WEST ATLANTIC

Annual Report 2015

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History in the making

The West Atlantic Group emerged in 2011 through the merger of two of Europe's most established independent regional cargo airlines; the West Air Group based in Sweden and Atlantic Airlines based in the United Kingdom. Headquartered in Gothenburg, the merged entity constitutes one of Europe's largest and most experienced providers of unique, integrated ground-to-air logistics for the mail and express industries using a customised fleet of BAe ATP, Bombardier CRJ200, Boeing 737 and B767 freighters.

West Atlantic Sweden, the heart of the former West Air Group was established in 1962 under the name ABAL Air, which was changed in 1992 to West Air Sweden and in 2015 to West Atlantic Sweden. Following the increased demand for airmail services from the Swedish Post, West Atlantic Sweden increased its mail operations throughout 1995 to 1998. In 1995 the current major shareholders acquired the company.

Following the current owners' purchase of West Atlantic Sweden, the organisation was converted into a dedicated mail and cargo airline in May 1997 after discontinuing scheduled passenger services between Gothenburg and Sundsvall in Sweden. During 2006 West Atlantic Sweden was awarded the entire Norwegian Postal network, which increased West Atlantic Sweden's capacity by approximately 50 percent.

Pioneering the technical competence necessary to move existing mail trolleys directly from trucks to on board the aircraft – the roll-on/ roll-off concept has been a key factor in improving efficiency and service quality where employed in Scandinavia.

Atlantic Airlines was incorporated in 1994 within the Air Atlantique Group, which was originally established on Jersey, UK in 1969. Originally operating an aircraft fleet of seven Lockheed 188 Electra aircraft, Atlantic Airlines was specialised in the supply of contract and ad-hoc air cargo services which included transatlantic capability. Following a full management buy-out of the assets of the business in May 2004, Atlantic Airlines Ltd. was established as an independent commercial operator and shifted complete focus to intra-European operations.

Since its inception, Atlantic Airlines has been a significant contributor to the UK regional air cargo industry, capitalising on its heritage of cargo and airmail operations across Europe since the first Royal Mail contract was awarded to Air Atlantique in 1975.

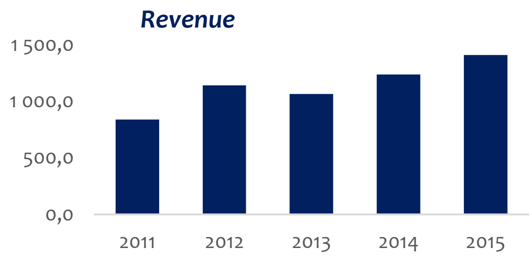
During 2013, West Atlantic formed a strategic partnership with US based Air Transport Services Group, Inc. (NASDAQ: ATSG), in which ATSG acquired a 25 percent shareholding in the West Atlantic Group. The partnership marks the introduction of Boeing 767 to West Atlantic's service offering. The partners' skillsets are very well aligned to support the market demand given their respective established and complimentary capabilities in the global marketplace.

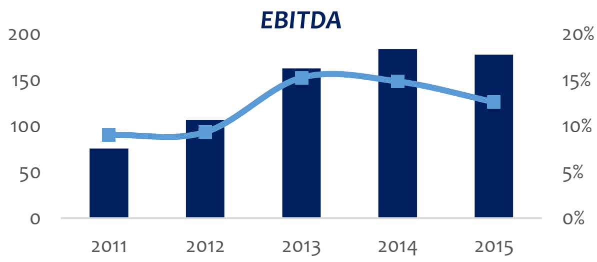
West Atlantic at a glance

West Atlantic in brief

West Atlantic is a dedicated cargo airline specialised in integrated mail and express freight solutions. Developing from many years' experience the Group can offer its customers customised efficient solutions for airfreight services, aircraft maintenance, airworthiness services and aircraft leasing. West Atlantic's primary market is to provide scheduled airlift capacity to National Mail Organisations and Global Integrators in Europe. In 2015 West Atlantic performed almost 27,000 flights while serving approximately 50 scheduled destinations.

Revenue and EBITDA





Please note that the Group performed a Swedish GAAP to IFRS transition as per January 1, 2013 whereby previous financial information are according to previous policies and practises.

Operating performance

99.1 %

Flight dispatch regularity

Long term target > 99 %

Key operating indicators	2015 Jan - Dec	2014 Jan - Dec
Performed flights	26,790	26,195
Regularity (target >99%)	99.1%	99.3%
Number of hours flown	28,490	27,241

Key indicators for the Group

	2015	2014
Financial Metrics		
Revenue	1,409.9	1,244.3
Revenue growth	13.3%	-
Adjusted revenue growth	8.6%	-
EBITDA	177.9	183.9
EBITDA margin (%)	12.6%	14.8%
Net income	-49.6	10.6
Cash flow from operating activities	216.8	200.3
Earnings per share before dilution (SEK)	-1.84	0.39
Operating metrics		
Fleet dispatch regularity	99.1%	99.3%
Performed flights	26,790	26,195
Aircraft in service (incl. Wet leases)	48	43
Average employees	508	472

	2015-12-31	2014-12-31
Equity / Asset ratio	13.3%	21.5%
Total Assets	1,412.1	1,084.7
Net interest bearing debt / EBITDA*	3.6	-
Interest coverage ratio*	2.9	-

** Defined by the corporate bond loan WEST002 terms and conditions. See note 25 for more information. The loan was issued December 2015 whereby the ratios are not reported per 2014-12-31.*

All figures in this report are presented in Swedish Krona millions (MSEK) unless otherwise stated.

CEO's comments

"During 2015 we continued to grow our company, for the second year in a row with double digit revenue growth from the commercial success in the B737 and B767 markets. Simultaneously, we experienced a decrease in the demand for < 8 tonnes payload capacity aircraft driven by market consolidation of volumes, which resulted in a reduced operation within this payload segment for 2016. Looking ahead all focus is directed to being customer focused, improving our reliability, simplifying our operations while ensuring sustainable levels of profitability. Whilst we have suffered a difficult second half of 2015 and start 2016, the company will emerge stronger and I expect that we will soon be back again as the preferred supplier in Europe for our services."

Strong revenue growth in 2015

West Atlantic continued to benefit from the increased demand for the B737 and B767 fleets throughout 2015. In total the Group placed two B737 and three B767 aircraft in operations during the year which provided a strong double digit revenue growth. Underlying revenue growth, measured in fixed FX and fuel prices, amounted to 8.6 percent for the year. We are pleased with last years' commercial development and hope to continue to capitalise on our current structure and deliver a continued growth while adding value to our customers.

While the added B767/B737 capacity continues to deliver strong growth, the Group saw a significant decrease in demand for its low capacity fleets (< 8 tonnes payload) which was driven primarily by consolidation of volumes resulting in the need of higher capacity aircraft. In addition to market development, the Group's subcontracted operation for PostNord (Swedish NMO) involving five aircraft was, following a new tender, awarded to another operator, leaving a significantly less utilised fleet for 2016. We are working to increase utilisation while also starting the process to dismantle some aircraft to support the remaining fleet.

Reduced operating margins

EBTIDA margin decreased to 12.6 percent (14.8). The decrease was primarily the result of no major income generated by aircraft transactions during the year, but also the rapid growth into B737 and B767 operation and the ongoing organisational restructuring. The reduced utilisation of the < 8 tonnes fleet also contributes to a margin decrease when transferring to larger capacity.

Performance focus

As an outsourced provider of air freight operations, where our customers are major logistic players such as National Mail organisations and Global Integrators, an excellent operating performance is necessary to maintain and grow our business. During the year we delivered a fleet dispatch regularity of 99.1 percent (99.3) in the operation as a whole, just above the Group's long term target. Even though targets were reached for the whole year, the second half of 2015 we experienced quality problems caused primarily by the merger process and unscheduled aircraft maintenance. We take pride in delivering a high quality service, thus, significant focus and additional resources are being directed at increasing quality of our operations going forward.

Simplify our operations

Throughout the year, a strategic aim has been to simplify the operations to leverage the operating platform and provide more efficient solutions for our customers. The Group initiated a project to consolidate all operations under one operating certificate during a two-year period. In 2016 we will reach the interim goal of having no fleet type on more than one certificate.

During 2015 we have also consolidated the in-house maintenance organisation which today operates under one P145 permit. This organisation will now provide services to the Group's two airlines with the aim of streamlining process and sharing best practices across the whole Group.

Looking ahead

Start of 2016 has had significant challenges. The tragic accident of one of our CRJ200PF operating over northern Sweden on January 8 has had tremendous impact on the entire Company. While the accident is still under investigation by the Swedish Authorities, the internal work to overcome this tragedy has had effects Group wide. It has taken a few months to return to what the company considers normal operations. Other major challenges have come from delay in delivery of additional aircraft to us for which we were already contracted to operate, unplanned major maintenance on certain aircraft, and delay in finalising the transfer of the ATP fleet from UK to Swedish AOC. These events have increased our costs, made it challenging to perform at our best, and left certain of our customers less than satisfied. Today, much of this is behind us.

The company will operate as two airlines and a separate maintenance organisation, each one specialised and dedicated, working in unison to offer solutions to its customers. We will direct all our attention to being customer centric and cost focused, while also ensuring the organisation is right sized to take on future opportunities. A significant cost reduction program is underway to allow the Group to reach a stronger position to win new contracts and return to profitable growth.

West Atlantic offers a unique one stop solution to the Global Integrators and National Mail Organisations. While we have suffered through a difficult period recently, the company will emerge stronger and I expect that we will soon again be recognised as the preferred supplier in Europe for our services.

Fredrik Groth
Int. CEO and Group President

Service offering

The Group acts as an outsourcing provider of air freight operations, offering full charter capacity or ACMI (Aircraft, Crew, Maintenance and Insurance) flights to its customers, whom can choose to supply and/or cover direct operating requirements such as fuel. Aircraft are available in different configurations, RORO-Mail (roll-on/roll-off), bulk loading of cargo, containerised, palletised or a mix of the above.

Ancillary to the production of ACMI/Charter operations, the Group offers technical services and aircraft leasing to other airlines. By acquiring aircraft at attractive prices and carrying residual value risk the Group is able to capitalise on its knowhow of how to place aircraft on contract, dry lease out or re-market directly at a premium. Historically, the Group has been successful in the aircraft trading market and has performed two transactions per annum on average.

West Atlantic's main operational fleet is the up to eight tonnes payload class, with turboprop capacity such as the BAe ATP. The BAe ATP was converted to a freighter on the Group's initiative since it foresaw the exceptional operational capacity of the aircraft and the attractive feedstock sourcing opportunity. Subsequently, the regional jet CRJ200PF was introduced as a package freighter following the contract award from the Norwegian Mail in 2006, with a network that included longer and thinner routes, requiring a faster service to meet the time critical delivery schedule.

Further pursuing the strategy of developing capability alongside customer requirements, West Atlantic has introduced the Boeing 737 to support mail customers' heavier routes. Shortly thereafter, West Atlantic began to offer the capability to the Global Integrators.

Recently, following the partnership between West Atlantic and Air Transport Services Group (ATSG), the Group has identified demand for larger, up to 45 tonnes payload, capacity in the European airfreight market. Consequently, West Atlantic has during 2015 added this capacity to its service capabilities.

Mission

Strategy and long term vision

Strategy and business plan

During the summer of 1995 the current major shareholders purchased West Atlantic Sweden. In 2015, the Group celebrated 20 years of success with the same majority owners, business plan and strategy. Since the beginning, the Group's objective has been to meet the demand for outsourced airfreight solutions, growing with its customers and finding new ways to refine the services while reinvesting profits in the Group, gearing for future growth.

Group development and operating capabilities

The history of West Atlantic has provided the Group with significant know-how and highly skilled staff specialised in areas ranging from aircraft engineering to operations. The West Atlantic Group has leveraged its operating platform by adding on B737 and B767 operating capabilities. The structural and organisational investments is significantly less as the platform can be scaled to be aligned with the requirements for these new capabilities. This gave the Group a significantly easier task in breaking the entry barriers for these markets. Further, the close partnership with Air Transport Services Group (ATSG) has allowed the Group to spearhead its entry in the B767 market rapidly upon introduction, supported by ATSG's extensive expertise, asset availability and global support.

Long term vision

The long term vision of West Atlantic is envisioned as the Group being the largest provider to National Mail Organisations in Europe and continuing to provide and support all Global Integrators with regional capacity as needed, where needed.

Market overview

Market characteristics and customers

West Atlantic's primary market is to provide outsourced airfreight services with dedicated aircraft. Competitors operating aircraft of similar capacity include ASL Group in Ireland, Swift Air in Spain and Amapola in Sweden. In the wake of the financial crisis 2008-2009 the market stagnated in line with overall prevailing economic conditions but has historically shown very strong growth. The market consists of the following key customer sectors:

- National Mail Organisations, such as Royal Mail, Norwegian Mail, LaPoste and PostNord
- Global Integrators, such as UPS, DHL, FedEx and TNT
- Freight forwarders and other cargo carriers

National mail organisations (NMOs)

Characterised by being organisations under, or previously under, government ownership and/or control, NMOs operate following state issued concessions to provide populations with mail and parcel services in accordance with the concession delivery requirements – usually delivery five to six days a week per European standards. A common requirement for such a monopoly concession in Northern Europe is that 85 percent of the overnight mail must reach its destination on time.

Following the European legislation for public procurement, almost half of the postal community inside the European Union issues public procurement tenders, while the other half does not.

Global Integrators

The Global Integrators have sprung out of commercial demand for international and/or domestic overnight delivery of time-critical documents and parcels. Given that the NMOs historically had total dominion of the national postal system. The NMO setup was mostly specialised on domestic reach to meet the obligations of the concessions. On the other hand, Global Integrators could follow the commercial demand and setup networks in accordance with global trade flows. Consequently, the Global Integrators were quickly able to capture the huge demand for global delivery of time sensitive parcels. The Global Integrators include DHL, TNT, UPS and FedEx.

Competitors

The surrounding market in Europe consists of a handful of competitors. During 1995, when the original business plan was devised, there were close to 30 operators in Europe. Today, following years of consolidation, in the Group's opinion, less than ten competitive players remain.

The competitors differentiate by aircraft speciality and payload class. The business sector has significant entry barriers with respect to asset availability and operating experience requirements. There are immense financial and operational requirements to start a new airline within the European Union. For instance, one must show sufficient financial planning for one years' worth of operation with the first aircraft. In addition, there are political barriers with cabotage and foreign ownership limitations that exclude non-European competition.

Current client base

West Atlantic has a long standing customer base of leading logistic providers. The extensive track record has proven West Atlantic a reliable partner for premier logistics providers, and throughout the years, customers have appreciated the Group's flexibility to meet customers' specific requirements.

Reputation and development

Since the start of operations as a dedicated cargo airline in 1997, West Atlantic has achieved a remarkable reputation for its freight modification of both the HS 748 and BAe ATP aircraft. The Group introduced large aircraft cargo conversion solutions onto smaller aircraft types. In recent years, it has been noted that most of the competition has also adopted similar techniques to be able to offer freight solutions on equal economical terms. West Atlantic is, and has always been, associated with excellent quality and extensive knowledge of aircraft development projects.

Projects and development

A current project within the Group is the implementation of the BAe ATP-F next generation programme, which is being achieved by retrofitting existing aircraft systems and components with modern equipment. An example being the new clean-sheet design full Electronic Flight Instrument Systems (EFIS) cockpit.

West Atlantic has co-designed and ordered the package freighter conversion programme for the CRJ200 regional jet, which was developed for long, thin routes, where speed is of essence. The CRJ200PF has already proven itself effective in West Atlantic's existing operations and is a project carrying future potential, especially following the launched large freight door programme – the AEI CRJ200SF, available in 2016.

Sustainability

Corporate citizenship

West Atlantic believes that corporations are integral parts of society and hold an equal, if not greater, responsibility as citizens in order to drive future progression in terms of welfare, innovation and growth. The Group aspires to continuously refine the provided air freight services, connecting regional time-sensitive infrastructures by air.

In order to contribute to sustainable development, employees must not only take into account the Group's financial development, but also the impact on society. Higher efficiency through optimised resources and a lower environmental impact will lead to increased competiveness and higher long-term profitability. Since airfreight operations are an integral part of social infrastructure, it is important that the Group remains ahead of the curve and safeguards a sustainable future for generations to come.

Human capital

The Group's strength in its human capital structure is a result of the Group's ability to find, develop and retain skilled individuals. West Atlantic is a very congenial workplace with low absenteeism and low turnover in employees. This is a result of the Group's aspiration to maintain a workplace that employees appreciate and where employees are offered room for growth as well as encouraged to develop. The Group allocates responsibilities at all levels through an entrepreneurial culture that encourages, empowers and rewards personal initiative. Employees are provided with standard social security and a healthcare package in accordance with social security and health care regulations in the respective countries. Collective working agreements or collective internal regulations govern working conditions, including salaries.

Diversity and equality

Diversity is a Group priority, striving to create a dynamic social composition that reflects society as a whole. The female share of staff amounted to 9.1 percent (8.9). Employees have a diverse background in terms of nationality and religion. The basis of all recruitment in the Group is solely founded on competence.

United Nations Global Compact

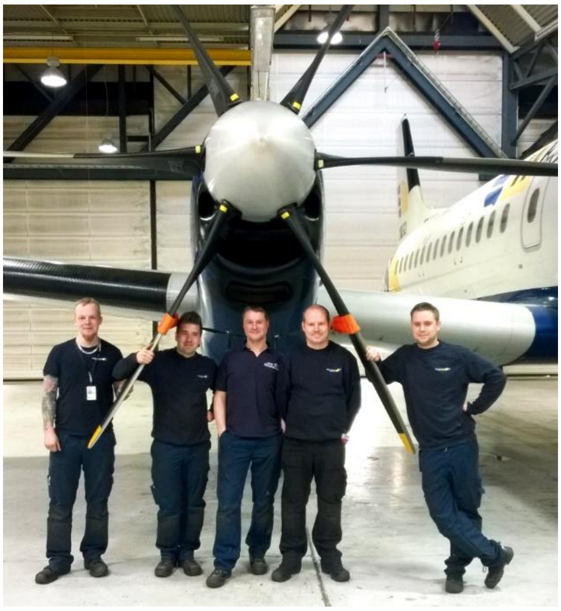
West Atlantic has signed a commitment to the United Nations Global Compact, which is a programme for companies and organisations that wish to contribute on the international advancement of ten global principals regarding human rights, labour rights, environmental impact and anti-corruption. Consequently, the Group has undertaken to protect and support human rights and battle corruption, discrimination and forced labour. The Group is actively engaged in the G.C. Nordic Network. For more information, please see www.unglobalcompact.org and www.gcnordic.net.

The West Atlantic Way

Responsibility and innovation are central to the Group's history and part of its "DNA". Day by day, the entrepreneurial culture drives business decisions and relationships with all stakeholders.

West Atlantic is an international organisation that operates in dynamic, institutional, economic, political contexts in continuous and rapid evolution. The Group directly interacts with thousands of people and organisations through employees, customers, suppliers, business partners, and surrounding communities. The provided airfreight services have an impact on the daily lives of hundreds of millions, depending on the Group's performance to receive mail and parcels on time.

The Group's employees shall always be open-minded and objective, always striving to act as commercially sensible as possible and welcome open competition as a challenge to become even more efficient.



Environmental information

Given that aviation is a carbon dioxide intense industry it is imperative to the Group's mission, in order to minimise emissions, that the Group performs its business activity of transporting mail, parcels and goods by air as efficiently as possible and using the best and efficient technology available.

European Union - Emissions Trading Scheme (EU ETS)

Commencing in 2012, European aviation entered into the emissions trading scheme within the European Community. Named EU ETS it is a so-called 'cap and trade' system where the amount of emissions is limited on a yearly basis and emitters must trade rights to emit. The Group successfully managed the entry requirements to the scheme and, whilst the carbon market displayed significant financial volatility and risk due to political uncertainty, the Group managed to secure sufficient positions to comply at a competitive level.

Carbon emissions

During 2015, all of the Group's emissions of carbon dioxide were reported to the European Commission while carbon allowances surrendered in order to offset the emissions in accordance with the EU ETS regulations. In comparison, the Group carried close to 116 thousand tonnes of cargo throughout the year.

