



ÅRSREGNSKAPET FOR REGNSKAPSÅRET 2017 - GENERELL INFORMASJON

Enheten

Organisasjonsnummer: 916 490 666
Organisasjonsform: Norskreg. utenlandsk foretak
Foretaksnavn: OSM AVIATION GROUP LTD
Forretningsadresse: Strandveien 50
1366 LYSAKER

Regnskapsår

Årsregnskapets periode: 01.01.2017 - 31.12.2017

Konsern

Morselskap i konsern: Nei

Regnskapsregler

Regler for små foretak benyttet: Ja
Benyttet ved utarbeidelsen av årsregnskapet til selskapet: Regnskapslovens alminnelige regler

Årsregnskapet fastsatt av kompetent organ

Bekreftet av representant for selskapet: Dagfinn Andersen
Dato for fastsettelse av årsregnskapet: 25.06.2018

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, 08.09.2020



Resultatregnskap

Beløp i: USD	Note	2017	2016
RESULTATREGNSKAP			
Kostnader			
Annen Driftskostnad	4	22 022	2 321
Sum kostnader		22 022	2 321
Driftsresultat		-22 022	-2 321
Finansinntekter og finanskostnader			
Annen finansinntekt	9	1 410 517	3 767 453
Sum finansinntekter		1 410 517	3 767 453
Annen finanskostnad		4 109	17 634
Sum finanskostnader		4 109	17 634
Netto finans		1 406 408	3 749 819
Ordinært resultat før skattekostnad		1 384 386	3 747 498
Skattekostnad på ordinært resultat	5	6 333	21 747
Ordinært resultat etter skattekostnad		1 378 053	3 725 751
Årsresultat		1 378 053	3 725 751



Balanse

Beløp i: USD	Note	2017	2016
BALANSE - EIENDELER			
Anleggsmidler			
Immaterielle eiendeler			
Finansielle anleggsmidler			
Investering i datterselskap	9	1	303 153
Investeringer i tilknyttet selskap	9	67 500	2 244 029
Sum finansielle anleggsmidler		67 501	2 547 182
Sum anleggsmidler		67 501	2 547 182
Omløpsmidler			
Varer			
Fordringer			
Andre fordringer		293 343	20 211
Sum fordringer		293 343	20 211
Bankinnskudd, kontanter og lignende			
Bankinnskudd	6	1 376 381	7 168
Sum bankinnskudd, kontanter og lignende		1 376 381	7 168
Sum omløpsmidler		1 669 724	27 379
SUM EIENDELER		1 737 225	2 574 561
BALANSE - EGENKAPITAL OG GJELD			
Egenkapital			
Innskutt egenkapital			
Selskapskapital	7	2 000	2 000
Overkurs		133 000	998 000
Sum innskutt egenkapital		135 000	1 000 000
Opptjent egenkapital			



Balanse

Beløp i: USD	Note	2017	2016
Annen egenkapital		260 706	39 189
Sum opptjent egenkapital		260 706	39 189
Sum egenkapital		395 706	1 039 189
Sum langsiktig gjeld		0	0
Kortsiktig gjeld			
Betalbar skatt	5	6 333	21 747
Kortsiktig konserngjeld	8	1 313 708	1 440 349
Annen kortsiktig gjeld		21 478	73 276
Sum kortsiktig gjeld		1 341 519	1 535 372
Sum gjeld		1 341 519	1 535 372
SUM EGENKAPITAL OG GJELD		1 737 225	2 574 561



Brønnøysundregistrene

ÅRSREGNSKAP FOR REGNSKAPSÅRET 2017 - GENERELL INFORMASJON

Journalnummer: 2018 903405

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Organisasjonsform: Norskreg. utenlandsk foretak
Foretaksnavn: OSM AVIATION GROUP LTD
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årsregnskapet til selskapet: Regnskapslovens alminnelige regler

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Brønnøysundregistrene, 11.08.2018

