



## ÅRSREGNSKAPET FOR REGNSKAPSÅRET 2018 - GENERELL INFORMASJON

### Enheten

Organisasjonsnummer: 916 490 771  
Organisasjonsform: Norskreg. utenlandsk foretak  
Foretaksnavn: NOR AVIATION LTD  
Forretningsadresse: Strandveien 50  
1366 LYSAKER

### Regnskapsår

Årsregnskapets periode: 01.01.2018 - 31.12.2018

### Konsern

Morselskap i konsern: Nei

### Regnskapsregler

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

### Årsregnskapet fastsatt av kompetent organ

Bekreftet av representant for selskapet: Anders Bakken  
Dato for fastsettelse av årsregnskapet: 30.06.2019

### Grunnlag for avgivelse

År 2018: Årsregnskapet er elektronisk innlevert  
År 2017: Tall er hentet fra elektronisk innlevert årsregnskap fra 2018

*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, 18.06.2021



## Resultatregnskap

Beløp i: USD	Note	2018	2017
<b>RESULTATREGNSKAP</b>			
<b>Kostnader</b>			
Annen driftskostnad		169 630	198 567
<b>Sum kostnader</b>		<b>169 630</b>	<b>198 567</b>
<b>Driftsresultat</b>		<b>-169 630</b>	<b>-198 567</b>
<b>Finansinntekter og finanskostnader</b>			
Inntekt på investering i datterselskap og tilknyttet selskap		6 480 451	3 709 431
Annen finansinntekt	11	2 483 066	1 192 541
<b>Sum finansinntekter</b>		<b>8 963 517</b>	<b>4 901 972</b>
Annen finanskostnad	11	2 355 914	1 513 058
<b>Sum finanskostnader</b>		<b>2 355 914</b>	<b>1 513 058</b>
<b>Netto finans</b>		<b>6 607 603</b>	<b>3 388 914</b>
<b>Ordinært resultat før skattekostnad</b>		<b>6 437 973</b>	<b>3 190 347</b>
<b>Ordinært resultat etter skattekostnad</b>		<b>6 437 973</b>	<b>3 190 347</b>
<b>Årsresultat</b>		<b>6 437 973</b>	<b>3 190 347</b>



## Balanse

Beløp i: USD	Note	2018	2017
<b>BALANSE - EIENDELER</b>			
<b>Anleggsmidler</b>			
<b>Immaterielle eiendeler</b>			
<b>Finansielle anleggsmidler</b>			
Investering i datterselskap	14	8 725 405	8 720 671
Investering i annet foretak i samme konsern	15	1 497 143	1 492 653
<b>Sum finansielle anleggsmidler</b>		<b>10 222 548</b>	<b>10 213 324</b>
<b>Sum anleggsmidler</b>		<b>10 222 548</b>	<b>10 213 324</b>
<b>Omløpsmidler</b>			
<b>Varer</b>			
<b>Fordringer</b>			
Andre fordringer	16	3 640 040	3 772 644
<b>Sum fordringer</b>		<b>3 640 040</b>	<b>3 772 644</b>
<b>Bankinnskudd, kontanter og lignende</b>			
Bankinnskudd, kontanter og lignende	17	6 016 051	5 534
<b>Sum bankinnskudd, kontanter og lignende</b>		<b>6 016 051</b>	<b>5 534</b>
<b>Sum omløpsmidler</b>		<b>9 656 091</b>	<b>3 778 178</b>
<b>SUM EIENDELER</b>		<b>19 878 639</b>	<b>13 991 502</b>
<b>BALANSE - EGENKAPITAL OG GJELD</b>			
<b>Egenkapital</b>			
<b>Innskutt egenkapital</b>			
Selskapskapital	18	135 000	135 000
<b>Sum innskutt egenkapital</b>		<b>135 000</b>	<b>135 000</b>
<b>Opptjent egenkapital</b>			
Annen egenkapital		-1 373 035	388 992



## Balanse

<b>Beløp i: USD</b>	<b>Note</b>	<b>2018</b>	<b>2017</b>
<b>Sum opptjent egenkapital</b>		<b>-1 373 035</b>	<b>388 992</b>
<b>Sum egenkapital</b>		<b>-1 238 035</b>	<b>523 992</b>
<b>Sum langsiktig gjeld</b>		<b>0</b>	<b>0</b>
<b>Kortsiktig gjeld</b>			
Gjeld til kredittinstitusjoner	19	18 197 736	6 011 045
Leverandørgjeld	20	2 918 938	7 456 465
<b>Sum kortsiktig gjeld</b>		<b>21 116 674</b>	<b>13 467 510</b>
<b>Sum gjeld</b>		<b>21 116 674</b>	<b>13 467 510</b>
<b>SUM EGENKAPITAL OG GJELD</b>		<b>19 878 639</b>	<b>13 991 502</b>



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**Signers:**

<i>Name</i>	<i>Method</i>	<i>Date</i>
Bjørn Tore Larsen	BANKID_MOBILE	2019-07-25 15:36 GMT+2
Leknes, Helga Bollmann	BANKID_MOBILE	2019-07-28 21:42 GMT+2
Berg, Frode	BANKID	2019-07-29 11:59 GMT+2
Donald Anderson	One-Time-Password	2019-07-30 23:36 GMT+2

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**OSM AVIATION LTD NUF**

FINANCIAL STATEMENTS

31 December 2018



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## OSM AVIATION LTD NUF

### STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME 31 December 2018

	Note	2018 US\$	2017 US\$
Dividend income		<b>6,480,451</b>	3,709,431
Administration expenses		<b>(169,630)</b>	(189,490)
Other expenses	8	-	(9,077)
<b>Operating profit</b>		<b>6,310,821</b>	3,510,864
Finance income	11	<b>2,483,066</b>	1,192,541
Finance costs	11	<b>(2,355,914)</b>	(1,513,058)
<b>Profit before tax</b>		<b>6,437,973</b>	3,190,347
Tax	12	-	-
<b>Net profit for the year</b>		<b>6,437,973</b>	3,190,347
<b>Other comprehensive income</b>		-	-
<b>Total comprehensive income for the year</b>		<b>6,437,973</b>	3,190,347

The notes on pages 9 to 24 form an integral part of these financial statements.



