West Atlantic Group

Interim report January – March, 2014

West Atlantic continues network expansion and maintain performance in a market characterised by overcapacity

January – March in brief

- Revenue: TSEK 298 984 (262 093)
- Performed flights 6 439 (5 824)
- EBITDA TSEK 52 993 (27 138)
- Income before tax TSEK 19 573 (13 240)
- Net income for the period TSEK 15 203 (10 702)
- Earnings per share SEK 0,56 (0,40)
- Cash flow from operating activities TSEK 25 815 (-4 817)

West Atlantic Group has previously prepared its financial reports in accordance with the Swedish General accounts act in conjunction with statements and general recommendations issued by the Swedish accounting standards board (SASB). From 1st of January 2014 West Atlantic will prepare its financial reports in accordance with IFRS, transition date has been determined to be 2013-01-01.

Comments by the CEO

West Atlantic first quarter performance resulted in an income before tax of TSEK 19 573 (13 240), which corresponded well with projections. The cash flow from operating activities increased to TSEK 25 815 (-4 817), indicating a solid operational performance. The Group's financial position remains solid and planned investments in the aircraft fleet will continue during 2014.

Revenue increased 14 per cent year-on-year and indicates a continued solid growth for the Group, especially in Boeing 737 segment.

The aircraft fleet expanded by two B737-400 freighters. One aircraft will replace current subcontracted capacity in intra EU traffic and one has been dry leased out on long term contract to another aircraft operator. These actions are expected to further increase operational margin in the network. – says Gustaf Thureborn, Group president & CEO.

Key financial ratios & income

TSEK	Jan - Mar 2014	Jan - Mar 2013	Apr - Mar 2013-2014	Jan - Dec 2013
Revenue	298 984	262 093	1 122 392	1 085 501
EBITDA	52 993	27 138	188 546	162 691
Operating income	33 678	15 897	102 050	84 269
Income before tax	19 573	13 240	45 138	38 805
Net income for the period	15 203	10 702	37 474	32 973
Cash flow from operating activities	25 815	-4 817	100 186	69 553

	31 Mar 2014	31 Mar 2013
Net interest bearing debt	579 054	301 209
Equity / asset ratio	22,43%	26,54%

Comments by the CEO

- Revenue TSEK 298 984 (262 093)
- Income before tax TSEK 19 573 (13 240)
- ATSG acquires a 25 % shareholding
- Delivery of two B737-400
- Refinance of one BAe ATP aircraft

Ownership structure
West Atlantic AB (publ) announces Air Transport Services Group Inc.'s (NASDAQ: ATSG) purchase of 25 % of the shares in the company following the agreement reported in the final quarter, 2013. ATSG's entry marks the Group's entry in the B767 segment by a strategic partnership.

Income and financial position
Revenue increased by 14 per cent year-on-year indicating a continued solid growth for the Group. The increase in revenue is mainly attributable to the Group's continuous expansion in the B737 segment.

West Atlantic first quarter performance resulted in an income before tax of TSEK 19 573 (13 240) which corresponded well with projections. The cash flow from operating activities increased to TSEK 25 815 (-4 817), indicating a continuously solid operational performance. The Group's financial position remains solid and planned investments in the aircraft fleet will continue during 2014.

European Turboprop Management AB, the Group's aircraft holding company reported a sale of one BAe ATP aircraft during the quarter. The transaction was a sale lease-back, which resulted in an increase in working capital as well as a profit. The aircraft was at the time of the transaction financed by a major Swedish credit institution.

NASDAQ OMX listing
The quarter has been influenced by the Group's corporate bond instrument (WEST001) listing on NASDAQ OMX which was completed on April 11th. This has also resulted in a transition to International Financial Reporting Standards (IFRS), which has been completed during the period.

The market
The financial year of 2013 was the fifth year in a row where the market lacked growth, however the Group noted a smaller positive trend reversal during the second half of the previous year, which has continued into the first quarter of 2014. The Group identifies more opportunities to deploy spare capacity, which will hopefully materialise during the third or fourth quarter 2014. Overall, the regional freight market in Europe is still characterised by overcapacity and pricing adjustments towards customers remain difficult.

The Group has continued the project of adding the B767 aircraft to its operating capabilities. The project is expected to materialise during the year and the partner is ATSG. West Atlantic still projects to place two B767 in operations during the year.

West Atlantic had one customer contract cancellation for a BAe ATP aircraft which was contracted until mid-2015 during the reporting period. The aircraft will be available for new operations during Q3, 2014. An undisclosed cancellation fee is negotiated with the customer to cover the remaining contract period.

The organisation
Following the sale of the Group's Luxembourg based airline West Air Luxembourg S.A, reported during 2013, the consolidation efforts has continued within West Air Sweden to further increase operational efficiency and realising the synergetic effects of maintaining one less air operating certificate (AOC).

West Air Sweden AB also proudly announces its full compliance to EASA ops (the new European common airline regulations) as one of the first airlines in Sweden. The second Group airline Atlantic Airlines is scheduled to comply by Q4, 2014.

The aircraft fleet & network
The aircraft fleet expanded by two B737-400 that was delivered in January and early April. One of the aircraft will replace current subcontracted capacity in intra EU traffic. This is expected to increase operational margin in the express network. The second aircraft has been dry leased to Denmark based Jet Time AS on a long term agreement.

Outlook
The forecast for full year 2014 remains unadjusted and no major market shifts are expected during the year. The Group continues to monitor the legal process in France, with regards to unpaid social security charges reported during 2013, which remains an uncertainty. The Group provisioned approximately 10 MSEK in 2013 and no further provisions have been made during the reporting period.

Further, the B767 project forms an exciting opportunity during the financial year of 2014 and West Atlantic are forecasting to have two aircraft deployed in operations during the year.

Gothenburg. 2014-05-28

Gustaf Thureborn

Financial report

Group and parent company information
West Atlantic AB (publ), incorporation number 556503-6083, a Swedish registered public company headquartered in Gothenburg, is the parent company of the West Atlantic Group. Address is Box 5433, SE 402 29, Gothenburg, Sweden.

About West Atlantic Group
West Atlantic Group is a European dedicated cargo airline specialised in mail and express freight. Developing from many years' experience the Group can offer its customers customised efficient solutions for airfreight services, maintenance and airworthiness services and aircraft leasing.

Financial report
This interim report covers the period 2014-01-01 to 2014-03-31 and comparative figures in this report covers the corresponding period for 2013 if nothing else is stated. All financial information in this report refers to the West Atlantic Group if not stated that the information refers to the parent company West Atlantic AB (publ).

Significant events during the reporting period

- The announced agreement in which Air Transport Service Group Inc. (NASDAQ: ATSG) acquired a 25 % shareholding in the parent company was signed on the 7th of January.
- West Atlantic announces its transition to International Financial Reporting Standards (IFRS) with interim report for the first quarter 2014 being the first report according to IFRS.
- West Air Sweden AB reports full EASA compliance and approval by Transportstyrelsen as one of the first airlines in Sweden.
- European Turboprop Management AB reports a sale lease-back transaction of one BAe ATP.
- European Turboprop Management AB further reports delivery of one B737-400 freighter. The company has entered into a long term dry lease agreement and delivered the aircraft to Denmark based airline Jet Time AS.
- West Atlantic continues the joint B767 implementation project with ATSG. The Group's expects to place two aircraft delivered during the year.

Revenue and income
Revenue for the period amounted to TSEK 298 984 (262 093), an increase by 14,1 per cent year-on-year. EBITDA amounted to TSEK 52 993 (27 138). Operating income amounted to TSEK 33 678 (15 897) and profit after tax amounted to TSEK 15 203 (10 702).

Investments
Investments in tangible fixed assets for the period amounted to TSEK 84 321 (1 578). Investments in intangible fixed assets amounted to TSEK 0 (0). Investments in financial fixed assets amounted to TSEK 1 824 (0).

Cash flow
Cash flow from operating activities before changes in working capital for the period amounted to TSEK 50 532 (15 052). Cash flow from changes in net working capital amounted to TSEK -24 717 (-19 869). Changes in interest bearing liabilities amounted to TSEK -10 191 (-16 729). Cash flow for the period amounted to TSEK -57 755 (-26 510).