Brønnøysundregistrene

Postadresse: Postboks 900, 8910 Brønnøysund
Telefoner: Opplysningstelefonen 75 00 75 00 Administrasjonen 75 00 75 09 Telefaks 75 00 75 05
E-post: fimapost@brreg.no Internett: www.brreg.no
Organisasjonsnummer: 974 760 673



Organisasjonnr: 916 490 666
OSM AVIATION GROUP LTD

RESULTATREGNSKAP

Beløp i: USD	Note	2017	2016
RESULTATREGNSKAP			
Kostnader			
Annen Driftskostnad	4	22 022	2 321
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Organisasjonsnr: 916 490 666
OSM AVIATION GROUP LTD

BALANSE

Beløp i: USD Note 2017 2016

BALANSE - EIENDELER

Anleggsmidler
Immaterielle eiendeler

Finansielle anleggsmidler

Investering i datterselskap 9 1 303 153

Investeringer i
tilknyttet selskap 9 67 500 2 244 029

Sum finansielle
anleggsmidler 67 501 2 547 182

Sum anleggsmidler 67 501 2 547 182

Omløpemidler

Varer

Fordringer

Andre fordringer 293 343 20 211

Sum fordringer 293 343 20 211

Bankinnskudd, kontanter
og lignende

Bankinnskudd 6 1 376 381 7 168

Sum bankinnskudd,
kontanter og lignende 1 376 381 7 168

Sum omløpemidler 1 669 724 27 379

SUM EIENDELER 1 737 225 2 574 561

BALANSE - EGENKAPITAL OG GJELD

Egenkapital

Innskutt egenkapital

Selskapskapital 7 2 000 2 000

Overkurs 133 000 998 000

Sum innskutt egenkapital 135 000 1 000 000

Opptjent egenkapital

Annen egenkapital 260 706 39 189

Sum opptjent egenkapital 260 706 39 189

Sum egenkapital 395 706 1 039 189

Sum langsiktig gjeld 0 0

Kortsiktig gjeld



Betalbar skatt	5	6 333	21 747
Kortsiktig konserngjeld	8	1 313 708	1 440 349
Annen kortsiktig gjeld		21 478	73 276
Sum kortsiktig gjeld		1 341 519	1 535 372
Sum gjeld		1 341 519	1 535 372
SUM EGENKAPITAL OG GJELD		1 737 225	2 574 561



Organisasjonensnr: 916 490 666
OSM AVIATION GROUP LTD

NOTEOPPLYSNINGER - SELSKAP - alle poster oppgitt i hele tall

Regnskapsprinsipper
Årsregnskapet er satt opp etter regnskapsloven. Regnskapsreglene for små foretak er fulgt.

Antall aksjer og aksjeeiere

<u>Aksjeklasse</u>	<u>Ant. aksjer</u>	<u>Pålydende</u>	<u>Bokført verdi</u>
Ordinære aksjer	10000.00	0.10	1000.00
Preferanseaksjer			0.00

<u>Aksjeeiere - fritekst</u>	<u>Antall</u>	<u>Eierandel</u>	<u>Aksjeklasse</u>
Shiphold Ltd	7125.00	71.25%	Ordinære aksjer
Hightown Holding Ltd	2375.00	23.75%	Ordinære aksjer
Aamik Holding APS	500.00	5.00%	Ordinære aksjer
Preferanseaksjer			
Preferanseaksjer			
Preferanseaksjer			
Preferanseaksjer			

<u>Sum</u>	<u>Sum antall</u>	<u>Sum eierandel</u>
	10000.00	100.00%

Tilleggsopplysninger om aksjer og aksjeeiere

Lønn og ytelser

Tilleggsopplysninger om lønn

Ytelser til ledende personer
Er det gitt ytelser til ledende person: Nei

Ledende person

Ytelser til revisjon

Tilleggsopplysninger om ytelser til ledende personer

Antall årsværk og obligatorisk tjenstepensjon
0.00



Tilleggsopplysninger om årsverk og obligatorisk tjenestepensjon

Lån og sikkerhetsstillelse til ledende personer og aksjeeiere

Er det gitt lån eller sikkerhetsstillelse til ledende personer: Nei

Tilleggsopplysninger om lån og sikkerhetsstillelse

Konsern, tilknyttet selskap og datterselskap

Tilknyttet selskap/datterselskap

<u>Navn</u>	<u>Eierandel</u>	<u>Stemmeandel</u>	<u>Egenkapital</u>	<u>Resultat</u>
OSM Aviation Ltd	50.00%	50.00%	6573740.00	7246177.00
OSM Aviation AS	51.00%	51.00%	151462.00	85141.00

