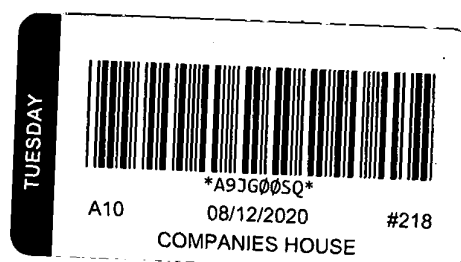


AET UK Limited

Registered number 4016287

Report and Financial Statements

31 December 2019



AET UK Limited
Registered in England number 4016287

Directors

John Baptist Manuel Peter
Peter Liew Guan Hock
Jyoti Sharma Krishna Kumar

Auditor

Ernst & Young LLP
1 More London Place
London
SE1 2AF

Registered office

11th Floor
30 St. Mary Axe
London
United Kingdom
EC3A 8EP

Bankers

Citibank
Canada Square
Canary Wharf
London
E14 5LB

AET UK Limited
Registered in England number 4016287

Strategic Report

The directors present their strategic report for the year ended 31 December 2019.

Business review

The Company provides corporate services to other companies within the AET Group.

The Company's profit for the period 2019 is £887,000 compared to a loss of £3,192,000 in 2018. The movement in profit reflects fluctuations in the foreign exchange rates.

During 2019 the Company expanded its services provided to the AET Group to include Joint Venture and Business Development. John Baptist Manuel Peter remains as Global Director for Very Large Crude Carriers (VLCC) and Dynamic Positioning Shuttle Tankers, he is based out of London and is remunerated by the Company.

Key Performance Indicators (KPI)

The Company is a service company and performance is measured at the AET Group level against agreed Group overhead budgets and the successful provision of the services to the Group. Key performance indicators for such overheads and services are not monitored at the individual company level.

Investment in subsidiary, AET Sea Shuttle AS and AET Sea Shuttle II AS

In December 2014, as part of an equity restructuring of AET Sea Shuttle AS, the Company subscribed to 4,299,750 new ordinary shares of NOK1 in AET Sea Shuttle AS for a total consideration of NOK 452,333,700 (GBP 39.3million). The funds to finance this investment were provided from AET Inc Limited by reassigning to AET UK Limited a loan for USD 61,425,000 (GBP 39.3million) being part of a loan previously provided from AET Inc Limited to AET Sea Shuttle AS. On 23 April 2015 the Company reduced its shareholding in AET Sea Shuttle AS from 97.5% to 95.0% by sale of shares to the minority shareholder, ADS Shipping Limited. In December 2017 the loan between the Company and AET Inc Limited was novated with AET Tankers Pte Ltd becoming the new lender. On 4 September 2019 AET Tankers Pte Ltd assigned its receivable due from the Company over to AET Petroleum Tanker (M) Sdn. Bhd.

On 4 July 2019 the Company subscribed to 28,500 new ordinary shares of NOK1 in AET Sea Shuttle II AS for a total consideration of NOK28,500 (GBP2,710.00).

Principal risks and uncertainties

The Company's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities. The Company's objective is to maintain a balance between continuity of funding and flexibility through the use of management fee recharges to related parties. Liquidity is managed at the AET Group level and monitored through the forecasting of cash requirements by the Company.

The majority of the transactions of the Company are in the functional currency (GBP), however the Company is exposed to some foreign exchange risk arising from intra-group transactions and balances denominated in US dollars.

AET UK Limited
Registered in England number 4016287
Strategic Report (continued)

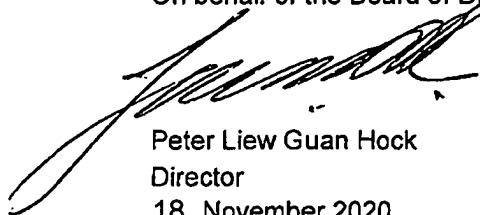
Principal risks and uncertainties (continued)

In December 2014 the Company financed an equity investment in its subsidiary company, AET Sea Shuttle AS, by way of a USD denominated loan. The future earnings and dividend potential of AET Sea Shuttle AS will be determined in USD and therefore the effect of the foreign currency exchange risk on the loan and on the interest payable should be matched over time with the foreign currency exchange risk on the potential dividend stream from AET Sea Shuttle AS.

The Company's exposure to interest rate risk arises primarily from its borrowings at floating rates of interest linked to LIBOR. All of the Company's financial liabilities at floating rates are contractually re-priced at intervals of 3 months.

The Company has the support of its fellow subsidiaries and immediate parent company.

