



**TRANSATLANTIC**

Annual Report 2014



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## ► 1974

The Norwegian tanker company, Excelsior (established in 1946), begins to focus on the fast-growing offshore market. Viking Supply Ships is established as a marketing company for platform supply vessels (PSVs).

## ► 1989

Christen Sveaas acquires Excelsior and changes the name of the company to Viking Supply Ships AS. A major expansion of the PSV fleet is initiated.

## ► 1998

Viking Supply Ships acquires three combined AHTS vessels/icebreakers through a joint venture with Rederi AB Transatlantic.



## ► 1972–1989

Nordsjöfrakt is established in 1972 and operates from Skårhamn, Norway. In 1989, the shipping company merges with the Bylock Group to establish Bylock & Nordsjöfrakt (B&N).

## ► 1990–1993

B&N acquires the shipping company Gorthon Lines from Bilspedition and is listed on the Stockholm Stock Exchange in 1991.

In 1993, Svenska Orient Linien is also acquired from Bilspedition.

## ► 1998–2000

B&N acquires Paltrans Shipping.



## ► 2005

B&N is renamed Rederi AB Transatlantic (RABT).

## ► 2010

TransAtlantic acquires the shares outstanding in the TransViking joint venture, thus making the Norwegian company, Kistefos, the new principal owner.

## ► 2011

RABT acquires the shipping and logistics companies, Österströms and SBS Marine. Operations are divided into two business areas – the offshore section comprises Viking Supply Ships AS and Industrial Shipping (subsequently "TransAtlantic"), with its shipping and logistics operations.

The Group-wide functions are located in Gothenburg.

## ► 2012

Rederi AB Transatlantic acquires the Finnish shipping company Merilinja.

## ► 2013

Work continues with developing the operations of each business area. Industrial Shipping (subsequently TransAtlantic) implements stringent cost-cutting measures and leaves the unprofitable bulk segment to focus its resources on RoRo and the Container Feeder segment.

Viking Supply Ships signs several important Arctic offshore contracts and centralizes all of its support and operational functions at the head office in Copenhagen, Denmark.

Gothenburg  
Copenhagen

- Head offices
- Offices

# 2014 in brief

The Group's net sales increased year-on-year to SEK 3,190 M (2,925). Net result after tax was SEK 200 M (loss: 359).

## Quarter 1

- The Board of Directors resolved to conduct a new share issue of SEK 148 M, which was completed during the second quarter.
- Discontinuing of TransPal Line effected.
- Viking Supply Ships (VSS) exercised options to acquire the PSVs; the Sol Viking (formerly the SBS Typhoon) and the Freyja Viking, these acquisitions were completed in the second and fourth quarters.
- VSS refinanced a credit facility totaling SEK 679 M with maturity in December 2018.
- The Group breached certain covenants in the first quarter, for which waivers were obtained.

## Quarter 2

- The Industrial Shipping business area changed its name to TransAtlantic.
- TransAtlantic's operations in Hull, Szczecin and Riga, related to the TransPal Line, were divested and discontinued.
- VSS received a cancellation for the charter agreement pertaining to the Tor Viking for the 2014 season. Shortly thereafter, VSS signed a new agreement for the vessel with a major oil company, spanning 11 months and commencing in June 2014. The value of the fixed contract was about USD 34.5 M.
- VSS refinanced the PSV fleet with approximately SEK 490 M, with maturity in 2016. The loan is aimed at securing long-term financing and enabling the acquisition of the Sol Viking (formerly the SBS Typhoon) and the Freyja Viking.

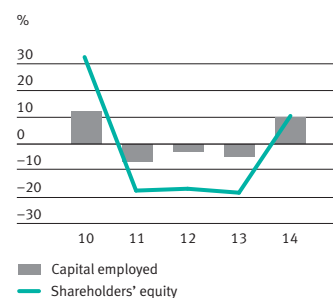
## Quarter 3

- A bareboat agreement within TransAtlantic pertaining to the leasing of seven smaller bulk vessels was renegotiated to match the applicable, commercial, time-charter agreements for the vessels.
- VSS refinanced the three AHTS/icebreakers, the Tor Viking, the Balder Viking and the Vidar Viking for a total amount of approximately SEK 694 M, with maturity in 2019. The refinancing resulted in a positive liquidity effect of approximately SEK 140 M, which was utilized for the repayment and repurchase of debt certificates corresponding to about SEK 186 M.
- VSS divested the PSV, the SBS Cirrus, which resulted in a capital gain of SEK 1 M and a positive liquidity effect of SEK 23 M.

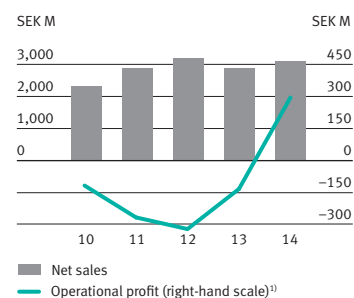
## Quarter 4

- Sakhalin Energy exercised the second of its three four-month options for the Vidar Viking, which is currently under contract until August 2015.
- Notice was given to terminate the consultancy project in the Kara Sea for the 2015 drilling season, as an indirect consequence of the sanctions against Russia.
- The contractual cancellation compensation pertaining to the Tor Viking, the Loke Viking, the Brage Viking, the Magne Viking and the Balder Viking was recognized as income.
- A RoRo contract with a major customer that ended in December 2014 was not renewed, which will impact sales, but with a limited direct impact on earnings. Two time-charter RoRo vessels were returned as a consequence.
- TransAtlantic signed a contract for the sale of the bulk carrier, the TransForte, which resulted in a positive earnings impact of SEK 11 M.

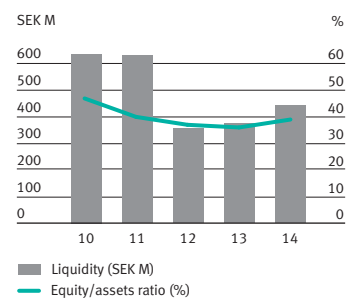
## Return on capital employed and shareholders' equity



## Net sales and operational profit



## Liquidity and equity/assets ratio



1) Result before tax and before restructuring costs.

► **2014** The Industrial Shipping business area was renamed to TransAtlantic. The work to prepare the company for a split was intensified. During the year, the last remaining portions of TransAtlantic's and Viking Supply Ships' respective operations were transferred so as to be exclusively conducted by the respective subsidiary, which means the Group's present structure is now better prepared for a split.

# Two independent business areas

Rederi AB Transatlantic's operations are organized into two independent business areas: TransAtlantic (formerly Industrial Shipping) and Viking Supply Ships. These are based on different business models, operate within entirely separate shipping segments, and their operations are managed by separate organizations.

Work is ongoing to enable a split of the company with the aim of securing the future focus and expansion of each business area. This is being accomplished through various initiatives that are imple-

mented continuously to strengthen the company's profitability and liquidity, and to ensure stable, long-term financing. Strategic operational activities are conducted in each business area with a focus on

increasing customer value through investments in the market, and in expertise and systems, as well as the environment and safety.

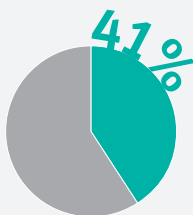


## Business area TransAtlantic

offers logistics solutions for maritime freight with the Baltic Sea and northern Europe as its primary markets. Operations primarily comprise system traffic with RoRo and Container Feeder routes. Its head office is located in Gothenburg.

- Four offices in four countries
- 296 employees, of which 47 are land-based and 249 shipboard
- 21 vessels
- Customers primarily within the Nordic base industry

### Share of sales



► Read more on pages 4–7

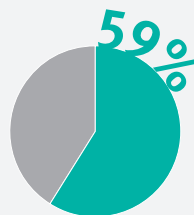


## Business area Viking Supply Ships

offers offshore and icebreaking services to oil-prospecting customers in the North Sea and Arctic and subarctic waters. As one of few operators in the market, Viking Supply Ships has unique expertise at its disposal to conduct operations in ice environments and difficult weather conditions. The head office has been located in Copenhagen since 2011.

- Seven offices in six countries
- 468 employees, of which 56 are land-based and 412 are shipboard
- 13 vessels
- Customers primarily comprise major international oil companies

### Share of sales



► Read more on pages 8–11

## ► About Rederi AB Transatlantic

- Leading Swedish shipping company with a long history.
- Two independent business areas – TransAtlantic and Viking Supply Ships.
- At year-end, the fleet comprised 34 vessels, of which 21 were operating under TransAtlantic and 13 under Viking Supply Ships.
- The company has 796 employees and its head office is located in Gothenburg, Sweden.
- Sales for 2014 amounted to SEK 3,190 M.
- The number of shareholders at year-end was 3,501.
- The company is listed on Nasdaq OMX Stockholm under the Small Cap list.
- The company is majority-owned by the Norwegian investment company, Kistefos AS, which is owned by Christen Sveaas.
- At year-end, Kistefos AS had 70.4% of the share capital and 63.3% of the votes.

**34** TransAtlantic's fleet comprises 34 vessels.

# Comments by the CEO

In terms of profits, the 2014 fiscal year was an excellent year for the RABT Group, primarily driven by the performance of Viking Supply Ships. The business area was marked by record high activity levels arising from improved contract coverage rates, with seven out of eight AHTS vessels contracted in the Arctic and Subarctic regions. As in the preceding year, the TransAtlantic business area was exposed to weak market conditions. Although the extensive structural and streamlining measures implemented during the year within TransAtlantic have led to improved results, earnings continued to be negative and work remains to be done to achieve satisfactory, long-term earnings in the operation.

## Viking Supply Ships

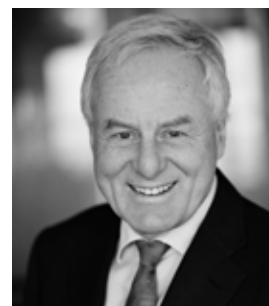
The contract coverage rate for the AHTS fleet improved in 2014, achieving a level of 52% (33). During the year, the AHTS fleet had an average rate level of SEK 504,000 (359,000) and an average utilization rate of 77% (73). The contract with a major oil company for four AHTS vessels throughout the 2014 drilling-season was a significant contributing factor to this positive trend. In total, seven of the eight AHTS vessels were under contract for most of the year. Although Viking Supply Ships is not directly impacted by the current sanctions against Russia, they have indirectly resulted in the premature termination of contracts for four AHTS vessels in Russia and the cancellation of the 2015 drilling season. The market for the PSV fleet continued to be strained during the year, with a utilization rate of 71% (76) and an average rate of SEK 116,000 (112,000). During the year, Viking Supply Ships' services and consultancy work became increasingly significant and focus on this area was intensified, with 18% (-) of revenues attributable to this segment. Viking Supply Ships refinanced most of its marine mortgages during the year, with the aim of securing a stable long-term financing structure.

## TransAtlantic

During the year, the business area changed its name from Industrial Shipping to TransAtlantic. As in the preceding year, 2014 was affected by a weak underlying market. From the second quarter 2014 forward, the ongoing restructuring efforts aimed at improving operations resulted in a significant earnings improvement during the year. However, earnings continued to be negative. The extensive improvement was primarily attributable to three activities. The organization was geographically concentrated, simplified and adapted in size; discontinuation of the unprofitable container line, the TransPal Line, and realization of the full effect of outsourcing Short Sea Bulk operations, which was implemented in 2013. These activities have resulted in significant streamlining of land-based personnel, alongside the optimization of the fleet and route structure. Despite the improvements implemented during the year, profitability within the business area is still not satisfactory. Operational focus was placed on the container and RoRo segment during the year. In addition, a long-term bareboat contract signed by TransAtlantic pertaining to the chartering of small bulk carriers was renegotiated with the aim of better matching the time-charter contracts for these vessels. Ship management comprises a core activity in this business area and offers an extensive range of services. To facilitate and drive the growth of this operation, it has been set up as a wholly owned subsidiary of TransAtlantic: TransAtlantic Ship Management.

## The Group

A new share issue of SEK 148 M was completed in the second quarter of 2014 to accelerate the ongoing restructuring of the TransAtlantic business area, and to generate conditions conducive to more rapidly split the Group. Since the second quarter, the Group has met all of the covenants of the existing financing agreements.



## Outlook

Viking Supply Ships' financial performance for 2015 will be adversely impacted by the premature cancellation of contracts for four AHTS vessels, notice for which was received during 2014. Potential alternative contracts for these vessels are currently under consideration with the aim of increasing the contract coverage rate for the AHTS fleet. The company is closely monitoring the situation in Ukraine and the sanctions against Russia. The consequences for the company's future activities in Russia are difficult to predict. The company maintains its assessment that the long-term outlook is positive, despite current oil-price levels. The situation for the PSV fleet, which is currently operating in the spot market in the North Sea, is expected to remain challenging and, therefore, Viking Supply Ships is considering potential long-term contract possibilities in other regions for these vessels. The focus on developing the services segment within Viking Supply Ships will continue during 2015, with ice-management operations being located in a separate company, Viking Ice Consultancy. The TransAtlantic business area's market is expected to remain weak in 2015. Restructuring and streamlining efforts within the business area will continue and we expect to implement further cost-saving measures, while focusing on establishing profitable, long-term business.

The same long-term objective remains – to create two independently strong operations with the right conditions to successfully compete in their respective markets.

Gothenburg, March 17, 2015.

Tom Ruud  
President and CEO



TransAtlantic business area

# Stabilized for the future

In an underlying market that continues to be weak, the operation's earnings were stabilized following effective restructuring. The organization has been concentrated and simplified, the unprofitable container line, TransPal Line, has been discontinued and the Short Sea Bulk operation, which was previously operated by TransAtlantic, has been chartered under a time charter agreement since the third quarter of 2013. These are the primary reasons for the stabilization of earnings since the second quarter 2014. TransAtlantic focuses on utilizing the strategic position established by the business area to enable the development of profitable business.

With the Baltic Sea and Gulf of Bothnia as its geographical base, TransAtlantic focuses on competitive, contract-based container services with Containers and RoRo as the basis for customers primarily within the Nordic base industry. With a number of vessels owned and long term chartered within RoRo, Container and Bulk as a basis, TransAtlantic also offers ship management products. Within the business area, there is also extensive expertise in technical and crew management, dock work, stevedoring, cargo handling, distribution and the agency business.

**Flexible and cost-efficient solutions**

The business area cooperates with some of the largest companies, including those from the forestry and steel industries in Finland and Sweden. These are customers with stringent requirements, who operate in a global market with intense competition. Quality, environmental conservation and cost efficiency are catch phrases throughout the value chain of TransAtlantic's transport solutions. The strategy of mainly calling at

smaller ports in the Baltic Sea, which are strategically located in connection to major North European hubs is a vital element for reaching these values.

These outports are cost-efficient and provide customers with greater flexibility for loading and unloading. Furthermore, an ever greater number of vessels are chartered, which enables quick adaptation of the fleet based on customer requirements, as well as its renewal in pace with technical advances and new environmental requirements.

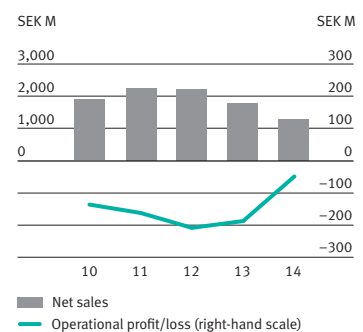
**Intense improvement work**

The business area has been burdened with major losses for several years as a result of ever-weaker demand, an oversupply of tonnage and internal inefficiency. To enable the creation of a competitive operation, extensive restructuring was carried out with the support of the new share issue that was completed during the year. Landbased employees were reduced to approximately one-third compared with the situation at the start of the year and operations were primarily concentrated to Gothenburg,

**▶ TransAtlantic**

- Head office in Gothenburg and offices in Antwerp, Helsinki and Tallinn.
- Focus on the Baltic Sea, with leading positions in the Gulf of Bothnia.
- Major customers within the Nordic base industry.
- System and feeder traffic.
- 21 vessels
  - 4 RoRo vessels
  - 5 container vessels
  - 12 bulk vessels

**Net sales and operational profit**



Sweden. An unprofitable container route from Southern Sweden to the UK, TransPal Line (TPL), was discontinued and an associated terminal operation was divested. In addition, the partnership related to Short Sea Bulk vessels provided a positive contribution and a bareboat arrangement was refinanced to better match the costs for the vessels with revenues from that portion of the business. The legal structure was essentially simplified to encompass slightly more than 20 companies at the end of the year.

### Concentration of the offer

The key aspect of our work with change is to focus our operations on the shipping segment, where the best growth opportunities exist, and within the areas that TransAtlantic already has a strong position, with significant customer collaboration. In 2013, a decision was made to commercially outsource the Short Sea Bulk segment and in early 2014, a decision was made to discontinue the container line, TransPal Line. By discontinuing operations that are personnel-intensive and unprofitable for the business area, resources can be fully concentrated on the RoRo and Container Feeder segments. Profitable growth is to be generated within both of these segments, both independently and in cooperation with partners and competitors, with the aim of providing customers with a competitive transportation system. The year was also marked by the adaptation of the offering to competitively absorb the effects of imple-

menting the new sulfur-emission regulations, SECA. The work entailed optimizing the fleet and the route schedules, as well as training crews and implementing technical solutions to reduce bunkeroil usage.

### Focus on Containers

TransAtlantic operates container-based scheduled routes between Finland, Sweden and Germany, as well as the Benelux region. Operations are conducted in the three lines – TransFeeder North (TFN), TransBothnia Container Line (TBCL) and TransFeeder South (TFS) – which are served by five ice-classed container vessels. The customers primarily comprise major ocean-shipping companies with a feeder-traffic base that continuously conduct forwarding services on a number of overseas destinations. In 2014, the business area continued to develop its position as a niche player in selected outports and collaborated with customers to develop new, competitive solutions in feeder traffic. During the year Piteå became a new port of call that opened container traffic in the Swedish Norrland Coast, providing Swedish base industries with the opportunity to export to new markets. In addition, TransAtlantic began offering streamlined container traffic from Oulo and Kemi to the Benelux region from December 2014. In 2015, work will continue on the development of a route system to support the industries surrounding the Gulf of Bothnia and the Baltic Sea.

### Focus on RoRo

TransAtlantic has been one of the major operators in the Baltic Sea RoRo segment for some time, and its unique expertise in ice operations has enabled the establishment of long-term customer relationships and efficient transportation systems for the forestry and paper industries. With the non-extension of the agreement with a major RoRo customer after December 2014, the focus for 2015 is on combining TransAtlantic's longstanding RoRo capabilities with Swedish and Finnish forestry and steel companies to build customized logistics systems with the capacity to meet future industry requirements for flexibility.

### Ship Management – a core product

During the year, the Ship Management operations were concentrated to a wholly owned subsidiary, TransAtlantic Ship Management AB. The company's operation constitutes a core product of TransAtlantic and has longstanding and broad experience derived from the ship management of RoRo, container and bulk carriers. Already, the operation has external customers and offers technical and crew management, as well as technical consultancy and consultancy services pertaining to energy optimization, vessel inspections, docking and management systems. During the year, TransAtlantic Ship Management partnered with a forestry-industry customer to manage an installation project for a scrubber with a new, revolutionary technology that is suited to environments with brackish water and ice.

### List of vessels in TransAtlantic at December 31, 2014

Vessels	Type	Dwt	Year of construction/year of remodeling	Holding/leasing form	Flag	Year acquired
TransFighter	RoRo/Sideloader	18,855	2001	Owned – 100%	Gibraltar	2005
TransPine	RoRo/Sideloader	18,855	2002	Operational lease – bareboat charter	Sweden	n.a
TransWood	RoRo/Sideloader	18,855	2002	Operational lease – bareboat charter	Sweden	n.a
TransReel	RoRo	11,400	1987	Owned – 100%	Sweden	2005
TransOsprey	LoLo	20,400	2003/2008	Operational lease – Time charter	Gibraltar	n.a
TransHawk	LoLo	16,600	2005	Operational lease – bareboat charter	Gibraltar	n.a
TransAndromeda	Bulk	6,700	1999	Owned – 100%	Gibraltar	1999
TransCapricorn	Bulk	6,700	2000	Owned – 100%	Gibraltar	2000
TransForte	Bulk	6,397	2005	Owned – 100%	Gibraltar	2011
TransBrillante	Bulk	5,557	1997	Operational lease – bareboat charter	Gibraltar	n.a
TransForza	Bulk	4,135	2000	Operational lease – bareboat charter	Gibraltar	n.a
TransLontano	Bulk	4,135	2000	Operational lease – bareboat charter	Gibraltar	n.a
TransRisoluto	Bulk	4,145	1997	Operational lease – bareboat charter	Gibraltar	n.a
TransDistinto	Bulk	4,135	2000	Operational lease – bareboat charter	Gibraltar	n.a
TransSonoro	Bulk	4,135	2000	Operational lease – bareboat charter	Gibraltar	n.a
TransVolante	Bulk	4,135	2000	Operational lease – bareboat charter	Gibraltar	n.a
Elisabeth	Container	6,840	2000	Operational lease – Time charter	The Netherlands	n.a
Jork	Container	11,150	2001	Operational lease – Time charter	Cyprus	n.a
Robert	Container	11,150	2006	Operational lease – Time charter	Cyprus	n.a
Maike D	Container	8,000	2000	Operational lease – Time charter	Antigua & Barbuda	n.a
Borussia Dortmund	Container	7,050	1998	Operational lease – Time charter	Cyprus	n.a

# Sustainability for the future

The TransAtlantic business area focuses on delivering efficient, safe and eco-friendly services that meet stringent customer requirements and the new international regulations on issues such as sulfur and ballast.

Environmental and safety issues have always been highly prioritized at TransAtlantic. In 2014, the focus was on implementing measures to meet the forthcoming regulations on sulfur emissions, raising safety levels and reducing operational risks. The basis of TransAtlantic's sustainability efforts continues to comprise the environmental and quality certification of DNV-GL, in accordance with ISO 9001 and ISO 1001.

## Observations make a difference

The quality and frequency of preventative reporting are critical factors that enable the efficient identification of risks before they develop into incidents. Consequently, reporting and communication between onshore and offshore organizations continued to be a focus area, with the aim of achieving the overall target of zero serious accidents and incidents. The efforts pertained to highlighting risks and analyzing the incoming information, all with the aim of enabling the appropriate preventative decisions to be made. The efforts are also

tightly linked to the Maritime Resource Management (MRM) system, which is based on safety awareness that was developed within the aviation industry, and which is aimed at minimizing incidents and accidents. TransAtlantic has worked proactively with the MRM system, in terms of cooperation within the on-board organization of individual vessels, and between vessels and adjoining onshore operations. TransAtlantic has been certified according to MRM since 2011.

## Research and development

TransAtlantic continues to be active in supporting research and development relating to shipping and sustainability. The objective is to be up-to-date with and contribute to sustainable development. One example is the focused campaign that was launched in partnership with the Swedish Meteorological and Hydrological Institute (SMHI) during the North Sea Week to highlight the condition of the North and Baltic Seas, which was related to the collaborative research

that TransAtlantic has participated in for many years. The project proceeds on the basis of placing environmental-monitoring equipment aboard vessels running on scheduled routes, removing the need for SMHI to dispatch its own weather ships. The collaboration provides very frequent and cost-efficient access to environmental data.

## Energy – continued focus

TransAtlantic continues to be active in energy-saving measures. Routes and lines were optimized and contracted tonnage reviewed. Good examples were showcased during the year, to demonstrate that the personal commitment of employees can make a big difference. For example, by systematically reviewing all on-board consumers and procedures, the captain and crew of TransFighter have succeeded in identifying additional cost-saving measures, such as cargo-hold lighting that can be switched off when there are no ongoing activities and the optimization of the warming process for bunker oil.



## ► Improved marine environments through efficient environmental monitoring

Metering equipment on board the TransPaper continuously monitors the salt content and water quality of the North and Baltic Seas.



# Stricter sulfur-emission requirements – challenges and opportunities

As of January 1, 2015, new stricter requirements began to apply for vessel fuels used in the North Sea and Baltic Sea regions, where TransAtlantic operates. For several years, TransAtlantic's immediate surroundings have been classified as a Sulfur Emission Control Area (SECA), in which the maximum sulfur content has been 1%. However, at the beginning of the year, the requirement was escalated to 0.1%.

The stricter requirements will be beneficial to the environment and health conditions in Scandinavia since, until now, maritime shipping has accounted for approximately half of the sulfur emissions in the region. The stricter requirements will have a clearly noticeable impact economically, since the fuels that meet the new requirements are considerably more expensive.

## Activities to alleviate cost increases

To alleviate the impact of the new requirements, routes and transport structures have been optimized and energy-saving measures prioritized. Considerable effort was spent in finding new solutions to meet the requirements. TransAtlantic Ship Management AB, as the technical manager of TransTimber and her two sister vessels, has assumed technical responsibility for a pilot

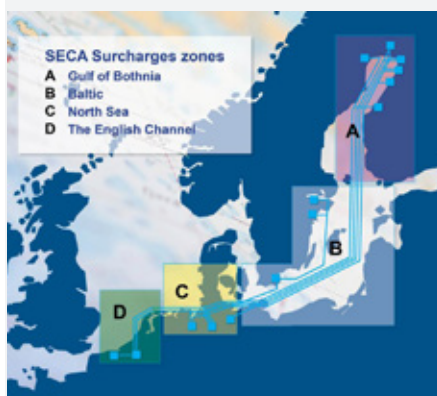
project to identify a scrubber that can reduce sulfur levels in exhaust gases and which also works in the Gulf of Bothnia. Traditional scrubbers require large volumes of cooling water and salt water for the cleaning process, which leads to problems, since the Gulf of Bothnia largely comprises fresh water and the sea-water intakes are blocked by ice during colder parts of the year. A decision was jointly made with Stora Enso, who operates the TransTimber, to find a solution that does not involve the release of any process water into the sea, which has required entirely new solutions. The work was conducted as a pilot project under the EU-supported project platform, Zero Vision Tool. At the end of 2014, the first pilot facility was installed on board the TransTimber and the project will be evaluated in 2015.

## Consequences for the customers

TransAtlantic has been working hard to find other cost-efficient solutions to meet the new requirements instead of bunkering fuels with lower sulfur content. Although the industry has been working intensively to meet the challenge for several years, there are yet to be any well-tested and practically feasible alternatives for major sections of the fleet operating within the area. As a consequence, shipping lines active in TransAtlantic's immediate surroundings have announced what is referred to as a SECA amendment for transport purchasers. TransAtlantic has introduced a zone-based SECA amendment.

### ► Zone-based SECA amendment

The fuel-based cost component is directly proportional to the distance, which is why the fee level is based on which specific zones the unit is transported between.



### ► Scrubber tower undergoing installation

A pilot facility was installed on the TransTimber during a shipyard visit in Landskrona in 2014.





Viking Supply Ships business area

# High Arctic presence

Although the year was marked by record levels of activity in the Arctic region for Viking Supply Ships, it concluded with uncertainties arising from the suspended drilling activities in Russia as a consequence of sanctions. Despite a decline in oil prices, long-term energy requirements are still expected to create a positive outlook for oil prospecting and extraction in the Arctic.

Viking Supply Ships (VSS) pursues activities in the Arctic offshore market, in areas with difficult weather conditions, and in the offshore spot market in the North Sea. The fleet comprises 13 offshore vessels, of which seven are equipped and have the capacity for operations in environments with harsh cold and extreme weather conditions, such as the Arctic region. The strategy is to sign long-term contracts for vessels to the extent this is possible. In 2014, contract coverage was 52% (33) for the AHTS fleet. Viking Supply Ships also has extensive experience in offering consultancy services for ice management and logistics support in the Arctic region. In addition, Viking Supply Ships handles ship management for the Swedish Maritime Administration's five ice-breakers, which further strengthens our position in environments with difficult weather conditions.

