate and immediate holding companies in respect of 95% of the shareholding of the Company are Petroliam Nasional Berhad, MISC Berhad, AET Singapore Holdings Pte. Ltd. and AET UK Limited respectively. The immediate holding company is incorporated in England and the intermediate holding company is incorporated in Singapore whilst the penultimate and ultimate holding companies are incorporated in Malaysia. The penultimate holding company is listed on the Main Market of Bursa Malaysia Securities Berhad. The 5% minority shareholding in the Company is owned by ADS Shipping Limited, a company registered in The Republic of Cyprus.

The principal activity of the Company is to own and charter ships. There has been no significant change in the nature of this activity during the financial year.

2. Accounting policies

2.1 Basis of preparation

The financial statements of the Company have been prepared on the historical cost basis.

The Company's financial statements are presented in United States Dollars ("USD") which is also the Company's functional currency as it is the currency of the primary economic environment in which the Company operates. All values are rounded to the nearest thousand (USD'000) except when otherwise indicated.

As at 31 December 2020, the net current liabilities of the Company was USD12,676,000 (2019: USD888,000). The financial statements have been prepared on a going concern basis as AET Pte. Ltd. has undertaken to provide continuing financial support to enable the Company to meet its obligations and liabilities as and when fall due.



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2. Accounting policies (cont'd.)

2.2 Tax basis

The Company has elected to be taxed under the Norwegian tonnage tax system with effect from 1 January 2013. Operating profits related to shipping activities are subject to tax exemption. Income tax is paid on net financial income. The Company has to pay a fee based on size and activity of its ships. The tonnage fee (tax) is recognised as administration expenses.

2.3 Adoption of new and revised pronouncements

As of 1 January 2020, the Company adopted the following pronouncements that have been issued by the International Accounting Standards Board ("IASB") as listed below:

Amendments to standards and IC Interpretations effective for annual periods beginning on or after 1 January 2020:

- Amendments to IFRS 3, Business Combinations (Definition of Business)
- Amendments to IFRS 7, Financial Instruments: Disclosures (Interest Rate Benchmark Reform)
- Amendments to IFRS 9, Financial Instruments (Interest Rate Benchmark Reform)
- Amendments to IAS 1, Presentation of Financial Statements (Definition of Material)
- Amendments to IAS 8, Accounting Policies, Changes in Accounting Estimates and Errors (Definition of Material)
- Amendments to IAS 39, Financial Instruments: Recognition and Measurement (Interest Rate Benchmark Reform)

The Company has also early adopted the Amendment to IFRS 16 Leases (Covid-19 Related Rent Concessions) issued by IASB in June 2020, in response to the Covid-19 pandemic. The amendment is effective for annual periods beginning on or after 1 June 2020.

The adoption of the above pronouncements did not have any material impact to the financial statements of the Company other than as set out below:

(i) Amendments to IFRS 7: Financial Instruments: Disclosures, Amendments to IFRS 9: Financial Instruments and Amendments to IAS 39: Financial Instruments (Interest Rate Benchmark Reform)

Interest rate benchmark reform is a market-wide reform of interest rate benchmarks, including the replacement of some interbank offered rates (IBORs) with alternative benchmark rates. The reform has led to uncertainty about the long-term viability of some interest rate benchmarks.



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2. Accounting policies (cont'd.)

2.3 Adoption of new and revised pronouncements (cont'd.)

(i) Amendments to IFRS 7: Financial Instruments: Disclosures, Amendments to IFRS 9: Financial Instruments and Amendments to IAS 39: Financial Instruments (Interest Rate Benchmark Reform) (cont'd.)

The amendments, issued to address the pre-replacement issues and uncertainty arising from the interest rate benchmark reform, provides temporary relief from applying specific hedge accounting requirements to hedging relationships directly affected by the interest rate benchmark reform until the uncertainty arising from this reform is no longer present. The relief provided by the amendments requires the Company to assume that the interest rate on which the hedged cash flows are based is not altered because of the interest rate benchmark reform.

The Company holds interest rate swaps for risk management purposes which are designated as cash flow hedging relationships and are indexed to USD London Interbank Offered Rate ("USD LIBOR"). As at 31 December 2020, the Company hedged items and hedging instruments continue to be indexed to USD LIBOR. However, the Company's USD LIBOR cash flow hedging relationships extend beyond the anticipated cessation date for USD LIBOR. Following the uncertainty about when and how the replacement may occur with respect to the relevant hedged items and hedging instruments which may impact the hedging relationship, the Company applies the amendments to IFRS 9 which provides temporary relief from potential effects on this uncertainty caused by the interest rate benchmark reform.

2.4 Judgements and key sources of estimation uncertainty

The preparation of financial statements in conformity with IFRSs, requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

(a) Critical judgements made in applying accounting policies

Estimates and underlying assumptions are reviewed on an ongoing basis. Revision to accounting estimates is recognised in the year in which the estimate is revised and in any future years affected.



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2. Accounting policies (cont'd.)

2.4 Judgements and key sources of estimation uncertainty (cont'd.)

(a) Critical judgements made in applying accounting policies (cont'd.)

The following is the judgement made by management in applying the Company's accounting policies that have the most significant effect on the amounts recognised in the financial statements:

(i) Operating lease commitments - the Company as lessor

It is in the ordinary course of business that the Company enters into lease arrangements with a third party on its ships. Where the Company has determined that it retains all the significant risks and rewards of ownership of these ships, the ships are recognised and classified as part of non-current assets of the Company.

(b) Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date that have significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

(i) Fair value of financial instruments

Where the fair value of financial assets and financial liabilities recorded in the statements of financial position cannot be derived from active markets, they are determined using valuation techniques, including the discounted cash flow method. Where possible, the inputs to these valuation models are taken from observable markets. However, when this is considered unfeasible, a degree of judgement is made in establishing fair values. The judgements made include having considered a host of factors including liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

2.5 Significant accounting policies

The accounting policies set out below have been applied consistently to the periods presented in these financial statements by the Company, unless otherwise stated.



