

VIKING SUPPLY SHIPS AB
(PUBL)

INTERIM REPORT

Q3

2015



VIKING SUPPLY SHIPS

MORE
THAN A SHIPOWNER

THE
COOLEST
PLACE TO WORK

ALWAYS AHEAD OF
COMPETITION

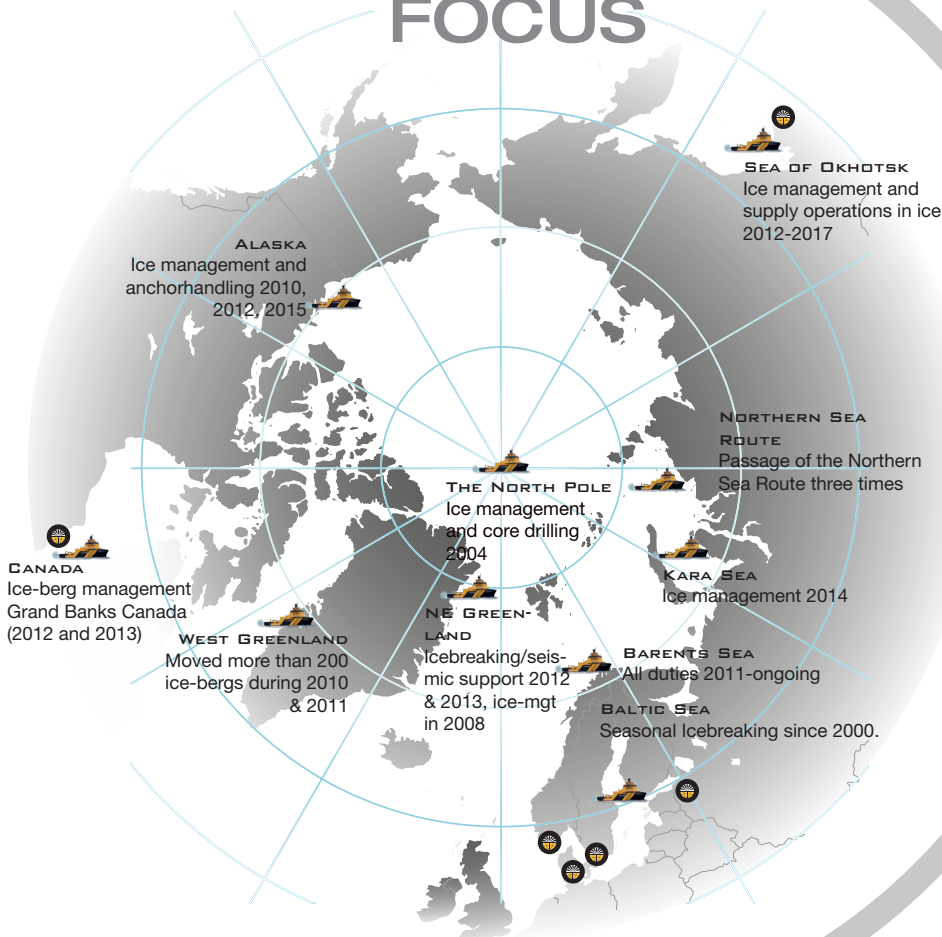
Q3

Q3

REVENUE MSEK 458 (930)

YTD: MSEK 1,520 (2,396)

ARCTIC FOCUS



Q3

EBITDA MSEK 38 (303)

YTD: MSEK 182 (435)

Q3

RESULT AFTER TAX MSEK -282 (170)

YTD: MSEK -317 (92)

Q3

EARNINGS PER SHARE AFTER TAX SEK -1.6 (1.0)

YTD: SEK -1.8 (0.6)

Viking Supply Ships AB (publ) is a Swedish company with headquarter in Gothenburg, Sweden. Viking Supply Ships AB (publ) is organised into five segments: Anchor Handling Tug Supply vessels (AHTS), Platform Supply Vessels (PSV), Services, Ship Management as well as the subsidiary TransAtlantic AB. The operations are focused on offshore and icebreaking primarily in Arctic and subarctic areas as well as on RoRo and container feeder services mainly between the Baltic Sea and the Continent. The company has in total about 800 employees and the turnover in 2014 was MSEK 3,190. The company's B-share is listed on NASDAQ OMX Stockholm, segment Small Cap, www.vikingsupply.com.

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Front picture: Istockphoto





CEO STATEMENT	3
Q3 2015	4
SUMMARY OF EVENTS IN Q3	4
SUBSEQUENT EVENTS	5
RESULTS AND FINANCE	5
OPERATIONAL HIGHLIGHTS	6
FOR Q3	
EQUITY	8
REVIEW REPORT	9
CONDENSED CONSOLIDATED	10
PROFIT AND LOSS ACCOUNT	
CONDENSED CONSOLIDATED	10
CONDENSED CONSOLIDATED	11
BALANCE SHEET	
CONDENSED CONSOLIDATED	11
CASH FLOW STATEMENT	
CHANGES IN THE GROUP'S	12
SHAREHOLDERS' EQUITY	
DATA PER SHARE	12
PARENT COMPANY	12
PARENT COMPANY INCOME	13
STATEMENT	
PARENT COMPANY BALANCE	13
SHEET	
CHANGES IN PARENT COMPANY	13
SHAREHOLDERS' EQUITY	
NOTES TO THE CONDENSED	14
CONSOLIDATED FINANCIAL	
STATEMENTS	
DEFINITIONS	18

CEO STATEMENT

The third quarter brought a negative result for the Group, with the main reasons being impairment of the PSV fleet and costs related to the restructuring of TransAtlantic AB. Viking Supply Ships A/S was impacted by the weak market conditions within the offshore segment, but still has a solid contract coverage going into 2016, despite Shell US cancelling the 2016 drilling season in Alaska. The restructuring process of TransAtlantic AB is giving positive effects, and excluding costs related to restructuring, TransAtlantic AB is contributing with a net result of MSEK -3. For the third quarter, profit after tax for the Group was MSEK -282.