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## OSM AVIATION LTD NUF

### STATEMENT OF FINANCIAL POSITION 31 December 2018

	Note	2018 US\$	2017 US\$
<b>ASSETS</b>			
<b>Non-current assets</b>			
Investments in subsidiaries	14	<b>8,725,405</b>	8,720,671
Investments in associates	15	<b>1,497,143</b>	1,492,653
		<b>10,222,548</b>	10,213,324
<b>Current assets</b>			
Receivables	16	<b>3,640,040</b>	3,772,644
Cash at bank and in hand	17	<b>6,016,051</b>	5,534
		<b>9,656,091</b>	3,778,178
<b>Total assets</b>		<b>19,878,639</b>	13,991,502
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Share capital	18	<b>135,000</b>	135,000
(Accumulated losses) /retained earnings		<b>(1,373,035)</b>	388,992
<b>Total equity</b>		<b>(1,238,035)</b>	523,992
<b>Current liabilities</b>			
Trade and other payables	20	<b>2,918,938</b>	7,456,465
Borrowings	19	<b>18,197,736</b>	6,011,045
		<b>21,116,674</b>	13,467,510
<b>Total equity and liabilities</b>		<b>19,878,639</b>	13,991,502

On 30 June 2019 the Board of Directors of OSM Aviation Ltd NUF authorised these financial statements for issue.

.....  
Bjorn Tore Larsen  
Chairman of the Board

.....  
Donald Anderson  
Director

.....  
Frode Berg  
Director

.....  
Helga Leknes  
Director

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## OSM AVIATION LTD NUF

### STATEMENT OF CHANGES IN EQUITY 31 December 2018

	Note	Share capital US\$	Accumulated losses/retained earnings US\$	Total US\$
<b>Balance at 1 January 2017</b>		<b>135,000</b>	<b>112,367</b>	<b>247,667</b>
<b>Comprehensive income</b>				
Net profit for the year		-	3,210,844	3,210,844
Other adjustments		-	(134,219)	(134,219)
<b>Transactions with owners</b>				
Dividends	13	-	(2,800,000)	(2,800,000)
<b>Balance at 31 December 2017/ 1 January 2018</b>		<b>135,000</b>	<b>388,992</b>	<b>523,992</b>
<b>Comprehensive income</b>				
Net profit for the year		-	6,437,973	6,437,973
<b>Transactions with owners</b>				
Dividends	13	-	(8,200,000)	(8,200,000)
<b>Balance at 31 December 2018</b>		<b>135,000</b>	<b>(1,373,035)</b>	<b>(1,238,035)</b>

Other adjustments represents transactions from previous periods corrected in 2018. Previous year's figures in STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME and STATEMENT OF FINANCIAL POSITION has consequence of these corrective adjustments been revised.

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## OSM AVIATION LTD NUF

### CASH FLOW STATEMENT

31 December 2018

	Note	2018 US\$	2017 US\$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
<b>Profit before tax</b>		<b>6,437,973</b>	3,190,347
Adjustments for:			
Unrealised exchange profit		(521,414)	(24,911)
Dividend income		(6,480,451)	(3,709,431)
Interest income	11	(419,925)	(175)
Interest expense	11	650,923	53,242
		(332,894)	(490,928)
<b>Changes in working capital:</b>			
Decrease/(increase) in receivables		132,604	(3,511,586)
Decrease in trade and other payables		(4,537,527)	(436,467)
<b>Cash used in operations</b>		<b>(4,737,817)</b>	(4,438,981)
Dividends received		6,480,451	3,709,431
<b>Net cash generated from/(used in) operating activities</b>		<b>1,742,634</b>	(729,550)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Payment for purchase of investments in subsidiaries	14	(4,734)	(2,760,228)
Payment for purchase of investments in associated undertakings	15	(4,490)	-
Proceeds from sale of investments in associated undertakings		-	309,220
Interest received		419,925	175
<b>Net cash generated from/(used in) investing activities</b>		<b>410,701</b>	(2,450,833)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Unrealised exchange profit		521,414	24,911
Interest paid		(650,923)	(53,242)
Dividends paid		(8,200,000)	(2,800,000)
<b>Net cash used in financing activities</b>		<b>(8,329,509)</b>	(2,828,331)
<b>Net decrease in cash and cash equivalents</b>		<b>(6,176,174)</b>	(6,008,714)
Cash and cash equivalents at beginning of the year		(6,005,511)	3,203
<b>Cash and cash equivalents at end of the year</b>	17	<b>(12,181,685)</b>	(6,005,511)

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## OSM AVIATION LTD NUF

### NOTES TO THE FINANCIAL STATEMENTS

31 December 2018

#### 1. Incorporation and principal activities

##### Country of incorporation

The Company OSM Aviation Ltd (the "Company") was incorporated in Cyprus on 17 September 2013 as a private limited liability company under the provisions of the Cyprus Companies Law, Cap. 113. Its registered office is at OSM HOUSE, Amathountos 22, Agios Tychonas, 4532, Limassol, Cyprus. The Company also operates a branch in Norway.

##### Principal activities

The principal activities of the Company, which are unchanged from last year, are the holding of investments and the provision of crew manning services to airlines.

#### 2. Basis of preparation

The financial statements of the Company have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union (EU) and the requirements of the Norwegian Companies Law. The financial statements have been prepared under the historical cost convention.

These financial statements are the separate financial statements. The Company has not prepared consolidated financial statements as the exemption from consolidation in paragraph 10 of IAS27, "Consolidated and Separate Financial Statements", has been used. The Company's ultimate parent Zulu Holding Ltd, a Company incorporated in Cyprus produced consolidated financial statements that comply with International Financial Reporting Standards as issued by the IASB.

The preparation of financial statements in conformity with IFRSs requires the use of certain critical accounting estimates and requires Management to exercise its judgment in the process of applying the Company's accounting policies. It also requires the use of assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Although these estimates are based on Management's best knowledge of current events and actions, actual results may ultimately differ from those estimates.

#### 3. Adoption of new or revised standards and interpretations

During the current year the Company adopted all the new and revised International Financial Reporting Standards (IFRS) that are relevant to its operations and are effective for accounting periods beginning on 1 January 2018. This adoption did not have a material effect on the accounting policies of the Company.