On behalf of the Board of Directors



Peter Liew Guan Hock
Director
18 November 2020

AET UK Limited
Registered in England number 4016287
Directors' Report

The directors present their report for the year ended 31 December 2019.

Dividends

The directors do not recommend the payment of a dividend (2018: £nil).

Future developments

In November 2020 the Company will move into a new office premises. The new registered address for the Company will be 30 St. Mary Axe, London, EC3A8BF.

Financial instruments

The Company had initially financed its investment in its subsidiary company, AET Sea Shuttle AS, through a loan for USD 61,425,000 from AET Inc Limited, a fellow subsidiary in the AET Tanker Holdings Group. In December 2017 the loan was novated, with AET Tankers Pte Ltd replacing AET Inc Limited as the lender. On 4 September 2019 AET Tankers Pte Ltd assigned the loan receivable over to AET Petroleum Tanker (M) Sdn. Bhd. Other financial assets and liabilities, such as trade debtors and trade creditors, arise directly from the Company's operating activities.

Financial instruments give rise to foreign currency, interest rate and liquidity risk. Information on how these risks arise is set out in the Strategic Report, as are the objectives, policies and processes for their management and the methods used to measure each risk.

Events since the year-end

(i) Capitalisation of Loan

On 10 March 2020 the payable owed by the Company to AET Petroleum Tanker (M) Sdn. Bhd. was capitalised at Group level with AET Tanker Holdings Sdn. Bhd. in exchange for 61,500,000 ordinary shares in the Company at an aggregate subscription price of US\$61,535,166. On the 11 March 2020 AET Tanker Holdings Sdn. Bhd. then transferred its shareholding in the Company over to AET Singapore Holdings Pte Ltd.

(ii) COVID-19

A new coronavirus, now known as COVID-19, was identified in January 2020. Since then it has spread rapidly around the world and was declared a pandemic by the World Health Organisation on 11 March 2020. Governments' responses to this has included severe restrictions on movement of people as well as goods.

The COVID-19 outbreak is a non-adjusting post balance sheet event, however the impact will need to be considered in the 2020 Financial Statements. Management do not anticipate any negative impact on the financial results of the Company and recoverability of intercompany receivables.

Directors' Report (continued)

Going concern

The directors have assessed the going concern status of the Company and have satisfied themselves that there are reasonable grounds to conclude that the Company will continue and will not cease to trade within twelve months from the date of approval of the financial statements. The directors have made this assessment after giving due consideration to the agreements which are in place with the commercial companies within the AET Group. Based on these agreements the Company is able to recharge all costs incurred at cost plus mark-up.

As at 31 December 2019 the Company was in a net current liability and net liability position of £43.4 million and £5 million, respectively. The Company has subsequently settled its short-term loan payable through issue of the share capital to AET Tanker Holdings Sdn. Bhd., as a result the Company's net current assets and net assets position as at 31 August 2020 is £3.9 million and £42.3 million, respectively, and hence the Company is in strong financial position. The directors have considered the sufficiency of liquidity to cover the Company's expenses for the next 12 months. The company expects to cover its future expenses by using its cash and recovering its intercompany debt. The intercompany debt is collected from companies within the AET Group on demand via Group's treasury function. As a result of the cash flow and forecasts, the directors are confident the Company will be able to maintain liquidity and continue as a going concern for a period of not less than 12 months from the date of these financial statements.

Directors of the Company

The Directors, who held office throughout the year, and to the date of this report unless otherwise noted, were as follows:

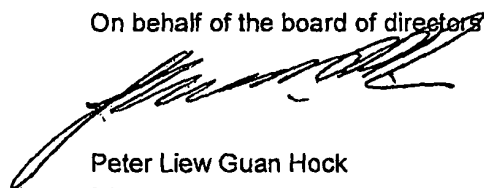
John Baptist Manuel Peter
Peter Liew Guan Hock
Jyoti Sharma Krishna Kumar

Directors' statement as to disclosure of information to auditor

The directors who were members of the board at the time of approving the directors' report are listed above. Having made enquiries of fellow directors and of the Company's auditor, each of these directors confirms that:

- to the best of each director's knowledge and belief, there is no information (that is, information needed by the Company's auditor in connection with preparing its report) of which the Company's auditor is unaware; and
- each director has taken all the steps a director might reasonably be expected to have taken to be aware of the relevant audit information and to establish that the Company's auditor is aware of that information.

