



WEST ATLANTIC

Annual Report 2013



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 is one of Europe's largest and most experienced provider of unique, integrated ground-to-air logistics for the mail & express industries using a customised fleet of BAE ATP, Bombardier CRJ200 and Boeing 737 freighters.

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

West Air 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. Following the increased demand for airmail services from the Swedish Post, West Air Sweden increased its mail operations throughout 1989-1998. In 1995 the current major shareholders acquired the company.

Following the current owners' purchase of West Air Sweden, the organisation was converted into a dedicated mail & cargo airline in May 1997, after discontinuing scheduled passenger services between Gothenburg and Sundsvall in Sweden. During 2006 West Air Sweden was awarded and co-developed the entire Norwegian Post contract, which expanded West Air Sweden's capacity by 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 the Isle of 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 Limited was established as an independent commercial operator. Since its inception, Atlantic Airlines has been a significant contributor to the UK regional air cargo industry, building on its heritage of cargo and airmail operations across Europe since the first Royal Mail contract was awarded to Air Atlantique in 1975.



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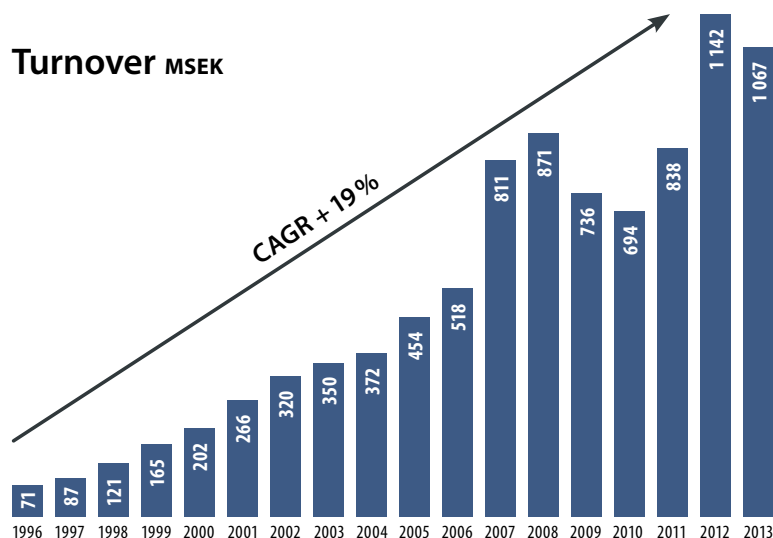
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The West Atlantic Group **in brief**

The West Atlantic Group is one of the leading service providers of efficient air freight solutions in the three to 20 tonnes payload segment. The Group offers highly customised services for the global market through its two airlines; Atlantic Airlines Ltd and West Air Sweden AB. Through the Group's aircraft management and leasing company,

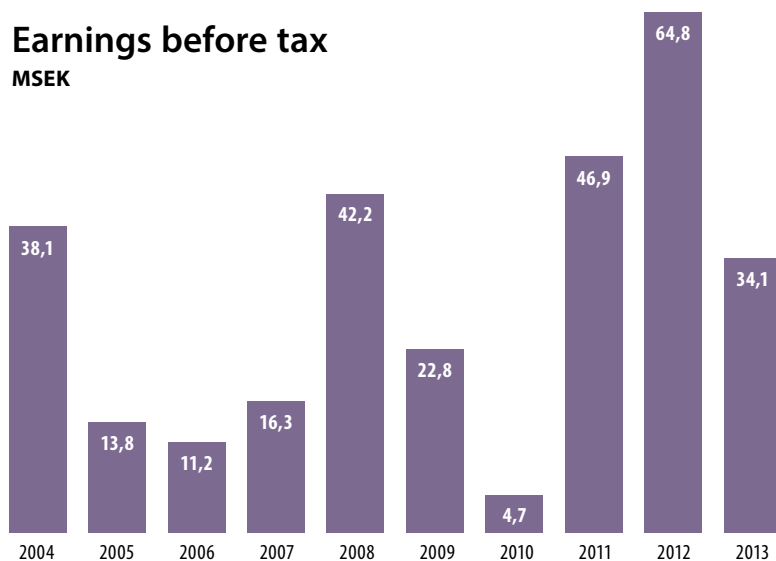
European Turboprop Management AB, the business also includes aircraft leasing and management services with a portfolio in excess of 50 aircraft. Base maintenance and line maintenance control are provided by European Aircraft Maintenance Ltd, operating out of the Isle of Man.

Turnover MSEK



Earnings before tax

MSEK



West Atlantic aircraft fleet overview

Aircraft	Number	Average age
BAe ATP	41	23 y
CRJ-200PF	3	19 y
Boeing 737-300/400	7	25 y
	51	23 y

The Group has experience in managing a diversified portfolio of aircraft types ranging from advanced turboprops to widebody jets. Historically, the group has managed the following aircraft types: HS 748, BAE ATP-F, SAAB 340, BAE 146-QT, Bombardier CRJ 200, ATR-42/72, Bombardier Dash-8, Boeing 737-300/400 and Boeing 767-200/300.

In addition to West Atlantic's fleet of 51 aircraft, the Group further manages 15 aircraft on behalf of third party lessors/operators, eleven of which are dry leased out on an operational basis through a strategic partnership with Erik Thun AB.



Market

Market characteristics

European air freight operations with mid-sized aircraft have an estimated annual market value of over 500 MEUR, of which the Group accounts for over 100 MEUR. Competitors operating aircraft of similar capacity include Farnair in Switzerland, Air Contractors in Ireland and Swift Air in Spain.

In the wake of the financial crisis 2008-2009 the market has stagnated in line with overall prevailing economic conditions but has historically shown very strong growth. The market consists of four key sectors:

- National mail organisations.
- Global integrators such as UPS, DHL, FedEx and TNT.
- Third-party logistics organisations such as Panalpina and Bridges Worldwide.
- National air cargo carriers such as Lufthansa Cargo and Cargolux.

The market is characterised as a contractual market, where customers tender their requirements at contract renewal. In order to be awarded more contracts West Atlantic needed to find unique selling points. One of which being the BAE ATP Freighter that was co-developed by the Group to fulfill this role. In its niche the ATP has proven to offer the lowest transportation costs measured either by kilo or volumetric equivalent.

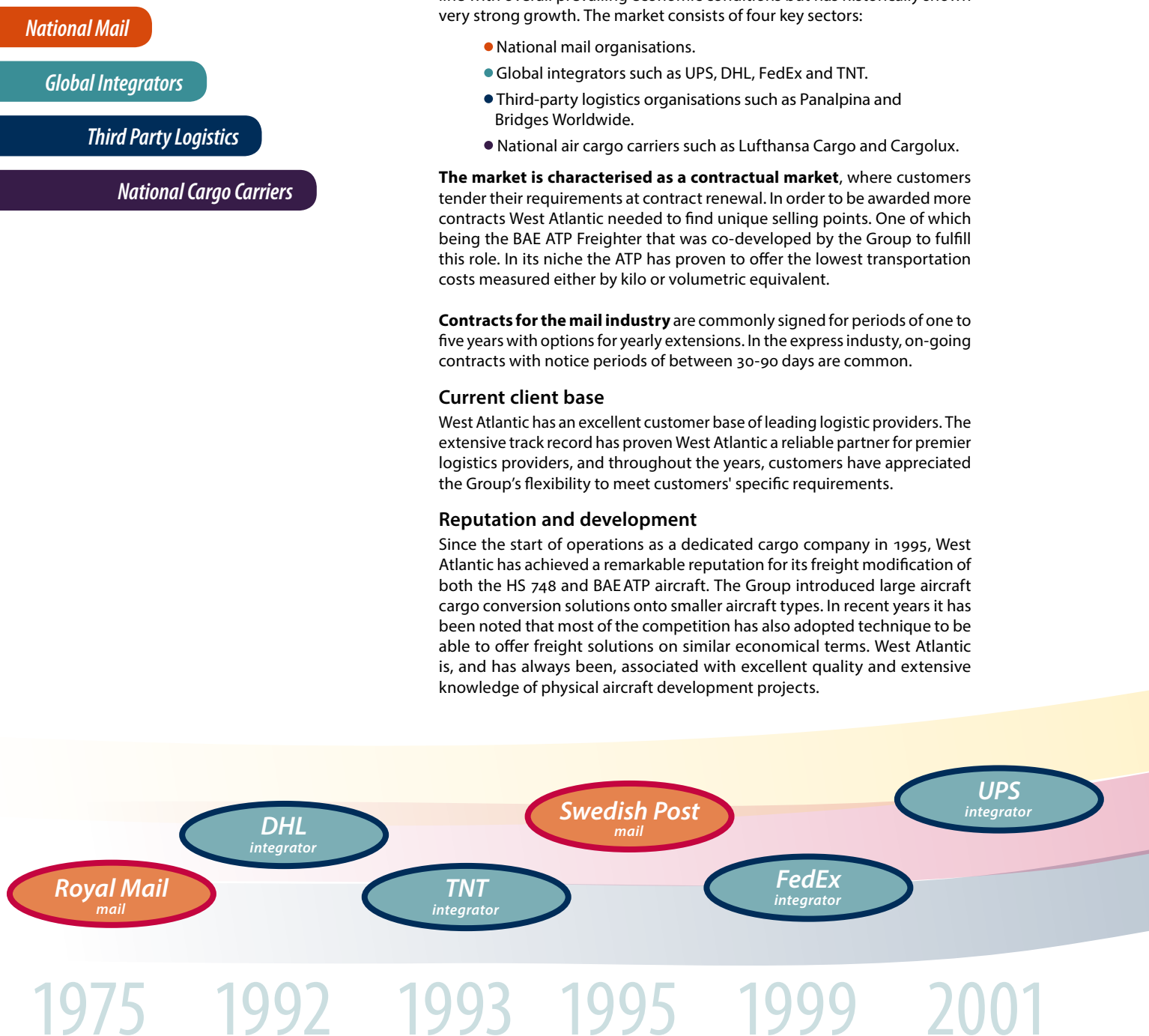
Contracts for the mail industry are commonly signed for periods of one to five years with options for yearly extensions. In the express industry, on-going contracts with notice periods of between 30-90 days are common.

