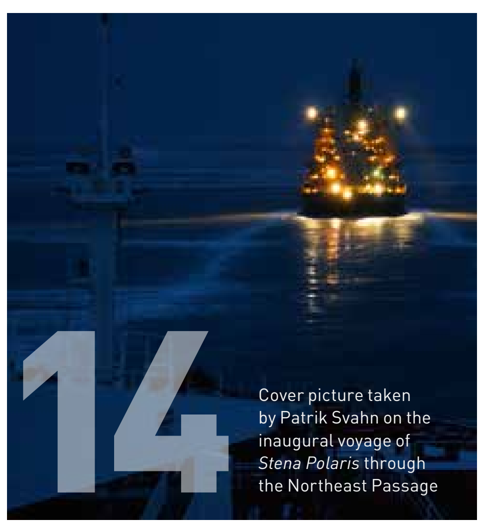
ANNUAL REPORT 2013

CONCORDIA MARITIME

CONTENTS

9

30 years of professional operation. Read about our activities, organisation and fleet on pages 9–16.



14

Cover picture taken by Patrik Svahn on the inaugural voyage of *Stena Polaris* through the Northeast Passage

89

Operational governance in 2013 – a year with *Stena Provence.*

CONCORDIA MARITIME
IN TWO MINUTES

Concordia Maritime is an international tanker shipping company. We focus on cost-effective freight and safe transportation of refined petroleum products and vegetable oils. The company's B shares were admitted to trading on Nasdaq OMX Stockholm in 1984.

OUR BUSINESS CONCEPT

To provide our customers with safe and cost-efficient tanker transportation based on innovation and performance.

To make opportunistic investments in versatile vessels and gain financially from fluctuations in their values.

OUR VISION

To be our customers' first choice for safe, innovative and efficient tanker transportation, which will result in good profitability, steady growth and financial stability.

OUR STRATEGY

- To continue to develop our position as a partner of choice in the transportation of refined petroleum products and vegetable oils.
- To continue to identify the market's need for efficient transportation and thereafter to develop vessels and logistics solutions based on transport economy, flexibility and a well-developed safety and environmental philosophy.
- To utilise our financial position to do new business with the right timing.
- To continue to take advantage of the unique competence existing in the Stena Sphere with respect to market know-how, shipbuilding and ship operation.

OUR CUSTOMERS

Our customers include some of the world's largest oil and energy companies. Customer relations are characterised by partnership, cooperation and a long-term perspective.

WHAT WE TRANSPORT

Our main focus is on the transportation of refined petroleum products and vegetable oils. As a complement to this focus, we are also active in the transportation of crude oil.

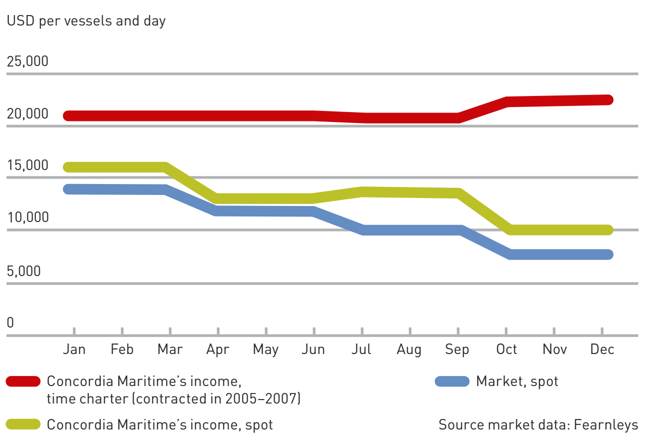
CHANGE
IS THE ONLY CONSTANT

2013

The overall market for product tanker transportation in 2013 was stronger than in 2012, but we, and many with us, had higher expectations. While it is true that indications both before and during the year pointed to (and still point to) stronger market development, the overall utilisation rate of the global product tanker fleet was simply too low to significantly push up freight rates.

We have changed our contract portfolio over the last three years, moving from long time charters to short spot contracts. In 2013, we took redelivery of another three vessels from their time charters. This meant that we employed the majority of the P-MAX fleet on the spot market. Our average income for these vessels was USD 13,000 per day. Although this was certainly better than the market average, it was not enough to provide profitability.

Concordia Maritime's income in 2013



The chart illustrates Concordia Maritime's income. The company's income from the spot and time charter markets is depicted by green and red lines. The blue line shows an average worldwide index for the spot market.

Key ratios

	2013	2012
Total income, SEK million	467.8	543.4
EBITDA, SEK million	144.7	228.4
Operating result before impairment, SEK million	0.4	77.5
Impairment, SEK million	0.0	–411.0
Operating result after impairment, SEK million	0.4	–333.5
Result after financial net, SEK million	–39.0	–369.4
Net result, SEK million	–28.8	–356.0
Investments, SEK million	64.7	428.3
Equity ratio, %	38	38
Equity per share, SEK	27.07	27.88
Dividend as percentage of profit, %	n/a	–7
Result per share, SEK	–0.60	–7.46
Dividend per share, SEK	0.00*	0.50
Share price on closing date, SEK	11.70	10.15

* Proposed dividend

SHIPPING A CYCLICAL INDUSTRY

Ever since a new generation of steamships arrived on the freight market in 1871, creating strong competition for sailing ships, shipping has been controlled by market cycles.