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2. Accounting policies (cont'd.)

2.5 Significant accounting policies (cont'd.)

(a) *Ships*

All ships are initially recorded at cost. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, 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. When significant parts of such assets are required to be replaced in intervals, such as when a ship drydocking is performed, the capital element of the cost is capitalised and depreciated over the period until the next replacement or drydocking is due. Cost is recognised in the carrying amount of the ships as a replacement if the recognition criteria is satisfied. All other repairs and maintenance are charged to profit or loss as incurred.

Subsequent to initial recognition, ships are stated at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation of ships commences when they are available for their intended use. Depreciation of ships is provided for on a straight-line basis to write off the cost of each asset to its residual value over the estimated useful lives of the assets as follows:

Ships	up to 20 years
Drydocking (over the periods between drydockings)	up to 30 months

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

Ships are derecognised upon disposal, or when no future economic benefits are expected from their use or disposal. The difference between the net disposal proceeds, if any, and the net carrying amount is recognised in profit or loss.

(b) *Impairment of non-financial assets*

The carrying amounts of non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated to determine the amount of impairment loss.



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2. Accounting policies (cont'd.)

2.5 Significant accounting policies (cont'd.)

(b) *Impairment of non-financial assets (cont'd.)*

For the purpose of impairment testing of these assets, recoverable amount is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. If this is the case, the recoverable amount is determined for the cash-generating-unit ("CGU") to which the asset belongs to.

An asset's recoverable amount is the higher of an asset's or CGU's fair value less costs to sell and its value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

An impairment loss is recognised in profit or loss in the period in which it arises.

An impairment loss for an asset is reversed if, and only if, there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. The carrying amount of an asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of amortisation or depreciation) had no impairment loss been recognised for the asset in prior years. A reversal of impairment loss for an asset is recognised in profit or loss.

(c) *Financial assets*

Initial recognition and measurement:

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income ("FVOCI"), and fair value through profit or loss ("FVTPL").



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2. Accounting policies (cont'd.)

2.5 Significant accounting policies (cont'd.)

(c) *Financial assets (cont'd.)*

Initial recognition and measurement: (cont'd.)

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Company's business model for managing them. The Company does not reclassify the classification of financial assets subsequent to their initial recognition unless the Company changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model. With the exception of trade receivables that do not contain a significant financing component, the Company initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs.

In order for a financial asset to be classified and measured at amortised cost or FVOCI, it needs to give rise to cash flows that are solely payments of principal and interest ("SPPI") on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

The Company's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Subsequent measurement:

For purposes of subsequent measurement, financial assets are classified into four categories:

- Financial assets at amortised cost (debt instruments)
- Financial assets at FVOCI with recycling of cumulative gains or losses (debt instruments)
- Financial assets designated at FVOCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)
- Financial assets at FVTPL

Financial assets at amortised cost (debt instruments)

This category is the most relevant to the Company. The Company measures financial assets at amortised cost if both of the following conditions are met:



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2. Accounting policies (cont'd.)

2.5 Significant accounting policies (cont'd.)

(c) *Financial assets (cont'd.)*

Subsequent measurement: (cont'd.)

Financial assets at amortised cost (debt instruments) (cont'd.)

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortised cost are subsequently measured using the effective interest ("EIR") method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired. Interest income and foreign exchange gains or losses are recognised in profit or loss.

The Company's financial assets at amortised cost include other receivables and bank balances.

Fair value through other comprehensive income

This category comprises debt instruments where it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets, and its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. The debt instruments are not designated as at fair value through profit or loss.

Fair value through other comprehensive income category also comprises investment in equity that is not held for trading, and the Company irrevocably elect to present subsequent changes in the investment's fair value in other comprehensive income. This election is made on an investment-by-investment basis.

Financial assets categorised as fair value through other comprehensive income are subsequently measured at fair value with unrealised gains and losses recognised directly in other comprehensive income and accumulated under fair value through other comprehensive income reserve in equity. For debt instruments, when the investment is derecognised or determined to be impaired, the cumulative gain or loss previously recorded in equity is reclassified to the profit or loss. For equity instruments, the gains or losses are never reclassified to profit or loss.

The Company has not designated any financial assets at FVOCI.



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2. Accounting policies (cont'd.)

2.5 Significant accounting policies (cont'd.)

(c) *Financial assets (cont'd.)*

Subsequent measurement: (cont'd.)

Fair value through profit or loss

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at fair value through profit or loss. This includes derivative financial assets (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument as per Note 2.5(g)). On initial recognition, the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at fair value through other comprehensive income as at fair value through profit or loss if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial assets categorised as fair value through profit or loss are subsequently measured at their fair value with gains or losses recognised in profit or loss.

The Company has not designated any financial assets at FVTPL.

All financial assets, except for those measured at FVTPL and equity investments measured at FVOCI, are subject to impairment as disclosed in Note 2.5(d).

Derecognition:

A financial asset (or where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised when:

- the right to receive cash flows from the asset has expired; or
- the Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and
- either (i) the Company has transferred substantially all the risks and rewards of the assets, or (ii) the Company has neither transferred nor retained substantially all the risks and rewards of the assets but has transferred control of the asset.

On derecognition of a financial asset, the difference between the carrying amount and the sum of the consideration received (including any new asset obtained less any new liability assumed) and any cumulative gain or loss that had been recognised in equity is recognised in the profit or loss, except for equity investments at fair value through other comprehensive income where the gain or loss are recognised in other comprehensive income.



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2. Accounting policies (cont'd.)

