

WEST ATLANTIC

INTERIM REPORT

January 1 – June 30, 2016

Published August 25, 2016



“Stabilised operations and significantly improved financial performance during the second quarter”

— Fredrik Groth, CEO & President

April - June

- Revenue growth for B737/B767 aircraft fleet offset by decreasing ATP fleet utilisation. Underlying revenue growth amounted to 1.0 % year-on-year.
- EBITDA decreased to MSEK 36.2 (50.1) corresponding to a margin of 11.3 % (14.8).
- Earnings per share of SEK -0.56 (0.15).
- Under the terms and conditions of the corporate bond loan the interest rate increased by 50 basis points to an interest rate of 7.0 %, as from June 21.
- One B737-400 aircraft was acquired.

January - June

- Revenue growth for B737/B767 aircraft fleet offset by decreasing ATP fleet utilisation. Underlying revenue growth amounted to 1.4 % year-on-year.
- EBITDA decreased to MSEK 40.3 (88.0) corresponding to a margin of 6.3 % (13.1).
- Earnings per share of SEK -1.90 (-0.31).
- The bond loan issued in 2015 (WEST002) was listed on NASDAQ, Stockholm in January 2016.
- The shareholders of the company changed the composition of the Board of Directors. A new CEO was also appointed.
- One of the Group's CRJ200PF was involved in a tragic accident.
- Two B737-400 aircraft were acquired.

Key performance indicators for the Group

All figures in MSEK unless stated otherwise	Apr - Jun 2016	Apr - Jun 2015	Jan - Jun 2016	Jan - Jun 2015	Jan - Dec 2015
Financial metrics*					
Revenue	319.3	337.6	643.2	669.6	1,409.9
Revenue growth	-5.4%	15.1%	-3.9%	11.9%	13.3%
Underlying revenue growth	1.0%	7.4%	1.4%	6.7%	8.6%
EBITDA	36.2	50.1	40.3	88.0	177.9
EBITDA margin (%)	11.3%	14.8%	6.3%	13.1%	12.6%
Net income	-15.2	3.9	-51.2	-8.4	-49.6
Cash flow from operating activities	130.0	88.1	116.1	117.6	216.7
Earnings per share before dilution (SEK)	-0.56	0.15	-1.90	-0.31	-1.84
Net interest bearing debt / EBITDA**	5.2	-	5.2	-	3.6
Interest coverage ratio**	2.3	-	2.3	-	2.9
Equity / Asset ratio	9.9%	19.8%	9.9%	19.8%	13.3%
Total assets	1,363.9	1,144.1	1,363.9	1,144.1	1,412.1
Operating metrics*					
Fleet dispatch regularity	99.4%	99.2%	98.8%	99.1%	99.1%
Performed flights	5,699	6,386	11,717	12,978	26,790
Aircraft in service (incl. wet leases)	42	45	42	45	48
Average employees	478	506	488	503	508

*Definitions of key performance indicators and other measures can be found at the end of this report.

**Defined by the corporate bond loan WEST002 terms and conditions. See note 8 for more information. The loan was issued December 2015 whereby the ratios are not reported per Jun 30, 2015.

CEO's comments

Stabilising second quarter

Following a challenging first quarter, in which we had the tragic accident of one of our CRJ200PF, wind down of our Swedish Mail operation and a number of costly operational challenges, I am pleased to see a stabilisation of our business in the second quarter. Operational and financial results have improved significantly from 1st quarter to 2nd quarter. Our 2016 focus of "Back to Basics" is showing results and will continue to do so through the remainder of the year. Over this quarter, financial results have improved month by month, thanks to proactive cost control. Customers have seen an improvement in our delivery of services, and employees are supporting the changes and challenges ahead. While primary focus is to regain profitability and stability with our present business, we are also actively seeking growth opportunities for 2017 and beyond.

Operational and financial performance

The operational issues experienced during the first quarter have, to a large extent, been resolved. We are now providing a better and more consistent service to our customers at all levels, illustrated by significant improvement in the fleet dispatch regularity which reached 99.4 % during the second quarter, surpassing our present goal of 99%. We are determined to continue to improve our operational quality and will continue to invest with the aim to have the highest reliability among our competition.