Tanker shipping has been going through a very weak cycle for several years. However, there is reason to believe that the cycle has bottomed out. In general, a growing world economy (the IMF expects annual global GDP growth of approx. 4 percent between now and 2018) points to higher demand for transport. As the chart below shows, fluctuations in seaborne trade have historically been highly correlated with the development of the global economy.

For the product tanker market, there are also a number of drivers that indicate a positive trend in the coming years. With a fleet in which most ships are employed on the spot market, we consider ourselves to be well positioned to benefit from this development.

Interplay between the global economy and the shipping industry

Growth in global GDP Growth in seaborne trade Source: IMF, UNCTAD

* Data for seaborne trade only available until 2011.

READ MORE
Our activities and fleet, page 9
Our market, page 17

CHAIRMAN OF THE BOARD CARL-JOHAN HAGMAN: STRENGTHS THAT WIN IN THE LONG RUN

Dear shareholders,

The tanker market is volatile in nature because it is so well-functioning, free and global. This cyclicality requires companies like ours to be equipped for upturns and downturns alike. Historically, we have shown that we can act in both strong and weak markets, which has given Concordia Maritime a long-term perspective that few other shipping companies in our sector possess.

At Concordia Maritime, we have confidence in a stronger market over the next few years.

We have ordered two IMO2MAX vessels for delivery in 2014 and last year we took delivery of a suezmax tanker. In this way, we have taken advantage of a historically attractive newbuilding market, advanced our positions and increased our long-term earnings potential. In a shorter-term perspective, we have deliberately refrained from placing our vessels on new long-term charters. By adopting this strategy, we have maximised our ability to benefit from the expected strengthening of the market.

However, Concordia Maritime is not alone in its positive view of the market over the next few years, which is why there are large numbers of new shipbuilding orders in segments such as product tankers. Consequently, there is a risk that our market will come under renewed pressure in the longer term. However, we believe that fundamental demand for product and crude oil transportation will also be strong in the future.

Concordia Maritime has unique opportunities to benefit from the Stena Sphere's entire resources and expertise, which a company of comparable size would not normally have. To ensure that all shareholders' interests are looked after and to guarantee that transactions between the companies are correct, all dealings between Concordia Maritime and Stena companies are regulated by contracts and transparent procedures. This relationship creates the conditions to get the best out of each charter, ship and crew.

In order to create long-term success, strong leadership is also required. I want to take this opportunity to thank Hans Norén for his ten years as CEO of Concordia Maritime. He has skilfully and successfully concentrated the Company's operations, shifted the focus to an exciting and attractive niche and secured the Company's earnings during a period when many other shipping companies did not pass the test.

Now it is time to take the Company forward and it was a great pleasure to appoint Kim Ullman as the new CEO.

Few people can match Kim's extensive experience in tanker shipping. For 30 years he has been closely involved in developing Stena Bulk into one of the world's leading shipping companies. In particular, Kim's deep market knowledge and business acumen will be an invaluable asset to the Company.

The Board of Concordia Maritime is therefore in no doubt that we have every opportunity to improve profitability and continue developing into a shipping company of the highest quality and class.

Gothenburg, March 2014
Carl-Johan Hagman,
Chairman of the Board

CEO KIM ULLMAN:

OUR JOURNEY

TOWARDS BETTER PROFITABILITY

As new CEO of Concordia Maritime, my focus is on maximising the utilisation of our modern and efficient fleet, and thereby increasing the Company's profitability. We shall reach the goal with a new employment strategy, new forms of cooperation and continuing cost-efficient operations with our unique network of partners.

Although the tanker market did not deliver what we and many others were hoping for in 2013, our positive view of the market development in the next few years is unchanged. Fundamental factors and structural drivers point to a rising market.

To start with, global economy is in recovery. Projections indicate relatively good growth over the next four years, particularly in the emerging economies of Asia and Africa. Shipping continues to play an important role in globalisation and the spread of prosperity. The global middle class is growing stronger and becoming an increasingly important engine of the global economy – a trend that benefits us in the form of increased demand for oil and petroleum products.

Secondly, the geographic distribution of refinery capacity in the world is changing. This creates dynamics in trade patterns and increased demand for product tanker transportation.

And thirdly, the shale gas boom is changing the playing field in the U.S. energy market. Exports of petroleum products are increasing as refineries benefit from cheap supplies of raw material.

It is important to emphasise that there are still some questions regarding the balance between supply and demand for vessels. Traditionally, the number of vessel orders has gone up when the market has gone up. However, 2013 was an exception, with a large number of orders even in a low market. But even though new product tanker deliveries are relatively high, demand for transportation is increasing even more.

Spot market exposure

Market development was below expectations in 2013. Despite a promising start to the year, the overall utilisation rate for the world fleet was too low, largely due to the high supply of vessels.

