

VIKING SUPPLY SHIPS A/S

FINANCIAL REPORT

Q4

2015



VIKING SUPPLY SHIPS
SHIPOWNERS

MORE
THAN A SHIPOWNER

THE
COOLEST
PLACE TO WORK

ALWAYS AHEAD OF
COMPETITION

Q4

Q4

REVENUE
MNOK 283 (476)
 FY15: MNOK 1,069 (1,742)

ARCTIC FOCUS

Q4

EBITDA
MNOK 68 (257)
 FY15: MNOK 280 (718)

Q4

NET RESULT
MNOK -98 (113)
 FY15: MNOK -338 (292)

Q4

FIXTURE RATE AHTS
NOK 515,000 (497,000)
 FY15: NOK 451,000 (462,200)

Q4

CONTRACT BACKLOG
 AHTS contract coverage 2016: **33%**, 2017: **14%** 2018: **0%**
 (Including firm periods and options)



Viking Supply Ships A/S (VSS A/S) conducts operations in the North Sea, Arctic and in the global offshore sector. The fleet comprises of 13 offshore vessels that are equipped for and have the capacity to operate in areas with harsh environment, further 7 of the Anchor Handling Tug Supply (AHTS) vessels are equipped to operate in Arctic areas. The AHTS fleet, combined with crew and ice management competence, is tailor-made to operate in ice conditions. There has been an increased contract activity in this niche. VSS A/S is committed to have a substantial part of the fleet on longer term contracts, and has a focus on increasing the contract backlog. For further information, please contact CFO, Ulrik Hegelund, ph: +45 41 77 83 97 or Investor Relations & Treasury Director, Morten G. Aggvin, ph: +47 41 04 71 25.

The interim financial statements have not been subject to audit.
 Front picture: Tor Viking, North Sea Route.



SUMMARY OF EVENTS Q4	3
OPERATIONAL HIGHLIGHTS FOR Q4	4
FINANCIAL HIGHLIGHTS	4
EQUITY	5
LIQUIDITY AND GOING CONCERN	5
SUBSEQUENT EVENTS	5
CONTRACT BACKLOG	5
EMPLOYMENT OVERVIEW	6
OUTLOOK	7
CONDENSED CONSOLIDATED PROFIT AND LOSS ACCOUNT	8
CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME	8
CONDENSED CONSOLIDATED CASH FLOW STATEMENT	8
CONDENSED CONSOLIDATED BALANCE SHEET	9
NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS	9

SUMMARY OF EVENTS

In December, VSS A/S received an early termination of the contract for the AHTS Brage Viking, but the vessel will remain on-hire to mid-August 2016. The termination represents a loss of income during the remaining firm period of the contract of in total MUSD 33 in 2016 and 2017.

Towards the end of the quarter, Tor Viking completed its contract with Shell US. On its way back to the North Sea, the vessel transited the Northern Sea Route unassisted, which has never been performed this late in the season before.

The deteriorated market conditions within the global oil and gas market have continued to negatively impact the earnings and financial position of VSS A/S. The company's liquidity position is strained and in the current market, VSS A/S is unable to fulfill existing covenant undertakings in its loan agreements. A solution with VSS A/S' lenders is necessary and accordingly, the company, during Q4, initiated a dialogue with its lenders, with an ambition to secure a long-term stable financing solution within the end of Q1 2016.

Due to the challenging market conditions, VSS A/S has recognized an additional impairment loss during Q4 2015 of MNOK 80 related to the PSV fleet.

Total revenue for Q4 was MNOK 283 (476), of which vessel operations contribute with MNOK 252 (396) and Services and Ship Management segments contribute with MNOK 31 (80). The EBITDA for Q4 was MNOK 68 (257).

The operating result (EBIT) for Q4 was MNOK -59 (206). The net result for Q4 was MNOK -98 (113). The result for Q4 was negatively impacted by an impairment loss on the PSV fleet of MNOK -80 and an unrealized currency loss of MNOK -21 (-62).

