

Continued expansion in the B737 segment with a 21 percent growth in revenue Q3 year-on-year

July – September in brief

- Revenue TSEK 330 940 (272 679)
- Performed flights 6 822 (6 056)
- EBITDA TSEK 44 033 (42 661)
- Income before tax TSEK 3 526 (1 450)
- Net income for the period TSEK 1 409 (1 917)
- Earnings per share SEK 0,05 (0,07)
- Cash flow from operating activities TSEK 54 492 (22 846)

Comments by the CEO

“West Atlantic’s third quarter performance resulted in an income before tax of TSEK 3 526 (1 450) and an EBITDA of TSEK 44 033 (42 661). The cash flow from operating activities amounted to TSEK 54 492 (22 846), indicating a continuously solid operational performance. The Group’s financial position remains basically unchanged and planned investments in the aircraft fleet will continue during 2014 and 2015.

Revenue for the quarter increased by 21 per cent Q3 year-on-year indicating a continued solid growth for the Group. The increase in revenue derives primarily from additional B737 operations.

Operational factors reported during Q2 continued to reduce profitability during Q3 compared to the corresponding period in 2013. The most notable still being the introduction issues with the B737-400 aircraft type. This, combined with delivery issues with the first aircraft, left it grounded for the period April - September. Due to this situation and to meet its contractual commitments, West Atlantic was forced to subcharter capacity from other operators. However, the aircraft is now deployed in the EU network and an increase in contribution from this operation is expected going forward. The delayed start of B767 operation has further contributed to lower overall profitability.

The aircraft fleet expanded with one B737-300, delivered in September. The aircraft will primarily be deployed for peak and ad-hoc charter operations but will also be utilised as a spare aircraft for heavy maintenance as West Atlantic has reached a sizeable fleet in the B737 segment.

In scheduled air cargo traffic, the Group looks forward to the peak season of Q4 and has further secured additional short-term holiday peak operations for the existing fleet. Combined with the deployment of the B737-400, the final quarter of 2014 should reflect an increase in fleet utilisation and profitability for the period.” – says Gustaf Thureborn, CEO & Group president.

Key financial information & ratios for the Group

TSEK	Jul - Sep	Jul - Sep	Jan - Sep	Jan - Sep	Jan - Dec
	2014	2013	2014	2013	2013
Revenue	330 940	272 679	933 343	794 239	1 085 501
EBITDA	44 033	42 661	138 832	117 292	162 691
Operating income	20 565	19 147	74 006	61 909	84 269
Income before tax	3 526	1 450	25 192	26 304	38 805
Net income for the period	1 409	1 917	14 810	22 520	32 973
Cash flow from operating activities	54 492	22 846	132 104	73 848	72 222
	30 Sep 2014	30 Sep 2013			
Net interest bearing debt	581 238	468 542			
Equity / asset ratio	22,21%	20,99%			

All comparative figures for year 2013 have been translated to IFRS. For the effects of the translation for corresponding interim periods, see note 4.

For the effects of the translation to IFRS for the full year 2013, see interim report jan - mar, note 3.

Comments by the CEO July – September

- Revenue: TSEK 330 940 (272 679)
- EBITDA: TSEK 44 033 (42 661)
- Delivery of one B737-300SF
- Wet lease of two B767

Revenue, income and cash flow from operations

Revenue for the quarter increased by 21 percent year-on-year indicating a continued solid growth for the Group. The increase in revenue derives primarily from additional B737 operations. West Atlantic's third quarter performance resulted in an income before tax of TSEK 3 526 (1 450) and an EBITDA of TSEK 44 033 (42 661).

Operational factors reported during Q2 continued to reduce profitability during Q3 compared to the corresponding period in 2013. The most notable still being the introduction issues with the B737-400 aircraft type. This, combined with delivery issues with the first aircraft, left it grounded for the period April - September. Due to this situation and to meet its contractual commitments, West Atlantic was forced to subcharter this capacity from other operators. However, the aircraft is now deployed in the EU network and an increase in contribution from this operation is expected going forward.

The B767 project has incurred a further delay and the launch has consequently been rescheduled for Q1, 2015. The delay is primarily due to issues with the process of accepting the first aircraft under EASA regulations. The issues have been addressed and are now mostly resolved enabling a planned start of operations during late Q1, 2015. In the interim, West Atlantic has subcontracted two wet-leased B767 on a management recharge basis which has granted the Group more time to finish the process of adding the B767 to its operating capabilities. The wet-leases have not had a significant impact on revenues nor EBITDA for the period but still marks the Group's commitment to completing the project. Start-up costs from the project are continuously expensed and continue to reduce profitability significantly for the period.

The Group received a management fee following a sale of one ATR72-200 included in the co-operation agreement with Erik Thun AB. This transaction had a positive effect on the result for the period.

The cash flow from operating activities amounted to TSEK 54 492 (22 846), indicating a continuously solid operational performance. The Group also received confirmation from the French tax authorities that the former (now sold) subsidiary West Air Luxembourg S.A. was not liable for French income tax prior to the sale. This released approximately 10,5 MSEK held on an escrow account. The Group's financial position remain solid and planned investments in the aircraft fleet will continue during 2014 and 2015.

The market

The positive market trends reported during the first and second quarters still continues and the Group is currently participating in several processes to deploy spare and peak capacity, which will hopefully materialise before the end of the financial year 2014.

The Group also continues to view the EU based B767 wide body segment as a promising growth opportunity. The Group still aims at placing four aircraft into service within a 12-month period from the start of the first operation.

Norwegian Post has started its official tender, which was reported during Q2 and which is still ongoing. West Atlantic remains in the process and an award is scheduled by the customer during Q4.

Organisation

The Group proudly announces its full compliance to EASA ops (the new European common airline regulations) as Atlantic Airlines was approved by the CAA during the period.

The aircraft fleet & network

The aircraft fleet expanded by one B737-300, delivered in September. The aircraft will primarily be deployed for peak and ad-hoc charter operations but will also be utilised as a spare aircraft for heavy maintenance as West Atlantic has reached a sizeable fleet in the B737 segment. This action will improve the Group's presence in the short term market while also increasing reliability.

Outlook

The market outlook for full year 2014 remains stable and no major shifts are expected during the remaining year or early 2015.

In scheduled air cargo traffic, the Group looks forward to the peak season of Q4 and has further secured additional short-term holiday peak contracts for the existing fleet. Combined with the deployment of the B737-400, the final quarter of 2014 should reflect an increase in fleet utilisation and profitability for the period.