2.5 Significant accounting policies (cont'd.)

(d) *Impairment of financial assets*

The Company recognises loss allowances for expected credit losses on financial assets measured at amortised cost.

Loss allowances for other receivables are always measured at an amount equal to lifetime expected credit loss.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating expected credit loss, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment and including forward-looking information.

The Company assumes that the credit risk on a financial asset has increased significantly if it is past due.

The Company considers a financial asset to be in default when the borrower is unlikely to pay its credit obligations to the Company in full, without recourse by the Company to actions such as realising security.

Lifetime expected credit losses are the expected credit losses that result from all possible default events over the expected life of a financial instrument, while 12 month expected credit losses are the portion of expected credit losses that result from default events that are possible within the 12 months after the reporting date.

Measurement of expected credit losses ("ECL")

Expected credit losses are measured as a function of probability of default and loss given default. Probability of default is the likelihood of default over a particular time horizon and is derived using external credit ratings, if they are available, or internal credit ratings based on quantitative or qualitative information for the counterparty. Loss given default is the assumption of the proportion of financial asset that cannot be recovered by conversion of collateral to cash or by legal process, and is assessed based on the Company's historical experience.

An impairment loss in respect of financial assets measured at amortised cost is recognised in profit or loss and the carrying amount of the asset is reduced through the use of an allowance account.

Information about the exposure of credit risk and ECLs for financial assets as at 31 December 2020 is disclosed in Note 18(c).



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2. Accounting policies (cont'd.)

2.5 Significant accounting policies (cont'd.)

(e) *Financial liabilities*

Initial recognition and measurement:

Financial liabilities are classified, at initial recognition as follow: financial liabilities at fair value through profit or loss or amortised cost, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of at amortised cost, net of directly attributable transaction costs.

The Company's financial liabilities include trade and other payables and interest bearing loans and borrowings.

Subsequent measurement:

The subsequent measurement of financial liabilities depends on their classification as follows:

(i) **Financial liabilities at fair value through profit or loss**

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial liabilities (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument as per Note 2.5(g)) entered into by the Company. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Gains or losses on liabilities held for trading are recognised in the profit or loss.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in IFRS 9 are satisfied. The Company has not designated any financial liabilities as fair value through profit or loss.



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2. Accounting policies (cont'd.)

2.5 Significant accounting policies (cont'd.)

(e) *Financial liabilities (cont'd.)*

(ii) **Financial liabilities at amortised cost**

This is the category most relevant to the Company. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation process is included as finance costs in the profit or loss.

This category generally applies to trade and other payables and interest-bearing loans and borrowings.

Derecognition:

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expired.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in profit or loss. In the case of waiver of debt from owners, the gain is recognised in equity as capital reserve.

(f) ***Offsetting of financial instruments***

Financial assets and financial liabilities are offset and the net amount reported in the statement of financial position if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.



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2. Accounting policies (cont'd.)

2.5 Significant accounting policies (cont'd.)

(g) Derivative financial instruments and hedge accounting

The Company uses derivative financial instruments such as interest rate swaps to hedge its interest rate risk. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value at each reporting date. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

Any gains or losses arising from changes in fair value on derivatives during the year that do not qualify for hedge accounting and the ineffective portion of an effective hedge are taken directly to profit or loss.

For the purpose of hedge accounting, hedges are classified as:

- fair value hedges when hedging the exposure to changes in the fair value of a recognised asset or liability or an unrecognised firm commitment (except for foreign currency risk);
- cash flow hedges when hedging exposure to variability in cash flows that is either attributable to:
 - a particular risk associated with a recognised asset; or
 - liability or a highly probable forecast transaction; or
 - the foreign currency risk in an unrecognised firm commitment;
- hedges of a net investment in a foreign operation.

At the inception of a hedge relationship, the Company formally designates and documents the hedge relationship to which the Company wishes to apply hedge accounting, the risk management objective of the hedge and strategy for undertaking the hedge. The documentation includes identification of the hedging instrument, the hedged item or transaction, the nature of the risk being hedged and how the entity will assess the hedging instrument's effectiveness in offsetting the exposure to changes in the hedged item's fair value or cash flows attributable to the hedged risk. Such hedges are expected to be highly effective in achieving offsetting changes in fair value of cash flows and are assessed on an ongoing basis to determine that they have actually been highly effective throughout the financial reporting years for which they are designated.



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2. Accounting policies (cont'd.)

2.5 Significant accounting policies (cont'd.)

(g) *Derivative financial instruments and hedge accounting (cont'd.)*

The Company has entered into cash flow hedges which meet the criteria for hedge accounting. The hedges are accounted for as follows:

Cash flow hedge

A cash flow hedge is a hedge of the exposure to variability in cash flows that is attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction and could affect the profit or loss. In a cash flow hedge, the portion of the gain or loss on the hedging instrument that is determined to be an effective hedge is recognised in other comprehensive income and the ineffective portion is recognised in profit or loss.

Subsequently, the cumulative gain or loss recognised in other comprehensive income is reclassified from equity into profit or loss in the same period or periods during which the hedged forecast cash flows affect profit or loss. If the hedge item is a non-financial asset or liability, the associated gain or loss recognised in other comprehensive income is removed from equity and included in the initial amount of the asset or liability. However, loss recognised in other comprehensive income that will not be recovered in one or more future periods is reclassified from equity into profit or loss.

Cash flow hedge accounting is discontinued prospectively when the hedging instrument expires or is sold, terminated or exercised, the hedge is no longer highly effective, the forecast transaction is no longer expected to occur or the hedge designation is revoked. If the hedge is for a forecast transaction, the cumulative gain or loss on the hedging instrument remains in equity until the forecast transaction occurs. When the forecast transaction is no longer expected to occur, any related cumulative gain or loss recognised in other comprehensive income on the hedging instrument is reclassified from equity into profit or loss.