Viking Supply Ships A/S had a net result of MSEK -255 in the third quarter. The negative result was mainly caused by an impairment of the PSV fleet of MSEK -185. Further, the result was reduced compared to last quarter due to a weaker spot market and off-hire related to the upgrade of Brage Viking, as well as a negative impact from unrealized currency effects.

Despite more vessels being laid up during the third quarter, the PSV segment did not see any significant increase in rate levels. As a result, Viking Supply Ships A/S decided to lay up the three PSV vessels Idun, Frigg and Nanna Viking as a measure to reduce operational costs and give further aid to the market balance.

The Services and Ship Management segments progressed as planned during the period, with Viking Ice Consultancy working to increase their contract backlog and pursuing potential contract

opportunities. After the end of the third quarter TransAtlantic AB has signed agreements to divest its container and ship management operations, both transactions are expected to be closed in the fourth quarter of 2015.

OUTLOOK

The OSV market in general is expected to remain challenging for a prolonged period. Despite a significant number of vessels being in lay-up, the market has failed to rebalance and especially the PSV market is characterized by over-supply. The rig activity has been reduced over the last year, and Viking Supply Ships A/S expects this trend to continue in the next couple of years.

Within Viking Supply Ships A/S' core market, i.e. offshore services to harsh environment exploration and production, the reduced oil price and oil companies' constrained capital expenditure budgets are a threat towards next years' activity. Despite this, Viking Supply Ships A/S, with its unique specialized competence and specifically designed vessels for operations in these areas, is well positioned to pursue contract opportunities and has a clear ambition to increase the contract coverage going forward. Entering 2016, the scale of TransAtlantic AB's operations has been significantly reduced, with correspondingly reduced risk.

Gothenburg November 12, 2015.

Christian W. Berg,
CEO and President



Q3

THIRD QUARTER

- Total revenue was MSEK 458 (930)
- EBITDA was MSEK 38 (303)
- Result after tax was MSEK -282 (170)
- Result after tax per share was SEK -1.6 (1.0)

YEAR TO DATE 2015

- Total revenue was MSEK 1,520 (2,396)
- EBITDA was MSEK 182 (435)
- Result after tax was MSEK -317 (92)
- Result after tax per share was SEK -1.8 (0.6)

SUMMARY OF EVENTS IN THIRD QUARTER

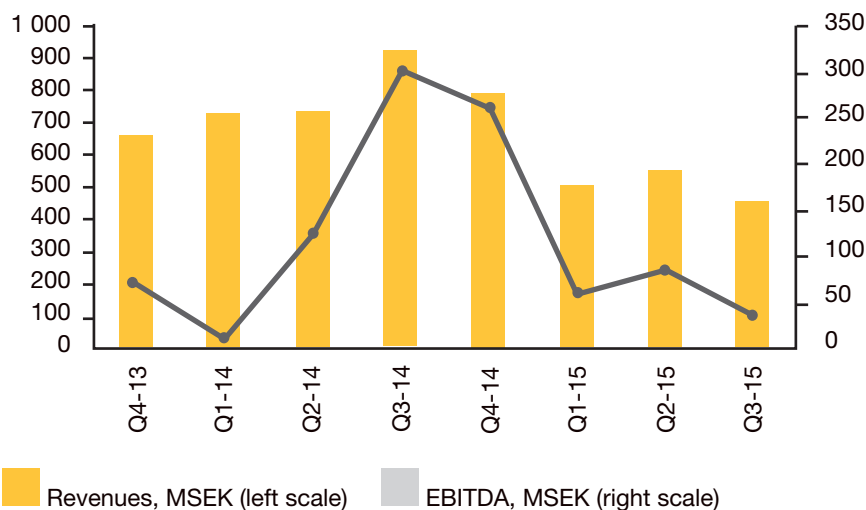
- The market conditions have been challenging during the quarter, characterized with abundant supply and decreasing demand. Consequently, during Q3, the PSV vessels Idun, Frigg and Nanna Viking have been laid up. The decision will reduce operational costs going forward and will have a positive impact on the results from the fourth quarter of 2015, with full effect expected from the first quarter of 2016. The remaining two PSV vessels are operating in the North Sea spot market.
- Impairments of the PSV fleet value impacted the Q3 result negatively by MSEK 185.
- Impairments and provisions related to the ongoing restructuring of the subsidiary TransAtlantic AB impacted the Q3 result negatively by MSEK 23.
- Unrealized currency effects impacted the Q3 result negatively by MSEK 37.
- During Q3, Brage Viking was upgraded to Ice-Class 1A-Super in Singapore and is now back on-hire in Sakhalin. The upgrade was achieved below budget costs, but due to necessary off-hire it impacted the Q3 result negatively with MSEK 19.
- The contract for Njord Viking has been extended. The vessel is now firm till 31st December 2016, with options to extend the contract with 2 x 6 months. The total value of the extended period is about MSEK 270 including optional periods.
- Shell US has announced that the company will not continue the exploration program offshore Alaska within the foreseeable future due to the current market conditions, which means that Shell US will not declare the optional period for Tor Viking for the 2016 drilling season. The Shell US decision will not impact the 2015 results.
- As a response to the continued weak market conditions, VSS A/S has initiated a new Market Adaption Program (MAP), with the ambition to reduce yearly operational costs with up to MSEK 70. This comes as an addition to already implemented yearly cost reductions of MSEK 45.
- The average fixture rate in Q3 was NOK 407,000 (522,000) for the AHTS fleet and GBP 3,660 (13,700) for the PSV fleet. The average utilization in Q3 was 63% (95) for the AHTS fleet and 39% (69) for the PSV fleet.
- Ulrik Hegelund was appointed Chief Financial Officer in Viking Supply Ships A/S as well as Viking Supply Ships AB with effect as of 1st September 2015.



