



ANNUAL REPORT 2017

REDERI AB GOTLAND

1865 – 2017



ANNUAL REPORT 2017

Rederiaktiebolaget Gotland (publ)

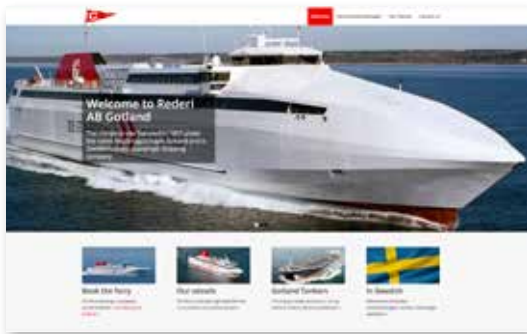
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www.skgb.se



REDERI AB GOTLAND

Founded in 1865

Annual Report 2017

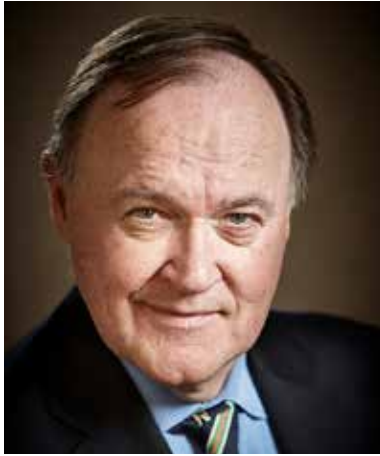
Contents

Letter to Shareholders	4
The financial year in brief	5
Sea rescue boat	6
Business concept, vision and sustainability	7
The Gotland service	8
Product tankers	9
Shipyards and archipelago service.....	10
Hotels	11
Rederi AB Gotland's shares	12-13
Board of Directors' report	14-15
The business in brief	16
Income statement	17
Balance sheet.....	18-19
Statement of changes in equity.....	20
Cash flow statement.....	21
Accounting and valuation policies	22-23
Notes to the consolidated and Parent Company financial statements.....	24-31
Auditor's report.....	32-33
The Board of Directors	34
Vessels and charterers	35-38

The annual report is also available on our website.
www.gotlandsbolaget.se

The AGM will take place at kongresshallen at Wisby Strand in Visby on 30 May 2018 at 11:00.





Urban Bäckström, Chairman.
Shareholding: 500 shares.



Håkan Johansson, President.
Shareholding: 100 shares.

Letter to Shareholders

In summer 2017, the second LNG ferry, M/S Thjelvar, was launched. This ferry, like the first vessel M/S Visborg, is being built at the GSI shipyard in China. The new building project has been in progress since 2014 and, according to plans, the first vessel will enter service during the year. The entry into service of the vessel will mean lower emissions and a reduced environmental impact and it is the most important building block for sustainable growth on Gotland.

During the building period, Destination Gotland has two vessel concepts that overlap each other. This means that capacity is maintained at a higher level than required in the agreement with the Swedish Transport Administration. For example, according to the schedule for summer services in 2018 for the existing vessels, Destination Gotland offers up to 23,920 passengers per day the ability to travel which is up to 30% more than the tender which the agreement is based on. As reported and not unusual in such an extensive project, there is a risk of late delivery but, as far as we are concerned, without the capacity in the Gotland service suffering.

During the year, more people than ever travelled with Destination Gotland and, compared to 2016 and the volume that also travelled with the competing shipping company, the total outcome for the whole year for all ferry services was a marginal reduction of 1.3%, whereas, on the contrary, the outcome in July, when demand is greatest, showed an increase in the number of passengers. During 2018, Destination Gotland is devoting more resources and broadening the schedule with more departures and bringing forward the opening of the season on the Västervik-Visby line.

During the autumn and winter, extensive work has been carried out on strategic planning with a view to the next procurement by the Gotland services to ensure our competitiveness and ability to invest in the next generation of vessels. The work has meant a clearer focus on the company's core activities, which is natural in view of the current investments in new vessels. That also means that the company will focus to a lesser extent on the area outside the Gotland services.

As far as product tankers are concerned, the market has continued to be weak during the year due to high levels of access to vessels. Demand for loads of refined oil products is increasing, but is not expected to have any impact on earnings in the coming period due to a high supply of tonnage.

In archipelago services, Stockholm County Council chose to cancel the previous interim agreement since the conditions were not sustainable. A new interim agreement has been entered into and is valid during 2018 and a new procurement will be carried out.

With increased volumes and new vessels on the way in, we have an extremely exciting year in front of us, during which the ground will be laid for sustainable growth on Gotland.

Many thanks to all our employees and shareholders for the past year!

Urban Bäckström
Chairman

Håkan Johansson
President



The financial year in brief

1 January – 31 December 2017

Profit after financial items was SEK 508 (445) million. Sales amounted to SEK 2,413 (2,117) million.

The fast ferries M/S Visby, M/S Gotland, HSC Gotlandia and HSC Gotlandia II were used in the Gotland services during the period. During the summer months, M/S Gute has been in service in the Gotland services and therefore reinforced the car deck capacity during the peak season. During other times of the year, M/S Gute has been chartered out to Stena Line Scandinavia AB and Danske Faerges A/S.

During 2017, 1,749,755 passengers travelled on the ferries, an increase in passenger numbers of approximately 7.8 per cent compared with 2016. The range of services was increased during the 2017 summer season by services to and from Västervik.

In July 2017, the second of the two sister vessels that Rederi AB Gotland ordered from Guangzhou Shipyard Ltd Co in China (the GSI shipyard) was launched. The vessel will be fuelled with liquefied natural gas, LNG.

The Group owns the 53,000-DWT product tankers M/T Gotland Carolina, M/T Gotland Marieann, M/T Gotland Sofia, and M/T Gotland Aliya, and the 39,000-DWT product tankers M/T Alice and M/T Ami. Furthermore, the shipping company owns three sister vessels of just over 46,000 tonnes within product tankers, M/T Calypso, M/T Cavatina and M/T Corrido.

During the year, two product tanker vessels, M/T Wisby Atlantic and M/T Wisby Pacific were acquired together with Wisby Tankers AB. The vessels, which are approximately 49,000 tonnes, were built at the GSI shipyard in China and delivered in December 2017.

The Group's product tankers were employed by way of commercial management in pool partnerships, or by being chartered on a time-charter or bareboat charter basis.

The Group owns twelve small fast-service vessels that serve the offshore wind power sector. These vessels are operated by Northern Offshore Services A/S.



The launch of the second LNG ferry at the GSI shipyard in China on 24 July 2017.

Sea rescue boat



The photo shows a sea rescue boat in the Victoria class with the name – Eric D Nilsson – fitted.

Our Honorary Chairman since 1989, the ship owner Eric D. Nilsson celebrated his 90th birthday in December 2017. The Board of Directors of Rederi AB Gotland decided to give a special gift on his day of celebration. To honour him, Rederi AB Gotland presented a fast sea rescue boat in the “Victoria class”.

The sea rescue boats in the Sea Rescue Society’s Victoria class are specially produced for work at sea along Sweden’s coasts and in our extensive archipelagos. All units in the Victoria class are self-righting, in other words if an accident should occur and the boat capsizes during an assignment, it is constructed in such a way that it has the ability to right itself. The Victoria class is characterised by its high manoeuvrability and good sailing properties that make it possible to rescue those in distress in any weather conditions.

The boat, which will be stationed in Visby, will have a length of approximately 14 metres and will be named “Rescue Eric D Nilsson”. Delivery is expected to take place in 2019.



Eric D. Nilsson

Business concept, vision and sustainability

Business concept

As a natural element of Gotland's community, we will lead the way in the continual development of the island's lifeblood – the sea transport system to and from the island – and in the long term operate ferry services without environmentally harmful emissions.

Vision and sustainability

Further development of one of the world's most modern sea transport systems enables sustainable growth to be achieved on Gotland.

Rederi AB Gotland was founded 153 years ago to invest in vessels and develop shipping to and from Gotland as a means to develop Gotland's community and create growth on the island. Our investments in vessels are concentrated on new technology whereby we protect our shared environment and promote sustainable development by minimising our impact on both the marine and terrestrial environments. We are constantly working to minimise greenhouse gas emissions and harmful emissions into the sea, as well as to reduce the use of environmentally harmful chemicals. Our new building project for LNG vessel projects in China entails one further step towards our vision of both improved capacity and lower environmental impact compared with previous vessels.

Sustainability issues are important throughout the Rederi AB Gotland Group and form a natural part of its activities with regard to both regular monitoring and development towards constantly improving social and environmental aspects. One new feature in 2017 is that Destination Gotland AB is preparing a specific sustainability report in which the company reports on its environmental impact and its work on improvements to reduce harmful environmental effects, along with its objectives in its continued endeavours to achieve a smaller adverse impact on the environment. The report also contains social aspects such as personnel issues, working environment, gender equality and safety and describes how these issues are constantly monitored and how work is carried out to ensure constant change.

The development of our core business - ferry services to and from Gotland - depends on the growth and development of

Gotland's business community. We have been committed to the development of Gotland since we were founded in 1865, and so our initiatives and investments also extend outside our direct shipping operations, from education and culture to hotels and accommodation facilities. During the year, the company donated funds to the Sea Rescue Society for a new vessel based in Visby with the name of "Eric D Nilsson" on the occasion of his 90th birthday and his lifelong achievements in the Gotland shipping sector.

The company supports the Maritime Programme at upper secondary school level in order to secure the supply of skills to Gotland's maritime industry. For younger people, the company supports the "Skepp och Skoj" exhibition at the Gotland Museum. The company also supports Mercy Ship's hospital vessel, with the subsidiary Gotland Tankers AB participating in Mercy Ship's Cargo Day. In addition, each year the private foundation "Stiftelsen Skeppsredare Eric D. Nilsson" offers scholarships to Maritime Programme students and Gotlanders studying at university to become ship's officers.

Rederi AB Gotland puts its customers first by always striving for the best quality in the company's products and services. Our customers include ferry passengers, hotel guests, and charterers of our product tankers. We offer security, good service, cost efficiency, and continuity to all our customers.

Our employees are our backbone, and so we work to achieve good health, environmental, and safety conditions in their workplaces.

Two-thirds of our roughly 2,700 shareholders are residents of Gotland. In this way, we assume responsibility for our shareholders in several ways. We strive to maintain a high-class ferry service between Gotland and the Swedish mainland and work to make Gotland as attractive as possible.



Rederi AB Gotland has had quality and environmental management certification for its operations in accordance with ISO 9001 and ISO 14001 since 2003.



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



The Gotland service

DESTINATION GOTLAND

History

Since 1865, Rederi AB Gotland has invested in the development of Gotland's society, primarily by ensuring a regular ferry service to and from the island and the service has been developed in line with society. Now the ferry service is integrated in the island's supply to a higher degree than in the past as most goods consumed and produced on the island arrive and depart "just-in-time" with the ferries. At the same time, the travel needs of both Gotland residents and visitors must be met.

State subsidy

The Gotland service is part of Sweden's transport infrastructure as it is the equivalent of both a motorway and a railway to the island. The service has always been run privately, but since 1971 the state has provided funding for a more extensive service than the market could otherwise sustain, especially during the off-peak winter season.

Traffic growth

The volume of passengers on the ferry service between Gotland and the mainland has been growing steadily for a long time. After the introduction of the fast ferries at the beginning of the 2000s, Gotlanders have doubled the amount they travel and accounted for the majority of the increase in traffic during this period. The past five years have witnessed a change in the trend since visitor traffic numbers increased most, a development that began with a successful campaign "Gotland - around the world on one island" and more investments in campaigns outside of the peak season. Finding reasons to travel outside the absolute peak season is a growth factor for Gotland as a whole and, in the past ten years, travel between September and May has increased by a full 50 per cent.