Current client base

West Atlantic has an excellent 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 company in 1995, West Atlantic has achieved a remarkable reputation for its freight modification of both the HS 748 and BAEATP 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 technique to be able to offer freight solutions on similar economical terms. West Atlantic is, and has always been, associated with excellent quality and extensive knowledge of physical aircraft development projects.



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. Another on-going research project is the development of a new propeller design to further increase efficiency and reduce environmental impact.

West Atlantic has co-designed and ordered the package freighter conversion programme 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 programme – the **CRJ200LCD** by Aeronautical Engineers, Inc.

In addition, the Group is continuing to invest significantly into the **Boeing 737 dedicated freighter programme** with plentiful commercial opportunities in the near future. Thus allowing the Group to further maximise the return of economies of scale from the Group's Pan-European operations.

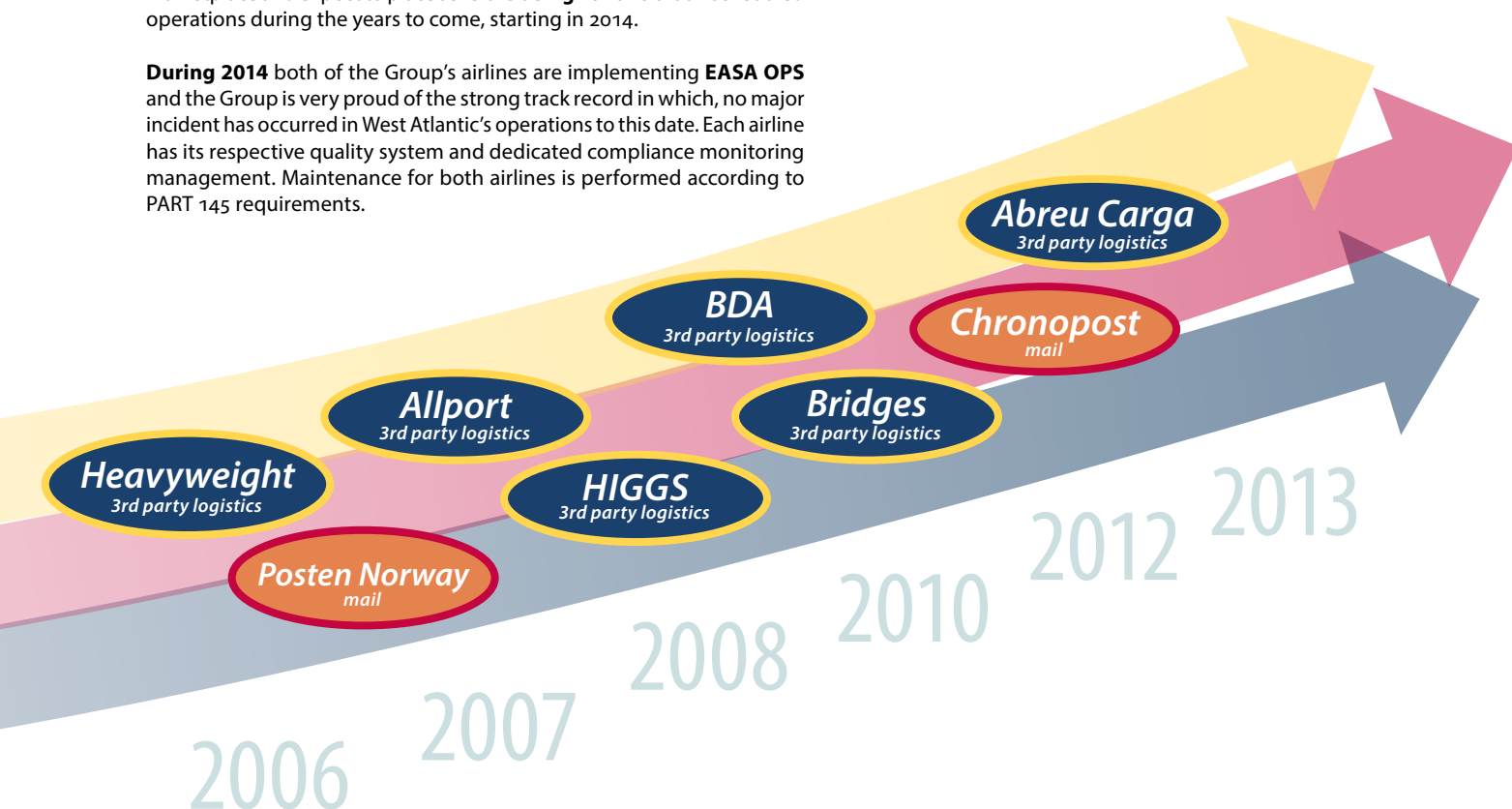
Thereto, West Atlantic, through its **Strategic Partnership with Air Transport Service Group** (NASDAQ:ATSG), based in Wilmington, Ohio, sees significant market demand for wide-body freighters in the European marketplace and expect to place several **Boeing 767** aircraft on scheduled operations during the years to come, starting in 2014.

During 2014 both of the Group's airlines are implementing **EASA OPS** and the Group is very proud of the strong track record in which, no major incident has occurred in West Atlantic's operations to this date. Each airline has its respective quality system and dedicated compliance monitoring management. Maintenance for both airlines is performed according to PART 145 requirements.

AIR FREIGHT SERVICES

Currently the Group has the capability to provide all the following air freight services (ACMI/Charter):

- Bulk loading of mail and parcels.
- Roll-on/roll-off (RORO) loading of various carrying equipment, e.g. trolleys and euro-pallets.
- Containerised operation with purpose made or aviation standard containers, e.g. LD3, LD4 or palletised.
- Mixed loading through a combination of above.



The graph shows some of our important customers and the year of the first contract.

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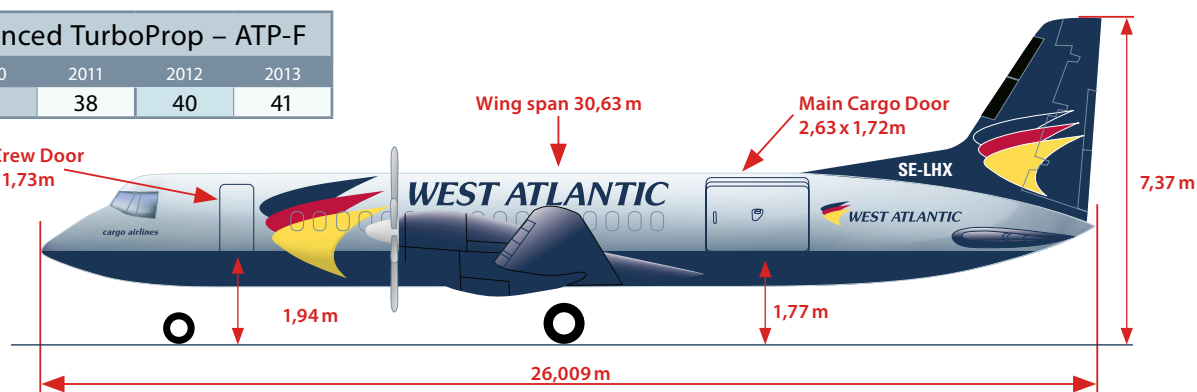
BAE Advanced TurboProp – ATP-F

2009	2010	2011	2012	2013
28	28	38	40	41

Fwd Crew Door
0,71 x 1,73 m

Wing span 30,63 m

Main Cargo Door
2,63 x 1,72 m



Max payload	Cruise speed	Cabin length	Cabin width	Cabin height	Cabin vol gross	Aircraft length	Aircraft wingspan	Aircraft height	Main Cargo door
8 400 kg	460 km/h	19,2 m	2,06 m	1,92 m	78 m ³	26 m	30,63 m	7,37 m	2,63 x 1,71 m

