



ÅRSREGNSKAPET FOR REGNSKAPSÅRET 2017 - GENERELL INFORMASJON

Enheten

Organisasjonsnummer: 916 490 771
Organisasjonsform: Norskreg. utenlandsk foretak
Foretaksnavn: OSM AVIATION LTD
Forretningsadresse: Strandveien 50
1366 LYSAKER

Regnskapsår

Årsregnskapets periode: 01.01.2017 - 31.12.2017

Konsern

Morselskap i konsern: Nei

Regnskapsregler

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

Årsregnskapet fastsatt av kompetent organ

Bekreftet av representant for selskapet: Espen Høyby
Dato for fastsettelse av årsregnskapet: 08.05.2018

Grunnlag for avgivelse

År 2017: Årsregnskapet er elektronisk innlevert
År 2016: Tall er hentet fra elektronisk innlevert årsregnskap fra 2017

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, 11.08.2019



Resultatregnskap

Beløp i: USN	Note	2017	2016
RESULTATREGNSKAP			
Kostnader			
Administration expenses	2	209 088	71 461
Other		-15 778	
Sum kostnader		193 310	71 461
Driftsresultat		-193 310	-71 461
Finansinntekter og finanskostnader			
Annen finansinntekt	8	4 860 047	3 980 798
Sum finansinntekter		4 860 047	3 980 798
Annen finanskostnad		1 455 893	15 665
Sum finanskostnader		1 455 893	15 665
Netto finans		3 404 154	3 965 133
Ordinært resultat før skattekostnad		3 210 844	3 893 672
Skattekostnad på ordinært resultat	3	0	0
Ordinært resultat etter skattekostnad		3 210 844	3 893 672
Årsresultat		3 210 844	3 893 672
Andre resultatkomponenter for IFRS-foretak		0	
Totalresultat		3 210 844	
Overføringer og disponeringer			
Utbytte		2 800 000	3 767 453
Overføringer til/fra annen egenkapital		410 844	126 219
Sum overføringer og disponeringer		3 210 844	3 893 672



Balanse

Beløp i: USN	Note	2017	2016
BALANSE - EIENDELER			
Anleggsmidler			
Immaterielle eiendeler			
Finansielle anleggsmidler			
Investering i datterselskap	8	8 720 671	5 960 443
Investeringer i tilknyttet selskap	8	1 609 857	1 919 077
Lån til tilknyttet selskap og felles kontrollert virksomhet		1 092	
Other short-term receivables from associated companies	7	0	250 485
Intercompany short-term receivable	7	3 779 561	10 176
Andre fordringer	4	0	1 425
Sum finansielle anleggsmidler		14 111 181	8 141 606
Sum anleggsmidler		14 111 181	8 141 606
Omløpsmidler			
Varer			
Bankinnskudd, kontanter og lignende			
Bankinnskudd, kontanter og lignende	4	5 534	3 203
Sum bankinnskudd, kontanter og lignende		5 534	3 203
Sum omløpsmidler		5 534	3 203
SUM EIENDELER		14 116 715	8 144 809
BALANSE - EGENKAPITAL OG GJELD			
Egenkapital			
Innskutt egenkapital			
Share capital	5	135 000	135 000
Other reserves		523 211	112 367
Sum innskutt egenkapital	6	658 211	247 367
Sum egenkapital		658 211	247 367



Balanse

Beløp i: USN	Note	2017	2016
Gjeld			
Langsiktig gjeld			
Annen langsiktig gjeld			
Other non-current liabilities		1 192 535	
Sum annen langsiktig gjeld		1 192 535	
Sum langsiktig gjeld		1 192 535	0
Kortsiktig gjeld			
Other payables		21 656	48 752
Intercompany short-term payable	7	874 190	2 084 228
Short-term debt to associated companies	7	5 359 077	5 764 461
Cash-pool	4	6 011 045	
Sum kortsiktig gjeld		12 265 968	7 897 441
Sum gjeld		13 458 503	7 897 441
SUM EGENKAPITAL OG GJELD		14 116 714	8 144 808



Skattedirektoratet

Saksbehandler Torstein Kinden Helleland	Deres dato 07.03.2017	Vår dato 13.03.2017
Telefon 22078139	Deres referanse Johan Bringsverd	Vår referanse 2017/259066

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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22 17 08 60



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



Directors' report 2017

OSM Aviation Ltd NUF

30.04.2018

Enterprise number 916 490 771



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A new year of strong progress – and growth will continue

The OSM Aviation group is continuing its strong growth, and operating revenues in 2017 amounted to USD 209.7 million (USD 130,9M LY) up by just over 60 per cent from 2016. After USD 199.4 million (124,3 LY) in operating expenses, its operating profit came to USD 10.4 million (USD 6,6M LY), an increase of 57 per cent compared with the year before.