Noise emissions

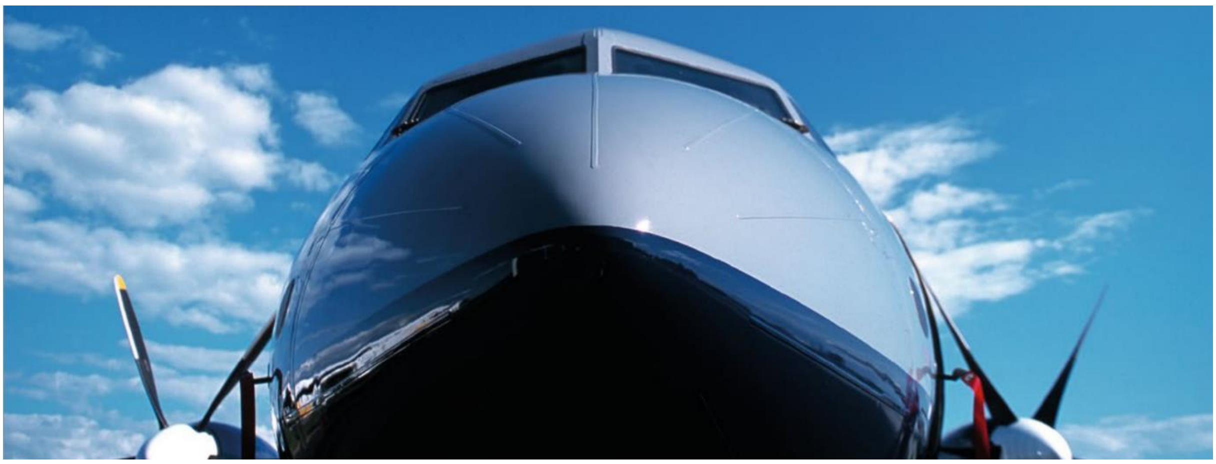
Another significant impact that operating aircraft entails is noise emissions. The Group's aircraft have noise emissions minimised to the fullest. For instance, West Atlantic has modified and re-certified the BAe ATP Freighter type to the most stringent ICAO chapter IV noise certification level, further increasing the competitive position of the aircraft as a third generation turboprop whilst adding value to the community.

Efficient flight planning

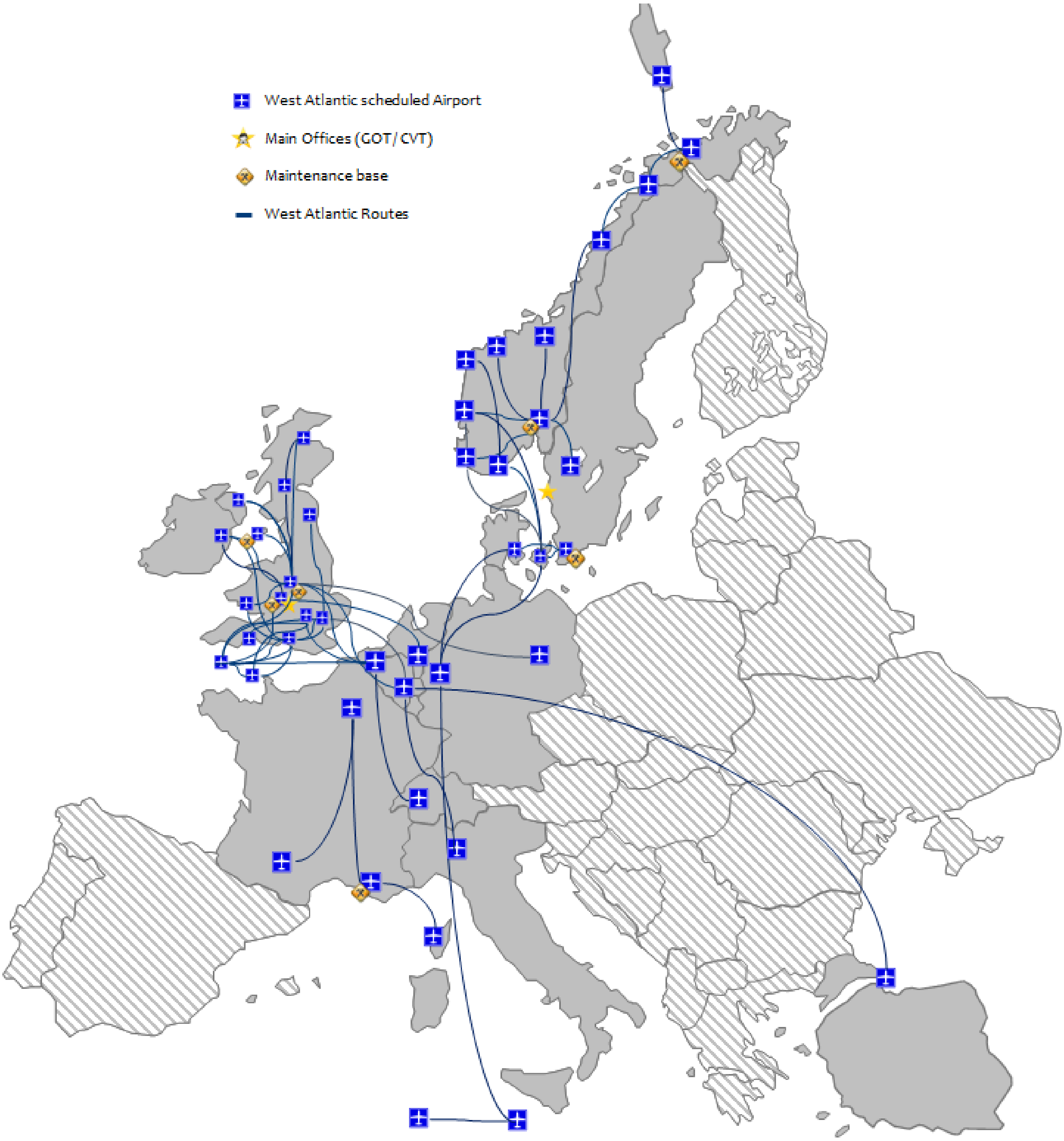
During the year, West Atlantic employed continued focus to improve operational performance by tasking operations with an assignment to maximise efficiency on route planning, to secure that the aircraft minimises airborne time with the best available ascent/descent patterns, in order to save fuel. The Group also actively engages in minimising positioning flights and investing in R&D, such as the recently launched Electronic Flight Bag (EFB) programme.

Waste dispensing

The maintenance and operations of aircraft make the Group an end-user of many petroleum-based products. Therefore, top-of-the line collection chambers and storage facilities are installed to secure and rationalise the management of waste products. In addition, the Group continuously adds to the significant experience and training in managing dangerous goods with resources dedicated to educate staff to ensure proper awareness, safety and quality in all procedures.



Scheduled destinations



Aircraft fleet

BAe ATP-F

Originally the airframe was developed from the Hawker Siddeley 748 which the Group operated successfully under the 1990's and early 2000's. The aircraft is a fuel efficient short haul turboprop, ideal for integrated mail networks following efficient modifications made by the Group. The aircraft operates for both NMOs and Global Integrators in Europe.

BAE ATP/F				
2011	2012	2013	2014	2015
38	40	41	41	40

B737-300/400SF

The B737 has been the Group's strategic expansion fleet type since 2012. The aircraft has primarily been placed with both NMO's and Global Integrators, replacing previous turboprop aircraft where volumes have increased. The Group currently operates six B737-300 freighters. In 2014, the Group continued its strategic growth into this aircraft type by adding the B737-400 type to its aircraft fleet and operating capabilities. The -400 has the advantage of being able to load one additional pallet, which provides the aircraft with a unique selling point, especially towards Global Integrators.

B737-300SF				
2011	2012	2013	2014	2015
1	2	5	6	6
B737-400SF				
-	-	-	2	4

CRJ200PF

West Atlantic has contributed to the design and was the launch customer for the CRJ200PF regional jet, which was developed for long, thin routes, where speed is of essence. The CRJ200PF has already proven itself to be highly effective in West Atlantic's existing operations and is a project carrying future potential, especially following the newly launched large freight door program – the AEI CRJ200SF.

CRJ200PF				
2011	2012	2013	2014	2015
3	3	3	3	3

B767-200SF

Leveraging the strategic partnership with ATSG, West Atlantic started B767 operations during 2015 and placed three aircraft during the year. The aircraft is a highly cost effective mid-sized freighter and provides West Atlantic with the ability to provide solutions up to 45 tonnes payload.

2011	2012	2013	2014	2015
-	-	-	-	3

Aircraft fleet – Detailed specifications

	BAe ATP-F	CRJ200PF	B737-300	B737-400	B767-200
Max Payload	8,400 kg	6,800 kg	18,600 kg	21,364 kg	44,906 kg
Cruise Speed	460 km/h	852 km/h	852 km/h	852 km/h	852 km/h
Cabin Length	19.20 m	14.76 m	20.95 m	24.40 m	30.80 m
Cabin Width	2.06 m	1.88 m	2.53 m	2.14 m	4.40 m
Cabin vol Gross	78 m^3	53 m^3	135 m^3	154 m^3	337 m^3
Aircraft Length	26.00 m	26.77 m	33.40 m	36.50 m	48.50 m
Aircraft Wingspan	30.63 m	21.21 m	28.88 m	28.88 m	47.60 m
Aircraft Height	7.37 m	6.22 m	11.13 m	11.10 m	15.80 m
Main Cargo Door	2.63 x 1.71 m	0.91 x 1.78 m	3.54 x 2.20 m	3.56 x 2.18 m	3.20 x 2.43

Board of Directors' report fiscal year 2015

ANNUAL REPORT FOR THE GROUP & PARENT COMPANY

The board of directors and the President of the West Atlantic Group hereby submits the following annual report for the fiscal year 2015 (2015-01-01 to 2015-12-31) for the Group and Parent Company. All financial information contained in this report refers to the West Atlantic Group unless stated that the information refers to the Parent Company West Atlantic AB (publ).

ABOUT THE WEST ATLANTIC GROUP

Group and parent company information

West Atlantic AB (publ) is a Swedish registered public company headquartered in Gothenburg, incorporation number 556503-6083. Address P.O. Box 5433, SE 402 29, Gothenburg, Sweden.

West Atlantic AB (publ) is the Parent Company of the wholly owned subsidiaries West Atlantic Sweden AB and West Atlantic Aircraft Management AB, jointly headquartered in Gothenburg, Sweden, Atlantic Airlines Ltd. headquartered in Coventry, UK, European Aviation Maintenance Ltd headquartered in Isle of Man and Norway Aviation Services AS headquartered in Oslo, Norway.

West Air Sweden AB is represented locally through branches in Bertrange, Luxembourg (West Air Sweden Luxembourg Branch S.A R.L.), Marseille, France (West Air Sweden Aktiebolag), Copenhagen, Denmark (West Air Sweden, Filial af West Air Sweden Aktiebolag, Sverige) and Oslo, Norway (West Air Sweden AB Norge Filial).

West Atlantic's service offering

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

International Financial Reporting Standards (IFRS)

West Atlantic reports its financial information in accordance with IFRS since 2014. For more information of the transition and bridges, see the annual report of 2014.

GROUP FINANCIALS

Fiscal year 2015 in brief:

- Revenue MSEK 1,409.9 (1,244.3)
- EBITDA MSEK 177.9 (183.9)
- EBT MSEK -59.7 (21.6)
- Flights performed 26,790 (26,195)
- Flight Dispatch Regularity: 99.1 % (99.3)

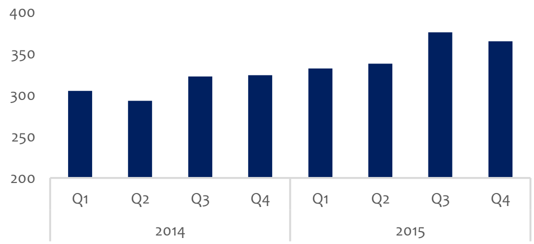
Market and operating performance

During the fiscal year of 2015 West Atlantic increased the number of performed flights by 2.3 % through additions to the B737 and B767 fleets. This was offset by a decrease in utilisation of the BAe ATP fleet. The fleet dispatch regularity amounted to 99.1 % (99.3), just above the Group's long term target of 99 %.

Revenue and income

Revenue increased to MSEK 1,409.9 (1,244.3), an increase of 13.3 % year on year. The drivers of the strong growth are expansion of the B737 aircraft fleet combined with the deployment of the Group's B767 aircraft in operations. Favourable movements of GBP and USD against SEK also had significant impact but were partly offset by decreasing fuel price. Underlying revenue growth measured in fixed currency rates and fuel, excluding effects from aircraft sales amounted to 8.6 % year-on-year.

Quarterly revenue development



EBITDA amounted to MSEK 177.9 (183.9) and was impacted by non-recurring items of MSEK -8.1 (-19.3) following additional costs and provisions made, related to the legal proceedings in France, and type introduction costs for the first B767 aircraft. Operating leasing costs increased to MSEK 62.3 (21.3) following additional B737 and B767 aircraft acquired on operating leasing agreements. Depreciation amounted to MSEK 123.6 (93.7) following increases in periodical heavy maintenance for aircraft components and impairment of aircraft components of MSEK 3.7 (0). EBIT amounted to MSEK 54.3 (90.2).

Financial costs amounted to MSEK 117.5 (77.2) and included early redemption costs for the corporate bond loan of MSEK 41.8 and negative net foreign exchange currency differences on loans and financial leasing of MSEK 9.7 (13.8). EBT amounted to MSEK -59.7 (21.6). Net income amounted to MSEK -49.6 (10.6) for the period and was affected by income taxes of MSEK 10.1 (-11.0).

For more detailed analysis of revenue, income, non-recurring items and the definition of EBITDA, please find the financial comment section in conjunction with the financial statements in this report.

Investments

Total investments in tangible assets amounted to MSEK -228.4 (-220.8), primarily from investments in periodical heavy maintenance activities and purchases of aircraft engines and other components.

SIGNIFICANT EVENTS DURING THE YEAR

BAe ATP & CRJ200PF market and operations

In the up to eight tonnes payload market, serviced by the Group's BAE ATP and CRJ200PF fleets, Posten Norge A/S – the Norwegian Postal Service – and West Atlantic AB (publ) agreed to a new contract for domestic air transportation of mail in Norway. The new agreement began in August 2015 and expires in July 2020 with an option of an additional three more years. The agreement consists of an unchanged operating network compared to previous agreement involving eight aircraft. On the other hand, the subcontracted operation for the Swedish NMO PostNord was not prolonged by the current operator. The operation engaged five BAe ATP aircraft and ceased in the end of 2015.

Overall, the Group has encountered a decreased demand for its services throughout the year in the express market. This is primarily due to an ongoing consolidation of the volumes leading to increased demand for larger aircraft. Following this market trend, combined with the ongoing process of closing operations on behalf of PostNord the Group is exploring new commercial opportunities whilst strategically evaluating future possibilities for the spare capacity available in 2016.

B737 market and operations

During the year West Atlantic deployed four B737 aircraft in operations while agreements for two aircraft were not prolonged. The Group was further awarded two additional contracts with operating start in January 2016.

B767 market and operations

2015 saw the Group's first three B767 aircraft successfully enter service in the express market for a Global Integrator. Following the strategic partnership with ATSG the implementation of the B767 fleet in 2015 has been a success and the Group has been delighted with its performance to date.

Financing, corporate bond issue and early redemption

In line with an ongoing strategic overview of refinancing possibilities, the Group has issued a four-year MSEK 850 senior secured bond. The bonds carry a fixed interest rate of 6.5 % per annum and matures in December 2019.

In conjunction with the above mentioned bond issue, the group redeemed the previous bond loan of MSEK 500. Early redemption costs amounted to MSEK 41.8. Since the new corporate bond loan carries a lower interest rate, the Group will benefit approximately MSEK 20.0 from the redemption during the next 2.5 years from the difference in interest rate. In addition to the Bond loan, West Atlantic received a bank loan of MSEK 40.0 to strengthen financial flexibility and support growth in the beginning of the year.

West Atlantic explored the possibility of a NASDAQ listing

During the year, West Atlantic AB (publ) explored the possibility of listing its shares on Nasdaq Stockholm. Carnegie Investment Bank was appointed as financial advisor and Gernandt & Danielsson as legal advisor. Following this process, the AGM decided on a new Board composition to increase the financial and public competence amongst the directors. The project was ongoing throughout the year. Please refer to significant events after closing date for more information on the listing process.

Organisational restructuring and One-certificate project

Following the market outlook with decreasing demand in the up to eight tonnes payload class combined with the Group's aim to consolidate the organisation according to the "one-certificate" project, the last year has meant structural changes to adapt to the new commercial situation. Primarily planning and preparation activities for the cease of operations in Sweden for PostNord with effect from early January, 2016.

During the year, the ATP fleet has been consolidated to the Swedish operating company, with the last aircraft being transferred during the beginning of 2016.

Ongoing legal process in France

The Group continues to monitor the legal process in France, with regards to unpaid social security charges reported during 2013 and 2014 which remains an uncertainty. In 2015, the provisions have decreased by MSEK 2.0 to MSEK 10.7 at December 31, following that two parts of the claims have been settled. In connection with these settlements an additional MSEK 2.0 has been paid. Additional provisions of MSEK 3.6 have been made for the remaining legal French processes. The cases are expected to be settled within a year.

ORGANISATION AND EMPLOYEES

Employees

The Group employed 511 (488) people at the end of the year including 43 (42) women. The average number of employees for the period January-December amounted to 508 (472). A majority of the Group's employments are governed by collective work agreements (CWA).

WEST ATLANTIC SHARES AND OWNERSHIP

Ownership and control

At December 31, 2015 there were three shareholders which each owned or controlled more than 10 % of the voting rights for all shares in the Company. In falling order of voting rights Dr Göran Berglund controlled 37.3 %, Air Transport Services Group, Inc. controlled 25.0 % and previous CEO and President Mr Gustaf Thureborn controlled 19.0 %.

Dividend policy

The Group's dividend policy aims to, from a long term perspective, facilitate a good return on equity for the shareholders and at the same time enable the continued development of the Group's business. During 2015, no dividends were paid to the shareholders.

FINANCING AND CAPITAL MANAGEMENT

Financing

The Group is primarily funded by a corporate bond loan, issued December 21, 2015 subject to trade on NASDAQ Stockholm. Listing date was January 26 2016. The instrument is listed as WEST002 and the number of instruments issued are 850 with a nominal value of MSEK 1.0 each. For terms and conditions of the corporate bond loan, please see note 25 and the website (www.westatlantic.eu). The Group further uses aircraft leasing, aircraft loans, bank overdraft as sources of funding.

Cash and cash equivalents

Available cash and cash equivalents, including the non-utilised overdraft facility, amounted to MSEK 316.8 (67.6). For more information, see note 21.

WORK OF THE BOARD OF DIRECTORS

Board composition and work plan

The West Atlantic Board of Directors consists of five members which are all appointed at the Annual General Meeting (AGM). The work of the Board of Director's is governed by the Swedish Companies Act, the articles of association, the Swedish Corporate Governance Code and the work plan adopted by the board each year. The formal work plan regulates the division of the Board's work between the Board and its Committees as well as among the Board, its Chairman and the President. This procedure is evaluated each year. The Board and AGM appoints from among its members and other parties the members of the Board's three committees, the Remuneration Committee, the Audit Committee and the Nomination Committee.

Meetings 2015

The Board held 18 meetings during the fiscal year of 2015. The Board discussed regular business items presented at the respective meetings, such as business and market conditions, risk assessment, financial reporting and follow-up, the financial position and investments. The Board discussed matters involving flight safety work, internal control, the work of the Board, the year-end report, interim reports, strategy and business plans as well as the budget. The work plan constitutes that the board shall hold at least 6 meetings per annum.

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. Remuneration to the President is to be decided by the Board within the framework of approved policies following preparation and recommendation by the Remuneration Committee. Remuneration of other senior executives is decided by the President.

RISKS AND UNCERTAINTIES

Risk profile

West Atlantic is exposed to a large number of global and Group specific risks that can impact operations and the financial performance as well as the financial position of the Group. The foreseeable risks are identified and monitored centrally through policies. Risk management in the Group is about positioning the Group properly in response to possible events. Below is a non-exhaustive list of risks, without regards to the level of significance, which the Group considers to be material.

Air cargo operations – Safety always comes first

By having our cornerstone made of safety, West Atlantic successfully has geared the foundation, skills and culture of all employees. The West Atlantic way includes active learning and adapting individual and organisational behaviour to constantly improve operations and reduce exposure to risk. Through the European Aviation Safety Agency's (EASA) introduction in 2014 of Safety Management System requirements, West Atlantic further continues its improvement regime to refine its operations and safety awareness.

Thereto, by operating through two airlines, the most obvious risks are potential aircraft incidents, which carry significant liability if incurred. Such incidents can result in material damage and personal injury. Consequently, the liability of such may impair the Group's financial position and earnings. In response, the Group has substantial insurance cover with a combined single limit of USD 1 billion, for any one occurrence or each aircraft and in the annual aggregate – in line with best market practice. However, the Group has no insurances for lost profit given the operational complexity and the plethora of variables involved, which makes such insurance exceptionally costly in relation to the value of such protection. The Group performs its maintenance activities in accordance with current best practice and EASA CAMO/PART145 regulations.

Further, to ensure operational proficiency and safety all crewmembers must undergo regular recurrent training, tests, health checks and simulator training, in order to maintain their knowledge, expertise and skills in both normal and emergency situations. Maintenance staff are also subject to recurrent training to ensure consistency with maintenance plan and be up to date on current good maintenance practice.

As the Group owns a large aircraft fleet, with a majority of aircraft of the same type, an incident can have material effect of the status and residual valuation for the concerned aircraft. The Group can also be subject to consequential changes in manufacturers' maintenance requirements, which can have a material effect on cost levels. Therefore, adherence to approved maintenance plans, safety limitations, continuous safety evaluations and round-the-clock situational awareness is of utmost importance.

Moreover, regulation of the airline industry entails that airlines are exposed to political decisions that can impact profitability. Further, the Group faces the general risks of the aviation sector, which consist of, but are not limited to, natural catastrophes, acts of god, terrorism and other risks outside of the Group's control. Such risks can be both aircraft and airport specific and the industry is highly susceptible to adverse economic developments.

