

ANNUAL REPORT 2008



REDERI AB GOTLAND

Established 1865





Annual report 2008

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www.gotlandsbolaget.se



The annual report is also available on our website.

The Annual General Meeting will be held at the Wisby Strand Conference Centre in Visby on 1 June 2009 at 11.00.



Rederi AB Gotland in brief

1 January – 31 December 2008

Financial performance

The profit after net financial items was SEK 409 million (SEK 201 million). Sales were SEK 1831 million (SEK 1550 million).

Tonnage

The group's vessels were well employed during the financial year.

During the year, the group took delivery of two 53,000 dwt product tankers with ice class 1A Super. The first, M/T Gotland Aliya, was delivered in July and the second, M/T Gotland Marieann, in August. The group previously took delivery of two vessels of the same type. M/T Gotland Carolina was delivered in 2006 and M/T Gotland Sofia was delivered in 2007.

The Gotland service

The concept of operating only fast ferries has continued to be a success. The shorter crossing time is appreciated by passengers and there has been an increase this year as well. The number of passengers using the Gotland service grew for the eleventh consecutive year to 1,583,000 passengers in the 2008 calendar year.

Destination Gotland AB has entered into a new agreement with the Swedish Government, and will operate the Gotland service until 2015.

Extension of Hamnhotellet in Visby

The group has owned Hamnhotellet in Visby since 1994. During the year, an 84-room extension was started. The hotel will also continue to be a three-star hotel.





Jan-Eric Nilsson, Chairman. Born in 1957. Member of the Board of Directors since 1986 and Chairman since 2002. Shareholding: See page 10.



Jan-Erik Rosengren, Managing Director. Born in 1944. Managing Director since 2001. Shareholding: 540 A shares and 360 B shares.

Letter to Shareholders

The post-tax profit for the 2008 financial year (1 January - 31 December 2008) was SEK 337 million, compared with SEK 213 million in the previous year. Considering that no vessel was sold during the year, the profit must be regarded as very good. The principal reason for the good profit was the very strong market for product tankers during the period.

In November 2007, Destination Gotland entered into a new agreement with the National Public Transport Agency for the period January 2009 to January 2015. A large part of Destination Gotland's work during the past year was devoted to improvements for the new transport period. The new agreement is formulated completely differently to the previous one and entails stricter requirements from the Swedish Government and involves the shipping company taking greater risks than previously. To deal with this, Destination Gotland has invested in a new booking and pricing system, among other things.

The shipping company continues to invest in product tankers. We currently own eight product tankers, part-own two and have a further three vessels on order in partnership with Wisby Tankers AB. We take a very positive view of the closer partnership with Wisby Tankers AB. In addition to owning vessels together,

we have a joint management company, Wisby Shipmanagement AB, which has taken over management of four of our product tankers.

The product tanker market has enjoyed an unusually long, sustained boom. We are now seeing a decline and many analysts fear that we are facing a recession for product tankers as well, which may be long and deep.

However, Rederi AB Gotland's investment in product tankers is long-term, and the cycle will naturally vary over time. We are well equipped for this and, even if the product tanker market is affected by the general economic situation, it is our continued opinion that our investments will be profitable over time.

Finally, we would like to extend our thanks to our employees for their great work.

Jan-Eric Nilsson, Chairman Jan-Erik Rosengren, Managing Director



Back row, left to right: Ann-Marie Åström, Björn Nilsson, Jan-Eric Nilsson, Peter Skoglund, Jonas Åman
 Front row, left to right: Björn Jernbom, Peter J. Lindskog, Christer Bergquist, Björn Wolrath, Bill Andréasson

Board of Directors

Bill Andréasson

Born in 1941 in Stockholm. Lawyer. Member of the Board of Directors since 1991. Shareholding: 0 shares.

Björn Nilsson

Born in 1964 in London. Economist. Member of the Board of Directors since 1990. Shareholding: 0 shares.

Jan-Eric Nilsson

Chairman of the Board of Directors. Born in 1957 in Stockholm. Member of the Board of Directors since 1986 and member of the remuneration committee. Shareholding: See page 10. Other positions of trust: Chairman of European Community Shipowners' Associations (ECSA) High Level Passenger Ferry Group, Lloyd's Nordic Committee, Handelsbanken, Visby and the Swedish Shipowners' Association's Environmental Committee. Vice Chairman of the Chamber of Commerce of East Sweden. Member of Handelsbanken Regionbank Öst, Gotland Tourist Association, the Swedish Sea Rescue Society, the Board and Ferry Section of the Swedish Shipowners' Association, Skulds Committee, Oslo and Lloyd's Technical Committee and Lloyd's Register's General Committee, London. Member of the Board and past President of Interferry (IMTA). Member of the supervisory boards of Redarnas Ömsesidiga Försäkringsbolag and Försäkringsaktiebolaget Alandia, Mariehamn.

Christer Bergquist

Born in 1952 in Lidingö. Director. Member of the Board of Directors since 1996 and member of the remuneration committee. Shareholding: 0 shares. Other positions: MD, Counterline Technologies AB, Senior Advisor, Barons Financial Services SA.

Peter Skoglund

Born in 1964 in Visby. Ombudsman, Employee Representative. Member of the Board of Directors since 2005. Shareholding: 0 shares.

Ann-Marie Åström

Vice Chairman. Born in 1965 in Stockholm. LL.M. Member of the Board of Directors since 1991. Shareholding: See page 10. Other positions of trust: Member of Wisby Shipmanagement AB.

Björn Jernbom

Born in 1949 in Trosa. Chief Engineer. Employee Representative. Member of the Board of Directors since 2005. Shareholding: 0 shares.

Björn Wolrath

Born in 1943 in Stockholm. Director. Member of the Board of Directors since 1997 and member of the remuneration committee. Shareholding: 200 A shares. Other positions of trust: Chairman of Samhall AB, Counterline Technologies AB and Gexco AB.

Monica Friman

Born in 1967 in Visby, Salaried employee. Employee Representative. Deputy member of the Board of Directors since 2005. Shareholding: 0 shares.

Ulf Hammarström

Born in 1951 in Hemse. Navigating Officer. Employee Representative. Deputy member of the Board of Directors since 2005. Shareholding: 0 shares.

Peter J. Lindskog

Born in 1947 in Stockholm. Lawyer. Member of the Board of Directors since 1983. Shareholding: 0 shares.

Jonas Åman

Born in 1964 in Oslo. MSc Shipping Trade & Finance. Member of the Board of Directors since 2004. Shareholding: See page 10.



Eric D Nilsson

Honorary Chairman. Born in 1927. Shipowner. Honorary Chairman since 1989. MD and Executive Chairman of the Board of Directors 1970 - 1988.





Naming of the M/T Gotland Aliya in Guangzhou in July 2008. The picture shows the shipyard manager, Mr. Han, and the vessel's 'godmother,' Sandra Young Nilsson, with her daughter Aliya.

Business concept and strategy

Rederi AB Gotland's business concept is to invest in vessels in the ferry, Ro-Ro and product tanker segments. This includes active participation in the development of new vessels. The strategy is mainly to concentrate investments on new generations of high-tech vessels.

Rederi AB Gotland has a separate operating company, the subsidiary Destination Gotland AB. Since 1998, this company has been operating the service between Gotland and the mainland under an agreement with the Swedish Government. By developing modern passenger tonnage that meets the most stringent environmental and safety standards, Rederi AB Gotland can offer passengers and cargo customers rapid, reliable transportation at reasonable prices.

The investment in product tankers has been made to offset the dependence on the ferry market, which is in line with the company's objective of having a low risk profile.

To promote tourism on Gotland, and thereby increase ferry traffic, marketing and travel agency operations are carried out in close cooperation with other Gotland travel companies. The jointly-owned sales and production company Gotland Promotion AB has established itself on the market and is able to sell and market Gotland efficiently as a tourist destination.

Organisation

The group's parent company, Rederi AB Gotland, has its head office in Visby, where most of its business also takes place. The shipping company's subsidiary, Destination Gotland AB, is responsible for the operation of the Gotland ferry service. Rederi AB Gotland has other subsidiaries in the Bahamas and Germany that operate some of the group's vessels.



At the Penglai shipyard in China, Rederi AB Gotland is building two 5800 dwt product tankers in a 50/50 partnership with Wisby Tankers AB. The vessels are part of a series of four vessels.

Operations – Shipping

Sales

Shipping operations generated net sales of SEK 1,721 million (1,391 million) for the financial year 1 January - 31 December 2008.

The shipping market

Demand for ferry tonnage was generally good during the year. The market for product tankers was very good during the period. The number of passengers on the Gotland service increased by 1.2% in 2008.

Ferry tonnage

The group's fast ferries, M/S Visby, M/S Gotland, HSC Gotlandia and HSC Gotlandia II, were employed on the Gotland service throughout the period. Since September 2007, M/S Rostock has been commercially operated to Scandlines in Germany on a bareboat basis for three years. During the spring, M/S Gute sailed to Africa with equipment for the Swedish peacekeeping force in Chad and was subsequently commercially operated to Baltic Scandinavian Lines for the service between Härnösand and Kaskö in Finland.

The company has been assigned management responsibility for M/S Sigyn by the Swedish Nuclear Fuel and Waste Management Co. (Svensk Kärnbränslehantering AB).

Product tankers

The group owns the following product tankers: M/T Torm Anna (75,000 dwt), M/T Torm Ann-Marie (100,000 dwt) and the sister vessels M/T Gotland Carolina and M/T Gotland Sofia (53,000 dwt each). During the summer, the company took delivery of another two product tankers, M/T Gotland Aliya and M/T Gotland Marieann. These are part of the same series as M/T Gotland Carolina and M/T Gotland Sofia. A/S Dampskibsselskabet Torm has management responsibility for M/T Torm Anna, M/T Torm Ann-Marie, M/T Gotland Sofia, M/T Gotland Carolina and M/T Gotland Aliya. Wisby Shipmanagement AB is responsible for the management of M/T Gotland Marieann and, from 2009, also for M/T Gotland Carolina, M/T Gotland Sofia and M/T Gotland Aliya. The vessels are commercially operated in a pool partnership with A/S Dampskibsselskabet Torm.