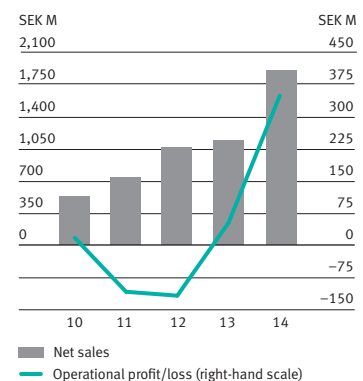
### Positive long-term outlook despite low oil prices

Toward the end of 2014 and at the beginning of 2015, the oil price fell to approximately USD 50 per barrel. Increased production in the past few years has weakened the market balance. At the same time, global growth did not recover as expected following the financial crisis and as a consequence, the demand for energy has not increased as much as expected, which has further impacted pricing. Viking Supply Ships' view is that the main reason for the fall in prices is uncertainty among players in the market and that OPEC has not demonstrated a willingness to support previous price levels by regulating production volumes. With the current market price of USD 50–60 per barrel, production costs in the Arctic region are too high. On the other hand, the lower oil prices could stimulate

### ► Viking Supply Ships

- Head office in Copenhagen and offices in Aberdeen in the UK, Kristiansand in Norway, Moscow and Sakhalin in Russia, Stenungsund in Sweden and St. Johns in Canada.
- 468 employees, of which 412 are ship-board.
- Extensive experience in icebreaking, ice management and offshore activities.
- Customers include major international oil companies.
- A fleet of 13 vessels:
  - three combined icebreakers/AHTS vessels
  - four ice-reinforced AHTS vessels
  - one AHTS vessel without ice classification
  - five PSVs without ice classification
- Leading supplier in Arctic offshore market.

### Net sales and operational profit



global growth, which is required to stimulate future requirements for oil. Viking Supply Ships considers the cost-cutting measures listed by oil companies to be beneficial to the long-term development of the market. It appears that many players in the market believe that oil prices will recover to a level of USD 70–90 in the long term – a level that would motivate Arctic prospecting and extraction. However, Viking Supply Ships believes that oil companies with a focus on the Arctic will adapt their focus to comprise fewer projects. Consequently, delays can be expected for certain projects.

#### The political situation in Russia

Viking Supply Ships has a significant presence in the Russian market and closely monitors the political situation in the region. The 2015 season in the Kara Sea was suspended due to the current sanctions against Russia imposed by the EU and the US. Viking Supply Ships has initiated discussions with the customer regarding an assignment of limited scope for the 2015 season, which includes monitoring and maintenance.

While the business area is not directly impacted by the currently applicable sanctions, these have resulted in the suspension of Viking Supply Ships' activities in Russian Arctic waters, which will impact the company's earnings in 2015. Viking Supply Ships is currently considering alternative contracts for the vessels that were designated for return to the Kara Sea in 2015.

#### Sharpened focus on services and consultancy

Of the business area's revenues for 2014, 18% was attributable to the service segment. The successful completion of a consultancy agreement with a major international oil company marked the shift from being solely a ship-owning company to offering a wider spectrum of services. Part of Viking Supply Ships' long-term strategy is to further increase the significance of the service segment within the business area. As of January 2015, Viking Supply Ships decided to pursue aspects of service operations pertaining to ice-management through a separate company. The company name will be Viking Ice Consultancy and it will be based in Kristiansand, Norway.

#### Contract opportunities and market outlook

The premature cancellation of contracts for four AHTS vessels, for which notice was received in the fourth quarter of 2014, will adversely impact the business area's contract coverage rate and financial performance in 2015. Viking Supply Ships is currently considering several contract opportunities in Arctic and non-arctic regions, and has a solid ambition to increase the contract coverage for the AHTS fleet. The market for mid-sized PSVs in the North Sea has been more challenging than anticipated and, therefore, Viking Supply Ships is considering opportunities in nearby regions for these vessels. Viking Supply Ships expects activity in the North Sea to continue to be high in the future, but the ongoing cost reductions among operators will pose a threat to procuring contracts in the PSV market in the region for the next few years if oilrigs are moved to other regions.

#### List of vessels in Viking Supply Ships at December 31, 2014

Vessels	Type	Dwt	Year of construction/year of remodeling	Holding/leasing form	Flag	Year acquired
Balder Viking	AHTS/Icebreaker	3,000	2000	Owned – 100%	Sweden	2000
Tor Viking II	AHTS/Icebreaker	3,000	2000	Owned – 100%	Sweden	2000
Vidar Viking	AHTS/Icebreaker	3,000	2000	Owned – 100%	Denmark & Russia	2001
Odin Viking	AHTS	2,869	2003	Operational lease – bareboat charter	Denmark	n.a
Loke Viking	AHTS	4,500	2010	Owned – 100%	Denmark	2010
Njord Viking	AHTS	4,500	2011	Owned – 100%	Denmark	2011
Magne Viking	AHTS	4,500	2011	Owned – 100%	Denmark	2011
Brage Viking	AHTS	4,500	2012	Owned – 100%	Denmark	2012
Freyja Viking	PSV	3,662	2007	Owned – 100%	UK	2014
SBS Typhoon	PSV	3,662	2006	Owned – 100%	UK	2014
Frigg Viking	PSV	3,662	2003	Owned – 100%	UK	2011
Idun Viking	PSV	3,662	2003	Owned – 100%	UK	2011
SBS Tempest	PSV	3,662	2006	Owned – 100%	UK	2011

# Viking Supply Ships drives behavior

In its offshore and icebreaking work, Viking Supply Ships focuses on creating a workplace that is free from incidents and accidents, and which does not harm people and the environment. As a natural component of Viking Supply Ships' continuous improvement efforts, we endeavor, upon achieving the best solutions, to exceed customers' expectations and provide them with greater added value.

With certification from DNV for both environmental standards and quality, ISO 14001:2004 and ISO 9001:2008, continuous improvements are implemented on board vessels, in vessel operations and on land. In 2014, certification work was initiated on occupational health and safety standards in accordance with OHSAS 18001:2007, with certification planned for Q1 2015.

## High standards

Viking Supply Ships works continuously to achieve the highest standards in all of its operations in terms of safety, quality and the environment.

Safety drills for both offices and vessels are continuously conducted to increase awareness and preparedness for various types of scenarios. This is of utmost importance for offshore and ice-breaking operations in challenging and sometimes glaciated environments.

Every vessel has implemented safety campaigns during every quarter of 2014. The main emphasis has been in the area of behavior-based safety, through which safety awareness and personal responsibility in all shipboard situations were developed and implemented. By proactively suspending work in the face of the smallest uncertainties, increasing the number of safety observation reports and increasing the number of reports of near-incidents, Viking Supply Ships is one step closer to its goal of achieving even fewer accidents and incidents in the Fleet.

Quality work was also developed in accordance with the existing targets and intermediate targets, which are in place for all sections of the organization. Activity debriefing is conducted to allow for continuous evaluation of possible improvements – this allows for continuous improvement efforts throughout the organization.

## Sustainable operations

The effort and interest in on-board energy optimization measures is constantly on the rise and Viking Supply Ships works with a proprietary system, the VSS Voyage Report Tool, to control consumption. Viking Supply Ships also works with vessel-specific solutions in order to achieve even more by collaborating with customers. Some examples of energy-optimization projects are the installation and calibration of flow meters to attain the most efficient utilization of the vessel when conducting different activities. In general, the market's increasing interest in all aspects of HSEQ is noticeable and consequently, sustainable vessel operations are also of interest. This is also a component of the strategy to jointly develop innovative operations with customers.

An additional focus area in 2014 comprised the evaluation of suppliers and this has enabled suppliers to gain an understanding of Viking Supply Ships' stringent requirements pertaining to HSEQ. Supplier assessments and supplier audits are conducted on a continuous basis, which results in Viking Supply Ships' values being imposed on the supply chain.

The impending change of regulations on sulfur content through SECA will not impact the operation of vessels, since they have been using fuels with a low sulfur content for some time, and as of January 1, 2015 will meet the sulfur content levels prescribed under SECA.

A new Code of Conduct was adopted during the year, which serves as a testament to Viking Supply Ships' desire to meet the increased engagement of all stakeholders, including NGOs (Non-Governmental organizations).

Sponsorships and mentorships are other examples of collaborations in which Viking Supply Ships is active.



Viking Supply Ships business area



# Five-year overview

Refer to page 63 for definitions

SEK M	The Group				
	2014	2013	2012	2011	2010
<b>Consolidated revenue and earnings</b>					
<b>Net sales</b>					
Viking Supply Ships business area	1,897	1,138	1,062	730	298
TransAtlantic business area	1,293	1,787	2,212	2,259	1,865
Ship Management/Group-wide <sup>1)</sup>	—	—	—	—	231
<b>The Group's net sales</b>	<b>3,190</b>	<b>2,925</b>	<b>3,274</b>	<b>2,989</b>	<b>2,394</b>
<b>Operational result (before tax)</b>					
Viking Supply Ships business area	345	50	-119	-110	45
TransAtlantic business area	-49	-187	-208	-162	-105
Ship Management/Group-wide <sup>1)</sup>	—	—	—	—	-61
<b>The Group's operational result</b>	<b>296</b>	<b>-137</b>	<b>-327</b>	<b>-272</b>	<b>-121</b>
Restructuring costs and other items affecting comparability	-79	-184	-35	-187	-247
Acquisition effects	—	—	6	-7	775
<b>Consolidated result before tax</b>	<b>217</b>	<b>-321</b>	<b>-356</b>	<b>-466</b>	<b>407</b>
Tax	-17	-38	-37	31	178
<b>The Group's result after tax</b>	<b>200</b>	<b>-359</b>	<b>-393</b>	<b>-435</b>	<b>585</b>
<b>Consolidated cash flow</b>					
Cash flow from operating activities before changes in working capital	527	56	-120	-37	58
Changes in working capital	-97	6	28	151	33
Cash flow from investing activities	-132	-4	27	-477	164
– of which, investments	-218	-75	-360	-824	152
– of which, divestments	86	71	386	347	12
Cash flow from financing activities	-251	-30	-115	273	86
<b>Total cash flow</b>	<b>47</b>	<b>28</b>	<b>-180</b>	<b>-90</b>	<b>341</b>
Exchange-rate difference in cash and cash equivalents	22	-8	-7	1	-31
Cash and cash equivalents at year-end	450	381	361	548	637
Less blocked/pledged cash and cash equivalents	—	—	—	—	-14
Overdraft facilities granted but not utilized	—	—	0	93	24
<b>Closing unappropriated cash and cash equivalents</b>	<b>450</b>	<b>381</b>	<b>361</b>	<b>641</b>	<b>647</b>

1) In connection with the completion of the operational demerger of the Group in 2012, the previously recognized segment Ship Management/Group-wide was divided and as of 2011 was included as part of the continuing Viking Supply Ships and TransAtlantic segments. For further information refer also to Note 3, Segment reporting, on page 38.

Refer to page 63 for definitions

SEK M	The Group				
	2014	2013	2012	2011	2010
<b>Consolidated balance sheet, Dec. 31</b>					
Vessels	3,982	3,925	4,608	4,839	3,815
Financial fixed assets	163	141	206	188	71
Other fixed assets	5	20	84	88	91
Current assets excluding cash and cash equivalents	660	417	486	620	497
Cash and cash equivalents	450	381	361	548	637
<b>Total assets</b>	<b>5,260</b>	<b>4,884</b>	<b>5,745</b>	<b>6,283</b>	<b>5,111</b>
Shareholders' equity <sup>1)</sup>	2,042	1,749	2,103	2,493	2,396
Interest-bearing liabilities	2,695	2,650	2,983	2,983	2,135
Non-interest-bearing liabilities	523	485	659	807	580
<b>Total shareholders' equity and liabilities</b>	<b>5,260</b>	<b>4,884</b>	<b>5,745</b>	<b>6,283</b>	<b>5,111</b>
<b>Changes in consolidated shareholders' equity<sup>1)</sup></b>					
Shareholders' equity, Jan. 1	1,749	2,103	2,493	2,396	1,175
Effect of amended pension accounting policies	—	2	—	—	—
New share issue, net after transaction expenses	145	144	—	542	658
Dividend	—	—	—	—	—
Result for the year	200	-359	-393	-435	585
Exchange-rate differences/Other	-52	-141	3	-10	-22
<b>Shareholders' equity, Dec. 31</b>	<b>2,042</b>	<b>1,749</b>	<b>2,103</b>	<b>2,493</b>	<b>2,396</b>
<b>Data per share (SEK)</b>					
EBITDA	4.2	2.4	1.1	1.0	21.6
Earnings before interest expenses (EBIT)	2.9	-1.7	-1.3	-5.2	11.1
Operational result (before tax)	1.8	-1.2	-2.9	-4.1	-2.9
Result after current tax	1.2	-2.9	-3.2	-7.3	9.9
Result after tax	1.2	-3.2	-3.5	-6.6	14.3
Cash flow from operating activities	2.6	0.6	-1.1	1.7	2.2
Total cash flow	0.3	0.3	-1.6	-1.4	8.3
Shareholders' equity, Dec. 31	11.5	11.8	19.0	22.5	43.2
P/E ratio	3.7	n.a	n.a	n.a	1.8
Dividend paid	—	—	—	—	—
<b>Number of shares, Dec. 31 (000s)<sup>2)</sup></b>	<b>177,444</b>	<b>147,870</b>	<b>110,903</b>	<b>110,903</b>	<b>55,451</b>
Average number of shares	164,804	112,726	110,903	66,246	41,057
<b>Key data</b>					
Earnings before capital expenses (EBITDA), SEK M	695	270	120	67	884
Earnings before interest expenses (EBIT), SEK M	484	-194	-143	-348	455
Shareholders' equity, SEK M	2,042	1,749	2,103	2,493	2,396
Capital employed, SEK M	4,737	4,744	5,086	5,476	4,566
Net indebtedness, Dec. 31, SEK M	2,245	2,268	2,623	2,407	1,533
Operating cash flow, SEK M	412	144	-94	-51	841
Total cash flow, SEK M	47	28	-180	-90	341
Return on shareholders' equity, %	10.5	-18.6	-17.1	-17.8	32.8
Return on capital employed, %	10.6	-4.1	-2.7	-6.9	12.8
Equity/assets ratio, %	39	36	37	40	47
Debt/equity ratio, Dec. 31, %	110	130	125	98	64
Profit margin, %	6.8	-11.0	-10.9	-15.6	17.0
Interest-coverage ratio, multiple	4.7	1.6	0.6	0.5	16.0
Number of employees, year-end	796	866	787	833	911

1) There are no warrants or other equity instruments in Rederi AB Transatlantic.

2) Calculated on the number of shares outstanding, excluding bought-back shares held in treasury.

# Corporate Governance Report

Rederi AB Transatlantic is a Swedish public limited company listed on Nasdaq OMX Stockholm, under the Small Cap segment. Rederi AB Transatlantic is governed through the Annual General Meeting (AGM), the Board of Directors and the CEO in accordance with the Swedish Companies Act, the Articles of Association and the Swedish Corporate Governance Code. The company is majority-owned by Kistefos AS (via Viking Invest AS), which accounted for 70.4% of the share capital and 63.3% of the voting rights at December 31, 2014.

## Corporate governance at Rederi AB Transatlantic

This Corporate Governance Report has been prepared in accordance with the provisions in the Swedish Corporate Governance Code (the "Code") and Chapter 6, sections 6–9 of the Swedish Annual Accounts Act and Chapter 9, Section 31 of the Swedish Companies Act, and pertains to the 2014 fiscal year. The auditor has expressed an opinion as to whether the preparation of the Corporate Governance Report and disclosures in accordance with Chapter 6, Section 6, second paragraph 2–6 of the Annual Accounts Act (for example, the principal features of the company's system for internal control and risk management in conjunction with financial reporting) correspond with the other sections of the Annual Report. Rederi AB Transatlantic's Articles of Association and other additional information on corporate governance at Rederi AB Transatlantic are available at [www.rabt.se](http://www.rabt.se).

The company's governance, management and control are based on external laws and regulations, as well as internal regulations, policies and instructions. Rederi AB Transatlantic's Board of Directors and management strive for the company to comply with the demands placed on the company by the stock market, shareholders and other stakeholders. By being transparent and accessible, Rederi AB Transatlantic strives to provide shareholders' and other stakeholders with

insight into decision channels, delegation of responsibility, authorities and control systems. In addition, the Articles of Association constitute a central control document. The Articles of Association stipulate where the Board has its registered head office, its operational focus, its authorized signatories, as well as information on the number of shares and share capital. The highest governing body in Rederi AB Transatlantic is the General Meeting of Shareholders, where the company's shareholders exercise their influence. The Board of Directors manages, on behalf of the shareholders, the company's interests and transactions. Rederi AB Transatlantic's Board of Directors is led by the Chairman of the Board, Christen Sveaas. The Board appoints the CEO.

Distribution of responsibility between the Board of Directors and the CEO is regulated in the Board's formal work plan and the instructions for the CEO, both of which are established annually. Administration by the Board of Directors and the CEO, as well as the company's financial reporting is reviewed by an external auditor, appointed by the Annual General Meeting.

## Application of the Code

The Board of Directors and management believe that the company complies with and applies all regulations included in the Code, with the exception of the composition of the Nomination Committee. The Code stipu-

lates that the Chairman of the Board may not be the Chairman of the Nomination Committee. The Chairman of the Nomination Committee of Rederi AB Transatlantic is Christen Sveaas, who is also Chairman of the Board.

## Shareholders

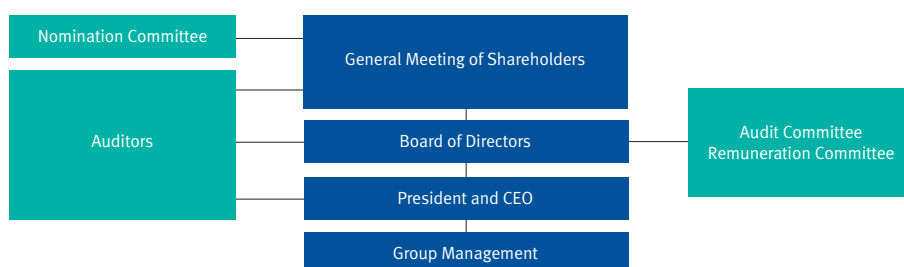
Rederi AB Transatlantic's Series B shares have been listed on Nasdaq OMX Stockholm under the Small Cap segment since 1991. The share capital amounts to SEK 177,444,318, distributed among 177,444,318 shares with a quotient value of SEK 1. There are a total of 11,634,946 Series A shares and 165,809,372 Series B shares. Series A shares carry ten votes each and Series B shares carry one vote each. The number of shareholders at December 31, 2014 was 3,501 (5,349). Both types of shares entitle right to dividend.

For further information on the share and shareholders, see pages 60–61.

## General Meeting of Shareholders

Rederi AB Transatlantic's highest decision-making body is the General Meeting of Shareholders. The company's Annual General Meeting (AGM) is to be held within six months of the close of the fiscal year. Notice of the AGM is to be issued not earlier than six weeks and not later than four weeks prior to the meeting. All shareholders included in the shareholders' register and

## Corporate governance structure at Transatlantic



who have registered for participation in time are entitled to participate and vote at the meeting. Those shareholders who cannot attend in person may be represented by proxy.

The AGM was held on April 23, 2014 at the Lindholmen Science Park in Gothenburg. The meeting was attended by 53 shareholders, representing 85.2% of the votes.

At the meeting, the entire Board of Directors, Group management and the company's auditors were present. The AGM was attended by the heads of the respective business area, Heléne Mellquist (TransAtlantic) and Christian Berg (Viking Supply Ships), who gave an account of developments in their respective business areas. The resolutions passed by the AGM included following:

- that no dividend will be paid for the 2013 fiscal year
- that fees for the Board of Directors will total SEK 800,000, distributed among Board members elected by the meeting, including the Chairman, with the exception of Tom Ruud, who will not receive a fee
- guidelines governing remuneration of senior executives
- procedures for the appointment and work of the Nomination Committee
- approval of the company's sales of the subsidiaries, Daugava Shipping SIA and TransAtlantic Spolka z.o.o.

- Approval of the Board of Directors' resolution on a new share issue with preferential rights for existing shareholders, entailing a maximum increase in the company's share capital of SEK 29,574,052 to SEK 177,444,318 through the issue of no more than 1,939,157 new Series A shares and no more than 27,634,895 new Series B shares.

At the AGM, Christen Sveaas, Folke Patriksson, Håkan Larsson and Magnus Sonnorp were re-elected, and Tom Ruud was elected as a new Board member to replace Henning Jensen, who had declined re-election.

In addition to these Board members elected by the AGM, Christer Lindgren will remain as the labor-union representative. Christen Sveaas remained as Chairman of the Board and Folke Patriksson as the Deputy Chairman.

During the meeting, shareholders were provided the opportunity to submit questions to the CEO and Board of Directors. Resolutions at the meeting are usually passed with a simple majority, but certain motions require a higher proportion of the votes represented at a General Meeting. It was not possible to follow or participate in the meeting from another location using communication technology and no change has been planned in this regard for forthcoming meetings.

### Nomination Committee

The AGM resolved to establish a Nomination Committee comprising three members representing the three largest shareholders in terms of voting rights on September 30, 2014. At the AGM in April 2014, the Nomination Committee's Chairman, Christen Sveaas, reported on the work of the Nomination Committee. In its work, the Nomination Committee took into account the demands that can be placed on the Board of Directors resulting from the company operations and development phase, as well as competency, experience and background of the Board members. Independence issues were also highlighted, as well as issues pertaining to gender.

The task of the Nomination Committee is to prepare proposals concerning Board membership and the Chairman of the Board, as well as remuneration of Board members and proposals for rules for the Nomination Committee ahead of the 2015 AGM. The composition of the Nomination Committee was announced on Rederi AB Transatlantic's website and through a press release published on October 8, 2014. The Nomination Committee comprises Christen Sveaas, Chairman of the Board (representing Kistefos AS/Viking Invest AS), Christian Holme representing Kistefos AS/Viking Invest AS, Lena Patriksson Keller representing Enneff Rederi AB/Enneff Fastigheter AB, as well as Fabian Hielte,

### Board of Directors

Composition of the Board of Directors and number of meetings during the mandate period	Elected	Board meetings	Independent of major shareholders
Christen Sveaas, Chairman	2010	10/13	No
Folke Patriksson, Deputy Chairman	1972	13/13	No
Henning Jensen (until April 23, 2014)	2011	3/6	No
Tom Ruud (as of April 23, 2014)	2014	7/7	No
Håkan Larsson	1993	12/13	Yes
Magnus Sonnorp	2010	13/13	Yes
Christer Lindgren, employee representative	2001	13/13	Yes

who represents Ernström Finans AB. The company's third largest shareholder on September 30, 2014, Jenny Lindén Urnes, had declined to appoint a representative to the Nomination Committee. The members of the Nomination Committee represent approximately 80% of the voting rights (at December 31, 2014) of all shares in the company.

The Code stipulates that the Chairman of the Board of Directors may not act as the Chairman of the Nomination Committee. However, the Nomination Committee for the company comprises the Chairman of the Board; who also represents the company's largest shareholder, Viking Invest AS, who has been appointed the Chairman of the Nomination Committee. This has been deemed to be appropriate.

The Nomination Committee's proposals, its reasoned statement about the proposed Board, as well as supplementary information on the proposed Board members, was announced in conjunction with the Notice convening the AGM and is presented jointly with a report on the Nomination Committee's work at the 2015 AGM.

#### **Board of Directors**

The Board of Directors is to consist of not less than five and not more than ten members, and not more than five deputies according to the Articles of Association. The Board members are elected annually at the AGM, with a period in office from the AGM until the next AGM. The AGM decides the exact number of Board members.

At the AGM on April 23, 2014, Christen Sveaas, Folke Patriksson, Tom Ruud, Håkan Larsson and Magnus Sonnorp were elected to the Board. Christen Sveaas was elected Chairman of the Board. Folke Patriksson was elected as Deputy Chairman. In addition to the AGM-elected Board members, Christer Lindgren remains as the labor union representative. The number of AGM-elected Board members who are considered independent in relation to the company, according to requirements of the Code, is estimated to be two and those dependent in relation to major shareholders is three.

No other remuneration was made apart from that resolved on by the AGM. Fees to

the Board of Directors are approved by the AGM following a proposal from the Nomination Committee. For more information on fees, see Note 7 on page 40.

#### **Board of Directors' work**

The Board of Directors is elected by the shareholders at the AGM. The Board of Directors' responsibilities and tasks are determined by a formal work plan, in addition to laws and regulations. The work plan is reviewed by the Board on an annual basis, and established through a decision by the Board. The Board's tasks include determining the company's goals, strategies, business plans and budgets, as well as approving major investments and loans raised by Rederi AB Transatlantic. Furthermore, it is the Board's task to evaluate the operating management, and to ensure that there are systems in place to monitor and control the established goals. It is also the Board's task to appoint the CEO, and where applicable, a Deputy CEO. The Finance Policy, Attestation Policy and the Communication Policy, which are established annually, represent important control instruments for the Board. The Board also ensures the quality of the financial reporting through detailed reviews of interim reports, annual reports and year-end reports at Board meetings. The Board addresses different issues in their entirety and, considering the Group's size and complexity, has not regarded sub-committees necessary to prepare certain issues. This means that the Board as a whole constitutes the Audit Committee and Remuneration Committee.

The Board usually meets on seven occasions per year and additional meetings are held as necessary. Scheduled meetings are held in connection with quarterly reports and additional meetings are held to address strategic issues and decide on budgets for future fiscal years. Based on this, the Board held 13 meetings during the mandate period, of which seven were scheduled meetings, five were unscheduled meetings and one was the statutory meeting. The Chief Financial Officer (CFO) of Rederi AB Transatlantic serves as secretary at the Board meetings. The Board of Directors also receives monthly reports pertaining to the

company's financial position. At scheduled Board meetings, reports are also submitted pertaining to the current work in each business area with detailed analyses and action proposals.

#### **Chairman's responsibility**

The Chairman of the Board is elected by the AGM. The role of the Chairman of the Board is to organize and lead the Board's work in accordance with applicable rules for listed companies, the Code and the Articles of Association.

The Chairman is also tasked with supporting the President. The Chairman and the President ensure the preparation of proposals for the agenda for Board meetings.

The Chairman conducts a dialog with the CEO and is responsible for ensuring that other Board members receive the information and documentation needed to make decisions. The Chairman of the Board is also responsible for ensuring the annual review of the Board's work.

The Chairman of the Board is Christen Sveaas and the Deputy Chairman is Folke Patriksson.

Christen Sveaas owns Kistefos AS which, indirectly via Viking Invest AS, is the majority owner of Rederi AB Transatlantic, with 70.4% of the share capital and 63.3% of the voting rights at December 31, 2014. In addition to his Chairmanship of Rederi AB Transatlantic, Christen Sveaas is the Chairman of the Board of Kistefos Holding AS and a number of other companies.

#### **President**

The President (and CEO), Tom Ruud, succeeded Henning E. Jensen as President and CEO of Rederi AB Transatlantic on December 20 2013. The CEO is responsible for the continuous management of the operations based on the terms of reference issued by the Board of Directors. The CEO's responsibilities include decisions regarding current investments and divestments, HR, financial and accounting issues, continuous contact with the company's stakeholders, as well as ensuring that the Board receives the information required to make well-substantiated decisions. The CEO reports to the Board of Directors and is also included as one of its members.