The Group experienced a total loss of a CRJ200PF aircraft on route from Oslo to Tromsö in January 2016 which resulted in the loss of two valued employees. Please refer to the significant events after the reporting period for more information.

Market, commercial & political risks

Demand for regional air cargo capacity is powered by economic activity and postal concession requiring overnight service by air transport. Therefore, if national mail organisations' concessions ceased to be required to performed overnight mail, the demand for air transport may reduce. For example, In Norway the EU's third Postal Directive has been under political review and such implementation would open for free competition on deliveries of letters, which may lead to reduced weekly deliveries and thus fewer flights required.

In addition, another significant market trend is that less mail is sent by post. If this trend continues or accelerates, it may have an adverse effect on the Group's net sales, financial position and earnings. Mail volumes have continued to decrease but was compensated up to a small volumetric annual increase, given increased number of smaller parcels that are transported together with mail, driven by e-Commerce.

Meanwhile, economic growth has been slow to recover since the financial crisis but slowly started to gain momentum during 2014, following five years of recession-like development with few additional requirements. In general, West Atlantic has a strategy of growing with its customers, not to speculate in adding capacity or capability without having first secured demand in the pipeline.

Following the strategy of growing with customers, West Atlantic brings additional capacity/capability if demand is sufficient to yield a future profitable operation. The Group has therefore continued its fleet expansion with Boeing 737 and B767 in the recent years.

Financial risks, capital and credit market conditions

Volatility on capital and credit markets may cause the Group to have variable access to capital, where funding may be more or less available. In the event that current resources and financial performance do not satisfy the Group's financial requirements, it may have to seek additional financing, or be forced to renegotiate financial instruments on less favourable terms. To counter such financial risks, The Group has a long term financing plan in place, which consists of a mixed portfolio with a four-year corporate bond, loans and financial leasing as well as bank overdraft facility to even out seasonality in cash flows.

Following seasonality in cash flows, the Group has enacted policies for minimum operational liquidity. The Group requires liquidity to service operating expenses and interest on debt as well as to repay maturing liabilities. Without sufficient liquidity, the Group may be forced to curtail its operations. Therefore, the Group has implemented a cash pooling solution for a majority of the Group's holdings with a central credit facility that it may draw upon, if needed to offset flows.

Fluctuations in foreign exchange rates and fuel prices

Although the Group's central common currency is SEK; West Atlantic also has revenue in, NOK, USD, EUR, GBP and DKK. Upon consolidation Subsidiaries' earnings and financial positions are translated to SEK. Therefore, exchange rates influence the magnitude of revenues and costs in SEK. West Atlantic has implemented a policy where inflows in currencies shall correspond to outflows, whereby the Group counters the downside risk in earnings via foreign exchange rate adjustment clauses or multi-currency inflows from customers.

For the financial position the Group's balance sheet is essentially structured in SEK with a majority of financing in SEK and virtually all tangible assets recorded at acquisition value in SEK, including aircraft that are generally valued in USD. However, the Group has finance leasing agreements for multiple aircraft based in USD with corresponding tangible assets recorded at acquisition values in SEK. Therefore, appreciation of the USD versus SEK would incur a financial non-realised exchange rate loss, as leasing debt is re-valued. One percent appreciation in USD over SEK would incur a non-realized exchange rate loss of MSEK 0.8 at closing of accounts from the leasing debt.

In addition, changes in the interest rates can have an adverse effect on earnings and financial position. However, following the Group's financial plan, over 95 percent of the interest rate exposure is long-term fixed at closing date.

Fluctuations in fuel prices also affect the Group significantly if the risks are not mitigated. The Group applies the same method as with foreign exchange currency risks, by transferring this risk to the customer. For the national mail organisations, the risks are transferred and/or shared through contract price adjustment clauses and 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.

Contract risk

Following the Group's strategy to serve NMOs and Global Integrators with network solutions the Group is dependent on a few significant agreements with large customers. A potential loss of such an agreement may have an adverse effect on the Group's future, income and/or financial position. See further the section containing outlook for more information on current contract risks.

Legal risk

The Group is an international organisation subject to both domestic and international operations. Due to the potential complexity of such operations the Group is exposed to significant legal risks which may have an adverse effect on the Group's future, income and/or financial position. See further the section legal proceedings for more information on current legal risks.

Credit risk

The Group is exposed to credit risk. The number of customers with financial difficulties increases during a recession and thereby also the Group's customer credit risk. It cannot be excluded that credit losses in relation to the Group's customers may have a material adverse effect on the business, operating results and financial position of the Group. However, the vast majority of the Group's customer are considered blue chip customers and consist of national mail organisation and Global Integrators.

Taxation and charges

West Atlantic conducts its business in accordance with its interpretation of applicable tax regulations and requirements. The Group cannot guarantee that its interpretation and application of laws, provisions, legal practice has been, or will continue to be, correct or that such laws, provisions and practice will not be changed, potentially with retroactive effect. If such an event should occur, West Atlantic's tax liabilities can increase or decrease, which could have a negative effect on the Group's earnings and financial position. However, the Group annually reviews its transfer pricing and tax policies throughout its operations to mitigate such risk, in accordance with the set code of conduct.

Nevertheless, during 2013 the Group sold its Luxembourg based airline West Air Luxembourg SA to an external party. Within the operations performed by West Air Luxembourg SA in France, the French authorities have claimed that staff, which historically operated domestically and internationally in France, should have been socially secured within the French republic. Thus, French authorities have claimed the Group for unpaid social charges and adhering operating taxes in France. The airline had employed all of the concerned staff in Luxembourg and paid all applicable social charges and taxes, whereby the maximum liability is expected to be the unpaid residual amount between French and Luxembourgish social charges and/or taxes plus any applicable penalties. However, these claims are not yet fully resolved and could therefore have a negative effect on the Group's future earnings and financial position going forward. Please see legal issues for more information.

For a more detailed summary of financial risk management, please see note 30 of the Group report.

LEGAL ISSUES

Apart from the ongoing legal process in France, West Atlantic is not further part of any legal processes having a material effect on the Group's financial position or income.

ENVIRONMENTAL INFORMATION

The Group's subsidiary West Atlantic Sweden AB has a reporting obligation in accordance with the Swedish Environmental Code, which concerns limited handling of oils that do not require permission. The aircraft fleet consists mainly of second generation turboprop aircraft, which are substantially more environmentally friendly from a noise, fuel consumption and CO_2 perspective compared to the first generation. During 2012 the trading of emissions allowances within the European Union started.

TRANSACTIONS WITH RELATED PARTIES

Transactions between the company and its subsidiaries have been eliminated in the Group consolidated reports. These transactions, including any transactions with affiliated companies, are made on current market terms. The Group has further made several transactions with other related parties, all of these are listed and described in note 32 of the Group report. All transactions with other related parties are made on current market terms and based on the principle of arm's length.

SIGNIFCANT EVENTS AFTER CLOSING DATE

Accident SE-DUX, CRJ-200PF aircraft

On January 8, 2016 the Group experienced a tragic accident involving a CRJ200PF aircraft on route to Tromsö, Norway, leading to a total loss of the aircraft and the loss of two valued crew members. The accident is being investigated by the Swedish authorities, and no official information has been released regarding the cause of the accident. The Group's current assessment is that the accident will not have a materially adverse effect on the Group's income or financial position based on current insurance policies.

Corporate bond loan WEST002 listed

Nasdaq Stockholm decided to officially list the bond loan issued by West Atlantic AB (publ) with effect from 2016-01-26. The instrument has been listed on STO Corporate Bonds.

Extraordinary AGM, change of CEO and Board of Directors

Following a decision to cancel the project to explore the possibility of a listing of the shares on Nasdaq Stockholm, an Extraordinary General Meeting was held where the shareholders of the company decided to change the composition of the Board. The aim was to increase shareholder presence and aviation experience amongst the Directors. Mr. Gustaf Thureborn, CEO and President will in connection with this change leave his position to transfer to an advisory position with the Group. Mr. Fredrik Groth has been appointed interim CEO until the time of the 2016 Annual General Meeting.

Purchase of a B737-400 aircraft

The Group has acquired a B737-400 aircraft, previously held under a short term operating leasing agreement.

Norwegian concession changes

Following an adaptation to the EU's post directive Norway has decided to stop distributing mail on Saturdays. This affects the West Atlantic operation with reduced revenue. The change governed by the current agreement and West Atlantic deems the reduction will not impact net income significantly.

OUTLOOK

The outlook for 2016 includes significant growth from the B737/B767 in early 2016 but also an offsetting effect of the decreased utilisation of the BAe ATP fleet. Focus will be aimed at adapting the organisation to the new commercial environment.

Seasonal effect

As part of the air freight market West Atlantic is exposed to seasonal effects. The main drivers are the operating calendar and additional expenses relating to winter operations. Seasonal effects impact the Group's financial position and income during the course of a calendar year where the first half generally is weaker than the second half.

ACCOUNTING PRINCIPLES

Accounting principles and other financial information can be found in note 1 of the Group report. This report has been prepared by the Group in accordance with IFRS.

PARENT COMPANY

About the parent company

The parent company is the contracting party for a significant part of the Group's operations but does not perform any airfreight services. The Company subcontracts subsidiaries to perform the respective services. A major part of the Group's aircraft fleet is financed through the corporate bond loan issued by the parent company.

Revenue, income and financial position

Revenue increased to MSEK 653.7 (581.2), an increase of 12.5 % year on year. Income after tax amounted to MSEK 2.5 (11.6).

Cash and cash equivalents at the end of the period amounted to MSEK 253.5 (1.0). Including the non-utilised overdraft facility, available cash and cash equivalents amounted to MSEK 303.5 (51.0).

FINANCIAL DEVELOPMENT

	IFRS	IFRS	IFRS	GAAP	GAAP
Group	**2015**	**2014**	**2013**	**2012**	**2011**
Revenue	1,409.9	1,244.3	1,072.6	1,141.7	837.7
EBT	-59.7	21.6	38.8	64.8	46.9
Total assets	1,412.1	1,084.7	1,043.3	642.8	674.0
Equity/Asset ratio	13.3%	21.5%	21.1%	36.8%	27.4%
Employees	508	472	451	439	264
Parent company					
Revenue	653.7	581.2	560.4	524.0	345.5
EBT	-0.3	11.5	18.9	11.0	8.4
Total assets	914.0	579.2	593.6	339.3	267.6

Note that only 2015, 2014 and 2013 are stated according to IFRS. The increase in assets in 2011, as well as revenue and staff in 2012 is primarily attributable to the acquisition of Atlantic Airlines Ltd. Moreover, the increase in total assets for the Group and parent company for 2013 is primarily attributable to the issue of the corporate bond loan.

DIVIDEND

The Board of Directors proposes to the 2016 AGM that no dividends be paid to holders of West Atlantic shares for the 2015 fiscal year. This proposal is based on the Group's financial position, current market outlook and planned investments in the aircraft fleet.

PROPOSED DISPOSITION OF EARNINGS

The following Parent Company earnings are available for disposition by the AGM:

SEK	
Retained earnings and unrestricted reserves	25,252,992
Net income for the year	2,514,883
Total unrestricted equity	**27,767,875**

The Board of Directors proposes that the earnings be allocated as follows:

SEK	
Retained earnings and unrestricted reserves	27,767,875
Total	**27,767,875**

Consolidated statement of income and other comprehensive income

MSEK	Note(s)	Jan - Dec 2015	Jan - Dec 2014
Revenue	2, 3	1,409.9	1,244.3
Cost of services provided		-1,305.4	-1,124.5
Gross income:		**104.4**	**119.8**
Selling costs		-9.9	-8.6
Administrative costs		-46.7	-43.7
Other operating income	4	10.4	24.6
Other operating costs	5	-4.0	-1.9
Operating income:	6, 7, 8, 9, 11	**54.3**	**90.2**
Financial income	10	3.5	8.6
Financial costs	10	-117.5	-77.2
Income before tax:		**-59.7**	**21.6**
Income tax	12	10.1	-11.0
Net Income:		**-49.6**	**10.6**
Attributable to:			
- Shareholders of the Parent Company		**-49.6**	**10.6**
Earnings per share before dilution (SEK):	24	-1.84	0.39
Earnings per share after dilution (SEK):	24	-1.84	0.39
Average number of outstanding shares (Thousands)		27,005	27,005
Statement of other comprehensive income			
Net income		**-49.6**	**10.6**
Other comprehensive income:			
Items that may be classified as net income			
Exchange-rate differences in translation of foreign operations		4.7	2.3
Total comprehensive income for the year, after tax:		**-44.9**	**12.9**
Attributable to:			
- Shareholders of the Parent Company		-44.9	12.9

Financial comments on consolidated statement of income

Revenue increased to MSEK 1,409.9 (1,244.3), an increase of 13.3 % year on year. The drivers of the strong growth are expansion of the B737 aircraft fleet combined with the deployment of the Group's B767 aircraft in operations. Favourable movements of GBP and USD against SEK also had significant impact but were partly offset by decreasing fuel price. Underlying revenue growth measured in fixed currency rates and fuel, excluding effects from aircraft sales amounted to 8.6 % year-on-year.

EBITDA amounted to MSEK 177.9 (183.9). Operating leasing costs increased to MSEK 62.3 (21.3) following additional B737 and B767 aircraft acquired on operating leasing agreements. Depreciation amounted to MSEK 123.6 (93.7) following increases in periodical heavy maintenance activities for aircraft components and an impairment of aircraft components of MSEK 3.7 (0). EBIT amounted to MSEK 54.3 (90.2).

Financial costs amounted to MSEK 117.5 (77.2) and included early redemption costs for the corporate bond loan of MSEK 41.8, net foreign exchange currency differences on loans and financial leasing of MSEK -9.7 (-13.8). EBT amounted to MSEK -59.7 (21.6). Net income amounted to MSEK -49.6 (10.6) for the period and was affected by income taxes of MSEK 10.1 (-11,0).

Summary of items affecting comparability

	2015	2014
Income before tax	**-59.7**	**21.6**
Introduction costs B767/B737-400	2.6	15.8
Legal costs, France	5.5	3.5
Income from sale of aircraft	-9.1	-29.5
Impairment of aircraft components	3.7	-
Redemption of corporate bond loan	41.8	-
Financial FX gains/losses	9.7	13.8
Adjusted for non-recurring items	**-5,5**	**25,2**

The decrease in income before tax, adjusted for items affecting comparability, year-on-year can primarily be explained by the rapid revenue growth in B767 and B737 combined with the ongoing restructuring of the Group's organisation according to the "one-certificate" project. During the fourth quarter the Group transferred production capacity such as crew from ATP to B737 to meet the upcoming changes in production in Q1, 2016, this further impacted the margin negatively.

Consolidated statement of financial position

MSEK	Note(s)	2015-12-31	2014-12-31*
ASSETS			
NON-CURRENT ASSETS			
Intangible assets	13		
Licenses & IT system		0.2	1.1
		0.2	**1.1**
Tangible assets	14		
Aircraft and aircraft components		764.5	714.1
Equipment, tools and installations		9.6	6.8
		774.1	**720.9**
Financial assets			
Shares in associated companies	15	0.1	1.1
Non-current financial receivables	16	23.2	14.3
		23.3	**15.4**
TOTAL NON-CURRENT ASSETS		**797.6**	**737.4**
CURRENT ASSETS			
Inventories			
Spares and necessities		138.4	102.6
Advances to suppliers		-	18.1
		138.4	**120.7**
Other current assets			
Intangible assets	17	1.7	2.9
Accounts receivable - trade	18	116.5	133.4
Tax receivable	12	7.4	7.0
Other receivables	19	29.1	18.5
Prepaid expenses and accrued income	20	54.6	30.9
		209.3	**192.7**
Cash and cash equivalents	21	266.8	17.6
TOTAL CURRENT ASSETS		**614.5**	**331.0**
Assets held for sale	22	-	16.3
TOTAL ASSETS		**1,412.1**	**1,084.7**
EQUITY AND LIABILITIES			
EQUITY	23		
Share capital		27.0	27.0
Reserves		6.9	2.2
Profit brought forward and net income		154.5	204.1
TOTAL EQUITY		**188.4**	**233.3**
NON-CURRENT LIABILITIES			
Loans	25	885.6	507.4
Other liabilities	25	81.0	81.4
Deferred tax liabilities	12	31.1	41.0
Provisions	26	-	12.6
		997.7	**642.4**
CURRENT LIABILITIES			
Bank overdraft	27	-	-
Short term part of non-current loans	25	4.8	4.5
Accounts payable - trade		105.8	111.1
Tax liabilities	12	0.6	0.6
Other liabilities	25, 28	36.9	32.3
Accrued expenses and prepaid income	29	66.4	60.5
Provisions	26	11.5	-
		226.0	**209.0**
TOTAL EQUITY & LIABILITIES		**1,412.1**	**1,084.7**
Pledged collaterals	31	see note	see note
Contingent liabilities		-	-

**Compared to the annual report for 2014, reclassifications have been made, see note 1.1 for further information*

Financial comments on consolidated statement financial position

Investments
Total investments in tangible assets amounted to MSEK -228.4 (-220.8), mainly from investments in periodical heavy maintenance activities and purchases of aircraft engines and other components. Investments in financial assets amounted to MSEK -7.2 (-3.8).

Sales of non-current assets
During the year no material sales of non-current tangible assets have been made. During the last year, two aircraft were sold and the remuneration amounted to MSEK 17.2. Shares in an associated company (Flyguppdraget Backamo AB) have been sold and the remuneration amounted to MSEK 0.7. During last year, a promissory note was sold and the remuneration amounted to MSEK 18.1.

Impairment of non-current assets
During the year an impairment of aircraft components was made, amounting to MSEK 3.7 (0).

Financial position and financing
Cash and cash equivalents at the end of the period amounted to MSEK 266.8 (17.6). Including non-utilised overdraft facility, available cash and cash equivalents amounted to MSEK 316.8 (67.6). Equity amounted to MSEK 188.4 (233.3) and the equity ratio amounted to 13.3 % (21.5). Net interest bearing liabilities amounted to MSEK 705.6 (575.5)

Consolidated statement of changes in shareholders' equity

MSEK	Note	Share capital	Translation reserves	Profit brought forward	Total shareholders' equity
Opening shareholders' equity, Jan 1, 2015	23	**27.0**	**2.2**	**204.1**	**233.3**
Total comprehensive income for the year*	23	-	4.7	-49.6	**-44.9**
Closing balance Dec 31, 2015		**27.0**	**6.9**	**154.5**	**188.4**
Opening shareholders' equity, Jan 1, 2014	23	**27.0**	**-0.1**	**193.4**	**220.3**
Group adjustments**		-	-	0.1	**0.1**
Total comprehensive income for the year	23	-	2.3	10.6	**12.9**
Closing balance Dec 31, 2014*		**27.0**	**2.2**	**204.1**	**233.3**

**Adjusted due to changes in accounting principles, please see note 1.1 Accounting principles and note 23 Equity for further information.*
** *Group adjustment for foreign subsidiary due retroactive change 2013*

Consolidated statement of cash flows

MSEK	Note(s)	Jan - Dec 2015	Jan - Dec 2014*
Operating activities			
Operating income		54.3	90.2
Adjustments for non-cash items	21	175.3	121.8
Income tax paid		-0.8	-5.8
Cash flow from operating activities before changes in working capital		**228.8**	**206.2**
Change in inventories		-22.1	-17.4
Change in short term receivables		-19.0	-10.6
Change in short term liabilities		10.6	48.9
Change in overdraft facilities*		-	-26.8
Change in assets held for sale	22	18.5	-
Cash flow from operating activities		**216.8**	**200.3**
Investing activities			
Changes in investments in associated companies		1.7	-
Acquisition of aircraft and aircraft components	14	-223.6	-203.6
Acquisition of other tangible fixed assets	14	-4.9	-3.9
Sale of aircraft and aircraft components		-	2.1
Investments in financial fixed assets		-7.2	-3.8
Sale of financial fixed assets		-	18.1
Interest received	21	0.5	0.4
Cash flow from investing activities		**-233.5**	**-190.7**
Financing activities			
Received loans		890.0	-
Amortisation of interest bearing liabilities*		-508.9	-8.3
Received/repaid deposits*		0.1	2.5
Interest and similar paid	21	-115.8	-59.5
Cash flow from financing activities		**265.4**	**-65.3**
Cash flow for the year		**248.7**	**-55.7**
Cash and cash equivalents at beginning of period		17.6	74.6
Effect of exchange rate changes on cash and cash equivalents		0.5	-1.3
Cash and cash equivalents at end of the year	**21**	**266.8**	**17.6**

**Compared to the annual report for 2014, reclassifications have been made, see note 1.1 for further information.*

Financial comments on consolidated statement of cash flow

Cash flow from operating activities amounted to MSEK 216.8 (200.3). Cash flow from investing activities amounted to MSEK -233.5 (-190.7) following increased investments in periodical heavy maintenance activities in aircraft and aircraft components. The increased cash flow from financing activities, MSEK 265.4 (-65.3) is mainly attributable to the corporate bond loan (see note 25) and also another received bank loan of MSEK 40.0. Cash flow for the period amounted to MSEK 248.7 (-55.7).