Tilleggsopplysninger om tilknyttet selskap/datterselskap

Begrunnelse for at datterselskap er utelatt fra konsolideringen

Spesifisering av resultatregnskapet

Ekstraordinære inntekter og kostnader

Anleggsmidler

Virkelig verdi av finansielle instrumenter

Fordringer, gjeld, garantiforpliktelser

Ytterligere noteopplysninger



Skattedirektoratet

Saksbehandler Torstein Kinde Helleland	Deres dato 07.03.2017	Vår dato 13.03.2017
Telefon 22078139	Deres referanse Johan Bringsvold	Vår referanse 2017/263103

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 holdingselskap 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 språkrav.

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.”*

1 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

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Postboks 9200 Grenland
0134 Oslo

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Org nr: 996250318
E-post: skatteetaten.no/sendepost

Sentraltbord
800 80 000
Teleleks
22 17 08 60



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 Helleland

Dokumentet er elektronisk godkjent og har derfor ikke håndskrevne signaturer



OSM AVIATION GROUP LTD NUF

**OSM AVIATION GROUP
LTD NUF**

REPORT AND FINANCIAL STATEMENTS
31 December 2017



OSM AVIATION GROUP LTD NUF

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Statement of financial position	6
Statement of changes in equity	7
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OSM AVIATION GROUP LTD NUF

Director's report 2017

OSM Aviation Group Ltd NUF
June 25, 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 2016 also in 2017 after the restructuring of the group was successfully completed in 2016.

Net profit for the year was USD 1,4 million, which the board proposes is transferred to retained earnings.

Total shareholders' equity was USD 0.396 million, corresponding to an equity ratio of 22.8 per cent. The company had no credit facilities or interest-bearing debt at 31 December 2017, and is financed by a combination of equity and a shareholder loan.

Going concern

The board of directors considers the company's financial position to be strong, and the financial statements for 2017 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 2017.

Environmental responsibilities

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

The Board of Directors
OSM Aviation Group Ltd NUF
Arendal, 25 June 2018

Bjørn Tore Larsen

Chair of the board

(Sign.)

Terje Bodin Larsen

Director

(Sign.)



OSM AVIATION GROUP LTD NUF

STATEMENT OF INCOME AND COMPREHENSIVE INCOME Year ended 31 December 2017

	Note	2017 US\$	2016 US\$
Other operating expenses	4	(22,022)	(2,321)
Total operating expenses		(22,022)	(2,231)
Operating profit		(22,022)	(2,231)
Financial Income	9	1,410,517	3,767,453
Financial Expenses		(4,109)	(17,634)
Profit before tax		1,384,386	3,747,498
Tax	5	(6,333)	(21,747)
Net profit for the year		<u>1,378,053</u>	<u>3,725,751</u>
Transferred to retained earnings		1,378,053	3,725,751
Other comprehensive income			
Other comprehensive income		<u>0</u>	<u>0</u>
Other comprehensive income for the year after tax		<u>0</u>	<u>0</u>
Total comprehensive income for the year		<u>1,378,053</u>	<u>3,725,751</u>