On behalf of the board of directors



Peter Liew Guan Hock
Director

18 November 2020

AET UK Limited

Registered in England number 4016287

Statement of directors' responsibilities

The directors are responsible for preparing the strategic report, the directors' report and the financial statements in accordance with applicable UK law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law) including Financial Reporting Standard 101 "Reduced Disclosure Framework. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent; and
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF AET UK LIMITED

Opinion

We have audited the financial statements of AET UK Limited for the year ended 31 December 2019 which comprise Statement of Comprehensive Income, Statement of financial position and Statement of Changes in Equity and the related notes 1 to 19, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards including FRS 101 "Reduced Disclosure Framework" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the company's affairs as at 31 December 2019 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report below. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities 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.

Emphasis of matter – Effects of COVID-19

We draw attention to Note 18 of the financial statements, which describes the economic and social disruption the company is facing as a result of COVID-19 which is impacting consumer demand and commodity prices. Our opinion is not modified in respect of this matter.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF AET UK LIMITED (continued)

Other information

The other information comprises the information included in the annual report set out on pages 1 to 6, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, 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 we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 6, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine 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, the directors are 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 the directors either intend to liquidate the company or to cease operations, or have 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 includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) 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.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Ernst & Young LLP

Jacqueline Ann Geary (Senior statutory auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
London
Date: 19 November 2020

AET UK Limited
Registered in England number 4016287

Statement of comprehensive income
for the year ended 31/12/2019

	<i>Note</i>	<i>Dec-19</i> <i>£ 000</i>	<i>Dec-18</i> <i>£ 000</i>
<i>Continuing operations</i>			
Turnover	3	5,623	5,267
Administrative expenses		(5,083)	(4,743)
Operating profit	4	540	524
Dividend income	10	571	546
Interest income and similar income	7	1,561	-
Interest payable and similar charges	7	(1,660)	(4,171)
Profit / (loss) before taxation		1,012	(3,101)
Tax on profit / (loss)	8	(125)	(91)
Profit / (loss) for the financial year		887	(3,192)

There is no comprehensive income attributable to the shareholders of the Company other than the profit for the year.

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

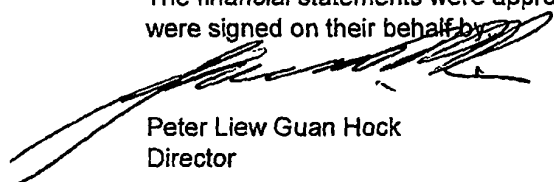
AET UK Limited
Registered in England number 4016287

Statement of financial position
for the year ended 31/12/2019

	<i>Note</i>	<i>Dec-19</i> <i>£ 000</i>	<i>Dec-18</i> <i>£ 000</i>
Fixed assets			
Tangible assets	9	177	321
Investments	10	38,268	38,265
		<u>38,445</u>	<u>38,586</u>
Current assets			
Right-of-use assets	11	254	-
Debtors	12	3,138	3,952
Cash at bank		1,831	853
		<u>5,223</u>	<u>4,805</u>
Creditors: amounts falling due within one year			
Creditors	13	943	3,433
Lease liability	14	278	-
Loan from related company	15	47,416	-
		<u>48,637</u>	<u>3,433</u>
Net current (liabilities) / assets		<u>(43,414)</u>	<u>1,372</u>
Long term liability			
Loan from related company	15	-	45,777
		<u>-</u>	<u>45,777</u>
Net liabilities		<u>(4,969)</u>	<u>(5,819)</u>
Equity			
Share capital	16	-	-
Profit and loss account		(4,969)	(5,819)
Deficiency in equity		<u>(4,969)</u>	<u>(5,819)</u>

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

The financial statements were approved by the board of directors on 18 November 2020 and were signed on their behalf by



Peter Liew Guan Hock
 Director

AET UK Limited
Registered in England number 4016287

Statement of changes in equity
for the year ended 31/12/2019

	Non-distributable Share capital £ 000	Distributable Profit and loss account £ 000	Deficiency in equity £ 000
At 1 January 2018	*	(2,627)	(2,627)
Loss for the year representing total comprehensive loss	-	(3,192)	(3,192)
At 31 December 2018	*	(5,819)	(5,819)
Effect of adoption of IFRS 16 (Note 2.3(e))	-	(37)	(37)
At 31 December 2018 as adjusted	*	(5,856)	(5,856)
Profit for the year representing total comprehensive income	-	887	887
At 31 December 2019	*	(4,969)	(4,969)

* Actual share capital is £100

1 Authorisation of financial statements and statement of compliance with FRS 101

The financial statements of AET UK Limited (the "Company") for the year ended 31 December 2019 were authorised for issue by the board of directors on 18 November 2020 and the statement of financial position was signed on the board's behalf by Peter Liew Guan Hock. AET UK Limited is incorporated and domiciled in England and Wales.