We saw the operational improvements contribute to our financials during the second quarter. The Group delivered an EBITDA margin of 11.3 % (14.8). Without any disturbances from late aircraft and unscheduled maintenance, we were able to reduce our operating costs while also reducing subchartered capacity. We aim to become very cost effective over time, adjusting to an underutilised ATP-fleet, and commercial pressure from existing / new entrants in the business. During this quarter, our workforce was reduced by 6.5 % compared to the first quarter, while simultaneously working on all levels to reduce external costs.

The project to part out spare ATP capacity is also progressing as planned. This has and will continue to reduce our maintenance costs for the remaining fleet and significantly lowering our future need of purchasing of parts. This an important step for us in adapting the asset portfolio to our customers' requirements.

Organisational structure and transfer project

The restructuring of the organisation to one UK B737 operator, and one Swedish ATP/CRJ/B767 operator was finally concluded during the second quarter with the last ATP aircraft entering Swedish registry. While the process has been at times painful and costly, we are now able to direct our focus to long term improvements rather than short term transfer planning. It is my belief that the conclusion of this project will mean a more stable operation and improved financials going forward. Following the Brexit vote, it is also comforting to us that we have one business in the UK and another outside of the UK, giving us flexibility going forward no matter what finally happens in our industry as a result of this decision.

Outlook

While we saw a significant financial improvement in the second quarter compared to the first, we are not where we want to be long term. We will continue to direct our efforts on all levels of the organisation to keep the cost reduction momentum going throughout the year.

We will further strive to be customer centric and cost focused, while also ensuring the organisation is right sized to take on future opportunities. I am very pleased that all employees are really contributing their utmost to make the Group shine again. We are seeing an increase in customer new business inquiries and we are optimistic about the future. This year will continue to be a year of transition and adapting, but I firmly believe that this change will be good. I am confident that we will stand much stronger going into 2017 and beyond.



Fredrik Groth
CEO & President

Financial comments

Group and parent company information

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

GROUP

About the West Atlantic Group

The West Atlantic Group is one of the market leading providers of dedicated air freight services to NMO's and Global Integrators in the European market. Drawing from many years of experience, the Group offers its customers customised and efficient solutions for airfreight services, aircraft maintenance, airworthiness services and aircraft leasing.

Financial report

This interim report covers the period January 1 to June 30, 2016. Comparative figures in this report cover the corresponding period in 2015, unless otherwise stated. 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).

GROUP FINANCIAL PERFORMANCE

Revenue and income

April - June

Revenue for the period amounted to MSEK 319.3 (337.6), a decrease of 5.4 % year-on-year. Underlying revenue growth (adjusted for foreign exchange currency differences and fuel price fluctuations) amounted to 1.0 %. The increased underlying revenue is attributable to growth from the B737 and B767 fleets. This was mostly offset by lower utilisation of the ATP fleet and lower revenue from technical services. The primary driver of the lower ATP revenue was the loss of the operation for the Swedish NMO PostNord at the end of 2015, which involved five aircraft. Further, following Posten Norge's decision to stop Saturday delivery of mail the operating calendar has been reduced contributing to lower revenue. For a detailed breakdown of revenue, see note 2.

EBITDA amounted to MSEK 36.2 (50.1). The significant decrease in EBITDA is primarily explained by the ongoing organisational restructuring process to adapt to a less utilised ATP fleet. For a breakdown of EBITDA, please see note 3.

EBIT amounted to MSEK 2.5 (20.6) following that depreciation amounted to MSEK 33.7 (29.5).

The net of financial income and costs amounted to MSEK -22.6 (-13.1). The financial net included foreign exchange currency changes of MSEK -3.8 (3.6), mostly on loans and financial leasing, and included interest costs of MSEK 18.0 (15.0), mostly attributable to the corporate bond loan. For a detailed breakdown of financial income and cost, please see note 5.

Net income amounted to MSEK -15.2 (3.9) for the period and was affected by income taxes of MSEK 4.9 (-3.6).

January - June

Revenue for the period amounted to MSEK 643.2 (669.6), a decrease of 3.9 % year-on-year. Underlying revenue growth (adjusted for foreign exchange currency differences and fuel price fluctuations) amounted to 1.4 %. The increased underlying revenue is attributable to growth from the B737 and B767 fleets. This was mostly offset by lower utilisation of the ATP fleet and lower revenue from technical services. The primary driver of

the lower ATP revenue was the loss of the operation for the Swedish NMO PostNord at the end of 2015, which involved five aircraft. Revenue was also impacted by the CRJ200PF accident (see significant events during the reporting period). The remaining CRJ fleet did not operate for several days and the ATP fleet was also highly affected from being utilised to cover the downtime. For a detailed breakdown of revenue, see note 2.