We successfully manoeuvred past the weak years of 2009–2012 with long charter contracts, while many of our competitors were struggling with serious earnings problems. We have gradually increased our market exposure and 2013 was the first year when

→

WHY CONCORDIA MARITIME IS A GOOD INVESTMENT

1. We operate in a market where there is much to indicate a gradual strengthening in the coming years.
2. We have an efficient and flexible fleet, well positioned to benefit from this development.
3. We have launched a new strategy for more varied employment. The goal is to maximise the utilisation rate and increase profitability.

the majority of our vessels were in the spot market. During the year, these vessels earned USD 13,000 per day on average. Although this was approx. 20 percent better than world wide market index, the earnings were not sufficient to create profitability.

New employment strategy and new vessels

My focus is now on increasing the fleet's utilisation rate and income. In this cyclical industry, it means being prepared for both upturns and downturns. We are well positioned to benefit from the positive trend that is expected in the period ahead. The majority of our P-MAX tankers – eight out of ten – are now employed on the open market.

We are also endeavouring to concentrate employment on trades and chartering alternatives where the unique features of the P-MAX tankers are utilized, and where there are premium rates to be earned. An example is the new agreement we signed with the French company Total in January 2014 covering *Stena Paris*. Her extreme shallow draft will be of particular benefit on one of Total's niche routes from South-east Asia to Polynesia. We have also signed a cooperation agreement with Shell Tankers Singapore Pte Ltd on the employment of *Stena Penguin* and *Stena Progress*. The co-operation provides great potential for maximising the vessels' utilisation rate.

Another important part of the strategy is the upcoming delivery of two sophisticated product and chemical tankers in Stena's custom-designed IMO2MAX series. Being able to act in a weak market, as we did when we ordered the ships in 2012, is beneficial both in a short and a long perspective. Besides getting two new ships, which broaden our exposure to new cargo types, we also made the investments when ship-building prices were at their lowest in over a decade.

Professional operation

Our activities have always been characterised by skilful chartering and daily operation of high quality and reliability. This professional operation is possible thanks to a unique network of partners.

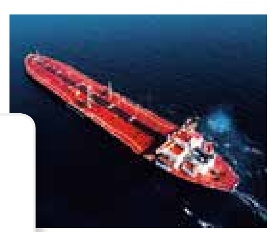
Through Stena Bulk and Stena Weco we have access to leading and worldwide expertise in chartering and commercial operation.

The cooperation with Northern Marine Management, our partner for technical operation and manning, keeps us at the forefront in quality, safety and environmental awareness. Over the years, we have measured up

CONCORDIA MARITIME 30 YEARS 1984–2014

1984 Concordia Maritime AB is formed and listed on the Stockholm Stock Exchange. One-third of the shares are sold to the public.

1988 The world's fifth and sixth largest ships, *Stena King* and *Stena Queen*, are purchased and put on long-term charter contracts. The transaction will be crucial to the company's future development.



1989 Universe Tank-ships' VLCC fleet of six sister ships is purchased.

1998 The first MAX class tanker is ordered. Hyundai Heavy Industries is contracted to build two VLCCs of the revolutionary new V-MAX design.

1984 1985 1986 1987 1988 1989 1990 1991 1992 1993 1994 1995 1996 1997 1998 to rigorous inspection requirements such as the oil companies' vessel vetting inspections. The already low number of observations per inspection fell by about 40 percent between 2009 and 2013.

The working environment at sea is often characterised by metre-high waves, wet or icy decks and tight spaces. But when it comes to safety on board our vessels, we have a track record few shipping companies can match. A shining example is that in the 8.6 million hours worked between 2010 to 2013, we had only two accidents where the employees concerned were unable to return to work the following day.

Continuing to develop the business

The high level of competence within the Stena Group is no news to me. I have worked at Stena Bulk since 1983, the year before Concordia Maritime was founded and listed on the Stockholm Stock Exchange. Since then I have closely followed the Company's development from a large tanker shipping company, with ULCC and VLCC tankers, into a niche product tanker company with sophisticated product and chemical tankers.

It is very stimulating to have been a part of this exciting development since the beginning of the year. I look forward with great enthusiasm to taking the Company further on its successful journey and continuing to develop its position as a first-class, profitable shipping company.

Gothenburg, March 2014
Kim Ullman, CEO

2003

The first six of a total of ten 65,200 dwt product tankers of Stena's new P-MAX design are ordered from Brodosplit Shipyard in Croatia.

2004

The last two VLCCs in the fleet are sold for offshore conversion. New order for the panamax sisters *Stena Poseidon* and *Palva*.

2005

Stena Paris is the first P-MAX to be launched. She goes straight into a long-term contract for the French company Total.

2010

The Suezmax tanker *Stena Supreme* is ordered for delivery in 2012.

2014

Delivery of the first IMO2MAX vessel is scheduled for the end of 2014.

1999 2000 2001 2002 2003 2004 2005 2006 2007 2008 2009 2010 2011 2012 2013 2014

OUR PRINCIPAL INCOME AND COSTS

INCOME

Income from spot charters
The freight rate is a floating rate based on supply and demand at a particular time. This means that freight rates can fluctuate considerably over a short period.