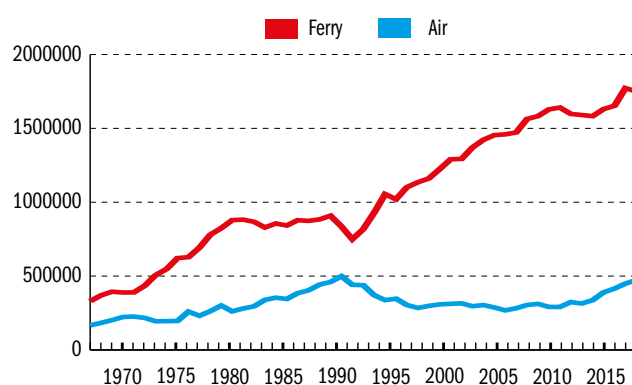
When ordering the new LNG vessel, the starting point was Destination Gotland's objective of attaining two million passengers per year within a ten year period, a trend which is an equally important condition for regional growth on Gotland.



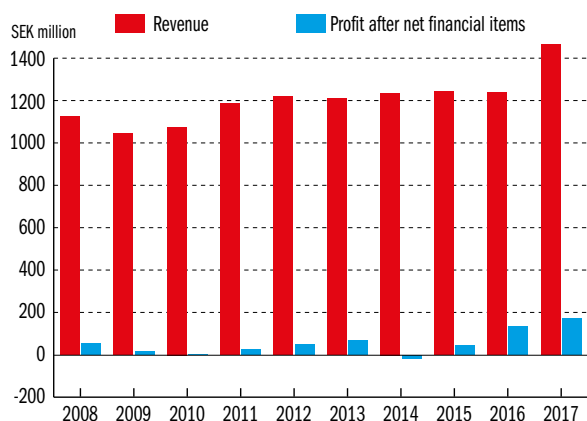
The Environment

The environment is a focal point of Destination Gotland, which has developed an environment management system certified in accordance with ISO 14001. The reduction of harmful emissions into the air and water, primarily with regard to acidifying substances and greenhouse gases, is a special priority. Vessels are powered by low-sulphur fuel, which reduces emissions of acidifying sulphur compounds. Moreover, Destination Gotland is the only service of its kind with catalytic converters installed on all vessels. This reduces emissions of nitrogen compounds by 80 to 90 per cent.

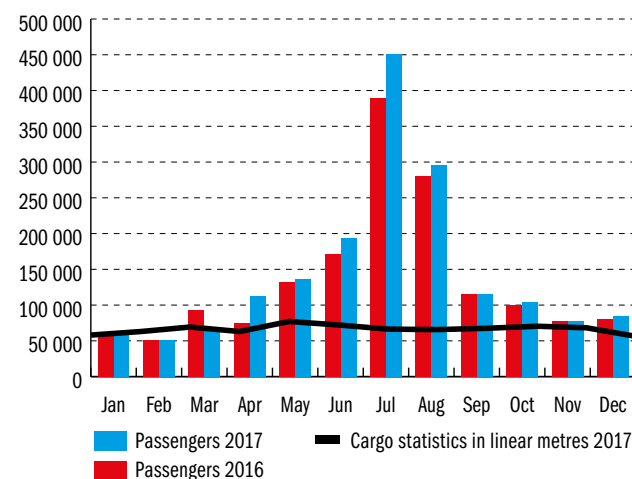
FERRY AND AIR 1967-2017 NUMBER OF PASSENGERS



REVENUE AND PROFIT/LOSS FOR DESTINATION GOTLAND AB 2008-2017



PASSENGER AND FREIGHT STATISTICS 2017 MONTHLY TOTAL



Product tankers



Rederi AB Gotland's involvement in product tankers began in the mid-1990s when it acquired three product tankers with Torm A/S. Today, through the Gotland Tankers subgroup among others, Rederi AB Gotland owns eleven product tankers ranging in size from 39,000 to 53,000 DWT.

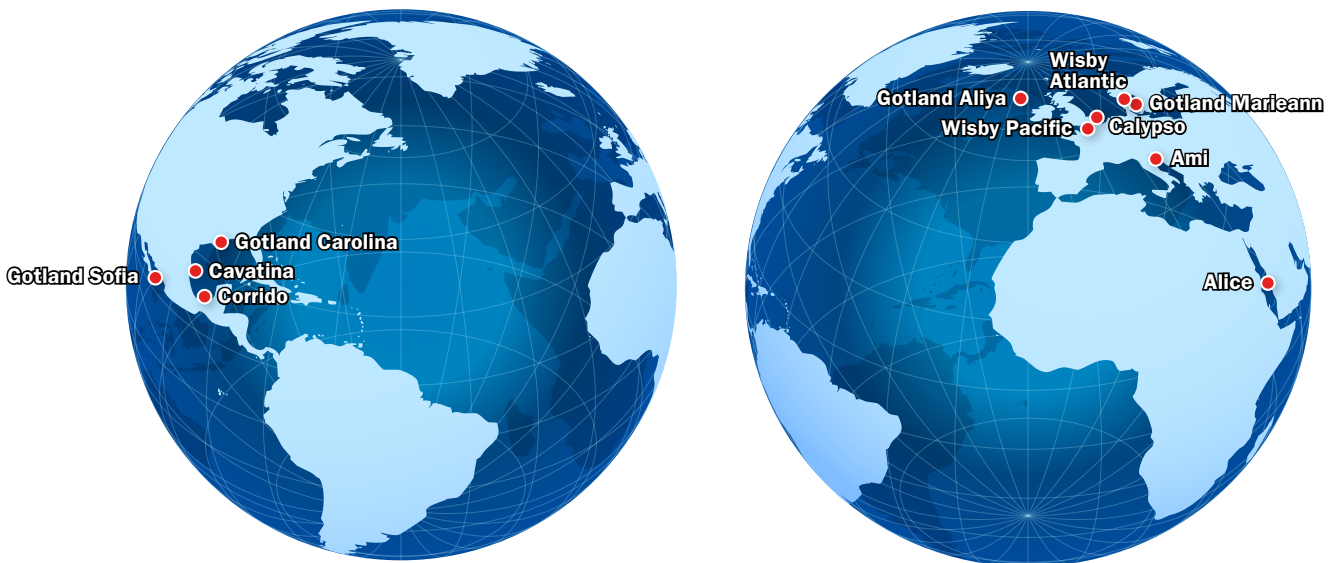
The product tanker market is divided according to vessel size. The company's product tanker holdings are in the Handysize segment (25,000 to 42,000 DWT) and the Medium Range (MR) segment (43,000 to 55,000 DWT).

A common way to improve availability on the market and spread risks is to collaborate in pools. The group is a part-owner of Hafnia Management A/S, which operates Hafnia MR Pool, in which four of the company's vessels in the MR size class operate, as well as Hafnia Handy Pool, in which two of the company's vessels are included in the Handysize segment.

Two product tanker vessels are chartered in timecharter to Stena Bulk.



M/T Alice, one of the Group's two vessels in the Handysize segment.



Product tanker positions on 5 April 2018.

Shipyards

STOCKHOLM REPAIRYARD

Stockholms Reparationsvarv AB, which has been 62.5 per cent owned by Rederi AB Gotland since 2014, is located on the shipyard island of Beckholmen in Stockholm. The island is one of Sweden's oldest active industrial areas and dates back to the seventeenth century. A repair yard has been located here since the 1850s.

The yard repairs between 50 and 100 vessels per year and serves all types of vessels, such as cargo ships, tankers, Ro-Ro vessels, tugs, barges, archipelago boats, working boats, and passenger ferries. Coast guard vessels, shuttle ferries, naval vessels, and icebreakers are repaired on behalf of the state.

The yard is quality certified according to ISO 9001, and environmentally certified according to ISO 14001.



Stockholms Reparationsvarv AB.

Archipelago service

SKÄRGÅRDSBOLAGET | S

The archipelago company runs services in the Stockholm archipelago by means of agreements with Waxholmsbolaget which is owned by Stockholm County Council. The operations cover two

areas, the northern and southern central archipelagos and are managed with 28 vessels in total. Similar to the Gotland service, the occupancy is seasonal with a significant increase in demand during the summer season while accessibility all year long is important and the winter service is managed with icebreaker ships.



Photographer Gunnar Friberg

S/S Norrskär is one of Waxholmsbolaget's boats which operates in the Stockholm archipelago.

Hotels



GotlandsResor

GotlandsResor AB, which is a wholly owned subsidiary of Rederi AB Gotland, is one of Gotland's leading companies in the tourist industry, with around 45 permanent employees, growing to around 100 during the spring and summer seasons.

The company owns and operates the facilities Scandic Visby and Visby Gustavsvik, which between them offer 1,013 beds.

Scandic Visby, which has a franchise agreement with the Scandic chain, is Gotland's largest hotel with its 214 rooms and 509 beds. A proposal for a new local development plan for the area has been submitted to Region Gotland and aims

to further develop the hotel and increase its capacity. This is an important question for the development of Gotland, where the average occupancy in the larger hotels in Visby in July is close to 100 per cent.

There are self-catering chalets and apartments at Visby Gustavsvik. At Visby Gustavsvik, the majority of the former Hamn-Hotellet that has been carefully and gradually renovated and established as a new popular bed and breakfast product is now part of the facility.

Scandic Visby is environmentally-certified according to Svanen 4.0 and is also the only hotel on Gotland to be fire-safety certified.



Scandic Visby



Rederi AB Gotland's shares

Since 2004 Rederi AB Gotland's shares have been traded on the "Mangold list", a trading post maintained by Mangold Fondkommission. Between 1982 and 2004 the shares were traded on the O list of the Stockholm Stock Exchange.

Share capital

At the end of the 2017 financial year, share capital in Gotlandsbolaget amounted to SEK 2,776,976 (2,776,976), distributed across 2,500,000 shares with a quotient value of SEK 1.11. The shares are divided into 1,811,693 A shares with ten votes each and 688,307 B shares with one vote each.

Ownership structure

At the end of the financial year (31 December 2017), there were 2,747 (2,665) shareholders. Around two-thirds of the shareholders are Gotland residents. Institutional holdings amounted to 4.6 per cent on 31 December 2017.

Share price and sales

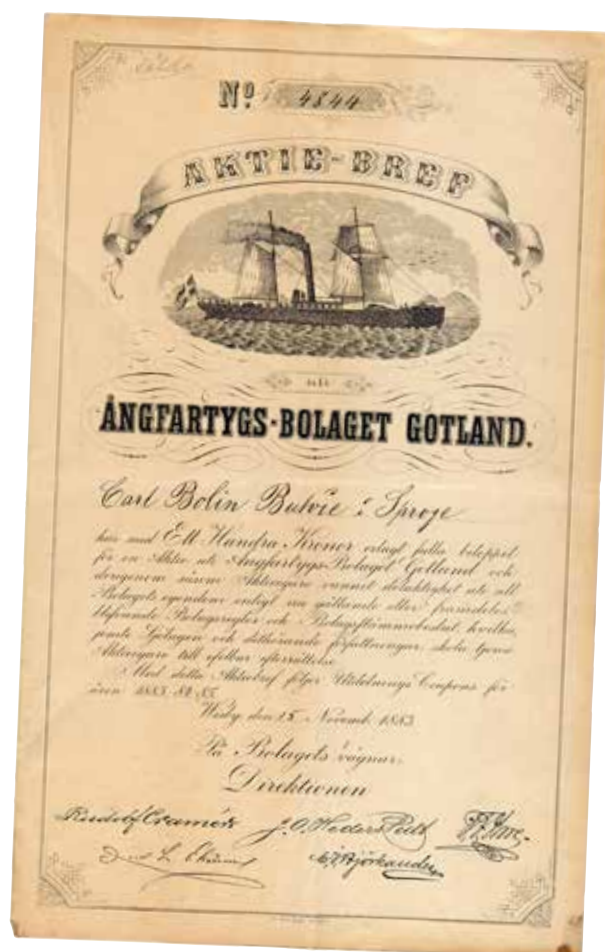
The price of the A share declined from SEK 1,200 to SEK 1,150 whereas the B share rose to SEK 1,200 from SEK 1,150 during the financial year. The OMXS All Share Index, which reflects the trend of the Stockholm Stock Exchange, rose by 6.4% during the same period.