EBITDA amounted to MSEK 40.3 (88.0). The significant decrease in EBITDA is primarily explained by the ongoing organisational restructuring process to adapt to a less utilised ATP fleet, while simultaneously investing in the start-up of two new B737 operations in France. Following delayed delivery of a B737 aircraft and unscheduled heavy maintenance in the first quarter, the company was forced to subcharter additional capacity from other operators, which has had a negative effect on EBITDA.

Moreover, the accident has had a significant effect on the entire company during the reporting period. Even though the majority of the direct costs have been covered by insurance proceeds, indirect costs and lost revenue decreased EBITDA levels. For a breakdown of EBITDA, please see note 3.

EBIT amounted to MSEK -26.3 (28.3) following that depreciation amounted to MSEK 66.6 (59.7).

The net of financial income and costs amounted to MSEK -38.6 (-35.8). The financial net included foreign exchange currency changes of MSEK -1.0 (-3.5), mostly on loans and financial leasing, and included interest costs of MSEK 36.6 (30.2), mostly attributable to the corporate bond loan. Last year a loss of MSEK 1.3 due to a sale of an associated company were also included. For a detailed breakdown of financial income and costs, please see note 5.

Net income amounted to MSEK -51.2 (-8.4) for the period and was affected by income taxes of MSEK 13.7 (-0.9).

Summary of items affecting comparability

MSEK	Apr - Jun 2016	Apr - Jun 2015	Jan - Jun 2016	Jan - Jun 2015	Jan - Dec 2015
Income before tax	-20.1	7.5	-64.9	-7.5	-59.7
Type introduction and start-up costs	0.4	-	7.2	2.6	2.6
Sale of aircraft	-	-	-	-0.8	-9.1
Redemption of corporate bond loan	-	-	-	-	41.8
CRJ200PF accident	3.1	-	-3.1	-	-
Restructuring costs, ATP	5.4	-	9.6	-	4.8
Other items*	-	3.6	-	9.2	9.2
Financial FX gains/losses	3.8	-3.9	1.0	4.5	9.7
Sum	-7.4	7.2	-50.2	8.0	-0.7

*Content, see definitions page 15

The recorded net effect of the aircraft accident refers to insurance proceeds reduced by costs directly associated with the accident (primarily the book value of the asset) and lost contribution from the fleet being grounded. The net effect does not include indirect costs nor the residual between market value and book value of the asset.

Cash flow

April - June

Cash flow from operating activities amounted to MSEK 130.0 (88.1). The increase compared to last year is mainly attributable to change in working capital which amounted to MSEK 76.2 (26.0) primarily from reduced trade receivables. Cash flow from investing activities amounted to MSEK -122.7 (-66.3). The change is mainly due to the purchase of a B737-400 aircraft. Cash flow from financing activities amounted to MSEK -36.3 (-28.6), mainly attributable to higher interest payments on the corporate bond loan. Cash flow for the period amounted to MSEK -28.9 (-6.8).

January - June

Cash flow from operating activities amounted to MSEK 116.1 (117.6). Cash flow from investing activities amounted to MSEK -242.0 (-126.7). The change is mainly due to the purchase of two B737-400 aircraft. Cash flow from financing activities amounted to MSEK -30.9 (5.6), mainly attributable to the received loan of MSEK 40.0 during the previous year, partly offset by higher interest payments on the corporate bond loan. Cash flow for the period amounted to MSEK -156.9 (-3.5).

Investments

April - June

Total investments in tangible assets amounted to MSEK -122.7 (-69.8), due to the above mentioned purchase of the B737-400 aircraft.

January - June

Total investments in tangible assets amounted to MSEK -239.3 (-126.8), from the purchase of the two mentioned B737-400 aircraft.

Payments from other investing activities amounted to MSEK -2.8 (-1.6) including both investments in financial assets, MSEK -2.9 (-1.9) and received payments from financial assets, MSEK 0.1 (0.3).

Leasing engagements

January - June

In addition to investments in tangible assets the Group has entered into a long term operating lease agreement for one B737-400 aircraft.

Sales of non-current assets

January - June

During the period no material sales of non-current tangible assets have been made. During the same period the previous year, shares in an associated company were sold. The remuneration amounted to MSEK 0.8.

Impairment of stock

January - June

During the period an impairment has been made by MSEK 3.1 (3.0) for slow moving stock.

