



ÅRSREGNSKAPET FOR REGNSKAPSÅRET 2018 - GENERELL INFORMASJON

Enheten

Organisasjonsnummer: 916 490 666
Organisasjonsform: Norskreg. utenlandsk foretak
Foretaksnavn: OSM AVIATION GROUP 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: Dagfinn Andersen
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, 08.09.2020



Resultatregnskap

Beløp i: USD	Note	2018	2017
RESULTATREGNSKAP			
Kostnader			
Annen driftskostnad		17 511	22 022
Sum kostnader		17 511	22 022
Driftsresultat		-17 511	-22 022
Finansinntekter og finanskostnader			
Annen finansinntekt	10	4 110 015	1 410 517
Sum finansinntekter		4 110 015	1 410 517
Annen finanskostnad		25 156	4 109
Sum finanskostnader		25 156	4 109
Netto finans		4 084 859	1 406 408
Ordinært resultat før skattekostnad		4 067 348	1 384 386
Skattekostnad på ordinært resultat		30 930	0
Ordinært resultat etter skattekostnad		4 036 418	1 384 386
Årsresultat		4 036 418	1 384 386
Overføringer og disponeringer			
Overføringer til/fra annen egenkapital		4 036 418	1 384 386
Sum overføringer og disponeringer		4 036 418	1 384 386



Balanse

Beløp i: USD	Note	2018	2017
BALANSE - EIENDELER			
Anleggsmidler			
Immaterielle eiendeler			
Finansielle anleggsmidler			
Investering i datterselskap	13	1	1
Investeringer i tilknyttet selskap	14	67 500	67 500
Sum finansielle anleggsmidler		67 501	67 501
Sum anleggsmidler		67 501	67 501
Omløpsmidler			
Varer			
Fordringer			
Kundefordringer	16	93 280	63 443
Andre fordringer	15	227 071	229 900
Sum fordringer		320 351	293 343
Bankinnskudd, kontanter og lignende			
Bankinnskudd, kontanter og lignende	17	67 577	1 376 381
Sum bankinnskudd, kontanter og lignende		67 577	1 376 381
Sum omløpsmidler		387 928	1 669 724
SUM EIENDELER		455 429	1 737 225
BALANSE - EGENKAPITAL OG GJELD			
Egenkapital			
Innskutt egenkapital			
Selskapskapital	18	1 000	1 000
Beholdning av egne aksjer	19	1 000	1 000
Overkurs		133 000	133 000
Sum innskutt egenkapital		135 000	135 000



Balanse

Beløp i: USD	Note	2018	2017
Opptjent egenkapital			
Annen egenkapital		203 458	267 040
Sum opptjent egenkapital		203 458	267 040
Sum egenkapital		338 458	402 040
Sum langsiktig gjeld		0	0
Kortsiktig gjeld			
Betalbar skatt	21	23 652	0
Annen kortsiktig gjeld	20	93 319	1 335 185
Sum kortsiktig gjeld		116 971	1 335 185
Sum gjeld		116 971	1 335 185
SUM EGENKAPITAL OG GJELD		455 429	1 737 225



RSM Norge AS

To the General Meeting of OSM Aviation Group Ltd NUF

Frolandsveien 6, 4847 Arendal
Org.nr: 982 316 588 MVA

T +47 38 07 07 00
F +47 23 11 42 01

www.rsmnorge.no

Independent Auditor's Report

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of OSM Aviation Group Ltd NUF, 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 accompanying financial statements are prepared in accordance with law and regulations and 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 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 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.