SUBSEQUENT EVENTS

- As a consequence of the weak market conditions for conventional AHTS vessels, VSS A/S has, after the end of the quarter, decided to lay-up Odin Viking. VSS A/S will commence negotiations with the employees with the ambition to minimize lay-offs.
- The Group is after the balance day, according to contract coverage clauses and loan-to-value clauses, requested to deposit additional security (see note 5, Operational and financial risk).
- TransAtlantic AB has signed agreements to divest its container and ship management operations. Both transactions are expected to be closed in the fourth quarter of 2015.

KEY FINANCIALS	Q3 2015	Q3 2014
Net sales, MSEK	458	930
EBITDA, MSEK	38	302
Result after tax, MSEK	-282	170
Earnings per share after tax, SEK	-1.6	1.0
Shareholders' equity per share, SEK	8.7	11.7
Return on equity, %	-57.0	34.3
Equity ratio, %	35.3	39.0
Market adjusted equity ratio, %	44.4	46.0



RESULTS AND FINANCE

RESULTS YEAR TO DATE 2015

Total revenue for the Group for the nine month period was MSEK 1,520 (2,396), of which VSS A/S contributed with MSEK 836 (1,382) and TransAtlantic AB contributed with MSEK 684 (1,014).

The Group's EBITDA for the first nine months was MSEK 182 (435), of which VSS A/S contributed with MSEK 225 (504) and TransAtlantic AB contributed with MSEK -43 (-69).

Net financial items were MSEK -143 (-168). Financial items includes unrealized currency losses of MSEK -57 (-34) and realized value-adjustments on interest rate swaps of MSEK -1 (-8).

The Group's result after tax for the nine month period was MSEK -317 (92), of which VSS A/S contributed with MSEK -239 (203) and TransAtlantic AB contributed with MSEK -78 (-111). The result for year-to-date was negatively impacted by an impairment loss in Q3 on the PSV fleet of MSEK 185 and restructuring costs in TransAtlantic AB amounting to MSEK 23.

OPERATIONAL HIGHLIGHTS FOR THE SECOND QUARTER

ANCHOR HANDLING TUG SUPPLY VESSELS (AHTS)

Total AHTS revenue was MSEK 200 (406) in Q3. Total EBITDA was MSEK 75 (287).

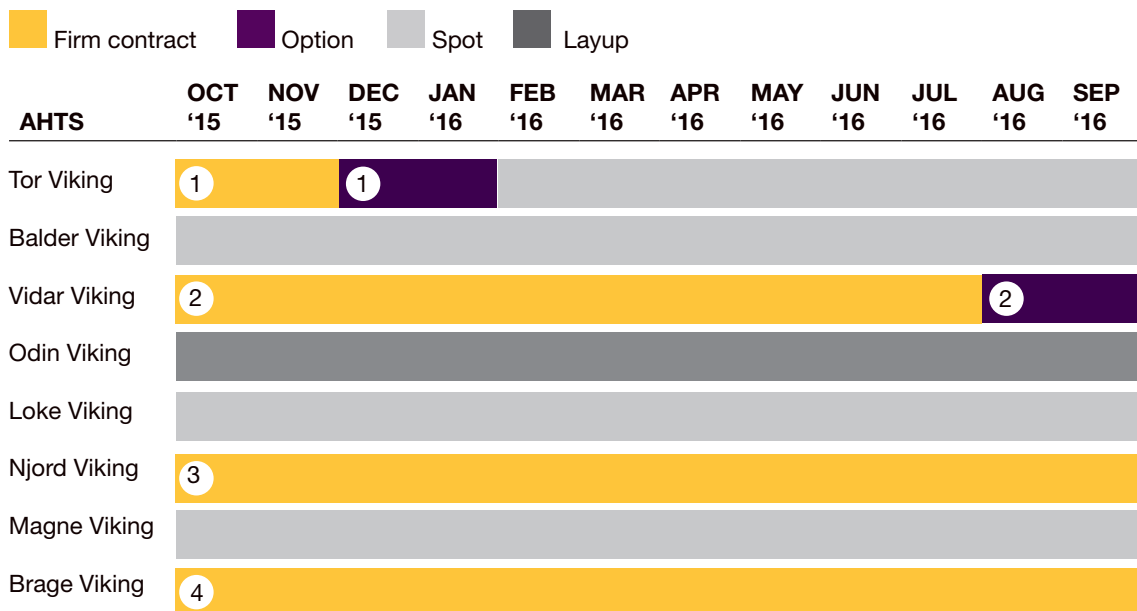
During Q3, four vessels have been operating in the North Sea spot market, while four vessels have been operating on term contracts. During Q3, Brage Viking completed the planned upgrade to Ice Class 1A-Super and is now back on-hire in Sakhalin.

Tor Viking is currently on-hire with Shell US. Shell US recently announced that the company will not continue the exploration program offshore Alaska within the foreseeable future. As a consequence, Tor Viking will be available for the 2016 drilling season.

The North Sea spot market was weak during the quarter, as activity did not meet the supply of vessels. Additional rigs have come off contracts since the summer period, which is reducing the activity in the region.