Financial position and financing
Cash and cash equivalents at the end of the period amounted to TSEK 16 399 (13 495), including non-utilised revolving credit facilities the available cash and cash equivalents amounted to TSEK 45 467 (35 721). Equity amounted to TSEK 238 800 (204 891) and the equity to asset ratio amounted to 22,4 (26,5) per cent. Interest bearing liabilities amounted to TSEK 595 453 (314 704).

Organisation
The Group employed 454 people at the end of the period whereof 417 were men and 37 women. The average number of employees for the period amounted to 442.

Transactions with related parties
No material transactions with related parties have occurred during the reporting period.

Significant events after the reporting period

- West Atlantic corporate bond instrument (WEST001) was listed on NASDAQ OMX on the 11th of April.
- European Turboprop Management AB reports delivery of one B737-400. Aircraft to be deployed in the West Atlantic network to replace subcontracted capacity.
- Customer cancellation of one BAe ATP scheduled operating contract in effect from Q2.

Outlook
The forecast for full year 2014 remains unadjusted and no major market shifts are expected during the year.

Insurance
West Atlantic has standard corporate insurance agreements which includes product liability, which are continuously reviewed. The board assess the corporate insurance to be appropriately suited for the current size of the Group's operations.

Legal proceedings
The Group continues to monitor the legal process in France, with regards to unpaid social security charges reported during 2013, which remains an uncertainty.

The Group provisioned approximately 10 MSEK in 2013 and no further provisions have been made during the reporting period.
West Atlantic is not further part of any legal proceedings with material effect on the Company's financial position or income. The board is further not aware of any circumstances where such a legal proceeding could arise.

Financial instruments and risk management
One of the most apparent risks for the Group is foreign currency risk. A majority of the Group's revenues are in foreign currency leaving the Group exposed to risks of fluctuations in exchange rates. The Group does not engage continuously in hedging activities due to the risk is considered not to be material.

Risk factors
West Atlantic is exposed to a number of risks which potentially could have a material adverse effect on the Group's future, income and/or financial position. Below is a non-exhaustive list of risks, without regards to the level of significance, which the Group considers to be most material:

- Financial market instability
- Fluctuations in foreign exchange rates and fuel
- Market and political risks
- Flight operational risks

Remuneration policy
Wets Atlantic shall offer its management and key employees a remuneration reflecting market terms, company performance and individual performance. The remuneration shall ensure that the management and shareholders share the same goals.

Annual report
The annual report for 2013 was published 2014-04-30. and is available on the company's webpage.

Annual general meeting
The annual general meeting was held 2014-05-27 in Gothenburg.

Corporate bond
The Company has issued a corporate bond subject to trade on the NASDAQ OMX in Stockholm, listing date was the 11th of April, 2014. The instrument WEST001 and the number of instruments issued are 500 with a nominal value of TSEK 1 000 each.

Environmental information
The Group's subsidiary West Air Sweden AB has a reporting obligation in accordance with the Swedish Environmental Code, which concerns the limited handling of oils, which do not require special permission.

The aircraft fleet consists mainly of second generation turboprop aircraft, which are substantially more environmentally friendly from noise, fuel consumption and CO_2 perspectives compared to the first generation of turboprop aircraft. During 2012 the trading of emissions allowances within the European Union started.

West Atlantic financial calendar for fiscal year 2014

2014-08-28	Interim report April – June
2014-11-27	Interim report July – September
2015-02-26	Interim report October - December
2015-04-29	Annual report 2014

Accounting principles
West Atlantic Group has previously prepared its financial reports in accordance with the Swedish General accounts act in conjunction with statements and general recommendations issued by the Swedish Accounting Standards Board (SASB). Accounting principles and other financial information can be found in note 1. From 1st of January 2014 West Atlantic will prepare its financial reports in accordance with IFRS, transition date has been determined to be 2013-01-01. The full effect of the transition to IFRS is illustrated in note 2 and 3 of this report.

Audit
This financial report has not been subject to audit by the parent company's auditors.

The Board of Directors and President hereby assure that this interim report provides a true and fair overview of the performance of the Parent Company's and the Group's operations, financial position and earnings, and describes the significant risks and uncertainty factors to which the Parent Company and the companies included in the Group are exposed.

Gothenburg, May 28, 2014

Göran Berglund
Chairman of the Board

Gustaf Thureborn	Tony Auld	Joseph Payne	Fredrik Lindgren
CEO, Member of the Board	*Member of the Board*	*Member of the Board*	*Member of the Board*

West Atlantic Group

Statement of income including statement of other comprehensive income

TSEK	Jan-Mar 2014	Jan-Mar 2013	Jan - Dec 2013
Revenue	298 984	262 093	1 085 501
Cost of services provided	-249 814	-232 577	-954 480
Gross income:	**49 170**	**29 516**	**131 021**
Cost of sales	-1 957	-442	4 444
Administrative costs	-11 735	-14 184	-51 067
Other income & costs	-1 800	1 007	-129
Operating income:	**33 678**	**15 897**	**84 269**
Financial income	1 080	3 329	13 363
Financial costs	-15 185	-5 986	-58 827
Income before tax:	**19 573**	**13 240**	**38 805**
Income tax	-4 370	-2 538	-5 832
Net Income:	**15 203**	**10 702**	**32 973**
Attributable to:			
- Shareholders of the Parent Company	**15 203**	**10 702**	**32 973**
Earnings per share (SEK):	0,56	0,40	**1,22**
Statement of other comprehensive income			
Other comprehensive income:			
Items that may be classified as net income:			
Exchange-rate differences in translation of foreign operations	328	-1 879	-97
Total comprehensive income for the period:	**15 531**	**8 823**	**32 876**
Attributable to:			
- Shareholders of the Parent Company	**15 531**	**8 823**	**32 876**

Condensed statement of financial position

(TSEK)	Mar 31 2014	Mar 31 2013	Dec 31 2013
Non-tangible assets	2 098	3 418	2 358
Tangible assets	667 666	446 716	623 389
Financial assets	32 017	22 668	28 789
Total non-current assets	**701 781**	**472 802**	**654 536**
Inventories	123 899	114 892	116 559
Other current assets	206 136	170 934	181 401
Cash and cash equivalents	16 399	13 495	74 562
Total current assets	**346 434**	**299 321**	**372 522**
Assets held for sale	16 275	-	16 275
Total assets	**1 064 490**	**772 123**	**1 043 333**
Shareholders' equity	238 800	204 891	223 269
Non-current liabilities	628 455	272 517	621 937
Current liabilities	197 235	294 715	198 127
Total shareholders' equity and liabilities	**1 064 490**	**772 123**	**1 043 333**

Condensed changes in shareholders' equity

(TSEK)	Share capital	Translation reserves	Profit brought forward	Income for the period	Total share-holders' equity
Opening shareholders' equity, January 1, 2014	**27 005**	-97	196 361		**223 269**
Net income for the period Jan-Mar				15 203	**15 203**
Other comprehensive income for the period Jan - Mar		328			**328**
Closing balance March 31, 2014	**27 005**	**231**	**196 361**	**15 203**	**238 800**
Opening shareholders' equity, January 1, 2013	**27 005**		**169 063**		**196 068**
Net income for the period Jan-Mar				10 702	**10 702**
Other comprehensive income for the period Jan - Mar		-1 879			**-1 879**
Closing balance March 31, 2013	**27 005**	**-1 879**	**169 063**	**10 702**	**204 891**
Opening shareholders' equity, January 1, 2013	**27 005**		**169 063**		**196 068**
Group adjustments*			5 127		**5 127**
Paid dividend			-10 802		**-10 802**
Net income for the year				32 973	**32 973**
Other comprehensive income for the year		-97			**-97**
Closing balance Dec 31, 2013	**27 005**	**-97**	**163 388**	**32 973**	**223 269**

* Group adjustments consists primarily of changes in deferred tax on accumulated depreciation above plan. These changes have been made due to That component depreciation of fixed assets has been implemented. Accumulated depreciation above plan is changed per closing date 2013-12-31.