Group notes

Note 1 – Significant accounting policies

1.1 Accounting principles

The consolidated financial statement has been prepared in accordance with the Swedish Annual Accounts Act, the International Financing Reporting Standards (IFRS) and interpretations as adopted and approved by the EU, prior to 2015-12-31. Further, the Group also applies the recommendation from the Swedish Financial Reporting Board, RFR 1, supplementary accounting rules for groups. This recommendation specifies the supplements to the IFRS-notes that are deemed according to the rules in the Swedish Annual Accounts Acts. This is the second annual report prepared by the Group in accordance with IFRS. The transition to IFRS were disclosed in the annual report for 2014.

In the Group's consolidated accounts, assets and liabilities are valued at acquisition value, unless otherwise stated. The Group's consolidated accounts are prepared and reported in Swedish Krona millions (MSEK), unless otherwise stated.

The most essential applied accounting principles for the Group are presented in this note. For essential assessments and evaluations, please see note 34.

There have been no changes in the accounting principles, essential assessments and evaluations during the period, compared to the annual report for 2014, except for the following:

The Group has changed the way to account closing date exchange rate changes in SEK connected to the bank loan in USD, for one subsidiary. The loan amounted to MUSD 2.1, December 31, 2015. Previously, the exchange rate changes have been accounted as other comprehensive income, as a part of the translation reserve in equity. As from year 2015, the change has been accounted in financial items in net income. The whole effect, has increased financial costs at an amount of MSEK -4.1 of which the part that refers to year 2015 amounts to MSEK -1.1. The rest refer to earlier years. The Group has made the assessment that the whole adjustment in 2015 not significant affects the net income. If only the part for 2015 had been adjusted, the net income for year 2015 had amounted to MSEK -46.7 instead of the reported net income, TSEK -49.6, a total difference of MSEK -2.9. If only the part for 2015 had been adjusted, opening shareholders' equity then had been unchanged since the corresponding amount, MSEK 2.9 would have increased other comprehensive income, and decreased net income. See note 23 for more information.

The assessment of the provision for the Group's legal proceedings in the balance sheet has been changed. The item is now classified as a current, rather than non-current, due to that the Group believes that the cases will be settled within a year from actual closing date.

Some reclassifications have been made in the statement of cash flows. Cash flow from operating activities has decreased by MSEK -26,8. Cash flow from financing activities has increased by the same amount and is mainly attributable to the reclassification of the change in bank overdraft from financing activities to change in working capital, which then has decreased. The reason for the reclassification is that the bank overdraft is assessed as a short term financing and is used for the operating activities. In addition, an amount of MSEK -2,8 has been reallocated to the line amortisations from the line change in other non-current liabilities (deposits).

IFRS standards, changes and interpretations of existing standards that have come into effect 2015

During the year no standards, interpretations or changes of existing standards that have come into effect have not had any significant effect on the Group's financial statements.

New IFRS standards, changes and interpretations of existing standards that have not yet come into effect

International Accounting Standards Board (IASB) has issued new and updated standards, for example IFRS9, IFRS15 and IFRS16.

IFRS9 Financial instruments handles the classification, valuation and accounting of financial assets and liabilities. It replaces the parts of IAS39 that handles classification and valuation of financial instruments. IFRS9 comes into effect January 1, 2018 This standard is not assessed to have a significant impact for the Group.

IFRS15 Revenue from contract with customers. This standard handles the accounting of revenues. The principles of IFRS15 shall give the users of financial reports more useful information about the revenues of the company. The extended disclosure requirements means that information must be provided about type of income, the time for settlement, uncertainties connected to the revenue recognition and cash flow attributable to the company's customer contracts. According to IFRS15, revenue shall be recognised when the customer obtains control over the sold goods or the service and also has the possibility to use and receive the benefits from the goods or service. IFRS15 replaces *IAS18 Revenues* and *IAS11 Construction contracts* and comes into effect January 1, 2018. The Group has not yet evaluated the effects from the introduction of the standard.

IFRS16 Leases will replace *IAS17 Leases.* The standard demands that assets and liabilities attributable to all leasing agreements, with a few exceptions, shall be recorded in the balance sheet. This is based on the view that the lessee has the right to use an asset during a specific period, and at the same time, a liability to pay for this right. IFRS16 comes into effect January 1, 2019. EU has not yet adopted the standard. The Group has not yet entirely evaluated the effects from the introduction of the standard, however a preliminary assessment is that it will have a significant impact for the Group.

1.2 Group consolidated accounts, business combinations and goodwill

Subsidiaries

The Group's consolidated accounts contain subsidiaries where the parent company directly or indirectly controls more than 50 percent of the voting rights 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's 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 companies of which the Group has a significant, but not controlling influence. This normally means between 20-50 percent of the voting shares. Interests in associated companies are accounted according to the equity method and are originally valuated 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, contingent liabilities and the potential shares issued by the Group on the acquisition date. Direct acquisition costs are continuously expensed.

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. If the amount are less than the mentioned fair value of the Group's share of the acquired entity's net assets, the difference is recorded direct in the income statement.

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. Depending on the classification of sale of aircraft, the revenue is included in operating income or as sales of tangible fixed assets. For further information, see p 1.4 Accounting of revenue below.

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 as an asset, recorded 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 the income from sale of aircraft is recorded.
Income is reported as "revenue" or "other operating income" which depends on the classification of the sale. The main differences are described below.

The sale is recorded as revenue in the cases where an aircraft is purchased with the sole purpose to resale or where an aircraft previously has been leased out and after the end of the leasing period is sold. Another applicable situation occurs when an aircraft previously has been operated by the Group, but has been sold due to favourable changes in the market conditions. The whole remuneration in the cases above is recorded as revenue.

The sale is recorded as other operating income in the cases if the aircraft has been owned and leased out or the intention was to do so, and then after the end of leasing, a decision is taken to sell the aircraft. This is the case if the aircraft has been recorded as assets held for sale. The mentioned cases concern no regularly sales. The income consists of the difference between the sales price and the net book value of the asset and is recorded as a gross income.

Another applicable situations refers to profit sale on sale-and-leaseback transactions. When the transaction generates a finance leasing agreement, the profit from the sale shall be allocated during the duration of the leasing agreement. The allocated profit sale is recorded as other operating income.

Income from the collaboration agreement (see p 1.10) is reported as other operating income.

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 and reporting currency of the Parent Company.

Transactions and balance sheet items
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. Foreign exchange currency differences are recorded in the statement of income. Non-monetary items in foreign currency, which are valued at acquisition value, are not translated into functional currency.

Translation of Group companies
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 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 to 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.

Licenses and IT systems have a depreciation plan of five years.

1.7 Tangible 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 aircraft and adhering aircraft components with an estimated economical life exceeding one year. Additional costs such as aircraft modifications, engine overhauls and structural inspections increase the acquisition value of the aircraft when it is probable that the asset has an expected positive future return, either in the 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, all types	15 years
-	Aircraft modifications	10 years
-	Aircraft components	10 years
-	Engine overhauls and structural inspections	2-7 years
-	Fixture and fittings, equipment and tools	5 years

Aircraft modifications made in operating leased aircraft are deprecated over the leasing period, which varies between 4,5 and 5 years.

Profit and loss from sales or disposals of tangible fixed assets is the difference between sale price of the asset and net book value and is recorded as gross income. For further information on accounting of aircraft sales, please see p 1.4.

1.8 Tangible 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 and when specific conditions are met, according to the standard.

1.9 Impairment of tangible and intangible fixed assets

The Group reviews the recorded balances for tangible and intangible fixed assets at closing date to assess if there are indications of impairment needs. The assessment is made step by step in a valuation model. 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 Collaboration agreement

The Group is part of a collaboration arrangement for aircraft management and leasing activities with an external party (collaboration-partner). The agreement includes a certain number of aircraft, controlled by the collaboration partner, which are leased to third parties. The Group has the management responsibility for the aircraft leases, under the terms of the collaboration arrangement. When a leasing contract expires, a decision is made together with the collaboration partner either to prolong the existing agreement, draft a new agreement or to sell/dispose of the aircraft. The Group's full income for the management services is invoiced and received in connection with the sale/disposal and consists of a financial settlement drawn up by the collaboration 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 income in the income statement as other operating income when the management responsibility for an aircraft ends.

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

1.11 Leasing

The Group classifies 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. An 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 finance 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, non-current and current. 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 components.

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

1.12 Inventories

Materials and aircraft parts 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 valuated at fair value in the income statement, loan receivables and account receivables and other financial liabilities.
Financial assets and liabilities valued at the fair value in the income statement
This category contains derivative instruments (foreign exchange forward 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. At December 31, 2015 the Group has no financial items valued at fair value in the income statement.

Loan receivables and trade receivables

This classification contains trade 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 trade 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 and transaction costs

This category contains loans payable, trade payables, bank overdraft 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 trade payables and other short term liabilities, which due to the short duration, are recorded at nominal value. Potential differences between principle amount reduced by transaction costs and outstanding liability is recorded in the income statement allocated over the duration of the existing liability. Transaction costs connected to long term liabilities are calculated to present value according to the effective interest method. Transaction costs, such as costs for redeemed loans are recorded directly in the income statement.

Equity transaction costs

Equity transaction costs means costs that occur in direct connection with a preparatory equity transaction (share issue) such as fees to lawyers, auditors and other advisors, prospectus costs, registration costs. These costs are recorded as other receivables, during the time until the share issue process begins. When the process has begun, the costs will recorded as an item deducted from equity.

1.14 Current receivables

Trade receivables, other short 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.

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 extent that there are compelling reasons for that 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.

1.19 Business segment

West Atlantic operates a functional organisation independent of geographical concentration of management. The Group performs services all over the European area and only reports one operating segment "airfreight services", which is consistent with the internal reporting to highest executive management, the board of West Atlantic AB (publ). In addition to airfreight services the Group is involved in transactions which may be partly independent from the primary operating segment. These transactions are neither recurring nor meet the criteria of materiality to be characterised as separate segments. These transactions are recorded as other services. Examples of such transactions are aircraft maintenance services to third party, management income from collaboration arrangements and sale of aircraft. Based on above, no other business segment is reported in accordance to IFRS 8, but only total comprehensive income for the Group.

Note 2 – Revenue

	2015	2014
Air freight services	1,316.5	1,145.3
Technical services	77.1	59.4
Sale of aircraft and spare parts	-	15.3
Aircraft leasing	13.4	14.5
Other revenue	2.9	9.8
Total	**1,409.9**	**1,244.3**

Note 3 – Report by services

Financial data by type of service

	Airfreight services		Other services		Group Total	
	2015	2014	2015	2014	2015	2014
Revenue*	1,316.5	1,157.9	103.8	111.0	1,420.3	1,268.9

** Incl. other operating income*

Financial data per customer

During 2015 the Group serviced three customers which individually accounted for more than 10 % of the Group's total revenue. These three customers accounted for 60 % the total revenue during 2015.

Financial data per geographical area 2015

	Nordic*	UK	Europe	Total
Revenue**	582.5	531.6	306.2	1,420.3
Fixed asset allocation (including tangible and intangible)	394.4	244.5	135.4	774.1

** Sweden, Norway, Denmark*
*** Including other operating income*

Note 4 –Other operating income

	2015	2014
Operating foreign exchange currency gains	1.3	3.3
Income from collaboration agreement	2.2	16.6
Sale of aircraft*	6.9	4.7
Total	**10.4**	**24.6**

**4.7 MSEK (4.7) refers to allocated profit sale of aircraft.*

Note 5 – Other operating costs

	2015	2014
Operating foreign exchange currency losses	-4.0	-1.9
Total	**-4.0**	**-1.9**

Note 6 - Operating costs

	2015	2014
Salaries & other remuneration	-370.1	-315.4
Direct operating expenses*	-200.9	-196.3
Maintenance costs	-249.5	-177.5
Jet Fuel	-111.1	-145.1
Depreciation	-123.6	-93.7
Operating leasing costs	-62.3	-22.7
Other operating costs	-244.4	-226.1
Other costs	-4.0	-1.9
Total	**-1,365.9**	**-1,178.7**

** Consists of Landing, navigation & handling charges*

Note 7 – Staff, staff costs and directors remuneration

	Total		whereof men	
Annual average employees	2015	2014	2015	2014
Parent company, Sweden	1	-	1	-
Subsidiaries				
United Kingdom	281	256	259	235
Sweden	114	102	92	83
Luxembourg	60	66	58	64
Norway	20	21	20	21
Denmark	21	15	21	15
France	11	12	11	12
Total	**508**	**472**	**462**	**430**

Share of women in Board of Directors and Senior Management

	2015	2014
Board of directors	-	-
Senior management	11 %	12 %

Staff costs, other remunerations & social costs

	Salaries and Remuneration		Social costs	
	2015	2014	2015	2014
Parent company	0.8	-	0.6	-
whereof pension charges	-	-	0.3	-
Subsidiaries	279.2	240.0	58.8	49.8
whereof pension charges	-	-	20.3	18.5
Total	**280.0**	**240.0**	**79.9**	**68.4**
whereof pension charges	-	-	***20.6***	***18.5***

In the Group's pension charges for the year MSEK 0.7 (1.0) is included for the board of directors and Group president, whereof MSEK 0.4 (0.4) is attributable to the CEO.

Remuneration divided among BoD / President and per country

	BoD & President		Other employees	
	2015	2014	2015	2014
Parent company	0.8	-	-	-
Subsidiaries				
United Kingdom*	2.0	3.5	151.1	119.5
whereof bonuses	0.2	0.2	-	-
Sweden	1.2	1.9	55.0	45.7
Luxembourg	-	-	39.6	43.1
Norway	-	-	12.1	12.6
Denmark	-	-	9.4	5.1
France	-	-	7.9	8.4
Total	**4.2**	**5.6**	**275.0**	**234.4**
whereof bonuses	**0.2**	**0.2**	-	-

** Including Isle of Man*

Board of directors

The 2014 AGM decided that a total remuneration of TSEK 300 should be paid to non-shareholding directors without any continuous engagements in the Group, corresponding to TSEK or 150 per board member, whereof none to the Chairman of the Board. The AGM 2015 decided that a remuneration of TSEK 150 should be paid to each board member and a total remuneration of TSEK 250 should be paid to the Chairman of the Board, up until the next AGM. During 2015 TSEK 150 has been paid to the previous board member Staffan Carlson and TSEK 75 each to the previous board members Ingvar Nilsson, Carsten Browall and Marianne Dicander Alexandersson

Group President and CEO

A total remuneration, including benefits, of MSEK 1.2 (1.2) has been paid to the previous president and CEO Mr Gustaf Thureborn during 2015, whereof no variable components. Pension premiums have been paid according to a defined plan corresponding to 35 % of the salary including benefits. The notice period is 18 months if the employment is terminated by the company and six months if terminated by the CEO. The remuneration including pension and benefits are kept during the notice period. No other severance payments are actual. To the interim Group president and CEO, Fredrik Groth, no salary or other remuneration has been paid during the year. The employment began 2016.The notice period is three months mutual and the severance payment during the notice period is limited three monthly salaries. Bonus agreements exists.

Senior management

For 2016 a total remuneration, including benefits, of MSEK 5.6 (5.5) has been paid to the senior management, consisting of 7 (7) persons excluding the President and CEO, whereof no variable components.

Customary pension premiums have been paid during 2015 amounting to MSEK 0.5 (1.0). The notice period is one to two months in the event that a senior manager resigns and one to six months if the termination of employment is made by West Atlantic. There are no outstanding agreements for severance pay in the event that the Group terminates the employment. Retirement age is customary 65 years.

Remuneration, variable components

Bonuses and other variable components are generally not paid by the Group. The Group has one outstanding agreement for the CEO of a foreign subsidiary which is entitled to a share of the subsidiary's annually paid dividend.

Note 8 – Remuneration to auditors

	2015	2014
Grant Thornton		
Audit	1.4	1.0
Auditing services in addition to audit	0.4	0.3
Tax advisory services	0.1	0.1
Other assignments	0.1	0.1
Other audit firms		
Audit	-	0.2
Other assignments	-	0.1
Total	**2.0**	**1.8**

Note 9 – Operating leases

Yearly costs of leasing	2015	2014
Aircraft	62.3	21.3
Equipment and installations	1.8	1.7
Offices and hangars	14.6	14.3
Car leasing and other	3.5	2.7
Total	**82.2**	**40.0**

Future leasing costs and rents

Minimum operating lease obligations are due as follows:

	2016	2017-2020	2021-	Rem. term
Aircraft	113.8	346.5	-	2-5 years
Equipment and installations	0.3	0.3	-	1-4 years
Offices and hangars	11.9	7.3	-	0-3 years
Car leasing and other	2.9	6.0	-	0-4 years
Total	**128.9**	**360.1**	-	

The Group has entered into long term operating leasing agreements for two B737-400 and three B767-200 aircraft during 2015. The estimated annual payments under these agreements amounts to approximately MSEK 90.0.

Note 10 - Financial income and costs

Financial income	2015	2014
Interest income from cash & cash equivalents	0.5	0.4
Interest income from financial loan receivables at deferred acquisition value	0.1	4.4
Income from sale of financial loan receivables	-	1.2
Foreign exchange currency gains	1.9	-
Dividend from associated company	1.0	-
Gains from market valuation of foreign exchange derivatives (FX)	-	2.6
Total financial income	**3.5**	**8.6**

Financial costs	2015	2014
Interest costs from loans at deferred acquisition value*	-46.7	-45.1
Interest costs from finance leasing	-15.0	-12.7
Redemption costs corporate bond loan	-41.8	-
Interest costs from financial loan receivables at deferred acquisition value	-2.1	-0.6
Foreign exchange currency losses	-10.7	-18.7
Losses from sale of associated company	-1.3	-
Total financial costs	**-117.5**	**-77.2**

**Interest costs also include allocated transaction costs according to the effective interest method.*

Redemption costs for the corporate bond loan refers to the previous corporate bond loan, which amounted to MSEK 500 and was redeemed 2015-12-21. The costs consist of a "make whole amount" including an early redemption fee of 4 % of the nominal loan value and remaining interest payments up to the next ordinary interest maturity date. Also reversed transaction costs connected to this loan are added in the redemption costs.

Note 11 - Foreign exchange currency differences

Below is a statement of the foreign exchange currency differences included in the income statement with exception for differences arising from fair value valuations of financial instruments (derivatives) in the income statement, please see note 10.

	2015	2014
In operating income	-2.7	1.5
In financial items	-8.7	-18.7
Total	**-11.5**	**-17.2**

Note 12 - Taxes

	2015	2014
Recorded tax		
Current tax on profit for the year	-0.3	-0.9
Adjustment of previous years' current tax	-0.1	-0.2
Deferred tax from temporary differences	3.3	-1.2
Deferred tax from capitalised loss carry forward	-	0.8
Deferred tax from non-taxed reserves	7.2	-9.5
Total	**10.1**	**-11.0**

	2015	2014
Reconciliation recorded tax		
Income before tax	-59.7	21.6
Swedish income tax (22 %)	13.1	-4.8
Tax effects from below:		
Adjustment of previous years' current tax	-0.1	-0.2
Non-deductible items	-1.7	-1.2
Non-taxable items	1.6	-
Non-valued loss carry forward	-4.4	-0.7
Non-deductible loss, sale of associated company	-0.3	-
Other deferred tax from temporary differences	1.8	-4.0
Other items	0.1	-0.1
Total	**10.1**	**-11.0**

Loss carry forward

Non-valued loss carry forward is the net tax effect of non-capitalised loss carry forwards of MSEK -6.3 (-0.7) and thereby have not affected recorded tax, and the tax effect of utilised loss carry forwards which have affected recorded tax, but not have been capitalised previously, MSEK 1.9 (0.0). The latter amount corresponds to received loss carry forwards during the year 2015, due to changed accounting principles following the transition to IFRS, described in the annual report for 2014.

Loss carry forward has been capitalised by the amount corresponding to what is expected to be used against future taxable income. At closing date 2015-12-31 the Group had total taxable loss carry forwards amounting to MSEK 23.0 (4.5) The assessment is that none can be capitalised. The reason is that, currently there are no compelling evidences for that these loss carry can be used against future taxable surpluses. Remaining loss carry forwards are attributable to the UK operations and have unlimited lifetime.

Other deferred tax from temporary differences

Other deferred tax from temporary differences, primarily concern loans and tangible assets.