SIGNIFICANT EVENTS DURING THE REPORTING PERIOD

April - June

- Under the terms and conditions of the corporate bond loan, the interest rate increased by 50 basis points, as from June 21, to an interest rate of 7.0 %, per annum, paid semi-annually in arrears, due to a postponed equity injection. For more information, please see the website of West Atlantic AB (publ) available at www.westatatlantic.eu.
- The Group has acquired a B737-400 aircraft, previously held under a long term operating lease agreement.

January - June

- On January 8, 2016 one of the Group's CRJ200PF were involved in a tragic accident on route to Tromsø, 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. During this period, other operating income & costs have been affected by exceptional items connected to the accident. For more information see comments to non-recurring items above.
- NASDAQ Stockholm officially listed the bond loan issued by West Atlantic AB (publ) with effect from 2016-01-26. The instrument has been listed on STO Corporate Bonds.

- 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. The CEO also stepped down and was replaced by Mr. Fredrik Groth.
- Following an adaptation to the EU's post directive, Norway decided to stop distributing mail on Saturdays. This affects the West Atlantic operation with reduced revenue but is not expected to impact net income significantly.
- As per terms and conditions of the corporate bond loan, the interest rate increased by 50 basis points to 7.0 % as from June 21.
- The Group acquired two B737-400 aircraft, previously held under operating lease agreements.

ORGANISATION

The average number of employees for the period January - June amounted to 488 (503).

FINANCIAL POSITION AND FINANCING

Cash and cash equivalents at the end of the period amounted to MSEK 111.2 (14.4). Including non-utilised overdraft facility, available cash and cash equivalents amounted to MSEK 161.2 (54.8). Equity amounted to MSEK 135.4 (227.0) and the equity ratio amounted to 9.9 % (19.8).

The Company has issued a corporate bond loan which was listed on the NASDAQ, Stockholm on January 26th 2016. The instrument is listed as WEST002 with 850 units holding a nominal value of MSEK 1.0 each. The Group are obliged to report its financial position as described in the terms and conditions of the bond. For the financial covenants, please see note 9. For terms and conditions of the corporate bond loan, please see the website of West Atlantic AB (publ) available at www.westatatlantic.eu

FINANCIAL INSTRUMENTS

The Group has no financial assets or financial liabilities which are valued at fair value in the valuation hierarchy. A summary of the recorded values for the Group's financial assets and liabilities are shown in note 6.

RISKS AND UNCERTAINTIES

West Atlantic is exposed to a 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.

- Operating risks – safety always comes first
- Market, commercial & political risks
- Financial risks
- Fluctuations in foreign exchange rates and fuel prices
- Contract risk
- Legal risk
- Credit risks
- Taxation and charges

A more detailed description of the risk factors, which the Group considers to be material, can be found in the annual report for 2015. The assessment is that this description is still accurate.

LEGAL PROCEEDINGS

The Group continues to monitor the legal process in France, with regards to unpaid social security charges reported during

2013, 2014 and 2015 which remains an uncertainty. In 2016, the actual provision has decreased by MSEK 2.0 to MSEK 8.6 at June 30 due to that two of the processes have been settled. In connection with these settlements an additional MSEK 1.2 has been paid. The remaining case are expected to be settled within a year. West Atlantic is not a party to any other legal proceedings having a material effect on the Group's financial position or income.

TRANSACTIONS WITH RELATED PARTIES

For transactions with related parties, please see note 7.

SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD

There have been no significant events to report after the reporting period.

OUTLOOK

We will continue to direct our efforts on all levels of the organisation to keep the cost reduction momentum going throughout the year. Further strive is to be customer centric and cost focused, while also ensuring the organisation is right sized to take on future opportunities. An increase can be seen in customer new business inquiries. The year will continue to be a year of transition and adapting

SEASONAL EFFECTS

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.

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 and income

April – June

Revenue for the period amounted to MSEK 170.3 (157.1), an increase by 8.4 % year-on-year. The increase is mainly attributable to the expansion in B737 and B767 operations. EBIT amounted to MSEK -1.1 (5.9). The decrease is mainly attributable to higher flight operation costs. Net income amounted to MSEK -8.0 (2.2) and included higher financial costs, MSEK -14.5 (-11.0), due to interest from the bond loan.

