TransAtlantic

Annual Report 2010

Contents

The cover picture shows TransPulp in the port of Lübeck.
Photo: Anna Hult.

TransAtlantic 2010

TransAtlantic's operations

Since 2007, TransAtlantic's operations have been divided into two business areas, Industrial Shipping and Offshore/Icebreaking. The Industrial Shipping operation comprises the RoRo Baltic, Container and Bulk divisions.

The fleet comprises 35 vessels, as well as two new-build contracts.

Read more on pages 8–9

Industrial Shipping business area

Industrial Shipping comprises three divisions that cooperate to achieve a maximum degree of utilization for all 29 vessels. With the Baltic Sea as the geographic base, the business area covers various customer segments within the Nordic base industry. Customer relations are characterized by a high level of quality awareness, long-term approach and close cooperation.

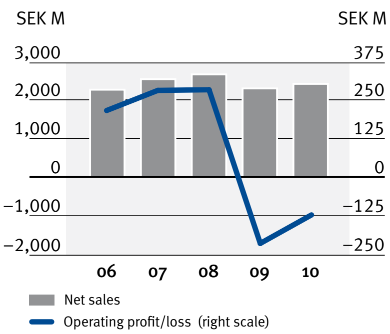
Read more on pages 10–15

Offshore/Icebreaking business area

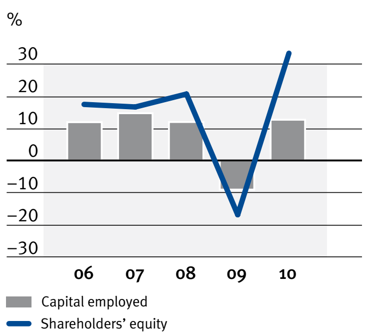
With specially adapted tonnage and crew members with specialist expertise, the business area offers oil prospecting customers in Arctic waters safe and predictable operations through an integrated offshore and ice management service. On behalf of the Swedish Maritime Administration, icebreaking is conducted when necessary in the Baltic Sea during January to March.

Read more on pages 16–21

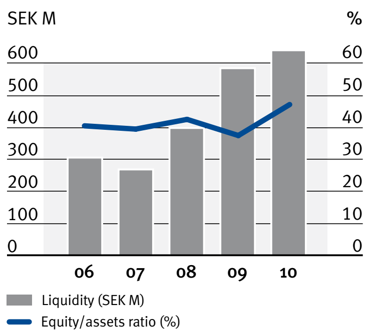
Net sales and operating profit/loss



Return on capital employed and shareholders' equity



Liquidity and equity/assets ratio



2010 in brief

Net sales rose to SEK 2,394 M (2,284) and were primarily due to increased activity and higher deployment in the Offshore/Icebreaking business area. Profit before tax amounted to SEK 407 M (loss: 276) and earnings per share after tax was SEK 16.60 (loss: 8.00). Profit was positively impacted in an amount of SEK 775 M by the acquisition of joint-venture companies within the Offshore/Icebreaking business area and negatively impacted in an amount of SEK 241 M attributable to the impairment of vessel values. No dividend was proposed for the 2010 fiscal year.

Quarter 1

Icebreaking in the Baltic Sea

Demand is no longer at its lowest. For the first time ever, all three combined offshore/icebreaking vessels were ordered by the Swedish Maritime Administration for icebreaking in the Baltic Sea during the February–March period. Long-term contracts were signed for the four offshore vessels. The overtime ban and the strike by dock workers in Finland had a negative impact of SEK 20 M on revenue. The consequences of the Norwegian Supreme Court's ruling had a positive tonnage tax effect of SEK 65 M.

Quarter 2

All offshore vessels on long-term lease

In general, demand was better. At the end of May, the newly built AHTS vessel, Loke Viking, was delivered from the Zamakona shipyard in Spain and was immediately chartered outside Greenland. This means that all five offshore vessels were chartered on long-term contracts during the period, of which four in Arctic waters.

SUMMARY OF THE YEAR

- The portion of long-term contracts increased for vessels in the Offshore/Icebreaking business area.
- The investment in Arctic offshore continued.
- The Industrial Shipping business area displayed a continued unstable profit trend for the full-year and particularly in Atlantic traffic.
- Quality systems with strong focus on the environment and safety were further developed.
- TransAtlantic implemented its biggest transaction ever through the acquisition of shares outstanding in the joint-venture companies within Trans Viking.

Quarter 3

Acquisition of Trans Viking

Positive operating profit for the quarter. Stefan Eliasson was elected President and CEO. TransAtlantic's biggest transaction ever was implemented when shares outstanding were acquired in the joint-venture company, Trans Viking. The new share issue in conjunction with the acquisition signified that Norwegian Kistefos became the new principal owner. At the Extraordinary General Meeting on September 22, Christen Sveaas was elected the new Chairman of the Board.

Quarter 4

Positive profit trend for Offshore/Icebreaking

A long-term contract was signed for the newly built AHTS vessel, Njord Viking, with the ENI oil company. The contract value totaled NOK 430 M. The result for the Industrial Shipping business area for the fourth quarter was impacted by lower freight rates and reduced volumes primarily in the Bulk division.

Key figures 1)	**Jan–Dec 2010**	Jan–Dec 2009	Jan–Dec 2008
Net sales, SEK M	2,394	2,284	2,648
Operating profit/loss before tax, SEK M	–121	–213	283
Profit/loss before tax, SEK M	407	–276	259
Profit/loss after current tax, SEK M	406	–277	257
Profit/loss after full tax, SEK M	585	–221	266
Net earnings per share, SEK	16.60	– 8.0	9.5
Shareholders' equity, SEK/share	43.20	42.4	50.9
Return on capital employed, %	12.80	– 9.0	12.5
Return on shareholders' equity, %	32.80	–17.1	20.2
Equity/assets ratio on balance sheet date, %	46.60	37.0	42.0

1) Comparability between the years is affected since the Offshore/Icebreaking business area is 100-% owned as of the fourth quarter of 2010 (formerly 50%).

Overview 2011

Competition in industrial shipping remains intense and the scope for rising freight rates from the current low levels is limited. TransAtlantic's agreement to acquire the shipping and logistics company Österströms gives the operation in the Industrial Shipping business area a competitive size and a base for improved customer benefit and profitability.

Activities in Arctic offshore are increasing further and most imminent are new operations off Greenland and in the Russian coastal areas. Additionally, activities in the Barents Sea will expand. TransAtlantic will be well positioned to meet increased demand for tonnage. The focus is on signing more long-term charter contracts with the major oil companies that are active in this market.

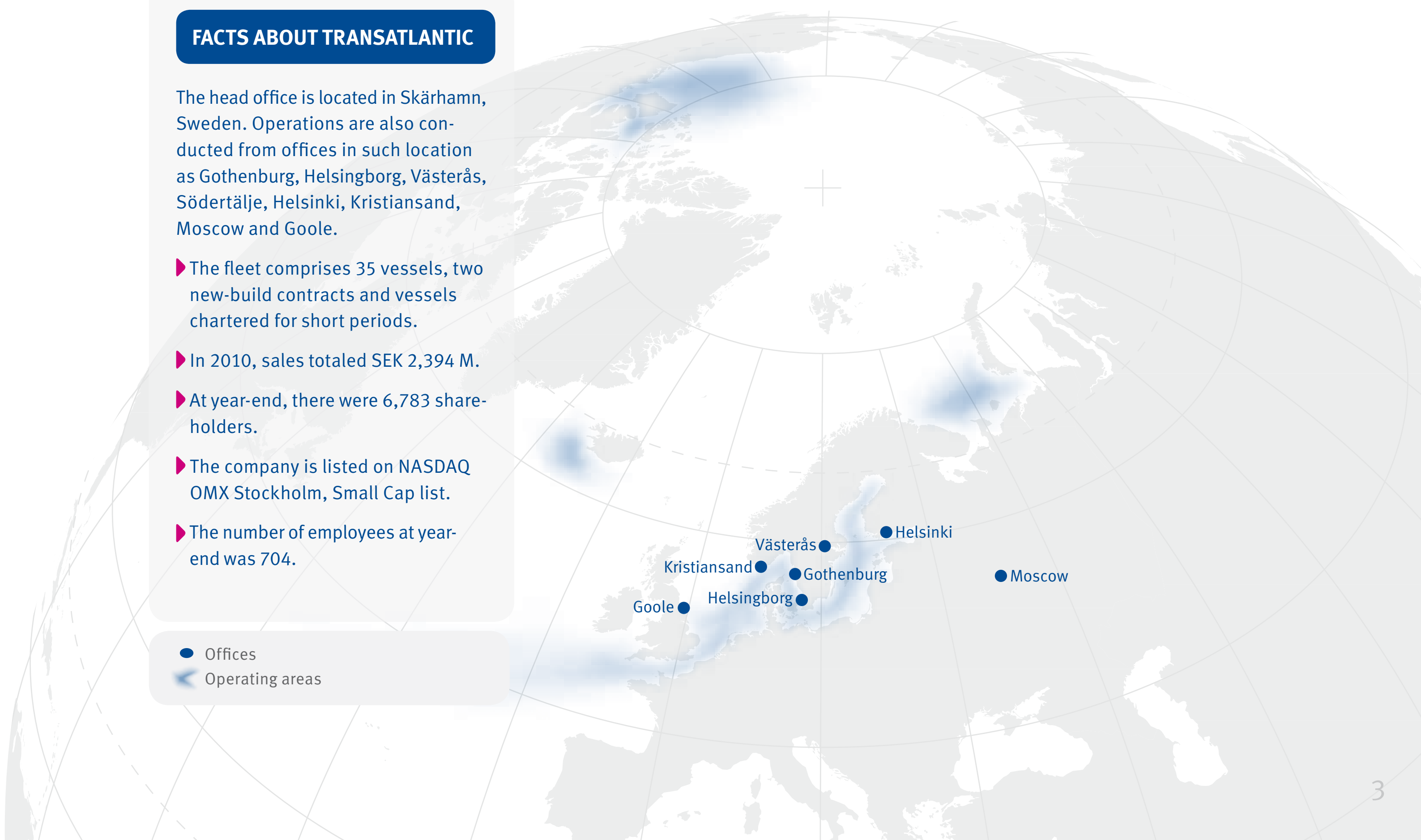
To ensure future focus and expansion in the Group's business areas of Industrial Shipping and Offshore/Icebreaking, a future spin-off of the company is being prepared. Parts of the operation in the Offshore/Icebreaking business area will be relocated to Denmark and a head office for these operations will be established in Copenhagen. In the Industrial Shipping business area, a reorganization will be conducted, with a focus on successful integration of the acquired shipping and logistics company Österströms. The operation will be adapated to achieve a better balance between capacity offering and demand.

With renewed strength, TransAtlantic will be developed to become a leading player in the segments in which the shipping company is active.

FACTS ABOUT TRANSATLANTIC

The head office is located in Skärhamn, Sweden. Operations are also conducted from offices in such location as Gothenburg, Helsingborg, Västerås, Södertälje, Helsinki, Kristiansand, Moscow and Goole.

- The fleet comprises 35 vessels, two new-build contracts and vessels chartered for short periods.
- In 2010, sales totaled SEK 2,394 M.
- At year-end, there were 6,783 shareholders.
- The company is listed on NASDAQ OMX Stockholm, Small Cap list.
- The number of employees at year-end was 704.



Comments by the President

An eventful year has ended. Following a difficult start, we were able to strengthen the underlying profitability through primarily our own efforts and implemented TransAtlantic's largest and most important transaction ever with the acquisition of Trans Viking.

In my President's comments last year, I had to summarize one of the worst years ever in shipping and the worst results in TransAtlantic's history. Global recession, financial crises and an additional wave of large new orders among ship owners generated extremely severe conditions for most companies in this industry. Consequently, with that background, we began 2010 as we ended 2009 – by focusing on turning around the earnings trend through cost reductions and restructuring, as well as by cooperating closely with customers to find common solutions.

During 2010, we noted how the underlying operations successively grew stronger in terms of profitability. The turnaround in earnings was partly due to higher volumes, but was primarily the impact of our own activities. We renegotiated rates, returned vessels, streamlined traffic and focused even more on the degree of vessel utilization. And, we worked intensively to find new customers and contracts.

Our Offshore/Icebreaking business area performed the best during the year, and for the first time ever, all vessels were chartered on long-term contracts. We saw significantly higher activities in Arctic offshore, including exploration outside Greenland and in Russian waters. Our services in this segment are competitive and we are continuously receiving inquiries about assignments. During 2010, we undertook assignments in the Beaufort Sea, Barents Sea and off the coast of Greenland, which demonstrated the strength of our unique, integrated service in Arctic offshore.

The general trend in the offshore market remained weak during 2010 and particularly weak in the North Sea offshore spot market. Major deliveries of new tonnage have generated a surplus, which has put pressure on freight rates. However, the order book is currently shrinking, which, combined with increased activity should result in a gradual improvement in the market in coming years. The long-term prerequisites are favorable, with continued high demand for oil and gas, primarily driven by the BRIC economies.

In our Industrial Shipping business area, the picture is not as distinct positive. During 2010, we had areas with strong volume growth, while activities in other areas remained unchanged. The weak trend, primarily in the US, but also in Europe, dampened demand and, in turn, this had a negative impact on our traffic, although there are glimmers of hope. The strongest trend was in the routes from the northern Baltic Sea region to northern Europe and the container route to the UK. A strong recovery in the Swedish export industry, which benefited from the trend in the emerging markets, was the primary reason for this.

During the year, we continued to work intensely on our strategy. To achieve a successful position, TransAtlantic must focus its resources on the units we believe will be able to establish strong, long-term business concepts. A key step in the strategy is the acquisition of the shares outstanding in Trans Viking. This transaction, which was the shipping company's largest ever and implied that Norwegian Kistefos became our new principal owner, has made TransAtlantic a larger and more distinct company.

However, although we have turned around the earnings trend, we are far from satisfied. We must now capitalize on all measures and activities implemented, while also initiating new ones, with the aim of having TransAtlantic grow in a vibrant and profitable manner. The strategic changes that TransAtlantic communicated at the end of March 2011 are an important step in this work. However, in conjunction with this, I have chosen to resign my position and want to wish my successor, Rolf Skaarberg, the best of luck. I also want to take the opportunity to thank all of TransAtlantic's employees, who have made an intense and focused effort during the year, and the Board of Directors, which has supported encouraged us and all of our shareholders. TransAtlantic must now capitalize on the opportunities to become a leading player in its segments.

Skärhamn, March 2011
Stefan Eliasson
President and CEO

Interview with the Chairman of the Board

The acquisition of shares outstanding in Trans Viking in autumn 2010 resulted in TransAtlantic gaining a new principal owner in Kistefos AS. In addition, Kistefos' founder and owner Christen Sveaas became the new Chairman of the Board of TransAtlantic.

Christen Sveaas, what was the strongest argument for the transaction that made Kistefos the majority shareholder in TransAtlantic?
"The most important factor for Kistefos was to gain strategic control, through ownership, of Trans Viking's offshore operation."

What unique expertise will Kistefos contribute to TransAtlantic?
"We don't believe that Kistefos has any unique expertise, but we are decisive and have a strong focus on profitability and strategic development."

What do you believe are TransAtlantic's primary success factors?
"The most important success factors are crew members' solid experience and knowledge, particularly in the Ice Management area."

What is your opinion of TransAtlantic's earnings for 2010?
"Earnings remained weak, and will necessitate a new approach and introduction of a distinct action plan for the Industrial Shipping business area."

Within which areas will the company grow/invest? Are there plans for additional investments in new tonnage?
"We have recently signed an agreement to acquire the shipping and logistics company Österströms, which will significantly expand the Industrial Shipping operation and contribute additional expertise and customer relations. The operation will now be streamlined to form the foundation for profitability from 2012 and forward. With its eight vessels, the Offshore operation is too small to achieve critical mass. Consequently, during 2011, we will make decisions pertaining to continued expansion, where the focus will be primarily on the financing of newbuildings."

What are your expectations for the development in Arctic offshore?
"We expect many exciting opportunities, but also increasingly stronger competition, which will be provided by the major oil companies as procurer of services."

What are your expectations for 2011? Opportunities and risks?
"2011 will be a very challenging year for TransAtlantic, with a continued turbulent market, tough competition and the need for new, cost-efficient customer solutions. Industrial Shipping must be reorganized following the acquisition of Österströms. At the same time, there are clear, small synergies between the Industrial Shipping and Offshore/Icebreaking business areas. Consequently, Kistefos intends to split the shipping operation in two divisions and list the offshore portion on the Oslo Stock Exchange, which is the world's leading stock market in the oil services sector."

What is your opinion of the investment in TransAtlantic this far?
"In Kistefos, we are surprised by the weak earnings and the unclear organization in Industrial Shipping, and the investment so far has been unsatisfactory. But, Kistefos is a highly long-term investor, and we will

handle the challenges we meet and contribute capital and all our expertise to bring profitability to all TransAtlantic's operations."

What are the Board's immediate challenges?
"The challenges for 2011 are first and foremost the reorganization of Industrial Shipping and the integration of Österströms in the new organization, the demerger of TransAtlantic into two companies, as well as reviewing the capital requirement and recruiting a new President for the Offshore operations."

KISTEFOS AS IN BRIEF

Kistefos AS, which was formerly called Viking Supply Ships AS, was acquired by Christen Sveaas and other investors in 1989. Christen Sveaas then became the sole owner of the company. In recent years, Kistefos AS has been established in shipping and offshore but also has major interests in the property and finance industries. The company has approximately 20 employees and its head office is at Aker Brygge in Oslo, Norway.

Strategy and financial goals

In 2009, TransAtlantic's operations were strongly impacted by the financial crisis, resulting in a significant decline in earnings and a significant weakening in the Group's financial situation. In all, this meant that earlier plans to reverse the earnings trend were revised and a new strategy was prepared to achieve the Group's long-term goals.

Strategy

TransAtlantic shall develop business pertaining to existing leading-edge expertise in ice and system operations. In addition, a new organization shall be developed that is focused on business influences and customer knowledge. To successfully create a completely new work method and a new strategy, a new culture must be created in TransAtlantic. The vision for this work is: Safe Delivery™.

Business concept

TransAtlantic offers customer-intimate and cost-effective shipping transports through a high level of expertise, efficient systems and adapted tonnage.

SAFE DELIVERY™

TransAtlantic's customers must be able to trust us and our ability to deliver:

- **Safety** – no personal injuries, no damage to cargo, vessel and the environment
- **Punctuality** – always on schedule
- **Reliability** – always fulfilling customers' expectations
- **Environmental consideration** – with minimum impact on the environment

Financial goals

TransAtlantic's financial goals, which were adopted in 2005, were assessed and the conclusion was that the goals are still realistic for the operations. The acquisition of the shares outstanding in the companies included in Trans Viking, through a new issue of Series A and B shares, strengthened TransAtlantic's financial position and made the Group structure more transparent.

Goals	Comments on goal achievements for 2010	Trend 2005–2010
Annual growth of **5–10%**	Net sales increased 5%, mainly due to higher activity, increased ownership and higher capacity utilization in the Offshore/Icebreaking business area.	The annual growth was on average negative 2%.
Return on capital over a complete business cycle of not less than **12%** for shareholders' equity **10%** for capital employed	Return on equity amounted to 33% and the return on capital employed was 13%. The return was impacted by the positive nonrecurring effects resulting from the acquisition of the joint-venture companies in the Offshore/Icebreaking business area.	The return on equity amounted on average to 13%. Return on capital employed was on average 9%.
Equity/assets ratio of not less than **30%**	The equity/assets ratio at year-end amounted to 47%. The strong ratio means that there is scope in the balance sheet for new investments.	The equity/assets ratio for the period amounted to an average of 40%.
Average distribution of annual net profit of **33%**	Taking into account profit for the year and the existing investment requirements, the Board of Directors decided that no dividend be paid for the 2010 fiscal year.	Dividend corresponds to 35% of the profit after tax.

Focus 2011

- Prepare for a future spin-off of the company aimed at securing future focus and expansion in the Group's respective areas of operation, Industrial Shipping and Offshore/Icebreaking.
  - Continue to streamline the operations within the Industrial Shipping business area and integrate the acquired shipping and logistics company Österströms into the organization.
  - Increase the share of long-term contracts for vessels in the Offshore/Icebreaking business area.
- Create awareness and understanding for customers' needs and how customer value may be generated.
- Conduct investments in markets, competency and systems.
- Continue safety and environmental efforts to become a leading shipping company in these areas.

TransAtlantic's operations

Business area Industrial Shipping

RoRo Baltic Division

Baltic-Sea based system traffic for the forest industry, using dedicated RoRo and container vessels. For StoraEnso, there is significant system traffic with forest products in both the northern and southern Baltic Sea.

Comments on the trend for 2010

Volumes remained stable during the year in the traffic in northern Finland and in traffic in southern Finland, earnings improved somewhat through tonnage reduction.

Focus 2011

The division will continue to reduce the general cost level, while volumes will be strengthened through contracts with new customers and increased third-party cargo. New structures will be established in the Baltic Sea.

Number of vessels: 11

Read more on page 10

Container Division

Container-based liner traffic between the Mälardalen/Stockholm area and the UK and Germany, respectively, for primarily the forest and steel industries. The operations are divided into the TransPal (UK traffic) and Transfeeder South (Germany traffic) lines.

Comments on the trend for 2010

Volumes increased significantly during the year, primarily due to the recovery in the Swedish steel industry, while the major surplus offering of container vessels resulted in continued pressure on rates.

Focus 2011

A new port terminal will be opened in Hull, which means that vessels will be able to take more and heavier loads, and will also have the possibility to access new and larger catchment areas.

Number of vessels: 5

Read more on page 12

Bulk Division

Bulk transport using small and medium-sized bulk vessels in the Baltic Sea, the North Sea, the Mediterranean, as well as across the Atlantic for primarily the forest, steel and agrarian industries. The transatlantic RoRo traffic comprises four vessels.

Comments on the trend for 2010

The ongoing structural transformation in the newsprint market and a large range of tonnage had a negative impact on earnings.

Focus 2011

Through the acquisition of the shipping company Österströms, a major focus is being made on smaller bulk tonnage, with the Baltic Sea as the geographic base. In transatlantic operations, the focus is on continued cost reductions and prioritizing capacity utilization instead of frequency.

Number of vessels: 13

Read more on page 12

TransAtlantic's operations are divided into two business areas, Industrial Shipping and Offshore/Icebreaking. The Industrial Shipping business area is in turn divided into three different divisions that cooperate to achieve a maximum degree of utilization for the vessels and provide customers with a high level of service.

Business area Offshore/Icebreaking

With specially adapted tonnage and crew members with specialist expertise, oil exploration customers in Arctic waters are offered a safe and foreseeable operation through an integrated offshore and ice management service. On behalf of the Swedish Maritime Administration, icebreaking is conducted when required in the Baltic Sea during January to March.

Comments on the trend for 2010

The trend in the business area was positive during the year, when all five vessels were chartered on long-term contracts. During the first quarter, for the first time, all three combined offshore vessels were also requested by the Swedish Maritime Administration for icebreaking in the Baltic Sea.

Focus 2011

TransAtlantic's strategy is to firstly sign long-term contracts within the Arctic areas, as well as to deploy the vessels in the offshore spot market in the North Sea for periods between various charter agreements and when this market is strong.

Number of vessels: six plus two newbuild contracts

Read more on page 16

HSEQ – HEALTH, SAFETY, ENVIRONMENT AND QUALITY

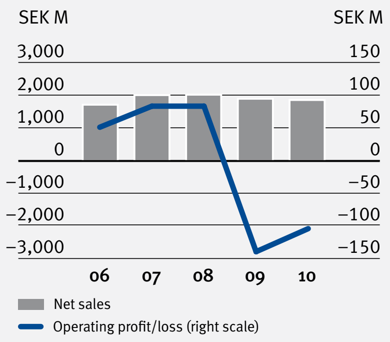
Within TransAtlantic, environmental and safety issues have the highest priority. During 2010, new measures were implemented and control improved to further strengthen the Group's leading position in the area. Read more on page 22.

Industrial Shipping business area

With the Baltic Sea as geographic base, the Industrial Shipping business area covers various customer segments in the Nordic base industry. Customer relations are characterized by distinct quality, long-term approach and close cooperation.

The Industrial Shipping operations comprise three different divisions that cooperate to achieve a high degree of service for customers and maximum degree of utilization for all 29 vessels. Major customers include StoraEnso, SCA, Norske Skog, M-Real and SSAB. Of the business area's sea transports, approximately 78% is contracted on a multi-year basis and approximately 55% of the cargo consists of forest products. During the year, the business area underwent streamlining, mainly by returning tonnage to gain a better balance between volume and tonnage. In 2011, a series of structural changes will be implemented with the aim of creating the conditions required to achieve an acceptable level of profitability. This change will occur in all divisions.

Net sales and operating profit/loss



Operating loss for 2010 amounted to SEK 105 M (loss: 140), while sales amounted to SEK 1,865 M (1,900).

RoRo Baltic Division

The RoRo Baltic Division conducts Baltic Sea-based system traffic for the forest industry with dedicated RoRo and container vessels. Extensive system traffic with forest products in both the northern and southern Baltic Sea takes place on behalf of StoraEnso. Three proprietary RoRo vessels, under the name TransLumi Line, are deployed in the northern Baltic Sea, which sail on a set route between the Gulf of Bothnia, Gothenburg and Lübeck. Two chartered RoRo vessels, under the name TransSuomi Line, are deployed in the southern Baltic Sea, which sail on a set route between Kotka, Lübeck and Gothenburg. The tonnage capacity not filled by StoraEnso is marketed by TransAtlantic to third parties for efficient utilization of cargo capacity. The offering to the customer segment is supplemented by container traffic between northern Finland and the major transshipment ports of northern Germany. In addition, the division leases adapted RoRo vessels to SCA and M-Real for their system traffic with forest products in the Baltic Sea.

Improved volumes

Following a weak trend in 2009, volumes improved in 2010. The reason was partly a somewhat weaker trend among forest and steel customers in the division and partly stronger Russian demand for certain consumer goods such as cars. At the same time, the structural problems in the forest industry remained, as well as surplus tonnage offering, which contributed to keeping down freight prices.

Established position in the Baltic Sea

TransAtlantic has long been one of the major operators in the RoRo segment in the Baltic Sea and has built up long customer relations and efficient transport systems. The development of the shipping transport systems for StoraEnso has provided TransAtlantic with a successively expanded customer base outside the base industry as well. For the Nordic forest industry, TransAtlantic recognizes the long-term potential to build an efficient transport system that covers the entire Baltic Sea.

Stable third-party cargo

The development of the portion of third-party cargo remained stable during the year. In TransLumi Line, 60% of the vessel cargo capacity was utilized by StoraEnso. The remaining portion of the cargo space was marketed by TransAtlantic to other customers. Examples of the third-party cargos to northern Finland were equipment for the mining industry. In other respects, third-party cargos comprise bulk containers, rolling cargo and standard containers.

Capacity adaptation

Development in the division in recent years has been a reflection of the global economic trend. During 2010, many customers transported higher volumes than in the preceding year, but to other markets in Europe. This was clear for forest companies that increased their shipping to Asia and the US. This trend led to difficulties in capacity utilization for some of the inter-European routes. As a consequence of this, TransAtlantic signed an

Name of vessel: TransPulp
Performance: Container/RoRo vessel
Size: 15,000 DWT
Line: TransLumi Line
Operation: Loading of containers in the port of Lübeck.

Cooperation for better ocean environment

TransAtlantic participates in various research projects aimed at increasing knowledge of the ocean environment. While operating in the Kattegatt, Öresund, the Belt and the Baltic Sea, the RoRo vessel, TransPaper, transports water and air samples via a so-called Ferrybox for the Swedish Meteorological and Hydrological Institute.

The project is scheduled to continue until 2019 and provides continuous information on the carbon-dioxide content, the amount of phytoplankton, salt content, temperature, turbidity and concentration of oxygen.

agreement with StoraEnso to reduce the schedule for TransSuomi Line and temporarily return one vessel. The measure generated a significant reduction in traffic costs during the second half of the year.

More port calls contribute positively

The purely container portion of the RoRo Baltic traffic, TransFeeder North, expanded with new port calls in Finnish Mäntyluoto and Gothenburg during the year, which contributed to higher capacity utilization. In addition, the charter agreement for vessels was renegotiated, which resulted in lower costs. After the summer, the volume increase in traffic was stable, primarily paper from StoraEnso and stainless steel from Outokumpu. There is scope for continued growth in container cargo in the future, supported by continued increase in the amount of steel products and positive effects of the new Finnish port of call.

Aggressive strategy

RoRo Baltic will continue to reduce general cost levels while volumes will strengthen through contracts with new major customers and increased third-party cargo. New structures will be established in the Baltic Sea region.

Container Division

The division conducts container-based scheduled traffic between the Mälardalen/Stockholm area and the UK and Germany. The UK traffic, TransPal Line, comprises three proprietary modern container vessels with high ice class and inbuilt dehumidifier for transporting moisture-sensitive steel products. The service calls at Swedish ports in central and southern Sweden, ports in Goole, UK, and Amsterdam. The service has its own stevedoring and terminal operations in Goole.

The other service, TransFeeder South, is served by one wholly owned and one chartered container vessel with high ice class. The service operates between central Sweden, and Hamburg and Bremerhaven, Germany, where customers include major ocean shipping companies. With the feeder traffic as the basis, continuous through-freight transactions are conducted in a number of overseas destinations. A large number of project loads are also executed. Both lines also include storage and forwarding operations.

Continued pressure on rates

Volumes in the container market have increased since the significant drop in 2009. However, the major surplus capacity in container vessels has resulted in continued pressure on rates and many companies are operating at a loss. The strong Swedish economy in 2010 resulted in higher Swedish import and export, which contributed positively to container traffic volumes to and from Swedish ports.

Strong position with broad customer base

TransAtlantic has built up strong and long-term customer relations within the segment. The offering of a so-called door-to-door system through proprietary terminals has generated higher customer value. In addition to standard container tonnage, the vessels have the capacity for project loads, which expands the customer base and improves profitability.

New terminal in the UK

During 2011, the potential to increase volumes will be impacted not only by the financial situation but also by the opening of a new terminal in the UK. The new port in Hull will not be tidal-based as the existing port in Goole, which means that vessels will have the capacity for more and heavier loads. In addition, TransAtlantic will have access to better storage space in the new port.

More efficient transport system

Active marketing in the past years has generated increased customer base in the TransPal Line. The line transports steel and forest products, as well as consumer products from the UK and Sweden. The prerequisites now exist to develop a new, more efficient transport system, with the assistance of the new UK terminal in Hull. The focus is also on increasing cargo volumes by finding new and larger catchment areas.

New ports with new customers

During the year, Transfeeder South reported increased volumes and a more balanced traffic, with a strong increase in both import and export from Sweden. In addition, the line has an excellent footing in new ports with new customers, such as Absolut in Åhus and Scania in Södertälje. To further expand, vessels with larger capacity will be required. Transfeeder South's customers, the major shipping companies and forwarding agents, were positively affected by the strong recovery in global trade. However, competition remained tough, which resulted in relatively low freight levels.

Bulk Division

The Bulk Division comprises four medium-sized and four small ice-classed bulk vessels for contract-based transport in the Baltic Sea, the North Sea, the Mediterranean, as well as across the Atlantic for primarily the forest, steel and the agrarian industries.

Through its ice-classed vessels and the crew's unique ice expertise, the division is a niche player within these specialized smaller bulk segments. In addition, RoRo traffic is conducted using two to three side-port vessels in a Transatlantic route from Lübeck in the Baltic Sea and Zeebrugge in the North Sea, where Lübeck represents a common hub for most of the customers. The cargo consists primarily of coated paper used in magazines. After offloading in the US, newsprint or pulp is loaded, from Canada to Europe. One to two RoRo/side-port vessels operate on the US coast, with loads of newsprint from Canada to several ports in the US and/or the Caribbean, as well as northern South America. North-bound cargo from the US to Canada consists of carbon anodes.