The CEO directs the work of Group management and reaches decisions in consultation with the other members of management.

Just like his predecessor, Henning E. Jensen, Tom Ruud is not employed by Rederi AB Transatlantic but works as a consultant through Kistefos AS. For more information, see Note 7 on page 41.

### Group Management

The CEO has appointed a Group Management team that had five members during 2014. In addition to the CEO, the Group Management team included Tomas Bergendahl as CFO, Heléne Mellquist Head of the TransAtlantic business area, Christian W. Berg as Head of the Viking Supply Ships business area and Britta Stolt as HR Manager. Group Management is responsible for planning, controlling and following up daily operations. Group Management held regular meetings to monitor the business operations, follow-up on financial development and other operational, development and strategy issues. Group Management ensures that the right competency exists in the organization in relation to the company's strategies. Authorities and responsibilities for the CEO and Group Management are defined in the policies, job descriptions and attestation instructions.

For more detailed information about the CEO and Group Management, refer to page 21.

### Auditors

The auditors are elected by the AGM and at the Meeting in April 2014, the auditing firm of Ernst & Young AB was elected for a period in office until the 2015 AGM. Authorized Public Accountant Staffan Landén was elected Auditor-in-Charge. The auditors' task is to review the President's and Board's management of the company and the quality of the company's financial reports, as well as review the Annual Report. The company's auditors participate once per year at a Board meeting to submit a report on the year's accounting and their view of the company's internal control system. Information on remuneration of auditors is found in Note 8, page 41 of the Annual Report.

### Guidelines governing remuneration of senior executives

The 2014 AGM adopted the guidelines governing remuneration of senior executives, encompassing the CEO and Group Management, which comprised five members during its period in office, and which are based on the following general principles:

The principles for remuneration of senior executives from a short- and long-term perspective are designed to attract, motivate and create favorable conditions for retaining competent employees and managers. To achieve this, it is important to maintain fair and internally balanced conditions that are also competitive in market terms with respect to structure, scope and level. The employment terms and conditions for senior executives are to contain a well-balanced combination of fixed salary, pension benefits and other benefits, as well as special terms for remuneration in the event of termination of employment. Payment of variable remuneration is also possible. The total annual cash remuneration to senior executives is to be determined on the basis of competitiveness. The total level of remuneration is to be reviewed annually to ensure that it is in line with comparable positions in the relevant market. Remuneration is to be based on performance and positions. The company's remuneration system is to contain various forms of remuneration aimed at creating well-balanced compensation that verifies and supports the achievement of short and long-term goals. The fixed salary shall be set individually and be based on the individual's responsibility and role, as well as the individual's competence and experience in the relevant position. The CEO and other senior executives may receive variable remuneration should the Board resolve to this effect. Such variable remuneration is to be based on extraordinary performance in relation to defined and measurable goals, be capped in relation to basic salary and must always be justified specifically in a joint Board discussion. As mentioned above, the outcome of variable remuneration is to be based on measurable goals. The variable remuneration is to be based on (i) outcomes in relation to the company's financial key data, as well as earnings and cash flow and

(ii) fulfillment of established individual goals. Variable remuneration may not exceed a payment equivalent to 60% of the fixed salary for the respective senior executive.

Pension provisions for senior executives are to be market-aligned in relation to what is generally applicable to corresponding positions in the market and must be based on defined-contribution pension solutions. The retirement age for senior executives is 65. Pension provisions are to be based only on fixed salary. Defined-contribution pension payments must be implementable up to the equivalent of 25% of the fixed salary. Other benefits, such as company car, compensation for preventive healthcare and sickness insurance, are to comprise a small portion of the total compensation, correspond to market levels and contribute to the executive's possibilities of fulfilling his or her work assignment.

The period of notice for senior executives is six months when the executive resigns and, in the event of notice from the company, six to 12 months. The CEO is subject to period of notice of up to six months if notice is served by the company. Severance may be payable but is capped at 12 monthly salaries; see Note 7 on page 41.

### Audit Committee and Remuneration Committee

The Board in its entirety has decided to deal with auditing matters and one meeting was held with the Group's auditors during the year. Planned and completed audits were discussed at this meeting. The audit encompasses such issues as risk assessment, risk management, financial control, accounting issues, Group policies and administrative issues. Considerable emphasis is placed on follow-ups and implementing measures. The auditors also keep the Board informed of current developments in relevant areas.

The Board also decided to address remuneration issues within the framework of Board duties. Remuneration of the President was addressed, as were the principles for remuneration of senior executives. Remuneration related to the Board of Directors' work is approved by the AGM.

### **The Board's description of internal control and risk management in financial reporting**

This description of internal control and risk management is submitted by the Board of Rederi AB Transatlantic and is prepared in accordance with the Swedish Corporate Governance Code. The Board of Directors of Rederi AB Transatlantic has overall responsibility for the internal control pertaining to the financial reporting. Good internal control is based on efficient Board work. The Board's formal work plan and instructions for the President are aimed at establishing a clear role and distribution of responsibilities to efficiently manage operational risks. Based on established procedures and also on the auditor's review of the internal control, company management reports regularly to the Board of Directors, should the observations have any impact on the financial statements. Group Management is responsible for the system of internal controls that is required to handle significant risks in operating activities. This is aimed at ensuring that the operation is conducted appropriately and efficiently, that the financial reporting is reliable and that rules, regulations and ordinances are complied with.

The company has prepared procedures for the assessment of risks in the financial reporting, as well as to attain a high reliability in the external reporting and that the reporting is prepared in accordance with laws and other requirements on listed companies.

### **Risk assessment and control activity**

Rederi AB Transatlantic's assessment of financial reporting aims to identify and evaluate the significant risks that influence the internal control with respect to the financial reporting in the Group's companies, business areas and business processes.

Considerable emphasis has been placed in formulating the controls to prevent and recognize errors in these areas. The key control instruments for the financial reporting primarily comprise the company's Finance Policy. See also page 24, Risks and uncertainties.

### **Control environment**

The Board of Directors has overall responsibility for the internal control of financial reporting. The Board has established a formal work plan to clarify the Board's responsibilities and to regulate the distribution of work among Board members. Responsibility for maintaining an efficient control environment is based on an organization with distinct decision routes and clear instructions and with common values, where each employee has insight into his/her role in maintaining good internal control.

### **Information and communication**

Rederi AB Transatlantic's Board of Directors has established a Communication Policy, which states what is to be communicated, by whom and the manner in which the information is to be issued to ensure that the external information is correct and complete. In addition, there are instructions governing how financial information is to be communicated between management and other employees. Rederi AB Transatlantic's shareholders and other stakeholders can monitor the company's operations and its development on the website ([www.rabt.se](http://www.rabt.se)), where current information is published on a continuous basis. Events deemed as having a potential impact on the share price are published through press releases. Financial information is provided through quarterly reports and year-end reports, as well as through the company's annual report.

### **Follow-up**

The Board continuously evaluates the information submitted by company management and the auditors. The work includes ensuring that measures are implemented that address inadequacies and preparing proposals for measures arising from the external audit.

### **Internal audit**

The Board has not found any reason to establish an internal audit function considering the size of the Group and the centralization of the finance administration.

Significant guidelines that are important to financial reporting are continuously updated and communicated to the employees concerned.

### **Fees and remuneration**

Fees and remuneration to the CEO and Group management are described in more detail in Note 7 on page 41.

### **Key policies**

In addition to those listed above, the Board's responsibilities include ensuring that the Group's policies are kept updated and are observed. The Group has policies on such issues as investments, financing and foreign currency matters, anti-corruption, approval and authorization of and attestation instructions for financial undertaking, communication/Investor Relations, as well as ethics and a code of conduct. As part of the Group's responsibility, there are also health, safety, environmental and quality policies (HSEQ policy) for the company's operations at sea and on land.

Gothenburg, March 17, 2015

Christen Sveaas  
Chairman

Folke Patriksson  
Deputy Chairman

Tom Ruud  
Board member and  
President

Håkan Larsson  
Board member

Magnus Sonnorp  
Board member

Christer Lindgren  
Employee representative

### **Auditor's report on the Corporate Governance Report**

To the Annual General Meeting of the shareholders of Rederi AB Transatlantic (publ), corporate registration number 556161-0113

The Board of Directors is responsible for the Corporate Governance Report for the year 2014 on pages 14–19 and its preparation in accordance with the Annual Accounts Act.

We have read the Corporate Governance Report and based on that reading and our knowledge of the company and the Group, we believe that we have a sufficient basis for our opinions. This means that our statutory examination of the Corporate Governance Report is different and substantially less in scope than an audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden.

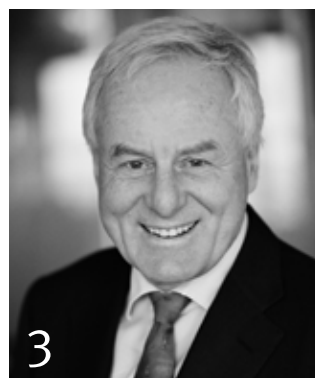
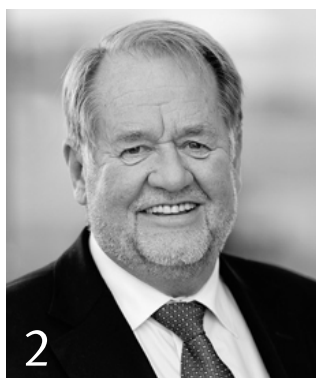
In our opinion, the Corporate Governance Report has been prepared and its statutory content is consistent with the annual accounts and the consolidated accounts.

Gothenburg, March 17, 2015

Ernst & Young AB

Staffan Landén  
Authorized Public Accountant

# Board of Directors



## 1. Christen Sveaas

Born 1956 in Oslo, Norway. Chairman of the Board since 2010.

Christen Sveaas has several Board assignments including Chairman of Kistefos AS, Western Bulk ASA, Viking Supply Ships A/S, A/S Kistefos Traesliberi and Anders Sveaas Almennyttige Fond. Mr. Sveaas is also a member of Dean's Council Executive Committee, Harvard Kennedy School in the US and Deputy Chairman of the Kistefos Museum Foundation. He has a Lic.oec. from the University of St Gallen Economics Department, Switzerland.

**Shareholding:** 5,957,820 Series A shares and 118,958,199 Series B shares through companies.

**Board fee:** SEK 200,000/year.

## 2. Folke Patriksson

Born 1940 in Skärhamn, Sweden. Deputy Chairman. Board member since 1972.

Folke Patriksson was previously the Chairman of the Board of the Swedish Sea Rescue Society and is now Board member of Swede Ship Marine AB and Board member of Eneff Rederi AB. Mr. Patriksson holds a mate's examination (degree in Nautical Science) and has 40 years' experience of the shipping industry. He is one of the founders of TransAtlantic and was formerly CEO of the company for 32 years.

**Shareholding:** 4,076,019 Series A shares and 2,293,577 Series B shares through companies.

**Board fee:** SEK 200,000/year.

## 3. Tom Ruud

Born 1950 in Oslo, Norway. Board member since 2014.

Tom Ruud has a Master of Science in Engineering from the Norwegian University of Science and Technology, and a degree in leadership from Wharton.

Mr. Ruud is CEO of Kistefos AS and Rederi AB Transatlantic, and a Board member of Kistefos AS. He has been active in Group Management for the Norwegian investment company, Umoe-gruppen. He was previously a member of Nordea Banks AB's Group Management, and President and CEO of Kreditkassen and Aker Norcem. Tom Ruud was also previously the Chairman of the Board of CSAM Health AS. Board member of Crew Gold Plc, Intex Resources ASA, Sevan Marine ASA, Total E & P Norway AS and yA Banks AS, as well as various Board appointments within the Umoe and Kistefos Groups.

**Shareholding:** –

**Board fee:** –

## 4. Håkan Larsson

Born 1947 in Gothenburg, Sweden. Board member since 1993.

Håkan Larsson was the CEO of Rederi AB Transatlantic from 2003 to 2007 and was pre-

viously CEO of Bilspedition/BTL and Schenker AG. Mr. Larsson is Chairman of the Board of Tyrens AB, Inpension Asset Management AB and Valea Holding AB. He is Board member of Semcon AB, Stolt-Nielsen Ltd, Wallenius Wilhelmsen Logistics AS and Eukor Car Carrier, and of Handelsbanken Region West.

Håkan Larsson is a Graduate in Business Administration from the University of Gothenburg.

**Shareholding:** 3,840 Series A shares and 159,999 Series B shares.

**Board fee:** SEK 200,000/year.

## 5. Magnus Sonnorp

Born 1967 in Stockholm, Sweden. Board member since 2010.

Magnus Sonnorp is Chairman of the Board of AB Skruvat Reservdelar and of Planglasteknik Stockholm AB. Mr. Sonnorp is a Board member of Brunkeberg Systems AB, Linver AB, Sulgrave Rd AB and Secure Glass Holding AB, and was previously Chairman of the Board of ClearSense AB and EDSA Holdings. He holds a M.Sc. in Economics from the Stockholm School of Economics and an MBA from Insead.

**Shareholding:** 80,000 Series B shares.

**Board fee:** SEK 200,000/year.

## 6. Christer Lindgren

Born 1965 in Stockholm, Sweden. Board member since 2001. Employee representative. Christer Lindgren is a chef and sailor.

Board member of SEKO seafarers.

**Shareholding:** –

**Board fee:** –

# Management



## 1. Tom Ruud

President and CEO

Born 1950 in Oslo, Norway. Employed since 2013.

**Education:** Master of Science in Engineering from the Norwegian University of Science and Technology. Executive programs at Wharton.

**Shareholding:** –

## 2. Tomas Bergendahl

Chief Financial Officer

Born 1974 in Gothenburg, Sweden. Employed since 2013.

**Education:** Graduate in business administration from Luleå University of Technology. Degree in Commerce from the University of Abertay, Dundee, UK.

**Shareholding:** 75,000 Series B shares.

## 3. Christian W. Berg

Head of Viking Supply Ships business area

Born 1968, Stavanger, Norway. Employed since 2011.

**Education:** Maritime law studies at Vestfold University College in Horten, Norway and at Befalsskolen for Marinen in Horten, Norway.

**Shareholding:** –

## 4. Heléne Mellquist

Head of Industrial Shipping business area

Born 1964 in Gothenburg, Sweden. Employed since 2012.

**Education:** Graduate in Business Administration from the University of Gothenburg. Economics, IFL at the Stockholm School of Economics, Executive Program.

**Shareholding:** –

## 5. Britta Stolt

HR Manager

Born 1965 in Gothenburg, Sweden. Employed since 1993.

**Education:** Advanced strategic HR program.

**Shareholding:** –

## Auditors

### Staffan Landén

Authorized Public Accountant, Ernst & Young AB. Born in 1963, Auditor of Rederi AB Transatlantic since 2013.

Elected as company's auditor at the 2013 Annual General Meeting. Extensive experience in auditing listed and internationally active companies, including auditor assignments for Papyrus AB, Academedia AB and Capio AB. Staffan Landén is also a stock-exchange auditor for Nasdaq Stockholm.

# Board of Directors' Report 2014

Rederi AB Transatlantic (publ) – Corporate Registration Number 556161-0113

Rederi AB Transatlantic posted a significant improvement in the company's earnings, primarily driven by Viking Supply Ships for the 2014 fiscal year. During the year, restructuring efforts within the TransAtlantic business area proceeded as planned, which helped to improve the operational result, although it remained at an unsatisfactory level.

## Sales, earnings and business development

The Group's net sales for 2014 totaled SEK 3,190 M (2,925). The profit before tax amounted to SEK 217 M (loss: 321) and the profit for the year was SEK 200 M (loss: 359). Viking Supply Ships' operations were the greatest contributor to the positive earnings, primarily driven by the AHTS segment, while the PSV segment continues to face a challenging situation. Earnings for the TransAtlantic business area, which operates within the RoRo and Container Feeder segments, were also impacted in 2014 by a market that remained weak and competitive. The restructuring measures taken during the year have improved the situation, but only to a level that continues to be unsatisfactory in terms of operational profitability. The significant restructuring items that were recognized during the year mainly comprised provisions of SEK 53 M for the discontinuation of the TransPal Line (TPL) and its associated terminal operations, SEK 31 M in provisions for loss contracts and other items, as well as adjustments of vessel values with an overall net gain of SEK 5 M. All of the restructuring costs pertained to operations within the TransAtlantic business area.

## TransAtlantic business area

This business area offers liner traffic in the Baltic Sea and Northern Europe as its primary markets. The operation is driven primarily through system traffic using RoRo and container vessels, and the contracted chartering of bulk carriers. During the year, the business area changed its name from Industrial Shipping to TransAtlantic. Sales declined in comparison with the preceding year. This was primarily due to the closure of the TransPal Line and associated operations, which was implemented at the end of the first quarter, as well as to the impact of the Short Sea Bulk operations, which was

previously a proprietary charter, being leased out under a time charter since the third quarter of 2013. Restructuring continued during the year toward a more distinct business model focused on RoRo and Container Feeder services. Operations were centralized at the head office in Gothenburg. The business area's structure was reorganized as a separate group held by the Parent Company, Rederi AB Transatlantic (RABT) in which the liner and ship management operations are separately organized. The number of full-time shore employees at the end of the period amounted to 47, which was a reduction of 82 since the beginning of the year.

Net sales for the year totaled SEK 1,293 M (1,787) and an operational loss before tax of SEK 49 M (loss: 187) was posted. The significant restructuring items that were recognized during the year mainly comprised provisions of SEK 53 M for the discontinuation of the TransPal Line and its associated terminal operations, SEK 31 M in provisions for loss contracts and other items, as well as adjustments of vessel values with an overall net gain of SEK 5 M. The loss before tax was SEK 128 M (loss: 283). The operating profit has attained a stable level since the second quarter 2014 following efficient restructuring of operations. However, this result continues to be unsatisfactory. Restructuring and efficiency efforts are proceeding but are approaching their conclusion, although we anticipate implementing further cost savings to enhance profitability and increase competitiveness. The business area's earning capacity continues to be sensitive to volume changes. TransAtlantic's strategy aims to further strengthen the position in the Baltic Sea area and secure the business in the RoRo and Container Feeder segments. As a result of effective restructuring, a more stable and flexible strategic position has been created on which the business area will build, with the objective of attaining profitable growth.

## Container Feeder

Operations are conducted in the three lines: TransFeeder North (TFN), TransBothnia Container Line (TBCL) and TransFeeder South (TFS) between the markets of Finland, Sweden, Germany and Belgium. During the year, the schedules and vessel capacity were adapted to prevailing market conditions, which contributed to earnings improvement. TBCL expanded its operations with new port calls in Northern Sweden and Finland during the year, which consolidated TransAtlantic's market position in the region and created a streamlined container product from Northern Sweden and Finland to the continent. The TFN volume had a negative trend affected by the Finnish economy. In terms of earnings, this was offset by the closure of TPL, which was included under this segment up to and including the first quarter, as well as positive developments on the other lines.

## RoRo

During the year, the RoRo division operated scheduled liner traffic between Finland and Germany/Belgium with the TransLumi Line (TLL) and TransBothnia Line (TBL). Extra port calls during the year contributed additional volume, which eased the impact of the weak Finnish market. As of December, the operation of these lines were taken over by the main customer. Although the decision not to renew this contract will impact future sales, the direct impact on earnings will be limited. Partly as a consequence of this, the company is evaluating continued adaptation of the route structure and vessel capacity to optimize the business based on demand and environmental requirements.

## Viking Supply Ships business area

The business area encompasses arctic offshore operations, the spot market for offshore in the North Sea and the global off-

shore sector. Viking Supply Ships' fleet comprises a total of 13 offshore vessels, eight of which are Anchor Handling Tug Supply (AHTS) vessels and five are Platform Supply Vessels (PSVs). The vessels are equipped and have the capacity to operate in areas with icy and harsh weather conditions. Three of the AHTS vessels have ice-breaking capacity and four of the AHTS vessels are ice reinforced. Net sales for the year totaled SEK 1,897 M (1,138) and the operating profit before tax was SEK 345 M (50). Profit before tax was SEK 345 M (loss: 38).

#### AHTS

During the year, AHTS vessels had an average rate level of SEK 504,000 (359,000) and an average utilization rate of 77% (73), representing improvements in both the rate and utilization rate in 2014, compared with 2013. As announced earlier, Viking Supply Ships, as an indirect consequence of sanctions against Russia, received premature cancellation of the vessels, the Loke Viking, the Brage Viking, the Magne Viking and the Balder Viking for the 2015 drilling season and options on the 2016 and 2017 drilling seasons. In accordance with the contract, the termination entitled Viking Supply Ships to cancellation compensation, which was recognized as revenue in 2014. During the second quarter, the 2014-season charter agreement which was valid at the time for the Tor Viking was canceled, but a new 11-month agreement for the vessel was signed shortly thereafter with a major oil company, commencing June 2014. During the year, Viking Supply Ships recognized cancellation compensation received for the premature termination of the Tor Viking contract as revenue. Sakhalin Energy exercised the second of three four-month options for the Vidar Viking. The vessel's contract now runs until August 2015.

#### PSV

During the year, the PSV segment had an average rate level of SEK 116,000 (112,000) and an average utilization rate of 71% (76), representing an improvement of the rate level, but a slight decline in the utilization rate for 2014, compared with 2013.

#### Services and Ship Management

In the service segment, the consulting project in the Kara Sea proceeded according to the project plan during the year and the 2014 season was successfully completed. A decision was made to establish the service segment as a separate legal entity within Viking Supply Ships, effective January 2015. The company name will be Viking Ice Consultancy and it will be based in Kristiansand, Norway. The Ship Management segment operated according to plan with no major events to report during the year.

#### Investments and divestments

The Group's gross investments totaled SEK 419 M (75) before deductions for financing. The investments mainly consisted of the acquisition of the PSVs, the Sol Viking (formerly the SBS Typhoon) and the Freyja Viking through the use of call options, docking expenses and complementary investments mainly within Viking Supply Ships, high-yield financial debt certificates (not VSS bonds) of SEK 47 M, and an investment of approximately SEK 37 M related to the long-term bareboat charter, renegotiated in Q3 2014, of seven small bulk carriers in the TransAtlantic business area to match the commercial time charter agreement that runs up to and including 2019 for these vessels. During the third quarter, Viking Supply Ships divested the PSV, SBS Cirrus, which brought a book gain of SEK 1 M and a positive liquidity effect of SEK 23 M. In the fourth quarter, TransAtlantic signed an agreement to divest the bulk carrier, TransForte.

#### Cash flow and financial position

The Group's opening cash balance was SEK 381 M (361). Cash flow from operating activities amounted to SEK 430 M (62). The cash flow trend from the financing operation was a negative SEK 251 M (neg: 30) and includes a positive liquidity effect from the new share issue totaling SEK 145 M after costs, a contribution of SEK 146 M from the refinancing of vessels within Viking Supply Ships, as well as amortization of vessel loans of SEK 244 M and the buy back and redemption of issued debt certificates totaling SEK 298 M. At year-end, issued debt certificates outstanding totaled SEK 204 M. As a consequence of the debt certificates, Viking Supply Ships will issue quarterly financial reports. The refinancing of loans within Viking Supply Ships implemented during the year has made the Group's financing structure more long term. Total cash flow during the year amounted to SEK 47 M (28). The Group's cash and cash equivalents totaled SEK 450 M (381) at year-end. At the end of the year, the Group's total assets amounted to SEK 5,260 M (4,884) and shareholders' equity to 2,042 M (1,749), corresponding to SEK 11.50/share (11.80). At year-end, the equity/assets ratio was 38.8% (35.8) and the debt/equity ratio was 109.9% (129.7). The TransAtlantic business area, in accordance with the financing contract on the TransFighter, provided additional collateral of USD 3.6 M.

#### Parent Company

The Parent Company's loss before tax for the full-year was SEK 114 M (loss: 339). Loss for the year totaled SEK 114 M (loss: 362). The results also included the impairment of shares in subsidiaries in the amount of SEK 110 M, and Group contributions received of SEK 4 M. The Parent Company's shareholders' equity amounted to SEK 2,417 M (2,388) and total assets at year-end amounted to SEK 2,723 M (2,726). The equity/assets ratio

was 89% (88) on the balance-sheet date. At the end of the period, cash and cash equivalents totaled SEK 97 M (105). As part of continuing efforts to streamline the Group, the transfer of operations in the TransAtlantic business area from the Parent Company Rederi AB Transatlantic to the wholly owned subsidiary TransAtlantic AB and its subsidiary, Transatlantic Ship Management AB, started at the end of 2013. The effects of this work, which was completed in 2014, are reflected in the Parent Company's income statement and balance sheet, where sales and assets declined year-on-year. The remaining operations in the Parent Company will comprise shareholdings in TransAtlantic AB and Viking Supply Ships A/S, which are the parent companies of the respective business areas, and limited Group-wide administration.

#### Significant events after the end of the year

Due to the premature contract cancellation received by Viking Supply Ships in December 2014, two AHTS vessels could be declared as no longer having sufficient contract coverage in accordance with the loan agreement applicable to the vessels concerned. Due to the reduced contract coverage rate for parts of the AHTS fleet, Viking Supply Ships will, pursuant to the financing agreement, pledge additional collateral in the amount of USD 18.8 M by making a deposit into a separate account during the first quarter. This will have a negative impact on VSS's liquidity by the same amount during the first quarter of 2015. The amount that will be on deposit in the account will vary (more or less) to reflect exchange-rate fluctuations and loan amortization. The liability to pledge additional collateral is suspended in the event that the vessels re-attain applicable contract coverage levels in accordance with the loan agreement. In the interest of staying competitive and cutting costs, Viking Supply Ships has decided to close the office in Aberdeen, Scotland, which operates the PSV fleet, as of July 1, 2015. All of the administrative functions will be moved to Viking Supply Ships' head office in Copenhagen. The sale of the bulk carrier TransForte was completed in February, with a positive liquidity effect of SEK 3 M in Q1 2015. Negotiations are also ongoing regarding the divestment of the TransFighter.

TransAtlantic has signed an agreement with MannLines BV that will entail MannLines acting as TransAtlantic's exclusive sales agent in the Benelux region. MannLines will take over TransAtlantic's operations in Antwerp. The agency will be operated from its base in Rotterdam. Tomas Bergendahl, CFO of Rederi AB Transatlantic has resigned from his position, effective May 31, 2015. The Board of Directors proposed that the Annual General Meeting change the company's name from Rederi AB Transatlantic to Viking Supply Ships AB.

