

# ANNUAL REPORT 2009



**REDERI/AB GOTLAND**

1865 – 2009

*Serving Gotland for 145 years*





## Annual Report 2009

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[www.gotlandsbolaget.se](http://www.gotlandsbolaget.se)

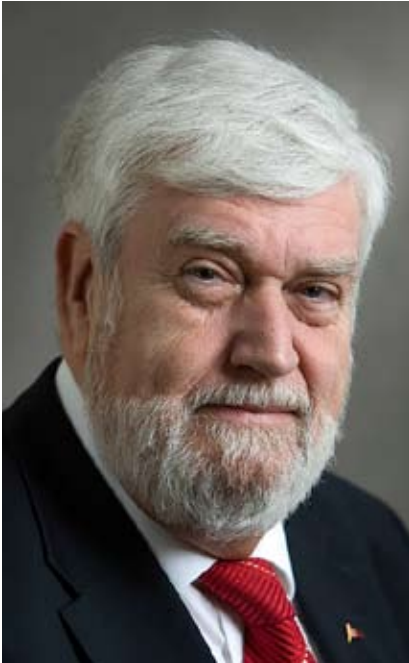


[www.destinationgotland.se](http://www.destinationgotland.se)



The annual report is also available on our website.  
[www.gotlandsbolaget.se](http://www.gotlandsbolaget.se)

The Annual General Meeting will be held at  
the Wisby Strand Conference Centre in Visby  
on 03 May 2010 at 11.00.



*Björn Wolrath, Chairman of the Board of Directors. Born in 1943. Member of the Board of Directors since 1997. Chairman 1997-2001.*



*Jan-Eric Nilsson, President and CEO. Born in 1957. Member of the Board of Directors since 1986. President and CEO 1990-2001. Chairman and CEO 2002-2009.*



*Jan-Erik Rosengren, President 2001-2009. Born in 1944.*

## Letter to Shareholders

Rederi AB Gotland's 145th financial year was eventful and characterised by the major downturn in the world economy and thus also in shipping. The product tanker and ferry/RoRo markets have generally fallen dramatically in terms of freight volumes, market rates and the market values of vessels.

Under these changed market conditions, the shipping company's strategic positioning has been tested and shown to hold water. A fundamental element of the strategy is spreading risk and long-term sustainability. The shipping company's reduction in earnings in product tankers has been noticeable but considerably less than in other parts of the tanker shipping industry. The ferry and RoRo traffic to and from Sweden has suffered big volume losses, in some areas between 25 and 40%. It is, therefore, very pleasing that our Gotland service continues to grow. This means that Destination Gotland has beaten volume records every year since Rederi AB Gotland began operating the service under that name in 1998.

Opinions vary on how the world economy and thus the shipping markets will develop in the next few years and there is great uncertainty. Most indicators point to a slow recovery. The market conditions in the next few years are, therefore, expected to remain weak.

Rederi AB Gotland is well equipped for this. With consistent investment in system solutions and state-of-the-art technology and fundamentally solid finances, we are able not only to survive the trials of the recession but also to make use of the opportunities it offers.

The management of Rederi AB Gotland saw a change of watch in the positions of President and Chairman at the start of 2010. Our President and colleague of many years, Jan-Erik Rosengren, retired and we returned as Chairman of the Board of Directors and President, respectively. We would like to express our and the company's warm thanks to Jan-Erik for his very meritorious work at Rederi AB Gotland during a unique career with the company. Jan-Erik has been loyal to the company since his first day at work as a bicycle boy in 1959.

We would also like to thank all employees for their sterling work during the past year.

Björn Wolrath  
*Chairman of the Board of Directors*

Jan-Eric Nilsson  
*President and CEO*

# Rederi AB Gotland 1865 – 2009

*Rederi AB Gotland is Sweden's oldest shipping company. 2009 was the company's 145th financial year.*

**1865** Gotlandsbolaget is founded with the name Ångfartygsbolaget Gotland. The company's first vessel is called Wisby.

**1890** The company creates Gotland Tourist Association, which remains an important operator for the tourist industry on the island.

**1955** The vessel Christofer Polhem transports cars to and from Gotland via RoRo (roll on, roll off).

**1964, 1972, 1980, 1999, 2003, 2006** Milestones for new generations of vessels on the Gotland service. The 1960s generation of car and passenger ferries were built in the Netherlands, the 1970s generation in the former Yugoslavia and the 1980s generation in Sweden. Around the turn of the millennium, the new generations of high-speed ferries were delivered: SF700 from France in 1999, two SF1500 from China in 2003 and another SF700 ferry from Italy in 2006.

**1967** Rederi AB Gotland acquires Rederi AB Nordö, becoming the sole contractor on the Gotland service.

**1984** Partnership with SKB begins, with the shipping company assuming management responsibility for M/S Sigyn.

**1984** A regional air service is provided via the company's own airline Avia. The company was sold in 1992 to Salenia AB and is now Sweden's biggest regional airline under its new name Skyways.

**1988** Rederi AB Gotland loses the Gotland service after 122 years and another operator takes over.

**1991** Rederi AB Gotland acquires a 50% interest in TT-Linjen, which sails between Trelleborg and Travemünde. The interest was terminated in 1992.

**1994** Involvement with product tankers begins via a partnership with Torm A/S. The shipping company has a 50% interest in three product tankers and has contracted one other.

**1994** Gotlandsbolaget's wholly-owned property company Kopparsviks AB builds a new hotel, Hamnhotellet, on Färjeleden in Visby. The hotel has 80 hotel rooms, 8 apartments and a restaurant with conference premises.

**1998** The Gotland service returns to Rederi AB Gotland, operated by its subsidiary Destination Gotland AB.

**1999** The first single-hull fast ferry of type High Speed Craft, HSC Gotland, was put into service (name changed in 2003 to HSC Gotlandia).

**2003** The two fast ferries built in China, M/S Visby and M/S Gotland, make the Gotland service one of the world's most modern ferry systems.

**2006** HSC Gotlandia II is delivered from Italy and put into operation on the Gotland service.

**2006, 2007, 2008** Gotlandsbolaget takes delivery of four product tankers with ice class 1A Super built at Guangzhou Shipyard International Co in China.

**2007** Summer service to Öland is resumed after 10 years of inactivity.

**2009** Hamnhotellet in Visby is extended. After the conversion, it can accommodate around 400 guests.

**2009** A new contract enters into force for the ferry service between Gotland and the mainland for the period 1/1/2009 – 31/1/2015.





## The financial year in brief

### 1 January – 31 December 2009

#### Financial performance

The profit after net financial items was SEK 184 million (SEK 409 million). Sales were SEK 1,704 million (SEK 1,831 million).

#### Tonnage

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

The fast ferries M/S Visby, M/S Gotland, HSC Gotlandia and HSC Gotlandia II were employed on the Gotland service. M/S Rostock (formerly Thjelvar) was chartered to Scandlines in Germany on a bareboat basis. During the first quarter of 2009, M/S Gute was chartered to Baltic Scandinavian Line on the Kaskö – Härnösand service and, for a shorter period of time, to RG Line Oy Ab for the Wasa – Umeå service, and also served as a replacement vessel for HSC Gotlandia II on the Gotland service in August.

The product tankers M/T Torm Ann-Marie and M/T Torm Anna and the sister vessels M/T Gotland Carolina, M/T Gotland Sofia, M/T Gotland Aliya and M/T Gotland Marieann were chartered in a pool partnership with Torm A/S. The product and chemical vessel M/T Red Teal was chartered on a bareboat basis to Care Tankers Inc and its sister vessel M/T Alice (formerly Red Wing), which was also chartered to Care Tankers Inc for a large part of the year, is now being chartered by Ivar Lundh & Co AB. M/T Tosca was chartered to the Anglo-Atlantic-Steamship group.

During the year, the group took delivery of a product tanker of 7,500 tonnes, M/T Wisby Wave, a sister vessel to

M/T Wisby Verity. The vessel is owned jointly with Wisby Tankers AB on a 50/50 basis and is chartered on a T/C basis to Preem, while M/T Wisby Verity is chartered to Wisby Tankers AB. Another two product tankers owned jointly with Wisby Tankers AB on a 50/50 basis are in production at the Penglai shipyard in China, with delivery planned in 2010.

The company was assigned management responsibility for M/S Sigyn by the Swedish Nuclear Fuel and Waste Management Co. (Svensk Kärnbränslehantering AB) during the year. This partnership began in 1984.

#### 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 twelfth consecutive year to 1,629,000 passengers in the 2009 calendar year, an increase of 2.9% compared with the previous year.

The new contract between the State and Destination Gotland AB, signed in 2007, entered into force on 1 January 2009. The contract remains in force until 31 January 2015.

#### Extension of Hamnhotellet in Visby

The group has owned Hamnhotellet in Visby since 1994. In summer 2009 the hotel was extended with 84 new rooms of three-star standard. After the conversion, the hotel can accommodate around 400 guests.



## Business concept and strategy

Rederi AB Gotland's business concept is to produce capital yield primarily by investing in vessels in the ferry, RoRo and product tanker segments. The core expertise of the company has grown out of 145 years of successive work on the development of new generations of sea transport systems for passengers and vehicles on the Gotland service. It has been a big step from initially having a few vessels, even if they were powerful, advanced ships for their time, that sailed a number of routes to the extremely advanced sea transport systems of today that make up Destination Gotland. The sea transport systems of today consist of the vessels and a large number of high-tech systems in areas including production management and maintenance, customer communication for booking and information, and marketing. The ability to develop new generations of vessels has also been of use in the product tanker segment.

Rederi AB Gotland has made the strategic choice to invest in state-of-the-art systems and vessels. As a result of consistent investment in development in line with the strategy chosen, Rederi AB Gotland and its wholly-owned subsidiary Destination Gotland AB have long been at the cutting edge of system and vessel development in the ferry and RoRo segments. In the product tanker segment, Rederi AB Gotland has develo-

ped a new class of MR vessel with ice class 1A Super called the Gotland class.

The shipping company's knowhow in system development and system operation and its own vessels have enjoyed good demand on the market over the years. Since 1984, Rederi AB Gotland has been responsible for the Swedish sea transport system for nuclear materials and the company has supplied advice and analyses in a broad area worldwide.

Rederi AB Gotland has an AAA rating and has quality and environmental certification for its operations in accordance with ISO 9001 and 14001 via LRQA.



