VIKING
SUPPLY SHIPS AB (PUBL)

ANNUAL REPORT
2015

VIKING SUPPLY SHIPS

MORE THAN A SHIPOWNER | THE COOLEST PLACE TO WORK | ALWAYS AHEAD OF COMPETITION

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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).

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

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.

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

1998–2000
B&N acquires Paltrans Shipping.

2005
B&N is renamed Rederi AB Transatlantic.

2010
Rederi AB TransAtlantic acquires the shares outstanding in the TransViking joint venture, thus making the Norwegian company, Kistefos, the new principal owner.

2011
Rederi AB Transatlantic acquires the shipping and logistics companies Österströms and SBS Marine. Operations are divided into two business areas – the offshore business in Viking Supply Ships and the shipping and logistics operations in Industrial Shipping (subsequently "TransAtlantic"). 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

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.

2015
The company name was changed from Rederi AB Transatlantic to Viking Supply Ships AB. TransAtlantic AB divested its ship management operations and container operations.

2015 IN BRIEF

THE GROUP'S NET SALES DECREASED YEAR-ON-YEAR TO MSEK 1,977 (3,190). NET RESULT AFTER TAX WAS MSEK -440 (200).

QUARTER 1

- Viking Supply Ships entered into a contract with an oil-major for the charter of Brage Viking. The contract duration was for two and a half year, with optional periods until June 2019.
- In order to remain competitive and reduce costs the management of Viking Supply Ships decided to close down the Aberdeen office with effect from July 2015. The change in the organization will reduce the overhead costs for the segment and ensure that the financial solidity of Viking Supply Ships remains strong.
- The sale of the small bulk vessel TransForte was concluded in February. The transaction brought positive cash effects of net MSEK 3 after repayment of related ship loans.

QUARTER 2

- A new contract with an oil and gas company for Vidar Viking was entered into and the vessel is firm until August 2016, with options to extend until February 2017. The contract value including options is estimated to MUSD 45.
- A renewed seven year management contract of the state-owned icebreaker fleet was entered into with the Swedish Maritime Administration.
- A subsequent dividend of SEK 0.55 per share was concluded in June according to resolutions on the Extraordinary General Meeting, totalling MSEK 98.
- The company name was changed from Rederi AB Transatlantic to Viking Supply Ships AB.
- Christian W. Berg was appointed as the Group´s CEO in April and continues as CEO of Viking Supply Ships A/S.
- Niels J. Kindberg was appointed as interim Group CFO.

QUARTER 3

- The contract for Njord Viking was extended. The vessel is now firm to 31 December 2016, with options to extend the contract with 2 x 6 months. The total value of the extended period is about MSEK 270 including optional periods.
- As a response to the continued weak market conditions, VSS A/S initiated a new Market Adaption Program (MAP), with the ambition to reduce yearly operational costs with up to MSEK 70. This came as an addition to already implemented yearly cost reductions of MSEK 45.
- Ulrik Hegelund was appointed Chief Financial Officer in Viking Supply Ships A/S as well as Viking Supply Ships AB with effect as of 1 September 2015.

QUARTER 4

- The sales of TransAtlantic Container AB and the ship management operations were concluded during December and resulted in a positive book gain of MSEK 35.
- Due to the challenging market conditions, VSS A/S has recognized an additional impairment loss during Q4 of MSEK 77 related to the PSV fleet.
- The deteriorated market conditions within the global oil and gas market have continued to negatively impact the earnings and financial position of the Group. The Group's liquidity position is strained and in the current market, the Group is unable to fulfil existing covenant undertakings in its loan agreements.
  A solution with the Group's lenders is necessary and accordingly, the Group, during Q4 2015, initiated a dialogue with its lenders, with an ambition to secure a long term stable financing solution within Q1 2016.
- In December, an early termination of the contract for the AHTS Brage Viking was received, but the vessel will remain on-hire to mid-August 2016. The termination represents a loss of income during the remaining firm period of the contract of MUSD 33 in 2016 and 2017.
- Towards the end of the quarter, Tor Viking completed its contract with Shell US. On its way back to the North Sea, the vessel transited the Northern Sea Route unassisted, which had never been performed this late in the season before.

A SHIFT TOWARDS OFFSHORE

VIKING SUPPLY SHIPS OPERATIONS ARE ORGANIZED INTO TWO INDEPENDENT SUBSIDIARIES: TRANSATLANTIC AB (FORMERLY INDUSTRIAL SHIPPING) AND VIKING SUPPLY SHIPS A/S. THESE ARE BASED ON DIFFERENT BUSINESS MODELS, OPERATE WITHIN ENTIRELY SEPARATE SHIPPING SEGMENTS, AND THEIR OPERATIONS ARE MANAGED BY SEPARATE ORGANIZATIONS.

In recent years, the Group has comprised of two business areas; Offshore and Industrial Shipping. To better reflect the changed focus and scope within the Group, Rederi AB Transatlantic was at the Annual General Meeting in 2015 renamed Viking Supply Ships AB. The Group now comprises two independent subsidiaries. During the year, the container operations and ship-management operations within TransAtlantic were sold. The risk related to industrial shipping is as a result significantly reduced.

Subsidiary
VIKING SUPPLY SHIPS

Viking Supply Ships offers offshore and icebreaking services to oil-prospecting customers in the North Sea, 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.

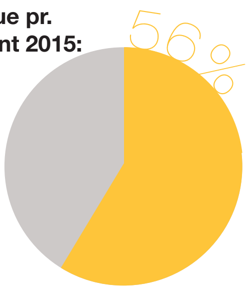
- Five offices in four countries
- 482 employees at year end, of which 51 land-based and 431 are shipboard
- 13 vessels
- Customers primarily comprise major international oil companies

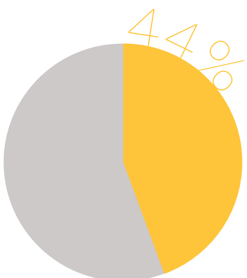
Subsidiary
TRANSATLANTIC

TransAtlantic is a focused ship owner and tonnage provider in the RoRo and Short Sea Bulk market.

- Office in Gothenburg
- 7 land based employees at year end
- 12 vessels
- Vessels primarily serving the Nordic base industry

Revenue pr. segment 2015:





VIKING SUPPLY SHIPS AB

- Leading Swedish shipping company with a long history.
- Two independent subsidiaries – TransAtlantic and Viking Supply Ships.
- At year-end, the fleet comprised 25 vessels, of which 12 were operating under TransAtlantic and 13 under Viking Supply Ships.
- The Group has 489 employees at year end, and its head office is located in Gothenburg, Sweden.
- Sales for 2015 amounted to MSEK 1,977.
- The number of shareholders at year-end was 3,451.
- 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.

COMMENTS BY THE CEO

2015 PROVED TO BE A CHALLENGING YEAR FOR THE GROUP, PRIMARILY DRIVEN BY THE DOWNTURN WITHIN THE GLOBAL OFFSHORE INDUSTRY. THE RESULT WITHIN VIKING SUPPLY SHIPS A/S WAS SIGNIFICANTLY IMPACTED BY IMPAIRMENT OF THE PSV FLEET, AS WELL AS UNREALIZED CURRENCY EFFECTS. DESPITE OPERATING IN A GENERALLY CHALLENGING MARKET, THE SEGMENT BENEFITED FROM RELATIVELY SOLID CONTRACT COVERAGE AS WE ENTERED 2015. TRANSATLANTIC AB WAS STILL EXPOSED TO WEAK MARKET CONDITIONS, BUT THROUGH THE YEAR THE EXTENSIVE RESTRUCTURING WORK SHOWED POSITIVE EFFECTS. WITH THE RECENT DIVESTMENTS WITHIN THE SUBSIDIARY, THE FINANCIAL IMPACT AND RISK RELATED TO INDUSTRIAL SHIPPING WILL BE SIGNIFICANTLY REDUCED GOING FORWARD.

VIKING SUPPLY SHIPS

The contract coverage rate for the AHTS fleet was reduced in 2015, achieving a level of 47% (52). During the year, the AHTS fleet had an average rate level of NOK 451,000 (462,200) and an average utilization rate of 70% (77). Despite being negatively impacted by the reduced activity in Russia, the contracts clearly demonstrates the position Viking Supply Ships has earned within the harsh environment offshore market. The North Sea spot market was challenging throughout the year, with a few tight periods in between. The market for the PSV fleet continued to be strained during the year, with a utilization rate of 42% (71) and an average rate of GBP 4,000 (10,300). Viking Ice Consultancy was established as of 1 January 2015, aiming to further increase the importance of the services segment within the company. The downturn within the offshore industry has reduced the amount of potential contracts, but we still consider this an important segment for the future. During 2015 a renewed seven year management contract of the state-owned icebreaker fleet was entered into with the Swedish Maritime Administration. The deteriorated market conditions within the offshore oil & gas industry has since the beginning of 2015 negatively impacted the Group's revenue and financial position. Following the cancellation of the 2015 Kara Sea drilling season late 2014, Viking Supply Ships initiated a series of mitigating measures with the aim to reduce the company's operational expenses and secure a long term stable financing platform. Although not yet completed, Management is confident that a restructuring will be completed within the second half of 2016, which will secure a long term stable financing platform for the Group.

TRANSATLANTIC

During the year, the restructuring process within TransAtlantic has given increased results. The shipping market in the operational segment has continued to be weak with a high volatility. TransAtlantic Container AB, which operates three well developed container feeder lines with focus on the Swedish and Finish base industry, has been sold to X-Press Feeders. X-Press Feeders is the largest feeder operator in the world. With their financial and commercial strength they are considered to be the natural successor to further develop the feeder product in the Northern Baltic area.

TransAtlantic Ship Management AB has been operating the TransAtlantic fleet with excellence for many years. To meet the required competitive cost level, a broader client base is needed. Therefore, the company was divested to GoTa Ship Management.

After the divestments in December 2015, TransAtlantic has become a focused ship owner and tonnage provider in the Ro Ro and Short Sea Bulk market. After these divestments, the financial impact and risk related to TransAtlantic has been significantly reduced.

THE GROUP

In April, the name of the company was changed from Rederi AB Transatlantic to Viking Supply Ships AB. A subsequent dividend of SEK 0.55 per share was concluded in June according to resolutions on the Extraordinary General Meeting, totalling MSEK 98.

OUTLOOK

Viking Supply Ships expects the overall business environment in 2016 to be challenging. At the entrance to 2016 Viking Supply Ships had a total contract coverage of 20% for the year (25%). Viking Supply Ships still sees contract opportunities within the market of harsh environment offshore, but acknowledge that the outlook for 2016 has been reduced also within this segment. The current downturn has proved to be deeper and more long-lasting than previously anticipated. Despite this, Viking Supply Ships has a positive long term outlook for the offshore industry. Due to the reduced activity seen recently, the company does however anticipate that the next couple of years will be challenging for the industry. Rig activity is expected to remain modest at least through 2016, and due to planning cycles, also 2017 seems to be weak, even if the oil market should re-balance within 2016. The deteriorated market conditions within the offshore oil & gas industry has negatively impacted Viking Supply Ships' revenue and financial position since the beginning of 2015. Following the cancellation of the 2015 Kara Sea drilling season, Viking Supply Ships initiated a series of mitigating measures with the aim to reduce the company's operational expenses and secure a long term stable financing platform. Arctic oil and gas is still important to cover the future energy demand, and efficiency gains seen across the industry will also impact projects in this region. The outlook for the industrial shipping market is still considered to be weak, but with the restructuring of TransAtlantic, the Group has significantly reduced its operational and financial risk related to this segment. Though the current market is considered to be challenging, Viking Supply Ships remain confident that the long term prospects for the core activities within the group is positive. Once a restructured balance sheet is in place, it is expected that the Group has sufficient liquidity to maintain its operations even in the event that the market remains weak through 2019.

Gothenburg, 1 June 2016.
Christian W. Berg
President and CEO

HIGH ARCTIC PRESENCE

POSITIONED FOR FUTURE GROWTH

Viking Supply Ships 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 2015, contract coverage was 47% (52) 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 the position in environments with difficult weather conditions.

A CHALLENGING MARKET ENVIRONMENT

The oversupply of oil seen in 2014 carried on into 2015, with few signs of improvement. With oil prices reaching levels below USD 37 per barrel, investment for exploration and production has as a consequence been cut back. This caused the number of active rigs to be reduced through the year, gradually deteriorating the market in which Viking Supply Ships operates.

The current price level is not considered to be sustainable in the long run, as the break-even cost for a significant amount of the current production is above the current price of oil. The demand for oil showed a positive development through 2015, with year on year growth being 1.6 million barrels per day. US shale oil has been the most important factor for the current oversupply. Despite slowing down somewhat, the production was maintained at relatively solid levels. Further, OPEC showed little interest in balancing the market, and to the contrary increased their production in an effort to increase their market share and strain more expensive producers. The current downturn has proved to be deeper and more long-lasting than previously anticipated. Despite this, Viking Supply Ships has a positive long term outlook for the offshore industry. Due to the reduced activity seen recently, Viking Supply Ships

VIKING SUPPLY SHIPS

- Head office in Copenhagen in Denmark and offices in Kristiansand in Norway, Moscow and Sakhalin in Russia and Stenungsund in Sweden.
- 482 employees, of which 431 are offshore.
- 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

does however anticipate that the next couple of years will be challenging for the industry. Rig activity is expected to remain modest at least through 2016, and due to planning cycles, also 2017 seem to be weak, even if the oil market should re-balance within 2016. Arctic oil and gas is still important to cover the future energy demand, and efficiency gains seen across the industry will also impact projects in this region.

THE POLITICAL SITUATION IN RUSSIA

The challenging situation related to sanctions in Russia was upheld through 2015. Combined with the overall challenging market conditions within the offshore industry, this resulted in a sharp reduction in the activity in the country's offshore regions compared to 2014. The remaining activity is focused on the Sakhalin region in the Far East and the producing field Prirazlomnoye in the Pechora Sea. Viking Supply Ships still considers Russia to be a significant region within the Arctic offshore industry, which is also illustrated by the fixture of Brage Viking to an oil-major for operations in the Sakhalin region early in 2015. A solution on the sanctions imposed by the EU and US would however most likely have a significant impact on the activity level in the region. The political risk in the region seems to have stabilized through 2015, but Viking Supply Ships still carefully monitors the situation in the region.

CONTRACT OPPORTUNITIES AND MARKET OUTLOOK

Viking Supply Ships expects the overall business environment in 2016 to be challenging. At the entrance to 2016 Viking Supply Ships had total contract coverage of 20% for the year (25). Activity in the North Sea has been impacted by the decrease in the oil price, resulting in reduced investments. The company expects that the rig activity in the region will be further reduced in 2016, which would require more vessels to exit the market in order to maintain the current market balance. With the recent decision to lay-up the remaining PSVs, Viking Supply Ships does not have any PSVs operational and will focus on monitoring the market for long term opportunities. Viking Supply Ships still sees contract opportunities within the market of harsh environment offshore, but acknowledge that the outlook for 2016 has been reduced also within this segment. Despite the expectations for a challenging market, Viking Supply Ships maintain a firm belief that the activity within our core market will be high in the future, with both Norway, US and Russia committing to more exploration activity in regions suitable for the purpose built fleet operated by Viking Supply Ships.

LIST OF VESSELS IN VIKING SUPPLY SHIPS AT DECEMBER 31, 2015

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	2001	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 & Russia	2012
Freyja Viking	PSV	3,662	2007	Owned – 100%	Norway	2014
Sol Viking	PSV	3,662	2006	Owned – 100%	Norway	2014
Frigg Viking	PSV	3,662	2003	Owned – 100%	Norway	2011
Idun Viking	PSV	3,662	2003	Owned – 100%	Norway	2011
Nanna Viking	PSV	3,662	2006	Owned – 100%	Norway	2011

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SAFETY AND ENVIRONMENT

Viking Supply Ships strives to achieve the best possible solutions that exceed customer expectations and provide customers with greater value. Viking Supply Ships performs its operations and services in such a way that the impact on the environment is as low as reasonably practicable and so that international and national environmental laws are adhered to. Viking Supply Ships continuously implements improvements to its vessels and operations, which reduces environmental impact each year. All employees have the responsibility of safely performing their assignments in accordance to company guidelines and highest safety and environmental standard. Continuously the company, through exercises, increases the skills and readiness for normal shipboard operations and emergency situations for every personnel based on board as well as onshore. The objective is to create a work environment without accidents, and customer relations with highest level of quality, by adhering to the following principles:

- Zero accidents, environmental or material damage
- Compliance with all applicable Health, Safety and Environmental (HSE) legislation
- Healthy working conditions
- Clear tangible targets
- Require every employee to take personal responsibility for HSE by focusing on own behaviour
- Innovation and development alongside customers
- To reduce impact on the environment through energy efficiency

Viking Supply Ships has achieved a 2015 without significant accidents by focusing on these principles. The safety work is something that Viking Supply Ships continuously improves and during 2015 the company has focused on increasing safety observations reporting, which have even further minimized number of accidents. There has also been safety coaching on-board the vessels which also has increased the safety behaviour.

Viking Supply Ships A/S is certified for the standards ISO 14001:2004, ISO 9001:2008 and OHSAS 18001:2007. This means that we have a combined certificate for environment, quality and work environment for both the vessels and the offices within the company. As the standards for environment and quality are revised late 2015, Viking Supply Ships has now started the work towards complying with the new standards which will be in force during 2018.

For several years Viking Supply Ships has been evaluating suppliers in the areas of safety and security, environment, quality and work environment. This makes suppliers more involved in the Viking Supply Ships strategy and also makes the cooperation with suppliers stronger. The company has adhered to all legislation and has no outstanding issues with authorities regarding HSE legislation.

The voyage reporting tool is fully implemented and includes several statistic possibilities within to further improve energy efficiency. This is ongoing and will be adapted to new and changing circumstances in the future.

All vessels in the Viking Supply Ships fleet are using low sulphur fuel to reduce emissions. The vessels are also a part of the Norwegian NOx-fund which is important for the reduction of NOx-emissions, when working on the Norwegian sector.

Further we refer to the Safety and Environment section of the Viking Supply Ships website. (http://www.vikingsupply.com/vision-hseq).

TransAtlantic AB 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 onboard vessels.

