



Viking Supply Ships A/S Financial report for Q1 2012



VIKING SUPPLY SHIPS A/S

FINANCIAL REPORT FOR Q1 2012

VIKING SUPPLY SHIPS A/S STRATEGY

The AHTS fleet, combined with crew and ice management competence, is tailor-made to operate in harsh environments and ice conditions. There has been an increased contract activity in the ice niche, which is reflected in the two ice management contracts entered into by the vessels Brage Viking and Magne Viking for operations in Canadian waters. The company is committed to having a substantial part of the fleet on longer term contracts, and are focusing on increasing the charter contract backlog. The company's AHTS fleet operates mainly on the demanding Norwegian Continental Shelf and other environments with cold and icy conditions.

SIGNIFICANT EVENTS DURING THE 1ST QUARTER 2012

- Net freight income for Q1 2012 amounted to 158 MNOK, with an EBITDA of 10 MNOK. The Q1 EBITDA contain one-off costs in the amount of 10 MNOK.
- The Q1 results were disappointing, reflecting weather conditions and a weak spot market for the AHTS fleet.
- Viking Supply Ships took delivery of AHTS Brage Viking in January. The total cost for the vessel is approximately 64 MEUR. This delivery concludes the four vessel AHTS newbuild program and cooperation with shipyard Astilleros Zamakona S.A in Spain.
- Vidar Viking is currently mobilizing for a 2.5 year contract with SEIC in Sakhalin, with the possibility to further extension of up to one year.
- AHTS Magne Viking was fixed to Chevron Canada Ltd for an ice management assignment. The contract covers 150 days firm, plus a 30 days option with commencement in September 2012.
- AHTS Brage Viking was fixed to Husky for ice management on Grand Banks. The firm period is 30 days, plus 4x1 weekly options with commencement mid May.
- Tor Viking II was fixed to Shell US for the 2012 season. The vessel will support exploration drilling in the Chuckchi Sea and Beaufort Sea in Alaska. The vessel departed North Sea in early May and will return by the end of November. The charter period is 210 days plus a 60 days option.
- The PSV division entered into a contract with RWE DEA for the PSV "SBS Typhoon". The contract covers 3 wells firm + 3 x 1 well options. The firm period is estimated to 260 days and commenced mid-January 2012.
- Freya Viking's (previous SBS Torrent) contract with Centrica was extended for 6 months with commencement April 1. SBS Typhoon was fixed to RWE Dea for 3 wells firm, plus 3x1 wells options. Estimated firm until late September.
- The average employment rate for the PSV fleet in Q1 was 86 % and for the AHTS fleet 62 %.

OPERATIONAL HIGHLIGHTS

One-off costs were 10 MNOK in the quarter. 6.0 MNOK is related to financing and legal set-up cost in Copenhagen, Denmark and 4.0 MNOK is related to the mobilisation of two PSV vessels from India to the North Sea.

AHTS

Viking Supply Ships A/S had six AHTS vessels in the spot market during the first quarter, with a utilization of 53 %. Njord Viking is on a long-term contract through 2015 with ENI Norge, mainly operating in the Barents Sea.

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Vidar Viking has carried out icebreaking duties for the Estonian Maritime Authority. Tor Viking II and Balder Viking have in Q1 both been on stand-by for icebreaking duties for the Swedish Maritime Authority (SMA). The SMA agreement currently covers two vessels that expires March 31, 2014 and March 31, 2015, respectively. SMA holds an option to extend the contracts at market rates. Vidar Viking has entered into a long term charter with Sakhalin Energy Investment Company (SEIC) with an estimated contract value of USD 70 million, commencing May 2012.

Three out of the four AHTS newbuilds have been operating in the spot market since delivery. New vessels normally need a spot market period to adapt the vessel and the crew. The last newbuild, Brage Viking, has since delivery been operating in the North Sea spot market for Statoil, Maersk, Marathon and other oil majors. Loke Viking was contracted by Total for operations related to the Elgin gas leak.

PSV

SBS Cirrus was fixed to Premier until mid March, and has subsequently been trading in the North Sea spot market. SBS Nimbus and SBS Stratus ended their long term engagement with Transocean in India end February, returning to the North Sea Spot Market in the latter half of May. Combined with a shipyard stay to prepare for operations in the North Sea, the total offhire for these two vessels have been 63 days in Q1 and 88 days in Q2. The mobilisation cost from India, operating costs and bunker consumption, equalled 4 MNOK in Q1. We expect further one off costs in relation to this in the area of 10 MNOK to be recorded in the second quarter.