Bombardier – CRJ200PF

2009	2010	2011	2012	2013
2	2	3	3	3

Main Cargo Door
0,91 x 1,78 m

Wing span 21,21 m

Aft Cargo Door
0,84 x 1,09 m



Max payload	Cruise speed	Cabin length	Cabin width	Cabin height	Cabin vol gross	Aircraft length	Aircraft wingspan	Aircraft height	Main Cargo door
6 800 kg	852 km/h	14,76 m	2,53 m	1,88 m	53 m ³	26,77 m	21,21 m	6,22 m	0,91 x 1,78 m

Boeing 737-300/400

2009	2010	2011	2012	2013
0	0	1	3	7

Fwd Crew Door
0,86 x 1,83 m

Main Cargo Door
3,54 x 2,20 m / 3,56 x 2,18 m

Wing span 28,88 m

Aft Crew Door
0,83 x 1,83 m



Model	Max payload	Cruise speed	Cabin length	Cabin width	Cabin height	Cabin vol gross	Aircraft length	Aircraft wingspan	Aircraft height	Main Cargo door
B737-300	18 600 kg	852 km/h	20,95 m	3,24 m	2,20 m	135 m ³	33,4 m	28,88 m	11,13 m	3,54 x 2,20 m
B737-400	21 364 kg	852 km/h	24,40 m	3,19 m	2,14 m	154 m ³	36,5 m	28,88 m	11,1 m	3,56 x 2,18 m



Production Facilities

Main hubs

To support its continuous operation, the Group has established several key production facilities around Europe. These include strategically situated airports such as East Midlands (EMA), Oslo (OSL), Arlanda (ARN), Marseille (MRS), Coventry (CVT), Tromsø (TOS) and Liège (LGG), which together form the backbone of the West Atlantic network.

Operations Control Centre (H24)

Managing the operational demands of over one hundred flights a day requires a dedicated and highly experienced operational control centre, which supervise and manage all flight operations around the clock from Coventry Airport (CVT).

Technical bases

With a significant consolidated fleet most maintenance and inspections are performed, back to back, on an ongoing basis through the base maintenance facilities of European Aviation Maintenance Ltd at

Isle of Man airport (IOM). Semi-heavy maintenance is concentrated on three key regional maintenance bases at TOS, MMX and CVT, whilst larger line support stations are established at operating hubs at OSL, ARN, EMA and MRS.

Line Maintenance Control (H24)

Managing the maintenance support and supervision of the Group's fleet warrants a dedicated, highly knowledgeable Line Maintenance Control centre, which coordinates all of the Group's line maintenance activities from the Group's base maintenance facility in Isle of Man.

Dedicated Purchasing and Logistics (H24)

Offering global support and service for the Group's airlines', maintenance organisations and customers' logistical and purchasing needs the focal centre of the logistics division is based in Sweden at Malmö Airport (MMX).



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

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.

During 2013 the airlines within the Group emitted close to 68,000 tonnes of Carbon Dioxide while carrying close to 80,000 tonnes of cargo throughout the year.

Noise emissions from operating Aircraft are minimised to the fullest and as an example West Atlantic have modified and re-certified the 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 also adding Environmental value to the community.

The maintenance and operations of Aircraft makes the Group an end-user of many petroleum-based products, oils and other controlled substances. 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 add to the significant experience & training in managing dangerous goods with resources dedicated to educate staff to ensure proper awareness, safety and quality in all processes.



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Meeting the demand for safe, efficient and profitable airfreight solutions by means of a customised aircraft fleet.

Business Strategy

West Atlantic Cargo Airlines' success is based the simple business concept:

"Meeting the demand for safe, efficient and profitable airfreight solutions by means of a customised aircraft fleet"

In order to live up to this concept, the Group has developed significant know-how in aircraft engineering as well as operating skills. The Group is unique in that it designs, develops and converts passenger aircraft into freighters, primarily for its own operations.

To secure quality and supply for maintenance and repairs, the Group established a provider based in Isle of Man, where most of the heavy maintenance activities are carried out and. West Atlantic is almost entirely self-sufficient in supporting the core operations of the ATP-F.

The main aspects of the business strategy

Business to Business

Focusing on customers that outsource parts of their transportation needs and performed by aircraft with up to 20 tonnes payload capability.

Customer Focus

Focusing on customers with specific transport requirements for which the Group then develops tailor-made aircraft solutions.

Services

Focusing on the segment of three to 20 tonnes payload capability and prioritising geographical expansion to increase the service footprint.

Competitive Position

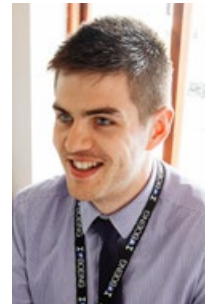
Differentiate from the competitors through delivering excellent service quality with outstanding engineering and operational support. This is the cornerstone to the marketing and growth of our fleet of Boeing 737, CRJ 200 PF and the newly developed Next Generation ATP-F turboprop with full EFIS.

Cost Effectiveness & Efficiency

Direct operating costs are lowered by investments in new technology. Development of aircraft systems and components derive from the Group's policy of continuous improvement thereby increasing value to maximise their return on operational activity.



The People of West Atlantic



West Atlantic's reputation for high service quality and provision of excellent customer service is a reflection of its highly skilled and engaged personnel. Staff training and skill development has a high priority and is regarded as an important factor in maintaining high operating standards. This has contributed to a very congenial workplace and low absenteeism.

The Group's strength in its human capital structure is a result of the Group's ability to find, develop and retain skilled individuals.

The personnel employed in the West Atlantic Group are provided with a standard social security and a health-care package in accordance with the social security and health care regulations in the countries where the Group is present.

All working conditions, including salaries, are regulated in applicable Collective Working Agreements and the workers council has over the years supported management initiatives for the development of the company and proved to be co-operative.

Gustaf Thureborn | President – Age 55

Thureborn has an extensive financial background that began with ten years within an international financial institution followed by 5 years in several corporate finance departments within one company group. Thureborn is an entrepreneur and has played a key role in several start-up business projects with his key strengths in these having been finance and business development.

In 1996 he joined the cargo airline industry and was appointed Managing Director of West Air Sweden AB,

which was then a new establishment of a previously 'family driven' airline.

Thureborn has since been responsible for developing the West Atlantic Group into one of the major forces in European regional cargo airlines.

Thureborn also holds the position of Accountable manager of the Swedish airline and is based at the company headquarters in Gothenburg, Sweden.



Tony Auld | Managing Director – Age 55

Auld is the managing Director and the Accountable Manager of Atlantic Airlines Ltd, The Group's UK based airline.

He has held the position of Accountable Manager within the industry for more than 20 years having spent his entire working life in aviation.

Auld has previously held various posts during this 30 years span ranging from Ground Services Manager, Commercial

Manager, Airport Manager, Managing Director and Chief Executive.

Having joined Atlantic Airlines in 1999 where, in 2001, Auld and Ladkin formed an MBO team to acquire Atlantic Airlines from its founding owner prior to West Atlantic AB (publ)'s acquisition of the airline in 2011. Auld is based at Coventry Airport, UK.



Russell Ladkin | Sales & Operations Director – Age 44

Ladkin is responsible for the Group's airline sales activity, including strategic direction, development of new products and services, new markets and regions, customer relationship management, operational service delivery and marketing communications.

Ladkin joined the company in 1989 serving as a pilot until 2002 when he transferred to full time ground duties. He accrued more than 6,000 flying hours for the airline on a wide variety of types, including cargo aircraft, corporate jets, passenger aircraft and coastguard/maritime-patrol aircraft.

In his 24 years Ladkin has held a number of roles in the business, including Training Captain, General Manager, Operations Manager, Director of Flight Operations and Managing Director.

In 2001 Ladkin joined with Tony Auld to form a successful partnership MBO team to acquire Atlantic Airlines from its original private owner.

In 2009 he transferred to Gothenburg, Sweden, to take up his current Group role in preparation for the commercial merger of Atlantic Airlines and West Air Europe.



Magnus Dahlberg | Chief Financial Officer – Age 46

Dahlberg holds a university degree in Business Administration. Between 1988 and 2001 he worked for an international financial institution where he held a number of positions within the accounting division.

Dahlberg commenced his aviation career in 2001 as Finance Director for a Swedish regional passenger airline before joining West Air Sweden in 2002 as Finance Director. Today Dahlberg is CFO for the West Atlantic Group.



Robert Drews | Technical Director – Age 55

Drews holds a university aeronautical degree and has accumulated 25 years of experience in senior roles within aviation maintenance management over a number of positions. He holds technical licences for various aircraft types.

Drews joined West Air Sweden in 1995 as Technical Manager,

Part M and was appointed Technical Director in 2003.

His responsibilities were later increased with the addition of Group Fleet Manager to his duties and, in 2008 he was additionally appointed as Accountable Manager for the Swedish Part 145 maintenance organisation. Today Drews is the Accountable Manager for the Swedish Airline.



Director's Report 2013



West Atlantic AB (publ) is the parent company of wholly owned subsidiaries West Air Sweden AB, European Turboprop Management AB, with a shared residence in Gothenburg, Sweden, Atlantic Airlines Ltd and its subsidiary Glackt Ltd with residence in United Kingdom, European Aviation Maintenance Ltd with residence in Isle of Man, Norway Aviation Services AS with residence in Norway and West Atlantic S.A. with residence in Luxembourg.