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 ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that 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/revisionsberetninger>

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 Group Ltd
NUF



Report on Other Legal and Regulatory Requirements

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 Dørvik

State Authorised Public Accountant



OSM AVIATION GROUP LIMITED NUF

FINANCIAL STATEMENTS
31 December 2018



OSM AVIATION GROUP LIMITED NUF

FINANCIAL STATEMENTS

31 December 2018

CONTENTS

PAGE

Report of the Board of Directors	1
Statement of profit or loss and other comprehensive income	2
Statement of financial position	3
Statement of changes in equity	4
Cash flow statement	5
Notes to the financial statements	6 – 18
Additional information to the statement of profit or loss and other comprehensive income	19 – 22



OSM AVIATION GROUP LIMITED NUF

Director's report 2018

Enterprise number 916 490 666

Overview of the business

OSM Aviation Group Ltd ("the company") was incorporated in 2014 as a private limited liability company under the Cyprus Companies Law. OSM Aviation is headquartered in Limassol, Cyprus.

The company established a branch in Norway in late 2015, which was registered in the Norwegian Company Register on 6 February 2016 under the name OSM Aviation Group Ltd NUF.

Principal activities

The principal activities of the company is the holding of investments.

Financial review

The company's investment in OSM Aviation Ltd has continued the positive development from 2017 also in 2018 after the restructuring of the group was successfully completed in 2016.

Net profit for the year was USD 4,0 million, which the board proposes is transferred to retained earnings.

Total shareholders' equity was USD 0,338 million, corresponding to an equity ratio of 74,3 per cent. The company had no credit facilities or interest-bearing debt at 31 December 2018, and is mainly financed by equity.

Going concern

The board of directors considers the company's financial position to be strong, and the financial statements for 2018 have been prepared on the assumption that the company is able to continue as a going concern.

Employees and work environment

The company had no employees in 2018.

Environmental responsibilities

The company and its' activities do not pollute the natural environment.

The Board of Directors
OSM Aviation Group Ltd NUF
Arendal, 21 June 2019

.....
Bjorn Tore Larsen
Director
(sign.)

.....
Espen Bjarte Hoiby
Director
(sign.)

The notes on pages 6 to 18 form an integral part of these financial statements.



OSM AVIATION GROUP LIMITED NUF

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

	Note	2018 US\$	2017 US\$
Dividend income		4,100,000	1,400,000
Administration and other expenses		<u>(17,511)</u>	<u>(22,021)</u>
Operating profit		4,082,489	1,377,979
Finance income	10	10,015	10,517
Finance costs	10	<u>(25,156)</u>	<u>(4,109)</u>
Profit before tax		4,067,348	1,384,387
Tax	11	<u>(30,930)</u>	-
Net profit for the year		4,036,418	1,384,387
Other comprehensive income		-	-
Total comprehensive income for the year		<u>4,036,418</u>	<u>1,384,387</u>

The notes on pages 6 to 18 form an integral part of these financial statements.



OSM AVIATION GROUP LIMITED NUF

STATEMENT OF FINANCIAL POSITION

31 December 2018

	Note	2018 US\$	2017 US\$
ASSETS			
Non-current assets			
Investments in subsidiaries	13	1	1
Capital in joint ventures	14	67,500	67,500
		67,501	67,501
Current assets			
Receivables	16	93,280	63,443
Loans receivable	15	227,071	229,900
Cash and cash equivalents	17	67,577	1,376,381
		387,928	1,669,724
Total assets		455,429	1,737,225
EQUITY AND LIABILITIES			
Equity			
Share capital	18	1,000	1,000
Share premium		133,000	133,000
Redeemable shares	19	1,000	1,000
Retained earnings		203,458	267,040
Total equity		338,458	402,040
Current liabilities			
Other Payables	20	93,319	1,335,185
Current tax liabilities	21	23,652	-
		116,971	1,335,185
Total equity and liabilities		455,429	1,737,225

On 21 June 2019 the Board of Directors of OSM Aviation Group Limited NUF authorised these financial statements for issue.

.....
Bjorn Tore Larsen
Director
(sign.)

.....
Espen Bjarthe Hoiby
Director
(sign.)

The notes on pages 6 to 18 form an integral part of these financial statements.