The Group is awaiting the start of its European B767 traffic in 2015 where the West Atlantic Group identifies favourable opportunities to increase traffic volumes and capitalise on its already established and strong position in Europe.

Gustaf Thureborn
CEO & Group president

Financial comments

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.

Group

About the West Atlantic Group

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

Financial report

This interim report covers the period 2014-01-01 to 2014-09-30 including the quarter 2014-07-01 to 2014-09-30 and comparative figures in this report covers the corresponding period for 2013 unless otherwise stated. All comparative figures for year 2013 in the following reports have been translated to IFRS. All financial information in this report refers to the West Atlantic Group unless otherwise stated that the information refers to the parent company West Atlantic AB (publ).

Significant events during the reporting period January-September:

Q1 and Q2

- The announced agreement in which Air Transport Services Group Inc. (NASDAQ: ATSG) acquired a 25 per cent shareholding in the parent company was signed on the 7th of January.
- The transition to International Financial Reporting Standards (IFRS) was implemented as from 1st of January.
- West Air Sweden AB reported full EASA compliance and approval by Transportstyrelsen as one of the first airlines in Sweden.
- The Group took delivery of a purchased B737-400 freighter. The company entered into a long term dry operating lease agreement and delivered the aircraft to Denmark based airline Jet Time AS.
- West Atlantic corporate bond instrument (WEST001) was listed on NASDAQ OMX on the 11th of April.
- The Group took delivery of another operational leased B737-400 freighter.

Q3

- As from 1 September, the Group's logistics and purchasing activities were combined and all stock and maintenance activities were transferred to West

Air Sweden under the one-logistic project reported in Q1 and Q2. Following an adaption of the accounting principles, a reclassification was made between inventories and tangible assets.

- The Group received confirmation from the French tax authorities that the previous subsidiary West Air Luxembourg S.A. (sold in October 2013), was not liable for French income tax prior to the sale. Due to this, MSEK 10,5 was released from an escrow account.
- The Group took delivery of one operational leased B737-300 freighter. The aircraft is currently utilised as peak, ad-hoc and spare capacity for maintenance activities.

Revenue and income

July - September

Revenue for the period amounted to TSEK 330 940 (272 679), an increase by 21 per cent year-on-year. The increase is mainly attributable to the Group's continuous expansion in the B737 airfreight operations. Another effect is a management fee received from the external co-operation arrangement. EBITDA amounted to TSEK 44 033 (42 661). Operating income amounted to TSEK 20 565 (19 147). The increased EBITDA and operating income is primarily driven by the mentioned expansion in the B737 operations. However operating income has also been affected by increased costs for subcharter and maintenance. Financial costs are affected by non-realised foreign exchange currency losses of TSEK 5 272. These are attributable to foreign currency liabilities relating to financial leased aircraft. The change in income tax year-on-year mainly refers to deferred taxes. Profit after tax amounted to TSEK 1 409 (1 917).

January - September

Revenue for the period amounted to TSEK 933 343 (794 239), an increase of 18 per cent year-on-year. The increase in revenue is mainly attributable to the Group's continuous B737 expansion. EBITDA amounted to TSEK 138 832 (117 292). Operating income amounted to TSEK 74 006 (61 909). Operating income for this period has been affected by increased subcharter costs, start-up costs with regard to the B767 project as well as the provision of MSEK 2,8 for the ongoing legal process in France. The increase in financial costs year-on-year is mainly attributable to the corporate bond loan, issued in May 2013. The increase is further attributable to non-realised foreign exchange currency losses of TSEK 7 758, relating to the mentioned foreign currency liabilities concerning financial leased aircraft. The change in income tax year-on-year mainly refers to deferred taxes. Profit after tax amounted to TSEK 14 810 (22 520).

Investments

July - September

Investments in tangible fixed assets amounted to TSEK 52 797 (55 857). The amount includes a reclassification

from inventories (mentioned in significant events, Q3). In addition to investments in fixed assets the Group has amounted to TSEK 0 (0). Investments in financial fixed assets amounted to TSEK 279 (2 514).

January – September

Investments in tangible fixed assets amounted to TSEK 159 056 (213 263). The amount includes a reclassification from inventories (mentioned in significant events, Q3). In addition to investments in fixed assets the Group has taken delivery of two B737 aircraft on long term operating lease agreements. Investments in intangible fixed assets amounted to TSEK 0 (0). Investments in financial fixed assets amounted to TSEK 4 466 (2 514).

Sales of non-current assets

July - September

During the period the Group's Cessna Citation was sold. The remuneration amounted to TSEK 2 176. No other significant sales have been made during the period.

January – September

During the period two aircraft have been sold. The remuneration amounted to TSEK 17 176. The net profit from these sales has been recorded as revenue. No other significant sales have been made during this period.

Cash flow

July - September

Cash flow from operating activities before changes in working capital amounted to TSEK 40 364 (40 913). Cash flow from changes in net working capital amounted to TSEK 14 128 (-18 067). During the corresponding period last year, significant amortisations of short term liabilities were made. Changes in interest bearing liabilities amounted to TSEK -14 338 (1 086). Cash flow for the period amounted to TSEK -2 722 (-52 213). Year-on-year, the increased cash flow for the period is mainly attributable to lower investments and increased cash flow from operating activities.

January - September

Cash flow from operating activities before changes in working capital for the period amounted to TSEK 132 426 (100 783). Cash flow from changes in net working capital amounted to TSEK -322 (-26 935). Changes in interest bearing liabilities amounted to TSEK -19 334 (242 012). Cash flow for the period amounted to TSEK -55 924 (75 841). The lowered cash flow year-on-year is mainly attributable to the corporate bond issue in 2013 and the purchase of the B737-400 in Q1, 2014.

Financial position and financing

Cash and cash equivalents at the end of the period amounted to TSEK 17 486 (115 939), including non-utilised revolving credit facilities, available cash and cash equivalents amounted to TSEK 67 486 (165 939). Equity amounted to TSEK 240 083 (207 844) and the equity to

taken delivery of one B737-300 on a long term operating lease agreement. Investments in intangible fixed assets asset ratio amounted to 22,2 (21,0) per cent. Net interest bearing liabilities amounted to TSEK 581 238 (468 542), see note 5 Corporate bond.

Organisation

The Group employed 479 people at the end of the period whereof 441 were men and 38 women. The average number of employees for the period January-September amounted to 463.