The Company is a private company limited by shares and meets the definition of a qualifying entity under Financial Reporting Standard 100 and has adopted Financial Reporting Standard 101 Reduced Disclosure Framework for its 2019 accounts.

These financial statements were prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework (FRS 101) and in accordance with the provisions of the Companies Act 2006.

The Company's financial statements are presented in Sterling and all values are rounded to the nearest thousand pounds (£000) except when otherwise indicated.

The Company has taken advantage of the exemption under s401 of the Companies Act 2006 not to prepare group accounts as it is a wholly owned subsidiary. The ultimate parent company and controlling party is Petroliaam Nasional Berhad, a company incorporated and listed in Malaysia. The immediate parent company is AET Tanker Holdings Sdn. Bhd. which is 100% owned by the intermediate parent company, MISC Berhad, a company incorporated and listed in Malaysia. The results of the company are consolidated into the consolidated financial statements of AET Tanker Holdings Sdn. Bhd. and MISC Berhad. Copies of MISC Berhad financial statements are available from Group Public Affairs, MISC Berhad, Menara Dayabumi, Jalan Sultan Hishamuddin, 50050Kuala Lumpur, Malaysia.

The principal accounting policies adopted by the Company are set out in note 2.

2 Significant accounting policies, judgements, estimates and assumptions

2.1 Basis of preparation

The financial statements for the Company are prepared under FRS 101 for all periods

The accounting policies which follow set out those policies which apply in preparing the financial statements for the year ended 31 December 2019 which have been consistently applied to all years presented.

The Company has taken advantage of the following disclosure exemptions under FRS 101:

- a) the requirements of IFRS 7 Financial Instruments: Disclosures;
- b) the requirements of paragraphs 91-99 of IFRS 13 Fair Value Measurement;
- c) the requirement in paragraph 38 of IAS 1 'Presentation of Financial Statements' to present comparative information in respect of:
 - (i) paragraph 79(a)(iv) of IAS 1; and
 - (ii) paragraph 73(e) of IAS 16 Property, Plant and Equipment;
- d) the requirements of paragraphs 10(d), 10(f), 39(c) and 134-136 of IAS 1 Presentation of Financial Statements;
- e) the requirements of IAS 7 Statement of Cash Flows;

2 Significant accounting policies, judgements, estimates and assumptions (continued)

2.1 Basis of preparation (continued)

- f) the requirements of paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors;
- g) the requirements of paragraph 17 of IAS 24 Related Party Disclosures; and
- h) the requirements in IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member.

The directors have assessed the going concern status of the Company and have satisfied themselves that there are reasonable grounds to conclude that the Company will continue and will not cease to trade within twelve months from the date of approval of the financial statements. The directors have made this assessment after giving due consideration to the agreements which are in place with the commercial companies within the AET Group. Based on these agreements the Company is able to recharge all costs incurred at cost plus mark-up.

As at 31 December 2019 the Company was in a net current liability and net liability position of £43.4 million and £5 million, respectively. The Company has subsequently settled its short-term loan payable through issue of the share capital to AET Tanker Holdings, as a result the Company's net current assets and net assets position as at 31 August 2020 is £3.9 million and £42.3 million, respectively, and hence the Company is in strong financial position. The directors have considered the sufficiency of liquidity to cover the Company's expenses for the next 12 months. The company expects to cover its future expenses by using its cash and recovering its intercompany debt. The intercompany debt is collected from companies within the AET Group on demand via Group's treasury function. As a result of the cash flow and forecasts, the directors are confident the Group will be able to maintain liquidity and continue as a going concern for a period of not less than 12 months from the date of these financial statements.

2.2 Judgements and key sources of estimation uncertainty

The preparation of financial statements 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. 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.

There are no significant areas of estimation uncertainty and critical judgements in applying accounting policies that have significant effect on the amounts recognised in the financial statements.

2.3 Significant accounting policies

a) Foreign currency translation

The Company's financial statements are presented in Sterling which is also the functional currency of the Company.

Transactions in foreign currencies are initially recorded by applying the spot exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the year-end date. All differences are taken to profit or loss.

2 Significant accounting policies, judgements, estimates and assumptions (continued)

2.3 Significant accounting policies (continued)

a) *Foreign currency translation (continued)*

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

b) *Investment*

The investment in subsidiary is held at historical cost less any applicable provision for impairment.

c) *Tangible fixed assets*

Tangible fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses. Cost comprises the aggregate amount paid and the fair value of any other consideration given to acquire the asset and includes costs directly attributable to making the asset capable of operating as intended.