OSM AVIATION GROUP LIMITED NUF

STATEMENT OF CHANGES IN EQUITY

31 December 2018

	Note	Share capital US\$	Redeemable shares US\$	Share premium US\$	Retained earnings US\$	Total US\$
Balance at 1 January 2017		1,000	1,000	998,000	82,653	1,082,653
Comprehensive income						
Net profit for the year		-	-	-	1,384,387	1,384,387
Transactions with owners						
Dividends	12	-	-	-	(1,200,000)	(1,200,000)
Repayments for the year		-	-	(865,000)	-	(865,000)
Balance at 31 December 2017/ 1 January 2018		1,000	1,000	133,000	267,040	402,040
Comprehensive income						
Net profit for the year		-	-	-	4,036,418	4,036,418
Transactions with owners						
Dividends	12	-	-	-	(4,100,000)	(4,100,000)
Balance at 31 December 2018		1,000	1,000	133,000	203,458	338,458

Companies which do not distribute 70% of their profits after tax, as defined by the relevant tax law, within two years after the end of the relevant tax year, will be deemed to have distributed as dividends 70% of these profits. Special contribution for defence at 17% will be payable on such deemed dividends to the extent that the ultimate shareholders are both Cyprus tax resident and Cyprus domiciled. The amount of deemed distribution is reduced by any actual dividends paid out of the profits of the relevant year at any time. This special contribution for defence is payable by the Company for the account of the shareholders.

The notes on pages 6 to 18 form an integral part of these financial statements.



OSM AVIATION GROUP LIMITED NUF

CASH FLOW STATEMENT

31 December 2018

	Note	2018 US\$	2017 US\$
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		4,067,348	1,384,387
Adjustments for:			
Unrealised exchange loss		21,841	-
Dividend income		(4,100,000)	(1,400,000)
Interest income	10	(9,864)	(603)
Interest expense	10	-	1,837
		(20,675)	(14,379)
Changes in working capital:			
(Increase)/decrease in receivables		(27,008)	591,868
(Decrease)/increase in other payables		(1,241,866)	1,181,543
Cash (used in)/generated from operations		(1,289,549)	1,759,032
Tax paid		(7,278)	(26,736)
Net cash (used in)/generated from operating activities		(1,296,827)	1,732,296
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from sale of investments in subsidiary undertakings		-	303,152
Interest received		9,864	603
Dividends received		4,100,000	1,400,000
Net cash generated from investing activities		4,109,864	1,703,755
CASH FLOWS FROM FINANCING ACTIVITIES			
Payments of Share Premium		-	(865,000)
Unrealised exchange (loss)		(21,841)	-
Interest paid		-	(1,837)
Dividends paid		(4,100,000)	(1,200,000)
Net cash used in financing activities		(4,121,841)	(2,066,837)
Net (decrease)/increase in cash and cash equivalents		(1,308,804)	1,369,214
Cash and cash equivalents at beginning of the year		1,376,381	7,167
Cash and cash equivalents at end of the year	17	67,577	1,376,381

The notes on pages 6 to 18 form an integral part of these financial statements.



OSM AVIATION GROUP LIMITED NUF

NOTES TO THE FINANCIAL STATEMENTS

31 December 2018

1. Incorporation and principal activities

Country of incorporation

The Company OSM Aviation Group Limited (the "Company") was incorporated in Cyprus on 5 June 2014 as a private limited liability company under the provisions of the Cyprus Companies Law, Cap. 113. Its registered office is at Amathountos 22, OSM HOUSE, Agios Tychonas, 4532, Limassol, Cyprus.

Principal activities

The principal activity of the Company is the holding of investments.

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 4(a) of IFRS10 'Consolidated Financial Statements', has been used. The Company's ultimate parent Zulu Holding Limited, a Company incorporated/resident in Cyprus produced consolidated financial statements that comply with International Financial Reporting Standards as issued by the IASB. These consolidated financial statements can be obtained from Amathountos 22, OSM HOUSE, Agios Tychonas, 4532, Limassol, Cyprus.

The financial statements have been prepared under the historical cost convention.

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. Functional and presentation currency

The financial statements are presented in United States Dollars (US\$) which is the functional currency of the Company.