#### 4. Significant accounting policies

The principal accounting policies adopted in the preparation of these financial statements are set out below. Apart from the accounting policy changes resulting from the adoption of IFRS 9 and IFRS 15 effective from 1 January 2018, these policies have been consistently applied to all the years presented, unless otherwise stated. The principal accounting policies in respect of financial instruments and revenue recognition applied till 31 December 2017 are presented in note 24.

##### Going concern basis

Even though the Company has made a profit of US\$6,437,973 for the year ended 31 December 2018, as of that date the Company's current liabilities exceeded its current assets by US\$11,460,583. However, even though OSM Aviation Ltd has a negative equity position, the subsidiaries are profitable and have capacity to give dividends up to OSM Aviation Ltd. On this basis and due to the fact that the group continues being profitable in 2019 management has prepared the financial statements on the going concern basis.



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## OSM AVIATION LTD NUF

### NOTES TO THE FINANCIAL STATEMENTS

31 December 2018

#### 4. Significant accounting policies (continued)

##### Subsidiary companies

Subsidiaries are entities controlled by the Company. Control exists where the Company is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

Investments in subsidiary companies are stated at cost less provision for impairment in value, which is recognised as an expense in the period in which the impairment is identified.

##### Associates

Associates are all entities over which the Company has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associated undertakings are stated at cost less provision for permanent diminution in value, which is recognised as an expense in the period in which the diminution is identified.

##### Revenue

###### Recognition and measurement

Revenue represents the amount of consideration to which the Company expects to be entitled in exchange for transferring the promised goods or services to the customer, excluding amounts collected on behalf of third parties (for example, value-added taxes); the transaction price. The Company includes in the transaction price an amount of variable consideration as a result of rebates/discounts only to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognized will not occur when the uncertainty associated with the variable consideration is subsequently resolved. Estimations for rebates and discounts are based on the Company's experience with similar contracts and forecasted sales to the customer.

The Company recognises revenue when the parties have approved the contract (in writing, orally or in accordance with other customary business practices ) and are committed to perform their respective obligations, the Company can identify each party's rights and the payment terms for the goods or services to be transferred, the contract has commercial substance (i.e. the risk, timing or amount of the Company's future cash flows is expected to change as a result of the contract), it is probable that the Company will collect the consideration to which it will be entitled in exchange for the goods or services that will be transferred to the customer and when specific criteria have been met for each of the Company's contracts with customers.

The Company bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement. In evaluating whether collectability of an amount of consideration is probable, the Company considers only the customer's ability and intention to pay that amount of consideration when it is due.

Estimates of revenues, costs or extent of progress toward completion are revised if circumstances change. Any resulting increases or decreases in estimates are reflected in the statement of profit or loss and other comprehensive income in the period in which the circumstances that give rise to the revision become known by management.

##### Identification of performance obligations

The Company assesses whether contracts that involve the provision of a range of goods and/or services contain one or more performance obligations (that is, distinct promises to provide a service) and allocates the transaction price to each performance obligation identified on the basis of its stand-alone selling price. A good or service that is promised to a customer is distinct if the customer can benefit from the good or service, either on its own or together with other resources that are readily available to the customer (that is the good or service is capable of being distinct) and the Company's promise to transfer the good or service to the customer is separately identifiable from other promises in the contract (that is, the good or service is distinct within the context of the contract).



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## OSM AVIATION LTD NUF

### NOTES TO THE FINANCIAL STATEMENTS

31 December 2018

#### 4. Significant accounting policies (continued)

##### Revenue recognition (continued)

- **Interest income**

Interest income is recognised on a time-proportion basis using the effective interest method.

- **Dividend income**

Dividend income from investments is recognised when the shareholders' rights to receive payment have been established.

##### Finance income

Interest income is recognised on a time-proportion basis using the effective method.

##### Finance costs

Interest expense and other borrowing costs are charged to profit or loss as incurred.

##### Foreign currency translation

(1) **Functional and presentation currency**

Items included in the Company's financial statements are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The financial statements are presented in United States Dollars (US\$), which is the Company's functional and presentation currency.

(2) **Transactions and balances**

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

##### Dividends

Interim dividends are recognised in equity in the year in which they are approved by the Company's Directors. Dividend distribution to the Company's shareholders is recognised in the Company's financial statements in the year in which they are approved by the Company's shareholders.

##### Financial assets - Classification

From 1 January 2018, the Company classifies its financial assets in the following measurement categories:

- those to be measured at amortised cost.

The classification and subsequent measurement of debt financial assets depends on: (i) the Company's business model for managing the related assets portfolio and (ii) the cash flow characteristics of the asset. On initial recognition, the Company may irrevocably designate a debt financial asset that otherwise meets the requirements to be measured at amortized cost or at FVOCI at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

For investments in equity instruments that are not held for trading, classification will depend on whether the Company has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income (FVOCI). This election is made on an investment-by-investment basis.



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## OSM AVIATION LTD NUF

### NOTES TO THE FINANCIAL STATEMENTS

31 December 2018

#### 4. Significant accounting policies (continued)

##### Financial assets - Classification (continued)

All other financial assets are classified as measured at FVTPL.

##### Financial assets - Recognition and derecognition

All purchases and sales of financial assets that require delivery within the time frame established by regulation or market convention ("regular way" purchases and sales) are recorded at trade date, which is the date when the Company commits to deliver a financial instrument. All other purchases and sales are recognized when the entity becomes a party to the contractual provisions of the instrument.

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Company has transferred substantially all the risks and rewards of ownership.

##### Financial assets - Measurement

At initial recognition, the Company measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss (FVTPL), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVTPL are expensed in profit or loss. Fair value at initial recognition is best evidenced by the transaction price. A gain or loss on initial recognition is only recorded if there is a difference between fair value and transaction price which can be evidenced by other observable current market transactions in the same instrument or by a valuation technique whose inputs include only data from observable markets.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

##### Debt instruments

Subsequent measurement of debt instruments depends on the Company's business model for managing the asset and the cash flow characteristics of the asset. There is one category into which the Company classifies its debt instruments:

Amortised cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in 'other income'. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other gains/(losses) together with foreign exchange gains and losses. Impairment losses are presented as separate line item in the statement of profit or loss and other comprehensive income. Financial assets measured at amortised cost (AC) comprise: cash and cash equivalents, bank deposits with original maturity over 3 months, trade receivables and financial assets at amortised cost.