The highest price paid for an A share during the financial year was SEK 1,350, and SEK 1,300 for a B share. The lowest price paid for an A share was SEK 1,065, and SEK 1,050 for a B share. During the financial year, 8,800 shares were traded on the Mangold list for a total value of SEK 10.4 million. Rederi AB Gotland's B share was the more heavily traded of the company's two classes of share during the financial year.

Dividend policy

The Board has agreed on an objective that dividends should, in principle, reflect growth in reported equity. At 31 December 2017, it amounted to SEK 3,673 million, compared with SEK 3,377 million at 31 December 2016. The Board therefore proposes a dividend of SEK 7.00 (6.40) per share.

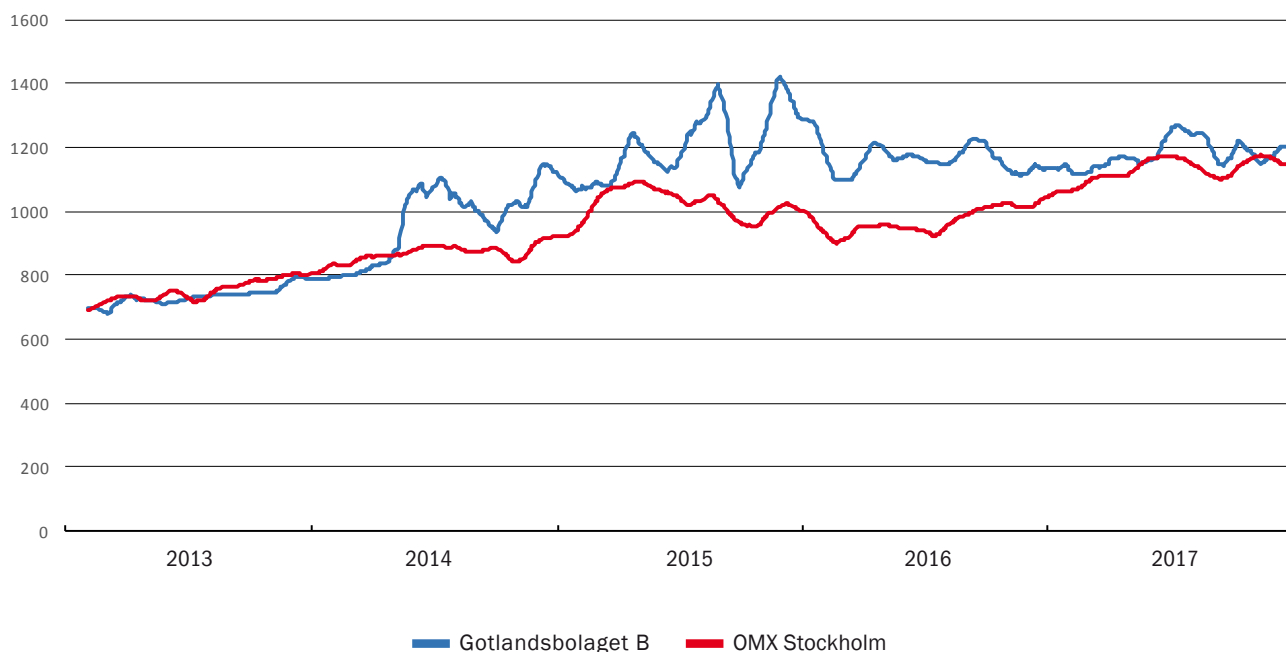
Ratios per share are shown on page 16.



OWNERSHIP STRUCTURE, 31 DECEMBER 2017

	TOTAL	A SHARES	B SHARES	% OF VOTES	% OF SHARES
Trojaborg AB and Eric D. Nilsson and family	1,532,868	1,422,548	110,320	76.2%	61.3%
Svenska Stålbyggen Invest AB (Jonas Åman)	236,630	86,880	149,750	5.4%	9.5%
Tage Johansson and companies	110,476	95,519	14,957	5.2%	4.4%
Johan Thorell and companies	106,651	17,789	88,862	1.4%	4.3%
Mats Johansson	33,630	10,025	23,605	0.7%	1.3%
Stiftelsen Mjölkdroppen	28,950	9,650	19,300	0.6%	1.2%
Magnus Wiman and companies	17,662	6,832	10,830	0.4%	0.7%
Sällskapet DBW	14,100	5,000	9,100	0.3%	0.6%
Jerry Martinger	8,358	5,600	2,758	0.3%	0.3%
Birgitta Wiman	5,500	5,100	400	0.3%	0.2%
Foreign trustees	6,924	750	6,174	0.1%	0.3%
Övriga	398,251	146,000	252,251	9.1%	15.9%
Totalt	2,500,000	1,811,693	688,307	100%	100%

Average monthly share price 2013–2017



The OMXS All Share Index rose by 6.4 per cent in 2017.

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

YEAR	TRANSACTION	INCREASE/DECREASE IN THE 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
2011	Redemption/bonus issue	-269,756	+7,220	2,500,000	2,776,976

BREAKDOWN BY SHAREHOLDING, 31 DECEMBER 2017

SHAREHOLDING	NO. SHARES	% OF SHARES	NO. SHAREHOLDERS	% OF SHAREHOLDERS
1-200	80,097	3.2%	2,392	87.0%
201-500	59,318	2.4%	181	6.6%
501-1000	61,119	2.4%	84	3.1%
1001-5000	141,008	5.6%	66	2.4%
5001-	2,158,458	86.4%	24	0.9%
Total	2,500,000	100%	2,747	100%

Institutional investors held 4.6 per cent of the capital and 2.8 per cent of the votes.

Board of Directors' report

The Board of Directors and the President of Rederi AB Gotland (publ), corporate identity number 556000-8020, hereby submit the annual accounts for the 2017 financial year for the Parent Company and the Group. Rederi AB Gotland is a subsidiary of Trojaborg AB, based in Stockholm, corporate identity no. 556339-9574.

Sales and profit (figures in brackets relate to the previous year)

The consolidated operating profit/loss amounted to SEK 551 (426) million. The profit/loss after financial income and expenses rose from SEK 445 million to SEK 508 million. Sales amounted to SEK 2,413 (2,117) million.

The improved results have mainly been affected by reversed impairment of hotel assets of SEK 57 million. The operating profit was also improved as a consequence of higher volumes in Destination Gotland's services and higher payments from the Swedish Transport Administration in the new agreement. The profit after financial items was adversely affected as a consequence of negative exchange differences, unlike the previous year's positive differences. The tax for the year increased by SEK 57 million after a judgment at the Administrative Court of Appeal relating to legal proceedings between Rederi AB Lauter and the Swedish Tax Agency.

Company focus

The business primarily comprises shipping operations whereby the subsidiary Destination Gotland AB is responsible for the Gotland service and the wholly owned subsidiary Gotland Tankers AB is responsible for tanker operations. The business also includes property management. GotlandsResor AB is responsible for the group's hotel business. Stockholms Reparationsvarv AB carries out repair and maintenance of vessels and Nya Skärgårdsbolaget 2017 AB operates services in the Stockholm Archipelago.

Shipping

The ferries M/S Visby, M/S Gotland, HSC Gotlandia, and HSC Gotlandia II were employed on the Gotland service throughout the year, where M/S Gute was also employed.

The company has two newbuilding projects in progress at the GSI shipyard in China for passenger and freight vessels with capacity for 1,650 passengers each. Both vessels will be LNG-powered, offering significant environmental improvements.

The group owns four sister vessels in the Gotland Class, each of 53,000 DWT, which are all subject to commercial management at Hafnia Management A/S. M/T Gotland Carolina and M/T Gotland Marieann are under technical and crew management at Wisby Shipmanagement AB and M/T Gotland Sofia and M/T Gotland Aliya are under technical and crew management at V.Ships UK Ltd.

The company also owns the sister ships M/T Alice and M/T Ami, each of 39,000 DWT, which are both under commercial management at Hafnia Management A/S, with technical and crew management undertaken by V.Ships UK Ltd.

The Group owns the three sister product tankers in which it already had a 50 per cent interest. The now wholly owned vessels M/T Calypso, M/T Cavatina and M/T Corrido of roughly 46,000 DWT each have been chartered out to the Anglo-Atlantic-Steamship Group on a bareboat charter basis.

During the year, the group acquired 80 per cent of the product tankers M/T Wisby Atlantic and M/T Wisby Pacific, each of 49,000 DWT, which are both chartered to Stena Bulk, with technical and crew management undertaken by Wisby Shipmanagement AB.

The Group owns twelve small fast-service vessels that serve the offshore wind power sector. These service vessels are operated by Northern Offshore Services A/S and are employed in the North European wind power industry with the exception of M/T Rescuer, which operates as an ambulance vessel in the Gothenburg archipelago.

Gotland Tankers AB

The Group's tanker operations are undertaken by Gotland Tankers AB together with subsidiaries and other Group companies. The vessels are employed by way of commercial management in pool partnerships or by being chartered on a contract basis.

The deterioration in the world market in product tankers that began in autumn 2016 has continued in 2017 and has adversely affected earnings for the group's overall shipping business during the year.

Destination Gotland AB

Destination Gotland AB, which runs services between Gotland and the Swedish mainland, charters the vessels M/S Visby, M/S Gotland, HSC Gotlandia, HSC Gotlandia II, and M/S Gute. As of February 2017, the company commenced the new agreement on the Gotland service with the Swedish Transport Administration which runs up until January 2027. The new agreement involves significantly greater operational risks and also imposes greater adaptation requirements.

Destination Gotland's net sales including the subsidiaries Gotland Promotion AB and Gotlands Stuveri AB have risen from SEK 1,316 million in the previous year to SEK 1,529 million. The increases explained by service volume increases for Destination Gotland and by the fact that the payment from the Swedish Transport Administration has increased in the new ten-year agreement from 1 February 2017. The number of passengers using Destination Gotland's ferries increased by 7.8% compared with the previous year to a total of 1,749,755 (1,623,030). The number of vehicles increased by 5.9 % to 550,339 (519,729), whereas the number of lane metres of freight increased by 2.6% to 822,441 (801,503). For 2017, the total payment from the Swedish Transport Administration amounted to SEK 495 (380) million, corresponding to 31 % of sales.

GotlandsResor AB

GotlandsResor AB is responsible for the Group's hotel properties, which include the island's biggest hotel - Scandic Visby - and Visby Gustavsvik. The business involves a total of just over 1,000 beds. The company also has three restaurants at its facilities as well as booking of group and package tours for Destination Gotland. GotlandsResor's net sales for the hotel business amounted to SEK 68 (71) million. The sales were higher in the previous year due to that year's agreement with the Swedish Migration Agency on accommodation for asylum seekers.

Stockholms Reparationsvarv AB

The company owns 62.5 per cent of Stockholms Reparationsvarv AB, which operates in Beckholmen, Stockholm. Between 50 and 100 vessels of all types are repaired annually. Net sales amounted to SEK 117 (119) million. The increase in sales in recent years is mainly the result of a framework agreement with the Swedish Armed Forces on maintenance of several of their vessels.

Skärgårdsbolaget

In accordance with an agreement with Waxholms Ångfartygs AB (WÅAB) and the Stockholm County Council (SLL), archipelago services are operated during the period when a new procurement must be carried out. The agreement covers two areas in the central archipelago in Stockholm and is managed with 28 vessels in total. Net sales in 2017 amounted to SEK 208 (135) million.

Investments

The Group's gross investments during the period amounted to SEK 822 (433) million. Investments relate primarily to the afore-mentioned investments in vessels.

Risks

As the company's business is international, it is exposed to 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. Investments in USD and EUR counteract the foreign currency risk to a certain extent. As a result of oil purchases and vessel orders, variations in exchange rates do, however, have an impact. The agreement between Destination Gotland and the Swedish Transport Administration entails a significant risk in terms of fluctuations in the price of oil.

The market risks of fluctuations in demand in the product tanker segment 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.

Where the company decides to invest liquid assets, it does so in the money market, or in banks or commercial papers with high credit ratings.

The work of the Board of Directors

The Board of Directors met 11 times during the year.