4. 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.

5. 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 25.



OSM AVIATION GROUP LIMITED NUF

NOTES TO THE FINANCIAL STATEMENTS

31 December 2018

5. 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.

Joint arrangements

Joint arrangements are arrangements of which the Company has joint control. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

The classification of a joint arrangement as a joint operation or a joint venture depends upon the rights and obligations of the parties to the arrangement. A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets, and obligations for the liabilities, relating to the arrangement. A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement.

Joint ventures

The Company's share in a joint venture is recorded at cost less provision for impairment in value, which is recognised as an expense in the period in which the impairment 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.



OSM AVIATION GROUP LIMITED NUF

NOTES TO THE FINANCIAL STATEMENTS

31 December 2018

5. Significant accounting policies (continued)

Revenue recognition (continued)

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).

- **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.

Tax

Current tax liabilities and assets are measured at the amount expected to be paid to or recovered from the taxation authorities, using the tax rates and laws that have been enacted, or substantively enacted, by the reporting date.

Dividends

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.

Cash and cash equivalents

For the purpose of the cash flow statement, cash and cash equivalents comprise cash at bank. 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.



OSM AVIATION GROUP LIMITED NUF

NOTES TO THE FINANCIAL STATEMENTS

31 December 2018

5. Significant accounting policies (continued)

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.

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. The difference between the fair value of the consideration received by the Company and the nominal value of the share capital being issued is taken to the share premium account.

6. 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.

7. 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:

7.1 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.



OSM AVIATION GROUP LIMITED NUF

NOTES TO THE FINANCIAL STATEMENTS

31 December 2018

7. Financial risk management (continued)

7.1 Credit risk (continued)

(i) Risk management (continued)

For banks and financial institutions, 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

Financial assets at amortised cost

Loans to related parties and receivables from related parties.

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.

Any credit loss assessment on the Company's financial assets would not materially impact the financial statements.

No significant changes to estimation techniques or assumptions were made during the reporting period.

7.1.3 Credit quality of financial assets

The credit quality of financials 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:

	2018 US\$	2017 US\$
Cash at bank and short term bank deposits		
Aa3	<u>67,577</u>	1,376,381
	<u>67,577</u>	1,376,381



OSM AVIATION GROUP LIMITED NUF

NOTES TO THE FINANCIAL STATEMENTS

31 December 2018

7. Financial risk management (continued)

7.2 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.

7.3 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 NOK. The Company's Management monitors the exchange rate fluctuations on a continuous basis and acts accordingly.

If the USD strengthen/weaken against the NOK by 10%, post tax profit would not be materially impacted.

8. 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.

- **Income taxes**

Significant judgment is required in determining the provision for income taxes. There are transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Company recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

Critical judgements in applying the Company's accounting policies

- **Impairment of investments in joint ventures**

The Company periodically evaluates the recoverability of investments in joint ventures 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 joint ventures may be impaired, the estimated future discounted cash flows associated with these joint ventures would be compared to their carrying amounts to determine if a write-down to fair value is necessary.

**OSM AVIATION GROUP LIMITED NUF****NOTES TO THE FINANCIAL STATEMENTS**

31 December 2018

8. Critical accounting estimates, judgments and assumptions (continued)**• Impairment of loans receivable**

The Company periodically evaluates the recoverability of loans receivable 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 in which the borrower operates, which may indicate that the carrying amount of the loan is not recoverable. If facts and circumstances indicate that loans receivable may be impaired, the estimated future discounted cash flows associated with these loans would be compared to their carrying amounts to determine if a write-down to fair value is necessary.

• Impairment of other 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 7, Credit risk section.