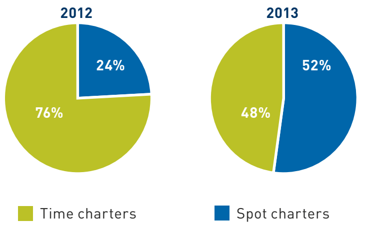
Income from time charters
Income consists of a pre-agreed freight rate that applies throughout the charter period. The size of the freight rate depends on the length of the charter and the market situation when the contract is signed.

Profit sharing
Some charters include a profit-sharing clause in addition to the freight rate. In simple terms, this means that we and the customer share the income that exceeds a given level.

Sale of ships
Another potential source of income is the sale of ships. Here, prices vary depending on the market and the condition of the vessels. Timing is therefore crucial for a profitable sale.

Focus
• Close, long-term collaboration with customers
• Timing of purchases and sales of ships

Share of income



Read about how our vessels are employed on page 15.

COSTS

Daily running costs
The principal costs are associated with crews, insurance and technical operation, such as periodic maintenance (drydock) and repairs.

Voyage costs
Voyage costs consist mainly of fuel consumption and port dues. For vessels in the charter market, the contracting party pays all the voyage costs.

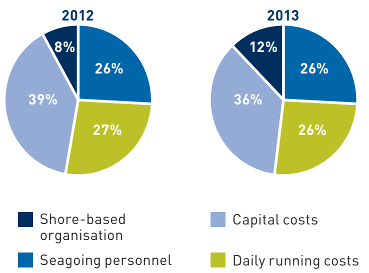
Freight rates for time-chartered vessels
These are the costs of chartering a vessel from another shipowner.

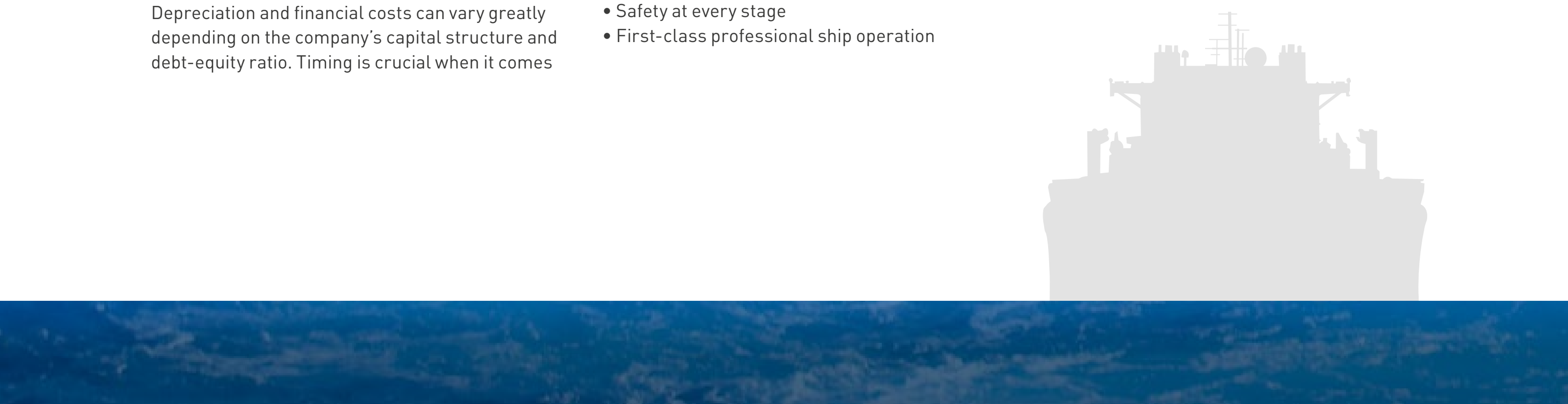
Capital costs
Depreciation and financial costs can vary greatly depending on the company's capital structure and debt-equity ratio. Timing is crucial when it comes to purchasing vessels. Ship prices have a major impact on a vessel's capital costs and therefore the shipping company's profitability over a long period.

Non-recurring costs
As would be expected, a shipping company can face non-recurring costs. One such example is damage to a vessel. However, the cost can usually be minimised by insurance.

Focus
• Long-term maintenance
• Efficient manning
• Control over capital costs
• Safety at every stage
• First-class professional ship operation

Cost distribution





A TOP-CLASS OPERATION AND FLEET

In 2014, it is 30 years since Concordia Maritime was founded. The business concept and the fleet have varied in focus and appearance over the years, but our activities have always been rooted in and marked by professional operation. Through our network of partners, we have unique access to worldwide and world-leading expertise in all areas of shipping. In addition, we have a modern fleet with some of the safest, most efficient and cargo-flexible tankers on the market.

In view of these factors, we consider ourselves justified in saying that we have a top-class operation and fleet.

OUR VESSELS

Our 13 ships transport both light and heavy petroleum products, crude oil, vegetable oils and light chemicals all over the world. Here is a snapshot of our international operations on 15 December 2013.

POSITION AND CARGO
15 DECEMBER 2013 AT 12:00 NOON

P-MAX

A ***Stena Paris*** **(ice class 1B)**
Sailing from Sydney to Singapore where she will dock.

B ***Stena Provence*** **(1B)**
Waiting to load caustic soda in Al Jubail, which will then be unloaded in Australia.