Highest creditworthiness

© Soliditet 2010



# Vision

Rederi AB Gotland's vision for the Gotland service was presented at the 2009 annual general meeting. We want to develop one of the world's most modern sea transport systems in accordance with the requirements and expectations that exist for the environment, travel time and capacity.

Specifically, we want to develop the opportunities for travelling to and from Gotland, while taking significant steps towards our long-term environmental objective, to create a sea transport system without emissions that are harmful to the environment. The transition from hydrocarbon-based means of propulsion is a key step.

By developing new routes to Gotland, we want to increase accessibility and freedom of choice for both visitors to Gotland and the residents and business community on the island. A summer service between Gotland and Öland has been established. Services between Gotland and Estonia/Saaremaa and Latvia are in development and further opportunities are being studied.

Rederi AB Gotland works actively on environmental research and development. No technology has yet been developed and made available that would allow us to achieve our long-term objective of eliminating emissions. However, work is in progress in many fields worldwide. One technological field in which interesting advances have been made is hydrogen propulsion. Commercial application on the scale required for the Gotland service is estimated to be two decades away. We are following this and other developments carefully.

One step in the right direction that is available today is to switch to liquefied natural gas, LNG, as a fuel. LNG is a much cleaner fuel than oil and, when combusted, it produces emissions that are completely free of sulphur compounds and 80% lower in nitrogen compounds. CO<sub>2</sub> emissions are reduced by 20-30%. Using biogas as the source for some of the LNG consumed improves the carbon balance further.

## What is LNG?

Liquefied Natural Gas is natural gas cooled to -163°C, i.e. the boiling point at which the gas assumes liquid form.

1 m<sup>3</sup> natural gas becomes 1.6 litres LNG, i.e. LNG takes up roughly 600 times less space than the gas.

In liquid form, LNG can be used as a fuel, for example for marine engines.

Biogas and natural gas both consist mainly of the same gas, methane (CH<sub>4</sub>).

Therefore, you can make LNG from either biogas or natural gas.

Compared with oil-based propulsion, the introduction of LNG generally produces a 100% reduction in acidifying sulphur compounds, a 100% reduction in harmful particles, an 80-90% reduction in the greenhouse gases nitrogen oxides and a 20-25% reduction in the greenhouse gas CO<sub>2</sub>.

If biogas is used for the manufacture of LNG, the fuel is neutral in terms of carbon balance.

## Rederi AB Gotland's concept vessel for a future sea transport system



# Operations – Shipping

## Product tankers

Rederi AB Gotland acquired three product tankers with Torm A/S in 1994. This transaction was the start of a partnership that has developed very positively. Rederi AB Gotland now owns eleven product tankers ranging in size from 7,000 to 100,000 tonnes. The company has a 50% interest in three of these.

The product tanker market is divided according to the size of the vessels. 7,000 – 9,000 dwt vessels are called small tankers, 25,000 – 55,000 dwt vessels are called Medium Range (MR), 55,000 – 80,000 dwt vessels are called Long Range 1 (LR1) and vessels of 80,000 dwt and over are called Long Range 2 (LR2). A common way to improve availability on the market and spread the risks is to collaborate in pools. Rederi AB Gotland has its MR, LR1 and LR2 vessels in pools operated by Torm A/S.

The company began a partnership with the Gotland-based company Wisby Tankers AB in 2006, acquiring a 50% interest in the vessel M/T Wisby Verity.

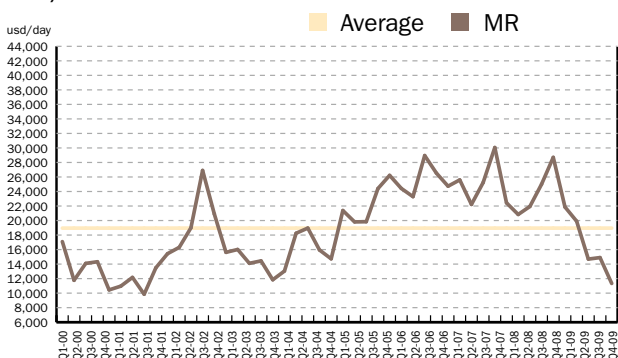
## Net worth

The group's vessel holdings had a net book value of SEK 2,418 million (2,574 million) as at 31 December 2009. It is difficult to carry out a true and 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, which 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 chartered out until the end of January 2015, which further complicates a true and fair valuation.

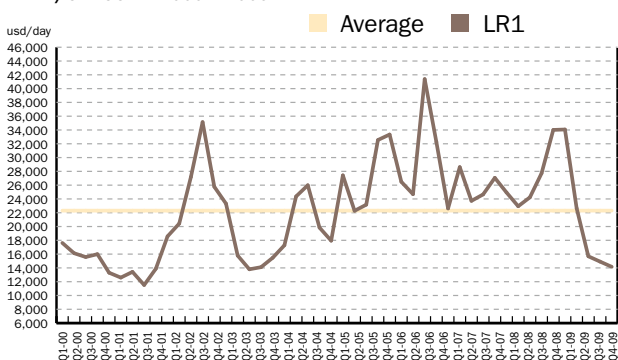
The product tanker market is more efficient in terms of both vessels and freight rates. Newbuilding prices fell in 2008-2009 from a high level.

## Market trend in Torm's pools

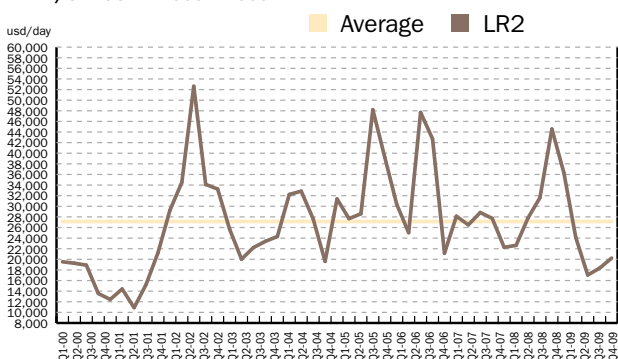
MR T/C INCOME 2000 – 2009



LR1 T/C INCOME 2000 – 2009



LR2 T/C INCOME 2000 – 2009

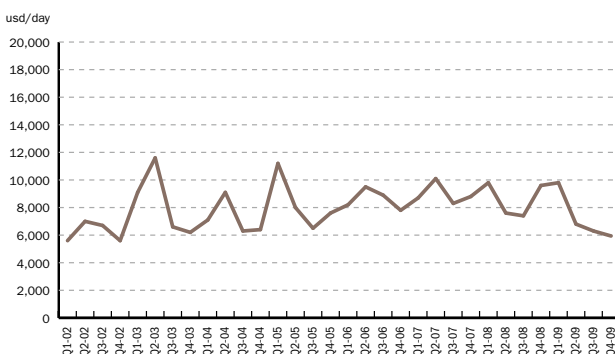


## Exchange rate risks

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 and EUR. 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. 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.

T/C EARNINGS (USD) ON AVERAGE FOR A TANKER OF 7-9000 CBM ON THE SINGLE VOYAGE MARKET, N. EUROPE/BALTIC SEA 2002 – 2009





## Rederi AB Gotland group's areas of activity

Sea transport systems for passengers and vehicles

Sea transport systems for refined petroleum products and chemicals

Development and technical management of vessels

Special tasks

Management of properties and finances

## Positions of tankers on 17 March 2010





*Gotland's supply artery. 24 hours a day, 365 days a year.*

*Photographer: Mike Louagie*

## The Gotland service

### History

In 1865, the five most influential businessmen on Gotland met, on County Governor Gyllenram's initiative, to set up a company with the aim of creating regular ferry connections between Gotland and the Swedish mainland. Up to that time, it had been necessary to use cargo and mail vessels to travel to and from the island. All Gotland residents were invited to subscribe for shares in the new Ångfartygsaktiebolaget Gotland and many accepted.

Since then, Ångfartygsaktiebolaget Gotland, subsequently Rederi AB Gotland, has had a strong, broad base of Gotland shareholders and the Gotland service has constituted the core of the company's operations, apart from a period of ten years. Throughout the 20th century, the service and the Gotland tourist industry developed in close cooperation. Today, tourism is the biggest industry on the island and the Gotland service is a fully integrated part not only of this industry but also, in principle, of the economy of the entire Gotland community. Virtually all goods that are consumed and produced on the island, with the exception of cement/limestone, forestry products and petroleum products, come to or leave the island 'just in time' on trucks on the ferries. At the same time, the travel needs of both Gotland residents and visitors to the island have to be met.

### State subsidy

The Gotland service constitutes, in its form and function, a unique part of the Swedish interregional transport infrastructure as it can be said to be the equivalent of both a road and a railway to the island. The service is operated and has always been operated privately, but since 1971 the State has subsidised the service to allow a higher service frequency than the market could otherwise support, particularly during the winter low season. The Swedish State has politically well-established responsibility for good interregional transport links for the entire country, which also benefits Gotland.

### Destination Gotland

A big step was taken in the history of the service in 1998 when Destination Gotland was introduced. The basic idea was and is to create a structure that not only makes possible but also actively contributes to increased competitiveness in Gotland as a region and a destination.

To meet the requirements profile facing the service, a world-class sea transport system has been developed. In 1999-2006 a three-stage development programme was implemented in which a brand new generation of vessels and support systems was introduced, all specially produced for the Gotland service. With the journey time roughly halved and considerably better service frequency, travel was made considerably easier and the efficiency of supplies to Gotland could be enhanced.

Parallel to the introduction of the new vessels, a new generation of IT system for information about and marketing and sales of the Gotland tourism products was developed. This laid the foundation for unique collaboration within the industry on Gotland, which thus became considerably more easily accessible as a destination and base for activities.

### Traffic growth

The volume of passengers on the ferry service between Gotland and the mainland has grown continuously for a long time. The only exception was 1991, when VAT was introduced on domestic travel. Since 1979, the volume of passengers has doubled and since 1998, when Destination Gotland was introduced, the increase in volume has been 40%.

Volumes of cars and goods have also grown dramatically. Increases in volumes of cars are closely related to the growth in volumes of passengers, while the volumes of goods are related to industrial activity on the island.

Volumes of passengers vary greatly over the months of the year. The volume for all of February is equivalent to that for roughly 72 hours in July. However, major holidays outside the summer season also demonstrate the same level of passenger volume as the traffic in high summer. Volumes of goods, on the other hand, are more evenly distributed over the year.