THE POLAR CODE

THE POLAR CODE IS A NEW MANDATORY REGULATIVE FRAMEWORK FOR VESSELS OPERATING IN ARCTIC WATERS. THE POLAR CODE ENTERS INTO FORCE ON 1 JANUARY 2017. THE POLAR CODE IS INTENDED TO COVER THE FULL RANGE OF SHIPPING-RELATED MATTERS RELEVANT TO NAVIGATION IN WATERS SURROUNDING THE TWO POLES – SHIP DESIGN, CONSTRUCTION AND EQUIPMENT, OPERATIONAL AND TRAINING CONCERNS, SEARCH AND RESCUE AND EQUALLY IMPORTANT, THE PROTECTION OF THE UNIQUE ENVIRONMENT AND ECO-SYSTEMS OF THE POLAR REGIONS.

The Polar Code and SOLAS amendments were adopted during the 94th session of IMO's Maritime Safety Committee (MSC) in November 2014. Viking Supply Ships aims to be the leading provider within harsh environment and Arctic offshore operations, thus implementing the Polar Code was considered to be of significant importance for the company. As a consequence, Viking Supply Ships initiated a project to implement the code immediately after the adoption within IMO.

During 2015, large efforts were put into the Polar Code work. Although the fleet of Viking Supply Ships is close to fulfilling most technical requirements in the code, the project was still a large undertaking for the company. The result was a Polar Water Operation Manual, which is one of the requirements to obtain a Polar Code certification. The Operation Manual is also considered to give the crew and personnel further knowledge and guidance on how to operate in the harsh Polar Regions.

Viking Supply Ships was the first company to implement the Polar Code, hence the process was new not only to the company, but also to the flag state and classification society. Thus, the work with the code was a close collaboration between Viking Supply Ships, the class (DNVGL) and the flag (DMA). The collaboration went well and Viking Supply Ships received valuable assistance from both parties during the preparation process.

Magne Viking was successfully audited 9 February 2016, where the vessel was attended by one surveyor from DNVGL and two from DMA performing the Polar Code verification audit. Following the audit, DNVGL issued the first certificate ever stating that Magne Viking and Viking Supply Ships complied with the Polar Code.

One month following the successful audit Viking Supply Ships completed the first ever Polar Code course, which was developed in close cooperation with Viking Ice Consultancy and the Linnaeus University in Kalmar. The course had attendance from DMA, SMA and Gard. The company received very positive feed-back from all attendees and has reason to believe that Viking Supply Ships proactive efforts will result in higher safety not only for our own vessel, but for the entire industry.

Naturally Viking Supply Ships is satisfied to be the first to have a Polar Code compliance certificate and to have completed the first Polar Code course within the industry. This once more underlines that Viking Supply Ships is ahead of the competitors in terms of focus on safe operations. It is Viking Supply Ships opinion that the efforts on compliance with the Polar Code will benefit all work in the arctic regions both in terms of safe operation and environmental protection.

TRANSATLANTIC A FOCUSED
SHIP OWNER AND TONNAGE PROVIDER

DURING 2015 TRANSATLANTIC'S BUSINESS MODEL CHANGED TO BECOME A PURE TONNAGE PROVIDER. THEREBY, TRANSATLANTIC CONTAINER AB AND TRANSATLANTIC SHIP MANAGEMENT WERE DIVESTED. THE SHIPPING MARKET IN THE OPERATIONAL SEGMENT HAS CONTINUED TO BE WEAK WITH A HIGH VOLATILITY.

A MORE FOCUSED TRANSATLANTIC

TransAtlantic Container AB, which operates three well developed container feeder lines with focus on the Swedish and Finish base industry, has been sold to X-Press Feeders. X-Press Feeders is the largest feeder operator in the world. With their financial and commercial strength they are considered to be the natural successor to further develop the feeder product in the Northern Baltic area.

TransAtlantic Ship Management AB has been operating the TransAtlantic fleet with excellence for many years. To meet the required competitive cost level, a broader client base is needed. Therefore, the company was divested to GoTa Ship Management.

After the divestments in December 2015, TransAtlantic has become a focused ship owner and tonnage provider in the Ro Ro and Short Sea Bulk market.

AN IMPROVING RO RO MARKET

TransAtlantic sees a future potential in the Ro Ro market. The time charter rates for Ro Ro vessels was increasing in the beginning of the year and due to the improving Ro Ro market and past performance a longer contract with a larger paper producer was secured for one of the vessels. The three other Ro Ro vessels have a time charter continuing up to 2021.

Two Ro Lo vessels with special capabilities have burdened the result in 2015. These vessels were redelivered in the beginning of 2016 to the owners, which will improve the result significantly.

BULK, A YEAR OF DRY DOCKINGS

The collaboration with the Swedish short sea bulk operator has continued to develop positively during 2015. As many as seven bulk vessels in the fleet were dry-docked for special survey renewal during the year which sets the majority of the fleet in to another five fresh years for trading.

As part of the planned restructuring 2015, the two larger vessels in the fleet TransOsprey and TransHawk were redelivered to their owners during the end of the year. Thereby, TransAtlantic has now left the handy size segment and will concentrate its business on the Short Sea Bulk segment.

LIST OF VESSELS IN TRANSATLANTIC AT DECEMBER 31, 2015

Vessels	Type	Built	Dwt	Holding	Flag
TransFighter	RoRo/Sideloader	2001	18,855	Owned – 100%	Gibraltar
TransPine	RoRo/Sideloader	2002	18,855	Bareboat charter	Sweden
TransWood	RoRo/Sideloader	2002	18,855	Bareboat charter	Sweden
TransReel	RoRo	1987	10,100	Owned – 100%	Sweden
TransCapricorn	Bulk	2000	6,663	Owned – 100%	Gibraltar
TransAndromeda	Bulk	1999	6,663	Owned – 100%	Gibraltar
TransRisoluto	Bulk	1997	4,149	Bareboat charter	Gibraltar
TransForza	Bulk	2000	4,100	Bareboat charter	Gibraltar
TransLontano	Bulk	2000	4,100	Bareboat charter	Gibraltar
TransDistinto	Bulk	2000	4,100	Bareboat charter	Gibraltar
TransSonoro	Bulk	2000	4,100	Bareboat charter	Gibraltar
TransVolante	Bulk	2000	4,100	Bareboat charter	Gibraltar

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FIVE-YEAR OVERVIEW

Please see page 72 for definitions

MSEK	The Group 2015	2014	2013	2012	2011
Consolidated revenue and earnings					
Net sales					
AHTS	951	1,255	830	746	565
PSV	30	173	189	201	55
Services	0	340	-	-	-
Ship Management	133	129	119	115	110
TransAtlantic	863	1,293	1,787	2,212	2,259
The Group's net sales	**1,977**	**3,190**	**2,925**	**3,274**	**2,989**
Result before tax					
AHTS	133	367	72	-106	-163
PSV	-457	-63	-110	-20	1
Services	-5	41	-	-	-
Ship Management	0	0	0	0	0
TransAtlantic	-68	-128	-283	-230	-304
The Group's result before tax	**-397**	**217**	**-321**	**-356**	**-466**
Tax	-43	-17	-38	-37	31
The Group's result after tax	**-440**	**200**	**-359**	**-393**	**-435**
Consolidated cash flow					
Cash flow from operating activities before changes in working capital	205	527	56	-120	-37
Changes in working capital	147	-97	6	28	151
Cash flow from investing activities	-145	-132	-4	27	-477
– of which, investments	-187	-218	-75	-360	-824
– of which, divestments	42	86	71	386	347
Cash flow from financing activities	-477	-251	-30	-115	273
Total cash flow	**-270**	**47**	**28**	**-180**	**-90**
Exchange-rate difference in cash and cash equivalents	15	22	-8	-7	1
Cash and cash equivalents at year-end	195	450	381	361	548
Overdraft facilities granted but not utilized	-	-	-	-	93
Closing unappropriated cash and cash equivalents	**195**	**450**	**381**	**361**	**641**
Consolidated balance sheet, Dec. 31					
Vessels	3,470	3,982	3,925	4,608	4,839
Financial fixed assets	182	118	141	206	188
Other fixed assets	4	5	20	84	88
Current assets excluding cash and cash equivalents	266	705	417	486	620
Cash and cash equivalents	195	450	381	361	548
Total assets	**4,117**	**5,260**	**4,884**	**5,745**	**6,283**
Shareholders' equity[1)]	1,386	2,042	1,749	2,103	2,493
Interest-bearing liabilities	2,334	2,695	2,650	2,983	2,983
Non-interest-bearing liabilities	397	523	485	659	807
Total shareholders' equity and liabilities	**4,117**	**5,260**	**4,884**	**5,745**	**6,283**

Please see page 72 for definitions

	The Group				
MSEK	*2015*	*2014*	*2013*	*2012*	*2011*
Total shareholders' equity and liabilities					
Shareholders' equity, Jan. 1	2,042	1,749	2,103	2,493	2,396
Effect of amended pension accounting policies	-	-	2	-	-
New share issue, net after transaction expenses	-	145	144	-	542
Dividend	-98	-	-	-	-
Result for the year	-440	200	-359	-393	-435
Exchange-rate differences/Other	-118	-52	-141	3	-10
Shareholders' equity, Dec. 31 [1)]	**1,386**	**2,042**	**1,749**	**2,103**	**2,493**
Data per share (SEK)					
EBITDA	1.5	4.2	2.4	1.1	1.0
Earnings before interest expenses (EBIT)	-1.2	2.9	-1.7	-1.3	-5.2
Result before tax	-2.2	1.3	-2.8	-3.2	-7.0
Result after tax	-2.5	1.2	-3.2	-3.5	-6.6
Cash flow from operating activities	2.0	2.6	0.6	-1.1	1.7
Total cash flow	-1.5	0.3	0.3	-1.6	-1.4
Shareholders' equity, Dec. 31	7.8	11.5	11.8	19.0	22.5
P/E ratio	n.a	3,7	n.a	n.a	n.a
Dividend paid per share	0.55	-	-	-	-
Number of shares, Dec. 31 (000)	177,444	177,444	147,870	110,903	110,903
Average number of shares (000)	177,444	164,804	112,726	110,903	66,246
Key data					
Earnings before capital expenses (EBITDA), MSEK	268	695	270	120	67
Earnings before interest expenses (EBIT), MSEK	-206	484	-194	-143	-348
Shareholders' equity, MSEK	1,386	2,042	1,749	2,103	2,493
Capital employed, MSEK	3,720	4,737	4,744	5,086	5,476
Net indebtedness, Dec. 31, MSEK	2,140	2,245	2,268	2,623	2,407
Operating cash flow, MSEK	77	412	144	-94	-51
Total cash flow, MSEK	-270	47	28	-180	-90
Return on shareholders' equity, %	-25.7	10.5	-18.6	-17.1	-17.8
Return on capital employed, %	-4.9	10.6	-4.1	-2.7	-6.9
Equity/assets ratio, %	34	39	36	37	40
Debt/equity ratio, Dec. 31, %	154	110	130	125	98
Profit margin, %	-20	7	-11	-11	-16
Interest-coverage ratio, multiple	2.2	4.7	1.6	0.6	0.5
Number of employees, year-end	489	796	866	787	833

1) There are no warrants or other equity instruments in Viking Supply Ships AB.

REPORT CORPORATE GOVERNANCE AT VIKING SUPPLY SHIPS AB

CORPORATE GOVERNANCE

VIKING SUPPLY SHIPS AB IS A SWEDISH PUBLIC LIMITED COMPANY LISTED ON NASDAQ OMX STOCKHOLM, UNDER THE SMALL CAP SEGMENT. VIKING SUPPLY SHIPS AB 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, 2015.

This Corporate Governance Report has been prepared in accordance with the provisions in the Swedish Corporate Governance Code (the "Code") and Chapter 6, § 6–9 of the Swedish Annual Accounts Act and Chapter 9, § 31 of the Swedish Companies Act, and pertains to the 2015 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, § 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. Viking Supply Ships AB's Articles of Association and other additional information on corporate governance at Viking Supply Ships AB are available at www.vikingsupply.com. The company's governance, management and control are based on external laws and regulations, as well as internal regulations, policies and instructions. Viking Supply Ships AB 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, Viking Supply Ships AB 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 Viking Supply Ships AB 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. Viking Supply Ships AB'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 stipulates that the Chairman of the Board may not be the Chairman of the Nomination Committee. The Chairman of the Nomination Committee of Viking Supply Ships AB is Christen Sveaas, who is also Chairman of the Board.

CORPORATE GOVERNANCE STRUCTURE AT VIKING SUPPLY SHIPS AB

SHAREHOLDERS

Viking Supply Ships AB'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 31 December, 2015 was 3,451 (3,501). Both types of shares entitle right to dividend. For further information on the share and shareholders, see pages 68 - 70.

GENERAL MEETING OF SHAREHOLDERS

Viking Supply Ships AB'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 which 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 9 April, 2015 in Gothenburg. The meeting was attended by 33 shareholders, representing 87% 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:

- No decision regarding dividend was made
- The company name was changed from Rederi AB Transatlantic to Viking Supply Ships AB.
- The fees for the Board of Directors will total SEK 1,100,000, distributed among Board members elected by the meeting, including the Chairman
- Guidelines governing remuneration of senior executives
- Procedures for the appointment and work of the Nomination Committee

At the AGM, Christen Sveaas, Folke Patriksson, Håkan Larsson and Magnus Sonnorp were re-elected, and Bengt A. Rem was elected as a new Board member to replace Tom Ruud, 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 30 September, 2015. At the AGM in April 2015, 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 2016 AGM. The composition of the Nomination Committee was announced on Viking Supply Ships' website and through a press release published on 6 October 2015. The Nomination Committee comprises Christen Sveaas, Chairman of the Board (representing Kistefos AS/Viking Invest AS), Bengt A. Rem representing Kistefos AS/Viking Invest AS, Lena Patriksson Keller representing Enneff Rederi AB/Enneff Fastigheter AB, as well as Anders Bladh representing Ribbskottet AB. Notably, Ribbskottet AB is

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	7/9	No
Folke Patriksson, Deputy Chairman	1972	9/9	No
Tom Ruud	2011	2/9	No
Bengt A. Rem	2015	7/9	No
Magnus Sonnorp	2010	9/9	Yes
Håkan Larsson	1993	8/9	Yes
Christer Lindgren, Employee representative	2010	5/9	Yes

not the third largest shareholder, but certain shareholders have abstained from their right to appoint a member to the Nomination Committee. The members of the Nomination Committee represent approximately 80% of the voting rights (at 31 December 2015) 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 represents the company's largest shareholder, Viking Invest AS. The Chairman of the Board has also been appointed the Chairman of the Nomination Committee. This has been deemed to be appropriate. The Code stipulates that if more than one boardmember is represented in the Nomination Committee, only one of these can be dependent to the major shareholders in the company. Bengt A. Rem, who represents the largest shareholder in the Board of Directors, is also part of the Nomination Committee. Basis the above considerations on ownership structure, 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, were announced in conjunction with the Notice convening the AGM and are presented jointly with a report on the Nomination Committee's work at the 2016 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 9 April, 2015, Christen Sveaas, Folke Patriksson, Bengt A. Rem, 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 remained 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.

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 Viking Supply Ships AB. 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 Viking Supply Ships AB 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 dialogue 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 Viking Supply Ships AB, with 70.4% of the share capital and 63.3% of the voting rights at 31 December, 2015. In addition to his Chairmanship of Viking Supply Ships AB, Christen Sveaas is the Chairman of the Board of Kistefos Holding AS and a number of other companies.

PRESIDENT

The President (and CEO), Christian W. Berg, succeeded Tom Ruud as President and CEO of Viking Supply Ships AB on 10 April 2015. 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. The CEO directs the work of the Group management and reaches decisions in consultation with the other members of management. For more information, see Note 7.

GROUP MANAGEMENT

The CEO has appointed a Group Management team that had four members during 2015. In addition to CEO, Christian W. Berg the Group Management team included Ulrik Hegelund as CFO, Tord Ytterdahl as CEO for Viking Supply Ships A/S and Magnus Lander as CEO for TransAtlantic AB. The Group Management is responsible for planning, controlling and following up daily operations. The Group Management held regular meetings to monitor the business operations, follow-up on financial development and other operational, development and strategy issues. The 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 the Group Management are defined in the policies, job descriptions and attestation instructions. For more detailed information about the CEO and the Group Management, see page 21.

AUDITORS

The auditors are elected by the AGM and at the Meeting in April 2015, the auditing firm of Ernst & Young AB was elected for a period in office until the 2016 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.

GUIDELINES GOVERNING REMUNERATION OF SENIOR EXECUTIVES

The 2015 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.

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 Viking Supply Ships AB and is prepared in accordance with the Swedish Corporate Governance Code. The Board of Directors of Viking Supply Ships AB has overall responsibility for the internal control pertaining to the financial reporting. Good

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internal control is based on efficient Board work. The Board's formal work plan and instructions for the CEO 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. The 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

Viking Supply Ships AB'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 page 25, 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

Viking Supply Ships AB'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. Viking Supply Ships AB's shareholders and other stakeholders can monitor the company's operations and its development on the website (www.vikingsupply.com), 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 which 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 the Group management are described in more detail in Note 7.

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.

BOARD SIGNATURES
Gothenburg, 1 June, 2016

CHRISTEN SVEAAS Chairman	**FOLKE PATRIKSSON** Deputy Chairman	**BENGT A. REM** Board member
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 Viking Supply Ships AB (publ), corporate registration number 556161-0113 The Board of Directors is responsible for the Corporate Governance Report for the year 2015 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, 1 June, 2016

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 300,000/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 in 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 2,214,558 Series B shares through companies.

Board fee: SEK 200,000/year.

3. BENGT A. REM

Born 1961 in Lørenskog, Norway. Board member since 2015.
Prior to joining Kistefos as deputy CEO in 2015, Bengt A. Rem was CEO in Arctic Partners. His previous experience includes Executive Vice President & CFO as well as other leading positions in the industrial investment company Aker ASA, Head of the Department Responsible for Financial Instruments on the Oslo Stock Exchange and state authorized accountant in Arthur Andersen & Co.

Mr. Rem holds a Master of Science in Business Administration and Finance from the Norwegian Business School (BI) and is a state authorized public accountant from the Norwegian School of Economics and Business Administration (NHH).

Shareholding: -

Board fee: SEK 200,000/year

4. HÅKAN LARSSON

Born 1947 in Gothenburg, Sweden. Boardmember since 1993.
Håkan Larsson was the CEO of Rederi AB, Transatlantic from 2003 to 2007 and was previously 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.

Mr. 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 Planglasteknik Stockholm AB. Mr. Sonnorp is a Board member of Brunkeberg Systems AB, Linver AB, Sulgrave Rd AB and Secure Glass Holding AB and he was previously Chairman of the Board of ClearSense AB, EDSA Holdings and AB Skruvat Reservdelar. 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. Boardmember since 2001. Employee representative.
Christer Lindgren is a chef and sailor. Board member of SEKO seafarers.