C ***Stena Primorsk*** **(1B)**
In ballast to Lake Charles for loading diesel after discharging ammonium nitrate in Baltimore.

D ***Stena Performance*** **(1B)**
Has sailed from Amsterdam to Lome, Togo and now discharging gas oil via STS.

E ***Stena President*** **(1B)**
En route for loading in Tallinn and Oxelösund prior to crossing the Atlantic to Texas.

F ***Stena Perros*** **(1B)**
In ballast to Salvador, Brazil, to load fuel oil for shipment to Rotterdam.

G ***Stena Progress*** **(1B)**
In Antwerp, discharging naphtha that was loaded in Nyhamna, Norway.

H ***Stena Polaris*** **(1A)**
Sailing to New Zealand with gas oil from Singapore.

I ***Stena Penguin*** **(1A)**
Discharging produced water from floating storage off the coast of Aratu, Brazil.

J ***Stena Premium*** **(1B)**
Has carried gas oil from Maputo to Beira in Mozambique.

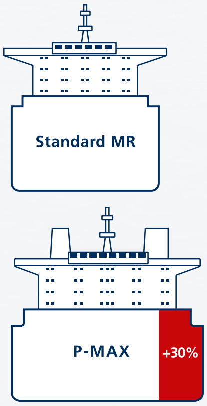
PANAMAX

K ***Stena Poseidon*** **(1A)**
In Amsterdam to discharge gas oil from Ventspils, prior to returning there for a new cargo.

L ***Palva*** **(1A)**
In Porvoo, Finland, discharging jet fuel from Sikka, India.

SUEZMAX

M ***Stena Supreme***
In Houston to discharge fuel oil transported from Tallinn.



SECURITY AND FLEXIBILITY TO THE MAX

Our P-MAX tankers are built with double propulsion and manoeuvring systems. Engines, shafts, generators, control and fuel systems, rudders, propellers – they all have the double concept, in order to ensure optimal safety and efficiency. The engine rooms are separated by fireproof and watertight bulkheads and the bridge is equipped with a co-pilot system.

In terms of length and draft, the vessels are comparable with a standard MR tanker. Because of their hull design, they are able to transport up to 30 percent more cargo, with essentially the same fuel consumption and the same speed characteristics. This enables them to compete for cargo in both the MR and LR1 segments.

VESSEL TYPES

ULCC Ultra Large Crude Carrier	>320,000+ dwt
VLCC Very Large Crude Carrier	200,000–320,000 dwt
Suezmax*	120,000–200,000 dwt
Aframax	80,000–120,000 dwt
Long Range Two (LRII)	75,000–120,000+ dwt
Panamax*	55,000–75,000 dwt
Long Range One (LRI)*	55,000–75,000 dwt
Medium Range (MR)*	40,000–55,000 dwt
Handysize	20,000–40,000 dwt
Intermediate	15,000–20,000 dwt
Small	10,000–15,000 dwt
Coastal	3,000–10,000 dwt

■ Segments where P-MAX (65,200 dwt) compete for cargoes.
* Segments in which we are active.

A SMALL ORGANISATION WITH A LARGE NETWORK

Both our organisation and our modern fleet are characterised by cost-effectiveness and professionalism. These qualities, together with the close cooperation with our suppliers, are the pillars of the focus on being our customers' first choice.

Our shore-based organisation consists of just six individuals. A large part of the day-to-day operational work in the form of chartering and manning is purchased instead from our partners within the Stena Sphere. The close cooperation means that operations can be conducted cost-effectively while gaining access to world-leading expertise in all areas of shipping – from shipbuilding and manning to technical operation, chartering and commercial operation.

Results of the Stena Group cooperation include the development of our P-MAX tankers, delivered between 2005 and 2011, and the new IMO2MAX concept, leading to an order from us for two sophisticated product and chemical tankers.

Industry-leading manning

Manning, operation and maintenance of all our ships is managed by Stena-owned Northern Marine Management (NMM). NMM is an industry leader with its systematic quality, safety and environmental programs, which have contributed strongly to the low number of incidents and accidents on board our vessels in recent years. Read more on page 31.

Chartering and commercial operation are handled by Stena Bulk and Stena Weco. Through these partners, we have access to worldwide sales and marketing organisations. Read more about how we employ our vessels on page 15.

Our fleet

P-MAX

The backbone of our efficient and safe fleet is the ten P-MAX tankers. The vessel type is based on Stena's MAX concept and was developed in response to the need to safely operate in waters and ports with limited depth with substantially more cargo than corresponding vessels of the same size class. To make this possible, the P-MAX tankers are considerably wider, with a uniquely designed hull and a divided stern.

Eight of the tankers in the P-MAX fleet are ice class 1B and two are ice class 1A. Five tankers were converted to IMO3 class after delivery, enabling them to carry vegetable oils and light chemicals in addition to crude oil and light and heavy petroleum products. This flexibility increases the potential for more income days per year.

There are a number of considerable advantages in having ten sister vessels in the fleet. For customers, the ability to hire several vessels of the same type brings increased security, stability and flexibility. For us as a shipping company, development costs can be spread over several vessels. The common design also means that crew can quickly switch from one vessel to another.