**Finances**

The increase in volumes of passengers and goods has meant an increase in earnings on the service. However, costs have increased at the same time. Gradually stricter requirements for both vessels and support systems, plus general increases in operating costs, not least for fuel, are important factors. Viewed over a long period of time, since the service started in the 19th century, the costs of meeting the general requirements made for this type of shipping and the complex requirements profile the Gotland service has to satisfy have exceeded what the market can support since the early 1970s. Which is why the State subsidises the service.

To make economic growth on Gotland possible and to contribute to it, the Gotland service has to meet the requirements profile of both passenger/car transport and goods transport over the year. A very well developed sea transport system is required to ensure that this is done in an economically efficient manner. One of the objectives of the introduction of Destination Gotland was to make it possible to have a much improved service without the State's costs being increased accordingly. This objective has been achieved, partly by the traffic volumes producing increased earnings on the service, which has had a positive effect on the need for subsidy, and partly by economic means via the growth

made possible on Gotland, which has had a positive effect on the need for subsidy for the region of Gotland. The customers of the service have greater freedom of choice and greater opportunity to travel at lower cost.

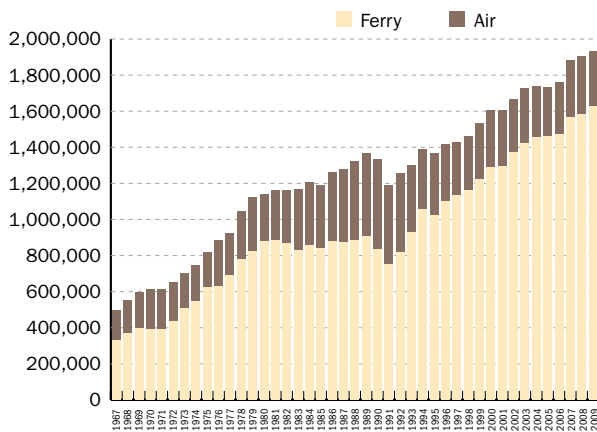
**Environment**

The environment has been a focal point since the creation of Destination Gotland. This is partly on account of external requirements in addition to both international and national general regulatory requirements, and partly on account of Rederi AB Gotland's own ambitions. Destination Gotland has an environmental management system that is certified in accordance with ISO 14001 and a wide spectrum of measures are implemented. From the start, the reduction of harmful emissions into the air and water, primarily of acidifying substances and greenhouse gases, has been a special priority. Vessels are powered with low-sulphur fuel, which dramatically reduces emissions of acidifying sulphur compounds. This is particularly important in the Baltic Sea. Moreover, Destination Gotland is the only service of its kind with catalytic exhaust emission control installed on all vessels. This reduces emissions of nitrogen compounds by 80-90%.

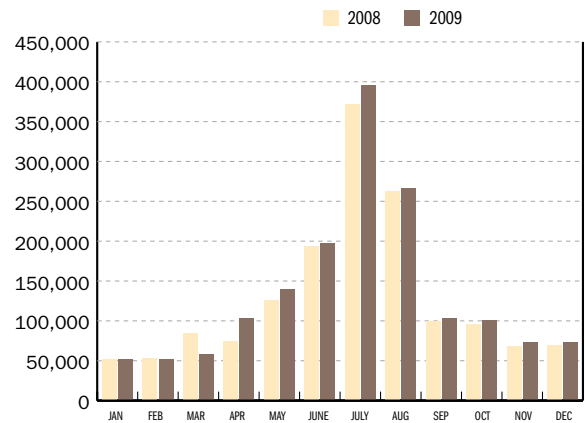
Nitrogen compounds are harmful greenhouse gases and reduction technology has been developed for them. No corresponding technology has been developed for carbon dioxide, which is currently the focus of public debate. A gradual reduction is being achieved instead via improved operating procedures at Destination Gotland. This work is ongoing and produced a reduction in 2009 equivalent to emissions from 30 single sailings.

Rederi AB Gotland carries on continuous development work to make advances on the way towards the final objective, emission-free shipping.

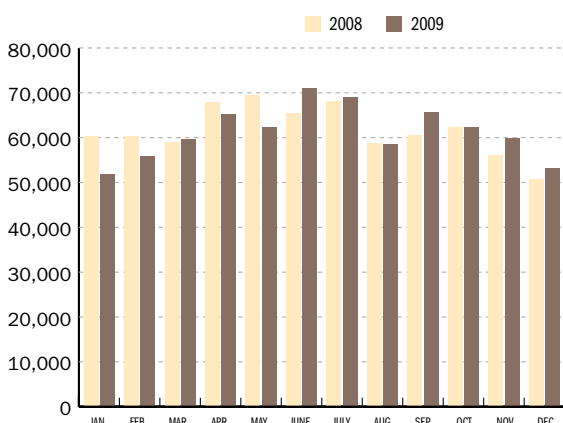
**FERRY/AIR 1967 – 2009 DOMESTIC TRAFFIC TO AND FROM VISBY**



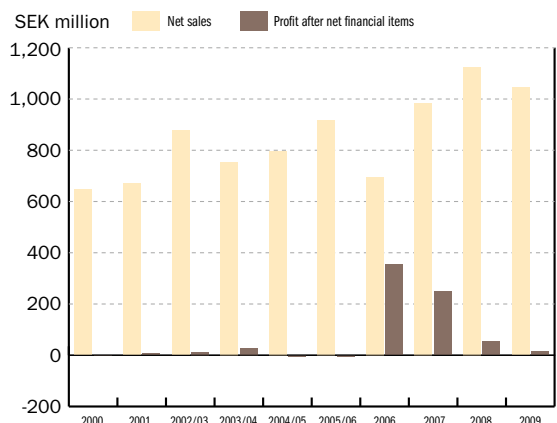
**PASSENGER STATISTICS TOTAL MONTHLY COMPARISON 08/09**



**CARGO STATISTICS IN LINEAR METRES TOTAL MONTHLY COMPARISON 08/09**



**SALES AND PROFIT FOR DESTINATION GOTLAND AB, 2000 - 2009**



# 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 2009, 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 2009), there were 2,381 (2,340) shareholders. Around two-thirds of the shareholders are Gotland residents. Institutional holdings amounted to 5.5% on 31 December 2009.

## Share price and turnover

The B-share price decreased from SEK 590 to SEK 530 during the financial year. The SAX All Share Index, which reflects trends on the Stockholm Stock Exchange, rose by 47% over the same period and the sector to which Rederi AB Gotland belonged on the Stockholm Stock Exchange, SX203030 Marine, fell by 29%. The highest price paid for a B-share during the financial year was SEK 600 and the lowest price paid was SEK 530. 9,414 shares were traded during the financial year, for a total value of SEK 5.1 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 2009, equity was SEK 2,169 million, compared with SEK 2,034 million on 31 December 2008. The Board therefore proposes a dividend of SEK 4.00 per share (previous year SEK 3.75).

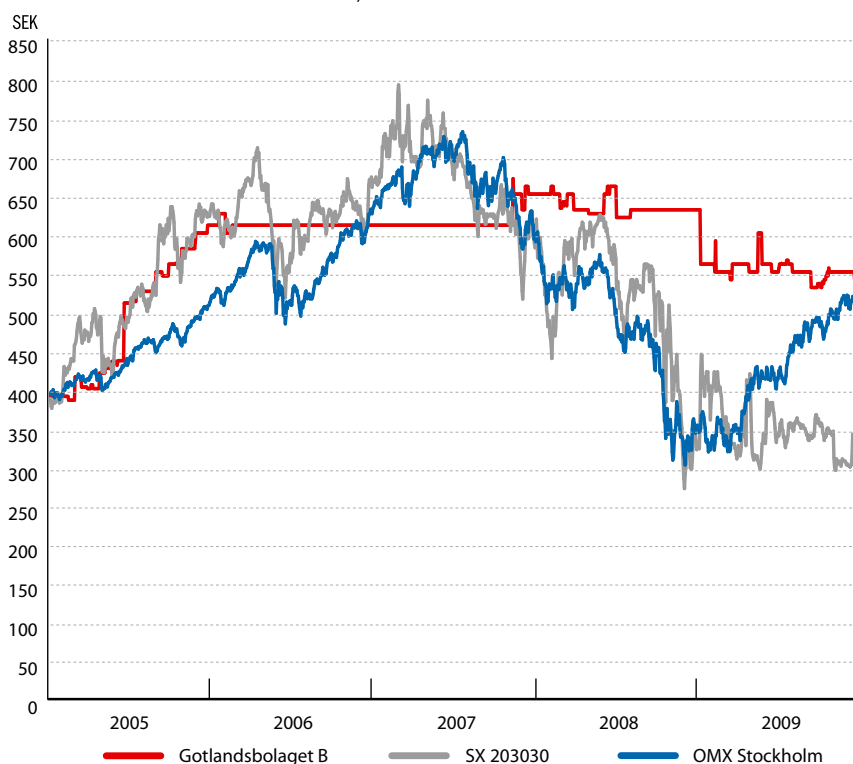
Ratios per share are shown on page 16.



## OWNERSHIP STRUCTURE, 31 DECEMBER 2009

	TOTAL	A-SHARES	B-SHARES	% OF VOTES	% OF SHARES
Trojaborg 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	108,355	91,514	16,841	4.9	3.9
Redarnas ömsesidiga försäkringsbolag	40,900	29,700	11,200	1.6	1.5
Förvaltnings AB Grötlingboudd	136,611	5,185	131,426	1.0	4.9
Köpmansgillet i 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	30,630	7,788	22,842	0.5	1.1
Strand Hotel in Visby	14,850	5,500	9,350	0.3	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	527,758	181,041	346,717	11.3	19.1
<b>Total</b>	<b>2,769,756</b>	<b>1,818,419</b>	<b>951,337</b>	<b>100</b>	<b>100</b>

SHARE PRICE, 1 JAN 2005 – 31 DEC 2009



The SAX All Share Index (OMX Stockholm) rose by 47% and the marine index (SX 203030) fell by 29%.

**SINCE REGISTRATION ON THE STOCKHOLM STOCK EXCHANGE IN 1982, REDERI AB GOTLAND'S SHARE CAPITAL HAS CHANGED AS FOLLOWS:**

YEAR	TRANSACTION	INCREASE/DECREASE IN NO. OF SHARES	INCREASE/DECREASE IN SHARE CAPITAL, SEK	TOTAL NO. 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 SIZE OF HOLDING, 31 DECEMBER 2009**

SHAREHOLDING	NO. OF SHARES	% OF SHARES	NUMBER OF SHAREHOLDERS	% OF SHAREHOLDERS
1-200	87,479	3.2	1,964	82.4
201-500	67,318	2.4	204	8.6
501-1,000	71,776	2.6	99	4.2
1,001-5,000	166,326	6.0	82	3.5
5,001-	2,376,857	85.8	32	1.3
<b>Total</b>	<b>2,769,756</b>	<b>100.0</b>	<b>2,381</b>	<b>100.0</b>

Institutional investors held 5.5% of the capital and 4.1% of the votes.