The total AHTS contract backlog at the end of the quarter was MSEK 1,568 and represents 50% of the 2015 vessel capacity, 38% of the 2016 vessel capacity and 26% of the 2017 vessel capacity. The calculations include firm periods and options.

AHTS Q3	FIXTURE RATE (NOK)	UTILIZATION (%)
AHTS vessels on term charters	519,400 (514,000)	90 (100)
AHTS vessels in the spot market	140,600 (615,000)	34 (60)
Total AHTS fleet	407,100 (522,000)	63 (95)



1. Oil major, firm drilling season 2015 + 8 weekly options
2. Oil major, firm till 1st August 2016 + 1 x 6 months option
3. Oil major, firm till 31st December 2016 + 2 x 6 months options
4. Oil major, 2 year 8 months firm + 1 x 6 option + 1 x 12 months option

Figures in the tables are as of 30th September 2015 adjusted for Odin Viking in layup.

PLATFORM SUPPLY VESSELS (PSV)

Total PSV revenue was MSEK 9 (52) in Q3. Total EBITDA was MSEK -26 (6). The result for Q3 was negatively impacted by an impairment loss on the PSV fleet of MSEK 185 (see note 1, Tangible fixed assets).

During most of Q3, all five vessels were trading in the North Sea spot market, but in the latter part of the quarter, Idun, Frigg and Nanna Viking were laid up. The lay-up will reduce VSS A/S' operational costs going forward and will have a positive impact on the results from the fourth quarter of 2015, with full effect expected from the first quarter of 2016.

Despite an increasing number of vessels being laid up the market has failed to improve. Lay-up of vessels is therefore assumed to be necessary to reduce operational costs and improve the market balance. VSS A/S is actively pursuing contract opportunities for the two remaining PSV vessels. Should these not materialize, lay-up will be considered for the remaining two vessels as well.

The total PSV contract backlog at the end of the quarter was MSEK 0.

PSV Q3	FIXTURE RATE (GBP)	UTILIZATION (%)
PSV vessels on term charters	- (14,400)	- (100)
PSV vessels in the spot market	3,660 (13,100)	39 (55)
Total PSV fleet	3,660 (13,100)	39 (69)

■ Firm contract
 ■ Option
 ■ Spot
 ■ Layup

PSV	OCT '15	NOV '15	DEC '15	JAN '16	FEB '16	MAR '16	APR '16	MAY '16	JUN '16	JUL '16	AUG '16	SEP '16
Frigg Viking												
Idun Viking												
Nanna Viking												
Freyja Viking												
Sol Viking												

Figures in the tables are as of 30th September 2015.

SERVICES AND SHIP MANAGEMENT

Total Services and Ship Management revenue was MSEK 23 (163) in Q3. Total EBITDA was MSEK -1 (5).

Viking Ice Consultancy (VIC) is seeking opportunities for consulting work. Despite reduced exploration and production budgets from many oil operators, VIC has identified several potential clients for future consultancy projects within ice management and marine operations. VIC is currently pursuing these opportunities.

VIC is also working together with VSS A/S to prepare for the IMO Polar Code.

TRANSATLANTIC AB

The subsidiary TransAtlantic AB recorded revenues of MSEK 226 (309) in Q3. EBITDA was MSEK -10 (4). Impairments and provisions related to the ongoing restructuring have impacted the Q3 result negatively by MSEK 23.

The market conditions for TransAtlantic AB are still characterized as weak. The revenue was reduced compared to the corresponding period last year, mainly due to reduced activity within the RoRo-segment. The EBITDA has, except from the segments being restructured, been positive during the quarter, with the main reasons being increased export from Sweden and increased efficiency within the container segment.

After the end of the third quarter TransAtlantic AB has signed agreements to divest its container and ship management operations. Both transactions are expected to be closed in the fourth quarter of 2015 with a positive cash effect of 30 MSEK. The transactions are not expected to have any material effect on the net result after write-down of the related tax asset.

EQUITY

At the end of the period, the Group's equity amounted to MSEK 1,551 (equivalent to 8.74 SEK/share). The Equity declined during the nine month period by net MSEK 491 due to the dividend of MSEK 98, the loss for nine months of MSEK 317 and a negative change in the translation reserve of MSEK 76 attributable to currency differences on net investments in subsidiaries, mainly related to the weakened NOK against SEK.

Gross investments during the nine month period amounted to MSEK 121 (223) mainly related to dockings and the increase in financial assets related to cash which has been deposited as additional pledge for ship loans (for further information see note 3). The sale of the small bulk vessel TransForte was concluded in February 2015. The transaction brought positive cash effects of net MSEK 3 after repayment of related ship loans.

For information of financing and cash situation, see note 3 and 4.

Viking Supply Ships AB is obligated to publish this report in accordance with the Swedish Securities Act and/or the Swedish Financial Instruments Trading Act. This report has been prepared in both Swedish and English versions. In case of variations in the content between the two versions, the Swedish version shall govern. This report was submitted for publication at 8:30 am (CET) on November 12, 2015.

The undersigned certify that the interim report gives a true and fair picture of the Group's financial position and results, and describes material risks and uncertainties facing the Parent Company and the companies included in the Group.

Gothenburg, November 12, 2015
Viking Supply Ships AB

Christen Sveaas
Chairman

Folke Patriksson
Deputy chairman

Bengt A. Rem
Board member

Håkan Larsson
Board member

Magnus Sonnorp
Board member

Christer Lindgren
Employee representative

Christian W. Berg
CEO

PRESS AND ANALYST CONFERENCE

In conjunction with the publication of this interim report, an earnings call will take place on November 12, 2015 at 10.00 am (CET) with Viking Supply Ships AB's CEO, Christian W. Berg and CFO Ulrik Hegelund. In connection with the conference, a presentation will be available on the company's website, www.vikingsupply.com. Please see Investor Relations/Reporting Center.