Financial position

The consolidated liquid assets amounted to SEK 2,304 (2,426) million.

Interest-bearing liabilities amounted to SEK 1,981 (1,877) million.

The equity ratio was 56 % (56 %).

Equity per share was SEK 1,469 (1,351).

Parent Company's sales and profit

The parent company's profit after financial items and expenses amounted to SEK -86 (256) million. Revenues amounted to SEK 216 (207) million. The negative progress and results is largely due to the judgment at the Administrative Court of Appeal in the dispute between the company and the Swedish Tax Agency. The Administrative Court had previously issued a judgment in the company's favour. The company is applying for leave to appeal at the Supreme Administrative Court and considers that there is good reason for the case to be tried at a higher instance.

Proposed appropriation of profits

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

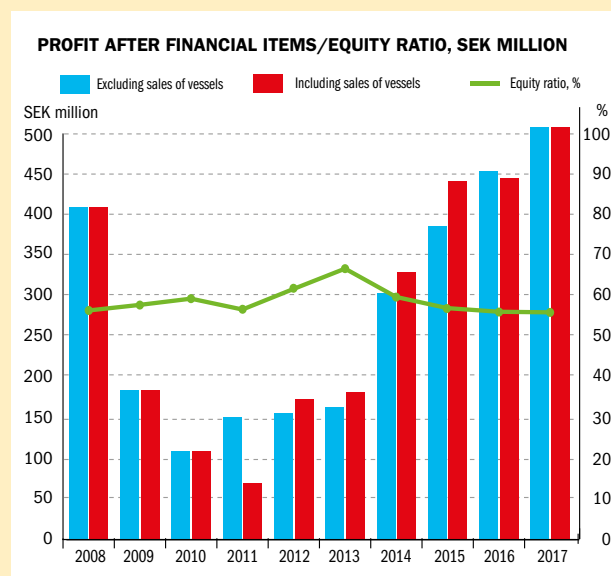
SEK	
Profit brought forward	575,130,385
Net profit for the year	25,117,777
	<hr/>
	600,248,162

The Board of Directors and the President propose:

That a dividend of SEK 7.00 be paid to the shareholders (2,500,000 shares)	17,500,000
To be carried forward	582,748,162
	<hr/>
	600,248,162

The payment date for the adopted dividend is estimated to be 07/06/2018. The Board finds the proposed dividend reasonable in view of what is stated in §3, Chapter 17 of the Swedish Companies Act regarding the requirements governed by the nature, scope, and risks of the business place in terms of the size of equity and consolidation needs, and the liquidity and general position of the Parent Company and Group.

The income statement and balance sheet will be presented to the Annual General Meeting on 30/05/2018 for adoption.



The business in brief – Group

	2017	2016	2015	2014	2013
From the income statement (SEK million)					
Revenues	2,413.1	2,116.7	2,084.4	1,891.8	1,848.1
Profit after financial items	508.1	445.3	440.5	329.1	180.8
Return %					
- on equity after tax (1)	9.2	11.0	12.6	10.1	5.8
- on capital employed (2)	11.1	10.5	11.0	10.8	6.0
- on total equity (3)	10.4	10.0	10.4	10.2	5.7
From the balance sheet (SEK million)					
Fixed assets	4,005.8	3,377.7	3,260.2	3,042.6	2,041.0
Current non-interest-bearing operating liabilities	464.5	305.8	273.3	302.4	173.3
Non-current liabilities	1,867.4	1,752.6	1,524.1	894.3	687.5
Equity	3,672.9	3,377.3	3,028.1	2,684.2	2,422.5
Total assets	6,601.0	6,044.6	5,340.2	4,524.3	3,650.0
Equity ratio (%) (4)	55.6	55.9	56.7	59.3	66.4
Per share (SEK)					
Equity	1,469.14	1,350.94	1,211.26	1,073.69	969.02
Profit after tax	129.42	140.40	143.89	103.10	54.34
Dividend*	7.00	6.40	5.80	6.60	4.55
Share price at end of accounting period (SEK)					
B shares	1,200	1,150	1,275	1,000	800
Other					
Gross investments (SEK million)	822	433	696	1,402	158
Number of employees	730	686	559	518	486
Average number of shares	2,500,000	2,500,000	2,500,000	2,500,000	2,500,000

Information for 2016 has been adjusted in accordance with current accounting principles.

Definitions

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

* Board's proposal.

Income statement 2017

Amounts in SEK thousand	Note	GROUP		PARENT COMPANY	
		2017	2016	2017	2016
Net sales	1,2	2,409,931	2,094,004	215,969	206,401
Earnings from sale of fixed assets		77	119	77	119
Other revenues		3,126	22,542	89	160
Total revenues		2,413,134	2,116,665	216,135	206,680
Operating expenses					
Other external expenses	2,3	-1,175,654	-1,013,580	-25,707	-24,773
Personnel expenses	4,5	-502,775	-456,063	-11,940	-10,730
Depreciation, vessels	6	-216,912	-192,267	-2,207	-2,208
Depreciation, other fixed assets	7	-23,512	-20,249	-1,050	-1,117
Reversal of impairments		57,000	-	-	-
Loss on sale of fixed assets		-	-8,807	-	-
Total operating expenses		-1,861,853	-1,690,966	-40,904	-38,828
Operating profit		551,281	425,699	175,231	167,852
Profit/loss from financial investments					
Profit/loss from participations in group companies	8	11,652	-9,175	-176,374	-
Profit/loss from securities and receivables consisting of fixed assets	9	10,387	24,450	295	606
Interest income and similar income statement items	10	83,870	129,019	2,137	106,916
Interest expenses and similar income statement items	11	-149,072	-124,674	-86,971	-19,566
Total profit/loss from financial investments		-43,163	19,620	-260,913	87,956
Profit after financial items		508,118	445,319	-85,682	255,808
Appropriations					
Reversal of depreciation according to plan, vessels		-	-	2,640	2,663
Change in tax allocation reserve		-	-	-25,636	-62,391
Group contributions received		-	-	466,660	223,310
Group contributions paid		-	-	-272,550	-225,518
Tax for the year	12	-178,543	-90,149	-60,314	-41,088
Minority share of net profit/loss for the year		-6,013	-4,161	-	-
NET PROFIT FOR THE YEAR		323,562	351,009	25,118	152,784
Share data					
Earnings per share after tax, SEK		129.42	140.40		
Average number of shares		2,500,000	2,500,000		

Balance sheet as at 31 December 2017

ASSETS		GROUP		PARENT COMPANY	
		31/12/2017	31/12/2016	31/12/2017	31/12/2016
<i>Amounts in SEK thousand</i>					
	Note				
Fixed assets					
Intangible fixed assets					
Goodwill	7	3,549	6,109	-	-
Property, plant and equipment					
Vessels	6	2,178,226	1,880,214	25,207	27,414
Newbuild contracts for vessels and hotels	13	1,612,794	1,318,405	1,611,666	1,318,329
Land and buildings	7	159,615	112,937	26,794	27,491
Equipment	7	30,035	29,075	645	1,077
Total property, plant and equipment		3,980,670	3,340,631	1,664,312	1,374,311
Financial fixed assets					
Participations in Group companies	14	-	-	167,486	167,386
Participations in associated companies	15	400	400	200	200
Receivables from Group companies	16	-	-	616,682	538,834
Other non-current securities	17	5,960	6,176	5,047	5,047
Other non-current receivables	18	3,252	2,174	375	375
Deferred tax assets	19	11,941	22,161	-	-
Total financial fixed assets		21,553	30,911	789,790	711,842
Total fixed assets		4,005,772	3,377,651	2,454,102	2,086,153
Current assets					
Inventories					
Finished goods and goods for resale		10,222	11,145	-	-
Current receivables					
Trade receivables		77,754	91,962	1,088	1,211
Receivables from Group companies		-	-	18,257	4,072
Other receivables		97,555	100,434	78,013	44,002
Percentage of completion		10,254	2,711	-	-
Prepaid expenses and accrued income	20	95,305	34,519	1,653	1,991
Total current receivables		280,868	229,626	99,011	51,276
Current investments	21	50,552	50,667	50,552	50,667
Cash and bank balances	22	2,253,623	2,375,479	2,169,405	2,216,426
Total current assets		2,595,265	2,666,917	2,318,968	2,318,369
TOTAL ASSETS		6,601,037	6,044,568	4,773,070	4,404,522

Balance sheet as at 31 December 2017

LIABILITIES AND EQUITY		GROUP		PARENT COMPANY	
		31/12/2017	31/12/2016	31/12/2017	31/12/2016
<i>Amounts in SEK thousand</i>					
	Note				
Equity					
Share capital		2,777	2,777		
Other capital contributions		2,626	2,626		
Other equity, including net profit/loss for the year		3,667,454	3,371,939		
Equity attributable to Parent Company's shareholders		3,672,857	3,377,342		
Minority interests		25,388	19,375		
Restricted equity					
Share capital				2,777	2,777
Restricted reserves				2,481	2,481
Total restricted equity				5,258	5,258
Non-restricted equity					
Earnings brought forward				575,130	438,346
Net profit for the year				25,118	152,784
Total non-restricted equity				600,248	591,130
Total equity		3,698,245	3,396,717	605,506	596,388
Untaxed reserves					
Accumulated depreciation over plan, vessels		-	-	25,568	28,208
Tax allocation reserves		-	-	313,387	287,751
Total untaxed reserves		0	0	338,955	315,959
Provisions					
Provisions for deferred tax	23	368,878	410,367	-	-
Other provisions		3,207	3,157	-	-
Total provisions		372,085	413,524	0	0
Non-current liabilities					
Liabilities to credit institutions	24	1,782,383	1,701,183	749,500	833,000
Liabilities to Group companies	25	-	-	2,210,905	2,050,757
Other non-current liabilities		85,066	51,407	6,470	6,468
Total non-current liabilities		1,867,449	1,752,590	2,966,875	2,890,225
Current liabilities					
Liabilities to credit institutions	24	198,721	175,891	83,500	83,500
Trade accounts payable		82,750	98,805	2,912	3,287
Tax liabilities		208,103	52,507	60,777	41,639
Liabilities to Group companies		-	-	707,619	468,537
Other liabilities		13,208	9,816	1,172	1,216
Accrued expenses and deferred income	26	160,476	144,718	5,754	3,771
Total current liabilities		663,258	481,737	861,734	601,950
TOTAL LIABILITIES AND EQUITY		6,601,037	6,044,568	4,773,070	4,404,522

Statement of changes in equity

Share capital

Class of share	Number	Quotient value SEK
A Non-restricted (quotient value 1.11)	1,811,693	2,012,411
B Non-restricted (quotient value 1.11)	688,307	764,565
Total	2,500,000	2,776,976

All shares are fully paid up.