	Deferred tax receivables		Deferred tax liabilities	
	2015	2014	2015	2014
Deferred tax in balance sheet				
Excess depreciation and tax allocation reserves	-	-	-42.9	-50.1
Tangible fixed assets	11.5	11.1	-0.7	-5.3
Financial fixed assets	0.8	1.0	-	-
Financial leasing	-	-	-2.7	-1.7
Loans	-	0.5	-	-1.2
Loss carry forward	-	0.9	-	-
Recovered profit sale	2.9	3.8	-	-
Other items	-	-	-	-0.1
Total deferred tax	**15.2**	**17.3**	**-46.3**	**-58.4**
Netting	-15.2	-17.3	15.2	17.3
Net deferred tax	**-**	**-**	**-31.1**	**-41.0**

Maturities of excess deprecation and tax allocation reserves

	2015	2014
2015	-	-0.7
2016	-0.2	-0.3
2017	-	-
2018	-1.1	-1.5
Unlimited lifetime	-41.6	-47.6
Total	**-42.9**	**-50.1**

Note 13 - Intangible assets

	Goodwill	Licenses & IT Systems	Total Intangible fixed assets
Accumulated acquisition value			
Opening balance 2014-01-01	0.2	5.2	5.4
Sales		-	0.0
Closing balance 2014-12-31	**0.2**	**5.2**	**5.4**
Opening balance 2015-01-01	0.2	5.2	5.4
Closing balance 2015-12-31	**0.2**	**5.2**	**5.4**
Accumulated depreciation & impairment			
Opening balance 2014-01-01	-	-3.0	-3.0
Impairment	-0.2	-	-0.2
Depreciation for the year	-	-1.0	-1.0
Closing balance 2014-12-31	**-0.2**	**-4.0**	**-4.2**
Opening balance 2015-01-01	-0.2	-4.0	-4.2
Depreciation for the year	-	-1.0	-1.0
Closing balance 2015-12-31	**-0.2**	**-5.0**	**-5.2**
Net book value			
As per 2014-01-01	0.2	2.2	2.4
As per 2014-12-31	-	1.1	1.1
As per 2015-01-01	-	1.1	1.1
As per 2015-12-31	-	0.2	0.2

Of the Group's intangible assets, the main part is an airline adapted purchase and stock IT-system which is essential for the Group's day-to-day operations.

The depreciation and impairment have been allocated to the statement of income as according to below:

	2015	2014
Cost of services provided	0.9	1.1
Cost of sales	-	-
Administrative costs	0.1	0.1
Total	**1.0**	**1.2**

Note 14 – Tangible assets

	Aircraft & Components	Equipment, tools & installations	Total Tangible fixed assets
Accumulated acquisition value			
Opening balance 2014-01-01	981.9	29.1	1,011.0
Reclassifications	5.9	0.1	6.0
Translation differences	5.7	2.0	7.7
Acquisitions	216.9	3.9	220.8
Sales and disposals	-64.5	-4.7	-69.3
Closing balance 2014-12-31	**1,145.8**	**30.4**	**1,176.2**
Opening balance 2015-01-01	1,145.8	30.4	1,176.2
Reclassifications	-10.5	-	-10.5
Translation differences	1.2	0.3	1.6
Acquisitions	223.6	4.8	228.4
Sales and disposals	-74.4	-0.2	-74.6
Closing balance 2015-12-31	**1,285.8**	**35.4**	**1,321.3**
Accumulated depreciation & impairment			
Opening balance 2014-01-01	-363.1	-24.7	-387.8
Reclassifications	-5.9	-	-5.9
Translation differences	-2.8	-1.8	-4.6
Sales and disposals	30.5	4.9	35.4
Impairment	-5.0	-	-5.0
Depreciation for the year	-85.5	-2.0	-87.5
Closing balance 2014-12-31	**-431.7**	**-23.7**	**-455.4**
Opening balance 2015-01-01	-431.7	-23.7	-455.4
Reclassifications	2.0	-	2.0
Translation differences	-0.4	-	-0.5
Sales and disposals	29.2	0.1	29.4
Impairment	-3.7	-	-3.7
Depreciation for the year	-116.6	-2.3	-118.9
Closing balance 2015-12-31	**-521.2**	**-25.9**	**-547.1**
Net book value			
As per 2014-01-01	618.8	4.4	623.2
As per 2014-12-31	714.1	6.8	720.9
As per 2015-01-01	714.1	6.8	720.9
As per 2015-12-31	764.5	9.6	774.1

The depreciation and impairment have been allocated to the statement of income as according to below:

	2015	2014
Cost of services provided	122.5	92.3
Cost of sales	-	-
Administrative costs	0.1	0.1
Total	**122.6**	**92.4**

Aircraft have been pledged as collateral for loans, please see note 31.

Investment commitments

The Group has no significant outstanding investment commitments on closing date. For commitments concerning operating and finance leasing agreements, see below and note 9.

Leased assets in the balance sheet

Seven BAe ATP aircraft included in net book value are held on finance leasing agreements in foreign currency. At December 31 2015 the net book value of these assets amounted to MSEK 69.8 (73.1). The remaining duration of the leases is seven years. The Group has options to acquire the aircraft as from the sixth anniversary (2018-12-18) of the delivery date and then upon each following anniversary.

For further information on duration and maturity of leasing agreements please see note 30. Below is a summary of maturity for all minimum finance leasing payments, the monthly leasing payments are denoted in USD and include no variable components. From the fifth anniversary (2017-12-18) the monthly leasing payments are reduced but includes no variable components.

	2015	2014
Within a year	19.8	18.5
Within one and five years	66.2	65.8
More than five years	31.2	42.6
Total	**117.2**	**126.9**

Included in the net book value above, one B737-400 aircraft are leased out on an operating lease agreement in foreign currency. At December 31 2015 the net book value of this asset amounted to MSEK 43.3 (47.4). The remaining duration of the lease is three years. Below is a summary of maturity for the minimum operating leasing payments, the monthly leasing payments are denominated in USD and include no variable components throughout the whole period.

	2015	2014
Within a year	12.8	12.0
Within one and five years	38.3	47.8
More than five years	-	-
Total	**51.1**	**59.8**

Note 15 - Shares in associated companies

Investments in associated companies	2015	2014
Opening acquisition value	1.1	1.1
Sale of shares	-1.0	-
Closing acquisition value	0.1	1.1

During the year shares in the associated company Flyguppdraget Backamo AB sold at a loss of 1,3 MSEK. Dividend of 0,9 MSEK (0) has been received.

Company	Incorp. No	Domiciled	Capital share	Voting share	Shares	Book value
VACS AB	556814-3241	Stenungsund	33,0%	33,0%	167	0.1
						0.1

The associated company are active in trading of communication and positioning equipment. The associated company is not deemed material by the Group, which is based on both the size of the investment and the nature of the companies' business.

Financial information*

Associated companies in total	2015-12-31	2014-12-31
Total equity	0.1	3.4
Recorded value, Group's share	0.1	1.1
Income from continuous operations	-	-0.1
Other comprehensive income	-	-
Total comprehensive income*	-	-0.1
Group's share	-	-

** Considering the criteria of materiality the Group's share of the comprehensive income has not been recorded in the Group accounts.*

Note 16 – Non current financial receivables

	2015-12-31	2014-12-31
Deposits	23.2	14.3
Total	**23.2**	**14.3**

Note 17 – Intangible current assets

	2015-12-31	2014-12-31
ETS, Emission credits	1.7	2.9
Total	**1.7**	**2.9**

The recorded balance contains the market value of the Group's acquired emission credits. The trading scheme for the credits is regulated through the EU, ETS (Emissions Trading System). Every year at April 30 a reconciliation is made and the Group surrenders emissions rights in exchange for emissions.

Note 18 - Trade receivables

	2015-12-31	2014-12-31
Trade receivables, gross	118.4	152.1
Whereof provisions for bad debt	-1.9	-18.7
Total	**116.5**	**133.4**

Changes in provisions for bad debt:

	2014	2014
Opening balance	18.7	19.0
Previously provisioned receivables paid during the year	-18.1	-0.9
Provisions for bad debt	1.3	0.6
Total	**1.9**	**18.7**

For age structure and credit risk, please see note 30.

Note 19 – Other current receivables

	2015-12-31	2014-12-31
Value added tax claims	6.6	4.5
Deposits	3.6	-
Balances on bank accounts	8.9	9.3
Customer rechargeables	0.9	2.1
Claims on suppliers	1.4	1.6
IPO transaction costs	6.0	-
Other receivables	1.7	1.0
Total	**29.1**	**18.5**

Balances on bank accounts concerns joint and escrow accounts in connection with the sale of West Air Luxembourg S.A. These funds are held on account awaiting the outcome of the legal processes in France. For more information please see note 26. IPO transaction costs concern all occurring costs as a preparation for an equity transaction. For the accounting principles, see note 1.13.

Note 20 – Prepaid costs and accrued revenue

	2015-12-31	2014-12-31
Prepaid costs	24.7	19.9
Accrued revenue	29.9	11.0
Total	**54.6**	**30.9**

Note 21 – Statement of cash flows and cash equivalents

Interest and similar paid	2015-21-31	2014-21-31
Interest paid	64.3	55.3
Redemption costs, corporate bond loan	34.4	-
Transaction costs issued corporate bond loan	17.0	-
Foreign exchange currency differences	0.1	4.2
Total	**115.8**	**59.5**

Interest received	2015-21-31	2014-21-31
Interest received	0.5	0.4
Total	**0.5**	**0.4**

Adjustment for items not included in cash flow	2015-21-31	2014-21-31
Depreciation & impairment	123.6	93.6
Changes in allocations	4.4	1.1
Allocated profit sale of aircraft	-4.7	-4.7
Disposal of fixed assets	52.1	32.1
Provisions for bad debt	1.3	-
Foreign exchange differences	-3.9	-0.1
Other non-cash items	2.5	-0.2
Total	**175.3**	**121.8**

Components of cash and cash equivalents	2015-21-31	2014-21-31
Cash & Bank	266.8	17.6
Total	**266.8**	**17.6**

Utilised bank overdraft amounted to MSEK 0 (0). Non-utilised bank overdraft amounted to MSEK 50.0 (50.0). Please see note 27 for further information.

Certain amounts held in cash are subject to terms and conditions of the corporate bond loan and held on deposit accounts. Per 2015-12-31 MSEK 150,0 was subject to term and conditions. For more information, see note 25.

Note 22 – Assets held for sale

	2015-21-31	2014-21-31
Aircraft & aircraft components	-	16.3
Total	**-**	**16.3**

At closing date 2014 West Atlantic had one aircraft held for sale. The aircraft was sold during 2015 at a gain of MSEK 2.2, included in sale of aircraft in other operating income, see note 4.

Note 23 - Equity

Share Capital
The share capital is made of up 27,004,640 shares at value SEK 1.00. There is only one class of shares, all with equal voting rights.

Reserves
Reserves includes all translation differences from foreign exchange currency fluctuations when consolidating subsidiaries with a functional currency other than SEK.

As mentioned in note 1.1 Accounting principles, the Group has changed the way to account closing date exchange rate changes in SEK connected to a foreign bank loan in USD. Previously, the exchange rate changes have been accounted as other comprehensive, as a part of the translation reserve in equity. As from year 2015, the change has been accounted in financial items in net income. This also means that the translation reserve 2014-12-31 from the foreign loan has been reversed in 2015, affecting other comprehensive income. Below are shown the composition of the item reserves, with regard to the mentioned changes.

	2015-12-31	2014-12-31
Opening balance	**2.2**	**-0.1**
Translation reserve, reversal of foreign bank loan	2.9	-2.9
Translation differences of foreign subsidiaries, net of tax	1.8	5.2
Total other comprehensive income during the period	**4.7**	**2.3**
Total reserves	**6.9**	**2.2**

The amount for translation differences from foreign exchange currency fluctuations when consolidating subsidiaries amounts to MSEK 6.9 (5.2).

The information requirement according to the Swedish Annual Accounts Act, chapter 5, §14, regarding reconciliation of equity is covered in the consolidated report of shareholders equity, please see page 19.

Profit brought forward including net income for the year
Included net income and accumulated retained earnings for the parent company and its subsidiaries.

Note 24 – Earnings per share

The number of outstanding shares is 27,004,640 (27,004,640). Net income for the year attributable to the shareholders of the parent company amounts to MSEK -49.6 (10.6). Net income per share amounts to SEK -1.84 (0.39).

Note 25 – Loans and other non-current liabilities

Non-current interest bearing liabilities	2015-12-31	2014-12-31
Loans	885.6	507.4
Finance leasing liabilities	76.1	76.6
Total	**961.7**	**584.0**

Current interest bearing liabilities	2015-12-31	2014-12-31
Loans	4.8	4.5
Finance leasing liabilities	5.8	4.6
Total	**10.6**	**9.1**

Maturity structure for non-current liabilities	2015-12-31	2014-12-31
Within one & five years	905.5	526.6
More than five years	56.2	57.4
Total	**961.7**	**584.0**

Utilised bank overdraft is recorded as current liabilities due to that it can only be renewed one year at a time. Collaterals have been granted as subject to loans, for more details please see note 31.

Corporate bond loan (WEST002)
Included in loans the listed corporate bond loan (WEST002) currently amounting to MSEK 833.1. The corporate bond loan with a nominal value of MSEK 850.0 was issued Dec 21, 2015 with a duration of four years with maturity at Dec 21 2019. The loan has a fixed coupon of 6.5 %, payable in arrears (June and December).

The Group are obliged to report its financial position as described in the terms and conditions of the bond. Below is a summary of the most important terms and conditions which applies to the loan. For more detail and definitions please refer to the West Atlantic webpage (www.westatlantic.eu) where the full terms and conditions can be found.

Financial covenants - definitions
Maintenance test:
The ratio of Net Interest Bearing Debt* to EBITDA** shall not exceed:
(i) 6.00 during the year 2015 and 2016;
(ii) 5.75 during the year 2017;
(iii) 5.50 during the years 2018-2019.

Incurrence test:
(a) the ratio of Net Interest Bearing Debt to EBITDA is not greater than:
(i) 4.25 during the year 2015 and 2016;
(ii) 4.00 during the year 2017;
(iii) 3.75 during the years 2018-2019;
(b) the Interest Coverage Ratio (ratio of Net Finance Charges*** to EBITDA**) shall exceed 2.50; and
(c) no Event of Default is continuing or would occur upon the incurrence

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 two months prior to the incurrence of a Subsequent Bond Issue, a Restricted payment, a Permitted debt or a Disposal of assets (that requires that the Incurrence test is met). Net Interest Bearing Debt shall be measured on the testing date so determined, calculated *pro forma* including 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). When the Interest Coverage Ratio is measured under the Incurrence Test, as applicable, the calculation of The Interest Coverage Ratio shall be made for the Reference Period ending on the last day of the period covered by the most recent Financial Report.

Calculation of bond defined Net Interest bearing debt*	2015-12-31
Non-current loans	885.6
Short term part of non-current loans	4.8
Overdraft facility	-
Cash & cash equivalents	-266.8
Net interest bearing debt*	**623.6**

Calculation of bond defined EBITDA**	2015
Operating income	54.3
Depreciation & Impairment	123.6
EBITDA	**177.9**
Adjustment for extraordinary items	
B767 & B737 Type introduction costs	2.6
Legal Costs related to France	5.5
Bond defined EBITDA**	**186.0**

Calculation of net finance charges***	2015
Financial income	-3.5
Financial costs	117.5
Early redemption of bond loan (WEST001)	-41.8
Bond transaction costs (WEST002)	-0.1
Net foreign currency exchange differences	-8.2
Net finance charges* **	**63.9**

Covenants test per closing date	2015-12-31
Net interest bearing debt	623.6
Bond defined EBITDA	186.0
Net interest bearing debt to R12M EBITDA	**3.4**

	2015-12-31
Net finance charges	63.9
Bond defined EBITDA	186.0
Interest coverage ratio	**2.9**

**Net Interest Debt: means the aggregate interest bearing debt less cash and cash equivalents of the Group in accordance with the applicable accounting principles of the Group from time to time (for the avoidance of doubt, excluding guarantees, leases related to Leased Aircraft, bank guarantees, Subordinated Loans and interest bearing debt borrowed from any Group Company).*

***EBITDA: means, in respect of the Reference Period, the consolidated profit of the Group from ordinary activities according to the latest Financial Report(s): (a) before deducting any amount of tax on profits, gains or income paid or payable by any member of the Group; (b) before deducting any Net Finance Charges; (c) before taking into account any extraordinary items which are not in line with the ordinary course of business, and non-recurring items; (d) before taking into account any Transaction Costs and any transaction costs relating to any acquisition of any target company; (e) not including any accrued interest owing to any member of the Group; (f) before taking into account any unrealised gains or losses on any derivative instrument (other than any derivative instruments which is accounted for on a hedge account basis); (g) after adding back or deducting, as the case may be, the amount of any loss or gain against book value arising on a disposal of any asset (other than in the ordinary course of trading) and any loss or gain arising from an upward or downward revaluation of any asset; (h) after deducting the amount of any profit (or adding back the amount of any loss) of any member of the Group which is attributable to minority interests; (i) plus or minus the Group's share of the profits or losses of entities which are not part of the Group; and (j) after adding back any amount attributable to the amortisation, depreciation or depletion of assets of members of the Group.*

*** Net finance charges means, for the Reference Period, the Finance Charges according to the latest Financial Report(s), after deducting any interest payable for that Reference Period to any member of the Group and any interest income relating to cash or cash equivalent investment (and excluding any interest capitalised on Subordinated Loans).

Redemption of the bonds at maturity and early redemption

The Issuer shall redeem all, but not only some, of the Bonds in full on the Final Redemption Date (December 21, 2019) or, to the extent such day is not a Business Day, on the first following Business Day). With an amount per Bond equal to the Nominal Amount together with accrued but unpaid Interest.

The issuer may redeem all but not only some, of the Bonds in full on any Business Day prior to the First Call Date, at an amount equal to the Make Whole Amount together with accrued but unpaid Interest. The issuer may redeem all but not only some, of the Bonds in full on any Business Day falling on or after the First Call Date, but before the Final Redemption Date at the applicable Call Option Amount together with accrued but unpaid Interest.

Note 26 - Provisions

All provisions are considered to be current. The recorded values and changes are shown below:

	France	Other
Opening balance 2015-01-01	11.9	0.8
Additional provisions made	3.6	0.8
Settled amounts	-4.4	-
Translation differences	-0.4	-
Reclassification	-	-0.8
Total	**10.7**	**0.8**

Legal proceeding in France

The provisions primarily consist of the French authority claim for non-paid social contribution and pensions in France for employed flight crew, already described in the annual report for 2014. The employees have been employed in the previous subsidiary West Air Luxembourg S.A. which was divested during 2013. The employees were socially secured and worked in Luxembourg. The claim specifically concerns the period 2008-2012 were employees sporadically worked in France. The Group considers that the provisions have to be met, following the start of a legal process. The outcome of this process were initially very uncertain, whereby the Group provisioned the amounts claimed by the French authorities. The provisions included both social contribution and pension charges. During 2015 the provision has decreased by MSEK 1.2 due to that two parts of the process have been settled. In connection with this settlement an additional MSEK 2.0 has been paid. Additional provisions of MSEK 3.6 have been made for the remaining legal French process. According statement from the company's lawyers, the remaining provision is assessed to be prudent. West Atlantic Sweden AB has paid a large part of the amount to an escrow account with the sole purpose of settling the claims, please see note 19.

The Group is currently further involved in discussion to regain the amounts paid in Luxembourg for the corresponding period.

Other provisions

Concern customer claim where discussions are ongoing.

Note 27 – Bank overdraft

Available bank overdraft in SEK and foreign currency amounts to MSEK 50.0 (50.0), whereof MSEK 0.0 (0.0) was utilised as per closing date.

Corporate floating charges of MSEK 67.9 (67.9) has been pledged as collateral.

Note 28 – Other current liabilities

	2015-12-31	2014-12-31
Value added tax	12.9	16.7
Social benefit charges & staff tax	11.8	9.9
Current finance leasing debt	5.8	4.6
Other liabilities	6.4	1.1
Total	**36.9**	**32.3**

Current financial leasing debt constitutes the short term payable part of long term leasing agreements.

Note 29 - Accrued expenses and prepaid income

	2015-12-31	2014-12-31
Prepaid income	21.5	25.0
Accrued vacation pay (incl. Social charges)	13.2	9.9
Accrued interest payable	1.7	5.8
Accrued salaries (including pension and social charges)	2.0	1.5
Other items	28.0	18.3
Total	**66.4**	**60.5**

Note 30 – Financial risk management and financial instruments

The Group is exposed to credit, liquidity and interest rate as well as currency risks in the course of its normal business.

Credit risk

The Group performs counterparty credit evaluations on an on-going basis. Maximum exposure to credit risk is represented by the carrying amount of each financial asset in the statement of financial position. The age structure of trade and other receivables excluding provisions is as follows:

Trade receivables	2015-12-31	2014-12-31
Not overdue	73.9	106.4
Overdue 0-30 days	36.5	16.5
Overdue 30-60 days	6.0	2.0
Ovedue 60-90 days	0.3	2.9
More than 90 days overdue	1.7	24.3
Total	**118.4**	**152.1**

The table above only includes trade receivables, since the Group does not have any significant other overdue receivables either at 2015-12-31 or 2014-12-31. Overdue balances are not provisioned if management is confident that the balance can be recovered in full. Trade and other receivables are stated net of provision for bad debt of MSEK 1.9 (18.7).