The group also owns two product and chemical vessels, M/T Red Wing and M/T Red Teal, each 6,800 dwt. The vessels are commercially operated on a bareboat basis to Care Tankers Inc.

In addition, the group has a 50% interest in two other product tankers, M/T Wisby Verity (7,500 dwt), commercially operated to Wisby Tankers AB, and M/T Tosca (46,800 dwt), commercially operated to the Anglo-Atlantic Steamship group.

The company currently has three new vessels on order in a 50/50 partnership with Wisby Tankers AB, a sister vessel to M/T Wisby Verity at the Ferus Smit Leer GmbH shipyard in Germany, to be delivered in 2009, and two 5,800 dwt product tankers at the Penglai shipyard in China, for which delivery is planned in 2010.

Net worth

The group's vessel holdings had a net worth of SEK 2,574 million (2,164 million) on 31 December 2008. It is difficult to carry out a fair market valuation of the group's ferries to calculate any hidden reserves or deficits. The ferry market reflects the special circumstances applicable to the route on which a ferry will operate. The price depends entirely on the supply of vessels at any given point in time and is something that is also reflected in substantial fluctuations in price for the relatively few sales that take place. Prices are currently on the low side due to a relatively high level of supply. The vessels operating on the Gotland service are commercially operated out until the end of January 2015, which further complicates a fair valuation.

The product tanker market is more efficient in terms of both vessels and freight rates. Newbuilding prices fell in 2008 from a high level.

Currency risks – opportunities

Currency flows relating to ferry operations are denominated in SEK. Inward and outward payments relating to product tankers are denominated in USD. Transactions in EUR have increased considerably in the past year. The company does not normally hedge these currency flows in relation to SEK.

The contracts for the new product tankers ordered from China are denominated in USD, while the contract for the new vessel being built in Germany is denominated in EUR. The company considers sensitivity to be limited, because inward and outward payments are largely in balance. Nevertheless, fluctuations in exchange rates do have some impact through oil purchases and orders for vessels.

Bunker hedging

As a result of the new agreement with the Government on the Gotland service, half of the risk related to bunker price fluctuations will affect the shipping company's passengers as the company is able to adjust ticket prices to take the fluctuations into account. Destination Gotland has therefore decided to hedge around 50% of the bunker volume for 2009 to avoid major price rises.





Destination Gotland AB

2008 was another successful year for Destination Gotland on the Gotland service. The number of passengers increased for the eleventh year in a row. A total of 1,583,000 passengers sailed between Gotland and the mainland, an increase of 1.2% on the previous year. 474,000 cars were transported, an increase of 2.2% on the previous year. Despite the incipient recession in autumn 2008, cargo increased by 2% compared with the previous year. A total of 739,000 linear metres of cargo was transported in 2008.

In 2008, Destination Gotland operated a service to Öland for the second year in a row. The service to Öland is operated outside the agreement with the National Public Transport Agency. Of the 1,583,000 passengers mentioned above, 29,000 sailed between Gotland and Öland, a decrease of 20% on the previous year.

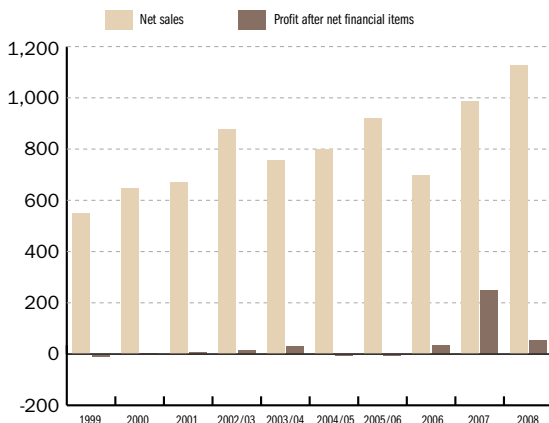
Destination Gotland's net sales in 2008 were SEK 1,124 million (985 million). The profit after financial items was SEK 53 million (248 million).

The 2007 profit was largely due to the positive outcome of the arbitration process between the National Public Transport Agency and the company in 2005 and 2006.

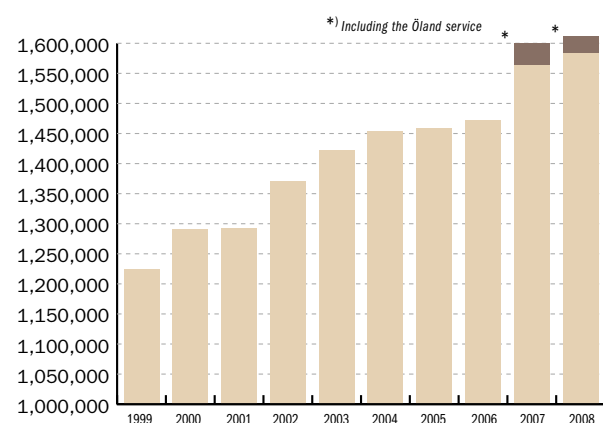
The Gotland service is operated with four fast ferries. The two RoPax vessels, M/S Visby and M/S Gotland, operate all year round. The HSC vessel Gotlandia II operates from April to October. In 2008, the HSC vessel Gotlandia operated on the Öland service. As from 1 January 2009, all four vessels operate under the agreement with the National Public Transport Agency. The new agreement allows a combination of operation under the agreement and not under the agreement for the same vessel. In summer 2009, HSC Gotlandia will be used on the services to both Nynäshamn and Öland.

In addition to the four vessels on the Gotland service, Destination Gotland also commissions M/S Sigyn on behalf of Svensk Kärnbränslehantering AB and M/S Gute on behalf of its parent company, Rederi AB Gotland.

SALES AND PROFIT FOR DESTINATION GOTLAND AB, 1999 - 2008



PASSENGER NUMBERS, 1999 - 2008

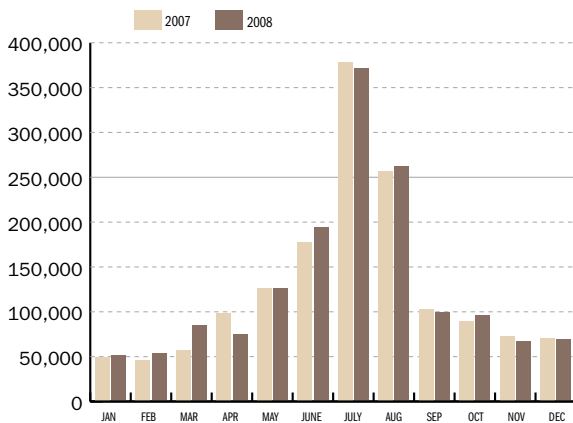


Environment

Reducing vessels' environmental impact is an important part of the shipping company's policy. The objective is to follow the recommendations of Swedish and international public authorities and organisations that lead to reduced environmental impact. New vessels are fitted with state-of-the-art technology and all vessels on the Gotland service are equipped with catalytic exhaust gas purification for all propulsion machinery, including auxiliary machines. This has resulted in a reduction in nitrogen oxide emissions of more than 80%. The vessels have also been adapted to operate with low-sulphur fuel that contains less than 0.2% sulphur.

Destination Gotland has ISO 14001 environmental certification.

PASSENGER STATISTICS TOTAL PER MONTH, COMPARISON BETWEEN 07 AND 08



CARGO STATISTICS IN LINEAR METRES TOTAL PER MONTH, COMPARISON BETWEEN 07 AND 08



Facts about the agreement with the National Public Transport Agency

Since 1998, Destination Gotland has operated the ferry service between Gotland and the mainland on behalf of the Swedish Government. Since 2000, the National Public Transport Agency has been the public authority responsible for the Gotland service.

In autumn 2006, the National Public Transport Agency began a new procurement process for the Gotland service and, in November 2007, a new agreement was signed between the National Public Transport Agency and Destination Gotland for the future ferry service between Gotland and the mainland. The new agreement entered into force on 1 January 2009 and will remain in force until 31 January 2015.

The agreement that was in force up to 31 December 2008 was a 'gross' agreement, meaning that the National Public Transport Agency fixed the timetable and prices, the revenue from the service accrued to the National Public Transport Agency and the National Public Transport Agency subsequently paid Destination Gotland for the services performed.

The new agreement is a 'net' agreement, which will entail higher risks for Destination Gotland than the previous agreement. Destination Gotland now receives all passenger revenue and has instead quoted a fixed price to operate the service. If oil prices increase during the term of the agreement, the National Public Transport Agency will compensate Destination Gotland for half the increase in cost. Destination Gotland is entitled to compensate for the other half of the increase in cost by charging higher ticket prices.

As the new agreement is more commercial than the previous one, Destination Gotland has greater scope, as operator, to determine the timetable and prices. The average price level on the Gotland service rises with inflation and oil prices. The National Public Transport Agency fixes an average price for Gotland residents, an average price for mainland residents and an average price per linear metre. For passengers and cars, Destination Gotland may set the prices freely, provided they do not exceed the specified average prices. For cargo, there is a fixed rate per linear metre.

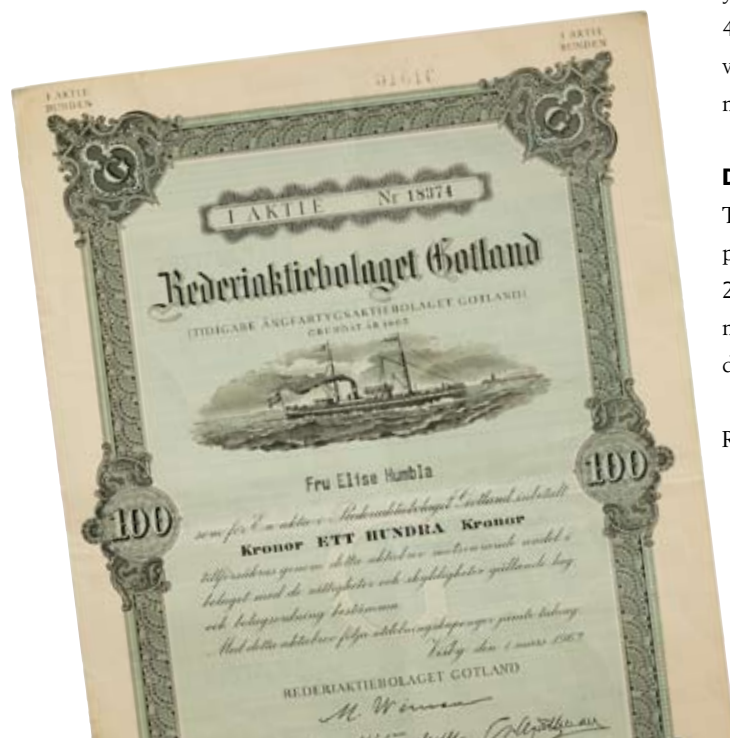
Use of the Gotland service varies greatly over the year. More than 50% of passengers sail in June, July and August. With greater scope for price differentiation, Destination Gotland can now work to achieve as efficient capacity utilisation as possible. Unlike passenger volumes, cargo volumes are distributed relatively regularly over the year.