SBS Tempest was fixed to Talisman during the quarter, with a firm period through second half of June. SBS Typhoon was fixed to RWE in January, with a firm period of 3 wells. SBS Torrent is currently on a long term commitment with Centrica, with a firm period through September. The PSV fleet, that was acquired in November 2011, is currently undergoing a rebranding to Viking Supply Ships' colors and names.

FINANCING AND CAPITAL STRUCTURE

The incorporation of Viking Supply Ships A/S Copenhagen, Denmark was completed during the quarter. Viking Supply Ships now directly and through subsidiaries hold title to all offshore vessels and crew, as well as the land based organisation. In March Viking Supply Ships issued a 5 year senior unsecured bond loan in the Norwegian capital market, with maturity in March 2017, totaling 300 MNOK. The bond has a limit of 750 MNOK. The net proceeds from the bond shall be employed for investments, capital expenditures related to fleet expansion, and general corporate purposes.

The book equity of the group at 31 March was 1 820 MNOK, and the value adjusted equity ratio was 41 %

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EMPLOYMENT OVERVIEW

Viking Supply Ships ■ Firm contract ■ Option
 AHTS

| | 2012 | | | | | | | | | | | |
|---------------|---------------------------------------------------------|-----|-----|--------------------------------------------------------|---------------------------------------------------------|-----|-----|-----|--------------------------------------------------------|-----|-----|-----|
| | Jan | Feb | Mar | Apr | May | Jun | Jul | Aug | Sep | Oct | Nov | Dec |
| Tor Viking | SMA stand-by 90 days until 31.03.012 | | | Shell 210 days until 30.11.2012 + 30 days option | | | | | | | | |
| Balder Viking | SMA stand-by 90 days until 31.03.012 | | | SPOT | | | | | | | | |
| Vidar Viking | EMA 90 days until 31.03.2012 | | | SEIC 2.5 years until 31.12.2014 + 3 x 4 months options | | | | | | | | |
| Odin Viking | SPOT | | | | | | | | | | | |
| Loke Viking | SPOT | | | | | | | | | | | |
| Njord Viking | ENI Norge 4 years until 29.07.2015 + 2 x 1 year options | | | | | | | | | | | |
| Magne Viking | SPOT | | | | | | | | Chevron 1 well firm until 28.02.2013 (est150-180 days) | | | |
| Brage Viking | SPOT | | | | Husky 30days firm until 11.06.2012 + 4 x 1 week options | | | | | | | |

Viking Supply Ships ■ Firm contract ■ Option
 PSV

| | 2012 | | | | | | | | | | | |
|--------------|--------------------------------------------------------------------------------------|-----|-----|------|----------------------------------------------------------|-----|--------|-----|--------|-----|-----|-----|
| | Jan | Feb | Mar | Apr | May | Jun | Jul | Aug | Sep | Oct | Nov | Dec |
| Frigg Viking | Transocean until 25.02.2012 | | | | SPOT | | | | | | | |
| Idun Viking | Transocean until 25.02.2012 | | | | SPOT | | | | | | | |
| SBS Tempest | Talisman firm until 21.06.2012 + 2 x 6 months options | | | | | | Option | | | | | |
| Freya Viking | Centrica firm until 01.10.2012 + 1 x 6 month | | | | D/O Centrica firm until 01.10.2012 + 1 x 6 month options | | | | Option | | | |
| SBS Typhoon | RWE 3 wells firm until 31.09.2012 + 3 x 1 well options (each well estimated 90 days) | | | | | | | | Option | | | |
| SBS Cirrus | Premier Oil until 16.03.2012 | | | SPOT | | | | | | | | |

THE MARKET

The spot market in the North Sea for the supply fleet has been weak in the first quarter of 2012 compared to the previous quarter. This is due to vessels coming back from duty and joining the spot market combined with bad weather and seasonally lower drilling activity, giving a short-term oversupply in the market. However, the achieved rates in Q1 has on average been almost twice as high as the same quarter last year.

OUTLOOK

The number of AHTS' operating in the North Sea spot market has decreased since 2011, with a total of 37 vessels in the market at the end of the quarter. Combined with few newbuildings entering the market and a good global demand situation, we expect the supply side to remain stable. On the demand side, there is a significant increase in planned rig activity, which should imply strong North Sea market for AHTS' onwards.

The large orderbook for PSVs could indicate an oversupply of tonnage in the market. However, the market has so far shown an impressive capacity to absorb the new tonnage. We expect the North Sea fleet of PSVs to increase by 8 - 10% in 2012. At the same time, demand is expected to increase by 10 - 15 %. Therefore, we expect that the market will be quite tight within short.