Liquidity risk

Liquidity risk is the risk that the Group may not meet its obligations upon falling due. The Group makes every effort to ensure that it always has sufficient liquidity to meet its obligations when due, under both normal and stressed situations, without risking the Group's reputation or incur losses. The following are the contractual maturities of the financial liabilities, including estimated interest payments:

Maturities of the financial liabilities, incl. estimated interest payments	Bond loan	Bank loans	Financial leases	Trade & other payables	Total	Bond loan	Bank loans	Financial leases	Trade & other payables	Total
	2015	2015	2015	2015	2015	2014	2014	2014	2014	2014
Less than one year	55.2	6.9	19.8	114.5	196.4	40.0	5.1	18.5	114.5	178.1
Between one and five years	1 015.6	56.2	66.2	2.5	1 195.9	640.0	17.2	65.8	2.3	725.3
More than five years	-	-	31.2	-	31.2	-	-	82.9	-	82.9
Total	**1,070.8**	**63.1**	**117.2**	**117.0**	**1,423.5**	**680.0**	**22.3**	**167.2**	**116.8**	**986.3**

Maturities of financial liabilities including interest are shown in the table above, excluding utilised bank overdraft. The bank overdraft which amounts to MSEK 50.0 are prolonged by one year at a time at year end. The Bond loan of nominal MSEK 850.0 mature by 2019-12-21. The Group has its first option to settle the whole financial leasing liability at 2018-12-18. This means that the payments between one and five years should increase to MSEK 99.9 (111.9).

Interest rate risk

At the closing date the interest rate profile of the Group's interest-bearing borrowings was:

Interest bearing financial instrument profile	2015-12-31			2014-12-31		
	Fixed rate	Variable rate	No rate	Fixed rate	Variable rate	No rate
Non-current financial receivables	14.7	-	9.0	12.0	-	2.3
Current receivables	-	-	137.9	-	-	146.7
Cash and cash equivalents	-	266.7	-	-	17.6	-
Loans, non-current	-873.1	-13.3	-	-491.2	-16.2	-
Financial lease liabilities, non-current	-76.1	-	-	-76.6	-	-
Loans, current	-	-4.0	-	-	-4.5	-
Overdraft facilities	-	-	-	-	-	-
Financial lease liabilities, current	-5.8	-	-	-4.6	-	-
Other current liabilities	-	-0.1	-116.8	-	-0.1	-116.8
Total	**-940.3**	**249.3**	**30.1**	**-560.4**	**-3.2**	**32.2**

The previous assembly shows the allocation of the financial instruments on interest bearing and non-interest bearing financial assets and liabilities. The main part of the financial liabilities is fixed interest bearing, why the interest risk is relatively low. The Group has no hedging instruments connected to the interests. A sensitivity analysis has been done of the variable interest bearing financial liabilities as at December 31, 2015. This shows that an increase of the market interest by one percent unit affects the Group's income after tax by MSEK –0.2 MSEK. Thus the interest rate risk is assessed not to be significant.

Currency risk

West Atlantic is exposed to a number of currency risks since a large portion of its activities is performed in different currencies than the Swedish Krona (SEK). For instance, many activities in the aviation business – such as aircraft trading, leasing, market valuations and maintenance on core components – are priced in United States Dollar. For the Group the primary risk is related to revaluation of financial assets and liabilities from foreign subsidiaries, other financial assets and liabilities denominated in foreign currency, as well as a financial exposure to foreign currency differences relating finance leasing liabilities and adhering payments. The Group's consolidated operative currency risk is, to a large extent, limited to translation risk, exposure in foreign currency cash holding and liabilities denominated in USD, as the Group's customers carry most of the exchange rate risks given multi-currency pricing and/or price adjustments clauses. At some occasions, but not regularly, the Group enters into foreign exchange forward contracts to handle the currency risk connected to the running payments, particularly in USD.

For the mentioned risks above the most material exposure lies in USD, GBP and EUR against SEK. For GBP and EUR the primary risk concern translation risks of financial assets and liabilities from the subsidiaries, while for USD the primary risk concern the Group's finance leasing liabilities denominated in USD. In 2015 non-realised foreign exchange losses of MSEK 9.7 is included in the income statement. In addition, there is also a non-significant effect from leasing payments regarding allocation between interest and amortisation.

Ten percent appreciation of the USD, GBP and EUR against the SEK at December 31, 2015 would have impacted equity and profit by the figures shown below. In contrary, ten percent weakening would have had the equal but opposite effect on equity and profit, all else being equal.

Outstanding foreign exchange forward contracts

At December 31 the Group has outstanding foreign exchange forward contracts at an amount of MUSD 1 to be settled January 22, 2016. As per closing date there is an immaterial deviation between the nominal value and fair value of the foreign exchange forward contracts, which had not been considered.

Sensitivity analysis

As per closing date, a 10 % appreciation of GBP against SEK would increase the Group's income before tax by approximately MSEK 2.4, connected to revaluation of financial assets and liabilities in foreign subsidiaries.

As per closing date, a 10 % appreciation of USD against SEK would reduce the Group's income before tax by approximately MSEK 9.4 net, connected to revaluation of financial assets and liabilities including finance leasing liabilities, whereof approximately MSEK 9.6 is connected to revaluation of the Group's future finance leasing liabilities.

As per closing date, a 10 % appreciation of EUR against SEK would increase the Group's income before tax by approximately MSEK 2.5, mainly connected to financial assets and liabilities in the parent company.

Calculations above are based on variables denominated in foreign currency being fixed, in order to reflect currency sensitivity. The analysis is not to be construed as a complete sensitivity analysis but rather as an indication of the Group's sensitivity and exposure to foreign currencies.

Fair value and booked value on financial assets and liabilities

	2015-12-31		2014-12-31	
MSEK	Booked value	Fair value	Booked value	Fair value
Financial assets				
Non-current financial receivables	23.2	23.2	14.3	14.3
Other receivables incl accounts receiva-bles	137.9	137.9	146.7	146.7
Cash and cash equivalents	266.8	266.8	17.6	17.6
Sum	**427.9**	**427.9**	**178.6**	**178.6**
Financial liabilities				
Loans incl bank overdraft	890.4	907.5	512.3	545.7
Other liabilities incl accounts payables	199.0	199.0	198.2	198.2
Sum	**1,089.4**	**1,106.5**	**710.5**	**743.9**

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 fair value of the Group's financial assets and liabilities has been determined 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 valuated according to this level.

At December 31 2015, the Group has no financial assets or liabilities, valuated at fair value in the income statement.

Items classified in level 1: the corporate bond loan, subject to trade on the NASDAQ OMX in Stockholm. Since the trading of the corporate bond loan only started in 2016, the fair value at 2015-12-31 corresponds to the nominal value. The booked value is made at deferred acquisition value with regard to transaction costs.

Items classified in level 2: Non-interest-bearing long term financial receivables valued at deferred acquisition value and where the interest that is used to discount the amount to the acquisition value, is derived from a notation and an assessment is performed by the Group.
For other receivables including accounts receivables, cash and cash equivalents, other loans, other liabilities including accounts payables the booked values are considered to be a reasonable approximation of the fair values. Valuation is made at deferred acquisition value, which corresponds to nominal values adjusted with additional or deductible valuation items.

Note 31 – Pledged collaterals

	2015-12-31	2014-12-31
Business floating charges MSEK 127.9		
whereof pledged	67.9	67.9
Aircraft mortgages	667.6	770.0
Bank accounts	150.0	0.4
Net assets in subsidiary	158.6	179.2
Total	**1,044.1**	**1,017.5**

Business floating charges are pledged with credit institutions for the Group's current engagements. Aircraft mortgages are pledged for liabilities to credit institutions and bond-holders for the Group's current engagements. Net assets in subsidiary and bank accounts are pledged for bond-holders for the Group's current engagements.

Note 32 – Transactions with related parties

Transactions between the company, subsidiaries and affiliates
All transactions between the parent company and its subsidiaries and between subsidiaries in the Group have been eliminated in the Group accounts. These transactions including any transactions with affiliated companies are made on current market terms based on the principle of arm's length, meaning between independent parties, well informed and with an own interest in the transactions.

Transactions with directors, key individuals and their related parties
All transactions have been made on current market terms and based on the principle of arm's length.

Below are shown the value of transactions made during the year and the outstanding balances (+ = Income/Claim, - = Cost/Liability) at year-end.

		Jan - Dec	
		2015	2015-12-31
Party	Transaction(s)		
Medicinkonsulterna Göran Berglund AB	Maintenance/Fuel	0.1	-
Förvaltningsbolaget Örgryte KB	Office rent	-1.5	-0.4
Erik Thun AB	Management fees	0.8	-
Erik Thun AB	Lease of B737 aircraft*	-4.2	-
Horizon Ltd	Commercial service	-3.7	-
All Konsult Langhard KB	HR services	-1.2	-0.1
Air Transport Services Group	Lease of B767 aircraft **	-31.1	-5.3

**During the period the Group has entered into one operating leasing agreement, on 5 years, which concern leasing of a B737-400 aircraft.*
***During the period the Group has entered into three operating leasing agreements, on 4.5 years each with a wholly owned subsidiary of ATSG, which concern leasing of three B767 aircraft and maintenance support. The agreements includes an option for the Group to terminate the agreement anytime if being without a commercial contract for the aircraft. During the period the Group also has wet-leased an B767 aircraft from ATSG.*

Medicinkonsulterna Göran Berglund AB
This company is owned by Göran Berglund (chairman of the board and major shareholder).

Förvaltningbolaget Örgryte KB
This company is indirectly owned by Gustaf Thureborn (shareholder of West Atlantic AB (publ).

Erik Thun AB
This company's chairman of the board, Staffan Carlsson, was a board member of West Atlantic AB (publ) until September 25, 2015.

Horizon Ltd
This company is represented by Russell Ladkin whom is a shareholder of West Atlantic AB (publ), board member and a member of senior management.

All Konsult Langhard KB
This company is owned by Claudia Ladkin, whom is a related party to Russell Ladkin.

Air Transport service Group Inc. (ATSG)
ATSG is represented in the board of directors and among the shareholders by Joseph Payne.

Note 33 – Events after closing date

Change of Board of Directors
Following a decision to cancel the project to explore the possibility of a listing of the shares, an Extraordinary General Meeting was held where the shareholders of the Parent company decided to change the composition of the Board. The aim was to increase shareholder presence and aviation experience amongst the Directors. In connection with the change, Mr. Gustaf Thureborn, CEO and President left his position.Mr Thureborn will until further remain in an advisory position within the Group.

Mr. Fredrik Groth has been appointed interim CEO until the time of the 2016 Annual General Meeting.

More information about the change of the composition of the Board can be found on website of West Atlantic AB (publ), www.westatlantic.eu.

Cost reduction program
A significant cost reduction program is underway to allow the Group to reach a stronger position to win new contracts and return to profitable growth. The program will be introduced during 2016.

No other events, except for the already mentioned in the Board of Directors' report, have occurred after closing date which significantly affects the assessment of the financial information in this report.

Note 34 – Essential assessments and evaluations

In connection with producing the financial reports, material assumptions and evaluations are made. These are primarily made by the board and senior management and are based on experience and best practise when scrutinising the current conditions. In the event of not being able to determine the value of assets and liabilities by third party information, these assumptions and evaluations forms the base for the valuations. If other assumptions and evaluations are made, the outcome may differ materially from what has been stated in the financial reports. West Atlantic has identified the following areas as material in terms of assumptions, assessments and evaluations:

- Leasing
- Depreciation of aircraft and components
- Provisions

Leasing

West Atlantic currently has a material share of the aircraft fleet financed through leasing agreements. The Group is financed through a mix of operating and finance leasing.

Finance leasing

During 2012 West Atlantic performed sale-leaseback transactions for 7 BAe ATP aircraft, which were assessed as finance leasing. The primary reasons behind the assessment was the length of the leasing agreement (10 years) in combination with an attractive purchase option (by the Group's standards). These factors combined with the fact that the transaction was a sale-leaseback led to the assessment of finance leasing.

Following the assessment, the current factors are important to consider:

- Finance leasing liabilities of MSEK 75.4 and acquisition values for aircraft with adhering depreciation was recorded in the statement of financial position.
- The profit from sale of aircraft was following the assessment recorded as a prepaid revenue in the statement of financial position and has been allocated over the duration of the leasing agreement, impacting net income annually.
- The annual leasing payments are adjusted to interest and amortisations.

The stated effects above from the assessment had not been recorded if the agreements had been assessed as operating leasing. In that case leasing payments had been continuously expensed in the income statement and no effect on the statement of financial position would be present.

Operating leasing

As per closing date the Group has ten aircraft (three B767, six B737 and one BAe ATP) on operating leasing agreements. The total estimated market value for these assets at the time of entering the agreements was MSEK 861.8. Further, the Group leases one B737 to a third party. These agreements have through an assessment of all aspects been determined to be operating leasing. The primary condition for the assessment have been the fact that no purchase options was agreed. Further the present value of the minimum lease payments under the agreement is not assessed to meet the market value at the time of entering the agreement. Lastly, the duration of the agreements is assessed not to meet the economic life of the asset. All factors indicating operating leasing.

Depreciation of aircraft and components

In the assessment of the depreciation of the asset the Group applies component depreciation of the aircraft, meaning that material aircraft components are depreciated according to a separate plan, compared to the airframe. The components are assessed to be engine overhaul/inspections as well as heavy maintenance items such as structural inspections. The asset life of the components is empirically determined by examining the historical asset life of identical components.

For the aircraft type B737 the Group's in-house data has been limited, whereby information was gathered through third party with regards to aircraft components' economic life.

All the assumptions for economic life impact the value of the components and has a material impact on the total asset valuation. The expected economic life may differ materially from the assumptions which may in turn have a material effect of the Group's income and financial position.

Provisions

Note 26 provides a detailed of the provisions included in the accounts. At closing date, the Group's provisions for ongoing disputes amounted to MSEK 11.5. Two parallel processes are ongoing involving French authorities and one customer. The outcome of these processes is considered to be uncertain, even if the Group has provisioned all amounts due according to best practise and according to recommendations from the company's lawyers.

Parent company report

Statement of income and other comprehensive income

MSEK	Note(s)	Jan-Dec 2015	Jan-Dec 2014*
Net sales	2	653.7	581.2
Cost of services provided		-617.5	-561.7
Gross income:		**36.2**	**19.5**
Selling costs		-1.8	-1.8
Administrative costs		-18.4	-22.2
Other operating income	3	3.3	9.9
Operating income:	4, 5, 6, 7	**19.3**	**5.4**
Profit from shareholdings in group companies*	8	38.0	16.3
Loss from shareholdings in associated companies	9	-0.3	-
Interest & similar income	10	28.6	33.5
Interest & similar costs*	10	-85.9	-43.7
Income after financial items:		**-0.3**	**11.5**
Appropriations	11	1.5	-
Tax on income for the year	12	1.3	0.1
Net Income:		**2.5**	**11.6**
Statement of other comprehensive income			
Net income:		2.5	11.6
Other comprehensive income:		-	-
Total comprehensive income for the period		**2.5**	**11.6**

**Compared to the annual report for 2014, reclassifications have been made, see note 1 for further Information.*

Statement of financial position

MSEK	Note(s)	2015-12-31	2014-12-31
ASSETS			
NON-CURRENT ASSETS			
Intangible assets	13		
Licenses & IT system		0.1	0.2
		0.1	**0.2**
Financial assets			
Shares in group companies	14	64.9	65.2
Claims on group companies		320.0	320.0
Shares in associated companies	14	0.1	1.1
Deferred tax receivables		-	-
Non-current financial receivables	15	-	0.5
		385.0	**386.8**
TOTAL NON-CURRENT ASSETS		**385.1**	**387.0**
CURRENT ASSETS			
Other current assets			
Accounts receivable - trade	16	33.0	31.3
Claims on group companies		217.0	139.3
Other receivables	17	19.0	9.4
Prepaid expenses and accrued income	18	6.4	11.2
		275.4	**191.2**
Cash and cash equivalents	19	253.5	1.0
TOTAL CURRENT ASSETS		**528.9**	**192.2**
TOTAL ASSETS		**914.0**	**579.2**

	Note(s)	2015-12-31	2014-12-31
EQUITY AND LIABILITIES			
EQUITY	20		
Restricted equity			
Share capital		27.0	27.0
Restricted reserves		7.9	7.9
		34.9	**34.9**
Unrestricted equity			
Profit brought forward		18.5	6.9
Unrestricted reserves		6.8	6.8
Profit for the year		2.5	11.6
		27.8	**25.3**
TOTAL EQUITY		**62.7**	**60.2**
UNTAXED RESERVES	21	-	1.5
NON-CURRENT LIABILITIES			
Corporate bond loan	22	833.1	491.2
Other liabilities		1.5	1.6
Deferred tax liabilities	12	-	1.2
		834.6	**494.0**
CURRENT LIABILITIES			
Bank overdraft	23	-	-
Accounts payable - trade		1.6	12.9
Liabilites to group companies		11.3	-
Tax liabilities	12	-	0.2
Other liabilities		0.1	1.6
Accrued expenses and prepaid income	24	3.7	8.8
		16.7	**23.5**
TOTAL EQUITY & LIABILITIES		**914.0**	**579.2**
Pledged collaterals	26	see note	see note
Contingent liabilties	26	see note	see note

Statement of changes in equity

MSEK	Share capital	Restricted reserves	Unrestricted equity	Total share-holders' equity
Opening shareholders' equity, Jan 1, 2015	27.0	7.9	25.3	**60.2**
Total comprehensive income for the year	-	-	2.5	**2.5**
Closing balance Dec 31, 2015	**27.0**	**7.9**	**27.8**	**62.7**
Opening shareholders' equity, Jan 1, 2014	27.0	7.9	13.7	**48.6**
Total comprehensive income for the year	-	-	11.6	**11.6**
Closing balance Dec 31, 2014	**27.0**	**7.9**	**25.3**	**60.2**

Statement of cash flows

MSEK	Note(s)	Jan - Dec 2015	Jan - Dec 2014*
Operating activities			
Operating income		19.4	5.4
Adjustments for non-cash items	19	-	1.8
Income tax paid		-0.1	-1.4
Cash flow from operating activities before changes in working capital		**19.3**	**5.8**
Change in short term receivables		-84.9	-59.1
Change in short term liabilities*		-2.7	-27.3
Cash flow from operating activities		**-68.3**	**-80.6**
Investing activities			
Changes in investments in affiliated companies		1.7	-
Investments in other financial fixed assets		-	-0.3
Sale and repayments of other financial fixed assets		0.4	18.1
Interest received		28.6	30.3
Group contributions and dividend received		38.0	16.8
Cash flow from investing activities		**68.7**	**64.9**
Financing activities			
Received loans		850.0	-
Amortisation on loans*		-500.0	-
Interest and similar paid	19	-98.0	-41.0
Group contribution paid		-	-0.5
Cash flow from financing activities		**252.0**	**-41.5**
Cash flow for the year		**252.4**	**-57.2**
Cash and cash equivalents at beginning of period		1.0	58.6
Effect of exchange rate changes on cash and cash equivalents		0.1	-0.4
Cash and cash equivalents at end of the year	19	**253.5**	**1.0**

**Compared to the annual report for 2014, reclassifications have been made, see note 1 for further information.*

Parent company notes

Note 1 - Significant accounting policies

A description of the accounting principles for the Group can be found in note 1 to the Group's financial reports. The Parent Company has prepared annual report in accordance with 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. The Parent Company applies different accounting principles compared to the Group in the following areas below. All figures are in MSEK, unless otherwise stated.

There has been no changes in the accounting principles, essential assessments or evaluations during the period, compared to the annual report 2014, except for that reclassifications has been made. In the statement of income and other comprehensive income, an amount of MSEK 0,5 has been moved from interest and similar cost and decreased profit from shares in group companies, instead. The amount refers to paid group contribution. In the statement of cash flows, cash flow from operating activities has decreased by MSEK -26,8. Cash flow from financing activities has increased by the same amount and is mainly attributable to the move of the change in bank overdraft from financing activities to change in working capital, which then has decreased. The reason for the move is that the bank overdraft is assessed as a short term financing and is used for the operating activities.

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 and equity.

Group contributions
The Parent Company accounts both paid and received group contribution as financial items in the statement of income according to the principle rule of RFR 2.

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 "profit from shareholdings".

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 and untaxed reserves
Non-taxed reserves constitute 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. Untaxed reserves are recorded separately in the Parent Company and consist of profits that can be detained and disposed in the business without being taxed immediately. The untaxed reserves will be taxed at first when they will be resolved. If the business is making losses, of course the untaxed reserves can be resolved without taxation.

IFRS standards, changes and interpretations of existing standards that have come into effect 2015
During the year no standards, interpretations or changes of existing standards that have come into effect have not had any significant effect on the Parent Company's financial statements.

New IFRS standards, changes and interpretations of existing standards that have not yet come into effect
International Accounting Standards Board (IASB) has issued new and updated standards, for example IFRS9, IFRS15 and IFRS16.

IFRS9 Financial instruments handles the classification, valuation and accounting of financial assets and liabilities. It replaces the parts of IAS39 that handles classification and valuation of financial instruments. IFRS9 comes into effect January 1, 2018 This standard is not assessed to have a significant impact for the Parent Company.

IFRS15 Revenue from contract with customers. This standard handles the accounting of revenues. The principles of IFRS15 shall give the users of financial reports more useful information about the revenues of the company. The extended disclosure requirements means that information must be provided about type of income, the time for settlement, uncertainties connected to the revenue recognition and cash flow attributable to the company's customer contracts. According to IFRS15, a revenue shall be recognised when the customer obtains control over the sold goods or service and also has the possibility to use and receive the benefits from the goods or service. IFRS15 replaces *IAS18 Revenues* and *IAS11 Construction contracts* and comes into effect January 1, 2018. The Parent Company has not yet evaluated the effects from the introduction of the standard.