(h) **Leases**

The Company assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether:

- the contract involves the use of an identified asset - this may be specified explicitly or implicitly and should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, then the asset is not identified;



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2. Accounting policies (cont'd.)

2.5 Significant accounting policies (cont'd.)

(h) Leases (cont'd.)

- the customer has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and
- the customer has the right to direct the use of the asset when it has the decision-making rights that are most relevant to changing how and for what purpose the asset is used. The customer has the right to direct the use of the asset if either the customer has the right to operate the asset; or the customer designed the asset in a way that predetermines how and for what purpose it will be used throughout the period of use.

At inception or on reassessment of a contract that contains a lease component, the Company allocates the consideration in the contract to each lease and non-lease component on the basis of their relative stand-alone prices.

(i) the Company as lessor

Leases in which the Company does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income from operating leases are recognised on a straight-line basis over the term of the relevant lease as revenue in profit or loss. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

(i) Foreign currencies

(i) Functional and presentation currency

The financial statements of the Company are measured using the currency of the primary economic environment in which the Company operates ("the functional currency"). The financial statements are presented in United States Dollar ("USD") which is also the Company's functional currency.



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2. Accounting policies (cont'd.)

2.5 Significant accounting policies (cont'd.)

(i) Foreign currencies (cont'd.)

(ii) Foreign currency transactions

In preparing the financial statements of the Company, transactions in currencies other than the Company's functional currency ("foreign currencies") are recorded using the exchange rates prevailing at the dates of the transactions. At each reporting date, monetary items denominated in foreign currencies are translated at the rates prevailing on the reporting date. Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, or on translating monetary items at the reporting date, are included in profit or loss except for exchange differences arising on monetary items that form part of the Company's net investment in foreign operation, which are recognised initially in other comprehensive income and accumulated under foreign currency translation reserve in equity. The foreign currency translation reserve is reclassified from equity to profit or loss of the Company on disposal of the foreign operation.

Exchange differences arising on monetary items that form part of the Company's net investment in foreign operation, where that monetary item is denominated in a currency other than the functional currency of either the reporting entity or the foreign operation, are recognised in profit or loss for the year. Exchange differences arising on monetary items that form part of the Company's net investment in foreign operation, regardless of the currency of the monetary item, are recognised in profit or loss of the Company's financial statements or the individual financial statements of the foreign operation, as appropriate.

Exchange differences arising on the translation of non-monetary items carried at fair value are included in profit or loss for the year, except for the differences arising on the translation of non-monetary items in respect of which gains and losses are recognised directly in other comprehensive income. Exchange differences arising from such non-monetary items are also recognised directly in equity.



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2. Accounting policies (cont'd.)

2.5 Significant accounting policies (cont'd.)

(j) Share capital and share premium

Ordinary shares are recorded at the par value of the shares issued. Additional proceeds received, net of directly attributable incremental transaction costs, are recorded as share premium.

(k) Revenue recognition

(i) Time charter hire income

Time charter hire income as well as that of other services rendered are accounted for on a straight-line basis over the firm period of the contract, as service is performed.

Non-lease component of the time charter income is not separately disclosed as the pattern of revenue recognition for lease and non-lease components is the same, and the lease and non-lease components are treated as a combined unit of account, classified as an operating lease.

(ii) Interest income

Interest income is recognised on an accrual basis using the effective interest rate method.

(l) Repairs and maintenance

Repairs and maintenance costs are recognised in profit or loss in the period they are incurred. Drydocking expenditure is capitalised and depreciated over a period of 30 months or the period until the next drydocking date, whichever is shorter.

(m) Cash and cash equivalents

Cash and cash equivalents comprise bank balances that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value.

(n) Taxation

Tax on the profit or loss for the year comprises current and deferred tax.



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2. Accounting policies (cont'd.)

2.5 Significant accounting policies (cont'd.)

(n) Taxation (cont'd.)

(i) Current tax

Current tax is the expected amount of income taxes payable in respect of the taxable profit for the year and is measured using the tax rates that have been enacted at the reporting date and any adjustments to tax payable in respect of previous years.

(ii) Deferred tax

Deferred income tax is recognised on all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements, with the following exceptions:

- deferred income tax assets are recognised only to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, carried forward tax credits or tax losses can be utilised.

Deferred income tax assets and liabilities are measured on an undiscounted basis at the tax rates that are expected to apply when the related asset is realised or liability is settled, based on tax rates and laws enacted or substantively enacted at the reporting date.

The carrying amount of deferred income tax assets is reviewed at each reporting date. Deferred income tax assets and liabilities are offset, only if a legally enforceable right exists to set off current tax assets against current tax liabilities, the deferred income taxes relate to the same taxation authority and that authority permits the company to make a single net payment.

Income tax is charged or credited to other comprehensive income if it relates to items that are charged or credited to other comprehensive income. Similarly, income tax is charged or credited directly to equity if it relates to items that are credited or charged directly to equity. Otherwise income tax is recognised in the profit or loss.

The Company has elected to be taxed under the Norwegian tonnage tax system with effect from 1 January 2013. No taxable gain has been identified when entering into the tonnage tax system and previous tax losses brought forward have been lost. The tax loss carried forward is not recognised in the statement of financial position due to uncertainty over whether it will be recoverable.



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2. Accounting policies (cont'd.)

2.5 Significant accounting policies (cont'd.)

(o) *Fair value measurements*

Fair value of an asset or a liability, except for lease transactions and measurement that has some similarities to fair value but are not fair value such as net realisable value in IAS 2, Inventories and IAS 36, Impairment of Assets, is determined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The measurement assumes that the transaction to sell the asset or transfer the liability takes place either in the principal market or in the absence of a principal market, in the most advantageous market.