Gradual increase in rates

The ongoing structural conversion in newsprint and a major offering of tonnage were factors that continued to have a negative impact on the traffic in the division during the year. Although there were gradual rate increases, primarily in bulk, it is far from the levels prior to the financial crisis in 2009. In North America, many forest companies reported weak balance sheets, which restricted their development possibilities, and several paper machines or entire mills have closed.

However, the situation in pulp and sawn wood products displayed a stronger trend. In terms of the various bulk segments, the picture remained fragmented during 2010.

To be a competitive shipping company requires efficient systems for vessel operations, competent employees and efficient vessels.

TransAtlantic focuses on continuously developing its systems, employees and vessels to remain a leading shipping company in the segments in which it operates.

The larger bulk vessels, such as Capesize and Panamax, received higher rates periodically. The vessels benefitted from higher demands from primarily Asia. The small bulk vessels, and to some extent, the medium-size, operate more regionally and are thus not affected to a greater extent by the weaker demand in for example Europe.

Positioned for ice assignments

TransAtlantic has very extensive customer relations in both bulk and Atlantic traffic. Crews have major ice experience and all vessels have high ice class. This gives the company an excellent position ahead of the anticipated increase in transport needs in ice areas.

Fewer vessels in Atlantic traffic

In recent years, the Atlantic traffic has been hard hit but the reduction in goods flow from forest and paper products across the Atlantic. TransAtlantic continuously adapted costs to the market situation. During 2010, two of the six vessels were returned to their owners, which generated better utilization capacity in the continuing fleet. The weak trend in newsprint has to some extent been offset by increased pulp deliveries.

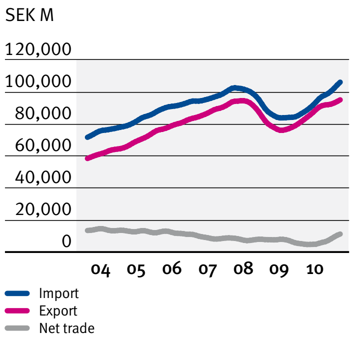
Acquisition of Österströms

With the aim of securing a cometitive size in the bulk segment, TransAtlantic signed an agreement at the end of March 2011 to acquire all of the shares in Österströms, a leading Swedish bulk shipping company with a large fleet of small bulk vessels focusing on activities in the Baltic Sea. The aim is to be able to provide a better and more efficient service for TransAtlantic's customers in Europe through door-to-door solutions, and to combine bulk, RoRo and container transports. The shipping and logistics company Österströms is a privately owned Swedish shipping company, primarily serving customers in base industries in Europe, such as forestry, bioenergy and steel. The shipping company is represented through its subsidiaries, with local expertise in Sweden, Finland, Latvia, Estonia, Poland, the Netherlands and the UK.

Comprehensive route network

Despite stronger demand, driven by recovery in the Nordic base industry and higher Russian import, freight rates remained low in most of TransAtlantic's industrial shipping segment in 2010. The reason is primarily the prevailing major surplus tonnage capacity in the market, with continued full order books in shipyards.

Export, import and net trade



Positive performance by Swedish engineering industry

The official trade figures for 2010 show that the Swedish industry is doing well. For engineering products, which dominate the Swedish trade, export rose 23% and import 28%. Within the sector, steel products accounted for a very strong trend, with an increase of 35% for both export and import. A large portion of the industry's trade with foreign countries occurs by sea.

Bulk – major tonnage offering

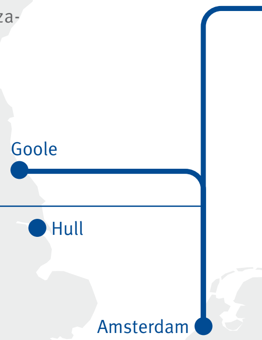
With ice-classed vessels, TransAtlantic conducts contract-focused bulk transports in the Baltic Sea, the Mediterranean Sea, the North Sea and across the Atlantic for primarily the forest, steel and the agrarian industries. During 2010, the operation reported a high level of activity resulting from the strong trend in the Swedish engineering industry, but a major tonnage offering has kept freight rates down.

Atlanta traffic – reduced goods flow puts pressure on prices

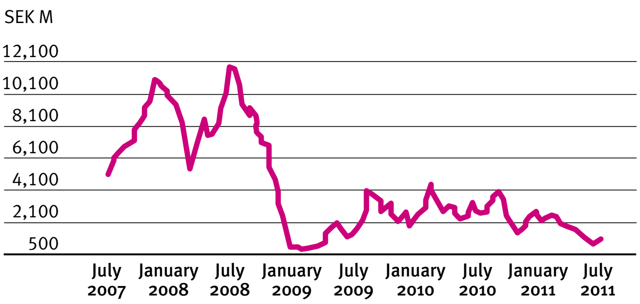
In recent years, the Atlantic traffic has been hit hard by the decrease in the flow of forest and paper products across the Atlantic. During 2010, two of the six vessels were returned to their owners, which generated a higher degree of utilization in the remaining fleet.

TransPal Line – new terminal generates opportunities

The new terminal in Hull is not tidal-based, which means that TransAtlantic's container vessels will be able to take more and heavier loads. In addition, TransAtlantic will have access to better storage space in the new terminal. These factors provide the conditions for developing an even more efficient transport system.



Baltic Dry Index (Biffex) 1997–2011



Continued pressure on freight rates

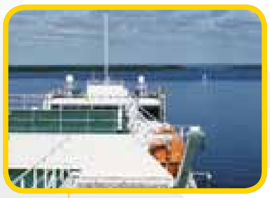
Baltic Dry Index is a global price indicator for transporting dry goods, such as coal, iron ore, copper, cement, sand, fertilizer, grain and cotton by sea. A major tonnage offering combined with weak demand in North America and Europe contributed to continued low levels for the index during 2010.

Helsinki – office close to key customers

TransAtlantic's office in Helsinki, which opened in 2005, currently comprises four employees who work with Finnish customers in all divisions in the business area. Having an office in the Finnish market is highly significant for long-term and close cooperation with major customers such as the StoraEnso forest Group.

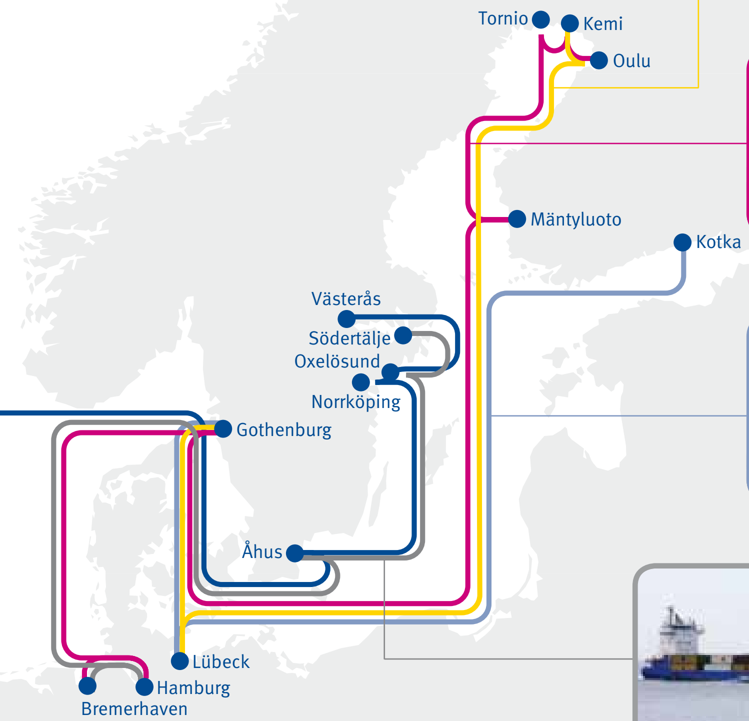
Baltic Sea – for a comprehensive transport system

TransAtlantic has long been one of the larger operators in the RoRo segment in the Baltic Sea and has built up long-term customer relations and efficient transport systems. For the Nordic forest industry, TransAtlantic recognizes the long-term potential to build an efficient transport system to cover the entire Baltic Sea.



TransLumi Line – stable third-party cargo

Since 2007, three proprietary RoRo vessels operate in the northern Baltic Sea on a fixed route for StoraEnso between the Gulf of Bothnia, Gothenburg and Lübeck under the name TransLumi Line. The tonnage capacity not utilized by StoraEnso is marketed by TransAtlantic to third parties. During 2010, third-party cargo was stable, with an increase in the number of loads for the rapidly expanding mining industry in northern Finland.



Transfeeder North – new port of call

The container portion of the traffic within RoRo Baltic, TransFeeder North, expanded with new port facilities in Finnish Mäntyluoto and Gothenburg during the year, which contributed to a higher degree of utilization. In addition, charter agreements for vessels were renegotiated, which generated lower costs.

TransSuomi Line – increased Russian import

Due to a low level of activity among European customers, TransAtlantic signed an agreement with StoraEnso to reduce the number of runs for the TransSuomi Line and temporarily return one vessel. This resulted in a significant cost reduction for the traffic during the second half year. Strong Russian import, including Volvo cars from Gothenburg, contributed to an increase in the degree of utilization.

Transfeeder South – new customers in new ports

Transfeeder South reported increased volumes and a more balanced traffic, with a strong increase in both import and export from Sweden. In addition, the line gained a stronghold in the new ports with new customers, such as Absolut in Åhus and Scania in Södertälje.

Players

The largest competitors to TransAtlantic within industrial shipping currently consist of Österströms, Spliethoff, Finnlines, DFDS Tor Line, Transfennica and Wagenborg. Weak profitability in the market resulted in an increase in cooperation for cargo. The trend is moving to an increase in consolidation, either via fusion or shipping companies cooperating via a pool.

2011 – continued recovery from low levels

Major tonnage offering will keep freight rates down in the coming years, although some recovery is anticipated during 2011 as a result of continued increase in transport needs in the world.

TransAtlantic's acquisition of Österströms will contribute by providing a competitive size and satisfactory expansion opportunities in the industrial shipping operations.

Offshore/Icebreaking business area

During 2010, activities increased in Arctic offshore. TransAtlantic's vessels were involved in Arctic offshore assignments outside Greenland, in the Beaufort Sea and the Barents Sea. In addition, a four-year charter contract was signed for work in the Barents Sea commencing in 2011.

Since 25–30% of the world's potential oil and gas reserves is anticipated to be located in the Arctic areas, increasingly more oil companies have begun to investigate the possibility of extracting these reserves. The challenge facing oil companies consists mainly of overcoming the severe ice conditions and also coping with the logistics. Succeeding in this will require new investments in rigs and vessels, but also in new operational methods. Authorities have issued licenses for exploration in the Arctic areas in the US, Canada and Greenland. In addition, exploration and extraction have been planned for Russia.

High demand in Arctic operations

To participate in Arctic operations, the shipping companies that assist the oil companies must have solid experience in offshore operations and vessel operations in icy conditions. In addition, they must fulfill high demands in terms of quality and environmental requirements and must often have local presence in the market in which the operations will be carried out.

Huge demand for new offshore vessels

The need for Arctic offshore vessels (higher ice class than PC 5) in the coming ten-year period is estimated to amount to 35–45 vessels. The need for powerful icebreakers/offshore vessels (ice class PC 3 or higher), which will be able to successfully operate in these areas, is estimated to amount to approximately 20–25 vessels during the 2013–2020 period.

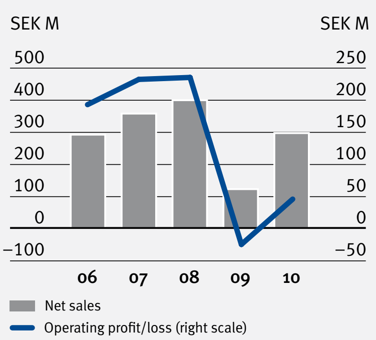
Many challenges in the Arctic

Ice affects personnel and equipment, and knowledge about ice operations is currently limited. Consequently, there is need for both technical and operational innovations in the area. The short operational period also means that comprehensive planning is required prior to the actual operations in order for logistics to function. Drilling is executed far from normal storage bases and there is frequently no or limited infrastructure in the area. In addition, extreme focus is required on safety and environmental issues, and there must be no risk to the lifestyle of the local population.

Facts about the business area

- Comprehensive experience in icebreaking and offshore activities
- One of few players with actual experience in Arctic offshore
- Long-term contract with the Swedish Maritime Administration:
  – icebreaking in the winter using proprietary tonnage
  – ship management for the five Swedish government icebreakers
- A fleet comprising eight vessels (two of which are under construction):
  – three combined icebreakers/AHTS vessels
  – four ice-enhanced AHTS vessels
  – one AHTS vessel with no ice classification
- Advanced support system for the operation in TransAtlantic ICE Master and TransAtlantic ICE Academy.

Net sales and operating profit/loss [1]



Operating profit for 2010 amounted to SEK 45 M (loss: 25) and sales totaled SEK 298 M (125).

1) As of September 2010, the business area is owned 100-% (previously 50%), which affects comparability between years.

System for managing ice

The success factor for customers to achieve their operational goals in the Arctic areas is being able to predict glacial drifts and how the ice is to be managed to prevent it from obstructing drilling operations. The system that prevents the ice from affecting the operation is called Ice Management. In addition to breaking ice, Ice Management includes meteorology, ice search, forecasting using, for example, helicopters, as well as systems for risk analysis. TransAtlantic has combined these functions in its proprietary TransAtlantic ICE Master system.

TransAtlantic's leading concept – TransAtlantic ICE Master

TransAtlantic's unique expertise in executing operations in ice and severe weather conditions is highly significant now that oil and gas exploration is increasing in Arctic waters. With the aim of assuming responsibility on behalf of customers for the entire assignment for offshore vessels in these areas, TransAtlantic offers an integrated offshore and Ice Management service, which will provide customers with more efficient, safer and more environmentally friendly operations.

Name of vessel: Vidar Viking
Performance: AHTS/icebreaking vessel
Size: 2,600 DWT
Operation: Icebreaking in the Baltic Sea.

Photo Magnus Rietz

The system is based on a documented operational model, experience, well-trained crews and specially designed vessels. In addition to icebreaking, the offer includes forecast methods for ice movements, meteorology and the HSE (Health, Safety and Environment) system. TransAtlantic ICE Master is also requested by customers for quantifying future operations. Over the years, the model has been improved with the Breakability Index, as well as the Productivity Index for Ice Management.

Knowledge distribution prioritized

TransAtlantic is already currently established as one of the leading players in Arctic offshore and prioritizes knowledge distribution to selected customers through:

- customized analyses using TransAtlantic ICE Master.
- internal customer/partner seminars held by TransAtlantic ICE Council.
- lectures at Arctic seminars.
- training opportunities at TransAtlantic ICE Academy.

Development of new vessel design

Meeting demands in the market requires building offshore/icebreaking vessels with higher capacity than is available in vessels in the market today. TransAtlantic has developed a new vessel design that is able to operate in the "difficult" Arctic areas, for example outside the northern parts of Greenland. The design is primarily developed for the Arctic areas but is also adapted to operate in other areas, both with and without ice.

Icebreaking cooperation

TransAtlantic's long-term contract with the Swedish Maritime Administration entails that the three combination vessels Tor-, Balder- and Vidar Viking, must be available for icebreaking in the Baltic Sea when necessary during the first quarter each year. The structure of the agreement entails that during mild winters, the vessels may be used in offshore during the first quarter of the year. The vessels' areas of operation are thus dependent on the short notice period for icebreaking, normally restricted to the southern parts of the North Sea sector. TransAtlantic also cooperates with the Swedish Maritime Administration with the aim of utilizing the government icebreakers, for which TransAtlantic is currently responsible, for alternative assignments when they are not required for icebreaking in Swedish waters. The cooperation provides TransAtlantic with a broader market offering.

Strategic change

TransAtlantic is implementing a powerful focus on the Offshore/Icebreaking business area. The acquisition of outstanding shares in Trans Viking that was completed in the third quarter of 2010 was a milestone in the operation's development.

To secure future focus and expansion, parts of the business area's operations will be relocated to Denmark in 2011 and a new head office will be established in Copenhagen. In conjunction with any future spin-off of TransAtlantic, there are plans to list the offshore operations on the Oslo Stock Exchange.

TransAtlantic ICE Master
Strategic, Tactic & Daily Operation System

To implement an integrated operation that delivers expected results, TransAtlantic has developed a unique model jointly with the SSPA for simulations and performing Arctic offshore operations – the Transatlantic ICE Master. The model is unique since it is based on experience from previous operations and unique ice drift forecast methods. ICE Master clearly demonstrates its value to customers by calculating the number of expected drilling days.

TransAtlantic ICE Academy
Kalmar Maritime Academy
Sjöfartshögskolan

With the aim of increasing crew knowledge of ice navigation, TransAtlantic developed a special training program in cooperation with the Kalmar Maritime Academy. In addition to TransAtlantic's own crews, the program is also offered to the crews of customers and cooperation partners. The training program, which was granted the status of official training in ice navigation by the Swedish Maritime Administration, combines theory and practice by using simulators and onboard practice. Read more at www.iceacademy.org.

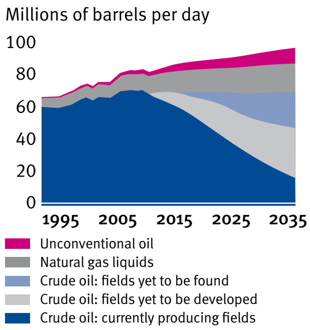
TransAtlantic ICE Council
International ICE Advisory Board

A global council of independent experts in the area was formed with the objective of developing safe processes for Arctic offshore operations. In addition to focusing on establishing various industry standards and a market for Arctic offshore, the council will provide advice on how Arctic operations can be implemented in the best possible manner. Members of the council are from Sweden, Russia, the US, Canada, Finland and Germany. Read more at www.icecouncil.se.

High level of activity in the Arctic in 2010

During 2010, activities rose in Arctic offshore. Operating in Arctic waters often means that vessels must frequently travel in previously virgin waters where a minimum of emissions may occur, with extensive requirements on safety and specialist expertise on the part of the crew.

Major potential in the Arctic



The US Geological Survey (USGS) estimates that 13% of the yet undiscovered oil and 30% of the undiscovered gas is located throughout the Arctic. The Arctic is estimated to include 19 geological deposits containing more than 400 oil and gas fields.

Beaufort Sea

Tor Viking travelled up to McKinley Bay in the Beaufort Sea and towed the Arctic drilling rig Kulluk to Dutch Harbor.

Barents Sea

At the end of the year, the AHTS vessel, Loke Viking, was chartered in the Barents Sea by Statoil. The area has severe weather conditions and total darkness during the winter. The area places specific demands on vessels and crews. During the year, an agreement for Njord Viking was signed to commence a four-year timecharter in 2011 for ENI Norge. The vessel will offer assistance to oil drilling projects in the area.

Greenland

TransAtlantic was very active in the waters of both west and east Greenland during 2010. In the west, Vidar Viking, Balder Viking and Loke Viking operated in the summer and autumn towing icebergs. This was to protect a drilling operation involving a drillship and an oil rig. The vessels were chartered by a subsidiary of Cairn Energy. On the east of Greenland, the Swedish Maritime Administration's icebreaker Oden was deployed protecting a seismic operation from ice. TransAtlantic is responsible for staffing and technical operation of the icebreaker Oden.

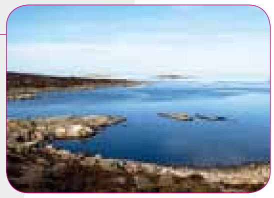
Anchorage

At the TransAtlantic Ice Council's two-day meeting in September in Anchorage, Alaska, discussions were held pertaining to the prerequisites for exploration in severe weather conditions outside Greenland, as well as the conditions in IMO's future Polar Code. At the Council's meeting in March in Kalmar, Sweden, discussions included icebreaker design, Polar regulations of the classification society and how to meet the need for training and education in ice navigation.

TransAtlantic ICE Council
International ICE Advisory Board

Northeast Passage
The Northeast Passage represents the most rapid future transport sea route between Europe and Asia. In December, Tor Viking took that route from Alaska. On the trip, researchers measured the thickness of the ice, the salt content and age, with the aim of producing an icebreaking index for future commercial navigation.

Baltic Sea
Winter 2009/2010 was severe in northern Europe. During the February–March period, all of TransAtlantic's three icebreakers were deployed for the first time by the Swedish Maritime Administration for icebreaking in the Baltic Sea.



West coast, Sweden
A cluster of Arctic expertise is developing on the west coast of Sweden. Players include TransAtlantic and Stena in the forefront in terms of vessel design and drilling technology in Arctic offshore, as well as such organizations as the Swedish Polar Institute and SSPA, with expertise in sustainable, safe and cost-efficient operations in Arctic waters.

Moscow
Analysts anticipate a high level of activity in coming years in the Russian parts of the Arctic. TransAtlantic opened an office in Moscow in 2010 and was involved in a number of Arctic offshore projects in Russia last year. TransAtlantic has extensive and close cooperation with various players in the growing Russian market. The office is a long-term strategic venture in this market.

The conditions for exploration in Arctic waters differ significantly depending on area. The most difficult conditions, with the shortest season and the thickest ice, are located off northern Greenland.

2011 – activities increase further

With rising oil consumption, reduced production from older fields and a marked increase in the oil price, the assessment is that there will be a significant increase in Arctic offshore activities in the coming years. In existing and producing fields, there has already been a demand for more tonnage during the beginning of 2011. Parts of the operations in the Offshore/Icebreaking business area will be relocated to Denmark and a new head office for the business will be established in Copenhagen.

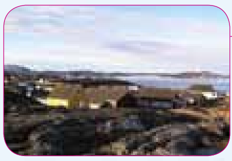
TransAtlantic off Greenland in 2010
Ice Management in practice

During the summer and autumn of 2010, Loke Viking, Balder Viking and Vidar Viking were active in protecting Cairn Energy's drilling assignment west of Greenland.

The assignment was to protect active oil rigs from floating icebergs by vessels towing the icebergs using hawsers or nets.

During the assignment, which was between June and November, TransAtlantic's vessels handled approximately 175 icebergs. Iceberg management places great demand on the crews' expertise and ability for creative work since icebergs come in many shapes and sizes.

Since water currents originate from varying depths and in various directions, assessing the size and shape of the iceberg is important. Based on this, the iceberg can be towed away in the most advantageous direction. The better the expertise in this area, the lower the energy consumption in the operation itself.



Greenland and its oil and gas resources

Greenland, which is more than 85% covered in ice, is six times larger than Germany. Of the island's 57,000 inhabitants, 89% are Inuits. The US Geological Survey, USGS, estimates that there are approximately 50 billion barrels of oil and gas outside the west and east coast of Greenland, which is 20 billion more than the amount pumped by Norway to date. According to an agreement with the Danish government, income from any oil extraction will largely remain in Greenland.

50 billion barrels

Safety and the environment

An efficient fleet operation and a leading safety and environmental effort are among the most crucial success factors for shipping. In TransAtlantic, environmental and safety issues have the highest priority and in 2010 new measures were implemented and quality control improved with the aim of further strengthening the Group's leading position in the area.

An efficient vessel operation with a focus on quality control is crucial to TransAtlantic. In part, new and international regulations will result in higher costs for fuel, in part, the majority of TransAtlantic's customers are major, international companies with high demand on their suppliers' environmental and safety efforts.

For TransAtlantic to develop successfully, the company must be a leader in environment and safety, as well as recruit the best employees. The entire TransAtlantic organization and all vessels comply with requirements in the ISM code (the International Maritime Organization's standard for quality and safety) and are certified in accordance with the quality management system ISO 9001 and the environmental management system ISO 14001. Within TransAtlantic, the department for Health, Safety, the Environment and Quality (HSEQ) is a special support function reporting directly to the President.

Safe deliveries

Safety work aimed at minimizing incidents is additionally important in operations in sensitive areas such as the Baltic Sea and Arctic waters. Safety issues are a prioritized area and TransAtlantic works actively with preventive measures.

TransAtlantic's Safety Management System (SMS) aims to promote and contribute to the safety effort, which is continuously improved on land and at sea. Procedures and checklists onboard vessels are improved and developed continuously, jointly with shipping personnel to minimize risks. All of TransAtlantic's vessels are ice-classed and have crews with ice expertise, which contributes to increasing shipping safety.

Leading safety approach

The investment in Arctic offshore means that the large oil companies are TransAtlantic's customers. They have very stringent requirements on their suppliers' safety work. For shipping companies that will be assisting the oil companies with exploration in the Arctic waters, the same type of specification that applies for tanker companies is

Tor Viking tows container vessel Golden Seas off the coast of Alaska.

Precise safety procedures aboard. Continuously identifying risks is the most important feature in the work to improve safety onboard. Observations are compiled in reports that are distributed to all vessels and thus facilitate continuous improvements.

now being introduced. The requirements, known as Offshore Vessels Management Self Assessment (OVMSA), include 12 items that must be met. It basically involves requirement for a systematic safety effort in accordance with established routines, combining quality and environmental management systems. The shipping companies are assessed on a five-grade scale depending on how well the requirements are fulfilled. During 2010, TransAtlantic commenced implementation of these requirements throughout the entire organization. For example, existing quality, safety and environmental management systems will be linked to include the entire operation.

When assessing their suppliers, oil companies supplement the OVMSA with internal inspection controls of the vessels, as well as visiting the head offices to review routines. All of the offshore vessels are registered in OVID, the Offshore Vessel Inspection Database, where the oil companies can go in and check information online.

One of the requirements included in the OVMSA is training of all bridge officers in a systematic safety approach. During 2010, all bridge officers in industrial shipping were trained in Maritime Resource Management (MRM). It is a system that is based on the safety approach developed in the airline industry, where checklists and routines minimize the risks of accidents. In addition to reducing risks of navigator errors and accidents, such as grounding and collisions, MRM also contributes to increasing understanding for good leadership and teamwork, as well as the benefits of common terminology. From 2011, the MRM shall be implemented on all vessels. In addition, all types of officers will participate in the training. The system for the safety approach corresponding to MRM already exists on TransAtlantic's offshore vessels and icebreakers.

The high safety requirements from the oil industry are also being implemented to a great extent in other industries in which TransAtlantic has customer interests. The high safety and environmental approach in TransAtlantic will be beneficial in future marketing efforts.

Vetting – oil companies' evaluation process in the selection of suppliers

The assessment comprises OVMSA, internal inspection schedules on the vessels, as well as visits to head offices to review procedures and protocols. The collected impression will then ascertain whether the shipping company is approved as supplier, which is a stamp of quality. TransAtlantic has been certified by FPAL (First Point Assessment Limited) and Achilles.

Continuous environmental improvements

The environment is becoming an increasingly competitive factor. Many transport purchasers are increasing the demand for efficient environmental work in their suppliers, which is often higher than the various legislations that apply in the industry. The trend is beneficial to TransAtlantic, since the effort with the fleet's environmental performance is based on continuous improvements. Within the Group, a number of various projects are being conducted to reduce the environmental load, which is continuously adapted to changes in the business world and customers' requirements. During 2011, TransAtlantic's entire organization and all vessels and their operations will be certified according to the ISO 14001 environmental management system.

Close monitoring of environmental goals

During 2010, TransAtlantic implemented new measures in the environmental area and further sharpened control of the environmental effort. Based on Sweden's national environmental goals pertaining to shipping, TransAtlantic has prepared six detailed environmental goals for its own operations:

The goals apply for the 2009–2014 period and there are continuous follow-ups. The goals will be reviewed annually as a natural step in the effort to implement continuous improvements to reduce TransAtlantic's impact on the environment. In 2010, TransAtlantic focused particularly on removing hazardous chemicals, increasing the use of biologically degradable oils, energy efficiency, as well as supplementing the bilge water separators with a so-called white box to control the amount of oil in the bilge water.

TransAtlantic's industrial shipping vessels have been evaluated according to Clean Shipping Index, which is the database that shows individual vessel's environmental impact based on emissions, energy consumption and chemical use.

Lower emissions to air

Limiting the emission of sulfur and nitrogen oxides is among the highest prioritized issues in shipping and also within TransAtlantic. Today, TransAtlantic's Viking-class offshore vessels operate on fuel with 0.1% sulfur content and with catalytic converters that produce the lowest emission level of nitrogen oxides. The system vessels on contract for SCA and StoraEnso also use the same type of catalytic converters. A series of measures are also undertaken to reduce consumption of fossil fuels and thereby reduce carbon-dioxide emissions. Flow meters were installed on a large number of vessels, which will give the captain good control of the fuel consumption when operating in different wind conditions, currents and depths.

Since fuel costs can account for a considerable amount of the operational costs, operating the vessels economically yields major cost benefits. On several of TransAtlantic's vessels, meters for frequency control of ventilators and pumps were also installed to minimize electricity consumption onboard.

The trend towards increased use of electricity from shore power connections is in progress around the world, whereby shipping companies and cargo owners join and invest in more efficient systems. Icebreakers owned by the Swedish State, for which TransAtlantic has operational responsibility, use electricity from shore power connections and district heat for heating, when they are in the Luleå port awaiting assignments in the Baltic Sea. The vessels in the TransLumi Line use shore power in all ports they visit. Increased utilization of electricity from shore power connections not only contributes to less carbon emissions but also limits particle emissions and noise, which is particularly important when vessels operate close to land.

Efficient transport solutions

In addition to reducing fuel consumption and air emissions, TransAtlantic is implementing major environmental efforts by ensuring that vessels are fully loaded and by minimizing the number of positioning trips. TransAtlantic's work with common transport hubs and integrated logistics solutions mean that every type of transport is optimized in both an environmentally friendly and cost-efficient manner.

For example, under the system traffic contract for StoraEnso in the Baltic Sea, TransAtlantic markets the tonnage capacity that StoraEnso does not fill to third parties, which results in efficient use of cargo capacity. As a result of this work, the cargo has been moved from trucks to ships and that carbon-dioxide emissions per transported ton have been lower.

Regulations for environmental and safety work

The general international system of regulations for environmental and safety issues in shipping mainly comprise the regulations and conventions prepared by the UN International Maritime Organization (IMO). These include the ISM code (IMO's control system for quality and safety) and SOLAS and MARPOL (IMO conventions for safety and the environment, respectively). In addition, the EU, national maritime authorities and classification societies have major influence.

More stringent emission rules coming

In October 2008, the International Maritime Organization (IMO) adopted more stringent limits for sulfur in maritime fuel. The new regulations mean that the limits for sulfur in the so-called Sulfur Emission Control Areas (SECA), the Baltic Sea, the North Sea and the English Channel, will be reduced from the current 1.0% to 0.1% as of 2015. The limit for sulfur content will be reduced globally to 0.5% by weight by 2020, or depending on supply, not later than 2025. In addition to reduced sulfur emissions, there will be benefits from less particle emissions, which are expected to decrease by about 80–85% in the SECA.

A consequence of the demands for reduced sulfur content is that the costs for vessel bunker oil will increase by an average of 50–55%, which will result in an increase in shipping transport costs of up to 25%.

TransAtlantic's environmental goals 2009–2014

- Reduce emissions to air, including CO_2, by 10%, measured in emissions per ton/km.
- Reduce the number of chemicals onboard by 15%.
- Reduce fuel consumption onboard by 5%.
- Use chemicals that are less hazardous for humans and the environment.
- Improve waste management onboard.
- Improve control and management of emissions to the water.

The New Polar Code
The new rules that will apply on vessels that navigate in the Arctic and Antarctic from 2012 pertain to demand on the vessels' systems for navigation and communication, rescue equipment, safety for the environment and personnel, as well as risk assessment and preventive measures for marine contaminations.