IFRS16 Leases will replace *IAS17 Leases.* The standard demands that assets and liabilities attributable to all leasing agreements, with some few exceptions, shall be accounted for in the balance sheet. This accounting is based on the view that the lessee has the right to use an asset during a specific period, and at the same time, a liability to pay for this right. IFRS16 comes into effect January 1, 2019. EU has not yet adopted the standard. The Parent Company has not yet entirely evaluated the effects from the introduction of the standard, however a preliminary assessment is that it will have not a significant impact for the Parent Company.

Note 2 - Net sales

	2015	2014
Air freight services	653.6	579.8
Other revenue	0.1	1.4
Total	**653.7**	**581.2**

Financial data per geographical area

	Scandinavia	UK	Europe	Total
Revenue from external parties	501.3	-	152.3	653.6

Trade with subsidiaries
During 2015, the purchases of services from subsidiaries amounted to MSEK 625.5 (400.4) and sales to subsidiaries amounted to MSEK 0 (0.2).

Note 3 - Other operating income

	2015	2014
Operating foreign exchange currency gains	3.3	9.9
Total	**3.3**	**9.9**

Note 4 - Operating costs

	2015	2014
Subcharter costs	-616.4	-374.0
Jet Fuel	-	-87.8
Direct operating costs*	-0.2	-80.9
Other operating costs	-21.1	-43.0
Total	**-637.7**	**-585.7**

** Consists of Landing, navigation & handling charges*

Note 5 – Staff costs and directors' remuneration

Employees, staff costs, other remunerations and social costs.
The average annual employee has been 1 (0) whereof 1 man (0). The total salaries and other remuneration, excluding benefits amount to MSEK 0.8 (0). Social costs amount to MSEK 0.6 (0) whereof pension charges MSEK 0.3 (0).

CEO
A total remuneration, including benefits, of MSEK 0.8 (0) has been paid to the previous CEO Mr Gustaf Thureborn during 2015, whereof no variable components. Pension premiums have been paid according to a defined plan corresponding to 35 % of the salary including benefits. To the interim CEO, Fredrik Groth, no salaries or other remuneration has been paid during the year. For the main employment terms for both, please see the Group note 7.

Board of directors
The 2014 AGM decided that a total remuneration of TSEK 300 should be paid to non-shareholding directors without any continuous engagements in the Group, corresponding to TSEK 150 per board member, whereof none to the Chairman of the Board. The AGM 2015 decided that a remuneration of TSEK 150 should be paid to each board member and a total remuneration of TSEK 250 should be paid to the Chairman of the Board, up until the next AGM.

During 2015 TSEK 150 has been paid to the previous board member Staffan Carlson and TSEK 75 each to the previous board members Ingvar Nilsson, Carsten Browall and Marianne Dicander Alexandersson.

Note 6 - Remuneration to auditors

	2015	2014
Grant Thornton		
Audit	0.7	0.5
Auditing services in addition to audit	0.3	0.2
Tax advisory services	-	-
Other assignments	0.1	0.1
Total	**1.1**	**0.8**

Note 7 – Operating leasing

The company rented a hangar, leasing cost for the year amounted to MSEK 0.1 (0.1).

Note 8 - Profit from shareholdings in group companies

	2015	2014
Dividend received	2.8	16.8
Received/paid group contribution	35.2	-0.5
Total	**38.0**	**16.3**

Note 9 - Loss from shareholdings in associated companies

	2015	2014
Loss from sale	-1.3	-
Dividend received	1.0	-
Total	**-0.3**	-

Note 10 - Interest & similar income and costs

Interest & similar income	2015	2014
Interest income from cash & cash equivalents	0.4	0.3
Interest income from subsidiaries	28.2	30.0
Interest income from financial loan receivables at deferred acquisition value	-	2.0
Income from sale of financial loan receivables	-	1.2
Total	**28.6**	**33.5**

Interest & similar costs	2015	2014
Interest costs from loans at deferred acquisition value	-44.0	-43.7
Redemption costs corporate bond loan	-41.8	-
Foreign exchange currency losses	-0.1	-
Total	**-85.9**	**-43.7**

Note 11 - Appropriations

	2015	2014
Reversed tax allocation reserves	1.5	-
Total	**1.5**	-

Note 12 - Taxes

	2015	2014
Recorded tax		
Deferred tax from temporary differences	1.3	0.1
Total	**1.3**	**0.1**

	2015	2014
Reconciliation recorded tax		
Income before tax	1.2	11.5
Swedish income tax (22 %)	-0.3	-2.5
Tax effects from below:		
Dividends from subsidiaries - non-taxable income	0.6	3.7
Non-deductible items	-1.6	-0.6
Non-deductible loss, sale of affiliated company	-0.3	-
Non-taxable items	1.3	-
Non-recorded taxable income	-0.8	-0.6
Non-valued loss carry forward	1.1	-
Deferred tax from temporary differences, loan	1.3	-
Other items	-	0.1
Total	**1.3**	**0.1**

	2015-12-31	2014-12-31
Recorded deferred tax		
Loans	-	1.2
Total	**-**	**1.2**

Non-valued loss carry forward is the net tax effect of utilised loss carry forwards which have affected recorded tax, but not have been capitalised previously, MSEK 1,1 (0). This amount corresponds to received loss carry forwards during the year 2015, due to changed accounting principles following the transition to RFR 2, described in the annual report for 2014.

Note 13 - Intangible assets

	Licenses & IT Systems
Accumulated acquisition value	
Opening balance 2014-01-01	0.4
Closing balance 2014-12-31	**0,4**
Opening balance 2015-01-01	0.4
Closing balance 2015-12-31	**0.4**
Accumulated depreciation & impairment	
Opening balance 2014-01-01	-0.2
Depreciation for the year	-0.1
Closing balance 2014-12-31	**-0.3**
Opening balance 2015-01-01	-0.2
Depreciation for the year	-0.1
Closing balance 2015-12-31	**-0.3**
Net book value	
As per 2014-01-01	0.2
As per 2014-12-31	0.1
As per 2015-01-01	0.2
As per 2015-12-31	0.1

All depreciation has been allocated to cost of services provided.

Note 14 – Shares in Group and associated companies

Shares in Group companies

	2015-12-31	2014-12-31
Opening acquisition value	65.2	65.2
Disposal of West Atlantic S.A, through liquidation	-0.3	-
Closing recorded value	**64.9**	**65.2**

Company	Incorp. No:	Domicile	Capital share	Voting share	Shares	Book value
West Atlantic Sweden AB	556062-4420	Gothenburg, Sweden	100%	100%	15.000.000	17.1
West Atlantic Aircraft Management AB	556609-4800	Gothenburg, Sweden	100%	100%	10.000.000	10.0
Atlantic Airlines Ltd.	50509096	Coventry, United Kingdom	100%	100%	1.000	34.9
Glackt Ltd.	8798946	Coventry, United Kingdom	100%	100%	1.000	-
Norway Aviation Services AS	895234362	Oslo, Norway	100%	100%	1.000	0.1
European Aviation Maintenance Ltd	119476C	Isle of Man	100%	100%	2.002	2.8
						64.9

The parent company is deemed to have controlling influence over the subsidiaries based on the voting share.

Shares in associated companies

	2015-12-31	2014-12-31
Opening acquisition value	1.1	1.1
Sale of shares	-1.0	-
Closing recorded value	**0.1**	**1.1**

Company	Incorp. No	Domiciled	Capital share	Voting share	Shares	Book value
VACS AB	556814-3241	Stenungsund	33.0%	33.0%	167	0.1
						0.1

The associated company is active in trading of communication and positioning equipment. The associated company is not deemed material by the Group, which is based on both the size of the investment and the nature of the companies' business.

Financial information

Associated companies in total	2015-12-31	2014-12-31
Total equity	0.1	3.4
Recorded value, Group's share	0.1	1.1
Income from continuous operations	0.0	-0.1
Other comprehensive income	-	-
Total comprehensive income*	0.0	-0.1
Group's share	0.0	0.0

** Considering the criteria of materiality the Group's share of the comprehensive income has not been recorded in the Group accounts.*

Note 15 - Non-current financial receivables

	2015-12-31	2014-12-31
Deposits	-	0.5
Other financial receivables	-	-
Total	**-**	**0.5**

Note 16 - Trade receivables

	2015-12-31	2014-12-31
Trade receivables, gross	33.5	31.5
Whereof provisions for bad debt	-0.5	-0.2
Total	**33.0**	**31.3**

Changes in provisions for bad debt:

	2015-12-31	2014-12-31
Opening balance 2015-01-01	-0.2	-
Provisions for bad debt	-0.3	-0.2
Translation difference	-	-
Total	**-0.5**	**-0.2**

For age structure and credit risk, please see note 25.

Note 17 - Other receivables

	2015-12-31	2014-12-31
Balances on bank accounts	15.1	9.3
Valued added tax	3.9	-
Other receivables	-	0.1
Total	**19.0**	**9.4**

Note 18 - Prepaid expenses and accrued income

	2015-12-31	2014-12-31
Prepaid costs	0.7	0.3
Accrued revenue	5.7	10.9
Total	**6.4**	**11.2**

Note 19 - Statement of cash flows & Cash equivalents

Interest and similar paid	2015-21-31	2014-21-31
Interest paid	46.6	41.1
Redemption costs, corporate bond loan	34.4	-
Transaction costs, corporate bond loan	17.0	-
Total	**98.0**	**41.1**

Adjustment for items not included in cash flow	2015-12-31	2014-12-31
Depreciation	0.1	0.1
Reservervation on illiquid claims	0.3	-
Foreign exchange differences	0.3	1.7
Other	-0.7	-
Total	**0.0**	**1.8**

Components of cash and cash equivalents

	2015-12-31	2014-21-31
Cash & Bank	253.5	1.0
Total	**253.5**	**1.0**

Utilised bank overdraft amounted to MSEK 0 (0). Non-utilised bank overdraft amounted to MSEK 50.0 (50,0). Please see note 23 for further information.

Note 20 – Equity

Share Capital
The share capital is made of up 27,004,640 shares at value SEK 1.00. There is only one class of shares, all with equal voting rights.

Changes in equity
The information requirement according to the Swedish Annual Accounts Act, chapter 5, §14, regarding reconciliation of equity is covered in the report of share-holders equity for the parent company, please see page 33.

Note 21 - Untaxed reserves

	2015-12-31	2014-12-31
Periodical tax reserve, tax 2010	-	0.1
Periodical tax reserve, tax 2011	-	0.1
Periodical tax reserve, tax 2012	-	1.3
Total	**-**	**1.5**

The deferred tax relating to non-taxed reserves amounts to MSEK 0 (0.3).

Note 22 – Corporate bond loan

The corporate bond loan, amounting to MSEK 850.0 was issued Dec 21 2015 with a duration of four years with maturity at Dec 21 2019.

The loan has a fixed coupon of 6.5 %, payable in arrears (June and December).

For pledged collaterals, please see note 26.

Note 23 – Bank overdraft

Available bank overdraft in SEK and foreign currency amounts to MSEK 50.0 (50.0), whereof MSEK 0.0 (0.0) was utilised as per closing date. Corporate floating charges of MSEK 67.9 (67.9) has been pledged as collateral.

Note 24 - Accrued expenses and prepaid income

	2015-12-31	2014-12-31
Accrued interest payable	1.7	5.8
Prepaid revenue	1.2	0.4
Other items	0.8	2.6
Total	**3.7**	**8.8**

Note 25 – Financial risk management and financial instruments

Risk and Risk management
The Parent company is exposed to credit, liquidity and interest rate as well as currency risks in the course of its normal business.

Risks and risk management corresponds to the Group's, please see not 30 for the Group. The tables below illustrate the maturities for trade receivables and financial liabilities including estimated interest payments. In addition, the profile of interest-bearing financial instruments is illustrated.

Credit risk

Trade receivables	2015-12-31	2014-12-31
Not overdue	21.5	26.2
Overdue 0-30 days	9.1	4.4
Overdue 30-60 days	2.5	0.6
Overdue 60-90 days	-	-
More than 90 days overdue	0.4	0.4
Total	**33.5**	**31.6**

The table above only included trade receivables excluding provisions. The Company does not have any significant other overdue receivables either at 2015-12-31 or 2014-12-31. Overdue balances are not provisioned if management is confident that the balance can be recovered in full.

Liquidity risk
Liquidity risk is the risk that the Parent company may not meet its obligations upon falling due. The following are the contractual maturities of the financial liabilities, including estimated interest payments:

Maturities of the financial liabilities, incl. estimated interest payments	Bond loan	Trade & other payables	Total	Bond loan	Trade & other payables	Total
MSEK	**2015-12-31**	**2015-12-31**	**2015-12-31**	**2014-12-31**	**2014-12-31**	**2014-12-31**
Less than one year	55.2	3.1	58.4	40.0	14.6	54.6
Between one and five years	1,015.6	-	1,071.0	640.0	-	640.0
More than five years	-	-	-	-	-	-
Total	**1,070.8**	**3.1**	**1,129.4**	**680.0**	**14.6**	**694,6**

Maturities of financial liabilities including interest are shown in the previous table, excluding utilised bank overdraft. The bank overdraft facility which amounts to MSEK 50.0 are prolonged by one year at a time at year end. The Bond loan of nominal MSEK 850.0 mature by 2019-12-21.

Interest rate risk

At the closing date the interest rate profile of the parent company's interest-bearing borrowings was:

Interest bearing financial instrument profile

MSEK	2015-12-31			2014-12-31		
	Fixed rate	**Variable rate**	**No rate**	**Fixed rate**	**Variable rate**	**No rate**
Non-current financial receivables	-	-	-	-	-	0.5
Current receivables	-	-	48.1	-	-	40.8
Cash and cash equivalents	-	244.5	8.9	-	1.0	-
Bond loan, non-current	-833.1	-	-	-491.2	-	-
Other current liabilities	-	-	-3.1	-	-	-14.6
Total	**-833.1**	**244.5**	**53.9**	**-491.2**	**1.0**	**26.7**

The table shows the allocation of the financial instruments of interest-bearing and non-interest bearing financial assets and liabilities. The Bond loan is fixed why the interest risk overall is insignificant.

Currency risk

The currency risk for the parent company follows the structure of the Group and is primarily related to expected payments in course of continuous operations. Risk management of foreign currencies follows the structure of the Group, please see note 30 for the Group. In addition, there are risks connected to fluctuations in financial assets and liabilities, denominated in foreign currency.

Sensitivity analysis

As per December 31, 2015 an appreciation of 10 % of GBP and USD would incur no significant effects on the parent company's net income. A 10 % appreciation of EUR against SEK would increase the income before tax by approximately MSEK 2.8, mainly connected to trade receivables. In contrary, 10 % weakening would have had the equal but opposite effect on equity and profit, all else being equal. Calculations are based on variables denominated in foreign currency being fixed, in order to reflect currency sensitivity. The analysis is not to be construed as a complete sensitivity analysis but rather as an indication of the parent company's sensitivity and exposure to foreign currencies.

Fair value and booked value on financial assets and liabilities

	2015-12-31		2014-12-31	
MSEK	**Booked value**	**Fair value**	**Booked value**	**Fair value**
Financial assets				
Non-current financial receivables	-	-	0.5	0.5
Other receivables incl accounts receivables	48.1	48.1	40.8	40.8
Cash and cash equivalents	253.5	253.5	1.0	1.0
Total	**301.6**	**301.6**	**42.3**	**42.3**
Financial liabilities				
Loans incl overdraft facilities*	833.1	850.0	491.2	525.0
Other liabilities incl accounts payables	3.1	3.1	14.6	14.6
Total	**836.2**	**853.1**	**505.8**	**539.6**

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 fair value of the company's financial assets and liabilities has been determined 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). At the moment, the company has no assets or liabilities valuated according to this level.
- ***Level 3:*** Fair value determined out of valuation models, where significant data is based on unobservable data. At the moment, the company has no assets or liabilities valuated according to this level.

At December 31 2015, the company has no financial assets or liabilities, valuated at fair value in the income statement.

Items classified in level 1: the corporate bond loan, subject to trade on the NASDAQ OMX in Stockholm. Since the trading of the corporate bond loan only started in 2016, the fair value at 2015-12-31 corresponds to the nominal value. The booked value is made at deferred acquisition value with regard to transaction costs.

For other receivables including accounts receivables, cash and cash equivalents, other loans, other liabilities including accounts payables the booked values are considered to be a reasonable approximation of the fair values. Valuation is made at deferred acquisition value, which corresponds to nominal values adjusted with additional or deductible valuation items.

Note 26 – Pledged collaterals

Pledged collaterals	2015-12-31	2014-12-31
Business floating charges	67.9	67.9
Bank accounts	150.0	0.4
Intra-group loan	-	320.0
Shares in subsidiary	10.0	10.0
Total	**227.9**	**398.3**

Business floating charges concern liabilities to credit institutions.
Shares in subsidiaries concern liabilities to bond-holders.

Contingent liabilities	2015-12-31	2014-12-31
Contingent liabilities	254.4	237.7
Total	**254.4**	**237.7**

The guarantees concern subsidiaries engagements with credit institutions, MSEK 57.3 (20.7) and aircraft lessors, MSEK 197.2 (216.9).

Note 27 – Events after closing date

Cost reduction program

A significant cost reduction program is underway to allow the Group to reach a stronger position to win new contracts and return to profitable growth. The program will be introduced during 2016. For more information, see note 33 for the Group.

Corporate governance

West Atlantic AB (publ) is the Parent Company of the West Atlantic Group's operations and a Swedish public limited company headquartered in Gothenburg, Sweden. Since April 2014, West Atlantic AB (Publ) has had a Senior Secured Bond listed on the NASDAQ OMX Stockholm, Corporate Bond. The objective of corporate governance is to provide West Atlantic with effective management and control of its operations in combination with providing transparency, clarity and proper business ethics.

Code of practise

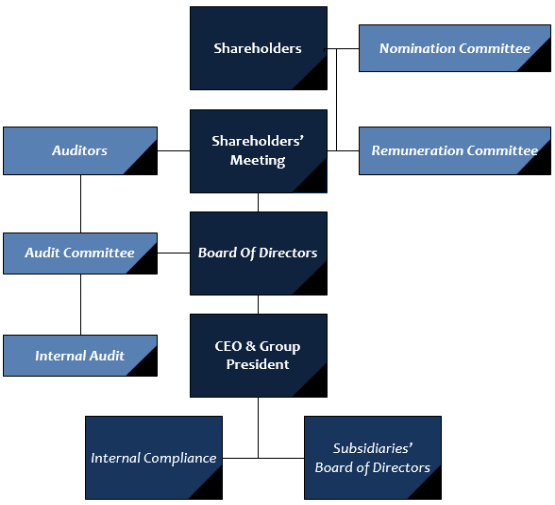
The governing rules and regulations for West Atlantic AB (publ) and its subsidiaries are:

- Swedish legislation and other National laws and/or regulation where the Group has operations
- NASDAQ OMX Rules for Issuers
- The Company's Articles of Association
- Internal Policy framework – Code of Conduct, information/IR policy
- Work plan for the Board of Directors and its instructions to CEO and Group President
- Recommendations from relevant organisations
- Swedish ABL (Aktiebolagslagen)

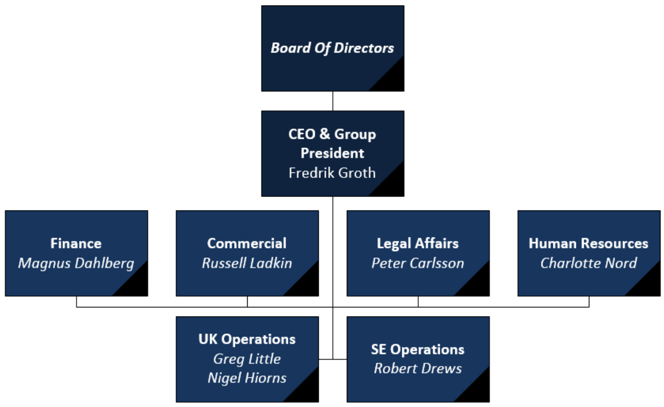
Per its understanding, West Atlantic is compliant with its Code of Practise and to this date, neither NASDAQ's Disciplinary Committee nor the Swedish Securities Council has reported a breach of the exchange rules or of good market practices. The Swedish Corporate Governance Code has not been fully implemented by the Group since the shares are not publicly traded on a stock exchange and since that close to half of the shareholders are from the United States and the United Kingdom.