West Air Sweden AB is also locally represented in France, Norway, Denmark and Luxembourg through branches. West Atlantic AB with its subsidiaries provides air freight, primarily within the mail and express logistics market in Europe, through its two wholly owned airlines West Air Sweden AB and Atlantic Airlines Ltd. The Group also provides aircraft leasing/financing through the subsidiary European Turboprop Management AB as well as providing technical maintenance and administrative management of aircraft. The Group's headquarter is located in Gothenburg, Sweden.

Significant events in the group

West Atlantic AB (publ) changed its official name during 2013 from the former West Air Europe AB (publ). This marks the completion of the commercial merge with the subsidiary Atlantic Airlines Ltd, which was acquired during the end of 2011.

The market

The financial year of 2013 was the fifth year in a row when the market lacked growth, however the Group noted a smaller positive trend reversal during the second half of the year for the first time during the period. The demand remains weak and is assessed to be between five and ten per cent below the European market's peak in 2008. Yet, the revenue and profitability from air freight continued to increase during 2013; both due to active efforts on the market and a large focus on consolidation and raised efficiency within existing operations.

The organisation and rationalisation

During the year the Group has executed the strategic plan to reduce the number of air operating certificates from three to two, which was decided in 2012. This was performed through a sale of the subsidiary West Air Luxembourg S.A during the fourth quarter. Further, the execution has continued with integration and rationalisation of the Group's operations, such as expanding the aircraft management corporation (European Turboprop Management AB), whereby the Group today owns a majority of the aircraft operated in the Group.

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West Atlantic AB (publ) changed its official name during 2013

Additional and promising project are initiated in 2013 that will materialise in 2014, primarily in regards to maintenance operations, where further rationalisations and raised efficiency is expected.

West Air Sweden AB has established branches in Denmark, France and Luxembourg with residence in Copenhagen, Marseille and Luxembourg. The Danish branch will be the company's local establishment to manage the Group's new Scandinavian hub in Copenhagen.

The French branch, based at Marseille airport will be the local establishment managing the activity in France and the branch in Luxembourg was established to secure a stable transition of the operation following the sale of West Air Luxembourg S.A.

During 2013 West Air Holding AB, former wholly owned subsidiary to West Atlantic AB (publ), was merged with the parent company.

Sale of West Air Luxembourg S.A.

The previously communicated sale of the operating airline West Air Luxembourg S.A. occurred in the fourth quarter, after the operational activity had been transferred to West Air Sweden AB's Luxembourg Branch. The transfer of business included 13 ATP aircraft operations,

110 employees and all assets and liabilities connected with the flight operation. The sale generated a positive result on Group level and is expected to yield increased operational efficiency as the operation is now consolidated within West Air Sweden AB.

Operations in France

During the third quarter the subsidiary, at that time, West Air Luxembourg S.A., as well as several other reputable European airlines, was levied charges regarding unpaid social contributions for the previous five year's operation based in Marseille. All staff has according to EU regulation been socially secured in Luxembourg, where all corresponding social contributions have been paid.

In connection with the sale of West Air Luxembourg S.A., the risk with the French authority was assumed indirectly by West Air Sweden AB. The processes involve several airlines, French and Luxembourgish authorities. The Group awaits notice on how and if an eventual process will be initiated. Nevertheless West Air Sweden AB has during 2013 made provisions for the corresponding charges amounting to 10,2 MSEK and placed the funds on Escrow account. The Group expects that this and similar processes involving other operators, will be settled by future decrees from the European Court of Justice.

The contractual situation

During 2012 the Royal Mail in United Kingdom announced a public tender for its new network beginning in 2014. Atlantic Airlines, that already operated five aircraft for the customer, provided offers on behalf of the Group. The result was that the Group kept the present network and was awarded four additional routes (one ATP and three B737). The contract runs for five years (three plus two) beginning on January 1st 2014 and the new traffic will be phased in during the coming 15 months. The Group sees this development as the cornerstone in the expansion within the Boeing 737 segment. The new contract will increase the revenue in existing network with between 20 and 25 per cent when all changes have come into effect.

Furthermore, Atlantic Airlines was awarded two additional B737 contracts that were initiated during the third quarter. One of these is operated in-house and one is for the time being operated by leased capacity, awaiting delivery of Group aircraft.

In the Scandinavian mail networks Amapola / the Swedish Post and the Norwegian Post exercised their respective options to prolong the agreements with the Group. Both contracts, which constitutes a large part of the Group's operations, now runs until the second quarter 2015 respectively the third quarter 2015.

The market for express freight has gone through changes during 2013, when many players have restructured their networks. The Group has managed to retain a majority of the contracted operations and successfully re-deployed the assets where the contractual situation changed. The changes in the customers' networks are expected to result in higher efficiency for the Group, as more and more traffic is consolidated to the players' respective network hubs, but short-term efficiency will decrease since the changes consumes resources.

The operation that was underway in Chile with a CRJ200 has been terminated by West Air Sweden AB during the second quarter and the aircraft has been returned to Europe. The project is regarded as finished in its current form but a positive view of the South American market remain, with its tangible growing demand for the services that the Group can provide.

During 2013 West Atlantic was the air freight Group that regularly operated with the largest span north to south. From Svalbard in the North to Punta Arenas in Chile in the South it is an impressive distance of 15 000 km.

Pricing

Market pricing remains relatively unchanged compared to 2012. Price adjustments towards customers remain difficult. The Group consider this a consequence of the market being characterised by slight overcapacity and consolidation. Price adjustments on longer customer agreements follow respective contractual stipulations.

Production

The Group's revenue decreased during the financial year by 6,5 per cent compared to the previous year and amounted to 1 067 MSEK. Of the decreased revenue almost a third (31 per cent) was attributable to changes in foreign exchange rate for foreign subsidiaries.

Remaining part of the decrease mainly depend on that the Group during the first quarter of 2012 wetleased two B767 aircraft, which contributed to a larger share of the revenue given their significantly larger capacity compared to the other fleet. Also, the lower activity within aircraft trading has contributed to the lower revenue as well as a lower operational profitability.

The distribution between mail and cargo was 60 respectively 33 per cent (other seven per cent). In total 23 925 flights (23 258) was performed, an increase by three per cent compared to the previous year. Reliability amounted to 98,77 per cent (99,22), which is below the Group's long term goal of 99,00 per cent. This is primarily due to disruptions within the production during the first six months. The Group has during the second half of the year embarked upon a rigorous action plan and significantly increased investments in order to secure that the reliability goal is again reached during 2014.

Financing activities and liquidity

During the second quarter the Group secured its long term financing need through the issuance of a corporate bond amounting to 500 MSEK with duration of five year, fixed coupon rate of eight per cent with interest due six months in arrears. The agent that issued the bond was Pareto Securities AB. The result was a substantial oversubscription and the instrument will be listed on NASDAQ OMX Corporate bond exchange at latest on May 8th 2014.

The purpose behind the bond loan was primarily to refinance the aircraft fleet and finance the expansion in the B737 segment. The terms and condition of the bond also contains a tap-up option of an additional 200 MSEK, which can be issued at additional opportunities for expansion.

The Group's total assets increased substantially during the year and on closing day amounted to 1 008 MSEK (642), following the corporate bond financing. The Group generated a positive operative cash flow, prior to changes in working capital, of 86 MSEK. On closing day there was 98 MSEK in available funds in the form of cash and unutilised overdrafts. Approximately three quarters of the aircraft fleet is owned by the Group. These aircraft have been financed by the bond loan financing for which aircraft mortgages and shares in the Group's aircraft managing corporation have been pledged as security. The remaining quarter of the fleet is leased in on operational basis.

During 2012 significant amounts were provisioned for doubtful receivables, which have flowed in during the financial year 2013. The reversal has been recorded as a reduction in Cost of Sales in the profit and loss, whereby these become positive for the full financial year.

” *The Group purchased 24 aircraft*

Changes in the set of shareholders.

During the fourth quarter the Group announced that a strategic partnership had been initiated with the Ohio based Air Transport Services Group Inc. (NASDAQ: ATSG), which means that ATSG acquires 25 per cent of the shares in West Atlantic AB (publ) in 2014.

ATSG is a leading provider within aircraft management, air freight solutions and similar services on the North American market. For more details regarding this transaction, please see West Atlantic website.

Aircraft fleet, management and trading.

Within the collaboration agreement that European Turboprop Management AB has with Erik Thun AB there was one aircraft realised in 2013 and four long-term aircraft leases extended with the current operators, which continue to offer good long-term economic conditions within the framework of the collaboration. Per closing date 13 aircraft are included in the agreement.

The Group purchased 24 aircraft during the year and sold the two last Lockheed 188 aircraft, which was sold with profit and replaced by acquired B737 aircraft. Thus, the Group is focusing long-term on the three aircraft types B737, CRJ and ATP.

Significant events after closing date and expected future development

The process regarding the social charges levied by the French authority has led to public indictment against West Air Luxembourg S.A. and by the sale agreement also against West Air Sweden AB. The Group consider that the provision made of 10,2 MSEK corresponds to the possible economical sanction.