TransAtlantic's emission data

Emission g/ton km*	**2010**	2009	2008
CO_2 (carbon dioxide)	17.2	19.6	19.1
No_x (nitrogen oxide)	0.314	0.314	0.172
SO_2 (sulfur oxide)	0.14	0.172	0.166
$NMVOC_2$ (liquid organic substances)	0.005	0.005	0.032
PM (particles)	0.013	0.015	0.015
CO (carbon monoxide)	0.027	0.031	0.029

* The calculation includes cargo vessels. Icebreakers/anchor-handling vessels (10% of the fleet) are excluded since the calculations are irrelevant for vessels with no cargo.

Emissions of carbon dioxide (CO_2) per transported ton and kilometer decreased in 2010 compared with 2009. The decrease was due to higher degree of utilization in vessels. The lower emission of sulfur (SO_2) was due to the introduction of new emission rules from 2010 throughout the SECA area. From January 1, 2010, lower limits were introduced for sulfur, which mean that the sulfur content to the quayside in Europe must be a maximum of 0.1% SO_2 and from July 1, the limit is 1.0% SO_2 within the entire SECA area.

Organization and employees

TransAtlantic has a distinct strategy for how employees shall develop and to ensure personnel provisioning. To adapt TransAtlantic to the challenges of the changing market conditions, a more process-oriented organization will be introduced in 2011. This will facilitate an overall approach, as well as lead to higher customer focus and more distinct areas of responsibility.

An attractive and exciting employer

Shipping is an international market with tough competition in terms of the labor market for crew members. The supply of qualified and experienced crew will also be limited for many years to come due to a large number of retirements and continued low amount of newly graduated ship's officers.

TransAtlantic works long-term to lay a stable foundation for future recruitments, by participating in job-recruitment days at universities and offering students practice periods and summer jobs. To be able to recruit and retain skilled personnel, considerable emphasis is placed on creating an attractive workplace with a focus on competency and quality awareness. TransAtlantic focuses on company involvement and information, individual career planning with the possibility of work rotation, expansion through new offshore vessels with high standards, specially adapted training courses and preventive healthcare. Employees are offered a unique opportunity to develop on different types of vessels and in different offices, in various market areas and in various shipping sectors. TransAtlantic shall be perceived as an exciting and attractive employer.

Continuous competency development

To fulfill the company's and customers' requirements with respect to quality, the environment and safety, TransAtlantic focuses on continuous competency development of employees, both on land and at sea. Part of the training that was developed is general, while others are adapted for individual vessels and personnel categories.

During 2010, approximately all 80 bridge officers in industrial shipping were trained in MRM, with the aim of further increasing safety awareness onboard the vessels. The effort was implemented to prepare officers and crew for service on newly built anchor-handling vessels. The training opportunities in TransAtlantic ICE Academy play a key role in the future competency development in Arctic offshore. During 2011, a joint leadership course will be conducted for all of the approximately 150 managers at TransAtlantic.

Focus on ice competency

TransAtlantic has a major recruitment need for its arctic activities. In the short-term, it involves staffing the two new anchor-handling vessels that will be delivered in 2011/2012, with 26–30 employees per ves-

THREE QUESTIONS TO HR MANAGER BRITTA STOLT:

Why should one work at TransAtlantic?

TransAtlantic is a shipping company with numerous career opportunities. We have different service areas, various types of vessels and a land organization supported by many exciting and challenging services.

How do you secure each employee's needs and opinions?

In part, through the annual career discussions between managers and employees. Based on these discussions, an individual action plan is prepared for each employee. Furthermore, an employee survey is conducted each year, which includes all employees. The results contribute documentation for strategic personnel work and for local action plans. The compilation also provides an excellent indication of how leadership and HR issues should be handled in the future.

What are the biggest challenges in 2011?

Working with strategic recruitment. Competency development of our personnel and continuing the work with the new process-oriented organization.

Britta Stolt, HR Manager

MRM (Maritime Resource Management)
During 2010, all 80 bridge officers were trained in MRM. The course is aimed at providing employees onboard with the opportunity to use and coordinate the knowledge, experience and the resources that are available onboard to achieve and develop established goals for safety and efficiency.

sel. In the long-term, when exploration and extraction of oil and gas accelerates in Arctic waters, there will be a great need for employees with specialist expertise in icebreaking and ice navigation. Recruitment and training of specialist functions will occur in cooperation with the Swedish Maritime Administration and the Swedish Polar Research Institute. The recruitment base for icebreaking is in Sweden, Finland and Russia and the recruitment base for offshore is in Norway, Sweden, Denmark and the UK.

Key cooperation

TransAtlantic is involved in a number of different cooperations to meet long-term personnel requirements. Through the Swedish Shipowners' Association, TransAtlantic participates in the major "Lighthouse" research and training venture, which is a competency center for maritime research and education. In collaboration with the University in Kalmar, a special training program in ice navigation was developed called TransAtlantic Ice Academy. The program is intended for both internal and external crew members. The Swedish Maritime Administration has given the program the status of official training in ice navigation.

In the Philippines, a ship's officer training program specializing in marine engineering is offered together with the Wallenius Lines. The program, which lasts for four years and was started in 2008, is arranged in cooperation with the Mapúa Institute of Technology (MAPUA) in Manilla. TransAtlantic has 12 of its own cadets at the school, who are contracted for work at the shipping line after the program has been completed. The training period is conducted on one of TransAtlantic's vessels.

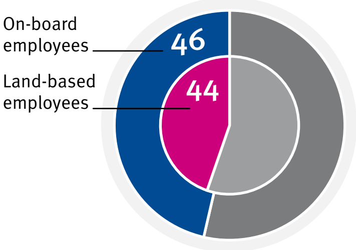
One TransAtlantic

At the end of the year, TransAtlantic had 704 employees, whose work is based on common guidelines and values supported by a strong corporate culture. The land organization comprises 182 employees distributed in 11 offices in six countries.

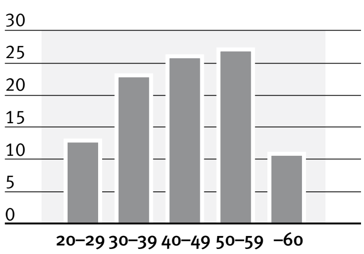
The entire Group Management and all staffing functions are located at the head office in Skärhamn, Sweden. The shipping organization comprises 522 employees distributed in 23 vessels, for which TransAtlantic has ship management responsibilities. Depending on the type of vessel, the vessels are staffed by 10–19 crew members when in operation.

Level of education

Portion of university education, %

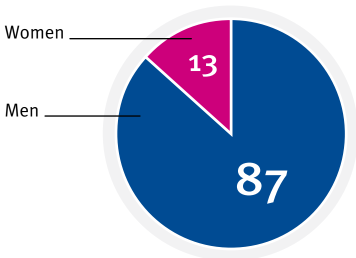


Age structure



Gender distribution

As of December 31, 2010, %

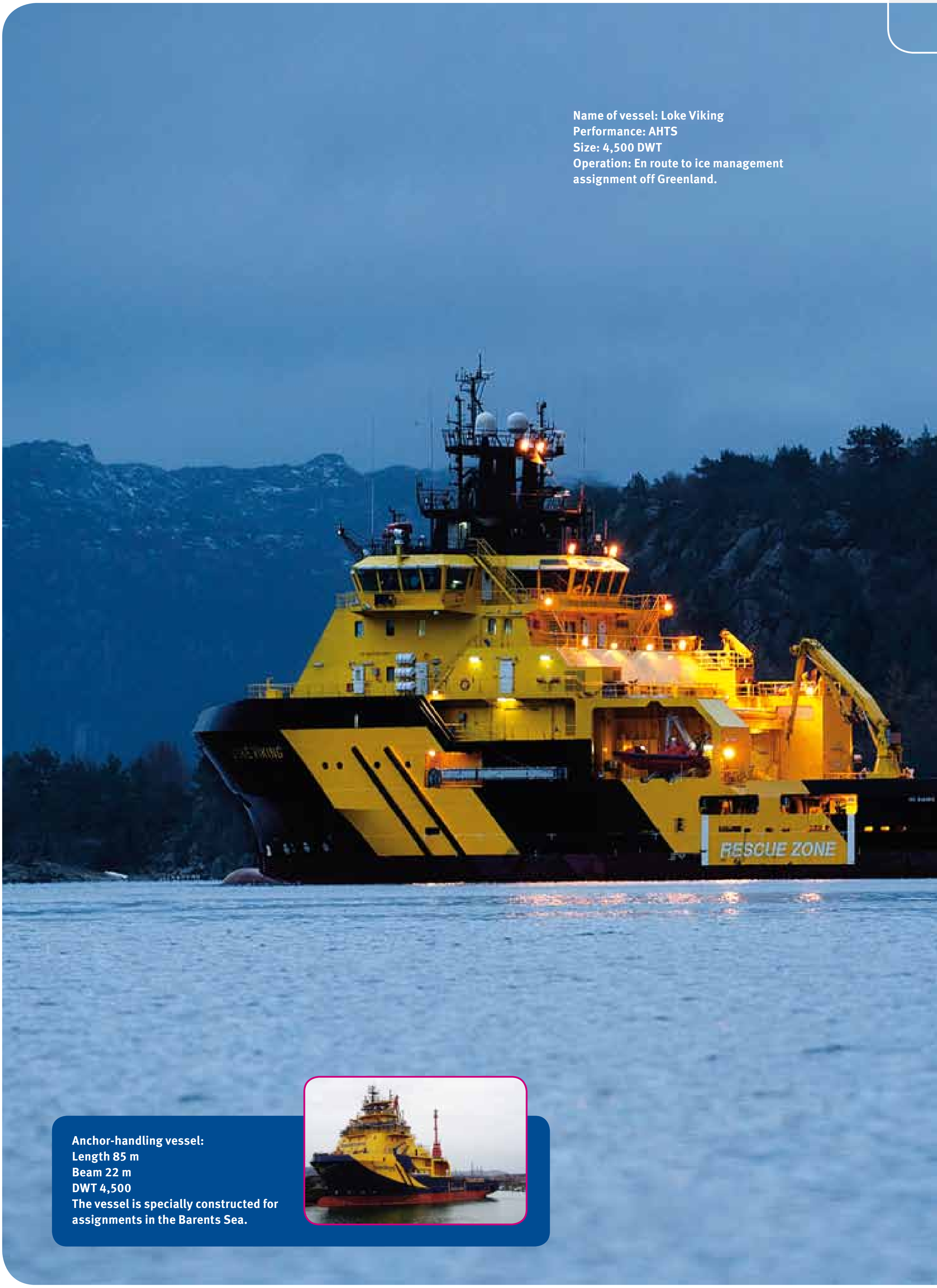


List of vessels

Owned and long-term chartered vessels

Industrial Shipping	Type	DWT	Year of construction Year of remodeling	Holding/Lease type
TransAgila	Container	4,500	1994	67%
TransFrej	Container	4,500	1994	72%
TransNjord	Container	4,500	1995	100%
TransOdin	Container	4,500	1994	66%
TransAlrek	Container	4,500	2006	Leased – Timecharter
TransAnund	Container	9,800	2007	Leased – Timecharter
TransJorund	Container	9,800	2007	Leased – Timecharter
TransPaper	Container/RoRo	15,000	2006	Leased – Bareboat charter [1]
TransPulp	Container/RoRo	15,000	2006	Leased – Bareboat charter [1]
TransTimber	Container/RoRo	15,000	2007	Leased – Bareboat charter [1]
TransEagle	LoLo	16,600	2002	100%
TransOspray	LoLo	20,400	2003	Leased – Timecharter [3]
TransHawk	LoLo	16,600	2005	Leased – Bareboat charter [1]
Tofton	LoLo	14,900	1980	Leased – Timecharter
TransAndromeda	Bulk	6,700	1999	100% [5]
TransCapricorn	Bulk	6,700	2000	100% [5]
TransFalcon	Bulk	5,700	1993	100% [5]
TransWing	Bulk	4,100	1999	100% [5]
Obbola	RoRo	11,450	1996	100% [2] [6]
Ortviken	RoRo	11,520	1996	100% [2] [6]
Östrand	RoRo	11,560	1996	100% [2] [6]
Stena Forteller	RoRo	12,640	2002	Leased – Timecharter [3]
Vikingland	RoRo	16,675	1979/1996	Leased – Timecharter [3]
TransReel	RoRo	11,400	1987	100%
Map	RoRo/Side loader	11,500	1984	100% [4]
TransFighter	RoLo/Side loader	15,100	2001	100%
TransPine	RoLo/Side loader	15,100	2002	Leased – Bareboat charter [1]
TransWood	RoLo/Side loader	15,100	2002	Leased – Bareboat charter [1]
Alida Gorthon	Side loader	14,240	1977/1991	Leased – Timecharter
Offshore/Icebreaking				
Balder Viking	AHTS/Icebreaker	2,600	2000	100%
Tor Viking	AHTS/Icebreaker	2,600	2000	100%
Vidar Viking	AHTS/Icebreaker	2,600	2001	100%
Odin Viking	AHTS	2,870	2003	100%
Loke Viking	AHTS	4,500	2010	100%
Njord Viking	AHTS	4,500	2011	100%
TransBarents	AHTS	4,500	Delivered Q3 2011	100%
TransBering	AHTS	4,500	Delivered Q1 2012	100%

1) Operational lease
2) Financial lease through July 15, 2010
3) Timecharter
4) Laid up and flagged out in 2009
5) Vessels leased out on timecharter basis in 2011
6) The vessels will be divested to SCA Transforest AB at June 1, 2011



Name of vessel: Loke Viking
Performance: AHTS
Size: 4,500 DWT
Operation: En route to ice management assignment off Greenland.

Anchor-handling vessel:
Length 85 m
Beam 22 m
DWT 4,500
The vessel is specially constructed for assignments in the Barents Sea.

The share

TransAtlantic's share price rose 32.3% in 2010, while the NASDAQ OMX Stockholm (OMXSPI) rose 23%. The acquisition of Trans Viking resulted in Norwegian Kistefos becoming TransAtlantic's new principal shareholder through its subsidiary Viking Supply Ships.

TransAtlantic's Series B share is listed on the NASDAQ OMX Nordic Exchange, Stockholm on the Small Cap List and is included in the OMX Transport index. At the end of the year, the share price was SEK 30.40, corresponding to a market capitalization of SEK 1,686 M (645). At December 31, the total shareholders' equity amounted to SEK 2,396 M (1,175), corresponding to SEK 43.20/share (42.40).

Share capital and new share issue

At an Extraordinary General Meeting on September 22, 2010, a new share issue was approved, with payment through contribution in kind for the acquisition of the shares outstanding in Trans Viking. In addition, a resolution was adopted to decrease the share capital by the withdrawal of previously purchased shares. Both resolutions entailed an increase in share capital by SEK 277 M, as well as an increase in the number of shares by 1,817,961 Series A shares and 25,907,715 Series B shares. The total number of shares in TransAtlantic at the end of the year amounted to approximately 55.4 million shares distributed in 3.6 million Series A shares carrying ten votes each and 51.8 million Series B shares carrying one vote each. The share capital amounted to SEK 554 M. The par value of the shares is SEK 10. TransAtlantic has no warrants or other share-related instruments.

Shareholders and changes in shareholder structure

The acquisition of Trans Viking entailed that Norwegian Kistefos, through its subsidiary Viking Supply Ships, became TransAtlantic's new principal shareholder, with slightly more than 50% of both share capital and votes. This shareholding was unchanged at the end of the year. The second largest shareholder in TransAtlantic, in terms of votes, is Enneff Rederi/Enneff Fastigheter with 15.20% of the votes and 3.6% of the capital at the end of the year. In conjunction with the acquisition of Trans Viking, Eneff Rederi AB/Enneff Fastigheter signed a shareholder agreement with Kistefos pertaining to certain issues relating to TransAtlantic. The total number of shareholders at the end of the year totaled 6,783, which is a reduction compared with 2009.

Dividend proposal and dividend policy

Based on earnings for the year and the existing investment requirement, the Board of Directors makes the assessment that no dividend be paid for the 2010 fiscal year. TransAtlantic's target is that the average amount of the dividend shall be not less than 33% of the annual net profit.

Contacts with shareholders

TransAtlantic's ambition is to maintain a positive dialog with the stock market and to provide information on developments and events concerning its operations. This is done via presentations in conjunction with the quarterly reports and participation at conferences and seminars. The Annual Report, year-end reports and interim reports are available on the company's website www.rabt.se. The website also includes press releases, presentation material from information meetings and other information concerning the company.

Key figures

	2010	2009	2008	2007	2006
Number of shares, Dec. 31, 000s	**55,451**	28,430	28,430	28,430	30,858
Market capitalization, Dec. 31, SEK M	**1,686**	645	904	1,225	1,574
Number of shareholders	**6,783**	7,402	6,184	6,324	7,280
Change in share price during the year, %	**32**	–29	–26	–15	57
Ordinary dividend, SEK	**–**	–	2.50	2.0	2.0
Dividend as a percentage of earnings per share	**–**	–	27	31	32
P/E ratio, Dec. 31	**1.8**	n.a.	3.5	6.5	8.2
Shareholders' equity/share, Dec. 31, SEK/share	**43.2**	42.4	50.9	43.6	37.9

Share capital trend

		Change			Number of shares			Share capital		
	Event	Series A shares	Series B shares	Total	Series A shares	Series B shares	Total	Change	Total	Par value
2004	New issue	—	474,275	474,275	1,208,980	17,910,153	19,119,133	4,742,750	191,191,330	10
2005	New issue	608,980	11,129,541	11,738,521	1,817,960	29,039,694	30,857,654	117,385,210	308,576,540	10
2007	Share withdrawal during the year	—	–2,427,180	–2,427,180	1,817,960	26,612,514	28,430,474	–24,271,800	284,304,740	10
2010	New issue	1,817,961	25,907,715	27,725,676	3,635,921	52,520,229	56,156,150	277,256,760	561,561,500	10
2010	Withdrawal of treasury shares		–704,800	–704,800	3,635,921	51,815,429	55,451,350	–7,048,000	554,513,500	10

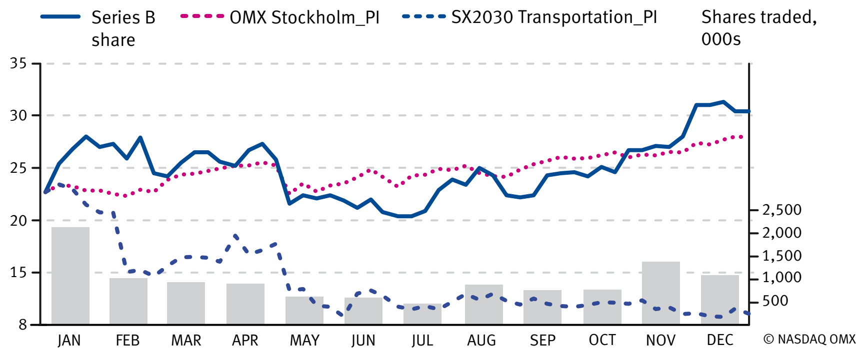
The ten largest shareholders in Rederi AB TransAtlantic at December 31, 2010

	Series A shares	Series B shares	Number of shares	Portion of capital, %	Portion of votes, %
Kisefos AS through subsidiary	1,817,961	25,907,715	27,725,676	50.0	50.0
Enneff Rederi AB/Enneff Fastigheter AB	1,266,061	699,745	1,965,806	3.6	15.2
Villa Costa AB	456,508	2,656,500	3,113,008	5.6	8.2
Ernström Finans AB	—	1,505,000	1,505,000	2.7	1.7
JP Morgan Chase Bank	—	830,000	830,000	1.5	0.9
SIX SIS AG, W81MY	—	727,790	727,790	1.3	0.8
Avanza Pension	—	702,274	702,274	1.3	0.8
Ribbskottet AB	—	600,000	600,000	1.1	0.7
Credit Agricole Suisse SA	—	500,000	500,000	0.9	0.6
CBNY-DFA	—	478,970	478,970	0.9	0.5
Total	**3,540,530**	**34,607,994**	**38,148,524**	**68.9**	**79.4**
Other shareholders	95,391	17,207,435	17,302,826	31.1	20.6
Total number of shares	**3,635,921**	**51,815,429**	**55,451,350**	**100.0**	**100.0**

Number of shareholders in size categories at Dec. 31, 2010

Holdings	Shareholder
1–500	3,696
501–1,000	1,326
1,001–5,000	1,335
5,001–10,000	194
10,001–15,000	68
15,001–20,000	51
20,001–	113
Total	**6,783**

Share-price trend 2010



Press releases 2010

- **Dec. 6, 2010** Swedish icebreakers in heroic rescue effort: Rescued Greek bulk vessel from running aground in Alaska
- **Nov. 16, 2010** TransAtlantic's CFO resigns
- **Nov. 3, 2010** TransAtlantic's Nomination Committee elected
- **Nov. 2, 2010** TransAtlantic signs long-term contact with Norwegian ENI
- **Oct. 28, 2010** Interim report, January–September 2010
- **Sep. 30, 2010** Change in the number of shares in Rederi AB TransAtlantic (publ)
- **Sep. 29, 2010** Rederi AB TransAtlantic (publ) publishes prospectus due to initiation of trade in newly issued shares through contribution in kind
- **Sep. 23, 2010** TransAtlantic appointed President
- **Sep. 22, 2010** Rederi AB TransAtlantic received approval from lenders concerned to acquire Trans Viking
- **Sep. 13, 2010** TransAtlantic implements vessel transaction
- **Sep. 7, 2010** Rederi AB TransAtlantic (publ) to convene an Extraordinary General Meeting on Wednesday, September 22, 2010
- **Sep. 7, 2010** TransAtlantic receives approval from the Competition Authority for the acquisition of Trans Viking
- **Aug. 13, 2010** TransAtlantic becomes owner to 100% of Trans Viking
- **Jul. 23, 2010** Interim report January–June 2010
- **Jul. 15, 2010** TransAtlantic acquires ownership of the RoRo vessels Ortviken, Östrand and Obbola
- **Jul. 12, 2010** TransAtlantic signed contract with Statoil for the AHTS vessel Loke Viking
- **Jun. 10, 2010** TransAtlantic received delivery of the AHTS vessel Loke Viking
- **Apr. 28, 2010** Interim report January–March 2010
- **Mar. 31, 2010** Rederi AB TransAtlantic publishes its 2009 Annual Report on www.rabt.se
- **Mar. 30, 2010** Rederi AB TransAtlantic's Annual General Meeting scheduled for Wednesday, April 28, 2010
- **Mar. 4, 2010** TransAtlantic signs contract for the AHTS vessel Odin Viking
- **Feb. 22, 2010** TransAtlantic's offshore/icebreaking vessel, Vidar Viking, requested for icebreaking
- **Feb. 22, 2010** Year-end report 2009
- **Feb. 16, 2010** TransAtlantic signs contract for three of its offshore vessels
- **Feb. 9, 2010** TransAtlantic signs contract with Shell for one of its Arctic offshore vessels
- **Feb. 1, 2010** TransAtlantic secured public procurement
- **Jan. 29, 2010** TransAtlantic's icebreaker requested for icebreaking in the Baltic Sea

Five-year overview

Refer to page 77 for definitions	TransAtlantic				
SEK M	**2010**	2009	2008	2007	2006
Consolidated sales and earnings					
Net sales					
Offshore/Icebreaking business area	298	125	402	359	294
Industrial Shipping business area	1,865	1,900	2,006	2,005	1,715
Ship management/Group-wide [1]	231	259	240	166	243
Consolidated net sales	**2,394**	**2,284**	**2,648**	**2,530**	**2,252**
Operating profit/loss (before tax)					
Offshore/Icebreaking business area	45	–25	233	230	191
Industrial Shipping business area	–105	–140	81	81	49
	–60	–165	314	311	240
Ship Management/Group-wide	–61	–48	–31	–30	–24
Consolidated operating profit/loss	**–121**	**–213**	**283**	**281**	**216**
Restructuring costs and other items affecting comparability	–247	–63	–24	–3	–9
Acquisition effects	775	–	–	–	–
Consolidated profit/loss before tax	**407**	**–276**	**259**	**278**	**207**
Tax	178	55	7	–92	–19
Consolidated net profit/loss	**585**	**–221**	**266**	**186**	**188**
Consolidated cash flow					
Cash flow from current operations before changes in working capital	58	–50	455	415	363
Changes in working capital	33	2	38	–116	–81
Cash flow from investing operations	164	–142	–58	–41	–1
– of which, investments [3]	152	–142	–86	–84	–194
– of which, divestments	12	0	28	43	193
Cash flow from financing operations	86	–89	–240	–143	–296
Total cash flow	**341**	**–279**	**195**	**115**	**–15**
Exchange-rate difference in cash and cash equivalents	–31	32	–14	14	–17
Cash and cash equivalents, Dec. 31 [2]	637	327	574	393	264
Less blocked/pledged cash and cash equivalents	–14	–7	–7	–7	–6
Overdraft facilities granted but not utilized	24	124	400	400	–
Unappropriated cash and cash equivalents [4]	**647**	**444**	**967**	**786**	**258**

1) In addition to Group-wide expenses, this item includes the Group's external ship management, for which a large portion of sales comprise costs re-invoiced to customers.
2) Utilized overdraft facility is included in cash and cash equivalents.
3) The figure for 2010 includes cash contributed to the Group in connection with the acquisition of Trans Viking.
4) Of the Group's disposable funds for 2010 of SEK 637 M, SEK 315 M pertains to specific accounts to hedge the Group's cash commitments for the delivery of two AHTS vessels.

Refer to page 77 for definitions

SEK M	2010	2009	2008	2007	2006
	TransAtlantic				
Consolidated balance sheet, Dec. 31					
Vessels	3,815	2,195	2,171	2,047	1,902
Financial fixed assets	106	105	66	73	118
Other fixed assets	91	100	79	78	76
Current assets, excluding cash and cash equivalents	497	445	458	533	384
Cash and cash equivalents	637	327	574	393	264
Total assets	**5,146**	**3,172**	**3,348**	**3,124**	**2,744**
Shareholders' equity	2,396	1,175	1,421	1,217	1,085
Interest-bearing liabilities	2,170	1,381	1,188	1,215	1,082
Noninterest-bearing liabilities	580	616	739	692	577
Shareholders' equity and liabilities	**5,146**	**3,172**	**3,348**	**3,124**	**2,744**
Consolidated shareholders' equity [1]					
Shareholders' equity, Jan. 1	1,175	1,421	1,217	1,085	1,135
New issue	658	—	—	—	—
Dividend	—	−70	−70	−57	−62
Profit/loss for the year	585	−221	266	186	188
Exchange-rate differences/other	−22	51	8	37	−83
Buy-back of own shares	—	−6	—	−34	−93
Shareholders' equity, Dec. 31	**2,396**	**1,175**	**1,421**	**1,217**	**1,085**
Data per share (SEK)					
Earnings before capital costs (EBITDA)	25.0	−0.3	18.0	16.3	13.6
Earnings before interest expenses (EBIT)	12.9	−8.4	11.3	12.0	8.9
Operating profit/loss (before tax)	−3.4	−7.7	10.1	9.9	7.2
Profit/loss after current tax	11.5	−9.9	9.2	6.5	6.7
Profit/loss after full tax	16.6	−8.0	9.5	6.5	6.2
Cash flow from current operations	2.6	−1.7	17.7	10.7	9.4
Total cash flow	9.6	−10.0	7.0	4.1	−0.5
Shareholders' equity, Dec. 31	43.2	42.4	50.9	43.6	37.9
P/E ratio	1.8	n.a	3.5	6.5	8.2
Dividend paid	—	2.50	2.50	2.0	2.0
Number of shares, Dec. 31 ('000) [2]	**55,451**	**27,726**	**27,926**	**27,926**	**28,642**
Average number of shares	35,322	27,809	27,926	28,346	30,137
Key figures					
Earnings before capital costs (EBITDA), SEK M	884	−8	502	462	409
Earnings before interest expenses (EBIT), SEK M	455	−233	316	341	268
Shareholders' equity, SEK M	2,396	1,175	1,421	1,217	1,085
Capital employed, SEK M	4,566	2,556	2,609	2,433	2,239
Net indebtedness, Dec. 31, SEK M	1,533	1,054	615	823	819
Operating cash flow, SEK M	841	−41	444	423	374
Total cash flow, SEK M	341	−279	195	115	−15
Return on shareholders' equity, %	32.8	−17.1	20.2	16.2	17.0
Return on capital employed, %	12.8	−9.0	12.5	14.8	12.0
Equity/assets ratio, %	47	37	42	39	40
Net indebtedness, Dec. 31, %	64	90	43	68	75
Profit margin, %	17.0	−12.1	9.8	11.0	9.2
Interest-coverage ratio, multiple	16.0	0.0	9.2	7.7	7.4
Number of employees, average	911	1,050	1,058	1,017	1,268

1) There are no warrants or other equity instruments in Transatlantic.
2) Calculated on number of shares outstanding, excluding bought-back shares held in treasury.

Corporate governance in TransAtlantic

Rederi AB TransAtlantic is a Swedish public limited company listed on NASDAQ OMX Stockholm, Small Cap Segment. TransAtlantic is governed through the Annual General Meeting, the Board of Directors and the President, in accordance with the Swedish Companies Act and the Swedish Code for Corporate Governance.

Corporate governance in TransAtlantic

This Corporate Governance Report has been prepared in accordance with the provisions in the Swedish Code of Corporate Governance ("The Code") and Ch. 6, sections 6–9 of the Swedish Annual Accounts Act and Ch. 9, section 31 of the Swedish Companies Act, and pertains to the 2010 financial year. The auditor has expressed an opinion as to whether the preparation of the Corporate Governance Report and disclosures in accordance with Ch. 6, section 6, second paragraph 2–6 of the Annual Accounts Act (for example, the most important features of the company's system for internal control and risk management in conjunction with financial reporting) correspond with the other sections of the Annual Report.

TransAtlantic's Articles of Association and other additional information on corporate governance at TransAlantic are available at www.rabt.se.

The company's governance, management and control are based on external laws and regulations, as well as internal regulations, policies and instructions. TransAtlantic's Board of Directors and management strive for TransAtlantic to comply with the demands placed on the company by the stock market, shareholders and other stakeholders. By being transparent and accessible, TransAtlantic strives to provide insight into decision channels, responsibility, authorities and control system. In addition to this, the Articles of Association is a central control document. The Articles of Association stipulates where the Board has its registered head office, operational focus as well as information on the number of shares and share capital. The highest governing body in TransAtlantic is the Annual General Meeting, where the company's shareholders exercise their influence. The Board of Directors manages, on behalf of the shareholders, the company's interests and transactions. TransAtlantic's Board of Directors is led by the Chairman of the Board, Christen Sveaas. The Board appoints the President.

Responsibility distribution between the Board of Directors and the President is regulated in instructions and the rules of procedure for the Board of Directors, which is established annually. Administration by the Board of Directors and the President, as well as the company's financial reporting is reviewed by external auditors, elected by the Annual General Meeting.

Application of the Code

The Board of Directors and Management believe that the company follows and applies all regulations included in the Code, with the exception of the composition of the Nomination Committee. The Code states that the majority of the Nomination Committee members must be independent in relation to the company and company management. TransAtlantic's Nomination Committee includes Christen Sveaas and Åge Korsvold, who represents Kistefos AS, which is the largest shareholder in the company, as well as Lena Patriksson Keller, who is not independent in relation to a Board member and a member of company management. However, the Board of Directors believes that this relationship reflects the ownership structure in the company and is thus a reasonable situation.