Shareholding: -

Board fee: -

MANAGEMENT

1. CHRISTIAN W. BERG
Chief Executive Officer
Born 1968, Stavanger, Norway. Employed since 2011.
Education: Maritime law studies at Vestfold University College in Horten, Norway and at Befalskolen for Marinen in Horten, Norway. Holds a MBA in Shipping and Logistics from Copenhagen Business School.
Shareholding: -

2. ULRIK HEGELUND
Chief Financial Officer
Born 1969 in Herning, Denmark. Employed since 2012.
Education: Master Degree in Accounting and Controlling from Århus International School of Business.
Shareholding: -

3. TORD YTTERDAHL
CEO Viking Supply Ships A/S
Born 1970, Lillesand, Norway. Employed since 2005.
Education: Bachelor Degree in Economics from BI Oslo and MBA in Shipping and Logistics from Copenhagen Business School.
Shareholding: -

4. MAGNUS LANDER
Managing Director TransAtlantic AB
Born 1977, Skaftö, Sweden. Employed since 2015.
Education: Master Mariner from University of Kalmar.
Shareholding: -

AUDITORS

STAFFAN LANDÉN
Authorized Public Accountant, Ernst & Young AB. Born in 1963, Auditor of Viking Supply Ships AB 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, Capio AB and Vattenfall AB. Staffan Landén is also a stock-exchange auditor for Nasdaq Stockholm.

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BOARD OF DIRECTORS' REPORT 2015

VIKING SUPPLY SHIPS AB (PUBL) – CORPORATE REGISTRATION NUMBER 556161-0113

VIKING SUPPLY SHIPS POSTED A SIGNIFICANT REDUCTION IN THE COMPANY'S EARNINGS, PRIMARILY DRIVEN BY IMPAIRMENT OF THE PSV FLEET AND REDUCED REVENUE FROM THE SERVICES SEGMENT AS A RESULT OF REDUCED ACTIVITY IN RUSSIA. DURING THE YEAR, RESTRUCTURING EFFORTS WITHIN TRANSATLANTIC AB PROCEEDED WITH THE DIVESTMENT OF TRANSATLANTIC CONTAINER AB AND TRANSATLANTIC SHIP MANAGEMENT. AS A RESULT, BOTH RISK AND IMPACT FROM THE INDUSTRIAL SHIPPING PART OF THE COMPANY WILL BE SIGNIFICANTLY REDUCED GOING INTO 2016.

SALES, EARNINGS AND BUSINESS DEVELOPMENT

The Group's net sales for 2015 totaled MSEK 1,977 (3,190). The profit before tax amounted to MSEK -397 (217) and the profit for the year was MSEK -440 (200). The result was negatively impacted by the impairment of the PSV fleet, as well as un-realized currency effects.

VIKING SUPPLY SHIPS A/S

The business area encompasses arctic offshore operations, the spot market for offshore in the North Sea and the global offshore 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 MSEK 1,114 (1,897) and the profit before tax was MSEK -329 (345).

AHTS

During the year, the AHTS vessels had an average rate level of NOK 451,000 (462,200) and an average utilization rate of 70% (77), representing a reduction in both the rate and utilization rate when compared with 2014. As announced earlier, Viking Supply Ships, as an indirect consequence of sanctions against Russia, received premature cancellation of the vessels Loke Viking, Brage Viking, Magne Viking and Balder Viking for the 2015 drilling season and options for 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. In light of this and with the industry downturn in mind, the fixture rate and utilization obtained for 2015 remained at solid levels. Tor Viking completed its 11 month charter with an oil major in May 2015 and commenced another seasonal contract with Shell US in direct continuation. This contract was firm for 2015, with optional periods in 2016 and 2017. Shell US announced in the third quarter that they will not continue their operations in Alaska in the foreseeable future, and as a result, the optional periods will not be declared. A new contract with an oil and gas company for Vidar Viking was entered into in the second quarter and the vessel is firm until August 2016, with options to extend until February 2017. In the third quarter the contract for Njord Viking was extended. The vessel is now firm to 31 December 2016, with options to extend the contract with 2 x 6 months. In December, an early termination of the contract for Brage Viking was received, but the vessel will remain on-hire to mid-August 2016. Odin Viking was laid up during the fourth quarter due to the weak spot market in the North Sea.

PSV

During the year, the PSV segment had an average rate level of GBP 4,000 (10,300) and an average utilization rate of 42% (71) when excluding vessels in lay-up. Both rates and utilization significantly decreased during 2015. Three vessels were laid-up in the latter part of September, with two vessels operating in the North Sea spot market throughout the year. Due to the challenging market conditions, Viking Supply Ships has recognized impairment losses during the year of MSEK 77 related to the PSV fleet.

Services and Ship Management

A decision was made to establish the service segment as a separate legal entity within Viking Supply Ships, effective January 2015. The company name is Viking Ice Consultancy and it is based in Kristiansand, Norway. Throughout 2015 Viking Ice Consultancy has worked to obtain new contracts after the cancellation of the Kara Sea services contract in late 2014. Further, Viking Ice Consultancy has assisted Viking Supply Ships in the work with the adoption to the Polar Code and Polar Code Course. The Ship Management segment operated according to plan. A renewed seven year management contract of the state-owned icebreaker fleet was entered into with the Swedish Maritime Administration.

TRANSATLANTIC AB

TransAtlantic has completed major changes in its operations through the divestment of the Container- and ship management operations. These transactions were carried out in late 2015, and was a continuation of the restructuring driven by profitability and risk reduction. After divestments, the focus within TransAtlantic is ship holding within the RoRo and Short Sea Bulk segments. The number of vessels has been reduced in 2015 by the sale of TransForte and TransBrilliante, and the redelivery of the chartered vessels TransHawk and TransOsprey to their owners. The operations have been conducted from the office in Gothenburg and the number of employees at year-end amounted to seven onshore employees, which is a reduction of 40 full-time positions since last year. The CEO Helene Mellquist was at 31 December 2015 replaced by Magnus Lander.

Net sales for the year amounted to MSEK 863 (1,292) and profit before tax was MSEK -68 (-49). The result includes non-recurring items in the form of capital gains on business disposals of MSEK 35, impairment losses on asset values of MSEK 15 and other items of MSEK -8. Unrealized currency rate effects negatively affected profit by MSEK 8. The operational results have been negative during the year, primarily impacted of the ongoing restructuring of the RoRo segment where full effect is expected early in 2016.

Container Feeder

During the year the operations were conducted in the three lines TransFeeder North, TransFeeder South and TransBothnia Container Line. The Line routes and vessel capacity was during the year adjusted to current market conditions. The sale, which was completed in December, included the three lines, the forwarding operations and a total of 15 employees.

Ship Management

The operations in the subsidiary Transatlantic Ship Management was sold in November where 16 onshore and 230 offshore employees was transferred to the new owner.

Shipholding

At year-end the fleet comprised of twelve vessels including four wholly owned and eight bareboat chartered. Two bareboat chartered RoRo vessels will be returned to their owner at the beginning of January 2016, which will result in significant improvements of profitability. At the end of the year the freight contract for TransFighter expired, which means that the vessel currently is open in the market. The remaining vessels within TransAtlantic are on term charter contracts.

INVESTMENTS AND DIVESTMENTS

Gross investments during the year amounted to MSEK 187 (419) mainly related to dockings and the increase in financial assets related to cash which has been deposited as additional security for ship loans. The sale of the small bulk vessel TransForte was concluded in February 2015. The transaction resulted in a positive cash effect of net MSEK 3 after repayment of the related ship loans.

CASH FLOW AND FINANCIAL POSITION

The Group's opening cash balance was MSEK 450 (381). Cash flow from operating activities amounted to MSEK 352 (430). The cash flow from financing operations was negative MSEK 477 (-251) and includes amortization of vessel loans of MSEK 380 and dividends paid of MSEK 98. Total cash flow during the year amounted to negative MSEK 270 (47). The Group's cash and cash equivalents totaled MSEK 195 (450) at year-end. At the end of the year, the Group's total assets amounted to MSEK 4,117 (5,260) and shareholders' equity to MSEK 1,386 (2,042), corresponding to SEK 7.8/share (11.5). At year-end, the equity/assets ratio was 33.7% (38.8) and the debt/equity ratio was 154.4% (109.9).

PARENT COMPANY

The activity in the parent company mainly consists of the shareholdings in Viking Supply Ships A/S and TransAtlantic AB, as well as limited Group wide administration. The parent company´s loss before tax for the year was MSEK 290 (-114). Loss for the year totaled MSEK 330 (-114). Impairment losses on shares in subsidiaries was MSEK 436, group contribution paid was MSEK 128, anticipated dividends and dividends received from subsidiaries was MSEK 285 and impairment of tax assets was MSEK 40 (see section Corporate tax). The parent company's shareholders' equity amounted to MSEK 1,990 (2,417) and total assets at year-end amounted to MSEK 2,337 (2,723). The equity/assets ratio was 85,2% (88,8) on the balance-sheet date. At the end of the period, cash and cash equivalents totaled MSEK 34 (97).

SIGNIFICANT EVENTS AFTER THE END OF THE YEAR

The deteriorated market conditions within the offshore oil & gas industry has since the beginning of 2015 negatively impacted the Group's revenue and financial position. Following the cancellation of the 2015 Kara Sea drilling season late 2014, the Group initiated a series of mitigating measures, including cost saving measures of MSEK 45. As the downturn through 2015 proved to be longer lasting than assumed, the Group in the fourth quarter of 2015 initiated a Market Adaption Program, with the ambition to reduce the operational costs with MSEK 70. In total, the Group has identified and implemented cost reducing measures of more than MSEK 150.

In the fourth quarter of 2015 it became evident that the Group did not have sufficient liquidity to service its debt obligations as they fall due going forward including the requirements to deposit requested cash or additional security as required under contract coverage- and loan-to-value clauses during Q1 2016. On this basis, the Group initiated a dialogue with its lenders, with the ambition of securing a long term, stable financing platform for the Group. In May 2016, the Group agreed the main principles for a restructuring agreement with the bank lenders. Execution of a final agreement in the form of a term sheet (the "Agreement") is pending certain conditions precedent, including that an amended agreement is negotiated and agreed with the bondholders in the senior unsecured bond in Viking Supply Ships A/S and that terms for the bareboat charter of Odin Viking are re-negotiated and amended. Among other things these conditions have not yet been resolved and, accordingly, the Agreement has not yet been signed and deemed effective. The Agreement is further subject to an equity issue at an agreed level in Viking Supply Ships AB and a subsequent equity injection by the parent company into

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Viking Supply Ships A/S, where the majority shareholder Kistefos AS has already informed Viking Supply Ships and the lenders that it will and has the ability to guarantee its 70% pro-rata share of the required equity issue in Viking Supply Ships AB. The debt restructuring is aimed at improving the Group's balance sheet and significantly reduce the amount needed for debt service until 1 January 2020. Although not yet completed and therefore significant uncertainty exists at this point in time, Management is confident that the conditions precedent can and will be met and accordingly an Agreement entered into, since this will serve the economic interests of the stakeholders with which negotiations are still ongoing. It is Management's assessment that the restructuring will be finally completed during second half of 2016. Once a completed restructuring is in place, the Group expects to have sufficient liquidity to maintain its operations even in the event that the market remains weak through 2019. Viking Supply Ships has been in a continuing standstill position with its lenders since February 2016, under which Viking Supply Ships has only serviced its interest commitments. Until the restructuring is executed, Viking Supply Ships is unable to service its debt obligations as they fall due, and therefore is dependent on maintaining this level of debt service.

The Group's financial forecasts are based on certain assumptions, including those related to contract backlog, fixture rates and utilization going forward. The Group is dependent upon securing sufficient contract backlog in the coming years.

After the end of the year, Magne Viking was certified according to the IMO Polar Code. The vessel, which is the first vessel globally to comply with the code, was approved by DNV GL.

Due to family reasons, Christian W. Berg will take temporary leave from the position as CEO of Viking Supply Ships A/S. Mr. Berg will remain CEO of the parent company Viking Supply Ships AB, but to reduce his workload, Mr. Tord Ytterdahl will temporarily take over the responsibilities as CEO of Viking Supply Ships A/S. The Chief Commercial Officer has resigned from his position. The CEO of Viking Supply Ships A/S will be responsible for Viking Supply Ships A/S' commercial activities going forward.

The subsidiary Viking Supply Ships A/S has from 1 January 2016 changed its functional currency from NOK to USD. Having considered the aggregate effect of all relevant factors, the management has concluded that the functional currency of the company is USD. The evaluation included all factors of the primary economic environment in which the company operates including vessel values, financing, income and expenses, and the change in functional currency reflects the accumulation over time of changes in those factors.

As previously communicated, at the expiration and redelivery of two bareboat vessels in TransAtlantic there is a residual value guarantee commitment for the Group in favor of the financing bank. The commitment amounts to a total of MSEK 63. The bank has now agreed that the payment is postponed to no later than in Q3 2016.

As previously communicated, in a loan agreement within TransAtlantic there is a loan-to-value clause that the bank has invoked and requested an instalment of MSEK 47. The bank has now agreed to give TransAtlantic time to pursue opportunities to free up liquidity to reduce the loan.

Due to a continued weak PSV market, the PSV vessels Sol Viking and Freyja Viking was laid up in March. The decision will reduce the company's operational costs going forward and will give a positive impact on the results from second quarter 2016.

The market for PSV vessels has continued to deteriorate after the end of the reporting period. As a consequence, the valuation of the PSV fleet based on broker estimates has been further reduced in 2016. The estimates do however diverge significantly. Basis this, the company will not make further impairments in relation to the annual report, but the Group will continue to monitor the market closely going forward and if necessary make further impairments of the PSV fleet's carrying amount.
As part of the restructuring process in the Group, the majority shareholder, Kistefos AS, has entered into agreements with some of the Group's financing counterparts. As a consequence, the Group has entered into agreements on market terms with Kistefos AS. The compensation in these agreements has been agreed to an annualized fee of 12% covering the associated risk and exposure.

TransAtlantic has sold to sell the two small bulk vessels TransAndromeda and TransCapricorn. The transaction, which was concluded in May 2016, brought a positive cash effect of MSEK 24, but a negative result of 7 MSEK.

ENVIRONMENTAL AND SUSTAINABILITY RELATED MATTERS

Viking Supply Ships strives to achieve the best possible solutions that exceed customer expectations and provide customers with greater value. Viking Supply Ships performs its operations and services in such a way that the impact on the environment is as low as reasonably practicable and so that international and national environmental laws are adhered to. Viking Supply Ships continuously implements improvements to its vessels and operations, which reduces environmental impact each year. All employees have the responsibility of safely performing their assignments in accordance to company guidelines and highest safety and environmental standard. Continuously the company, through exercises, increases the skills and readiness for normal shipboard operations and emergency situations for every personnel based on board as well as onshore.

Viking Supply Ships has achieved a 2015 without significant accidents by focusing on these principles. The safety work is something that Viking Supply Ships continuously improves and during 2015 the company has focused on increasing safety observations reporting, which have even further minimized number of accidents. There has also been safety coaching on-board the vessels which also has increased the safety behavior.

Viking Supply Ships A/S is certified for the standards

ISO 14001:2004, ISO 9001:2008 and OHSAS 18001:2007. This means that the company has a combined certificate for environment, quality and work environment for both the vessels and the offices within the company. As the standards for environment and quality are revised late 2015, Viking Supply Ships has now started the work towards complying with the new standards which will be in force during 2018.

For several years Viking Supply Ships has been evaluating suppliers in the areas of safety and security, environment, quality and work environment. This makes suppliers more involved in the Viking Supply Ships strategy and also makes the cooperation with suppliers stronger. The company has adhered to all legislation and has no outstanding issues with authorities regarding HSE legislation.

The voyage reporting tool is fully implemented and includes several statistic possibilities within to further improve energy efficiency. This is ongoing and will be adapted to new and changing circumstances in the future. All vessels in the Viking Supply Ships fleet are using low sulphur fuel to reduce emissions. The vessels are also a part of the Norwegian NOx-fund which is important for the reduction of NOx-emissions, when working on the Norwegian sector.

TransAtlantic AB 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.

RISKS AND UNCERTAINTIES

The Group 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 macro-economic 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 subsidiary TransAtlantic operates in a market with negative growth and depressed profit margins. The market for Viking Supply Ships 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. In May 2016, Viking Supply Ships agreed the main principles for a restructuring agreement with the bank lenders. Execution of a final agreement in the form of a term sheet (the "Agreement") is pending certain conditions precedent, including that an amended agreement is negotiated and agreed with the bondholders in the senior unsecured bond in Viking Supply Ships A/S and that terms for the bareboat charter of Odin Viking are re-negotiated and amended. Among other things these conditions have not yet been resolved and, accordingly, the Agreement has not yet been signed and deemed effective.

CORPORATE TAX

The general scenario for the Group is that its payable tax is highly limited. 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 MSEK 0 (40) at 31 December 2015. The total recognized deferred tax liability for foreign operations was MSEK 3 (16).

NUMBER OF EMPLOYEES

The average number of employees in the Group amounted to 740 (796) during the year. Further information is found in Note 7.

OUTLOOK

The current downturn has proved to be deeper and more long-lasting than previously anticipated. Despite this, Viking Supply Ships has a positive long term outlook for the offshore industry. Due to the reduced activity seen recently, Viking Supply Ships does however anticipate that the next couple of years will be challenging for the industry. Rig activity is expected to remain modest at least through 2016, and due to planning cycles, also 2017 seem to be weak, even if the oil market should re-balance within 2016. Viking Ice Consultancy is continuously working to secure new contracts, but it should be expected that the reduced activity within the global offshore industry will reduce the number of available contracts. 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, but current operations are not impacted by sanctions. With a large influx of large, modern vessels, the market conditions for medium sized PSVs have been negatively impacted. As a result, Viking Supply Ships during 2015 decided to lay-up three out of its five PSVs. Despite the increasing number of vessels being laid up in the North Sea region, the market did not show any signs of improvement during 2015. Consequently, early in 2016, Viking Supply Ships decided to also lay up the two remaining PSVs. The company will continue to monitor the market for long term contract opportunities for the vessels. Arctic oil and gas is still important to cover the future energy demand, and efficiency gains seen across the industry will also impact projects in this region. The restructuring process in TransAtlantic has significantly reduced the financial impact and risk related to the industrial shipping activities in the group. This process will continue into 2016.

DESCRIPTION IN SPECIFIC SECTIONS

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

- The share and ownership structure, see pages 69-70.
- Corporate governance with a description of the

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Board and management work, including the guidelines for the remuneration of senior executives, see pages 14-18.