# Directors' report

The Board of Directors and the President of Rederi AB Gotland (publ), corporate identity number 556000-8020, hereby submit the annual report for the 2009 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 223 (383) million. The profit after financial items was SEK 184 (409) million. Sales were SEK 1,704 (1,831) million.

The group's negative growth in profit compared with the previous year is primarily due to a general decline in the product tanker market from a previous good level.

## 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 and travel agency activities via Gotland Promotion AB. Activities are expected to continue on the current level.

## 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 first quarter of 2009, M/S Gute was chartered to Baltic Scandinavian Line on the Kaskö – Härnösand service and, for a shorter period of time, to RG Line Oy Ab for the Wasa – Umeå service, and also served as a replacement vessel for HSC Gotlandia II on the Gotland service in August.

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 Ann-Marie (100,000 dwt), M/T Torm Anna (75,000 dwt) and the sister vessels M/T Gotland Carolina, M/T Gotland Sofia, M/T Gotland Aliya and M/T Gotland Marieann (53,000 dwt each). During the year, responsibility for the management of M/T Torm Anna, M/T Gotland Carolina, M/T Gotland Sofia and M/T Gotland Aliya was transferred from Torm A/S to Wisby Shipmanagement AB, which continues also to manage M/T Gotland Marieann. M/T Torm Ann-Marie is managed by Torm A/S. The vessels are chartered in a pool partnership with Torm A/S.

The group also owns two product and chemical vessels, M/T Alice (formerly Red Wing) and M/T Red Teal, each 6,800 dwt. M/T Red Teal is chartered to Care Tankers Inc on a bareboat basis. M/T Alice, which was also chartered to Care Tankers Inc for a large part of the year, is now chartered via Skeppsmäklaren Ivar Lundh & Co AB.

The group also has a 50% interest in three other product tankers: M/T Tosca (46,800 dwt), which is chartered to the Anglo-Atlantic-Steamship group, M/T Wisby Verity, which is chartered to Wisby Tankers AB, and its sister vessel M/T Wisby Wave (both 7,500 dwt). M/T Wisby Wave was

delivered from Ferus Smit Westerbroek in October 2009 and is chartered to Preem via the shipping partnership for M/T Wisby Wave.

On a 50/50 basis with Wisby Tankers AB, the shipping company currently has an order with the Penglai shipyard in China for two product tankers, each of 5,800 dwt, with delivery planned for 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 14 (53) million. Net sales were SEK 1,046 (1,124) million. The number of passengers using the Gotland service, including the Öland service, increased by 2.9%, compared with the previous year, to a total of 1,629,000.

The 2009 financial year was the first under the new agreement with the National Public Transport Agency. The previous agreement, a gross agreement, meant that the National Public Transport Agency fixed the timetable and the price list. The earnings from the service accrued to the National Public Transport Agency and the National Public Transport Agency subsequently paid Destination Gotland AB for services supplied.

The new agreement is a net agreement, with higher risks than the previous gross agreement as the company now retains the passenger earnings along with a fixed payment for providing the service. If oil prices increase during the term of the agreement, the National Public Transport Agency will compensate the company for half the increase in cost. The company is entitled to compensate for the other half of the increase in cost by charging higher ticket prices. For 2009, the total payment from the National Public Transport Agency amounted to SEK 343 million.

On 23 July 2009, there was a serious collision between two of the shipping company's vessels. This had never previously happened in the 145-year history of the company. M/S Gotland and HSC Gotlandia II collided in dense fog in the channel off Nynäshamn. Fortunately, there were no serious personal injuries. During the 72 hours after the collision, 48,580 passengers were transported, 6% more than in the corresponding days in the previous year, despite the absence of HSC Gotlandia II, which had to be taken out of service for extensive repairs. HSC Gotlandia II was in the shipyard for repairs during the winter and returned to Visby in March 2010. The cause of the accident has not yet been clarified but is being investigated by the Swedish Accident Investigation Board, which is expected to present its report in 2010.

Destination Gotland is also responsible for managing M/S Gute, which was used as a backup vessel on the Gotland service in August 2009.

## Hamnhotellet in Visby

Via its subsidiary Fastighets AB Kopparsvik, the group has owned Hamnhotellet in Visby since 1994. In summer 2009 Hamnhotellet was extended with 84 new rooms of three-star standard. After the conversion, the hotel can accommodate around 400 guests.

**Investments**

Gross investments for the period amounted to SEK 153 (269) million for the group and SEK 40 (49) million for the parent company.

**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 and EUR. 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. 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 market risks in the product tanker segment of fluctuations in demand are reduced by the majority of the shipping company's vessels in this segment either being included in pool partnerships or being chartered on long-term contracts. Destination Gotland has a market risk related to demand for travel to and from Gotland. 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 831 (748) million.

Interest-bearing liabilities were SEK 977 (1,027) million.

The equity ratio was 57.6 (56.0)%.

Equity per share was SEK 783 (734).

**Parent company**

The parent company's profit after financial items was SEK 160 (167) million. The post-tax profit is SEK 176 (171) million. Net sales were SEK 288 (310) million. The parent company operates

as a shipping company in the product tanker and ferry segments and manages assets in the form of properties and financial assets.

**Events after the year-end**

No events of major importance to the group have occurred since the end of the financial year.

**Proposed appropriation of profits**

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

	SEK
Profit brought forward	76,112,478
Profit for the year	176,314,126
	252,426,604

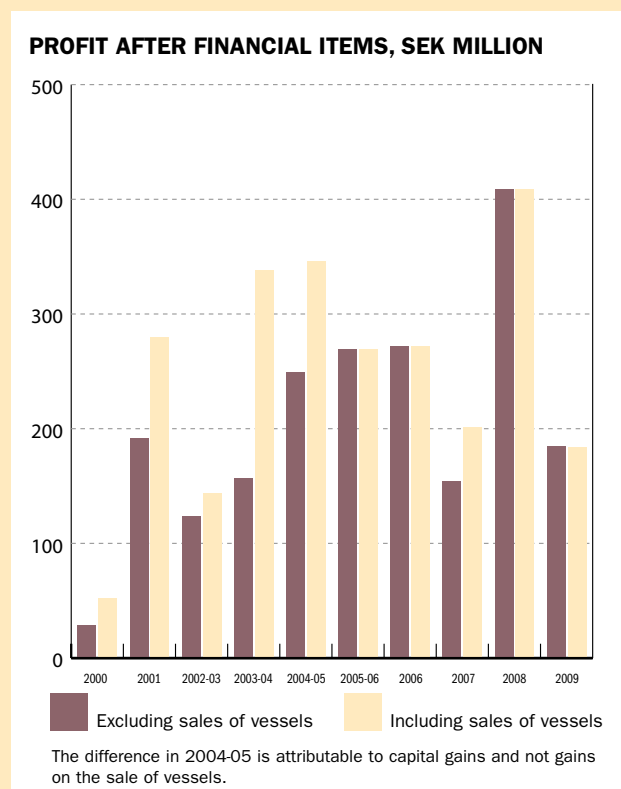
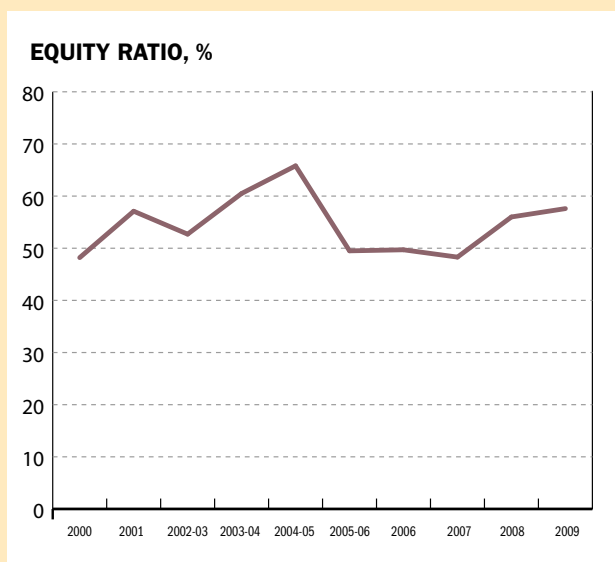
The Board of Directors and the President propose that a dividend of SEK 4.00 be paid to the shareholders (2,769,756 shares)

To be carried forward	11,079,024
	241,347,580
	252,426,604

The payment date for the dividend adopted is estimated as 11 May 2010.

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 03 May 2010 for adoption.



# Five-year financial review

	2009	2008	2007	2006	2005/2006
	12 months	12 months	12 months	8 months	12 months
<b>From the income statement (SEK million)</b>					
Income	1,703.9	1,830.7	1,550.0	973.9	1,314.3
Profit after financial items	184.4	408.6	201.0	271.5	268.7
<b>Return (%)</b>					
-on equity after tax (1)	6.9	18.0	13.3	14.3	17.0
-on capital employed (2)	6.7	12.9	8.2	11.1	12.6
-on assets (3)	6.5	12.4	7.8	10.5	11.7
<b>From the balance sheet (SEK million)</b>					
Fixed assets	2,626.2	2,730.1	2,691.4	2,343.1	1,883.7
Current interest-free operating liabilities	137.9	122.2	142.4	148.7	173.4
Long-term liabilities	858.6	885.2	960.7	919.9	681.2
Equity	2,169.0	2,034.4	1,705.8	1,501.1	1,306.9
Total assets	3,762.6	3,632.1	3,531.3	3,019.6	2,639.6
Equity ratio (%) (4)	57.6	56.0	48.3	49.7	49.5
<b>Per share (SEK)</b>					
Equity	783.09	734.49	615.86	541.91	471.81
Profit after tax	52.35	121.78	76.89	72.51	78.28
Dividend	4.00*	3.75	3.15	2.75	2.40
<b>Share price at year-end (SEK)</b>					
B-share	530	590	660	650	635
<b>Other</b>					
Gross investments (SEK million)	153	269	552	583	601
Number of employees	416	422	402	411	436
Average number of shares	2,769,756	2,769,756	2,769,756	2,769,756	2,969,756