Depreciation is provided on all tangible fixed assets, other than land, on a straight-line basis over its expected useful life as follows:

Leasehold improvements	- remaining term of lease
Fixtures and fittings	- 5 years
Telecommunications equipment	- 5 years
Office equipment	- 3 years
Computer equipment	- 3 years

The carrying values of tangible fixed assets are reviewed for impairment if events or changes in circumstances indicate the carrying value may not be recoverable, and are written down immediately to their recoverable amount. Useful lives and residual values are reviewed annually and where adjustments are required these are made prospectively.

Tangible fixed assets are derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the derecognition of the asset is included in profit or loss in the period of derecognition.

d) *Impairment of assets*

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Company makes an estimate of the asset's recoverable amount in order to determine the extent of the impairment loss. An asset's recoverable amount is the higher of an asset's fair value less costs to sell and its value in use. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. Impairment losses on continuing operations are recognised in profit or loss in those expense categories consistent with the function of the impaired asset.

For assets where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, not to exceed the carrying amount that would have been determined, net of depreciation, had no impairment losses been recognised for the asset in prior years. A reversal of impairment loss is recognised immediately in profit or loss.

2 Significant accounting policies, judgements, estimates and assumptions (continued)

2.3 Significant accounting policies (continued)

e) Adoption of IFRS 16

IFRS 16 supersedes IAS 17 Leases, IFRIC 4 Determining whether an Arrangement contains a Lease, SIC-15 Operating Leases-Incentives and SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to recognise most leases on the balance sheet.

The Company has adopted IFRS 16 Leases, that is effective for annual period beginning on or after 1 January 2019. The adoption of this standard and interpretations did not have any effect on the financial performance or position of the Company except as disclosed below.

First time adoption of IFRS 16 Leases, IFRS 16 introduces a single, on balance sheet lease accounting for lessees. A lessee recognises a right of use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. The lessee shall choose to measure the right of use asset at either its carrying amount as if IFRS 16 has been applied since inception or an amount equal to the lease liability. There are recognition exemptions for short-term leases, leases of low value items and variable lease payments. Lessor accounting remains similar - i.e. lessors continue to classify leases as finance or operating leases.

The Company has elected the modified retrospective approach with no restatement of comparatives. The adoption of IFRS 16 resulted in the following key effects to the balance sheet of the company.

	Company £000
Asset	
At 1 January 2019 - Right-of-use assets	560
Liabilities	
At 1 January 2019 - Lease liabilities	(597)
Accumulated losses	
At 1 January 2019	(37)

f) Provisions for liabilities

A provision is recognised when the Company has a legal or constructive obligation as a result of a past event; it is probable that an outflow of economic benefits will be required to settle the obligation; and a reliable estimate can be made of the amount of the obligation. If the effect is material, expected future cash flows are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability.

Where the Company expects some or all of a provision to be reimbursed, the reimbursement is recognised as a separate asset but only when recovery is virtually certain. The expense relating to any provision is presented in profit or loss net of any reimbursement. Where discounting is used, the increase in the provision due to unwinding of the discount is recognised as a finance cost.

2 Significant accounting policies, judgements, estimates and assumptions (continued)

2.3 Significant accounting policies (continued)

g) Financial instruments

Financial assets

Initial recognition and measurement

Financial assets are classified as financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, available-for-sale financial assets, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. The Company determines the classification of its financial assets at initial recognition. All financial assets are recognised initially at fair value plus, in the case of investments not at fair value through profit or loss, directly attributable transaction costs.

The Company's financial assets include cash at bank and receivables.

h) Financial instruments (continued)

Financial assets (continued)

Subsequent measurement

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

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are initially recognised at fair value and subsequently measured at amortised cost using the effective interest (EIR) method, less impairment. 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 is included in finance revenue in the income statement. Losses arising from impairment are recognised in the statement of comprehensive income.

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified as financial liabilities at fair value through profit or loss, loans and borrowings, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. The Company determines the classification of its financial liabilities at initial recognition. All financial liabilities are recognised initially at fair value and in the case of loans and borrowings, plus directly attributable transaction costs.

Subsequent measurement

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

Interest bearing loans and borrowings

Obligations for loans and borrowings are recognised when the Company becomes party to the related contracts and are measured initially at the fair value of consideration received less directly attributable transaction costs.

After initial recognition, interest bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method.

Gains and losses arising on the repurchase, settlement or otherwise cancellation of liabilities are recognised respectively in interest receivable and interest payable.