Condensed statement of cash flows

(TSEK)	Jan-Mar 2014	Jan-Mar 2013	Jan - Dec 2013
Income before financial activities	**33 678**	**15 897**	**84 269**
Adjustments for non-cash items			
Depreciation	19 315	11 241	78 422
Other non-cash items	3 529	-9 144	-5 402
Income tax paid	-5 990	-2 942	-5 898
Cash flow from operating activities before changes in working capital	**50 532**	**15 052**	**151 391**
Change in working capital	-24 717	-19 869	-81 837
Cash flow from operating activities	**25 815**	**-4 817**	**69 553**
Investments in fixed assets	-84 321	-1 578	-270 600
Sales of fixed assets	15 000	2 565	13 321
Other investing activities	1 080	35	1 906
Cash flow before financing activities:	**-42 426**	**-3 795**	**-185 819**
Cash flow from financing activities	-15 329	-22 715	220 233
Cash flow for the period	**-57 755**	**-26 510**	**34 414**
Cash and cash equivalents at the beginning of the period	74 562	39 957	39 957
Translation difference in cash and cash equivalents	-408	48	191
Cash and cash equivalents at the end of the period	**16 399**	**13 495**	**74 562**

Parent company information West Atlantic AB (publ)

Statement of income

TSEK	Jan-Mar 2014	Jan-Mar 2013	Jan - Dec 2013
Revenue	140 306	123 219	560 448
Cost of services provided	-127 171	-101 276	-479 009
Gross income:	**13 135**	**21 943**	**81 439**
Cost of sales	-493	-6	-1 499
Administrative costs	-5 411	-11 214	-53 250
Other income & costs	-2 344	21	-1 520
Operating income:	**4 887**	**10 744**	**25 170**
Interest & similar income	7 992	529	32 316
Interest & similar costs	-11 080	-922	-29 131
Income before tax:	**1 799**	**10 351**	**28 355**
Income tax	45	-139	-4 386
Net income:	**1 844**	**10 212**	**23 969**

Condensed statement of financial position

(TSEK)	Mar 31 2014	Mar 31 2013	Dec 31 2013
Non-tangible assets	241	328	263
Financial assets	81 899	97 363	81 154
Total non-current assets	**82 140**	**97 691**	**81 417**
Other current assets	581 036	234 108	453 615
Cash and cash equivalents	9 275	-	58 572
Total current assets	**590 311**	**234 108**	**512 187**
Total assets	**672 451**	**331 799**	**593 604**
Shareholders' equity	50 371	57 557	48 528
Untaxed reserves	1 460	1 460	1 460
Non-current liabilities	492 363	9 646	489 955
Current liabilities	128 257	263 136	53 661
Total shareholders' equity and liabilities	**672 451**	**331 799**	**593 604**

Notes

Note 1 – Summary of essential accounting principles

Group

1.1 Accounting principles

This interim report has been prepared in accordance with IAS 34 "Financial Interim reporting" and reflects the first three months of fiscal year 2014. The most essential applied accounting principles for the Group and the Parent Company are presented in this note 1.

This interim report is the first financial prepared by West Atlantic AB (publ) in accordance with International Financial Reporting Standards (IFRS). Comparative financial information have been restated as from 2013-01-01, which is the determined transition date to IFRS. A summary of the effects of the transition on the income statement and equity is presented in note 3.

This interim report for the parent company has been prepared in accordance with RFR2, financial reporting for legal entities and the Swedish Annual Accounts Act. Where the parent company applies different accounting polices compared to the Group, this will be stated below. A summary of the effects of the transition for the parent company is presented in note 2.

1.2 Group consolidated accounts, business combinations and goodwill

The Group consolidated accounts contains subsidiaries where the parent company directly or indirectly control more than 50 per cent of the voting shares and where the shares are determined to be material, or in any other way possess controlling influence of the entity. Subsidiaries are included in the Group consolidated accounts from the date of transfer of controlling influence to the Group and are consequently excluded from the accounts from the date of transfer of controlling influence from the Group.

Business combinations are established according to the acquisition accounting method. The purchase price consists of the fair value of the acquired assets, liabilities and the potential shares emitted by the Group on the acquisition date. Costs directly connected to the acquisition are continuously expensed. Note that the Group in connection with the transition to IFRS applies permitted exemption from retroactive appliance of IFRS3, business combinations connected to the transition to IFRS. See note 3 for further information.

The amount exceeding the fair value of the Group's share of the acquired entity's net assets at the time of acquisition is recognised as goodwill.

Group internal transactions and balances, including non-realised profits and losses on transactions between Group companies, are eliminated. The accounting principles of subsidiaries are adjusted to harmonise with Group principles.

1.3 Segment reporting

Business segments are reported in a manner consistent with the internal reporting to the Group highest executive management which is defined as the function controlling the allocation of resources and assessments of the results of the business segments. The board of West Atlantic AB (publ) is the highest executive management.

The Group's internal financial reporting has historically not been divided into segments as according to IFRS8, why the Group has decided not to report such financial segment information in this report, but only total comprehensive income for the Group. Financial segment reporting will be implemented in accordance with IFRS8 no later than in the following annual report for the Group.

1.4 Statement of cash flow

The cash flow statement is prepared in accordance with the indirect method, meaning that the operating income is adjusted for transactions not affecting cash flow for the period as well as income and cost deriving from financing or investing activities.

1.5 Accounting of revenue

Air freight services

The majority of the Group's revenue from air freight services with customised aircraft. Accounting of revenue occur when such freight service has been carried out. The Group's revenue from air freight services are mainly long term contractual. Performed, but not invoiced, air freight services are recognised in the balance sheet at the estimated invoice value of revenue.

Technical services, sale of spare parts and aircraft
Revenue from aircraft technical services and corresponding sale of spare parts are accounted when the service has been carried out and are based on the contracted price and other contractual terms.

For other sale of parts and components revenue is accounted at the time when risks and benefits from ownership are transferred from the Group, and the Group is no longer in control of the component, reliable estimations of revenue and outstanding expenses can be made and it is probable that the financial benefits of the sale will be realised by the Group. Revenue is based on the contractual price.

For aircraft sales the risks and benefits from ownership are transferred from the group when a bill of sale is signed, which often corresponds with the actual delivery date of the aircraft. At such time revenue from sale of aircraft is accounted.

Aircraft leasing
Where the Group lease out aircraft revenue is accounted according to agreement on monthly basis.

Interest income and costs
Where the effective interest method is applicable, interest revenue and cost are allocated over the duration of financial asset or liability.

1.6 Foreign exchange
The Group legal entities use local currency as its functional currency. The Group's consolidated accounts are prepared in Swedish Krona (SEK), which is the functional currency of the parent company and the Group's reporting currency.

Transactions in foreign currency are translated to functional currency with the daily applicable exchange rates. At the time of closing of accounts all monetary items in foreign currency are translated to applicable closing date exchange rates. Non-monetary items in foreign exchange, which are valued at historical acquisition value, are not translated into functional currency.

When preparing the Group consolidated accounts Group companies' assets and liabilities are translated into reporting currency (SEK) at applicable closing date exchange rates. Transactions affecting revenue and costs are translated into reporting currency using the average foreign exchange rates for the reporting period. Translation differences from income and equity are recognised in the income statement as other comprehensive income and in the statement of financial position as translation reserves. All exchange rates used in the preparation of the Group consolidated accounts and financial reporting are official and have been published by the Swedish Central Bank (Riksbanken).

1.7 Intangible fixed assets
Licenses and IT-systems
Intangible fixed assets, in this case capitalised costs for IT systems and licenses are recognised when the following criteria is met:

- the asset is separable from the company and can for instance be transferred or leased out, or;
- the asset derives contractual and/or legal rights
- the company is in control of the asset, defined as being able to secure future financial benefits from the asset.
- the asset has an expected future positive return

The Group capitalise such costs as intangible fixed assets when it is probable that the asset has an expected positive future return, either in form of cost savings or other benefits connected to the use of the asset, and a reliable estimate of the acquisition value can be made.

Intangible fixed assets are valued at acquisition value less accumulated depreciations and applicable impairment.

1.8 Tangible fixed assets
Tangible fixed assets are valued at acquisition value less accumulated depreciations and applicable impairment. The acquisition value consists of costs directly connected to the acquisition. The majority of the Group's tangible fixed assets contains of aircraft and adhering aircraft components with an estimated economical life exceeding one year. Additional costs such as aircraft modifications, engine overhauls, structural inspections and repairable spare components increase the acquisition value of the aircraft when it is probable that the asset has an expected positive future return, either in form of cost savings or other benefits connected to the use of the asset, and a reliable estimate of the acquisition value can be made. All other recurring aircraft maintenance costs are expensed continuously in the period which they occur.

Components of tangible fixed assets which are determined to have a significant value, or a different economical lifetime compared to the asset itself, are depreciated separately according to special plan.