Organisational structure and governance control

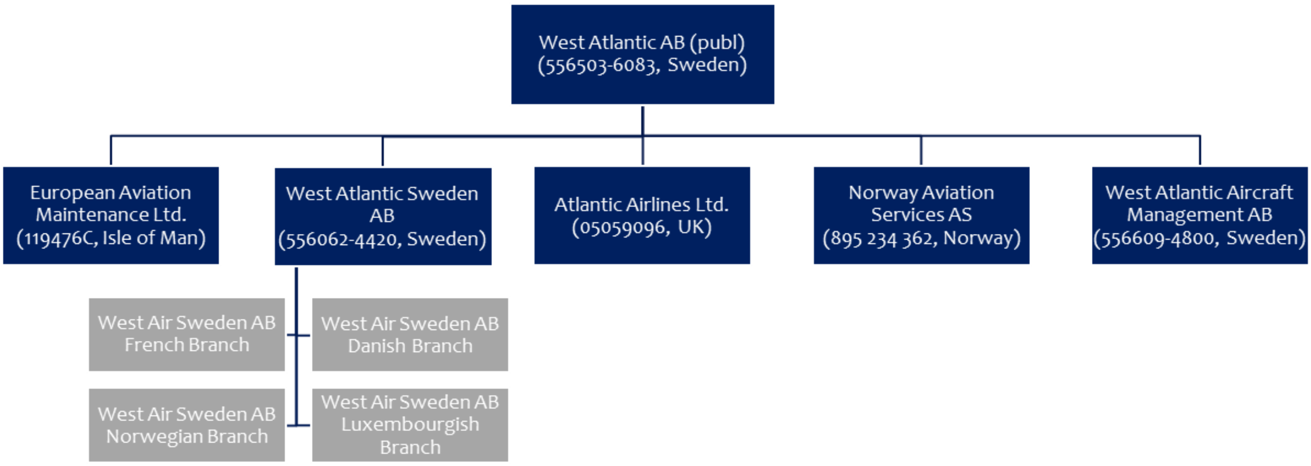
Governance structure



Reporting structure



Corporate structure



Board of Directors

Göran Berglund – *Chairman of the Board*

Dr Berglund served as chairman of the Board of West Atlantic AB (publ) between 1995 and 2015 and was reappointed chairman in 2016. Dr Berglund does not hold any managing director position in the company nor in any of its subsidiaries but holds board director seats in West Atlantic Sweden AB and West Atlantic Aircraft Management AB.

Dr Berglund holds a medical degree and previous work ranges from Dean of Medical Faculty at Lund University to engagements in private equity ventures and directorships since 1995. During four decades, Dr Berglund acquired significant knowledge of business strategy and management, especially from working with large and public organisations. Several of the companies have been listed and Dr Berglund has long experience from working with growth companies.
Shareholding: 10 058 559 shares.

Fredrik Lindgren – *Member of the Board*

Mr Lindgren served as Director of West Atlantic AB (Publ) between 2013 and 2015 and was reappointed Director in 2016. Mr Lindgren does not hold any managing director position in the company nor in any of its subsidiaries and is independent from the company's major shareholders.

With an extensive background as Chairman, CEO and CFO for several listed companies, Mr Lindgren is currently a Director of Larodan AB and Magbaleo AB.

Shareholding: - shares.

Russell Ladkin – *Member of the Board*

Mr Ladkin served as a director of West Atlantic AB (Publ) between 2011 and 2014 and was reappointed Director in 2016. Mr Ladkin also serves as Chief Commercial Officer of the company and all its subsidiaries.

Mr Ladkin joined the Group 1989, initially serving as a pilot accruing more than 6,000 flying hours for the airline. Mr Ladkin has prevously held roles such as Director of Flight Operations and Managing Director.
Shareholding: 2 025 348 shares.

Joseph Payne – *Member of the Board*

Mr Payne has been a Director of West Atlantic AB (publ) since 2014 but does not hold any managing director position in the company nor in any of its subsidiaries. During 2013, West Atlantic formed a strategic partnership with Air Transport Services Group, Inc. (ATSG), in which ATSG acquired a 25 percent shareholding of West Atlantic AB (publ) via ATSG WEST Ltd, registered seat in Dublin, Ireland.

Mr Payne has been Senior Vice President and Corporate General Counsel and secretary of ATSG since February 2008 and Vice President, General counsel and secretary of ABX Air, Inc. Mr. Payne earned a Juris Doctor from the University of Dayton School of Law, and a Bachelor of Business Administration from the University of Cincinnati College of Business Administration, majoring in accounting.

Shareholding: - shares.

Tony Auld – *Member of the Board*

Mr Auld served as a director of West Atlantic AB (Publ) between 2011 and 2014 and was reappointed Director in 2016. Mr Auld does not hold any managing director position in the company nor in any of its subsidiaries.

Mr Auld has during his more than 30 years in aviation accumulated significant experience in the industry and held numerous positions ranging from Commercial manager to chief executive. Mr Auld also acted as Managing Director of West Atlantic's UK operations between 1999 and 2014.
Shareholding: 2 025 348 shares.

Group Management 2016

Fredrik Groth – *Chief Executive Officer & President*

Mr Groth joined the company in January 2016 from his position as COO of MEGA Global Air Services with over 25 years' experience in aviation. Previous positions include Executive Vice President of Pemco World Air Services, Managing Director of Swiftair Spain, Chief Executive Officer of Airworks India and Managing Director of Maldivian Air Taxi. Mr Groth holds a BSc in management and international business from the American College of Switzerland and an MBA from University of Michigan.
Shareholding: - shares

Magnus Dahlberg – *Chief Financial Officer*

Mr Dahlberg commenced his aviation career in 2001 as Finance Director for a Swedish regional passenger airline before joining West Atlantic Sweden in 2002 as Finance Director. Between 1988 and 2001, Mr Dahlberg worked for an international financial institution, Skandinaviska Enskilda Banken (SEB), in a number of positions within the accounting and financial reporting division. Mr Dahlberg holds a university degree in Business Administration.
Shareholding: - shares.

Greg Little – *General Manager UK*

Mr Little serves as General Manager of the UK airline, holding an Honours Degree in Engineering and joined the Atlantic Airlines Operations in 1993. Following commercial appointments and managing operations for the light aircraft and the passenger division, Mr Little was appointed General Manager of Atlantic Airlines in 2004. Shareholding: - shares.

Robert Drews – *Group Tech. Director & Accountable Manager*

Mr Drews is the Accountable Manager for the Swedish and UK Airline and serves as the Group Technical Director, holding a university aeronautical degree, having accumulated over 25 years of experience in senior roles within aviation maintenance and operations, joining West Atlantic Sweden in 1995 as Technical Manager Part 145 and Part M. Thereafter, Mr Drews was appointed Technical Director for Sweden in 2003, subsequently promoted to Group Technical Director. Shareholding: - shares.

Charlotte Nord– *Director of HR*

Mrs Nord is the Human Resources Director for the West Atlantic Group and since 2015, also holding the position as General Manager for the French branch of West Atlantic Sweden AB. Mrs Nord holds a bachelor's degree in organisational behaviour studies from Kristianstad University with further studies in business/managerial economics and organisational leadership at Lund's university. Previous professional experience includes HR manager positions at Keolis AB and AcadeMedia AB. Shareholding: - shares.

Russell Ladkin – *Chief Commercial Officer*

Mr Ladkin is responsible for West Atlantic Group's global sales activity, including strategic direction, development of new products and services, new markets and regions, customer relationship management, operational service delivery and marketing communications. Mr Ladkin joined the Group in 1989, initially serving as a pilot accruing more than 6,000 flying hours for the airline. Mr Ladkin has held roles such as Director of Flight Operations and Managing Director. Shareholding: 2 025 348 shares.

Peter Carlsson – *VP Aircraft Management and Legal Affairs*

Mr Carlsson was appointed the VP Aircraft Management and Legal Affairs in 2014, after holding various finance and legal positions in the Group. Mr Carlsson holds a M.Sc. in Business and Economics with additional studies of Political Science at University. Following graduation and until joining West Atlantic Sweden as Assistant Managing Director in 2006, Mr Carlsson held different positions in an international financial institution, SBAB AB. Shareholding: - shares.

Nigel Hiorns – *Director of Technical Operations UK*

Mr Hiorns was appointed Technical Director for Atlantic Airlines in 1998 and in 2001 took on the role of Engineering Director, running the day to day organisation and activities of the UK Engineering division. Mr Hiorns joined the Group 26 years ago as an Aircraft Technician, went on to Base Maintenance Manager and eventually Aircraft Serviceability Director, organising and controlling the maintenance activities for the UK fleet. Shareholding: 253 168 shares.

Rickard Asplund – *Director of IT*

Mr Asplund is the IT Director of West Atlantic holding a university degree in computer science and engineering and has accumulated over 15 years of experience as an IT professional in senior roles within aviation, consultancy and municipal activities. Mr Asplund joined the Group in 2011 as Group IT Manager, tasked with a complete restructure and consolidation of the Group's IT-platform, now succesfully completed.

Shareholding: - shares

Board assurance

The Board of Directors and the CEO of West Atlantic AB (publ) hereby provide their assurance that the Annual Report has been prepared pursuant to the Swedish Annual Accounts Act and the recommendation from the Swedish Financial Reporting Board "Accounting for legal entities" (RFR 2) and provides a true and fair view of the Parent company's financial position and earnings and that the Report by the Board of Directors provides a true and fair overview of the company's operations, financial position and earnings, as well as describes the significant risks and uncertainty factors to which the Parent company is exposed.

The Board of Directors and CEO and President of West Atlantic AB (publ) hereby give their assurance that the consolidated financial statements have been prepared pursuant to the International Financial Reporting Standards (IFRS) as adopted by the EU, and provide a true and fair view of the Group's financial position and earnings, and that the Report by the Board of Directors for the Group provides a true and fair overview of the performance of the Group's operations, financial position and earnings, as well as describes the significant risks and uncertainty factors to which the companies in the Group are exposed.

Gothenburg, Sweden, April 27, 2016

Göran Berglund
Chairman of the Board

Tony Auld
Member of the Board

Russell Ladkin
Member of the Board

Fredrik Lindgren
Member of the Board

Joseph Payne
Member of the Board

Fredrik Groth
Int. CEO & President

As stated above, the annual accounts and consolidated financial statements were approved for issuance by the Board of Directors on April 27, 2016. The Group's statement of income and balance sheet and the Parent Company's statement of income and balance sheet will be subject to adoption by the Annual General Shareholders' Meeting on May 23, 2016.

Auditor's report was submitted on April 27, 2016

Grant Thornton Sweden AB

Claes Jörstam
Authorized Public Accountant

Annual Shareholders' meeting

The West Atlantic Group's AGM will be held on May 23, 2016, at the Group's head office located Gothenburg (Prästgårdsgatan 1, 412 71 Gothenburg).

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

All financial 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

Auditor's report

To the annual meeting of the shareholders of West Atlantic AB (publ), corporate identity number 556503-6083

Report on the annual accounts and consolidated accounts

We have audited the annual accounts and consolidated accounts of West Atlantic AB (publ) for the year 2015, except for the corporate governance statement on pages 38-40. The annual accounts and consolidated accounts of the company are included in the printed version of this document on pages 12-41.

Responsibilities of the Board of Directors and the Managing Director for the annual accounts and consolidated accounts

The Board of Directors and the Managing Director are responsible for the preparation and fair presentation of these annual accounts in accordance with the Annual Accounts Act and of the consolidated accounts in accordance with International Financial Reporting Standards, as adopted by the EU, and the Annual Accounts Act, and for such internal control as the Board of Directors and the Managing Director determine is necessary to enable the preparation of annual accounts and consolidated accounts that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these annual accounts and consolidated accounts based on our audit. We conducted our audit in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the annual accounts and consolidated accounts are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the annual accounts and consolidated accounts. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the annual accounts and consolidated accounts, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company's preparation and fair presentation of the annual accounts and consolidated accounts in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Board of Directors and the Managing Director, as well as evaluating the overall presentation of the annual accounts and consolidated accounts.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinions

In our opinion, the annual accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the parent company as of 31 December 2015 and of its financial performance and its cash flows for the year then ended in accordance with the Annual Accounts Act, and the consolidated accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the group as of 31 December 2015 and of their financial performance and cash flows in accordance with International Financial Reporting Standards, as adopted by the EU, and the Annual Accounts Act. Our opinions do not cover the corporate governance statement on pages 38-40. The statutory administration report is consistent with the other parts of the annual accounts and consolidated accounts.

We therefore recommend that the annual meeting of shareholders adopt the income statement and balance sheet for the parent company and the group.

Report on other legal and regulatory requirements

In addition to our audit of the annual accounts and consolidated accounts, we have examined the proposed appropriations of the company's profit or loss and the administration of the Board of Directors and the Managing Director of West Atlantic AB (publ) for the year 2015. We have also conducted a statutory examination of the corporate governance statement.

Responsibilities of the Board of Directors and the Managing Director

The Board of Directors is responsible for the proposal for appropriations of the company's profit or loss, and the Board of Directors and the Managing Director are responsible for administration under the Companies Act and that the corporate governance statement on pages 38-40 has been prepared in accordance with the Annual Accounts Act.

Auditor's responsibility

Our responsibility is to express an opinion with reasonable assurance on the proposed appropriations of the company's profit or loss and on the administration based on our audit. We conducted the audit in accordance with generally accepted auditing standards in Sweden.

As a basis for our opinion concerning discharge from liability, in addition to our audit of the annual accounts and consolidated accounts, we examined significant decisions, actions taken and circumstances of the company in order to determine whether any member of the Board of Directors or the Managing Director is liable to the company. We also examined whether any member of the Board of Directors or the Managing Director has, in any other way, acted in contravention of the Companies Act, the Annual Accounts Act or the Articles of Association.
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Furthermore, we have read the corporate governance statement and based on that reading and our knowledge of the company and the group we believe that we have a sufficient basis for our opinions. This means that our statutory examination of the corporate governance statement is different and substantially less in scope than an audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden.

Opinions

We recommend to the annual meeting of shareholders that the profit be appropriated in accordance with the proposal in the statutory administration report and that the members of the Board of Directors and the Managing Director be discharged from liability for the financial year. A corporate governance statement has been prepared, and its statutory content is consistent with the other parts of the annual accounts and consolidated accounts.

Gothenburg, April 27, 2016
Grant Thornton Sweden AB

Claes Jörstam
Authorized Public Accountant

Definitions

Corporate Bond definitions

Call option amount	Means a) 100 plus 50% of the Interest Rate of the Nominal Amount if the call option is exercised on or after the First Call Date up to (but not including) the date falling 30 months after the First Issue Date; b) 100 plus 37,5% of the Interest Rate of the Nominal Amount if the call option is exercised on the date falling 30 months after the First Issue Date up to (but not including) the date falling 36 months after the First Issue Date; c) 100 plus 25 % of the Interest Rate of the Nominal Amount if the call option is exercised o the date falling 36 months after the First Issue Date up to (but not including) the date falling 42 months after the First Issue Date; d) 100 plus 12,5% of the Interest Rate of the Nominal Amount if the call option is exercised o the date falling 42 months after the First Issue Date up to (but not including) the Final Redemption Date.
Finance charges	The aggregate amount of the accrued interest, commission, fees, discounts, payment fees, premium or charges and other Finance payments in respect of financial Indebtedness whether paid, payable or capitalised by any member of the Group according to the latest Financial Report(s) (calculated on a consolidated basis) other than Transaction costs, capitalised interest in respect of any loan owing to any member of the Group or any Subordinated Loan, lease expenses related to Leased Aircraft, and taking no account of any unrealised gains or losses on any derivative instruments other than any derivative instrument which are accounted for on a hedge accounting basis.
First call date	Means the date falling 24 months after the First Issue Date or, to the extent such day is not a Business Day, the Business Day following from an application of the Business Day Convention.
Financial Indebtedness	Means any indebtedness in respect of; a) monies borrowed or raised, including Market Loans; b) the amount of any liability in respect of any finance leases, to the extent the arrangements is treated as a finance lease in accordance with the accounting principles applicable on the First Issue Date (a lease which in the accounts of the Group is treated as an asset and a corresponding liability); c) receivables sold or discounted (other than any receivables to the extent they are sold on a non-recourse basis); d) any amount raised under any other transaction (including any forward sale or purchase agreement) having the commercial effect of a borrowing; e)any derivative transaction entered into in connection with protection against or benefit from fluctuation in any rate or price (and when calculating the value of any derivative transaction, only the mark to market value shall be taken into account, provided that if any actual amount is due as a result of termination or a close-out, such amount shall be used instead); f) Any counter indemnity obligation in respect of a guarantee, indemnity, bond, standby or documentary letter of credit or any other instrument issued by a bank or financial institution; and g) (without double counting) any guarantee or other assurance against financial loss in respect of a type referred to in the above items (a)-(f).
First Issue Date Means	December 21 2015
Final Redemption Date	Means December 21 2019
Make Whole Amount	Means a) the present value on the relevant record date of 103.25% of the Nominal Amount as if such payment originally should have taken place on the First Call Date ; and b) the present value on the relevant record date of the remaining coupon payments, less any accrued but unpaid Interest, through and including the First Call Date, both calculated by using a discount rate of 50 basis over the comparable Swedish Government Bond Rate (i.e. comparable to the remaining duration of the Bonds until the mentioned date falling on the First Call Date) and where "relevant record date" shall mean a date agreed upon between the Trustee, the CSD and the Issuer in connection with such repayment.
Subordinated Loan	Means any loan of the Issuer or any of its Subsidiaries, where the Issuer or the relevant Subsidiary is the debtor, if such loan (a) according to its terms and pursuant to a subordination agreement on terms and conditions satisfactory to the Trustee, is subordinated to the obligations of the Issuer under the Terms and Conditions, (b) according to its terms have a final redemption date or, when applicable, early redemption dates or instalment dates or instalment dates which occur after the Final, Redemption date, (c) according to its terms yield only payment-in-kind interest.

Other definitions

Administration costs	Indirect cost demanded to create revenue connected to administration including part of salaries & other remuneration and depreciation, travel, IT and other administration costs.
Aircraft fleet	The aircraft types BAe ATP, CRJ200PF, B737-300SF/-400SF and B767-200. The aircraft the Group currently operates. For more Information, see page 11
AOC	Aircraft operating certificate. Approval granted by a national aviation authority to an operator to allow to use aircraft for commercial purposes.
ATSG	Air Transport Services Group Inc. US based partner which owns 25 % of the shares of West Atlantic AB (publ)
BAe ATP-F (or ATP)	BAE Advanced Turboprop aircraft, used for the most of the operations for the < 8 tonnes payload capacity
Cash flow from operations	Cash flow from operating activities according to the statement of cash flows
Cost of services provided	All direct operating cost demanded to create the revenue including aircraft maintenance, fuel, aircraft leasing, part of salaries & other remuneration and depreciation, hangar rents and other direct operating expenses
Collaboration agreement	The Group is a part of an agreement for aircraft management and leasing activities with an external party. For more information, accounting principles, p 1.10
Earnings per share	Net income divided by average number of shares before or after dilution
Early redemption costs	Means the total costs in connection with the redemption of the previous corporate bond loan December 21, 2015, with originally redemption date May 8, 2018. The costs are included in financial costs and consist of a "make whole amount" including an early redemption fee of 4% of the nominal loan value which was MSEK 500, further also included are remaining interest payments up to the next ordinary interest maturity date. In addition, reversed transaction costs related to the loan acquisition are included. All together amounting to MSEK 41,8.
EBITDA	Income before interest, tax, depreciation (including impairment) and amortisation. Operating income adjusted for depreciation.
EBIT	Operating income according to statement of income and other comprehensive income
EBT	Income before tax
Equity ratio	Ratio between equity and total assets
Escrow account	Means a bank account of the Issuer, into which the Net Proceeds from the Bond issue will be transferred and which has been pledged in favour of The Trustee and the Holders (represented by the Trustee) under the Escrow Account Pledge Agreement.
Financial costs	Includes costs from: a) interest on loans at deferred acquisition value b) interest on financial loan receivables a deferred acquisition value c) any losses from sale of financial loan receivables d) losses from sale of any company which are not part of the Group e) any losses from market valuation of foreign exchange derivatives (hedging instruments) f) redemption costs for loans g) foreign exchange currency losses from revaluation of financial loan receivables, loans and finance leasing.
Financial income	Includes income from: a) interest on cash & cash equivalents b) interest on financial loan receivables a deferred acquisition value c) any sale of financial loan receivables d) dividend from any company which are not part of the Group e) gain from sale of any company which are not part of the Group f) any gains from market valuation of foreign exchange derivatives (hedging instruments) g) foreign exchange currency gains from revaluation of financial loan receivables, loans and finance leasing.
Fleet Dispatch Regularity	Defined as % of flights departing according to plan, i.e. flights that are not cancelled
Freight Forwarder	Organisations moving goods on behalf of their clients, typically as part of a logistic solution
Global Integrator	Referring to the four major global express providers (FedEx, DHL, UPS, TNT)
Net income	Income after tax according to the statement of income and other comprehensive income
Net interest bearing liabilities	and finance leasing liabilities (included in other liabilities) reduced by cash and cash equivalents
NMO	National mail organisation such as PostNord (Sweden), Royal Mail (UK), Norwegian Mail (Norway)
Non-recurring items	Aircraft type introduction costs, ongoing legal proceedings in France, impairment of tangible assets, income from aircraft sale, early redemption cost of loans, financial FX gains or losses from loans and finance leasing
Other comprehensive income	Items included here does affect equity (reserves) but not net income but may be classified as net income in case of events in the future. The only actual item in the Group currently is exchange-rate differences in translation of foreign operations
Selling costs	Indirect costs demanded to create revenue connected to sales including part of salaries & other remuneration and depreciation, travel, IT and other selling costs
Underlying revenue growth	Revenue growth in constant currency rates and fuel prices, excluding effects from aircraft sales
Wet-lease	Airline providing aircraft capacity to another airline

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