Since its foundation in 2013, OSM Aviation has established itself as a world leader in its field. The company, which has specialised in recruiting, employing, training and administering airline crew, had 5 071 (3 350 LY) pilots and cabin crew at 31 December 2017. The business is pursued in 18 countries, and the company has nine international airlines as customers. The company takes a positive view of market prospects, and has plans for continued growth in coming years.

The strong growth achieved by the company in less than five years shows that its business model has met a need. A number of airlines see that they can obtain a more cost-effective model by transferring crew management to a focused specialist company. For their part, employees find that they secure predictable and competitive conditions through OSM Aviation,

OSM Aviation's ambition has been to renew the sector, and it wants to be a responsible and long-term player who offers airlines highly-qualified pilots and cabin crew. Through various training and educational schemes, the company ensures – in collaboration with the individual airline – that employees represent the airline they fly for in the best possible way where safety, service and brand values are concerned.

Collaboration with local unions and the right to collective bargaining have been important for developing the company. OSM Aviation therefore entered into an agreement in early 2017 with the International Transport Workers' Federation (ITF). This recognises the right of employees to organise, and lays the basis for representation and the right to collective bargaining. Through collective pay agreements with unions in the respective countries, OSM Aviation helps to ensure that its workforce enjoys permanent employment with competitive pay and conditions while providing the airlines with the capacity, expertise and quality they require.

Norwegian Air Resources Holding (Norwegian Air) and OSM Aviation have collaborated closely since 2013. This collaboration was further strengthened in 2016 when Norwegian acquired 50 per cent of the shares in OSM Aviation. The agreement laid the basis for OSM Aviation to expand its international operations by also offering its services to airlines other than Norwegian. That thereby builds further on a familiar model in international aviation, whereby airlines purchase both technical support and other ground services from specialist companies which may be wholly or partly owned by a competitor.

OSM Aviation acquired 100 per cent of the shares in Scandinavian Aviation Academy during October 2017, and the later changed its name to OSM Aviation Academy in the spring of 2018. This institution is well established and esteemed as the largest flight school in Sweden. To expand its capacity, a new location is being opened in the autumn of 2018 at Arendal Airport Gullknapp in Norway, making OSM Aviation Academy the largest flight school in the Nordic region. Both Norwegian and international pilots will receive a top-quality education there, with a specially developed career path and permanent employment as a pilot in OSM Aviation.

The OSM Aviation Academy offers a two-year training course, and complies with the integrated Ab-initio programme for pilot education which qualifies for the certificates required to fly for an international airline. New pilots are much in demand, and students at the OSM Aviation Academy will have opportunities to pursue the necessary specialisations tailored to the requirements of the airline they are to fly for. This career path will be structured by OSM Aviation as the employer.



After the new school in Norway opens, OSM Aviation Academy will have an overall capacity of roughly 200 students. The big and growing demand for pilots means that OSM Aviation will eventually consider opening new OSM Aviation Academy units outside Sweden and Norway. In that way, more talented flyers will gain access to an attractive training path while OSM Aviation further strengthens its recruitment base and competitiveness.

Overview of the business

OSM Aviation Ltd ("OSM Aviation" or "the company") was incorporated in 2013 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 Ltd NUF.

The consolidated financial statements and the directors' report for the year ended 2017 form the second annual report for OSM Aviation as a group. The OSM Aviation group (or "the group") consists of the company, hereunder the Norwegian branch office (OSM Aviation Ltd NUF), and the company's subsidiaries for the year ending 31 December 2017.

Principal activities

The principal activities of the company are the holding of investments and the provision of crewing services to airlines.

OSM Aviation Ltd was founded as an offshoot of OSM Marine. It offers total crew management to the air industry, from recruitment and training to planning and execution. At 31 December 2017, the group employed 5 071 air crew and was present in 18 countries.

Financial review

The following financial review is based on the consolidated financial statements of OSM Aviation Ltd and its subsidiaries (the group). The statements have been prepared in accordance with simplified International Financial Reporting Standards (IFRS) as adopted by the EU, as well as with the Norwegian Accounting Act.