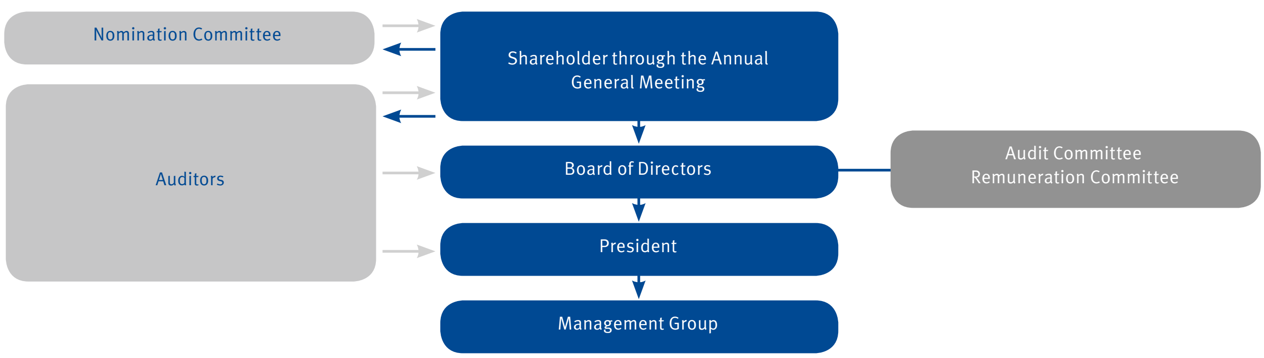
Shareholders

TransAtlantic's Series B shares are listed on NASDAQ OMX Stockholm since 1991, the Small Cap segment. The share capital amounts to SEK 554,513,500, distributed among 55,451,350 shares with a quotient value of SEK 10. There are two classes of shares: 3,635,921 Series A shares and 55,815,429 Series B shares. Series A shares carry ten votes each and Series B shares carry one vote each. The number of shareholders at December 31 amounted to 6,783. Both types of shares carry dividend entitlement.

Further information on the share and shareholders, refer to page 30.

Annual General Meeting

TransAtlantic's highest decision-making body is the Annual General Meeting, which must be held within six months of the end of the financial year. Notification of the Annual General Meeting shall occur not earlier than six weeks



and not later than four weeks prior to the Meeting. All shareholders included in the list of shareholders and who have registered for participation in time are entitled to participate and vote at the Meeting. Those shareholders who cannot attend in person may be represented by proxy.

The Annual General Meeting was held on April 28, 2010 at the Nordic Watercolour Museum in Skärhamn. At the Meeting, 68 shareholders and their representatives were present, representing 51% of the votes. At the Meeting, the entire Board of Directors, Group Management and the company's auditors were present. The Acting President also informed the Meeting about the development of the company during the past year and resolutions made at the Meeting included:

– no dividend will be paid for the 2009 fiscal year
– fees for the Board of Directors shall remain unchanged and total SEK 1,600,000, distributed as SEK 400,000 to the Chairman and SEK 200,000 to each Board member
– adopting the Meeting's guidelines for remuneration to senior executives
– regulations for the appointment and work of the Nomination Committee
– approval for the Board on the transfer of treasury shares

At the Annual General Meeting, Folke Patriksson, Håkan Larsson, Helena Levander, Christer Olsson, Lena Patriksson Keller and Björn Rosengren were re-elected. First-time election of Magnus Sonnorp. In addition to these, Christer Lindgren will remain as the trade union representative and member of the Board. Folke Patriksson remained as Chairman of the Board.

During the Annual General Meeting, shareholders were provided the opportunity to submit questions to the President and Board of Directors. Resolutions at the Meeting are usually made with a simple majority, but certain motions require a higher portion of the votes represented at the Annual General Meeting. It was not possible to follow or participate in the Annual General Meeting from another location using communication technology and no change has been planned for the 2011 Annual General Meeting.

Extraordinary General Meeting

An Extraordinary General Meeting was held on September 22, due to the proposal for the acquisition of all shares outstanding in Trans Viking, as well as the new share issue. The Meeting resolved to approve the proposal in accordance with the Board's proposal. The resolution of the Meeting entailed that TransAtlantic acquired all Viking Supply Ships AS's shares in Trans Viking, with payment in the form of newly issued shares in TransAtlantic. The Meeting also resolved to reduce the company's share capital by the cancellation of Series B treasury shares. Finally, it was resolved to establish the number of Board members to six for the period until the end of the next Annual General Meeting. Christen Sveaas and Åge Korsvold were elected new Board members. Folke Patriksson, Håkan Larsson, Christer Olsson and Magnus Sonnorp were re-elected in accordance with the resolution by the Annual General Meeting. In addition, Christer Lindgren was appointed employee representative. Furthermore, the Meeting elected Christen Sveaas as Chairman of the Board and Folke Patriksson as Deputy Chairman.

For further information, see www.rabt.se/Investor Relations.

Nomination Committee

The Annual General Meeting resolved to establish a Nomination Committee, which shall consist of three members representing the three largest shareholders, in terms of voting rights, on September 30 each year. At the Annual General Meeting in April 2010, the Nomination Committee's Chairman, Folke Patriksson, reported on the work of the Nomination Committee. In its work, the Nomination Committee took into account the demands that can be placed on the Board of Directors resulting from the company operations and development phase, as well as competency, experience and background of the Board members. Independence issues were also highlighted as well as issues pertaining to gender distribution.

Pursuant to the resolution of the Annual General Meeting in April 2010, the Chairman was given the task to appoint a Nomination Committee, based on the company's three largest shareholders at the end of September 2010, according to EuroClear Sweden AB. The Nomination Committee shall prepare proposals for Board members, the Chairman of the Board, as well as remuneration of Board members and proposals for regulations for the Nomination Committee for the 2011 Annual General Meeting. The composition of the Nomination Committee was announced on TransAtlantic's website and through the press release on November 3, 2010. The Nomination Committee comprises Christen Sveaas and Åge Korsvorld representing Viking Supply Ships/Kistefos, Jenny Lindén Urnes representing Villa Costa AB and Lena Patriksson Keller representing Enneff Rederi AB/Enneff Fastigheter AB. The members of the Nomination Committee represent slightly more than 73% of the voting rights of all shares in the company. In conjunction with the acquisition of Trans Viking, Folke Patriksson signed a shareholder agreement with Kistefos regarding certain issues related to TransAtlantic. The shareholder agreement defines, for example, the appointment of the Board of TransAtlantic, which, according to the agreement, shall comprise six members elected by the General Meeting of shareholders. Kistefos is entitled to nominate three Board members, including the Chairman, and Enneff is entitled to nominate three members, including the Deputy Chairman of the Board. One of each of the parties' nominated Board members shall be independent in relation to the company's major shareholders. The agreement also contains provisions for preferential purchase should one of the parties to the agreement wish to sell its shares.

The composition of the Nomination Committee do not comply with the requirements of the Code relating to independent members, but the Board of Directors believe that the composition in the Nomination Committee matches the company's ownership structure.

The Nomination Committee's proposal, its motivated statement about the proposed Board, as well as supplementary information on the proposed Board members, is announced in conjunction with the Notice convening the Annual General Meeting and is presented jointly with a report on the Nomination Committee's work at the 2011 Annual General Meeting.

Composition of the Board of Directors, number of meetings during the term of office

	Elected	Board meeting	Independent
Christen Sveaas, Chairman [1]	2010	4/14	
Åge Korsvold [2]	2010	4/14	
Folke Patriksson, Deputy Chairman	1972	13/14	
Håkan Larsson	1993	14/14	x
Christer Olsson	1999	12/14	x
Christer Lindgren, Employee representative	2001	13/14	x
Magnus Sonnorp [3]	2010	12/14	x
Helena Levander [4]	2005	8/14	x
Björn Rosengren [4]	2003	7/14	x
Lena Patriksson Keller [4]	2007	8/14	
Jenny Lindén Urnes [5]	2009	2/14	

1) Elected as Chairman at the Extraordinary General Meeting in September 2010.

2) Elected at the Extraordinary General Meeting in September 2010.

3) Elected at the Annual General Meeting in April 2010.

4) Left the Board of Directors at the Extraordinary General Meeting in September 2010.

5) Left the Board of Directors at the Annual General Meeting in April 2010.

Board of Directors

The Board of Directors shall consist of not less than five and not more than ten members according to the Articles of Association. The Board members are elected annually at the Annual General Meeting, with a mandate period from the Annual General Meeting until the end of the next Annual General Meeting. The Annual General Meeting decides the exact number of Board members.

At the Annual General Meeting in April 2010, Folke Patriksson, Håkan Larsson, Helena Levander, Christer Olsson, Björn Rosengren, Lena Patriksson Keller and Magnus Sonnorp were elected. Folke Patriksson was elected Chairman of the Board. In addition to the Board members elected by the Meeting, Christer Lindgren will remain as the trade union representative. The number of Board members elected by the Meeting who are considered independent in relation to the company, according to requirements of the Code, is estimated to total three. At the Extraordinary General Meeting in September, a new Board of Directors was elected comprising Christen Sveaas, Åge Korsvold, Folke Patriksson, Håkan Larsson, Christer Olsson and Magnus Sonnorp. Christer Lindgren remains as employee representative.

Christen Sveaas was appointed Chairman of the Board and Folke Patriksson was elected Deputy Chairman. No other remuneration was paid in addition to that approved by the Annual General Meeting. Remuneration to the Board of Directors is approved by the Annual General Meeting following a proposal from the Nomination Committee. For information on remuneration, see Note 7.

Board of Directors' work

The Board of Directors are elected at the Annual General Meeting. The Board of Directors' responsibilities and tasks are determined by a formal work plan, in addition to laws and regulations. The work plan is reviewed by the Board on an annual basis, and established through a resolution by the Board. The Board's tasks include determining the company's goals, strategies, business plans, budgets, as well as approving major investments and loans raised by TransAtlantic. Furthermore, it is the Board's task to evaluate the operating management, as well as ensure systems to monitor and control the established goals. It is also the Board's task to appoint the President, and where applicable, the Vice President. The Finance Policy, approval list and the Information Policy, which are established annually, represent important control instruments. The Board also ensures the quality of the financial reporting through detailed reviewing of interim reports, annual reports and year-end reports at Board meetings. The Board addresses different issues in their entirety and, considering the Group's size and complexity, has expressly made the decision not to have sub-committees to prepare various matters. This means that the Board as a whole constitutes the Audit Committee and Remuneration Committee.

The Board usually meets on six occasions per year and additional meetings are held as necessary. Due to the acquisition of all shares outstanding in Trans Viking, as well as the new share issue, the Board has implemented comprehensive analysis and preparation prior to the takeover. Due to the negative results in 2009 and the beginning of 2010, the Board has paid particular attention to monitoring the company's financial situation and liquidity. Scheduled meetings are held in connection with quarterly reports and additional meetings are held to deal with strategic issues and decide on budgets for future financial years. Based on this, the Board held six scheduled meetings, and one statutory meeting, as well as 8 extraordinary meetings. The CFO, Ola Helgesson, is Secretary to the Board meetings. The Board of Directors also receives monthly reports pertaining to the company's financial position. At scheduled Board meetings, reports were also submitted pertaining to the current work in each business area with detailed analyses and proposals for measures.

Chairman's responsibility

The Chairman of the Board is elected by the Annual General Meeting. The Chairman of the Board is responsible for organizing and leading the Board's work in accordance with applicable rules for stock market companies, the Swedish Code for Corporate Governance and the Articles of Association. Furthermore, the Chairman shall support the President. The Chairman and the President prepare proposals for the agenda for Board meetings. The Chairman conducts a dialog with the President and is responsible for ensuring that other Board members receive the information and documentation needed to make decisions. The Chairman of the Board is also responsible for ensuring the annual review of the Board's work.

The Chairman of the Board is Christen Sveaas and Folke Patriksson was elected Deputy Chairman.

In addition to his involvement in TransAtlantic, Christen Sveaas is also Chairman of Kistefos AS and a member of the Boards of companies that include Stolt-Nielsen AS and Orkla ASA.

President

Stefan Eliasson was elected new President and CEO in September 2010. Stefan Eliasson was elected Acting President in December 2009. See page 43 on the President's resignation in 2011. The President is responsible for the continuous management of the operations based on the terms of references issued by the Board of Directors. The President's responsibilities include current investments and divestments, HR, financial and accounting issues, current contacts with the company's stakeholders, as well as ensuring that the Board receives the information required to make well-substantiated decisions. The President reports to the Board of Directors. He is not a member of the Board but attends all Board meetings, except at Board meetings where the President is being evaluated.

The President leads the corporate management work and makes decisions in consultation with other Group Management members.

Group Management

The President appointed a management team comprising six persons in 2010. In addition to the President, the management team comprises Mårten Carlquist, Head of Industrial Shipping business area, Åke Rohlén, Head of the Offshore/Icebreaking business area, Balder Hansson, Head of the Ship Management support unit, Britta Stolt, HR Manager and Ola Helgesson, CFO. The management team is responsible for planning, managing and following up the daily operations. The management team held continuous meetings every two weeks to monitor the business operations, follow-up on financial development and other operational, development and strategy issues. During 2010, the management team also specifically analyzed the financial trend due to the negative results in 2009 and 2010. Group Management also conducted a detailed analysis of the taking over of the shares in Trans Viking and the consequences this had on the internal operations and organization. Group Management also ensures that the right competency exists in the organization in relation to the company's strategies. The management team held strategy meetings twice per year. Authorities and responsibilities for the President and the management team are defined in the policies, job descriptions and attestation instructions.

Effective January 1, 2011, Group management, apart from the President, comprises Mårten Carlquist, Head of the RoRo Baltic and Container divisions, Klas Eskilsson, head of the Bulk division, Åke Rohlén, Head of the Offshore/Icebreaking business area, Ola Helgesson, CFO, and Britta Stolt, HR Manager. CFO Ola Helgesson has resigned his position and will leave at the end of April 2011. For more detailed information about the President and Group Management, see page 40 of the Annual Report.

Auditors

The auditors are elected by the Annual General Meeting and at the Meeting held in April 2008, the auditing firm of PriceWaterhouseCoopers was elected for a period of four years. Authorized Public Accountant Helen Olsson Svärdström was elected Auditor in Charge and signs the auditors' report together with Olof Enerbäck. The auditor's task is to review the Board's and President's management of the company and the quality of the company's financial reports, as well as review the Annual Report. The Auditor in Charge also presents the auditors' report to the Annual General Meeting. The company's auditors participate in two Board meetings annually to present reports on the year's accounting and their view of the company's internal control system. The auditors report directly to the Board of Directors. Information on remuneration of auditors is found in Note 8 of the Annual Report.

Principles governing remuneration of senior executives

The 2010 Annual General Meeting adopted the guidelines governing remuneration of senior executives, which cover the CEO and his management group (six people in 2010), and are based on the following general principles:

The principles for remuneration to senior executives from a short- and long-term perspective shall attract, motivate and create favorable conditions for retaining competent employees. To achieve this, it is important to maintain fair and internally balanced conditions that are also competitive in market terms regarding structure, scope and level. The employment terms and conditions for senior executives shall contain a well-balanced combination of fixed salary, pension benefits and other benefits, as well as special terms for remuneration in the event of termination of employment. The possibility shall exist to pay variable remuneration.

The total annual cash remuneration to senior executives shall be determined on the basis of competitiveness. The total level of remuneration shall be reviewed annually to ensure that it is in line with comparable positions in the relevant market. Remuneration shall be based on performance and position.

The company's remuneration system shall contain various forms of remuneration aimed at creating well-balanced compensation that verifies and supports the achievement of short- and long-term goals.

Fixed salary shall be set individually and be based on the individual's responsibility and role, as well as the individual's competence and experience in the relevant position. The President and other senior executives may receive a variable remuneration if the Board resolves to this effect. Any variable remuneration must be based on extraordinary performance in relation to defined and measurable goals, as well as be maximized in relation to the basic salary and always justified, particularly in a joint Board discussion. The President's remuneration is determined by the Board of Directors.

When new pension agreements are signed, senior executives entitled to pension – excluding the President – shall receive the customary pension benefits within the framework of the general pension plan. The retirement age for senior executives is 65 years. Pension provisions must be based only on basic salary. For the President, pension premium payments could be made corresponding to 25% of basic salary until the time of retirement.

Other benefits, such as company car, compensation for preventive healthcare and sickness insurance, shall comprise a small portion of the total compensation, correspond to market levels and contribute to the executive's possibilities of fulfilling his or her work assignment.

Apart from fixed and current remuneration, there is no remuneration approved earlier for senior executives that has not been paid.

The period of notice for senior executives shall be six months and, in the event of notice from the company, six to twelve months. For the President, a period of notice of up to six months shall apply if notice is served by the company. In the event of such termination, the President is entitled to severance pay corresponding to 18 months' salary. For more detailed information on remuneration of the President and senior executives, see note 7 of the Annual Report.

Audit Committee and Remuneration Committee

The Board has decided that it shall handle auditing matters in its entirety and, thus, held two meetings with the Group's auditors during the year. Planned and completed audits were discussed at these meetings. The audit encompasses such issues as risk assessment, risk management, financial control, accounting issues, Group policies and administrative issues. Considerable emphasis is placed on follow-ups and implementing measures. The auditors also keep the Board informed of current developments in relevant areas.

The Board has also decided to address remuneration issues within the framework of Board duties. Remuneration of the President was addressed, as were the principles for remuneration to senior executives. Remuneration related to the Board of Directors' work is approved by the Annual General Meeting.

The Board's description of internal control and risk management in financial reporting

This description of internal control and risk management is submitted by the Board of TransAtlantic and is prepared in accordance with the Swedish Code of Corporate Governance. The Board of Directors of TransAtlantic has overall responsibility for the internal control pertaining to the financial reporting. Good internal control is based on efficient Board work. The Board's formal work plan and instructions for the President are aimed at establishing a clear role and distribution of responsibilities to efficiently manage operational risks. The management group reports regularly to the Board of Directors, based on established procedures and also the auditor's review of the internal control. Company management is responsible for the system of internal controls that is required to handle significant risks in operating activities. This is aimed at ensuring that the operation is conducted appropriately and efficiently, as well as the financial reporting is reliable and that rules, regulations and ordinances are followed.

The company has prepared procedures for the assessment of risks in the financial reporting, as well as to attain a high reliability in the external reporting and that the reporting is prepared in accordance with laws and other requirements on listed companies.

Risk assessment and control activity

TransAtlantic's assessment pertaining to the financial reporting aims to identify and evaluate the significant risks that influence the internal control with respect to the financial reporting in the Group's companies, business areas and business processes. Considerable emphasis was placed in formulating the controls to prevent and recognize risks in these areas. The key control instrument for the financial reporting comprises primarily the company's finance policy. See also page 54 Risks and uncertainties.

Control environment

The Board of Directors has overall responsibility for the internal control pertaining to the financial reporting. The Board has established a formal work plan to clarify the Board's responsibilities and to regulate the distribution of work among Board members. Responsibility for maintaining an efficient control environment is based on an organization with distinct decision routes and clear instructions and with common values, where each employee has insight into his/her role in the maintaining good internal control.

Information and communication

TransAtlantic's Board of Directors has established an Information Policy, which states what shall be communicated, by whom and the manner in which the information shall be issued to ensure that the internal information is correct and complete. In addition, there are instructions governing how financial information shall be communicated between management and other employees. TransAtlantic's shareholders and stakeholders can monitor the company's operations and its development on the website, where current information is published on a continuous basis. Events deemed as having a potential impact on the share price are published through press releases. Financial information is provided through quarterly reports and year-end reports, as well as through the company's annual report. To achieve efficient internal information, the organization meets once a month for information and discussion of issues.

Follow-up

The Board continuously evaluates the information submitted by company management and the auditors. The work includes ensuring that measures are implemented that address inadequacies and preparing proposals for measures that arise in the external audit.

Internal audit

The Board has not found reason to establish an internal audit function considering the size of the Group and the centralization of the finance administration.

Significant guidelines that are important to financial reporting are continuously updated and communicated to employees concerned.

Fees and remuneration

Fees and remuneration to the President and Group Management are described in more detail in Note 7 of the Annual Report.

Key policies

In addition to those listed above, the Board's responsibilities include ensuring that the Group's policies are kept updated and are observed. The Group has policies on such issues as investments, financing and currency matters, approval and authorization of financial commitments, communications/Investor Relations and a Code of Conduct/Ethics. As part of the Group's responsibility, there are also health, safety and environmental policies (HSE policy) for the company's sea and land operations.

Gothenburg, March 31, 2011

Christen Sveaas Chairman	Folke Patriksson Deputy Chairman	Åge Korsvold Board member	Håkan Larsson Board member

Christer Olsson Board member	Magnus Sonnorp Board member	Christer Lindgren Employee representative

AUDITORS' REPORT ON THE CORPORATE GOVERNANCE REPORT

To the Annual General Meeting of Rederi AB TransAtlantic (publ) corp. reg. no. 556161-0113

It is the Board of Directors that is responsible for the corporate governance report for the year 2010 on pages 34–38 and that it has been prepared in accordance with the Annual Accounts Act.

As a basis for our opinion that the corporate governance report has been prepared and is consistent with the annual accounts and the consolidated accounts, we have read the corporate governance report and assessed its statutory content based on our knowledge of the company.

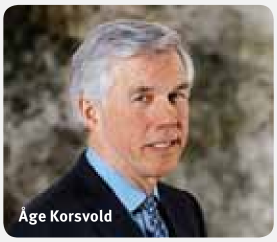
In our opinion, the corporate governance report has been prepared and its statutory content is consistent with the annual accounts and the consolidated accounts.

Gothenburg, April 4, 2011

PricewaterhouseCoopers AB

Helén Olsson Svärdström Public Authorized Accountant Auditor-in-Charge	Olof Enerbäck Public Authorized Accountant

Board of Directors



Christen Sveaas
Born: 1956, Oslo. Board member since 2010. Chairman of the Board.
Education: Degree from University of St Gallen.
Other Board assignments: Chairman of the Board and sole owner of Kistefos AS. Board member of Stolt-Nielsen AS, Orkla ASA, SkipsKredittforeningen AS.
Shareholding: via companies: 1,817,961 Series A shares and 25,907,715 Series B shares.
Board fee: SEK 400,000.

Folke Patriksson
Born: 1940, Skärhamn. Board member since 1972.
Deputy Chairman.
Education: Mate's degree.
Other Board assignments: Chairman of the Board of the Swedish Sea Rescue Society and Företagsforum at Tjörn. Board member of Swede Ship Marine AB.
Shareholding: via companies: 1,265,991 Series A shares and 699,745 Series B shares.
Board fee: SEK 200,000.

Board fees are stated as amount per full year. For further information on fees, see Note 7.

Åge Korsvold
Born: 1946 Oslo. Board member since 2010.
Education: Master of Business Administration.
Other assignments: President of Kistefos AS.
Shareholding: 0.
Board fee: SEK 200,000.

Håkan Larsson
Born: 1947, Gothenburg. Board member since 1993.
Education: Graduate in Business Administration.
Other Board assignments: Chairman of the Board of InPension Holding AB and Schenker AB. Board member of Bure Equity AB, Chalmers University of Technology, Ernströmsgruppen AB, Handelsbanken Region West, Stolt-Nielsen AS, Swedish Ships' Mortgage Bank, Semcon AB and Walleniusrederierna AB.
Shareholding: 1,200 Series A shares and 50,000 Series B shares.
Board fee: SEK 200,000.

Christer Olsson
Born: 1945, Stockholm. Board member since 1999.
Education: Bachelor of Laws
Other Board assignments: Chairman of the Board of Stolt-Nielsen SA. Deputy Chairman of Walleniusrederierna AB. Board member of Atlantic Container AB, Stolt-Nielsen SA, Singapore Shipping Corporation Pte Ltd, Wallenius Wilhelmsen Logistics, EUKOR Car Carriers AB.
Shareholding: 0.
Board fee: SEK 200,000.

Magnus Sonnorp
Born: 1967, Stockholm. Board member since 2010.
Education: Graduate in Business Administration from the Stockholm School of Economics and MBA from Insead.
Experience: Former President of De Gule Sider AS, Lokaldelen AB and Interinfo AS.
Shareholding: 25,000 Series B shares.
Board fee: SEK 200,000.

Christer Lindgren
B 1965, Stockholm. Board member since 2001.
Employee representative.
Education: Chef.
Other assignments: Board member of SEKO Seafarers
Shareholding: 0.
Board fee: 0.

Management

Stefan Eliasson
President and CEO.
Born: 1961.
Employed since 2000.
Education: Graduate in Business Administration.
Shareholding: 1,800 Series A shares and 40,150 Series B shares. As a result of the strategic changes within TransAtlantic, Stefan Eliasson resigned as President on March 31, 2011 at his own request.

Mårten Carlqvist
Head of the RoRo Baltic and Container Divisions.
Born: 1946.
Employed since 2001.
Education: Bachelor of Science Degree.
Shareholding: 1,000 Series B shares.

Britta Stolt
HR Manager.
Born: 1965.
Employed since 1993.
Education: HR administration training.
Shareholding: 0.

Klas Eskilsson
Head of the Bulk Division.
Born: 1964.
Employed since 2009.
Education: Degree in Business Administration, specializing in logistics, from the School of Business at Gothenburg University.
Shareholding: 0.

Åke Rohlén
Head of the Offshore/Icebreaking business area.
Born: 1964.
Employed since 2008.
Education: Degree from Gothenburg University.
Shareholding: 0.

Ola Helgesson
CFO. Born: 1968.
Employed since 2009.
Education: Graduate in Business Administration
Shareholding: 4,360 Series B shares.
Ola Helgesson has resigned and will leave on May 3, 2011.

Rolf Skaarberg
President and CEO
as of March 31, 2011

Board of Directors' Report 2010

Rederi AB TransAtlantic (publ) – Corp. Reg. No. 556161-0113

TransAtlantic's 2010 financial year was eventful and in many respects, historic. Following a difficult beginning, profitability successively strengthened during the year, but although the earnings trend reversed significantly, profitability is far from acceptable.

In September, the largest transaction ever was implemented within TransAtlantic through the acquisition of shares outstanding in the joint-venture companies within Trans Viking. The acquisition entailed that TransAtlantic received a new principal owner, as well as became a larger, stronger and more distinct company. The operation has been restructured and cost savings have been implemented, which resulted in a successive improvement in profitability. Stefan Eliasson was appointed President and CEO in September after holding the position as Acting President since December 2009. Ola Helgesson has resigned his position as CFO and will leave the company in May 2011.

Operations

A difficult ice situation in the Baltic Sea at the beginning of the year, followed by a strike in Finnish ports resulted in a weak start to 2010. In the Offshore/Icebreaking business area, all five vessels were chartered for the first time on long-term contracts for most of the year. The business area reported positive earnings for the full-year. The Industrial Shipping business area reported an unstable trend during the year. However, the business area reported a loss for the full-year.

Offshore/Icebreaking business area

A long-term contract with the Swedish Maritime Administration provides guaranteed basic income during the first quarter for the Tor Viking, Balder Viking and Vidar Viking vessels. During the first quarter, all three vessels were deployed by the Swedish Maritime Administration for icebreaking in the Baltic Sea. In addition to icebreaking, the three vessels, Odin Viking and the new-build vessel Loke Viking were deployed serving the offshore industry – primarily anchor-handling and supply services. The business area had a positive trend during the year and reported positive earnings. Newbuilding number two in the series, Njord Viking, was delivered from the shipyard at the beginning of February 2011 and the remaining two vessels will be delivered in the second half of 2011 and during the first quarter of 2012.

Industrial Shipping business area

TransAtlantic's operations within the business area are based on solid expertise and long-term customer relationships. The business area has three divisions:

- RoRo Baltic Division: The operation has its base in system traffic with forest, steel and automotive products in the Baltic Sea.
- Container Division: The division operates a container line between Västerås and Goole in the UK. The division also has feeder traffic between Västerås/Södertälje and Hamburg/Bremerhaven.
- Bulk Division: The divisions' operations comprise transports using ice-classified small and medium-size bulk vessels, as well as transportation using RoRo vessels between Europe and North America, as well as transports along the North American east coast.

The three divisions' operations cooperate to achieve the best possible degree of utilization and customer service.

Group-wide

Group-wide comprises company management, central administration, financial management and external ship management. The external ship management unit includes assignments for external vessel owners, such as crews for the five government-owned icebreakers. The primary objectives for the external assignments are to achieve economies of scale for staffing vessels, as well as procurement to the Group's vessel fleet.

Sales, revenue and business development

Group Net revenue for 2010 amounted to SEK 2,394 M (2,284). Profit before tax amounted to SEK 407 M (loss: 276) and profit after tax amounted to SEK 585 M (loss: 221). Revenue was positively impacted by non-recurring effects of SEK 775 M through the acquisition of all shares outstanding in the joint-venture companies in the Offshore/Icebreaking business area, which was implemented during the third quarter.

Development during the year for the Offshore/Icebreaking business area

The business area's vessels operate in the Arctic offshore market, in the offshore spot market, in the North Sea, as well as in the global offshore sector. The focus on developing the operations to offshore operations in the Arctic areas resulted in three vessels being deployed in an operation off the coast of Greenland, and the chartering of the Tor Viking to Statoil in a long-term assignment off the coast of Alaska. The Odin Viking continued its long-term offshore assignment off the coast of Brazil. In June, the Loke Viking vessel was delivered from the shipyard in Spain and the second vessel in the series, Njord Viking, was delivered in February 2011. Following the conclusion of the offshore assignment, the vessels were deployed in a weak offshore spot market in the North Sea.

The above resulted in sales in 2010 totaling SEK 298 M (125) and the operating profit before tax was SEK 45 M (loss: 25). Operations were conducted using five vessels during the year and an additional three on order are scheduled for delivery in 2011 and 2012 (of which one was delivered in February 2011). From September 2010, the business area is wholly owned by TransAtlantic (earlier 50%), which will affect comparability between the periods.

Development during the year for the Industrial Shipping business area

The business area displayed an unstable trend during the year. However, the Container Division reported a higher degree of utilization during the year. A continued weak market in the US and a decline in the USD had a negative impact on revenue. In addition, the strong strengthening of the SEK against largely all currencies resulted in significant exchange-rate losses within the business area. Revenue for the year totaled SEK 1,865 M (1,900) and operating loss before tax was SEK 105 M (loss: 140). As a consequence of the changed market conditions in primarily the Atlantic traffic, vessel impairments were recognized totaling SEK 156 M. In addition, further vessel impairments were recognized in RoRo Baltic totaling SEK 85 M, which is an adaptation of the values of the vessels Obbola, Östrand and Ortviken, which SCA is entitled to acquire at a predetermined price in accordance with the option agreement.

In the RoRo Baltic Division, the TransLumi Line continued with stable volumes to northern Finland. In traffic in southern Finland, the TransSuomi Line, revenues improved slightly through tonnage reduction of one vessel in the line. The volumes increased primarily by transporting cars for Volvo.

The Container Division conducts container-based liner traffic in the UK and feeder traffic between ports in central Sweden and Hamburg/Bremerhaven. The year was characterized by increased volumes and degree of utilization. It is primarily the recovery in the Swedish steel industry that is reflected in the volume increase. Additional project cargo generated positive revenue effects.

In the Bulk Division, smaller bulk tonnage was negatively impacted by the increase in tonnage offering and a strong SEK. The larger bulk vessels were also negatively impacted by the low USD value, which resulted in reduced freight rates from Europe to North America. Due to this, the four small bulk vessels were chartered for a 12-month period. Transport of newsprint across the Atlantic declined during the fourth quarter following a period of stable utilization degree. The volume decline at the end of the year was attributable to well-filled paper stocks in the US and a weak USD.

Group-wide items

Sales amounted to SEK 231 M (260) for the year. The decline in sales was due to the discontinuation during the year of the external ship management assignment for ACL. The operating loss before tax totaled SEK 61 M (loss: 48) and the revenue improvement was primarily attributable to the increase in interest expenses, as well as bank charges and consulting fees.

Investments

The Group's gross investments totaled SEK 268 M (364) and pertained primarily to the newbuilding of anchor-handling vessels, acquisition of owner-companies to the three RoRo vessels, as well as capitalized docking fees.