January- June

Revenue for the period amounted to MSEK 345.4 (304.3), an increase by 13.5 % year-on-year. The increase is mainly attributable to the expansion in B737 and B767 operations. EBIT amounted to MSEK -2.4 (11.7). The decrease is mainly attributable to higher flight operation costs. Net income amounted to MSEK -14.6 (4.0) and included higher financial costs, MSEK -28.7 (-21.9), due to interest from the bond loan.

Financial position and financing

Cash and cash equivalents at the end of the period amounted to MSEK 78.2 (0.4). Including the non-utilised overdraft facility, available cash and cash equivalents amounted to MSEK 128.2 (40.8). Equity amounted to MSEK 48.1 (64.0) and interest bearing liabilities amounted to MSEK 834.0 (492.5). The Company has issued a corporate bond loan subject to trade on the NASDAQ in Stockholm. For more information see financial position and financing for the Group.

Group report

Consolidated statement of income and other comprehensive income

MSEK	Apr - Jun 2016	Apr - Jun 2015	Jan - Jun 2016	Jan - Jun 2015	Jan - Dec 2015
Revenue	319.3	337.6	643.2	669.6	1,409.9
Cost of services provided	-308.5	-305.9	-654.0	-616.5	-1,305.4
Gross income:	10.8	31.7	-10.8	53.1	104.5
Selling costs	-2.9	-1.8	-6.7	-3.2	-9.9
Administrative costs	-9.2	-10.8	-19.7	-22.0	-46.7
Other operating income & costs	3.8	1.5	10.9	0.4	6.4
Operating income:	2.5	20.6	-26.3	28.3	54.3
Financial income & costs	-22.6	-13.1	-38.6	-35.8	-114.0
Income before tax:	-20.1	7.5	-64.9	-7.5	-59.7
Income tax	4.9	-3.6	13.7	-0.9	10.1
Net Income:	-15.2	3.9	-51.2	-8.4	-49.6
Attributable to:					
- Shareholders of the Parent Company	-15.2	3.9	-51.2	-8.4	-49.6
Earnings per share, before and after dilution (SEK)	-0.56	0.15	-1.90	-0.31	-1.84
Average number of outstanding shares (Thousands)	27,005	27,005	27,005	27,005	27,005
Statement of other comprehensive income					
Net income:	-15.2	3.9	-51.2	-8.4	-49.6
Other comprehensive income:					
Items that may or has been classified as net income:					
Exchange-rate differences in translation of foreign operations	-0.9	1.5	-1.7	2.1	4.7
Total comprehensive income for the period:	-16.1	5.4	-53.0	-6.3	-44.9
Attributable to:					
- Shareholders of the Parent Company	-16.1	5.4	-53.0	-6.3	-44.9

Condensed statement of financial position

MSEK	Jun 30 2016	Jun 30 2015	Dec 31 2015
Intangible assets	-	0.6	0.2
Tangible assets	880.6	753.0	774.2
Financial assets	16.3	17.3	23.3
Total non-current assets	896.9	771.0	797.6
Inventories	120.2	130.9	138.4
Other current assets	235.5	211.6	209.3
Cash and cash equivalents	111.2	14.4	266.8
Total current assets	466.9	356.9	614.5
Assets held for sale	-	16.3	-
Total assets	1,363.9	1,144.1	1,412.1
Shareholders' equity	135.4	227.0	188.4
Non-current liabilities	989.7	672.1	997.8
Current liabilities	238.8	245.1	226.0
Total shareholders' equity and liabilities	1,363.9	1,144.1	1,412.1

Condensed changes in shareholders' equity

MSEK	Share capital	Translation reserves	Profit brought for- ward including net income	Total share- holders' equity
Opening shareholders' equity, Jan 1, 2016	27.0	6.9	154.5	188.4
Total comprehensive income for the period Jan - Jun	-	-1.7	-51.2	-53.0
Closing balance Jun 30, 2016	27.0	5.2	103.2	135.4
Opening shareholders' equity, Jan 1, 2015	27.0	2.2	204.1	233.3
Total comprehensive income for the period Jan - Jun	-	2.1	-8.4	-6.3
Closing balance Jun 30, 2015	27.0	4.3	195.7	227.0
Opening shareholders' equity, Jan 1, 2015	27.0	2.2	204.1	233.3
Total comprehensive income for the year	-	4.7	-49.6	-44.9
Closing balance Dec 31, 2015	27.0	6.9	154.5	188.4