OSM AVIATION Group LTD NUF

STATEMENT OF FINANCIAL POSITION 31 December 2017

	Note	US\$	US\$
ASSETS			
Non-current assets			
Investments in subsidiaries	9	1	303,153
Investments in associated companies	9	67,500	2,244,029
Total non-current assets		67,501	2,547,182
Current assets			
Other receivables		293,343	20,211
Cash at bank and in hand	6	<u>1,376,381</u>	<u>7,168</u>
		1,669,724	27,379
Total assets		1,737,225	2,574,561
EQUITY AND LIABILITIES			
Equity			
Share capital	7	2,000	2,000
Other reserves		133,000	998,000
Retained earnings		<u>260,706</u>	<u>39,189</u>
Total equity		395,706	1,039,189
Current liabilities			
Intercompany short-term payable	8	1,313,708	1,440,349
Other payables		21,478	73,276
Tax payable	5	6,333	21,747
Total current liabilities		1,341,519	1,535,372
Total liabilities		1,341,519	1,535,372
Total equity and liabilities		1,737,225	2,574,561

On June 25 2018, the Board of Directors of OSM Aviation Group Ltd authorized these financial statements for issue.

Bjørn Tore Larsen

Chair of the board

(Sign.)

Terje Bodin Larsen

Director

(Sign)



OSM AVIATION GROUP LTD NUF

STATEMENT OF CASH FLOW Year ended 31 December 2017

	Share capital US\$	Redeemable preference shares US\$	Share premium US\$	Retained earnings US\$	Total US\$
Balance at 1 January 2016	1,000	1,000	998,000	(4,636)	995,364
Dividend paid				(3,681,927)	(3,681,927)
Comprehensive income					
Net profit for the year	-	-	-	3,725,751	3,725,751
Balance at 31 December 2016	1,000	1,000	998,000	39,188	1,039,188
Comprehensive income					
Net profit for the year				1,378,053	1,378,053
Adjustment prior year				43,465	43,465
Transactions with owners					
Dividens				(1,200,000)	(1,200,000)
Repayment for the year			(865,000)		(865,000)
Balance at 31 December 2017	1,000	1,000	133,000	260,706	395,706



OSM AVIATION GROUP LTD NUF

STATEMENT OF CASH FLOW Year ended 31 December 2017

	Note	2017 US\$	2016 US\$
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		1,378,053	
Adjustments for:			
Profit from the sake of investments in subsidiaries		-	(132,500)
Dividend income		(1,400,000)	(3,767,453)
Interest Income		(603)	
Interest expenses		<u>1,837</u>	<u>15,452</u>
		(20,713)	(3,023)
Changes in working capital:			
Increase / decrease in receivables		591,868	1,423,818
Increase /decrease in trade and other payables		<u>1,187,876</u>	<u>145,360</u>
Cash generated from operations		1,759,031	1,566,155
Tax paid		<u>(26,736)</u>	<u>-</u>
Net cash generated from operating activities		<u>1,732,295</u>	<u>1,566,155</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Payment for purchase of investments in subsidiaries			(303,152)
Payment for purchase of investments in associates			(1,244,019)
Proceeds from sale on investments in subsidiaries			132,500
Proceeds from sale of investments in associates			2,176,529
Repayment of share capital in subsidiaries		303,152	
Interests received		603	
Dividends received		<u>1,400,000</u>	<u>3,767,453</u>
Net cash generated from investing activities		<u>1,703,755</u>	<u>4,529,300</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Payments of share premium		(865,000)	
Repayments of borrowings			(2,305,382)
Interest paid		(1,837)	(15,452)
Dividends paid		<u>(1,200,000)</u>	<u>(3,767,453)</u>
Net cash used in financing activities		<u>(2,066,837)</u>	<u>(6,088,287)</u>
Net increase in cash and cash equivalents		1,369,213	7,168
Cash and cash equivalents at beginning of the year/period		<u>7,168</u>	<u>-</u>
Cash and cash equivalents at end of the year/period		<u>1,376,381</u>	<u>7168</u>



OSM AVIATION GROUP LTD NUF

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2017

1. Incorporation and principal activities

Country of incorporation

The Company OSM Aviation Group Ltd (the "Company") was incorporated in Cyprus on 5 September 2014 as a private limited liability company under the Cyprus Companies Law, Cap. 113. Its registered office is at 319, 28th October St., Kanika Business Centre, Office 401A, P.C. 3105, Limassol, Cyprus. The Company established a branch in Norway late 2015 and the branch was registered in the Norwegian Company Register 6 February 2016. These financial statements comprise all activities performed and controlled through the branch.