(i) **Financial instruments**

The fair value of financial instruments that are actively traded in organised financial markets is determined by reference to quoted market bid prices at the close of business at the end of reporting date. For financial instruments where there is no active market, fair value is determined using valuation techniques. Such techniques may include using recent arm's length market transactions; reference to the current fair value of another instrument that is substantially the same; discounted cash flow analysis or other valuation models. Where fair value cannot be reliably estimated, assets are carried at cost less impairment losses, if any.

(ii) **Non-financial assets**

For non-financial assets, the fair value measurement takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

When measuring the fair value of an asset or a liability, the Company use observable market data as far as possible. Fair value are categorised into different levels in a fair value hierarchy based on the input used in the valuation technique as follows:

- (a) Level 1 Quoted prices (unadjusted) in active markets for identical assets or liabilities.
- (b) Level 2 Input 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).



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2. Accounting policies (cont'd.)

2.5 Significant accounting policies (cont'd.)

(o) Fair value measurements (cont'd.)

(ii) Non-financial assets (cont'd.)

(c) Level 3 Input for the asset or liability that are not based on observable market data (unobservable input).

The fair value of an asset to be transferred between levels is determined as of the date of the event or change in circumstances that caused the transfer.

(p) Dividend

Proposed dividend payout is only accrued for upon shareholders' approval of the dividend.

(q) Borrowing costs

Borrowing costs are recognised in profit or loss in the period in which they are incurred.

3. Revenue

	2020 USD'000	2019 USD'000
Time charter income	33,093	42,463

4. Other operating income

	2020 USD'000	2019 USD'000
Interest income	60	184



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5. Profit before taxation

Profit before taxation is stated after charging:

	2020 USD'000	2019 USD'000
Auditors' remuneration		
- statutory audits	29	29
- others	14	15
Depreciation on ships (Note 7)	14,531	13,151
Realised exchange loss	123	3
Unrealised exchange loss	7	6
	<u>7</u>	<u>6</u>

The Board of Directors has not received any remuneration in 2020 or 2019.

6. Taxation

	2020 USD'000	2019 USD'000
Tax base estimation		
Ordinary result before taxation	807	12,129
Permanent differences	1,313	(11,365)
Change in temporary differences	-	-
Tax base	<u>2,120</u>	<u>764</u>
Income tax expense		
Tax payable	466	168
Change in deferred tax	-	-
Total income tax expense	<u>466</u>	<u>168</u>



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6. Taxation (cont'd.)

	2020 USD'000	2019 USD'000
Reconciliation tax expense against profit before taxation		
Expected income taxes, statutory tax rate 22% of profit before taxation	178	2,669
Permanent differences at 22%	288	(2,500)
Change in temporary differences at 22%	-	-
Attributable to change in tax rate (23% to 22%)	-	(8)
Not recognised change in deferred tax	(466)	(168)
Income tax expense	<u>-</u>	<u>(7)</u>
Temporary differences outlined		
Financial loss under tonnage tax carried forward	4,047	2,378
Revaluation account	(824)	(1,358)
Sub-total	<u>3,223</u>	<u>1,020</u>
Deferred tax asset /(liability)	709	225
Deferred tax asset not recognised	(709)	(225)
Total	<u>-</u>	<u>-</u>
Tonnage tax (presented within other operational expenses)	<u>36</u>	<u>36</u>

The Company elected to be taxed under the Norwegian tonnage tax system with effect from 1 January 2013. No taxable gain has been identified when entering into the tonnage tax system and previous tax losses brought forward have been lost.

The tax loss carried forward is not recognised in the Statement of Financial Position due to uncertainty over whether it will be recoverable.



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7. Ships

	Ships in operation and related drydocking USD'000
At 31 December 2020	
Cost	
At 1 January 2020	277,247
Additions	7,891
Written off	(467)
At 31 December 2020	<u>284,671</u>
Accumulated depreciation	
At 1 January 2020	59,900
Depreciation charge	14,531
Written off	(467)
At 31 December 2020	<u>73,964</u>
Net carrying amount	<u>210,707</u>
At 31 December 2019	
Cost	
At 1 January 2019	277,193
Additions	83
Written off	(29)
At 31 December 2019	<u>277,247</u>
Accumulated depreciation	
At 1 January 2019	46,754
Depreciation charge	13,151
Written off	(5)
At 31 December 2019	<u>59,900</u>
Net carrying amount	<u>217,347</u>

The net carrying amount of ships pledged as security for borrowings (Note 10) are USD210,707,000 (2019: USD217,347,000).



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8. Other receivables

	2020 USD'000	2019 USD'000
Current		
Other third party receivables	2,895	4,856
	<u>2,895</u>	<u>4,856</u>
Total other receivables	2,895	4,856
Add: Bank balances	16,438	18,366
Total financial assets carried at amortised cost	<u>19,333</u>	<u>23,222</u>

Other third party receivables

Included in other third party receivables are advances made to suppliers for the purpose of management of ships and insurance claims on ships. The advances are unsecured, non-interest bearing and repayable upon demand.

Other receivables are neither past due nor impaired as at the reporting date.

9. Bank balances

Included in bank balances are the earnings accounts, debt service retention accounts, debt service reserve accounts, dry dock reserve accounts and dividend distribution accounts of USD16,204,000 (2019: USD16,781,000) which are restricted for use because these are pledged to the bank for the purpose of acquisition of ships.

10. Loans and borrowings

	2020 USD'000	2019 USD'000
Non-current		
<u>Secured:</u>		
Term loan	77,036	98,316
<u>Unsecured:</u>		
Loan from a related company	2,375	-
	<u>79,411</u>	<u>98,316</u>
Current		
<u>Secured:</u>		
Term loan	21,280	21,280

The term loan is repayable by way of 28 equal consecutive quarterly instalments and an additional instalment as the last payment. Loan from a related company is repayable by a single bullet installment by 30 November 2022.