Condensed statement of cash flows

MSEK	Apr - Jun 2016	Apr - Jun 2015	Jan - Jun 2016	Jan - Jun 2015	Jan - Dec 2015
Operating income	2.5	20.6	-26.3	28.3	54.3
Adjustments for non-cash items					
Depreciation	33.7	29.5	66.6	59.7	123.6
Other non-cash items*	20.2	13.6	75.4	47.4	51.7
Income tax paid	-2.6	-1.6	-4.9	-4.2	-0.8
Cash flow from operating activities before changes in working capital	53.8	62.1	110.8	131.3	228.8
Change in working capital	76.2	26.0	5.2	-13.7	-12.1
Cash flow from operating activities	130.0	88.1	116.1	117.6	216.7
Payments from associated companies	-	1.7	-	1.7	1.7
Investments in tangible assets	-122.7	-69.8	-239.3	-126.8	-228.4
Sales of tangible assets	-	-	0.1	-	-
Payments from other investing activities	-	1.7	-2.8	-1.6	-6.7
Cash flow from investing activities	-122.7	-66.3	-242.0	-126.7	-233.5
Received loans	-	-	-	40.0	890.0
Amortisation of interest bearing liabilities	-3.7	-3.2	-5.2	-4.4	-509.0
Repaid/received deposits	-	-	13.0	-	0.1
Interest paid	-32.6	-25.4	-38.8	-30.0	-115.8
Cash flow from financing activities	-36.3	-28.6	-30.9	5.6	265.4
Cash flow for the period	-28.9	-6.8	-156.9	-3.5	248.6
Cash and cash equivalents at the beginning of the period	138.0	21.6	266.8	17.6	17.6
Translation difference in cash and cash equivalents	2.1	-0.4	1.4	0.3	0.5
Cash and cash equivalents at the end of the period	111.2	14.4	111.2	14.4	266.8

*Jan - Jun 2016 Includes the booked loss from the CRJ200PF accident, MSEK 31.0.

Notes

Note 1 – Accounting principles, restatements and definitions

Applied accounting principles

The consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS) and interpretations as adopted and approved by the EU. The Group has applied the same accounting policies and methods of computation as in the annual report 2015. The minor revised IFRS that have come into effect in 2016 have not had any significant effect on the Group's financial statements. For a description of new IFRS standards that have not yet come into effect in 2016, please see the annual report for 2015, accounting principles, p 1.1. Further, the Group also applies the recommendation from the Swedish Financial Reporting Board, RFR 1, supplementary accounting rules for groups. The Group's consolidated accounts are prepared and reported in Swedish Krona (SEK), which is the functional currency of the parent company. All figures in this report is rounded to Swedish Krona Millions (MSEK).

The interim report for the Group has been prepared in accordance with IAS34 Financial Interim Reporting. The interim report for the parent company has been prepared in accordance with RFR2, financial reporting for legal entities and the Swedish Annual Accounts Act (SAAA). There has been no changes in the accounting principles, essential assessments and evaluations during the interim period, compared to the annual report for 2015.

Information according to IAS34 Financial Interim Reporting are submitted both in notes elsewhere in this report.

For a complete summary of the Group's accounting principles, please see note 1, significant accounting principles in the annual report for 2015 available on the website of West Atlantic AB (publ), www.westatlantic.eu.

Exceptional items – loss of aircraft

During the period the Group reports items, which due to their size or are not recurring, are assessed as exceptional items and demand disclosure. The Group has chosen to report all direct costs and insurance proceeds, connected to the aircraft crash included in other operating income & costs. For more information, see note 4.

Note 2 – Breakdown of revenues

MSEK	Apr - Jun 2016	Apr - Jun 2015	Jan - Jun 2016	Jan - Jun 2015	Jan - Dec 2015
Air freight services	302.8	316.9	613.8	623.9	1,316.5
Technical services	11.3	17.2	20.7	38.2	77.1
Aircraft leasing	3.2	3.3	6.5	6.9	13.4
Other revenue	2.0	0.2	2.2	0.6	2.9
Sum	319.3	337.6	643.2	669.6	1,409.9

Note 3 – EBITDA

MSEK	Apr - Jun 2016	Apr - Jun 2015	Jan - Jun 2016	Jan - Jun 2015	Jan - Dec 2015
Operating income	2.5	20.6	-26.3	28.3	54.3
Depreciation & Impairment	33.7	29.5	66.6	59.7	123.6
EBITDA	36.2	50.1	40.3	88.0	177.9