GROUP

Amounts in SEK thousand	Share capital	Other capital contributions	Other equity		Total	Minority interests	Total equity
			Acc. exchange rate differences	Retained earnings, etc.			
Equity 01/01/2016	2,777	2,626	22,066	3,000,677	3,028,146	15,214	3,043,360
Effect of change in accounting principles:							
Capitalised expenses				2,397	2,397		2,397
Adjusted opening equity 01/01/2016	2,777	2,626	22,066	3,003,074	3,030,543	15,214	3,045,757

Changes for the year 2016:

Dividends				-14,500	-14,500		-14,500
Restatement of equity in foreign subsidiaries			10,290		10,290		10,290
Net profit for the year				351,009	351,009	4,161	355,170
Equity 31/12/2016	2,777	2,626	32,356	3,339,583	3,377,342	19,375	3,396,717

Changes for the year 2017:

Dividends				-16,000	-16,000		-16,000
Restatement of equity in foreign subsidiaries			-12,047		-12,047		-12,047
Net profit for the year				323,562	323,562	6,013	329,575
Equity 31/12/2017	2,777	2,626	20,309	3,647,145	3,672,857	25,388	3,698,245

PARENT COMPANY

Amounts in SEK thousands

	Restricted equity		Non-restricted equity		Total
	Share capital	Statutory reserve	Other non-restricted equity		
Equity 01/01/2016	2,777	2,481	450,449		455,707
Effect of change in accounting principles:					
Capitalised expenses			2,397		2,397
Adjusted opening equity 01/01/2016	2,777	2,481	452,846		458,104

Changes for the year 2016:

Dividends			-14,500		-14,500
Net profit for the year			152,784		152,784
Equity 31/12/2016	2,777	2,481	591,130		596,388

Changes for the year 2017:

Dividends			-16,000		-16,000
Net profit for the year			25,118		25,118
Equity 31/12/2017	2,777	2,481	600,248		605,506

Cash flow statements

Amounts in SEK thousand	Note	GROUP		PARENT COMPANY	
		2017	2016	2017	2016
Operating activities					
Profit/loss after financial items		508,118	445,319	-85,682	255,808
Adjustments for items not included in cash flow					
Depreciation and impairment of fixed assets	6, 7	240,424	216,224	3,257	3,325
Reversal of impairments		-57,000	-	-	-
Capital gain/loss from sale of fixed assets		-77	8,807	-77	-119
Exchange rate differences		5,488	-33,650	68,597	-101,370
Other non-cash items		-	288	-	2,104
		696,953	636,988	-13,905	159,748
Change in taxes for the year		-10,219	-134,022	2,826	-111,214
Cash flow from operating activities before changes in working capital		686,734	502,966	-11,079	48,534
Changes in working capital					
Change in inventories		923	-3,166	-	-
Change in current receivables		-95,241	-2,087	-77,554	40,915
Change in current liabilities		3,144	53,936	1,563	-1,594
Cash flow from operating activities		595,560	551,649	-87,070	87,855
Investing activities					
Acquisition of vessels and new buildings	6, 13	-808,261	-422,522	-293,337	-7,739
Acquisition of other fixed assets	7, 13	-13,353	-10,254	-	-110
Sales of vessels		-	119,992	-	-
Sales of other fixed assets		789	265	158	265
Change in other financial fixed assets		-860	682	-100	-100
Business acquisition		-	-8,000	-	-
Cash flow from investing activities		-821,685	-319,837	-293,279	-7,684
Financing activities					
Borrowings		385,277	895,007	-	-
Amortisation of debt		-176,886	-700,397	-83,500	-83,498
Changes in intra-Group transactions	16, 25	-	-	501,306	409,930
Dividends to shareholders		-16,000	-14,500	-16,000	-14,500
Cash flow from financing activities		192,391	180,110	401,806	311,932
Change in cash and cash equivalents		-33,734	411,922	21,457	392,103
Cash and cash equivalents at start of year		2,426,147	1,891,559	2,267,093	1,773,620
Exchange rate differences in cash and cash equivalents		-88,237	122,666	-68,594	101,370
Cash and cash equivalents at year-end		2,304,176	2,426,147	2,219,956	2,267,093

Accounting and valuation policies

General accounting policies

The annual accounts and consolidated financial statements have been prepared in accordance with the Annual Accounts Act and the general guidance of the Swedish Accounting Standards Board, BFNAR 2012:1 Annual Accounts and Consolidated Financial Statements (K3).

Compared with previous years, an adjustment of the accounting principle has been carried out with regard to direct investments for inspection of new building projects, which were capitalised as part of the acquisition cost. The total effect is SEK 10,053 thousand, of which SEK 2,397 thousand has increased the retained earnings, whereas the remaining SEK 7,656 thousand has had a positive effect on the results for 2016.

Valuation policies

Assets and liabilities have been valued at their cost of acquisition unless stated otherwise below.

Revenues

Revenues are reported on the basis of the actual amount received, or the amount expected, and are reported where it is probable that economic benefits will fall to the company. State subsidies are reported at fair value where there is reasonable assurance that the subsidy will be received and all associated conditions will be met. A state subsidy attributable to expected costs is reported as deferred income. The subsidy is taken up as income in the period in which the costs that the state subsidy is intended to compensate arise.

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 rate at the end of the reporting period. 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 financial statements

The consolidated financial statements relate to the Parent Company and the companies in which Rederi AB Gotland directly or indirectly holds more than 50 per cent of the voting rights (Group companies).

Appropriations and untaxed reserves are not reported in the Group. These are instead 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.

Intra-Group profit is eliminated in its entirety.

Translation of foreign subsidiaries

Subsidiaries in other countries prepare their annual accounts in a foreign currency. On consolidation, entries in these companies' balance sheets and income statements are translated at the closing rate and average rate respectively. The resulting exchange rate differences are recognised in cumulative exchange rate differences in equity.

Taxes, including deferred taxes

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-forwards, where it is likely that there will be future taxable profits against which the temporary differences or unutilised loss carry-forwards can be offset. The reported value of the deferred tax assets is reviewed at the end of each reporting period.

Receivables

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

Inventories

Inventories are valued, applying the first-in/first-out principle, at the lower of the cost of acquisition and fair value at the end of the reporting period.

Fixed assets

Interest on capital borrowed to finance the production of an asset is not included in the cost of acquisition. All types of fixed assets are depreciated/amortised on a straight-line basis. For the depreciation/amortisation periods applied, see the relevant notes for the fixed assets. Where the value reported exceeds the calculated recoverable amount, the value reported is written down directly to this recoverable amount.

"Associated companies" refers to companies that are not subsidiaries but in which the Parent Company directly or indirectly holds at least 20 per cent of the votes for all participations, or otherwise has a significant influence.

Leases

All leases are treated as operational leases. The costs of operational leases are small amounts.

Cash flow statements

The cash flow statements have been prepared using the indirect method. The cash flow reported only includes transactions that involve inward or outward payments. Cash and cash equivalents are classified as bank balances and current financial investments.

Borrowings

Borrowings are initially reported as the amount received less transaction costs. If the amount reported differs from the amount to be repaid at the due date, the difference is allocated as an interest expense or interest income over the term of the loan. As a result, the amount reported and the amount to be repaid match at the due date.

Provisions

Provisions are made when there is a legal or constructive obligation and when a reliable estimate of the amount can be made.

Appropriations

Changes in untaxed reserves are recognised as appropriations in the income statement for the Parent Company. Group contributions are recognised as appropriations.

Shareholdings and participations in subsidiaries

Participations in Group companies are recognised at their cost of acquisition less any impairment losses. The cost of acquisition includes the purchase price paid for the shares and acquisition costs. Any capital injection and Group contributions are added to the cost of acquisition when made. Dividends from subsidiaries are recognised as income.

Untaxed reserves

Untaxed reserves in the Parent Company are recognised gross in the balance sheet, including the deferred tax liability attributable to the reserves.

Assessments and estimates

Market value assessments are carried out each year to assess the carrying amounts of vessels and commercial premises. Market value assessments for vessels are conducted both by way of market valuations based on official publications and individual valuations by brokers, as well as by discounted cash flow valuations based on estimated cash flow during the vessel's serviceable life and the present value calculation based on a weighted average of the required return on equity and interest on the capital borrowed.

For commercial properties - i.e. hotel operations and properties leased commercially - discounted cash flow valuations apply. These are based on forecasts of the cash flow in future years calculated at current value on the basis of a weighted average of the yield requirement on equity and interest on borrowed capital.

Legal proceedings are in progress between Rederi AB Lauter and the Swedish Tax Agency. A judgment against Rederi AB Lauter was handed down in the case at the Administrative Court of Appeal. The Administrative Court had previously issued a judgment in the company's favour. The company is applying for leave to appeal at the Supreme Administrative Court and considers that there is good reason for the case to be tried at a higher instance.

Notes to the consolidated and Parent Company financial statements

Amounts in SEK thousands unless stated otherwise

Note 1 NET SALES BY OPERATING SEGMENT

	GROUP		PARENT COMPANY	
	2017	2016	2017	2016
Foreign shipping operations	488,367	454,107	215,969	206,401
Passenger and freight traffic, Sweden ¹⁾	1,650,630	1,351,580	-	-
Travel agency operations, Sweden	73,501	82,264	-	-
Hotel operations, Sweden	67,510	71,298	-	-
Shipyard operations, Sweden	116,944	118,502	-	-
Other, Sweden ²⁾	12,979	16,253	-	-
Total	2,409,931	2,094,004	215,969	206,401

1) Relates to Destination Gotland AB, Skärgårdsbolaget 1 AB and Nya Skärgårdsbolaget 2017 AB. Total sales include SEK 495 (380) million as payment from the Swedish Transport Administration for the ferry services provided, and SEK 81 (75) million as payment for shipping support, which corresponds to employer contributions and tax deductions on shipping income, and payment from Trafikförvaltningen [the Public Transport Administration] of SEK 191 (118) million for archipelago services carried out.

2) Relates to Gotlands Stuveri AB and subsidiaries, which are 54 per cent owned by Destination Gotland AB.

Note 2 PERCENTAGE OF PURCHASES AND SALES FOR THE YEAR RELATING TO GROUP COMPANIES

	PARENT COMPANY	
	2017	2016
Sale of internal services	97%	96%
Purchase of internal services	3%	2%

Note 3 REMUNERATION TO AUDITORS

	GROUP		PARENT COMPANY	
	2017	2016	2017	2016
<i>Öhrlings PriceWaterhouseCoopers AB</i>				
Auditing assignments	1,773	1,469	796	708
Auditing activities other than auditing tasks	204	143	-	-
Tax advisory services	22	18	-	-
Other services	135	376	-	-
Total	2,134	2,006	796	708

"Audit assignments" refers to the auditor's work on the statutory audit, while "auditing activities" refers to other types of quality assurance services. "Other services" are those that are not included in audit assignments, auditing activities, or tax consultancy.

Note 4 EMPLOYEE SALARIES AND BENEFITS AND PAYMENTS TO THE BOARD OF DIRECTORS AND COMPANY MANAGEMENT

	GROUP		PARENT COMPANY	
	2017	2016	2017	2016
Salaries and others remuneration				
Board of Directors and Chief Executive Officers	12,026	11,857	4,073	4,302
Other employees	322,330	299,563	4,617	4,232
Total	334,356	311,420	8,690	8,534
Social security contributions				
Pension costs for the Board of Directors and Chief Executive Officers	3,378	2,798	670	469
Pension costs for other employees	28,137	22,704	1,062	741
Other social security contributions in accordance with the law and agreements	109,578	107,187	3,877	2,856
Total	141,093	132,689	5,609	4,066

Remuneration to the President is prepared and determined by the Board of Directors. No variable remuneration is paid to senior management. The company has no outstanding pension commitments.

Notes to the consolidated and Parent Company financial statements

Note 5 AVERAGE NUMBER OF EMPLOYEES, ETC.

	GROUP		PARENT COMPANY	
	2017	2016	2017	2016
Average number of employees in Sweden				
Women	298	281	4	4
Men	432	405	5	5
Total	730	686	9	9
The increase in the number of employees is primarily attributable to the full-year effect of the acquisition of companies.				
Board members at the end of the reporting period				
Women	42	43	2	2
Men	121	121	7	8
Total	163	164	9	10
Senior executives at the end of the reporting period				
Women	1	1	0	0
Men	8	8	1	1
Total	9	9	1	1

Note 6 VESSELS

Planned depreciation for the fast ferries M/S Visby, M/S Gotland, HSC Gotlandia, and HSC Gotlandia II is based on an economic life of 10 years from the year of construction. For conventional ferries, the depreciation period is 20 years. For product tankers, the depreciation period is 15 years with 10 per cent residual value. For service vessels for the offshore wind power sector, the depreciation period is 10 years from the year of construction.

	GROUP		PARENT COMPANY	
	31/12/2017	31/12/2016	31/12/2017	31/12/2016
Accumulated costs of acquisition				
At start of year	4,343,907	4,099,794	1,029,637	1,029,637
New acquisitions during the year	514,924	414,707	-	-
Sales during the year	-	-170,594	-	-
Total accumulated costs of acquisition	4,858,831	4,343,907	1,029,637	1,029,637
Accumulated depreciation and impairment				
At start of year	-2,463,693	-2,313,221	-1,002,223	-1,000,015
Sales during the year	-	41,795	-	-
Depreciation for the year according to plan	-216,912	-192,267	-2,207	-2,208
Total accumulated depreciation and impairment	-2,680,605	-2,463,693	-1,004,430	-1,002,223
Residual value at end of year	2,178,226	1,880,214	25,207	27,414

The Group: Of the total balance sheet item of SEK 2,178,226 (1,880,214) thousand, operational leases account for SEK 923,806 (1,040,818) thousand.