PROPOSED DISTRIBUTION OF PROFITS

The following funds in the parent company are available to the Annual General Meeting:

TSEK	
Share premiumreserve	617,359
Retained earnings	1,279,346
Loss for the year	–329,757
Total	**1,566,948**

The Board of Directors proposes that no dividend is to be issued for the fiscal year 2015.

TSEK	
To be carried forward	1,566,948
Total	**1,566,948**

ANNUAL GENERAL MEETING

Viking Supply Ships AB´s Annual General Meeting will be held on Thursday 30 June, 2016 at 13:30 p.m. at Mannheimer Swartling's premises at Östra Hamngatan 16 in Gothenburg, Sweden. The official notification will be published on the company's website and in Post- and Inrikes Tidningar no later than four (4) weeks prior to the AGM. Further information can be found on the company's website, www.vikingsupply.com.

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

TSEK	Note 1, 3, 33	Group 2015	 2014	Parent Company 2015	 2014
Net sales	2, 3, 4	1,976,877	3,189,866	343,782	324,576
Other operating revenue	5	41,534	828	721	33
Direct voyage cost		-399,965	-651,443	-	-1,852
Personnel costs	7	-669,268	-743,474	-1,543	-65,991
Other external operating costs	4, 8	-679,488	-1,094,232	-342,381	-259,300
Other operating costs	6	-3,051	-2,606	-	-1,702
Other net profit/loss	9	1,443	-3,997	-	-
Depreciation and impairment of property, plant and equipment and intangible assets	10	-474,148	-194,998	-	-272
Profit from shares in associated companies	11	346	-16,414	-	-
Operating profit/loss		**-205,720**	**483,530**	**579**	**-4,508**
Profit/loss from shares in Group companies	12	1,254	-2,722	-279,256	-105,791
Financial income	13	6,181	3,371	2,498	3,991
Financial expenses	14	-199,184	-267,182	-13,578	-7,763
Profit/loss before tax		**-397,469**	**216,997**	**-289,757**	**-114,071**
Income tax	15	-42,340	-17,491	-40,000	-
Profit / loss for the year		**-439,809**	**199,506**	**-329,757**	**-114,071**
Attributable to:					
Parent Company's shareholders		-439,809	199,818	-329,757	-114,071
Non-controlling interests		-	-312	-	-
		-439,809	**199,506**	**-329,757**	**-114,071**
Earnings per share attributable to Parent Company's shareholders, per share, SEK (before and after dilution)	16	-2.48	1.21	-	-

STATEMENT OF COMPREHENSIVE INCOME

TSEK	Group 2015	 2014	Parent Company 2015	 2014
Profit/loss for the year	-439,809	199,506	-329,757	-114,071
Other comprehensive income, net after tax:				
Items that will not be reclassified to profit or loss				
Remeasurements of post employment benefit obligations	1,496	-1,502	510	-1,407
Items that may be subsequently reclassified to profit or loss				
Change in hedging reserve	-	-527	-	-
Change in translation reserve	-119,932	-44,427	-	-
Other comprehensive income, net after tax	**-118,436**	**-46,456**	**510**	**-1,407**
Comprehensive income for the year	**-558,245**	**153,050**	**-329,247**	**-115,478**
Attributable to:				
Parent Company's shareholders	-558,245	158,378	-	-
Non-controlling interests	-	-5,328	-	-
	-558,245	**153,050**	**-329,247**	**-115,478**

BALANCE SHEET

Balance sheet at December 31

TSEK	Note	Group 2015	Group 2014	Parent Company 2015	Parent Company 2014
Assets	**1**				
Fixed assets					
Vessels	10	3,470,268	3,982,072	-	-
Buildings and land	10	-	-	-	-
Equipment	10	2,108	5,073	-	-
Construction in progress and advance payments on property, plant and equipment	10	-	-	-	-
Goodwill	10	-	-	-	-
Brands	10	1,203	7,015	-	-
Other intangible fixed assets	10	-	-	-	-
Participations in Group companies	17	-	-	2,118,000	2,553,803
Participations in associated companies	17	17,684	19,154	-	-
Deferred tax assets	15	-	40,000	-	40,000
Long-term receivables from companies		-	-	57,263	-
Other long-term receivables	18, 25	164,745	59,256	17,317	17,878
Total fixed assets		**3,656,008**	**4,112,570**	**2,192,580**	**2,611,681**
Current assets					
Inventories	19	26,454	37,195	-	-
Accounts receivable	20	107,037	364,501	6,924	5,351
Receivables from Group companies		-	-	101,619	7,042
Other receivables		63,403	59,179	1,025	1,222
Prepaid expenses and accrued income	21	38,519	81,644	431	174
Short-term investments	32	30,558	44,925	-	-
Cash and cash equivalents	22	194,560	449,733	33,959	97,212
Total other current assets		**460,531**	**1,037,177**	**143,958**	**111,001**
Assets held for sale	34	-	109,883	-	-
Total current assets		**460,531**	**1,147,060**	**143,958**	**111,001**
Total assets		**4,116,539**	**5,259,630**	**2,336,538**	**2,722,682**

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TSEK	Note	Group 2015	Group 2014	Parent Company 2015	Parent Company 2014
Shareholders' equity and liabilities					
Shareholders' equity and reserves attributable to the Parent Company's shareholders	**23, 24**				
Share capital		177,444	177,444	177,444	177,444
Other contributions from shareholders		784,485	784,485	617,359	617,359
Reserves		-220,516	-100,584	245,782	245,782
Retained earnings		644,577	1,180,562	1,279,346	1,490,579
Loss for the year		-	-	-329,757	-114,071
Total shareholders' equity and reserves attributable to the Parent Company's shareholders		**1,385,990**	**2,041,907**	**1,990,174**	**2,417,093**
Non-controlling interests		-	-	-	-
Total shareholders' equity		**1,385,990**	**2,041,907**	**1,990,174**	**2,417,093**
Provisions					
Pension provisions	25	-	-	6,608	7,513
Total provisions		**-**	**-**	**6,608**	**7,513**
Long-term liabilities	**26**				
Vessel loans		777,466	2,032,443	-	-
Other liabilities to credit institutions		189,112	204,832	-	-
Liabilities to Group companies		-	-	145,171	202,310
Pension commitments	25	1,879	3,837	-	-
Deferred tax liabilities	15	3,006	-	-	-
Derivative instruments	32	17,928	24,397	-	-
Other liabilities		18,150	96,013	17,317	17,878
Total long-term liabilities		**1,007,541**	**2,361,522**	**162,488**	**220,188**
Current liabilities	**26**				
Vessel loans		1,348,986	289,614	-	-
Accounts payable		55,868	205,377	3,868	2,759
Current tax liability		-	15,971	-	-
Liabilities to Group companies		-	-	128,908	37,576
Other liabilities		169,296	29,635	13,321	11,215
Accrued expenses and deferred income	27	148,858	174,247	31,171	26,338
Total other current liabilities		**1,723,008**	**714,844**	**177,268**	**77,888**
Liabilities attributable to assets held for sale	34	-	141,357	-	-
Total current liabilities		**1,723,008**	**856,201**	**177,268**	**77,888**
Total shareholders' equity and liabilities		**4,116,539**	**5,259,630**	**2,336,538**	**2,722,682**
Pledged assets	28			24,931	28,818
Contingent liabilities	29			228,564	252,988

SHAREHOLDERS' EQUITY

	Attributable to the Parent Company's shareholders						
			Reserves				
Consolidated changes in shareholders' equity TSEK	*Share capital*	*Other contributions from shareholders*	*Translation reserve*	*Hedging reserve*	*Retained earnings*	*Non-controlling interests*	*Total shareholders' equity*
Opening shareholders' equity, January 1, 2014	**147,870**	**666,189**	**-56,157**	**527**	**985,455**	**5,328**	**1,749,212**
Profit/loss for the year	-	-	-	-	199,818	-312	199,506
Remeasurements of post employment benefit obligations; see also Note 25.	-	-	-	-	-1,502	-	-1,502
Exchangerate 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
Total comprehensive income	**-**	**-**	**-44,427**	**-527**	**198,316**	**-5,328**	**148,034**
New share issue, see also Note 23.	29,574	118,296	-	-	-3,209 [1)]		144,661
Total transactions with company's owners	**29,574**	**118,296**	**-**	**-**	**-3,209**	**-**	**144,661**
Closing shareholders' equity, Dec. 31, 2014	**177,444**	**784,485**	**-100,584**	**-**	**1,180,562**	**-**	**2,041,907**
Opening shareholders' equity, January 1, 2015	**177,444**	**784,485**	**-100,584**	**-**	**1,180,562**	**-**	**2,041,907**
Profit/loss for the year	-	-	-	-	-439,809	-	-439,809
Remeasurements of post employment benefit obligations, see also Note 25.	-	-	-	-	1,496	-	1,496
Exchange-rate difference on translation of foreign operations	-	-	-119,932	-	-	-	-119,932
Total comprehensive income	**-**	**-**	**-119,932**	**-**	**-438,313**	**-**	**-558,245**
Dividend, see also Note 24.	-	-	-	-	-97,594	-	-97,594
New share issue, see also Note 23.	-	-	-	-	-78 [1)]	-	-78
Total transactions with company's owners	**-**	**-**	**-**	**-**	**-97,672**	**-**	**-97,672**
Closing shareholders' equity, Dec. 31, 2015	**177,444**	**784,485**	**-220,516**	**-**	**644,577**	**-**	**1,385,990**

1) Transaction expenses in connection with the new share issue 2014.

Parent Company's changes in shareholders' equity TSEK	*Restricted reserves* Share capital	Statutory reserve	*Unrestricted reserves* Other contributions from shareholders [1]	Retained earnings	Total shareholders' equity
Shareholders' equity, Jan. 1, 2014	**147,870**	**245,782**	**499,063**	**1,495,195**	**2,387,910**
Loss for the year	-	-	-	-114,071	-114,071
Remeasurements of post employment benefit obligations; see also Note 25.	-	-	-	-1,407	-1,407
Total comprehensive income	**-**	**-**	**-**	**-115,478**	**-115,478**
New share issue, see also Note 23.	29,574	-	118,296	-3,209 [2]	144,661
Total transactions with company's owners	**29,574**	**-**	**118,296**	**-3,209**	**144,661**
shareholders' equity, Dec. 31, 2014	**177,444**	**245,782**	**617,359**	**1,376,508**	**2,417,093**
shareholders' equity, Jan. 1, 2015	**177,444**	**245,782**	**617,359**	**1,376,508**	**2,417,093**
Loss for the year	-	-	-	-329,757	-329,757
Remeasurements of post employment benefit obligations, see also Note 25.	-	-	-	510	510
Total comprehensive income	**-**	**-**	**-**	**-329,247**	**-329,247**
Dividend, see also Note 24.	-	-	-	-97,594	-97,594
New share issue, see also Note 23.	-	-	-	-78 [2]	-78
Total transactions with company's owners	**-**	**-**	**-**	**-97,672**	**-97,672**
Closing shareholders' equity, Dec. 31, 2015	**177,444**	**245,782**	**617,359**	**949,589**	**1,990,174**

1) Pertains to share premium reserve.
2) Transaction costs in connection with the new share issue 2014.

CASH-FLOW STATEMENT

TSEK	Note	Group 2015	Group 2014	Parent Company 2015	Parent Company 2014
Cash flow from operating activities					
Profit/Loss before tax		-397,469	216,997	-289,757	-114,071
Adjustments for non-cash items					
– Depreciation and impairment	10	474,148	194,998	-	272
– Capital gain/loss		-133	-115	-	-
– Results from participations in Group companies not affecting cash flow		-	19,136	379,028	106,279
– Interest and exchange-rate differences not affecting cash flow [1]		89,121	123,712	9,851	4,546
– Other [2]		37,556	-26,733	323	-
Income tax paid		1,516	-650	-	-
Cash flow from operating activities before changes in working capital		**204,739**	**527,345**	**99,445**	**-2,974**
Changes in working capital					
Changes in inventories		9,926	8,551	-	5,985
Changes in accounts receivable and other current operating receivables		272,937	-261,914	523	38,955
Changes in accounts payable and other current operating liabilities		-135,283	156,462	5,096	-62,359
Cash flow from operating activities		**352,319**	**430,444**	**105,064**	**-20,393**
Investing activities					
Acquisition of associated companies		-	-35,427	-	-
Investment in subsidiaries		-	-	-	-200,121
Sale of subsidiaries		-827	5,904	-	129
Acquisition of vessels		-78,784	-135,283	-	-
Sales of vessels		40,771	23,531	-	-
Acquisitions of other property, plant and equipment		-1,120	-485	-	-
Divestment of other property, plant and equipment		-	2,943	-	-
Acquisition of long-term receivables [4]		-107,006	-47,061	-	-
Divestment of long-term receivables		1,822	53,748	-	2,149
Cash flow from investing activities		**-145,144**	**-132,130**	**-**	**-197,843**
Financing operations					
Changes in loans from Group companies		-	-	-70,723	66,250
Loans raised		-	1,643,392	-	-
Amortization of loans		-380,008	-2,039,624	-	-
New share issue less issue expenses		-	144,661	-	144,661
Dividends		-97 594		-97,594	-
Cash flow from financing activities		**-477,602**	**-251,571**	**-168,317**	**210,911**
Change in cash and cash equivalents		**-270,427**	**46,743**	**-63,253**	**-7,325**
Cash and cash equivalents at the beginning of the year		449,733	381,479	97,212	104,537
Exchange-rate difference in cash and cash equivalents		15,254	21,511	-	-
Cash and cash equivalents at the end of the year		**194,560**	**449,733**	**33,959**	**97,212**
1) Interest received amounts to		*3,486*	*3,371*	*-*	*997*
Interest paid amounts to		*-105,769*	*-143,470*	*-65*	*-223*
Total		*-102,283*	*-140, 099*	*-65*	*774*

2) The amount stated for the Group includes TSEK 18,836 (-27,500) for changes in provisions.
3) Pertains to the new share issue in the subsidiary, TransAtlantic AB.
4) Includes liquid funds deposited as additional security for loans of TSEK 104,469. These liquid funds is included in the balance sheet item Other long-term receivables, see also Note 18, Other long-term receivables.

NOTES

Note

Note	
1	Accounting and measurement policies, significant assessments and financial risk management
2	Distribution of net sales
3	Segment reporting
4	Purchases and sales among Group companies
5	Other operating income
6	Other operating costs
7	Average number of employees, salaries, other remuneration and social security costs, etc.
8	Audit assignments
9	Other net profit/loss
10	Property, plant and equipment and intangible fixed assets
11	Profit from shares in associated companies
12	Profit/loss from shares in Group companies
13	Financial income
14	Financial expenses
15	Taxes
16	Earnings per share
17	Participations in Group companies, associated companies
18	Other long-term receivables
19	Inventories
20	Accounts receivable
21	Prepaid expenses and accrued income
22	Cash-flow statement
23	Share capital
24	Dividend per share
25	Pension provisions
26	Liabilities
27	Accrued expenses and deferred income
28	Pledged assets
29	Contingent liabilities
30	Commitments
31	Related-party transactions
32	Financial risk management and derivative instruments
33	Events after the closing date
34	Assets held for sale

NOTE 1

ACCOUNTING AND MEASUREMENT POLICIES, SIGNIFICANT ASSESSMENTS AND FINANCIAL RISK MANAGEMENT

GENERAL INFORMATION

The Viking Supply Ships AB Group core business is within Offshore and Offshore/Icebreaking. 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 1 June, 2016.

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. This annual report, including the consolidated financial statements, has been prepared with the assumption of going concern. The most significant estimates and assumptions including the assumption of going concern are referred to at the end of this note.

CORRECTION OF CATEGORIZATION AND CLASSIFICATION OF FINANCIAL ASSETS

In this annual report, the Group's holdings of debt certificates are changed from "Financial assets available for sale" to "Short-term investments". The item remains classified at fair value through the income statement (under the category "Held for trading"). In connection with this the item has been moved from fixed assets to current assets. Please see note 32 for further information.

NEW AND AMENDED STANDARDS APPLIED BY THE GROUP

New standards that came into effect in 2015

No new standards or amendments to standards have been added that have necessitated changes in the accounting principles or disclosures.

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

From 2016 and beyond both new standards as well as amendments and annual improvements of a number of standards will come into force, subject to EU endorsement. These have not been applied in preparation of this financial report. New standards are IFRS 15 Revenue from Contracts with Customer, IFRS 9 Financial Instruments and IFRS 16 Leases.

IFRS 15 Revenue from Contracts with Customers.

IFRS 15 Revenue from Contracts with Customers. IFRS 15 replaces all previously issued standards and interpretations which manages revenue with a comprehensive model for revenue recognition. The standard is based on the principle that revenue should be recognized when a promised good or service has been transferred to the customer, that is, when the customer received the control over this. This may occur over time or at a time. The standard enters force on January 1, 2018. The standard has not yet been adopted by the EU. In the coming years an investigation will be initiated to investigate how IFRS 15 affects the financial statements of the Group.

Note 1 continued

IFRS 9 Financial Instruments
IFRS 9 Financial Instruments addresses classification, measurement and recognition of financial liabilities and assets and replaces IAS 39 Financial Instruments: Recognition and measurement. As with IAS 39, financial assets are classified in different categories, some of which are measured at amortized cost and others at fair value. IFRS 9 introduce new categories other than those contained in IAS 39. IFRS 9 is also introducing a new model for the impairment of financial assets. The purpose of the new model include that credit losses should be recognized earlier than under IAS 39. IFRS 9 is for financial liabilities substantially consistent with IAS 39. IFRS 9 will enter into force on 1 January 2018. The EU has not yet approved the standard. There is no decision on when the standard will be applied by the Group. In the coming years an investigation will be initiated to investigate how IFRS 9 affects the financial statements of the Group.

IFRS 16 Leases
IFRS Leases replaces IAS 17 and IFRIC 4 Determining whether an Arrangement contains a Lease and related rules. The new standard requires that the lessee shall submit all contracts that meet the definition of the standard of a leasing contract, except contracts for a maximum of 12 months and the contracts of individual low value as assets and liabilities in the balance sheet, and depreciations and interest expenses in the income statements. Agreements which today represent operating leases would be capitalized in the balance sheet. IFRS 16 replaces IAS 17 from 1 January 2019. So far there is no information about when the EU will approve a standard, and thereby no decision of when the standard will be applied by the Group. Any evaluation of the impact of the standard has not yet begun.

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. 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. Identifiable assets and liabilities acquired are measured at their fair values at the acquisition date. 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 re-measured 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 re-measured 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.