FINANCIAL CALENDAR 2016

February 11 Year-end report 2015
April 7 Annual General meeting

INVESTOR RELATIONS

Please contact or CEO, Christian W. Berg, ph. +45 41 77 83 80 or IR & Treasury Director, Morten G. Aggvin, ph. +47 41 04 71 25

The interim report is available on the company's website: www.vikingsupply.com.

REVIEW REPORT

Viking Supply Ships AB, corporate identity number 556161-0113

INTRODUCTION

We have reviewed the condensed interim report for Viking Supply Ships AB as at September 30, 2015 and for the nine months period then ended. The Board of Directors and the Managing Director are responsible for the preparation and presentation of this interim report in accordance with IAS 34 and the Swedish Annual Accounts Act. Our responsibility is to express a conclusion on this interim report based on our review.

SCOPE OF REVIEW

We conducted our review in accordance with the International Standard on Review Engagements, ISRE 2410 Review of Interim Financial Statements Performed by the Independent Auditor of the Entity. A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and other generally accepted auditing standards in Sweden. The procedures performed in a review do not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the interim report is not prepared, in all material aspects, in accordance with IAS 34 and the Swedish Annual Accounts Act regarding the Group, and in accordance with the Swedish Annual Accounts Act regarding the Parent Company.

EMPHASIS OF A MATTER

Without having any effect on our conclusion above we would like to draw attention to the following. As stated in the condensed interim report the company is making a loss for the period and the liquidity of the company is strained. Hence, there is a risk that the company will not be able to fulfill the conditions in accordance with its loan agreements. As also stated in the report the company has defined measures and taken action in order to improve the profitability and liquidity. In addition, the company is also discussing with lenders in order to ensure a long-term financing. These circumstances indicate that there is an uncertainty of the company's financing in long and short term.

Gothenburg, November 12, 2015

Ernst & Young AB
Staffan Landén
Authorized Public Accountant

CONDENSED CONSOLIDATED PROFIT AND LOSS ACCOUNT

MSEK	NOTE	Q3 2015	Q3 2014	Q1-Q3 2015	Q1-Q3 2014	FY 2014
Net sales		458	930	1,520	2,396	3,190
Other operating revenue		0	0	0	0	1
Direct voyage cost		-100	-139	-324	-520	-651
Personnel costs		-156	-185	-504	-553	-743
Other costs		-164	-303	-510	-888	-1,118
Depreciation/impairment	1	-249	-57	-354	-163	-195
Operating result		-211	246	-172	272	484
Net financial items		-70	-69	-143	-168	-267
Result before tax		-281	177	-315	104	217
Tax	6	-1	-7	-2	-12	-17
RESULT FOR THE PERIOD	2	-282	170	-317	92	200
Attributable to:						
Parent Company's shareholders		-282	170	-317	92	200
Non-controlling interests		0	0	0	0	0
RESULT FOR THE PERIOD		-282	170	-317	92	200
Earnings attributable to Parent Company's shareholders, per share in SEK (before and after dilution)						
		-1.6	1.0	-1.8	0.6	1.2

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

MSEK	NOTE	Q3 2015	Q3 2014	Q1-Q3 2015	Q1-Q3 2014	FY 2014
Result for the period		-282	170	-317	92	200
Other comprehensive income for the period:						
Items that will not be restored to the income statement						
Revaluation of net pension obligations		0	0	0	0	-2
Items that later can be restored to the income statement						
Change in translation reserve, net		-112	41	-76	101	-45
Other comprehensive income		-112	41	-76	101	-47
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		-394	211	-393	193	153
Total comprehensive income attributable to:						
Parent Company's shareholders		-394	211	-393	198	158
Non-controlling interests		0	0	0	-5	-5
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		-394	211	-393	193	153

CONDENSED CONSOLIDATED BALANCE SHEET

MSEK	NOTE	Q3 2015	Q3 2014	FY 2014
Vessels	1	3,660	4,187	3,982
Other tangible fixed assets		3	8	5
Intangible fixed assets		1	7	7
Financial assets		237	123	163
Total fixed assets		3,901	4,325	4,157
Current assets	4	497	1,009	1,103
TOTAL ASSETS	2	4,398	5,334	5,260
Shareholders' equity		1,551	2,082	2,042
Long-term liabilities	3	1,851	2,536	2,362
Current liabilities	3	996	716	856
TOTAL EQUITY, PROVISIONS AND LIABILITIES		4,398	5,334	5,260

VALUATION OF FINANCIAL ASSETS AND LIABILITIES

The valuation of financial assets and liabilities in the balance sheet is based on acquisition value or fair value. The valuation of FX derivatives and interest rate derivatives is based on fair value. The balance items "Long-term liabilities" include derivatives of MSEK 20 (21). Valuation of other financial assets and liability items in the balance sheets are based on acquisition value.

ASSESSMENT OF FAIR VALUE OF FINANCIAL INSTRUMENTS

The valuation of financial instruments is based on classification in three levels: Level 1, fair values based on market values, where the instruments are traded on an active market are available. Level 2, no market values based on an active market are available, valuations are instead based on measurements of discounted cash flows. Level 3, at least one variable is based on own assessments. The fair value valuation of the Group's FX- and interest rate instruments are based on input according to level 2.