Rederi AB Gotland's shares

Rederi AB Gotland's shares were traded on the Stockholm Stock Exchange between 1982 and 2004. An extraordinary general meeting on 11 November 2003 decided to delist the company's two classes of share from the Stockholm Stock Exchange O-list and the shares were withdrawn on 19 March 2004. Since 22 March 2004, the company's shares have been traded instead on the Mangold List, a marketplace run by Mangold Fondkommission.

Share capital

At the end of the financial year 1 January - 31 December 2008, Rederi AB Gotland had share capital of SEK 2,769,756 (2,769,756), divided into an equal number of shares with a quota value of 1. The shares are divided into 1,818,419 A shares with ten votes each and 951,337 B shares with one vote each.



Ownership structure

At the end of the financial year (31 December 2008), there were 2,340 (2,308) shareholders. Around two-thirds of the shareholders are Gotland residents. Institutional holdings amounted to 5.5% on 31 December 2008.

Share price and trading

The B-share price decreased from SEK 660 to SEK 590 during the financial year. The SAX All Share Index, which reflects trends on the Stockholm Stock Exchange, fell by 30% over the same period and the sector to which Rederi AB Gotland belonged on the Stockholm Stock Exchange, SX203030 Marine, decreased by 40%.

The highest price paid for a B-share during the financial year was SEK 690 and the lowest price paid was SEK 590. 4,626 shares were traded during the financial year, for a total value of SEK 3.0 million. Rederi AB Gotland's B-share is the more heavily traded of the company's two classes of share.

Dividend policy

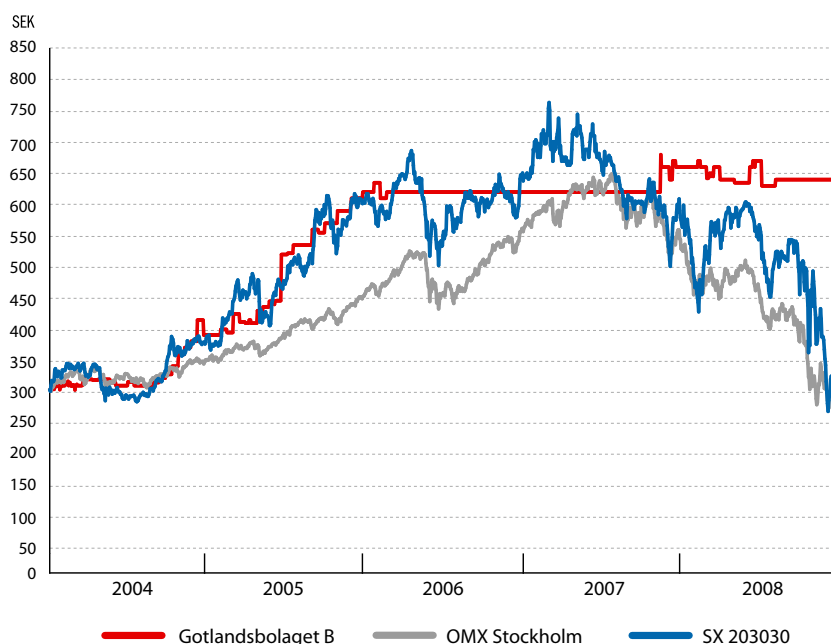
The Board has agreed on an objective that dividends should, in principle, reflect growth in reported equity. On 31 December 2008, equity was SEK 2,034 million, compared with SEK 1,706 million on 31 December 2007. The Board therefore proposes a dividend of SEK 3.75 per share (previous year SEK 3.15).

Ratios per share are shown on page 14.

OWNERSHIP STRUCTURE, 31 DECEMBER 2008

	TOTAL	A SHARES	B SHARES	% OF VOTES	% OF SHARES
Trojborg AB (Jan-Eric Nilsson and Ann-Marie Åström)	1,559,105	1,382,135	176,970	73.2	56.3
Svenska Stålbyggen Invest AB (Jonas Åman)	236,630	86,880	149,750	5.3	8.5
Tage Johansson and companies	106,840	90,597	16,243	4.8	3.9
Redarnas ömsesidiga försäkringsbolag	40,900	29,700	11,200	1.6	1.5
Förvaltnings AB Grötlingboudt	136,611	5,185	131,426	1.0	4.9
Köpmansgillet, Visby	27,820	11,250	16,570	0.7	1.0
Stiftelsen Mjölkdroppen	28,950	9,650	19,300	0.6	1.0
Mats Johansson	30,318	7,604	22,714	0.5	1.1
Strand Hotell in Visby	16,232	5,882	10,350	0.4	0.6
Visby Stadsmission	16,500	5,500	11,000	0.3	0.6
Foreign managers	41,647	2,276	39,371	0.3	1.5
Others	528,203	181,760	346,443	11.3	19.1
Total	2,769,756	1,818,419	951,337	100	100

SHARE PRICE, 1 JAN 2004 – 31 DEC 2008



THE SHARE CAPITAL OF REDERI AB GOTLAND CHANGED AS FOLLOWS AFTER LISTING ON THE STOCKHOLM STOCK EXCHANGE IN 1982:

YEAR	TRANSACTION	INCREASE/DECREASE IN NUMBER OF SHARES	INCREASE/DECREASE IN SHARE CAPITAL (SEK)	TOTAL NUMBER OF SHARES	TOTAL SHARE CAPITAL (SEK)
1983	Bonus issue/split	+210,000	+2,100,000	630,000	6,300,000
1989	Split 10/1	+5,670,000		6,300,000	6,300,000
1998	Redemption	-860,304	-860,304	5,439,696	5,439,696
1999	Redemption	-1,029,524	-1,029,524	4,410,172	4,410,172
2002	Reduction (buy-back)	-410,172	-410,172	4,000,000	4,000,000
2003	Reduction (buy-back)	-153,388	-153,388	3,846,612	3,846,612
2004	Reduction (redemption)	-92,195	-92,195	3,754,417	3,754,417
2005	Reduction (buy-back)	-384,661	-384,661	3,369,756	3,369,756
2005	Reduction (redemption)	-600,000	-600,000	2,769,756	2,769,756

BREAKDOWN BY SHAREHOLDING, 31 DECEMBER 2008

SHAREHOLDING	NUMBER OF SHARES	% OF SHARES	NUMBER OF SHAREHOLDERS	% OF SHAREHOLDERS
1-200	86,529	3.1	1,918	81.9
201-500	69,313	2.5	210	9.0
501-1,000	73,192	2.7	99	4.2
1,001-5,000	169,815	6.1	82	3.6
5,001-	2,370,907	85.6	31	1.3
Total	2,769,756	100.0	2,340	100.0

Institutional investors held 5.5% of the capital and 4.0% of the votes.



Directors' report

The Board of Directors and the Managing Director of Rederi AB Gotland (publ), corporate identity number 556000-8020, hereby submit the annual report for the 2008 financial year for the parent company and the group. Rederi AB Gotland is a subsidiary of Trojaborg AB, which has its head office in Stockholm, corporate identity number 556339-9574.

Sales and profit

The group's operating profit was SEK 384 (224) million. The profit after financial items was SEK 409 (201) million. The profit reflects the very good product tanker market during the year. The profit for the previous year includes a gain of SEK 47 million from selling vessels. Sales were SEK 1,831 (1,550) million.

Company focus

The business comprises shipping operations; the wholly-owned subsidiary Destination Gotland AB is responsible for the Gotland service. The company is also engaged to a lesser extent in property management.

Shipping operations

The group's fast ferries, M/S Visby, M/S Gotland, HSC Gotlandia and HSC Gotlandia II, were employed on the Gotland service throughout the period. Until September 2010, M/S Rostock (formerly Thjelvar) has been chartered to Scandlines in Germany on a bareboat basis. During the spring, M/S Gute sailed to Africa with equipment for the Swedish peacekeeping force in Chad and has been chartered to Baltic Scandinavian Lines since the beginning of October for the service between Härnösand and Kaskö in Finland.

The company has been assigned management responsibility for M/S Sigyn by the Swedish Nuclear Fuel and Waste Management Co. (Svensk Kärnbränslehantering AB).

The group owns the following product tankers: M/T Torm Anna (75,000 dwt), M/T Torm Ann-Marie (100,000 dwt) and the sister vessels M/T Gotland Carolina and M/T Gotland Sofia (53,000 dwt each). During the summer, the company took delivery of another two product tankers, M/T Gotland Aliya and M/T Gotland Marieann. These are part of the same series as M/T Gotland Carolina and M/T Gotland Sofia. A/S Dampskibsselskabet Torm has management responsibility for M/T Torm Anna, M/T Torm Ann-Marie, M/T Gotland Sofia, M/T Gotland Carolina and M/T Gotland Aliya. Wisby Shipmanagement AB is responsible for the management of M/T Gotland Marieann and, from 2009, also for M/T Gotland Carolina, M/T Gotland Sofia and M/T Gotland Aliya. The vessels are commercially operated in a pool partnership with A/S Dampskibsselskabet Torm.

The group also owns two product and chemical vessels, M/T Red Wing and M/T Red Teal, each 6,800 dwt. The vessels are chartered on a bareboat basis to Care Tankers Inc. In addition, the group has a 50% interest in two other product tankers, M/T Wisby Verity, chartered to Wisby Tankers AB, and M/T Tosca, chartered to the Anglo-Atlantic Steamship group.

The product tanker market was very strong during the period but the market has now weakened.