Transactions with related parties

Transactions between the company and its subsidiaries, which are related parties, have been eliminated in the Group consolidation. All transactions with related parties are made on current market terms.

The previously mentioned Cessna Citation was sold to Medicinkonsulterna Göran Berglund AB. This company is owned by Göran Berglund (chairman of the board and shareholder). The remuneration amounted to TSEK 2 176 and affected net income with a gain.

During the period the Group has subcontracted two wet-leased B767 (mentioned in the comments by the CEO July - September) from ATSG, shareholder and represented in the board of directors. The wet-leases have not had a significant impact on revenue, net income for the period or the statement of financial position.

Significant events after the reporting period

- The mentioned B737-400 (significant events Q2) which was grounded during Q2 and Q3 has been deployed in operations replacing subcontracted capacity. Moving forwards, this is expected to have a positive effect on operating income.
- Subsidiary Atlantic Airlines Ltd reported full EASA compliance and approval by the UK CAA.

Outlook

The future prospects for the full year 2014 and the beginning of 2015 look stable and at the moment no major market shifts are expected.

Insurance

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

Legal proceedings

The Group continues to monitor the legal process in France, reported during 2013. The process regarding pension charges has been settled and paid in June, corresponding to the provisioned amount of approximately MSEK 3,5.

An additional provision was made in Q2 of MSEK 2,8 due to additional claims relating to termination of employment contracts. In total, the provision is lower than at the end of 2013. West Atlantic is not a part of any further legal proceedings having material effect on the Group's financial position or income.

Financial instruments

The Group has currency forward rate agreements among its financial instruments which are valued at fair value in the valuation hierarchy. A summary of the fair values and the recorded values for the Group's financial assets and liabilities are shown in note 2.

Risk factors and risk management

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. West Atlantic actively strives to identify and reduce risk. 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 prices
- Market and political risks
- Operating risks

Financial market instability

Aircraft operations, leasing and maintenance are capital intensive industries. West Atlantic relies on a solid long term funding position to be able to conduct and expand operations efficiently. Instabilities on financial markets is a risk the Group has identified and counters by securing long term funding. The corporate bond loan, issued in 2013, has been instrumental in securing this long term funding.

Fluctuations in foreign exchange rates and fuel prices

One of the most apparent risks for the Group is foreign currency risk. The Group is exposed to foreign currency (primary GBP, EUR, USD and NOK) and also jet fuel. A majority of the Group's revenues are denoted in foreign currency. The Group mitigate foreign exchange and fuel fluctuation risks primarily by customised customer contracts. For the national mail organisations the risks are transferred and/or shared directly with the customer. In the express market West Atlantic operates mostly on an ACMI-basis (whereby the customer pays direct operating costs such as fuel). In summary, West Atlantic obtains a low operational risk for fluctuations in currency and fuel in spite of significant exposure.

Market and political risks

Market and political risks include shifts in demand, increase in costs and other factors which can significantly impact the Group's financial position. West Atlantic identifies several political risks which can have an adverse impact on income and financial position, the most important being changes in regulations in overnight

mail delivery. Further risks are environmental taxes (an example being the EU-ETS system) or regulatory changes concerning aviation or aircraft manufacturing.

Operating risks

As airlines, the subsidiaries West Air Sweden AB and Atlantic Airlines Ltd. are exposed to operative risks.

Operational risks are managed by strict operating regulations to which both airlines are required to comply. All maintenance and airworthiness activities are carried out under the applicable permit (Part 145, Part M). Until today, West Atlantic has never been involved in a serious accident nor incident during more than 20 years of operations.

Remuneration policy

West Atlantic shall offer its management and key employees a remuneration reflecting market terms, company performance and individual performance. The remuneration shall ensure that management and shareholder goals are aligned.

Environmental information

The Group's subsidiary West Air Sweden AB has a reporting obligation in accordance with the Swedish Environmental Code, which concerns limited handling of oils that do not require special permission. The aircraft fleet consists mainly of second generation turboprop aircraft, which are substantially more environmentally friendly from a noise, fuel consumption and CO₂ perspective compared to the first generation. During 2012 the trading of emissions allowances within the European Union started.

Accounting principles

Accounting principles and other financial information can be found in note 1. This interim report is the third financial report prepared by the Group in accordance with IFRS. The transition date was 2013-01-01. The impacts of the transition were presented in the interim report for Jan – March 2014, note 3. The impacts of the transition to IFRS for the actual interim period and the full reporting period are presented in note 4 in this report. All comparative figures for year 2013 in the following reports have been translated to IFRS.

Parent Company

About the parent company

The parent company is the contracted party for a significant part of the Group's operations. The company absorbs the corresponding costs. A major part of the aircraft fleet is financed by the corporate bond loan issued by the parent company.

Revenue and income

July - September

Revenue for the period amounted to TSEK 153 535 (143 854), an increase by 7 per cent year-on-year. Operating income amounted to TSEK -8 040 (12 235). The negative operating income is mainly attributable to start-up costs with regard to the B767 project and internally charged flight operational costs. Some of these depend on time offsets. Profit after tax amounted to TSEK 4 084 (3 317). The profit year-on-year increased, and can be explained by lower administrative costs, favourable foreign exchange differences and a higher financial net due to a dividend from a Group company and interest on the intragroup loans. A significant part of these loans were added in May 2013.

January – September

Revenue for the period amounted to TSEK 432 605 (401 132), an increase of 8 per cent year-on-year. Operating income amounted to TSEK 3 597 (28 011). The decrease is attributable to start-up costs with regard to the B767 project and higher flight operational costs. The financial net has been affected by the reasons described for the period July – September above. Profit after tax amounted to TSEK 9 713 (9 251).

Financial position and financing

January - September

Cash and cash equivalents at the end of the period amounted to TSEK 382 (100 830), including non-utilised revolving credit facilities, the available cash and cash equivalents amounted to TSEK 50 382 (150 830). During the period cash has been affected mainly by financing activities, both internal and external. Equity amounted to TSEK 58 241 (46 199) and Interest bearing liabilities amounted to TSEK 500 922 (487 903).