2 Significant accounting policies, judgements, estimates and assumptions (continued)

2.3 Significant accounting policies (continued)

l) Financial instruments (continued)

Financial liabilities (continued)

Derecognition of financial liabilities

A liability is generally derecognised when the contract that gives rise to it is settled, sold, cancelled or expires.

Where 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, such that the difference in the respective carrying amounts together with any costs or fees incurred are recognised in profit or loss.

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.

j) Trade and other debtors

Trade debtors are all related party transactions which are recognised and carried at the lower of their original invoiced value and recoverable amount.

k) Cash at bank and in hand

Cash and short term deposits in the statement of financial position comprise cash at banks and in hand and short term deposits with an original maturity of three months or less.

l) Income taxes

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates and laws that are enacted or substantively enacted by the year-end date.

2 Significant accounting policies, judgements, estimates and assumptions (continued)

2.3 Significant accounting policies (continued)

m) Income taxes (continued)

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 year-end date.

The carrying amount of deferred income tax assets is reviewed at each year-end 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 profit or loss.

n) Borrowing costs

Borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

o) Revenue recognition

Turnover

Turnover is recognised to the extent that it is probable that the economic benefits will flow to the Company and the turnover can be reliably measured. Turnover is measured at the fair value of the consideration received, excluding discounts, rebates, value added tax and other sales taxes.

Interest income

Interest income is recognised as interest accrues using the effective interest method. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument to its net carrying amount.

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3 Turnover

	<i>Dec-19</i>	<i>Dec-18</i>
	£ 000	£ 000
Turnover arises in the UK from management fees charged to related companies in the following geographical areas:		
Americas	3,469	3,612
Asia	2,071	1,204
Europe	83	451
	<u>5,623</u>	<u>5,267</u>

4 Operating profit

	<i>Dec-19</i>	<i>Dec-18</i>
	£ 000	£ 000
<i>Operating profit is shown after charging:</i>		
Depreciation of tangible fixed assets	178	175
Depreciation of right-of-use assets	305	-
Operating lease - land and buildings	49	447
Net operating foreign currency exchange (gains) /losses	(22)	102
	<u></u>	<u></u>

5 Auditor's remuneration

	<i>Dec-19</i>	<i>Dec-18</i>
	£ 000	£ 000
The Company paid the following amounts to its auditor in respect of the audit of the financial statements:		
Auditor's remuneration		
- Audit of the financial statements	26	23
- Non-audit fees (tax compliance)	10	10
	<u></u>	<u></u>

6 Staff costs and directors' remuneration

a) Staff costs

	<i>Dec-19</i>	<i>Dec-18</i>
	£ 000	£ 000
Wages and salaries	1,664	1,502
Social security contributions	288	214
Contributions to defined contributions pension scheme	244	62
Other benefits	614	768
	<u>2,810</u>	<u>2,546</u>

The average monthly number of employees during the period:

Administrative staff	<u>35</u>	<u>35</u>
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6 Staff costs and directors' remuneration (continued)

b) Executive directors' remuneration

	<i>Dec-19</i>	<i>Dec-18</i>
	<i>£ 000</i>	<i>£ 000</i>
Salaries and other emoluments	300	242
Contributions to defined contribution pension plans	8	5
Other employee benefits	100	48
	<u>408</u>	<u>295</u>

The Company has three active directors as at 31 December 2019. Peter Liew Guan Hock is an executive director of AET Inc Limited, another company within the AET Group, and is remunerated by that company. He receives no remuneration relating to his work as a director of the Company. John Baptist Manuel Peter is an executive director of the Company and is remunerated by the Company. Jyoti Sharma Krishna Kumar is an executive director of the Company and is remunerated by the Company.

The remuneration of the highest paid director is £272,000 (2018: £196,000).

7 Interest payable / (income) and similar charges / (income)

	<i>Dec-19</i>	<i>Dec-18</i>
	<i>£ 000</i>	<i>£ 000</i>
Interest payable and similar charges		
Interest payable	1,660	1,526
Exchange loss on inter-company loan	-	2,645
	<u>1,660</u>	<u>4,171</u>
Interest income and similar income		
Exchange gain on inter-company loan	1,561	-
	<u>1,561</u>	<u>-</u>

The exchange gain / loss arises from an inter-company loan denominated in US dollar. The loan was taken out in US dollar to hedge the foreign currency exposure.