ATSG has according to agreement completed the acquisition, which results in that ATSG today is owner to 25 per cent of the shares in West Atlantic AB (publ). The partnership has the long-term intention to lead to an expansion in Europe, principally with regional B767 traffic. The Group plans to place three B767 aircraft during the year.

A B737-400SF was delivered to the Group during January and was directly leased out to Jet Time A/S on a long-term operational agreement. The Group plans to place two additional B737 aircraft during the coming year.

From an operating perspective the Group identifies several coming significant changes in the organisation in order to be successful in the implementation of EASA ops (new common European regulation). This means an increased need of resources in the short-term but will also contribute to additional opportunity to rationalise and consolidate the activity within the flight operating units.

The Group expects a positive development from the operating business, mainly given the consolidation that has taken place following the sale of West Air Luxembourg S.A. Moreover, the Group has during the year been successful in several tenders and seen several of its more important customers prolonging their agreements, see the section regarding the contractual situation for details on these, which also is expected to have a positive effect on the operating profitability.

The Board of Directors

The board of the Group's parent company met nine times during the financial year. Rules of procedure are adopted and this shows that the Board of Directors shall hold at minimum four regular meetings per year. Furthermore, it shows that the Group's financing policy, investments and disinvestments in companies and operations must be approved by the Board. In its work, the Board has continuously kept themselves informed of the Group's financial performance and position.

Environmental information

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

The aircraft fleet consists mainly of second generation turboprop aircraft, which are substantially more environmentally friendly from noise, fuel consumption and CO₂ perspectives compared to the first generation of turboprop aircraft.

During 2012 the trading of emissions allowances within the European Union started.



Gustaf Thureborn
Managing Director

Consolidated income statement

	note	2013	2012*
Revenue	2	1 067 102	1 141 729
Cost of services provided	3 5 11 12 13	-946 168	-978 780
Gross profit		120 934	162 949
Cost of sales	3 5 12 13	4 444	-21 458
Administration costs	3 4 5 12 13	-64 267	-69 625
Other operating income		2 701	1 341
Other operating costs		-2 830	-
Operating profit		60 981	73 207
Interest income and associated income	7	1 906	1 166
Profit sale of shares in group companies	14	9 862	-
Profit sale of shares in associated companies	14	-	3 473
Interest costs and associated costs	8	-38 616	-13 066
Profit after financial income and costs		34 133	64 780
Tax	10	-6 949	-5 403
Profit for the year		27 184	59 377

* The year 2012 has been restated due to an error in tax provisions.

Profit and Financial Position

Group - West Atlantic AB	2013	2012	2011	2010	2009
Revenue	1 067 102	1 141 729	837 713	694 306	735 734
Result after financial items	34 133	64 780	46 864	4 690	22 795
Total assets	1 008 542	642 849	674 017	518 947	521 197
Solidity	26 %	37 %	27 %	27 %	25 %
Avg. employees	451	439	264	261	304

Parent Company

Revenue	560 448	524 013	345 507	96 434	140 121
Result after financial items	15 321	11 003	8 412	414	973
Total assets	598 708	339 280	267 587	147 654	117 801

Appropriation of profits

To the general assembly following profits are available for distribution:

Profit brought forward and unrestricted reserves	-5 076 603
This year's profit	13 801 705
SEK	8 725 101

The board suggests that the profits should be allocated as follows:

Profit to be carried forward	8 725 101
SEK	8 725 101

All amounts are accounted for, unless otherwise stated, in thousands of SEK (TSEK).

Consolidated statement of financial position

ASSETS	note	2013.12.31	2012.12.31*
Non-current assets			
Non-tangible assets	12		
Goodwill		167	188
Licenses & IT system		2 446	3 735
		<u>2 613</u>	<u>3 923</u>
Tangible assets	13		
Aircraft and aircraft components		580 091	292 214
Equipment, tools and installations		4 419	1 469
		<u>584 510</u>	<u>293 683</u>
Financial fixed assets			
Shares in associated companies	14	1 067	1 157
Non-current financial receivables	15	20 030	20 000
		<u>21 097</u>	<u>21 157</u>
Total fixed assets		608 220	318 763
Current assets			
Inventories			
Spares and necessities		105 086	99 426
Aircraft held for sale		16 275	-
Advances to supplier		11 473	5 368
		<u>132 834</u>	<u>104 794</u>
Short term assets			
Accounts receivable - trade		107 075	93 538
Tax receivable		3 905	4 699
Other receivables	16	51 041	60 554
Prepaid expenses and accrued income	17	30 905	22 076
		<u>192 926</u>	<u>180 867</u>
Cash and cash equivalents		74 562	39 957
Total current assets		400 322	325 618
TOTAL ASSETS		1 008 542	644 381

* The year 2012 has been restated due to an error in tax provisions.

All amounts are accounted for, unless otherwise stated, in thousands of SEK (TSEK).

EQUITY & LIABILITIES

	note	2013.12.31	2012.12.31*
Equity	18		
<i>Restricted equity</i>			
Share capital (27 004 640 shares)		27 005	27 005
Restricted reserves		171 884	108 015
		198 889	135 020
<i>Unrestricted equity</i>			
Profit brought forward and unrestricted reserves		33 156	48 989
Profit for the year		27 184	59 377
		60 340	108 366
Total Equity		259 229	243 386
Allocations			
Deferred tax liabilities	20	49 067	43 275
Aircraft maintenance	21	-	3 292
Other liabilities	22	10 812	-
		59 879	46 567
Non-current liabilities	23		
Liabilities to corporate bond-holders		500 000	-
Liabilities to credit institutions		20 500	41 752
Other non-current liabilities		-	38 947
		520 500	80 699
Current liabilities			
Overdraft facilities	24	26 776	33 384
Liabilities to credit institutions	23	5 645	44 204
Accounts payable - trade		73 207	92 261
Tax liabilities		1 479	7 014
Other current liabilities		27 980	71 435
Prepaid income and accrued expenses	25	33 847	25 431
		168 934	273 729
TOTAL EQUITY & LIABILITIES		1 008 542	644 381
Pledged collaterals	26	see note	see note
Contingent liabilities		none	none

* The year 2012 has been restated due to an error in tax provisions.

All amounts are accounted for, unless otherwise stated, in thousands of SEK (TSEK).

Consolidated statement of cash flows

	note	2013	2012
Operating activities			
Profit after financial income and costs		34 133	65 335
Adjustments for non-cash items	5		
Depreciation		51 934	35 714
Changes in allocations		-	-30 169
Profit sale of fixed assets		-8 686	-
Profit/loss from exchange rate fluctuations		-98	-1 182
Provisions made for illiquid trade receivables		2 609	8 515
Disposal of fixed assets		12 763	-2 399
Other non-cash items		-695	-
		91 960	75 814
Income tax		-5 898	-5 771
Cash flow from operating activities before changes of operating capital		86 062	70 043
Change in stock		-11 766	-6 671
Change in aircraft held for sale		-16 275	-
Change in short term receivables		-6 081	-291
Change in short term liabilities		-53 533	-29 258
Cash flow from operating activities		-1 592	33 823
Investment activities			
Change in investments in associated companies		90	1 127
Acquisition of aircraft and aircraft components		-361 017	-55 473
Sale of aircraft and aircraft components		13 321	62 622
Investments in other financial fixed assets		-30	-20 000
Cash flow from investment activities		-347 635	-11 724
Financing activities			
Increased liabilities to credit institutions		-	31 226
Amortisation on liabilities to credit institutions		-66 418	-16 744
Increased liabilities to corporate bond-holders	23	500 000	-
Change in other non-current liabilities		-38 947	-37 277
Paid dividend	18	-10 802	-
Cash flow from investment activities		383 833	-22 795
Cash and cash equivalents at beginning of the year		39 957	40 653
Change in cash and cash equivalents		34 605	-696
Cash and cash equivalents at end of the year		74 562	39 957

All amounts are accounted for, unless otherwise stated, in thousands of SEK (TSEK).

Parent company income statement

	note	2013	2012
Revenue	2	560 448	524 013
Cost of services provided	2	-479 009	-466 678
Gross profit		81 439	57 335
Cost of sales		-1 499	-5 626
Administration costs	4 12	-66 450	-41 278
Other operating income		150	-
Other operating costs		-1 670	-
		-69 469	-46 904
Operating profit		11 970	10 431
Profit from shareholdings	6	819	2 717
Interest income and associated income	7	20 481	724
Profit sale of shares in group companies	14	9 421	-
Profit sale of shares in associated companies	14	-	3 473
Interest costs and associated costs		-27 369	-6 342
Profit after financial income and costs		15 321	11 003
Allocations			
Change in periodical tax reserves	9	-	-1 261
Profit before tax		15 321	9 742
Income tax		-1 519	-1 368
Profit after tax		13 802	8 374

All amounts are accounted for, unless otherwise stated, in thousands of SEK (TSEK).