##### Financial assets - impairment - credit loss allowance for ECL

From 1 January 2018, the Company assesses on a forward-looking basis the ECL for debt instruments (including loans) measured at AC and FVOCI and with the exposure arising from loan commitments and financial guarantee contracts. The Company measures ECL and recognises credit loss allowance at each reporting date. The measurement of ECL reflects: (i) an unbiased and probability weighted amount that is determined by evaluating a range of possible outcomes, (ii) time value of money and (iii) all reasonable and supportable information that is available without undue cost and effort at the end of each reporting period about past events, current conditions and forecasts of future conditions.

The carrying amount of the financial assets is reduced through the use of an allowance account, and the amount of the loss is recognised in the statement of profit or loss and other comprehensive income within "net impairment losses on financial and contract assets".



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**OSM AVIATION LTD NUF****NOTES TO THE FINANCIAL STATEMENTS**

31 December 2018

**4. Significant accounting policies (continued)****Financial assets - impairment - credit loss allowance for ECL (continued)**

Debt instruments measured at AC are presented in the statement of financial position net of the allowance for ECL. For loan commitments and financial guarantee contracts, a separate provision for ECL is recognised as a liability in the statement of financial position.

Expected losses are recognized and measured according to one of two approaches: general approach or simplified approach.

For trade receivables including trade receivables with a significant financing component and contract assets and lease receivables the Company applies the simplified approach permitted by IFRS 9, which uses lifetime expected losses to be recognised from initial recognition of the financial assets.

For all other financial asset that are subject to impairment under IFRS 9, the Company applies general approach - three stage model for impairment. The Company applies a three stage model for impairment, based on changes in credit quality since initial recognition. A financial instrument that is not credit-impaired on initial recognition is classified in Stage 1.

Financial assets in Stage 1 have their ECL measured at an amount equal to the portion of lifetime ECL that results from default events possible within the next 12 months or until contractual maturity, if shorter ("12 Months ECL"). If the Company identifies a significant increase in credit risk ("SICR") since initial recognition, the asset is transferred to Stage 2 and its ECL is measured based on ECL on a lifetime basis, that is, up until contractual maturity but considering expected prepayments, if any ("Lifetime ECL"). Refer to note 6, Credit risk section, for a description of how the Company determines when a SICR has occurred. If the Company determines that a financial asset is credit-impaired, the asset is transferred to Stage 3 and its ECL is measured as a Lifetime ECL. The Company's definition of credit impaired assets and definition of default is explained in note 6, Credit risk section.

**Cash and cash equivalents**

For the purpose of the cash flow statement, cash and cash equivalents comprise deposits held at call with banks and bank overdrafts. In the statement of financial position, bank overdrafts are included in borrowings in current liabilities. Cash and cash equivalents are carried at AC because: (i) they are held for collection of contractual cash flows and those cash flows represent SPPI, and (ii) they are not designated at FVTPL.

**Financial assets at amortised cost**

These amounts generally arise from transactions outside the usual operating activities of the Company. These are held with the objective to collect their contractual cash flows and their cash flows represent solely payments of principal and interest. Accordingly, these are measured at amortised cost using the effective interest method, less provision for impairment. Financial assets at amortised cost are classified as current assets if they are due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current assets.

**Financial liabilities - measurement categories**

Financial liabilities are initially recognised at fair value and classified as subsequently measured at amortised cost, except for (i) financial liabilities at FVTPL: this classification is applied to derivatives, financial liabilities held for trading (e.g. short positions in securities), contingent consideration recognised by an acquirer in a business combination and other financial liabilities designated as such at initial recognition and (ii) financial guarantee contracts and loan commitments.



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## OSM AVIATION LTD NUF

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### NOTES TO THE FINANCIAL STATEMENTS

31 December 2018

#### 4. Significant accounting policies (continued)

##### Offsetting 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 asset and settle the liability simultaneously. This is not generally the case with master netting agreements, and the related assets and liabilities are presented gross in the statement of financial position.

##### Share capital

Ordinary shares are classified as equity.

#### 5. New accounting pronouncements

At the date of approval of these financial statements, standards and interpretations were issued by the International Accounting Standards Board which were not yet effective. Some of them were adopted by the European Union and others not yet. The Board of Directors expects, at its best estimate, that the adoption of these accounting standards in future periods will not have a material effect on the financial statements of the Company.

#### 6. Financial risk management

##### Financial risk factors

The Company is exposed to credit risk, liquidity risk and currency risk arising from the financial instruments it holds. The risk management policies employed by the Company to manage these risks are discussed below:

##### 6.1 Credit risk

Credit risk arises from cash and cash equivalents, contractual cash flows of debt investments carried at amortised cost, at fair value through other comprehensive income (FVOCI) and at fair value through profit or loss (FVTPL), favourable derivative financial instruments and deposits with banks and financial institutions, as well as credit exposures to wholesale and retail customers, including outstanding receivables and contract assets.

##### (i) Risk management

Credit risk is managed on a group basis.

For banks and financial institutions, only independently rated parties are accepted. If customers are independently rated, these ratings are used.

Otherwise, if there is no independent rating, management assesses the credit quality of the customer, taking into account its financial position, past experience and other factors. Individual credit limits and credit terms are set based on the credit quality of the customer in accordance with limits set by the Board of Directors. The utilisation of credit limits is regularly monitored.

##### (ii) Impairment of financial assets

The Company has the following types of financial assets that are subject to the expected credit loss model:

- financial assets at amortised cost
- cash and cash equivalents



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## OSM AVIATION LTD NUF

### NOTES TO THE FINANCIAL STATEMENTS

31 December 2018

#### 6. Financial risk management (continued)

##### 6.1 Credit risk (continued)

(ii) *Impairment of financial assets (continued)*

##### Debt investments

*Financial assets at amortised cost*

Other financial assets at amortised cost include receivable from related party.

The Company considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period. To assess whether there is a significant increase in credit risk the Company compares the risk of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition. It considers available reasonable and supportive forwarding-looking information. Especially the following indicators are incorporated:

- external credit rating (as far as available)
- actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the borrower's ability to meet its obligations
- actual or expected significant changes in the operating results of the borrower/counterparty
- significant increases in credit risk on other financial instruments of the same borrower/counterparty
- significant changes in the value of the collateral supporting the obligation or in the quality of third-party guarantees or credit enhancements
- significant changes in the expected performance and behaviour of the borrower/counterparty, including changes in the payment status of counterparty in the Company and changes in the operating results of the borrower.