In the view of the board, the income statement, the statements of comprehensive income, changes in equity and cash flow, the balance sheet and the notes provide satisfactory information about the operations and position of the group and the parent company at 31 December 2017.

The financial figures are presented in US dollars, which is the group's functional currency.

Income statement

The group's total revenues comprise the provision of services and other income. Consolidated total revenues rose in 2017 by just over 60 per cent from the year before and amounted to USD 209.7 million (130,9 LY), with provision of services accounting for USD 209.5 million (129,7 LY). The UK, Spain and the USA are the largest markets for OSM Aviation at present, and thereby also the source of the majority of its revenues.

Total operating expenses, including depreciation, were USD 199.4 million (124,3 LY), up by just over 60 per cent from 2016. Aircraft crew expenses accounted for 90 per cent of the total.



The group's operating profit amounted to USD 10.4 million (USD 6,6M LY), an increase of 57 per cent from the year before. The share of results in associated companies was a profit of USD 0.8 million, offset by USD 1.2 million in net financial expense. Profit before tax for 2017 was USD 10 million, compared with USD 6.5 million in 2016.

Net profit for the year was USD 7.2 million, up from USD 5 million the year before.

Financial position, financing and liquidity

Total non-current assets at 31 December amounted to USD 11.4 million (4,8M LY), while total current assets came to USD 32.8 million (13,9M LY). Current assets comprise cash, bank deposits, trade receivables and other receivables, and represent some 74 per cent of total assets. The group holds advances from customers as collateral for the trading balances. The fair value of trade and other receivables due within one year approximates to their carrying amounts as presented above.

Total shareholders' equity at 31 December was USD 6.6 million (2,1M LY), corresponding to an equity ratio of 14.9 per cent. Non-current liabilities were USD 3.0 million (0,4M LY). Current liabilities were USD 34.8 million (16,2M LY), of which USD 33.1 million (14,9M LY) represented trade and other payables. The group had no credit facilities at 31 December 2017, but interest-bearing debt of USD 0.7 million.

The company is financed by a combination of equity and prepayments from customers. The group set up a cash pool facility in 2017. Members of the cash pool are all entities in the Nordic countries and the UK excluding partly owned entities.

The board of directors considers the financial position to be strong.

Cash flow

Net cash flows from operational activities amounted to USD 0,3 million. Net cash flows from investing activities in 2017 was negative at USD 2.2 million. Net cash flows from financing activities were negative at USD 2.8 million.

Research and development

The group recognised USD 0.4 million related to research and development in 2017. One of the innovation projects, related to the automated crew management system, is funded by the Research Council of Norway. Forward-looking and efficient solutions for communication with and management of the workforce are under continuous development.

Financial risk and risk management

The group's performance is subject to a variety of risks. Some of these are within its control, and others are not. The group monitors the position closely and continuously, with a heavy emphasis on developing plans to keep business risk at a minimum.

Financial risk factors

The group's principal financial liabilities, other than derivatives, comprise borrowings as well as trade and other payables. The main purpose of these financial liabilities is to finance the group's operations. The group has trade receivables and cash which derive directly from its operations. The group is exposed to market, credit, liquidity and capital risk. The risk management policies used by the group to manage these risks are discussed



below.

Market price risk

Market risk is the risk that the fair value of future cash flows for a financial instrument will fluctuate as a result of changes in market prices. Market prices comprise two types of risk: interest-rate and currency. Financial instruments affected by market risk include borrowings and deposits.

Interest-rate risk

Interest-rate risk is the risk that the fair value of future cash flows for a financial instrument will fluctuate as a result of changes in market interest rates. The group's exposure to the risk of changes in market interest rates relates primarily to its borrowings with floating interest rates. The group's management monitors interest-rate fluctuations on a continuous basis.

Credit risk

Credit risk is the risk that a counterparty will be unable to meet its obligations under a financial instrument or customer contract, leading to a financial loss. The group is exposed to credit risk from its operating activities (primarily for trade receivables) and from its financing activities, including deposits with banks and financial institutions, foreign exchange transactions and other financial instruments. Trade-receivable risk is managed by each business unit, subject to the group's established policy. Outstanding trade receivables are regularly monitored, and overdue items of considerable size are followed up by the responsible key account handlers. The requirement for an impairment is analysed at each reporting date, both on an individual basis for significant amounts per client and also in overall terms on the basis of historical data about the amounts actually incurred. The group holds advances from customers as collateral. The group regards the concentration of risk with respect to trade receivables as low. This is based on historical data which show virtually no losses arising from trade receivables. Credit risk for cash balances with banks and financial institutions is considered to be low on the basis of the procedure which requires that all cash balances and hedges are held in financial institutions with high credit quality.