Divestments

The RoRo vessel Oak in the Industrial Shipping business area was divested during the year, resulting in a capital loss of SEK 6 M.

Acquisition of Trans Viking

On August 13, TransAtlantic signed an agreement with the Norwegian company, Viking Supply Ships AS, a wholly owned subsidiary to Kistefos AS, for the acquisition of all shares outstanding in the joint venture company, Trans Viking, within the Offshore/Icebreaking business area, which was owned equally by TransAtlantic and Viking Supply Ships AS. Payment was through the new issue of Series A and B shares. Through the new share issue, Kistefos, through its subsidiary, became the owner of more than 50% of the votes in TransAtlantic. The transaction was conditional upon approval from the Extraordinary General Meeting, held on September 22, 2010. All permits and approvals from authorities necessary for the transaction were obtained and concerned lenders have submitted their approvals for the transaction. The transaction resulted in a revenue effect totaling SEK 775 M.

Extraordinary General Meeting

At the Extraordinary General Meeting on September 22, 2010, the Meeting approved the new issue of shares, with payment through contribution in kind. Furthermore, the Meeting approved a reduction in the share capital by the cancellation of 704,800 Series B treasury shares.

The decision resulted in the company's share capital rising by SEK 227,256,760, as well as the number of shares in the company increasing by 1,817,961 Series A shares and 25,907,715 Series B shares.

On September 30, the total number of shares in the company amounted to 55,451,350, distributed among 3,635,921 Series A shares and 51,815,429 Series B shares. The share capital amounted to SEK 554,513,500.

Cash flow and financial position

The Group's opening cash balance was SEK 327 M (574). Cash flow from operating activities amounted to SEK 91 M (neg: 48).

Investing activities generated a net effect of SEK 164 M (loss: 142) and pertained to tangible and financial fixed assets.

Financing activities, which include borrowing, loan amortization, buy-back of own shares and dividends to shareholders, reported a net effect of SEK 86 M (loss: 89).

The total cash flow for the year was SEK 341 M (neg: 279). At the end of the year, the Group's available cash and cash equivalents amounted to SEK 637 M (327), of which SEK 315 M was reserved in special accounts to guarantee the Group's cash commitments for the deliveries of the two AHTS vessels. These vessels are scheduled to be delivered during the third quarter of 2011 and the first quarter of 2012. In addition, the Group has unutilized credit facilities totaling SEK 24 M (124).

At the end of the year, the Group's total assets amounted to SEK 5,146 M (3,172) and shareholders' equity amounted to SEK 2,396 M (1,175). At year-end, the equity/assets ratio was 47% (37) and the debt/equity ratio was 64% (90).

Vessels are recognized at cost less depreciation and impairment according to plan. In today's market situation, accessing the value of vessels is more difficult than normal. Valuation of the Group's vessels was conducted using external appraisals and the calculated yield values. Net income was charged with an impairment of SEK 241 M (61).

At the end of the year, the Group's shareholders' equity totaled SEK 43.20 per share (42.40).

Parent Company

Sales in the Parent Company totaled SEK 1,258 M (1,245). Net loss for the year amounted to SEK 181 M (loss: 146). Profit brought forward at the end of the year amounted to SEK 2,173 M (1,252). Cash and cash equivalents totaled SEK 31 M (73).

Significant events after the end of the year

In mid-February 2011, the AHTS newbuild vessel Njord Viking was delivered from the shipyard in Spain.

SCA Transforest has decided to exercise its option to acquire the RoRo vessels Obbola, Östrand and Ortviken. The vessel transaction will be implemented at June 1, 2011.

On March 31, 2011 the Board of Rederi AB TransAtlantic announced that an assessment had been conducted of the Group's areas of operation to ensure the conditions for further development of the Group and the conclusion is that a division of the company into two areas of operation will be investigated. One part will further develop the Group's activities in the Offshore/Icebreaking business area under the name Trans Viking, and one part will further develop the Group's activities in the Industrial Shipping business area under the name Rederi AB TransAtlantic.

The decision was made to transfer parts of the Offshore/Icebreaking business area's operation to Denmark and a head office for the operation will be established in Copenhagen.

An agreement was signed, on condition of approval from the competition authorities, to acquire Österströms International AB to strengthen operations in the Industrial Shipping business area.

On March 31, 2011, Stefan Eliasson resigned as President. The Board appointed Rolf Skaarberg as new President.

Environmental issues

Within TransAtlantic, active work is in progress to reduce the environmental impact and during the year new measures were implemented and quality control improved with the aim of further strengthening the Group's leading position in the environmental area. Based on Sweden's national environmental targets affecting shipping, TransAtlantic's efforts are based on six detailed environmental goals for its operations. For further information, refer to page 24.

Risks and uncertainties

The TransAtlantic Group is characterized by a high degree of international operations and is thus exposed to a number of operational and financial risks. TransAtlantic works actively to identify, assess and manage these risks. Risk management is included in the continuous monitoring of operations.

The ongoing newbuilding program involves payment in cash and cash equivalents in connection with vessel deliveries. In accordance with renegotiated loan agreements, the Group allocated funds in separate accounts totaling SEK 315 M to guarantee this commitment. This is recognized among Other cash and cash equivalents.

Due to the Group's negative profitability, the Group held discussions with the banks concerned regarding financing terms and conditions. These discussions are concluded, with the exception of one bank. With respect to this bank, the Group was unable to meet the requirement levels of the financial key ratios set in the financing agreement for the second quarter of 2010. From the third quarter of 2010, the Group once again met the financial key ratios that were at the level or higher than the requirement levels in the financing agreement. The ongoing discussions involve the bank's right to retroactive compensation in the form of increased security since the Group was unable to meet the financial key measurement at the level specified in the financing agreement. A further description of the Group's operational and financial risk management is available in Note 1 and Note 32.

Outlook

During the past year, the operations successively improved due to increased volumes in certain segments, as well as the chartering of all five vessels in the Offshore/Icebreaking business area on long-term contracts during the year. The results are still unsatisfactory and the profitability level is far from acceptable. The results must improve in both business areas and particularly in the Industrial Shipping business area, where we are working actively to become a more focused and stronger unit. Within the Offshore/Icebreaking business area and particularly in Arctic offshore, activities have increased significantly. The AHTS vessel, Njord Viking, will enter a four-year charter for the ENI oil company in the Barents Sea in late summer. The conditions for deployment are deemed excellent for the two remaining newbuildings, which will be delivered during the second half of 2011 and the first quarter of 2012.

Described in separate sections

The following are described in separate sections of the Annual Report:

- The TransAtlantic share and ownership structure, see page 30.
- Corporate Governance, including description of the work of the Board and management, and guidelines for remuneration to senior executives, see page 34.
- Corporate tax is recognized and commented in Note 14.

Personnel

The average number of employees in the Group amounted to 911 (1,050). More detailed information is provided in Note 7.

Proposed treatment of unappropriated earnings

The following funds in the Parent Company are available to the Annual General Meeting:

SEK 000s	
Share premium reserve	388,159
Profit brought forward	117,458
Profit for the year	–181,257
Total	**324,360**

The Board of Directors proposes that no dividend be paid for the 2010 financial year.

The reason for the proposal is that the financial funds and shareholders' equity in the Group at year-end will be needed to conduct operations and develop the company in a satisfactory manner.

SEK 000s	
To be carried forward	324,360
Total	**324,360**

Annual General Meeting

The Annual General Meeting will be held in Skärhamn on Tuesday, May 3, 2011 at 4:00 p.m. More details will be provided in the special Notice in Dagens Industri, Göteborgs-Posten and Post & Inrikes Tidning and on the website, www.rabt.se.

Earnings, cash flow and balance sheet

The Group's and Parent Company's earnings, liquidity and financial position are set forth in the following income statements, cash-flow statements and balance sheets, and in the notes relating to them.

Financial statements

Income statement

SEK 000s	Note 1, 3, 33	Group 2010	Group 2009	Parent Company 2010	Parent Company 2009
Net sales	2, 3, 4	2,394,096	2,283,682	1,258,420	1,245,207
Other operating income	5, 6	784,328	6,118	366	695
Direct travel expenses	1	–1,163,241	–1,116,420	–395,493	–381,867
Personnel costs	7	–704,179	–651,113	–283,184	–254,614
Other external operating expenses	4, 8	–389,527	–513,369	–706,691	–742,496
Other operating expenses	5, 6	–37,926	–16,937	–28,383	–14,735
Depreciation and impairment of tangible and intangible fixed assets	9	–428,618	–234,953	–14,873	–21,564
Profit share in associated companies	10	–	93	1,270	93
Operating profit/loss		**454,933**	**–242,899**	**–168,568**	**–169,281**
Profit share in Group companies	11	–	–	–57,279	–20,171
Financial income	12	7,859	10,049	17,248	4,036
Financial expense	13	–55,865	–43,140	–26,812	–7,923
Profit before tax		**406,927**	**–275,990**	**–235,411**	**–193,339**
Income tax	14	178,354	54,570	54,154	46,903
Profit for the year		**585,281**	**–221,420**	**–181,257**	**–146,436**
Attributable to:					
Parent Company's shareholders		583,832	–214,504	–181,257	–146,436
Holdings with no controlling influence		1,449	–6,916	–	–
		585,281	**–221,420**	**–181,257**	**–146,436**
Earnings per share attributable to Parent Company's shareholders, per share in SEK (before and after dilution)	15	16.53	–7.71	–	–

Statement of comprehensive income

SEK 000s	Group 2010	Group 2009	Parent Company 2010	Parent Company 2009
Profit for the year	585,281	–221,420	–181,257	–146,436
Other comprehensive income, net after tax:				
Change in hedging provision	19,251	16,186	–	–
Change in translation provision	–41,166	34,633	–	–
Other comprehensive income, net after tax	**–21,915**	**50,819**	**–**	**–**
Comprehensive income for the year	**563,366**	**–170,601**	**–181,257**	**–146,436**
Attributable to:				
Parent Company's shareholders	566,485	–163,468	–	–
Holdings with no controlling influence	–3,119	–7,133	–	–
	563,366	**–170,601**	**–181,257**	**–146,436**

Balance sheet

Balance sheet at December 31	Note	Group		Parent Company	
SEK 000s	1	**2010**	2009	**2010**	2009
Assets					
Fixed assets					
Vessels	9	3,170,303	1,789,207	–	–
Buildings and land	9	38,591	39,315	37,779	38,111
Equipment	9	40,622	48,081	10,003	15,108
Construction in progress and advance payments on tangible fixed assets	9	644,288	405,822	8,393	5,588
Goodwill	9	2,348	2,348	–	–
Brands	9	7,015	7,015	–	–
Other intangible fixed assets	9	3,063	3,034	1,800	29,906
Participations in Group companies	16	–	–	613,080	460,392
Receivables from Group companies		–	–	941,364	180,305
Participations in associated companies	16	153	362	153	362
Financial assets available for sale		105	170	105	170
Derivative instruments	32	20,799	–	–	–
Other long-term receivables	14, 17, 24	105,407	104,180	183,566	157,983
Total fixed assets		**4,032,694**	**2,399,534**	**1,796,243**	**887,925**
Current assets					
Inventories	18	40,873	58,480	21,318	24,351
Accounts receivable	19	231,984	165,558	113,931	93,635
Receivables from Group companies		–	–	60,990	45,284
Derivative instruments	32	7,583	7,775	–	–
Other receivables		111,786	91,230	93,500	49,329
Prepaid expenses and accrued income	20	84,284	122,424	53,991	77,911
Cash and cash equivalents	21	636,893	327,400	33,150	73,082
Total current assets		**1,113,403**	**772,867**	**376,880**	**363,592**
Total assets		**5,146,097**	**3,172,401**	**2,173,123**	**1,251,517**

Shareholders’ equity and liabilities	Note	Group		Parent Company	
SEK 000s	1	**2010**	2009	**2010**	2009
Shareholders’ equity and reserves attributable to Parent Company’s shareholders	15, 22, 23				
Share capital		554,514	284,305	554,514	284,305
Other contributions from shareholders		555,285	167,126	—	—
Reserves		79,736	97,083	—	—
Reserve fund		—	—	245,782	245,782
Share premium reserve		—	—	388,159	—
Profit/loss brought forward		1,188,437	604,380	117,458	299,521
Profit/loss for the year		—	—	–181,257	–146,436
Total shareholders’ equity and reserves attributable to Parent Company’s shareholders		**2,377,972**	**1,152,894**	**1,124,656**	**683,172**
Holdings with no controlling influence		18,505	21,624	—	—
Total shareholders’ equity		**2,396,477**	**1,174,518**	**1,124,656**	**683,172**
Provisions					
Provisions for pensions	24	—	—	31,426	34,475
Total provisions		—	—	**31,426**	**34,475**
Long-term liabilities	25				
Vessel loans		1,842,072	1,087,044	—	—
Other liabilities to credit institutions		90,645	111,570	77,150	95,750
Liabilities to Group companies		—	—	398,354	—
Pension commitments	24	43,675	47,750	—	—
Deferred tax liabilities	14	28,422	134,767	—	—
Derivative instruments	32	8,327	—	—	—
Other liabilities		77,628	65,939	22,875	22,430
Total long-term liabilities		**2,090,769**	**1,447,070**	**498,379**	**118,180**
Current liabilities	25				
Vessel loans		185,235	148,009	—	—
Other liabilities to credit institutions		25,601	24,200	18,600	18,600
Overdraft facilities		75,624	5,626	75,624	5,626
Accounts payable		100,848	88,870	45,612	37,685
Current tax liability		14,974	6,559	—	—
Liabilities to Group companies		—	—	252,202	220,445
Liabilities to joint ventures		—	—	—	19,230
Derivative instruments	32	586	15,291	—	—
Other liabilities		49,520	51,969	20,133	22,149
Accrued expenses and deferred income	26	206,463	210,289	106,491	91,955
Total current liabilities		**658,851**	**550,813**	**518,662**	**415,690**
Total shareholders’ equity and liabilities		**5,146,097**	**3,172,401**	**2,173,123**	**1,251,517**
Pledged assets	27			63,975	44,586
Contingent liabilities	28			1,029,772	604,865

Shareholders' equity

Consolidated changes in shareholders' equity SEK 000s	Share capital	Other contributions from shareholders	Reserves: Translation reserve	Reserves: Hedging reserve	Profit brought forward	Minority interest	Total share-holders' equity
	Attributable to the Parent Company's shareholders						
Shareholders' equity, Jan. 1, 2009	**284,305**	**167,126**	**67,832**	**–21,785**	**894,397**	**28,757**	**1,420,632**
Exchange-rate difference on translation of foreign operations	–	–	34,850	–	–	–217	34,633
Reassessment of derivative instruments, cash flow hedging – Note 32	–	–	–	16,186	–	–	16,186
Total changes in wealth recognized directly against shareholders' equity, excluding transactions with the company's owners	**–**	**–**	**34,850**	**16,186**	**–**	**–217**	**50,819**
Profit for the year	–	–	–	–	–214,504	–6,916	–221,420
Total changes in wealth, excluding transactions with the company's owners	**–**	**–**	**–**	**–**	**–214,504**	**–6,916**	**–221,420**
Buy-back of shares, see Note 22	–	–	–	–	–5,699	–	–5,699
Dividend	–	–	–	–	–69,814	–	–69,814
Total transactions with company's owners	**–**	**–**	**–**	**–**	**–75,513**	**–**	**–75,513**
Shareholders' equity, Dec. 31, 2009	**284,305**	**167,126**	**102,682**	**–5,599**	**604,380**	**21,624**	**1,174,518**
Shareholders' equity, Jan. 1, 2010	**284,305**	**167,126**	**102,682**	**–5,599**	**604,380**	**21,624**	**1,174,518**
Exchange-rate difference on translation of foreign operations	–	–	–36,598	–	–	–4,568	–41,166
Reassessment of derivative instruments, cash flow hedging – Note 32	–	–	–	19,251	–	–	19,251
Total changes in wealth recognized directly against shareholders' equity, excluding transactions with the company's owners	**–**	**–**	**–36,598**	**19,251**	**–**	**–4,568**	**–21,915**
Profit for the year	–	–	–	–	583,832	1,449	585,281
Total changes in wealth, excluding transactions with the company's owners	**–**	**–**	**–**	**–**	**583,832**	**1,449**	**585,281**
New share issue	277,257	388,159			–6,823 [1)]		658,593
Share reduction, refer to Note 22	–7,048	–	–	–	7,048	–	–
Dividend	–	–	–	–	–	–	–
Total transactions with company's owners	**270,209**	**388,159**	**–**	**–**	**225**	**–**	**658,593**
Shareholders' equity, Dec. 31, 2010	**554,514**	**555,285**	**66,084**	**13,652**	**1,188,437**	**18,505**	**2,396,477**

Parent Company's changes in shareholders' equity	Share capital	Statutory reserve	Share premium reserve	Profit brought forward	Total share-holders' equity
Shareholders' equity, Jan. 1, 2009	**284,305**	**245,782**	**–**	**422,344**	**952,431**
Buy-back of shares, see Note 22	–	–	–	–5,699	–5,699
Group contributions	–	–	–	–64,192	–64,192
Tax effect on Group contributions	–	–	–	16,882	16,882
Dividend	–	–	–	–69,814	–69,814
Total changes in shareholders' equity not recognized in the income statement	**–**	**–**	**–**	**–122,823**	**–122,823**
Profit for the year				–146,436	–146,436
Shareholders' equity, Dec. 31, 2009	**284,305**	**245,782**	**–**	**153,085**	**683,172**
Shareholders' equity, Jan.1, 2010	**284,305**	**245,782**	**–**	**153,085**	**683,172**
New share issue	277,257	–	388,159	–6,823 [1)]	658,593
Share reduction, refer to Note 22	–7,048	–	–	7,048	–
Group contributions	–	–	–	–48,646	–48,646
Tax effect on Group contributions	–	–	–	12,794	12,794
Dividend	–	–	–	–	–
Total changes in shareholders' equity not recognized in the income statement	**270,209**	**–**	**388,159**	**–35,627**	**622,741**
Profit for the year	–	–	–	–181,257	–181,257
Shareholders' equity, Dec. 31, 2010	**554,514**	**245,782**	**388,159**	**–63,799**	**1,124,656**

1) Transaction expenses in conjunction with new share issue.

Cash-flow statement

	Note	Group		Parent Company	
SEK 000s	21	**2010**	2009	**2010**	2009
Cash flow from current operations					
Profit before tax		406,927	−275,990	−235,411	−193,339
Adjustments for items not included in cash flow					
– Depreciation and impairment	9	428,618	234,953	14,873	21,564
– Capital gain/loss		5,450	–	–	–
– Results from participations in Group companies not affecting cash flow		–	–	57,279	20,171
– Interest not affecting cash flow [1)]		−639	−2,478	5,412	4,010
– Effects from the acquisition of Trans Viking not affecting cash flow		−784,608	–	–	–
– Other [2)]		−7,485	−6,031	911	1,564
Income tax paid/received		9,827	−575	–	–
Cash flow from current operations before changes in working capital		**58,090**	**−50,121**	**−156,936**	**−146,030**
Changes in working capital					
Changes in inventories		20,079	−13,900	3,033	−9,470
Changes in accounts receivable and other current operating receivables		−2,526	66,085	−40,606	−97,953
Changes in accounts payable and other current operating liabilities		15,619	−49,670	1,214	53,955
Cash flow from current operations		**91,262**	**−47,606**	**−193,295**	**−199,498**
Investing operations					
Acquisition of subsidiaries	16	−100	−271	−9,782	−271
Acquisitions of participations in associated companies		–	−133	–	−135
Acquisitions of vessels		−137,359	−65,606	–	–
Sales of vessels		12,442	–	–	–
Cash and cash equivalents from the acquisition of Trans Viking		298,493	–	–	–
Acquisitions of other intangible fixed assets		−1,425	−46	−1,426	−46
Acquisitions of other tangible fixed assets		−2,137	−33,244	−4,068	−39,081
Changes in long-term receivables		−6,408	−42,480	−1,946	−41,400
Cash flow from investing operations		**163,506**	**−141,780**	**−17,222**	**−80,933**
Financing operations					
Changes in loans from Group companies		–	–	120,231	88,579
Loans raised		270,114	167,106	69,998	124,626
Amortization of loans		−184,136	−181,078	−18,600	−4,650
Buy-back of own shares		–	−5,699	–	−5,699
Dividend paid to Parent Company's shareholders		–	−69,814	–	−69,814
Cash flow from financing operations		**85,978**	**−89,485**	**171,629**	**133,042**
Change in cash and cash equivalents		340,746	−278,871	−38,888	−147,389
Cash and cash equivalents at the beginning of the year		327,400	573,734	73,082	221,908
Exchange-rate difference in cash and cash equivalents		−31,253	32,537	−1,044	−1,437
Cash and cash equivalents, Dec. 31	21	**636,893**	**327,400**	**33,150**	**73,082**
1) Interest received amounts to		7,220	7,664	1,129	1,213
Interest paid amounts to		−55,865	−43,140	−5,281	−1,090
		−48,645	**−35,476**	**−4,152**	**123**

2) The amount for the Group includes the reversal of liability in an amount of SEK 9,240,000 (7,579,000).

Note descriptions

Notes

NOTE 1 | Accounting and valuation policies, significant assessments and financial risk management

General information

The Transatlantic Group conducts international contract-based shipping. The Group is organized in two business areas – Offshore/Icebreaking and Industrial Shipping.

The Parent Company is a limited liability company registered in Sweden, with its domicile in Skärhamn and corporate registration number 556161-0113. The postal address for the head office is Box 32, SE-471 21 Skärhamn, Sweden and the street address is Södra Hamnen 27. The Parent Company is listed on Small Cap segment of the OMX NASDAQ Nordic Exchange in Stockholm.

The Board approved this consolidated accounts for publication on March 31, 2011.

Basis for the preparation of the financial reports

The most significant accounting policies applied, and is noted below, have been consistently applied for the years presented, unless otherwise stated.

The consolidated accounts were prepared in accordance with IFRS, rules adopted by the EU and in accordance with RFR 1 Supplementary Accounting Rules for Groups and the Swedish Annual Accounts Act.

Preparing reports in agreement with IFRS requires that several crucial accounting estimations be applied and that management makes certain assumptions in the application of the company's accounting principles. The main estimations and assumptions made are stated at the end of this note.

Changed accounting policies resulting from new or amended IFRS

Below is a description of changed accounting policies that the Group applies from January 1, 2010. Other IFRS amendments applied from 2010 have not had any material effect on the Group's financial statements.

Business combinations and consolidated financial statements

The revised IFRS 3 Business Combinations and amended IAS 27 Consolidated and Separate Financial Statements have been applied from January 1, 2010. The standard stipulates new regulations for the partial divestment and partial acquisition of an entity. Determining how acquisitions/divestments are recognized is dependent on the size of the participation that is to be acquired/divested.

In cases where the partial acquisition entails that controlling influence is obtained in the acquired company, the previously owned share will be revalued at fair value, and gain/loss recognized in profit/loss for the year. Correspondingly, when controlling influence is lost, a divestment is recognized as a capital gain/loss for the divestment, while the remaining portion of the company is revalued at fair value.

Acquisitions occurring after obtaining controlling influence, or in divestments when controlling influence is retained, are considered owner transactions, whereby any changes are recognized against shareholders' equity.

Conditional purchase considerations are measured at fair value at acquisition. In cases where the conditional purchase consideration results in a liability, this is revalued at fair value at each reporting opportunity. The revaluation is recognized as income/expense in profit and loss for the year.

Transaction expenses arising in connection with an acquisition are expensed directly.

During business acquisitions, there are two alternative accounting methods, either full goodwill or a proportional share of goodwill. The choice between these two methods is made individually for each acquisition.

New and amended accounting policies applicable from 2011

A number of new or amended IFRS become effective first during the next financial year and TransAtlantic has chosen not to apply any of these standards in advance. New or amended IFRS to be applied from 2011 are not deemed to have any material impact on the financial statements.

Consolidated accounts

The consolidated accounts comprise the Parent Company, subsidiaries, associated companies and joint ventures.

Subsidiaries

Subsidiaries are classified as companies in which the Group has a controlling influence through holding more than 50% of the voting rights, or in which the Group can exercise controlling influence through contracts or other agreements (including SPE companies – special companies formed with a limited and well-defined purpose).

The consolidated accounts were prepared in accordance with the purchase method. Accordingly, consolidated shareholders' equity – excluding the Parent Company's shareholders' equity – only includes the changes in subsidiaries' shareholders' equity that occurred following acquisition. The purchase price for the acquisition of a subsidiary is distributed among the company's various assets and liabilities, taking into consideration the valuation conducted in conjunction with the acquisition, regardless of the extent of any non-controlling interest.

At acquisitions that occur in stages, goodwill is established on the date controlling influence arises. If the company already owns a portion of the acquired company, this is revalued at fair value and the value change recognized in profit and loss for the year. Correspondingly, in a divestment where controlling influence is lost, the remaining holding is revalued at fair value and the change in value is recognized in profit and loss for the year.

The portion of the purchase price that exceeds the acquisition's net assets, valued at fair value, is recognized as goodwill and is subject to annual impairment testing. If the purchase price is lower than the net assets, the difference is recognized directly in profit and loss.

Transaction expenses, with the exception of transaction fees attributable to the issuance of equity instruments or liability instruments are recognized directly in profit and loss for the year.

Holdings with non-controlling influence in the subsidiary's shareholders' equity, including net assets at fair value recognized for the subsidiary, are recognized in the consolidated shareholders' equity on a separate line. Holdings with non-controlling influence in the net earnings for the year are recognized on a separate line in the profit and loss. See Note 33.

Group-internal transactions and balance-sheet items and unrealized gains on transactions among Group companies are eliminated. Unrealized losses are also eliminated, unless the transaction represents evidence for the need to recognize impairment.

Associated companies

Associated companies are companies in which the Group has at least 20% but not more than 50% of the voting power, giving the Group a significant influence. Participations in associated companies are recognized in the consolidated accounts in accordance with the equity method. The equity method means that shares in a company are recognized at cost, including goodwill, at the time of the acquisition and are subsequently adjusted by the Group's share of the change in the associated company's net assets.

Note 1 continued

The Group's participation in the associated company's earnings is recognized under "Profit share in associated companies." The consolidated value of the holding is recognized as "Participations in associated companies." Unrealized Intra-Group profit is eliminated by the share of the profit attributable to the Group. Unrealized losses are also eliminated, unless the transaction represents evidence for the need to recognize impairment. Associated companies are recognized in the Parent Company accounts at their cost. Only dividends received after the acquisition are recognized as revenues.

Joint-venture companies

Joint-venture companies are companies in which the Group has a joint controlling influence together with other owners. The Group is only involved in joint ventures that represent a separate legal entity and these are recognized in the consolidated accounts in accordance with the proportional method, with the Group's share of the company's income statement and balance sheets being recognized. The Group reports the part of gains and losses on Group sales to joint-venture companies corresponding to the ownership share of the other owners and only after the asset has been sold to an independent party.

Transactions with shareholders with non-controlling influence

The Group manages transactions with shareholders with non-controlling influence as transactions with the Group's shareholders. In acquisitions from shareholders with no controlling influence, the difference between the purchase consideration paid and the actual acquired participation of the carrying amount of the subsidiary's net assets is recognized in shareholders' equity. Gains and losses in divestments to shareholders with non-controlling influence are also recognized in shareholders' equity.

When the Group no longer has controlling influence, each remaining holding is revalued at fair value and the change in the carrying amount is recognized in the profit and loss. The fair value is used as the first carrying amount and represents the basis for continued recognition of the remaining holding as associated company, joint venture or financial asset. All amounts pertaining to the divested unit, previously recognized in other comprehensive income, are recognized as though the Group had directly divested the related assets or liabilities. This may result in the reclassification of the amount previously recognized in other comprehensive income as revenue.

If ownership in an associated company decreases but a significant controlling influence is retained, wherever relevant, only a proportional share of the amounts previously recognized in other comprehensive income is reclassified as revenue.

Translation of foreign currencies

All transactions included in the financial reports for each Group company are valued and recognized in the currency that provides the most accurate picture of the company's operations, its "functional currency." Goodwill and adjustments in fair value arising from the acquisition of foreign operations are treated as assets and liabilities in these operations and are translated at closing-date rates.

The reporting currency of the Group and the Parent Company is SEK. The Parent Company's functional currency is SEK.

For Group companies that have a functional currency that is different to the Group's reporting currency, the balance sheets are translated at the closing date rate and income statements are translated at the average exchange rate for the year, whereby the translation difference is included under shareholders' equity. In the case of divestment or liquidation of such companies, the accumulated translation difference is recognized under capital gains/losses.

Income-statement items are translated at the transaction-date rate and any exchange-rate differences are entered in the profit/loss for the year. The exception is if the transaction represents hedging and meets the criteria for hedge accounting of cash flows or net investments, since gains and losses are recognized directly against other comprehensive income. Receivables and liabilities are translated in accordance with the principles stated under "Financial instruments" below.

Revenues

Revenues and expenses pertaining to cargo assignments undertaken are recognized successively in relation to the cargo assignment's degree of completion on the balance-sheet date. The cargo assignment's degree of completion is calculated on the basis of the number of travel days on the balance-sheet date in relation to the total number of travel days for the assignment. Other revenues, such as those for external Ship Management assignments, are recognized only after agreement is reached with the customer and the service has been delivered. Direct costs that are invoiced to the customer are recognized as net amounts in profit and loss against the cost type under which the purchase was made. Interest revenues are recognized in profit and loss distributed across the period of maturity, applying the effective interest method. Dividend revenues are recognized when the right to receive payment has been established.

Direct travel expenses

Expenses directly attributable to cargo assignments, such as bunkers, harbor expenses, etc., are recognized in profit and loss under the heading Direct travel expenses.

Government subsidies

The Swedish State subsidy to shipowners is recognized as a net amount against the payroll expenses on which it is based. Settlement is made monthly.

Income taxes

Taxes included in the consolidated accounts pertain to current and deferred tax. The Group recognizes deferred tax on temporary differences between the carrying amount and tax value of assets and liabilities. Deferred tax assets are only recognized if it is probable that the temporary differences can be utilized against future taxable surpluses. The current nominal tax rate in each country is used in calculating deferred tax. Deferred tax liabilities for temporary differences pertaining to investments in subsidiaries and associated companies are not recognized in the consolidated accounts as long as no decision on profit taking has been made. In all cases, the Parent Company can steer the timing for the reversal of the temporary differences, and it is not considered probable that a reversal will occur in the foreseeable future. The tax effect of items recognized in profit and loss is recognized in profit and loss. The tax effect of items recognized directly against other comprehensive income is recognized against other comprehensive income.

Segment reporting

The segments contain services with differing risks and returns compared with those of other areas of operations. Internal reporting and follow-up is organized based on these segments. The Group has two segments, Offshore/Icebreaking and Industrial Shipping.

Tangible fixed assets

Tangible fixed assets as described below are recognized at cost or after deductions for accumulated depreciation according to plan and possible impairment.

Expenses that raise the value or return of the asset through, for example, capacity enhancements or cost rationalization, increase the carrying amount of the asset. Expenses incurred by the re-flagging of vessels are capitalized in accordance with this principle.

Expenses for major recurring inspection measures are capitalized as fixed assets, since they are considered to increase the vessel's fair value and are depreciated on a straight-line basis over the vessel's useful life. Other outlay for repairs and maintenance is classed as expenses. Drydock expenses within the Group are also capitalized in accordance with this principle and are depreciated over a period of 30 months, which is the normal time between dry-dockings. Expenses, including interest, pertaining to vessels under construction are capitalized as fixed assets. Depreciation of vessels according to plan is based on an individual assessment of each vessel's useful life and subsequent remaining residual value. Impairment is recognized if the asset's estimated recoverable amount is lower than its carrying amount. The residual value and useful life of assets are tested on each balance-sheet date and adjusted if necessary. The type of fixed asset with the greatest residual value comprises vessels for which the residual value comprises the estimated scrap value at the end of the vessel's useful life.