Principal activities

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

2. Accounting Principles

The principal accounting policies adopted in the preparation of these financial statements are set out below.

Going concern basis

The financial statements are prepared using the going concern assumption. The assumption is based on the company's level of equity at year-end. The Company is financed by a combination of equity and a short-term shareholder loan.

Basis of preparation

These financial statements have been prepared in accordance with the Norwegian Accounting Act.

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

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

The financial statements have been prepared on the basis of uniform accounting principles for similar transactions and events under otherwise similar circumstances.

The preparation of financial statements 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.

Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured, regardless of when payment is received. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duty. The following specific recognition criteria must also be met before revenue is recognized:

- **Dividends**
Revenue is recognised when the Company's right to receive the payment is established, which is generally when shareholders approve the dividend.



OSM AVIATION GROUP LTD NUF

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2017

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

Income tax expense represents the sum of the tax currently payable and deferred 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.

Deferred tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Currently enacted tax rates are used in the determination of deferred tax.

Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred taxes relate to the same fiscal authority.

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.



OSM AVIATION GROUP LTD NUF

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2017

Property, plant and equipment

Property, plant and equipment are stated at historical cost less accumulated depreciation and any accumulated impairment losses.

Depreciation is calculated on the straight-line method so as to write off the cost of each asset to its residual value over its estimated useful life. The annual depreciation rates used are as follows:

	%
Furniture, fixtures and office equipment	10-30

The assets residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting date.

Where the carrying amount of an asset is greater than its estimated recoverable amount, the asset is written down immediately to its recoverable amount.

Expenditure for repairs and maintenance of property, plant and equipment is charged to profit or loss of the year in which it is incurred. The cost of major renovations and other subsequent expenditure are included in the carrying amount of the asset when it is probable that future economic benefits in excess of the originally assessed standard of performance of the existing asset will flow to the Company. Major renovations are depreciated over the remaining useful life of the related asset.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

Investments in associated companies

An associate is an entity over which the Company has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. 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 considerations made in determining whether significant influence or joint control are similar to those necessary to determine control over subsidiaries.

The Company's investments in its associate and joint venture are accounted for using the cost method.



OSM AVIATION GROUP LTD NUF

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2017

Trade payables

Trade payables are initially measured at fair value and are subsequently measured at amortised cost, using the effective interest rate method.

Impairment of non-financial assets

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that are subject to depreciation or amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are compared at the lowest levels for which there are separately identifiable cash flows (cash-generating units).

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.

3. Financial risk management

Financial risk factors

The Company's principal financial liabilities other than derivatives, comprise borrowings, trade and other payables. The main purpose of these financial liabilities is to finance the Company's operations. The Company has non-current loan receivables, trade and other receivables and cash that arrive directly from its operations. The Company also holds available for sale investments. The Company is exposed to market risk, credit risk, liquidity risk and capital risk. The risk management policies employed by the Company to manage these risks are discussed below:

3.1 Market price risk

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

3.2 Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate due to changes in market interest rates. The Company's exposure to the risk of changes in market interest rates relates primarily to the Company's borrowings with floating interest rates. The Company's management monitors interest rate fluctuations on a continuous basis and has entered into interest swaps that reduce the interest rate risk.



OSM AVIATION GROUP LTD NUF

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2017

3.3 Credit risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Company 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 Company's established policy. Outstanding trade receivables are regularly monitored and overdue items of considerable amount are followed up by key account handlers in charge. The requirement for an impairment is analysed at each reporting date both on an individual basis for significant amounts per client and also on total basis based on actually incurred historical data. The Company holds advances from customers as collateral. The Company evaluates the concentration of risk with respect to trade receivables as low. This is based on historical data showing close to no losses arising from trade receivables. Credit risk from Cash balances with banks and financial institutions is considered to be low based on the procedure that all Cash balances and hedges are held with high credit quality financial institutions.