Liquidity risk

Liquidity risk is the risk which arises when the maturity of assets and liabilities fail to match. While an unmatched position potentially enhances profitability, it can also increase the risk of losses. The group has procedures which aim to minimise such losses. These include maintaining sufficient cash and other highly liquid current assets.

Currency risk

Foreign currency risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes to foreign exchange rates. Currency risk arises when future commercial transactions and recognised assets and liabilities are denominated in a currency which is not the group's measurement currency. The group's exposure to the risk of changes in foreign exchange rates relates primarily to its operational activities (when revenue or expense is in a different currency than the group's functional currency) and to its net investment in foreign subsidiaries. The group manages part of its foreign currency risk by hedging transactions over the next 12-18 month period to minimise risk related to expenses in currencies other than the group's functional currency. Significant transactions which are certain are hedged without any time limit. The group's management monitors exchange rate fluctuations on a continuous basis and acts accordingly.

Going concern

The consolidated financial statements have been prepared on the assumption that the group is a going concern. This assumption is based on the group's level of cash and short-term deposits at 31 December, available credit facilities and forecast cash flows. The company is financed by a combination of equity, prepayments from customers and a long-term shareholder loan.



The board has also confirmed that the going concern assumption holds good on the basis of the group's budgets and long-term strategic forecasts for the years to come.

Parent company results and allocation of net profit

The board proposes that the net profit of USD 3 210 844 in parent company OSM Aviation Ltd NUF be allocated as follows:

Transferred to retained earnings: USD 3 210 844

Corporate social responsibility

OSM Aviation is subject to reporting requirements on corporate social responsibility pursuant to section 3-3c of the Norwegian Accounting Act.

Its employees are the company's most important resource, and OSM Aviation has therefore adopted a business model which is intended to protect the rights of the workforce. To ensure these rights, the company entered into an agreement with the International Transport Workers' Federation (ITF) in early 2017. This recognises the right of employees to organise, and lays the basis for representation and collective bargaining on pay and conditions. Through collective pay agreements with unions in the respective countries, OSM Aviation contributes to ensuring that its workforce enjoys permanent employment with competitive pay and conditions.

To ensure that the company's customers, employees and partners, as well as government agencies and organisations, feel confident about OSM Aviation's commitment to operating its business in accordance with responsible, ethical and sound corporate and business principles, the company has established a code of conduct for corporate social responsibility (CSR).

The CSR code of conduct applies to all employees and directors in the group. By agreement, it may also be extended to apply to independent consultants, intermediaries or others acting on behalf of OSM Aviation. This document provides a framework for the conduct regarded as responsible by OSM Aviation, and defines the individual responsibilities of employees through a combination of broad principles and specific requirements.

The code of conduct is a guideline which outlines the principles on which day-to-day work is based.

Employees, organisation and equal opportunities

The group had 5 071 (3 350 LY) employees at 31 December 2017, divided between its operating companies in a total of 18 countries. Through negotiations with employee unions, the group wants to make provision for long-term and secure jobs, where its employees in the various countries are offered competitive pay and working conditions.

The group promotes a productive working environment and does not tolerate disrespectful behaviour. OSM Aviation is an equal opportunity employer. No discrimination is accepted in hiring, compensation, training, promotion, termination or retirement based on ethnic and national origin, religion, gender or other distinguishing characteristics. OSM Aviation will not use forced or any form or involuntary labour or employ any people below the legal minimum age.



OSM Aviation offers equal pay and conditions of employment to employees in comparable positions in the respective countries, regardless of gender. The company operates in a sector characterised by a traditional gender division. While the majority of cabin personnel are women, men are over-represented among the pilots. Since cabin crew represent a clear majority of all employees in OSM Aviation, the company employs more women than men.

The board of directors including the CEO consist of one woman and four men.

Health, safety, the environment and quality (HSEQ)

The group has implemented a health, safety, environmental and quality (HSEQ) management system with the goal of minimising the risk of injuries to people and harm to the environment. The group's management system is based on internationally recognised standards and is supported by management commitment, personal accountability, training and performance measurement. The group's management system is certified pursuant to ISO 9001.