The aircraft acquisition value reduced by the determined residual value is depreciated linearly over the useful life of the aircraft. Other tangible fixed assets are depreciated linearly over the asset's useful life. The following depreciation plans are applicable:

- Aircraft	15 years
- Aircraft modifications	10 years
- Aircraft components	10 years
- Engine overhauls and structural inspections	2-7 years
- Fixture & fittings, equipment and tools	5 years

Profit and loss from sale or disposal of tangible fixed assets are calculated as the difference between sale price of the asset and net book value and is recognised as operating revenue.

1.9 Tangible fixed assets held for sale
The Group applies IFRS5, tangible fixed assets held for sale, meaning that the Group under certain circumstances reclassifies assets from tangible to held for sale. These circumstances include when a decision is made to sell the asset. Further, assets acquired with the sole intention to further sell are recognised as an asset held for sale.

1.10 Impairment of non-financial assets
The Group review the recorded balances for tangible and intangible fixed assets at every closing date to assess if there are any indications of impairment. If such indications exist, the recoverable amount of the asset is calculated and compared to recorded value per closing date. The recoverable amount is defined as the highest of the fair value of the asset reduced by expected cost of sales and the utility value. The Group primarily defines the recoverable amount as the utility value which is calculated by a cash flow forecast model where the expected future cash flow from the asset is discounted with the applicable rate, and a net present value is calculated.

An impairment is made to the amount that the net book value exceeds the calculated recoverable amount.

1.11 Co-operation arrangement
The Group has a co-operation agreement for aircraft management and leasing activities with an external party (co-operation partner). Under the agreement the Group manages an aircraft portfolio, controlled by the co-operation partner, and lease out aircraft to third parties within the limits for the agreement. The primary engagement for the Group is to execute the management responsibility for these activities. Thereof, this operation represents a normal part of the Groups operating activities. When a leasing contract expires, a common decision is made with the co-operation partner either to prolong the existing agreement, draft a new agreement, sell or dispose of the aircraft.

The Group's revenue for the management commission is invoiced and paid in connection with the sale or part out of the aircraft, and consists of an economic settlement received from the co-operation partner. This settlement is based on several factors, such as the leasing revenue, capital costs including exchange rate differences, the recorded value for the aircraft and the net sale value for the aircraft. The Group carries the risks and the benefits for significant changes in the above mentioned factors and this affects the revenue for the management commission. The revenue is recognised in the income statement in connection with the closing of the aircraft sale. The Group has no title to the aircraft. The arrangement is not constructed as a separate entity.

The Group has classified this agreement as a co-operation arrangement, which may be treated as common operation according to IFRS11. The Group's accounting assessment of the co-operation is to not continuously record a share or result from the arrangement.

1.12 Leasing

The Group classify leasing agreements as either financial or operating. Leasing of tangible fixed assets where the Group, according to the lease agreement, controls the financial risks and benefits of the asset are classified as financial leasing. Example of such control is for aircraft leasing when an agreement contains a preferable purchase option and/or where the present value of the future minimum lease payments amounts to the market value of the asset. The financial leasing assets are valued at lowest of fair value or present value of the future minimum lease payments. Corresponding payment obligations are recorded as a liability. Lease payments are allocated between amortisation and financial costs.

The liability are included in other liabilities, long and short term. The financial costs are recorded in the income statement allocated over the lease duration, meaning that every period is charged with an amount corresponding to a fixed interest rate of the current liability for the period. Tangible fixed assets acquired through financial leasing agreements are depreciated over the useful life of the asset. The financial lease agreements mainly concern aircraft and aircraft components.

Lease agreements which are not classified as financial according to above are classified as operating leasing agreement.

The Group has no financial leasing agreement where a Group Company is the lessor.

1.13 Inventories

Materials and aircraft spare with a total lifetime not exceeding one year, defined as consumables, and are recognised as inventories. Aircraft parts are held to replace non-repairable parts currently fitted onto the aircraft fleet. Valuation of inventories are made according to the lowest of acquisition value and net realisable value. The acquisition value is calculated by applying the first in-first out method (FIFO). The net realisable value is the sale value reduced by the estimated cost of sales.

1.14 Financial instruments

Acquisitions and sales of financial assets are recorded on the transaction date, which corresponds to the date when the Group obliges to acquire or sell the asset. Financial instruments are at the time of acquisition recorded at the fair value adjusted for transaction costs in the statement of financial position and the transaction cost are recorded in the income statement. Financial instruments are at the time of the following reporting date following the transaction date recorded at the deferred acquisition value or fair value depending on the initial classification, in accordance with IAS39.

At the initial recording date a financial asset or liability are classified in the following categories: financial assets and liabilities valuated at fair value in the income statement, loan receivables and account receivables and other financial liabilities.

Financial assets and liabilities valued at the fair value in the income statement

This category contains derivative instruments (foreign exchange forward transactions), which are assets and liabilities. The instrument is valued at fair value at the time of the transaction and continuously until the end of the agreement, either as a short or long term depending on the duration of the instrument. *These are valued at fair value level one, according to published exchange rates at the closing date.* As the Group does not meet the criteria for hedging accounting in accordance with IAS39 a profit or loss at the revaluation date is recorded in the income statement as financial costs/income. When the Group intends to settle a financial liability or realise a financial asset with another financial asset or liability these are recorded at the net amount.

Loan receivables and account receivables

Loan receivables and account receivables are included in current assets with the exemption of items with a duration longer than twelve months from reporting date which are classified as fixed assets. This classification contains accounts receivables, cash and cash equivalents and long and short term receivables. Long term loan receivables and other receivables are recorded, following the time of acquisition, at the deferred acquisition value by applying the effective interest method, which is to be used for calculating the deferred acquisition value (present value) for the non-current asset and where the calculated change in value (the effective interest) are recorded as an interest income/cost allocated over the expected duration of the asset. Accounts receivables, short term receivables and cash and cash equivalents are recorded at the nominal value.

The Group assesses, at the time of each closing date, if there are objective indications of impairment for a financial asset. A financial assets is impaired only if there are objective indications of an impairment based on one or several events taking place after the time of the asset being originally recorded and the events are expected to have an impact on expected cash flows that can be reliably estimated. The impairment is calculated as the difference between recorded value and the present value of future cash flows, discounted by the original asset's effective interest. The impaired amount is recorded in the Group's income statement. If the required impairment need is reduced in a following reporting period, following one or several occurred events after the date of impairment, the balance will be resolved through the Group's income statement.

Other financial liabilities

This category contains loans, accounts payable, overdraft facilities and other long and short term liabilities. Financial liabilities are recorded at the deferred acquisition value by applying the effective interest method, with the exemption of accounts payables and other short term liabilities. Potential differences between received amounts reduced by transaction cost and outstanding liability is recorded in the income statement allocated over the duration of the liability.

1.15 Provisions

Provisions are recorded when the Group has an actual obligation (legal or non-formal) as a result of an occurred event and it deemed probable that an outflow of resources from the Group is required to settle the obligation and a reliable estimation of the amount can be made. The amount provisioned at the reporting date constitutes the most reliable estimation of the amount required to settle the obligation with respect to risks and uncertainties.

The Group records actual provisions as long or short term liabilities depending on the estimated date of outflow of resources. The actual provisions are recorded at the nominal amount, due to that discounting of the provisions will not result in a significant difference in amounts based on the expected time of settlement.

1.16 Contingent liabilities

Contingent liabilities are not recorded in the statement of financial position, but included as a disclosure, when there is a potential obligation as a result from an occurred event which is confirmed by one or several uncertain future events, or when there is an obligation not recorded as a liability or provisions due to that it is not probable that an outflow of resources from the Group are required and the amount can't be reliably estimated.

1.17 Income taxes

Recorded income taxes are taxes that will be paid or received in connection to the current year, adjustment for taxes in connection with previous years and changes in deferred taxes. Valuation of mentioned tax receivables/liabilities are according to nominal amounts and applicable tax regulations and rates, which are confirmed or reliably estimated. Tax effects in connection with items recognised the income statement are recorded in the income statement. Tax effects in connection with items recognised the equity are recorded in equity. Deferred taxes are calculated according to the balance sheet method on temporary differences that occur between recorded and taxed values on assets and liabilities. Deferred tax receivables concerning loss carry forwards or other future tax deductions are recorded to the amount it is deemed probable that can be settled against future tax surpluses.