#### Environmental and sustainability related matters

The reduction of carbon and other emissions from operations is assigned high priority in Rederi AB Transatlantic. The Group focuses on continuous improvements, in which fuel savings on board all vessels are a top priority. Follow-up measures were taken on previously implemented energy documentation to identify sources of additional savings. This project includes such activities as the logging of fuel consumption, programs for cleaning the underwater part of the hull and the connection of vessels to shore-based power sources in ports. In the past year, an active effort has been underway to meet the new sulfur requirements that are being introduced in conjunction with SECA 2015. Different solutions were evaluated for various types of vessels to identify the appropriate methods. Examples of measures include the optimization of liner services toward lower expenses and consumption, and the extensive development work, where the TransAtlantic business area is participating, to identify new scrubber solutions that also function for traffic vessels operating under icy conditions in winter-time and in waters with low salt content in the Gulf of Bothnia. TransAtlantic participates in various work groups in the shipping and maritime sectors and is at the forefront in terms of advanced technical solutions for customers. The Group works to maintain and develop human capital from the perspective of sustainability and in order to be an attractive employer at sea and on land, which has also been identified as a key factor for managing the transformation that the company underwent in 2014. Labor conditions and the work environment in the Group are being improved

continuously. The employee surveys conducted have also indicated that employees are satisfied and motivated, and that trainees who are taken on board appreciate their internship period. The restructuring efforts implemented in 2014 within the TransAtlantic business area have also benefited from the structured change methodology that was applied, which was based on the Lean and Six Sigma method. Management by objectives with a break down into concrete action plans are crucial to the company's sustainability and restructuring efforts. TransAtlantic is environmentally and quality certified according to ISO 9001 and ISO 14001. Risks are systematically monitored on a regular basis from Group-management level down to individual job assignments implemented aboard vessels. A cornerstone of our health and safety efforts is to proactively focus on risk assessment, as well as incident and observation reporting, and to analyze the actual causes for incidents that occurred. All incident and reported risks are followed up by risk assessments, which are part of the analysis work. Rederi AB Transatlantic also focuses on promoting human rights and working against corruption.

#### Risks and uncertainties

Rederi AB Transatlantic operates in highly competitive markets and the operation is exposed to various operational and financial risks. Financial risks mainly pertain to liquidity, financing and currency exposure. Financial risk management is handled by the Group's central finance department, based on the finance policy adopted by the Board. The policy includes clear instructions on how to manage various financial risks, in which various types of derivative instruments comprise key elements in minimizing the financial risks. The policy also includes instructions for managing credit and liquidity risks through financing and loan commitments. The primary operational risk factors comprise overall macroeconomic market conditions, competitive situations, the flow of goods in prioritized market segments and the general balance between supply and demand on vessels, which impacts prices and profit margins. The goal of the Group's overall risk-management policy is to ensure a balance between risk and profitability. The Trans-

Atlantic business area operates in a market with negative growth and depressed profit margins. The market for the Viking Supply Ships business area is dependent on the level of investments within the oil industry, which in turn is largely driven by price trends in the global oil market. The refinancing of loans within Viking Supply Ships implemented during the year has made the Group's financing structure more long term. The political situation in Ukraine and the sanctions against Russia have indirectly impacted Viking Supply Ships with the above-mentioned cancellation of contracts. It is difficult to assess the long-term consequences of these sanctions. Viking Supply Ships is monitoring developments closely to guard the company's interests in the region. For further information about risks and uncertainties, refer to Note 1 on page 36, and Note 32 on page 55.

#### Corporate tax

The general scenario for the Group is that its payable tax is highly limited, mainly due to the majority of the Group's operations being pursued in countries where tonnage tax is applicable. Accordingly, the recognized corporate tax primarily comprises deferred taxes. Deferred tax assets are only recognized if it is probable that the temporary differences can be utilized against future taxable surpluses. The net recognized deferred tax asset for the Swedish operation was SEK 40 M (40) at December 31, 2014. The total recognized deferred tax liability for foreign operations was SEK 16 M (0).

#### Number of employees

The average number of employees in the Group amounted to 796 (866) during the year. Further information is found in Note 7 on page 40.

#### Outlook

Viking Supply Ships' financial performance for 2015 will be adversely impacted by the premature cancellation of contracts for four AHTS vessels, the notice for which was received during 2014. Potential alternative contracts for these vessels are currently under consideration with the aim of increasing the contract-coverage rate of the AHTS fleet. The company is closely monitoring the situation in Ukraine and the

sanctions against Russia. The consequences of the company's future activities in Russia are difficult to predict. The company maintains its assessment that the long-term outlook is positive, despite current oil-price levels. The situation for the PSV fleet, which is currently operating in the spot market in the North Sea, is expected to remain challenging and, therefore, Viking Supply Ships is considering potential long-term contract possibilities in other regions for these vessels. The focus on developing the services segment within Viking Supply Ships will continue during 2015, with ice-management operations being established in a separate company, Viking Ice Consultancy. The TransAtlantic business area's market is expected to remain weak in 2015. Restructuring and streamlining efforts within the business area have been proceeding according to plan, but are approaching their conclusion, although we anticipate implementing further cost savings, while focusing on building profitable, long-term business. The same long-term objective remains – to create two independently strong operations with the right prerequisites to successfully compete in their respective markets.

#### Description in specific sections

The following are described in specific sections of the annual report:

- The share and ownership structure, refer to pages 60–61.
- Corporate governance with a description of the Board and management work, including the guidelines for the remuneration of senior executives; refer to page 14.

#### Proposed distribution of profits

The following funds in the Parent Company are available to the Annual General Meeting:

SEK 000s	
Share premium reserve	617,359
Retained earnings	1,490,579
Loss for the year	-114,071
<b>Total</b>	<b>1,993,867</b>

The Board of Directors proposes that no dividend be issued for fiscal year 2014.

SEK 000s	
To be carried forward	1,993,867
<b>Total</b>	<b>1,993,867</b>

#### Annual General Meeting

Rederi AB Transatlantic's Annual General Meeting will be held on Thursday, April 9, 2015 at 4:00 p.m. at Mannheimer Swartling's premises at Östra Hamngatan 16 in Gothenburg, Sweden. The Notice of the Meeting will be published on March 5, 2015 on the company's website and in Post & Inrikes Tidning. Information that the notification has been issued will be advertised in Dagens Industri and Göteborgs-Posten. Information about the Nomination Committee is available on the website: [www.rabt.se](http://www.rabt.se).

#### Earnings, cash flow and balance sheet

The Group's and Parent Company's earnings, liquidity and financial position are presented in the following income statements, cash-flow statements and balance sheets, and in the notes relating to them.



# Income statement

SEK 000s	Note 1, 3, 33	Group		Parent Company	
		2014	2013	2014	2013
Net sales	2, 3, 4	3,189,866	2,924,990	324,576	1,131,624
Other operating revenue	5	828	107,373	33	107,148
Direct voyage cost		-651,443	-1,058,838	-1,852	-495,744
Personnel costs	7	-743,474	-709,890	-65,991	-159,776
Other external operating costs	4, 8	-1,094,232	-990,851	-259,303	-612,357
Other operating costs	6	-2,606	-2,353	-1,699	-757
Other net profit/loss	9	-3,997	850	—	—
Depreciation and impairment of property, plant and equipment and intangible assets	10	-194,998	-464,580	-272	-24,041
Profit from shares in associated companies	11	-16,414	346	—	—
<b>Operating profit/loss</b>		<b>483,530</b>	<b>-192,953</b>	<b>-4,508</b>	<b>-53,903</b>
Profit/loss from shares in Group companies	12	-2,722	560	-105,791	-267,501
Financial income	13	3,371	46,016	3,991	25,276
Financial expenses	14	-267,182	-174,512	-7,763	-42,851
<b>Profit/loss before tax</b>		<b>216,997</b>	<b>-320,889</b>	<b>-114,071</b>	<b>-338,979</b>
Income tax	15	-17,491	-38,079	—	-23,491
<b>Profit/loss for the year</b>		<b>199,506</b>	<b>-358,968</b>	<b>-114,071</b>	<b>-362,470</b>
Attributable to:					
Parent Company's shareholders		199,818	-353,045	-114,071	-362,470
Non-controlling interests		-312	-5,923	—	—
		<b>199,506</b>	<b>-358,968</b>	<b>-114,071</b>	<b>-362,470</b>
Earnings per share attributable to Parent Company's shareholders, per share, SEK (before and after dilution)	16	1.21	-3.13	—	—

# Statement of comprehensive income

SEK 000s	Group		Parent Company	
	2014	2013	2014	2013
Profit/loss for the year	199,506	-358,968	-114,071	-362,470
Other comprehensive income, net after tax:				
<b>Items that will not be reclassified to profit or loss</b>				
Remeasurements of post employment benefit obligations	-1,502	-152	-1,407	146
<b>Items that may be subsequently reclassified to profit or loss</b>				
Change in hedging reserve	-527	466	—	—
Change in translation reserve	-44,427	-140,297	—	—
<b>Other comprehensive income, net after tax</b>	<b>-46,456</b>	<b>-139,983</b>	<b>-1,407</b>	<b>146</b>
<b>Comprehensive income for the year</b>	<b>153,050</b>	<b>-498,951</b>	<b>-115,478</b>	<b>-362,324</b>
Attributable to:				
Parent Company's shareholders	158,378	-492,969	—	—
Non-controlling interests	-5,328	-5,982	—	—
	<b>153,050</b>	<b>-498,951</b>	<b>-115,478</b>	<b>-362,324</b>

# Balance sheet

Balance sheet at December 31 SEK 000s	Note	Group		Parent Company	
		2014	2013	2014	2013
<b>Assets</b>					
<b>Fixed assets</b>					
Vessels	10	3,982,072	3,924,385	—	—
Buildings and land	10	—	731	—	—
Equipment	10	5,073	12,237	—	2,109
Construction in progress and advance payments on property, plant and equipment	10	—	281	—	—
Goodwill	10	—	—	—	—
Brands	10	7,015	7,015	—	—
Other intangible fixed assets	10	—	—	—	—
Participations in Group companies	17	—	—	2,553,803	2,477,477
Participations in associated companies	17	19,154	63	—	63
Deferred tax assets	15	40,000	40,000	40,000	40,000
Available-for-sale financial assets		44,925	57	—	4
Other long-term receivables	18, 25	59,256	100,668	17,878	20,990
<b>Total fixed assets</b>		<b>4,157,495</b>	<b>4,085,437</b>	<b>2 611,681</b>	<b>2,540,643</b>
<b>Current assets</b>					
Inventories	19	37,195	46,483	—	5,985
Accounts receivable	20	364,501	202,471	5,351	22,144
Receivables from Group companies		—	—	7,042	28,802
Derivative instruments	32	—	675	—	—
Other receivables		59,179	56,503	1,222	11,139
Assets held for sale	34	109,883	—	—	—
Prepaid expenses and accrued income	21	81,644	111,163	174	12,419
Cash and cash equivalents	22	449,733	381,479	97,212	104,537
<b>Total current assets</b>		<b>1,102,135</b>	<b>798,774</b>	<b>111,001</b>	<b>185,026</b>
<b>TOTAL ASSETS</b>		<b>5,259,630</b>	<b>4,884,211</b>	<b>2,722,682</b>	<b>2,725,669</b>

SEK 000s	Note	Group		Parent Company	
		2014	2013	2014	2013
<b>Shareholders' equity and liabilities</b>					
<b>Shareholders' equity and reserves attributable to the Parent Company's shareholders</b>					
	<b>23, 24</b>				
Share capital		177,444	147,870	177,444	147,870
Other contributions from shareholders		784,485	666,189	617,359	499,063
Reserves		-100,584	-55,630	245,782	245,782
Retained earnings		1,180,562	985,455	1,490,579	1,857,665
Loss for the year		—	—	-114,071	-362,470
<b>Total shareholders' equity and reserves attributable to the Parent Company's shareholders</b>		<b>2,041,907</b>	<b>1,743,884</b>	<b>2,417,093</b>	<b>2,387,910</b>
Non-controlling interests		—	5,328	—	—
<b>Total shareholders' equity</b>		<b>2,041,907</b>	<b>1,749,212</b>	<b>2,417,093</b>	<b>2,387,910</b>
<b>Provisions</b>					
Pension provisions	25	—	—	7,513	6,470
<b>Total provisions</b>		<b>—</b>	<b>—</b>	<b>7,513</b>	<b>6,470</b>
<b>Long-term liabilities</b>					
	<b>26</b>				
Vessel loans		2,032,443	1,913,488	—	—
Other liabilities to credit institutions		204,832	395,682	—	—
Liabilities to Group companies		—	—	202,310	156,358
Pension commitments	25	3,837	3,126	—	—
Derivative instruments	32	24,397	13,599	—	—
Other liabilities		96,013	85,493	17,878	18,544
<b>Total long-term liabilities</b>		<b>2,361,522</b>	<b>2,411,388</b>	<b>220,188</b>	<b>174,902</b>
<b>Current liabilities</b>					
	<b>26</b>				
Vessel loans		289,614	225,192	—	—
Other liabilities to credit institutions		—	95,323	—	—
Accounts payable		205,377	84,862	2,759	15,661
Current tax liability		15,971	4,861	—	—
Liabilities to Group companies		—	—	37,576	53,716
Derivative instruments	32	—	8,186	—	—
Other liabilities		29,635	53,651	11,215	5,350
Liabilities attributable to assets held for sale	34	141,357	—	—	—
Accrued expenses and deferred income	27	174,247	251,536	26,338	81,660
<b>Total current liabilities</b>		<b>856,201</b>	<b>723,611</b>	<b>77,888</b>	<b>156,387</b>
<b>Total shareholders' equity and liabilities</b>		<b>5,259,630</b>	<b>4,884,211</b>	<b>2,722,682</b>	<b>2,725,669</b>
Pledged assets	28	—	—	28,818	2,370,507
Contingent liabilities	29	—	—	252,988	1,953,165

# Shareholders' equity

Consolidated changes in share-holders' equity SEK 000s	Attributable to the Parent Company's shareholders						Non- controlling interests	Total Share- holders' equity
	Share capital	Other contri- butions from shareholders	Reserves		Retained earnings			
			Translation reserve	Hedging reserve				
<b>Opening shareholders' equity, January 1, 2013</b>	<b>110,903</b>	<b>555,285</b>	<b>84,081</b>	<b>-11,412</b>	<b>1,354,319</b>	<b>11,310</b>	<b>2,104,486</b>	
Loss for the year	—	—	—	—	-353,045	-5,923	-358,968	
Remeasurements of post employment benefit obligations; see also Note 25.	—	—	—	—	-152	—	-152	
Exchangerate difference on translation of foreign operations	—	—	-140,238	—	—	-59	-140,297	
Reclassification of translation reserve <sup>2)</sup>	—	—	—	11,473	-11,473	—	0	
Revaluation of derivative instruments, cash-flow hedging, see Note 32	—	—	—	466	—	—	466	
<b>Total comprehensive income</b>	<b>—</b>	<b>—</b>	<b>-140,238</b>	<b>11,939</b>	<b>-364,670</b>	<b>-5,982</b>	<b>-498,951</b>	
New share issue, see also Note 23.	36,967	110,904	—	—	-4,194 <sup>1)</sup>	—	143,677	
<b>Total transactions with company's owners</b>	<b>36,967</b>	<b>110,904</b>	<b>—</b>	<b>—</b>	<b>-4,194</b>	<b>—</b>	<b>143,677</b>	
<b>Closing shareholders' equity, Dec. 31, 2013</b>	<b>147,870</b>	<b>666,189</b>	<b>-56,157</b>	<b>527</b>	<b>985,455</b>	<b>5,328</b>	<b>1,749,212</b>	
<b>Opening shareholders' equity, January 1, 2014</b>	<b>147,870</b>	<b>666,189</b>	<b>-56,157</b>	<b>527</b>	<b>985,455</b>	<b>5,328</b>	<b>1,749,212</b>	
Profit/loss for the year	—	—	—	—	199,818	-312	199,506	
Remeasurements of post employment benefit obligations, see also Note 25.	—	—	—	—	-1,502	—	-1,502	
Exchange-rate difference on translation of foreign operations	—	—	-44,427	—	—	—	-44,427	
Revaluation of derivative instruments, cash-flow hedging, see Note 32	—	—	—	-527	—	—	-527	
Sale of non-controlling interests	—	—	—	—	—	-5,016	-5,016	
<b>Total comprehensive income</b>	<b>—</b>	<b>—</b>	<b>-44,427</b>	<b>-527</b>	<b>198,316</b>	<b>-5,328</b>	<b>148,034</b>	
New share issue, see also Note 23.	29,574	118,296	—	—	-3,209 <sup>1)</sup>	—	144,661	
<b>Total transactions with company's owners</b>	<b>29,574</b>	<b>118,296</b>	<b>—</b>	<b>—</b>	<b>-3,209</b>	<b>—</b>	<b>144,661</b>	
<b>Closing shareholders' equity, Dec. 31, 2014</b>	<b>177,444</b>	<b>784,485</b>	<b>-100,584</b>	<b>—</b>	<b>1,180,562</b>	<b>—</b>	<b>2,041,907</b>	

1) Transaction expenses in connection with the new share issue.

2) Correction of change in hedging reserve 2012.

Parent Company's changes in shareholders' equity SEK 000s	Share capital	Other contributions from share- holders <sup>1)</sup>	Statutory reserve	Retained earnings	Total share- holders' equity
<b>Shareholders' equity, Jan. 1, 2013</b>	<b>110,903</b>	<b>388,159</b>	<b>245,782</b>	<b>1,861,713</b>	<b>2,606,557</b>
Loss for the year	—	—	—	-362,470	-362,470
Remeasurements of post employment benefit obligations, see also Note 25.	—	—	—	146	146
<b>Total comprehensive income</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>-362,324</b>	<b>-362,324</b>
New share issue, see also Note 23.	36,967	110,904	—	-4,194 <sup>2)</sup>	143,677
<b>Total transactions with company's owners</b>	<b>36,967</b>	<b>110,904</b>	<b>—</b>	<b>-4,194</b>	<b>143,677</b>
<b>Shareholders' equity, Dec. 31, 2013</b>	<b>147,870</b>	<b>499,063</b>	<b>245,782</b>	<b>1,495,195</b>	<b>2,387,910</b>
<b>Shareholders' equity, Jan. 1, 2014</b>	<b>147,870</b>	<b>499,063</b>	<b>245,782</b>	<b>1,495,195</b>	<b>2,387,910</b>
Loss for the year	—	—	—	-114,071	-114,071
Remeasurements of post employment benefit obligations, see also Note 25.	—	—	—	-1,407	-1,407
<b>Total comprehensive income</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>-115,478</b>	<b>-115,478</b>
New share issue, see also Note 23.	29,574	118,296	—	-3,209 <sup>2)</sup>	144,661
<b>Total transactions with company's owners</b>	<b>29,574</b>	<b>118,296</b>	<b>—</b>	<b>-3,209</b>	<b>144,661</b>
<b>Shareholders' equity, Dec. 31, 2014</b>	<b>177,444</b>	<b>617,359</b>	<b>245,782</b>	<b>1,376,508</b>	<b>2,417,093</b>

1) Pertains to share premium reserve.

2) Transaction costs in connection with the new share issue.

# Cash-flow statement

SEK 000s	Note 22	Group		Parent Company	
		2014	2013	2014	2013
<b>Cash flow from operating activities</b>					
Profit/Loss before tax		216,997	-320,889	-114,071	-338,979
<i>Adjustments for non-cash items</i>					
- Depreciation and impairment	10	194,998	464,580	272	24,041
- Capital gain/loss		-115	356	-	-1,326
- Results from participations in Group companies not affecting cash flow		19,136	-	106,279	267,501
- Interest and exchange-rate differences not affecting cash flow <sup>1)</sup>		123,712	-36,885	4,546	12,865
- Other <sup>2)</sup>		-26,733	-43,050	-	-783
Income tax paid		-650	-8,120	-	-
<b>Cash flow from operating activities before changes in working capital</b>		<b>527,345</b>	<b>55,992</b>	<b>-2,974</b>	<b>-36,681</b>
<b>Changes in working capital</b>					
Changes in inventories		8,551	-2,063	5,985	9,965
Changes in accounts receivable and other current operating receivables		-261,914	80,706	38,955	40,856
Changes in accounts payable and other current operating liabilities		156,462	-72,126	-62,359	-51,806
<b>Cash flow from operating activities</b>		<b>430,444</b>	<b>62,509</b>	<b>-20,393</b>	<b>-37,666</b>
<b>Investing activities</b>					
Acquisition of associated companies	17	-35,427	-	-	-
Investment in subsidiaries		-	-	-200,121 <sup>3)</sup>	-
Sale of subsidiaries		5,904	600	129	182
Acquisition of vessels		-135,283	-74,419	-	-
Sales of vessels		23,531	53,891	-	-
Cash and cash equivalents from divested operations		-	-1,213	-	-
Acquisitions of other property, plant and equipment		-485	-894	-	-132
Divestment of other property, plant and equipment		2,943	1,590	-	1,590
Acquisition of long-term receivables		-47,061	-	-	-754
Divestment of long-term receivables <sup>4)</sup>		53,748	16,267	2,149	-
<b>Cash flow from investing activities</b>		<b>-132,130</b>	<b>-4,178</b>	<b>-197,843</b>	<b>886</b>
<b>Financing operations</b>					
Changes in loans from Group companies		-	-	66,250	-45,490
Loans raised		1,643,392	342,530	-	-
Amortization of loans		-2,039,624	-516,295	-	-40,550
New share issue less issue expenses		144,661	143,677	144,661	143,677
<b>Cash flow from financing activities</b>		<b>-251,571</b>	<b>-30,088</b>	<b>210,911</b>	<b>57,637</b>
<b>Change in cash and cash equivalents</b>		<b>46,743</b>	<b>28,243</b>	<b>-7,325</b>	<b>20,857</b>
Cash and cash equivalents at the beginning of the year		381,479	360,737	104,537	83,680
Exchange-rate difference in cash and cash equivalents		21,511	-7,501	-	-
<b>Cash and cash equivalents at the end of the year</b>		<b>449,733</b>	<b>381,479</b>	<b>97,212</b>	<b>104,537</b>
1) Interest received amounts to		3,371	3,154	997	469
Interest paid amounts to		-143,470	-156,072	-223	-8,729
<b>Total</b>		<b>-140,099</b>	<b>-152,918</b>	<b>774</b>	<b>-8,260</b>

2) The amount stated for the Group includes SEK 5,726,000 (18,239,000) for prepaid revenue received in prior years.

3) Pertains to the new share issue in subsidiary, TransAtlantic AB.

4) The amount also includes blocked bank funds of SEK 41,744,000 released.

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## NOTE 1 Accounting and measurement policies, significant assessments and financial risk management

### General information

The TransAtlantic Group conducts international contract-based shipping. The Group is organized in two business areas – Viking Supply Ships and TransAtlantic (formerly known as Industrial Shipping). The Parent Company, corporate registration number 556161-0113, is a limited liability company registered in Sweden and domiciled in Gothenburg. The postal address for the head office is Box 11397, SE-411 04 Gothenburg, Sweden and the street address is Lilla Bommen 4A. The Parent Company is listed on the Small Cap list of the Nasdaq OMX Stockholm. The Board of Directors approved these consolidated financial statements for publication on March 17, 2015.

### Basis for the preparation of the financial reports

The most significant accounting policies applied, which are stated below, have been applied consistently for the years presented, unless otherwise stated. The consolidated financial statements have been prepared in accordance with IFRS, with the regulatory framework adopted by the EU and with RFR 1 Supplementary Accounting Rules for Groups and the Swedish Annual Accounts Act. Preparing financial statements that comply with IFRS requires that several crucial accounting estimates be applied and that management makes certain assumptions in the application of the company's accounting policies. The main estimates and assumptions made are stated at the end of this note.

### New and amended standards applied by the Group

#### New standards that came into effect in 2014

New standards that came into effect in 2014 have not had any impact on the Transatlantic Group's financial reporting. The most significant new standards that could potentially impact the Transatlantic Group's future reporting are IFRS 10 Consolidated Accounts, IFRS 11 Joint Arrangements and IFRS 12 Disclosure of Interests in Other Entities. IFRS 10 determines when controlling interests and, thereby, consolidation occurs, while IFRS 11 regulates the reporting of non-controlling interests. IFRS 12 details the disclosure requirements for companies with holdings that are not consolidated.

#### Changes in existing standards that came into effect in 2014

The following were amended as a consequence of the introduction of the above recommendations: IAS 27 Consolidated and Separate Financial Statements and IAS 28 Investments in Associates and Joint Ventures.

Neither of these amendments have resulted in any changes to the Transatlantic Group's reporting.

#### Changes in the regulatory framework of the Swedish Financial Reporting Board

RFR 2, Accounting for Legal Entities, contains adjustments relating to amendments implemented to the IFRS. The amendments implemented in 2014 have not had any impact on Rederi AB Transatlantic's reporting.

#### New standards, amendments and interpretations of existing standards not yet in effect and not applied in advance by the Group

IFRS 15 Revenue from Contracts with Customers. The standard establishes a new regulatory framework for how and when a company is to report revenues. The standard introduces a five-step model that is to be applied to all customer contracts in order to

establish the reporting of revenues. Rederi AB Transatlantic is yet to investigate the impact of IFRS 15. The standard enters force on January 1, 2017, and early application is allowed.

IFRS 9 Financial Instruments addresses classification, measurement and recognition of financial liabilities and assets and replaces portions of IAS 39. IFRS 9 states that financial assets are to be classified in two different categories, which are established on initial recognition. Financial liabilities are subject to minor changes, which pertain to liabilities measured at fair value. The Group intends to apply the new standard no later than the fiscal year beginning on January 1, 2018 and has not yet evaluated the effects. The standard has not yet been adopted by the EU. There are no other IFRSs or IFRIC interpretations that are not yet effective that would be expected to have a material impact on the Group

### Consolidated Financial Statements

The consolidated financial statements include the Parent Company, as well as subsidiaries and associated companies.

### Subsidiaries

Subsidiaries are classified as companies in which the Group has a controlling influence through holding more than 50% of the voting rights, or in which the Group can exercise controlling influence through contracts or other agreements (including structured entities, meaning special companies formed with a limited and well-defined purpose). The consolidated financial statements have been prepared in accordance with the acquisition method. Accordingly, consolidated shareholders' equity – excluding the Parent Company's shareholders' equity – only includes the changes in subsidiaries' shareholders' equity that occurred following acquisition of the subsidiaries. Costs for acquisition of a subsidiary have been allocated to the company's various assets and liabilities taking into account the measurement executed in connection with the acquisition, regardless of the extent of any non-controlling interest. For acquisitions that occur in stages, goodwill is established on the date controlling influence arises. If the company already owns a portion of the acquired company, this is remeasured at fair value and the value change is recognized in profit or loss for the year. Correspondingly, in a divestment where controlling influence is lost, the remaining holding is remeasured at fair value and the change in value is recognized in profit or loss for the year. The portion of the cost that exceeds the acquisition's net assets, measured at fair value, is recognized as goodwill and is subject to annual impairment testing. If the purchase price is lower than the net assets, the difference is recognized directly in profit or loss. Transaction expenses connected to acquisitions are not included in cost but are expensed immediately. Intra-group transactions, balance-sheet items and unrealized gains on transactions between Group companies are eliminated.

### Associated companies

Associated companies are companies in which the Group controls at least 20% but not more than 50% of the voting rights, and that give the Group a significant influence. Participations in associated companies are recognized in the consolidated financial statements in accordance with the equity method. The equity method entails that shares in a company are recognized at cost, including goodwill, at the acquisition date and are subsequently adjusted by the Group's share of the change in the associated company's net assets. The Group's participation in the associated company's earnings is recognized under "Profit from shares in associated companies." The consolidated value of the holding is recognized as "Participations in associated companies." Only dividends received after the acquisition are recognized as revenues.

### Non-controlling interests

The Group manages transactions with non-controlling interests as transactions with the Group's shareholders. In acquisitions from non-controlling interests, the difference between the purchase consideration paid and the actual acquired participation of the carrying amount of the subsidiary's net assets is recognized in shareholders' equity. Gains and losses on divestments to non-controlling interests are also recognized in shareholders' equity. When the Group no longer has a controlling interest, each remaining holding is remeasured at fair value and the change in the carrying amount is recognized in profit or loss. The fair value is used as the first carrying amount and represents the basis for continued recognition of the remaining holding as an associated company, joint venture or financial asset. All amounts pertaining to the divested unit, which were previously recognized in other comprehensive income, are recognized as if the Group had immediately divested the attributable assets or liabilities. This may result in the amount previously recognized in other comprehensive income being reclassified to profit or loss. Wherever relevant, if ownership in an associated company decreases but a significant controlling influence is retained, only a proportional share of the amounts previously recognized in Other comprehensive income will be reclassified to profit or loss.