Parent company statement of financial position

ASSETS	note	2013.12.31	2012.12.31
Non-current assets			
Non-tangible assets	12		
Licenses & IT system		263	350
		<u>263</u>	<u>350</u>
Financial assets			
Investments in group companies	14	65 161	80 971
Investments in associated companies	14	1 067	1 067
Non-current financial receivables	15	20 030	20 000
		<u>86 258</u>	<u>102 038</u>
Total non-current assets		86 521	102 388
<hr/>			
Current assets			
Accounts receivables - trade		32 946	28 961
Receivables - group companies		376 686	201 905
Other receivables	16	33 942	285
Prepaid expenses and accrued income	17	10 041	5 741
		<u>453 615</u>	<u>236 892</u>
Cash and cash equivalents		58 572	-
Total current assets		512 187	236 892
TOTAL ASSETS		598 708	339 280

All amounts are accounted for, unless otherwise stated, in thousands of SEK (TSEK).

EQUITY & LIABILITIES

	note	2013.12.31	2012.12.31
Equity	18		
<i>Restricted equity</i>			
Share capital (27 004 640 shares)		27 005	27 005
Restricted reserves		7 857	7 857
		34 862	34 862
<i>Unrestricted equity</i>			
Profit brought forward		-6 758	2 590
Unrestricted reserves		6 751	6 751
Group contribution, net		-5 070	-7
Profit for the year		13 802	8 374
		8 725	17 708
Total Equity		43 587	52 570
Non-taxed reserves	19	1 460	1 460
Non-current liabilities	23		
Liabilities to corporate bond-holders		500 000	-
Other liabilities		-	10 322
		500 000	10 322
Current liabilities			
Overdraft facilities	24	26 776	33 384
Accounts payables - trade		15 263	20 121
Liabilities to group companies		346	205 788
Tax liabilities		1 479	1 403
Other liabilities		1 820	12 923
Prepaid income and accrued expenses	25	7 977	1 309
Total current liabilities		53 661	274 928
TOTAL EQUITY & LIABILITIES		598 708	339 280
Pledged collaterals	26	see note	see note
Contingent liabilities	27	see note	see note

All amounts are accounted for, unless otherwise stated, in thousands of SEK (TSEK).

Parent company statement of cash flows

	note	2013	2012
Operating activities			
Profit after financial income and costs		15 321	11 003
Adjustments for non-cash items			
Depreciation		87	88
Profit sale of group companies		- 9 421	-
		<u>5 987</u>	<u>11 091</u>
Income tax		-1 443	-441
Cash flow from operating activities before changes of operating capital		<u>4 544</u>	<u>10 650</u>
Change in short term receivables		- 198 138	- 67 719
Change in short term liabilities		- 219 804	32 094
Cash flow from operating activities		<u>-413 398</u>	<u>-24 975</u>
Investment activities			
Change in short term receivables		- 298	- 18 684
Cash flow from investment activities		<u>- 298</u>	<u>- 18 684</u>
Investment activities			
Net change in liabilities to credit institutions		- 6 608	29 930
Increased liabilities to corporate bond-holders	23	500 000	-
Net change in other non-current liabilities		- 10 322	- 887
Paid dividend	18	- 10 802	-
Cash flow from investment activities		<u>472 268</u>	<u>29 043</u>
Cash and cash equivalents at beginning of the year		0	14 616
Change in cash and cash equivalents		58 572	-14 616
Cash and cash equivalents at end of the year		<u>58 572</u>	<u>0</u>

All amounts are accounted for, unless otherwise stated, in thousands of SEK (TSEK).

Accounting and valuation principals

The Annual Report is prepared in accordance with the Annual Accounts Act (1995:1554), as well as statements and general recommendations issued by the Swedish Accounting Standards Board (SASB). If general recommendations are not issued by SASB, guidance has been taken from the Swedish Financial Accounting Standards Council (SFASC) recommendations and in applicable cases statements issued by FAR, the professional institute for authorized public accountants in Sweden. In such cases this will be detailed in particular order below. Principals remain unchanged compared to the previous year, with exception of changes in consideration and evaluation of heavy aircraft maintenance costs.

Air transportation service revenue

The group provides air cargo transportation services with customised aircraft. Accounting of revenue occurs when transportation has been completed. On-going, non-invoiced services are accounted for at the calculated invoice value of services provided on the balance sheet.

Other income

Sale of goods and other services are accounted for when goods have been delivered or when service has been provided.

Write-downs of tangible and intangible fixed assets with a determined asset life

The Group reviews the accounted balances for assets with a determined lifespan at least once a year, in order to review applicable grounds for write-downs. If the highest value of real value or utility value of the asset is lower than its recorded book value, the book value of that asset shall be written down.

Intangible fixed assets

Goodwill consists of the amount whereby the acquisition value exceeds the real value of the Group's share in the acquired company's net assets at the time of the acquisition. Goodwill is valued at the acquisition value less accumulated depreciation and applicable write-downs.

Other intangible fixed assets are valued at the acquisition value less accumulated depreciation and applicable write-offs.

For applied depreciation plans, please see note 12.

Tangible fixed assets

Fixed assets are valued at acquisition value less accumulated depreciation and applicable write-downs. Assets are linearly depreciated over the corresponding economical lifespan, while costs for aircraft maintenance and reparations are continuously expensed. Thereto, significant modifications and upgrades to aircraft or components are activated and depreciated linearly during the determined economical lifespan.

In comparison with 2012 there has been a reassessment of maintenance activities, specifically overhaul of components (engines) and structural inspections of aircraft. Up until and including 2012 these costs were recognised as a part of provisioned maintenance reserves. From 2013 going forward these costs are capitalised and depreciated over its useful life. The main reason behind this change in assessment is that the components are expected to have a different economical lifespan, which demands a different depreciation plan, in comparison to the aircraft.

For applied depreciation plans, please see note 13.

Profit or loss from sales or scrapping of tangible fixed assets is calculated as the difference between net book value and the acquired income. Profit or loss from sale or scrapping of fixed assets is recognised in the profit and loss account.

Financial fixed assets

The parent company's shares and investments in group companies and associated companies are valued at acquisition value. Write-downs occur when a reduced value is considered permanent.

The Group's and parent company's other financial fixed assets are valued at acquisition value.

Inventory

Stock for flight operations and aircraft held for sale are accounted at the lowest of acquisition value or net sale value. Acquisition value are calculated according to the first in/first out (FIFO) method. Notably, certain parts are valued according to the principle of lowest value in collective with corresponding aircraft.

Allocations & contingencies

Deferred tax liabilities and other provisions are accounted as allocations. An allocation is recognised when a commitment has arisen, an accurate estimation of the amount can be made and an outflow of resources are likely to occur.

Contingencies are recorded where the definition of debt or allocation haven't been met.

Trade receivables

Trade receivables are valued at estimated real value in relation to the estimated inflow, while other receivables and liabilities are accounted for at a nominal rate unless otherwise stated.

Receivables and liabilities in foreign currencies

Receivables and liabilities in foreign currencies have been translated to closing day rate in accordance with RR8.

Taxes, including deferred tax

Income tax contains both current and deferred income tax. Where items are recognised in the profit and loss, the cumulative tax is also recognised in the profit and loss account. For items directly affecting equity, the cumulative tax is recognised in the balance sheet against equity. Deferred tax is recognised based on all temporary differences. A temporary difference is recognised when the net book value of an asset differentiates from its corresponding taxed value.

Leasing agreements

All leases are recorded as operational leases and thus all leasing fees are expensed through the profit and loss account linearly over the leasing period, except what is stated in note 11.

Definitions of key performance indicators

Solvency is calculated as Equity divided by total assets.

Group consolidated accounts

The group consolidated accounts have been prepared in accordance with the Swedish Financial Accounting Standards Council recommendation 1:00, applying the acquisition accounting method.

Statement of cash flows

Statement of cash flows has been prepared in accordance with RR7, indirect method.

Restatement of 2012

The Group plans the transition to International Financial Reporting Standards (IFRS) during 2014. Based on this information, IFRS has been a guiding regulation in restating previous years which has affected 2012. This restatement is made to obtain more comparability between the years. The full effect of the restatement is shown in note 1.

Note 1

The annual report of 2012 contained an error in tax provisions, following a late change in the accounts for Group company Atlantic Airlines Ltd. This change was not stated in the Group annual report for 2012, whereby the 2012 income tax have been restated, resulting in a reduction of 7 040 TSEK. Further, tax receivables have increased by 1 532 TSEK, tax liabilities have decreased by 210 TSEK and deferred tax liabilities have decreased 5 298 TSEK. In total the effect on equity is shown below:

Equity in accordance with approved balance sheet	236 346
Increase in equity due restatement	7 040
Equity after restatement:	243 386

The effect is shown in changes in equity, note 18.

Note 2 – Revenue

Parent company	2013	2012
Flight operations	553 948	524 013
Other revenue	6 500	-
	560 448	524 013
Group	2013	2012
Flight operations	993 737	1 032 949
Aircraft and component trading	11 470	50 609
Aircraft leasing	1 155	2 450
Technical services	52 993	53 267
Other revenue	7 747	2 454
	1 067 102	1 141 729

The parent company's purchases from Group companies amounted to 351 518 (322 720) TSEK and sales to group companies amounted to 9 168 (0) TSEK.