Deferred tax receivables and liabilities are netted when there exist a legal right to net actual tax receivables and liabilities and when the deferred taxes are charged by the same tax authority.

1.18 Remunerations to employees

Remunerations to employees in form of salaries, holiday pay, sick pay, other remunerations and pensions are continuously recorded at the time of entitlement. Pensions and other remunerations concerning the time after the end of employment are classified as defined contribution plans, meaning that the Group pays fixed charges to an independent pension institution and has no further obligation to pay additional charges. The Group's income is charged with costs continuously at the time of entitlement which normally corresponds to the time of premium payment.

The Parent Company

1.19 Accounting principles

The Parent Company applies the Swedish Annual Accounts Act (SAAA) and the Swedish Financial Reporting Board's recommendation RFR2 - Accounting for legal entities. Applying the recommendation RFR2 means that the Parent Company adopts the EU approved IFRS standards to the extent limited by the SAAA and considered the difference between accounting and taxation. This interim report has been prepared according to SAAA, chapter 9 and RFR2. The Parent Company applies different accounting principles compared to the Group in the following areas.

Classifications and statement forms

The Parent Company income statement and statement of financial position is prepared according to the schemes of SAAA. The difference compared to IAS1 – Presentation of financial statement is mainly the presentation of financial income and costs, fixed assets and equity.

Shares in Group companies

Shares in Group companies are recorded at acquisition value reduced by potential impairments. Business combination costs and potential supplemental purchase price are included in the acquisition value. At the time of an indication of impairment a calculation of the recoverable amount is carried out. If the recoverable amount is deemed lower than recorded value an impairment is made and recorded in the item "income from Group Companies".

Financial instruments

The Parent Company does not apply IAS39 – Financial instruments: accounting and valuation, the company applies an acquisition method according to SAAA.

Leasing

All leasing agreements are classified as operating leases.

Guarantees

The Parent Company has outstanding guarantees for the benefit of subsidiaries. Such guarantees are classified as financial guarantees according to IFRS. The Company applies exemption rule RFR2 (IAS39 p2) and records these guarantees as pledged collaterals. When the Parent Company deems it probable that an outflow of resources is required to settle such obligation, a provision is made.

Deferred taxes

Non-taxed reserves constitutes temporary taxation differences. Due to the connection between taxation and accounting in a legal entity the deferred tax liability is recorded as a part of non-taxed reserves.

Note 2 – Effects from RFR2 for the parent company

The Parent Company transitions to RFR2 on the 1st January 2013, which corresponds to the Group's transition date to IFRS. The transition has meant the following effects on the equity of the Parent Company (for more details please see note 3, effects of transition to IFRS for the group, reference c) and h)):

The effect on Parent Company equity of applying RFR2

	Jan 1, 2013	**Dec 31, 2013**
Equity according to previously applied principles and approved balance sheet	**52 570**	**43 587**
Accumulated effect of transition to RFR2 previous period	**-**	**-5 226**
Effect of transition to RFR2 including deferred tax:		
Other non-current receivables, valued at deferred acquisition value	-5 226	1 245
Loans, valued at deferred acquisition value	-	8 922
Total effect on profit brought forward, including comprehensive income for the period.	**-5 226**	**10 167**
Total effect on equity of the transition to RFR2	**-5 226**	**10 167**
Equity adjusted according to new principles	**47 344**	**48 528**

Note 3 – Effects from transition to IFRS for the Group

Earlier, the West Atlantic Group has applied the Swedish Annual Accounts Act and the standards from Swedish Accounting Standards Board for the Group consolidated accounts. As from 2014-01-01 the Group prepares the consolidated accounts according to IFRS. The transition date has been determined to be 2013-01-01. The transition to IFRS is presented according to IFRS1 – First time adoption of IFRS. The main rule of IFRS states that a company shall apply all IFRS standards retroactively at the time of determination of the opening balances according to IFRS considering the required exception regulations stated in IFRS1, p14-17 and appendix B. Beside the required exception regulations, there are certain optional exemptions, where West Atlantic AB (publ) has applied the following:

Exception for business combinations
IFRS3 – Business combinations, is applied only on post IFRS transition business combinations.

Exception for accumulated translation differences
The Group has applied IFRS1, which allows accumulated translation differences in equity to be eliminated at the transition date to IFRS. The Group has recognised these translation differences as profit brought forward at the transition date.

Reconciliation between previous accounting principles and IFRS
The Group are according to IFRS1 required to reconcile equity and comprehensive income for previous reporting periods with the corresponding items according to IFRS. The effects of the IFRS transition is presented in the statements on the following pages, and are considered by management of the Group to be the most significant preliminary effects for the transition.

The transition further had an effect on the Group's cash flow statements from operating activities, investing activities and financing activities. These effects are also presented and commented in the statements on the following pages.

Group's Statement of financial position January 1, 2013

	Reference	Opening balance according to previous principles after adjust-ments (a)	Adjustments of principles	IFRS
ASSETS				
NON-CURRENT ASSETS				
Non-tangible assets				
Goodwill		188		188
Licenses & IT system	j)	3 735	-207	3 528
		3 923		**3 716**
Tangible assets				
Aircraft and aircraft components	a), b), i), k)	288 008	163 958	451 966
Equipment, tools and installations		1 469		1 469
		289 477		**453 435**
Financial assets				
Shares in associated companies		1 157		1 157
Non-current financial receivables	c)	20 000	-4 274	15 726
Deferred tax receivables	b), c), g), j), p)	-	6 433	6 433
		21 157		**23 316**
TOTAL NON-CURRENT ASSETS		**314 557**		**480 467**
CURRENT ASSETS				
Inventories				
Spares and necessities	i)	99 426	2 096	101 522
Advances to suppliers		5 368		5 368
		104 794		**106 890**
Other current assets				
Accounts receivable - trade		93 538		93 538
Tax receivable	a)	4 699		4 699
Other receivables	c)	60 554	-3 849	56 705
Prepaid expenses and accrued income		22 076		22 076
		180 867		**177 018**
Cash and cash equivalents		39 957		39 957
TOTAL CURRENT ASSETS		**325 618**		**323 865**
Assets held for sale	k)	-	5 211	5 211
TOTAL ASSETS		**640 175**		**809 543**
EQUITY				
Share capital		27 004		27 004
Reserves	n)	108 016	-108 016	-
Profit brought forward including profit for the year	a), b), c), e), g), j), l), n)	105 266	63 797	169 063
TOTAL EQUITY		**240 286**		**196 067**
ALLOCATIONS				
Allocations for taxes	a), d)	42 169	-42 169	-
Allocations for aircraft maintenance	e)	3 292	-3 292	-
		45 461		**-**
NON-CURRENT LIABILITIES				
Loans	f)	41 752	38 947	80 699
Other liabilities	b), f)	38 947	122 132	161 079
Deferred tax liabilities	a), b), d), e), g), p)	-	36 114	36 114
		80 699		**277 892**
CURRENT LIABILITIES				
Overdraft facilities		33 384		33 384
Loans	f)	44 204	10 347	54 551
Accounts payable - trade		92 261		92 261
Tax liabilities	a)	7 014		7 014
Derivative instruments	l)	-	1 139	1 139
Other liabilities	b), f)	71 435	8 491	79 926
Prepaid income and accrued expenses	g)	25 431	41 878	67 309
		273 729	**61 855**	**335 584**
TOTAL EQUITY & LIABILITIES		**640 175**		**809 543**

Group's income statement January – March, 2013

TSEK	Reference	Previous accounting principles	Adjustm-ents of principles	IFRS
Revenue	g)	252 997	9 096	262 093
Cost of services provided	b), j), m)	-233 993	1 416	-232 577
Gross income:		**19 004**		**29 516**
Cost of sales		-442		-442
Administrative costs		-14 184		-14 184
Other income & costs		1 007		1 007
Operating income:		**5 385**		**15 897**
Financial income	c), l)	35	3 294	3 329
Financial costs	b), h)	-1 892	-4 094	-5 986
Income before tax:		**3 528**		**13 240**
Income tax	b), e), g), h)	-374	-2 164	-2 538
Net income:		**3 154**		**10 702**
Net income attributable to:				
- Shareholders of the Parent Company		3 154		10 702
Earnings per share (SEK):		0,12		0,40
Statement of other comprehensive income				
Other comprehensive income:				
Items that may be classified as net income:				
Exchange-rate differences in translation of foreign operations		-	-1 879	-1 879
Total comprehensive income for the period:		**3 154**		**8 823**