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

MSEK	Q3 2015	Q3 2014	Q1-Q3 2015	Q1-Q3 2014	FY 2014
Cash flow from operations before changes in working capital	17	220	119	251	527
Changes in working capital	-2	-140	60	-130	-97
Cash flow from current operations	15	80	179	121	430
Cash flow from investing activities	14	-8	-77	-146	-132
Cash flow from financing activities	-72	-96	-382	73	-251
Changes in cash and cash equivalents	-43	-24	-280	48	47
Cash and cash equivalents at beginning of period	233	461	450	381	381
Exchange-rate difference in cash and cash equivalents	-2	10	18	18	22
CASH AND CASH EQUIVALENTS AT END OF PERIOD	188	447	188	447	450

CHANGES IN THE GROUP'S SHAREHOLDERS' EQUITY

SHAREHOLDERS' EQUITY (MSEK)	Q3 2015	Q3 2014	Q1-Q3 2015	Q1-Q3 2014	FY 2014
Equity at beginning of period	1,945	1,871	2,042	1,749	1,749
New share issue less cost for issuance	-	-	-	145	145
Dividend	-	-	-98	-	-
Sale of non-controlling interests	-	-	-	-5	-5
Total comprehensive income for the period	-394	211	-393	193	153
SHAREHOLDERS' EQUITY AT END OF PERIOD	1,551	2,082	1,551	2,082	2,042

SHARE CAPITAL (MSEK)	Q3 2015	Q3 2014	Q1-Q3 2015	Q1-Q3 2014	FY 2014
Share capital at beginning of period	177	177	177	148	148
New share issue	-	-	-	29	29
Share capital at end of period	177	177	177	177	177

NUMBER OF SHARES ('000)	Q3 2015	Q3 2014	Q1-Q3 2015	Q1-Q3 2014	FY 2014
Number of outstanding shares at beginning of period	177,444	177,444	177,444	147,870	147,870
New issued shares	-	-	-	29,574	29,574
Total number of shares at end of period	177,444	177,444	177,444	177,444	177,444
Average number of shares outstanding	177,444	177,444	177,444	160,545	164,804

DATA PER SHARE

SEK	Q3 2015	Q3 2014	Q1-Q3 2015	Q1-Q3 2014	FY 2014
EBITDA	0.2	1.7	1.0	2.7	4.2
Result after tax (EPS)	-1.6	1.0	-1.8	0.6	1.2
Equity	8.7	11.7	8.7	11.7	11.5
Operating cash flow	-0.2	1.3	0.2	1.8	2.5
Total cash flow	-0.3	-0.1	-1.6	0.3	0.3

PARENT COMPANY

The Parent Company's result before and after tax for the nine month period was MSEK -87 (-90). During the third quarter impairment of shares in subsidiaries impacted the result negatively by MSEK 236.

The activity in the Parent Company mainly consists of the shareholdings in VSS A/S and TransAtlantic AB, as well as limited Group wide administration.

During June a dividend was paid to the shareholders at the amount of MSEK 98. At the end of the quarter the Parent Company's equity was MSEK 2,232 (2,417 on Dec 31, 2014), and total assets was MSEK 2,481 (2,723 on Dec 31, 2014). The equity ratio on the balance day was 90% (89 on Dec 31, 2014). Cash and cash equivalents at the end of the period was MSEK 32 (97 on Dec 31, 2014).

PARENT COMPANY INCOME STATEMENT

MSEK	Q3 2015	Q3 2014	Q1-Q3 2015	Q1-Q3 2014	FY 2014
Net sales	86	84	261	237	325
Other operating revenue	-	0	-	0	0
Direct voyage costs	-	0	-	0	-2
Personnel costs	0	-1	-1	-65	-66
Other costs	-87	-85	-260	-176	-261
Depreciation/impairment	-	0	-	0	0
Operating result	-1	-2	0	-4	-4
Net financial items	-243	-93	-87	-86	-110
Result before tax	-244	-95	-87	-90	-114
Tax on result for the year	-	-	-	-	-
RESULT FOR THE PERIOD	-244	-95	-87	-90	-114
Other comprehensive income for the period:					
Items that will not be restored to the income statement					
Revaluation of net pension obligations	-	-	-	-	-2
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	-244	-95	-87	-90	-116

PARENT COMPANY BALANCE SHEET

MSEK	Q3 2015	Q3 2014	FY 2014
Financial fixed assets	2,438	2,637	2,612
Current assets	43	145	111
TOTAL ASSETS	2,481	2,782	2,723
Shareholders' equity	2,232	2,443	2,417
Provisions	8	6	8
Long-term liabilities	167	219	220
Current liabilities	74	114	78
TOTAL SHAREHOLDERS' EQUITY, PROVISIONS AND LIABILITIES	2,481	2,782	2,723

CHANGES IN PARENT COMPANY SHAREHOLDERS' EQUITY

MSEK	Q3 2015	Q3 2014	Q1-Q3 2015	Q1-Q3 2014	FY 2014
Equity at beginning of period	2,476	2,538	2,417	2,388	2,388
New share issue less cost for issuance	-	-	-	145	145
Dividend	-	-	-98	-	0
Total comprehensive income for the period	-244	-95	-87	-90	-116
SHAREHOLDERS' EQUITY AT END OF PERIOD	2,232	2,443	2,232	2,443	2,417

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. TANGIBLE FIXED ASSETS

Tangible fixed assets are recognized at cost or after deductions for accumulated depreciation according to plan and possible impairment. Straight-line amortization according to plan is applied.

Management has for Q3 2015 evaluated the values of the PSV segment and concluded that the PSV vessels are impaired resulting in an impairment loss of MSEK 185. The impairment is based on vessel valuations from internationally acknowledged shipbrokers and a calculated value in use based on discounted cash flows using a weighted average cost of capital (WACC) of 9%. Based on key assumptions related to fixture rates, utilisation, contract coverage, cost levels and currency exchange levels as well as an estimated residual value at the end of the forecasted period, VSS A/S has made discounted cash flows covering a period of 14 years. The impairment test is sensitive to changes in the underlying assumptions, which are uncertain due to the current challenging market conditions.