Note 3 – Staff

Average number of employees	2013		2012	
	Total	Whereof men	Total	Whereof men
Denmark	3	3	-	-
United Kingdom	225	213	213	201
France	7	7	-	-
Luxembourg	96	87	116	106
Norway	21	21	19	19
Sweden	99	83	92	75
Group	451	414	439	400
Parent company	-	-	-	-

Salaries and other remuneration costs:

Group

Sweden	2013	2012
The Board and Managing Director	1 127	1 134
Other employees	40 662	40 180
Total salaries and remunerations	41 789	41 314

Note 3 cont.

Luxembourg	2013	2012
The Board and Managing Director	701	825
Other employees	57 164	57 778
Total salaries and remunerations	57 864	58 602

United Kingdom	2013	2012
The Board and Managing Director	2 276	2 573
Other employees	94 698	81 263
Total salaries and remunerations	96 974	83 836

Norway	2013	2012
The Board and Managing Director	-	-
Other employees	11 748	11 432
Total salaries and remunerations	11 748	11 432

Denmark	2013	2012
The Board and Managing Director	-	-
Other employees	1 069	-
Total salaries and remunerations	1 069	-

France	2013	2012
The Board and Managing Director	-	-
Other employees	3 356	-
Total salaries and remunerations	3 356	-

Social security costs:

Sweden	2013	2012
Total social security costs	16 205	16 332
<i>Whereof pension costs:</i>		
The Board and Managing Director	394	435
Other employees	3 023	2 926
Total pension costs	3 417	3 361

Luxembourg	2013	2012
Total social security costs	8 459	7 994
<i>Whereof pension costs:</i>		
The Board and Managing Director	61	66
Other employees	4 679	4 635
Total pension costs	4 740	4 701

United Kingdom	2013	2012
Total social security costs	14 678	14 142
<i>Whereof pension costs:</i>		
The Board and Managing Director	414	336
Other employees	3 262	4 436
Total pension costs	3 677	4 772

Notes

Note 3 cont.

Norway	2013	2012
Total social security costs	1 706	1 571
<i>Whereof pension costs:</i>		
The Board and Managing Director	-	-
Other employees	123	214
Total pension costs	123	214

Denmark	2013	2012
Total social security costs	12	-
<i>Whereof pension costs:</i>		
The Board and Managing Director	-	-
Other employees	-	-
Total pension costs	-	-

France	2013	2012
Total social security costs	1 574	-
<i>Whereof pension costs:</i>		
The Board and Managing Director	-	-
Other employees	467	-
Total pension costs	467	-

Group

The company is not bound to any redundancy payment agreements with the board or the managing director. Normal conditions for employment apply and there are no outstanding pension commitments.

Board of directors – Parent company

The board contains five directors, whereof five men.

Note 4 – Remuneration to auditors

Parent company

Remuneration to the Auditors has been given at the amount of:

Grant Thornton Sweden AB	2013	2012
The audit	558	174
Auditing services in addition to the audit	43	135
Tax Advisory Services	83	87
Other assignments	364	79
	1 048	475

Group

Remuneration to the Auditors has been given at the amount of:

Grant Thornton Sweden AB	2013	2012
The audit	1 024	812
Auditing services in addition to the audit	43	219
Tax Advisory Services	191	111
Other assignments	396	161
	1 654	1 303

Others	2013	2012
The audit	124	238
Auditing services in addition to the audit	5	13
Tax advisory services	8	5
	137	256

Note 5 – Depreciation and write-offs

Group	2013	2012
Cost of services provided	51 564	33 160
Cost of sales	33	16
Administration costs	337	420
	51 934	33 596

Note 6 – Profit from shareholdings

Parent company	2013	2012
Dividend received from European Aviation Maintenance Ltd.	819	2 717
	819	2 717

Note 7 – Financial income

Parent company	2013	2012
Interest income from group companies	19 159	-
Other financial income	1 322	724
	20 481	724

Group	2013	2012
Interest income	1 448	931
Other financial income	458	235
	1 906	1 166

Note 8 – Financial costs

Group	2013	2012
Interest costs	32 637	12 972
Write-down financial assets	4 168	-
Other financial costs	1 811	94
	38 616	13 066

Note 9 – Allocations

Parent company	2013	2012
Change in periodical tax reserves	-	1 261
	-	1 261

Note 10 – Tax

Group	2013	2012
Current tax	1 054	5 200
Deferred tax	5 895	203
	6 949	5 403

Note 11 – Leasing agreements

Group

A financial lease agreement for CRJ aircraft rotables has been reported at 5 506 TSEK as aircraft components. These assets are depreciated according to plan over ten years.

Subsidiary European Turboprop Management AB has per 2013-12-31 signed aircraft operating lease agreements with an underlying value of TUSD 24 251 (69 752), TEUR 0 (4 668) TSEK 0 (16 664).

The agreements expire between 2014 and 2020.

	2013	2012
Leases paid during the year (TSEK):	43 551	78 948

Future lease payments

Year 2014 TUSD 3 986	25 942
Year 2015 - 2018 TUSD 15 409	100 242
Year 2018 or later TUSD 2 350	15 295

Note 12 – Intangible fixed assets

Group

Goodwill	2013.12.31	2012.12.31
Opening acquisition value	209	209
Acquisitions	-	-
Closing day acquisition value	209	209
Depreciation brought forward	-21	-
Depreciation for the year	-21	-21
Closing accumulated depreciation	-42	-21
Net book value	167	188

Goodwill from acquisition of Atlantic Airlines Ltd. Depreciation according to plan by 10 % per annum.

Parent

Licenses and IT-systems	2013.12.31	2012.12.31
Opening acquisition value	438	438
Acquisitions	-	-
Closing day acquisition value	438	438
Depreciation brought forward	-88	-
Depreciation for the year	-87	-88
Closing accumulated depreciation	-175	-88
Net book value	263	350

Licenses and IT-systems are depreciated according to plan by 20 % per annum.

Note 12 cont.

Group

Licenses and IT-systems	2013.12.31	2012.12.31
Opening acquisition value	5 678	5 471
Acquisitions	-	207
Sales	-483	-
Closing day acquisition value	5 195	5 678
Depreciation brought forward	-1 943	-835
Sales	164	-
Depreciation for the year	-970	-1 108
Closing accumulated depreciation	-2 749	-1 943
Net book value	2 446	3 735

Licenses and IT-systems are depreciated according to plan by 20 % per annum.

Note 13 – Tangible fixed assets

Group

Aircraft & aircraft components	2013.12.31	2012.12.31
Opening acquisition value	588 243	628 139
Reclassifications	10 339	-
Translation differences	932	-
Acquisitions	366 090	54 531
Sales and disposals	-53 963	-94 427
Closing acquisition value	911 641	588 243
Depreciation brought forward	-296 028	-296 684
Reclassifications	-15 375	-
Translation differences	-270	-
Sales and disposals	27 995	32 016
Depreciation for the year	-47 872	-31 360
Closing accumulated depreciation	-331 550	-296 028
Net book value	580 091	292 215

Aircraft are depreciated according to plan by 10 % for ATP and Cessna Citation and 6.67 % for CRJ and B737. Aircraft components are depreciated according to plan by 10 % for all aircraft types. Engine overhaul costs are depreciated according to a special plan based on the number of aircraft cycles until the next overhaul event occurs, on average this is expected to take place every seven years. Structural inspections are depreciated over a special plan over two years.

Notes

Note 13 cont.

Group

Fixtures & fittings, equipment and installations	2013.12.31	2012.12.31
Depreciation brought forward	15 885	15 258
Reclassifications	12 325	-
Translation differences	297	-
Acquisitions	2 264	680
Sales & disposals	-1 650	-53
Closing acquisition value	29 121	15 885
Depreciation brought forward	-14 417	-13 336
Reclassifications	-9 670	-
Translation differences	-214	-
Sales and disposals	1 534	48
Depreciation for the year	-1 935	-1 129
Closing accumulated depreciation	-24 702	-14 417
Net book value	4 419	1 468

Fixtures & fittings, equipment and installations are depreciated according to plan by 20% per annum.

Note 14 – Shares & investments in group companies and associated companies

Parent company	2013.12.31	2012.12.31
Acquisition value brought forward	82 038	83 356
Acquisition of European Turboprop Management AB thr. absorption	10 000	-
Acquisition of West Air Sweden AB thr. absorption	17 100	-
Acquisition of West Atlantic SA	268	-
Sale of West Air Luxembourg SA	-3 178	-
Sale of Förvaltningsbolaget Örgryte KB (associated company)	-	-1 318
Disposal of West Air Holding AB thr. absorption	-40 000	-
Closing acquisition value	66 228	82 038
Net book value	66 228	82 038

Note 14 cont.