### Translation of foreign currencies

All transactions are measured and recognized in the functional currency. Goodwill and adjustments of fair value arising from the acquisition of foreign operations are treated as assets and liabilities in these operations and are translated at closing-date rates. The reporting currency of the Group and the Parent Company is SEK, which is also the Parent Company's functional currency. For Group companies that have a functional currency that is different to the Group's reporting currency, assets and liabilities in the balance sheet are translated at the closing-date rate and income statements are translated at the average exchange rate for the year, whereby the translation difference is recognized in other comprehensive income. In the case of divestment or liquidation of such companies, the accumulated translation difference is recognized under capital gain/loss.

Profit or loss items are translated at the transaction-date rate and any exchange-rate differences are entered in profit or loss for the year. The exception is if the transaction represents hedging and meets the criteria for hedge accounting of cash flows or net investments, when any gains and losses are recognized directly against other comprehensive income. Receivables and liabilities are translated in accordance with the principles stated under "Financial instruments" below.

### Revenue

Revenues and expenses from implemented cargo assignments are recognized successively in relation to the cargo assignment's degree of completion on the balance-sheet date. The cargo assignment's degree of completion is calculated on the basis of the number of voyage days on the balance-sheet date in relation to the total number of voyage days for the assignment. Other revenues, such as those for external ship management assignments, are recognized only after agreement is reached with the customer and the service has been delivered. Direct overhead costs that are invoiced to the customer are recognized as gross amounts in profit or loss. Costs for personnel employed in the Group, including crews of external vessels, are recognized in gross amounts. Interest income is recognized distributed across the period of maturity, applying the effective interest-rate method. Dividend income is recognized when the right to receive payment has been established.

Note 1 continued

### Direct voyage costs

Expenses directly attributable to cargo assignments, such as bunkers and port expenses, are recognized in profit or loss under the item Direct voyage costs.

### Government subsidies

The Swedish State subsidy to ship owners is recognized as a net amount against the payroll expenses on which it is based. Settlement is made monthly.

### Income taxes

Taxes included in the consolidated financial statements pertain to current and deferred tax. The Group recognizes deferred tax on temporary differences between the carrying amount and the tax value of assets and liabilities. Deferred tax assets are only recognized if it is probable that the temporary differences can be utilized against future taxable surpluses. The current nominal tax rate in each country is used in calculating deferred tax. Deferred tax liabilities for temporary differences pertaining to investments in subsidiaries and associated companies are not recognized in the consolidated financial statements as long as no decision on profit taking has been made. In all cases, the Parent Company can determine when the temporary differences will be reversed, and it is not currently considered probable that a reversal will occur in the foreseeable future. The tax effect of items recognized in profit or loss is recognized in profit or loss. The tax effect of items recognized directly in other comprehensive income is recognized in other comprehensive income. Taxes are recognized immediately in shareholders' equity in respect of transactions that are recognized immediately in shareholders' equity.

### Segment reporting

Internal reporting and follow-up are organized based on segments, which provide better potential to assess risks, opportunities and future development. The Group has two segments, Viking Supply Ships and TransAtlantic (formerly known as Industrial Shipping). Reporting is made to the company's Group Management team, which is appointed by the President.

### Property, plant and equipment

Property, plant and equipment as described below are recognized at cost after deductions for accumulated depreciation according to plan and possible impairment. Property, plant and equipment items that comprise components with different useful lives are treated as separate components. Expenses that raise the value of or return on the asset through, for example, capacity enhancements or cost rationalizations, increase the carrying amount of the asset. Expenses incurred by the re-flagging of vessels are capitalized in accordance with this principle. Expenses for major recurring inspection measures are capitalized as fixed assets, since they are considered to increase the vessel's fair value and are depreciated on a straight-line basis over the vessel's useful life. Other outlays for repairs and maintenance are expensed. Dry-dock expenses within the Group are also capitalized in accordance with this principle and are depreciated over a period of 30–60 months, which is the normal time between dockings. Expenses, including interest, pertaining to vessels during the construction period are capitalized as fixed assets. Depreciation of vessels according to plan is based on an individual assessment of each vessel's useful life and subsequent remaining residual value. Impairment is recognized if the asset's estimated recoverable amount is lower than its carrying amount. The recoverable amount is the highest value of the net realizable value and value-in-use. The net realizable value is the sale price less

selling expenses that an accounting unit may be expected to obtain through the sale of the asset, while the value-in-use corresponds to the present value of future cash flows that the asset is expected to generate during its remaining useful economical life. Support for assumptions about net realizable values for vessels are either based on concrete offers received for the vessels or on independent broker valuations.

The residual value and useful life of assets are tested on each balance-sheet date and adjusted if necessary. The types of fixed asset with the greatest residual value are vessels for which the residual value comprises the estimated scrap value at the end of the vessel's useful life.

### Straight-line depreciation according to plan is based on the following useful lives:

– Vessels	25–30 years
– Docking and major overhaul measures	2.5–5 years
– Computers	3–5 years
– Other equipment	5–10 years
– Buildings	25 years

### Intangible assets

Intangible assets are recognized at cost or at impaired value after deductions for accumulated amortization according to plan. Useful life is determined for each asset and this is used for straight-line amortization according to plan.

Straight-line depreciation according to plan is based on the following useful lives:

– Computer software	4 years
– Line networks	5–10 years

Intangible assets considered to have the capacity to provide a financial return for an indefinite period are not to be amortized. Instead, recoverable amounts are to be determined for assets on an annual basis or more frequently if there are indicators that the asset's value has changed. The Group has goodwill and brands as intangible assets for which amortization is not applied. Intangible assets with an indefinite useful life are impairment tested annually and are recognized at cost less accumulated impairment. For impairment testing, goodwill is distributed among cash-generating units, which are the traffic areas within the segments. The trademark pertains to TransAtlantic, for which the recoverable amount of the asset is assessed as higher than its carrying amount.

### Impairment losses

Assets with an indefinite useful life are impairment tested annually. For other assets, impairment testing occurs whenever there are indications that the carrying amount of the asset exceeds its recoverable amount. The recoverable amount corresponds to the higher of fair value less selling costs and value-in-use. Impairment is recognized in an amount equivalent to the difference between the recoverable amount and carrying amount.

### Financial assets

Financial assets are classified according to the following categories: Loans and accounts receivable and Financial assets available for sale. The classification is determined by the purpose of the investment at the acquisition date. The classification is reviewed annually.

### Financial assets measured at fair value through profit or loss (FVTPL) for the period

A financial asset measured at FVTPL for the period constitutes one of the following categories. On initial recognition, the asset is either

categorized under (1) financial instruments held for trading or (2) in accordance with the fair value option. For the former category to be applied, the asset must be acquired for the primary purpose of sale within an immediate future and it must be included in a portfolio that is jointly managed together with other financial instruments, and there must be a substantiated pattern of short-term profit realization.

Derivatives, including embedded derivatives that are separated from their main contract, are categorized as though they are held for trading. Gains and losses on these assets are recognized in profit or loss for the period. The Group utilizes interest swaps. Hedge accounting is applied to the portion of derivatives that are documented to constitute effective hedging. Changes in fair value with regard to the hedging instrument are thus recognized under Other comprehensive income and in profit or loss for the period. Apart from the above assets, the Group does not hold any financial assets that are measured at FVTPL for the period.

#### **Financial liabilities measured at FVTPL for the period**

This category includes liabilities held for trading, which would be the case if they are acquired in order to be sold within the near future. Derivatives, including separable embedded derivatives, are categorized as being held for trading if they do not demonstrably constitute a portion of effective hedging. Gains and losses attributable to these items are recognized in profit or loss for the period to the extent that they do not constitute a portion of effective hedging.

#### **Loan and accounts receivable**

Loans and accounts receivable are initially recognized at fair value and subsequently at amortized cost using the effective interest method less any provision for value depletion. A provision for value depletion of accounts receivable is made when there are strong indications that the Group will not receive the full amount. The Group's loan and accounts receivable comprise accounts receivable, other receivables and cash and cash equivalents.

#### **Available-for-sale financial assets**

Salable financial assets are classified under this category. There are currently no assets for sale.

#### **Borrowing**

Borrowing is initially recognized at fair value, net after transaction expenses. Borrowing is subsequently recognized at amortized cost. Any difference between the amount received and the repayment amount is recognized in profit or loss, distributed over the loan period using the effective interest method.

#### **Leasing agreements**

The Group acts as both a lessor and a lessee and has entered into both financial and operational leasing agreements. In financial leasing agreements, in which the Group enjoys the financial benefits and assumes responsibility for the risks, the item leased is recognized in the balance sheet as a fixed asset. At the beginning of the lease period, the asset is recognized at the lower of the fair value of the leased item or the present value of the minimum lease fees. Each leased item is assigned a useful life in accordance with the principles stated under property, plant and equipment. The remaining amortization obligation to the lessee is recognized as a liability. Each lease payment is divided between amortization of the liability and financial expense. Operational leasing agreements are recognized as net sales in profit or loss straight-line over the lease period in cases where the Group is the lessor and as other external operating costs where the Group is the lessee.

#### **Inventories**

Inventories have been measured at the lower of cost and net realizable value. Inventories mainly comprise bunker and lubricating oils, and were measured in accordance with the FIFO principle (First-In-First-Out).

#### **Pensions and similar commitments**

The Group has defined-benefit and defined-contribution pension plans. Defined-benefit pension plans provide employees with pension benefits corresponding to a predetermined amount and the Group is responsible for financing these plans so that these amounts can be paid in the future. For defined-contribution pension plans, the Group pays in an established fee to an independent legal entity. Fees are recognized as personnel costs when they mature for payment. Subsequently, the Group has no further pension commitments towards the employees. Provisions are made for all defined-benefit plans on the basis of actuarial calculations in accordance with the project unit credit method, with the purpose of establishing the present value of future commitments to current and previous employees. Actuarial calculations are conducted annually and are based on actuarial assumptions applicable on the closing date. The size of the provision is determined by the present value of future pension commitments less deductions for the fair value of plan assets, unrecognized actuarial gains/losses and unrecognized liabilities for earlier periods of service. Discounting of pension commitments occurs based on the yield on government bonds. Actuarial gains and losses plus the difference between the actual and the estimated return on pension assets are recognized in other comprehensive income. Items attributable to the vesting of defined-benefit pensions and gains and losses arising from the settlement of pension liability, as well as interest on net assets and liabilities in the defined-benefit plan, are recognized in profit or loss.

#### **Borrowing costs**

Borrowing costs for new building projects are capitalized as fixed assets during the project period. For refinancing, borrowing costs are capitalized and recognized as deductibles (assets) under liabilities in the balance sheet, under the item, vessel loans, found in current and long-term liabilities. These capitalized loan costs are depreciated up to and including the final date of maturity of the loan concerned. Other borrowing costs are expensed as they are incurred.

#### **Cash-flow statements**

The cash-flow statements are prepared in accordance with the indirect method. The recognized cash flow comprises only transactions entailing receipts and disbursements.

#### **Cash and cash equivalents**

Cash and cash equivalents include cash and bank balances, and short-term investments maturing within three months. Restricted cash and cash equivalents are recognized among other long-term receivables.

#### **Parent Company's accounting policies**

The financial statements of the Parent Company are prepared in accordance with the Swedish Annual Accounts Act (1995:1554) and the Swedish Financial Accounting Standards Council's recommendation RFR 2, Accounting for legal entities. The Parent Company, in its financial statements, applies all of the EU-approved IFRS and statements insofar as these do not conflict with the Annual Accounts Act and the relationship between accounting and taxation. The recommendation states the exceptions that are to be and may be

*Note 1 continued*

made based on IFRS. This means that the Parent Company applies the same accounting policies as the Group with the exception of the instances stated below:

**Classification and presentation**

The Parent Company's income statement and balance sheets are presented in accordance with the outline in the Annual Accounts Act, while the statement of comprehensive income, the statement on changes in shareholders' equity and cash-flow statements are based on IAS 1 Presentation of financial statements and IAS 7 Statement of cash flows. The differences in relation to the consolidated financial statements that apply in the Parent Company's income statements and balance sheets pertain primarily to shareholders' equity, as well as the presence of provisions as a separate heading.

**Associated companies and subsidiaries**

Participations in associated companies and subsidiaries are recognized in the Parent Company using the cost method. Carrying amounts are impairment tested on each balance-sheet date. Only dividends received are recognized as revenue, on condition that these are derived from profits earned after the acquisition. Dividends that exceed these profits are considered a repayment of the investment and reduce the participation's carrying amount. Transaction expenses for holdings in subsidiaries and associated companies are included at the carrying amount. In the Group, however, transaction expenses for subsidiaries are recognized directly in profit or loss. Shareholders' contributions are recognized directly against shareholders' equity for the recipient and are capitalized in shares and participations by the contributor to the extent that impairment is not required.

**Group contributions and shareholders' contributions**

Shareholders' contributions are recognized in accordance with RFR 2. Group contributions from/to Swedish Group companies are recognized as appropriations in profit or loss.

**Untaxed reserves**

The amounts included in untaxed reserves comprise taxable temporary differences. In a legal entity, as a result of the link between accounting and taxation, the deferred tax liability attributable to untaxed reserves is not recognized separately, but in its gross amount in the balance sheet.

**Financial income**

Net financial income in the Parent Company includes dividends on shares in subsidiaries only when the right to receive payment has been established.

**Financial instruments**

The Parent Company applies the same policies pertaining to financial instruments as the Group, except for the measurement regulations in IAS 39.

In the Parent Company, financial fixed assets are measured at cost less any impairment losses, and financial current assets are measured at the lower of cost or market value.

**Buyback of company shares**

When the company's own shares are bought back, unrestricted shareholders' equity is reduced by the expense for the acquisition. When such treasury shares are transferred, unrestricted shareholders' equity is increased by the income derived from the transfer.

**Risk management**

The Group's operations entail a number of operational and financial risks that may affect earnings. The most significant risks are: operational risks, capital risks and market risks, including liquidity risks and credit risks. The Group's overriding goal is to minimize the impact of financial and operational risks on the consolidated income statements and balance sheets. The Board of Directors has identified these risks and continuously assesses how to avoid or minimize their impact on the consolidated income statement and balance sheets through various measures. It is stated through policies and reporting paths how these risks are to be managed and how debriefing is to occur.

**Operational risks**

The general economic trend in the countries where the Group is active is a crucial factor for financial development, since the economic trend has a major effect on the flows of goods, volumes, and the resultant demand for maritime transports. The trend in markets other than those where the Group is active can also affect demand for the Group's services, since the market for maritime transport is international. The Group endeavors to maintain close contact with its customers and signs long-term cargo agreements with them to restrict the impact of economic fluctuations. Earnings can be impacted by the breakdown of a vessel. These costs can be minimized through active service and damage-prevention work, resulting in lower risk of considerable individual cost increases. An off-hire insurance that provides financial compensation in the event of prolonged operational disruption has been taken out for part of the fleet of vessels, primarily those vessels involved in scheduled services. Supply and demand for oil and gas has a material impact on the development of offshore operations.

**Capital risk**

The Group is to have a capital structure that secures the operation of current business and enables the desired future investments and performance. Capital is assessed on the basis of the debt/equity ratio, meaning interest-bearing net loan liabilities in relation to shareholders' equity. The net loan liability comprises long and short-term interest-bearing borrowings less cash and cash equivalents. Total borrowing amounted to SEK 2,695 M (2,650) less cash and cash equivalents of SEK 450 M (less: 381), whereby net debt amounted to SEK 2,245 M (2,268). Shareholders' equity amounted to SEK 2,042 M (1,749). The debt/equity ratio was 110% (130).

**Market risks****Currency risks**

Because shipping is an international business, only a portion of the consolidated cash flow is generated in SEK, which means that currency fluctuations have a major impact on the Group's earnings and cash flows. The foreign-exchange risk is primarily restricted by matching the exposure to revenues in various currencies with costs in the corresponding currency. In the same manner, assets in a certain currency are matched with liabilities in the same currency. In accordance with the Group's policy, the remaining exposure is hedged using various hedging instruments; refer to Note 32.

**Interest-rate risks**

Shipping is a capital-intensive business, in which long-term loans are the principal form of financing. Accordingly, interest-rate fluctuations have a major impact on the Group's earnings and cash flow. To reduce this risk, interest rates are largely hedged for varying periods of time and using various types of hedging instruments, refer to Note 32.

**Liquidity risk**

To avoid disruptions in payments flows, the Group ensures the availability of sufficiently large liquidity reserves in the form of bank deposits to cope with unforeseen fluctuations in cash flow; refer to Notes 22 and 26.

**Credit risk**

The Group formulates a policy for determining how credits are to be provided to customers and other business partners. The credits provided are primarily short-term credits in the form of receivables from customers. These credits are mainly provided to major customers, with whom the Group has a long-term relationship. Credit risk in cash and cash equivalents is managed by investing the liquidity with major Swedish banks.

**Bunker risks**

Cost changes for bunker oil can have a significant impact on earnings. Cargo contracts often include clauses that imply that the customer carries the risk of price changes. For the portion of consumption for which the Group does not have such clauses, the Group uses forward contracts for bunker oil; refer to Note 32.

**Derivative instruments/hedge accounting**

If necessary, the Group signs, in accordance with the Group's Finance Policy, contracts for derivative instruments that partly hedge probable forecast transactions (cash-flow hedging). The Group utilizes derivative instruments to cover the risk of exchange-rate fluctuations and exposure to interest-rate risks.

The Group applies hedge accounting for currency futures. Hedge accounting requires that the explicit purpose of the hedging measure is classed as hedging, that it has an unequivocal connection with the hedge item and that the hedging measure effectively protects the hedged position. When a hedge is established, the relationship between the hedging instrument and the hedged item is documented, as are the objectives of the hedging and the strategy for implementing hedging measures. The Group also documents its assessment, both at the onset of the hedge and on an ongoing basis during its period of application, regarding the effectiveness of the hedge in evening out changes in cash flow for the hedged items. Derivative instruments are recognized at fair value at the acquisition date and are then continuously remeasured at fair value. Unrealized value changes for effective cash-flow hedging are recognized in other comprehensive income. Changes in the fair value of a derivative formally identified to hedge fair value, and that fulfills the conditions for hedge accounting, are recognized in profit or loss together with changes in the fair value attributable to the hedged risk of the hedged asset or liability. For other derivatives that are not held by the Group and do not qualify for hedge accounting, primarily interest-rate hedging instruments, the unrealized value changes, including the effective portion of the hedge, are to be recognized directly in profit or loss. The fair value of financial instruments is established through an assessment in an active market (market appraisal) or, if no active market exists, through established measurement methods.

**Measurement of fair value**

The fair value of financial instruments traded on an active market is based on listed market prices and belongs to measurement level 1 according to IFRS 7. Should there be no listed market prices, fair value is measured through discounted cash flows. When measurements of discounted cash flows have been conducted, all variables, such as discount interest rates and exchange rates for measurements, have been retrieved from market listings wherever possible. These measurements belong to measurement level 2. Other measurements, for which a variable is based on own assessments, belong to measurement level 3. The nominal value less any credits has been used as fair value for accounts receivable and accounts payable.

**Significant estimates and assessments**

Estimates and assessments are conducted continuously and are based on historical experience and reasonable assumptions of future developments. The final outcome may differ from these estimates.

Important estimates and assumptions for accounting purposes:

The estimates with the greatest impact are:

- The useful life of property, plant and equipment and their residual value.
- Valuation and impairment testing of the vessel fleet
- Income taxes in cases where the Group conducts operations in different countries with different tax systems (such as tonnage taxation).
- The pension liability and pension cost.

Useful life and residual value are assessed in connection with annual impairment testing. Pension calculations are conducted by an actuary based on assumptions established by the company.

In the calculation of value-in-use in connection with impairment testing, the assessments with the greatest impact on the consolidated balance sheet and income statement made by the Group on the basis of its established accounting policies mainly consist of the classification of leasing agreements and assumptions concerning future cash flows for vessels. The Group's vessel fleet is divided into several cash-generating units, with the respective groups for AHTS vessels and PSVs within the Viking Supply Ships business area deemed to constitute their own units. Each vessel within the Trans-Atlantic business area is deemed to constitute an individual cash-generating unit. The assessment of future cash flows for the units is based on forecasts prepared in connection with the Group's budget process, which, taking into account the impact of economic fluctuations and other known changes, were calculated at a present value using a discounting factor of 7%. In late 2014, the Group received indications that the book value of the PSV fleet (unit) exceeded the recoverable amount, which was corroborated by two independent broker valuations. Consequently, the Group has, based on the above-mentioned parameters, performed an estimate of the value-in-use, i.e. a present-value calculation of estimated cash flows for the unit for the next 15 years. Since the value-in-use according to the calculation corresponded to amount of SEK 928 M for the unit, compared with the book value of SEK 919 M, a decision was made not to implement impairment losses for the vessel group. The cash-flow estimate is sensitive to changes in underlying assumptions and a fluctuation in rates, utilization rates or discount rates could potentially impact the value-in-use.

**NOTE 2 Distribution of net sales**

SEK 000s	Group		Parent Company	
	2014	2013	2014	2013
Freight revenues	888,000	1,487,188	1,256	766,269
Time charter revenues	1,794,386	1,298,033	187,662	239,814
Expenses recharged to external customers	464,589	133,152	—	—
Expenses recharged to internal customers	—	—	130,884	124,044
Other	42,891	6,617	4,774	1,497
<b>Total</b>	<b>3,189,866</b>	<b>2,924,990</b>	<b>324,576</b>	<b>1,131,624</b>

**NOTE 3 Segment reporting**

The Viking Supply Ships business area comprises ice-classified and icebreaking so-called Anchor Handling Tug Supply (AHTS) vessels, which are used for icebreaking (mainly for the Swedish Maritime Administration) and for assignments for the offshore industry, with the repositioning of rigs and anchors for these and Platform Supply Vessels (PSVs), which mainly transports supplies to rigs for customers in the offshore industry.

TransAtlantic (formerly known as Industrial Shipping) focuses mainly on contract-based shipping for the Nordic base industry. The business area comprises several different areas of operation, which are integrated with each other and cooperate on tonnage and cus-

tomers contracts. The operation includes scheduled services using specially adapted RoRo and container vessels, which form a full-coverage maritime transport system in the Baltic Sea. The operation in the Short Sea Bulk segment comprises leasing of approximately 10 owned and long-term leased small bulk carriers.

Other operations within the business area consist of chartering operations of the remaining mid-sized bulk carriers and the RoRo vessels unutilized within the liner operations.

The transactions between the business areas were conducted at market prices.

Group	Viking Supply Ships		TransAtlantic		Total	
	2014	2013	2014	2013	2014	2013
Sales	1,897,065	1,137,565	1,292,801	1,787,425	3,189,866	2,924,990
Internal sales	—	—	—	—	—	—
<b>Net sales</b>	<b>1,897,065</b>	<b>1,137,565</b>	<b>1,292,801</b>	<b>1,787,425</b>	<b>3,189,866</b>	<b>2,924,990</b>
Depreciation/impairment	-181,228	-274,844	-13,770	-189,736	-194,998	-464,580
Profit share in associated companies	—	—	-16,414	346	-16,414	346
<b>Operating profit/loss</b>	<b>602,115</b>	<b>77,836</b>	<b>-118,585</b>	<b>-270,789</b>	<b>483,530</b>	<b>-192,953</b>
Financial income	3,031	42,594	340	3,982	3,371	46,576
Financial expenses	-260,032	-158,804	-9,872	-15,708	-269,904	-174,512
<b>Profit/loss before tax<sup>1)</sup></b>	<b>345,114</b>	<b>-38,374</b>	<b>-128,117</b>	<b>-282,515</b>	<b>216,997</b>	<b>-320,889</b>
Income tax	—	—	—	—	-17,491	-38,079
<b>Profit/loss for the year</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>199,506</b>	<b>-358,968</b>
Assets	4,749,367	4,325,954	491,109	558,194	5,240,476	4,884,148
Share of equity in associated companies	—	—	19,154	63	19,154	63
<b>Total assets</b>	<b>4,749,367</b>	<b>4,325,954</b>	<b>510,263</b>	<b>558,257</b>	<b>5,259,630</b>	<b>4,884,211</b>
Liabilities	2,787,195	2,653,221	430,528	481,778	3,217,723	3,134,999
<b>Total liabilities</b>	<b>2,787,195</b>	<b>2,653,221</b>	<b>430,528</b>	<b>481,778</b>	<b>3,217,723</b>	<b>3,134,999</b>
Gross investments <sup>2)</sup>	374,855	65,422	43,753	9,891	418,608	75,313

1) Profit for the year before tax was impacted by restructuring items that primarily comprised provisions of SEK 53 M for the discontinuation of the TransPal Line (TPL) and its associated terminal operations, SEK 31 M in provisions for loss contracts and other items, as well as adjustments of vessel values with an overall net gain of SEK 5 M. All of the restructuring costs pertained to operations within the TransAtlantic business area. The preceding year's loss before tax for the Viking Supply Ships business area was impacted by market adaptation of the value of vessels within the PSV segment that was mainly caused by exchange-rate translation effects since the PSV segment has GBP as its functional currency, which rose against the NOK in 2013. The adjustment had a negative impact of SEK 88 M on depreciation. The preceding year's loss before tax for the TransAtlantic business area included restructuring costs comprising impairment losses on the value of vessels and intangible assets totaling SEK 135 M, income attributable to two concluded tax-lease structures totaling SEK 105 M, as well as other cost provisions totaling SEK 66 M related to the restructuring in TransAtlantic. These provisions mainly comprised costs connected to a residual value guarantee, as well as costs attributable to the discontinuation of TransPal Line.

2) The gross investments during the year mainly consisted of the acquisition of the PSVs, the Sol Viking (formerly the SBS Typhoon) and the Freyja Viking through the use of call options, docking expenses and complementary investments mainly within Viking Supply Ships, high-yield financial debt certificates (not VSS bonds) of SEK 47 M, and an investment of approximately SEK 37 M related to the long-term bareboat charter of seven small bulk carriers in the TransAtlantic business area that was renegotiated in Q3 2014. Investments in the preceding year mainly consisted of capitalized docking charges, as well as supplementary equipment for AHTS vessels within Viking Supply Ships.

**Sales by geographic area:**

Net sales	Group	
	2014	2013
Sweden	917,535	1,148,050
Nordic countries	400,012	384,089
Rest of Europe	731,893	1,002,864
North America	132,303	211,007
Rest of the world	1,008,123	178,980
<b>Total</b>	<b>3,189,866</b>	<b>2,924,990</b>
<b>Assets</b>		
Sweden	352,165	351,482
Nordic countries	3,673,339	3,558,514
Rest of Europe	1,180,584	939,674
North America	208	—
Rest of the world	63,334	34,541
<b>Total</b>	<b>5,269,630</b>	<b>4,884,211</b>
<b>Investments</b>		
Sweden	4,540	202
Nordic countries	124,387	39,559
Rest of Europe	289,681	35,552
North America	—	—
Rest of the world	—	—
<b>Total</b>	<b>418,608</b>	<b>75,313</b>

**NOTE 4 Purchases and sales among Group companies****Parent Company**

The Parent Company's net sales include sales to other Group companies in the amount of SEK 125,864,000 (125,354,000).