The external vessel valuations for the AHTS segment shows market values in excess of the carrying amount.

2. SEGMENT INFORMATION

The segment information is presented in five segments:

-The segments AHTS and PSV comprise 13 offshore vessels that are equipped for and have the capacity to operate in areas with harsh environment, further 7 of the Anchor Handling Tug Supply (AHTS) vessels are equipped to operate in Arctic areas.

-The segment Services provides ice management services and logistical support in the Arctic regions.

-The segment Ship Management is involved in commercial management of five icebreakers owned by the Swedish Maritime Administration.

-The segment TransAtlantic AB offers liner services in the Baltic Sea and Northern Europe as its primary markets. The operation is primarily based on system traffic with RoRo and container vessels, as well as chartering of bulk vessels.

Q3 MSEK	AHTS	PSV	SERVICES	SHIP MGT.	TRANS- ATLANTIC AB	TOTAL
Net sales	200	9	-7	30	226	458
EBITDA	75	-26	-1	0	-10	38
Result before tax	-19	-236	-2	2	-26	-281
Total assets	3,211	830	0	0	357	4,398

Q1-Q3 MSEK	AHTS	PSV	SERVICES	SHIP MGT.	TRANS- ATLANTIC AB	TOTAL
Net sales	711	23	0	102	684	1,520
EBITDA	322	-95	-2	0	-43	182
Result before tax	114	-348	-3	0	-78	-315
Total assets	3,211	830	0	0	357	4,398

There are no significant revenue transactions between the segments.

3. INTEREST BEARING LIABILITIES

The vessels owned by the Group are primarily financed through bank loans with pledge in the vessels. Further securities have been given in the form of pledge in revenue and insurance policies. The total interest-bearing debt at the end of the quarter was MSEK 2,481 (2,762).

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

Further, the interest bearing liabilities are also associated with loan clauses, such as contract coverage clauses and loan-to-value clauses, according to which the Group must fulfill certain levels of contract coverage and loan-to-value, pursuant to the individual loan agreements. If these levels are not met, then the Group must deposit additional security, according to the terms in the relevant loan agreements. Any such amount in deposit will vary up and down and the variation is dependent upon currency exchange rates, amortizations under the loan and vessel valuations. If the levels of contract coverage and loan-to-value, pursuant to the terms in the individual loan agreements, yet again are met then the obligation of providing additional security will cease. At the balance date the Group had provided the lenders MUS\$ 9.3 in additional security.

At the reporting date, the Group, due to the challenging OSV market, is in dialogue with its lenders regarding these loan clauses (see note 5, Operational and financial risk).

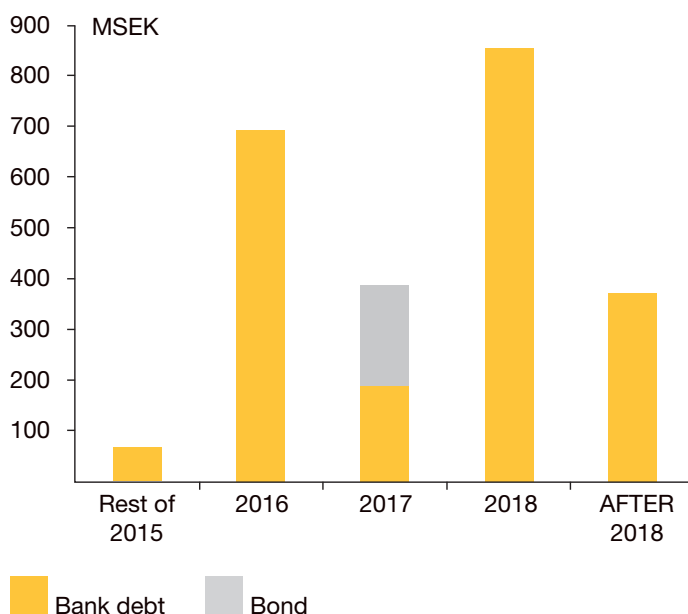
In March 2012 the Group issued a 5 year senior unsecured bond loan in the Norwegian capital market, with maturity in March 2017, totaling MNOK 300. The bond agreement has a limit of MNOK 750. The net proceeds from the bond shall be employed for investments, capital expenditures related to fleet expansion and general corporate purposes. The bond was listed on Nordic ABM in Oslo on 28th June, 2012. In March 2013 an additional MNOK 85 was drawn in a tap issue. As at balance date the Group is holding nominal MNOK 189 of this bond, consequently 196 MNOK is outstanding.

The Group has 44% (40) of its interest bearing debt in USD, 19% (14) in GBP, 1% (3) in EUR and 36% (43) in NOK. The Group has 90% (90) of the total loan portfolio swapped into fixed interest rates within the interval of 90 days up to three years and 10% (10) of the total loan portfolio swapped into fixed interest rates for more than 3 years. The remaining part is fully exposed to floating market rates.

3.1. Classification by type of debt

MSEK	Q3 2015	Q3 2014	FY 2014
Long-term bond loan	194	277	205
Short-term bond loan	0	0	0
Long-term debt to credit institutions	1,553	2,178	2,059
Short-term debt to credit institutions	734	307	431
TOTAL INTEREST BEARING LIABILITIES	2,481	2,762	2,695

3.2. Debt maturity



4. CASH AND CASH EQUIVALENTS

Consolidated cash and cash equivalents available at the end of the quarter amounted to MSEK 188 (447). Cash assets include client funds of MSEK 58.