Straight-line amortization according to plan is based on the following useful lives:

– Vessels	20–32 years
– Docking and major overhaul measures	2.5 years
– Computers	3–5 years
– Other equipment	5–10 years
– Buildings	20–50 years
– Land improvements	25 years

Intangible assets

Intangible assets are recognized at cost or at impaired value after deductions for accumulated amortization according to plan. A useful life is determined for each asset and this is used for straight-line amortization according to plan.

Straight-line amortization according to plan is based on the following useful lives:

– Computer programs	4 years
– Route networks	10 years

Amortization shall not be applied for intangible assets considered to have the capacity to provide a financial return for an indefinite period. Instead, recoverable values shall be determined for assets on an annual basis or more frequently if there are indicators that an asset's value has changed.

The Group has goodwill and brands as intangible assets, for which amortization is not applied. Goodwill is tested annually to identify possible needs for impairment recognition and is recognized at cost less accumulated impairment. Goodwill is distributed among cash-generating units for impairment testing, whereby cash-generating units are the traffic areas within the divisions. Branding pertains to Transatlantic, for which the recoverable value of the asset is considerably higher than its carrying amount.

Impairment

Assets with an indeterminate useful life are tested annually for the need to recognize impairment. For assets subject to amortization according to plan, an assessment is made regarding whether the value of the asset should be impaired whenever there are indications that its carrying amount is higher than its recoverable value. The recoverable value corresponds to the higher of fair value less selling costs and value in use. Impairment is recognized in an amount equivalent to the difference between the recoverable value and carrying amount.

Financial assets

Financial assets are classified according to the following categories: Loans and accounts receivable and Financial assets available for sale. The classification is determined for the purpose of the investment at the time of acquisition. The classification is reviewed annually.

Financial assets for sale are valued at fair value with transaction expenses.

Loan and accounts receivable

Loans and accounts receivable are initially recognized at fair value and subsequently at amortized cost using the effective interest method less any provision for reduction in value. A provision for value reduction of accounts receivable is made when it is clear that the Group will not receive the full amount. The Group's loan and accounts receivable comprise accounts and other receivables and cash and cash equivalents.

Borrowing

Borrowing is initially recognized at fair value, net after transaction costs. Borrowing is subsequently recognized at amortized cost. Any difference between the amount received and the repayment amount is recognized in profit and loss, distributed over the loan period using the effective interest method.

Leasing agreements

The Group acts both as lessor and lessee and has entered both financial and operational leasing agreements.

In financial leasing agreements, in which the Group enjoys the financial benefits and assumes responsibility for the risks, the item leased is recognized in the balance sheet as a fixed asset. At the beginning of the lease period, the asset is recognized at the lower of the fair value of the leased item or the current value of the minimum lease fees. Each leased item is assigned a useful life in accordance with the principles stated under tangible fixed assets. Future leasing fees less financial expenses are recognized as a liability. Each lease payment is divided between the amortization of the liability and the financial expense.

Operational leasing agreements are recognized straight-line over the lease period in profit and loss as net sales where the Group is the lessor and as other external expenses where the Group is the lessee.

Inventories

Inventories have been valued at the lower of cost and net realizable value. Inventories mainly comprise bunker and lubricating oils. Valuation has been made in accordance with the FIFO principle.

Pensions and similar commitments

The Group has defined-benefit and defined-contribution pension plans. Defined-benefit pension plans provide employees with pension benefits corresponding to a predetermined amount and the Group is responsible for financing these plans so that these amounts can be paid in the future. For defined-contribution pension plans, the Group pays in an established fee to an independent legal entity. Fees are recognized as personnel expenses when they mature for payment. Subsequently, the Group has no further pension commitments towards employees.

Provisions are made for all defined-benefit plans on the basis of actuarial calculations in accordance with the project unit credit method, with the purpose of establishing the current value of future commitments to current and previous employees. Actuarial calculations are conducted annually and are based on actuarial assumptions applicable on the closing date. The size of the provision is determined by the current value of future pension commitments less deductions for the fair value of plan assets, unrecognized actuarial gains/losses and unrecognized liabilities for earlier periods of service. Actuarial gains/losses exceeding a "corridor" of 10% shall be recognized in profit and loss during employees' average remaining period of service.

Borrowing costs

Borrowing costs for new building projects are capitalized as fixed assets during the project period. Other borrowing costs are expensed as they are incurred.

Cash-flow statements

The cash-flow statements were prepared in accordance with the indirect method. The recognized cash flow comprises only transactions entailing payments received or paid out.

Cash and cash equivalents

Cash and cash equivalents include cash and bank balances, as well as other current investments maturing within three months and overdraft facilities. In the balance sheet, overdraft facilities are recognized as borrowing among current liabilities.

Parent Company's accounting policies

The financial statements of the Parent Company were prepared in accordance with the Swedish Annual Accounts Act (1995:1554) and the Swedish Financial Accounting Standards Council's recommendation RFR 2, Accounting for legal entities. The Parent Company, in its financial statements, shall apply all of the EU-approved IFRSs and statements insofar as these do not conflict with the Annual Accounts Act and the relationship between accounting and taxation. The recommendation states which exceptions are to be made and can be made based on IFRS.

Note 1 continued

This means that the Parent Company applies the same accounting policies as the Group with the exception of the following:

Classification and presentation
The Parent Company's income statement and balance sheets are set forth in accordance with the outline in the Annual Accounts Act, while the statement of comprehensive income, the statement on changes in shareholders' equity and cash-flow statements are based on IAS 1 Presentation of financial reports and IAS 7 Statement of cash flows. The differences in the Group's reports that apply in the Parent Company's income statements and balance sheets comprise primarily shareholders' equity, as well as the presence of provisions as a separate heading.

Associated companies and subsidiaries
Participations in associated companies and subsidiaries are recognized in the Parent Company using the cost method. Carrying amounts are tested on each balance-sheet date to determine any need for impairment. Only dividends received are recognized as revenue, on the condition that these are derived from profits earned after the acquisition. Dividends that exceed these profits are considered a repayment of the investment and reduce the participation's carrying amount.

Transaction expenses are included in the carrying amount for holdings in subsidiaries and associated companies. However, transaction expenses for subsidiaries are recognized directly in profit/loss in the Group.

Group contributions and shareholders' contributions
Shareholders' contributions are recognized directly against shareholder's equity for the recipient and are capitalized in shares and participations by the contributor to the extent that impairment is not required. Group contributions paid to reduce the Group's tax expense are recognized directly against profit brought forward, less deductions for its current tax effect.

Untaxed reserves
The amounts included in untaxed reserves comprise taxable temporary differences. As a result of the link between accounting and taxation, in a legal entity, the deferred tax liability attributable to untaxed reserves is not recognized separately, but is recorded in its gross amount in the balance sheet.

Financial income
Net financial income in the Parent Company also includes dividends on shares in subsidiaries and these are only recognized when the right to receive payment has been established.

Financial instruments
The Parent Company applies the same principles for financial instruments as the Group, with the exception of the valuation principles stipulated in IAS 39. In the Parent Company, financial fixed assets are valued at cost less any impairment losses, and financial current assets are valued at the lower of cost or market value.

Acquisition of own shares
When own shares are acquired, unrestricted shareholders' equity is reduced by the expense for the acquisition. When own shares are transferred, unrestricted shareholders' equity is increased by the income derived from the transfer.

Risk management
The Group's operations entail a number of operational and financial risks that may affect earnings. The most significant risks are:
– operational risks, – market risks, – liquidity risks, – credit risks

The Group's overriding goal is to minimize the impact of financial and operational risks on the consolidated income statements and balance sheets.

The Board of Directors has identified these risks and developed a plan to avoid or minimize the impact on the consolidated income statement and balance sheets through various measures. Through clear policies and reporting paths, it is stated how these risks shall be managed and how presentation is to be made.

The Group's policy is thus to work with various types of insurance or financial instruments to minimize various types of risks.

Operational risks
The general economic trend in the countries where the Group is active is a crucial factor for financial development, since the economic trend has a major effect on the flows of goods, volumes, and the resultant demand for maritime transports. The trend in markets other than those where the Group is active can also affect demand for the Group's services, since the maritime transport market is highly international. The Group endeavors to maintain close contact with its customers and signs long-term cargo agreements with them to restrict the impact of economic fluctuations.

Earnings can be impacted by the loss of a vessel. These costs can be minimized through active service and damage-prevention work, resulting in lower risk of major individual cost increases. An offhire insurance that provides financial compensation in the event of prolonged operational disruption has been taken for part of the fleet of vessels, primarily those vessels involved in scheduled services.

Capital risk
The Group's capital structure shall secure the operation of current business and enable desired future investments and development.

Capital is assessed on the basis of the debt/equity ratio, meaning interest-bearing net loan liabilities in relation to shareholders' equity. The net loan liability comprises long and short-term interest-bearing borrowing less cash and cash equivalents.

Total borrowing amounted to SEK 2,170 M (1,381). Cash and cash equivalents, negative in the amount of SEK 637 M (neg: 327), are deducted. The net debt amounted to SEK 1,533 M (1,054) and the shareholders' equity was SEK 2,396 M (1,175). The debt/equity ratio was 64% (90).

The increase in indebtedness in 2010 is a result of recognized earnings trend, as well as the acquisition of the shares outstanding in Trans Viking, which is commented in the Board of Directors' Report.

Market risks
Currency risks
Shipping is a highly international business, which means that only a portion of the Group's cash flow is generated in SEK and this means that currency fluctuations have a major impact on the Groups earnings and cash flows. The foreign-exchange risk is primarily restricted by matching the exposure to revenues and assets in various currencies to loans in the corresponding currency. The remaining exposure is hedged using various hedging instruments in accordance with Group policy, see Note 32.

Interest-rate risks
Shipping is a capital-intensive business, in which long-term loans are the principal form of financing. Accordingly, interest-rate fluctuations have a major impact on the Group's earnings and cash flow. To reduce this risk, interest levels are hedged to a large extent for varying periods of time and using various types of hedging instruments, see Note 32.

Liquidity risk
To avoid disruptions in payments flows, the Group ensures the availability of sufficiently large liquidity reserves in the form of bank deposits and loan pledges to cope with unforeseen fluctuations in cash flow, refer to Notes 21 and 25.

Credit risks
The Group only provides short working credit. These credits are mainly provided to major customers, with whom the Group has a long-term relationship. New customers are subject to a credit check prior to credit being provided. When longer-term credit is provided, this is conducted against collateral.

Bunker risks
Cost changes for bunker oil can have a significant impact on earnings. Cargo contracts often include clauses that imply that the customer carries the risk of price changes. For the portion of consumption for which the

Group does not have such clauses, the Group uses forward contracts for bunker oil, see Note 32.

Derivative instruments/hedge accounting

The Group has derivative instruments that hedge highly probable forecast transactions (cash-flow hedging).

The Group utilizes derivative instruments to cover the risks of exchange-rate fluctuations and changes in bunker prices and to hedge its exposure in interest-rate risks. The Group's policy is to only hold instruments that qualify for hedge accounting. Hedge accounting requires that the explicit purpose of the hedging measure is classed as hedging, that it has an unequivocal connection with the hedge item and that the hedging measure effectively protects the hedged position.

When a hedge is established, the relationship between the hedging instrument and the hedged item is documented, as are the objective of the hedging and the strategy for implementing hedging measures. The Group also documents its assessment, both at the onset of the hedge and on an ongoing basis during its period of application, regarding the effectiveness of the hedge in balancing out changes in cash flow for the hedged items.

Derivative instruments are recognized at fair value at the time of acquisition and continuously revalued at fair value. Unrealized value changes for effective hedging pertaining to cash flow are recognized in other comprehensive income. When a derivative is divested, the value change is dissolved and recognized in the profit and loss. For derivatives that do not qualify for hedge accounting, the unrealized value changes, including the effective portion of the hedge, shall be recognized directly in profit and loss.

The fair value of financial instruments is established through assessment in an active market (market valuation) or through established valuation methods if no active market exists.

Measurement of fair value

Fair value of financial instruments traded on an active market is based on listed market prices and belongs to measurement level 1 according to IFRS 7. In the event that there are no listed market prices, fair value is measured through discounted cash flows. When measurements of discounted cash flows have been conducted, all variables, such as discount rates of interest and exchange rates for measurements, have been retrieved from market listings wherever possible. These measurements belong to measurement level 2. Other measurements, for which a variable is based on own assessments, belong to measurement level 3.

The nominal value less any credits was used as fair value for accounts receivable and accounts payable.

Significant estimations and assessments

Estimations and assessments are conducted continuously and are based on historical experience and reasonable assumptions of future development.

Important estimations and assumptions for accounting purposes:
The Group makes estimations about the future that affect its income statements and balance sheets.

The estimations with the greatest impact are:
– The useful life of tangible fixed assets and their residual value.
– Income taxes where the Group maintains operations in different countries with different tax systems (such as tonnage taxation).
– The pension liability and pension cost.

Useful-life periods and residual value are assessed in connection with annual impairment testing, which, in 2010, resulted in changes to the carrying amount, see Note 9. Pension calculations are conducted by an actuary based on assumptions established by the company.

Important assessments in the application of the Group's accounting policies

The assessments made by the Group on the basis of its established accounting principles mainly consist of the classification of leasing agreements and assumptions concerning future cash flows for vessels. The assessment of future cash flows for vessels is based on forecasts prepared in connection with the Group's budget process, which, taking into account the impact of economic fluctuations and other known changes, is calculated at its current value with a discount factor of 8–10%.

For the Group, it has been determined that the assumptions concerning future cash flows for vessels correspond to the assessment and estimation that have the greatest impact on the Group's income statement and balance sheet.

NOTE 2 | Distribution of net sales

	Group		Parent Company	
SEK 000s	**2010**	2009	**2010**	2009
Cargo revenues	1,534,311	1,527,617	685,338	666,562
Time charter revenues	622,842	493,716	353,240	385,348
Expenses invoiced on to external customers	235,779	260,799	1,520	6,894
Expenses invoiced on to internal customers	–	–	217,108	184,853
Other	1,171	1,550	1,214	1,550
Total	**2,394,103**	**2,283,682**	**1,258,420**	**1,245,207**

NOTE 3 | Segment reporting

SEK 000s	Industrial Shipping 2010	Industrial Shipping 2009	Offshore/Icebreaking 2010	Offshore/Icebreaking 2009
Sales	1,865,191	1,899,550	298,396	125,005
Internal sales	–	–	–	–
Net sales	**1,865,191**	**1,899,550**	**298,396**	**125,005**
Depreciation/amortization/impairments	–262,797	–190,130	–77,137	–40,779
Profit share in associated companies	–	–	–	–
Operating profit/loss [1]	–323,359	–170,466	65,531	–19,569
Net financial items	–28,271	–32,413	–20,065	–5,307
Profit before tax	–351,630	–202,879	45,466	–24,876
Income tax	–	–	–	–
Profit for the year	**–**	**–**	**–**	**–**
Assets	1,080,472	1,554,669	3,158,639	973,899
Capital participations in associated companies	–	–	–	–
Undistributed liabilities [2]	–	–	–	–
Total assets	**1,080,472**	**1,554,669**	**3,158,639**	**973,899**
Liabilities	772,927	785,977	1,659,607	863,763
Undistributed liabilities [2]	–	–	–	–
Total liabilities	**772,927**	**785,977**	**1,659,607**	**863,763**
Gross investments [3]	27,720	39,344	235,879	302,910

SEK 000s	Ship Management/Group-wide 2010	Ship Management/Group-wide 2009	Total 2010	Total 2009
Sales	1,150,694	1,107,967	3,314,281	3,132,522
Internal sales	–920,185	–848,840	–920,185	–848,840
Net sales	**230,509**	**259,127**	**2,394,096**	**2,283,682**
Depreciation	–88,684	–4,044	–428,618	–234,953
Profit share in associated companies	–	93	–	93
Operating profit/loss [1]	712,761	–52,864	454,933	–242,899
Net financial items	330	4,629	–48,006	–33,091
Profit before tax	713,091	–48,235	406,927	–275,990
Income tax	–	–	178,354	54,570
Profit for the year	**–**	**–**	**585,281**	**–221,420**
Assets	899,250	635,696	5,138,361	3,164,264
Capital participations in associated companies	153	362	153	362
Undistributed liabilities [2]	–	–	7,583	7,775
Total assets	**899,403**	**636,058**	**5,146,097**	**3,172,401**
Liabilities	316,500	332,852	2,749,034	1,982,592
Undistributed liabilities [2]	–	–	586	15,197
Total liabilities	**316,500**	**332,852**	**2,749,620**	**1,997,789**
Gross investments [3]	4,061	22,043	267,660	364,297

1) Operating profit/loss includes effects of SEK 775 M attributable to the acquisition of Trans Viking, restructuring items in the Industrial Shipping business area comprising vessel impairments totaling SEK 241 M (61), and capital loss from the divestment of the Oak vessel totaling SEK 6 M (–).
2) Undistributed assets and liabilities comprise financial instruments.
3) Investments for the year and the preceding year pertained primarily to the ongoing new construction of four vessels within the Offshore/Icebreaking business area and capitalized docking fees in Offshore & Icebreaking and Industrial Shipping. In Ship Management/Groupwide, investments comprised the completion of the office building in 2009, as well as investments in computer programs and equipment.

Note 3 continued

Group Management has established that operational management and financial control shall be based on two business areas and the Ship Management/Groupwide support function, as well as information on effects of restructuring. The business operations comprise the two business areas, Industrial Shipping and Offshore/Icebreaking. This structure has been used throughout the Annual Report when describing operations.

The Offshore/Icebreaking business area comprises icebreaking, anchor-handling vessels that are partly used for icebreaking (primarily for the Swedish Maritime Administration), and partly for assignments for the offshore industry, with the repositioning of rigs and anchors for these. The vessels also transport supplies for customers in the offshore industry.

The Industrial Shipping business area focuses mainly on contract-based shipping for Nordic base industry. The business area comprises several different areas of operation, which are integrated with each other and cooperate on tonnage and customer contracts. The RoRo Baltic Division comprises specially adapted RoRo and container vessels, which form a full-coverage maritime transport system in the Baltic Sea. The Bulk Division comprises ice-class vessels in the small-bulk segments that operate in Europe and across the Atlantic. The division also includes paper transports across the Atlantic with specially adapted RoRo vessels, equipped with side ports, as well as RoRo traffic between the US East Coast and the Caribbean. The Container Division conducts container-based liner traffic between Sweden and the UK.

Ship management/Group-wide items include ship management for the Group's own and externally owned vessels, central management and administration.

Transactions between the business areas and support functions have been conducted at prices based on market conditions.

NOTE 4 | Purchases and sales among Group companies

Parent Company

The Parent Company's net sales include sales to other Group companies in the amount of SEK 233,830,000 (202,424,000).

The Parent Company's other external operating expenses include purchases from other Group companies of SEK 60,572,000 (27,420,000).

NOTE 5 | Other operating income

	Group		Parent Company	
SEK 000s	**2010**	2009	**2010**	2009
Acquisition effects Trans Viking	774,915	–	–	–
Capitalized own work	7,215	3,382	–	–
Other	2,198	2,736	366	695
Total	**784,328**	**6,118**	**366**	**695**

NOTE 6 | Exchange-rate differences

Operating profit/loss includes exchange-rate differences pertaining to operating receivables and operating liabilities in accordance with the following:

	Group		Parent Company	
SEK 000s	**2010**	2009	**2010**	2009
Other operating expenses	–32,578	–16,937	–28,383	–14,735
Capital gain/loss	–5,348	–	–	–
Total	**–37,926**	**–16,937**	**–28,383**	**–14,735**

Refer also to Notes 1, 5 and 32.

NOTE 7 | Average number of employees, sickness absence, salaries, other remuneration and social security costs, etc.

Average number of employees

	2010		2009	
	No. of employees	Of whom, women %	No. of employees	Of whom, women %
Parent Company				
Sweden				
– land-based	113	40%	85	42%
– shipboard	344	2%	332	2%
Total, Parent Company	**457**	**11%**	**417**	**10%**
Subsidiaries				
Sweden				
– land-based	47	41%	49	39%
– shipboard	360	8%	536	9%
UK				
– land-based	38	22%	44	28%
Russia				
– land-based	5	20%	0	0%
Finland				
– land-based	4	25%	4	25%
Total, subsidiaries	**453**	**13%**	**633**	**13%**
Group total	**911**	**12%**	**1,050**	**12%**

Sickness absence

	Parent Company	
%	**2010**	2009
Parent Company		
Total sickness absence	3.5	3.5
– long-term sickness absence	1.3	1.9
– sickness absence for men	3.4	3.5
– sickness absence for women	4.1	2.3
– employees under –29 years	0.8	0.8
– employees 30–49 years	3.7	2.5
– employees over 50 years	4.0	5.2

Salaries, other remuneration and social security costs

	2010		2009	
SEK 000s	Salaries and remuneration	Social security costs (of which, pension costs)	Salaries and remuneration	Social security costs (of which, pension costs)
Parent Company	230,888	140,078	219,276	113,536
		(48,412)		(34,094)
Subsidiaries in Sweden	202,667	109,273	250,095	114,940
		(38,865)		(27,346)
Foreign subsidiaries	10,299	1,185	8,698	947
		(957)		(643)
Group total	**443,854**	**250,536**	**478,069**	**229,423**
		(88,234)		**(62,083)**

Note 7 continued

Salaries and other remuneration by country

	2010		2009	
SEK 000s	Board and President	Other employees	Board and President	Other employees
Parent Company				
Sweden	4,468	226,420	14,309	204,968
Total, Parent Company	**4,468**	**226,420**	**14,309**	**204,968**
Subsidiaries in Sweden	67	202,600	96	249,999
UK	634	4,074	740	4,772
Finland	—	2,728	—	3,186
Russia	603	2,260	—	—
Total, foreign subsidiaries	**1,237**	**9,062**	**740**	**7,958**
Group total	**5,772**	**438,082**	**15,145**	**462,925**

The Parent Company received a government shipping subsidy of SEK 102,153,000 (98,221,000) and the total shipping subsidy received by the Group amounted to SEK 153,684,000 (172,799,000). The net figures above denote amounts before reductions for the government shipping subsidy received.

Remuneration paid to the Board of Directors

SEK 000s	Board fee
Christen Sveaas, Chairman 1)	100
Folke Patriksson, Deputy Chairman	350
Håkan Larsson	200
Åge Korsvold 1)	50
Christer Olsson	200
Helena Levander 2)	150
Jenny Lindén Urnes 3)	67
Lena Patriksson Keller 2)	150
Björn Rosengren 2)	150
Magnus Sonnorp 4)	133
Christer Lindgren	—
Total	**1,550**

1) Elected at the Extraordinary General Meeting in September 2010
2) Resigned at the Extraordinary General Meeting in September 2010
3) Resigned at the Annual General Meeting in April 2010
4) Elected at the Annual General Meeting in April 2010

During the ten-year period 2004–2013, the Board Chairman is entitled to a pension corresponding to 70% of his final annual salary. Subsequently, a lifelong defined-benefit pension is paid corresponding to the ITP plan. To cover the company's commitment for this, pension-insurance plans have been signed. The company's assets in such insurance plans and its obligations regarding these pensions are included in the provisions described in Note 24.

Remuneration paid to senior executives

SEK 000s	Salary	Other benefits	Pension premium	Total
President Stefan Eliasson	2,400	49	469	2,918
Other senior executives, four persons (4)	4,594	252	1,555	6,401
Total	**6,994**	**301**	**2,024**	**9,319**

The President of the Parent Company, Stefan Eliasson, will receive an annual salary of SEK 2,400,000 as well as a defined-contribution pension agreement, with payments corresponding to 25% of the basic salary. The President has a car at his disposal. Severance payment in the event of termination by the employer amounts to one year's salary. According to the terms and conditions of employment, the President is entitled to a lifelong pension corresponding to the ITP plan.

Other senior executives are entitled to severance pay in the case of termination by the employer, this being a maximum of one year's salary each. This group is entitled to company cars. These individuals are entitled to a lifelong pension from the age of 65, corresponding to the ITP plan. As in 2009, the group included one woman in 2010.

The Group paid no separate fees to members of the Boards of subsidiaries and Group companies.

The separate Corporate Governance section in the Annual Report addresses matters regarding decisions on remuneration.

NOTE 8 | Audit assignments

Expensed fees and reimbursements during the year amounted to:

	Group		Parent Company	
SEK 000s	**2010**	2009	**2010**	2009
Fees pertaining to audit assignments				
PwC	2,204	1,793	1,920	1,652
BDO	390	335	354	314
Other audit companies	653	458	—	—
Fees pertaining to auditing operations in addition to the audit assignment				
PwC	1,361	540	1,187	399
Other audit companies	1	35	—	10
Fees pertaining to tax advice				
PwC	1,187	636	1,168	293
Other audit companies	78	165	—	10
Total	**5,874**	**3,962**	**4,629**	**2,678**

NOTE 9 | Intangible and tangible fixed assets

Vessels 1)	Group		Parent Company	
SEK 000s	**2010**	2009	**2010**	2009
Costs				
Costs, Jan. 1	2,605,777	2,605,485	–	–
Purchases during the year (incl. improvement costs)	28,382	75,177	–	–
Acquisitions through corporate acquisitions	1,992,385	–	–	–
Reclassifications	245,822	–	–	–
Sales/scrapping	–93,438	–41,876	–	–
Translation difference for the year	–278,952	–33,009	–	–
Accumulated costs, Dec. 31	**4,499,976**	**2,605,777**	**–**	**–**
Accumulated depreciation according to plan				
Depreciation, Jan. 1	–735,135	–618,544	–	–
Acquisitions through corporate acquisitions	–274,911	–	–	–
Sales/scrapping	47,097	41,867	–	–
Translation difference for the year	87,246	729	–	–
Depreciation according to plan for the year	–172,856	–159,187	–	–
Accumulated depreciation according to plan, Dec. 31	**–1,048,559**	**–735,135**	**–**	**–**
Impairment				
Impairment, Jan. 1	–81,435	–25,000	–	–
Sales/scrapping	28,312	–	–	–
Translation difference for the year	13,207	4,765	–	–
Impairment for the year	–241,198	–61,200	–	–
Accumulated impairment, Dec. 31	**–281,114**	**–81,435**	**–**	**–**
Residual value according to plan, Dec. 31	**3,170,303**	**1,789,207**	**–**	**–**

The average remaining service life of vessels is 13 (13) years.

1) The item "vessels" includes leasing items held by the Group according to financial leasing agreements involving the following amounts:

	Group		Parent Company	
Vessels, financial leasing, SEK 000s	**2010**	2009	**2010**	2009
Costs				
Costs, Jan. 1	597,832	619,402	–	–
Acquisitions for the year (incl. improvement expenses)	–	9,923	–	–
Acquisitions for the year of chartered vessels 2)	–597,832	–	–	–
Translation difference for the year	–	–31,493	–	–
Accumulated costs, Dec. 31	**–**	**597,832**	**–**	**–**
Accumulated depreciation according to plan				
Depreciation, Jan. 1	–142,247	–116,789	–	–
Acquisitions for the year of chartered vessels 2)	157,082	–	–	–
Translation difference for the year	–	6,937	–	–
Depreciation according to plan for the year	–14,835	–32,395	–	–
Accumulated depreciation according to plan, Dec. 31	**–**	**–142,247**	**–**	**–**
Residual value according to plan, Dec. 31	**–**	**455,585**	**–**	**–**

Refer also to Note 29 Commitments.

2) TransAtlantic exercises its purchase option and acquires owner companies for the three RoRo vessels Ortviken, Östrand and Obbola.

In connection with TransAtlantic's acquisition of the three owner companies for the SCA vessels, Cove, Kirmar and Sanaga Shipping Ltd, an agreement was signed giving SCA the right to acquire the companies by June 30, 2011. If the option is exercised, the purchase consideration will correspond to the Group's carrying amounts.

The value of the vessels in today's market situation is more difficult to assess than normal. The valuation of the Group's vessels was conducted using external evaluations and impairment tests. Based on these various evaluations, the value of the vessels was estimated to be on par with the market capitalization. In the preceding year, it was assessed that there was a surplus value in the fleet totaling SEK 516 M.

Note 9 continued

Buildings and land, SEK 000s	Group 2010	Group 2009	Parent Company 2010	Parent Company 2009
Costs				
Costs, Jan. 1	47,778	26,623	46,091	24,942
Acquisitions for the year (incl. improvement expenses)	313	21,149	654	21,149
Translation difference for the year	–88	6	–	–
Accumulated costs, Dec. 31	**48,003**	**47,778**	**46,745**	**46,091**
Accumulated depreciation according to plan				
Depreciation, Jan. 1	–8,463	–7,996	–7,980	–7,561
Translation difference for the year	75	–18	–	–
Depreciation according to plan for the year	–1,024	–449	–986	–419
Accumulated depreciation according to plan, Dec. 31	**–9,412**	**–8,463**	**–8,966**	**–7,980**
Residual value according to plan, Dec. 31	**38,591**	**39,315**	**37,779**	**38,111**
– of which, land value	5,855	5,855	5,855	5,760
Taxation values for properties in Sweden				
– buildings	10,725	7,325	10,725	6,983
– land	2,054	1,632	2,054	1,216
Total	**12,779**	**8,957**	**12,779**	**8,199**
Carrying amount for properties in Sweden	37,779	38,394	37,779	38,111

Equipment, SEK 000s	Group 2010	Group 2009	Parent Company 2010	Parent Company 2009
Costs				
Costs, Jan. 1	116,049	103,755	30,102	17,276
Purchases during the year (incl. improvement costs)	4,861	13,306	1,067	13,273
Sales/scrapping	–1,400	–1,631	–830	–447
Translation difference for the year	–1,223	619	–	–
Accumulated costs, Dec. 31	**118,287**	**116,049**	**30,339**	**30,102**
Accumulated depreciation according to plan				
Depreciation, Jan. 1	–67,968	–56,126	–14,994	–10,443
Sales/scrapping	1,400	418	372	382
Translation difference for the year	1,043	–461	–	–
Depreciation according to plan for the year	–12,140	–11,799	–5,714	–4,933
Accumulated depreciation according to plan, Dec. 31	**–77,665**	**–67,968**	**–20,336**	**–14,994**
Residual value according to plan, Dec. 31 [3)]	**40,622**	**48,081**	**10,003**	**15,108**

3) The item "Equipment" includes leasing objects held by the Group in accordance with financial leasing contracts in the following amounts:

Equipment, financial leasing, SEK 000s	Group 2010	Group 2009	Parent Company 2010	Parent Company 2009
Costs				
Costs, Jan. 1	64,920	64,920	–	–
Purchases during the year (incl. improvement costs)	3,088	–	–	–
Accumulated costs, Dec. 31	**68,008**	**64,920**	**–**	**–**
Accumulated depreciation according to plan				
Depreciation, Jan. 1	–37,477	–32,045	–	–
Depreciation according to plan for the year	–4,993	–5,432	–	–
Accumulated depreciation according to plan, Dec. 31	**–42,470**	**–37,477**	**–**	**–**
Residual value according to plan, Dec. 31	**25,538**	**27,443**	**–**	**–**

Refer also to Note 29 Commitments

Note 9 continued

Construction in progress and advances for tangible fixed assets, SEK 000s	Group 2010	Group 2009	Parent Company 2010	Parent Company 2009
Costs				
Costs, Jan. 1	405,822	209,270	5,588	864
Acquisitions during the year (incl. improvement costs)[1]	148,393	213,088	6,849	4,724
Acquisitions through corporate acquisitions	337,140	–	–	–
Reclassifications	–245,822	–	–	–
Divestments	–4,044	–	–4,044	–
Translation difference for the year	2,798	–16,536	–	–
Accumulated costs, Dec. 31	**644,288**	**405,822**	**8,393**	**5,588**
Residual value according to plan, Dec. 31	**644,288**	**405,822**	**8,393**	**5,588**

1) The amount includes capitalized interest expense totaling SEK 26 M (19).