The Parent Company's other external operating costs include purchases from other Group companies of SEK 120,657,000 (109,336,000).

**NOTE 5 Other operating income**

SEK 000s	Group		Parent Company	
	2014	2013	2014	2013
Income from concluded lease arrangements	—	104,772	—	104,772
Capital gain	—	1,551	—	1,326
Other	828	1,050	33	1,050
<b>Total</b>	<b>828</b>	<b>107,373</b>	<b>33</b>	<b>107,148</b>

**NOTE 6 Other operating costs**

SEK 000s	Group		Parent Company	
	2014	2013	2014	2013
Exchange-rate differences	-2,445	-446	-1,699	-757
Capital losses	-161	-1,907	-3	—
<b>Total</b>	<b>-2,606</b>	<b>-2,353</b>	<b>-1,702</b>	<b>-757</b>

**NOTE 7 Average number of employees, salaries, other remuneration and social security costs, etc.**

Average number of employees	2014		2013	
	No. of employees	Of whom, women, %	No. of employees	Of whom, women, %
<b>Parent Company</b>				
Sweden				
– land based	25	44	84	43
– shipboard	54	2	131	2
<b>Total, Parent Company</b>	<b>79</b>	<b>15</b>	<b>215</b>	<b>18</b>
<b>Subsidiaries</b>				
Sweden				
– land based	30	43	23	39
– shipboard	279	7	214	7
Denmark				
– land based	28	43	23	39
– shipboard	172	8	155	8
UK				
– land based	22	27	47	21
Finland				
– land based	3	33	7	29
Russia				
– land based	10	40	8	25
– shipboard	36	–	32	–
Poland				
– land based	3	–	7	–
Estonia				
– land based	7	14	9	33
Latvia				
– land based	–	–	4	25
Netherlands				
– land based	2	–	3	33
Norway				
– land based	5	–	6	33
– shipboard	119	2	111	1
Belgium				
– land based	–	–	2	–
Canada				
– land based	1	–	–	–
<b>Total in subsidiaries</b>	<b>717</b>	<b>10</b>	<b>651</b>	<b>10</b>
<b>Group total</b>	<b>796</b>	<b>10</b>	<b>866</b>	<b>12</b>

**Salaries, other remuneration and social-security costs**

SEK 000s	2014		2013	
	Salaries and remuneration	Social-security costs (of which, pension costs)	Salaries and remuneration	Social-security costs (of which, pension costs)
<b>Parent Company</b>	<b>47,433</b>	<b>23,990</b>	<b>104,025</b>	<b>44,600</b>
		(6,958)		(17,186)
Subsidiaries in Sweden	186,760	99,696	110,649	69,747
		(20,560)		(25,123)
Foreign subsidiaries	339,749	10,934	287,968	37,555
		(6,509)		(14,042)
<b>Group total</b>	<b>573,942</b>	<b>134,620</b>	<b>502,642</b>	<b>151,902</b>
		<b>(34,027)</b>		<b>(56,351)</b>

**Salaries and other remuneration by country**

SEK 000s	2014		2013	
	Board and President <sup>1)</sup>	Other employees	Board and President	Other employees
<b>Parent Company</b>				
Sweden	2,225	45,208	3,596	100,429
<b>Total, Parent Company</b>	<b>2,225</b>	<b>45,208</b>	<b>3,596</b>	<b>100,429</b>
Subsidiaries in Sweden	–	186,760	–	110,649
Subsidiaries outside Sweden				
Norway	–	44,675	–	40,987
Netherlands	–	1,301	–	7,195
Denmark	–	182,457	–	134,970
UK	–	83,096	–	70,519
Finland	–	4,321	–	6,176
Estonia	–	1,255	–	1,608
Latvia	–	–	–	863
Poland	–	622	–	1,917
Russia	–	20,700	–	6,547
Germany	–	–	–	17,186
Canada	–	1,322	–	–
<b>Total, foreign subsidiaries</b>	<b>–</b>	<b>339,749</b>	<b>–</b>	<b>287,968</b>
<b>Group total</b>	<b>2,225</b>	<b>571,717</b>	<b>3,596</b>	<b>499,046</b>

1) The amount for the Parent Company includes consulting fees to the President totaling SEK 1,425,000 (2,663,000).

The Parent Company received a government shipping subsidy of SEK 14,470,000 (34,855,000) and the total shipping subsidy received by the Group amounted to SEK 66,120,000 (64,955,000). The figures in the Note above pertain to amounts before reductions for the government shipping subsidy received.

**Salaries and other remuneration paid to the Board of Directors and senior executives**

Remuneration paid to the Board of Directors SEK 000s	Board fee	
	2014	2013
Christen Sveaas, Chairman	200	266
Folke Patriksson, Deputy Chairman	200	200
Håkan Larsson	200	200
Magnus Sonnorp	200	200
Henning E. Jensen	–	67
Tom Ruud	–	–
Christer Lindgren, employee representative	–	–
	<b>800</b>	<b>933</b>

A lifelong defined-benefit pension is paid to the Deputy Chairman, based on the ITP plan. To cover the company's pension commitment, which amounted to SEK 7,900,000 at December 31, 2014, pension-insurance plans have been signed with a market value of SEK 6,995,000 as at December 31, 2014. During 2014, the company had no expenses for this commitment. There are no other pension commitments for the Parent Company's Board members.

**Remuneration paid to senior executives**

SEK 000s	Salary		Other benefits		Pension premium		Consulting fees		Total	
	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013
CEO Tom Ruud <sup>1)</sup>	—	—	—	—	—	—	1,425	—	1,425	—
CEO Henning E. Jensen <sup>1)</sup>	—	—	—	—	—	—	—	2,663	—	2,663
Other senior executives, four individuals (4) <sup>2)</sup>	14,218	8,527	304	192	1,780	1,400	—	1,503	16,302	11,622
<b>Total</b>	<b>14,218</b>	<b>8,527</b>	<b>304</b>	<b>192</b>	<b>1,780</b>	<b>1,400</b>	<b>1,425</b>	<b>4,166</b>	<b>17,727</b>	<b>14,285</b>

1) Henning E. Jensen resigned as CEO on December 20, 2013 and was succeeded by Tom Ruud. Remuneration to the CEO was paid for time spent, in accordance with a consultancy agreement signed with Kistefos AS.

2) Of salaries for senior executives for 2014, the variable portion comprised SEK 2,293,000.

Termination notice on the part of the company for other senior executives (except the CEO) is six to 12 months. For this group, defined-contribution pension payments of up to 25% of the fixed salary should be payable. Other benefits, such as company car, compensation for preventive healthcare and sickness insurance, shall comprise a small portion of the total compensation, corre-

spond to market levels. In 2014, the group included two (two) women.

The Group paid no separate fees to members of the Boards of subsidiaries and Group companies.

The separate Corporate Governance section in the Annual Report addresses matters regarding decisions on remuneration.

**NOTE 8 Audit assignments**

Expensed fees and reimbursements during the year amounted to:

SEK 000s	Group		Parent Company	
	2014	2013	2014	2013
<b>Fees pertaining to audit assignments</b>				
– EY	2,029	2,444	959	1,000
– PwC	—	3,470	—	1,918
– KPMG	—	—	—	—
– Other audit companies	—	42	—	—
<b>Fees pertaining to auditing operations in addition to the audit assignment</b>				
– EY	953	250	192	250
– PwC	—	—	—	—
– Other audit companies	—	70	—	—
<b>Fees pertaining to tax advice</b>				
– EY	151	154	151	154
– PwC	85	189	68	189
– Other audit companies	—	43	—	—
<b>Other services</b>				
– EY	36	434	19	434
– PwC	241	20	—	20
– Other audit companies	107	—	—	—
<b>Total</b>	<b>3,602</b>	<b>7,116</b>	<b>1,389</b>	<b>3,965</b>

**NOTE 9 Other net profit/loss**

SEK 000s	Group		Parent Company	
	2014	2013	2014	2013
<b>Interest-rate derivative:</b>				
– Fair value gains/losses	–3,997	850	—	—
<b>Total</b>	<b>–3,997</b>	<b>850</b>	<b>—</b>	<b>—</b>

Refer also to Note 32 Financial risk management and derivative instruments, section “Fair value of derivative instruments.”

**NOTE 10 Property, plant and equipment and intangible fixed assets**

Vessels, SEK 000s <sup>1)</sup>	Group		Parent Company	
	2014	2013	2014	2013
<b>Cost</b>				
Cost, Jan. 1	5,320,954	5,943,709	—	—
Acquisitions for the year (incl. improvement costs)	335,635	74,150	—	—
Reclassifications <sup>2)</sup>	-365,452	-83,475	—	—
Sales/scrapping	-54,930	-264,791	—	—
Translation difference for the year	93,177	-348,639	—	—
<b>Accumulated cost, Dec. 31</b>	<b>5,329,384</b>	<b>5,320,954</b>	—	—
<b>Accumulated depreciation according to plan</b>				
Depreciation, Jan. 1	-1,145,251	-1,178,739	—	—
Reclassifications <sup>2)</sup>	112,443	31,411	—	—
Sales/scrapping	31,375	157,387	—	—
Translation difference for the year	-10,016	61,321	—	—
Depreciation according to plan for the year <sup>3)</sup>	-196,048	-216,631	—	—
<b>Accumulated depreciation according to plan, Dec. 31</b>	<b>-1,207,497</b>	<b>-1,145,251</b>	—	—
<b>Impairment</b>				
Impairment, Jan. 1	-251,318	-156,952	—	—
Reclassifications <sup>2)</sup>	143,380	47,312	—	—
Sales/scrapping	—	53,426	—	—
Translation difference for the year	-36,587	-8,191	—	—
Impairment/reversal of previously recognized impairment	4,710	-186,913	—	—
<b>Accumulated impairment, Dec. 31</b>	<b>-139,815</b>	<b>-251,318</b>	—	—
<b>Residual value according to plan, Dec. 31</b>	<b>3,982,072</b>	<b>3,924,385</b>	—	—

The average remaining service life of vessels is 16 (13) years.

1) In the current market situation, it is more difficult than normal to determine vessel values. The value of the Group's vessels was determined with the help of external appraisers and internal impairment tests.

2) The vessels TransForte and TransFighter were reclassified as assets held for sale. Refer also to Note 34.

3) The useful life and residual value are determined in conjunction with annual impairment testing.

Buildings and land, SEK 000s	Group		Parent Company	
	2014	2013	2014	2013
<b>Cost</b>				
Cost, Jan. 1	1,233	1,480	—	276
Sales/scrapping	-1,344	-276	—	-276
Translation difference for the year	111	29	—	—
<b>Accumulated cost, Dec. 31</b>	<b>—</b>	<b>1,233</b>	—	—
<b>Accumulated depreciation according to plan</b>				
Depreciation, Jan. 1	-502	-462	—	-4
Translation difference for the year	-74	-13	—	—
Sales/scrapping	576	4	—	4
Depreciation according to plan for the year	—	-31	—	—
<b>Accumulated depreciation according to plan, Dec. 31</b>	<b>—</b>	<b>-502</b>	—	—
<b>Residual value according to plan, Dec. 31</b>	<b>—</b>	<b>731</b>	—	—
– of which, land value	—	—	—	—

	Group		Parent Company	
	2014	2013	2014	2013
Equipment, SEK 000s				
<b>Cost</b>				
Cost, Jan. 1	113,430	146,225	18,198	18,066
Acquisitions for the year (incl. improvement costs)	2,398	970	—	132
Sales/scrapping	-55,925	-26,978	-18,198	—
Scrapping through operating properties	—	-9,986	—	—
Reclassifications	—	5,177	—	—
Translation difference for the year	-184	-1,978	—	—
<b>Accumulated cost, Dec. 31</b>	<b>59,719</b>	<b>113,430</b>	<b>—</b>	<b>18,198</b>
<b>Accumulated depreciation according to plan</b>				
Depreciation, Jan. 1	-101,193	-97,105	-16,089	-15,245
Sales/scrapping	50,624	27,558	16,361	—
Scrapping through operating properties	—	5,846	—	—
Reclassifications	—	-2,554	—	—
Translation difference for the year	-417	317	—	—
Depreciation according to plan for the year	-3,660	-35,255	-272	-844
<b>Accumulated depreciation according to plan, Dec. 31</b>	<b>-54,646</b>	<b>-101,193</b>	<b>—</b>	<b>-16,089</b>
<b>Residual value according to plan, Dec. 31<sup>1)</sup></b>	<b>5,073</b>	<b>12,237</b>	<b>—</b>	<b>2,109</b>

1) The item "Equipment" includes leasing objects, mainly containers held by the Group in accordance with financial leasing contracts in the following amounts:

	Group		Parent Company	
	2014	2013	2014	2013
Equipment, financial leasing, SEK 000s				
<b>Cost</b>				
Cost, Jan. 1	56,907	63,507	—	—
Concluded leasing agreements	-49,068	-6,600	—	—
<b>Accumulated cost, Dec. 31</b>	<b>7,839</b>	<b>56,907</b>	<b>—</b>	<b>—</b>
<b>Accumulated depreciation according to plan</b>				
Depreciation, Jan. 1	-50,057	-46,018	—	—
Concluded leasing agreements	45,184	5,736	—	—
Depreciation according to plan for the year	-1,968	-9,775	—	—
<b>Accumulated depreciation according to plan, Dec. 31</b>	<b>-6,841</b>	<b>-50,057</b>	<b>—</b>	<b>—</b>
<b>Residual value according to plan, Dec. 31</b>	<b>998</b>	<b>6,850</b>	<b>—</b>	<b>—</b>

Refer also to Note 30 Commitments.

	Group		Parent Company	
	2014	2013	2014	2013
Construction in progress and advances for tangible fixed assets, SEK 000s				
<b>Cost</b>				
Cost, Jan. 1	281	—	—	—
Acquisitions for the year (incl. improvement costs)	—	281	—	—
Reclassifications	-281	—	—	—
<b>Accumulated cost, Dec. 31</b>	<b>—</b>	<b>281</b>	<b>—</b>	<b>—</b>
<b>Residual value according to plan, Dec. 31</b>	<b>—</b>	<b>281</b>	<b>—</b>	<b>—</b>

## Notes

### Note 10 continued

Goodwill, SEK 000s	Group		Parent Company	
	2014	2013	2014	2013
<b>Cost</b>				
Cost, Jan. 1	59,422	60,596	8,278	8,278
Translation difference for the year	—	-1,174	—	—
<b>Accumulated cost, Dec. 31</b>	<b>59,422</b>	<b>59,422</b>	<b>8,278</b>	<b>8,278</b>
<b>Accumulated impairment</b>				
Impairment, Jan. 1	-59,422	-58,137	-8,278	-8,278
Impairment for the year	—	-1,285	—	—
<b>Accumulated impairment, Dec. 31</b>	<b>-59,422</b>	<b>-59,422</b>	<b>-8,278</b>	<b>-8,278</b>
<b>Carrying amount, Dec. 31</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>

Brands, SEK 000s	Group		Parent Company	
	2014	2013	2014	2013
<b>Cost</b>				
Cost, Jan. 1	7,015	7,015	—	—
<b>Residual value according to plan, Dec. 31</b>	<b>7,015</b>	<b>7,015</b>	<b>—</b>	<b>—</b>

Other intangible assets, SEK 000s	Group		Parent Company	
	2014	2013	2014	2013
<b>Cost</b>				
Cost, Jan. 1	46,553	46,553	27,510	27,510
<b>Accumulated cost, Dec. 31</b>	<b>46,553</b>	<b>46,553</b>	<b>27,510</b>	<b>27,510</b>
<b>Accumulated amortization according to plan</b>				
Amortization, Jan. 1	-21,960	-16,282	-9,113	-4,313
Translation difference for the year	—	-181	—	—
Amortization according to plan for the year	—	-5,497	—	-4,800
<b>Accumulated amortization according to plan, Dec. 31</b>	<b>-21,960</b>	<b>-21,960</b>	<b>-9,113</b>	<b>-9,113</b>
<b>Impairment</b>				
Impairment, Jan. 1	-24,593	-5,625	-18,397	—
Impairment for the year	—	-18,968	—	-18,397
<b>Accumulated impairment, Dec. 31</b>	<b>-24,593</b>	<b>-24,593</b>	<b>-18,397</b>	<b>-18,397</b>
<b>Residual value according to plan, Dec. 31</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>

**NOTE 11 Profit from shares in associated companies**

SEK 000s	Group		Parent Company	
	2014	2013	2014	2013
Share of profits from other associated companies <sup>1)</sup>	-16,414	346	—	—
<b>Total</b>	<b>-16,414</b>	<b>346</b>	<b>—</b>	<b>—</b>

1) Share of profits in the Group for 2014 pertain to impairment of holdings in Industrial Shipping DIS and the share of profits from Östersjöfrakt AB.  
Share of profits in the Group for 2013 pertains to earnings from Östersjöfrakt AB.

**NOTE 12 Profit/loss from shares in Group companies**

SEK 000s	Group		Parent Company	
	2014	2013	2014	2013
Dividends	—	—	488	—
Group contributions	—	—	3,674	-8,311
Impairment of shares in Group companies	—	—	-110,018	-259,267
Capital gain/loss from sales of Group companies	-2,722	560	65	77
<b>Total</b>	<b>-2,722</b>	<b>560</b>	<b>-105,791</b>	<b>-267,501</b>

**NOTE 13 Financial income**

SEK 000s	Group		Parent Company	
	2014	2013	2014	2013
Interest income	3,371	3,769	276	469
Interest income from Group companies	—	—	2,994	20,634
Exchange-rate differences	—	42,247	721	4,173
<b>Total</b>	<b>3,371</b>	<b>46,016</b>	<b>3,991</b>	<b>25,276</b>

**NOTE 14 Financial expenses**

SEK 000s	Group		Parent Company	
	2014	2013	2014	2013
Interest expenses	134,006	169,638	198	8,729
Interest expenses paid to Group companies	—	—	7,540	33,499
Exchange-rate differences	103,080	—	—	623
Other financial expenses	30,096	4,874	25	—
<b>Total</b>	<b>267,182</b>	<b>174,512</b>	<b>7,763</b>	<b>42,851</b>

**NOTE 15 Taxes**

SEK 000s	Group		Parent Company	
	2014	2013	2014	2013
<b>Tax in income statement</b>				
- Current tax	-17,342	-8,120	—	—
- Deferred tax	-149	-29,959	—	-23,491
<b>Total</b>	<b>-17,491</b>	<b>-38,079</b>	<b>—</b>	<b>-23,491</b>

	Group				Parent Company			
	2014		2013		2014		2013	
	SEK 000s	%	SEK 000s	%	SEK 000s	%	SEK 000s	%
<b>Difference between recognized tax expense and tax expense based on the current tax rate</b>								
Recognized profit/loss before tax	216,997	—	-320,889	—	-114,071	—	-338,979	—
Tax at current Swedish tax rate, 22% (22)	-47,739	22	70,596	22	25,096	22	74,575	22
- Difference in tax rate in countries in which operations are conducted	-120	0	-33,659	-11	—	—	—	—
- Tonnage-tax based operations	55,409	26	-12,549	-4	—	—	—	—
- Effect of non-taxable revenue	1,464	1	2,221	1	3,767	3	1,668	0
- Effect of non-deductible expenses	115	0	-443	0	-26,197	-23	-57,530	-17
- Change in value of pension commitments	-433	0	-974	0	-371	0	-905	0
- Deficit for tax receivable not recognized	-31,793	-15	-61,395	-19	-2,082	-1	-42,505	-12
- Adjustment of preceding year's tax	2,445	1	1,331	0	-212	0	1,207	0
- Other	3,161	1	-3,207	-1	—	—	—	—
<b>Tax expense</b>	<b>-17,491</b>	<b>8</b>	<b>-38,079</b>	<b>-12</b>	<b>—</b>	<b>—</b>	<b>-23,491</b>	<b>-7</b>

## Notes

Note 15 continued

SEK 000s	Group					
	2014			2013		
	Before tax	Tax	After tax	Before tax	Tax	After tax
<b>Tax attributable to other comprehensive income</b>						
Remeasurements of post employment benefit obligations	-1,502	330	-1,172	-152	33	-119
Change in hedging provision	-527	116	-411	466	-103	363
Change in translation provision	-44,427	—	-44,427	-140,297	—	-140,297
	<b>-46,456</b>	<b>446</b>	<b>-46,010</b>	<b>-139,983</b>	<b>-69</b>	<b>-140,052</b>

SEK 000s	Group		Parent Company	
	2014	2013	2014	2013
	<b>Deferred tax assets</b>			
– Pension commitments taking into account time of deductibility	7,959	8,392	7,906	8,277
– Provisions	17,084	18,478	—	—
– Loss carryforwards	14,957	14,179	32,094	31,723
	<b>40,000</b>	<b>41,049</b>	<b>40,000</b>	<b>40,000</b>
Offsetting of tax receivables and tax liabilities in the same country of operation	—	-1,049	—	—
<b>Deferred long-term tax receivables in the balance sheet</b>	<b>40,000</b>	<b>40,000</b>	<b>40,000</b>	<b>40,000</b>
<b>Deferred tax liabilities</b>				
– Property, plant and equipment and intangible fixed assets, temporary differences <sup>1)</sup>	—	-900	—	—
– Financial instruments, measurement at fair value	—	-149	—	—
	—	<b>-1,049</b>	—	—
Offsetting of tax receivables and tax liabilities in the same country of operation	—	1,049	—	—
<b>Deferred long-term tax liability in the balance sheet</b>	—	—	—	—
<b>Net deferred tax asset<sup>2)</sup></b>	<b>40,000</b>	<b>40,000</b>	<b>40,000</b>	<b>40,000</b>

1) Temporary differences – due to the tax-related recognition of depreciation/amortization and impairment.

2) The deferred tax asset/tax liability is recognized net in each country of operation since offsetting rights are deemed to exist. The loss carryforwards in the Group for Swedish units amount to SEK 1,007 M (853) net after deduction for untaxed reserves, of which SEK 147 M (148) was capitalized. Loss carryforwards in the Parent Company amounted to SEK 596 M (602), of which SEK 146 M (144) was capitalized to meet estimated future results. Under Swedish tax law, there is no time limit on the use of loss carryforwards.

Temporary differences regarding investments in subsidiaries have not been recognized, since capital gains/losses are not taxable in accordance with the applicable tax legislation. Deferred tax assets are recognized only insofar as it is probable that the amounts could be utilized against future taxable surpluses.

## NOTE 16 Earnings per share

	Group	
	2014	2013
Weighted average number of shares excluding treasury shares	164,804,449	112,725,758
<b>Total</b>	<b>164,804,449</b>	<b>112,725,758</b>

SEK	Group	
	2014	2013
Earnings attributable to the Parent Company's shareholders	199,817,991	-353,045,000
<b>Total</b>	<b>199,817,991</b>	<b>-353,045,000</b>

SEK	Group	
	2014	2013
Earnings per share attributable to the Parent Company's shareholders	1.21	-3.13
<b>Total</b>	<b>1.21</b>	<b>-3.13</b>

In the Group, there are no share-option programs that could result in dilution effects.

**NOTE 17 Participations in Group companies, associated companies**

	Holding				Holding value	
	Corp. Reg. No.	Registered office	No. of shares/participations	% of share capital	Carrying amount Dec. 31, 2014, SEK 000s	Carrying amount Dec. 31, 2013, SEK 000s
<b>Subsidiaries owned by Parent Company<sup>1)</sup></b>						
TransAtlantic AB	556208-0373	Gothenburg, Sweden	2,118,115	100	215,000	130,000
Viking Supply Ships A/S	33369794	Copenhagen, Denmark	5,000	100	2,338,802	2,338,802
Transatlantic Nederland BV <sup>2)</sup>		Rotterdam, Netherlands	—	—	—	8,620
Transatlantic Shipping Ltd. <sup>2)</sup>		Gibraltar	—	—	—	27
Transatlantic Shipping (6) Ltd <sup>2)</sup>		Gibraltar	—	—	—	26
Gorthon Shipping Inc.		Canada	100	100	1	1
<b>Total</b>					<b>2,553,803</b>	<b>2,477,477</b>
<b>Other Group companies</b>						
Transatlantic Administration AB	556662-6866	Gothenburg, Sweden	1,000	100		
Transatlantic Short Sea Bulk AB	556777-2180	Gothenburg, Sweden	166,667	100		
Transatlantic Ship Management AB <sup>3)</sup>	556901-2858	Gothenburg, Sweden	1,000	100		
TRVI Offshore & Icebreaking AB	556710-9003	Gothenburg, Sweden	500	100		
TRVI Offshore & Icebreaking 3 AB	556733-1102	Skärhamn, Sweden	1,000	100		
TRVI Offshore & Icebreaking 4 AB	556733-1094	Skärhamn, Sweden	1,000	100		
Viking Supply Ships AB	556858-2463	Gothenburg, Sweden	1,000	100		
Viking Supply Ships Crewing AB	556426-8646	Gothenburg, Sweden	1,000	100		
Viking Icebreaker Management AB	556679-1454	Gothenburg, Sweden	1,000	100		
Transatlantic Fleet Services AB <sup>4)</sup>	556074-5431	Gothenburg, Sweden	20,000	100		
Arctic Ice Management AB	556807-0972	Gothenburg, Sweden	99	100		
Transatlantic Crewing AS	999177484	Oslo, Norway	300	100		
Short Sea Bulk AS <sup>5)</sup>	913350790	Oslo, Norway	30,000	100		
Viking Icebreaking & Offshore AS	979437943	Kristiansand, Norway	1,100	100		
Viking Supply Ships Management AS	981240030	Sarpsborg, Norway	50	100		
Viking Spesialtonnasje AS	987069295	Oslo, Norway	100	100		
Viking Supply Ships Crewing ApS	33775199	Copenhagen, Denmark	800	100		
Viking Supply Ships 3 ApS	33775172	Copenhagen, Denmark	800	100		
Viking Supply Ships 4 ApS	33859082	Copenhagen, Denmark	800	100		
Viking Supply Ships 5 ApS	34471800	Copenhagen, Denmark	800	100		
Viking Supply Ships Limited	1107746094060	Moscow, Russia	—	100		
Viking Supply Ships (Holdings) Limited	SC303430	Aberdeen, UK	7,900,001	100		
SBS Aberdeen Ltd	SC250818	Aberdeen, UK	30,001	100		
SBSL (Holdings) Ltd	SC180512	Aberdeen, UK	76,924	100		
SBS Marine Ltd	SC202464	Aberdeen, UK	1,000	100		
Transatlantic UK Ltd	3384716	Goole, UK	10,000	100		
OY Transatlantic Services AB	1735038-1	Helsinki, Finland	100	100		
Transatlantic Shipping (2) LTD		Gibraltar	—	100		
Transatlantic Shipping (3) LTD		Gibraltar	—	100		
Transatlantic Shipping (4) LTD		Gibraltar	—	100		
Transatlantic Shipping (5) LTD		Gibraltar	—	100		
Transatlantic Shipping (7) LTD		Gibraltar	—	100		
Transhawk LTD		Gibraltar	—	100		
Transatlantic Benelux BVBA	560 812 725	Antwerp, Belgium	1,000	100		
Transatlantic Estonia OÜ		Estonia	196	98		
<b>Consolidated value of associated companies</b>						
MS Agila Verwaltungs GmbH <sup>6)</sup>	HRB7664	Hörsten, Germany	—	—	—	63
Industrial Shipping DIS <sup>7)</sup>		Oslo, Norway	—	38	19,154	—
<b>Total</b>					<b>19,154</b>	<b>63</b>

1) The Parent Company in the Group is Rederi AB Transatlantic, corp. reg. no. 556161-0113, with its registered office in Gothenburg, Sweden.