Corporate bond

The Company has issued a corporate bond loan subject to trade on the NASDAQ OMX in Stockholm, listing date was the 11th of April, 2014. The instrument is listed as WEST001 and the number of instruments issued is 500 with a nominal value of TSEK 1 000 each. For terms conditions of the corporate bond loan, please see the website of West Atlantic AB (publ) available at www.westatlantic.eu

West Atlantic Group

Statement of income including statement of other comprehensive income

TSEK	Jul-Sep 2014	Jul-Sep 2013	Jan-Sep 2014	Jan-Sep 2013	Jan - Dec 2013
Revenue	330 940	272 679	933 343	794 239	1 085 501
Cost of services provided	-298 938	-234 899	-822 412	-692 572	-954 480
Gross income:	32 002	37 780	110 931	101 667	131 021
Cost of sales	-1 926	-277	-5 753	-1 243	4 444
Administrative costs	-8 703	-13 427	-32 161	-36 766	-51 067
Other income & costs	-808	-4 929	989	-1 749	-129
Operating income:	20 565	19 147	74 006	61 909	84 269
Financial income	2 548	2 332	5 951	6 196	13 363
Financial costs	-19 587	-20 029	-54 765	-41 801	-58 827
Income before tax:	3 526	1 450	25 192	26 304	38 805
Income tax	-2 117	467	-10 382	-3 784	-5 832
Net Income:	1 409	1 917	14 810	22 520	32 973
Attributable to:					
- Shareholders of the Parent Company	1 409	1 917	14 810	22 520	32 973
Earnings per share (SEK):	0,05	0,07	0,55	0,83	1,22
Statement of other comprehensive income					
Net income:	1 409	1 917	14 810	22 520	32 973
Other comprehensive income:					
Items that may be classified as net income:					
Exchange-rate differences in translation of foreign operations	143	225	1 934	-347	-97
Total comprehensive income for the period:	1 552	2 142	16 744	22 173	32 876
Attributable to:					
- Shareholders of the Parent Company	1 552	2 142	16 744	22 173	32 876

Condensed statement of financial position

TSEK	Sep 30 2014	Sep 30 2013	Dec 31 2013
Non-tangible assets	1 408	2 619	2 358
Tangible assets	708 367	600 240	623 389
Financial assets	36 255	24 497	28 789
Total non-current assets	746 030	627 356	654 536
Inventories	105 099	120 721	116 559
Other current assets	195 859	126 153	181 401
Cash and cash equivalents	17 486	115 939	74 562
Total current assets	318 444	362 813	372 522
Assets held for sale	16 275	-	16 275
Total assets	1 080 749	990 169	1 043 333
Shareholders' equity	240 083	207 844	223 269
Non-current liabilities	641 264	614 947	621 937
Current liabilities	199 402	167 378	198 127
Total shareholders' equity and liabilities	1 080 749	990 169	1 043 333

Condensed changes in shareholders' equity

TSEK	Share capital	Translation reserves	Profit brought forward	Income for the period	Total share- holders' eq- uity
Opening shareholders' equity, Jan 1, 2014	27 005	-97	196 361	-	223 269
Group adjustments			70		70
Net income for the period Jan-Jun				14 810	14 810
Other comprehensive income for the period Jan - Sep		1 934			1 934
Closing balance Sep 30, 2014	27 005	1 837	196 431	14 810	240 083
Opening shareholders' equity, Jan 1, 2013	27 005	-	169 063	-	196 068
Paid dividend			-10 397		-10 397
Net income for the period Jan-Sep				22 520	22 520
Other comprehensive income for the period Jan - Sep		-347			-347
Closing balance Sep 30, 2013**	27 005	-347	158 666	22 520	207 844
Opening shareholders' equity, Jan 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. This 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.

**For the effects of the translation to IFRS at 2013-09-30, see note 4. For the effects of the translation to IFRS at 2013-12-31, see interim report for Jan - March, note 3.

Condensed statement of cash flows

(TSEK)	Jul-Sep 2014	Jul-Sep 2013	Jan-Sep 2014	Jan-Sep 2013	Jan - Dec 2013
Income before financial activities	20 565	19 147	74 006	61 909	84 269
Adjustments for non-cash items					
Depreciation	23 468	23 514	64 826	55 383	78 422
Other non-cash items	-1 175	1 720	4 313	-7 977	-5 402
Income tax paid	-2 493	-3 468	-10 719	-8 532	-5 898
Cash flow from operating activities before changes in working capital	40 364	40 913	132 426	100 783	151 391
Change in working capital	14 128	-18 067	-322	-26 935	-79 169
Cash flow from operating activities	54 492	22 846	132 104	73 848	72 222
Investments in intangible fixed assets*	1 081	-	-	-	-
Investments in tangible fixed assets	-28 556	-55 857	-134 816	-213 263	-270 570
Sales of tangible fixed assets	2 176	-	17 176	7 902	13 321
Other investing activities	-3 263	-774	-4 047	-611	-792
Cash flow from investing activities	-28 562	-56 631	-121 687	-205 972	-258 040
Cash flow from financing activities	-28 652	-18 428	-66 341	207 965	220 233
Cash flow for the period	-2 722	-52 213	-55 924	75 841	34 414
Cash and cash equivalents at the beginning of the period	20 943	168 106	74 562	39 957	39 957
Translation difference in cash and cash equivalents	-735	46	-1 152	141	191
Cash and cash equivalents at the end of the period	17 486	115 939	17 486	115 939	74 562

* A reclassification has been made from intangible fixed assets to tangible fixed assets.

Parent company information West Atlantic AB (publ)

Statement of income including statement of other comprehensive income

TSEK	Jul - Sep 2014	Jul - Sep 2013	Jan-Sep 2014	Jan-Sep 2013	Jan - Dec 2013
Revenue	153 535	143 854	432 605	401 132	560 448
Cost of services provided	-156 542	-102 361	-414 489	-323 817	-479 009
Gross income:	-3 007	41 493	18 116	77 315	81 439
Cost of sales	-110	-2 067	-1 093	-2 210	-1 499
Administrative costs	-3 263	-24 967	-13 490	-44 849	-53 250
Other income & costs	-1 660	-2 224	64	-2 245	-1 520
Operating income:	-8 040	12 235	3 597	28 011	25 170
Profit from shareholdings	15 000	819	15 000	819	10 239
Interest & similar income	7 952	1 019	23 930	2 040	22 077
Interest & similar costs	-10 872	-10 804	-32 950	-18 506	-29 131
Income after financial items:	4 040	3 269	9 577	12 364	28 355
Tax on profit for the period	44	48	136	-3 113	-4 386
Net income:	4 084	3 317	9 713	9 251	23 969
Statement of other comprehensive income					
Net income:	4 084	3 317	9 713	9 251	23 969
Other comprehensive income:	-	-	-	-	-
Total comprehensive income for the period	4 084	3 317	9 713	9 251	23 969

Condensed statement of financial position

(TSEK)	Sep 30 2014	Sep 30 2013	Dec 31 2013
Non-tangible assets	197	285	263
Financial assets	403 279	98 053	81 154
Total non-current assets	403 476	98 338	81 417
Other current assets	351 280	394 882	453 615
Cash and cash equivalents	382	100 830	58 572
Total current assets	351 662	495 712	512 187
Total assets	755 138	594 050	593 604
Shareholders' equity	58 241	46 199	48 528
Untaxed reserves	1 460	1 460	1 460
Non-current liabilities	493 637	490 692	489 955
Current liabilities	201 800	55 699	53 661
Total shareholders' equity and liabilities	755 138	594 050	593 604

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, November 26, 2014

Göran Berglund
Chairman of the Board

Gustaf Thureborn
CEO, Member of the Board

Staffan Carlson
Member of the Board

Joseph Payne
Member of the Board

Fredrik Lindgren
Member of the Board

This interim report has not been audited.