The average fixture rate in Q4 was NOK 515,000 (497,000) for the AHTS fleet and GBP 4,330 (7,620) for the PSV fleet. The average utilization in Q4 was 68% (73%) for the AHTS fleet and 70% (49%) for the PSV fleet. These figures exclude the four laid-up vessels.

OPERATIONAL HIGHLIGHTS

ANCHOR HANDLING TUG SUPPLY VESSELS (AHTS)

During Q4, three vessels have been operating in the North Sea spot market, while four vessels have been operating on term contracts. In addition, Odin Viking was in October laid up as a result of the weak market conditions in the offshore industry. During Q4, Tor Viking completed the charter with Shell US and the vessel is now back in the North Sea.

The North Sea market was weak for most of the quarter. Increased amount of lay-ups combined with harsh weather did however give a positive effect towards the end of 2015, but rates and utilization still remained at low levels.

Q4	FIXTURE RATE (NOK)	UTILIZATION (%)
AHTS vessels on term charters	579,600 (536,000)	96% (100%)
AHTS vessels on spot market	279,000 (407,800)	34% (45%)
Total AHTS fleet	515,000 (497,000)	68% (73%)

Table above excludes one laid-up vessel

PLATFORM SUPPLY VESSELS (PSV)

During Q4, two vessels were trading in the North Sea spot market, while three vessels remained laid-up in Sweden.

The market balance within the PSV segment is still poor, despite an increased number of vessels entering lay-up. As a consequence, the North Sea spot market has remained weak throughout the quarter.

Q4	FIXTURE RATE (GBP)	UTILIZATION (%)
PSV vessels on term charters	- (-)	- (-)
PSV vessels on spot market	4,330 (7,620)	70% (49%)
Total PSV fleet	4,330 (7,620)	70% (49%)

Table above excludes three laid-up vessels

SERVICES AND SHIP MANAGEMENT

Viking Ice Consultancy (VIC) is continuously pursuing contract opportunities. Despite the reduced activity within the industry, VIC has identified potential contracts going forward.

VIC is also working together with VSS A/S to prepare for the IMO Polar Code, a project that will continue into 2016.

FINANCIAL HIGHLIGHTS

RESULTS FOR Q4 2015

Total revenue was MNOK 283 (476) for Q4. The total operating costs were MNOK -215 (-219) and EBITDA was MNOK 68 (257). The operating result (EBIT) was MNOK -59 (206).

Net financials were MNOK -39 (-88). Financial costs include unrealized currency loss of MNOK -21 (-62) and realized value adjustment on interest rate swap of MNOK 0 (-3).

The net result for Q4 was MNOK -98 (113). The result for Q4 was negatively impacted by an impairment loss on the PSV fleet of MNOK 80.

RESULTS FOR YEAR-TO-DATE 2015

Total revenue was MNOK 1,069 (1,742) for year-to-date 2015. The total operating costs were MNOK -789 (-1,023) and EBITDA was MNOK 280 (718). The operating result (EBIT) was MNOK -178 (524).

Net financials were MNOK -158 (-217). Financial costs include unrealized currency loss of MNOK -68 (-92) and realized value adjustment on interest rate swap of MNOK -1 (-11).

The net result for year-to-date 2015 was MNOK -338 (292). The result for year-to-date was negatively impacted by a total impairment loss in Q3 and Q4 on the PSV fleet of MNOK -267.

EQUITY

VSS A/S' book equity amounted to MNOK 1,545 as of 31 December 2015 (MNOK 2,025 on 31 December 2014). The equity declined during the year by MNOK 479, impacted by dividends of MNOK -145, the result for the period of MNOK -338 and currency translation effects of MNOK 4. The value adjusted equity ratio was 44% (47%).

LIQUIDITY AND GOING CONCERN

The condensed interim financial statements for the twelve months ending 31 December 2015 have been prepared using the going concern assumption. The primary uncertainties and risks in relation to these considerations include a continued weakening of the market conditions.

Conditional of a positive outcome of the dialogue with the lenders, and due to the fact that VSS A/S has a market value adjusted equity of MNOK 2,061, management expects that the company will be successful in securing a long-term stable financing solution for the VSS A/S group and the company within the near future.