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.

ASSOCIATED COMPANIES
Associated companies are companies in which the Group have 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 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". If the holding interest in an associated company is reduced, but significant influence is retained, only a proportional share of the amounts previously recognized in other comprehensive income will be reclassified to the income statement, where relevant.

TRANSLATION OF FOREIGN CURRENCIES
All transactions are measured and recognized in the functional currency. 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. If exchange rates fluctuate significantly, the use of the average rate for a period is inappropriate. Significant items which occur in a period when exchange rates fluctuate significantly will be translated to the exchange rate at the transaction date. In the case of divestment or

Note 1 continued

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. Invoiced operating expenses that are invoiced to the customer are recognized as net amounts in profit or loss. Costs for personnel employed in the Group, including crews of external vessels, are recognized in gross amounts if they are related to external vessel. 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.

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 five segments, AHTS, PSV, Services, Ship Management and TransAtlantic. 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 residual value, the estimated amount that the company would currently obtain from disposal or scrapping of the asset less the estimated costs of the disposal or scrapping of the asset were already of the age and the condition expected at the end of its useful life, and useful lives are reviewed every balance sheet date, and adjusted if appropriate. The assets that has the greatest residual value are ships, where the residual value comprises the estimated scrap value at the end of its 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

Intangible assets considered to have the capacity to provide a financial return for an indeterminable period are not to be amortized. Instead, it shall annually, or, where there are indications that the asset has changed, be determined the recoverable amount of the asset, and whenever there are indicators of a decline in value of the intangible asset write-down should take place. The Group has goodwill and brands as intangible assets with indeterminable useful life. For impairment testing, goodwill is distributed among cash-generating units, which are the traffic areas within the segments. The trademark pertains to TransAtlantic.

IMPAIRMENT LOSSES

Assets with an indeterminate 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: Financial assets measured at fair value through profit or loss (FVTPL) for the period, or Loans, accounts receivable and cash holdings. The classification is determined by the purpose of the investment at the acquisition date.

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 assets are either categorized under (1) financial instruments traded on an active market or (2) classification 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 a near 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

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.

MEASUREMENT OF FAIR VALUE

The fair values of financial instruments traded on active markets are based on listed market prices and belongs to measurement level 1 according to IFRS 13. 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 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 was used as fair value of accounts receivable and accounts payable.

LOAN RECEIVABLES, ACCOUNTS RECEIVABLES AND CASH HOLDINGS

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 receivables and accounts receivable comprise accounts receivable, other receivables. Cash holdings comprise cash and cash equivalents and short-term investments falling due within three months. Blocked cash holdings is recognized among Other long-term receivables.

AVAILABLE-FOR-SALE FINANCIAL ASSETS

Salable financial assets are classified under this category.

OTHER FINANCIAL LIABILITIES

Borrowing and other financial liabilities are initially recognized at fair value, net after transaction expenses and subsequently at amortized cost.

LEASING AGREEMENTS

The Group acts as both a lessor and a lessee and has entered into both financial and operational leasing agreements. The Group is currently not financial lessor. 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

Note 1 continued

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. 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.

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.

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.

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 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 category.

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. 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.

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, see Note 32.

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 shipping markets are international.
The Group endeavors to maintain close contact with its customers and signs long-term 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 MSEK 2,334 (2,695) less cash and cash equivalents of MSEK 195 (less: 450), whereby net debt amounted to MSEK 2,140 (2,245). Shareholders' equity amounted to MSEK 1,386 (2,042). The debt/equity ratio was 154% (110%).

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, see 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

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, see
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 an impact on earnings. Cargo contracts often include clauses that imply that the customer carries the risk of price changes. Please also see 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 re-measured 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 value changes are to be recognized directly in profit or loss among the financial items.

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:

- Assumption of going concern

- The useful life of property, plant and equipment and their residual value.
- Valuation and impairment testing of the vessel fleet, please see note 10, Property, plant and equipment and intangible assets.
- Income taxes in cases where the Group conducts operations in different countries with different tax systems (such as tonnage taxation), please see Note 15, Taxes.

Liquidity and going concern
The consolidated financial statements for the financial year 2015 have been prepared using the going concern assumption. The deteriorated market conditions, including downward pressure on rates and utilization, decreasing vessel values and contract backlog, have negatively impacted the liquidity, earnings and financial position of Viking Supply Ships. The Group's liquidity position was strained and Viking Supply Ships did not have sufficient liquidity to service its debt obligations as they fell due going forward, including the requirements to deposit requested cash or additional security as required under contract coverage- and loan-to-value clauses during Q1 2016. As a consequence, Viking Supply Ships in Q4 2015 initiated a dialogue with its lenders to secure a long-term stable financing solution within the end of Q1 2016. Viking Supply Ships has during the majority of first half 2016 been in an ongoing dialogue with its lenders and has during most of the year since February 2016 been in a standstill position, during which Viking Supply Ships has not paid instalments to its lenders.

In May 2016, Viking Supply Ships agreed the main principles for a restructuring agreement with the bank lenders. Execution of a final agreement in the form of a term sheet (the "Agreement") is pending certain conditions precedent, including that an amended agreement is negotiated and agreed with the bondholders in the senior unsecured bond in Viking Supply Ships A/S and that terms for the bareboat charter of Odin Viking are re-negotiated and amended. Among other things these conditions have not yet been resolved and, accordingly, the Agreement has not yet been signed and deemed effective. The Agreement is further subject to an equity issue at an agreed level in Viking Supply Ships AB and a subsequent equity injection by the parent company into Viking Supply Ships A/S, where the majority shareholder Kistefos AS has already informed Viking Supply Ships and the lenders that it will and has the ability to guarantee its 70% pro-rata share of the required equity issue in Viking Supply Ships AB. The debt restructuring is aimed at improving the Group's balance sheet and significantly reduce the amount needed for debt service until 1 January 2020. Although not yet completed and therefore significant uncertainty exists at this point in time, Management is confident that the conditions precedent can and will be met and accordingly an Agreement entered into, since this will serve the economic interests of the stakeholders with which negotiations are still ongoing. It is Management's assessment that the restructuring will be finally completed during second half of 2016. Viking Supply Ships has been in a continuing standstill position with its lenders since February 2016, under which Viking Supply Ships has only serviced its interest commitments. Until the restructuring is executed, Viking Supply Ships is unable to service its debt obligations as they fall due, and therefore is dependent on maintaining this level of debt service.

Nordic Trustee, as representative of the bondholders, has been involved in discussions with the company, and on a bondholders' meeting held 8 April 2016, 85% of the bondholders present at the meeting supported the then effective standstill agreement. On this basis, Management expects that the Group will be able to reach an acceptable agreement with the bondholders.

Based on the ongoing dialogue with the owner of Odin Viking, Management understands that the owner is interested in supporting the restructuring of Viking Supply Ships and on this basis Management expects that the Group will be able to reach an acceptable agreement with the owner of Odin Viking.

The primary uncertainties and risks in relation to these considerations include a continued weakening of the market conditions. The Group's financial forecasts are based on certain assumptions, including those related to contract backlog, fixture rates and utilization going forward. The Group is dependent upon securing sufficient contract backlog in coming years. Once a completed restructuring is in place, the Group expects to have sufficient liquidity to maintain its operations even in the event that the market remains weak through 2019.

Based on the above and a continued belief in securing contracts within the core market segment, Management has concluded that the Group will be able to continue as going concern at least until 31 December 2016. This conclusion is based on Management's assessment that the conditions for completing the debt restructuring will be fulfilled, the outlook for 2016 and the uncertainties and risks described above. Accordingly, Management has considered it appropriate to base the consolidated financial statements for the twelve months period ending 31 December 2015 on the going concern assumption.

The useful life of property, plant and equipment
Useful life and residual value are assessed in connection with annual impairment testing.

Valuation and impairment testing of the vessel fleet
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 TransAtlantic 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, are calculated at a present value using a discounting factor.

Other significant estimates and assessments
The recognition of the by Transatlantic in 2015 divested operations, TransAtlantic Container AB and Transatlantic Ship Management has been tested in accordance with IFRS 5, which according to the company´s assessment not have qualified to disclosure as discontinued operations.

NOTE 2

DISTRIBUTION OF NET SALES

	Group		Parent Company	
TSEK	*2015*	*2014*	*2015*	*2014*
Freight revenues	480,586	888,000	-	1,256
Time charter revenues	1,327,359	1,794,386	199,461	187,662
Expenses recharged to external customers	133,287	464,589	-	-
Expenses recharged to internal customers	-	-	122,369	130,884
Other	35,645	42,891	21,952	4,774
Total	**1,976,877**	**3,189,866**	**343,782**	**324,576**

NOTE 3

SEGMENT REPORTING

The number of segments have from this report been increased from two to five segments, where the previous segment Viking Supply Ships has been divided into four segments, AHTS, PSV, Services and Ship Management. Comparative figures for previous year have been restated in accordance with these segments. The largest segment comprises ice-classified and icebreaking Anchor Handling Tug Supply (AHTS) vessels, which are used for icebreaking and for assignments within the offshore industry repositioning of rigs and anchors for these. The other vessel related segment, Platform Supply Vessels (PSVs), mainly transports supplies to rigs for customers in the offshore industry. In addition, Viking Supply Ships comprises a ship management and a services segment. The ship management segment mainly delivers ship management for the Swedish Maritime Administration's five icebreakers. The services segment offers consultancy services for ice management and logistics support in the Arctic region.

TransAtlantic is a focused ship owner and tonnage provider in the RoRo and Short Sea Bulk markets, mainly to the base industry in the Northern Europe.

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

	AHTS		PSV		Services		Ship Management		TransAtlantic		Total	
Group	*2015*	*2014*	*2015*	*2014*	*2015*	*2014*	*2015*	*2014*	*2015*	*2014*	*2015*	*2014*
Sales	950,561	1,254,769	29 622	173,324	-	339,660	133,377	129,312	863,317	1,292,801	1,976,877	3,189,866
Internal sales	-546,270	-509,392	-136 988	-170,890	-4,241	-304,128	-133,377	-129,312	-887,919	-1,381,202	-1,708,795	-2,494,924
EBITDA	**404,291**	**745,377**	**-107 366**	**2,434**	**-4,241**	**35,532**	**-**	**-**	**-24,602**	**-88,401**	**268,082**	**694,942**
Depreciation/ impairment	-132,191	-136,727	-312 374	-44,501	-	-	-	-	-29,583	-13,770	-474,148	-194,998
Profit share in associated companies	-	-	-	-	-	-	-	-	346	-16,414	346	-16,414
Operating profit/loss	**272,100**	**608,650**	**-419 740**	**-42,067**	**-4,241**	**35,532**	**-**	**-**	**-53,839**	**-118,585**	**-205,720**	**483,530**
Financial income	5,854	2,997	168	34	-	-	-	-	1,413	340	7,435	3,371
Financial expenses	-145,540	-244,405	-37 614	-20,856	-723	5,229	-	-	-15,307	-9,872	-199,184	-269,904
Profit/loss before tax [1)]	**132,414**	**367,242**	**-457 186**	**-62,889**	**-4,964**	**40,761**	**-**	**-**	**-67,733**	**-128,117**	**-397,469**	**216,997**
Income tax	-2,340	-6,452	-	-	-	-10,240	-	-	-40,000	-799	-42,340	-17,491
Profit/loss for the year	**130,074**	**360,790**	**-457 186**	**-62,889**	**-4,964**	**30,521**	**-**	**-**	**-107,733**	**-128,916**	**-439,809**	**199,506**
Assets	3,112,325	3,751,304	725 006	998,063	-	-	-	-	261,524	491,109	4,098,855	5,240,476
Share of equity in associated companies	-	-	-	-	-	-	-	-	17,684	19,154	17,684	19,154
Total assets	**3,112,325**	**3,751,304**	**725 006**	**998,063**	**-**	**-**	**-**	**-**	**279,208**	**510,263**	**4,116,539**	**5,259,630**
Liabilities	2,019,154	2,282,227	458 173	504,968	-	-	-	-	253,222	430,528	2,730,549	3,217,723
Total liabilities	**2,019,154**	**2,282,227**	**458 173**	**504,968**	**-**	**-**	**-**	**-**	**253,222**	**430,528**	**2,730,549**	**3,217,723**
Gross investments[2)]	166,756	88,960	15 011	285,895	-	-	-	-	5,160	43,753	186,927	418,608

1) The result within the Viking Supply Ships segments was negatively impacted by impairment losses of the PSV fleet by MSEK 262 and unrealized currency losses by MSEK 73. The result within TransAtlantic has been negative during the year, mainly due to the ongoing restructuring within the RoRo business, where full effect is expected in the beginning of 2016. One off items such as capital capital gain from sale of business operations of MSEK 35, impairment of assets of negative MSEK 15, onrealized currency losses by negative MSEK 8 and other one offs of negative MSEK 8, has affected the result within TransAtlantic. The preceding years result before tax was impacted by restructuring items that primarily comprised

provisions of MSEK 53 for the discontinuation of the TransPal Line (TPL) and its associated terminal operations, MSEK 31 in provisions for loss contracts and other items, as well as adjustments of vessel values with an overall net gain of MSEK 5. All of the restructuring costs pertained to operations within the TransAtlantic business area.
2) Gross investments during the year amounted to MSEK 187 (419) mainly related to dockings and the increase in financial assets related to cash which has been deposited as additional security for ship loans. The sale of the small bulk vessel TransForte was concluded in February 2015. The transaction resulted in a positive cash effect of net MSEK 3 after repayment of the related ship loans. The gross investments in the preceding 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 Viking Supply Ships bonds) of MSEK 47, and an investment of approximately MSEK 37 related to the long-term bareboat charter of seven small bulk carriers in the TransAtlantic business area that was renegotiated in Q3 2014.

SALES BY GEOGRAPHIC AREA:

	Group	
Net sales TSEK	*2015*	*2014*
Sweden	590,827	917,535
Nordic countries	349,987	400,012
Rest of Europe	247,708	731,893
Russia	511,739	999,420
North America	252,930	132,303
Rest of the world	23,686	8,703
Total	**1,976,877**	**3,189,866**

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 TSEK 127,784 (125,864). The Parent Company's other external operating costs include purchases from other Group companies of TSEK 200,122 (120,657).

NOTE 5

OTHER OPERATING INCOME

	Group		*Parent Company*	
TSEK	*2015*	*2014*	*2015*	*2014*
Capital gain	37,425	-	-	-
Exchange-rate differences	-	-	714	-
Other	4,109	828	7	33
Total	**41,534**	**828**	**721**	**33**

NOTE 6

OTHER OPERATING COSTS

	Group		*Parent Company*	
TSEK	*2015*	*2014*	*2015*	*2014*
Exchange-rate differences	-3,051	-2,445	-	-1,699
Capital losses	-	-161	-	-3
Total	**-3,051**	**-2,606**	**-**	**-1,702**

NOTE 7

AVERAGE NUMBER OF EMPLOYEES, SALARIES, OTHER REMUNERATION AND SOCIAL

SECURITY COSTS, ETC.

Average number of employees	2015 No. of employees	2015 Of whom, women, %	2014 No. of employees	2014 Of whom, women, %
Parent Company				
Sweden				
– land based	-	-	25	44 %
– shipboard	-	-	54	2 %
Total, Parent Company	**-**	**-**	**79**	**15 %**
Subsidiaries				
Sweden				
– land based	40	43 %	30	43 %
– shipboard	336	8 %	279	7 %
Denmark				
– land based	29	41 %	28	43 %
– shipboard	151	7 %	172	8 %
UK				
– land based	3	33 %	22	27 %
Finland				
– land based	2	0 %	3	33 %
Russia				
– land based	12	58 %	10	40 %
– shipboard	53	0 %	36	0 %
Poland				
– land based	-	- %	3	0 %
Estonia				
– land based	5	20 %	7	14 %
Netherlands				
– land based	-	- %	2	0 %
Norway				
– land based	5	0 %	5	0 %
– shipboard	103	1 %	119	2 %
Canada				
– land based	1	0 %	1	0 %
Total in subsidiaries	**740**	**10 %**	**717**	**10 %**
Group total	**740**	**10 %**	**796**	**10 %**

SALARIES, OTHER REMUNERATION AND SOCIAL-SECURITY COSTS

TSEK	2015 Salaries and remuneration	2015 Social-security costs (of which, pension costs)	2014 Salaries and remuneration	2014 Social-security costs (of which, pension costs)
Parent Company	**1,267**	**446**	**47,433**	**23,990**
		(79)		(6,958)
Subsidiaries in Sweden	208,893	75,333	186,760	99,696
		(36,576)		(20,560)
Foreign subsidiaries	301,212	37,757	339,749	10,934
		(27,362)		(6,509)
Group total	**511,372**	**113,536**	**573,942**	**134,620**
		(64,017)		**(34,027)**

SALARIES AND OTHER REMUNERATION BY COUNTRY

	2015	2014

FY 2015

TSEK	Board and President [1]	Other employees	Board and President	Other employees
Parent Company				
Sweden	1,267	-	2,225	45,208
Total, Parent Company	**1,267**	**-**	**2,225**	**45,208**
Subsidiaries in Sweden	-	208,893	-	186,760
Subsidiaries outside Sweden				
Norway	-	78,851	-	44,675
Netherlands	-	-	-	1,301
Belgium	-	187	-	-
Denmark	3,154	151,239	-	182,457
UK	-	35,309	-	83,096
Finland	-	1,853	-	4,321
Estoina	-	1,198	-	1,255
Poland	-	-	-	622
Russia	-	27,506	-	20,700
Canada	-	1,915	-	1,322
Total, foreign subsidiaries	**3,154**	**298,058**	**-**	**339,749**
Group total	**4,421**	**506,951**	**2,225**	**571,717**

1) The amount for the Parent Company includes consulting fees to the President totaling TSEK 267 (1,425).

The Parent Company received a government shipping subsidy of TSEK 0 (14,470) and the total shipping subsidy received by the Group amounted to TSEK 61,030 (66,120). 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	Board fee	
TSEK	*2015*	*2014*
Christen Sveaas, Chairman	267	200
Folke Patriksson, Deputy Chairman	200	200
Håkan Larsson	200	200
Magnus Sonnorp	200	200
Bengt A. Rem [1]	133	-
Tom Ruud [1]	-	-
Christer Lindgren, employee representative	-	-
Total	**1,000**	**800**

1) Tom Ruud resigned from the Board in April 2015 and was succeeded Bengt A. Rem.