The company currently has three new vessels on order in a 50/50 partnership with Wisby Tankers AB, a sister vessel to M/T Wisby Verity at the Ferus Smit Leer GmbH shipyard in Germany, to be delivered in 2009, and two 5,800 dwt product tankers at the Penglai shipyard in China, for which delivery is planned in 2010.

Destination Gotland AB

Destination Gotland AB, which operates the service between Gotland and the Swedish mainland, is a wholly-owned subsidiary of Rederi AB Gotland and charters the following vessels: M/S Visby, M/S Gotland, HSC Gotlandia and HSC Gotlandia II. Destination Gotland's profit after net financial items was SEK 53 (248) million. The profit in 2007 was largely due to the outcome of the arbitration award against the National Public Transport Agency. Net sales were SEK 1,124 (985) million. The number of passengers using the Gotland service, including the Öland service, increased by 1.2%, compared with the previous year, to a total of 1,583,000.

A new agreement for the Gotland service was signed in 2007, covering the period 1/1/2009 - 31/1/2015.

Extension of Hamnhotellet in Visby

The group has owned Hamnhotellet in Visby since 1994. In 2008, an extension was started to add 84 3-star rooms to the hotel. This extension will be finished by summer 2009.

Investments

The group's gross investments during the period were SEK 269 (552) million.

Risks

As the company's business is international, it is exposed to some foreign currency risks. Currency flows relating to ferry operations are mainly denominated in SEK. Inward and outward payments relating to product tankers are denominated in USD. Transactions in EUR have increased considerably in the past year. The company does not normally hedge these currency flows in relation to SEK.

The contracts for the new product tankers ordered from China are denominated in USD, while the contract for the new vessel being built in Germany is denominated in EUR. The company considers sensitivity to be limited, because inward and outward payments are largely in balance. Nevertheless, fluctuations in exchange rates do have some impact through oil purchases and orders for vessels. The new agreement that Destination Gotland has signed with the National Public Transport Agency entails a significant risk in respect of oil price fluctuations.

The company's liquid assets are invested in the money market in banks or commercial paper with high credit ratings.

Financial position

The group's liquid assets and short-term investments were SEK 748 (734) million. Interest-bearing liabilities were SEK 1,027 (1,305) million. The equity ratio was 56.0 (48.3)%. Equity per share was SEK 734 (616).

Parent company's sales and profit

The parent company's profit after financial items was SEK 167 (9) million. The post-tax profit is SEK 170 (34) million. Net sales were SEK 312 (262) million.

Proposed appropriation of profits

Parent company profits at the disposal of the Annual General Meeting:

	SEK
Profit brought forward	6,072,021
Profit for the year	170,373,042
	176,445,063

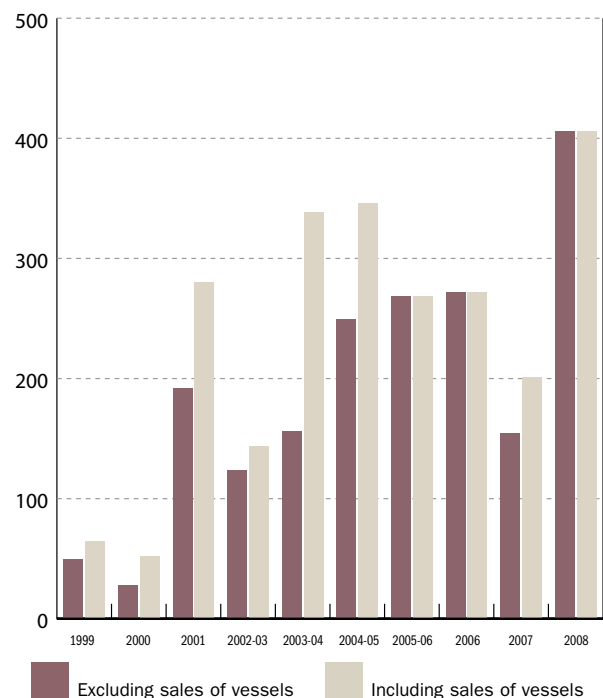
The Board of Directors and the Managing Director propose that a dividend of SEK 3.75 be paid to the shareholders

(2,769,756 shares)	10,386,585
To be carried forward	166,058,478
	176,445,063

The Board is of the opinion that the proposed dividend is justified in terms of the requirements specified in Chapter 17, Section 3, of the Swedish Companies Act. These requirements concern the demands that the business activity's nature, scope and risks place on the amount of equity, consolidation needs, liquidity and the general financial position of the parent company and group.

The income statement and balance sheet will be presented to the Annual General Meeting on 01/06/2009 for adoption.

PROFIT AFTER FINANCIAL ITEMS, SEK MILLION



The difference in 2004-05 is attributable to capital gains and not gains on the sale of vessels.

EQUITY RATIO, %



Five-year financial review

	2008 12 months	2007 12 months	2006 8 months	2005/2006 12 months	2004/2005 12 months
From the income statement (SEK million)					
Income	1,830.7	1,550.0	973.9	1,314.3	1,212.4
Profit after financial items	408.6	201.0	271.5	268.7	346.3
Return (%)					
-on equity after tax (1)	18.0	13.3	14.3	17.0	23.9
-on capital employed (2)	12.9	8.2	11.1	12.6	20.7
-on assets (3)	12.4	7.8	10.5	11.7	18.9
From balance sheet (SEK million)					
Fixed assets	2,730.1	2,691.4	2,343.1	1,883.7	1,427.7
Current interest-free operating liabilities	122.2	142.4	148.7	173.4	172.1
Long-term liabilities	885.2	960.7	919.9	681.2	177.1
Equity	2,034.4	1,705.8	1,501.1	1,306.9	1,419.2
Total assets	3,632.1	3,531.3	3,019.6	2,639.6	2,156.4
Equity ratio (%) (4)	56.0	48.3	49.7	49.5	65.8
Per share (SEK)					
Equity	734.49	615.86	541.91	471.81	421.13
Profit after tax	121.78	76.89	72.51	78.28	89.84
Dividend	3.75*	3.15	2.75	2.40	2.60
Share price at year-end (SEK)					
B-share	590	660	650	635	410
Other					
Gross investments (SEK million)	269	552	583	601	111
Number of employees	385	402	411	436	447
Average number of shares	2,769,756	2,769,756	2,769,756	2,969,756	3,415,854

Definitions

- 1) Post-tax profit in relation to average equity.
- 2) Profit after financial items plus interest expenses in relation to average total assets less current interest-free operating liabilities.
- 3) Profit after financial items plus interest expenses in relation to average total assets.
- 4) Equity in relation to total assets.

* Board's proposal.

Income statement 2008

SEK thousand	Note	GROUP		PARENT COMPANY	
		2008	2007	2008	2007
Net sales	1, 2	1,830,688	1,503,637	311,917	261,900
Gain from sale of vessels		–	46,788	–	–
Total income		1,830,688	1,550,425	311,917	261,900
Operating expenses					
Other external costs	3	-978,315	-894,801	-48,766	-119,457
Personnel costs	4, 5	-232,972	-227,801	-19,134	-21,311
Depreciation, vessels	6	-230,931	-199,656	-93,908	-104,161
Depreciation, other tangible and intangible fixed assets	7, 8	-4,933	-4,277	-1,634	-1,613
Total operating expenses		-1,447,151	-1,326,535	-163,442	-246,542
Operating profit		383,537	223,890	148,475	15,358
Result from financial investments					
Result from participations in group companies	9	–	51	465	3,387
Result from securities and receivables accounted for as fixed assets	10	277	1,394	-9	–
Interest income and similar profit/loss items	11	60,242	25,635	53,782	14,226
Interest expenses and similar profit/loss items	12	-35,496	-49,997	-35,559	-24,017
Total result from financial investments		25,023	-22,917	18,679	-6,404
Profit after financial items		408,560	200,973	167,154	8,954
Appropriations					
Additional depreciation, vessels		–	–	73,309	37,500
Tax for the year	13	-70,768	12,470	-70,090	-12,456
Minority interests	14	-481	-489	–	–
PROFIT FOR THE YEAR		337,311	212,954	170,373	33,998
Per-share data					
Earnings per share after tax (SEK)		121.78	76.89		
Average number of shares		2,769,756	2,769,756		

Balance sheet as at 31 December 2008

ASSETS	SEK thousand	Note	GROUP		PARENT COMPANY	
			31/12/2008	31/12/2007	31/12/2008	31/12/2007
Fixed assets						
Tangible fixed assets						
Vessels		6	2,574,257	2,163,811	343,912	437,820
Newbuilding contracts, vessels and hotels		15	69,549	457,666	46,191	457,666
Buildings and land		7	66,929	62,463	34,704	29,358
Equipment		8	8,207	5,480	2,331	1,942
Total tangible fixed assets			2,718,942	2,689,420	427,138	926,786
Financial fixed assets						
Participations in group companies		16	–	–	17,601	17,401
Participations in associated companies			20	–	20	–
Receivables from group companies		17	–	–	793,024	523,513
Other long-term securities		18	1,460	1,371	502	613
Other long-term receivables		19	9,668	578	876	378
Deferred tax assets		20	–	–	24,844	16,235
Total financial fixed assets			11,148	1,949	836,867	558,140
Total fixed assets			2,730,090	2,691,369	1,264,005	1,484,926
Current assets						
Inventories						
Finished products and goods for resale			5,134	16,265	167	167
Current receivables						
Accounts receivable – trade			100,890	52,664	4,234	6,203
Other receivables			33,206	21,546	22,345	2,882
Tax receivables			5,232	4,490	2,639	3,883
Prepaid expenses and accrued income		21	9,943	10,689	2,531	434
Total current receivables			149,271	89,389	31,749	13,402
Short-term investments		22	619,161	642,755	619,161	642,755
Cash and bank balances		23	128,470	91,479	10,050	17,322
Total current assets			902,036	839,888	661,127	673,646
TOTAL ASSETS			3,632,126	3,531,257	1,925,132	2,158,572