SUBSEQUENT EVENTS

After the end of the quarter, Magne Viking was certified according to the IMO Polar Code. The vessel, which is the first vessel globally to comply with the code, was approved by DNV GL.

VSS A/S and the lenders have in February 2016 entered into a standstill agreement, running up to and including 20 March 2016, whereby VSS A/S is given time to find a long-term solution (see note 1, Liquidity and going concern).

Calculations of contract coverage and loan-to-value ratios as at 31 December 2015 showed a requirement for VSS A/S to deposit cash or provide additional security during Q1 2016. No such payments have been made and VSS A/S remains in constructive dialogue with its lenders to find a viable long term financing solution for VSS A/S. As part of this dialogue, the holding company Viking Supply Ships AB's majority shareholder, Kistefos AS, has informed the banks of its intention to support an equity issue of MUSD 15 of which Kistefos AS intends to guarantee for its pro-rata share. As the company currently is in breach with loan to value clauses and contract coverage clauses all borrowings are classified as short-term, even though the company has entered into a standstill agreement with the banks (note 4, Interest bearing liabilities and note 6, Operational and financial risk).

Due to family reasons, Christian W. Berg will take temporary leave from the position as CEO of Viking Supply Ships A/S. Mr. Berg will remain CEO of the parent company Viking Supply Ships AB, but to reduce his workload, Mr. Tord Ytterdahl will temporarily take over the responsibilities as CEO of Viking Supply Ships A/S.

The Chief Commercial Officer has resigned from his position. The CEO of Viking Supply Ships A/S will be responsible for VSS A/S' commercial activities going forward.

VSS A/S has from 1 January 2016 changed its functional currency from NOK to USD.

CONTRACT BACKLOG

CURRENT OVERVIEW

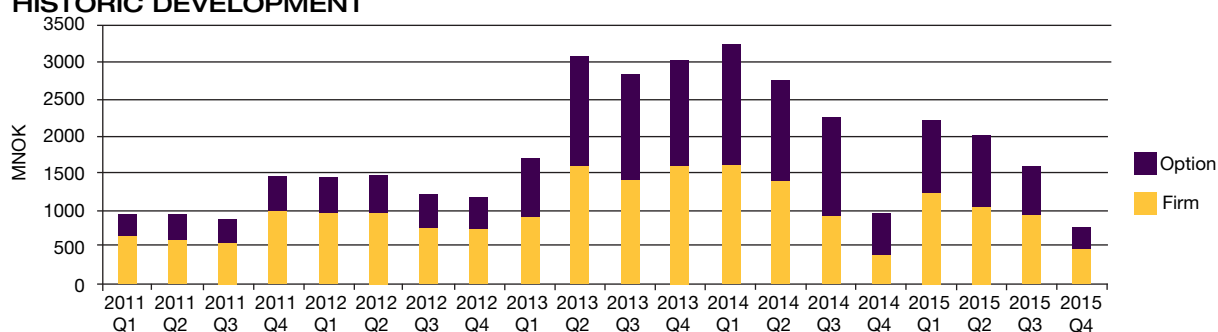
Q4 AHTS	2016	2017	2018
Firm Contract Backlog (MNOK)	472	0	0
Optional Contract Backlog (MNOK)	158	140	0
Total Contract Backlog (MNOK)	630	140	0
Firm Contract Coverage	28 %	0 %	0 %
Optional Contract Coverage	5 %	14 %	0 %
Total Contract Coverage	33 %	14 %	0 %

Q4

Q4 PSV	2016	2017	2018
Firm Contract Backlog (MNOK)	0	0	0
Optional Contract Backlog (MNOK)	0	0	0
Total Contract Backlog (MNOK)	0	0	0
Firm Contract Coverage	0 %	0 %	0 %
Optional Contract Coverage	0 %	0 %	0 %
Total Contract Coverage	0 %	0 %	0 %