Based on management's credit loss assessment on financial assets at amortised cost and cash and cash equivalents, no significant credit losses arise which may significantly impact the financial statements.

##### 6.1.3 Credit quality of financial assets

The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to external credit ratings (if applicable) or to historical information about counterparty default rates:

	<b>2018</b>	2017
	<b>US\$</b>	US\$
<b>Cash at bank and short term bank deposits</b>		
Aa3	<u>6,016,051</u>	5,534
	<u>6,016,051</u>	5,534

##### 6.2 Liquidity risk

Liquidity risk is the risk that arises when the maturity of assets and liabilities does not match. An unmatched position potentially enhances profitability, but can also increase the risk of losses. No maturity table disclosing the undiscounted cash flows of the underlying liabilities has been presented as all outstanding balances are due within 12 months and consequently their carrying amounts are representative of their contractual cash flows and the impact of discounting is not significant.



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## OSM AVIATION LTD NUF

### NOTES TO THE FINANCIAL STATEMENTS

31 December 2018

#### 6. Financial risk management (continued)

##### 6.3 Currency risk

Currency risk is the risk that the value of financial instruments will fluctuate due to changes in foreign exchange rates. Currency risk arises when future commercial transactions and recognised assets and liabilities are denominated in a currency that is not the Company's measurement currency. The Company is exposed to foreign exchange risk arising from various currency exposures primarily with respect to the Norwegian Krone and the Euro. The Company's Management monitors the exchange rate fluctuations on a continuous basis and acts accordingly.

At 31 December 2018, if the UD Dollar had weakened /strengthened by 10% (2017: 10%) against the Euro or the NOK with all other variables held constant, post tax profit for the year would not be materially impacted.

#### 7. Critical accounting estimates, judgments and assumptions

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

##### *Critical accounting estimates and assumptions*

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

- **Going concern basis**

The Directors judge that it is appropriate to prepare the financial statements on the going concern basis.

##### *Critical judgements in applying the Company's accounting policies*

- **Impairment of investments in subsidiaries/associates**

The Company periodically evaluates the recoverability of investments in subsidiaries/associates whenever indicators of impairment are present. Indicators of impairment include such items as declines in revenues, earnings or cash flows or material adverse changes in the economic or political stability of a particular country, which may indicate that the carrying amount of an asset is not recoverable. If facts and circumstances indicate that investment in subsidiaries/associates may be impaired, the estimated future discounted cash flows associated with these subsidiaries/associates would be compared to their carrying amounts to determine if a write-down to fair value is necessary.

- **Impairment of financial assets**

The loss allowances for financial assets are based on assumptions about risk of default and expected loss rates. The Company uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the Company's past history, existing market conditions as well as forward looking estimates at the end of each reporting period. Details of the key assumptions and inputs used are disclosed in note 6, Credit risk section.

#### 8. Other expenses

	2018	2017
	US\$	US\$
Other non-allowable for tax expense	-	9,077
	<u>-</u>	<u>9,077</u>



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## OSM AVIATION LTD NUF

### NOTES TO THE FINANCIAL STATEMENTS

31 December 2018

#### 9. Expenses by nature

	2018	2017
	US\$	US\$
Staff costs (Note 10)	116,506	148,058
Auditors' remuneration	25,741	18,009
Other expenses	27,383	32,500
<b>Total expenses</b>	<b>169,630</b>	<b>198,567</b>

#### 10. Staff costs

	2018	2017
	US\$	US\$
Salaries	103,910	129,766
Social security costs	12,596	18,292
	<b>116,506</b>	<b>148,058</b>

Average number of employees

	1	1
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#### 11. Finance income/(costs)

	2018	2017
	US\$	US\$
Interest income	419,925	175
Exchange profit	2,063,141	1,192,366
<b>Finance income</b>	<b>2,483,066</b>	<b>1,192,541</b>
Net foreign exchange losses	(1,674,659)	(1,444,601)
Interest expense	(650,923)	(53,242)
Sundry finance expenses	(30,332)	(15,215)
<b>Finance costs</b>	<b>(2,355,914)</b>	<b>(1,513,058)</b>
<b>Net finance income/(cost)</b>	<b>127,152</b>	<b>(320,517)</b>

#### 12. Tax

The corporation tax rate is 12,5%.

Under certain conditions interest income may be subject to defence contribution at the rate of 30%. In such cases this interest will be exempt from corporation tax. In certain cases, dividends received from abroad may be subject to defence contribution at the rate of 17%.

Overseas tax derives from the Norwegian trading activities that the Company operates through a branch and are subject to taxation in Norway. Tax paid in Norway is credited against tax that may be payable in Cyprus.

Gains on disposal of qualifying titles (including shares, bonds, debentures, rights thereon etc) are exempt from Cyprus income tax.



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## OSM AVIATION LTD NUF

### NOTES TO THE FINANCIAL STATEMENTS

31 December 2018

#### 13. Dividends

	2018 US\$	2017 US\$
Interim dividend paid	<u>6,509,431</u>	2,800,000
	<u>6,509,431</u>	<u>2,800,000</u>

On the 3rd of January 2018 and the 30th of August 2018 the Board of Directors approved the payment of total dividends of US\$ 8,200,000(2017: US\$2,800,000).

Dividends are subject to a deduction of special contribution for defence at 17% for individual shareholders that are both Cyprus tax resident and Cyprus domiciled.