Balance sheet as at 31 December 2008

LIABILITIES AND EQUITY	<i>SEK thousand</i>	<i>Note</i>	GROUP		PARENT COMPANY	
			31/12/2008	31/12/2007	31/12/2008	31/12/2007
Equity		24				
Restricted equity						
Share capital			2,770	2,770	2,770	2,770
Restricted reserves			1,280,199	1,135,639	2,480	2,480
Total restricted equity			1,282,969	1,138,409	5,250	5,250
Non-restricted equity						
Non-restricted reserves			414,080	354,411	6,072	183,166
Profit for the year			337,311	212,954	170,373	33,998
Total non-restricted equity			751,391	567,365	176,445	217,164
Total equity			2,034,360	1,705,774	181,695	222,414
Untaxed reserves						
Accumulated additional depreciation, vessels			-	-	344,151	417,460
Minority interests						
Minority interests			919	852	-	-
Provisions						
Provisions for pensions			199	199	199	199
Provisions for deferred tax			441,321	370,702	-	-
Total provisions			441,520	370,901	199	199
Long-term liabilities						
Liabilities to credit institutions		25	878,733	954,286	455,176	492,246
Liabilities to group companies		26	-	-	675,576	608,251
Other long-term liabilities			6,421	6,422	6,421	6,422
Total long-term liabilities			885,154	960,708	1,137,173	1,106,919
Current liabilities						
Liabilities to credit institutions		23	147,976	350,595	232,408	318,762
Advance payments from customers			417	490	417	490
Accounts payable – trade			30,439	58,045	8,534	7,690
Liabilities to group companies			-	-	-	63,227
Tax liabilities			-	435	-	-
Other liabilities			8,328	12,274	469	2,105
Accrued expenses and deferred income		27	83,013	71,183	20,086	19,306
Total current liabilities			270,173	493,022	261,914	411,580
TOTAL LIABILITIES AND EQUITY			3,632,126	3,531,257	1,925,132	2,158,572
Pledged assets and contingent liabilities						
Pledged assets		28	1,241,695	1,311,891	733,081	775,071
Contingent liabilities		29	-	-	567,358	511,516

Cash flow statement

SEK thousand	Note	GROUP		PARENT COMPANY	
		2008	2007	2008	2007
Operating activities					
Profit after financial items		408,560	200,973	167,154	8,954
Adjustments for items not included in the cash					
Depreciation	6, 7, 8, 9	235,863	203,246	95,542	105,774
Other items not affecting liquidity		-22,110	-61,194	-18,232	-11,038
		622,313	343,025	244,464	103,690
Tax paid		-481	-3,017	1,244	-2,991
Cash flow from operating activities before change in working capital					
		621,832	340,008	245,708	100,699
Changes in working capital					
Change in inventories		13,383	-5,367	-	-167
Change in receivables		-53,255	264,408	-19,591	35,504
Change in liabilities		-32,214	-14,053	-63,313	286,815
Cash flow from operating activities					
		549,746	584,996	162,804	422,851
Investing activities					
Acquisition of vessels and newbuilding	6, 15	-229,901	-538,687	-39,279	-258,104
Acquisition of other tangible fixed assets	8, 9	-38,753	-13,413	-9,969	-7,108
Sales of vessels		-	46,788	-	-
Sales of other fixed assets		4,765	-	4,113	-
Change in financial fixed assets		-9,200	-162	-607	-60,985
Cash flow from investing activities					
		-273,089	-505,474	-45,742	-326,197
Financing activities					
Loans raised		-	397,996	-	285,534
Repayment of liabilities		-277,856	-54,475	-112,389	-33,667
Changes in inter-company balances		-	-	-32,497	56,532
Dividend to shareholders		-8,725	-7,617	-8,725	-7,617
Cash flow from financing activities					
		-286,581	335,904	-153,611	300,782
Change in liquid assets		-9,924	415,426	-36,549	397,436
Liquid assets at start of year		734,235	315,148	660,077	258,981
Exchange rate differences in liquid assets		23,320	3,660	5,683	3,660
Liquid assets at end of year					
		747,631	734,234	629,211	660,077

Notes to the accounts

General accounting policies

The annual accounts have been prepared in accordance with the Annual Accounts Act and the general guidelines of the Swedish Accounting Standards Board. Where the reporting also follows the recommendations of the Swedish Financial Accounting Standards Council, this is indicated under the respective heading below. The application of the accounting policies and additional information provided are unchanged from last year.

Valuation policies

Assets, provisions and liabilities have been valued at cost unless stated otherwise below.

Income

Income is reported on the basis of the actual amount received, or the amount expected, and is reported where it is probable that economic benefits will fall to the company.

Receivables and liabilities in foreign currency

The receivables and liabilities in foreign currency of the parent company and Swedish group companies have been translated at the year-end rate with the following exceptions. The long-term portion of loans raised for financing vessels has been reported at the rate applicable on the transaction date, since investments in vessels are considered to be an effective hedge against exchange rate fluctuations. Currency gains and losses on operational receivables and liabilities are added to or deducted from the operating profit. Gains and losses on financial receivables and liabilities are reported as financial items.

Consolidated accounts

The consolidated accounts have been prepared in accordance with the Swedish Financial Accounting Standards Council's recommendation RR1:00 "Consolidated financial statements". The consolidated accounts concern the parent company and the companies in which Rederi AB Gotland directly or indirectly holds more than 50% of the voting rights (group companies).

As the annual accounts have been prepared in accordance with the Swedish Financial Accounting Standards Council's recommendation on consolidated accounting, appropriations and untaxed reserves are not shown in the consolidated accounts. Instead, these are divided between equity and deferred tax liabilities.

The consolidated accounts have been prepared in accordance with the acquisition accounting method, whereby the equity in group companies on the acquisition date is fully eliminated. The procedure means that only earnings arising after the acquisition date are included in the group's equity.

All inter-company gains are eliminated.

Translation of foreign subsidiaries

Foreign subsidiaries are reported in accordance with the Swedish Financial Accounting Standards Council's recommendation RR8 "Reporting the effects of changes in exchange rates". The monetary method has been used when translating the accounts of foreign group and associated companies. This means that balance sheets are translated at the rate on the transaction date, except monetary items,

which are translated at the year-end rate. Income statements are translated at the average rate, except depreciation, which is translated at the rate on the transaction date for each asset.

Taxes, including deferred taxes

Taxes are reported in accordance with the Swedish Accounting Standards Board's guidelines, BFNAR 2001:1. Reported income taxes include tax that is to be paid or received in respect of the current year, adjustments to tax in respect of previous years, changes in deferred tax and a share of associated companies' tax.

All tax liabilities and assets are reported at their nominal value, in line with the tax regulations and tax rates that have been decided on or that have been announced and will in all probability be adopted. Deferred tax is calculated on all temporary differences arising between reported values of assets and liabilities and their values for tax and accounting purposes.

Deferred tax assets are recognised in respect of all deductible temporary differences and unutilised loss carry-forward, where it is likely that there will be future taxable profits against which the temporary differences or unutilised loss carry-forward can be offset. The reported value of the deferred tax assets is reviewed at each year-end.

Receivables

Receivables are reported as the payment expected in each individual case.

Inventories

Inventories are reported in accordance with the Swedish Financial Accounting Standards Council's recommendation RR2:02 "Inventories". Inventories are valued, applying the first-in/first-out principle, at the lower of cost and the net realisable value at year-end.

Fixed assets

Fixed assets are reported in accordance with the Swedish Financial Accounting Standards Council's recommendations RR12 "Tangible fixed assets" and RR15 "Intangible fixed assets". Interest on capital borrowed to finance the production of an asset is not included in the cost. All types of fixed asset are depreciated/amortised on a straight-line basis. For the depreciation/amortisation periods applied, see the relevant notes for the fixed assets.

Leasing agreements

Leasing agreements are reported in accordance with the Swedish Financial Accounting Standards Council's recommendation RR6:99 "Leasing agreements". All leasing agreements are treated as operating leases.

Cash flow statement

The cash flow statement has been prepared in accordance with the Swedish Financial Accounting Standards Council's recommendation RR7 "Reporting cash flows". The cash flow statement has been prepared using the indirect method. The cash flow reported only includes transactions that involve inward or outward payments. Liquid assets are classified as bank balances plus short-term financial investments.

Notes to the consolidated and parent company accounts

Amounts in SEK thousand unless stated otherwise

Note 1 NET SALES BY SEGMENT

	GROUP		PARENT COMPANY	
	2008	2007	2008	2007
Shipping operations	1,720,641	1,390,812	291,493	226,488
Travel agency operations, including Gotland Promotion	96,347	104,388	8,893	32,001
Other	13,700	8,437	11,531	3,411
Total	1,830,688	1,503,637	311,917	261,900

Note 2 RELATED PARTY TRANSACTIONS

Transactions with group companies as a percentage of the year's purchases and sales

	PARENT COMPANY	
	2008	2007
Sales of internal services	77 %	77 %
Purchases of internal services	6 %	14 %

Note 3 OTHER EXTERNAL COSTS

The following remuneration has been paid to the company's auditors:

	GROUP		PARENT COMPANY	
	2008	2007	2008	2007
<i>Ernst & Young AB</i>				
Audit	692	1,082	345	674
Other tasks	23	282	0	156
Total	715	1,364	345	830

Note 4 PERSONNEL COSTS AND PAYMENTS TO BOARD AND MANAGEMENT

Salaries, other remuneration and social security contributions

	2008		2007	
	Salaries and other remuneration	Social security contributions	Salaries and other remuneration	Social security contributions
Parent company	10,250	6,461	11,457	6,663
Of which pension costs 1)		1,974		2,359
Group companies	143,381	59,202	143,405	59,257
Of which pension costs 2)		11,276		10,513
Group total	153,631	65,663	154,862	65,920

1) Of the parent company's pension costs, SEK 1,272,000 (1,244,000) concerns the Board and Managing Director. The company has no outstanding pension commitments to these officers, either this year or last year.

2) Of the group's pension costs, SEK 1,272,000 (1,518,000) concerns the Board and Managing Director. The company has no outstanding pension commitments to these officers, either this year or last year.

Salaries and other remuneration divided between the Board/Managing Director and other employees

	2008		2007	
	Board and MD	Other employees	Board and MD	Other employees
Parent company	5,189	5,061	3,866	7,591
Group companies in Sweden	780	142,477	2,120	138,670
Group companies abroad	124	–	511	2,104
Group total	6,093	147,538	6,497	148,365

Remuneration of SEK 2,327,000 (1,593,000) including car benefits was paid to the Chairman, Jan-Eric Nilsson. His pension costs amounted to SEK 542,000 (535,000).