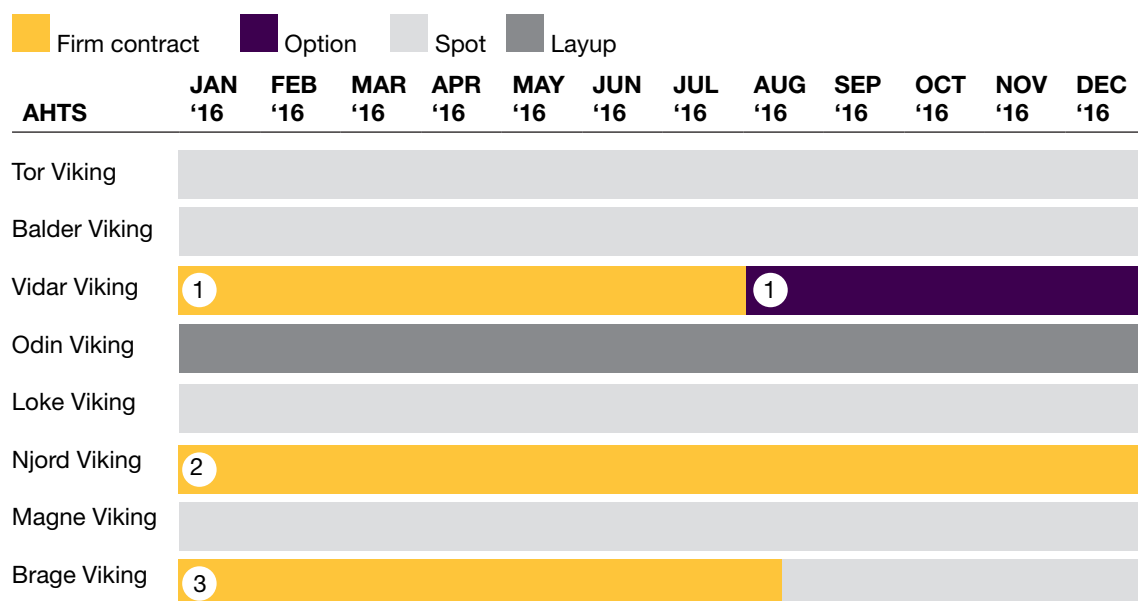
Figures in the tables are as of 31 December 2015.

HISTORIC DEVELOPMENT



Figures in the table are as of 31 December 2015. The amounts show the total remaining contract backlog as of balance date.

EMPLOYMENT OVERVIEW



1. Oil major, firm till 1st August 2016 + 1x6 months option
2. Oil major, firm till 31st December 2016 + 2x6 months option
3. Oil major, firm until mid August 2016



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

Figures in the tables are as of 31 December 2015.

OUTLOOK

We still expect the OSV market in general to remain challenging for a prolonged period. During 2015 a significant number of vessels have been laid-up, which has gradually improved the market balance in the North Sea. However, due to additional rigs coming off contract during 2016, the overall market conditions are expected to be weak in the coming years.

It remains the focus within VSS A/S to increase the contract coverage going forward. However, due to the market conditions, this will be a challenge. Nevertheless, VSS A/S still sees contract opportunities within the core market of harsh environment exploration and production going forward.

Copenhagen, 29 February 2016

Board of Directors:

Christen Sveaas
Chairman

Anders Folke Patriksson
Vice chairman

Bengt A. Rem

Lars Håkan Larsson

Per Magnus Sonnorp

Managing Director:

Christian W. Berg

CONDENSED CONSOLIDATED PROFIT AND LOSS ACCOUNT

(MNOK)	Note	Q4 2015	FY 2015	Q4 2014	FY 2014
Total Revenue		282.9	1 069.0	475.9	1 741.5
Direct voyage costs		-17.5	-52.6	-12.1	-48.5
Operating costs		-197.8	-736.6	-206.5	-974.8
Total operating costs		-215.3	-789.2	-218.6	-1 023.3
Operating profit before depreciation (EBITDA)		67.6	279.8	257.3	718.2
Net gain on sale of fixed assets		-	-	-	0.9
Depreciation	2	-46.5	-191.0	-51.5	-194.7
Impairment	2	-80.0	-266.5	-	-
Operating profit (EBIT)		-58.9	-177.7	205.8	524.4
Financial income		2.8	5.8	2.1	2.8
Financial costs		-41.5	-164.1	-89.8	-220.0
Net financials		-38.7	-158.3	-87.7	-217.2
Pre-tax result		-97.6	-336.0	118.1	307.2
Taxes		-0.1	-2.2	-5.0	-15.3
Result for the period	3	-97.8	-338.3	113.1	291.8