The working environment in the group is considered to be good.

No significant accidents involving crew or other employees occurred during the year.

Sickness absence for the group corresponds to 5.5 per cent of total working days.

The company's operations do not pollute the natural environment.

Outlook

Airline passenger traffic has experienced tremendous growth over several years, and this expansion is expected to continue in the time to come. This implies a huge demand for airline crew, both pilots and cabin personnel, in the years to come. Forecasts for international air traffic indicate a need for 617 000 new pilots and 814 000 additional cabin crew over the next 15 years. Since OSM Aviation is working to become the leading provider of crew management services in the airline industry, it is confident of taking a fair share of this expansion.

Norwegian Air is planning continued growth in coming years, and the company's fleet of aircraft is steadily increasing. Through its close collaboration with Norwegian Air, OSM Aviation will seek to share in this expansion. In addition, OSM Aviation is working to improve its partnerships with other existing customers. A constantly rising number of reputable international airlines are showing interest in OSM Aviation and the business model it has developed, which means that the company is also devoting much work to introducing itself to possible new customers. Moreover, the strong growth expected in international aviation opens opportunities for an expanded geographical commitment beyond the 18 countries where OSM Aviation is already established. Against that background, the company has ambitions for continued profitable growth.



The board of directors and CEO

OSM Aviation Ltd NUF

Lysaker/Oslo, 8 May 2018

Bjorn Tore Larsen

Chairman

Donald Anderson

Director

Frode Berg

Director

Helga Leknes

Director

Espen Høiby

CEO



OSM AVIATION LTD NUF

STATEMENT OF INCOME AND COMPREHENSIVE INCOME
Year ended 31 December 2017

OSM AVIATION LTD NUF
916 490 771

FINANCIAL STATEMENTS
31 December 2017



OSM AVIATION LTD NUF


STATEMENT OF INCOME AND COMPREHENSIVE INCOME Year ended 31 December 2017


	Note	2017 US\$	2016 US\$
Administration expenses	2	(209 088)	(71 461)
Operating profit		(209 088)	(71 461)
Financial Income		4 860 047	3 980 798
Financial Expenses		(1 455 893)	(15 665)
Profit before tax		3 404 154	3 893 672
Tax	3	0	0
Net profit for the year		3 210 844	3 893 672
Transferred to retained earnings	6	3 210 844	3 893 672
Other comprehensive income			
Other comprehensive income		0	0
Other comprehensive income for the year after tax		0	0
Total comprehensive income for the year		3 210 844	3 893 672


**OSM AVIATION LTD NUF**


ASSETS	Note	2017 US\$	2016 US\$
Non-current assets			
Investments in subsidiaries	8	8 720 671	5 960 443
Investments in associated companies	8	1 609 857	1 919 077
Other fixed assets		1 092	0
Total non-current assets		10 331 620	7 879 520
Current assets			
Other short-term receivables from associated companies	7	0	250 485
Intercompany short-term receivable	7	3 779 561	10 176
Other receivables		0	1 425
Cash at bank and in hand	4	5 534	3 203
		3 779 561	265 289
Total assets		14 111 181	8 144 809
EQUITY AND LIABILITIES			
Equity			
Share capital	5	135 000	135 000
Retained earnings		523 211	112 367
Total equity	6	658 211	247 367
Non-current liabilities			
Other non-current liabilities		1 192 535	0
Total non-current liabilities		1 192 535	0
Current liabilities			
Other payables		21 656	48 752
Intercompany short-term payable	7	874 190	2 084 228
Short-term debt to associated companies	7	5 359 077	5 764 461
Short-term debt cash-pool	4	6 011 045	0
Total current liabilities		12 260 436	7 897 441
Total liabilities		13 452 971	7 897 441
Total equity and liabilities		14 111 181	8 144 809

* The parent company accounts are prepared in accordance with the Norwegian Accounting Act § 3-9 and Regulations for simplified IFRS (2008) issued by the Ministry of Finance on 21 January 2008. Please refer to the notes in the group accounts where appropriate.