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 TSEK 6,869 at December 31, 2015, pension insurance plans have been signed with a market value of TSEK 6,634 as at December 31, 2015. During 2015, 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

TSEK	Salary		Variable remuneration		Other benefits		Pension premium		Consulting fees		Total	
	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014
VD Tom Ruud [1)]	-	-	-	-	-	-	-	-	267	1,425	267	1,425
VD Christian W. Berg [1)]	2,451	-	703	-	301	-	370	-	-	-	3,825	-
Other senior executives, four individuals [1)]	7,106	11,925	2,292	2,293	391	304	1,549	1,780	-	-	11,338	16,302
Total	**9,557**	**11,925**	**2,995**	**2,293**	**692**	**304**	**1,919**	**1,780**	**267**	**1,425**	**15,430**	**17,727**

1) Tom Ruud resigned as CEO on April 9, 2015 and was succeeded by Christian W. Berg. Remuneration to Tom Ruud was paid for time spent, in accordance with a consultancy agreement signed with Kistefos AS. Christian W. Berg is employed by Viking Supply Ships A/S, Denmark.

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, correspond to market levels. In 2015, 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:

TSEK	Group		Parent Company	
	2015	2014	2015	2014
Fees pertaining to audit assignments				
- EY	2,532	2,029	676	959
Fees pertaining to auditing operations in addition to the audit assignment				
- EY	290	953	7	192
Fees pertaining to tax advice				
- EY	28	151	13	151
- PwC	1,131	85	-	68
Other services				
- EY	1,026	36	120	19
- PwC	-	241	-	-
- Other audit companies	-	107	-	-
Totalt	**5,007**	**3,602**	**816**	**1,389**

NOTE 9
OTHER NET PROFIT/LOSS

TSEK	Group		Parent Company	
	2015	2014	2015	2014
– Fair value gains/losses	1,443	-3,997	-	-
Total	**1,443**	**-3,997**	**-**	**-**

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

NOTE 10

FY 2015

PROPERTY, PLANT AND EQUIPMENT AND INTANGIBLE FIXED ASSETS

Vessels, TSEK [1]	Group 2015	Group 2014	Parent Company 2015	Parent Company 2014
Cost				
Cost, Jan. 1	5,329,384	5,320,954	-	-
Acquisitions for the year (incl. improvement costs)	78,801	335,635	-	-
Reclassifications [2]	332,433	-365,452	-	-
Sales/scrapping	-15,873	-54,930	-	-
Translation difference for the year	-290,535	93,177	-	-
Accumulated cost, Dec. 31	**5,434,210**	**5,329,384**	**-**	**-**
Accumulated depreciation according to plan				
Depreciation, Jan. 1	-1,207,497	-1,145,251	-	-
Reclassifications [2]	-111,384	112,443	-	-
Sales/scrapping	12,973	31,375	-	-
Translation difference for the year	88,698	-10,016	-	-
Depreciation according to plan for the year [3]	-200,774	-196,048	-	-
Accumulated depreciation according to plan, Dec. 31	**-1,417,984**	**-1,207,497**	**-**	**-**
Impairment				
Impairment, Jan. 1	-139,815	-251,318	-	-
Reclassifications [2]	-147,447	143,380	-	-
Sales/scrapping	2,168	-	-	-
Translation difference for the year	3,751	-36,587	-	-
Impairment/reversal of previously recognized impairment [1]	-264,615	4,710	-	-
Accumulated impairment, Dec. 31	**-545,958**	**-139,815**	**-**	**-**
Residual value according to plan, Dec. 31	**3,470,268**	**3,982,072**	**-**	**-**

The average remaining service life of vessels is 15 (16) 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 and the conclusion was that the PSV vessels was impaired resulting in an impairment loss of MSEK 262. The impairment is based on average vessel valuations from internationally acknowledged shipbrokers, showing at total PSV fleet value of MSEK 645 (ranging from MSEK 590 to MSEK 684). The value is supported by a calculated value in use based on discounted cash flows using a weighted average cost of capital (WACC) of 9%. Based on key assumptions related to fixture rates, utilization, contract coverage, cost levels and currency exchange levels as well as an estimated residual value at the end of the forecasted period, discounted cash flow calculations has been prepared covering a period of 15 years. The impairment test is sensitive to changes in the underlying assumptions including the pace and timing of assumed market recovery, which are uncertain due to the current challenging market conditions. In addition to mentioned impairments on the PSV fleet the bulk vessels TransAndromeda and TransCapricorn within the TransAtlantic Segment have also been impaired with the total of 3 MSEK. The external vessel valuations from internationally acknowledged shipbrokers for the AHTS segment shows market values in excess of the carrying amount of the owned AHTS fleet by 23% on average.
2) The vessels TransForte and TransFighter were during 2014 classified to assets held for sale. The sale of TransForte was concluded in the beginning of 2015. The expected sale of TransFighter was not carried out during 2015 whereby reclassification to Vessel in the balance sheet has been done by MSEK 74.
3) The useful life and residual value are determined in conjunction with annual impairment testing.

Buildings and land, TSEK	Group		Parent Company	
Cost	2015	2014	2015	2014

	Group 2015	Group 2014	Parent company 2015	Parent company 2014
Cost, Jan. 1	-	1,233	-	-
Sales/scrapping	-	-1,344	-	-
Translation difference for the year	-	111	-	-
Accumulated cost, Dec. 31	**-**	**-**	**-**	**-**
Accumulated depreciation according to plan				
Depreciation, Jan. 1	-	-502	-	-
Translation difference for the year	-	-74	-	-
Sales/scrapping	-	576	-	-
Accumulated depreciation according to plan, Dec. 31	**-**	**-**	**-**	**-**
Residual value according to plan, Dec. 31	**-**	**-**	**-**	**-**

	Group		*Parent company*	
Equipment, TSEK	*2015*	*2014*	*2015*	*2014*
Cost				
Cost, Jan. 1	59,719	113,430	-	18,198
Acquisitions for the year (incl. improvement costs)	942	2,398	-	-
Sales/scrapping	-10,060	-55,925	-	-18,198
Translation difference for the year	-3,304	-184	-	-
Accumulated cost, Dec. 31	**47,297**	**59,719**	**-**	**-**
Accumulated depreciation according to plan				
Depreciation, Jan. 1	-54,646	-101,193	-	-16,089
Sales/scrapping	9,375	50,624	-	16,361
Translation difference for the year	2,909	-417	-	-
Depreciation according to plan for the year	-2,827	-3,660	-	-272
Accumulated depreciation according to plan, Dec. 31	**-45,189**	**-54,646**	**-**	**-**
Residual value according to plan [1)]	**2,108**	**5,073**	**-**	**-**

1) The item "Equipment" includes leasing objects, mainly containers held by the Group in accordance with financial leasing contracts. All these contracts have been concluded and all remaining leasing objects was included in the sale of the Container operation in December 2015.

Equipment, financial leasing, TSEK	*Group*		*Parent Company*	
Cost	*2015*	*2014*	*2015*	*2014*
Cost, Jan. 1	7,839	56,907	-	-
Concluded leasing agreements	-7,839	-49,068	-	-
Accumulated cost, Dec. 31	**-**	**7,839**	**-**	**-**
Accumulated depreciation according to plan				
Depreciation, Jan. 1	-6,841	-50,057	-	-
Concluded leasing agreements	7,298	45,184	-	-
Depreciation according to plan for the year	-457	-1,968	-	-
Accumulated depreciation according to plan, Dec. 31	**-**	**-6,841**	**-**	**-**
Residual value according to plan, Dec. 31	**-**	**998**	**-**	**-**

Refer also to Note 30 Commitments.

Construction in progress and advances for tangible fixed assets, TSEK	*Group*		*Parent Company*	
Cost	*2015*	*2014*	*2015*	*2014*
Cost, Jan. 1	-	281	-	-
Reclassifications	-	-281	-	-
Accumulated cost, Dec. 31	**-**	**-**	**-**	**-**
Residual value according to plan, Dec. 31	**-**	**-**	**-**	**-**

Goodwill, TSEK	*Group*		*Parent Company*	
Cost	*2015*	*2014*	*2015*	*2014*

Cost, Jan. 1	59,422	59,422	8,278	8,278
Accumulated cost, Dec. 31	**59,422**	**59,422**	**8,278**	**8,278**
Accumulated impairment, Jan. 1	-59,422	-59,422	-8,278	-8,278
Accumulated impairment, Dec. 31	**-59,422**	**-59,422**	**-8,278**	**-8,278**
Carrying amount, Dec. 31	**-**	**-**	**-**	**-**

Brands, TSEK	*Group*		*Parent Company*	
Cost	*2015*	*2014*	*2015*	*2014*
Cost, Jan. 1	7,015	7,015	-	-
Translation difference for the year	120	-	-	-
Impairment for the year	-5,932	-	-	-
Residual value according to plan, Dec. 31	**1,203**	**7,015**	**-**	**-**

Other intangible assets, TSEK	*Group*		*Parent Company*	
Cost	*2015*	*2014*	*2015*	*2014*
Cost, Jan. 1	46,553	46,553	27,510	27,510
Scrapping for the year	-46,553	-	-27,510	-
Accumulated cost, Dec. 31	**-**	**46,553**	**-**	**27,510**
Accumulated amortization according to plan				
Amortization, Jan. 1	-21,960	-21,960	-9,113	-9,113
Scrapping for the year	21,960	-	9,113	-
Accumulated amortization according to plan, Dec. 31	**-**	**-21,960**	**-**	**-9,113**
Impairment				
Impairment, Jan. 1	-24,593	-24,593	-18,397	-18,397
Scrapping for the year	24,593	-	18,397	-
Accumulated impairment, Dec. 31	**-**	**-24,593**	**-**	**-18,397**
Residual value according to plan, Dec. 31	**-**	**-**	**-**	**-**

NOTE 11

PROFIT FROM SHARES IN ASSOCIATED COMPANIES

	Group		*Parent Company*	
TSEK	*2015*	*2014*	*2015*	*2014*
Share of profits from associated companies [1)]	346	-16,414	-	-
Total	**346**	**-16,414**	**-**	**-**

1) Share of profits in the Group for 2015 pertain to profits from the liquidation of Östersjöfrakt AB. 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.

NOTE 12

PROFIT/LOSS FROM SHARES IN GROUP COMPANIES

	Group		*Parent Company*	
TSEK	*2015*	*2014*	*2015*	*2014*
Dividends	-	-	284,897	488
Group contributions	-	-	-128,350	3,674
Impairment of shares in Group companies	-	-	-435,803	-110,018
Capital gain/loss from sales of Group companies	1,254	-2,722	-	65
Total	**1,254**	**-2,722**	**-279,256**	**-105,791**

NOTE 13

FINANCIAL INCOME

TSEK	Group 2015	Group 2014	Parent Company 2015	Parent Company 2014
Interest income	6,181	3,371	-	276
Interest income from Group companies	-	-	2,498	2,994
Exchange-rate differences	-	-	-	721
Total	**6,181**	**3,371**	**2,498**	**3,991**

NOTE 14

FINANCIAL EXPENSES

TSEK	Group 2015	Group 2014	Parent Company 2015	Parent Company 2014
Interest expenses	106,632	134,006	65	198
Interest expenses paid to Group companies	-	-	6,223	7,540
Exchange-rate differences	75,125	103,080	7,290	-
Chang in fair value on debt certificates	6,804	5,305	-	-
Other financial expenses	10,623	24,791	-	25
Total	**199,184**	**267,182**	**13,578**	**7,763**

NOTE 15

TAXES

TSEK	Group 2015	Group 2014	Parent Company 2015	Parent Company 2014
Tax in income statement				
– Current tax	1,516	-17,342	-	-
– Deferred tax	-43,856	-149	-40,000	-
Total	**-42,340**	**-17,491**	**-40,000**	**-**

	Group				*Parent Company*			
	2015		*2014*		*2015*		*2014*	
Difference between recognized tax expense and tax expense based on the current tax rate	TSEK	%	TSEK	%	TSEK	%	TSEK	%
Recognized profit/loss before tax	-397,469	-	216,997	-	-289,757	-	-114,071	-
Tax at current Swedish tax rate, 22% (22)	87,443	22 %	-47,739	22 %	63,747	22 %	25,096	22 %
– Difference in tax rate in countries in which operations are conducted	-6,160	-2 %	-120	0 %	-	-	-	-
– Tonnage-tax based operations	-77,659	-20 %	55,409	26 %	-	-	-	-
– Effect of non-taxable revenue	1,384	0 %	1,464	1 %	63,527	22 %	3,767	3 %
– Effect of non-deductible expenses	-53	0 %	115	0 %	-95,878	-33 %	-26,197	-23 %
– Change in value of pension commitments	-271	0 %	-433	0 %	-	-	-371	0 %
– Impaired capitalized tax assets	-40,000	-10 %	-	-	-40,000	-14 %	-	-
– Deficit for tax receivable not recognozed	-9,869	-2 %	-31,793	-15 %	-35,395	-12 %	-2,082	-1 %
– Adjustment of preceding year´s tax	3,270	1 %	2,445	1 %	4,039	1 %	-212	0 %
– Other	-426	0 %	3,161	1 %	-39	0%	-	-
Tax expense	**-42,340**	**-11 %**	**-17,491**	**8 %**	**-40,000**	**-14 %**	**-**	**-**

	Group					
	2015			*2014*		
TSEK	*Before tax*	*Tax*	*After tax*	*Before tax*	*Tax*	*After tax*

Tax attributable to other comprehensive income						
Remeasurements of post employment benefit obligations	1,496	-329	1,167	-1,502	330	-1,172
Change in hedging provision	-	-	-	-527	116	-411
Change in translation provision	-119,932	-	-119,932	-44,427	-	-44,427
	-118,436	**-329**	**-118,765**	**-46,456**	**446**	**-46,010**

	Group		*Parent Company*	
TSEK	*2015*	*2014*	*2015*	*2014*
Deferred tax assets				
– Pension commitments taking into account time of deductibility	-	7,959	-	7,906
– Provisions	-	17,084	-	-
– Loss carryforwards	-	14,957	-	32,094
Deferred long-term tax receivables in the balance sheet	**-**	**40,000**	**-**	**40,000**
Deferred tax liabilities				
– Property, plant and equipment and intangible fixed assets, temporary differences [1]	-3,006	-	-	-
Deferred long-term tax liability in the balance sheet	**-3,006**	**-**	**-**	**-**
Net deferred tax asset [2]	**-3,006**	**40,000**	**-**	**40,000**

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 MSEK 1,061 (1,007) net after deduction for untaxed reserves, of which MSEK 0 (147) was capitalized. Loss carryforwards in the Parent Company amounted to MSEK 757 (596), of which MSEK 0 (146) 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	
	2015	*2014*
Weighted average number of shares excluding treasury shares	177,444,318	164,804,449
Earnings attributable to the Parent Company's shareholders, SEK	-439,809,000	199,817,991
Earnings per share attributable to the Parent Company's shareholders, SEK	-2.48	1.21

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

NOTE 17
PARTICIPATIONS IN GROUP COMPANIES, ASSOCIATED COMPANIES

	Corp. Reg. No.	Registered office	*Holding* No. of shares/ participa-tions	% of share capital	*Holding value* Carrying amount Dec. 31, 2015, TSEK	Carrying amount Dec. 31, 2014, TSEK
Subsidiaries owned by Parent Company [1)]						
TransAtlantic AB	556208-0373	Gothenburg	1,000,000	100	135,000	215,000
Viking Supply Ships A/S	33369794	Copenhagen	5,000	100	1,983,000	2,338,802
Total					**2,118,000**	**2,553,803**
Other Group companies						
Transatlantic Administration AB	556662-6866	Gothenburg	1,000	100		
Transatlantic Short Sea Bulk AB	556777-2180	Gothenburg	166,667	100		
Transatlantic Ship Management AB	556901-2858	Gothenburg	1,000	100		
Transatlantic Fleet Services AB	556074-5431	Gothenburg	20,000	100		
TRVI Offshore & Icebreaking AB	556710-9003	Gothenburg	500	100		
TRVI Offshore & Icebreaking 3 AB	556733-1102	Skärhamn	1,000	100		
TRVI Offshore & Icebreaking 4 AB	556733-1094	Skärhamn	1,000	100		
Viking Supply Ships Management AB 3)	556858-2463	Gothenburg	1,000	100		
Viking Supply Ships Crewing AB	556426-8646	Gothenburg	1,000	100		
Viking Icebreaker Management AB	556679-1454	Gothenburg	1,000	100		
Transatlantic Container AB 2, 5)	559027-7488	Gothenburg	-	-		
TransAtlantic Ship Management TA AB 2, 5)	559019-5110	Gothenburg	-	-		
TransAtlantic Ship Management NETSS AB 2, 5)	559024-5451	Gothenburg	-	-		
Arctic Ice Management AB 4)	556807-0972	Gothenburg	-	-		
Short Sea Bulk AS	913 350 790	Oslo	30,000	100		
Viking Ice Consultancy AS 2)	913 740 998	Kristiansand	300	100		
Viking Supply Ships Management AS	981240030	Sarpsborg	50	100		
Viking Supply Ships PSV AS 2)	814 837 572	Kristiansand	300	100		
TransAtlantic Crewing AS 5)	999177484	Oslo	-	-		
Viking Icebreaking & Offshore AS 4)	979434943	Kristiansand	-	-		
Viking Spesialtonnasje AS 4)	987069295	Oslo	-	-		
Viking Supply Ships Crewing ApS	33775199	Copenhagen	800	100		
Viking Supply Ships 5 ApS	34471800	Copenhagen	800	100		
Viking Supply Ships 3 ApS 4)	33775172	Copenhagen	-	-		
Viking Supply Ships 4 ApS 4)	33859082	Copenhagen	-	-		
Viking Supply Ships Limited	1107746094060	Moscow		100		
Viking Supply Ships LTD 2)	70705	Canada	1	100		
Viking Supply Ships Limited	SC303430	Aberdeen, UK	7,900,001	100		
Viking Supply Ships (Holdings) LTD	SC180512	Aberdeen, UK	76,924	100		
Stoneywood Crewing LTD	SC351608	Aberdeen, UK	1	100		
SBS Aberdeen Ltd 4)	SC250818	Aberdeen, UK	-	-		
SBS Marine Ltd 4)	SC202464	Aberdeen, UK	-	-		
Transatlantic UK Ltd	3384716	Goole, UK	10,000	100		
OY Transatlantic Services AB	1735038-1	Helsinki	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		
Transhawk LTD		Gibraltar		100		
Transatlantic Shipping (7) LTD 4)		Gibraltar	-	-		
Transatlantic Benelux BVBA	560 812 725	Antwerp	1,000	100		
Transatlantic Estonia OÜ 5)		Estonia	-	-		
Consolidated value of associated companies						
Industrial Shipping DIS 6)		Oslo		38	17,684	19,154
Total					**17,684**	**19,154**

1) The Parent Company in the Group is Viking Supply Ships AB, corp. reg. no. 556161-0113, with its registered office in Gothenburg, Sweden.
2) The company was formed during 2015.
3) In 2015, the company changed its name from Viking Supply Ships AB to Viking Supply Ships Management AB.
4) The comapany was wound-up during 2015.