9. Expenses by nature

	2018	2017
	US\$	US\$
Auditors' remuneration	5,853	10,331
Subscriptions and contributions	2,066	-
Legal and professional	4,097	8,828
Other expenses	5,495	2,862
Total expenses	17,511	22,021

10. Finance income/(costs)

	2018	2017
	US\$	US\$
Interest income	9,864	603
Exchange profit	151	9,914
Finance income	10,015	10,517
Net foreign exchange losses	(22,112)	(2,222)
Interest expense	-	(1,837)
Sundry finance expenses	(3,044)	(50)
Finance costs	(25,156)	(4,109)
Net finance (costs)/income	(15,141)	6,408

11. Tax

	2018	2017
	US\$	US\$
Overseas tax	30,930	-
Charge for the year	30,930	-



OSM AVIATION GROUP LIMITED NUF

NOTES TO THE FINANCIAL STATEMENTS

31 December 2018

11. Tax (continued)

The tax on the Company's profit before tax differs from theoretical amount that would arise using the applicable tax rates as follows:

	2018 US\$	2017 US\$
Profit before tax	<u>4,067,348</u>	<u>1,384,387</u>
Tax calculated at the applicable tax rates	508,419	173,048
Tax effect of expenses not deductible for tax purposes	3,368	-
Tax effect of allowances and income not subject to tax	(512,519)	(173,048)
Tax effect of tax loss for the year	732	-
Overseas tax in excess of credit claim used during the year	<u>30,930</u>	-
Tax charge	<u>30,930</u>	<u>-</u>

The results of the Company's Norwegian trading activities are subject to taxation in Norway. Tax paid in Norway is credited against tax that may be payable in Cyprus. The corporation tax rates in Cyprus and Norway are 12,5% and 25% respectively.

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%.

12. Dividends

	2018 US\$	2017 US\$
Final dividend paid	<u>4,100,000</u>	<u>1,200,000</u>
	<u>4,100,000</u>	<u>1,200,000</u>

On the 3rd of January 2018 and 30th of August 2018 the Company declared the payment of dividend of USD\$1.100.000 and US\$3.000.000 respectively. (2017: US\$1,200,000).

13. Investments in subsidiaries

	2018 US\$	2017 US\$
Balance at 1 January	1	303,153
Reduction in share capital	-	(303,152)
Balance at 31 December	<u>1</u>	<u>1</u>

The details of the subsidiaries are as follows:

Name	Country of incorporation	Principal activities	2018 Holding %	2017 Holding %	2018 US\$	2017 US\$
OSM Aviation AS	Norway	Provision of airline cabin crew	51	51	<u>1</u>	<u>1</u>

14. Capital in joint ventures

	2018 US\$	2017 US\$
Balance at 1 January	<u>67,500</u>	67,500
Balance at 31 December	<u>67,500</u>	<u>67,500</u>



OSM AVIATION GROUP LIMITED NUF

NOTES TO THE FINANCIAL STATEMENTS

31 December 2018

14. Capital in joint ventures (continued)

The details of the joint ventures are as follows:

Name	Country of incorporation	Principal activities	Holding %	2018 US\$	2017 US\$
OSM Aviation Ltd	Cyprus	Investment holding	50	<u>67,500</u>	<u>67,500</u>

15. Loans receivable

Loans to related parties (Note 22.2)	<u>143,074</u>	146,670
Loans to parent (Note 22.2)	<u>83,997</u>	<u>83,230</u>
	<u>227,071</u>	<u>229,900</u>

Loans receivable are denominated in NOK.

The exposure of the Company to credit risk in relation to loans receivable is reported in note 7 of the financial statements.

The effective interest rates on receivables were as follows:

	2018	
Loans receivable	3.13%	3.15%

16. Receivables

Receivables from related parties (Note 22.1)	<u>89,064</u>	63,443
Other receivables	<u>4,216</u>	-
	<u>93,280</u>	<u>63,443</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 7 of the financial statements.