Parent Company: Of the total balance sheet item of SEK 25,207 (27,414) thousand, operational leases account for SEK 0 (0) thousand.

Some subsidiaries that own tankers have signed option agreements with the operator of the tanker. The agreements mean that the operators are entitled to acquire the vessel at a given acquisition price at certain times. Where the redemption price is lower than the expected carrying amount at the time of redemption, the value is written down to the redemption price.

Note 7 OTHER FIXED ASSETS**GOODWILL**

Goodwill is amortised over five years.

	GROUP	
	31/12/2017	31/12/2016
Accumulated acquisition value		
At start of year	24,894	18,961
Acquisitions during the year	–	5,933
Total accumulated acquisition value	24,894	24,894
Accumulated depreciation and impairment		
At start of year	-18,785	-10,292
Depreciation for the year according to plan	-2,560	-4,785
Impairment for the year	–	-3,708
Total accumulated depreciation and impairment	-21,345	-18,785
Residual value at end of year	3,549	6,109

LAND AND BUILDINGS

Planned depreciation on buildings is calculated per building divided by components with different depreciation periods.

	GROUP		PARENT COMPANY	
	31/12/2017	31/12/2016	31/12/2017	31/12/2016
Accumulated acquisition value				
At start of year	236,359	233,358	53,390	53,390
New acquisitions during the year	297	3,001	–	–
Total accumulated acquisition value	236,656	236,359	53,390	53,390
Accumulated depreciation and impairment				
At start of year	-123,422	-118,620	-25,899	-25,201
Reversal of impairment	57,000	–	–	–
Depreciation for the year according to plan	-10,619	-4,802	-697	-698
Total accumulated depreciation and impairment	-77,041	-123,422	-26,596	-25,899
Residual value at year end	159,615	112,937	26,794	27,491

The fair value of investment properties within the Group has, in accordance with the cash flow method, been estimated at SEK 134 million, which is higher than the carrying amount of SEK 116 million. Corresponding values for investment properties in the Parent Company are SEK 16 million and SEK 7 million respectively. For valuation policies, see above. The remaining properties are commercial properties.

EQUIPMENT

Planned depreciation on equipment, tools, and fixtures and fittings is calculated at 20 per cent of their acquisition value per annum.

	GROUP		PARENT COMPANY	
	31/12/2017	31/12/2016	31/12/2017	31/12/2016
Accumulated acquisition value				
At start of year	129,751	121,899	6,952	7,240
New acquisitions during the year	12,004	8,250	–	110
Divestments and disposals during the year	-2,085	-398	-284	-398
Total accumulated acquisition value	139,670	129,751	6,668	6,952
Accumulated depreciation				
At start of year	-100,676	-90,266	-5,875	-5,708
Divestments and disposals during the year	1,374	252	204	252
Depreciation for the year according to plan	-10,333	-10,662	-352	-419
Total accumulated depreciation	-109,635	-100,676	-6,023	-5,875
Residual value at year end	30,035	29,075	645	1,077

Note 8 PROFIT/LOSS FROM PARTICIPATIONS IN GROUP COMPANIES

	GROUP		PARENT COMPANY	
	2017	2016	2017	2016
Capital gains/losses	11,827	675	–	–
Impairment	-175	-9,850	-176,374	–
Total	11,652	-9,175	-176,374	0

Notes to the consolidated and Parent Company financial statements

Note 9 PROFIT/LOSS FROM SECURITIES AND RECEIVABLES ACCOUNTED FOR AS NON-CURRENT ASSETS

	GROUP		PARENT COMPANY	
	2017	2016	2017	2016
Dividends	10,603	24,823	295	606
Impairment losses	-216	-373	-	-
Reversal of impairment losses	-	-	-	-
Total	10,387	24,450	295	606

Note 10 INTEREST INCOME AND SIMILAR INCOME STATEMENT ITEMS

	GROUP		PARENT COMPANY	
	2017	2016	2017	2016
Interest income	2,141	6,353	2,137	5,546
Exchange rate differences	81,729	122,666	-	101,370
Exchange rate differences Group companies	-	-	-	-
Total	83,870	129,019	2,137	106,916

Note 11 INTEREST EXPENSES AND SIMILAR INCOME STATEMENT ITEMS

	GROUP		PARENT COMPANY	
	2017	2016	2017	2016
Interest expenses	-46,714	-46,250	-18,378	-19,566
Exchange rate differences	-88,237	-78,424	-68,593	-
Other financial expenses	-14,121	-	-	-
Total	-149,072	-124,674	-86,971	-19,566

Note 12 TAX FOR THE YEAR

	GROUP		PARENT COMPANY	
	2017	2016	2017	2016
Current tax	-209,812	-69,984	-60,314	-41,088
Deferred tax	31,269	-20,165	-	-
Recognised tax expense	-178,543	-90,149	-60,314	-41,088
Profit after financial items	508,118	445,319	-85,682	255,808
Tax on profit after financial items, 22% according to Swedish tax rate	-111,786	-97,970	18,850	-56,278
Change due to:				
Reduction in tax due to non-taxable income	1,929	25,348	65	1,819
Reduction in tax due to allocation to untaxed reserves	-	-	5,059	13,140
Reduction/increase in tax due to Group contributions (net) made	-	-	-42,704	486
Increase in tax due to non-deductible expenses	-2,512	-6,007	-39,144	-112
Reduction in tax due to changes in temporary differences	89,172	9,621	-	-
Reduction/increase in tax due to tax loss carryforwards	-3,130	574	-	-
Increase in tax due to flat-rate income on tax allocation reserves	-237	-240	-228	-233
Reduction/increase in tax due to different tax rates than in Sweden	-1,930	3,189	-	-
Increase/reduction in tax due to corrections from previous year	-150,049	-24,664	-2,212	90
Recognised tax expense	-178,543	-90,149	-60,314	-41,088

Note 13 NEWBUILD CONTRACTS, VESSELS, & NEWBUILD PROJECTS, HOTELS

	GROUP		PARENT COMPANY	
	31/12/2017	31/12/2016	31/12/2017	31/12/2016
At start of year	1,318,405	1,311,587	1,318,329	1,310,590
New acquisitions for newbuild contracts for the year	294,389	11,551	293,337	7,739
Reclassification	-	-4,733	-	-
Carrying amount at year end	1,612,794	1,318,405	1,611,666	1,318,329

Newbuild contracts for vessels amounted to SEK 1,612 (1,318) million. The opening balance has been corrected by SEK 10 million for capitalisation of expenses that were expensed in previous years in accordance with applicable accounting principles.

Notes to the consolidated and Parent Company financial statements

Note 14 PARTICIPATIONS IN GROUP COMPANIES

	PARENT COMPANY	
	31/12/2017	31/12/2016
Opening acquisition value	167,386	167,286
Acquisitions during the year	100	100
Reclassifications	-	-
Carrying amount at year end	167,486	167,386

Specification of Group's shareholdings and participations in Group companies

Swedish Group companies	Corp. ID. no.	Based	Number	Carrying amount	Equity and share of votes %	Equity	Profit/loss
Destination Gotland AB	556038-2342	Gotland	5,000	80,389	100	146,118	-8,431
GotlandsResor AB	556141-1009	Gotland	500	2,507	100	58,030	41 171
Gamla Wisby Bryggeri	556035-4341	Gotland	4,320	890	100	649	-
Gotlandsbolaget AB	556643-7850	Gotland	1,000	100	100	562,386	-
Rederi AB Hoburgen	556207-3816	Gotland	1,000	132	100	107,982	-
Rederi AB Våndburg	556496-2222	Gotland	1,000	1,550	100	1,120	-
Gotland Tankers AB	556762-3342	Gotland	1,000	68,100	100	52,590	2,118
Wisby Tanker Trading AB	556798-0700	Gotland	500	50	50	95	-
Rederi AB Lauter	556815-1293	Gotland	1,000	50	100	50	-150,183
Rederi AB Djupvik	556815-1160	Gotland	1,000	50	100	50	-
Rederi AB Kyllaj	556864-0931	Gotland	500	50	100	50	-
Rederi AB Burgsvik	556864-0949	Gotland	500	50	100	50	-
Rederi AB Asunden	556899-3892	Gotland	1,000	50	100	50	-
Rederi AB Botvaldevik	556899-3884	Gotland	1,000	50	100	50	-
Sundre Rederi AB	556937-7764	Gotland	500	50	100	50	-
Hallshuk Rederi AB	556937-7756	Gotland	500	50	100	50	-
Nya Skärgårdsbolaget 2017 AB	556978-3573	Gotland	100	50	100	50	-14,225
Rederi Utholmen AB	556980-3660	Gotland	100	50	100	50	-11,966
Stockholms Reparationsvarv AB	556426-2391	Stockholm	625	12,625	62.5	26,234	6,880
Hangvar Rederi AB	559019-6977	Gotland	1,000	50	100	50	-
Hellvi Rederi AB	559019-7025	Gotland	1,000	50	100	50	-
Rederi Sysne AB	559069-4807	Gotland	1,000	50	100	50	-
Rederi Grynge AB	559069-4831	Gotland	1,000	50	100	50	-
Rederi Boge AB	559122-3457	Gotland	1,000	50	100	50	-
Rederi Othem AB	559122-3374	Gotland	1,000	50	100	50	-
Foreign Group companies							
Gotland Shipping Latvia A/S		Latvia	500	343	100	0	0
Carrying amount at year end				167,486			

The following companies are sub-subsidiaries of Rederi AB Gotland, with their respective owner companies

Gotland Tankers AB

Rederi AB Torsburgen	Gotland	100
Rederi AB Gute	Gotland	100
Rederi AB Ljugarn	Gotland	100
Rederi AB Klintehamn	Gotland	100
Rederi AB Kappelshamn	Gotland	100
Rederi AB Katthammarsvik	Gotland	100
Rederi AB Gnisvärd	Gotland	100
Rederi AB Västergarn	Gotland	100
Gotland Class Shipping KB	Gotland	1

Destination Gotland AB

Gotland Promotion AB	Gotland	100
Gotlands Stuveri AB	Gotland	54
AB Carl E Ekman	Gotland	100
Gotland Excursion AB	Gotland	100

Gotlandsbolaget AB

Gotland Shipping (Bahamas) Ltd	Bahamas	100
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Rederi AB Lauter

Gotland Class Shipping KB	Gotland	99
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Rederi AB Hoburgen

Rederi AB Vrenen	Gotland	100
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Rederi Utholmen AB

Skärgårdsbolaget 1 AB in liquidation	Stockholm	51
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Rederi AB Våndburg

Rederi AB Sudersand	Gotland	100
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Notes to the consolidated and Parent Company financial statements

Note 15 PARTICIPATIONS IN ASSOCIATES

	GROUP		PARENT COMPANY	
	31/12/2017	31/12/2016	31/12/2017	31/12/2016
At start of year	400	400	200	200
Reclassifications for the year	-	-	-	-
Carrying amount at year-end	400	400	200	200
Specification of associates			Carrying amount	Equity & share of votes %
	Corporate ID no.	Based	Number	
Vic Själv-Kem. i Visby AB	556094-3549	Gotland	400	34.8
Total Group			400	
Of which Parent Company:				
Vic Själv-Kem. i Visby AB	556094-3549	Gotland	200	17.4
Total Parent Company			200	

Note 16 RECEIVABLES FROM GROUP COMPANIES

	PARENT COMPANY	
	31/12/2017	31/12/2016
At start of year	538,834	334,244
Additional receivables	77,848	204,590
Settled receivables	-	-
Carrying amount at year end	616,682	538,834

Note 17 OTHER NON-CURRENT SECURITIES

	GROUP		PARENT COMPANY	
	31/12/2017	31/12/2016	31/12/2017	31/12/2016
At start of year	6,176	6,550	5,047	5,047
Impairment losses	-216	-374	-	-
Carrying amount at year end	5,960	6,176	5,047	5,047

Note 18 OTHER NON-CURRENT RECEIVABLES

	GROUP		PARENT COMPANY	
	31/12/2017	31/12/2016	31/12/2017	31/12/2016
At start of year	2,174	2,483	375	375
Additional receivables	1,078	944	-	-
Settled receivables	-	-1,253	-	-
Carrying amount at year end	3,252	2,174	375	375

Note 19 DEFERRED TAX ASSETS

	GROUP		PARENT COMPANY	
	31/12/2017	31/12/2016	31/12/2017	31/12/2016
Deferred tax assets attributable to temporary differences in assets				
Amount at start of year	22,161	12,540	-	-
Change during the year	-10,220	9,621	-	-
Carrying amount at year end	11,941	22,161	-	-

Note 20 PREPAID EXPENSES AND ACCRUED INCOME

	GROUP		PARENT COMPANY	
	31/12/2017	31/12/2016	31/12/2017	31/12/2016
Prepaid expenses	10,598	19,523	1,292	1,991
Other interim receivables	-	11,863	-	-
Other accrued income	84,707	3,133	361	-
Carrying amount at year end	95,305	34,519	1,653	1,991

Note 21 CURRENT INVESTMENTS

Money market investments in banks with low risk.