Group's income statement January – December, 2013

TSEK	Reference	Previous accounting principles	Adjustm-ents of principles	IFRS
Revenue	g)	1 067 102	18 399	1 085 501
Cost of services provided	b), j), m)	-946 168	-8 312	-954 480
Gross income:		**120 934**		**131 021**
Cost of sales		4 444		4 444
Administrative costs	h)	-64 267	13 200	-51 067
Other income & costs		-129		-129
Operating income:		**60 982**		**84 269**
Financial income	c)	11 767	1 596	13 363
Financial costs	b), h), l)	-38 616	-20 211	-58 827
Income before tax:		**34 133**		**38 805**
Income tax	b), e), g), h)	-6 949	1 117	-5 832
Net income:		**27 184**		**32 973**
Attributable to:				
- Shareholders of the Parent Company		27 184		32 973
Earnings per share (SEK):		1,01		1,22
Statement of other comprehensive income				
Other comprehensive income:				
Items that may be classified as net income:				
Exchange-rate differences in translation of foreign operations		-	-97	-97
Total comprehensive income for the period:		**27 184**		**32 876**

Group's Statement of financial position March 31, 2013

	Reference	Balance according to previous principles after adjustments (a)	Adjustments of principles	IFRS
ASSETS				
NON-CURRENT ASSETS				
Non-tangible assets				
Goodwill	m)	183	5	188
Licenses & IT system	j)	3 454	-224	3 230
		3 637		**3 418**
Tangible assets				
Aircraft and aircraft components	a), b)	279 772	163 454	443 226
Equipment, tools and installations		3 490		3 490
		283 262		**446 716**
Financial assets				
Shares in associated companies		1 157		1 157
Non-current financial receivables	c)	20 236	-3 727	16 509
Deferred tax receivables	b), c), g), j), l)	-	5 002	5 002
		21 393		**22 668**
TOTAL NON-CURRENT ASSETS		**308 292**		**472 802**
CURRENT ASSETS				
Inventories				
Spares and necessities	i)	108 654	2 003	110 657
Advances to suppliers		4 235		4 235
		112 889		**114 892**
Other current assets				
Accounts receivable - trade		67 132		67 132
Tax receivable	a)	6 610		6 610
Derivative instruments	l)	-	1 608	1 608
Other receivables	c)	75 499	-3 849	71 650
Prepaid expenses and accrued income		23 934		23 934
		173 175		**170 934**
Cash and cash equivalents		13 495		13 495
TOTAL CURRENT ASSETS		**299 559**		**299 321**
TOTAL ASSETS		**607 851**		**772 123**
EQUITY				
Share capital		27 005		27 005
Reserves	n)	106 137	-108 016	-1 879
Profit brought forward	a), b), c), e), g) ,j, l)	105 266	63 797	169 063
Net income for the period		3 154	7 548	10 702
TOTAL EQUITY		**241 562**		**204 891**
ALLOCATIONS				
Allocations for taxes	a), d)	40 778	-40 778	-
Allocations for aircraft maintenance	e)	4 104	-4 104	-
		44 882		**-**
NON-CURRENT LIABILITIES				
Loans	f)	39 176	40 589	79 765
Other liabilities	b), f)	40 589	116 707	157 296
Deferred tax liabilities	a), b), d), e), g), p)	-	35 456	35 456
		79 765		**272 517**
CURRENT LIABILITIES				
Overdraft facilities		27 774		27 774
Loans	f)	39 759	10 110	49 869
Accounts payable - trade		86 174		86 174
Tax liabilities	a)	6 359		6 359
Other liabilities	b), f)	60 554	10 181	70 735
Prepaid income and accrued expenses	g)	21 022	32 782	53 804
		241 642		**294 715**
TOTAL EQUITY & LIABILITIES		**607 851**		**772 123**

Group's Statement of financial position December 31, 2013

	Reference	Balance according to previous principles after adjustments (a)	Adjustments of principles	IFRS
ASSETS				
NON-CURRENT ASSETS				
Non-tangible assets				
Goodwill	m)	167	21	188
Licenses & IT system	j)	2 446	-276	2 170
		2 613		**2 358**
Tangible assets				
Aircraft and aircraft components	a), b)	575 885	43 085	618 970
Equipment, tools and installations		4 419		4 419
		580 304		**623 389**
Financial assets				
Shares in associated companies		1 067		1 067
Non-current financial receivables	c)	20 030	2 583	22 613
Deferred tax receivables	b), c), g), j), l)	-	5 109	5 109
		21 097		**28 789**
TOTAL NON-CURRENT ASSETS		**604 014**		**654 536**
CURRENT ASSETS				
Inventories				
Spares and necessities		105 086		105 086
Aircraft held for sale	k)	16 275	-16 275	-
Advances to suppliers		11 473		11 473
		132 834		**116 559**
Other current assets				
Accounts receivable - trade		107 075		107 075
Tax receivable	a)	3 905		3 905
Other receivables	c)	51 041	-11 525	39 516
Prepaid expenses and accrued income		30 905		30 905
		192 926		**181 401**
Cash and cash equivalents		74 562		74 562
TOTAL CURRENT ASSETS		**400 322**		**372 522**
Assets held for sale	k)	-	16 275	16 275
TOTAL ASSETS		**1 004 336**		**1 043 333**
EQUITY				
Share capital		27 005		27 005
Reserves	n)	171 884	-171 981	-97
Profit brought forward	a), b), c), e), g) ,j, l), n)	30 056	133 332	163 388
Net income for the year		27 184	5 789	32 973
TOTAL EQUITY		**256 129**		**223 269**
ALLOCATIONS				
Allocations for taxes	d)	47 961	-47 961	-
Other provisions	o)	10 812	-10 812	-
		58 773		**-**
NON-CURRENT LIABILITIES				
Loans	h)	520 500	-11 438	509 062
Other liabilities	b)	-	67 962	67 962
Deferred tax liabilities	a), b), d), e), g), h),	-	34 101	34 101
Provisions	o)	-	10 812	10 812
		520 500		**621 937**
CURRENT LIABILITIES				
Overdraft facilities		26 776		26 776
Loans		5 645		5 645
Accounts payable - trade		73 207		73 207
Tax liabilities		1 479		1 479
Derivative instruments	l)	-	2 556	2 556
Other liabilities	b)	27 980	3 158	31 138
Prepaid income and accrued expenses	g)	33 847	23 479	57 326
		168 934		**198 127**
TOTAL EQUITY & LIABILITIES		**1 004 336**		**1 043 333**

Group's Summary of effects on equity 2013

	Reference	Jan 1, 2013	March 31, 2013	Dec 31, 2013
Equity according to previously applied principles and approved balance sheet		**236 346**	**237 622**	**259 229**
Adjustments for misstatements	a)	3 940	3 940	-3 100
Equity according to previously applied principles after adjustments for misstatements		**240 286**	**241 562**	**256 129**
Accumulated effect of transition to IFRS at January 1, 2013			**-44 219**	**-44 219**
Effect of transition to IFRS, including deferred tax				
Financial leasing	b 1)	4 545	1 463	2 788
Impairment of aircraft	b 2)	-10 373	-	-
Change in useful life for aircraft	b 3)	-	663	3 384
Depreciation of components, aircraft	b 3)	-	-4 205	-20 040
Other non-current financial receivables	c)	-6 336	425	-639
Provision for aircraft maintenance	e)	1 648	-	-1 648
Adjustment of profit sale fixed assets	g)	-32 665	7 095	14 351
Adjustment for transaction costs on loans	h)	-	-	8 922
Licenses and IT systems	j)	-161	-13	-54
Derivative instruments	l)	-877	2 115	-1 091
Change depreciation goodwill	m)	-	5	21
Reclassifications in equity, including adjustment for deferred tax	n)	-	-	5 365
Total effect on profit brought forward, including comprehensive income for the period		**-44 219**	**7 548**	**11 359**
Total effect on equity of the transition to IFRS		**-44 219**	**-36 671**	**-32 860**
Equity adjusted according to IFRS		**196 067**	**204 891**	**223 269**

References

a) Adjustments of opening balances due to misstatements

The following items have been corrected in the opening balances 2013-01-01:

1. The Group consolidated accounts 2013-01-01 contained a misstated balance which have been adjusted by TSEK - 4 206 relating to tangible fixed assets, aircraft and components Adjustment for deferred tax has been made of TSEK 1 106. Total effect on profit brought forward was TSEK - 3 100.
2. Due to a late amendment in a subsidiary tax receivable was adjusted by TSEK 1 532, tax liability was reduced by TSEK 210, allocations for deferred taxes was reduced by TSEK 5 298. Total effect on profit brought forward was TSEK 7 040.

b) Aircraft and components

1. *Financial leasing*

   According to IAS17 all significant financial leasing contracts previously recorded as operating leasing shall be recorded as tangible fixed assets and financial liabilities. Depreciation and interest costs are recorded in the income statement instead of operating leasing costs. Leasing cost have previously been recorded as a cost of services provided. During the fiscal year of 2013 a reclassification of leasing payments of TSEK 18 155 has been made, interest costs have been increased by TSEK 12 936 and amortisations of TSEK 5 219. After adjustment for deferred tax of TSEK – 1 148, profit for the year have been increased by TSEK 4 071. In connection with settlement of leasing agreements financial costs of TSEK 1 681 adjusted for deferred tax of TSEK 370 has been recorded. Profit for the year has been affected by TSEK – 1 311.