2) The company was liquidated in 2014.

3) In 2014, the company changed its name from Transatlantic Administration (3) AB to Transatlantic Ship Management AB.

4) In 2014, the company changed its name from VSS Spesialtonnage AB to Transatlantic Fleet Services AB.

5) The company was formed in 2014.

6) The ownership share was divested during the year.

7) During the year, ownership share in Industrial Shipping DIS, a partnership which owns seven small bulk carriers, increased from 3% to 38%.

**NOTE 18 Other long-term receivables**

	Group		Parent Company	
	2014	2013	2014	2013
Opening balance	100,668	129,446	20,990	21,559
Acquisitions during the year	1,129	2,446	—	2,446
Divestments during the year <sup>1)</sup>	-42,541	-31,224	-3,112	-3,015
<b>Closing balance</b>	<b>59,256</b>	<b>100,668</b>	<b>17,878</b>	<b>20,990</b>

Largest individual items consist of:

SEK 000s	Group		Parent Company	
	2014	2013	2014	2013
Endowment insurances	17,990	18,787	17,878	18,544
Blocked bank funds	4,899	46,643	—	2,446
Promissory note – sale of Odin Viking	33,707	33,688	—	—
Other	2,660	1,550	—	—
<b>Total</b>	<b>59,256</b>	<b>100,668</b>	<b>17,878</b>	<b>20,990</b>

Refer also to Note 32 Financial risk management and derivative instruments.

1) Also includes reduction of blocked bank funds.

**NOTE 19 Inventories**

Inventories comprise bunker oil, lubricating oil and cargo handling equipment.

**NOTE 20 Accounts receivable**

The carrying amount for accounts receivable is classified as follows:

SEK 000s	Group		Parent Company	
	2014	2013	2014	2013
Invoiced receivables	367,377	205,267	6,939	24,059
Provision for doubtful receivables	-2,876	-2,796	-1,588	-1,915
<b>Total</b>	<b>364,501</b>	<b>202,471</b>	<b>5,351</b>	<b>22,144</b>

The carrying amount for accounts receivable corresponds to the fair value since the discount effect is negligible.

The provision for doubtful receivables changed as follows:

SEK 000s	Group		Parent Company	
	2014	2013	2014	2013
Opening balance	2,796	6,523	1,915	5,781
Provision for doubtful receivables	1,466	3,405	382	2,523
Reversed provisions	-1,386	-7,132	-709	-6,389
<b>Closing balance</b>	<b>2,876</b>	<b>2,796</b>	<b>1,588</b>	<b>1,915</b>

Confirmed losses on accounts receivable amounted to SEK 386,000 (2,450,000). In addition to the recognized provisions, the remaining accounts receivable are deemed to be subject to only minor credit risks. The maximum exposure for credit risks on the closing date is the carrying amount of each category of receivables mentioned above.

Age analysis regarding unimpaired accounts receivable:

SEK 000s	Group		Parent Company	
	2014	2013	2014	2013
Not due	208,337	159,566	4,785	5,900
Due date exceeded by up to 30 days	124,040	29,218	—	9,170
Due date exceeded by 31–60 days	27,691	5,284	—	2,300
Due date exceeded by 61 days or more	4,433	8,403	566	4,774
<b>Total</b>	<b>364,501</b>	<b>202,471</b>	<b>5,351</b>	<b>22,144</b>

**NOTE 21 Prepaid expenses and accrued income**

SEK 000s	Group		Parent Company	
	2014	2013	2014	2013
Prepaid personnel expenses	3,634	514	—	—
Prepaid insurance	20,267	19,408	174	9,697
Accrued voyage income	45,505	56,171	—	1,473
Accrued interest income	38	—	—	—
Other prepaid expenses and accrued income	12,200	35,070	—	1,249
<b>Total</b>	<b>81,644</b>	<b>111,163</b>	<b>174</b>	<b>12,419</b>

**NOTE 22 Cash-flow statement**

In cases where loan financing of investment projects is paid directly to the shipyard/supplier and does not pass through the company/Group's cash balance, the investment amount is recognized in the cash-flow statement as a net amount after deductions for financing. Accordingly, the recognized investment fee comprises the company's cash payment.

The acquisition/divestment of shares in subsidiaries is recognized in the consolidated financial statements as paid/received purchase consideration less the acquired/divested subsidiary's cash and cash equivalents on the date of acquisition/divestment.

SEK 000s	Group		Parent Company	
	2014	2013	2014	2013
<b>Cash and cash equivalents</b>				
Opening cash and bank balances	428,122	432,237	104,537	83,680
Changes in cash and bank balances for the year	21,611	-4,115	-7,325	20,857
<b>Cash and cash equivalents at year-end</b>	<b>449,733</b>	<b>428,122</b>	<b>97,212</b>	<b>104,537</b>
Less blocked cash and cash equivalents	—	-46,643	—	—
<b>Unappropriated closing cash and cash equivalents<sup>1)</sup></b>	<b>449,733</b>	<b>381,479</b>	<b>97,212</b>	<b>104,537</b>

1) The Group's cash and cash equivalents include prepayments from external clients totaling SEK 56 M to be utilized in external ship management operations. In a loan agreement, the Group has committed, at any time, to ensure that cash and cash equivalents do not fall below the highest amount of either 5% of the Viking Supply Ships AS Group's interest-bearing liabilities or the equivalent of NOK 125 M, less the Group's unutilized credit facilities.

After the closing date, Viking Supply Ships, in accordance with the financing agreement and due to the reduced contract coverage rate for parts of the AHTS fleet, will pledge additional collateral by depositing an amount of USD 18.8 M in a separate account during the first quarter of 2015. The deposit will be reimbursed upon restoration of the contract coverage rate.

**NOTE 23 Share capital**

SEK	Share capital					
	2014			2013		
	Series A shares	Series B shares	Total	Series A shares	Series B shares	Total
Share capital, Jan. 1	9,695,789	138,174,477	147,870,266	7,271,842	103,630,858	110,902,700
New share issue <sup>1)</sup>	1,939,157	27,634,895	29,574,052	2,423,947	34,543,619	36,967,566
<b>Share capital, Dec. 31</b>	<b>11,634,946</b>	<b>165,809,372</b>	<b>177,444,318</b>	<b>9,695,789</b>	<b>138,174,477</b>	<b>147,870,266</b>

	Number of shares					
	2014			2013		
	Series A shares	Series B shares	Total	Series A shares	Series B shares	Total
Number of shares, Jan. 1	9,695,789	138,174,477	147,870,266	7,271,842	103,630,858	110,902,700
New share issue <sup>2)</sup>	1,939,157	27,634,895	29,574,052	2,423,947	34,543,619	36,967,566
<b>Number of shares, Dec. 31</b>	<b>11,634,946</b>	<b>165,809,372</b>	<b>177,444,318</b>	<b>9,695,789</b>	<b>138,174,477</b>	<b>147,870,266</b>

	Number of votes					
	2014			2013		
	Series A shares	Series B shares	Total	Series A shares	Series B shares	Total
Number of votes	116,349,460	165,809,372	282,158,832	96,957,890	138,174,477	235,132,367
<b>Total number of votes</b>	<b>116,349,460</b>	<b>165,809,372</b>	<b>282,158,832</b>	<b>96,957,890</b>	<b>138,174,477</b>	<b>235,132,367</b>

The quotient value is SEK 1 per share. The Group has no option programs.

1) In December 2013, a new share issue was conducted with preferential rights for existing shareholders at a 1:3 ratio. The issue price was SEK 4 per share.

2) In June 2014, a new share issue was conducted with preferential rights for existing shareholders at a 1:5 ratio. The issue price was SEK 5 per share.

**NOTE 24 Dividend per share**

No dividends were paid during 2014 or 2013. At the Annual General Meeting on April 9, 2015, it will be proposed that no dividend be paid for the 2014 fiscal year.

**NOTE 25 Pension provisions**

Post-employment employee benefits mainly take the form of ongoing payments to independent authorities or insurance companies, which subsequently assume responsibility for the commitments to employees. These types of arrangements are called defined-contribution plans.

The commitment for old-age pensions and survivor pensions for employees in Sweden is covered through insurance with Alecta. According to a statement from the Swedish Financial Reporting Board, URF 3, this is a defined-benefit multi-employer plan. For the 2014 fiscal year, the Group did not have access to such information that makes it possible to report this plan as a defined-benefit plan.

The pension plan in accordance with ITP, which is safeguarded through insurance with Alecta, is therefore reported as a defined-contribution plan. Alecta's surplus can be distributed to the insurers

and/or the insured. At the end of 2014, Alecta's surplus in the form of the collective consolidation level was 143% (148). The collective consolidation level comprises the market value of Alecta's assets as a percentage of the insurance commitment calculated in accordance with Alecta's actuarial calculation assumption, which does not correspond with IAS 19.

Defined-benefit plans are characterized by the fact that the Group retains its commitment until the pension has been paid. The costs and provisions for defined-benefit plans are assessed through actuarial calculations with the purpose of determining the present value of the commitment. Defined-benefit plans exist only in Sweden.

Commitments are secured through pension insurances with investments primarily in interest funds and equity funds.

The tables below provide data on the Group's defined-benefit plans, the assumptions used in the calculations, the expenses recognized and the values of the commitments and plan assets.

SEK M	Group				
	2014	2013	2012	2011	2010
<b>Multi-year review</b>					
At closing date					
Present value of defined-benefit obligations	13,417	13,341	17,356	27,033	30,243
Fair value of plan assets	-16,643	-17,662	-21,416	-31,149	-35,124
Payroll tax liability	7,063	7,447	8,311	9,306	10,249
<b>Net liability</b>	<b>3,837</b>	<b>3,126</b>	<b>4,251</b>	<b>5,190</b>	<b>5,368</b>

SEK 000s	Group		Parent Company	
	2014	2013	2014	2013
<b>Assumptions applied in actuarial calculations</b>				
Sweden				
Average discount interest rate, %	2.50	4.00	2.50	4.00
Projected return on plan assets, %	2.50	4.00	2.50	4.00
Estimated long-term salary increase, %	3.00	3.00	3.00	3.00
Estimated long-term inflation, %	2.00	2.00	2.00	2.00

Assumptions regarding mortality are the same as those specified by the Swedish Financial Supervisory Authority (FFFS 2007:31).

#### Pension expenses for the year

Cost of benefits vested during the year	337	386	—	—
Interest expense	483	526	342	399
Adjustment costs	—	-137	—	1
Projected return on plan assets (-)	-655	-605	-377	-379
<b>Expenses for the year pertaining to defined-benefit pension plans</b>	<b>165</b>	<b>170</b>	<b>-35</b>	<b>21</b>
Expenses for the year pertaining to defined-contribution pension plans	58,422	65,300	6,958	16,090
Payroll tax expense for the year	8,397	18,788	2,298	5,399
<b>Pension expense for the year included in personnel costs</b>	<b>66,984</b>	<b>84,258</b>	<b>9,221</b>	<b>21,510</b>
Actual return on plan assets, %	2,3	0,9	-0,8	2,4

All items are recognized as personnel costs. Of the costs for defined-contribution plans, SEK 24,620,000 (30,802,000) comprises premiums to Alecta.

<b>Changes in fair value of plan assets</b>				
Plan assets, Jan. 1	17,662	21,416	10,715	14,036
Expected return	655	605	377	379
Adjusted liability/cost for plan adjusted during the year	—	-615	—	-1
Withdrawal	-1,700	-3,897	-1,698	-3,609
Premiums/deposits	289	583	—	—
Actuarial gains/(losses)	-263	-430	-453	-90
<b>Plan assets, Dec. 31</b>	<b>16,643</b>	<b>17,662</b>	<b>8,941</b>	<b>10,715</b>

These assets consist primarily of funds investing in shares, bonds and money-market instruments.

Note 25 continued

SEK 000s	Group		Parent Company	
	2014	2013	2014	2013
<b>Changes in defined-benefit pension obligation</b>				
Obligation, Jan. 1	13,341	17,356	9,840	13,286
Cost of benefits earned during the year	337	386	—	—
Adjusted liability/cost for plan adjusted during the year	—	-752	—	—
Interest expense	483	526	342	399
Pension payments	-1,983	-3,897	-1,698	-3,609
Actuarial (gains)/losses	1,239	-278	954	-236
<b>Obligation, Dec. 31</b>	<b>13,417</b>	<b>13,341</b>	<b>9,438</b>	<b>9,840</b>
<b>Actuarial gains and losses</b>				
Actuarial gains/(losses) on assets	-263	-430	-453	-90
Actuarial gains/(losses) on liabilities	-1,239	278	-954	236
<b>Actuarial gains/(losses)</b>	<b>-1,502</b>	<b>-152</b>	<b>-1,407</b>	<b>146</b>
<b>Change in payroll tax liability</b>				
Liability in balance sheet, Jan. 1	7,447	8,311	7,345	8,149
Change in payroll-tax liability for the year	-384	-864	-329	-804
<b>Payroll tax liability, Dec. 31</b>	<b>7,063</b>	<b>7,447</b>	<b>7,016</b>	<b>7,345</b>
<b>Liability in balance sheet</b>				
Pension obligation	13,417	13,341	9,438	9,840
Payroll tax liability	7,063	7,447	7,016	7,345
<b>Liability in balance sheet, Dec. 31</b>	<b>20,480</b>	<b>20,788</b>	<b>16,454</b>	<b>17,185</b>
<b>Net liability in balance sheet</b>				
Plan assets (-)	-16,643	-17,662	-8,941	-10,715
Pension obligation	13,417	13,341	9,438	9,840
Payroll tax liability	7,063	7,447	7,016	7,345
<b>Net liability, Dec. 31</b>	<b>3,837</b>	<b>3,126</b>	<b>7,513</b>	<b>6,470</b>
<b>Reconciliation of changes in net liability</b>				
Liability in balance sheet, Jan. 1	3,126	4,251	6,470	7,399
Pension expenses for the year (+)	165	170	-35	21
Payment to plan assets (-)	-289	-583	—	—
Withdrawal from plan assets (+)	1,700	3,897	1,698	3,609
Pension payments (-)	-1,983	-3,897	-1,698	-3,609
Actuarial (gains)/losses	1,502	152	1,407	-146
Change in payroll-tax liability for the year	-384	-864	-329	-804
<b>Net liability, Dec. 31</b>	<b>3,837</b>	<b>3,126</b>	<b>7,513</b>	<b>6,470</b>

**NOTE 26 Liabilities****Group**

The Group's total interest-bearing liabilities amounted to SEK 2,695 M (2,650) at the closing-date rate. In addition, there were non-interest-bearing liabilities totaling SEK 523 M (485). Parts of the interest-bearing liabilities are associated with covenants, according to which the Group must meet certain key performance indicators.

**Parent Company**

The Parent Company's total interest-bearing liabilities amounted to SEK 202 M (156). In addition, there were non-interest-bearing liabilities and provisions totaling SEK 103 M (163).

**Total interest-bearing liabilities, distributed by currency**

SEK 000s	Group	
	Dec. 31, 2014	Dec. 31, 2013
USD	1,115,133	87,932
EUR	76,883	90,034
NOK	1,016,504	2,209,695
GBP	486,202	260,134
SEK	—	2,133
<b>Total</b>	<b>2,694,722</b>	<b>2,649,928</b>

**Total contractual commitments**

SEK 000s	Group		
	2015	2016–2019	After 2019
Borrowings	449,723	2,540,170	53,868
Derivative instruments	—	24,397	—
Accounts payable	205,377	—	—
Other liabilities	45,606	—	—
	<b>700,706</b>	<b>2,564,567</b>	<b>53,868</b>

SEK 000s	Parent Company		
	2015	2016–2019	After 2019
Liabilities to credit institutions	—	—	—
Liabilities to Group companies	37,576	—	202,310
Accounts payable	2,759	—	—
Other liabilities	11,215	—	—
	<b>51,550</b>	<b>—</b>	<b>202,310</b>

**Group**

At December 31, the Group had no credit facilities or unutilized overdraft facilities.

**Parent Company**

At December 31 the Parent Company had no credit facilities or unutilized overdraft facilities.

**NOTE 27 Accrued expenses and deferred income**

SEK 000s	Group		Parent Company	
	2014	2013	2014	2013
<b>Group</b>				
Accrued personnel costs	66,892	71,457	2,298	25,713
Accrued interest expenses	2,853	16,380	—	—
Accrued voyage costs	27,691	46,367	—	9,776
Prepaid time charter revenues	27,457	30,372	17,203	15,966
Accrued other expenses	49,354	86,960	6,837	30,205
<b>Total</b>	<b>174,247</b>	<b>251,536</b>	<b>26,338</b>	<b>81,660</b>

**NOTE 28 Pledged assets**

SEK 000s	Group		Parent Company	
	2014	2013	2014	2013
<b>Current and long-term marine mortgages</b>				
– vessel loans	3,928,512	2,664,929	—	—
– vessels held with the right of option of ownership	—	538,799	—	—
<b>Current and long-term other liabilities to credit institutions</b>				
– fixed assets held through financial leasing agreements	—	6,851	—	—
– shares in subsidiaries	89,453	1,672,733	—	2,338,802
– bank balances <sup>1)</sup>	4,899	193,471	—	2,446
<b>Pension provisions</b>				
– endowment insurances and plan assets	34,633	36,450	28,818	29,259
<b>Total</b>	<b>4,057,497</b>	<b>5,113,233</b>	<b>28,818</b>	<b>2,370,507</b>

1) Due to the premature contract cancellation received by Viking Supply Ships in December 2014, two AHTS vessels could be declared as no longer having sufficient contract coverage in accordance with the loan agreement applicable to the vessels concerned. After the closing date, Viking Supply Ships, in accordance with the financing agreement and due to the reduced contract coverage rate for parts of the AHTS fleet, will pledge additional collateral by depositing an amount of up to USD 18.8 M in a separate account during the first quarter of 2015. The liability to pledge additional collateral is suspended in the event that the vessels re-attain applicable contract coverage levels in accordance with the loan agreement. The amount that will be on deposit in the account will vary (more or less) to reflect exchange-rate fluctuations and loan amortization.

**NOTE 29 Contingent liabilities**

SEK 000s	Group		Parent Company	
	2014	2013	2014	2013
<b>Sureties</b>	–	–	<b>252,988</b>	<b>1,953,165</b>
– of which, for subsidiaries	–	–	252,988	1,953,165
<b>Right of recourse in sold accounts receivable</b>	–	–	–	<b>101</b>

The Parent Company has provided a guarantee regarding a subsidiary's completion of time-charter agreements, which also comprise parts of the undertaking of the divested subsidiary Transbulk (valid through 2018). For the latter, there is also a reciprocal guarantee from an external party for an equivalent amount. Transbulk was divested in 2005.

**NOTE 30 Commitments****Leasing commitments**

The Group leases vessels, buildings and equipment through leasing agreements.

**Operational leasing***TransAtlantic*

Operational leasing mainly entails the leasing of vessels on a bareboat or T/C (time charter) basis, for which contract periods and leasing terms are different for each vessel. The largest contracts pertain to:

- The leasing of two RoRo/side-port vessels, the TransWood and TransPine, as well as the TransHawk bulk carrier, on a bareboat basis, with a remaining contract period of one year. At the end of the contract period, there was a residual value guarantee commitment of a maximum of USD 10 M, for which the Group has made a provision in 2013. Since the lease varies depending on the interest rates in these agreements, this entails an interest exposure for the Group. This exposure has not been hedged.
- Leasing of the paper carrier vessels, the TransPaper, TransPulp and TransTimber, which operate on a time charter for Stora Enso, for which there is a remaining contract period of about six years, after which time the Group is entitled to buy the aforementioned vessels at market value. This contract does not entail any interest exposure for the Group.
- Leasing of seven small bulk carriers on a bareboat basis with a remaining contract period of about five years. As of September 2013, these seven vessels were leased to AtoB@C on a long-term T/C basis. This contract does not entail any interest exposure for the Group.

In addition to the aforementioned long-term leased vessels, the Group also had six short-term leased container vessels with an average remaining duration of about two months.

*Viking Supply Ships*

The previously leased PSVs, the Sol Viking and Freyja Viking, were acquired during the year through the exercise of purchase options in the bareboat agreements.

In December 2012, a sale-and-leaseback agreement was entered into regarding the AHTS vessel, the Odin Viking. The remaining duration of this lease is six years.

*Financial leasing*

In connection with the discontinuation of TransPal Line during 2014, the last remaining leasing contracts pertaining to the lease of containers, which were classified and recognized as financial leases, were bought out. The majority of these containers were divested during the year, but a smaller number were retained and used in the TransBothnia Container Line.

*Operational leasing revenue*

Operational leasing revenue derives from vessels leased on time and bareboat-charter contracts.

At December 31, 2014, the number of vessels leased was 21 (30 at Dec 31, 2013) and the number of vessels leased to others was 24 (32).

SEK M	2014	2015	2016– 2019	after 2019
<b>Leasing expenses</b>				
<b>Operating leases</b>	<b>477</b>	<b>287</b>	<b>813</b>	<b>311</b>
Of which: – Bareboat charter	252	248	810	311
– T/C	216	31	–	–
– Other	9	8	3	–
<b>Financial leases</b>	–	–	–	–
– Containers and equipment	–	–	–	–
<b>Leasing revenues</b>				
<b>Operating leases</b>	<b>1,794</b>	<b>850</b>	<b>1,184</b>	<b>423</b>
– T/C	1,794	850	1,184	423

The above future leasing fees are the Group's nominal minimum fees. Some 8% of the leasing fees paid in 2014 were variable. Some 3% of the total future contractual obligations are variable fees.

In the consolidated balance sheet, the following items are recognized as financial leasing on the closing date:

SEK M	2014	2013
<b>Fixed assets</b>		
<i>Equipment</i>		
– Accumulated cost	8	57
– Accumulated depreciation	–7	–50
<b>Total</b>	<b>1</b>	<b>7</b>
<b>Liabilities pertaining to financial leasing</b>		
– Current portion	0	2
<b>Total</b>	<b>0</b>	<b>2</b>
<i>Provisions, tax liabilities</i>	0	1

Refer also to Note 10.

**NOTE 31 Related-party transactions**

Kistefos AS has made its management and financial services available, which are regulated in a consulting agreement and for which remuneration totaling SEK 4 M was paid for the full-year.

Up to and including April 16, 2014, the TransAtlantic business area had a lease pertaining a container vessel, the TransAlrek, which is owned by a German shipping partnership, in which Rederi AB Transatlantic's Deputy Chairman Folke Patriksson has a non-controlling interest through his company Enneff Rederi AB. The agreement was reached on market terms and expires on December 31, 2014, with a quarterly lease of SEK 2.7 M. Since there was no longer a need for this vessel, the leasing agreement was terminated prematurely. From January 1 up to and including April 16, 2014, SEK 3.2 M in vessel leases was paid. In conjunction with the termination, TransAtlantic pledged through a new agreement to continuously compensate the vessel owner for the difference between the originally agreed daily rate that would have applied up to and including December 31, 2014, and the daily rate the vessel owner receives through new externally signed agreements on the market. As of April 17, 2014, a total compensation of SEK 1.7 M was paid by TransAtlantic pursuant to this agreement.

Following a resolution passed at the AGM and as a consequence of the discontinuation of the TransPal Line, the two subsidiaries, Daugava Shipping Services SIA and TransAtlantic Spolka z.o.o. were sold to the companies' respective Presidents. The divestments, which were conducted under market terms, have not entailed any significant impact on the Group's financial position.

For information about remuneration of senior executives, refer to Note 7.

**NOTE 32 Financial risk management and derivative instruments**

In its operations, the TransAtlantic Group is exposed to various types of financial risks, such as changes in exchange rates and interest rates, as well as liquidity and credit risks. The Group's goal is to minimize such negative effects in the consolidated income statement and balance sheet.

Risk management is handled by the Group's central finance department on the basis of the Finance Policy established by the Board of Directors. The policy contains instructions on how various financial risks are to be managed. The policy also includes instructions for managing credit and liquidity risks through financing and committed lines of credit.

The Group applies hedge accounting in accordance with the regulations included in IAS 39, the content of which is described in Note 1, Derivative instruments.

**Credit risks**

The Group formulates a policy for how credits are to be provided to customers and other business partners.

The credits provided are primarily short-term credits in the form of receivables from customers. Credit risk in cash and cash equivalents is managed by investing the liquidity with major Swedish banks.

**Liquidity risk**

An inadequate liquidity reserve constitutes a liquidity risk for the Group. This can lead to difficulties in discharging current payment liabilities in operating activities, planned investments and amortizations.

The Financial Department continuously prepares liquidity forecasts for the Group that are aimed at foreseeing the Group's liquidity requirement for operating activities, taking into account future investment requirements and amortization. Based on this work, a liquidity reserve is ensured by maintaining bank balances/investments and committed lines of credit. For information regarding the maturity structure of liabilities, see also Note 26.

Surplus liquidity is invested in accordance with the established finance policy.

**Currency risks**

The currency exposure of assets is to be primarily managed through financing being raised in the same currency as the asset. Most of the vessels have such a hedge for 2014. The Parent Company has a number of foreign subsidiaries, whose net assets are exposed to currency-translation risks. These currency positions have not been hedged.

In accordance with the Finance Policy, currency risks affecting cash flow must primarily be managed by balancing currency flows so that inward and outward flows offset one another. Invoiced net flows can be hedged to a maximum of 100% per currency pair and up to 50% of 12-months' forecast net flows per currency pair. No currency-hedging contracts were signed in 2014.

On the balance-sheet date, the Group held the following open currency-derivative contracts:

SEK 000s	Contract value, SEK M		Futures rates (weighted averages)	
	2014	2013	2014	2013
Currency futures EUR/USD	—	—	—	—
Currency futures EUR/SEK	—	35	—	9.06

Note 32 continued

### Interest-rate risks

The Finance Policy states that interest-rate risk must be hedged through financial instruments that limit exposure to interest-rate increases. The Group's policy is that the average fixed interest period for the Group's consolidated borrowing must, at any given time, be at least 180 days and a maximum of three years. A maximum of 25% of the loan should have a fixed-interest period of less than 90 days or longer than three years.