Goodwill, SEK 000s	Group 2010	Group 2009	Parent Company 2010	Parent Company 2009
Costs				
Costs, Jan. 1	2,348	2,348	8,278	8,278
Accumulated costs, Dec. 31	**2,348**	**2,348**	**8,278**	**8,278**
Accumulated impairment, Dec. 31				
Impairment, Jan. 1	–	–	–8,278	–8,278
Accumulated impairment, Dec. 31	**–**	**–**	**–8,278**	**–8,278**
Carrying amount, Dec. 31	**2,348**	**2,348**	**–**	**–**

In connection with the merger with Gorthon Lines in 2005, there was impairment of the goodwill item that arose in the minority acquisition of shares in Gorthon Lines AB in 2001. This goodwill value was included up to the merger in the item "Participations in associated companies." The goodwill item represented surplus values in the vessel fleet that is currently owned by a subsidiary.

Brands, SEK 000s	Group 2010	Group 2009	Parent Company 2010	Parent Company 2009
Costs				
Costs, Jan. 1	7,015	7,015	–	–
Residual value according to plan, Dec. 31	7,015	7,015	–	–

Other intangible assets, SEK 000s	Group 2010	Group 2009	Parent Company 2010	Parent Company 2009
Costs				
Costs, Jan. 1	9,114	9,070	101,628	101,582
Acquisitions during the year	1,429	46	1,426	46
Sales/scrapping	–	–	–96,116	–
Translation difference for the year	–	–2	–	–
Accumulated costs, Dec. 31	**10,543**	**9,114**	**6,938**	**101,628**
Accumulated depreciation according to plan				
Depreciation, Jan. 1	–6,080	–3,762	–71,722	–55,510
Sales/scrapping	–	–	74,757	–
Depreciation according to plan for the year	–1,400	–2,318	–8,173	–16,212
Accumulated depreciation according to plan, Dec. 31	**–7,480**	**–6,080**	**–5,138**	**–71,722**
Residual value according to plan, Dec. 31	**3,063**	**3,034**	**1,800**	**29,906**

Group: In addition to capitalized computer software, value comprises traffic systems developed within Industrial Shipping held by the subsidiary TransAtlantic European Services AB and was added to the Group through the acquisition of the remaining 26% of shares in 2004.
Parent Company: The amount comprises capitalized computer software.

NOTE 10 | Profit share in associated companies

SEK 000s	Group 2010	Group 2009	Parent Company 2010	Parent Company 2009
Share of profits in other associated companies [1]	–	93	1,270	93
Total	**–**	**93**	**1,270**	**93**

1) Share of profits in the Parent Company for 2010 pertains to equity income from Partrederiet for Odin Viking DA. Share of profits in 2009 pertains to the earnings from Icebreaker Management Sweden AB and MS Agila Verwaltungs GmbH.

NOTE 11 | Profit share in Group companies

SEK 000s	Group 2010	Group 2009	Parent Company 2010	Parent Company 2009
Dividend	–	–	1,772	33,672
Impairment of shareholding	–	–	–59,100	–57,167
Reversed impairment/ impairment of Group receivables	–	–	–30	722
Net capital gain/loss from sales of subsidiaries	–	–	79	2,602
Total	**–**	**–**	**–57,279**	**–20,171**

NOTE 12 | Financial revenue

SEK 000s	Group 2010	Group 2009	Parent Company 2010	Parent Company 2009
Interest revenue	7,859	10,049	1,129	1,213
Interest revenue from Group companies	–	–	16,119	2,823
Total	**7,859**	**10,049**	**17,248**	**4,036**

NOTE 13 | Financial expenses

SEK 000s	Group 2010	Group 2009	Parent Company 2010	Parent Company 2009
Interest expenses	55,733	41,709	4,869	674
Interest expenses paid to Group companies	–	–	7,150	94
Exchange-rate differences	132	1,431	14,381	6,739
Other financial expense	–	–	412	416
Total	**55,865**	**43,140**	**26,812**	**7,923**

NOTE 14 | Taxes

SEK 000s	Group 2010	Group 2009	Parent Company 2010	Parent Company 2009
Tax in profit and loss				
– Current tax	–1,593	–575	–12,882	–16,882
– Deferred tax	179,947	55,145	66,948	63,785
Total	**178,354**	**54,570**	**54,154**	**46,903**

	Group				Parent Company			
	2010		2009		**2010**		2009	
	SEK 000s	%	SEK 000s	%	SEK 000s	%	SEK 000s	%
Difference between recognized tax expense and tax expense based on the current tax rate								
Recognized profit/loss before tax	406,927		–275,990		–235,411		–193,339	
Tax at current Swedish tax rate	–107,022	–26	72,585	26	61,913	26	50,848	26
– Difference in tax rates in various countries of operation	–22,819	–6	–1,313	0	–	–	–	–
– Effect of non-taxable acquisition Trans Viking	204,557	51	–	–	–	–	–	–
– Effect of adjusted tonnage tax regulations in Norway[3]	40,460	10	–	–	–	–	–	–
– Tonnage-tax based operations	9,753	2	–4,851	–2	–	–	–	–
– Effect of recognizing in functional currency	–8,844	–2	–11,901	–4	–	–	–	–
– Effect of non-taxable revenue	3,113	1	1,308	–	2,439	1	9,540	4
– Effect of non-deductible expenses	–334	–	–421	–	–15,351	–6	–14,271	–7
– Change in value of pension commitments	–728	–	702	–	–488	–	981	1
– Dissolved tax liability connected to purchase option[4]	77,788	19	–	–	5,617	2	–	–
– Deficit for tax receivable not recognized	–25,124	–6	–	–	–	–	–	–
– Adjustment of preceding year's tax	1,540	–	134	–	21	–	–188	–
– Other	6,013	1	–1,674	–	3	–	–7	–
Tax expense	**178,354**	**44%**	**54,570**	**20%**	**54,154**	**23%**	**46,903**	**24%**

Note 14 continued

	Group					
	2010			2009		
SEK 000s	Before tax	Tax	After tax	Before tax	Tax	After tax
Tax attributable to other comprehensive income						
Change in hedging provision	25,284	–6,033	19,251	21,962	–5,776	16,186
Change in translation provision	–36,598	—	–36,598	34,633	—	34,633
	–11,314	**–6,033**	**–17,347**	**56,595**	**–5,776**	**50,819**

	Group		Parent Company	
SEK 000s	**2010**	2009	**2010**	2009
Deferred tax assets				
– Pension commitments considering time of deductibility	13,806	14,534	13,117	13,605
– Financial instruments, valuation at market value	—	1,998	—	—
– Loss carryforwards [1]	101,831	66,514	133,769	65,882
	115,637	**83,046**	**146,886**	**79,487**
Offsetting of tax receivables and tax liabilities in the same country of operation	–75,261	–83,046	–7,944	–7,490
Deferred tax receivables in the balance sheet	**40,376**	**0**	**138,942**	**71,997**
Deferred tax liabilities				
– Intangible fixed assets, temporary differences [4]	—	—	—	–7,490
– Tangible fixed assets, temporary differences [2]	–71,227	–170,275	–7,944	—
– Financial instruments, valuation at market value	–4,035	—	—	—
– Other liabilities considering time of deductibility [3]	–28,421	–47,538	—	—
	–103,683	**–217,813**	**–7,944**	**–7,490**
Offsetting of tax receivables and tax liabilities in the same country of operation	75,261	83,046	7,944	7,490
Deferred tax liability in the balance sheet	**–28,422**	**–134,767**	**0**	**0**
Net deferred tax receivable/ (tax liability) [5]	**11,954**	**–134,767**	**138,942**	**71,997**

1) For the Swedish units, this item represents the net of accumulated loss carryforwards and untaxed reserves.
2) Temporary differences resulting from tax treatment of amortization/depreciation and impairments.
3) In January 2010, the Norwegian Supreme Court annulled the non-recurring tax that was expensed in 2007 in connection with the introduction of the new Norwegian tonnage tax regulations. The consequence of this ruling was that the Group was able to restore provisions corresponding to approximately SEK 63 M during the year. A new law was passed by the Norwegian Parliament on June 18, 2010, which entailed that shipping companies, in return for a reduced non-recurring tax, once again had the opportunity to be subject to the new tonnage tax regulations. The tax consequences of this entry for TransAtlantic entail a non-recurring charge of SEK 23 M. The amendment in the Norwegian tonnage tax during the year had a net positive impact of SEK 40 M on the Group's tax expense.
4) The option to acquire Cove, Kimar and Sanaga Shipping Ltd (owner companies to Obbola, Östrand and Ortviken) was exercised during the year when the tax liability connected to the option value was redeemed.
5) The deferred tax receivable/tax liability is recognized net in each country of operation since offsetting rights are deemed to exist. The loss carryforwards in the Group for Swedish units amount to net after deduction for untaxed reserves to SEK 483 M (253), of which SEK 387 M (253) was capitalized. Loss carryforwards in the Parent Company amounted to SEK 509 M (251), for which deferred tax assets were recognized in their entirety.

Temporary differences regarding investments in subsidiaries were not recognized, since capital gains/losses are not taxable in accordance with the applicable tax legislation. Deferred tax assets are recognized only to the extent that it is probable that the amounts could be utilized against future taxable surpluses.

NOTE 15 | Earnings per share

	Group	
	2010	2009
Weighted average number of shares excluding shares in custody	35,321,750	27,809,007

	Group	
	2010	2009
Earnings attributable to the Parent Company's shareholders (SEK):		
Total	**583,832,000**	**–214,504,000**

	Group	
	2010	2009
Earnings per share attributable to the Parent Company's shareholders (SEK):		
Total	**16.53**	**–7.71**

In the Group, there are no equity instruments that can result in dilution effects.

NOTE 16 | Participations in Group companies, associated companies and joint ventures

	Holding					Holding value		
	Corp. Reg. No.	Registered office	Amount	% of share capital	Carrying amount Dec. 31, 2010 SEK 000s	Carrying amount Dec. 31, 2009 SEK 000s	Share in equity Dec. 31, 2010, SEK 000s	Share in equity Dec. 31, 2009, SEK 000s
Subsidiaries owned by Parent Company [1]								
TransAtlantic Shipping AB [2]	556208–0373	Skärhamn	2,118,115	100	444,263	344,263		
TransAtlantic European Services AB	556520–6504	Västerås	1,000	100	18,021	18,021		
TransAtlantic Crewing AB	556426–8646	Skärhamn	1,000	100	120	120		
TransAtlantic Services AB	556161–7928	Helsingborg	1,000	100	100	100		
TransAtlantic Administration AB	556662–6866	Skärhamn	1,000	100	7,400	7,400		
TransAtlantic Icebreaker Management Sweden AB [3]	556679–1454	Skärhamn	1,000	100	5,106	107		
ACL Ship Management AB	556550–2159	Skärhamn	1,000	100	257	257		
SOIC Shipmanagement AB [4]	556803-0372	Skärhamn	510	51	51	–		
Trans Viking Management AS [5]	981240030	Sarpsborg	50	100	361	362		
Partrederiet Odin Viking DA [6]	989,573,152	Kristiansand		50	26,242	–		
TransAtlantic Nederland BV		Rotterdam	10	100	47,401	47,401		
TRS TransAtlantic Shipping GmbH	HRB110034	Hamburg		100	42,042	42,042		
TransAtlantic Shipping Ltd		Gibraltar		100	27	27		
TransAtlantic Shipping (2) Ltd		Gibraltar		100	32	32		
TransAtlantic Ship Management Ltd		Gibraltar		100	26	26		
Gorthon International Shipping Ltd		Bermuda	12,000	100	84	84		
TransHawk Ltd		Gibraltar		100	72	72		
Cove Shipping Ltd [7]		Isle of Man		100	7,121	–		
Kirmar Shipping Ltd [7]		Isle of Man		100	7,121	–		
Sanaga Shipping Ltd [7]		Isle of Man		100	7,121	–		
Gorthon Shipping Inc.		Canada	100	100	1	1		
OY TransAtlantic Services AB		Helsinki		100	76	76		
Hays Mews Properties Ltd	2531990	London	100	100	1	1		
TransAtlantic LLC [4]	1107746094	Moscow		100	34	–		
Total					**613,080**	**460,392**		
The Parent Company's accumulated cost for shares in subsidiaries totals SEK 854,791,000 (702,103,000).								
Other Group companies								
TransAtlantic Specialtonnage AB	556074-5431	Skärhamn	20,000	100				
Percy Tham i Oxelösund AB	556022-4908	Oxelösund	1,000	100				
TRVI Offshore&Icebreaking AB [6]	556710-9003	Skärhamn	1,551,000	100				
TRVI Offshore&Icebreaking 3 AB [6]	556733-1102	Skärhamn	100,000	100				
TRVI Offshore&Icebreaking 4 AB [6]	556733-1094	Skärhamn	100,000	100				
Trans Viking Icebreaking & Offshore AS [6]	979,437,943	Kristiansand	1,100	100				
Partrederiet Odin Viking DA [6]	989,573,152	Kristiansand	–	50				
TransAtlantic Specialtonnage AS	987069295	Oslo	100	100				
TransAtlantic UK Ltd	3,384,716	Goole, UK	10,000	100				
Paltrans Cargo Services Ltd	2,547,016	Goole, UK	100	100				
Nordon Shipping Company B.V.		Rotterdam	35	100				
Andromeda Shipping Company B.V.		Rotterdam	35	100				
Capricorn Shipping Company B.V.		Rottedam	35	100				
Swing Shipping Company B.V.		Rotterdam	35	100				
MS Frej Claus-Markus Speck KG	HRA1211	Hörsten		72				
MS Odin Claus-Markus Speck KG	HRA1215	Hörsten		66				
Agila GmbH & Co. KG Seeschiffahrt	HRA5055	Hörsten		67				
Euroforest Shipping Ltd		Malta	60	60				
Consolidated value of associated companies								
Icebreaker Management Sweden AB [3]	556754–2682	Skärhamn	–	–	–	160	–	209
MS Agila Verwaltungs GmbH	HRB7664	Hörsten	–	49	153	54	153	153
Total			**–**	**49**	**153**	**214**	**153**	**362**
Consolidated value of joint venture [6] [8]								
TRVI Offshore&Icebreaking AB	556710–9003	Skärhamn	–	–	–	173	–	228
TRVI Offshore&Icebreaking 3 AB	556733–1102	Skärhamn	–	–	–	–14	–	36
TRVI Offshore&Icebreaking 4 AB	556733–1094	Skärhamn	–	–	–	–14	–	36
Trans Viking Icebreaking&Offshore AS	979437943	Kristiansand	–	–	–	117,598	–	221,778
Partrederiet Odin Viking DA	989573152	Kristiansand	–	–	–	33,124	–	33,124
			–	**–**	**–**	**150,867**	**–**	**255,202**

1) The Parent Company in the Group is Rederi AB TransAtlantic, 556161-0113, with its registered office in Skärhamn, Municipality of Tjörn.

2) Shareholders' contribution has been paid in 2010.

3) Icebreaker Crewing AB was absorbed through the merger of Icebreaker Management Sweden AB, which, prior to the merger became a wholly owned subsidiary through the acquisition of the shares outstanding. In connection with this, the company's name also changed to TransAtlantic Icebreaker Management Sweden AB.

4) The company was established in 2010.

5) The company is the former TransAtlantic Crewing AS, which was renamed.

6) Shares outstanding in the companies were acquired through a non-cash issue on September 22. The companies thus became wholly owned subsidiaries in the TransAtlantic Group. See also Note 35

7) The companies were acquired during 2010.

8) According to the joint-venture agreement, the TransAtlantic Group is entitled to 50% of the accumulated profits in the companies, up to the acquisition of the shares outstanding, which occurred on September 22, 2010.

NOTE 17 | Other long-term receivables

SEK 000s	Group 2010	Group 2009	Parent Company 2010	Parent Company 2009
Value, Jan. 1	104,180	64,086	157,983	53,241
Acquisitions during the year	5,492	45,314	2,456	45,975
Change in deferred tax	40,376	–	66,945	63,787
Divestments during the year	–44,641	–5,220	–43,818	–5,020
Value, Dec. 31	**105,407**	**104,180**	**183,566**	**157,983**

SEK 000s	Group 2010	Group 2009	Parent Company 2010	Parent Company 2009
Deferred tax assets [1]	40,376	–	138,942	71,997
Pension plan assets	35,124	38,241	19,738	22,156
Endowment insurances	24,416	24,539	22,875	22,430
Interest-bearing receivables	–	41,400	–	41,400
Other	5,491	–	2,011	–
Total	**105,407**	**104,180**	**183,566**	**157,983**

1) Deferred tax receivables pertaining to the Parent Company are attributable primarily to the accumulated loss carryforwards, of which the loss carryforwards from the preceding year amounts to SEK 69,966,000 of the total amount.

Refer also to Note 32 Financial risk management and derivative instruments.

NOTE 18 | Inventories

Inventories comprise bunkers, lubricating oil and load-handling equipment.

NOTE 19 | Accounts receivables

The carrying amount for accounts receivable is classified as follows:

SEK 000s	Group 2010	Group 2009	Parent Company 2010	Parent Company 2009
Invoiced receivables	232,025	168,716	113,931	93,636
Provision for doubtful receivables	–41	–3,158	–	–
Total	**231,984**	**165,558**	**113,931**	**93,636**

The carrying amount for accounts receivable corresponds to fair value since the discount effect is negligible.

The provision for doubtful receivables changed as follows:

SEK 000s	Group 2010	Group 2009	Parent Company 2010	Parent Company 2009
Value, Jan. 1	3,158	146	–	–
Provision for doubtful receivables	–	3,012	–	–
Reversed provisions	–3,117	–	–	–
Value, Dec. 31	**41**	**3,158**	**–**	**–**

Confirmed losses on accounts receivable amounted to SEK 3,117,000 (3,753,000).

Accounts receivable classified by the following maturity:

SEK 000s	Group 2010	Group 2009	Parent Company 2010	Parent Company 2009
Outstanding but not due	128,490	77,769	54,703	38,073
Due date exceeded by up to 30 days	74,166	21,832	42,535	–
Due date exceeded by up to 31–60 days	5,873	41,775	2,400	35,497
Due date exceeded by 61 days or more	23,455	24,182	14,293	20,066
Total	**231,984**	**165,558**	**113,931**	**93,636**

NOTE 20 | Prepaid expenses and accrued income

SEK 000s	Group 2010	Group 2009	Parent Company 2010	Parent Company 2009
Prepaid personnel expenses	23,238	22,603	20,567	12,050
Accrued travel revenue	38,915	45,116	11,948	25,297
Accrued interest revenue	880	221	862	125
Prepaid docking fees for chartered tonnage	–	–	10,015	10,827
Other prepaid expenses and accrued income	21,251	54,484	10,599	29,612
Total	**84,284**	**122,424**	**53,991**	**77,911**

NOTE 21 | Cash-flow statement

In cases in which loan financing of investment projects is paid directly to the shipyard/supplier and does not pass through the company's/Group's cash balance, the investment amount is recognized in the cash-flow statement as a net amount after deductions for financing. The recognized investment fee therefore comprises the company's cash payment.

The acquisition/divestment of shares in subsidiaries is recognized in the consolidated financial statements as paid/received purchase consideration less the acquired/divested subsidiary's cash and cash equivalents on the date of acquisition/divestment.

SEK 000s	Group 2010	Group 2009	Parent Company 2010	Parent Company 2009
Cash and cash equivalents				
Cash and bank balances, Jan. 1	327,400	573,734	73,082	221,908
Changes in cash and bank balances for the year	309,493	–246,334	–39,932	–148,826
Cash and cash equivalents, Dec. 31	**636,893**	**327,400**	**33,150**	**73,082**
Less blocked/pledged cash and cash equivalents	–13,996	–7,499	–	–
Unappropriated cash and cash equivalents [1]	**622,897**	**319,901**	**33,150**	**73,082**

1) Of the Group's disposable cash and cash equivalents of SEK 623 M, SEK 315 M pertains to specific accounts to hedge the Group's cash commitments for the delivery of two AHTS vessels, which are scheduled for delivery during the third quarter of 2011 and the first quarter of 2012.

NOTE 22 | Share capital

	Share capital					
	2010			2009		
	Series A shares	Series B shares	Total	Series A shares	Series B shares	Total
Share capital, Jan. 1	18,179,600	266,125,140	284,304,740	18,179,600	266,125,140	284,304,740
New share issue	18,179,610	259,077,150	277,256,760	–	–	–
Cancellation of treasury shares	–	–704,800	–704,800	–	–	–
Share capital, Dec. 31	**36,359,210**	**518,154,290**	**554,513,500**	**18,179,600**	**266,125,140**	**284,304,740**

	Number of shares					
	2010			2009		
	Series A shares	Series B shares	Total	Series A shares	Series B shares	Total
Number of shares, Jan. 1	1,817,960	26,612,514	28,430,474	1,817,960	26,612,514	28,430,474
New share issue	1,817,961	25,907,715	27,725,676	–	–	–
Cancellation of treasury shares	–	–704,800	–704,800	–	–	–
Number of shares, Dec. 31	**3,635,921**	**51,815,429**	**55,451,350**	**1,817,960**	**26,612,514**	**28,430,474**
Number of treasury shares, Jan. 1	–	–704,800	–704,800	–	–504,800	–504,800
Purchases during the year	–	–	–	–	–200,000	–200,000
Cancelation of treasury shares	–	704,800	704,800	–	–	–
Number of treasury shares, Dec. 31	**–**	**–**	**–**	**–**	**–704,800**	**–704,800**
Total number of shares outstanding	**3,635,921**	**51,815,429**	**55,451,350**	**1,817,960**	**25,907,714**	**27,725,674**

	Number of shares					
	2010			2009		
	Series A shares	Series B shares	Total	Series A shares	Series B shares	Total
Number of votes, Jan. 1	36,359,210	51,815,429	88,174,639	18,179,600	26,612,514	44,792,114
Treasury shares without voting rights	–	–	–	–	–704,800	–704,800
Total number of votes	**36,359,210**	**51,815,429**	**88,174,639**	**18,179,600**	**25,907,714**	**44,087,314**

The quotient value is SEK 10 per share. The Group has issued no options or other equity instruments.

The acquisition of the shares outstanding in Trans Viking, implemented in September 2010, was paid for with newly issued shares in TransAtlantic. At the same time, there was a cancellation of all earlier buy-back treasury shares. Refer also to Note 33 Corporate acquisitions.

NOTE 23 | Dividend per share

No dividends were paid in 2010. Total dividend payments made in 2009 amounted to SEK 69,814,000 (SEK 2.50 per share). At the Annual General Meeting on May 3, 2011, it is proposed that no dividend be paid for the 2010 financial year.

NOTE 24 | Pension provisions

Remuneration to employees following the completion of their employment, mainly take the form of ongoing payments to independent authorities or insurance companies, which subsequently assume responsibility for the commitments to employees. Such arrangements are called defined-contribution plans.

The commitment for old-age pensions and survivor pensions for employees in Sweden is covered through insurance with Alecta. According to a statement from the Emerging Issues Task Force of the Swedish Financial Reporting Board, UFR 3, this is a defined-benefit multiemployer scheme. For the 2010 financial year, the Group did not have access to such information that makes it possible to report this plan as a defined-benefit scheme. The pension scheme in accordance with ITP, which is safeguarded through insurance with Alecta, is therefore reported as a defined-contribution scheme. Alecta's surplus can be distributed to the insurers and /or the insured. At the close of 2010, Alecta's surplus in the form of the collective consolidation level was 146% (141%). The collective consolidation level comprises the market value of Alecta's assets as a percentage of the insurance commitment calculated in accordance with Alecta's actuarial calculation assumption, which does not coincide with IAS 19.

Defined-benefit plans are characterized by the fact that the Group retains its commitment until the pension has been paid. The costs and provisions for defined-benefit plans are assessed through actuarial calculations with the purpose of determining the current value of the commitment. Defined-benefit plans exist only in Sweden.

The tables below provide data on the Group's defined-benefit plans, the assumptions used in the calculations, the expenses recognized and the values of the commitments and insurance plan assets.

Note 24 continued

SEK M	Group 2010	2009	2008	2007	2006
Multi-year overview					
At December 31					
Current value of defined-benefit obligations	30,243	35,079	36,945	39,488	39,571
Fair value of pension capital	–35,124	–38,241	–42,626	–45,053	–37,068
Unrecognized actuarial (losses)/gains	3,183	1,881	4,979	4,913	4,832
Payroll tax liability	10,249	10,790	10,268	10,634	13,124
Net liability/(Asset)	**8,551**	**9,509**	**9,566**	**11,981**	**20,459**

SEK 000s	Group 2010	2009	Parent Company 2010	2009
Assumptions applied in actuarial calculations				
Sweden				
Average discount rate	3.75%	3.75%	3.75%	3.75%
Forecast return on pension capital	6.00%	5.50%	6.00%	5.50%
Estimated long-term pay increase	3.00%	3.00%	3.00%	3.00%
Estimated long-term inflation	2.00%	2.00%	2.00%	2.00%
Assumptions regarding mortality are the same as those specified by the Swedish Financial Supervisory Authority (FFFS 2007:31).				
Pension expenses for the year				
Cost of benefits earned during the year	1,749	1,578	10	10
Interest expense	1,348	1,415	816	982
Depreciation of actuarial gains/losses	–50	–558	–50	–111
Adjustment costs	–129	1,509	—	—
Forecast return on pension capital (–)	–1,876	–2,279	–1,026	–1,392
Expenses for the year pertaining to defined-benefit pension plans	**1,042**	**1,666**	**–250**	**–511**
Expenses for the year pertaining to defined-contribution pension premiums	70,882	60,417	39,535	34,605
Payroll tax expense for the year	19,171	17,108	10,433	8,799
Pension expense for the year included in personnel expenses	**91,005**	**79,191**	**49,718**	**42,893**
Actual return on pension capital	4.40%	–4.27%	5.10%	–5.02%
All items are recognized as personnel expenses. Of the costs for defined-contribution plans, SEK 55,977,000 (55,475,000) comprises premiums to Alecta.				
Changes in fair value of pension capital				
Pension capital, Jan. 1	38,241	42,626	22,156	27,176
Expected return	1,876	2,279	1,026	1,392
Adjusted liability/cost for plan adjusted during the year	–2,290	–685	—	—
Withdrawal	–3,858	–4,122	–3,472	–3,656
Premiums/deposits	1,460	2,244	18	—
Actuarial gains/(losses)	–305	–4,101	10	–2,756
Pension capital, Dec. 31	**35,124**	**38,241**	**19,738**	**22,156**
The majority of these assets are covered via insurances, refer also to Note 17.				
Changes in defined-benefit pension obligation				
Obligation, Jan. 1	35,079	36,945	21,761	26,187
Cost of benefits earned during the year	1,749	1,578	10	10
Adjusted liability/cost for plan adjusted during the year	–2,601	816	—	—
Interest expense	1,348	1,415	816	982
Pension payments	–3,858	–4,122	–3,472	–3,656
Actuarial (gains)/losses	–1,474	–1,553	–528	–1,762
Obligation, Dec. 31	**30,243**	**35,079**	**18,587**	**21,761**

Note 24 continued

SEK 000s	Group 2010	Group 2009	Parent Company 2010	Parent Company 2009
Changes in actuarial losses/gains				
Unrecognized actuarial (losses)/gains, Jan. 1	1,881	4,979	2,614	3,719
10% of the largest Obligation/Pension capital amount	3,824	4,263	2,216	2,718
Unrecorded actuarial (losses)/gains outside the corridor	–	–	399	1,001
Depreciation of actuarial losses/(gains)	–50	–558	–50	–111
Adjustment of actuarial losses/(gains)	183	8	–	–
Actuarial gains/(losses) on obligation	1,474	1,553	528	1,762
Actuarial gains/(losses) on pension capital	–305	–4,101	10	–2,756
Unrecognized actuarial (losses)/gains, Dec. 31	**3,183**	**1,881**	**3,102**	**2,614**
Change in payroll tax liability				
Liability in balance sheet, Jan. 1	10,790	10,268	10,100	9,371
Change in payroll-tax liability for the year	–541	522	–363	729
Payroll tax liability, Dec. 31	**10,249**	**10,790**	**9,737**	**10,100**
Liability in balance sheet				
Pension obligation	30,243	35,079	18,587	21,761
Unrecognized actuarial (losses)/gains	3,183	1,881	3,102	2,614
Payroll tax liability	10,249	10,790	9,737	10,100
Liability in balance sheet, Dec. 31	**43,675**	**47,750**	**31,426**	**34,475**
Net liability in balance sheet				
Pension capital (–)	–35,124	–38,241	–19,738	–22,156
Pension obligation	30,243	35,079	18,587	21,761
Unrecognized actuarial (losses)/gains	3,183	1,881	3,102	2,614
Payroll tax liability	10,249	10,790	9,737	10,100
Net liability, Dec. 31, 2010	**8,551**	**9,509**	**11,688**	**12,319**
Reconciliation of changes in net liability				
Liability in balance sheet, Jan. 1	9,509	9,566	12,319	12,101
Pension expenses for the year (+)	1,042	1,666	–250	–511
Payment to capital under management (–)	–1,460	–2,244	–18	0
Withdrawal from capital under management (+)	3,858	4,122	3,472	3,656
Pension payments (–)	–3,858	–4,122	–3,472	–3,656
Change in payroll-tax liability for the year	–541	522	–363	729
Net liability, Dec. 31	**8,551**	**9,509**	**11,688**	**12,319**

NOTE 25 | Liabilities

Group

The TransAtlantic Group's total interest-bearing liabilities amounted to SEK 2,170 M (1,381) at the closing-date rate. In addition, there were non-interest-bearing liabilities totaling SEK 580 M (617). Parts of the interest-bearing liabilities are associated with so-called covenants, according to which the Group must fulfill certain key figures.[1)]

Parent Company

The Parent Company's total interest-bearing liabilities amounted to SEK 569 M (114). In addition, there were non-interest-bearing liabilities and provisions totaling SEK 479 M (454).

1) Some of the Group's credit agreements are associated with specific conditions, so-called "covenants", according to which the company must fulfill certain key data. Due to the Group's negative profitability, the Group was unable to fulfill some of these key requirements during the year. Negotiations have been held with all banks concerned. Agreements have been signed with all creditors except one. Pertaining to the last-mentioned, there was a breach of the loan conditions up to mid-year, following which the key requirements were complied with. From the third quarter of 2010, the Group once again reported financial key ratios on par with or better than the requirement levels in the financial agreement. The ongoing discussions pertain to the bank's right to retroactive compensation in the form of increased collateral. At December 31, 2010, the Group met established key ratio requirements in accordance with the agreed terms.

Total interest-bearing liabilities, distributed by currency

SEK 000s	Group December 31, 2010	Group December 31, 2009
USD	138,465	156,551
EUR	821,989	808,109
Other foreign currencies	768,754	265,428
SEK	441,271	150,949
Total	**2,170,479**	**1,381,037**

Note 25 continued

Total contractual commitments

	Group		
SEK 000s	2011	2012–2015	After 2015
Loans (excluding liabilities pertaining to financial leasing)	353,371	1,059,076	1,858,697
Liabilities pertaining to financial leasing	6,088	12,373	–
Derivative instruments	8,913	–	–
Accounts payable	100,848	–	–
Total liabilities	254,253	–	149,725
	723,473	**1,071,449**	**2,008,422**

	Parent Company		
SEK 000s	2011	2012–2015	After 2015
Liabilities to credit institutions	118,171	79,811	2,772
Liabilities to Group companies	266,543	57,363	398,355
Liabilities to suppliers	45,612	–	–
Other liabilities	126,624	–	54,300
	556,950	**137,174**	**455,427**

Group

The Group has credit facilities in the form of unutilized overdraft facilities totaling SEK 24 M (124). Unutilized overdraft facilities at the balance-sheet date totaled SEK 76 M (6).