We expect the activity in the North Sea to increase further, and combined with prospects of increased activity in cold areas, the long term outlook for our fleet is estimated to be very good.

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The Board of Directors of Viking Supply A/S, May 23 2012

Copenhagen, May 23, 2012

This financial report has not been audited.

For further information, please contact CEO Viking Supply Ships A/S, Christian W Berg, ph: +45 41 77 8380.



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PROFIT AND LOSS ACCOUNT

| (NOK '000) | Note | Q1 2012 |
|------------------------------------------------------|------|-----------------|
| Net freight income | | 157 705 |
| Other income | | - |
| Total operating income | | 157 705 |
| Operating expenses vessels | | -17 730 |
| Other operating costs | | -130 033 |
| Total operating costs | | -147 763 |
| Operating profit before depreciation (EBITDA) | | 9 942 |
| Depreciation | 2 | -54 877 |
| Write-down | | - |
| Operating profit (EBIT) | | -44 935 |
| Financial Income | | 8 978 |
| Financial costs | | -42 670 |
| Net financials | | -33 692 |
| Pre-tax profit | | -78 627 |
| Taxes | 3 | -3 651 |
| Net result | | -82 278 |

KEY FIGURES PROFIT AND LOSS

| | Note | Q1 2012 |
|---------------|------|---------|
| EBITDA margin | | 6% |
| EBIT margin | | -28% |



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BALANCE SHEET

| (NOK '000) | Note | Q1 2012 |
|-----------------------------------------------|------|------------------|
| ASSETS | | |
| Vessels | | 4 172 553 |
| Tangible fixed assets | | 4 172 553 |
| Financial fixed assets | 4 | 28 591 |
| Total fixed assets | | 4 201 144 |
| Inventories | | 19 547 |
| Accounts receivables | | 92 775 |
| Other current receivables | | 58 101 |
| Cash and cash equivalents | 4 | 359 886 |
| Total current assets | | 530 309 |
| Total assets | | 4 731 453 |
| EQUITY AND LIABILITIES | | |
| (NOK '000) | | |
| | Note | Q1 2012 |
| EQUITY AND LIABILITIES | | |
| Equity | | 1 819 800 |
| Total Equity | | 1 819 800 |
| Deferred taxes | | 28 353 |
| Non-current provisions and commitments | | 28 353 |
| Bond loan | 5 | 300 000 |
| Long-term debt to credit institutions | 5 | 1 507 215 |
| Other non-current liabilities | | 38 269 |
| Non-current liabilities | | 1 845 484 |
| Short-term debt to credit institutions | 5 | 748 863 |
| Accounts payable | | 50 715 |
| Other current liabilities | | 238 238 |
| Current liabilities | | 1 037 816 |
| Total liabilities | | 2 883 300 |
| Total Equity and liabilities | | 4 731 453 |

KEY FIGURES BALANCE SHEET

| | Note | Q1 2012 |
|-----------------------------|------|-----------|
| Return on Equity | | -5% |
| Value adjusted equity ratio | | 41% |
| Net interest bearing debt | | 2 196 192 |



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SEGMENT REPORTING

| | Q1 2012 |
|-------------------------|----------------|
| Operating income | |
| AHTS ¹⁾ | 112 671 |
| PSV | 45 034 |
| Total | 157 705 |
| EBITDA | |
| AHTS | 4 457 |
| PSV | 5 485 |
| Total | 9 942 |
| EBIT | |
| AHTS | -42 653 |
| PSV | -2 282 |
| Total | -44 935 |

1) AHTS revenues include 29 MNOK related to manning costs by VSS for external ship management assignments of the five Swedish state-owned icebreakers. VSS records the expenses related to the manning costs in its P&L statement and invoices the customer (SMA) accordingly. The TransAtlantic Groups accounting principles does not allow to offset the revenues with the corresponding cost in the P&L statement.