MSEK	Q3 2015	Q3 2014	FY 2014
Restricted cash 1)	82	4	4
Free cash and cash equivalents	188	447	450
TOTAL	270	451	454

1) The amount is included in the item "Financial Assets" in the balance sheet.

5. OPERATIONAL AND FINANCIAL RISK

The Group operates in highly competitive markets and is exposed to various operational and financial risk factors. The financial risk is mainly related to liquidity risk, funding risk and currency risk.

The Groups liquidity is due to the challenging OSV market strained and there is a risk that the Group will not be able to fulfill covenant undertakings in loan agreements. Accordingly, the Group has defined and initiated tangible measures to strengthen the profitability and liquidity in order to assure compliance with covenant requirements in loan agreements going forward. The Group is after the balance day, according to contract coverage clauses and loan-to-value clauses, requested to deposit additional security. The Group has asked its lenders to waive such requests and the Group is in dialogue with its lenders in order to secure a long-term stable financing situation.

The recent refinancing of loans that have been completed within the Group has for the main part of the loan portfolio ensured a long term financing structure. A part of the Group's loan portfolio falls due within the next 12 months and is subject to refinancing.

The main operational risk factors relates to the overall macroeconomic market conditions, degree of competition, flow of goods in prioritized market segments and finally the overall balance of supply and demand of vessels, affecting rates and profit margins. The objective of the overall risk management policy of the Group is to ensure a balanced risk and return relationship. The offshore market is to a high degree dependent on the investment level in the oil industry which in turn is driven by the oil price development on the global market. The recent decline in the offshore market has impacted the Group's profitability and liquidity.

The business activities in the TransAtlantic AB segment operate in a competitive market with profit margins under pressure.

The Group is exposed to changes in the freight rates. To mitigate this operational risk, the Group has a clear focus on increasing the number of vessels on term contracts within the offshore operations.

6. OTHER INFORMATION

Corporate tax

The general situation for the Group is that taxes payable are limited to foreign entities. Accordingly, recognized corporate tax mainly comprises deferred tax. The tax losses carry forward amounted at end of the period, net for Swedish entities, to MSEK 1,080, of which MSEK 182 corresponding to a tax value of MSEK 40 (40 on Dec 31, 2014) have been capitalized. The tax asset, which mainly relates to the container and ship management operations, will due to the sales of these operations be impaired during Q4 2015. The recognized deferred tax liability for the operations outside Sweden amounted to MSEK 11 (16 on Dec 31, 2014).

Transactions with closely related parties

Kistefos AS has, through a consultancy agreement, made management and financial services available to the Group, for which a total compensation of MSEK 0.3 for the first nine months of 2015. Apart from this, there were no other significant transactions with closely related parties.

Company information

Viking Supply Ships AB is a limited liability company registered in Sweden, with its domicile in Gothenburg, and corporate registration number 556161-0113. Viking Supply Ships AB is listed on the Small Cap list of the NASDAQ OMX Nordic Exchange in Stockholm under the ticker VSSAB.

Accounting policies

This interim report for the Group was prepared in accordance with the application of IAS 34 Interim Financial Reporting and applicable rules in the Swedish Annual Accounts Act and for the Parent Company, in accordance with the Swedish Annual Accounts Act and the Swedish Financial Reporting Board's recommendation FRF 2 Accounting for Legal Entities. Unless otherwise noted, the same accounting policies for both the Group and the Parent Company have been applied as those used in the most recent Annual Report.

VSS A/S publishes a separate report as a result of the issued bonds. Some values in that report are not comparable to the values in this report, as a result of different acquisition values and depreciation schedules between VSS A/S and the Group. VSS A/S has as of Q3 2011 been built through Group-internal transfers of vessels and operations at then current market prices, which is why differences in acquisition values have arisen.

Number of employees

The average number of full time employees in the Group for the nine month period was 769 (Jan-Dec 2014: 796).

Number of shares

Share distribution on September 30, 2015:

Number of Series A shares	11,634,946
Number of Series B shares, listed	165,809,372
Total number of shares	177,444,318

DEFINITIONS

AHTS

Anchor Handling Tug Supply vessel

CAPITAL EMPLOYED

Is the sum of shareholder's equity and interest-bearing loans.

EARNINGS PER SHARE

Profit after financial items less 1) current tax, 2) tax on profit for the year (current and deferred tax) in accordance with the consolidated income statement

EBIT

Earnings before interest and taxes

EBITDA

Earnings before interest, taxes, depreciation and amortization, corresponding to profit/loss before capital expenses and tax

EQUITY RATIO

Shareholders' equity divided by total assets

THE GROUP

Viking Supply Ships AB, a Limited Liability Company registered in Sweden, with all subsidiaries

IFRS

International Financial Reporting Standards – an international accounting standard used by all listed companies. Some older standards included in IFRS include IAS (International Accounting Standards)

MARKET ADJUSTED EQUITY RATIO

Shareholders' equity divided by total assets, adjusted for asset market valuations

OPERATING CASH FLOW

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

OPERATING COST

Operating cost consists of crew, technical and administration costs

OPERATING PROFIT/LOSS

Profit/loss before financial items and tax

OSV

Offshore Support Vessels

PROFIT MARGIN

Profit after financial items divided by net sales

PSV

Platform Supply Vessel

RETURN ON EQUITY

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

RETURN ON CAPITAL EMPLOYED

Profit before interest and tax (EBIT) divided by average capital employed

RESTRUCTURING COSTS

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

RORO

Roll-on/roll-off ships are vessels designed to carry wheeled cargo, such as automobiles, trucks etc.

TOTAL CASH FLOW

Cash flow from operating activities, investing activities and financing activities




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