17. Cash and cash equivalents

Cash balances are analysed as follows:

Cash at bank	<u>67,577</u>	1,376,381
	<u>67,577</u>	<u>1,376,381</u>



OSM AVIATION GROUP LIMITED NUF

NOTES TO THE FINANCIAL STATEMENTS

31 December 2018

17. Cash and cash equivalents (continued)

Cash and cash equivalents by currency:

	2018	2017
	US\$	US\$
United States Dollars	47,591	1,339,384
Norwegian Krone	19,986	36,997
	<u>67,577</u>	<u>1,376,381</u>

The exposure of the Company to credit risk and impairment losses in relation to cash and cash equivalents is reported in note 7 of the financial statements.

18. Share capital

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

19. Redeemable shares

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

20. Other payables

	2018	2017
	US\$	US\$
Shareholders' current accounts - credit balances (Note 22.4)	-	1,184,044
Payables to parent (Note 22.3)	-	60,634
Accruals	7,320	8,337
Other creditors	11,772	11,772
Payables to related parties (Note 22.3)	5,197	1,368
Payables to Joint Ventures (Note 22.3)	<u>69,030</u>	<u>69,030</u>
	<u>93,319</u>	<u>1,335,185</u>

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



OSM AVIATION GROUP LIMITED NUF

NOTES TO THE FINANCIAL STATEMENTS

31 December 2018

21. Current tax liabilities

	2018	2017
	US\$	US\$
Overseas tax	<u>23,652</u>	-
	<u>23,652</u>	-

22. Related party transactions

The Company is ultimately controlled by Bjorn Tore Larsen. The parent company is Shiphold Ltd, which is incorporated in Cyprus and owns 71,2% of the Company's shares.

The following transactions were carried out with related parties:

22.1 Receivables from related parties (Note 16)

Name	Nature of transactions	2018	2017
		US\$	US\$
Norwegian Air	Finance	63,443	63,443
Hightown Holding Limited	Finance	<u>25,621</u>	-
		<u>89,064</u>	<u>63,443</u>

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

22.2 Loans to related parties (Note 15)

	2018	2017
	US\$	US\$
Shiphold Ltd (Parent)	83,997	83,260
Hightown Holding Ltd	<u>143,074</u>	<u>146,640</u>
	<u>227,071</u>	<u>229,900</u>

The loans to related parties bear an interest equivalent to 3 months NOK NIBOR plus 2% and there was no specified repayment date.

22.3 Payables to related parties (Note 20)

Name	Nature of transactions	2018	2017
		US\$	US\$
OSM Aviation Ltd	Finance	69,030	69,030
Shiphold Ltd	Finance	-	62,002
Shiphold Management Services Limited	Finance	<u>5,197</u>	-
		<u>74,227</u>	<u>131,032</u>

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

22.4 Shareholders' current accounts - credit balances (Note 20)

	2018	2017
	US\$	US\$
Hightown Holding Ltd	-	261,939
Aamik Holding APS	-	63,655
Shiphold Ltd	-	846,450
FHAB Ltd	<u>-</u>	<u>12,000</u>
	<u>-</u>	<u>1,184,044</u>

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



OSM AVIATION GROUP LIMITED NUF

NOTES TO THE FINANCIAL STATEMENTS

31 December 2018

23. Contingent liabilities

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

24. Commitments

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

25. Accounting policies up to 31 December 2017

Accounting policies applicable to the comparative period ended 31 December 2017 that were amended by IFRS 9, 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.

(2) Recognition and measurement

Loans and receivables are carried at amortised cost using the effective interest method.

The Company assesses at each reporting date whether there is objective evidence that a financial asset or a group of financial assets is impaired.

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.



OSM AVIATION GROUP LIMITED NUF

NOTES TO THE FINANCIAL STATEMENTS

31 December 2018

25. Accounting policies up to 31 December 2017 (continued)

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.