### Interest-rate terms

The Group uses various kinds of interest-hedging instruments. At the closing date, the Group held the following interest-rate maturities:

#### Hedged underlying loan values for which the Group bears the interest-rate risk (including interest-rate exposed lease commitment):

SEK M	Less than 90 days	90 days– 3 years	3 years or longer	Total
<b>Total interest-bearing loan values</b>	<b>142</b>	<b>2,297</b>	<b>256</b>	<b>2,695</b>
% of total interest-bearing loan values	5	85	9	100

### Financial instruments by category

SEK 000s	Accounts receivable and cash and cash equivalents		Derivative instruments used for hedging purposes		Financial assets available for sale		Total	
	Dec. 31, 2014	Dec. 31, 2013	Dec. 31, 2014	Dec. 31, 2013	Dec. 31, 2014	Dec. 31, 2013	Dec. 31, 2014	Dec. 31, 2013
<b>Assets in the balance sheet</b>								
Debt certificates <sup>1)</sup>	—	—	—	—	44,925	—	44,925	—
Other available-for-sale financial assets <sup>3)</sup>	—	—	—	—	—	57	—	57
Derivative instruments <sup>2)</sup>	—	—	—	675	—	—	—	675
Accounts receivable and other receivables, excl. interim receivables <sup>4)</sup>	423,680	258,974	—	—	—	—	423,680	258,974
	<b>423,680</b>	<b>258,974</b>	<b>—</b>	<b>675</b>	<b>44,925</b>	<b>57</b>	<b>468,605</b>	<b>259,706</b>

SEK 000s	Liabilities measured at FVTPL		Derivative instruments used for hedging purposes		Other financial liabilities		Total	
	Dec. 31, 2014	Dec. 31, 2013	Dec. 31, 2014	Dec. 31, 2013	Dec. 31, 2014	Dec. 31, 2013	Dec. 31, 2014	Dec. 31, 2013
<b>Liabilities in the balance sheet</b>								
Loans, excluding liabilities pertaining to financial leasing <sup>4)</sup>	—	—	—	—	2,668,246	2,627,552	2,668,246	2,627,552
Liabilities pertaining to financial leasing <sup>4)</sup>	—	—	—	—	—	2,133	—	2,133
Derivative instruments <sup>2)</sup>	—	—	24,397	21,785	—	—	24,397	21,785
Accounts payable and other liabilities, excl. interim liabilities <sup>4)</sup>	—	—	—	—	350,833	231,993	350,833	231,993
	<b>—</b>	<b>—</b>	<b>24,397</b>	<b>21,785</b>	<b>3,019,079</b>	<b>2,861,678</b>	<b>3,043,476</b>	<b>2,883,463</b>

1) Fair value based on listed market prices, where financial instruments are traded on an active market (Level 1).

2) Fair values for which there are no listed market values, but instead are based on measurements of discounted cash flows.

Variables in the measurement model, such as exchange rates and interest rates, are derived from market listings when possible (Level 2).

3) Other measurements in which one variable is based on own assessments (Level 3).

4) Recognized at amortized cost.

5) Fair value measurement is based on average prices and does not reflect the customary difference between buy and sell prices for these transactions.

The weighted average interest rate for interest-bearing loans amounted to:

%	Group		Parent Company	
	2014	2013	2014	2013
	5.00	5.76	3.54	4.20

With a change in market interest rates of 1 percentage point, the Group's interest expense would change by SEK 27 M.

### Goods risks

To minimize cost fluctuations for bunker oil, the Group has principally entered into customer contracts that entitle the Group to compensation should the price of bunker oil change. Only a minor proportion of the Group's future compensation of bunker oil will be exposed to price changes. At the closing date, the Group had no derivative instruments related to bunker oil.

### Fair value

Fair values for the Group's financial instruments on the closing date were as follows:

SEK 000s	Group			
	2014		2013	
	Carrying amount	Fair value	Carrying amount	Fair value
<b>Assets in the balance sheet</b>				
Debt certificates	44,925	44,925	—	—
Other available-for-sale financial assets	—	—	57	57
Currency futures	—	—	675	675
Accounts receivable and other receivables, excl. interim receivables	423,680	423,680	258,974	258,974
<b>Total</b>	<b>468,605</b>	<b>468,605</b>	<b>259,706</b>	<b>259,706</b>
<b>Liabilities in the balance sheet</b>				
Loans (excluding liabilities pertaining to financial leasing)	2,668,246	2,694,722	2,627,552	2,647,795
Liabilities pertaining to financial leasing	—	—	2,133	2,133
Interest-hedging instruments <sup>1)</sup>	24,397	24,397	21,785	21,785
Accounts payable and other liabilities, excl. interim liabilities	350,833	350,832	231,993	231,993
<b>Total</b>	<b>3,043,476</b>	<b>3,069,951</b>	<b>2,883,463</b>	<b>2,903,706</b>

1) Hedge accounting is not applied for the Group's interest-hedging instruments. Value changes in these instruments are recognized in consolidated profit and loss, refer also to Note 9.

The Parent Company does not hold any financial instruments.

### NOTE 33 Events after the closing date

Due to the premature contract cancellation received by Viking Supply Ships in December 2014, two AHTS vessels could be declared as no longer having sufficient contract coverage in accordance with the loan agreement applicable to the vessels concerned. After the closing date, Viking Supply Ships, in accordance with the financing agreement and due to the reduced contract coverage rate for parts of the AHTS fleet, has pledged additional collateral by depositing an amount of USD 18.8 M in a separate account. The amount that will be on deposit in the account will vary (more or less) to reflect exchange-rate fluctuations and loan amortization. Liability to pledge additional collateral is suspended in the event that the vessels re-attain applicable contract coverage levels in accordance with the loan agreement.

The sale of the bulk carrier TransForte was completed in February, with a positive liquidity effect of SEK 3 M.

TransAtlantic has signed an agreement with MannLines BV that will entail MannLines acting as TransAtlantic's exclusive sales agent in the Benelux region. MannLines will take over TransAtlantic's operations in Antwerp. The agency will be operated from its base in Rotterdam. In addition, Tomas Bergendahl, CFO of Rederi AB Transatlantic has resigned from his position, effective May 31, 2015. The Board of Directors has proposed that the Annual General Meeting change the company's name from Rederi AB Transatlantic to Viking Supply Ships AB.

### NOTE 34 Assets held for sale

	Before reclassification	Reclassification	After reclassification
<b>Group</b>			
Fixed assets	4,267,378	-109,883	4,157,495
Current assets	992,252	—	992,252
Assets held for sale	—	109,883	109,883
<b>Total assets</b>	<b>5,259,630</b>	<b>—</b>	<b>5,259,630</b>
Long-term liabilities	2,487,963	-126,441	2,361,522
Current liabilities	729,760	-14,916	714,844
Liabilities attributable to assets held for sale	—	141,357	141,357
<b>Total liabilities</b>	<b>3,217,723</b>	<b>—</b>	<b>3,217,723</b>

Assets held for sale and liabilities directly connected to the said assets were reclassified from the fixed assets, vessels and long-term and current vessel loans, and pertain to the TransForte and TransFighter vessels.

The TransForte was divested in February 2015, while the divestment of the TransFighter is undergoing negotiation.

The Board of Directors and the President give their assurance that the consolidated financial statements have been prepared in accordance with the international accounting standards (IFRS) as adopted by the EU and that they provide a fair view of the Group's financial position and results. The financial statements of the Parent Company have been prepared in accordance with generally accepted accounting principles and provide a true and fair view of the Parent Company's

financial position and results of operations. The Directors' Report for the Group and Parent Company provides a fair overview of the development of the Group's and the Parent Company's operations, financial position and earnings, and also describes material risks and uncertainties facing the Parent Company and companies included in the Group.

Gothenburg, March 17, 2015

The income statement and balance sheets will be presented to the Annual General Meeting on April 9, 2015 for approval.

Christen Sveaas  
Chairman

Folke Patriksson  
Deputy Chairman

Håkan Larsson  
Board member

Magnus Sonnorp  
Board member

Tom Ruud  
Board member and  
President and CEO

Christer Lindgren  
Employee representative

Our Auditor's Report was submitted on March 17, 2015

Ernst & Young AB

Staffan Landén  
Authorized Public Accountant

# Auditor's Report

To the annual meeting of the shareholders of Rederi AB Transatlantic (publ), corporate identity number 556161-0113

## Report on the annual accounts and consolidated accounts

We have audited the annual accounts and consolidated accounts of Rederi AB Transatlantic (publ) for the financial year 2014. The annual accounts and consolidated accounts of the company are included in the printed version of this document on pages 22–58.

## Responsibilities of the Board of Directors and the Managing Director for the annual accounts and consolidated accounts

The Board of Directors and the Managing Director are responsible for the preparation and fair presentation of these annual accounts in accordance with the Annual Accounts Act and of the consolidated accounts in accordance with International Financial Reporting Standards, as adopted by the EU, and the Annual Accounts Act, and for such internal control as the Board of Directors and the Managing Director determine is necessary to enable the preparation of annual accounts and consolidated accounts that are free from material misstatement, whether due to fraud or error.

## Auditor's responsibility

Our responsibility is to express an opinion on these annual accounts and consolidated accounts based on our audit. We conducted our audit in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the annual accounts and consolidated accounts are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the annual accounts and consolidated accounts. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the annual accounts and consolidated accounts, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company's preparation and fair presentation of the annual accounts and consolidated accounts 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Board of Directors and the Managing Director, as well as evaluating the overall presentation of the annual accounts and consolidated accounts.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

## Opinions

In our opinion, the annual accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the parent company as of 31 December 2014 and of its financial performance and its cash flows

for the year then ended in accordance with the Annual Accounts Act. The consolidated accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the group as of 31 December 2014 and of their financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards, as adopted by the EU, and the Annual Accounts Act. The statutory administration report is consistent with the other parts of the annual accounts and consolidated accounts.

We therefore recommend that the annual meeting of shareholders adopt the income statement and balance sheet for the parent company and the group.

## Report on other legal and regulatory requirements

In addition to our audit of the annual accounts and consolidated accounts, we have also audited the proposed appropriations of the company's profit or loss and the administration of the Board of Directors and the Managing Director of Rederi AB Transatlantic (publ) for the financial year 2014.

## Responsibilities of the Board of Directors and the Managing Director

The Board of Directors is responsible for the proposal for appropriations of the company's profit or loss, and the Board of Directors and the Managing Director are responsible for administration under the Companies Act.

## Auditor's responsibility

Our responsibility is to express an opinion with reasonable assurance on the proposed appropriations of the company's profit or loss and on the administration based on our audit. We conducted the audit in accordance with generally accepted auditing standards in Sweden.

As a basis for our opinion on the Board of Directors' proposed appropriations of the company's profit or loss, we examined whether the proposal is in accordance with the Companies Act.

As a basis for our opinion concerning discharge from liability, in addition to our audit of the annual accounts and consolidated accounts, we examined significant decisions, actions taken and circumstances of the company in order to determine whether any member of the Board of Directors or the Managing Director is liable to the company. We also examined whether any member of the Board of Directors or the Managing Director has, in any other way, acted in contravention of the Companies Act, the Annual Accounts Act or the Articles of Association.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

## Opinions

We recommend to the annual meeting of shareholders that the profit be appropriated in accordance with the proposal in the statutory administration report and that the members of the Board of Directors and the Managing Director be discharged from liability for the financial year.

Gothenburg, March 17, 2015  
Ernst & Young AB

Staffan Landén  
Authorized Public Accountant

# Mandatory bid and new share issue

The year was characterized by volatility in share prices that noted a highest price of SEK 7.90 and a lowest price of SEK 4.06. The company's majority owner Kistefos placed itself in a mandatory bid situation, which resulted in Kistefos increasing its holding in the company by approximately 5.8% of the capital to a total of 70.4%. A new share issue that was completed in June 2014 provided the company with approximately SEK 147.8 M.

Rederi AB Transatlantic's Series B shares are listed on Nasdaq OMX Stockholm, in the Small Cap segment, and are included in the Transport index. At year-end, the share price was SEK 4.43, corresponding to market capitalization of SEK 786 M (713). On the same date, shareholders' equity totaled SEK 2,042 M (1,749), corresponding to SEK 11.51 per share (11.83). The highest price paid during the year was SEK 7.90 on October 30 and the lowest price paid was SEK 4.06 on December 18. Both prices have been adjusted for the new share issue. The turnover rate for the share increased during the year to 11 percent (14).

## Share capital and new share issue

In mid-2014, a new share issue was conducted with preferential rights for existing shareholders, in order to expedite Transatlantic's restructuring efforts, implement further efficiency enhancements and create conditions conducive to more rapidly demerging the Group.

The new share issue provided Rederi AB Transatlantic with approximately SEK 147.9 M before issue expenses. The company's share capital increased by SEK 29,574,052, from SEK 147,870,266 to SEK 177,444,318, and the number of shares by 1,939,157 new Series A shares and 27,634,895 new Series B shares, from a total of 147,870,266 shares to 177,444,318 shares.

## Shareholders and changes

The main shareholder, Kistefos, increased its shareholding, from 62.9% of the share capital and 58.5% of the voting rights to 70.4% of the share capital and 63.3% of the voting rights. Otherwise, no changes in shareholdings occurred among the major shareholders during 2014. The total number of shareholders at year-end declined to 3,501 (5,346), primarily due to the mandatory bid from Kistefos.

## Dividend proposal and dividend policy

In view of the loss posted for the year and the Group's continued weak financial position, the Board of Directors proposes that no dividend be paid for the 2014 fiscal year. Rederi AB Transatlantic's target is that average dividend payments will correspond to 33% of annual net profit.

## Contacts with shareholders

Rederi AB Transatlantic's ambition is to maintain a positive dialog with the stock market and to provide detailed information on developments and events concerning its operations. This is done via presentations in conjunction with the quarterly reports and participation at conferences and seminars. The Annual Report, year-end reports and interim reports are available on the company's website [www.rabt.se](http://www.rabt.se). The website also includes other information concerning the company and its share.

## A selection of press releases in 2014

- **December 1, 2014** Early termination of contracts for three AHTS vessels
- **October 14, 2014** Early termination of the contract for the Loke Viking
- **September 23, 2014** EU and US sanctions against Russia not expected to impact VSS operations or profits for 2014
- **September 17, 2014** Sale of the vessel, SBS Cirrus
- **June 17, 2014** Viking Supply Ships has signed an agreement with a major oil company for the anchor-handling vessel, Tor Viking
- **June 2, 2014** Outcome of Rederi AB Transatlantic's new share issue
- **May 26, 2014** Kistefos offer concluded
- **May 5, 2014** Rederi AB Transatlantic publishes the prospectus for the forthcoming new share issue
- **April 24, 2014** Release from the AGM of Rederi AB Transatlantic
- **April 17, 2014** The Board of Directors of Rederi AB Transatlantic establish the terms and conditions for the rights issue
- **April 14, 2014** Statement from the independent Offer Committee for Rederi AB Transatlantic, in view of the mandatory bid from Kistefos
- **April 4, 2014** Cancellation of the 2014 Season for the Tor Viking.
- **March 26, 2014** Rederi AB Transatlantic publishes the 2013 Annual Report on [www.rabt.se](http://www.rabt.se)
- **March 24, 2014** The Board of Directors of Rederi AB Transatlantic evaluates the mandatory bid from Kistefos to the shareholders of Rederi AB Transatlantic
- **March 20, 2014** Rederi AB Transatlantic announces a fully guaranteed rights issue of approximately SEK 150 M
- **March 3, 2014** Kistefos AS increases its holding in Rederi AB Transatlantic
- **February 27, 2014** Rederi AB Transatlantic publishes its year-end report for 2013, proposes a rights issue of approximately SEK 150 M and discontinues TransPal Line

## Key performance indicators

	2014	2013	2012	2011	2010
Number of shares, Dec. 31, 000s	177,444	147,870	110,903	110,903	55,451
Market capitalization, Dec. 31, SEK M	786	713	543	1,015	1,686
Number of shareholders	3,501	5,349	5,346	5,854	6,783
Change in share price during the year, %	-7.36	7	-46	-65	32
Ordinary dividend, SEK	—	—	—	—	—
Dividend as a percentage of earnings per share	—	—	—	—	—
P/E ratio, Dec. 31	3.7	n.a.	n.a.	n.a.	1,8
Shareholders' equity/share, Dec. 31, SEK/share	11.5	11,8	19.0	22.5	43.2

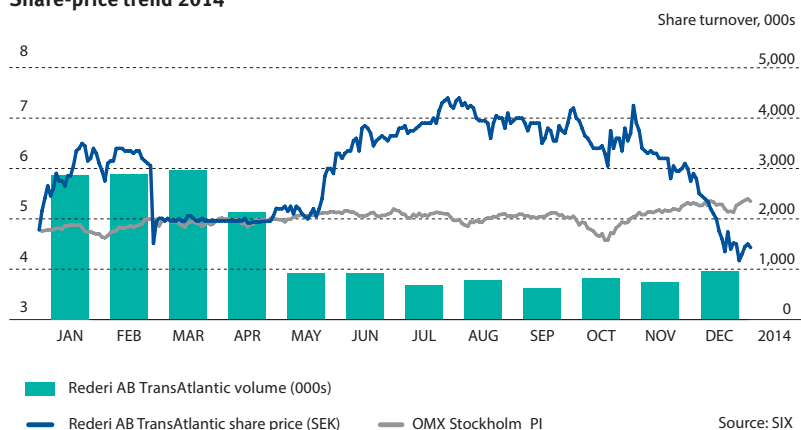
## IR Contact

Tomas Bergendahl  
Chief Financial Officer  
Direct Tel: +46 (0)31 763 23 78  
E-mail: IR@rabt.se

## Shareholders in Rederi AB Transatlantic at December 30, 2014

	Series A shares	Series B shares	Number of shares	Percentage of capital, %	Percentage of votes, %
Viking Invest AS	5,957,820	118,958,199	124,916,019	70.4	63.3
Enneff Rederi/Enneff Fastigheter	3,826,019	964,558	4,790,577	2.7	13.9
Jenny Lindén Urnes	1,460,824	8,500,800	9,961,624	5.6	8.2
Ernstström Finans AB	—	4,975,999	4,975,999	2.8	1.8
Eneff Intressenter AB	250,000	1,250,000	1,500,000	0.8	1.3
SEB Life International, Ass. Company Limited	—	1,800,000	1,800,000	1	0.6
Försäkringsbolaget Avanza Pension	—	1,767,809	1,767,809	1	0.6
Ribbskottet AB	—	1,650,000	1,650,000	0.9	0.6
Credit Agricole (Suisse) SA	—	1,333,333	1,333,333	0.8	0.5
Ålandsbanken AB	—	1,089,869	1,089,869	0.6	0.4
Hero, Lennart	—	1,003,199	1,003,199	0.6	0.4
Nordnet Pensionsförsäkring AB	—	884,229	884,229	0.5	0.3
Handelsbanken Fonder AB	—	860,507	860,507	0.5	0.3
Karlsson, Anders	58,606	134,698	193,304	0.1	0.3
<b>Total</b>	<b>11,553,269</b>	<b>145,173,200</b>	<b>156,726,469</b>	<b>88.3</b>	<b>92.5</b>
Other shareholders	81,677	20,636,172	20,717,849	11.7	7.5
<b>Total number of shares</b>	<b>11,634,946</b>	<b>165,809,372</b>	<b>177,444,318</b>	<b>100.0</b>	<b>100.0</b>

## Share-price trend 2014



## Number of shareholders in size categories at Dec. 30, 2014

Holdings	Shareholders
1-500	1,425
501-1,000	549
1,001-5,000	978
5,001-10,000	203
10,001-15,000	88
15,001-20,000	60
20,001-	198
<b>Total</b>	<b>3,501</b>

## Share capital trend

Event	Change			Number of shares			Share capital (SEK)		Quotient value (SEK)
	Series A shares	Series B shares	Total	Series A shares	Series B shares	Total	Change	Total	
2004 New share issue	—	474,275	474,275	1,208,980	17,910,153	19,119,133	4,742,750	191,191,330	10
2005 New share issue	608,980	11,129,541	11,738,521	1,817,960	29,039,694	30,857,654	117,385,210	308,576,540	10
2007 Share withdrawal during the year	—	-2,427,180	-2,427,180	1,817,960	26,612,514	28,430,474	-24,271,800	284,304,740	10
2010 New share issue	1,817,961	25,907,715	27,725,676	3,635,921	52,520,229	56,156,150	277,256,760	561,561,500	10
2010 Withdrawal of treasury shares	—	-704,800	-704,800	3,635,921	51,815,429	55,451,350	-7,048,000	554,513,500	10
2011 New share issue	3,635,921	51,815,429	55,451,350	7,271,842	103,630,858	110,902,700	554,513,500	1,109,027,000	10
2012 Reduction to unrestricted reserve	—	—	—	7,721,842	103,630,858	110,902,700	-998,124,300	110,902,700	1
2013 New share issue	2,423,947	34,543,619	36,967,566	9,695,789	138,174,477	147,870,266	36,967,566	147,870,266	1
2014 New share issue	1,939,157	27,634,895	29,574,052	11,634,946	165,809,372	177,444,318	29,574,052	177,444,318	1

# Notification of Annual General Meeting

**The shareholders of Rederi AB Transatlantic (publ) are hereby notified of the Annual General Meeting to be held on Thursday, April 9, 2015 at 4:00 p.m. at the premises of Mannheimer Swartling Advokatbyrå at Östra Hamngatan 16, Gothenburg, Sweden.**

## **Registration, etc.**

Shareholders wishing to attend the Annual General Meeting must:  
be listed in the shareholder register maintained by EuroClear Sweden AB not later than Wednesday, April 1, 2015 and notify the company of their intention to participate not later than Wednesday, April 1, 2015 (preferably before 4:00 p.m.):

- to the address: Rederi AB Transatlantic,  
c/o Computershare AB, Box 610,  
SE-182 16 Danderyd, Sweden
- by Tel: +46 (0)771-24 64 00, or
- via Rederi AB Transatlantic's website,  
[www.rabt.se](http://www.rabt.se).

Registration must include the shareholder's name, personal identity number or corporate registration number, registered shareholding, address, telephone number (daytime), information on any assistants (maximum of two), and when applicable, information on proxies or representatives.

Shareholders represented by proxy must issue a dated power of attorney authorizing the rep-

resentation. If power of attorney is issued by a legal entity, a certified copy of the registration certificate or the equivalent for the legal entity must be appended. The original power of attorney, plus any formal documentation, should be submitted, together with registration, to the company at the above address. The validity of the power of attorney may not exceed five years from the date of issue. On request, the company will provide a form for the power of attorney and this form is also available on the company's website, [www.rabt.se](http://www.rabt.se).

To be entitled to participate in the proceedings of the AGM, shareholders with shares nominee-registered through a bank or other trustee must re-register the shares in their own name with Euroclear Sweden AB. Such re-registration, which may be temporary, must be completed by Wednesday April 1, 2015. Well in advance of that date, the shareholder should request that the trustee (bank or fund broker) arrange for voting right registration.

The official notification was announced on March 5, 2015 and was published in Post- and Inrikes Tidningar on March 9, 2015. An announcement that the notification has been issued was published in Dagens Industri and Göteborgs-Posten on March 9, 2015. Further information can be found on the company's website, [www.rabt.se](http://www.rabt.se).

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## Calendar 2015

April 9	Annual General Meeting
May 7	Interim report, January–March
August 7	Interim Report January–June
November 12	Interim report, January–September

# Definitions

**Capital employed:**

Interest-bearing liabilities and shareholders' equity.

**Debt/equity ratio:**

Interest-bearing liabilities minus cash and cash equivalents divided by shareholders' equity.

**Earnings per share:**

Earnings after financial items less tax on profit for the year (current and deferred tax) according to the consolidated income statement.

**EBIT:**

Earnings Before Interest and Taxes, corresponding to operating profit/loss.

**EBITDA:**

Earnings Before Interest, Taxes, Depreciation, and Amortization, corresponding to profit/loss before capital expenses and tax.

**Equity/assets ratio:**

Shareholders' equity divided by total assets.

**Equity per share:**

Equity divided by the number of shares outstanding.

**IFRS:**

International Financial Reporting Standards, an international accounting standard that all listed companies must adopt. Certain older standards included in the IFRS collective name are referred to as IAS (International Accounting Standards).

**Interest-coverage ratio:**

Operating profit/loss before depreciation plus interest income divided by interest expense.

**Net indebtedness:**

Interest-bearing liabilities less cash and cash equivalents.

**Operating cash flow:**

Profit/loss after net financial income/expense adjusted for capital gains/losses, depreciation/amortization and impairment.

**Operating profit/loss:**

Profit/loss before financial items and tax, and before restructuring costs.

**Operating profit/loss (before tax):**

Profit/loss before tax and before restructuring costs.

**Operating result per business area:**

Profit/loss after financial items and before Group-wide expenses and central/Group-wide net financial income/expenses.

**Operating profit/loss per business area:**

Operating profit/loss for each business area, recognized before Group-wide expenses.

**P/E ratio:**

Closing share price at the end of the period divided by earnings after financial items less full tax per share.

**Percentage of risk-bearing capital:**

Shareholders' equity and deferred tax liabilities (including non-controlling interests) divided by total assets.

**Profit margin:**

Profit after financial items divided by net sales.

**Return on capital employed:**

EBITDA divided by average capital employed.

**Restructuring costs:**

Includes revenues and expenses of a nonrecurring nature, such as capital gains/losses from the sale of vessels, impairment of vessels and costs related to personnel cutbacks.

**Return on shareholders' equity:**

Profit after financial items less tax on profit for the year, divided by average shareholders' equity.

**Total cash flow:**

Cash flow from operating activities, investing activities and financing activities.

# Glossary

**AHTS – Anchor Handling Tug Supply vessels:**

Combination vessels operating in the offshore market, intended for use in anchor-handling, tug operations and transportation of supplies.

**Bareboat charter:**

The leasing of a vessel without a crew to a charter party for a fixed period. In principle, the charterer pays all operating costs.

**Bulk carrier:**

Vessel for the transportation of loose goods in large quantities, such as coal, ore and grain.

**Bunker:**

Name of the vessel's fuel, i.e. the oil used for powering the vessel's engines.

**Charterer:**

A cargo owner or party that charters a vessel.

**Deadweight tons (DWT):**

The total weight of cargo, bunkers and unattached equipment that a vessel can carry.

**Feeder traffic:**

Feeder services with smaller vessels to ports where reloading to larger vessels is undertaken.

**HSEQ policy:**

Health, safety, environmental and quality policy.

**ISM code (International Safety Management):**

Quality and safety regulations stipulated by IMO for international merchant shipping. Certification in accordance with the ISM Code is administered by the national maritime authority, which in Sweden is the Swedish Maritime Administration.

**ISO:**

International Standards Organization.

**Joint Venture:**

Business operations performed by two or more companies jointly, with shared risk-taking.

**LoLo vessel (Lift on Lift off):**

Vessel that is loaded/unloaded using its on-board or fixed dockside cranes.

**MRM:**

Maritime Resource Management.

**NGO:**

Non-governmental organization.

**Offshore:**

General term for industrial activities in connection with the exploitation of oil resources at sea.

**PSV:**

Platform Supply Vessel. A vessel that transports supplies to oil rigs and platforms in the North Sea.

**Rates:**

Freight or transport charges/prices.

**RoRo vessel (Roll on Roll off):**

Vessel on which cargo is driven on board via one or more ramps located on the vessel.

**SECA:**

SO<sub>x</sub> Emission Control Areas.

**Side-port vessel/side loader:**

Vessel that is loaded using trucks and/or rolling platforms through side ports, often in combination with lifts between various decks.

**Ship Management:**

All the services required to operate a vessel, including the crew.

**Spot market:**

The sector of the chartering market in which a vessel is chartered for individual voyages as opposed to long-term charters.

**Time charter (T/C):**

Leasing a vessel to a charter party for a fixed period of time. The ship-owner pays all the operating costs except bunkers and port dues.

Rederi AB Transatlantic (RABT) is a leading Swedish shipping company with its headquarters in Gothenburg, Sweden. RABT is divided into two business areas: Viking Supply Ships and TransAtlantic. Viking Supply Ships is active in offshore and icebreaking. The TransAtlantic business area is primarily active in the RoRo and Container-feeder segments. The Group has about 800 employees and generated sales of SEK 3,190 M in 2014. The company's Series B shares are listed on Nasdaq OMX Stockholm, under the Small Cap segment.

**[www.rabt.se](http://www.rabt.se)**

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Visiting address:  
Lilla Bommen 4A  
Box 11397, SE-404 28 Gothenburg,  
Sweden  
Tel: +46 31-763 23 00  
E-mail: [info@rabt.se](mailto:info@rabt.se)  
[www.rabt.se](http://www.rabt.se)

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