Note 4 – Other operating income & costs

MSEK	Apr - Jun 2016	Apr - Jun 2015	Jan - Jun 2016	Jan - Jun 2015	Jan - Dec 2015
Income from collaboration agreement	-	-	-	0.8	2.2
CRJ200PF accident*	-3.1	-	7.4	-	-
Sale of aircraft	1.2	1.2	2.3	2.3	6.9
Operating foreign exchange currency gains/losses	5.7	0.3	1.2	-2.7	-2.7
Sum	3.8	1.5	10.9	0.4	6.4

*Received insurance remuneration amounts to MSEK 56.5. Total costs of MSEK 49.1 includes asset disposal, provision for estimated future costs and all other direct costs connected to the accident.

Note 5 – Financial income & costs

MSEK	Apr - Jun 2016	Apr - Jun 2015	Jan - Jun 2016	Jan - Jun 2015	Jan - Dec 2015
Interest costs	-18.0	-15.0	-36.6	-30.2	-63.7
Redemption costs corporate bond loan	-	-	-	-	-41.8
Financial exchange currency gains/losses*	-3.8	3.6	-1.0	-3.5	-8.8
Other financial income & costs	-0.8	-1.7	-1.0	-2.1	0.3
Sum	-22.6	-13.1	-38.6	-35.8	-114.0

*Includes loans, financial leasing and other financial assets and liabilities.

Note 6 – Fair value and booked value on financial assets and liabilities

MSEK	Jun 2016		Dec 2015	
	Booked value	Fair value	Booked value	Fair value
Financial assets				
Non-current financial receivables	16.2	16.2	23.2	23.2
Other receivables incl accounts receivables	169.6	169.6	137.9	137.9
Cash and cash equivalents	111.2	111.2	266.8	266.8
Sum	297.1	297.1	427.9	427.9
Financial liabilities				
Loans incl bank overdraft	889.1	892.1	890.4	907.5
Other liabilities incl accounts payables	212.8	212.8	199.0	199.0
Sum	1,101.9	1,104.9	1,089.4	1,106.5

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 valued according to this level.

At June 30 2016, the Group has no financial assets or liabilities, valued 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. 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 7 – Transactions with related parties

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

Transactions with key persons in leading positions and its related parties are made on current market terms based on the "arm's length principle". Below are shown the value of transactions made during the interim period and the outstanding balances (C=Claim, L=Liability) at reporting date.

MSEK		Jan - Jun 2016	30 Jun 2016	
Party	Transaction(s)			
Horizon Objectives Ltd	Purchase of commercial services	1.5	0.2	L
All Konsult Langhard KB	Purchase of HR services	1.2	0.6	L
Air Transport Services Group	Lease of B767 aircraft and maintenance support	56.7	21.3	L

The relationships between the related parties, including the content of the leasing agreement above, are described in the annual report for 2015, note 32.

Note 8 – 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 the highest executive management, the board of West Atlantic AB (publ).

During the interim period, there has been no changes in the business segment and the structure of reporting. For more information, please see the annual report for 2015 note 1, essential accounting principles p 1.19.

Note 9 – Corporate bond – financial standing & Covenants

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 see page 15 definitions, and also the West Atlantic webpage (www.westatlantic.eu) where the full terms and conditions can be found. As per June 30, 2016 the Group meets its financial covenants.

Financial covenants as per corporate bond terms and conditions:

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 (this test is only applicable if new loans are raised):

(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

Calculation of bond defined Net Interest bearing debt*	2016-06-30
Interest bearing debt	969.6
Overdraft	-
Less financial leasing	-80.5
Less cash & cash equivalents	-111.2
Net interest bearing debt*	777.9

Calculation of net finance charges***	Jul 2015 - Jun 2016
Financial income	-2.2
Financial costs	119.0
Bond transaction costs (WEST001 and WEST002)	-45.4
Net foreign currency exchange differences	-5.8
Net finance charges***	65.6

Calculation of bond defined EBITDA**	Jul 2015 - Jun 2016
Operating income	-0.3
Depreciation & Impairment	130.5
EBITDA	130.2
Adjustment for non-recurring items	
CRJ200PF accident	-3.1
Restructuring costs, ATP	14.5
Type introduction and start-up costs	7.2
Bond defined EBITDA**	148.8

Covenants test per closing date	2016-06-30
Net interest bearing debt	777.9
Bond defined EBITDA	148.8
Net interest bearing debt to R12M EBITDA	5.2

	2016-06-30
Net finance charges	65.6
Bond defined EBITDA	148.8
Interest coverage ratio	2.3

*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 for the corporate bond loan 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).