Parent Company

The Parent Company has credit facilities in the form of unutilized overdraft facilities totaling SEK 24 M (124). Unutilized overdraft facilities at the balance-sheet date totaled SEK 76 M (6).

NOTE 26 | Accrued expenses and deferred income

	Group		Parent Company	
SEK 000s	**2010**	2009	**2010**	2009
Group				
Accrued personnel costs	71,709	85,451	42,883	38,782
Accrued interest expenses	5,242	3,487	300	207
Accrued travel expenses	85,736	68,110	33,226	12,475
Accrued other expenses	43,776	53,241	30,082	40,491
Total	**206,463**	**210,289**	**106,491**	**91,955**

NOTE 27 | Pledged assets

	Group		Parent Company	
SEK 000s	**2010**	2009	**2010**	2009
Current and long-term ship loans and share in current and long-term liabilities of shipping consortiums				
– Vessel mortgages	2,545,992	1,457,999	–	–
– New building contracts	636,590	414,072	–	–
Current and long-term other liabilities to credit institutions				
– Fixed assets held through financial leasing agreements	25,538	464,984	–	–
– Chattel mortgages	24,085	24,085	–	–
– Shares in subsidiaries	124,011	–	21,362	
– Collateral in receivables	20,011	7,397	–	–
– Bank balances	328,995	7,499	–	–
Provisions for pensions				
– Endowment insurance and managed assets	59,539	62,780	42,613	44,586
Total	**3,764,761**	**2,438,816**	**63,975**	**44,586**

NOTE 28 | Contingent liabilities

	Group		Parent Company	
SEK 000s	**2010**	2009	**2010**	2009
Sureties	**–**	**–**	**1,029,772**	**604,865**
of which, for subsidiaries	–	–	1,029,772	604,865

In addition, the Parent Company has provided a guarantee regarding a subsidiary's completion of time-charter agreements, which also comprise parts of the undertaking of the divested subsidiary Transbulk. For the latter, there is also a reciprocal guarantee from an external party for an equivalent amount. Transbulk was divested in 2005.

In connection with TransAtlantic's acquisition of the three owner companies for the SCA vessels, Cove, Kirmar and Sanaga Shipping Ltd, an agreement was signed giving SCA the right to acquire the companies by June 30, 2011. If the option was exercised, the purchase consideration would be based on the Group's carrying amount of the value of the vessels.

NOTE 29 | Commitments

Investment commitments

Contracted remaining investment commitments in the Group that are not recognized in the balance sheet are attributable to 100% of three vessels (50% of four anchor-handling vessels in the preceding year) under construction within the Offshore/Icebreaking business area. The remaining commitment on the closing date amounted to:

SEK M	**2010**	2009
Vessels	**919**	752

Leasing commitments

The Group leases vessels, buildings and equipment through leasing agreements.

Note 29 continued

Operational leasing

Operational leasing mainly entails the leasing of vessels on a bareboat or T/C basis, for which contract periods and leasing terms are different for each vessel. The largest contract pertains to the leasing of three vessels, the TransWood, TransPine and TransHawk, formerly owned by the Trans-atlantic Group, on a bareboat basis, with a remaining contract period of five years, and leasing of paper-transport vessels TransPaper, TransPulp and TransTimber, which operate on time charter for StoraEnso, for which there is a remaining contract period of about 11 years. The Group is there-after entitled to redeem the vessels at their market value.

Financial leasing

At the end of 2010, financial leasing comprised only the leasing of contain-ers used in the Industrial Shipping business area. In the past, the leasing commitment for the vessels Obbola, Ortviken and Östrand was also rec-ognized as a financial leasing. In July 2010, the Group exercised its option to acquire these vessels.

Operational leasing revenues

Operational leasing revenues comprise vessels leased on a bareboat basis and time-charter contracts.

At December 31, 2010, the number of vessels chartered by the Group was 15 (20 at Dec. 31, 2009) and the number of vessels leased to others was 14 (11).

SEK M	2010	2011	2012 –2015	After 2015
Leasing expenses				
Operational leasing	**423**	**290**	**573**	**497**
Of which: – Bareboat charter	133	115	471	497
– T/C	288	174	101	–
– Other	2	1	1	–
Financial leasing	**46**	**6**	**12**	**–**
Of which: – Bareboat charter	40	–	–	–
– Other	6	6	12	–
Leasing revenues				
Operational leasing	**623**	**408**	**1,099**	**1,044**
Of which: – T/C	623	408	1,099	1,044

The above future leasing fees are the Group's nominal minimum fees.

In the consolidated balance sheets, the following items are recognized as financial leasing on the closing date.

SEK M	2010	2009
Fixed assets		
Vessels		
Cost	–	505
Accumulated translation difference	–	99
Accumulated depreciation	–	–148
Carrying amount	–	**456**
Equipment		
Cost	65	65
Purchases during the year	3	–
Accumulated depreciation	–42	–38
Carrying amount	**26**	**27**
Total – carrying amount	**26**	**483**
Liabilities pertaining to financial leasing		
Long-term portion	12	85
Current portion	6	84
Total	**18**	**169**
Provisions, tax liabilities	2	80

See also Note 9.

NOTE 30 | Joint-venture companies' effect on consolidated income statement and balance sheets

Up to the acquisition on September 22, 2010, Trans Viking was operated as a joint-venture between the TransAtlantic Group and Viking Supply Ships A/S in Kristiansand, Norway.

The acquisition entails that shares outstanding in the companies were acquired by TransAtlantic and the operation thus became wholly owned (refer also to Note 34). The partnership agreement for the former joint ven-ture meant that TransAtlantic was responsible for the operation of the vessels, and Viking Supply Ships for commercial management. The oper-ation will continue to be run in the Trans Viking Icebreaking & Offshore AS companies, which also owns the vessels Tor-, Balder- and Vidar Viking. Partrederiet Odin Viking DA, which owns the Odin Viking vessel, as well as TRVI Offshore & Icebreaking AB, which owns the new vessels Loke and Njord Viking. In addition to the holdings in these two opera-tional companies, through which orders for two of a series of four new offshore vessels were completed. The delivery of these two is scheduled for the third quarter of 2011, and the first quarter of 2012.

The table below shows the effects on the consolidated income state-ment and balance sheet of the consolidation of the joint venture companies according to the proportional method.

SEK M	2010 [2]	2009
Amounts recognized in accordance with the Group's share		
Income statement [1]		
Operating revenue	128	119
Operating expenses	–97	–125
Operating profit/loss	31	–6
Net financial items	–13	–6
Profit before tax	18	–12
Tax	–	–
Profit for the year	**18**	**–12**
Balance sheet [1]		
Fixed assets	–	952
Current assets	–	197
Total assets	**–**	**1,149**
Shareholders' equity	–	256
Long-term liabilities	–	849
Current liabilities	–	44
Total shareholders' equity and liabilities	**–**	**1,149**
Pledged assets	**–**	**1,122**

1) Subtracted from Group share (50%) in joint-venture companies.
2) Income recognized in accordance with the proportional method (50%) through September 22, 2010.

NOTE 31 | Related-party transactions

All vessel operations for the Group's Dutch-owned vessels are handled by a company partly owned by Felix Feleus, who is also the CEO of Trans-Atlantic Netherlands. Fees for vessel operations are on commercial terms and amounted to EUR 178,000 annually for four vessels.

During the year, no transactions took place with the Gorthon Lines employees' pension foundation. In accordance with established agree-ments, the foundation made payments to former employees.

The Group has a chartering agreement on commercial conditions cover-ing a container vessel, the TransAlrek, at 4,700 DWT, which is owned by a German shipping consortium, in which TransAtlantic's Deputy Chairman, Folke Patriksson, holds a non-controlling interest through his company Enneff Rederi AB. The agreement expires on April 28, 2011 at a daily rate of EUR 4,600. During 2010, TransAtlantic paid fees amounting to SEK 16 M.

TransAtlantic leases a small piece of land to Enneff Fastigheter i Skärhamn AB, a company owned by the Deputy Chairman Folke Patriksson at market prices. The rent amounts to SEK 25,000 annually. The agreement was signed in 2007.

Note 31 continued

According to the non-cash agreement between Viking Supply Ships AS and TransAtlantic, Viking Supply Ships AS is entitled to market-based remuneration in the form of an annual loan guarantee provision of 2% in the event Viking Supply Ships AS is not resolved from all its guarantee commitments pertaining to Trans Viking on the date of completion of the transaction. For 2010, approximately SEK 1.4 M was paid. Furthermore, from September 22, 2010, TransAtlantic sub-leases parts of Viking Supply Ships AS's office premises in Kristiansand. The annual rent was set at market-based conditions and amounted to NOK 454,000. During 2010, TransAtlantic has paid rent amounting to NOK 129,000.

Pertaining to remuneration paid to the Board of Directors and senior executives, refer to Note 7.

NOTE 32 | Financial risk management and derivative instruments

In its operations, the Transatlantic Group is exposed to various types of financial risks, such as changes in exchange rates and interest rates, as well as liquidity and credit risks. The Group's goal is to minimize such negative effects in the consolidated income statement and balance sheet.

Risk management is handled by the Group's central finance department on the basis of the finance policy established by the Board of Directors. The policy contains clear instructions on how various financial risks are to be handled where different types of derivative instruments are key elements in minimizing financial risks. The policy also includes instructions of managing credit liquidity risks through financing and loan pledges.

The Group applies hedge accounting in accordance with the regulations included in IAS 39, the content of which is described in Note 1, Derivative instruments.

Credit risks

The Group has a policy for issuing credit to customers and other business partners. Credits provided are mainly short-term credits in the form of receivables from customers. Credit risk in cash and cash equivalents is managed by investing the liquidity with the major Swedish banks.

Liquidity risks

Liquidity risk is attributable to the event that the Group has an inadequate liquidity reserve. This can lead to difficulties in honoring current payment liabilities in operating activities, planned investments and amortization. The Financial Department continuously prepares liquidity forecasts for the Group that are aimed at foreseeing the Group's liquidity requirement for operating activities, taking into account future investment requirements and amortization.

Based on this work, a liquidity reserve is ensured by maintaining bank balances/investments and obtained lines of credit. For information regarding the maturity structure of liabilities, see also Note 25. Surplus liquidity is invested in accordance with the established finance policy.

Currency risks

Currency exposure for assets shall primarily be financed through financing being made in the same currency as the asset. Most of the vessels have such a hedge for 2010. The Parent Company has a number of foreign subsidiaries, whose net assets are exposed to currency-translation risks. These currency positions have not been hedged.

In accordance with the finance policy, currency risks affecting cash flow must primarily be managed by balancing currency flows so that inward and outward flows offset one another. For anticipated imbalances, these positions shall be hedged at least 70% for the immediate six-month period, at 60% for the following six months, at 45% for Year 2 and 20% for Year 3. The Group is mainly exposed to USD, EUR and NOK. During 2010, in accordance with the policy, a number of hedge contracts were taken out in these currencies on a continuous basis to reduce cash-flow risks during 2011. No hedging took place for other currencies since no significant imbalances exist, nor is there any uncertainty regarding time of payment.

Financial instruments by category

	Accounts receivable and cash and cash equivalents		Derivatives used for hedging purposes		Financial assets available for sale		Total	
	December 31, 2010	December 31, 2009	**December 31, 2010**	December 31, 2009	**December 31, 2010**	December 31, 2009	**December 31, 2010**	December 31, 2009
Assets in the balance sheet								
Financial assets available for sale [3]	–	–		–	105	170	105	170
Derivative instruments [1]	–	–	28,382	7,856	–	–	28,382	7,856
Accounts receivable and other receivables, excl. interim receivables [3]	343,770	256,788	–	–	–	–	343,770	256,788
Cash and cash equivalents [1]	636,893	327,400	–	–	–	–	636,893	327,400
	980,663	**584,188**	**28,382**	**7,856**	**105**	**170**	**1,009,150**	**592,214**

	Liabilities measured at fair value in profit and loss		Derivatives used for hedging purposes		Other financial liabilities		Total	
	December 31, 2010	December 31, 2009	**December 31, 2010**	December 31, 2009	**December 31, 2010**	December 31, 2009	**December 31, 2010**	December 31, 2009
Liability in balance sheet								
Borrowing excl. liabilities pertaining to financial leasing [4]	–	–	–	–	2,201,654	1,164,939	2,201,654	1,164,939
Liabilities pertaining to financial leasing [2]	–	–	–	–	17,523	169,213	17,523	169,213
Derivative instruments [1]	–	–	8,913	15,453	–	–	8,913	15,453
Accounts payable and other liabilities, excl. interim liabilities [3]	–	–	–	–	315,067	453,442	315,067	453,442
	–	**–**	**8,913**	**15,453**	**2,534,244**	**1,787,594**	**2,543,157**	**1,803,047**

1) Fair value based on listed market values, where financial instruments are traded on an active market (Level 1).
2) Fair values for which there are no listed market values, but instead are based on measurements of discounted cash flows. Variables in the measurement model, such as exchange rates and interest rates, are derived from market listings when possible (Level 2).
3) Other measurements in which one variable is based on own assessments (Level 3).
4) Recognized at amortized cost.

Note 32 continued

As of the reporting date, March 31, 2011, the Group had the following open currency-derivative contracts:

SEK 000s	Agreement value, SEK M 2010	Agreement value, SEK M 2009	Forward rates (weighted averages) 2010	Forward rates (weighted averages) 2009
Currency forward agreements USD	90	–	–	–
Currency options USD	24	46	–	–
Total USD	**114**	**46**	**7.13**	**6.20**
Currency forward agreements EUR	52	31	9.22	10.28
Currency forward agreements NOK	9	30	1.13	1.24

Currency derivatives mature at one to 12 months from the closing date.

If hedging had not been implemented, future earnings would have been SEK 6 M lower if the closing-date exchange rate applied at the time at which the forward agreements were redeemed.

Interest-rate risks

The finance policy states that interest-rate risk must be hedged through financial instruments that limit exposure to raised interest rates. The Group's policy is to hedge 25–50% of interest-bearing loans against changes in interest rates for a maximum period of one year, 25–50% for a period of one to three years and 25–50% for a period of more than three years.

Interest-rate terms

The Group uses various kinds of interest-hedging instruments. At the closing date, the Group held the following interest-rate terms:

Hedged underlying loan values for which the Group bears the interest-rate risk (including interest-rate exposed lease commitment) SEK M	Variable rate of interest	One year or less	1–3 years	3 years or more	Total
Interest-rate swap	–	56	569	440	1,065
Fixed-interest loan	–	593	–	36	629
Total interest-hedged loan values	**–**	**649**	**569**	**476**	**1,694**
Interest-rate exposed loans	970	–	–	–	970
Total interest-bearing loan values	**970**	**649**	**569**	**476**	**2,664**
% of total interest-bearing loan values	36%	24%	22%	18%	100%

Weighted average interest rate for interest-bearing loans amounted to:

Group 2010	Group 2009	Parent Company 2010	Parent Company 2009
3.26	3.35	2.97	1.57

With a change in interest rates of 1 percentage point, the Group's interest expense would change by SEK 16 M.

Goods risks

To minimize cost fluctuations for bunkers, the Group has principally signed customer contracts that entail compensation for the Group in the event of changes in bunkers prices. Only a small proportion of the Group's future bunkers consumption will be exposed to price changes. At the closing date, the Group had no bunkers derivatives.

Fair values derivative instruments

Fair values for derivative instruments on the closing date were as follows:

SEK 000s	Group 2010 Assets	Group 2010 Liabilities	Group 2009 Assets	Group 2009 Liabilities
Currency options	956	–	–	8,372
Currency forward agreements	6,627	–	175	–
Interest-rate SWAP	20,799	8,913	7,681	7,081
Total	**28,382**	**8,913**	**7,856**	**15,453**

The Parent Company holds financial instruments corresponding to a fair value of SEK 16 M (neg: 8). This value has not been recognized in the Parent Company.

NOTE 33 | Acquisitions

The acquisition was paid for with new share issues in TransAtlantic, of which 1,817,961 Series A Shares and 25,907,715 Series B Shares, totaling 27,725,676 new shares. Through the new share issue, Kistefos became, through its subsidiary, owner of more than 50% of the votes in Trans-Atlantic.

The acquisition consists of shares and participations in:

Company	Country	Business area	No. of employees
Trans Viking Icebreaking & Offshore AS (50%)	Norway	Offshore/ Icebreaking	None
Partrederiet Odin Viking DA (71.34%)	Norway	Offshore/ Icebreaking	None
TRVI Offshore & Icebreaking AB (50%)	Sweden	Offshore/ Icebreaking	None
TRVI Offshore & Icebreaking 3 AB (50%)	Sweden	Offshore/ Icebreaking	None
TRVI Offshore & Icebreaking 4 AB (50%)	Sweden	Offshore/ Icebreaking	None

The reason for the acquisition is that the Group, with this transaction, will become the sole owner of Trans Viking, which will provide the Group with full access to the operation's cash flow, as well as the opportunity to optimize control of the operation and coordinate it with the Arctic off-shore concept. The transaction will also strengthen the Group's financial position and make the Group structure more transparent.

The final cost was fixed at SEK 665 M, calculated on the market value of SEK 24.00 per share at September 22, 2010, which was the date controlling influence of the acquired companies was transferred to TransAtlantic. The fair value of the acquired net assets in the above-mentioned company amounted to SEK 1,035 M, according to the closing balance on September 22, 2010, which signifies a gain from the bargain acquisition (so-called negative goodwill) of SEK 370 M. This difference arose since payment for the acquisition was shares in TransAtlantic, which were valued lower than the net asset value.

In accordance with IFRS 3 Business Combinations, which applies from 2010, previously owned participations were revalued at fair value, which impacted the vessel values recognized and customer contracts.

The results pertaining to the acquired participations were included in the consolidated profit and loss from the acquisition date, September 22, 2010. Net sales and earnings from the acquisition date for the acquired participations amounted to SEK 15 M and SEK 4 M, respectively, (meaning, eight days). If the acquired operation had been wholly owned from the beginning of the year, the Group's net sales would have been SEK 155 M higher, and the consolidated profit would have been SEK 10 M lower.

Note 33 continued

Impact on the consolidated balance sheet

SEK M	Fair value of net assets
Vessels	3,030
Other tangible fixed assets	–
Intangible fixed assets	–
Financial fixed assets	–
Total fixed assets	**3,030**
Current assets	670
Total assets	**3,700**
Long-term liabilities	–1,767
Current liabilities	–22
Total shareholders' equity and liabilities	**–1,789**
Fair value of net assets	**1,911**
Purchase consideration	–665
Fair value of previously owned participation	–876
Negative goodwill, recognized in the consolidated profit and loss among "Other income"	**370**
Revaluation effect of previously owned participation, recognized in the consolidated profit and loss among "Other operating income"	408
Transaction costs, recognized in the consolidated profit and loss among "Other external costs"	–3
Total	**775**

NOTE 34 | Events after the closing date

Delivery of vessel

In mid-February, delivery was received of the newly built AHTS vessel Njord Viking.

Divestment of SCA vessels

TransAtlantic divested the three RoRo vessels, Ortviken, Östrand and Obbola to SCA Transforest, which decided to exercise its purchase option. The three RoRo vessels have been chartered to SCA for a prolonged period for their system traffic for forest products in the Baltic Sea. The vessel transaction will be implemented on June 1, 2011. TransAtlantic will retain the ship management assignment for the vessels. The vessels will be divested at their carrying amount. The transaction is expected to generate a positive impact on the Group's liquidity in an amount of approximately SEK 55 M.

TransAtlantic acquires Österströms International AB (Österströms)

In order to ensure competitive size and adequate prerequisites for expansion of the industrial shipping operations, TransAtlantic has concluded an agreement, under which it, subject to approval from competition authorities, acquires all shares in Österströms, a leading Swedish shipping company focusing on bulk operations in the Baltic Sea. Percy Österström, both the owner and the CEO of Österströms, has accepted an offer to be in charge of the overall operations of the Industrial Shipping business area within TransAtlantic. As soon as the acquisition of Österströms is completed, Percy Österström will commence working for TransAtlantic.

Decision to investigate spin-off of the company

In order to ensure conditions for the Group to be able to focus and to expand in the future, within the company's respective business areas, Industrial Shipping and Offshore/Icebreaking, the Board has decided to prepare a future spin-off of the company. Parts of the operations within the Offshore/Icebreaking business area will be relocated to Denmark, and a head office for the operations will be established in Copenhagen. The legal preparations, and other measures necessary in order to establish the required preconditions for a possible future spin-off, are substantial. Hence, such spin-off may, according to the Board's assessment, be completed no earlier than during 2012. However, an organizational split of the group will be completed as soon as practically possible.

New CEO appointed in TransAtlantic

As a consequence of the strategic changes planned within TransAtlantic, the company's CEO Stefan Eliasson, has requested to immediately resign from his position. The Board has accepted the request, and has appointed Rolf Skaarberg as CEO of TransAtlantic. At present, Rolf Skaarberg is CEO of Viking Supply Ship AS, a wholly-owned subsidiary to Kistefos AS, the largest shareholder in TransAtlantic. Rolf Skaarberg intends to resign when the possible future spin-off of TransAtlantic has been completed.

The Board of Directors and the President assure that the consolidated accounts were prepared in accordance with the international accounting standards (IFRS) as adopted by the EU and that they provide a fair view of the Group's financial position and results. The annual report was compiled in accordance with generally accepted accounting standards and provides a fair view of the Parent Company's financial position and results. The Board of Directors' Report for the Group and the Parent Company provides a fair view of the trend for the Group's and the Parent Company's operations, position and earnings and describes significant risks and uncertainties facing the Parent Company and the companies that are included in the Group.

Skärhamn, March 31, 2011

The income statement and balance sheets will be presented to the Annual General Meeting on May 3, 2011 for approval.

Christen Sveaas
Chairman

Folke Patriksson
Deputy Chairman

Åge Korsvold
Board member

Håkan Larsson
Board member

Christer Olsson
Board member

Magnus Sonnorp
Board member

Christer Lindgren
Employee representative

Stefan Eliasson
President and CEO

PricewaterhouseCoopers AB

Our Auditors' Report was submitted on April 4, 2011

Helén Olsson Svärdström
Authorized Public Accountant
Auditor in Charge

Olof Enerbäck
Authorized Public Accountant

Auditors’ Report

To the Annual General Meeting of Rederi AB Transatlantic (publ) Corporate registration number 556161-0113

We have audited the annual accounts, the consolidated accounts, the accounting records, as well as the administration of the Board of Directors and the President of Rederi AB Transatlantic (publ) for 2010. The company’s annual accounts and consolidated accounts are included in the printed version of this document on pages 41–74. The Board of Directors and the President are responsible for these accounts and the administration of the company as well as for the application of the Annual Accounts Act when preparing the annual accounts and the application of international financial reporting standards, IFRS, as adopted by the EU and the Swedish Annual Accounts Act when preparing the consolidated accounts. Our responsibility is to express an opinion on the annual accounts, the consolidated accounts and the administration based on our audit.

We conducted our audit in accordance with generally accepted auditing standards in Sweden. Those standards require that we plan and perform the audit to obtain high but not absolute assurance that the annual accounts and the consolidated accounts are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the accounts. An audit also includes assessing the accounting policies used and their application by the Board of Directors and the President and significant estimates made by the Board of Directors and the President when preparing the annual accounts and consolidated accounts as well as evaluating the collective information in the annual accounts and the consolidated accounts. As a basis for our opinion concerning discharge from liability, we examined significant decisions, actions taken and circumstances of the company in order to be able to determine the liability, if any, to the company of any Board member or the President. We also examined whether any Board member or the President has, in any other way, acted in contravention of the Companies Act, the Annual Accounts Act or the Articles of Association. We believe that our audit provides a reasonable basis for our opinion set out below. We believe that our audit provides a reasonable basis for our opinion set out below.

The annual accounts have been prepared in accordance with the Annual Accounts Act and give a true and fair view of the company’s results and financial position in accordance with generally accepted accounting policies in Sweden. The consolidated accounts were prepared in accordance with the international accounting standards (IFRS) as adopted by the EU and the Annual Accounts Act, and provide a fair view of the Group’s results and financial position. The statutory administration report is consistent with the other parts of the annual accounts and the consolidated accounts.

We recommend to the general meeting of shareholders that the income statements and balance sheets of the Parent Company and the Group be adopted, that the profit of the Parent Company be dealt with in accordance with the proposal in the Board of Directors’ report and that the members of the Board of Directors and the President be discharged from liability for the financial year.

Gothenburg, April 4, 2011

PricewaterhouseCoopers AB

Helén Olsson Svärdström
Authorized Public Accountant
Auditor in Charge

Olof Enerbäck
Authorized Public Accountant

Annual General Meeting

The shareholders of Rederi AB TransAtlantic (publ) are hereby notified of the Annual General Meeting to be held on Tuesday, May 3, 2011 at 4:00 p.m. at the Tjörn Municipality premises.

Registration

Shareholders who intend to participate in the General Meeting must:

– be listed in the shareholder register maintained by EuroClear Sweden AB not later than Wednesday, April 27, 2011
– notify the company of their intention to participate not later than 4:00 p.m. on Thursday, April 28, 2011, to the address: Rederi AB TransAtlantic, Box 32, SE-471 21 Skärhamn, or by telephone: +46 (0)304-67 47 21 or e-mail to: arsstamma@rabt.se.

Registration must include name, personal identity number or corporate registration number and registered shareholding. On registration, shareholders must also state whether they intend to be accompanied by an assistant at the General Meeting. Shareholders who intend to be represented by proxy should enclose a power of attorney and other authorization documents with the registration.

Shareholders whose shares are registered with a trustee must temporarily register the shares in their own name with EuroClear Sweden AB to be entitled to participate in the General Meeting. This reregistration process must be completed not later than Thursday, April 27, 2011. The trustee (bank or fund broker) must be instructed in adequate time prior to April 27 to carry out such a voting-rights registration.

Notification of the Annual General Meeting will be published on Tuesday, April 5 in Dagens Industri, Göteborgs-Posten and Post- och inrikes Tidningar.

Further information regarding the notification and agenda can be found on the company website, www.rabt.se

Calendar 2011

May 3	Interim Report January–March
May 3	Annual General Meeting
August 4	Interim Report April–June
October 27	Interim Report July–September

Definitions

Percentage of risk-bearing capital:
Shareholders' equity and deferred tax liabilities (including minority share), divided by total assets.

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

Return on capital employed:
Profit after financial items plus interest expense, divided by average capital employed.

CAP:
A financial interest-rate instrument used to ensure that interest expense does not exceed a certain set level.

Disinvestment:
Divestment of fixed assets.

Dividend yield:
Closing share price at year-end divided by the dividend per share.

EBIT:
Earnings before interest and taxes, corresponding to operating profit/loss.

EBITDA:
Earnings before Interest, Taxes, Depreciation and Amortization, corresponding to profit/loss before capital expenses and tax.

Equity per share:
Equity divided by the number of shares outstanding.

Hedge:
A general term for financial measures taken to avoid undesirable effects on earnings due to variations in interest rates, exchange rates, etc.

IFRS:
International Financial Reporting Standards, an international accounting standard that all listed companies within the EU must have adopted by 2005.

Net indebtedness:
Interest-bearing liabilities less cash and cash equivalents.

Restructuring costs:
Includes revenues and expenses of a nonrecurring nature, such as capital gains/losses from the sale of vessels, impairment of vessels and costs related to personnel cutbacks.

Operating cash flow:
Profit/loss after financial income/expenses adjusted for capital gains/losses, depreciation/amortization and impairment.

Operating profit/loss (before tax):
Profit/loss before tax and before and restructuring costs.

Operating profit/loss per business area:
Profit/loss after financial items and before Group-wide expenses and central/Group-wide net financial income/expenses.

Operating profit/loss:
Profit/loss before financial items and tax, and before restructuring costs.

P/E ratio:
Closing share price divided by profit after financial items with a deduction made for full tax per share.

Operating profit/loss per business area:
Operating profit/loss for each business area, reported before Group-wide expenses.

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

Interest-coverage ratio:
Operating profit/loss before depreciation plus interest income divided by interest expense.

Debt/equity ratio:
Interest-bearing liabilities minus cash and cash equivalents divided by shareholders' equity.

Equity/assets ratio:
Shareholders' equity divided by total assets.

Capital employed:
Interest-bearing liabilities and shareholders' equity.

Total cash flow:
Cash flow from operating activities, investing activities and financing activities.

Profit margin:
Profit after financial items divided by net sales.

Glossary

AHTS – Anchor Handling, Tug & Supply Ships:
Combination vessels operating in the offshore market, designed for use in anchor-handling, tug operations and transportation of suppliers.

Bareboat charter:
The leasing of a vessel without a crew to a charter party for a fixed period. In principle, the charterer pays all operating costs.

Charterer:
A cargo owner or party that charters a vessel.

Breakbulk:
General cargo or bulk cargo that is "breakbulk" loaded, meaning with no pallets or other type of carrier.

Bunker:
Name of the vessel's fuel, that is, the oil used for powering the vessel's engines.

Bulk carrier:
Vessel for the transportation of loose goods in large quantities, such as coal, ore and grain.

Deadweight tons (DWT):
The total weight of cargo, bunkers and unattached equipment that a vessel can carry.

ERRV:
Emergency Response and Rescue Vessels.

Feeder traffic:
Feeder services with smaller vessels to ports where reloading to larger vessels is undertaken.

FEU:
Container size. Forty Equivalent Units, that is, a forty-foot container.

HSE policy:
Health, safety and environment policy.

IMO:
International Maritime Organization, UN international maritime body.

ISM code (International Safety Management):
Quality and safety regulations stipulated by IMO for international merchant shipping. Certification in accordance with the ISM Code is administered by the national maritime authority, which in Sweden is the Swedish Maritime Administration.

ISO:
International Standards Organization.

Joint Venture:
Business operations performed by two or more companies jointly, with shares risk-taking.

LoLo vessel (Lift on Lift off):
Vessel that is loaded/unloaded with its onboard or fixed dockside cranes.

Marpol:
International Convention for Prevention of Maritime Pollution from Ship. IMO environmental convention.

NETSS:
StoraEnso's logistical system for Northern Europe, "North Europe Transport & Supply System".

Offshore:
General term for industrial activities in connection with the exploitation of oil resources at sea.

Paper carrier:
A forest-products carrier specially adapted for paper cargo.

PSV:
Platform Supply Vessel.

Rates:
Freight or transport charges/prices.

RoLo vessel: (Roll on/off Lift on/off):
Vessel with both cargo hatches and ramps and can therefore combine loading/unloading with trucks and/or cranes.

RoRo vessel (Roll on Roll off):
Vessel on which cargo is driven on board via one or more ramps located on the vessel.

SSPA:
Svensk Skeppsprovningsanstalt. (Swedish shipbuilding testing institute).

SECU:
StoraEnso Cargo Unit.

Side-port vessel/side loader:
Vessel that is loaded using trucks and/or rolling platforms through side ports, often in combination with lifts between various decks.

Ship Management:
All the services required to operate a vessel, including the crew.

Spot market:
The sector of the chartering market in which a vessel is chartered for individual voyages as opposed to long-term charters.

Solas:
International Convention for Safety of Life at Sea. IMO safety convention.

Supply vessel:
Vessel that transports supplies to oilrigs and platforms in the North Sea.

TAP agreement:
Agreement covering employment on a Swedish-registered vessel of temporarily employed personnel. Employment on this basis is not based on a Swedish labor agreement.

Timecharter (T/C):
Leasing a vessel to a charter party for a fixed period of time. The shipowner pays all the operating costs except bunkers and port dues.

TRANSATLANTIC

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