IMO2MAX

Stena Image and *Stena Important* are the two product and chemical tankers that represented our newbuilding program at the end of 2013. The 50,000 dwt vessels, which were ordered in 2012, are part of a series designed with Stena Bulk and Stena Weco, and are being developed in a collaboration between Stena Teknik and Guangzhou Shipyard International in China.

The concept is called IMO2MAX, which indicates that the vessels are IMO2 class. This series is built with a large number of smaller tanks to transport far more loads than traditional product tankers. With a brand new, custom designed hull line, specially designed propellers and a new fuel-efficient main engine, the vessels will be among the most sophisticated on the market – and at the forefront both energy efficiency and cargo flexibility – when they are launched in 2014 and 2015. The intention is to employ the vessels on the spot market through Stena Weco.

Suezmax

As a complement to product tankers, we are also active in the transportation of crude oil. Our presence in the suezmax segment has been represented by the tanker *Stena Supreme* since 2012. She is a third-generation fuel-efficient suezmax, which means that her technical equipment and design allow a reduction of 10–15 percent in fuel consumption compared with standard tonnage.

Stena Supreme is employed on the spot market via Stena Sonangol Suezmax Pool, a pool controlled by Stena Bulk and the Angolan state oil company Sonangol. The pool consists of a fleet of about 25 new efficient suezmax tankers.

Panamax

The fleet also includes the two sisters *Stena Poseidon* and *Palva*. These two panamax vessels are built to ice class 1A and transport both light and heavy petroleum products. The vessels are owned in a joint venture with Neste Shipping and are chartered to Neste Oil until the beginning of 2017.

NORTHEAST PASSAGE
"A VOYAGE BEYOND THE ORDINARY"

When *Stena Polaris* left the Russian port of Ust Luga in mid-September and navigated out into the Gulf of Finland, it was the start of a special voyage. She was to be the first P-MAX tanker to traverse the Northeast Passage, which lies north of Europe and Asia. The voyage to the final destination of Yeosu in South Korea took 35 days and was characterised by polar bears, nuclear-powered icebreakers and dead silent waters.

Using the Northeast Passage instead of the traditional route through the Suez Canal between Europe and Asia could cut two weeks off the voyage time. As the ice around the Arctic has become thinner, the potential for using this route has increased. This potential is now being examined in a new collaboration between Stena and the Korean company Hyundai Glovis. The P-MAX tanker *Stena Polaris* was chartered to make the first voyage and Patrick Svahn was there on board.

In his role as Manager Commercial Operations at Stena Bulk, his task was to gather knowledge on the practicalities of transiting the waters north of Europe and Asia – a route that is approx. 5,500 nautical miles long. With several years at sea, Patrik is no landlubber, but when he climbed onto the boat that would take him to *Stena Polaris* out at sea off Vardø in Norway, he was not quite sure what to expect.

"An adventure"

"You can only call it an adventure," says Patrik. "Although the route has opened up more and more in recent years, comparatively few vessels have traversed the Northeast Passage so far. Sailing in relatively unexplored waters is an amazing feeling that's hard to describe. You really can talk about being in the middle of nowhere up there; it's dead silent – an almost menacing environment."

Even when Patrik joined the vessel off north eastern Norway, the internet connection on board was almost non-existent, and a satellite phone was the only contact with the outside world until the Bering Strait.

"The feeling of being so cut off and deserted was really special, scary and beautiful at the same time. And then to see walruses playing alongside the vessel, polar bears moving on the huge ice floes and the northern lights painting the dark night sky green! Without exaggeration I can say that it was a voyage beyond the ordinary."

Ice class put to the test

The Russian authorities have strict requirements on which vessels may transit the Northeast Passage. There was an ice advisor on board, whose task was to interpret the daily satellite images of the ice and pick out the best route to sail. On some parts of the route, vessels must also be escorted by nuclear-powered icebreakers.

"The icebreakers escorting us were really intended for shallower waters. With the thin ice, this was not a problem, but sometimes the ice closed up in the channel behind them as we moved in convoy. That's when *Stena Polaris* really had her ice class put to the test, and we got a first-hand view of what stresses a ship has to bear in order to transit these waters."

Safety work on another level

Safety awareness and crew competence are other areas where shipping companies have to meet strict requirements. Patrik attended safety drills on board during the voyage and was impressed by what he saw.

"I have worked on Swedish ships where they are generally first rate from a safety perspective. But here they took it to another level, particularly in terms of everyone's safety-first attitude and positive approach to safety activities. And this produced results – the only accident that occurred during the voyage was when third mate Arzan's coffee cup ended up in pieces during a storm ..."

READ MORE

at www.stenanorthernsearoute.com

HOW OUR VESSELS ARE EMPLOYED

For several years, we employed the entire fleet on long time charters. We did this to secure cash flows during the newbuilding program for the P-MAX fleet and because we expected weak market development, which turned out to be the case. As most of these contracts have now been completed, we have chosen a more balanced arrangement of the vessel portfolio, with the majority of the ships employed on the spot market. The purpose is to achieve an optimal positioning ahead of the positive market development expected in the next few years.