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10. Loans and borrowings (cont'd.)

The secured term loan is secured by mortgages over two ships, corporate guarantee by AET Tanker Holdings Sdn. Bhd., share charges, together with charter agreements and insurance of the relevant assets as well as earnings accounts, retention accounts, debt service reserve accounts, dry dock reserve accounts and dividend distribution accounts. The carrying values of the ships pledged and retention accounts restricted for use are stated in Note 7 and Note 9 respectively.

The range of interest rates as at the reporting date of the above interest-bearing loans and borrowings are as follows:

	2020 %	2019 %
Fixed rate		
Term loan	2.9-3.45	2.9-3.45
Floating rate		
Loan from a related company	1.76	-

Maturity of borrowings:

	2020 USD'000	2019 USD'000
Within one year	21,280	21,280
More than 1 year and within 5 years	79,411	98,316
	<u>100,691</u>	<u>119,596</u>

During the security period, the Company shall ensure that the Debt Service Coverage Ratio (in relation to each Tranche), measured by the Company's cash available for debt service from earnings minus operating expenses, insurance premiums or costs, taxes, fees, and any other general or administrative expenses over aggregate of the amount of interest on the loan which is payable, each principal amount which is scheduled to be repaid, all fees and expenses which are payable and net hedging expenses on a semi-annual basis (taking into account the previous 12 months) is not less than 1.10:1. As at 31 December 2020, the Company is in compliance with all financial covenants.

Changes in liabilities arising from financing activities:

	Term loan USD'000	Loan from a related company USD'000	Total USD'000
At 1 January 2020	119,596	-	119,596
(Repayment)/drawdown during the year	(21,280)	2,375	(18,905)
At 31 December 2020	<u>98,316</u>	<u>2,375</u>	<u>100,691</u>



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10. Loans and borrowings (cont'd.)

Changes in liabilities arising from financing activities: (cont'd.)

	Term loan USD'000	Loan from a related company USD'000	Total USD'000
At 1 January 2019	140,876	-	140,876
Repayment during the year	(21,280)	-	(21,280)
At 31 December 2019	<u>119,596</u>	<u>-</u>	<u>119,596</u>

11. Trade and other payables

	2020 USD'000	2019 USD'000
Non-current		
Trade payable		
Deferred income	<u>111</u>	<u>441</u>
Current		
Trade payables		
Deferred income	4,032	327
Third party	1,535	974
Related companies	550	547
	<u>6,117</u>	<u>1,848</u>
Other payables		
Accrued operating expenses	185	180
Loan interest payable to a bank	625	780
Related companies	3,800	22
	<u>4,610</u>	<u>982</u>
Total current trade and other payables	<u>10,727</u>	<u>2,830</u>
Total trade and other payables	10,838	3,271
Less: Deferred income	(4,143)	(768)
Add: Loans and borrowings (Note 10)	100,691	119,596
Total financial liabilities carried at amortised cost	<u>107,386</u>	<u>122,099</u>

Trade payables are non-interest bearing and the normal trade credit terms granted to the Company range from 7 to 30 days.

Amounts due to related companies are unsecured, interest free and repayable upon demand.

Deferred income related to time charter revenue paid in advance by a customer.



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12. Derivative liabilities

	2020 USD'000	2019 USD'000
Non-current		
Interest rate swap "IRS" - effective hedge	2,360	1,138

Swap A

The arrangement is to hedge the Company's USD term loan facility with a notional amount as at 31 December 2020 of USD49.7 million (2019: USD60.8 million). Under this arrangement, the Company pays fixed interest rate of 1.90% to 2.45% per annum and receives cash flows at floating rates. This interest rate swap arrangement matures on 6 May 2022.

Swap B

The arrangement is to hedge the Company's USD term loan facility with a notional amount as at 31 December 2020 of USD48.6 million (2019: USD58.8 million). Under this arrangement, the Company pays fixed interest rate of 1.96% to 2.43% per annum and receives cash flows at floating rates. This interest rate swap arrangement matures on 4 July 2022.

13. Share capital

	Number of shares '000	Par value NOK	Share capital NOK'000
31 December 2020			
A-shares	4,400	1	4,400
31 December 2019			
A-shares	4,400	1	4,400
Shareholders	Number of shares '000		Share of ownership
AET UK Limited		4,218	95%
ADS Shipping Limited		222	5%
Total shares		4,440	100%

All shares give equal rights in the Company.

14. Hedging reserve

Hedging reserve represents the effective portion of the gain or loss on a hedging instrument in the Company's cash flow hedge.



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15. Fair value disclosures

Fair value information

The carrying amounts of bank balances, short term receivables and payables and short term borrowings reasonably approximate their fair values due to the relatively short term nature of these financial instruments. The carrying amounts of floating rate loans and borrowings reasonably approximate their fair values as they are repriced to market interest rates on or near the reporting date.

The following table analyses financial instruments carried at fair value and those not carried at fair value for which fair value is disclosed, together with their fair values and carrying amounts shown in the statement of financial position.

Fair value of financial instruments carried at fair value

	Level 1 USD'000	Level 2 USD'000	Level 3 USD'000	Total USD'000
31 December 2020				
Financial Liability				
Interest rate swap (Note 12)	-	2,360	-	2,360
31 December 2019				
Financial Liability				
Interest rate swap (Note 12)	-	1,138	-	1,138

Fair value of financial instruments not carried at fair value

	Level 1 USD'000	Level 2 USD'000	Level 3 USD'000	Total USD'000	Carrying Amount USD'000
31 December 2020					
Financial Liabilities					
Bank loan secured (Note 10)	-	76,087	-	76,087	77,036
Loan from a related company (Note 10)	-	2,333	-	2,333	2,375
31 December 2019					
Financial Liability					
Bank loan secured (Note 10)	-	95,468	-	95,468	98,316



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15. Fair value disclosures (cont'd.)