## Notes

- 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 2009

SEK thousands	Note	GROUP		PARENT COMPANY	
		2009	2008	2009	2008
Net sales	1, 2	<b>1,703,881</b>	1,830,688	<b>286,581</b>	311,917
<b>Total income</b>		<b>1,703,881</b>	1,830,688	<b>286,581</b>	311,917
<b>Operating expenses</b>					
Other external costs	3	<b>-988,685</b>	-978,315	<b>-41,263</b>	-48,766
Personnel costs	4, 5	<b>-244,166</b>	-232,972	<b>-15,696</b>	-19,134
Depreciation, vessels	6	<b>-240,174</b>	-230,931	<b>-73,502</b>	-93,908
Depreciation, other tangible fixed assets	7, 8	<b>-7,708</b>	-4,933	<b>-1,743</b>	-1,634
<b>Total operating expenses</b>		<b>-1,480,733</b>	-1,447,151	<b>-132,204</b>	-163,442
<b>Operating profit</b>		<b>223,148</b>	383,537	<b>154,377</b>	148,475
<b>Result from financial investments</b>					
Result from participation in group companies	9	-	-	<b>20,000</b>	465
Result from securities and receivables accounted for as fixed assets	10	<b>240</b>	277	<b>45</b>	-9
Interest income and similar profit/loss items	11	<b>17,303</b>	60,242	<b>14,792</b>	53,782
Interest expenses and similar profit/loss items	12	<b>-56,245</b>	-35,496	<b>-29,232</b>	-35,559
<b>Total result from financial investments</b>		<b>-38,702</b>	25,023	<b>5,605</b>	18,679
<b>Profit after net financial items</b>		<b>184,446</b>	408,560	<b>159,982</b>	167,154
Appropriations					
Additional depreciation, vessels		-	-	<b>73,273</b>	73,309
Tax for the year	13	<b>-38,688</b>	-70,768	<b>-56,941</b>	-70,090
Minority interests		<b>-774</b>	-481	-	-
<b>PROFIT FOR THE YEAR</b>		<b>144,984</b>	337,311	<b>176,314</b>	170,373
<b>Per-share data</b>					
Earnings per share after tax (SEK)		<b>52.35</b>	121.78		
Average number of shares		<b>2,769,756</b>	2,769,756		

# Balance sheet as at 31 December 2009

ASSETS	Note	GROUP		PARENT COMPANY	
		31/12/2009	31/12/2008	31/12/2009	31/12/2008
<i>SEK thousands</i>					
<b>Fixed assets</b>					
<b>Tangible fixed assets</b>					
Vessels	6	2,418,478	2,574,257	270,410	343,912
Newbuilding contracts, vessels and hotels	14	70,184	69,549	70,184	46,191
Buildings and land	7	113,990	66,929	33,494	34,704
Equipment	8	21,088	8,207	1,772	2,331
<b>Total tangible fixed assets</b>		<b>2,623,740</b>	2,718,942	<b>375,860</b>	427,138
<b>Financial fixed assets</b>					
Participations in group companies	15	–	–	17,387	17,601
Participations in associated companies		20	20	20	20
Receivables from group companies	16	–	–	701,068	793,024
Other long-term securities	17	1,484	1,460	502	502
Other long-term receivables	18	1,001	9,668	831	876
Deferred tax assets	19	–	–	–	24,844
<b>Total financial fixed assets</b>		<b>2,505</b>	11,148	<b>719,808</b>	836,867
<b>Total fixed assets</b>		<b>2,626,245</b>	2,730,090	<b>1,095,668</b>	1,264,005
<b>Current assets</b>					
<b>Inventories</b>					
Finished products and goods for resale		7,173	5,134	167	167
<b>Current receivables</b>					
Accounts receivable - trade		30,512	100,890	12,140	4,234
Receivables from group companies		–	–	3,565	0
Other receivables		177,520	33,206	123,752	22,345
Tax receivables		1,039	5,232	431	2,639
Prepaid expenses and accrued income	20	89,276	9,943	4,646	2,531
<b>Total current receivables</b>		<b>298,347</b>	149,271	<b>144,534</b>	31,749
<b>Short-term investments</b>	21	<b>547,824</b>	619,161	<b>547,824</b>	619,161
<b>Cash and bank balances</b>	22	<b>283,009</b>	128,470	<b>238,903</b>	10,050
<b>Total current assets</b>		<b>1,136,353</b>	902,036	<b>931,428</b>	661,127
<b>TOTAL ASSETS</b>		<b>3,762,598</b>	3,632,126	<b>2,027,096</b>	1,925,132

**Balance sheet as at 31 December 2009**

<b>LIABILITIES AND EQUITY</b>	<i>SEK thousands</i>	<i>Note</i>	<b>GROUP</b>		<b>PARENT COMPANY</b>	
			<b>31/12/2009</b>	31/12/2008	<b>31/12/2009</b>	31/12/2008
<b>Equity</b>		23				
<b>Restricted equity</b>						
Share capital			<b>2,770</b>	2,770	<b>2,770</b>	2,770
Restricted reserves			<b>1,336,215</b>	1,280,199	<b>2,480</b>	2,480
<b>Total restricted equity</b>			<b>1,338,985</b>	1,282,969	<b>5,250</b>	5,250
<b>Non-restricted equity</b>						
Non-restricted reserves			<b>684,988</b>	414,080	<b>76,112</b>	6,072
Profit for the year			<b>144,984</b>	337,311	<b>176,314</b>	170,373
<b>Total non-restricted equity</b>			<b>829,972</b>	751,391	<b>252,426</b>	176,445
<b>Total equity</b>			<b>2,168,957</b>	2,034,360	<b>257,676</b>	181,695
<b>Untaxed reserves</b>						
Accumulated additional depreciation, vessels			-	-	<b>270,879</b>	344,151
<b>Minority interests</b>						
Minority interests			<b>1,270</b>	919	-	-
<b>Provisions</b>						
Provisions for pensions			<b>199</b>	199	<b>199</b>	199
Provisions for deferred tax		24	<b>470,825</b>	441,321	-	-
<b>Total provisions</b>			<b>471,024</b>	441,520	<b>199</b>	199
<b>Long-term liabilities</b>						
Liabilities to credit institutions		25	<b>858,561</b>	878,733	<b>418,105</b>	455,176
Liabilities to group companies		26	-	-	<b>570,187</b>	675,576
Other long-term liabilities			<b>6,445</b>	6,421	<b>6,445</b>	6,421
<b>Total long-term liabilities</b>			<b>865,006</b>	885,154	<b>994,737</b>	1,137,173
<b>Current liabilities</b>						
Liabilities to credit institutions		22	<b>118,438</b>	147,976	<b>77,225</b>	232,408
Advance payments from customers			-	417	-	417
Accounts payable - trade			<b>44,974</b>	30,439	<b>3,420</b>	8,534
Liabilities to group companies			-	-	<b>399,674</b>	-
Tax liabilities			-	-	<b>0</b>	0
Other liabilities			<b>5,926</b>	8,328	<b>997</b>	469
Accrued expenses and deferred income		27	<b>87,003</b>	83,013	<b>22,289</b>	20,086
<b>Total current liabilities</b>			<b>256,341</b>	270,173	<b>503,605</b>	261,914
<b>TOTAL LIABILITIES AND EQUITY</b>			<b>3,762,598</b>	3,632,126	<b>2,027,096</b>	1,925,132
<b>Pledged assets and contingent liabilities</b>						
Pledged assets		28	<b>1,285,366</b>	1,241,695	<b>729,616</b>	733,081
Contingent liabilities		29	-	-	<b>637,046</b>	567,358

# Cash flow statement

SEK thousands	Note	GROUP		PARENT COMPANY	
		2009	2008	2009	2008
<b>Operating activities</b>					
Profit after financial items		<b>184,446</b>	408,560	<b>159,983</b>	167,154
Adjustments for items not included in cash flow					
Depreciation	6, 7, 8, 9	<b>247,882</b>	235,863	<b>75,991</b>	95,542
Other items not affecting liquidity		<b>-10,785</b>	-22,110	<b>-5,106</b>	-18,232
		<b>421,543</b>	622,313	<b>230,868</b>	244,464
Tax paid		<b>-383</b>	-481	-	-1,244
<b>Cash flow from operating activities before change in working capital</b>		<b>421,160</b>	621,832	<b>230,868</b>	245,708
Changes in working capital					
Change in inventories		<b>-2,039</b>	-13,383	-	-
Change in receivables		<b>-143,082</b>	-53,255	<b>-109,220</b>	-19,591
Change in liabilities		<b>14,920</b>	-32,214	<b>-2,801</b>	-63,313
<b>Cash flow from operating activities</b>		<b>290,959</b>	549,746	<b>118,847</b>	162,804
<b>Investment activities</b>					
Acquisition of vessels and newbuilding contracts	6, 14	<b>-108,387</b>	-229,901	<b>-39,562</b>	-39,279
Acquisition of other tangible fixed assets	8, 9	<b>-44,399</b>	-38,753	<b>-82</b>	-9,969
Sales of vessels		-	-	-	-
Sales of other fixed assets		-	4,765	-	4,113
Change in financial fixed assets		<b>43</b>	-9,200	<b>-379</b>	-607
<b>Cash flow from investment activities</b>		<b>-152,743</b>	-273,089	<b>-40,023</b>	-45,742
<b>Financing activities</b>					
Loans raised		<b>59,338</b>	-	<b>24</b>	-
Repayment of liabilities		<b>-105,604</b>	-277,856	<b>-65,450</b>	-112,389
Changes in inter-company balances		-	-	<b>150,090</b>	-32,497
Dividend to shareholders		<b>-10,387</b>	-8,725	<b>-10,387</b>	-8,725
<b>Cash flow from financing activities</b>		<b>-56,653</b>	-286,581	<b>74,277</b>	-153,611
Change in liquid assets		<b>81,563</b>	-9,924	<b>153,101</b>	-36,549
Liquid assets at start of year		<b>747,631</b>	734,235	<b>629,211</b>	660,077
Exchange rate differences in liquid assets		<b>1,639</b>	23,320	<b>4,415</b>	5,683
<b>Liquid assets at end of year</b>		<b>830,833</b>	747,631	<b>786,727</b>	629,211

# 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. The translation differences are reported under financial items in the income statement.