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## OSM AVIATION LTD NUF

### NOTES TO THE FINANCIAL STATEMENTS

31 December 2018

#### 14. Investments in subsidiaries

	2018 US\$	2017 US\$
Balance at 1 January	8,720,671	5,960,443
Additions	4,734	2,760,228
<b>Balance at 31 December</b>	<b>8,725,405</b>	<b>8,720,671</b>

The details of the subsidiaries are as follows:

Name	Country of incorporation	Principal activities	Holding %	2018 US\$	2017 US\$
OSM Aviation Pte	Singapore	Provision of airline cabin crew	100	7,561	7,561
OSM Aviation Spain,ETT,S.L	Spain	Provision of airline cabin crew	100	4,072	4,072
OSM Aviation Denmark Aps	Denmark	Provision of airline cabin crew	100	8,426	8,426
OSM Aviation Inc	United States	Provision of airline cabin crew	100	1	1
OSM Aviation HK Ltd	Hong Kong	Provision of airline cabin crew	100	1,317	1,317
Goldcup 11589AB UA	Sweden	Provision of airline cabin crew	100	62,540	62,540
OSM Aviation Germany GmbH	Germany	Provision of airline cabin crew	100	29,874	29,874
OSM Aviation AS	Denmark	Provision of airline cabin crew	100	482,948	482,948
OSM Aviation Crew AS	Norway	Provision of airline cabin crew	100	376,505	376,505
OSM Aviation Sweden AB	Sweden	Provision of airline cabin crew	100	4,459,534	4,459,534
OSM Aviation Norwat AS	Norway	Provision of airline cabin crew	100	138,832	138,832
OSM Aviation Management AS	Norway	Provision of airline cabin crew	100	12,163	12,163
OSM Aviation Management UK Ltd	United Kingdom	Provision of airline cabin crew	100	362,740	362,740
Norwegian Air Singapore Resources Asia Pte Ltd	Singapore	Provision of airline cabin crew	100	75,264	75,264
BF Scandinavian Aviation Academy AB	Sweden	Provision of airline cabin crew	100	2,698,895	2,698,895
OSM Aviation Academy Holding AS	Norway	Provision of airline cabin crew	100	4,722	-
OSM Aviation Netherlands	Netherland	Provision of airline cabin crew	100	11	-
				<b>8,725,405</b>	<b>8,720,672</b>

#### 15. Investments in associates

	2018 US\$	2017 US\$
Balance at 1 January	1,492,653	1,801,873
Additions	4,490	-
Disposals	-	(309,220)
<b>Balance at 31 December</b>	<b>1,497,143</b>	<b>1,492,653</b>



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## OSM AVIATION LTD NUF

### NOTES TO THE FINANCIAL STATEMENTS

31 December 2018

#### 15. Investments in associates (continued)

The details of the investments are as follows:

Name	Country of incorporation	Principal activities	Holding %	2018 US\$	2017 US\$
OSM Aviation AS	Norway	Provision of airline cabin crew	49	94,652	94,652
OSM Aviation UK Ltd	United Kingdom	Provision of airline cabin crew	49	1,528	1,528
Norwegian Air Resources Spain S.L	Spain	Provision of airline cabin crew	49	813,439	813,439
Norwegian Air Resources Asia Finland Pte Ltd		Provision of airline cabin crew	49	583,034	583,034
Norwegian OSM LH Spain S.L Norway		Provision of airline cabin crew	49	4,490	-
				<u>1,497,143</u>	<u>1,492,653</u>

#### 16. Receivables

	2018 US\$	2017 US\$
Receivables from own subsidiaries (Note 21.1)	3,561,949	3,705,387
Shareholders' current accounts - debit balances (Note 21.3)	77,012	66,165
Deposits and prepayments	1,079	1,092
	<u>3,640,040</u>	<u>3,772,644</u>

The fair values of receivables due within one year approximate to their carrying amounts as presented above.

The exposure of the Company to credit risk and impairment losses in relation to receivables is reported in note 6 of the financial statements.

#### 17. Cash at bank and in hand

	2018 US\$	2017 US\$
Cash at bank and in hand	6,016,051	5,534
	<u>6,016,051</u>	<u>5,534</u>

For the purposes of the cash flow statement, the cash and cash equivalents include the following:

	2018 US\$	2017 US\$
Cash at bank and in hand	6,016,051	5,534
Bank overdrafts (Note 19)	(18,197,736)	(6,011,045)
	<u>(12,181,685)</u>	<u>(6,005,511)</u>

The exposure of the Company to credit risk and impairment losses in relation to cash and cash equivalents is reported in note 6 of the financial statements.



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**OSM AVIATION LTD NUF**

**NOTES TO THE FINANCIAL STATEMENTS**

31 December 2018

**18. Share capital**

	2018 Number of shares	2018 \$	2017 Number of shares	2017 \$
<b>Authorised</b>				
Ordinary shares of \$1.35 each	<u>100,000</u>	<u>135,000</u>	<u>100,000</u>	<u>135,000</u>
		<b>US\$</b>		<b>US\$</b>
<b>Issued and fully paid</b>				
Balance at 1 January	<u>100,000</u>	<u>135,000</u>	<u>100,000</u>	<u>135,000</u>
<b>Balance at 31 December</b>	<u>100,000</u>	<u>135,000</u>	<u>100,000</u>	<u>135,000</u>

**19. Borrowings**

	2018 US\$	2017 US\$
<b>Current borrowings</b>		
Bank overdrafts (Note 17)	<u>18,197,736</u>	<u>6,011,045</u>

**20. Trade and other payables**

	2018 US\$	2017 US\$
Social insurance and other taxes	<b>17,431</b>	24,098
Accruals	<b>15,441</b>	13,545
Other creditors	<b>7,368</b>	1,191,686
Payables to own subsidiaries (Note 21.2)	<b>30,146</b>	868,058
Payables to associates (Note 21.2)	<u>2,848,552</u>	<u>5,359,078</u>
	<u>2,918,938</u>	<u>7,456,465</u>

The fair values of trade and other payables due within one year approximate to their carrying amounts as presented above.

**21. Related party transactions**

The Company is jointly controlled by OSM Aviation Group Limited and Norwegian Air Resources Limited.

The following transactions were carried out with related parties:

**21.1 Receivables from own subsidiary (Note 16)**

Name	2018 US\$	2017 US\$
OSM Aviation Sweden AB	<b>1,577,340</b>	1,338,207
OSM Aviation Spain ETT S.L	-	2,367,180
OSM Aviation Ireland Ltd	<b>12,680</b>	-
OSM Aviation Management AS	<b>591,430</b>	-
OSM Aviation Denmark Aps	<u>1,380,499</u>	-
	<u>3,561,949</u>	<u>3,705,387</u>

The receivables from related parties were provided interest free, and there was no specified repayment date.