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 six months of the fiscal year of 2014. The most essential applied accounting principles for the Group and the Parent Company are presented in this note.

The IFRS standards and the interpretations applied in this interim report are these approved by EU prior to 2014-09-30. As the Group applies IFRS from 2014-01-01, accounting and calculation principles applied in the in the annual report 2013, may significantly deviate from principles applied in this report. A complete description of the effects from the transition to IFRS including the change of accounting principles, was presented in the interim report Q1, 2014, available on the Group’s webpage.

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 (SAAA). Where the parent company applies different accounting principles compared to the Group, this will be stated.

New IFRS standards

Below a statement follows of the new IFRS standards, which are applied as from 2014-01-01 and the possible impact they may have on the Group’s accounting principles.

IFRS10 Consolidated financial statements is a new standard that determines when there is a controlling influence over an entity, and when the this entity has to be consolidated in the financial statements. Detailed conditions are established, which have to be met if a controlling influence should exist. This updated standard does not have an impact on the consolidation of the subsidiaries of the Group, based on the Group’s assessment.

IFRS11 Joint Arrangements is a new standard that outlines accounting of joint arrangements including different consolidation methods. This standard will not have an impact for the Group, based on the Group’s assessment.

IFRS12 Disclosure of interest in other entities is a new standard for disclosures of investments in entities, joint arrangements, associated companies and investments in other entities which are not consolidated. This standard may affect the financial statements of the Group, however a complete assessment has not yet been completed.

1.2 Group consolidated accounts, business combinations and goodwill

Subsidiaries

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.

Associated companies

Associated companies are those wherein the Group has a significant, but not controlling influence. This normally means between 20-50 per cent of the voting shares. Interests in associated companies are accounted according to the equity method and are originally valued at acquisition value. At the date of the transition to IFRS, 2013-01-01, this acquisition value was equal to the recorded value according to prior accounting principles. The Group’s part of the profit from the

associated company, which occurred after the mentioned date, is recorded in the income statement and as a change in value of the investment. Further, other changes in equity of associated companies are recorded as a change in the value of the investment.

Business combinations are recorded in accordance with the acquisition accounting method. The purchase price consists of the fair value of the acquired assets, liabilities and the potential shares issued by the Group on the acquisition date. Direct acquisition costs are continuously expensed. Note that the Group in connection with the transition to IFRS applied permitted exemption from retroactive appliance of IFRS3.

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 between Group companies, are eliminated. The accounting principles of subsidiaries are adjusted to harmonise with Group principles.

1.3 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.

1.4 Accounting of revenue

Air freight services

The majority of the Group’s revenue comes 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 mainly derives from long term agreements. Performed, but not invoiced, air freight services are recognised in the balance sheet at the estimated invoice value.

Technical services, sale of spare parts and aircraft

Revenue from aircraft technical services are recorded when the service has been carried out and is based on contractual terms.

For sale of parts and components revenue is recorded at the time when risks and benefits from ownership are transferred from the Group, 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 contractual terms.

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 recorded.

Aircraft leasing

Aircraft leasing revenue is recorded according to agreement on a monthly basis.

Interest income and costs

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

1.5 Foreign exchange

The Group’s legal entities applies local currency as functional currency. The Group’s consolidated accounts are prepared and reported in

Swedish Krona (SEK), which is the functional currency of the Parent Company.

Transactions in foreign currency are translated to functional currency with 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 acquisition value, are not translated into functional currency.

When preparing the 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 year to date 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 applied in the preparation of the Group consolidated accounts and financial reporting are published by the Swedish Central Bank (Riksbanken).

1.6 Intangible fixed assets

Licenses and IT-systems

Intangible fixed assets are recognised when the following criteria is met:

- the asset is separable from the company and can for instance be transferred or leased out
- the asset derives from contractual and/or legal rights
- the company is in control of the asset, defined as being able to obtain 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 from the use of the asset, and a reliable estimate of the acquisition value can be made.

Intangible fixed assets are recorded at acquisition value less accumulated depreciation and applicable impairment.

1.7 Tangible fixed assets

Tangible fixed assets are valued at acquisition value less accumulated depreciation and applicable impairment. The acquisition value consists of direct acquisition costs. 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 from the use of the asset, and a reliable estimate of the acquisition value can be made. All other recurring aircraft maintenance costs are continuously expensed.

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 sales or disposals of tangible fixed assets are recorded as the difference between sale price of the asset and net book value and is recognised as operating revenue.

1.8 Tangible fixed assets held for sale

The Group applies IFRS5, tangible fixed assets held for sale, meaning that the Group reclassifies assets from tangible to held for sale when a decision is made to sell the asset. Further, assets acquired with the sole intention to sell are recognised as held for sale.

1.9 Impairment of non-financial assets

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

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

1.10 Co-operation arrangement

The Group is part of a co-operation agreement for aircraft management and leasing activities with an external party (co-operation partner). The agreement includes a certain number of aircraft, controlled by the co-operation partner, which are leases to third parties. The Group has the management responsibility for the aircraft leases, under the terms of the co-operation agreement. When a leasing contract expires, a decision is made together with the co-operation partner either to prolong the existing agreement, draft a new agreement or to sell/dispose of the aircraft. The Group's full revenue for the management services is invoiced and received in connection with the sale/disposal and consists of a financial settlement drawn up by the co-operation partner. The settlement is based on several factors, such as the leasing revenue, capital costs including exchange rate differences, the recorded value of the asset and the net sale value. The Group carries risks and benefits for significant changes in the above mentioned factors which affects the amount of management revenue. The Group has no title to the aircraft and records the revenue in the income statement when the management responsibility for an aircraft ends.