Note 22 BANK OVERDRAFT FACILITIES

A bank overdraft facility of SEK 30,000 thousand has been granted, of which SEK 0 thousand has been utilised.

Note 23 DEFERRED TAX LIABILITY

	GROUP	
	31/12/2017	31/12/2016
Deferred tax liabilities attributable to temporary differences in assets		
Amount at start of year	25,243	31,810
Change for the year	4,227	-6,567
Total	29,470	25,243
Deferred tax liabilities attributable to untaxed reserves in legal entity		
Amount at start of year	385,124	348,772
Change for the year	-45,716	36,352
Total	339,408	385,124
Carrying amount at year end	368,878	410,367

Note 24 LIABILITIES TO CREDIT INSTITUTIONS

	GROUP		PARENT COMPANY	
	31/12/2017	31/12/2016	31/12/2017	31/12/2016
Due date 0-1 years from the balance sheet date	198,721	175,891	83,500	83,500
Due date 1-5 years from the balance sheet date	765,559	707,911	334,000	334,000
Due date over 5 years from the balance sheet date	1,016,824	993,272	415,500	499,000
Carrying amount at year end	1,981,104	1,877,074	833,000	916,500

Of the Group's liabilities to credit institutions, 999,723 (1,108,369) is in SEK and 981,381 (768,705) is in USD.

Of the Parent Company's liabilities to credit institutions, 833,000 (916,500) is in SEK.

Note 25 LIABILITIES TO GROUP COMPANIES

	PARENT COMPANY	
	31/12/2017	31/12/2016
At start of year	2,050,757	1,485,844
Additional liabilities	160,148	564,913
Settled liabilities	-	-
Carrying amount at year-end	2,210,905	2,050,757

These liabilities fall due for payment on demand.

Notes to the consolidated and Parent Company financial statements

Note 26 ACCRUED EXPENSES AND DEFERRED INCOME

	GROUP		PARENT COMPANY	
	31/12/2017	31/12/2016	31/12/2017	31/12/2016
Accrued personnel expenses	80,619	70,830	1,990	2,002
Accrued interest	5,077	3,153	2,590	683
Prepaid income	44,439	41,438	1,036	976
Other accrued expenses	30,341	29,297	138	110
Carrying amount at year end	160,476	144,718	5,754	3,771

Note 27 ASSETS PLEDGED TO CREDIT INSTITUTIONS

	GROUP		PARENT COMPANY	
	31/12/2017	31/12/2016	31/12/2017	31/12/2016
Property mortgages	16,550	16,550	13,150	13,150
Ship mortgages	1,929,631	2,019,991	1,050,000	1,050,000
Floating charges	13,475	13,475	1,825	1,825
Pledges in shares	80,389	-	80,389	-
Bank balances	42,901	42,901	42,901	42,901
Guarantees	7,900	7,900	-	-
For own pension commitment	2,309	1,722	-	-
Total	2,093,155	2,102,539	1,188,265	1,107,876

Note 28 CONTINGENT LIABILITIES

	PARENT COMPANY	
	31/12/2017	31/12/2016
Guarantees on behalf of subsidiaries	783,510	556,854

Note 29 SIGNIFICANT EVENTS AFTER THE END OF THE FINANCIAL YEAR

No significant events have occurred since the end of the financial year with regard to the company's financial position.

Note 30 PROPOSED APPROPRIATION OF PROFITS

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

	SEK
Profit brought forward	575,130,385
Net profit for the year	25,117,777
	600,248,162

The Board of Directors and the President propose:

That a dividend of SEK 7.00 be paid to the shareholders (2,500,000 shares)	17,500,000
To be carried forward	582,748,162
	600,248,162

Visby, 17 April 2018

Urban Bäckström
Chairman

Ann-Marie Åström
Vice Chairman

Annelie Hamberg

Peter J. Lindskog

Eric D Nilsson

Björn Nilsson

Jan-Eric Nilsson

Peter Skoglund

Jonas Åman

Håkan Johansson
President

Auditor's report

To the Annual General Meeting of Rederiaktiebolaget Gotland, corporate identity number 556000-8020

Report on the annual accounts and the consolidated financial statements

Opinions

We have audited the annual accounts and the consolidated financial statements of Rederiaktiebolaget Gotland for 2017. The Company's annual accounts and consolidated financial statements are presented on pages 14-31 of the printed version of this document.

In our opinion, the annual accounts and the consolidated financial statements have been prepared pursuant to the Swedish Annual Accounts Act and provide, in all material respects, a true and fair view of the financial position of the Parent Company and Group as at 31 December 2017 and their financial results and cash flows for the year pursuant to the Swedish Annual Accounts Act. The directors' report is consistent with the rest of the annual accounts and the consolidated financial statements.

We therefore recommend to the general meeting of shareholders that the income statement and balance sheet for the Parent Company and the Group be adopted.

Basis for opinions

We conducted the audit in accordance with the International Standards on Auditing (ISA) and generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of the Parent Company and the Group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

We consider that the audit evidence we obtained is sufficient and appropriate as the basis for our opinions.

Responsibility of the Board of Directors and the Managing Director

The Board of Directors and the Managing Director are responsible for the preparation of the annual accounts and consolidated accounts and that they give a fair presentation in accordance with the Annual Accounts Act. The Board of Directors and the Managing Director are also responsible for such internal control as they determine is necessary to enable the preparation of annual accounts and consolidated accounts that are free from material misstatement, whether due to fraud or error.

In preparing the annual accounts and consolidated accounts, the Board of Directors and the Managing Director are responsible for the assessment of the company's and the Group's ability to continue as a going concern. They disclose, as applicable, matters related to going concern and using the going concern basis of accounting. The going concern basis of accounting is however not applied if the Board of Directors and the Managing Director intend to liquidate the company, to cease operations, or have no realistic alternative but to do so.

Auditor's responsibility

Our objectives are to obtain reasonable assurance about whether the annual accounts and consolidated accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and generally accepted auditing standards in Sweden will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual accounts and consolidated accounts.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the annual accounts and consolidated accounts, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinions. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtain an understanding of the company's internal control relevant to our audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors and the Managing Director.

- conclude on the appropriateness of the Board of Directors' and the Managing Director's use of the going concern basis of accounting in preparing the annual accounts and consolidated accounts. We also draw a conclusion, based on the audit evidence obtained, as to whether any material uncertainty exists related to events or conditions that may cast significant doubt on the company's and the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the annual accounts and consolidated accounts or, if such disclosures are inadequate, to modify our opinion about the annual accounts and consolidated accounts. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause a company and a group to cease to continue as a going concern.
- we evaluate the overall presentation, structure and content of the annual accounts and consolidated accounts, including the disclosures, and whether the annual accounts and consolidated accounts represent the underlying transactions and events in a manner that achieves fair presentation.
- we obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated accounts. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our opinions.

We must inform the Board of Directors of, among other matters, the planned scope and timing of the audit. We must also inform of significant audit findings during our audit, including any significant deficiencies in internal control that we identified.

Report on other legal and statutory requirements

Opinions

In addition to our audit of the annual accounts and consolidated accounts, we have also audited the administration of the Board of Directors and the Managing Director of Rederiaktiebolaget Gotland for the year 2017 and the proposed appropriations of the company's profit or loss.

We recommend to the general meeting of shareholders that the profit be appropriated in accordance with the proposal in the statutory administration report and that the members of the Board of Directors and the Managing Director be discharged from liability for the financial year.

Basis for opinions

We conducted the audit in accordance with generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of the Parent Company and the Group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

We consider that the audit evidence we obtained is sufficient and appropriate as the basis for our opinions.

Responsibility of the Board of Directors and the Managing Director

The Board of Directors is responsible for the proposal for appropriations of the company's profit or loss. At the proposal of a dividend, this includes an assessment of whether the dividend is justifiable considering the requirements which the company's and the Group's type of operations, size and risks place on the size

of the Parent Company's and the Group's equity, consolidation requirements, liquidity and position in general.

The Board of Directors is responsible for the company's organisation and the administration of the company's affairs. This includes among other things continuous assessment of the company's and the Group's financial situation and ensuring that the company's organisation is designed so that the accounting, management of assets and the company's financial affairs otherwise are controlled in a reassuring manner. The Managing Director shall manage the ongoing administration according to the Board of Directors' guidelines and instructions and among other matters take measures that are necessary to fulfil the company's accounting in accordance with law and handle the management of assets in a reassuring manner.

Auditor's responsibility

Our objective concerning the audit of the administration, and thereby our opinion about discharge from liability, is to obtain audit evidence to assess with a reasonable degree of assurance whether any member of the Board of Directors or the Managing Director in any material respect:

- has undertaken any action or been guilty of any omission which can give rise to liability to the company, or
- in any other way has acted in contravention of the Companies Act, the Annual Accounts Act or the Articles of Association.

Our objective concerning the audit of the proposed appropriations of the company's profit or loss, and thereby our opinion about this, is to assess with reasonable degree of assurance whether the proposal is in accordance with the Companies Act.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with generally accepted auditing standards in Sweden will always detect actions or omissions that can give rise to liability to the company, or that the proposed appropriations of the company's profit or loss are not in accordance with the Companies Act.

As part of an audit in accordance with generally accepted auditing standards in Sweden, we exercise professional judgment and maintain professional scepticism throughout the audit. The examination of the administration and the proposed appropriations of the company's profit or loss is based primarily on the audit of the accounts. Additional audit procedures performed are based on our professional judgment with starting point in risk and materiality. This means that we focus the examination on such actions, areas and relationships that are material for the operations and where deviations and violations would have particular importance for the company's situation. We examine and test decisions undertaken, support for decisions, actions taken and other circumstances that are relevant to our opinion concerning discharge from liability. As the basis of our opinion on the Board of Directors' proposal for appropriations of the company's profit or loss, we examined the Board of Directors' explanatory statement and a selection of documentation for this to be able to assess whether the proposal is compatible with the Swedish Companies Act.

Stockholm, 20 April 2018

Öhrlings PricewaterhouseCoopers AB

Magnus Thorling

Authorised Public Accountant

Board of Directors



Urban Bäckström
Chairman. Born 1954. Stockholm. Director. Member of the Board of Directors since 2014 and member of the remuneration committee. Shareholding: 500 shares.
Other positions of trust: Chairperson of the Board of the Foundation for Free Enterprise and Board member of Lancelot Asset Management AB.



Ann-Marie Åström
Vice Chairman. Born 1965, Stockholm. Jur. kand. (Bachelor of laws). Member of the Board of Directors since 1991 and member of the remuneration committee. Shareholding: See page 12.
Other positions of trust: Member of the Board of Consilium AB, Skuld, Oslo, and Hafnia Management A/S Copenhagen. Member of Executive Committee of Intertanko.