## 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 current financial investments.

# Notes to the consolidated and parent company accounts

Amounts in SEK thousands unless stated otherwise

## Note 1 NET SALES BY SEGMENT

	GROUP		PARENT COMPANY	
	2009	2008	2009	2008
Shipping operations	541,716	596,173	275,352	291,493
Passenger and goods transport 1)	1,045,778	1,124,468	–	–
Travel agency operations	97,789	96,347	–	8,893
Other	18,598	13,700	11,229	11,531
<b>Total</b>	<b>1,703,881</b>	<b>1,830,688</b>	<b>286,581</b>	<b>311,917</b>

1) Concerns Destination Gotland AB. The company's sales include SEK 343 million in payment from the National Public Transport Agency for the route service provided and SEK 51 million in shipping subsidy, which is equivalent to employer's contributions and tax deductions on shipping income. The previous year's agreement with the National Public Transport Agency is not comparable with the present agreement and therefore no comparison figures have been provided.

## Note 2 RELATED PARTY TRANSACTIONS

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

	PARENT COMPANY	
	2009	2008
Sales of internal services	73 %	77 %
Purchases of internal services	0 %	6 %

## Note 3 OTHER EXTERNAL COSTS

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

	GROUP		PARENT COMPANY	
	2009	2008	2009	2008
<i>Ernst &amp; Young AB</i>				
Audit	1,433	692	614	345
Other tasks	242	23	242	0
<b>Total</b>	<b>1,675</b>	<b>715</b>	<b>856</b>	<b>345</b>

## Note 4 PERSONNEL COSTS AND PAYMENTS TO BOARD AND MANAGEMENT

### Salaries, other remuneration and social security contributions

	2009		2008	
	Salaries and other remuneration	Social security contributions	Salaries and other remuneration	Social security contributions
Parent company	10,196	5,841	10,250	6,461
Of which pension costs 1)		2,012		1,974
Group companies	153,939	61,586	143,381	59,202
Of which pension costs 2)		12,969		11,276
<b>Group total</b>	<b>164,135</b>	<b>67,427</b>	<b>153,631</b>	<b>65,663</b>

1) Of the parent company's pension costs, SEK 1,325,000 (1,272,000) concerns the Board and the President. The company has no outstanding pension commitments to these officers, either this year or last year.

2) Of the group's pension costs, SEK 1,325,000 (1,272,000) concern the Board and the President. The company has no outstanding pension commitments to these officers, either this year or last year.

### Salaries and other remuneration divided between the Board/President and other employees

	2009		2008	
	Board and President	Other employees	Board and President	Other employees
Parent company	4,756	5,440	5,189	5,061
Group companies in Sweden	780	152,869	780	142,477
Group companies abroad	290		124	0
<b>Group total</b>	<b>5,826</b>	<b>158,309</b>	<b>6,093</b>	<b>147,538</b>

Remuneration of SEK 2,214,000 (2,327,000) including car benefits was paid to the Chairman, Jan-Eric Nilsson. His pension costs amounted to SEK 560,000 (542,000). On 1 January 2010, Jan-Eric Nilsson took up the position of President of Rederi AB Gotland, and Björn Wolrath took up the position of Chairman.

Remuneration of SEK 406,000 (492,000) was paid to Vice-chairman Ann-Marie Åström.

The President of the parent company, Jan-Erik Rosengren, received salary and car benefits worth SEK 1,656,000 (1,682,000). His pension costs

## Notes to the consolidated and parent company accounts

amounted to SEK 511,000 (730,000). In the event of notice by the company, the new President, Jan-Eric Nilsson, has a period of notice of 12 months and the right to severance pay equivalent to 12 months' salary.

The Board prepares and approves remuneration to the President and the Chairman of the Board.

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

– advokatfirman Bill Andréasson SEK 95,000 (116,000)

– Eversheds Södermark Advokatbyrå (Peter J. Lindskog) SEK 382,000 (688,000)

The one (two) officer(s) classified as 'other senior executives' received total payments of SEK 1,117,000 (1,494,000). 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 prepared and determined by the Chairman.

Gotland Marine Sa, controlled by Eric D. Nilsson, received payment of SEK 273,000 (586,000) for consultancy and brokerage. The Board also approved the payment of commission for the company's newbuilding contracts and charter contracts from the newbuilding shipyard to Gotland Marine Sa. and to the brokers for Gotland Marine Sa.

### Note 5 AVERAGE NUMBER OF EMPLOYEES, ETC.

Number of employees	GROUP		PARENT COMPANY	
	2009	2008	2009	2008
<i>Average number employed in Sweden</i>				
Women	193	197	9	10
Men	223	225	6	8
<b>Total</b>	<b>416</b>	<b>422</b>	<b>15</b>	<b>18</b>

Board members and senior executives	GROUP		PARENT COMPANY	
	2009	2008	2009	2008
<i>Board members</i>				
Women	1	1	1	1
Men	11	13	8	9
<i>President and other senior executives</i>				
Women	1	1	1	1
Men	2	2	1	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	
	2009	2008
Total sickness absence	0.70 %	0.40 %
Sickness absence, women	0.82 %	0.35 %
Sickness absence, men	0.59 %	0.45 %

### 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	
	31/12/2009	31/12/2008	31/12/2009	31/12/2008
<b>Accumulated cost</b>				
At start of year	4,029,390	3,388,013	1,335,109	1,335,109
New acquisitions during the year		8,352		
Reclassifications	84,395	633,025	15,569	450,754
Disposals during the year			-15,569	-450,754
<b>Total accumulated cost</b>	<b>4,113,785</b>	<b>4,029,390</b>	<b>1,335,109</b>	<b>1,335,109</b>
<b>Accumulated depreciation according to plan</b>				
At start of year	-1,455,133	-1,224,202	-991,197	-897,289
Depreciation for year according to plan	-240,174	-230,931	-73,502	-93,908
<b>Total accumulated depreciation according to plan</b>	<b>-1,695,307</b>	<b>-1,455,133</b>	<b>-1,064,699</b>	<b>-991,197</b>
<b>Net book value at year-end</b>	<b>2,418,478</b>	<b>2,574,257</b>	<b>270,410</b>	<b>343,912</b>

### Group

Of the total balance sheet item of SEK 2,418,478,000 (2,574,257,000), operating leases account for SEK 346,263,000 (496,597,000).

### Parent company

Of the total balance sheet item of SEK 270,410,000 (343,912,000), operating leases account for SEK 206,923,000 (343,912,000).

**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	
	31/12/2009	31/12/2008	31/12/2009	31/12/2008
<b>Accumulated cost</b>				
At start of year	92,005	86,305	52,287	46,587
Acquisitions during the year	-	8,756	-	8,756
Reclassifications	50,096	-	-	-
Disposals during the year	-	-3,056	-	-3,056
<b>Total accumulated cost</b>	<b>142,101</b>	<b>92,005</b>	<b>52,287</b>	<b>52,287</b>
<b>Accumulated depreciation according to plan</b>				
At start of year	-25,284	-24,054	-17,791	-17,441
Disposals during the year	-	810	-	810
Depreciation for year according to plan	-3,033	-2,040	-1,208	-1,160
<b>Total accumulated depreciation according to plan</b>	<b>-28,317</b>	<b>-25,284</b>	<b>-18,999</b>	<b>-17,791</b>
<b>Accumulated revaluation</b>				
At start of year	208	212	208	212
Depreciation for year according to plan	-2	-4	-2	-4
<b>Total accumulated revaluation</b>	<b>206</b>	<b>208</b>	<b>206</b>	<b>208</b>
<b>Net book value at year-end</b>	<b>113,990</b>	<b>66,929</b>	<b>33,494</b>	<b>34,704</b>
Value assessed for tax purposes, buildings	53,796	53,719	38,305	36,340
Value assessed for tax purposes, land	18,323	16,094	13,944	11,639

**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	
	31/12/2009	31/12/2008	31/12/2009	31/12/2008
<b>Accumulated cost</b>				
At start of year	31,092	30,198	7,923	7,767
New acquisitions during the year	17,630	6,246	51	1,213
Disposals during the year	-351	-5,352	-327	-1,057
<b>Total accumulated cost</b>	<b>48,371</b>	<b>31,092</b>	<b>7,647</b>	<b>7,923</b>
<b>Accumulated depreciation according to plan</b>				
At start of year	-22,885	-24,718	-5,592	-5,825
Disposals during the year	274	4,779	250	761
Depreciation for year according to plan	-4,672	-2,946	-533	-528
<b>Total accumulated depreciation according to plan</b>	<b>-27,283</b>	<b>-22,885</b>	<b>-5,875</b>	<b>-5,592</b>
<b>Net book value at year-end</b>	<b>21,088</b>	<b>8,207</b>	<b>1,772</b>	<b>2,331</b>

**Note 9 RESULT FROM PARTICIPATIONS IN GROUP COMPANIES**

	GROUP		PARENT COMPANY	
	2009	2008	2009	2008
Dividends	-	-	20,000	465
<b>Total</b>	<b>-</b>	<b>-</b>	<b>20,000</b>	<b>465</b>

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

	GROUP		PARENT COMPANY	
	2009	2008	2009	2008
Dividends	240	370	45	84
Capital gain on disposal	-	-93	-	-93
<b>Total</b>	<b>240</b>	<b>277</b>	<b>45</b>	<b>-9</b>



**Notes to the consolidated and parent company accounts**

**Note 11 INTEREST INCOME AND SIMILAR PROFIT/LOSS ITEMS**

	GROUP		PARENT COMPANY	
	2009	2008	2009	2008
Other interest income	14,579	28,534	12,971	40,944
Exchange differences	2,724	31,708	1,821	12,838
<b>Total</b>	<b>17,303</b>	<b>60,242</b>	<b>14,792</b>	<b>53,782</b>

**Note 12 INTEREST EXPENSES AND SIMILAR PROFIT/LOSS ITEMS**

	GROUP		PARENT COMPANY	
	2009	2008	2009	2008
Interest expenses, other	-28,097	-49,085	-21,573	-46,595
Exchange differences	-28,148	13,589	-7,659	11,036
<b>Total</b>	<b>-56,245</b>	<b>-35,496</b>	<b>-29,232</b>	<b>-35,559</b>