Parent company

Shares and investments in group companies

	Share of capital	Voting share	Stock	Book value
West Air Sweden AB org. nr 556062-4420 residing in Gothenburg, Sweden	100%	100%	15 000 000	17 100
European Turboprop Management AB org. nr 556609-4800 residing in Gothenburg, Sweden	100%	100%	10 000 000	10 000
Atlantic Airlines Ltd reg. nr 05059096 residing in Coventry, United Kingdom	100%	100%	1 000	34 856
Glackt Ltd. reg. nr 08798946 residing in Coventry, United Kingdom	100%	100%	100	-
Norway Aviation Services AS org. nr. 895 234 362 residing in Oslo, Norway	100%	100%	1 000	122
European Aviation Maintenance Ltd reg. nr 119476C residing in Isle of Man	100%	100%	2 002	2 815
West Atlantic S.A. reg. Nr B176468 residing in Bertrange, Luxembourg	100%	100%	16 000	268
				65 161

Parent company

Shares and investments in associated companies

	Share of capital	Voting share	Stock	Book value
Flyguppdraget Backamo AB org. nr. 556270-7322 residing in Ljungkile, Sweden	30%	30%	300	1 000
VACS AB org. nr. 556814-3241 residing in Stockholm, Sweden	33%	33%	167	67
				1 067

Note 15 – Other financial fixed assets

Parent company	2013.12.31	2012.12.31
Promissory note	20 000	20 000
Other financial receivables	30	-
	20 030	20 000

Group	2013.12.31	2012.12.31
Promissory note	20 000	20 000
Other financial receivables	30	-
	20 030	20 000

Note 16 – Other receivables

Other receivables for parent company and Group includes cash, 23 356 TSEK, deposited on a joint account. The funds deposited on the account can only be used towards settling remaining liabilities in regards to the sale of the group

company West Air Luxembourg S.A. A part of these funds are included in other provisions, please see note 22.

Note 17 – Prepaid expenses and accrued income

Parent company	2013.12.31	2012.12.31	Group	2013.12.31	2012.12.31
Prepaid expenses	435	270	Prepaid expenses	19 305	16 605
Accrued income	9 606	5 471	Accrued income	11 600	5 471
	10 041	5 741		30 905	22 076

Note 18 – Change in equity

Parent company	Share capital	Restricted reserves	Share premium reserve	Profit brought forward	Profit for the year
Equity brought forward	27 005	7 857	6 751	2 584	8 374
Distribution of profit according to AGM				8 374	-8 374
Group contribution paid				-6 500	
Tax effect on group contribution paid				1 430	
Paid dividend				-10 802	
Absorption effect on equity				-6 914	
Profit for the year					13 802
Equity at the end of the year	27 005	7 857	6 751	-11 828	13 802

Parent company	Shares	Value
Share capital brought forward	27 004 640	1 SEK
Share capital at year end	27 004 640	1 SEK

Group	Share capital	Restricted reserves	Unrestricted reserves	Profit for the year
Equity brought forward	27 005	108 015	48 989	52 337
Distribution of profit according to AGM			52 337	-52 337
Effect of restatement				7 040
Disposition of restatement			7 040	-7 040
Unrestricted to restricted reserves from absorption		39 900	-39 900	
Other unrestricted to restricted reserves		23 969	-23 969	
Exchange rate fluctuations on currency loans			-171	
Tax effect on exchange rate fluctuation of currency loans			38	
Exchange rate fluctuations			35	
Other group adjustments			-441	
Paid dividend			-10 802	
Profit of the year				27 184
Equity at the end of the year	27 005	171 884	33 156	27 184

Note 19 – Untaxed reserves

Parent company	2013.12.31	2012.12.31
Periodical tax reserve, taxation 2010	64	64
Periodical tax reserve, taxation 2011	135	135
Periodical tax reserve, taxation 2013	1 261	1 261
	1 460	1 460

Note 20 – Deferred tax liabilities

Group	2013.12.31	2012.12.31
From untaxed reserves	46 004	39 622
From temporary differences	3 063	3 653
	49 067	43 275

The deferred tax liability from untaxed reserves amounts to 321 TSEK (321).

Note 21 – Aircraft maintenance

Provision for future maintenance expenses of aircraft.

Note 22 – Other provisions

The other provision made relates to the amounts claimed based on non-paid social security costs for staff periodically operating in and out of France during the period 2008-2012. This process is described in the directors report. The staff have been employed in the sold group company West Air Luxembourg S.A and based in Luxembourg, where the employees have been socially secured according to Luxembourg regulations. The Group expects these claims to materialise after formal process in accordance with French law, whereby a provision has been made during the year corresponding to the amounts claimed.

The provision includes social security charges and pension liabilities. Discussions are further on-going with the Luxembourg authorities to reclaim social security charges paid during the corresponding period in Luxembourg. West Air Sweden AB has transferred the amounts provisioned to an escrow account, please see note 16.

Note 23 – Non-current liabilities

Parent company

Corporate bond loan

The parent company incurred a corporate bond loan of 500 MSEK on the 8th of May, 2013. Loan terms are 60 months where the amounts are due in full.

Following pledges have been raised:

Aircraft mortgages of TUSD 80 280 in aircraft owned by European Turboprop Management AB.

Bank accounts of 58 572 TSEK.

All shares in European Turboprop Management AB (net book value 10 000 TSEK).

Loan provided to European Turboprop Management AB of 320 000 TSEK

All rights under future aircraft lease agreements that may be entered by the parent company as a lessor and where the aircraft is part of the collateral pool.

Group

Corporate bond loan

Following pledges have been raised:

Aircraft mortgages of TUSD 80 280.

Bank accounts of 58 572 TSEK.

Net assets in European Turboprop Management AB (Consolidated group value 186 568 TSEK)

All rights under future aircraft lease agreements that may be entered by the parent company as a lessor and where the aircraft is part of the collateral pool.

Liabilities to credit institutions

Following pledges have been raised:

Aircraft mortgages of TUSD 9 500 (31 982)

Of the Group's total liabilities to credit institutions, 2 148 TSEK (5 930) are due for payment beyond five years after closing date.

Note 24 – Overdraft facilities

Parent company

Granted overdraft facility in SEK and other currencies amounts to 50 000 (50 000) TSEK, whereof drawn amounts 26 776 (33 384) TSEK.

Business floating charges of 67 900 TSEK (67 900) have been raised as security.

Note 24 cont.

Group

Granted overdraft facility in SEK and other currencies amounts to 50 000 (50 000) TSEK, whereof drawn amounts 26 776 (33 384) TSEK.

Business floating charges of 67 900 TSEK (67 900) have been raised as security.

Granted invoice financing facility in foreign currency amounts to 0 TSEK (36 720).

Note 25 – Accrued expenses and deferred income

Parent company	2013.12.31	2012.12.31
Accrued interest costs	5 808	-
Other accrued costs	2 169	1 309
	7 977	1 309

Group	2013.12.31	2012.12.31
Accrued interest costs	5 920	-
Holiday pay provision, incl. social security costs	9 524	8 250
Staff costs, incl. social security costs	1 322	927
Deferred income	3 402	440
Other accrued costs	13 679	15 814
	33 847	25 431

Note 26 – Pledged collaterals

Parent company	2013.12.31	2012.12.31
Business floating charges	67 900	67 900
Bank accounts	58 572	-
Group internal loan	320 000	-
Shares in subsidiary	10 000	-
All rights under current and future lease agreements	-	-
	456 472	67 900

Group	2013.12.31	2012.12.31
Business floating charges, 127 900 (127 900) issued whereof pledged	67 900	127 900
Aircraft mortgages, TUSD 89 780 (31 982)	584 324	208 383
Bank accounts	58 572	-
Trade receivables	-	26 289
Net assets in subsidiary	186 568	-
All rights under current and future lease agreements	-	-
	897 364	362 572

Note 27 – Contingent liabilities

Parent company	2013.12.31	2012.12.31
Guarantees	167 339	210 343

The guarantees raised concerns group companies' liabilities to credit institutions and other financiers.

Note 28 – Details of absorption

At the end of 2013, on 27th of December, the subsidiary West Air Holding AB, org no 556526-0378, was absorbed by West Atlantic AB. The loss related to the period prior to the absorption was 4 TSEK, the net book value of fixed assets

per absorption day was 27 207 TSEK and the current assets were 10 276 TSEK. The current liabilities were 16 TSEK and the equity amounted to 37 467 TSEK.

Gothenburg, Sweden, 22nd of April 2014

Göran Berglund
Chairman

Gustaf Thureborn
Managing Director

Anthony Auld
Member of the Board

Fredrik Lindgren
Member of the Board

Joseph Payne
Member of the Board



Audit Report

This report includes a translation of the official audited Swedish annual report, issued by West Atlantic AB (publ) on April 30th 2014, including the related statements of income, financial position and cash flows as well as accounting & valuation principals and notes. Accordingly, this report has not been audited by Grant Thornton. Please review the published Swedish audited annual report, available on West Atlantic's website, which includes the Group's auditors' opinion, which is translated for ease of reference below.

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 2013.

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 and consolidated accounts in accordance with 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 and consolidated 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 and the group as of 31 December 2013 and of their financial performance and cash flows for the year then ended in accordance with the Annual Accounts Act. 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 2013.

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.

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 on the Board of Directors' proposed appropriations of the company's profit or loss, we examined whether the proposal is in accordance with the Companies Act.

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.

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.

Gothenburg 25th of April 2014

Ulf Careland
Authorized Public Accountant

Claes Jörstam
Authorized Public Accountant

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