The Group continuously assess if the costs significantly may exceed the expected future revenue from the co-operation arrangement as a whole, according to the rules for an onerous contract.

1.11 Leasing

The Group classify leasing agreements as either finance 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 a finance lease. Example of such control is when an agreement contains a preferable purchase option and/or where the present value of the minimum future lease payments amounts to the market value of the asset. The financed 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 divided into amortisation and financial costs.

The liability is 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 finance leasing agreements are depreciated over the useful life of the asset. The finance lease agreements mainly concern aircraft and aircraft components.

Agreements which are not classified as finance leasing according to above are classified as operating leasing agreements

1.12 Inventories

Materials and aircraft spare with a useful life not exceeding one year, are defined as consumables, and are recognised as inventories. Aircraft

parts are held to replace non-repairable parts currently fitted onto the aircraft fleet. Inventories are valued 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 estimated sale value reduced by the estimated cost of sales.

1.13 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 following reporting 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 is classified in the following categories: financial assets and liabilities valued 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 contracts), which are assets and liabilities. The instrument is valued at fair value initially and continuously until the end of the agreement, either as a short or long term asset/liability depending on the remaining duration of the instrument. These are valued at fair value level two, according to published exchange rates at the closing date. Profit or loss from revaluation is recorded in the income statement as financial income/cost according to IAS39 p55. 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

This classification contains accounts receivables, cash and cash equivalents and long and short term receivables. Loan receivables and account receivables are included in current assets with the exception of items with a duration in excess of one year from reporting date, these items are classified as financial fixed assets. Long term receivables are recorded, following the time of acquisition, at the deferred acquisition value by applying the effective interest method. For long term receivables the calculated change in value (the effective interest) is recorded as an interest income or cost allocated over the expected duration of the asset. Current assets such as accounts receivables, short term receivables and cash and cash equivalents are recorded at nominal value.

The Group assesses, at the time of each closing, if there are objective indications of impairment for a financial asset. A financial asset 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, the events are expected to have an impact on expected cash flow and the effect 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 payable, 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 exception of accounts payables and other short term liabilities. Potential differences between principle amount reduced by transaction costs and outstanding liability is recorded in the income statement allocated over the duration of the liability.

1.14 Short term receivables

Accounts receivables, other short term receivables and intangible current assets are recorded as short term receivables, if the remaining duration is expected to be less than one year.

Intangible current assets

Intangible current assets contains emission allowances. Purchased allowances are initially recorded at acquisition value according to IAS38. These are revaluated to fair value at the time of closing based on market prices. The Group has the obligation to deliver allowances to the EU following a reconciliation of made emissions for the period. Estimated emissions during the reporting period are recorded as an accrued liability and a cost in the income statement.

1.15 Provisions

Provisions are recorded when the Group has an actual obligation (legal or non-formal) as a result of an occurred event, it is 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 in the income statement are recorded in the income statement. Tax effects in connection with items recognised in 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 forward or other future tax deductions are recorded to the amount it is deemed probable it can be settled against future tax surpluses.

Deferred tax receivables and liabilities are netted when there exists 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 considering differences between accounting and taxation. This interim report has been prepared in accordance with 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 – Fair value and booked value on financial assets and liabilities

TSEK	Sep 2014		Dec 2013	
	Booked value	Fair value	Booked value	Fair value
Financial assets				
Other long term financial receivables	30 045	30 045	22 613	22 613
Other receivables incl accounts receivables	115 173	115 173	136 251	136 251
Financial assets at fair value	10	10	-	-
Cash and cash equivalents	17 486	17 486	74 562	74 562
Sum	162 714	162 714	233 426	233 426
Financial liabilities				
Loans incl overdraft facilities*	522 203	561 661	541 483	552 921
Other liabilities incl accounts payables	171 488	171 488	146 250	146 250
Financial liabilities at fair value	-	-	2 556	2 556
Sum	693 691	733 149	690 289	701 727

* The trading of the corporate bond loan started in April, which explains the higher fair value compared to booked value at 2014-09-30

Fair value is normally determined by official market prices. When market prices are missing, fair value normally is determined by generally accepted valuation methods, such as discounted future cash flows based on available market information.

The Group's financial assets and liabilities are valued at fair value according to below:

- Level 1: Market prices (unadjusted) listed on an active market for identical assets or liabilities
- Level 2: Other observed data for the asset or the liability than noted prices included in level 1, either direct (as price adjustments) or indirect (derived from noted prices).
- Level 3: Fair value determined out of valuation models, where significant data is based on unobservable data. At the moment, the Group has no assets and liabilities valued according to this level.

The Group has only derivatives, valued at fair value in the income statement.

In level 1, the following items are classified: accounts receivables and other receivables, cash and cash equivalents, accounts payables, short and long term liabilities and loans, derivatives. Valuation is made at deferred acquisition value, which corresponds to nominal values adjusted with additional or deductible valuation items. For derivatives valuation is made at fair value for foreign currency exchange agreement, which are based on exchange rates published on an active market.

In level 2, the following items are classified: Non - interestbearing long term financial receivables valued at deferred acquisition value and where the interest that is used used to discount the amount to the acquisition value, is derived from a notation and an assessment is performed by the Group.

Fair value hierarchy

TSEK	Sep 2014		Dec 2013	
	Level 1	Sum	Level 1	Sum
Financial assets				
Financial assets at fair value in the income statement:				
Derivatives	10	10	-	-
Financial assets total	10	10	-	-
Financial liabilities				
Financial liabilities at fair value in the income statement:				
Derivatives	-	-	2 556	2 556
Financial liabilities total	-	-	2 556	2 556

Note 3 – Segment reporting

Business segments are reported in a manner consistent with the internal reporting to the Group's 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 the following annual report for the Group.

Note 4 – 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.

Information about the use of a deemed cost value for shares in associated companies

According to IFRS1 a company can, as an exception, use a deemed cost value in the report over the opening balances for shares in associated companies instead of the acquisition value according to the equity method. Based on this, the Group has used the booked value according to previous principles as a deemed cost value, at the time for transition to IFRS. This deemed cost value does not quite agree with the equity method. The total deemed cost value amounts to TSEK 1 067.

Reconciliation between previous accounting principles and IFRS for the interim period July – September and for the reporting period January – September

Since following IAS34 Interim reporting, The Group are according to IFRS1 required to reconcile equity and total comprehensive income for previous interim reporting periods with the corresponding reporting periods 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 effects for the transition.