8 Taxation

(a) Tax on Profit / (loss)

The tax charge is made up as follows:

	<i>Dec-19</i>	<i>Dec-18</i>
	<i>£ 000</i>	<i>£ 000</i>
<i>Current income tax:</i>		
UK corporation tax	115	110
Adjustments in respect of prior year	13	(19)
	<u>128</u>	<u>91</u>
<i>Deferred tax:</i>		
Current year	(3)	-
Tax rate change adjustment	-	-
	<u>125</u>	<u>91</u>

8(c)

8 Taxation (continued)

(b) Factors affecting the tax charge for the year

The tax assessed for the year is based on the standard rate of tax 19.00% (2018: 19.00%)

	<i>Dec-19</i>	<i>Dec-18</i>
	£ 000	£ 000
Profit / (loss) before tax	1,012	(3,101)
Current tax:		
Tax on profit at standard rate of 19.00% (2018: 19.00%)	192	(589)
Expenses not deductible for tax purposes	28	804
Adjustments in respect of prior years	13	(19)
Income not taxable	(108)	(105)
	125	91
Deferred tax:		
Other	-	-
Tax rate change adjustment	-	-
Total tax charge (note 8(a))	125	91

(c) Deferred tax asset

A deferred tax asset is recognised at 17% (2018:19%) in the financial statements as follows:

	<i>Dec-19</i>	<i>Dec-18</i>
	£ 000	£ 000
Capital allowances in arrears of depreciation	(67)	(55)

The deferred tax assets are measured at the tax rates that are expected to apply to the period when the asset is settled. Based on the tax rates and tax laws the deferred tax asset has therefore been calculated at 17%.

	<i>Dec-19</i>	<i>Dec-18</i>
	£ 000	£ 000
Movements in deferred taxation are as follows:		
At 1 January	(62)	(55)
Adjustment in respect of prior years	-	-
Deferred tax charge for the period	(3)	-
At 31 December	(65)	(55)

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9 Tangible assets

	Leasehold Improvements	Office Equipment / Hardware	Total
	£ 000	£ 000	£ 000
Cost:			
At 1 January 2019	852	111	963
Additions	-	34	34
At 31 December 2019	<u>852</u>	<u>145</u>	<u>997</u>
Depreciation:			
At 1 January 2019	(531)	(111)	(642)
Provided during the period	(175)	(3)	(178)
At 31 December 2019	<u>(706)</u>	<u>(114)</u>	<u>(820)</u>
Net book value:			
At 1 January 2019	<u>321</u>	<u>-</u>	<u>321</u>
At 31 December 2019	<u>146</u>	<u>31</u>	<u>177</u>

10 Investments

	Dec-19 £ 000	Dec-18 £ 000
At cost		
At 1 January	38,265	38,265
Additions	<u>3</u>	<u>-</u>
At 31 December	<u>38,268</u>	<u>38,265</u>

(i) AET Sea Shuttle AS

The Company owns 95% of the issued ordinary share capital of AET Sea Shuttle AS, a company incorporated in Norway with the registered business address being Sandvigveien 19, 4816 Kolbjørnsvik, 0906 Arendal, Norway. The remaining 5% is owned by ADS Shipping Limited.

In December 2014, as part of an equity restructuring of AET Sea Shuttle AS, the Company subscribed to 4,299,750 new ordinary shares of NOK1 in AET Sea Shuttle AS for a total consideration of NOK 452,333,700. The funds to finance this investment were provided by reassigning to AET UK a loan from AET Inc Limited for USD 61,425,000 being part of a loan previously provided from AET Inc Limited to AET Sea Shuttle AS. In December 2017 the loan between the Company and AET Inc Limited was novated with AET Tankers Pte Ltd becoming the new lender. On 4 September 2019 AET Tankers Pte Ltd assigned the loan receivable over to AET Petroleum Tanker (M) Sdn. Bhd.

In 2019 the Company received a dividend income from AET Sea Shuttle AS for the amount of USD760,000 (GBP571,104) and in 2018 USD712,500 (GBP546,000).

(ii) AET Sea Shuttle II AS

On 4 July 2019 the Company subscribed to 95% of new ordinary shares in AET Sea Shuttle II AS for a total consideration of NOK28,500 (GBP2,710.00). AET Sea Shuttle II AS is a company incorporated in Norway with registered business address being Sandvigveien 19, 4816 Kolbjørnsvik 0906 Arendal, Norway. The remaining 5% is held by ADS Shipping Limited.