Fair value information (cont'd.)

Transfers between Level 1 and Level 2 fair values

There has been no transfers between Level 1 and Level 2 fair values during the financial year.

Level 1 fair value

Level 1 fair value is derived from quoted price (unadjusted) in active markets for identical assets that the entity can assess at the measurement date.

Level 2 fair value

Level 2 fair value is estimated using inputs other than quoted prices included within Level 1 that are observable for the asset either directly or indirectly.

The fair value of the fixed rate loan and borrowings which is determined for disclosure purposes is calculated by discounting expected future cash flows at the market rate of interest at the end of the reporting period.

Interest rate swap contract is valued using a valuation technique with market observable inputs. The most frequently applied valuation technique includes swap model, using present value calculations. The model incorporates various inputs including the credit quality of counterparties and interest rate curves.

Level 3 fair value

Level 3 fair value is estimated using unobservable inputs that are not based on observable market data.

16. Commitments

(a) Operating lease commitments - Company as lessor

	2020 USD'000	2019 USD'000
Not later than 1 year	43,701	43,619
Later than 1 year and not later than 5 years	18,645	62,229
	<u>62,346</u>	<u>105,848</u>

Operating lease income represent long-term lease arrangements with a third party for charter out of ships. These leases have remaining firm period of less than 2 years.



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17. Related parties

In addition to related party disclosure elsewhere in the financial statements, set out below are other significant related party transactions and balances which took place at terms agreed between the parties during the financial year.

	2020 USD'000	2019 USD'000
Immediate holding company		
Management fee expense	106	106
Related company		
Management fee expense	253	215

18. Financial risk management policies and objectives

The Company is exposed to financial risks arising from its operations. The key financial risks include credit risk, liquidity risk, interest rate risk and foreign currency risk.

The Board of Directors reviews and agrees policies and procedures for the management of these risks, which are executed by the Senior Management Team. The Board provides independent oversight to the effectiveness of the risk management process.

It is and has been throughout the current and previous financial year, the Company's policy that no speculative trading in derivative financial instruments shall be undertaken.

The following sections provide details regarding the Company's exposure to the above-mentioned financial risks and the objectives, policies and processes for the management of these risks.

(a) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting financial obligations due to shortage of funds. The Company's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and financial liabilities. The Company's objective is to maintain a balance between continuity of funding and flexibility through the use of a third party bank loan.



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18. Financial risk management objectives and policies (cont'd.)

(a) Liquidity risk (cont'd.)

Analysis of financial instruments by remaining contractual maturities

The table below summarises the maturity profile of the Company's financial liabilities as at the reporting date based on contractual undiscounted repayment obligations:

	Carrying amount USD'000	Contractual cash flows USD'000	Within one year USD'000	One to five years USD'000
2020				
Financial liabilities:				
Trade and other payables (Note 11)	6,695	6,695	6,695	-
Loans and borrowings (Note 10)	100,691	102,438	22,435	80,003
Derivative liabilities (Note 12)	2,360	2,602	1,730	872
Total undiscounted financial liabilities	<u>109,746</u>	<u>111,735</u>	<u>30,860</u>	<u>80,875</u>
2019				
Financial liabilities:				
Trade and other payables (Note 11)	2,503	2,503	2,503	-
Loans and borrowings (Note 10)	119,596	126,715	24,491	102,224
Derivative liabilities (Note 12)	1,138	670	302	368
Total undiscounted financial liabilities	<u>123,237</u>	<u>129,888</u>	<u>27,296</u>	<u>102,592</u>

As at 31 December 2020, the net current liabilities of the Company was USD12,676,000 (2019: USD888,000). The financial statements have been prepared on a going concern basis as AET Pte. Ltd. has undertaken to provide continuing financial support to enable the Company to meet its obligations and liabilities as and when fall due.



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18. Financial risk management policies and objectives (cont'd.)

(b) Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The functional currency of the Company is United States Dollars ("USD") in which the majority of the transactions of the Company are denominated.

The unhedged financial assets and liabilities of the Company that are not denominated in their functional currencies are as follows:

	2020 USD'000	2019 USD'000
Bank balances		
Norwegian Krone	14	41
Trade and other payables		
Sterling Pound	118	12

Sensitivity analysis for foreign currency risk

The following table demonstrates the sensitivity of the Company's results before taxation to a reasonably possible change in exchange rates against the USD functional currency of the Company, with all other variables held constant.

	Change in currency rate	Effect on profit before taxation (Decrease)/Increase	
		2020 USD'000	2019 USD'000
	%		
NOK/USD	+10%	(1)	(4)
	-10%	1	4
GBP/USD	+10%	12	1
	-10%	(12)	(1)

(c) Credit risk

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations. The Company's exposure to credit risk arises primarily from other receivables. For other financial assets (including bank balances), the Company minimises credit risk by dealing exclusively with high credit rating counterparties.



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18. Financial risk management policies and objectives (cont'd.)

(c) Credit risk (cont'd.)

The Company's objective is to seek continual revenue growth while minimising losses incurred due to increased credit risk exposure. The Company trades only with recognised and creditworthy third parties. It is the Company's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis with the result that the Company's exposure to bad debts is not significant.

The Company performs credit rating assessment of all its counterparties in order to measure ECLs of other receivables for all segments using the PETRONAS Credit Risk Rating System. This credit rating assessment considers quantitative assessment using the counterparties' financial statements or a qualitative assessment of the counterparties, which includes but is not limited to their reputation, competitive position, industry and geopolitical outlook.