The Managing Director of the parent company, Jan-Erik Rosengren, received salary and car benefits worth SEK 1,682,000 (1,497,000).

His pension costs amounted to SEK 730,000 (709,000). In the event of notice by the company, the Managing Director and Chairman have a period of notice of 12 months and the right to severance pay equivalent to 12 months' salary.

Remuneration to the Managing Director and the Chairman of the Board is prepared by the remuneration committee and fixed by the Board.

Notes to the consolidated and parent company accounts

Law firms in which members of the Board are partners were paid the following fees:

- advokatfirman Bill Andréasson SEK 116,000 (583,000)
- advokatfirman Södermark (Peter J. Lindskog) SEK 688,000 (458,000).

The two (three) officers classified as 'other senior executives' received total payments of SEK 1,494,000 (2,610,000).

These officers are entitled to pension benefits in accordance with the general pension plan and a period of notice in accordance with the law and collective agreements.

The remuneration of other senior executives is fixed by the remuneration committee.

Fees for consultancy and brokerage assignments of SEK 586,000 (3,479,000) were paid to Gotland Marine Sa., which is controlled by Eric D.

Nilsson. The Board also approved the payment of commission for the company's newbuilding contracts and charter contracts from the newbuilding shipyard and the broker to Gotland Marine Sa.

Note 5 AVERAGE NUMBER OF EMPLOYEES, ETC.

Number of employees	GROUP		PARENT COMPANY	
	2008	2007	2008	2007
<i>Average number employed in Sweden</i>				
Women	180	176	10	10
Men	205	206	8	7
<i>Average number employed abroad</i>				
Women	–	2	–	–
Men	–	18	–	3
Total	385	402	18	20

Board members and senior executives	GROUP		PARENT COMPANY	
	2008	2007	2008	2007
<i>Board members</i>				
Women	1	2	1	1
Men	13	21	9	9
<i>Managing Director and other senior executives</i>				
Women	1	1	1	1
Men	2	3	2	2

Sickness absence

Sickness absence is reported as a percentage of employees' ordinary working hours.

No further breakdown is possible as the information could then be traced back to the individuals concerned.

	PARENT COMPANY	
	2008	2007
Total sickness absence	0.40 %	1.62 %
Sickness absence, women	0.35 %	2.37 %
Sickness absence, men	0.45 %	0.63 %

Note 6 VESSELS

Depreciation according to plan for product tankers and conventional ferries is based on an economic life of 20 years from the year of construction.

Vessels acquired at more than 20 years of age are depreciated over their economic life starting from the time of acquisition. The exceptions to this rule are the high-speed ferries M/S Visby, M/S Gotland, HSC Gotlandia and HSC Gotlandia II, which are being written off over ten years.

	GROUP		PARENT COMPANY	
	31/12/2008	31/12/2007	31/12/2008	31/12/2007
Accumulated cost				
At start of year	3,388,013	2,851,831	1,335,109	1,335,109
New acquisitions during the year	8,352	280,583	–	–
Reclassifications	633,025	268,226	450,754	268,226
Disposals during the year	–	-12,627	-450,754	-268,226
Total accumulated cost	4,029,390	3,388,013	1,335,109	1,335,109
Accumulated depreciation according to plan				
At start of year	-1,224,202	-1,037,173	-897,289	-803,187
Disposals during the year	–	12,627	–	10,059
Depreciation for year according to plan	-230,931	-199,656	-93,908	-104,161
Total accumulated depreciation according to plan	-1,455,133	-1,224,202	-991,197	-897,289
Net book value at year-end	2,574,257	2,163,811	343,912	437,820

Group

Of the total balance sheet item of SEK 2,574,257,000 (2,163,811,000), operating leases account for SEK 496,597,000 (526,551,000).

Parent company

Of the total balance sheet item of SEK 343,912,000 (437,820,000), operating leases account for SEK 343,912,000 (431,934,000).

Notes to the consolidated and parent company accounts

Note 7 BUILDINGS AND LAND

Depreciation according to plan on buildings is calculated per building within the scope of depreciation for tax purposes.

	GROUP		PARENT COMPANY	
	31/12/2008	31/12/2007	31/12/2008	31/12/2007
Accumulated cost				
At start of year	86,305	74,680	46,587	40,487
Acquisitions during the year	8,756	11,625	8,756	6,100
Disposals during the year	-3,056	-	-3,056	-
Total accumulated cost	92,005	86,305	52,287	46,587
Accumulated depreciation according to plan				
At start of year	-24,054	-22,132	-17,441	-16,399
Disposals during the year	810	-	810	-
Depreciation for year according to plan	-2,040	-1,922	-1,160	-1,042
Total accumulated depreciation according to plan	-25,284	-24,054	-17,791	-17,441
Accumulated revaluation				
At start of year	212	219	212	219
Depreciation for year according to plan	-4	-7	-4	-7
Total accumulated revaluation	208	212	208	212
Net book value at year-end	66,929	62,463	34,704	29,358
Value assessed for tax purposes, buildings	53,719	53,382	36,340	36,003
Value assessed for tax purposes, land	16,094	15,297	11,639	10,842

Note 8 EQUIPMENT

Depreciation according to plan on equipment, tools, fixtures and fittings is calculated at 20% per annum of their historical cost.

	GROUP		PARENT COMPANY	
	31/12/2008	31/12/2007	31/12/2008	31/12/2007
Accumulated cost				
At start of year	30,198	29,435	7,767	7,524
New acquisitions during the year	6,246	1,923	1,213	1,008
Disposals during the year	-5,352	-1,160	-1,057	-765
Total accumulated cost	31,092	30,198	7,923	7,767
Accumulated depreciation according to plan				
At start of year	-24,718	-23,394	-5,825	-5,924
Disposals during the year	4,779	1,022	761	663
Depreciation for year according to plan	-2,946	-2,346	-528	-564
Total accumulated depreciation according to plan	-22,885	-24,718	-5,592	-5,825
Net book value at year-end	8,207	5,480	2,331	1,942

Note 9 RESULT FROM PARTICIPATIONS IN GROUP COMPANIES

	GROUP		PARENT COMPANY	
	2008	2007	2008	2007
Dividends	-	51	465	34
Cancellation of write-down	-	-	-	3,353
Total	-	51	465	3,387

Note 10 RESULT FROM SECURITIES AND RECEIVABLES ACCOUNTED FOR AS FIXED ASSETS

	GROUP		PARENT COMPANY	
	2008	2007	2008	2007
Dividends	370	1,394	84	-
Capital gain on disposal	-93	-	-93	-
Total	277	1,394	-9	-

Notes to the consolidated and parent company accounts

Note 11 INTEREST INCOME AND SIMILAR PROFIT/LOSS ITEMS

	GROUP		PARENT COMPANY	
	2008	2007	2008	2007
Other interest	28,534	38,173	40,944	25,000
Exchange differences	31,708	-12,538	12,838	-10,774
Total	60,242	25,635	53,782	14,226

Note 12 INTEREST EXPENSES AND SIMILAR PROFIT/LOSS ITEMS

	GROUP		PARENT COMPANY	
	2008	2007	2008	2007
Interest expenses, other	-49,085	-54,616	-46,595	-28,315
Exchange differences	13,589	4,619	11,036	4,298
Total	-35,496	-49,997	-35,559	-24,017

Note 13 TAX FOR YEAR

	GROUP		PARENT COMPANY	
	31/12/2008	31/12/2007	31/12/2008	31/12/2007
Current tax for year	-613	19	-	-
Tax attributable to group contribution	-	-	-78,699	8,464
Deferred tax attributable to loss carry-forward	9,866	-20,920	8,466	-20,920
Deferred tax attributable to temporary differences in assets	-62,609	42,533	1,128	-
Deferred tax, miscellaneous	-39,947	-9,162	-	-
Deferred tax attributable to change in tax rate	22,535	-	-985	-
Total	-70,768	12,470	-70,090	-12,456

The tax rate in the group and parent company is 28% for 2008. From 1 January 2009, the tax rate is 26.3%.
Deferred tax carried forward has been revalued from 28% to 26.3%.

Note 14 MINORITY SHARE IN TAX FOR THE YEAR

This item consists of the sub-items repaid shareholders' contribution to the minority of SEK 415,000 (-) and the minority share of the profit for the year of SEK 66,000 kkr (489,000).

Note 15 NEWBUILDING CONTRACTS, VESSELS & HOTEL

	GROUP		PARENT COMPANY	
	31/12/2008	31/12/2007	31/12/2008	31/12/2007
At start of year	457,666	467,788	457,666	467,788
Payments during the year for newbuilding contracts	244,908	258,104	39,279	258,104
Reclassification of completed vessels	-633,025	-268,226	-450,754	-268,226
Net book value at year-end	69,549	457,666	46,191	457,666

Note 16 PARTICIPATIONS IN GROUP

	PARENT COMPANY	
	31/12/2008	31/12/2007
Opening cost	17,401	13,982
Acquisitions during the year	200	200
Disposals during the year	-	-134
Cancellation of value adjustment	-	3,353
Net book value at year-end	17,601	17,401

Notes to the consolidated and parent company accounts

Specification of group's shareholdings and participations in group companies

	Corporate identity no.	Head office	Number	Book value	Share of equity and votes (%)
Swedish group companies					
Destination Gotland AB	556038-2342	Gotland	5,000	5,389	100
Fastighets AB Kopparsvik	556141-1009	Gotland	500	2,507	100
Gotlandsbolaget AB	556643-7850	Gotland	1,000	100	100
Rederi AB Torsburgen	556570-5869	Gotland	1,000	100	100
Rederi AB Gute	556021-0741	Gotland	10,000	1,231	100
Rederi AB Ljugarn	556669-5903	Gotland	1,000	100	100
Rederi AB Våndburg	556496-2222	Gotland	1,000	550	100
Rederi AB Klintehamn	556683-3686	Gotland	1,000	100	100
Rederi AB Kappelshamn	556052-7169	Gotland	250	1,544	100
Rederi AB Lickershamn	556740-0493	Gotland	1,000	100	100
Rederi AB Ronehamn	556740-1616	Gotland	1,000	100	100
Gamla Wisby Bryggeri AB	556035-4341	Gotland	4,320	3,500	100
Gotland Promotion AB	556496-2214	Gotland	550	1,605	55
Rederi AB Herrvik	556762-3342	Gotland	1,000	100	100
Rederi AB Katthammarsvik	556762-3250	Gotland	1,000	100	100
Dormant companies				132	
				17,258	
Foreign group companies					
Gotland Shipping AG*		Switzerland	-	-	100
Gotland Shipping (Bahamas) Ltd*		Bahamas	-	-	100
AM Shipping Ltd*		Bahamas	-	-	100
HM Shipping Ltd*		Bahamas	-	-	100
CM Shipping Ltd*		Bahamas	-	-	100
SM Shipping Ltd*		Bahamas	-	-	100
MM Shipping Ltd*		Bahamas	-	-	100
GM Shipping Ltd*		Bahamas	-	-	100
Dormant companies			-	343	100
				343	
Net book value at year-end				17,601	

* Sub-subsidiary of Rederi AB Gotland.