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11 Right-of-use assets

	Office £000
Cost	
At 1 January 2019 on adoption of IFRS 16 and at 31 December 2019	1,373
Accumulated depreciation	
At 1 January 2019	(814)
Charge for the year	(305)
Balance at 31 December 2019	<u>(1,119)</u>
Net carrying amount	
Balance at 31 December 2019	<u>254</u>
Lease term (in years)	<u>5</u>
Amount recognised in profit or loss	
	2019 £000
Included in Administration expenses in Profit and Loss account:	
Interest expense on lease liabilities	23
Depreciation on right-of-use assets	<u>305</u>

These leases have no contingent rent provision included in the contracts. Lease terms do not contain restrictions on the Company's activities concerning dividends, additional debt further leasing.

12 Debtors

	Dec-19 £ 000	Dec-18 £ 000
Trade debtors		
Amounts due from group undertakings	<u>2,905</u>	<u>3,683</u>
Other debtors		
Other debtors	41	90
Prepayments	127	124
Deferred tax asset	65	55
	<u>233</u>	<u>269</u>
Total Debtors	<u>3,138</u>	<u>3,952</u>

13 Creditors

	Dec-19 £ 000	Dec-18 £ 000
Trade creditors		
Third parties	5	3
Amounts due to group undertakings	89	2,651
	<u>94</u>	<u>2,654</u>
Other creditors		
Accruals	722	504
Corporation tax creditor	38	82
Other taxes and social security	89	193
	<u>849</u>	<u>779</u>
Total Creditors	<u>943</u>	<u>3,433</u>

14 Lease Liability

Reconciliation of operating lease commitments as at 31 December 2018 to lease liabilities recognised as at 1 January 2019 upon adoption of IFRS 16 leases is as follows:-

	2019 £000
Operating lease commitments at 31 December 2018 as previously disclosed	626
Discounted using the incremental borrowing rate (5%) as at 1 January 2019 (Note 2.3)	597
Effect of adoption of IFRS 16	<u>(29)</u>
As at 1 January	597
Accretion of interest	23
Payments	<u>(342)</u>
As at 31 December	<u>278</u>

15 Loan from related company

	<i>Dec-19</i> £ 000	<i>Dec-18</i> £ 000
Loan from related company	<u>47,416</u>	<u>45,777</u>

The Company had initially financed its investment in its subsidiary company, AET Sea Shuttle AS, through a loan from AET Inc Limited. This loan was repayable on demand. On the 31 December 2017 the loan was novated with AET Tankers Pte Ltd becoming the new lender to the Company. On 4 September 2019 AET Tankers Pte Ltd assigned its receivable due from the Company over to AET Petroleum Tanker (M) Sdn. Bhd.

As part of a Group wide restructure, in December 2019 the loan from related company was reclassified into current liabilities. The Company settled the loan in March 2020 in exchange for shares.

16 Share capital

At 31 December 2018 and 31 December 2019	<i>Number of Ordinary Shares</i> £1 each	<i>Ordinary Shares</i> £
Authorised, issued and fully paid	<u>100</u>	<u>100</u>

17 Pension benefits

The Company does not operate a pension scheme, but makes contributions to employees' private pensions where this forms part of a contract of employment. At the end of the year £11,303 remained outstanding. (2018: £11,917)

18 Subsequent events

(i) Capitalisation of Loan

On the 10 March 2020 the payable owed by the Company to AET Petroleum Tanker (M) Sdn. Bhd was capitalised at Group level with AET Tanker Holdings Sdn. Bhd. in exchange for 61,500,000 ordinary shares in the Company at an aggregate subscription price of US\$61,535,166. On the 11 March 2020 Tanker Holdings Sdn Bhd then transferred its shareholding in the Company over to AET Singapore Holdings Pte Ltd.

(ii) COVID-19

A new coronavirus, now known as COVID-19, was identified in January 2020. Since then it has spread rapidly around the world and was declared a pandemic by the World Health Organisation on 11 March 2020. Governments' responses to this has included severe restrictions on movement of people as well as goods.

The COVID-19 outbreak is a non-adjusting post balance sheet event, however the impact will need to be considered in the 2020 Financial Statements. Management do not anticipate any negative impact on the financial results of the Company and recoverability of intercompany receivables.

19 Ultimate parent company

The ultimate parent company and controlling party is Petroliam Nasional Berhad, a company incorporated and listed in Malaysia. The immediate parent company is AET Tanker Holdings Sdn. Bhd., a company registered in Malaysia, which is 100% owned by MISC Berhad, a company incorporated and listed in Malaysia. The results of the Company are consolidated into the consolidated financial statements of AET Tanker Holdings Sdn. Bhd. and MISC Berhad. Copies of MISC Berhad financial statements are available from Group Public Affairs, MISC Berhad, Menara Dayabumi, Jalan Sultan Hishamuddin, 50050 Kuala Lumpur, Malaysia.