Annelie Hamberg
Born 1978. Kalmar. Ship's officer. Employee representative. Member of the Board of Directors since 2010. Shareholding: 0 shares.



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



Eric D. Nilsson
Born 1927. Stockholm. Ship owner. Honorary Chairman since 1989. Member of the Board of Directors since 2012. President and Executive Chairperson, 1970-1988. Shareholding: See page 12.



Jan-Eric Nilsson
Born 1957. Stockholm. MSc Shipbuilding. Member of the Board of Directors since 1986. CEO 1990-2001 and 2010-2011 Chairman of the Board 2002-2010 and 2012-2013. Shareholding: See page 12.
Other positions of trust: Chairperson of the Board of Handelsbanken Visby. Member of the Board of Svenska Skeppshypotekskassan, Swedish Sea Rescue Society, Stockholm Maritime Museum Foundation, Arlandastad Holding AB and Lloyd's Nordic Committee, London.



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



Peter Skoglund
Born 1964, Gothenburg. Ombudsman. Employee representative. Member of the Board of Directors since 2005. Shareholding: 0 shares.



Jonas Åman
Born 1964. Oslo. MSc Shipping Trade & Finance. Member of the Board of Directors since 2004. Shareholding: See page 12.

Ingela Örnberg
Born 1958. Oslo, Purser. Employee representative. Deputy member of the Board of Directors since 2011. Shareholding: 0 shares.

Monica Friman
Born 1967. Visby, Official. Employee representative. Deputy member of the Board of Directors since 2005. Shareholding: 0 shares.

Vessels and charterers



M/S VISBY

Chartered by Destination Gotland AB.
Operated on Visby–Nynäshamn/Oskarshamn.

Built	2003 at Guangzhou Shipyard International Co Ltd (GSI), China
LOA	196 m
Breadth	25.67 m
Draught	6.40 m
Gross tonnage	29,746
Net tonnage	9,505
Deadweight	5,248 DWT
Speed	28.5 knots
Vessel type	Ro-Ro passenger ferry
Main engines	50,400 kW
Passenger capacity	1,500
Cabins	115 cabins
Cargo capacity	500 cars or 1,800 lane metres
Class	DNVGL, Ice Class 1A



M/S GOTLAND

Chartered by Destination Gotland AB.
Operated on Visby–Nynäshamn/Oskarshamn.

Built	2003 at Guangzhou Shipyard International Co Ltd (GSI), China
LOA	196 m
Breadth	25.67 m
Draught	6.40 m
Gross tonnage	29,746
Net tonnage	9,505
Deadweight	5,174 DWT
Speed	28.5 knots
Vessel type	Ro-Ro passenger ferry
Main engines	50,400 kW
Passenger capacity	1,500
Cabins	115 cabins
Cargo capacity	500 cars or 1,800 lane metres
Class	DNVGL, Ice Class 1A



HSC GOTLANDIA

Chartered by Destination Gotland AB.
Operated on Visby–Nynäshamn/Oskarshamn/Västervik.

Built	1999 Alstrom Leroux Naval, Lorient, France
LOA	112.51 m
Breadth	16.11 m
Draught	2.61 m
Gross tonnage	5,632
Net tonnage	1,689
Deadweight	450 DWT
Speed	32 knots
Vessel type	Single-hulled high-speed craft, HSC B
Main engines	28,320 kW
Passenger capacity	700
Cargo capacity	140 cars
Class	DNVGL



HSC GOTLANDIA II

Chartered by Destination Gotland AB.
Operated on Visby–Nynäshamn/Oskarshamn.

Built	2006 at Fincantieri, Riva Trigoso/Genoa, Italy
LOA	122 m
Breadth	17.05 m
Draught	3.29 m
Gross tonnage	6,554
Net tonnage	1,996
Deadweight	543 DWT
Speed	32 knots
Vessel type	Single-hulled high-speed craft, HSC B
Main engines	36,000 kW
Passenger capacity	780
Cargo capacity	160 cars
Class	DNVGL

Service vessel

All service vessels are chartered by Northern Offshore Services A/S.



M/V SUPPLIER

Built	2005 at Promek AS, Norway
LOA	20.5 m
Breadth	8.0 m
Gross tonnage	85.6
Speed	14 knots
Vessel type	Service vessel
Passenger capacity	12
Class	DMA cargo ship notice F



M/V PROVIDER

Built	2007 at South Boats Special Projects Ltd. Isle of Wight, UK
LOA	14.7 m
Breadth	6.4 m
Gross tonnage	21.5
Speed	27 knots
Vessel type	Service vessel
Passenger capacity	12
Class	DMA cargo ship notice F



M/V TRANSPORTER

Built	2009 at South Boats Special Projects Ltd. Isle of Wight, UK
LOA	15.5 m
Breadth	6.3 m
Gross tonnage	30.1
Speed	24 knots
Vessel type	Service vessel
Passenger capacity	12
Class	DMA cargo ship notice F



M/V PERFORMER

Built	2010 at South Boats Special Projects Ltd, Isle of Wight, UK
LOA	16 m
Breadth	6.3 m
Gross tonnage	32
Speed	25 knots
Vessel type	Service vessel
Passenger capacity	12
Class	DMA cargo ship notice F



M/V ACCOMPLISHER

Built	2012 at Grovfjord Mek Verksted AS, Norway
LOA	22.4 m
Breadth	7.6 m
Gross tonnage	131.5
Speed	26 knots
Vessel type	Service vessel
Passenger capacity	12
Class	DMA cargo ship notice B DNV R1 Windfarm Service Vessel



M/V ATTENDER

Built	2012 at Grovfjord Mek Verksted AS, Norway
LOA	22.4 m
Breadth	7.6 m
Gross tonnage	131.5
Speed	26 knots
Vessel type	Service vessel
Passenger capacity	12
Class	DMA cargo ship notice B DNV R1 Windfarm Service Vessel



M/V ADVANCER

Built	2013 at Grovfjord Mek Verksted AS, Norway
LOA	22.4 m
Breadth	7.6 m
Gross tonnage	131.5
Speed	26 knots
Vessel type	Service vessel
Passenger capacity	12
Class	DMA cargo ship notice B DNV R1 Windfarm Service Vessel



M/V DEVELOPER

Built	2014 at Grovfjord Mek Verksted AS, Norway
LOA	27.2 m
Breadth	9.2 m
Gross tonnage	215.4
Speed	30 knots
Vessel type	Service vessel
Passenger capacity	12
Class	DMA cargo ship notice B DNV R1 Windfarm Service Vessel



M/V DISCOVERER

Built	2014 at Grovfjord Mek Verksted AS, Norway
LOA	27.2 m
Breadth	9.2 m
Gross tonnage	215.4
Speed	30 knots
Vessel type	Service vessel
Passenger capacity	12
Class	DMA cargo ship notice B DNV R1 Windfarm Service Vessel



M/V RESCUER

Built	2015 at Grovfjord Mek Verksted AS, Norway
LOA	21.25 m
Breadth	7.66 m
Gross tonnage	-
Speed	35 knots
Vessel type	Ambulance vessel
Passenger capacity	12
Class	DNV +1A1 HSLC R2 Patrol DNV R1 Windfarm Service Vessel 11



M/V DISPATCHER

Built	2015 at Grovfjord Mek Verksted AS, Norway
LOA	27.2 m
Breadth	9.2 m
Gross tonnage	215.4
Speed	30 knots
Vessel type	Service vessel
Passenger capacity	12
Class	DMA cargo ship notice B



M/V CARRIER

Built	2013 at Damen Shipyards, Gornichem, the Netherlands
LOA	25.75 m
Breadth	10.4 m
Gross tonnage	167
Speed	26 knots
Vessel type	Service vessel
Passenger capacity	12
Class	BV I, fast Utility vessel, Sea Area 3

Fartyg och befraktare



M/T AMI and M/T ALICE

Commercial management by Hafnia Management A/S.
V.Ships UK Ltd is responsible for management and maintenance.

Built	2012/2013 at Guangzhou Shipyard International Co Ltd (GSI), China
LOA	183.2 m
Breadth	27.4 m
Draught	11.7 m
Gross tonnage	24,494
Net tonnage	11,471
Deadweight	39,310 tonnes /39,316 tonnes
Speed	14 knots
Vessel type	Oil and Chemical Tanker
Main engines	7,180 kW
Cargo capacity	43,869 m ³
Class	Det Norske Veritas, Tanker for Chemicals and Oil



M/T WISBY ATLANTIC and M/T WISBY PACIFIC

Ownership interest 80 %.
Charterer Stena Bulk.
Wisby Shipmanagement AB is responsible for management and maintenance.

Built	2017 at Guangzhou Shipyard International Co Ltd (GSI), China
LOA	183.2 m
Breadth	32.3 m
Draught	18.2 m
Gross tonnage	29,680
Net tonnage	14,235
Deadweight	49,400 tonnes
Speed	14.5 knots
Vessel type	Oil and Chemical Tanker
Main engines	6,484 kW
Cargo capacity	53,650 m ³
Class	Lloyd's Register, Double Hull Oil and Chemical Tanker



M/S GUTE

Chartered by Destination Gotland AB.
Destination Gotland AB is responsible for operation and maintenance.

Built	1979 at the Falkenberg shipyard, Falkenberg, Sweden
LOA	138.7 m
Breadth	16.9 m
Draught	4.32 m/3.63 m /3.42 m *
Gross tonnage	7,616
Net tonnage	2,285
Deadweight	3,652 DWT /2,287 DWT /1,894 DWT *
Speed	15 knots
Vessel type	Ro-Ro passenger ferry
Main engines	4,680 kW
Passenger capacity	12/66/86 *
Cabins	18 cabins, 61 berths
Cargo capacity	969 lane metres as Ro-Ro 828 lane metres as Ro-Ro passenger ferry
Class	Lloyd's Register, Ice class 1A

* Ro-Ro passenger ferry / 1 compartment Ro-Ro passenger ferry / 2 compartment Ro-Ro passenger ferry.



M/T CALYPSO, M/T CAVATINA and M/T CORRIDO

Chartered by the Anglo Atlantic Steamship Group.

Built	2010/2010/2011 at Hrvatska Brodogradnja Trogir d.o.o., Croatia
LOA	182.90 m
Breadth	32.20 m
Draught	17.2 m
Gross tonnage	27,100
Net tonnage	14,200
Deadweight	46,100 DWT
Speed	15.5 knots
Vessel type	Oil and Chemical Tanker
Cargo capacity	52,464 m ³
Main engines	8,200 kW
Class	Det Norske Veritas Tanker for Chemicals and Oil Products

Vessels and charterers



M/T GOTLAND ALIYA

Commercial management by Hafnia Management A/S.
V.Ships UK Ltd is responsible for management and maintenance.



M/T GOTLAND CAROLINA

Commercial management by Hafnia Management A/S.
Wisby Shipmanagement AB is responsible for management and maintenance.



M/T GOTLAND MARIEANN

Commercial management by Hafnia Management A/S.
Wisby Shipmanagement AB is responsible for management and maintenance.

GOTLAND CLASS SUPER ICE

The product tankers are built as Ice Class 1A Super, also known as "Gotland Class". They are optimised for operation in severe ice conditions and can also be effectively operated in ice-free waters.

Built	2006/2007/2008 at Guangzhou Shipyard International Co Ltd (GSI), China
LOA	183.2 m
Breadth	32.2 m
Draught	13.5 m
Gross tonnage	29,283
Net tonnage	15,939
Deadweight	53,000 DWT
Speed	15 knots
Vessel type	GSI Gotland Class – Oil and Chemical Tanker
Main engines	11,340 kW
Cargo capacity	54,000 m ³
Class	Det Norske Veritas, +1A1 Super Ice Tanker for Chemicals and Oil



M/T GOTLAND SOFIA

Commercial management by Hafnia Management A/S.
V.Ships UK Ltd is responsible for management and maintenance.