In determining the ECL, the probability of default assigned to each counterparty is based on their individual credit rating. This probability of default is derived by benchmarking against available third party and market information, which also incorporates forward looking information. The Company's exposure to ECL is not significant.

Exposure to credit risk

At the reporting date, the Company's maximum exposure to credit risk is represented by the carrying amount of each class of financial assets recognised in the statements of financial position.

Financial assets that are neither past due nor impaired

Information regarding other receivables that are neither past due nor impaired is disclosed in Note 8.

(d) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the Company's financial instruments will fluctuate because of changes in market interest rates.

Short term receivables and payables are not significantly exposed to interest rate risk.



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18. Financial risk management policies and objectives (cont'd.)

(d) Interest rate risk (cont'd.)

The Company's variable rate borrowings are exposed to a risk of change in cash flows due to changes in interest rates. To manage this exposure, the Company enters into interest rate swap in which the Company agrees to exchange at specified intervals, the difference between fixed and floating rate interest amounts calculated by reference to an agreed upon notional amount.

As at reporting date, the total notional principal amount of interest rate swap of the Company is USD98.3 million (2019: USD119.6 million). The fixed interest rate relating to interest rate swaps at the reporting date ranges from 1.90% to 2.45% per annum.

The interest rate profile of the Company's interest-bearing financial instruments based on carrying amount as at reporting date was:

	2020 USD'000	2019 USD'000
Fixed rate instrument		
<i>Financial liability</i>		
Bank loan - secured*	98,316	119,596
Floating rate instruments		
<i>Financial asset</i>		
Cash at banks	16,204	17,023
<i>Financial liability</i>		
Loan from a related company	2,375	-

* The Company had entered into interest rate swap arrangements on bank loans as disclosed in Note 10.

Sensitivity analysis for interest rate risk

At the reporting date, if the interest rate had been 10 basis points higher/lower, with all other variables held constant, the Company's profit after taxation would have been approximately USD14,000 higher/lower (2019: USD17,000 higher/lower). The assumed movement in basis points for interest rate sensitivity analysis is based on the current observable market environment.



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19. Capital management

The primary objective of the Company's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximise shareholder value and to be in compliance with the requirements included in its loan agreements, as further discussed in Note 10.

20. Minority shareholder

The 5% minority shareholding in the Company is owned by ADS Shipping Limited, a company registered in The Republic of Cyprus.

21. Events after the reporting date

No subsequent events that might materially affect the Financial Statements have taken place between 31 December 2020 and the date when the Financial Statements are authorised for issue.



Skattedirektoratet

Saksbehandler Torstein Kinden Helleland	Deres dato 10.06.2013	Vår dato 14.06.2013
Telefon 22078139	Deres referanse 523077-002jar	Vår referanse 2013/450748

WIKBORG, REIN & CO DA
Postboks 1513 Vika
0117 OSLO

18 JUN 2013

Tillatelse til å utarbeide årsregnskap og årsberetning på engelsk språk for AET Sea Shuttle AS, org. nr. 998 584 531

Det vises til deres brev av 11. juni 2013 der det søkes om dispensasjon fra kravet til å utarbeide årsregnskap og årsberetning på norsk språk for AET Sea Shuttle AS.

Skattedirektoratet gir på bakgrunn av en konkret helhetsvurdering AET Sea Shuttle AS dispensasjon fra kravet til å utarbeide årsregnskap og årsberetning på norsk språk, jf. regnskapsloven § 3-4 tredje ledd.

Dispensasjonen forutsetter at opplysningene som vedtaket baserer seg på ikke endres vesentlig.

Bakgrunn

AET Sea Shuttle AS er et nyetablert shippingselskap innenfor tankfart. Selskapet ble stiftet i 2012 og har inngått en langsiktig kontrakt med Statoil for sine to første shuttletankere. Skipene skal bygges på Samsung Heavy Industries i Korea og vil betjene oljefelter på norsk side i Nordsjøen og Barentshavet. Selskapets ultimate morselskap er hjemmehørende i Malaysia, mens det regionale kontoret for virksomheten ligger i London. Shipping er en internasjonal bransje og alle sentrale aktører og samarbeidspartnere innen denne bransjen behersker og benytter engelsk. Selskapet har engelsk som arbeidsspråk. En norsk oversettelse vil kun ha til formål å oppfylle regnskapslovens språkkrav.

Skattedirektoratets vurdering

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

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

”Regjeringen har som siktemål at regnskapsloven skal bidra til informative regnskaper for ulike grupper av regnskapsbrukere. Regnskapsbrukerne er dels investorer og kreditorer som tilfører kapital til foretakene, og dels andre grupper som har interesse av å vite hvordan

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foretaket drives, f.eks. de ansatte og lokalsamfunnet. Informasjonen til kapitalmarkedet skal gi grunnlag for riktig prising av finansielle objekter. Riktig prisdannelse på aksjer er en forutsetning for at ressursbruken i samfunnsøkonomien skal bli best mulig. Gode regnskaper vil også gjøre det vanskeligere for markedsdeltakere å ta ut spekulasjonsgevinster med basis i skjevt fordelt informasjon.”

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

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

Det er særlig hensynet til brukerne av regnskapsinformasjon som skal vurderes ved en dispensasjonssøknad. I denne vurderingen har Skattedirektoratet lagt særlig vekt på at selskapet er eiet av et utenlandsk selskap. Eierkretsen er således begrenset. Selskapets arbeidsspråk er engelsk og all kommunikasjon skjer på engelsk. Videre er det vektlagt at selskapet driver virksomhet i en internasjonal bransje der alle aktører behersker og benytter engelsk språk.

Vennligst oppgi vår referanse ved henvendelser i saken.

Med hilsen

Rune Tystad

seniorrådgiver

Rettsavdelingen, foretaksskatt

Skattedirektoratet

Torstein Kinden Helleland