5) The company was divested during 2015.
6) The company holds six short sea bulk vessels hired by the Group. See also note 30.

NOTE 18
OTHER LONG-TERM RECEIVABLES

	Group		Parent Company	
TSEK	*2015*	*2014*	*2015*	*2014*
Opening balance	59,256	100,668	17,878	20,990
Acquisitions during the year	109,944	1,129	-	-
Divestments during the year [1]	-4,900	-42,541	-561	-3,112
Closing balance	**164,300**	**59,256**	**17,317**	**17,878**

Largest individual items consist of:

	Group		Parent Company	
TSEK	*2015*	*2014*	*2015*	*2014*
Endowment insurances [2]	18,144	17,990	17,317	17,878
Pledged bank funds	103,521	4,899	-	-
Promissory note – sale of Odin Viking, see note 30	39,660	33,707	-	-
Other	2,975	2,660	-	-
Total	**164,300**	**59,256**	**17,317**	**17,878**

Please also see Note 32 Financial risk management and derivative instruments.

1) Also includes reduction of blocked bank funds.
2) Relates to and correspond with pension obligations, reported at fair value.

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:

	Group		Parent Company	
TSEK	*2015*	*2014*	*2015*	*2014*
Invoiced receivables	109,647	367,377	7,377	6,939
Provision for doubtfulreceivables	-2,610	-2,876	-453	-1,588
Total	**107,037**	**364,501**	**6,924**	**5,351**

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:

	Group		Parent Company	
TSEK	*2015*	*2014*	*2015*	*2014*

Opening balance	2,876	2,796	1,588	1,915
Provisions for doubtful receivables	1,412	1,466	-	382
Confirmed losses	-1,591	-	-1,105	-
Reversed provisions	-87	-1,386	-30	-709
Closing balance	**2,610**	**2,876**	**453**	**1,588**

Confirmed losses on accounts receivable amounted to TSEK 1,591 (386). 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:

	Group		*Parent Company*	
TSEK	*2015*	*2014*	*2015*	*2014*
Not due	99,346	208,337	875	4,785
Due date exceeded by up to 30 days	1,426	124,040	-	-
Due date exceeded by 31–60 days	6,526	27,691	6,049	-
Due date exceededby 61 days or more	2,349	4,433	453	566
Total	**109,647**	**364,501**	**7,377**	**5,351**

NOTE 21

PREPAID EXPENSES AND ACCRUED INCOME

	Group		*Parent Company*	
TSEK	*2015*	*2014*	*2015*	*2014*
Prepaid personnel expenses	148	3,634		-
Prepaid insurance	11,038	20,267	110	174
Accrued voyage income	11,002	45,505		-
Accrued interest income	28	38		-
Other prepaid expenses and accrued income	16,303	12,200	321	-
Total	**38,519**	**81,644**	**431**	**174**

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.

	Group		*Parent Company*	
TSEK	*2015*	*2014*	*2015*	*2014*
Cash and cash equivalents				
Opening cash and bank balances	449,733	428,122	97,212	104,537
Changes in cash and bank balances for the year [1)]	-255,173	21,611	-63,253	-7,325
Cash and cash equivalents at year-end [2)]	**194,560**	**449,733**	**33,959**	**97,212**

1) The changes for the year includes deposits provided as additional security for loans by TSEK 104,569. These funds are in the balance sheet accounted for among Other long-term receivables, see also Note 18 Other long-term receivables.
2) The Group's cash and cash equivalents include prepayments from external clients totaling MSEK 56 to be utilized in externalship management oerations. 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 Group's interest-bearing liabilities or the equivalent of MNOK 125, less the Group's unutilized credit facilities.

FY 2015

NOTE 23
SHARE CAPITAL

SEK	Share capital					
	2015			2014		
	Series A shares	Series B shares	Total	Series A shares	Series B shares	Total
Share capital, Jan. 1	11,634,946	165,809,372	177,444,318	9,695,789	138,174,477	147,870,266
New share issue [1)]	-	-	-	1,939,157	27,634,895	29,574,052
Share capital, Dec. 31	**11,634,946**	**165,809,372**	**177,444,318**	**11,634,946**	**165,809,372**	**177,444,318**
	Number of shares					
	2015			2014		
	Series A shares	Series B shares	Total	Series A shares	Series B shares	Total
Number of shares, Jan. 1	11,634,946	165,809,372	177,444,318	9,695,789	138,174,477	147,870,266
New share issue [1)]	-	-	-	1,939,157	27,634,895	29,574,052
Number of shares, Dec. 31	**11,634,946**	**165,809,372**	**177,444,318**	**11,634,946**	**165,809,372**	**177,444,318**
	Number of votes					
	2015			2014		
	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	116,349,460	165,809,372	282,158,832
Total number of votes	**116,349,460**	**165,809,372**	**282,158,832**	**116,349,460**	**165,809,372**	**282,158,832**

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

1) 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

At an extraordinary General Meeting in June 2015 it was resolved that a subsequent dividend of SEK 0.55 per share, amounting to a total of TSEK 97,594, will be paid to the shareholders. At the Annual General Meeting on 30 June, 2016, it will be proposed that no dividend be paid for the 2015 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 10, this is a defined-benefit multi-employer plan. For the 2015 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 2015, Alecta's surplus in the form of the collective consolidation level was 153% (143). 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.

	Group				
TSEK	*2015*	*2014*	*2013*	*2012*	*2011*
Yearly overview					
At closing date					
Present value of defined-benefit obligations	11,550	13,417	13,341	17,356	27,033
Fair value of plan assets	-16,494	-16,643	-17,662	-21,416	-31,149
Payroll tax liability	6,823	7,063	7,447	8,311	9,306
Net liability	**1,879**	**3,837**	**3,126**	**4,251**	**5,190**

	Group		*Parent Company*	
TSEK	*2015*	*2014*	*2015*	*2014*
Assumptions applied in actuarial calculations				
Sweden				
Average discount interest rate, %	3.30 %	2.50 %	3.30 %	2.50 %
Projected return on plan assets, %	3.30 %	2.50 %	3.30 %	2.50 %
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	420	337	-	-
Interest expense	317	483	215	342
Projected return on plan assets (–)	-396	-655	-203	-377
Expenses for the year pertaining to defined-benefit pension plans	**341**	**165**	**12**	**-35**
Expenses for the year pertaining to defined-contribution pension plans	56,538	58,422	-	6,958
Payroll tax expense for the year	7,479	8,397	389	2,298
Pension expense for the year included in personnel costs	**64,358**	**66,984**	**401**	**9,221**
Actual return on plan assets, %	6.4%	2.3%	2.0%	-0.8%

All items are recognized as personnel costs. Of the costs for defined-contribution plans, TSEK 18,160 (24,620) comprises premiums to Alecta.

Changes in fair value of plan assets				
Plan assets, Jan. 1	16,643	17,662	8,941	10,715
Expected return	396	655	203	377
Withdrawal	-1,493	-1,700	-1,492	-1,698
Premiums/deposits	289	289	-	-
Actuarial gains/(losses)	659	-263	-38	-453
Plan assets, Dec. 31	**16,494**	**16,643**	**7,614**	**8,941**

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

	Group		*Parent Company*	
TSEK	*2015*	*2014*	*2015*	*2014*
Changes in defined-benefit pension obligation				
Obligation, Jan. 1	13,417	13,341	9,438	9,840

Cost of benefits earned during the year	420	337	-	-
Interest expense	317	483	215	342
Pension payments	-1,767	-1,983	-1,492	-1,698
Actuarial (gains)/losses	-837	1 239	-548	954
Obligation, Dec. 31	**11,550**	**13,417**	**7,613**	**9,438**
Actuarial gains and losses				
Actuarial gains/(losses) on assets	659	-263	-38	-453
Actuarial gains/(losses) on liabilities	837	-1 239	548	-954
Actuarial gains/(losses)	**1,496**	**-1,502**	**510**	**-1,407**
Change in payroll tax liability				
Liability in balance sheet, Jan. 1	7,063	7,447	7,016	7,345
Change in payroll-tax liability for the year	-240	-384	-407	-329
Payroll tax liability, Dec. 31	**6,823**	**7,063**	**6,609**	**7,016**
Liability in balance sheet				
Pension obligation	11,550	13,417	7,613	9,438
Payroll tax liability	6,823	7,063	6,609	7,016
Liability in balance sheet, Dec. 31	**18,373**	**20,480**	**14,222**	**16,454**
Net liability in balance sheet				
Plan assets (–)	-16,494	-16,643	-7,614	-8,941
Pension obligation	11,550	13,417	7,613	9,438
Payroll tax liability	6,823	7,063	6,609	7,016
Net liability, Dec. 31	**1,879**	**3,837**	**6,608**	**7,513**
Reconciliation of changes in net liability				
Liability in balance sheet, Jan. 1	3,837	3,126	7,513	6,470
Pension expenses for the year (+)	341	165	12	-35
Payment to plan assets (–)	-289	-289	-	-
Withdrawal from plan assets (+)	1,493	1,700	1,492	1,698
Pension payments (–)	-1,767	-1,983	-1,492	-1,698
Actuarial (gains)/losses	-1,496	1,502	-510	1,407
Change in payroll-tax liability for the year	-240	-384	-407	-329
Net liability, Dec. 31	**1,879**	**3,837**	**6,608**	**7,513**

NOTE 26

LIABILITIES

GROUP

The Group's total interest-bearing liabilities amounted to MSEK 2,334 (2,695) at year end 2015. In addition, there were non-interest-bearing liabilities totaling MSEK 393 (523).

The interest bearing liabilities are associated with financial covenants, according to which the Group must fulfil certain key ratios. At the balance date all covenants were in compliance.

Further, the interest bearing liabilities are also associated with loan clauses, such as contract coverage clauses and loan-to-value clauses, according to which the Group had to fulfill certain levels of contract coverage and loan-to-value, pursuant to the individual loan agreements. If these levels were not met, the Group had to deposit cash or additional security, according to the terms in the relevant loan agreements. Any such amount in deposit would vary up and down and the variation was dependent upon currency exchange rates, amortizations under the loan and vessel valuations. If the levels of contract coverage and loan-to-value, pursuant to the terms in the individual loan agreements, yet again are met then the obligation of providing additional security will cease. At the balance date the Group had provided the lenders corresponding to MSEK 104 in additional security. The Group has in 2016 not deposited cash or provided additional security on these loans and the respective total loan amount of MSEK 1,182 is classified as short-term debt in this report.

Further in 2016, Viking Supply Ships has not been able to comply with events of default provisions in loan agreements, which render all borrowings short-term and payable on demand by the lenders, including loans amounting to MSEK

985, which as at 31 December 2015 have been classified as long-term debt in the balance sheet as the events of default in 2016 are considered an un-adjusting event.

In March 2012 Viking Supply Ships A/S issued a 5 year senior unsecured bond loan in the Norwegian capital market, with maturity in March 2017, totaling MNOK 300. The bond agreement has a limit of MNOK 750. The bond was listed on Nordic ABM in Oslo on 28 June 2012. In March 2013 an additional MNOK 85 was drawn in a tap issue. As at balance date, Viking Supply Ships is holding nominal MNOK 189 of this bond, implying MNOK 196 is outstanding. As a result of an agreement that will be proposed to the bondholders in conjunction with the key terms of the debt restructuring plan, the bond agreement is proposed to be changed in 2016, see note 33 Events after the closing date.

PARENT COMPANY

The Parent Company's total interest-bearing liabilities amounted to MSEK 145 (202). In addition, there were non-interest-bearing liabilities and provisions totaling MSEK 199 (103).

TOTAL INTEREST-BEARING LIABILITIES, DISTRIBUTED BY CURRENCY

	Group	
TSEK	*Dec. 31, 2015*	*Dec. 31, 2014*
USD	1,033,387	1,115,133
EUR	26,282	76,883
NOK	822,745	1,016,504
GBP	451,723	486,202
Total	**2,334,137**	**2,694,722**

TOTAL CONTRACTUAL COMMITMENTS

	Group		
TSEK	*2016*	*2017-2020*	*After 2020*
Interest-bearing liabilities including calculated future interests	1,416,745	1,046,611	-
Derivative instruments	-	17,928	-
Accounts payable	55,868	-	-
Other liabilities	169,296	-	-
Total	**1,641,909**	**1,064,539**	**-**

	Parent Company		
TSEK	*2016*	*2017-2020*	*After 2020*
Liabilities to credit institutions	-	-	-
Liabilities to Group companies	128,908	-	145,171
Accounts payable	3,868	-	-
Other liabilities	13,321	-	-
Total	**146,097**	**-**	**145,171**

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

	Group		Parent Company	
TSEK	2015	2014	2015	2014
Group				
Accrued personnel costs	47,144	66,892	796	2,298
Accrued interest expenses	1,680	2,853	-	-
Accrued voyage costs	14,477	27,691	-	-
Prepaid time charter revenues	26,580	27,457	15,983	17,203
Accrued other expenses	58,977	49,354	14,392	6,837
Total	**148,858**	**174,247**	**31,171**	**26,338**

NOTE 28
PLEDGED ASSETS

	Group		Parent Company	
TSEK	2015	2014	2015	2014
For current and long-term ship loans:				
- Ship mortgages	3,739,564	3,928,512	-	-
- Shares in subsidiaries	591,703	89,453	-	-
- Bank funds [1]	103,521	-	-	-
For current and long-term other liabilities to credit institutions:				
- Bank funds	-	4,899	-	-
For pension obligations:				
- Endowment insurances and plan assets	34,638	34,633	24,931	28,818
Total	**4,469,426**	**4,057,497**	**24,931**	**28,818**

1) The interest bearing liabilities are associated with loan clauses, such as contract coverage clauses and loan-to-value clauses, according to which the Group must fulfill certain levels of contract coverage and loanto-value, pursuant to the individual loan agreements. If these levels are not met, then the Group must deposit cash or additional security, according to the terms in the relevant loan agreements. Any such amount in deposit will vary up and down and the variation is dependent upon currency exchange rates, amortizations under the loan and vessel valuations. If the levels of contract coverage and loan-to-value, pursuant to the terms in the individual loan agreements, yet again are met then the obligation of providing additional security will cease. At the balance date the Group had provided the lenders corresponding to MSEK 104 in additional security.

NOTE 29
CONTINGENT LIABILITIES

	Group		Parent Company	
TSEK	2015	2014	2015	2014
Sureties	**-**	**-**	**228,564**	**252,988**
– of which, for subsidiaries	-	-	203,633	252,988

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 of a divested subsidiary (valid through 2018). For the latter, there is also a reciprocal guarantee from an external party for an equivalent amount. The company 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. The contracts for these vessels expired at year-end 2015 and the vessels are redelivered to their owner. At the end of the contract period, there was a residual value guarantee commitment of a maximum of MUSD 10, whereof MUSD 2.4 was paid in January 2016. The remaining MUSD 7.6 is in the balance sheet posted among Other short term liabilities, fall due, after agreement with the bank, in September 2016. 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 five 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 four years. From December six vessel remains after the sale of TransBrilliante. This contract does not entail any interest exposure for the Group. As of September 2013, these vessels were leased to AtoB@C on a long-term T/C basis.

In addition to the aforementioned long-term leased vessels, the Group also had six short-term leased container vessels. As all container businesses was divested in December 2015, no obligations was remaining at year-end in the Group for these vessel, please also see note 1, Significant estimates and assessments.

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

As a part of the ongoing financial restructuring this leasing contract is expected to be amended in 2016 going forward. The ongoing financial restructuring is described in note 33 Events after the closing date.

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

At December 31, 2015, the number of vessels leased was 10 (30 at Dec 31, 2014) and the number of vessels leased to others was 15 (24).

MSEK	*2015*	*2016*	*2017-2020*	*After 2020*
Leasing expenses				
Operational leases	**361**	**285**	**766**	**115**
Of which: – Bareboat charter	246	281	766	115
– T/C	103	-	-	-
– Other	12	4	-	-
Leasing revenues				
Operational leases	**1,327**	**728**	**1,091**	**183**

The above future leasing fees are the Group's nominal minimum fees. Some 12% of the leasing fees paid in 2015 were variable. None of the total future contractual obligations are variable fees.

All remaining containers that earlier was recognized as financial leasing was a part of and included in the in December 2015 divested container lines. In the consolidated balance sheet, the following items are recognized as financial leasing on the closing date:

MSEK	*2015*	*2014*
Fixed assets		
Equipment		
– Accumulated cost	-	8
– Accumulated depreciation	-	-7
Total	**-**	**1**
Liabilities pertaining to financial leasing		
– Current portion	-	-
Total	**-**	**-**
Provisions, tax liabilities	-	-

Please also see 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 TSEK 267 was paid for the full-year.

Apart from this, there were no other significant transactions with closely related parties.

For information about remuneration of senior executives, please also see Note 7.

NOTE 32
FINANCIAL RISK MANAGEMENT AND DERIVATIVE INSTRUMENTS

In its operations, the 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, where hedging instruments can be used to reduce the financial risks. The policy also includes instructions for managing credit and liquidity risks through financing and committed lines of credit.

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 2015. 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 2015. On the balance-sheet date, the Group had no open currency hedging contracts.

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):

MSEK	*Less than 90 days*	*90 days–3 years*	*3 years or longer*	*Total*
Total interest-bearing loan values	-	2,334	-	2,334
% of total interest-bearing loan values	-	100 %	-	100 %

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

	Group		*Parent Company*	
%	*2015*	*2014*	*2015*	*2014*
	4.15	5.00	3.65	3.54

With a change in market interest rates of 1 percentage point, the Group's interest expense would change by MSEK 23.

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.