3.4 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. The Company has procedures with the object of minimising such losses such as maintaining sufficient cash and other highly liquid current assets.

3.5 Currency risk

Foreign currency risk is the risk that the fair value of future cash flows of a financial instruments will fluctuate because of 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's exposure to the risk of changes in foreign exchange rates relates primarily to the Company's operating activities (when revenue or expense is in a different currency than the Company's functional currency) and the Company's net investments in foreign subsidiaries. The Company manages part of its foreign currency risk by hedging transactions over the next 24 month period to minimize risk related to expenses in currencies other than the Company's functional currency. Significant transactions that are certain are hedged without any limitation in time. The Company's management monitors the exchange rate fluctuations on a continuous basis and acts accordingly.

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

The company has no employees and is not required to have an occupational pension scheme in accordance with Norwegian law on required occupational pension ("lov om obligatorisk tjenestepensjon").

Auditor's fee for the year amounted to USD 6,425.

5. Income taxes

	2017 US\$	2016 US\$
Income tax charge - current year	6,333	21,747
Income tax expense	6,333	21,747
Specification of basis for deferred tax	2017 US\$	2016 US\$
<i>Losses available for offsetting against future taxable income</i>		
Balance at 1 January 2016		(6,081)
Charged against taxable income		<u>6,081</u>
Balance at 31 December 2016		<u>0</u>
Deferred tax asset (24%)		0

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



OSM AVIATION GROUP LTD NUF

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2017

6. Bank deposit

There are no restricted funds at 31.12.17

7. Share capital and shareholder information

Share capital:

Class	Number of shares	Face value	Book value
Ordinary	10,000	0,1	1,000
Redeemable Preferred	10,000	0,1	1,000

Shareholders per 31.12:

	Shares	Ownership share	Voting rights
Shiphold Ltd	14,250	71,25 %	71,25 %
Hightown Holding Limited	4,750	23,75 %	23,75 %
Aamik Holding APS	1,000	5 %	5 %

8. Balances with company companies and associated companies

Company companies:

<i>Short-term Payables</i>	2017	2016
Shiphold Ltd	907,084	1,440,349
Hightown Holding Ltd	261,939	
Aamik Holding Aps	63,655	
FHAB Ltd	12,000	
	<u>1,244,678</u>	

Associated companies:

<i>Short-term Payables</i>	2017	2016
OSM Aviation Ltd	69,030	69,030
TOTAL	1,313,708	



OSM AVIATION GROUP LTD NUF

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2017

9. 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 Ltd	Norway	6,573,740	7,246,177	50	67,500
OSM Aviation AS	Norway	151,462	85,141	51	1
		6,725,202	7,331,318		67,501

A dividend USD 1,400,000 was received from OSM Aviation Ltd in 2017 and USD 3,767,453 received in 2016. The dividend is recognized as financial income in the Company's statement of income and comprehensive income.

10. 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.



To the General Meeting of OSM Aviation Group 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 Group Ltd -NUF- which comprise the balance sheet as 31 December 2017, income statement, statement of comprehensive income, 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 present fairly, in all material respects, the financial position of the Company as at 31 December 2017, and its financial performance and its cash flows for the year then ended in accordance with simplified application of international accounting standards according to § 3-9 of the Norwegian Accounting Act.

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.

Other information

Management is responsible for the other information. The other information comprises the Board of Directors' report, but does not include 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.

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 for the Financial Statements

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 Revisørforening.



Auditor's Report 2017 for OSM Aviation Group Ltd -NUF-

The Board of Directors (management) is responsible for the preparation and fair presentation of the financial statements in accordance with simplified application of International Accounting Standards according to the Norwegian Accounting Act section 3-9, 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.

As part of an audit in accordance with laws, regulations, and auditing standards and practices generally accepted in Norway, including International Standards on Auditing (ISAs), we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error. We design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.



Auditor's Report 2017 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, 29 June 2018
RSM Norge AS

Jan Dønvik
State Authorised Public Accountant