At 2013-01-01 a reclassification of leasing payments of TSEK 16 655 have been made, interest costs have increased by TSEK 7 466 and amortisations with TSEK 9 189. After adjustment for deferred tax of TSEK 2 021, profit brought forward have been increased by TSEK 7 168.

Positive translation differences on leasing liabilities (other liabilities) are included at 2013-01-01 by TSEK 2 154 and thereby other long term liabilities have been decreased. After adjustment for deferred tax, profit brought forward have been affected by TSEK 1 961.

At 2013-01-01 TSEK 184 564 have been recorded as an increase in tangible fixed assets due to recognition of financial lease agreements, after adjustment for depreciations with TSEK 5 878 and there have been an increase in other liabilities, both long term and short term by TSEK 178 738 after amortisations. The remaining amount after amortisations were TSEK 139 791.

During 2013, depreciations have been recorded of TSEK 5 066. After adjustments for deferred tax of TSEK 1 115, profit for the year has been affected by TSEK -3 951. Corresponding amount at 2013-01-01 was TSEK 5 877. After adjustment for deferred tax of TSEK 1 293, profit brought forward was affected by -4 584. The total effect on equity 2013-01-01 was TSEK 4 545.

Amortisations and settlements of leasing liabilities have been done by TSEK 107 618 accumulated at 2013-12-31.
The total effect on equity is TSEK 2 788 during year 2013.

The change in equity at 2013-03-31, with the corresponding effects, was TSEK 1 463.

Reclassification has been made, from non-current term liabilities to short term liabilities concerning the part to amortise within one year. The amounts were TSEK 3 158 at 2013-12-31 and TSEK 17 659 at 2013-01-01 in accordance with IAS1.

2. *Impairment of aircraft*
   In connection to the transition to IFRS, the Group applies IAS36. This means that an impairment test of the Group´s tangible fixed assets shall be performed. The result of this impairment test was that an impairment of TSEK 13 299 had to be done. After adjustment for deferred tax TSEK 2 926, profit brought forward have been affected by TSEK -10 373.

3. *Depreciation of components and change in useful life for aircraft*
   In accordance with IAS16, components of tangible fixed assets which are determined to have a significant value in or a different economical lifetime compared to the asset itself, shall be depreciated separately according to special plan. For aircraft, this has meant that the depreciation periods for separate components have been shortened, having a decreasing effect on cost of services provided. For year 2013, the effects amounts to TSEK 25 692. To properly reflect the useful life of the aircraft, the depreciation plan of the aircraft excluding its components has been prolonged which has decreased cost of services provided by TSEK 4 339. After adjustment for deferred tax on the mentioned amounts, net income for 2013-12-31 has been effected by TSEK – 16 656. The corresponding effect on net income for 2013-03-31 was TSEK -3 542.

c) Other non-current financial receivables

1. Reclassification of long term to short term receivable in accordance with IAS1, has been made of paid deposits during 2012 concerning external leasing agreements (TSEK 3 849). The corresponding adjustment at 2013-12-31 was TSEK 11 525.

2. Due to that the Group recognises the financial receivables in the category "loan and accounts receivables" the amount shall be valued at present value according to IAS39 if the duration of the receivable is longer than one year. At 2013-01-01 a reduction of long term financial receivables has been made by TSEK 8 123. After the adjustment for deferred tax of TSEK 1 787, profit brought forward has been effected by TSEK – 6 336. During the financial year 2013 the receivables have been reduced by TSEK 819 due to changes in the assumptions for present value. After adjustment for deferred tax of TSEK 180, the effect on net income was TSEK – 639.

d) Allocations for taxes/deferred tax

Reclassification has been made for allocation for taxes according to IAS1 and classified as long term deferred tax liabilities. The amount reclassified at 2013-01-01 after corrections was TSEK 42 169. The corresponding amount at 2013-12-31 was TSEK 47 961.

e) Allocations for aircraft maintenance

Per 2013-01-01 an allocation for aircraft maintenance of TSEK 2 113 has been adjusted in accordance with IAS37. After adjustment for deferred tax of TSEK 465 the effect on profit brought forward was TSEK 1 648. Beside the adjustment a reclassification of TSEK 1 179 has been made to short term liabilities according to IAS1. At 2013-12-31 the allocations have been adjusted through the income statement by the Group, whereby no adjustment has been made.

f) Loans

Loans include financial interest bearing liabilities, excluding overdraft facilities and financial leasing. At 2013-01-01 a reclassification of TSEK 38 947 (long term) and TSEK 10 347 (short term) has been made from other liabilities to loans in accordance with IAS1.

g) Adjustment of profit sale on sale-leaseback transactions

When a sale lease-back transaction results in a financial leasing agreement, the profit from the sale shall be allocated during the duration of the leasing agreement. During 2012 a sale and leaseback transaction was carried out where the leasing agreements has been determined to be financial leasing agreements. At 2013-01-01, profit sales that amounts to TSEK 41 878 has been allocated over the duration of the agreement and are recognised as prepaid income. After adjustment for deferred tax TSEK 9 216, profit brought forward is effected by TSEK – 32 665.

During 2013 the allocation of profit sale effecting equity was TSEK 18 399 and after adjustment for deferred tax of TSEK 4 048 the effect on net income was TSEK 14 351. Corresponding amount at 2013-03-31 was TSEK 7 095.

h) Loan transaction costs

Loans are to be recorded at deferred acquisition value in accordance with IAS39, and the difference between received amount net of transaction cost and the repayable amount shall be recorded in the income statement allocated over the duration of the loan. A transaction cost of TSEK 13 200 during 2013, recorded as administrative costs, has been reclassified to financial costs and allocated over a duration of five years commencing in May 2013. TSEK 11 438 has reduced financial costs and the principal loan amount (500 000 TSEK), after adjustment for deferred tax of TSEK 2 472 the effect on net income for 2013 was TSEK 8 922.

i) Aircraft, components and inventories

A reclassification of TSEK 2 096 for aircraft and components to inventories at 2013-01-01.

j) Licenses and IT-systems

A change in assessment of the useful life of an IT-system has effected profit brought at 2013-01-01 forward by TSEK – 161 after adjustment for deferred tax of TSEK 46. The total effect on net income for 2013 was TSEK -54.

k) Assets held for sale

According to IFRS5, a company shall during certain circumstances recognise assets held for sale as a separate item under current assets. The Group has recognised two aircraft held for sale at 2013-01-01 amounting to TSEK 5 211.

l) Derivative instruments

The Group has recorded foreign exchange forwards as derivative instruments in the statement of financial position, according to IFRS the instrument shall be recorded at fair value. According to previous principles derivative instruments were not recorded in the statement of financial position at 2013-01-01. Derivative instruments are recorded against profit brought forward in opening balances and are recorded in the statement of income going forward. At 2013-01-01 the adjustment change in fair value TSEK – 1 139 an adjustment for deferred tax of TSEK 262 is also recorded.