Bjorn Tore Larsen
Chairman


Donald Anderson
Director


Frode Berg
Director


Helga Leknes
Director



OSM AVIATION LTD NUF

PARENT COMPANY STATEMENT OF CHANGES IN EQUITY Year ended 31 December 2017

	Note	Share capital US\$	Share premium US\$	Retained earnings US\$	Total US\$
Balance at 1 January 2017		135 000	-	112 367	247 367
Repayment of share premium					0
Dividend paid	6			(2 800 000)	(2 800 000)
Comprehensive income					
Net profit for the year		-	-	3 210 844	3 210 844
Balance at 31 December 2017		135 000	0	523 211	658 211
Balance at 1 January 2016		135,000	865,000	(13,852)	986,148
Repayment of share premium	6		(865,000)		(865,000)
Dividend paid	6			(3,767,453)	(3,767,453)
Comprehensive income					
Net profit for the year		-	-	3,893,672	3,893,672
Balance at 31 December 2016		135,000	-	112,367	247,367



OSM AVIATION LTD NUF

NOTES TO THE FINANCIAL STATEMENTS OF PARENT COMPANY Year ended 31 December 2017

1. Accounting Principles

Basis of preparation

These financial statements have been prepared in accordance with the Norwegian Accounting Act § 3-9 and Regulations for simplified IFRS (2008) issued by the Ministry of Finance on 21 January 2008. This means that recognition and measurement complies with International Financial Reporting Standards (IFRS) and the presentation and disclosures are in accordance with the Norwegian Accounting Act and general accepted accounting practice.

An application for preparing the Financial Statements in English has been filed and were approved by the Norwegian Authorities at 13 March 2017.

These consolidated financial statements have been prepared under the historical cost convention and they are prepared in US Dollars.

Investments in subsidiaries and associated companies

Investments in subsidiaries and associated companies are accounted for at cost.

Other accounting Principles

For other accounting principles please refer to the notes in the group accounts above where appropriate.

2. Wage costs, number of employees, remuneration, loans to employees and auditor's fee

<i>Wage costs</i>	2017	2016
Salaries	129 766	34 883
Social security expenses	18 292	4 918
Pension costs	0	0
Other payments	0	0
Total	<u>148 058</u>	<u>39 801</u>

The total number of employees in the company during the year: 1

The company is not required to have an occupational pension scheme in accordance with Norwegian law on required occupational pension ("lov om obligatorisk tjenestepensjon"). The company's pension scheme meets the law requirements.

Management remuneration

See note 6 to the consolidated financial statements.

<i>Auditor fee has been divided as follows:</i>	2017	2016
Statutory audit fee	13 710	13 447
Other services	0	0

VAT is not included in the figures of auditor's fee.



OSM AVIATION LTD NUF

NOTES TO THE FINANCIAL STATEMENTS OF PARENT COMPANY Year ended 31 December 2017

3. Income taxes

-		
	<u>2017</u>	<u>2016</u>
	<u>US\$</u>	<u>US\$</u>
Income tax charge - current year	<u>0</u>	<u>0</u>
Income tax expense	0	0
	<u>2017</u>	<u>2016</u>
	<u>US\$</u>	<u>US\$</u>
Specification of basis for deferred tax		
<i>Losses available for offsetting against future taxable income</i>		
Balance at 1 January 2017	(4 256)	(5 900)
Charged against taxable income	<u>0</u>	<u>1 644</u>
Balance at 31 December 2017	<u>(4 256)</u>	<u>(4 256)</u>
Deferred tax asset (24%)	1 021	1 021

Deferred tax is not carried in the balance sheet at 31. December 2017.

4. Bank deposit

Restricted cash related to withheld tax on salaries amounted to USD 5 534 at 31 December. The company is a member of the groups cash pool facility.

5. Share capital and shareholder information

Share capital:

	Number of shares	Face value	Book value
The share capital as of 31.12 consists of one class of share	100 000	1.35	135,000

Shareholders per 31.12:

	Ordinary shares	Ownership share	Voting Rights
OSM Aviation Group Ltd.	50 000	50 %	50 %
Norwegian Air Resources Holding Ltd.	50 000	50 %	50 %



OSM AVIATION LTD NUF

NOTES TO THE FINANCIAL STATEMENTS OF PARENT COMPANY Year ended 31 December 2017

6. Owners' equity

	Share capital	Share premium	Retained earnings	Total
Balance at 1 January 2017	135 000	-	112 367	247 367
Repayment of premium				0
Dividend paid			(2 800 000)	(2 800 000)
Comprehensive income				
Net profit for the year	-	-	3 210 844	3 210 844
Balance at 31 December 2017	135 000	-	523 211	658 211
Balance at 1 January 2016	135 000	865 000	(13 852)	986 148
Repayment of premium		(865 000)		(865 000)
Dividend paid			(3 767 453)	(3 767 453)
Comprehensive income				
Net profit for the year	-	-	3 893 672	3 893 672
Balance at 31 December 2016	135 000	-	112 367	247 367