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## OSM AVIATION LTD NUF

### NOTES TO THE FINANCIAL STATEMENTS

31 December 2018

#### 21. Related party transactions (continued)

##### 21.2 Payables to related parties (Note 20)

Name	2018 US\$	2017 US\$
OSM Aviation Inc(subsidiary)	-	865,000
OSM Aviation Management AS (subsidiary)	-	3,058
OSM Aviation AS	-	5,359,078
Norwegian Air Resources Asia Pte Ltd	2,876,209	-
OSM Aviation Management Spain SL	2,489	-
	<u>2,878,698</u>	<u>6,227,136</u>

The payables to related parties were provided interest free, and there was no specified repayment date.

##### 21.3 Shareholders' current accounts - debit balances (Note 16)

	2018 US\$	2017 US\$
OSM Aviation Group Ltd	77,012	66,165
	<u>77,012</u>	<u>66,165</u>

The shareholders' current accounts are interest free, and have no specified repayment date.

#### 22. Contingent liabilities

The Company had no contingent liabilities as at 31 December 2018.

#### 23. Commitments

The Company had no capital or other commitments as at 31 December 2018.

#### 24. Accounting policies up to 31 December 2017

Accounting policies applicable to the comparative period ended 31 December 2017 that were amended by IFRS 9 and IFRS 15, are as follows.

##### Financial instruments

Financial assets and financial liabilities are recognised in the Company's statement of financial position when the Company becomes a party to the contractual provisions of the instrument.

##### Financial assets

###### (1) Classification

The Company classifies its financial assets in the following categories: financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments and available for-sale financial assets. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of financial assets at initial recognition.

- Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and for which there is no intention of trading the receivable. They are included in current assets, except for maturities greater than twelve months after the reporting date. These are classified as non-current assets. The Company's loans and receivables comprise trade and other receivables and cash and cash equivalents in the statement of financial position.



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**OSM AVIATION LTD NUF****NOTES TO THE FINANCIAL STATEMENTS**

31 December 2018

**24. Accounting policies up to 31 December 2017 (continued)****Financial instruments (continued)**Financial assets (continued)*(2) Recognition and measurement*

Regular way purchases and sales of financial assets are recognised on trade-date which is the date on which the Company commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognised at fair value and transaction costs are expensed in profit or loss. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership. Loans and receivables are carried at amortised cost using the effective interest method.

Gains or losses arising from changes in the fair value of the "financial assets at fair value through profit or loss" category are presented in profit or loss in the period in which they arise. Dividend income from financial assets at fair value through profit or loss is recognised in the profit or loss when the Company's right to receive payments is established.

The fair values of quoted investments are based on current bid prices. If the market for a financial asset is not active (and for unlisted securities), the Company establishes fair value by using valuation techniques. These include the use of recent arm's length transactions, reference to other instruments that are substantially the same and discounted cash flow analysis, making maximum use of market inputs and relying as little as possible on entity specific inputs. Equity investments for which fair values cannot be measured reliably are recognised at cost less impairment.

Changes in the fair value of monetary securities denominated in a foreign currency and classified as available-for-sale are analysed between translation differences resulting from changes in amortised cost of the security and other changes in the carrying amount of the security. The translation differences on monetary securities are recognised in profit or loss, while translation differences on non-monetary securities are recognised in other comprehensive income. Changes in the fair value of monetary and non-monetary securities classified as available-for-sale are recognised in other comprehensive income.

When securities classified as available-for-sale are sold or impaired, the accumulated fair value adjustments recognised in other comprehensive income are included in profit or loss as gains and losses on available-for-sale financial assets.

Interest on available-for-sale securities calculated using the effective interest method is recognised in the profit or loss. Dividends on available-for-sale equity instruments are recognised in profit or loss when the Company's right to receive payments is established.

The Company assesses at each reporting date whether there is objective evidence that a financial asset or a group of financial assets is impaired. In the case of equity securities classified as available-for-sale, a significant or prolonged decline in the fair value of the security below its cost is considered as an indicator that the securities are impaired. If any such evidence exists for available-for-sale securities the cumulative loss which is measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss, is removed from equity and recognised in profit or loss.

For financial assets measured at amortised cost, if in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.



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**OSM AVIATION LTD NUF****NOTES TO THE FINANCIAL STATEMENTS**

31 December 2018

**24. Accounting policies up to 31 December 2017 (continued)****Financial instruments (continued)**Financial assets (continued)

In respect of available-for-sale equity securities, impairment losses previously recognised in profit or loss are not reversed through profit or loss. Any increase in fair value subsequent to an impairment loss is recognised in other comprehensive income and accumulated under the heading of investments revaluation reserve. In respect of available-for-sale debt securities, impairment losses are subsequently reversed through profit or loss if an increase in the fair value of the investment can be objectively related to an event occurring after the recognition of the impairment loss.

**Derecognition of financial assets and liabilities**Financial assets

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

Financial liabilities

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

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, and the difference in the respective carrying amounts is recognised in profit or loss.

**25. Events after the reporting period**

There were no material events after the reporting period, which have a bearing on the understanding of the financial statements.

**Independent auditor's report on pages 2 to 4**

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**OSM AVIATION LTD NUF**

DETAILED INCOME STATEMENT  
31 December 2018

	Page	2018 US\$	2017 US\$
<b>Revenue</b>			
Dividend income		<b>6,480,451</b>	3,709,431
<b>Operating expenses</b>			
Administration expenses	26	<u>(169,630)</u>	(189,490)
		<b>6,310,821</b>	3,519,941
<b>Other operating expenses</b>			
Other non-allowable for tax expense		-	(9,077)
<b>Operating profit</b>		<b>6,310,821</b>	3,510,864
Finance income	27	<b>2,483,066</b>	1,192,541
Finance costs	27	<u>(2,355,914)</u>	(1,513,058)
<b>Net profit for the year before tax</b>		<u><b>6,437,973</b></u>	3,190,347



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**OSM AVIATION LTD NUF**

**SELLING AND DISTRIBUTION EXPENSES**

31 December 2018

	<b>2018</b>	2017
	<b>US\$</b>	US\$
<b>Administration expenses</b>		
Staff salaries	<b>103,910</b>	129,766
Social insurance	<b>12,596</b>	18,292
Rent	<b>18</b>	-
Annual levy	<b>400</b>	394
Sundry expenses	<b>9,814</b>	4,217
Auditors' remuneration	<b>25,741</b>	18,009
Other professional fees	<b>17,151</b>	18,743
Overseas travelling	-	69
	<b>169,630</b>	189,490