**Note 13 TAX FOR YEAR**

	GROUP		PARENT COMPANY	
	31/12/2009	31/12/2008	31/12/2009	31/12/2008
Current tax for year	-383	-613	-	-
Tax attributable to group contribution	-	-	-32,097	-78,699
Deferred tax attributable to estimated loss carry-forward	22,043	9,866	-	8,466
Deferred tax attributable to utilised loss carry-forward	-37,217	-	-24,147	-
Deferred tax attributable to temporary differences in assets	-3,141	-62,609	-697	1,128
Deferred tax attributable to change in untaxed reserves in legal entities	-19,990	-39,947	-	-
Deferred tax attributable to change in tax rate	-	22,535	-	-985
<b>Total</b>	<b>-38,688</b>	<b>-70,768</b>	<b>-56,941</b>	<b>-70,090</b>

**Note 14 NEWBUILDING CONTRACTS, VESSELS & HOTEL**

	GROUP		PARENT COMPANY	
	31/12/2009	31/12/2008	31/12/2009	31/12/2008
At start of year	69,549	457,666	46,191	457,666
Payments during the year for newbuilding contracts	135,126	244,908	39,562	39,279
Reclassifications	-134,491	-633,025	-15,569	-450,754
<b>Net book value at year-end</b>	<b>70,184</b>	<b>69,549</b>	<b>70,184</b>	<b>46,191</b>

**Notes to the consolidated and parent company accounts**

**Note 15 PARTICIPATIONS IN GROUP COMPANIES**

	PARENT COMPANY	
	31/12/2009	31/12/2008
Opening cost	17,601	17,401
Acquisitions during the year	424	200
Repaid shareholders' contribution	-638	-
<b>Net book value at year-end</b>	<b>17,387</b>	17,601

**Specification of group's shareholdings and participations in group companies**

Swedish group companies	Corporate identity no.	Head office	Number	Book value	Share of equity and votes (%)
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	967	55
Rederi AB Herrvik	556762-3342	Gotland	1,000	100	100
Rederi AB Katthammarsvik	556762-3250	Gotland	1,000	100	100
Rederi AB Gnisvärd	556786-7519	Gotland	1,000	100	100
Rederi AB Västergarn	556786-7592	Gotland	1,000	100	100
Dormant companies				182	
				<b>16,870</b>	
<b>Foreign group companies</b>					
Gotland Shipping AG*		Switzerland	-	-	100
Gotland Shipping Co 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
Sp/f Gotland Shipping		Faeroes	-	174	100
Dormant companies			-	343	100
				<b>517</b>	
<b>Net book value at year-end</b>				<b>17,387</b>	

\* Sub-subsidiary of Rederi AB Gotland.

**Note 16 RECEIVABLES FROM GROUP COMPANIES**

	PARENT COMPANY	
	31/12/2009	31/12/2008
At start of year	793,024	523,513
Additional receivables	196,231	433,942
Receivables settled	-288,187	-164,431
<b>Net book value at year-end</b>	<b>701,068</b>	793,024

**Notes to the consolidated and parent company accounts**

**Note 17 OTHER LONG-TERM SECURITIES**

	GROUP		PARENT COMPANY	
	31/12/2009	31/12/2008	31/12/2009	31/12/2008
At start of year	1,460	1,371	502	613
New acquisitions during the year	224	200	–	–
Disposals during the year	-200	-111	–	-111
<b>Net book value at year-end</b>	<b>1,484</b>	<b>1,460</b>	<b>502</b>	<b>502</b>

**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	
<b>Total parent company</b>				<b>502</b>	
Term A/S		Denmark	20,000	942	
Other shares and participations				40	
<b>Total group</b>				<b>1,484</b>	

**Note 18 OTHER LONG-TERM RECEIVABLES**

	GROUP		PARENT COMPANY	
	31/12/2009	31/12/2008	31/12/2009	31/12/2008
At start of year	9,668	578	876	378
Additional receivables	–	9,100	–	500
Reclassifications	-8,600	–	–	–
Receivables settled	-67	-10	-45	-2
<b>Net book value at year-end</b>	<b>1,001</b>	<b>9,668</b>	<b>831</b>	<b>876</b>

**Note 19 DEFERRED TAX ASSETS**

	PARENT COMPANY	
	31/12/2009	31/12/2008
At start of year	24,844	16,235
Additional receivables	–	8,609
Receivables settled	-24,844	–
<b>Net book value at year-end</b>	<b>–</b>	<b>24,844</b>

**Note 20 PREPAID EXPENSES AND ACCRUED INCOME**

	GROUP		PARENT COMPANY	
	31/12/2009	31/12/2008	31/12/2009	31/12/2008
Prepaid expenses	21,714	7,847	347	682
Compensation, processed insurance claims	14,686	–	–	–
Other accrued income	52,876	2,096	4,299	1,849
<b>Net book value at year-end</b>	<b>89,276</b>	<b>9,943</b>	<b>4,646</b>	<b>2,531</b>

**Note 21 SHORT-TERM INVESTMENTS**

	GROUP		PARENT COMPANY	
	31/12/2009	31/12/2008	31/12/2009	31/12/2008
Short-term investments in SEK	465,000	410,000	465,000	410,000
Short-term investments in EUR	82,824	185,904	82,824	185,904
Short-term investments in USD	–	23,257	–	23,257
<b>Net book value at year-end</b>	<b>547,824</b>	<b>619,161</b>	<b>547,824</b>	<b>619,161</b>

Money market investments in banks or commercial paper with low risk.

**Note 22 BANK OVERDRAFT FACILITIES**

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

**Notes to the consolidated and parent company accounts**

**Note 23 EQUITY**

**Share capital**

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

**Movements in equity**

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

<b>GROUP</b>	<b>Share capital</b>	<b>Restricted reserves</b>	<b>Non-restricted reserves</b>	<b>Profit for the year</b>	<b>Total</b>
Opening equity	2,770	1,280,199	414,080	337,311	2,034,360
Carried over to new accounts			337,311	-337,311	
Dividends			-10,387		-10,387
Transfers between restricted and non-restricted equity		56,016	-56,016		
Profit for the year				144,984	144,984
<b>Net book value at year-end</b>	<b>2,770</b>	<b>1,336,215</b>	<b>684,988</b>	<b>144,984</b>	<b>2,168,957</b>

<b>PARENT COMPANY</b>	<b>Share capital</b>	<b>Restricted reserves</b>	<b>Non-restricted reserves</b>	<b>Profit for the year</b>	<b>Total</b>
Opening equity	2,770	2,480	6,072	170,373	181,695
Appropriation of profits according to AGM resolution					
Carried over to new accounts			170,373	-170,373	
Dividends			-10,387		-10,387
Group contributions for the year			-122,043		-122,043
Tax effects of group contributions for the year			32,097		32,097
Profit for the year				176,314	176,314
<b>Net book value at year-end</b>	<b>2,770</b>	<b>2,480</b>	<b>76,112</b>	<b>176,314</b>	<b>257,676</b>

**Note 24 PROVISIONS FOR DEFERRED TAX**

	<b>GROUP</b>	
	<b>31/12/2009</b>	31/12/2008
Deferred tax assets attributable to loss carry-forward	<b>-19,871</b>	-26,244
Deferred tax liabilities attributable to temporary differences in assets	<b>25,029</b>	21,888
Deferred tax liabilities attributable to untaxed reserves in legal entities	<b>465,667</b>	445,677
<b>Net book value at year-end</b>	<b>470,825</b>	441,321

**Note 25 LIABILITIES TO CREDIT INSTITUTIONS**

	<b>GROUP</b>		<b>PARENT COMPANY</b>	
	<b>31/12/2009</b>	31/12/2008	<b>31/12/2009</b>	31/12/2008
Due date 1-5 years from accounting year-end	<b>282,191</b>	284,134	<b>118,106</b>	130,176
Due date over 5 years from accounting year-end	<b>576,370</b>	594,599	<b>300,000</b>	325,000
<b>Net book value at year-end</b>	<b>858,561</b>	878,733	<b>418,106</b>	455,176

Of the group's liabilities to credit institutions, SEK 405,158,000 (456,001,000) is in USD, SEK 425,000,000 (450,000,000) is in SEK and the rest is in EUR. Of the parent company's liabilities to credit institutions, SEK 27,338,000 (40,099,000) is in USD and the rest is in SEK.

**Note 26 LIABILITIES TO GROUP COMPANIES**

	<b>PARENT COMPANY</b>	
	<b>31/12/2009</b>	31/12/2008
At start of year	<b>675,576</b>	608,251
Additional liabilities	<b>38,745</b>	75,313
Liabilities settled	<b>-144,134</b>	-7,988
<b>Net book value at year-end</b>	<b>570,187</b>	675,576

These liabilities fall due for payment on demand.

**Notes to the consolidated and parent company accounts**

**Note 27 ACCRUED EXPENSES AND DEFERRED INCOME**

	GROUP		PARENT COMPANY	
	31/12/2009	31/12/2008	31/12/2009	31/12/2008
Accrued personnel costs	27,418	33,036	3,179	4,066
Accrued interest	5,182	6,363	3,571	2,859
Other accrued expenses	42,342	31,069	4,416	5,160
Deferred income	12,061	12,545	11,123	8,001
<b>Net book value at year-end</b>	<b>87,003</b>	<b>83,013</b>	<b>22,289</b>	<b>20,086</b>

**Note 28 ASSETS PLEDGED TO CREDIT INSTITUTIONS**

	GROUP		PARENT COMPANY	
	31/12/2009	31/12/2008	31/12/2009	31/12/2008
Property mortgages	7,860	7,860	7,860	7,860
Vessel mortgages	1,164,237	1,125,566	613,487	621,952
Floating charges	6,825	6,825	1,825	1,825
Bank balances	6,444	6,444	6,444	6,444
Short-term investments	100,000	95,000	100,000	95,000
<b>Total</b>	<b>1,285,366</b>	<b>1,241,695</b>	<b>729,616</b>	<b>733,081</b>

**Note 29 CONTINGENT LIABILITIES**

	GROUP		PARENT COMPANY	
	31/12/2009	31/12/2008	31/12/2009	31/12/2008
Guarantees on behalf of subsidiaries	–	–	637,046	567,358

Björn Wolrath  
*Chairman*

Ann-Marie Åström  
*Vice-chairman*

Bill Andréasson

Peter J. Lindskog

Björn Nilsson

Peter Skoglund

Jonas Åman

Jan-Eric Nilsson  
*President*

## 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 President of Rederi AB Gotland (publ) for the financial year 2009. The company's annual report and consolidated accounts are presented on pages 14-30 of the printed version of this document. The Board of Directors and the President 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 President, an assessment of significant estimates made by the Board of Directors and the President when preparing the annual report and the consolidated accounts, and an evaluation of the overall presentation of in-

formation 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 President is liable to pay damages to the company. We have also examined whether any member of the Board or the President 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 President be discharged from liability for the financial year.