Note 17 RECEIVABLES FROM GROUP COMPANIES

	PARENT COMPANY	
	31/12/2008	31/12/2007
At start of year	523,513	399,263
Additional receivables	433,942	210,307
Receivables settled	-164,431	-86,057
Net book value at year-end	793,024	523,513

Note 18 OTHER LONG-TERM SECURITIES

	GROUP		PARENT COMPANY	
	31/12/2008	31/12/2007	31/12/2008	31/12/2007
At start of year	1,371	1,371	613	613
New acquisitions during the year	200	-	-	-
Disposals during the year	-111	-	-111	-
Net book value at year-end	1,460	1,371	502	613

Specification of other long-term securities

	Corporate identity no.	Head office	Number	Book value	Share of equity and votes (%)
AB Gotlands Stuveri	556019-6429	Gotland	1,632	297	31
Other shares and participations				205	
Total, parent company				502	
D/S Torm		Denmark	20,000	717	
Other shares and participations				41	
Total, group				1,260	

Notes to the consolidated and parent company accounts

Note 19 OTHER LONG-TERM RECEIVABLES

	GROUP		PARENT COMPANY	
	31/12/2008	31/12/2007	31/12/2008	31/12/2007
At start of year	578	416	378	402
Additional receivables	9,100	200	500	-
Receivables settled	-10	-38	-2	-24
Net book value at year-end	9,668	578	876	378

Note 20 DEFERRED TAX ASSETS

	GROUP		PARENT COMPANY	
	31/12/2008	31/12/2007	31/12/2008	31/12/2007
At start of year	-	-	16,235	37,155
Additional receivables	-	-	8,609	-
Receivables settled	-	-	-	-20,920
Net book value at year-end	-	-	24,844	16,235

Note 21 PREPAID EXPENSES AND ACCRUED INCOME

	GROUP		PARENT COMPANY	
	31/12/2008	31/12/2007	31/12/2008	31/12/2007
Prepaid travel expenses	142	79	79	79
Prepaid insurance premiums	-	1,100	-	-
Other prepaid expenses	7,705	5,303	603	355
Accrued income	2,096	4,207	1,849	-
Net book value at year-end	9,943	10,689	2,531	434

Note 22 SHORT-TERM INVESTMENTS

	GROUP		PARENT COMPANY	
	31/12/2008	31/12/2007	31/12/2008	31/12/2007
Short-term investments in SEK	410,000	375,000	410,000	375,000
Short-term investments in EUR	185,904	113,459	185,904	113,459
Short-term investments in USD	23,257	154,296	23,257	154,296
Net book value at year-end	619,161	642,755	619,161	642,755

Note 23 BANK OVERDRAFT FACILITIES

A bank overdraft facility of SEK 5 million has been granted, of which SEK 0 has been utilised.

Note 24 EQUITY

Share capital

Class of share	Number	Quota value (SEK)
A (SEK 1 quota value)	1,818,419	1,818,419
B (SEK 1 quota value)	951,337	951,337
Total	2,769,756	2,769,756

Movements in equity

There were the following movements in the equity of the group and parent company during the year:

GROUP	Share capital	Restricted reserves	Non-restricted reserves	Profit for the year	Total
Opening equity	2,770	1,135,639	354,411	212,954	1,705,774
Transfer of previous year's profit			212,954	-212,954	-
Dividends			-8,725		-8,725
Transfers between restricted and non-restricted		144,560	-144,560		-
Profit for the year				337,311	337,311
Net book value at year-end	2,770	1,280,199	414,080	337,311	2,034,360

Notes to the consolidated and parent company accounts

PARENT COMPANY	Share capital	Restricted reserves	Non-restricted reserves	Profit for the year	Total
Opening equity	2,770	2,480	183,166	33,998	222,414
Transfer of previous year's profit			33,998	-33,998	-
Dividends			-8,725		-8,725
Group contributions			-281,066		-281,066
Tax effects, group contributions			78,699		78,699
Profit for the year				170,373	170,373
Net book value at year-end	2,770	2,480	6,072	170,373	181,695

Note 25 LIABILITIES TO CREDIT INSTITUTIONS

	GROUP		PARENT COMPANY	
	31/12/2008	31/12/2007	31/12/2008	31/12/2007
Due date 1-5 years from accounting year-end	284,134	296,204	130,176	142,246
Due date over 5 years from accounting year-end	594,599	658,082	325,000	350,000
Net book value at year-end	878,733	954,286	455,176	492,246

Of the group's liabilities to credit institutions, SEK 456,001,000 (495,677,000) is in USD, SEK 450,000,000 (475,000,000) is in SEK and the rest is in EUR. Of the parent company's liabilities to credit institutions, SEK 40,099,000 (50,475,000) is in USD and the rest is in SEK.

Note 26 LIABILITIES TO GROUP COMPANIES

	PARENT COMPANY	
	31/12/2008	31/12/2007
At start of year	608,251	544,931
Additional liabilities	75,313	77,863
Liabilities settled	-7,988	-14,543
Net book value at year-end	675,576	608,251

These liabilities fall due for payment on demand.

Note 27 ACCRUED EXPENSES AND DEFERRED INCOME

	GROUP		PARENT COMPANY	
	31/12/2008	31/12/2007	31/12/2008	31/12/2007
Accrued personnel costs	33,036	31,106	4,066	4,417
Accrued interest	6,363	11,168	2,859	7,444
Deferred income	12,545	11,301	8,001	4,412
Other accrued expenses	31,069	17,659	5,160	3,034
Net book value at year-end	83,013	71,234	20,086	19,307

Note 28 ASSETS PLEDGED TO CREDIT INSTITUTIONS

	GROUP		PARENT COMPANY	
	31/12/2008	31/12/2007	31/12/2008	31/12/2007
Property mortgages	7,860	7,860	7,860	7,860
Vessel mortgages	1,125,566	1,157,237	621,952	630,417
Floating charges	6,825	11,825	1,825	1,825
Bank balances	6,444	6,389	6,444	6,389
Short-term investments	95,000	128,580	95,000	128,580
Total	1,241,695	1,311,891	733,081	775,071

Note 29 CONTINGENT LIABILITIES

	GROUP		PARENT COMPANY	
	31/12/2008	31/12/2007	31/12/2008	31/12/2007
Guarantees on behalf of subsidiaries	-	-	567,358	511,516

Jan-Eric Nilsson
Chairman

Ann-Marie Åström
Vice-chairman

Bill Andréasson

Christer Bergquist

Björn Jernbom

Peter J. Lindskog

Björn Nilsson

Peter Skoglund

Björn Wolrath

Jonas Åman

Jan-Erik Rosengren
Managing Director

Auditors' report

To the Annual General Meeting of Rederi AB Gotland (publ.) Corporate identity no. 556000-8020

We have audited the annual report, the consolidated accounts, the accounting records, and the administration by the Board of Directors and the Managing Director of Rederi AB Gotland (publ) for the financial year 2008. The company's annual report and consolidated accounts are presented on pages 12-27 of the printed version of this document. The Board of Directors and the Managing Director are responsible for the accounting records and the administration and for applying the Swedish Annual Accounts Act in the preparation of the annual report and the consolidated accounts. Our responsibility is to express an opinion on the annual report, the consolidated accounts and the administration on the basis of our audit.

The audit was conducted in accordance with generally accepted auditing standards in Sweden. This means that we planned and performed the audit to obtain reasonable but not complete assurance that the annual report and the consolidated accounts do not contain material errors. An audit includes examination, on a test basis, of evidence supporting the amounts and disclosures in the accounting records. An audit also includes an assessment of the accounting policies and their application by the Board of Directors and the Managing Director, an assessment of significant estimates made by the Board of Directors and the Managing Director when preparing the annual report and the consolidated accounts, and an evaluation of the overall presentation of information in the annual report and the

consolidated accounts. As a basis for our opinion on discharge from liability, we have examined important decisions, actions taken and circumstances in the company, in order to assess whether any member of the Board or the Managing Director is liable to pay compensation to the company. We have also examined whether any member of the Board or the Managing Director has in some other way acted in contravention of the Swedish Companies Act, the Swedish Annual Accounts Act or the company's Articles of Association. We consider that our audit provides a reasonable basis for our opinions below.

The annual report and the consolidated accounts have been prepared in accordance with the Swedish Annual Accounts Act, and they therefore provide a true and fair view of the company's and the group's results and financial position in accordance with generally accepted accounting principles in Sweden. The directors' report is consistent with the rest of the annual report and the consolidated accounts.

We recommend to the Annual General Meeting that the income statement and the balance sheet for the parent company and the group be adopted, the profit of the parent company be appropriated in accordance with the proposal in the directors' report, and the Board of Directors and the Managing Director be discharged from liability for the financial year.

Stockholm, 26 March 2009

Ernst & Young AB

Camilla Ral Ingvarson
Authorised public accountant

Vessels and charterers



M/S GOTLAND AND M/S VISBY

Chartered by Destination Gotland AB.

Employed on Visby-Nynäshamn/Oskarshamn.

Built	2003 at Guangzhou Shipyard International Co Ltd (GSI), China
Length overall	196 m
Breadth	25.67 m
Draught	6.41 m
Gross tonnage	29,746
Net tonnage	9,505
Deadweight	5,258 dwt
Speed	28 knots
Vessel type	Ro-Pax ferry
Passenger capacity	1,500
Seats	1,524
Cabins	112 cabins, 300 berths
Cargo capacity	500 cars or 1,800 linear metres
Class	LR, +100A1, IWS, LI, Ice Class 1 A, +LMC, UMS, NAV, IBS



HSC GOTLANDIA

Chartered by Destination Gotland AB.