Parent company report

Statement of income including statement of other comprehensive income

MSEK	Apr - Jun 2016	Apr - Jun 2015	Jan - Jun 2016	Jan - Jun 2015	Jan - Dec 2015
Net sales	170.3	157.1	345.4	304.3	653.7
Cost of services provided	-169.5	-146.2	-338.7	-285.0	-617.5
Gross income:	0.8	10.9	6.7	19.3	36.2
Selling costs	-2.5	-0.1	-5.2	0.1	-1.8
Administrative costs	-2.0	-5.3	-4.3	-8.9	-18.4
Other operating income & costs	2.6	0.4	0.3	1.2	3.3
Operating income:	-1.1	5.9	-2.4	11.7	19.4
Profit from shareholdings in group companies	-	-	-	-	38.0
Profit from shareholdings in associated companies	-	-	-	-0.3	-0.3
Interest & similar income	7.5	7.1	16.6	14.2	28.6
Interest & similar costs	-14.5	-11.0	-28.7	-21.9	-85.9
Income after financial items:	-8.0	2.2	-14.6	3.7	-0.3
Appropriations	-	-	-	-	1.5
Tax on income for the period	-	0.1	-	0.3	1.3
Net income:	-8.0	2.2	-14.6	4.0	2.5
Statement of other comprehensive income					
Net income:	-8.0	2.0	-14.6	4.0	2.5
Other comprehensive income:	-	-	-	-	-
Total comprehensive income for the period	-8.0	2.0	-14.6	4.0	2.5

Condensed statement of financial position

MSEK	Jun 30 2016	Jun 30 2015	Dec 31 2015
Intangible assets	-	0.1	0.1
Financial assets	535.0	385.7	385.0
Total non-current assets	535.0	385.8	385.1
Other current assets	349.4	272.3	275.4
Cash and cash equivalents	78.2	0.4	253.5
Total current assets	427.6	272.7	528.9
Total assets	962.6	658.5	914.0
Shareholders' equity	48.1	64.0	62.6
Untaxed reserves	-	1.5	-
Non-current liabilities	846.0	495.1	834.7
Current liabilities	68.5	98.0	16.7
Total shareholders' equity and liabilities	962.6	658.5	914.0
Pledged collaterals	104.8	398.3	227.9
Contingent liabilities	293.7	271.4	254.4

Assurance

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

Gothenburg, August 22, 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
CEO & President

This interim report has not been audited by the Company auditors.

West Atlantic Aircraft fleet & flight traffic statistic

Aircraft fleet as per 30 June, 2016:

	Owned	Dry-Leased	Wet-leased	Total	In Service	Dry leased out	Parked
BAe ATP-F	31	8	-	39	27	-	12
BAe ATP	1	-	-	1	-	-	1
Boeing 737-300	2	4	-	6	6	-	-
Boeing 737-400	3	2	-	5	4	1	-
B767-200	-	3	-	3	3	-	-
CRJ200PF	2	-	-	2	2	-	-
	39	17	-	56	42	1	13

West Atlantic traffic statistics January – June, 2016:

	2016		2015	
	Q2	YTD	Q2	YTD
	Apr - Jun	Jan - Jun	Apr - Jun	Jan - Jun
Performed flights	5,699	11,717	6,386	12,978
Regularity (target >99%)	99.4%	98.8 %	99.2%	99,1%
Number of hours flown	6,061	12,651	6,878	13,794

Annual report

The annual report for 2015 was published April 27, 2016.

Annual Shareholders' meeting

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

Financial Calendar

Interim report July – September	November 24, 2016
Interim report October – December	February, 2017
Annual report 2016	April, 2017

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

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

Definitions

Corporate Bond definitions

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.
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).
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.
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
Earnings per share	Net income divided by average number of shares before or after dilution
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.
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 at 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 at 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)
Interest coverage ratio	The ratio between EBITDA and Net finance costs
Items affecting comparability/ non-recurring items	Items that occur infrequently or are unusual in the ordinary business activities, such as type introduction and start-up costs, redemption cost of loans, restructuring costs, other items (legal processes in France and impairment of aircraft components) and also financial FX gains or losses from loans and finance leasing
Net income	Income after tax according to the statement of income and other comprehensive income
Net interest bearing liabilities	Interest-bearing liabilities including 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)
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