Statement of financial position September 30, 2013

TSEK	Reference	Balance according to previous principles after adjustments (a)	Adjustments of principles	IFRS
ASSETS				
NON-CURRENT ASSETS				
<i>Non-tangible assets</i>				
Goodwill	k)	172	16	188
Licenses & IT system	i)	2 689	-258	2 431
		2 861		2 619
<i>Tangible assets</i>				
Aircraft and aircraft components	a), b), h)	554 188	42 214	596 402
Equipment, tools and installations		3 838		3 838
		558 026		600 240
<i>Financial assets</i>				
Shares in associated companies		1 067		1 067
Non-current financial receivables	c)	20 030	-1 169	18 861
Deferred tax receivables	b), c), g), i), j), m)	-	4 569	4 569
		21 097		24 497
TOTAL NON-CURRENT ASSETS		581 984		627 356
CURRENT ASSETS				
<i>Inventories</i>				
Spares and necessities	h)	108 296	2 003	110 299
Advances to suppliers		10 422		10 422
		118 718		120 721
<i>Other current assets</i>				
Accounts receivable - trade		78 984		78 984
Tax receivable		10 652		10 652
Other receivables	c)	17 224	-6 468	10 756
Prepaid expenses and accrued income		25 760	1	25 761
		132 620		126 153
<i>Cash and cash equivalents</i>				
		115 939		115 939
TOTAL CURRENT ASSETS		367 277		362 813
TOTAL ASSETS		949 261		990 169
EQUITY				
Share capital		27 005		27 005
Reserves	a), l)	107 669	-108 016	-347
Profit brought forward	a), b), c), e), g), i), j), l)	94 869	63 797	158 666
Net income for the period		16 089	6 431	22 520
TOTAL EQUITY		245 632		207 844
ALLOCATIONS				
Allocations for taxes	a), d)	44 324	-44 324	-
Allocations for aircraft maintenance	e)	496	-496	-
		44 820		-
NON-CURRENT LIABILITIES				
Loans	f)	522 458	-12 097	510 361
Other liabilities	b)	-	68 329	68 329
Deferred tax liabilities	a), b), d), e), g), m)	-	36 257	36 257
		522 458		614 947
CURRENT LIABILITIES				
Overdraft facilities		-		-
Loans		5 791		5 791
Accounts payable - trade		56 376		56 376
Tax liabilities		5 662		5 662
Derivative instruments	j)	-	2 069	2 069
Other liabilities	a), b), e)	16 771	4 306	21 077
Prepaid income and accrued expenses	g)	51 751	24 652	76 403
		136 351		167 378
TOTAL EQUITY & LIABILITIES		949 261		990 169

Statement of income including statement of other comprehensive income January – September, 2013

TSEK	Reference	Previous ac- counting princi- ples after ad- justments (a)	Adjustments of principles	IFRS
Revenue	g)	777 014	17 225	794 239
Cost of services provided	a), b), i)	-681 608	-10 964	-692 572
Gross income:		95 406		101 667
Cost of sales		-1 243		-1 243
Administrative costs	f)	-49 966	13 200	-36 766
Other income & costs		-1 749		-1 749
Operating income:		42 448		61 909
Financial income	c)	2 047	4 149	6 196
Financial costs	b), c), f), j)	-24 474	-17 327	-41 801
Income before tax:		20 021		26 304
Income tax	b), c), e), f), g), i), j)	-3 932	148	-3 784
Net income:		16 089		22 520
Attributable to:				
- Shareholders of the Parent Company		16 089		22 520
Earnings per share (SEK):		0,60		0,83
Statement of other comprehensive income				
Net income:		16 089		22 520
Other comprehensive income:				
Items that may be classified as net income:				
Exchange-rate differences in translation of foreign operations	l)	0	-347	-347
Total comprehensive income for the period:		16 089		22 173
Attributable to:				
- Shareholders of the Parent Company		16 089		22 173

Statement of income including statement of other comprehensive income July – September, 2013

TSEK	Reference	Previous ac- counting prin- ciples after adjustments (a)	Adjustments of principles	IFRS
Revenue	g)	271 256	1 423	272 679
Cost of services provided	a), b), i)	-229 274	-5 625	-234 899
Gross income:		41 982		37 780
Cost of sales		-277		-277
Administrative costs		-13 427		-13 427
Other income & costs		-4 929		-4 929
Operating income:		23 349		19 147
Financial income	c)	1 885	447	2 332
Financial costs	b), c), f), j)	-12 066	-7 963	-20 029
Income before tax:		13 168		1 450
Income tax	b), c), e), f), g), i), j)	-2 145	2 612	467
Net income:		11 023		1 917
Net income attributable to:				
- Shareholders of the Parent Company		11 023		1 917
Earnings per share (SEK):				
		0,41		0,07
Statement of other comprehensive income				
Net income:				
Other comprehensive income:		11 023		1 917
Items that may be classified as net income:				
Exchange-rate differences in translation of foreign operations	l)	0	225	225
Total comprehensive income for the period:		11 023		2 142
Attributable to:				
- Shareholders of the Parent Company		11 023		2 142

References

a) Adjustments of balances due to misstatements

The following items have been corrected in the balances 2013-09-30

1. The Group consolidated accounts 2013-01-01 contained a non-depreciated Group surplus value relating to tangible fixed assets, aircraft and components. The balance has been adjusted by TSEK - 4 206.
2. The tangible assets aircraft and aircraft components have been affected by TSEK 4 115 due to capitalised structural inspections of aircraft. For more information about the accounting principles concerning this, please see note 1, accounting principles, p 1.7. The amount has also affected cost of service provided, which has decreased by the same amount, of which TSEK 1 312 concern the interim period Jul – Sep.
3. An item of TSEK 475 has been reclassified from reserves (decrease) to profit brought forward (increase).

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 interim period Jul – Sep 2013 a reclassification of leasing payments of 3 879 TSEK has been made (affecting cost of services provided), interest costs have increased by TSEK 3 196 and amortisations have increased by TSEK 683. After adjustment for deferred tax of TSEK – 150, profit for the period have increased by TSEK 533. In connection with settlement of leasing agreements, financial costs of TSEK 1 681 have been recorded and adjustment for deferred tax by TSEK 370 has been made. Profit for the period has then been affected by TSEK – 1 311. Corresponding amounts for the period Jan – Sep were: leasing payments reclassifications of TSEK 14 360, increased interest cost by TSEK -11 636 (including financial costs). After adjustment for deferred tax of TSEK -600, profit for the period has increased by TSEK 2 124.