Greater exposure to the volatile spot market presents both opportunities and risks. The challenge obviously lies in continuing to identify attractive business opportunities, whatever the market is doing.

Varied employment

We have a modern fleet of efficient vessels with a high level of cargo flexibility. With our new product and chemical tankers, we are expanding operations further. In addition to moving to the spot market, we are trying to concentrate employment on trades and chartering alternatives where the vessels' unique features come into their own.

This is partly about seeking new business and collaborations in different niche trades. One example is the new agreement with Total, covering *Stena Paris,* which will sail on one of the company's niche routes from Southeast Asia to Polynesia.

Another direction is to increasingly employ our vessels in international oil and energy companies' internal cargo systems. Since February 2014, two P-MAX tankers have been employed in Shell's cargo systems. We are pinning our hopes on being able to maximise both the utilisation rate and cargo load factor in systems such as these.

Worldwide chartering

Our vessels are marketed to brokers all over the world, as well as directly to potential customers. Through our collaborative partners, we have worldwide coverage with a local presence in several

Fleet employment at 1 March 2014

Partner/customer	No. of our vessels	Type of employment	Type of cargo
Stena Bulk	3 P-MAX	Spot market	DPP
Stena Weco	3 P-MAX	Spot market	CPP, veg oil
Shell tankers Singapore Pte Ltd	2 P-MAX	Spot market	CPP, DPP
Total	1 P-MAX	TC (Feb 2015 + option)	CPP
ST Shipping	1 P-MAX	TC (Jun 2014)	CPP
Stena Sonangol	1 Suezmax	Spot market, via pool	Crude oil
Neste Oil	2 Panamax	TC (2017)	CPP

CPP Clean (light) Petroleum Products
DPP Dirty (heavy) Petroleum Products
Veg oil Vegetable oils and light chemicals
Pool Stena Sonangol Suezmax Pool
TC Time Charter

parts of the world. With offices in six countries, Stena Bulk is one of the world's leading tanker shipping companies. The company controls a fleet of around 100 vessels. Stena Weco, which was formed in early 2011, is jointly owned (50–50) by Stena Bulk and the Danish company Dannebrog. The shipping company specialises in transporting vegetable oils and light chemicals and is one of the largest operators between Asia and Europe.

The collaboration on chartering and operations with Stena Bulk and Stena Weco is based on an agreement between the companies which is followed up and evaluated annually. Under the terms of this agreement, Concordia Maritime has the right to opt for 0, 50 or 100 percent participation in each new transaction within Stena Bulk. Read more about the agreement on page 80.

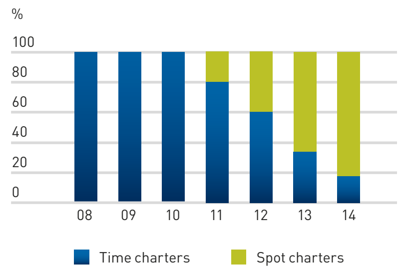
Our customers

Our customers include some of the world's largest energy companies. Collaboration with our customers is based on long-term relations and high ambitions in terms of cost-effective freight and safe transportation. We combine a deep understanding of the market's drivers and the individual customer's business – and this is particularly enhanced by our network of partners.

A niche player in the tanker market

The market for transportation of oil and petroleum products is highly fragmented with a large number of players. In our market segment alone, there are over 1,900 vessels with a deadweight of 35,000 to 85,000 tons, according to Fearnleys. However, our focus and our vessel concepts make us something of a niche player in the tanker market.

Contract distribution in the fleet



COMPETITION OVERVIEW MR SEGMENT

Company	No. of ships	Ships on order	Average age of fleet
Concordia Maritime concordiamaritime.com	10*	2	5.0
Dámico International Shipping damicointernationalshipping.com	33	13	7.6
DS Norden ds-norden.com	28	6	3.8
Maersk Tankers maersktankers.com	32	4	9.1
Scorpio Tankers scorpiotankers.com	14	31	1.8
Torm torm.com	43	0	7.9

* P-MAX tankers.
The above information relates to MR tankers and only shows some of the largest competitors in the product tanker segment. The description does not claim to be complete. There may be deviations in the figures and descriptions in relation to Concordia Maritime.

A CYCLICAL INDUSTRY

For 150 years, shipping has been affected and governed by ups and downs in the business cycle. Our market, the transportation of petroleum products, is no exception. Although tanker shipping, like the global economy, has lived through a weak economy in recent years, there is much to suggest that the cycle has bottomed out. In addition, the outlook differs for the various market segments in the sector. For the product tanker market, there are a number of factors that indicate a positive trend in the period ahead.

In this section, we describe the drivers and why the cycle is on the way up.

THE PRODUCT TANKER MARKET'S DYNAMICS AND DRIVERS

The single most critical factor in the tanker market's future development is the balance between supply of vessels and demand for tanker transportation. In the product tanker segment, the balance is expected to improve and it depends largely on a number of factors of a more structural nature, which together create a dynamic and changing market.

GROWTH IN THE FLEET'S SIZE

After strong growth in the fleet's size during the 2000s, the trend has slowed in recent years. Consequently, the balance between product tanker supply and demand is better than in many years. Read more on page 19.