Employed on Visby-Nynäshamn/Oskarshamn/Grankullavik.

Built	1999 at Alstom Leroux Naval, Lorient, France
Length overall	112.50 m
Breadth	16.10 m
Moulded depth to deck 3	5.40 m
Gross tonnage	5,632
Net tonnage	1,689
Deadweight	450 dwt
Speed	32 knots
Vessel type	Single-hulled high-speed craft, HSC B
Passenger capacity	700
Seats	700
Cargo capacity	140 cars
Class	LR, +100A1, SSC Passenger (B), Mono, HSC, LDC, G3, IBS NAV, +LMC, UMS, Ice Strengthened



HSC GOTLANDIA II

Chartered by Destination Gotland AB.

Employed on Visby-Nynäshamn/Oskarshamn.

Built	2006 at Fincantieri, Riva Trigoso/Genoa, Italy
Length overall	122 m
Breadth	16.65 m
Draught	3.3 m
Deadweight	580 dwt
Speed	32 knots
Vessel type	Single-hulled high-speed craft, HSC B
Passenger capacity	780
Seats	780
Cargo capacity	160 cars
Class	LR, +100A1, SSC Passenger (B), Mono, HSC, LDC, G3, IBS NAV, +LMC, UMS, Ice Strengthened



M/S ROSTOCK (ex Thjelvar)

Chartered by Scandlines Deutschland GmbH until September 2010.

Built	1981 at OY Wärtsilä AB, Helsinki, Finland Refitted 1997
Length overall	140.80 m
Breadth	22.70 m
Draught	5.25 m/4.95 m
Gross tonnage	17,046
Net tonnage	7,729
Deadweight	3,347 as one-compartment vessel 2,501 as two-compartment vessel
Speed	19 knots
Vessel type	Ro-Pax ferry
Passenger capacity	1,536
Seats	1,330
Cabins	79 cabins, 316 berths
Cargo capacity	450 cars or 1,150 linear metres of trailers
Class	DNV, +1A1, Car Ferry A, MCDK, EO, Ice-1A

Vessels and charterers



M/S GUTE

Chartered by Baltic Scandinavian Lines.

Built	1979 at Falkenbergs varv, Falkenberg.
Length overall	138.70 m
Breadth	16.90 m
Draught	4.32 m/3.42 m
Gross tonnage	7,616
Net tonnage	2,285
Deadweight	1,896 dwt as two-compartment vessel 2,288 dwt as one-compartment vessel
Speed	15 knots
Vessel type	Ro-Pax ferry
Passenger capacity	86 as two-compartment vessel 66 as one-compartment vessel
Seats	48
Cabins	19 cabins, 64 berths
Cargo capacity	895 linear metres
Class	LR, +100A1, +LMC, UMS, Ice class 1A



M/S SIGYN

Owned by the Swedish Nuclear Fuel and Waste Management Co. (Svensk Kärnbränslehantering AB, SKB). Rederi AB Gotland has been responsible for the management of M/S Sigyn since 1984. The vessel transports spent nuclear fuel and operating waste from nuclear power stations.

Built	1982 in Le Havre, France
Length overall	90.33 m
Breadth	18.04 m
Draught	4.00 m
Gross tonnage	4,166
Net tonnage	1,249
Deadweight	2,044 dwt
Speed	12.5 knots
Vessel type	Ro-Ro vessel
Class	LR, +100A1, +LMC, UMS, Ice class 1B

Specially built to transport containers holding radioactive waste. Suitable for heavy cargo. Meets requirements of SOLAS/IAEA conventions for safe transportation of radioactive waste.



M/T TORM ANN-MARIE

A/S Dampskibsselskabet Torm, Copenhagen, is responsible for management and maintenance.

Built	1997 in South Korea
Length overall	244 m
Breadth	42 m
Draught	14 m
Gross tonnage	57,031
Net tonnage	29,612
Deadweight	99,900 dwt
Speed	14 knots
Vessel type	Product tanker
Capacity	115,537 m ³
Main machinery	MAN-B&W 6 S 60 MC
Class	DNV, +1A1, Tanker for Oil, ESP, EO, LCS-SI, CSA-1



M/T TORM ANNA

A/S Dampskibsselskabet Torm, Copenhagen, is responsible for management and maintenance.

Built	2004 in South Korea
Length overall	221 m
Breadth	32 m
Draught	14 m
Gross tonnage	42,432
Net tonnage	21,827
Deadweight	75,000 dwt
Speed	16 knots
Vessel type	Product tanker
Capacity	82,053 m ³
Main machinery	Hyundai B&W 6560 MC-C
Class	LR, +100A, Double Hull oil tanker, 1, ESP, IWS, LI, +LMC, UMS, IGS

Vessels and charterers



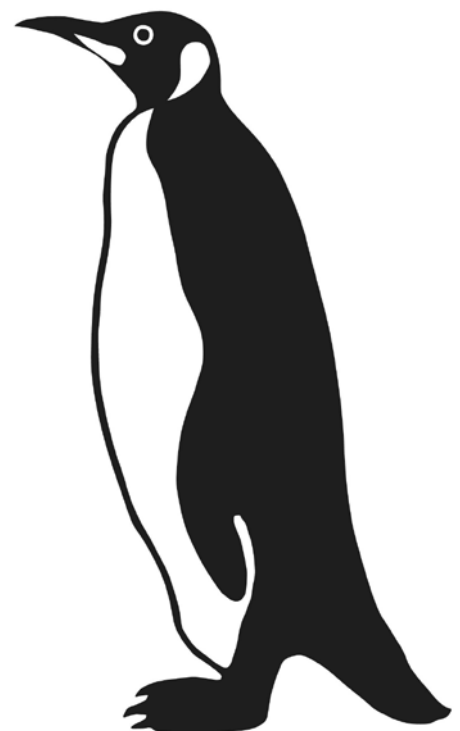
Gotland Class Super Ice

SISTER VESSELS M/T GOTLAND CAROLINA, M/T GOTLAND SOFIA, M/T GOTLAND ALIYA AND M/T GOTLAND MARIEANN

The product tankers were built at Guangzhou Shipyard International in Guangzhou, China and delivered in 2006-2008. The vessels are built to Ice Class 1A Super and are also called 'Gotland Class'. The vessels are optimised for manoeuvring in difficult ice conditions. They can also be operated efficiently in ice-free waters.

A/S Dampskibsselskabet Torm is responsible for the management and maintenance of M/T Gotland Sofia, M/T Gotland Carolina and M/T Gotland Aliya. Wisby Shipmanagement AB is responsible for the management of M/T Gotland Marieann and, from 2009, also for M/T Gotland Carolina, M/T Gotland Sofia and M/T Gotland Aliya. The vessels are commercially operated in a pool partnership with A/S Dampskibsselskabet Torm.

Built	2006/2007/2008 at Guangzhou Shipyard International Co Ltd (GSI)
Length overall	183 m
Breadth	32 m
Draught	12 m
Gross tonnage	29,283
Net tonnage	15,939
Deadweight	53,000 dwt
Speed	15 knots
Vessel type	GSI Gotland Class – Product tanker for chemicals in accordance with IMO II
Capacity	55,000 m ³
Main machinery	Wärtsilä 7RT-flex 50
Class	DNV +1A1, Tanker for Oil ESP, Tanker for Chemical IMO II, EO, UCS-2, T-MON, ICE-1A SUPER, NAUTICUS (Newbuilding), SPM, CCO



Vessels and charterers



M/T WISBY VERITY

Wisby Tankers AB is responsible for management and maintenance. 50% participating interest.

Built	2004 in Germany
Length overall	116.35 m
Breadth	15.11 m
Draught	6.75 m
Gross tonnage	4,107
Net tonnage	2,141
Deadweight	7,479 dwt
Speed	14 knots
Vessel type	Product tanker
Capacity	8,046 m ³
Main machinery	MAK M32C
Class	BV OIL TANKER, FIN/SWE ICE 1A



M/T TOSCA

Chartered by the Anglo-Atlantic Steamship group. 50% participating interest.

Built	2004 in Croatia
Length overall	182.90 m
Breadth	32 m
Draught	12 m
Gross tonnage	26,914
Net tonnage	14,288
Deadweight	48,764 dwt
Speed	14 knots
Vessel type	Product tanker for chemicals in accordance with IMO II
Capacity	52,000 m ³
Main machinery	MAK 8M32/48
Class	DNV+1A1 Tanker for Oil products and Chemicals ESP E0 CCO VCS-2 COAT-2 PLUS-2 ETC NAUTICUS (Newbuilding)



M/T RED WING och M/T RED TEAL

Chartered by Care Tankers Inc.

Built	2005/2007 at Tuzla Gemi Endüstrisi, Turkey
Length overall	119 m
Breadth	17 m
Draught	8 m
Gross tonnage	4,850
Net tonnage	2,300
Deadweight	6,800 dwt
Speed	14 knots
Vessel type	Product tanker for chemicals in accordance with IMO II
Capacity	8,000 m ³
Main machinery	MAK 8M32C
Class	BV Hull Machinery, Oil Tanker/Chemical Tanker, IMO II, Esp, Unrestricted Service, AUT-UMS, Ice 1A, AVM-APS, MON-SHAFT, UCS, IWS



Wisby Tanker's vessel M/T WISBY ARGAN

In a 50/50 partnership with Wisby Tankers AB, Rederi AB Gotland is building two sister vessels for M/T Wisby Argan at Penglai shipyard in China. They are expected to be delivered in 2010. The series has a total of four vessels.

Length overall	99.90
Breadth	18.25
Draught	6.10
Gross tonnage	4,100
Net tonnage, approx.	2,200
Deadweight	5,900
Speed	13 knots
Vessel type	Product tanker for chemicals in accordance with IMO II
Capacity	7,250 m ³
Main machinery	Wärtsilä 9L26
Class	GL, +100 A5, Oil Product and IMO II Chemicals, ESP NAV-OC, T3, +MC, AUT



REDERI/AB GOTLAND

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