Stockholm, 31 March 2010  
Ernst & Young AB

Camilla Ral Ingvarson  
Authorised public accountant



# Board of Directors



## **Björn Wolrath**

Chairman of the Board of Directors. 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, Gexco AB and Koneo AB.



## **Jan-Eric Nilsson**

President and CEO. Born in 1957 in Stockholm. Member of the Board of Directors since 1986 and member of the remuneration committee. Shareholding: see page 12.

Other positions of trust:  
Chairman of the European Community Shipowners' Association's (ECSA) High Level Passenger Ferry Group, Lloyd's Nordic Committee, Handelsbanken, Visby and the Swedish Shipowners' Association's Ferry and Ro-Ro Section. 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 Environmental Committee 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.



## **Ann-Marie Åström**

Vice-chairman. Born in 1965 in Stockholm. LL.M. Member of the Board of Directors since 1991. Shareholding: see page 12.

Other positions of trust:  
Member of Wisby Shipmanagement AB and Consilium AB.



## **Bill Andréasson**

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



## **Peter J. Lindskog**

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



## **Björn Nilsson**

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



## **Peter Skoglund**

Born in 1964 in Visby, Ombudsman, Employee Representative. Member of the Board of Directors since 2005. 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 12.

## **Monica Friman**

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

## **Johan Hogenfält**

Born in 1977 in Visby, Ship's Officer, Employee Representative. Deputy member of the Board of Directors since 2009. Shareholding: 0 shares.



**Björn Jernbom** died suddenly at home in December 2009. Björn served in various technical positions on the Gotland service since the late 1970s. Björn was also involved in trade union activities as shop steward for the Merchant Marine Officers' Association at Destination Gotland and was an employee member of the Board of Directors of Rederi AB Gotland from 2005 to 2009.



## **Eric D Nilsson**

Honorary Chairman. Born in 1927. Shipowner. Honorary Chairman since 1989. President and executive Chairman of the Board, 1970-1988.

# Vessels and charterers



## M/S GOTLAND AND M/S VISBY

Chartered by Destination Gotland AB.

Employed on Visby-Nynäshamn/Oskarshamn.

<b>Built</b>	2003 at Guangzhou Shipyard International Co Ltd (GSI), China
<b>Length overall</b>	196 m
<b>Breadth</b>	25.67 m
<b>Draught</b>	6.41 m
<b>Gross tonnage</b>	29,746
<b>Net tonnage</b>	9,505
<b>Deadweight</b>	5,258 dwt
<b>Speed</b>	28 knots
<b>Vessel type</b>	Ro-Pax ferry
<b>Passenger capacity</b>	1,500
<b>Seats</b>	1,524
<b>Cabins</b>	112 cabins, 300 berths
<b>Cargo capacity</b>	500 cars or 1,800 linear metres
<b>Class</b>	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.

<b>Built</b>	1999 at Alstom Leroux Naval, Lorient, France
<b>Length overall</b>	112.51 m
<b>Breadth</b>	16.11 m
<b>Draught</b>	2.62 m
<b>Gross tonnage</b>	5,632
<b>Net tonnage</b>	1,689
<b>Deadweight</b>	450 dwt
<b>Speed</b>	32 knots
<b>Vessel type</b>	Single-hulled high-speed craft, HSC B
<b>Passenger capacity</b>	700
<b>Seats</b>	700
<b>Cargo capacity</b>	140 cars
<b>Class</b>	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.

<b>Built</b>	2006 at Fincantieri, Riva Trigoso/Genoa, Italy
<b>Length overall</b>	122.98 m
<b>Breadth</b>	17.05 m
<b>Draught</b>	3.31 m
<b>Deadweight</b>	580 dwt
<b>Speed</b>	32 knots
<b>Vessel type</b>	Single-hulled high-speed craft, HSC B
<b>Passenger capacity</b>	780
<b>Seats</b>	780
<b>Cargo capacity</b>	160 cars
<b>Class</b>	LR, +100A1, SSC Passenger (B), Mono, HSC, LDC, G3, IBS NAV, +LMC, UMS, Ice Strengthened



## M/S ROSTOCK (formerly Thjelvar)

Chartered by Scandlines Deutschland GmbH until September 2010.

<b>Built</b>	1981 at OY Wärtsilä AB, Helsinki, Finland. Converted 1997
<b>Length overall</b>	140.80 m
<b>Breadth</b>	22.70 m
<b>Draught</b>	5.25 m/4.95 m
<b>Gross tonnage</b>	17,046
<b>Net tonnage</b>	7,729
<b>Deadweight</b>	3,347 as one-compartment vessel 2,501 as two-compartment vessel
<b>Speed</b>	19 knots
<b>Vessel type</b>	Ro-Pax ferry
<b>Passenger capacity</b>	1,500
<b>Seats</b>	1,330
<b>Cabins</b>	79 cabins, 316 berths
<b>Cargo capacity</b>	450 cars or 1,150 linear metres
<b>Class</b>	DNV, +1A1, Car Ferry A, MCDK, EO, Ice-1A



# Vessels and charterers



## M/S GUTE

Chartered by Destination Gotland AB.

<b>Built</b>	1979 at Falkenbergs varv, Falkenberg.
<b>Length overall</b>	138.70 m
<b>Breadth</b>	16.90 m
<b>Draught</b>	4.32 m/3.42 m
<b>Gross tonnage</b>	7,616
<b>Net tonnage</b>	2,285
<b>Deadweight</b>	1,896 dwt as two-compartment vessel 2,288 dwt as one-compartment vessel
<b>Speed</b>	15 knots
<b>Vessel type</b>	Ro-Pax ferry
<b>Passenger capacity</b>	86 as two-compartment vessel 66 as one-compartment vessel
<b>Seats</b>	48
<b>Cabins</b>	18 cabins, 61 berths
<b>Cargo capacity</b>	895 linear metres
<b>Class</b>	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.

<b>Built</b>	1982 in Le Havre, France
<b>Length overall</b>	90.33 m
<b>Breadth</b>	18.04 m
<b>Draught</b>	4.00 m
<b>Gross tonnage</b>	4,166
<b>Net tonnage</b>	1,249
<b>Deadweight</b>	2,044 dwt
<b>Speed</b>	12.5 knots
<b>Vessel type</b>	Ro-Ro vessel
<b>Class</b>	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

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

<b>Built</b>	1997 in South Korea
<b>Length overall</b>	244 m
<b>Breadth</b>	42 m
<b>Draught</b>	14 m
<b>Gross tonnage</b>	57,031
<b>Net tonnage</b>	29,612
<b>Deadweight</b>	99,900 dwt
<b>Speed</b>	14 knots
<b>Vessel type</b>	Product tanker
<b>Capacity</b>	115,537 m <sup>3</sup>
<b>Main machinery</b>	MAN-B&W 6 S 60 MC
<b>Class</b>	DNV, +1A1, Tanker for Oil, ESP, E0, LCS-SI, CSA-1



## M/T TORM ANNA

Wisby Shipmanagement AB is responsible for management and maintenance.

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

# Vessels and charterers



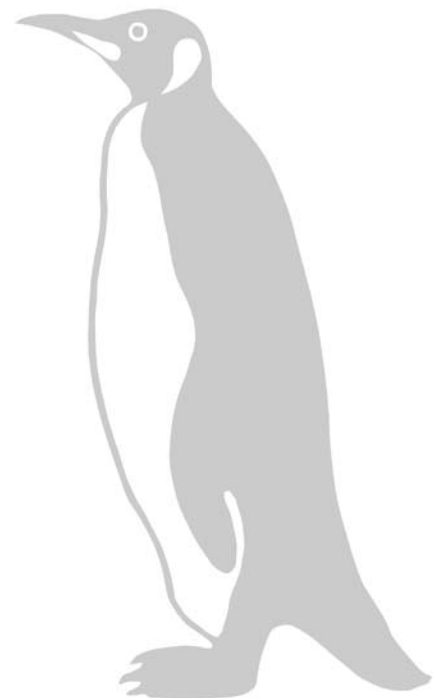
## Gotland Class Super Ice

**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.

Wisby Shipmanagement AB is responsible for management and maintenance.

<b>Built</b>	2006/2007/2008 at Guangzhou Shipyard International Co Ltd (GSI)
<b>Length overall</b>	183 m
<b>Breadth</b>	32 m
<b>Draught</b>	12 m
<b>Gross tonnage</b>	29,283
<b>Net tonnage</b>	15,939
<b>Deadweight</b>	53,000 dwt
<b>Speed</b>	15 knots
<b>Vessel type</b>	GSI Gotland Class – Product tanker for chemicals in accordance with IMO II
<b>Capacity</b>	55,000 m <sup>3</sup>
<b>Main machinery</b>	Wärtsilä 7RT-flex 50
<b>Class</b>	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 AND M/T WISBY WAVE

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

<b>Built</b>	2004/2009 in Germany/Netherlands
<b>Length overall</b>	116.35 m
<b>Breadth</b>	15.11 m
<b>Draught</b>	6.75 m
<b>Gross tonnage</b>	4,107/4,295
<b>Net tonnage</b>	2,141
<b>Deadweight</b>	7,479/7,478 dwt
<b>Speed</b>	14 knots
<b>Vessel type</b>	Product tanker
<b>Capacity</b>	8,046 m <sup>3</sup>
<b>Main machinery</b>	MAK M32C
<b>Class</b>	BV OIL TANKER, FIN/SWE ICE 1A



## M/T TOSCA

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

<b>Built</b>	2004 in Croatia
<b>Length overall</b>	182.90 m
<b>Breadth</b>	32 m
<b>Draught</b>	12 m
<b>Gross tonnage</b>	26,914
<b>Net tonnage</b>	14,288
<b>Deadweight</b>	46,764 dwt
<b>Speed</b>	14 knots
<b>Vessel type</b>	Product tanker for chemicals in accordance with IMO II
<b>Capacity</b>	52,000 m <sup>3</sup>
<b>Main machinery</b>	MAK 8M32/48
<b>Class</b>	DNV+1A1 Tanker for Oil products and Chemicals ESP E0 CCO VCS-2 COAT-2 PLUS-2 ETC NAUTICUS (Newbuilding)



## M/T ALICE and M/T RED TEAL

V-Ships UK Ltd is responsible for management and maintenance. Red Teal is chartered by Care Tankers Inc.

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



## Wisby Tankers 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.

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



## **REDERI/AB GOTLAND**

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