The Group does not meet the criteria for hedging accounting in accordance with IAS39. In the income statement changes in fair value for the forward exchange contracts are recorded as financial income/costs. For the year 2013 the comprehensive income was effected by TSEK 1 417 with an additional deferred tax receivables increase of TSEK 326 recorded. At 2013-03-31 net income was effected by TSEK 2 115.

m) Adjustment of depreciation of goodwill

According to IFRS goodwill is not depreciated but are annually tested for impairment. Deprecation of goodwill brought forward 2013-01-01 remain as the Group applies the exemption in IFRS3 regarding restatement of business combinations. Adjustment for depreciation of goodwill is made 2013-01-01 and amounts to TSEK 21.

n) Reclassification in equity including adjustment on deferred tax

At the transition to IFRS equity is not divided in restricted or unrestricted equity. For the Group restricted reserves reclassified to profit brought forward also including the equity share of non-taxed reserves, which amounted to TSEK 108 016 at 2013-01-01 and TSEK 171 884 at 2013-12-31. An adjustment for deferred tax of TSEK 5 365 is also made due to changes in non-taxed reserves as per 2013-12-31. The remaining reserves of TSEK – 97 consists of accumulated translations differences for 2013 of foreign operations.

o) Reclassifications of provisions

According to IAS1 provisions shall be recorded as short or long term liabilities. The Groups other provisions has been assessed as long term liabilities.

p) Netting of deferred tax

IAS12 requires that recorded deferred taxes shall be netted if both the receivable and the liability concerns the same tax authority. For the Group the effect is that deferred tax receivables will be netted against deferred tax liabilities with the exemption of items concerning transactions in the United Kingdom where deferred tax receivables are not netted.

Group's Statement of Cash flows, January – December 2013

	According to previous principles	Adjustm-ents	IFRS
Operating activities			
Income before financial activities	60 982	23 287	84 269
Adjustments for non-cash items			
Depreciation	51 934	26 488	78 422
Profit/loss from exchange rate fluctuations	-97	-978	-1 075
Profit/loss from sale of fixed assets	-8 686	9 382	696
Accrual for profit sale	0	-18 399	-18 399
Reservations on illiquid claims	2 609		2 609
Disposal of fixed assets	12 763		12 763
Other non-cash items	-695	-1 301	-1 996
Income tax paid	-5 898		-5 898
Cash flow from operating activities prior net operating assets	**112 911**		**151 391**
Change in operating net assets			
Change in inventories	-11 766	2 097	-9 669
Change in assets held for sale	-16 275	5 211	-11 064
Change in short term receivables	3 781	-9 889	-6 108
Change in short term liabilities	-63 549	8 553	-54 996
Cash flow from operating activities	**25 102**		**69 554**
Investing activities			
Acquisition of subsidiaries	90		90
Acquisition of aircraft and aircraft components	-361 017	92 621	-268 396
Acquisition of other tangible fixed assets	0	-2 264	-2 264
Sale of aircraft and aircraft components	13 321		13 321
Investments in other financial fixed assets	-30		-30
Interest received	1 906		1 906
Cash flow from investing activities	**-345 730**		**-255 373**
Financing activities			
Corporate bond loan	500 000		500 000
Amortisation on loans including liabilities to credit institutions	-66 418	-66 173	-132 591
Change in other non-current liabilities	-38 947	-54 170	-93 117
Interest paid	-28 600	-14 657	-43 257
Paid dividend	-10 802		-10 802
Cash flow from financing activities	**355 233**		**220 233**
Cash flow for the period	**34 605**		**34 414**
Cash and cash equivalents at beginning of period	39 957		39 957
Effect of exchange rate changes on cash and cash equivalents	-		191
Cash and cash equivalents at end of period	**74 562**		**74 562**

Comments to the restated cash flow statement

In connection to with the transition to IFRS the income before financial activities has been selected to determine the cash flow prior to changes in working capital, instead of the previously used income after financial activities. This to easily separate interest paid and received as required by IFRS.

The main differences between previous principles and IFRS are connected to the reclassification of previously operating aircraft leasing agreements to financial leasing according to IAS17. This has a positive effect on the cash flow from operating activities due to that operating lease payments are reclassified as interest and amortisations.

Another effect of financial leasing agreements concerning aircraft, purchased during 2013, is that the cash flow from investing activities has increased, affecting acquisition of aircraft and aircraft components. Cash flow from financing activities has correspondingly decreased.

Corporate bond – financial standing & Covenants

As part of the corporate bond loan the Parent Company are obliged to report its financial position as described in the terms and conditions of the bond. These can be found on the West Atlantic webpage and includes all relevant definitions to the measurements of the financial covenants of the corporate bond loan.

Financial covenants as per corporate bond terms and conditions:

Maintenance Test: The Issuer shall ensure that:

(a) the ratio of Net Interest Bearing Debt to EBITDA is not greater than:
- (i) 5.00 during the year 2013;
- (ii) 4.50 during the year 2014; and
- (iii) 4.00 during the years 2015-2018; and

(b) the Interest Coverage Ratio exceeds:
- (i) 2.00 during the year 2013;
- (ii) 2.25 during the year 2014; and
- (iii) 2.50 during the years 2015-2018.

Incurrence Test: The Incurrence Test is met if:
- (a) the ratio of Net Interest Bearing Debt to EBITDA is not greater than 4.00; and
- (b) the Interest Coverage Ratio exceeds 2.50.

The calculation of the ratio of Net Interest Bearing Debt to EBITDA in relation to the Incurrence Test shall be made as per a testing date determined by the Issuer, falling no more than one month prior to the incurrence of the new Financial Indebtedness (or payment of the Restricted Payment (as applicable)). The Net Interest Bearing Debt shall be measured on the relevant testing date so determined, but include the new Financial Indebtedness, provided it is an interest bearing obligation (however, any cash balance resulting from the incurrence of the new Financial Indebtedness shall not reduce the Net Interest Bearing Debt).

The calculation of the Interest Coverage Ratio shall be made for the Relevant Period ending on the last day of the period covered by the most recent Financial Report.

The figures for EBITDA, Finance Charges and Net Finance Charges for the Relevant Period ending on the last day of the period covered by the most recent Financial Report shall be used when calculating the Incurrence Test (and, as regards item (i) below, also when calculating the Maintenance Test), but adjusted so that:

(i) any Aircraft-owning Company acquired or disposed of by the Group during the Relevant Period, or after the end of the Relevant Period but before the relevant testing date, shall be included or excluded (as applicable), pro forma, for the entire Relevant Period; and

(ii) any Aircraft-owning Company to be acquired with the proceeds from new Financial Indebtedness shall be included, pro forma, for the entire Relevant Period;

Provided that the pro forma adjustments for EBITDA, Finance Charges and Net Finance Charges have been confirmed by a reputable accounting firm and the Issuer has provided evidence thereof to the Bond Trustee.

West Atlantic Group reported numbers based on interim report Q1, 2014:

- Ratio of Net Interest Bearing Debt to EBITDA: 3,07 < 4,5
- Interest Coverage Ratio: 3,10 > 2,25

West Atlantic Aircraft fleet

Aircraft fleet as of 2014-03-31

	Age	Owned	Leased	Wet leased	Total	In Service	Leased out	Parked
BAe ATP-F	23,6	31	8	-	**39**	33	-	6
BAe ATP	23,8	2	-	-	**2**	-	1	1
Boeing 737-300	15,6	2	3	1	**6**	6	-	-
Boeing 737-400	22,8	1	-	-	**1**	-	1	-
CRJ200PF	19,8	3	-	-	**3**	3	-	-
Cessna Citation 500	37,8	1	-	-	**1**	-	1	-
TOTAL	**22,7**	**40**	**11**	**1**	**52**	**42**	**3**	**7**

BAe ATP/F

CRJ200PF

Boeing 737-300/400

West Atlantic traffic statistics January - March

	Jan - Mar 2014	**Jan - Mar 2013**	**Year-on-year change**
Performed flights	6 439	5 876	9,6%
Regularity (target >99%)	99,1%	99,0%	0,1%
Number of hours flown	6 660	6 508	2,3%
Tonnes carried	23 011	21 164	8,7%
Scheduled destinations	49	42	16,7%

West Atlantic financial calendar for fiscal year 2014

Interim report Q2 (April – June)	August 28th, 2014
Interim report Q3 (July – September)	November 27th, 2014
Interim report Q4 (October - December)	February 26th, 2015
Annual report 2014 (January – December)	April 29th, 2015

All reports are available in Swedish and English and can be found on the West Atlantic webpage. The reports can also be ordered electronically via investor.relations@westatlantic.eu.

West Atlantic discloses the information contained in this interim report pursuant to the Swedish Securities Market Act and/or the Swedish Financial Instrument Trading Act.