26. 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



OSM AVIATION GROUP LIMITED NUF

DETAILED INCOME STATEMENT

31 December 2018

	Page	2018 US\$	2017 US\$
Revenue			
Dividend income		4,100,000	1,400,000
Other operating expenses	23	(17,511)	(22,021)
Operating profit		4,082,489	1,377,979
Finance income	24	10,015	10,517
Finance costs	24	(25,156)	(4,109)
Net profit for the year before tax		4,067,348	1,384,387



OSM AVIATION GROUP LIMITED NUF

OTHER OPERATING EXPENSES

31 December 2018

	2018	2017
	US\$	US\$
Other operating expenses		
Annual levy	412	424
Subscriptions and contributions	2,066	-
Auditors' remuneration	5,853	10,331
Legal and professional	4,097	8,828
Management fees	5,083	-
Consultancy Fees	-	2,438
	17,511	22,021



OSM AVIATION GROUP LIMITED NUF

FINANCE INCOME/COST

31 December 2018

	2018 US\$	2017 US\$
Finance income		
Group interest	9,859	583
Interest on bank current accounts	5	20
Realised foreign exchange profit	151	9,914
	<u>10,015</u>	<u>10,517</u>
Finance costs		
Interest expense		
Other interest	-	42
Interest on taxes	-	1,795
Sundry finance expenses		
Bank charges	3,044	50
Net foreign exchange losses		
Realised foreign exchange loss	271	2,222
Unrealised foreign exchange loss	21,841	-
	<u>25,156</u>	<u>4,109</u>



OSM AVIATION GROUP LIMITED NUF

COMPUTATION OF CORPORATION TAX

31 December 2018

	Page	US\$	US\$
Net profit per income statement	22		4,067,348
Add:			
Benefit from transactions falling under Article 33		802	
Realised foreign exchange loss		271	
Unrealised foreign exchange loss		21,841	
Annual levy		412	
Other non-allowable expenses - circular 2008/14		<u>3,624</u>	
			<u>26,950</u>
			4,094,298
Less:			
Dividends received		4,100,000	
Realised foreign exchange profit		<u>151</u>	
			<u>(4,100,151)</u>
Net loss for the year			(5,853)
			€
Converted into € at US\$ 1.143790 = €1			<u>(5,117)</u>

CALCULATION OF TAX LOSSES FOR THE FIVE YEAR PERIOD

Tax year	2013	2014	2015	2016	2017	2018
	€	€	€	€	€	€
Profits/(losses) for the tax year	-	-	-	-	-	(5,117)
Gains Offset (€)	-	-	-	-	-	-
- Year						
Gains Offset (€)	-	-	-	-	-	-
- Year						
Gains Offset (€)	-	-	-	-	-	-
- Year						
Gains Offset (€)	-	-	-	-	-	-
- Year						
Gains Offset (€)	-	-	-	-	-	-
- Year						

Net loss carried forward (5,117)



Skattedirektoratet

Saksbehandler Torstein Kinden Helleland	Deres dato 07.03.2017	Vår dato 13.03.2017
Telefon 22078139	Deres referanse Johan Bringsvold	Vår referanse 2017263103

ERNST & YOUNG AS
Kystveien 2 C
4841 Arendal

Tillatelse til å utarbeide årsregnskap og årsberetning på engelsk språk for OSM Aviation Group Ltd, org. nr. 916 490 666

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 Group Ltd.

Skattedirektoratet gir på bakgrunn av en konkret helhetsvurdering OSM Aviation Group 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 Group Ltd er en filial av OSM Aviation Group Ltd som er hjemmehørende på Kypros. OSM Aviation Group Ltd (NUF) er et holdingsselskap som eier 50 % av OSM Aviation gruppen. OSM Aviation gruppen er en tjenesteleverandør innen luftfartsindustrien, herunder utleie og formidling av personale til luftfartsvirksomhet. OSM Aviation gruppen 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

Efter 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

Postadresse Postboks 9200 Grønland 0134 Oslo	Besøksadresse: Se www.skattelaten.no Org.nr: 99625318 E-post: skattedata@nurob.no	Sentraltbord 800 60 030 Telefaks 22 17 08 60
--	--	---



2017/253103 Side 2 av 2

tilfører kapital til foretakene, og dels andre grupper som har interesse av å vite hvordan 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 Heileland

Dokumentet er elektronisk godkjent og har derfor ikke håndskrevne signaturer