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(MNOK)	Q4 2015	FY 2015	Q4 2014	FY 2014
Result for the period	-97.8	-338.3	113.1	291.8
Translation effect foreign operations	-4.4	3.9	6.5	13.4
Other comprehensive income net of tax	-4.4	3.9	6.5	13.4
Total comprehensive income for the period	-102.1	-334.3	119.6	305.2

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

(MNOK)	Q4 2015	FY 2015	Q4 2014	FY 2014
Cash flow from operating activities	156.4	346.0	289.7	539.0
Cash flow from investing activities	-35.2	-69.7	-177.8	-333.4
Cash flow from financing activities	-104.1	-440.7	-67.7	-126.9
Net changes in cash and cash equivalents	17.1	-164.4	44.2	78.7
Cash and cash equivalents at the start of period	135.4	316.9	272.7	238.2
Cash and cash equivalents at the end of the period	152.5	152.5	316.9	316.9

CONDENSED CONSOLIDATED BALANCE SHEET

(MNOK)	Note	FY 2015	FY 2014
ASSETS			
Vessels and equipment		3,600.1	3,887.5
Tangible fixed assets	2,3	3,600.1	3,887.5
Financial fixed assets	5	180.8	75.7
Total fixed assets		3,780.9	3,963.2
Inventories		17.3	21.7
Accounts receivables		97.2	305.8
Other current receivables		70.4	90.6
Cash and cash equivalents	5	152.5	316.9
Total current assets		337.3	735.0
Total assets		4,118.2	4,698.2

(MNOK)	Note	FY 2015	FY 2014
EQUITY AND LIABILITIES			
Share capital		0.5	0.5
Retained earnings and reserves		1,544.6	2,024.0
Total equity		1,545.2	2,024.5
Long-term bond loan	4	193.8	191.9
Long-term debt to credit institutions	4	722.8	1,932.7
Other non-current liabilities		18.6	28.6
Non-current liabilities		935.2	2,153.2
Short-term bond loan	4	-	-
Short-term debt to credit institutions	4	1,364.6	268.7
Accounts payable		49.4	154.0
Other current liabilities	4	223.8	97.8
Current liabilities		1,637.9	520.5
Total liabilities		2,573.0	2,673.7
Total equity and liabilities		4,118.2	4,698.2

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. LIQUIDITY AND GOING CONCERN

The condensed interim financial statements for the twelve months ending 31 December 2015 have been prepared using the going concern assumption.

The deteriorated market conditions, including downward pressure on rates and utilization, decreasing vessel values and contract backlog, have negatively impacted the liquidity, earnings and financial position of VSS A/S. Despite increasing willingness among ship owners to lay up vessels, there has been no sign of any significant recovery.

VSS A/S' liquidity position is strained and in the current market, VSS A/S does not have sufficient liquidity to service its debt obligations as they fall due going forward including the requirements to deposit the requested cash or additional security as required under contract coverage- and loan-to-value clauses during Q1 2016. Further, VSS A/S has not been able to comply with events of default provisions in loan agreements which

together with contract coverage- and loan-to-value clauses in loan agreements makes all borrowings short-term, including loans amounting to MNOK 917, which as at 31 December 2015 have been classified as long-term debt in the balance sheet.