CASH FLOW STATEMENT

| (NOK '000) | Note | Q1 2012 |
|-----------------------------------------------------------|------|----------------|
| Cash flow from operating activity | | -21 184 |
| Cash flow from investing activity | | 4 947 |
| Cash flow from finance activity | 6 | 266 683 |
| Net changes in cash and cash equivalents | | 250 446 |
| Cash and cash equivalents at the start of the period | | 114 738 |
| Exchange gains/loss on cash and cash equivalents | | -5 298 |
| Cash and cash equivalents at the end of the period | | 359 886 |

CHANGES IN EQUITY

| (NOK '000) | Note | Q1 2012 |
|----------------------------------------|------|------------------|
| Equity at the beginning of the period | | 1 465 220 |
| Capital issue | | 480 490 |
| Comprehensive income | | -125 910 |
| Equity at the end of the period | | 1 819 800 |

1) Comprehensive income amounts to -126 MNOK with currency translation differences totalling - 44 MNOK. This is related to the USD position in SBS Marine (-15 MNOK), the SEK position in VSS Specialtonnage AB (-14 MNOK), the translation effects on intercompany positions in currencies other than NOK (-11 MNOK) and other translation effects (-4 MNOK).

NOTES TO THE CONDENSED FINANCIAL STATEMENTS
1. General and accounting principles

Viking Supply Ships A/S is a 100% owned subsidiary in The TransAtlantic Group. The Parent Company is a limited liability company registered in Sweden, with its domicile in Gothenburg, and corporate registration number 556161-0113. The postal address for the head office is Box 8809, SE-402 71 Gothenburg, Sweden and the street address is Lindholmsallén 10. The Parent Company is listed on the Small Cap list of the NASDAQ OMX Nordic Exchange in Stockholm. The recognition and measurement principles are prepared in accordance with IFRS regulations and the financial report is unaudited.

2. Depreciation

Tangible fixed assets as described below are recognized at cost or after deductions for accumulated depreciation according to plan and possible impairment. Expenses that raise the value or return of the asset through, for example, capacity enhancements or cost rationalization, 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 outlay for repairs and maintenance is classed as expenses. 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 dry-dockings. Expenses, including interest, pertaining to vessels under construction 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 residual value and useful life of assets are tested on each balance-sheet date and adjusted if necessary. The type of fixed asset with the greatest residual value comprises vessels for which the residual value comprises the estimated scrap value at the end of the vessel's useful life. Straight-line amortization according to plan is based on the following useful lives:

- Vessels 25–30 years
- Docking and major overhaul measures 2.5–5 years
- Other equipment 5–10 years

3. Taxes

The offshore parent company Viking Supply Ships A/S' operations are subject to tonnage tax in Denmark.

The tax costs in Q1 2012 relates to the acquisition of Specialtonnage AB which was taxable for 15.2 MNOK, of which 11.6 MNOK is classified as deferred taxes.

4. Cash and cash equivalent

| (NOK '000) | Note | Q1 2012 |
|------------------------------------------------------------|------|----------------|
| Restricted cash ¹⁾ | | 22 840 |
| Free cash and cash equivalents | | 359 886 |
| Total restricted and free cash and cash equivalents | | 382 726 |

1) The amount is included in the item "Financial fixed assets" in the balance-sheet.

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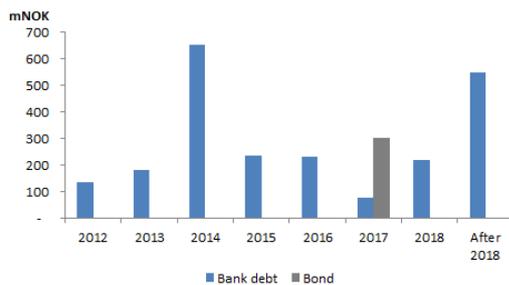
5. Interest bearing liabilities

The vessels owned by the Company are primarily financed through bank loans with pledge in the vessels. The interest-bearing debt in Viking Supply Ships A/S per Q1 2012 is MNOK 2 556.

5.1. Classification by type of debt

| (NOK '000) | Note | Q1 2012 |
|------------------------------------------------------|------|------------------|
| Bond loan | | 300 000 |
| Long-term debt to credit institutions | | 1 507 215 |
| Short-term debt to credit institutions ¹⁾ | | 748 863 |
| Current part of bond loan | | - |
| Total interest bearing liabilities | | 2 556 078 |

- 1) Due to on-going refinancing of loan facilities in the AHTS segment, 604 MNOK has been reclassified from long- to short term debt in the Balance Sheet.

5.2. Debt maturity

5.3. Debt maturity

Viking Supply Ships A/S has 11 % of its interest bearing debt exposure in USD. The remaining exposure is either NOK denominated loans or loans swapped into NOK exposure.

6. Cash flow from finance activity

Total cash flow from financing equalled MNOK 267 in the quarter with cash flow from new senior unsecured bond loan amounting to MNOK 295 and cash flow from instalments and other financing costs amounting to MNOK -28.