During the interim period Jul - Sep depreciations have been recorded at TSEK -1 266, affecting costs of services provided. After adjustments for deferred tax by TSEK 278, profit for the period has been affected by TSEK -988. For Jan - Sep the corresponding amounts for depreciations were TSEK -3 798, deferred tax TSEK 836 and profit for the period TSEK – 2 962.

Amortisations and settlements of leasing liabilities have been made by TSEK 106 804, accumulated at 2013-09-30. The total effect on equity including deferred taxes amounts to TSEK 2 457 at 2013-09-30.

The remaining booked value as an adjustment of aircraft and components due to financial leasing was TSEK 79 006 at 2013-09-30 and the remaining leasing liabilities amounted to TSEK 71 934.

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 3 605 at 2013-09-30 in accordance with IAS1.

2. 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 a special plan. For applied depreciation plans for components, please see accounting principles, p 1.7. For aircraft, this has meant that the depreciation periods for separate components have been shortened, having an increasing effect on cost of services provided. 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. The accumulated effects of these two changes for the interim period Jul – Sep amounts to TSEK -8 227. After adjustment for deferred tax on the mentioned amount, TSEK 1 810, the net income for the period has been effected by TSEK – 6 417.

The accumulated adjusted amount for depreciations of aircraft and components due to the above amounts to TSEK - 21 490 at 2013-09-30.

The total effects affecting cost of services provided concerning financial leasing and depreciations of aircraft and components according to above for the reporting period Jan – Sep amounts to TSEK – 10 929 and after adjustment for deferred taxes of TSEK 2 186, net income is affected by TSEK - 8 743.

3. Impairment of aircraft

In connection to the transition to IFRS at 2013-01-01, 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.

c) Other non-current financial receivables

1. Reclassification of short term receivable to long term receivable in accordance with IAS1, has been made of paid deposits concerning external leasing agreements by TSEK 6 468 accumulated at 2013-09-30.

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 adjustment for deferred tax of TSEK 1 787, profit brought forward has been effected by TSEK – 6 336. During the period Jan - Sep the receivables have increased by TSEK 486, net, due to changes in the assumptions for present value. After adjustment for deferred tax of TSEK -107, the effect on net income was TSEK 379.

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 2013-09-30 after corrections was TSEK 44 324.

e) Allocations for aircraft maintenance

At 2013-09-30 an allocation for aircraft maintenance of TSEK 496 has been adjusted in accordance with IAS37. After adjustment for deferred tax by TSEK 465 the effect on profit brought forward was TSEK 670. In addition to the adjustment a reclassification of TSEK 701 has been made to short term liabilities according to IAS1.

f) Loans 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 12 057 has reduced financial costs and the principal loan amount (500 000 TSEK). After adjustment for deferred tax by TSEK 2 652, the allocation effect on net income for the period Jan - Sep was TSEK 9 405. The adjustment for the interim period Jul - Sep was TSEK -660. The net income was affected by TSEK -515 after deferred taxes.

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.

For the interim period Jul - Sep the allocation of profit sale affecting net income was TSEK 1 423 and after adjustment for deferred tax by -313 TSEK, the effect on net income was TSEK 1 110.

For Jan - Sep the allocation of profit sale affecting net income was TSEK 17 225. After adjustment for deferred tax by TSEK 3 789 the effect on net income was TSEK 13 436. The remaining amount of prepaid income at 2013-09-30 amounts to TSEK 24 652.

h) Aircraft, components and inventories

A reclassification of TSEK 2 003 for aircraft and components to inventories has been made at 2013-09-30.

i) Licenses and IT-systems

A change in assessment of the useful life of an IT-system has effected profit brought forward at 2013-01-01 by TSEK - 161 after adjustment for deferred tax by TSEK 46. The total effect on net income for Jan - Sep was TSEK -17.

j) 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 was TSEK - 1 139 and an adjustment for deferred tax of TSEK 262 is also recorded.

In the income statement changes in fair value for the forward exchange contracts are recorded as financial income/costs in accordance with IAS39 p 55. For the interim period Jul - Sep the comprehensive income was effected by TSEK -3 195 after an adjustment for deferred tax of TSEK 735. For the period Jan - Sep, net income was effected by TSEK -717 after adjustment for deferred taxes.

k) 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 2013-09-30 and amounts to TSEK 16.

l) 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 included the equity share of non-taxed reserves, which amounted to TSEK 108 016 at 2013-01-01. The remaining reserves of TSEK - 347 consists of accumulated translations differences for foreign operations, of which TSEK -225 is allocated to the interim period Jul - Sep.

m) Netting of deferred tax

An amount of TSEK 12 085 deferred tax receivable has been netted against deferred tax liabilities at 2013-09-30. 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.

Note 5 – 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 the period Oct 2013 - Sep 2014:

Rolling 12 months EBITDA:	TSEK 184 231
Net interest bearing debt per 2014-09-30:	TSEK 581 238
Rolling 12 months net finance charges:	TSEK 59 032

- **Ratio of Net Interest Bearing Debt to EBITDA:** 3,15 < 4,5
- **Interest Coverage Ratio:** 3,12 > 2,25

Note 6 – West Atlantic Aircraft fleet & flight traffic statistics

Aircraft fleet as of 2014-09-30:

	Owned	Dry- Leased	Wet- leased	Total	In Service	Dry leased out	Parked
BAe ATP-F	31	8	-	39	33	-	6
BAe ATP	2	-	-	2	-	1	1
Boeing 737-300	2	4	-	6	6	-	-
Boeing 737-400	1	1	-	2	1	1	-
B767-200	-	-	1	1	1	-	-
B767-300	-	-	1	1	1	-	-
CRJ200PF	3	-	-	3	2	-	1
	39	13	2	54	44	2	8



BAe ATP/F



CRJ200PF



Boeing 737-300/400

West Atlantic traffic statistics January – September

	2014		2013	
	Q3 Jul - Sep	YTD Jan-Sep	Q3 Jul - Sep	YTD Jan-Sep
Performed flights	6 822	19 387	6 056	17 623
Regularity (target >99%)	98,4%	98,9%	98,7%	99,2%
Number of hours flown	7 012	20 205	6 692	19 354
Scheduled destinations	49	49	42	42

Annual report

The annual report for 2013 was published 2014-04-30.

West Atlantic financial calendar for fiscal year 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.