As a consequence, VSS A/S initiated a dialogue with its lenders to secure a long-term stable financing solution within the end of Q1 2016. The outcome of this dialogue is that the lenders have committed to a standstill agreement, running up to and including 20 March 2016. This in order to give the company time for a long-term solution to be put together with a view to establish a formal restructuring, on which the company can base its continued operations. The plan is conditional upon the lenders undertake to standstill with respect to claims under the loan agreements and that the lenders use reasonable efforts to support and complete a plan for restructuring of the company's debt. In the standstill period, the company will service its obligations regarding scheduled interest payments, but is not obliged to service its obligations regarding payment of scheduled instalments.

As part of the dialogue, the holding company Viking Supply Ships AB's majority shareholder, Kistefos AS, has informed the lenders of its intention to support an equity issue of MUS\$ 15 of which Kistefos AS intends to guarantee for its pro-rata share.

Conditional of a positive outcome of the dialogue with the lenders, and due to the fact that VSS A/S has a market value adjusted equity of MNOK 2,061, management expects that the company will be successful in securing a long-term stable financing solution for the VSS A/S group and the company within the near future.

The primary uncertainties and risks in relation to these considerations include a continued weakening of the market conditions.

Based on the above description of the outcome of the dialogue with the lenders, and a continued belief in securing contracts within the core market segment, management has concluded that the company and the VSS A/S group will be able to continue as a going concern at least until 31 December 2016. This conclusion is based on management's knowledge of the VSS A/S group and the company, the expected outcome of the constructive dialogue with the lenders, estimated outlook for 2016 and the uncertainties and risks described above. Thus, management considers it appropriate to base the condensed interim financial statements for the twelve months period ending 31 December 2015 on the going concern assumption.

2. DEPRECIATION

Tangible fixed assets are recognized at cost or after deductions for accumulated depreciation according to plan and possible impairment. Straight-line amortization according to plan is based on the following useful lives:

- Vessels 25–30 years with residual value
- Docking and major overhaul measures 2.5–5 years
- Other equipment 5–10 years

Management has for Q4 evaluated the values of the PSV segment and concluded that the PSV vessels are impaired resulting in an impairment loss of MNOK 80. The impairment is based on average external vessel valuations from internationally acknowledged shipbrokers showing a total PSV fleet value of MNOK 664 (ranging from MNOK 608 to MNOK 705). The value is supported by a calculated value in use based on discounted cash flows using a weighted average cost of capital (WACC) of 9%. Based on key assumptions related to fixture rates, utilization, contract coverage, cost levels and currency exchange levels as well as an estimated residual value at the end of the forecasted period, VSS A/S has made discounted cash flows covering a period of 15 years. The impairment test is sensitive to changes in the underlying assumptions including the pace and timing of assumed market recovery, which are uncertain due to the current challenging market conditions. The impairment loss of MNOK 80 comes in addition to the impairment loss of MNOK 187 in Q3 2015.

The external vessel valuations from internationally acknowledged shipbrokers for the AHTS segment shows market values in excess of the carrying amount of the owned AHTS fleet by 17% on average.

3. SEGMENT INFORMATION

The segment information is presented in accordance with the internal reporting structure and includes four segments.

(MNOK)	Q4 AHTS	Q4 PSV	Q4 Services	Q4 Ship Mgmt.
Total Revenue	244.5	7,2	0,1	31.2
Direct voyage costs	-15.8	-1.7	-	-
Operating costs	-145.2	-19.3	-2.1	-31.2
Total operating costs	-161.0	-21.0	-2.1	-31.2
Operating profit before depreciation (EBITDA)	83.5	-13.8	-2.1	-
Depreciation	-35.8	-10.8	-	-
Impairment	-	-80.0	-	-
Operating profit (EBIT)	47.7	-104.6	-2.1	-
Financial income	2.7	0.1	-	-
Financial costs	-32.8	-8.6	-0.1	-
Net financials	-30.1	-8.5	-0.1	-
Pre-tax result	17.6	-113.1	-2.1	-
Taxes	-0.1	-	-	-
Result for the period	17.4	-113.1	-2.1	-