Financial instruments by category

TSEK	Accounts receivable and cash and cash equivalents		Derivative instruments used for hedging purposes		Financial assets held for sale [6]		Total	
	Dec. 31, 2015	Dec. 31, 2014	Dec. 31, 2015	Dec. 31, 2014	Dec. 31, 2015	Dec. 31, 2014	Dec. 31, 2015	Dec. 31, 2014
Assets in the balance sheet								
Short-term investments (debt certificates) [1]	-	-	-	-	30,558	44,925	30,558	44,925
Accounts receivable and other receivables, excl. interim receivables [4]	170,440	423,680	-	-	-	-	170,440	423,680
Total	**170,440**	**423,680**	**-**	**-**	**30,558**	**44,925**	**200,998**	**468,605**

TSEK	Liabilities measured at FVTPL		Derivative instruments used for hedging purposes		Other financial liabilities		Total	
	Dec. 31, 2015	Dec. 31, 2014	Dec. 31, 2015	Dec. 31, 2014	Dec. 31, 2015	Dec. 31, 2014	Dec. 31, 2015	Dec. 31, 2014
Liabilities in the balance sheet								
Loans, excluding liabilities pertaining to financial leasing [4]	-	-	-	-	2,315,564	2,668,246	2,315,564	2,668,246
Derivative instruments [2]	-	-	17,928	24,397	-	-	17,928	24,397
Accounts payable and other liabilities, excl. interim liabilities [4]	-	-	-	-	245,193	350,833	245,193	350,833
Total	**-**	**-**	**17,928**	**24,397**	**2,560,757**	**3,019,079**	**2,578,685**	**3,043,476**

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.
6) In the preparation of this annual report it was noted that the the Group's holdings of debt certificates earlier classified as "financial assets available for sale " was misleading as these assets are held for trading and measured at fair value through the income statement. The reclassification of the item to "short term investments" is considered to better reflect the items meaning. As the certificates is held for trading , the assets have also been reported as current assets. The reclassification is not considered to have any material effect on the information in the statement of financial position at the previous period's beginning and end.

Fair value

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

%	Group			
	2015		2014	
TSEK	Carrying amount	Fair value	Carrying amount	Fair value
Assets in the balance sheet				
Short-term investments (debt certificates)	30,558	30,558	44,925	44,925
Accounts receivable and other receivables, excl. interim receivables	170,440	170,440	423,680	423,680
Total	**200,998**	**200,998**	**468,605**	**468,605**
Liabilities in the balance sheet				
Loans (excluding liabilities pertaining to financial leasing)	2,315,564	2,334,137	2,668,246	2,694,722
Interest-hedging instruments [1]	17,928	17,928	24,397	24,397
Accounts payable and other liabilities, excl. interim liabilities	245,193	245,193	350,833	350,832
Total	**2,578,685**	**2,597,258**	**3,043,476**	**3,069,951**

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, please also see note 9.

The Parent Company does not hold any financial instruments.

NOTE 33

EVENTS AFTER THE CLOSING DATE

ONGOING FINANCIAL RESTRUCTURING

In Q4 2015 Viking Supply Ships had initiated a dialogue with its lenders to secure a long-term stable financing solution. In February 2016, after not being able to comply with events of default provisions in loan agreements, which rendered all borrowings short-term and payable on demand by the lenders, Viking Supply Ships entered into a standstill agreement with its lenders, during which Viking Supply Ships has not paid instalments to its lenders. This agreement expired on 26 April 2016, but Viking Supply Ships has, in an understanding with the banks, continued to not fully service its debt obligations as they fall due.

In May 2016, Viking Supply Ships agreed the main principles for a restructuring agreement with the bank lenders. Execution of a final agreement in the form of a term sheet (the “Agreement”) is pending certain conditions precedent, including that an amended agreement is negotiated and agreed with the bondholders in the senior unsecured bond in Viking Supply Ships A/S and that terms for the bareboat charter of Odin Viking are re-negotiated and amended. Among other things these conditions have not yet been resolved and, accordingly, the Agreement has not yet been signed and deemed effective.

The Agreement is further subject to an equity issue at an agreed level in Viking Supply Ships AB and a subsequent equity injection by the parent company into Viking Supply Ships A/S, where the majority shareholder Kistefos AS has already informed Viking Supply Ships and the lenders that it will and has the ability to guarantee its 70% pro-rata share of the required equity issue in Viking Supply Ships AB.

The debt restructuring is aimed at improving the Group’s balance sheet and significantly reduce the amount needed for debt service until 1 January 2020. Although not yet completed and therefore significant uncertainty exists at this point in time, Management is confident that the conditions precedent can and will be met and accordingly an Agreement entered into, since this will serve the economic interests of the stakeholders with which negotiations are still ongoing. It is Management’s assessment that the restructuring will be finally completed during second half of 2016. Once a completed restructuring is in place, the Group expects to have sufficient liquidity to maintain its operations even in the event that the market remains weak through 2019. Viking Supply Ships has been in a continuing standstill position with its lenders since February 2016, under which Viking Supply Ships has only serviced its interest commitments. Until the restructuring is executed, Viking Supply Ships is unable to service its debt obligations as they fall due, and therefore is dependent on maintaining this level of debt service.

OTHER SUBSEQUENT EVENTS

After the end of the year, Magne Viking was certified according to the IMO Polar Code. The vessel, which is the first vessel globally to comply with the code, was approved by DNV GL.

Due to family reasons, Christian W. Berg will take temporary leave from the position as CEO of Viking Supply Ships A/S. Mr. Berg will remain CEO of the parent company Viking Supply Ships AB, but to reduce his workload, Mr. Tord Ytterdahl will temporarily take over the responsibilities as CEO of Viking Supply Ships A/S. The Chief Commercial Officer has resigned from his position. The CEO of Viking Supply Ships A/S will be responsible for Viking Supply Ships A/S’ commercial activities going forward.

The subsidiary Viking Supply Ships A/S has from 1 January 2016 changed its functional currency from NOK to USD. Having considered the aggregate effect of all relevant factors, the management has concluded that the functional currency of the company is USD. The evaluation included all factors of the primary economic environment in which the company operates including vessel values, financing, income and expenses, and the change in functional currency reflects the accumulation over time of changes in those factors.

As previously communicated, at the expiration and redelivery of two bareboat vessels in TransAtlantic there is a residual value guarantee commitment for the Group in favor of the financing bank. The commitment amounts to a total of MSEK 63. The bank has now agreed that the payment is postponed to no later than in Q3 2016. As previously communicated, in a loan agreement within TransAtlantic there is a loan-to-value clause that the bank has invoked and requested an instalment of MSEK 47. The bank has now agreed to give TransAtlantic time to pursue opportunities to free up liquidity to reduce the loan.

Due to a continued weak PSV market, the PSV vessels Sol Viking and Freyja Viking was laid up in March. The decision will reduce the company's operational costs going forward and will give a positive impact on the results from second quarter 2016. The market for PSV vessels has continued to deteriorate after the end of the reporting period. As a consequence, the valuation of the PSV fleet based on broker estimates has been further reduced in 2016. The estimates do however diverge significantly. Basis this, the company will not make further impairments in relation to the annual report, but the Group will continue to monitor the market closely going forward and if necessary make further impairments of the PSV fleet's carrying amount.

As part of the restructuring process in the Group, the majority shareholder, Kistefos AS, has entered into agreements with some of the Group's financing counterparts. As a consequence, the Group has entered into agreements on market terms with Kistefos AS. The compensation in these agreements has been agreed to an annualized fee of 12% covering the associated risk and exposure.

TransAtlantic has sold to sell the two small bulk vessels TransAndromeda and TransCapricorn. The transaction, which was concluded in May 2016, brought a positive cash effect of MSEK 24, but a negative result of 7 MSEK.

NOTE 34

ASSETS HELD FOR SALE

The vessels TransForte and TransFigher were in the 2014 annual report classified to Assets held for sale. TransForte was sold according to plan in January 2015. The sale of TransFighter was however not concluded as planned, hence a reclassification has been carried out in the annual report for 2015.

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 i the Group.

Gothenburg, 1 June, 2016

The income statement and balance sheets will be presented to the Annual General Meeting on 30 June, 2016 for approval.

Christen Sveaas Chairman	Folke Patriksson Deputy Chairman	Håkan Larsson Board member
Magnus Sonnorp Board member	Bengt A. Rem Board member	Christer Lindgren Employee representative

Our Auditor's Report was submitted on June 1, 2016 and deviates from the standard formulation

Ernst & Young AB

Staffan Landén
Authorized Public Accountant

FY 2015

Translation from the Swedish original

AUDITOR'S REPORT

To the annual meeting of the shareholders of Viking Supply Ships AB (publ), corporate identity number 556161 - 0113

Report on the annual accounts and consolidated accounts
We have audited the annual accounts and consolidated accounts of Viking Supply Ships AB (publ) for the financial year 2015. The annual accounts and consolidated accounts of the company are included in the printed version of this document on pages 22-66.

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 2015 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 2015 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.

Emphasis of a matter
Without having any effect on our conclusion above we would like to draw attention to the going concern assessment in note 1 in the annual report, which states that the company and the group presently are unable to service debt obligations as they fall due and a significant uncertainty in regards to the group's short and long term financing exists. These circumstances indicate, together with other conditions described in the administration report as well as in note 1 and 33, that there is a significant uncertainty about the group's and the company's ability to continue as a going concern.

As also stated in note 1 and 33 actions have been taken in order to strengthen the liquidity and ensure financing in short and long term by agreeing on the main principles for a debt restructuring agreement with the bank lenders in May 2016 and other measures taken to strengthen the liquidity. Execution of a final agreement in the form of a term sheet is conditional on an equity issue partly guaranteed by Kistefos AS, that an amended agreement is negotiated and agreed with the bondholders in the senior unsecured bond in Viking Supply Ships A/S and that terms for the bareboat charter of an AHTS vessel are re-negotiated.

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 Viking Supply Ships AB (publ) for the financial year 2015.

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, 1 June, 2016

Ernst & Young AB

Staffan Landén
Authorized Public Accountant

THE SHARE

THE YEAR WAS CHARACTERIZED BY VOLATILITY IN SHARE PRICES THAT NOTED A HIGHEST PRICE OF SEK 6.00 AND A LOWEST PRICE OF SEK 2.63. THE REDUCED SHARE PRICE MUST BE SEEN IN CONJUNCTION WITH THE DOWNTURN WITHIN THE GLOBAL OFFSHORE INDUSTRY AND THE DEVELOPMENT IS IN LINE WITH OR SLIGHTLY ABOVE THE COMPANY'S PEERS. THE COMPANY'S OWNERSHIP STRUCTURE WAS STABLE THROUGHOUT THE YEAR. IN CONJUNCTION WITH THE NAME CHANGE FROM REDERI AB TRANSATLANTIC TO VIKING SUPPLY SHIPS AB, THE COMPANY'S TICKER WAS AMENDED TO VSSAB.

Viking Supply Ships AB 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 2.95, corresponding to market capitalization of MSEK 523 (786). On the same date, shareholders' equity totaled MSEK 1,386, (2,042), corresponding to 7.81 SEK/share (11.51). The highest price paid during the year was SEK 6.00 on June 03 and the lowest price paid was SEK 2.63 on December 28. The turnover rate for the share increased during the year to 26 percent (11).

SHARE CAPITAL

The company's share capital has been stable at SEK 177,444,318, and the number of shares is 165,809,372.

SHAREHOLDERS AND CHANGES

There have not been any significant changes in shareholdings among the major shareholders during 2015. The total number of shareholders at year-end declined to 3,451 (3,501).

DIVIDEND PROPOSAL AND DIVIDEND POLICY

At the Annual General Meeting, it was resolved that no dividend was to be paid for the fiscal year of 2014. As the financial position of the company improved on the back of several new contracts during first half of 2015, a subsequent dividend of SEK 0.55 per share was concluded in June according to resolutions on an Extraordinary General Meeting, totaling MSEK 98. Viking Supply Ships AB target is that average dividend payments will correspond to 33% of annual net profit.

CONTACTS WITH SHAREHOLDERS

Viking Supply Ships AB'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.vikingsupply.com. The website also includes other information concerning the company and its share.

A SELECTION OF PRESS RELEASES IN 2015

• Organisational restructuring of the PSV Segment within Viking Supply Ships, posted: 13.02.2015

• Viking Supply Ships has entered into a contract with an Oil major for the Ice-classed AHTS "Brage Viking", Posted: 27.03.2015

• Viking Supply Ships enters into new contract for the Ice-breaking AHTS "Vidar Viking", Posted: 07.04.2015

• Christian W. Berg appointed CEO of Viking Supply Ships AB, Posted: 10.04.2015

• Contract award with the Swedish Maritime Authorities (SMA), Posted: 07.05.2015

• Release from the extraordinary General Meeting in Viking Supply Ships AB, Posted: 12.06.2015

• Viking Supply Ships has extended the contract with Eni Norge for the Ice-classed AHTS "Njord Viking", Posted: 10.07.2015

• New Chief Financial Officer in Viking Supply Ships AB, Posted: 19.08.2015

• Viking Supply Ships lays up three PSVs, Posted: 23.09.2015

• Viking Supply Ships lays up Odin Viking as part of market adaption plan and notifies impairment of part of the fleet,
Posted: 02.11.2015

• Viking Supply Ships' subsidiary, TransAtlantic, divests its Container Operation and Ship Management,
Posted: 09.11.2015

• Viking Supply Ships has received termination of contract for the AHTS "Brage Viking",
Posted: 17.12.2015

IR Contact
Morten G. Aggvin
IR & Treasury Director
Direct Tel: +47 41 04 71 25
E-mail: ir@vikingsupply.com

KEY PERFORMANCE INDICATORS

	2015	2014	2013	2012	2011
Number of shares, Dec. 31, 000s	177,444	177,444	147,870	110,903	110,903
Market capitalization, Dec. 31, MSEK	523	786	713	543	1,015
Number of shareholders	3,451	3,501	5,349	5,346	5,854
Change in share price during the year, %	-40,1	–7,36	–7,36	–46	–65
Dividend, SEK/share	0.55	-	-	-	-
Dividend as a percentage of earnings per share	45%	-	-	-	-
P/E ratio, Dec. 31	n.a.	3.7	n.a.	n.a.	n.a.
Shareholders' equity/share, Dec. 31, SEK/share	7.8	11.5	11.8	19.0	22.5

SHAREHOLDERS IN VIKING SUPPLY SHIPS AB AT DECEMBER 30, 2015

	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	70.40	63.28
LINDÉN URNES, JENNY	1,460,824	8,500,800	9 961 624	5.61	8.19
ENNEFF REDERI AB	4,076,019	2,214,558	6 290 577	3.55	15.23
ERNSTRÖM FINANS AB	-	4,975,999	AK B	2.80	1.76
SEB LIFE INT. ASS. COMPANY LTD	-	1,800,000	AK B	1.01	0.64
RIBBSKOTTET AB	-	1,650,000	AK B	0.93	0.58
FÖRSÄKRINGSAKTIEBOLAGET, AVANZA PENSION	-	1,374,912	AK B	0.77	0.49
HERO, LENNART	-	1,342,095	AK B	0.76	0.48
NORDNET PENSIONSFÖRSÄKRING AB	-	1,133,475	AK B	0.64	0.40
ÅLANDSBANKEN AB, W8IMY	-	1,099,283	AK B	0.62	0.39
CREDIT AGRICOLE (SUISSE) SA, W8IMY WITHOUT P.R.	-	1,061,114	AK B	0.60	0.38
HANDELSBANKEN FONDER AB RE JPMEL	-	840,307	AK B	0.47	0.30
LINUSSON, HANS	-	579,065	AK B	0.33	0.21
BANQUE CARNEGIE LUXEMBOURG SA	-	500,000	AK B	0.28	0.18
LEVANDER, ANDERS	-	480,000	AK B	0.27	0.17

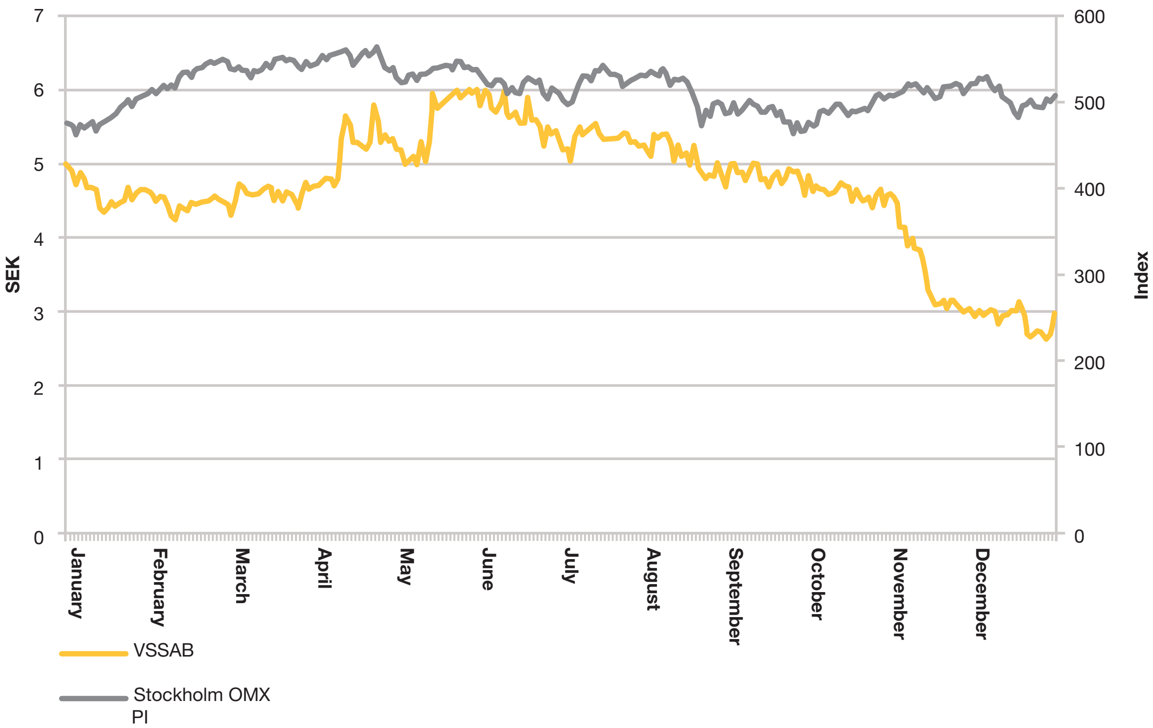
NUMBER OF SHAREHOLDERS IN SIZE CATEGORIES AT DEC. 30, 2015

Holdings	*Shareholders*
1–500	1,429
501–1,000	539
1,001–5,000	936
5,001–10,000	211
10,001–15,000	85
15,001–20,000	62
20,001–	189
Total	**3,451**

SHARE CAPITAL TREND

	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

SHARE HISTORY



Financial Calendar

CALENDAR 2016

June 10 Interim report, January–March
June 30 Annual General Meeting
August 5 Interim Report January–June
November 10 Interim report, January–September

FY
2015

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 poweringthe 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:
SOx 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 longterm 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.