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## OSM AVIATION LTD NUF

### FINANCE INCOME/COST 31 December 2018

	2018 US\$	2017 US\$
<b>Finance income</b>		
Bank interest	419,925	127
Group interest	-	48
Realised foreign exchange profit	84,863	63,050
Unrealised foreign exchange profit	<u>1,978,278</u>	<u>1,129,316</u>
	<u>2,483,066</u>	<u>1,192,541</u>
<b>Finance costs</b>		
<b>Interest expense</b>		
Loan interest	11,501	41,926
Bank overdraft interest	639,422	11,316
<b>Sundry finance expenses</b>		
Bank charges	30,324	15,215
Other finance expenses	8	-
<b>Net foreign exchange losses</b>		
Realised foreign exchange loss	217,795	340,196
Unrealised foreign exchange loss	<u>1,456,864</u>	<u>1,104,405</u>
	<u>2,355,914</u>	<u>1,513,058</u>



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**OSM AVIATION LTD NUF**

COMPUTATION OF CORPORATION TAX  
31 December 2018

	Page	US\$	US\$
Net profit per income statement	25		6,437,973
<b>Add:</b>			
Annual levy		400	
Other non-allowable for tax expenses in Cyprus		<u>6,805</u>	
			<u>7,205</u>
			6,445,178
<b>Less:</b>			
Profit of branch taxed in Norway		<u>6,445,178</u>	
			<u>(6,445,178)</u>
<b>Chargeable income for the year</b>			-
			€
Converted into € at US\$ 1.143790 = €1			<u>-</u>



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RSM Norge AS

To the General Meeting of OSM Aviation Ltd NUF

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## Independent Auditor's Report

### Report on the Audit of the Financial Statements

#### Opinion

We have audited the financial statements of OSM Aviation Ltd NUF, which comprise:

- The financial statements of the parent company OSM Aviation Ltd NUF (the Company), which comprise the balance sheet as at 31 December 2018, the income statement, statement of changes in equity and cash flow statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and
- The consolidated financial statements of OSM Aviation Ltd NUF and its subsidiaries (the Group), which comprise the balance sheet as at 31 December 2018, the income statement, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion:

- The financial statements are prepared in accordance with the law and regulations.
- The accompanying financial statements give a true and fair view of the financial position of the Company as at 31 December 2018, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the EU.
- The accompanying consolidated financial statements give a true and fair view of the financial position of the Group as at 31 December 2018, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the EU.

#### 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 and the Group as required by laws and regulations, 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.

#### Other information

Management is responsible for the other information. The other information comprises information in the annual report, except the financial statements and our auditor's report thereon.

Our opinion on 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.

#### THE POWER OF BEING UNDERSTOOD

AUDIT | TAX | CONSULTING

RSM Norge AS is a member of the RSM network and trades as RSM. RSM is the trading name used by the members of the RSM network. Each member of the RSM network is an independent accounting and consulting firm which practices in its own right. The RSM network is not itself a separate legal entity in any jurisdiction.

RSM Norge AS er medlem av/ is a member of Den norske Revisorforening.



Independent Auditor's Report 2018 for OSM Aviation Ltd NUF

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

*Responsibilities of the Board of Directors and the Managing Director for the Financial Statements*

The Board of Directors and the Managing Director (Management) are responsible for the preparation in accordance with law and regulations, including fair presentation of the financial statements in accordance with International Financial Reporting Standards as adopted by the EU, 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 and the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

*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 laws, regulations, and auditing standards and practices generally accepted in Norway, including 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

For further description of Auditor's Responsibilities for the Audit of the Financial Statements reference is made to <https://revisorforeningen.no/revisjonsberetninger>

**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 the proposed 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 produce a proper and clearly set out registration and documentation of the Company's accounting information in accordance with the law and bookkeeping standards and practices generally accepted in Norway.

Arendal, 30 June 2019  
RSM Norge AS

  
Jan Dønvik  
State Authorised Public Accountant



**Skattedirektoratet**

Saksbehandler Torstein Kinden Helleland	Deres dato 07.03.2017	Vår dato 13.03.2017
Telefon 22078139	Deres referanse Johan Bringsverd	Vår referanse 2017/258066

ERNST & YOUNG AS  
Kystveien 2 C  
4841 Arendal

**Tillatelse til å utarbeide årsregnskap og årsberetning på engelsk språk for OSM Aviation Ltd, org. nr. 916 490 771**

Vi viser til deres brev av 7. mars 2017 der det søkes om dispensasjon fra kravet til å utarbeide årsregnskap og årsberetning på norsk språk for OSM Aviation Ltd.

Skattedirektoratet gir på bakgrunn av en konkret helhetsvurdering OSM Aviation Ltd 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.

Kopi av dette brevet må sendes Regnskapsregisteret i Brønnøysund sammen med årsregnskapet. Det påligger den regnskapspliktige å dokumentere ved dette brev at tillatelsen er gitt.

**Bakgrunn**

OSM Aviation Ltd er en filial av OSM Aviation Ltd som er hjemmehørende på Kypros. OSM Aviation Ltd (NUF) er en tjenesteleverandør innen luftfartsindustrien, herunder utleie og formidling av personale til luftfartsvirksomhet. Selskapet er morselskap i OSM Aviation konsernet og har datterselskaper både i Norge og utenlands, herunder USA, UK, Europa og Asia. Arbeidsspråket er engelsk. Alle sentrale aktører og samarbeidspartnere innen denne bransjen behersker og benytter engelsk. 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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E-post: [skatteetaten.no/sendepost](mailto:skatteetaten.no/sendepost)

Sentraltbord  
800 80 000  
Telefaks  
22 17 08 80



*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 vekt på at selskapet er en filial av et utenlandsk selskap. Eierkretsen er begrenset. Arbeidsspråk er engelsk. Videre er det vektlagt at alle sentrale aktører og samarbeidspartnere innen denne bransjen behersker og benytter engelsk.

Vennligst oppgi vår referanse ved henvendelser i saken.

Med hilsen

Rune Tystad  
seniorrådgiver  
Rettsavdelingen, foretaksskatt  
Skattedirektoratet

Torstein Kinden Helleland

*Dokumentet er elektronisk godkjent og har derfor ikke håndskrevne signaturer*