(MNOK)	Q4 YTD AHTS	Q4 YTD PSV	Q4 YTD Services	Q4 YTD Ship Mgmt.
Total Revenue	913.3	28.3	-1.0	128.4
Direct voyage costs	-43.4	-9.2	-	-
Operating costs	-483.4	-121.7	-3.1	-128.4
Total operating costs	-526.8	-130.9	-3.1	-128.4
Operating profit before depreciation (EBITDA)	386.5	-102.6	-4.1	-
Depreciation	-140.8	-50.3	-	-
Impairment	-	-266.5	-	-
Operating profit (EBIT)	245.7	-419.4	-4.1	-
Financial income	5.6	0.2	-	-
Financial costs	-129.1	-34.3	-0.7	-
Net financials	-123.5	-34.1	-0.7	-
Pre-tax result	122.2	-453.5	-4.7	-
Taxes	-2.2	-	-	-
Result for the period	119.9	-453.5	-4.7	-

(MNOK)	Q4 AHTS	Q4 PSV	Q4 Services	Q4 Ship Mgmt.
Total tangible fixed assets	2,937.2	662.9	-	-
Total interest bearing debt	1,817.7	463.5	-	-

There are no significant revenue transactions between the segments.

4. INTEREST BEARING LIABILITIES

The vessels owned by VSS A/S are financed through bank loans with pledge in the vessels. Further securities have been given in the form of pledge in revenue and insurance policies. The interest-bearing debt in VSS A/S per Q4 2015 is MNOK 2,281 (2,393).

The interest bearing liabilities are associated with financial covenants, according to which VSS A/S must fulfil certain key ratios. At the balance date all financial covenants were in compliance.

Further, the interest bearing liabilities are also associated with loan clauses, such as contract coverage clauses and loan-to-value clauses, according to which VSS A/S must fulfil certain levels of contract coverage and loan-to-value, pursuant to the individual loan agreements. If these levels are not met, VSS A/S must deposit cash or

provide additional security, according to the terms in the relevant loan agreements. Any such amount in deposit will vary up or down and the variation is dependent upon currency exchange rates, amortizations under the loan and development in vessel valuations. If the levels of contract coverage and loan-to-value, pursuant to the terms in the individual loan agreements, yet again are met then the obligation of providing additional security will cease. At the balance date, VSS A/S had provided the lenders with a total of MNOK 108 in additional security.

Calculations of contract coverage and loan-to-value ratios as at 31 December 2015 showed a requirement for VSS A/S to deposit cash or provide additional security during Q1 2016, partly to be remedied before the end of January 2016. VSS A/S has in 2016 not deposited cash or provided additional security on these loans and the respective total loan amount of MNOK 1,228 is classified as short-term debt as at 31 December 2015. VSS A/S has asked its lenders to waive such requests for additional deposits, and VSS A/S remains in constructive dialogue with its lenders in order to find a long-term stable financing situation (see note 1, Liquidity and going concern).

Further, VSS A/S has in 2016 received reservation of rights letters from its lenders related to events of default provisions in loan agreements, which together with contract coverage- and loan-to-value clauses in loan agreements makes all of VSS A/S' borrowings short-term debt. This also includes loans amounting to MNOK 917, which as at 31 December 2015 have been classified as long-term debt in the balance sheet.

In March 2012 VSS A/S issued a 5 year senior unsecured bond loan in the Norwegian capital market, with maturity in March 2017, totaling MNOK 300. The bond agreement has a limit of MNOK 750. The bond was listed on Nordic ABM in Oslo on 28 June, 2012. In March 2013 an additional MNOK 85 was drawn in a tap issue. As at balance date VSS A/S is holding nominal MNOK 189 of this bond, implying MNOK 196 is outstanding.