7. Balances with group companies and associated companies

Group companies:

	2017	2016
Short-term Receivables		
OSM Aviation Spain ETT S.L.	2 372 207	10 176
OSM Aviation Germany GmbH	66 306	0
OSM Aviation Sweden AB	1 341 049	0
	3 779 561	10 176
Short-term Payables	2 017	2 016
OSM Aviation Sweden AB	0	657 592
OSM Aviation Inc	865 000	865 000
OSM Aviation Norway AS	123	0
OSM Aviation Management AS	9 067	561 636
	874 190	2 084 228

Associated companies:

	2017	2016
Short-term Receivables		
Norwegian Air Resources Ltd.	0	181 455
OSM Aviation Group Ltd.	0	69 030
	0	250 485
Short-term Payables	2 017	2 016
OSM Aviation AS	5 359 077	5 761 500
Norwegian OSM UK Ltd	0	2 961
	5 359 077	5 764 461

**OSM AVIATION LTD NUF**NOTES TO THE FINANCIAL STATEMENTS OF PARENT COMPANY
Year ended 31 December 2017**8. Investments in subsidiaries and associated companies**

Company name	Country of operation	Net equity at end of year	Profit/loss at end of year	% interest	Carrying value of investment
OSM Aviation Spain ETT, S.L	Spain	4 072		100	4 072
OSM Aviation Inc	USA	1		100	1
OSM Aviation HK Ltd	Hong Kong	1 317		100	1 317
OSM Aviation Pte Ltd	Singapore	7 561		100	7 561
OSM Aviation Management UK Ltd	UK	362 740		100	362 740
OSM Aviation Sweden AB	Sweden	4 459 534		100	4 459 534
OSM Aviation Crew AS	Norway	376 505		100	376 505
OSM Aviation Norway AS	Norway	138 832		100	138 832
OSM Aviation Management AS	Norway	12 163		100	12 163
OSM Aviation A/S	Denmark	482 948		100	482 948
OSM Aviation Crew AB	Sweden	62 540		100	62 540
OSM Aviation Denmark ApS	Denmark	8 426		100	8 426
OSM Aviation Germany GmbH	Germany	29 874		100	29 874
Norwegian Air Resources Asia Pte. Ltd.	Singapore	75 264		100	75 264
BF Scandinavian Aviation Academy AB	Sweden	2 698 895		100	2 698 895
OSM Aviation Netherlands B.V	Netherlands	0		100	0
		8 720 671			8 720 671
OSM Aviation AS	Norway	211 856	46 800	49	258 657
Norwegian OSM UK Ltd	UK	1 528	68 155	49	69 683
Norwegian Air Resources Spain S.L.	Spain	813 439	760 615	49	1 574 054
Norwegian OSM FI OY	Finland	583 034	(28 302)	49	554 731
		1 609 857	847 268		2 457 125



OSM AVIATION LTD NUF

NOTES TO THE FINANCIAL STATEMENTS OF PARENT COMPANY
Year ended 31 December 2017

9. Financial market risk

Interest rate risk

The company has no long-term interest-bearing liabilities at 31.12.17.

Exchange rate risk

Currency fluctuations represent both a direct and an indirect financial risk for the company. The company is exposed to currency risk related to short-term liabilities held in foreign currencies.



Aviation Group

*It's all
about
people*

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v/Regnskapsregisteret
Brønnøysundregistrene
8910 Brønnøysund

16.05.2018

VEDR. INNSENDELSE AV ÅRSREGKSAP OSM AVIATION LTD NUF

Vi legger ved dette skrivet for å bekrefte at innsendte årsregnskap i skjema R-002 samt vedlagte pdf gjelder den norske filialen av det kypriotiske selskapet OSM Aviation Ltd. Det gjøres oppmerksom på at styrets årsberetning gjelder hele konsernet, slik at tall som kommenteres er konsoliderte tall.

Dersom det skulle være ytterligere spørsmål eller uklarheter ikke nøl med å ta kontakt.

Med vennlig hilsen

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