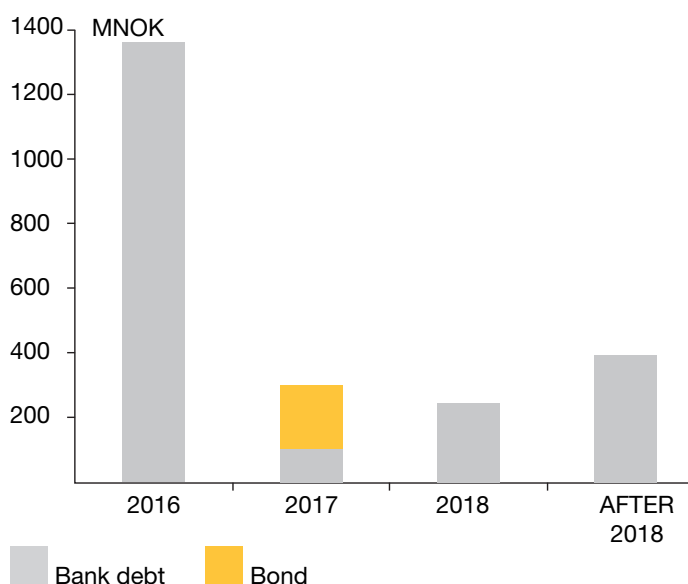
VSS A/S has 42% (40%) of its interest bearing debt in USD and 20% (19%) in GBP. The remaining loans are denominated in NOK. VSS A/S has 10% (10%) of the total loan portfolio swapped into fixed interest rate.

As communicated in the 2014 Group Annual Report, VSS A/S received a loan of MNOK 73 from VSS AB in relation to the MNOK 145 dividend. The loan is given on an arm's length basis. The loan is part of "Other current liabilities" in the Balance Sheet.

4.1. CLASSIFICATION BY TYPE OF DEBT

(MNOK)	FY 2015	FY 2014
Long-term bond loan	193.8	191.9
Short-term bond loan	-	-
Long-term debt to credit institutions	722.8	1,932.7
Short-term debt to credit institutions	1,364.6	268.7
Total interest bearing liabilities	2,281.2	2,393.3

4.2. DEBT MATURITY



5. CASH AND CASH EQUIVALENTS

(MNOK)	FY 2015	FY 2014
Restricted cash *	107.9	-
Free cash and cash equivalents	152.5	316.9
Cash and cash equivalents	260.3	316.9

* The amount is included in the item "Financial fixed assets" in the balance sheet

6. OPERATIONAL AND FINANCIAL RISK

VSS A/S is characterized by a high degree of international operations and is thus exposed to a number of operational and financial risks. VSS A/S works actively to identify, assess and manage these risks.

VSS A/S' liquidity is due to the market conditions strained and in the current market VSS A/S is unable to fulfill existing covenant undertakings in loan agreements. A solution with VSS A/S' lenders is necessary and accordingly, VSS A/S initiated a dialogue with its lenders during Q4, with an ambition to secure a long-term stable financing solution within the end of Q1 2016 (see note 1, Liquidity and going concern).

VSS A/S is exposed to changes in the freight rates. To mitigate this operational risk, VSS A/S has a clear focus on increasing the number of vessels on term contracts.

Long-term loans are the principal form of financing. Accordingly, interest rate fluctuations have an impact on VSS A/S' earnings and cash flow. To reduce this risk VSS A/S aims to actively manage the interest exposure through various types of hedging instruments.

Part of the VSS A/S' cash flow is generated in currencies other than NOK which is VSS A/S' functional currency. This means that currency fluctuations have an impact on VSS A/S' earnings and cash flows. The foreign exchange risk is primarily reduced by matching the exposure to revenues in various currencies with costs in the corresponding currency. In the same manner, assets in a certain currency are primarily matched with liabilities in the same currency.

7. COMPANY INFORMATION

VSS A/S is a 100% owned subsidiary of Viking Supply Ships AB (publ) (VSS AB). VSS AB is a limited liability company registered in Sweden, with its domicile in Gothenburg, and corporate registration number 556161-0113. VSS AB is listed on the Small Cap list of the NASDAQ OMX Nordic Exchange in Stockholm under the ticker VSSAB.

8. BASIS OF PREPARATION

These condensed interim financial statements for the twelve months ending 31 December 2015 have been prepared in accordance with the accounting principles as described in the VSS A/S Annual report for 2014.



**QU
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LY 4**