A GROWING WORLD AND MIDDLE CLASS

The global population is growing, with increasing numbers of people better off. This leads to a greater need for energy, investments in infrastructure and increased consumption, which in turn drives demand for petroleum products. Read more on page 20.

CHANGES IN REFINERY CAPACITY

Refinery capacity in the world is changing, and in many places it is insufficient to meet the domestic need for refined petroleum products. This creates opportunities for the product tanker market. Read more on page 22.

INCREASED PRODUCTION OF ALTERNATIVE OIL

Demand for vegetable oils is increasing and shale gas extraction in the United States has led to a renaissance of the country's energy market. This benefits shipping companies with cargo-flexible tankers. Read more on page 24.

GROWTH IN THE FLEET'S SIZE

Supply in the tanker market can be viewed from two perspectives. One is the number of vessels available on the spot market at any given time when chartering is required. The other is the total number of vessels in the fleet on an annual basis.

In most tanker shipping segments, there was strong growth in fleet size during the 2000s. This was particularly the case during the tanker markets' boom years 2004–2008, when the product tanker fleet (size 35,000 to 85,000 dwt) grew by an average of 150 vessels per year.

Declining trend

This trend levelled off and since 2010 it has been declining. Fleet size growth was 3 percent in 2013, the lowest rate in over twelve years and, more important, lower than the growth in demand for vessels, which was 4 percent.

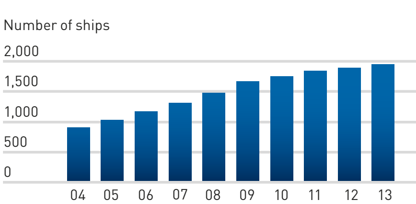
Also looking ahead, the balance between supply and demand appears relatively positive. However, one concern is the large number of vessels ordered in 2013 – approx. 250 orders for new product tankers, equivalent to 12 million dwt. This means that the order book ended the year with 395 vessels, or 20 percent of the fleet's size.

Delivery uncertainty

However, there is considerable uncertainty about when deliveries of the vessels in the order book will actually take place. There has been a wide difference between estimated and actual deliveries in recent years. According to Fearnleys, approx. 26 percent of the estimated deliveries in the MR segment did not materialise during 2013. In the LR1 segment, the figure was 60 percent. As many of the orders in the book were placed several years ago in a stronger market situation, it is likely that some deliveries will be postponed or cancelled in the next few years.

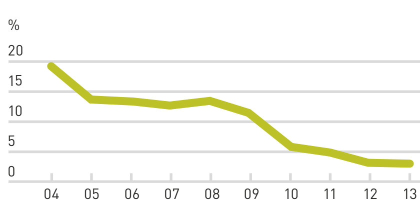
Consequently, there is a good chance that supply of available vessels in the coming years will be at lower, more manageable levels than was the case during most of the 2000s.

Product tanker fleet trend



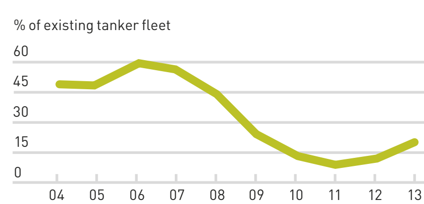
Source: Fearnleys

Growth in the fleet's size



Source: Fearnleys

Order book



Source: Fearnleys

A GROWING WORLD AND MIDDLE CLASS

From a macro perspective, demand for tanker transportation is essentially driven by two global mega-trends: a growing population and a growing middle class. The largest increase in both population and GDP growth is taking place in the world's emerging economies, particularly in Asia and Africa.

More people require more energy

The UN estimates that there will be about 8.3 billion of us on earth by 2030. A natural consequence of the growing global population is a generally increasing energy need. Both the US Department of Energy and OPEC estimate that total world energy consumption will increase by approx. 50 percent over the next 30–35 years. Oil and petroleum products are expected to account for around 30 percent of energy consumption in the future.

Middle class driving development

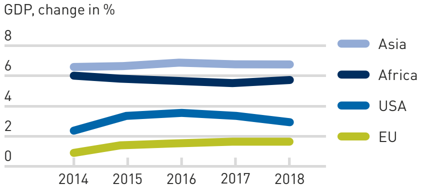
At the same time as an increasing population presents national and international challenges, more and more people are better off on these continents – a trend which has been confirmed by the UN Human Development Index. The global middle class is growing, becoming increasingly powerful and represents a crucial factor in the global economy's future growth.

Investments and rising consumption

According to OECD, the global middle class will increase from today's 2 billion people to almost 5 billion in 2030. Most of this increase will occur in Asia, and the Asian middle class will continue to dominate in terms of both size and consumption.

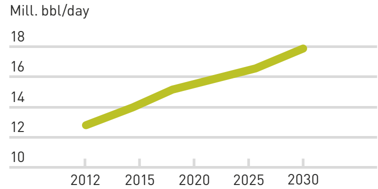
With the growing global middle class and increasingly widespread wealth come investments in infrastructure and rising consumption of goods and services. This in turn drives demand for petroleum products in a number of different ways, for example through increased vehicle sales.

Economic growth in the world



Source: IMF

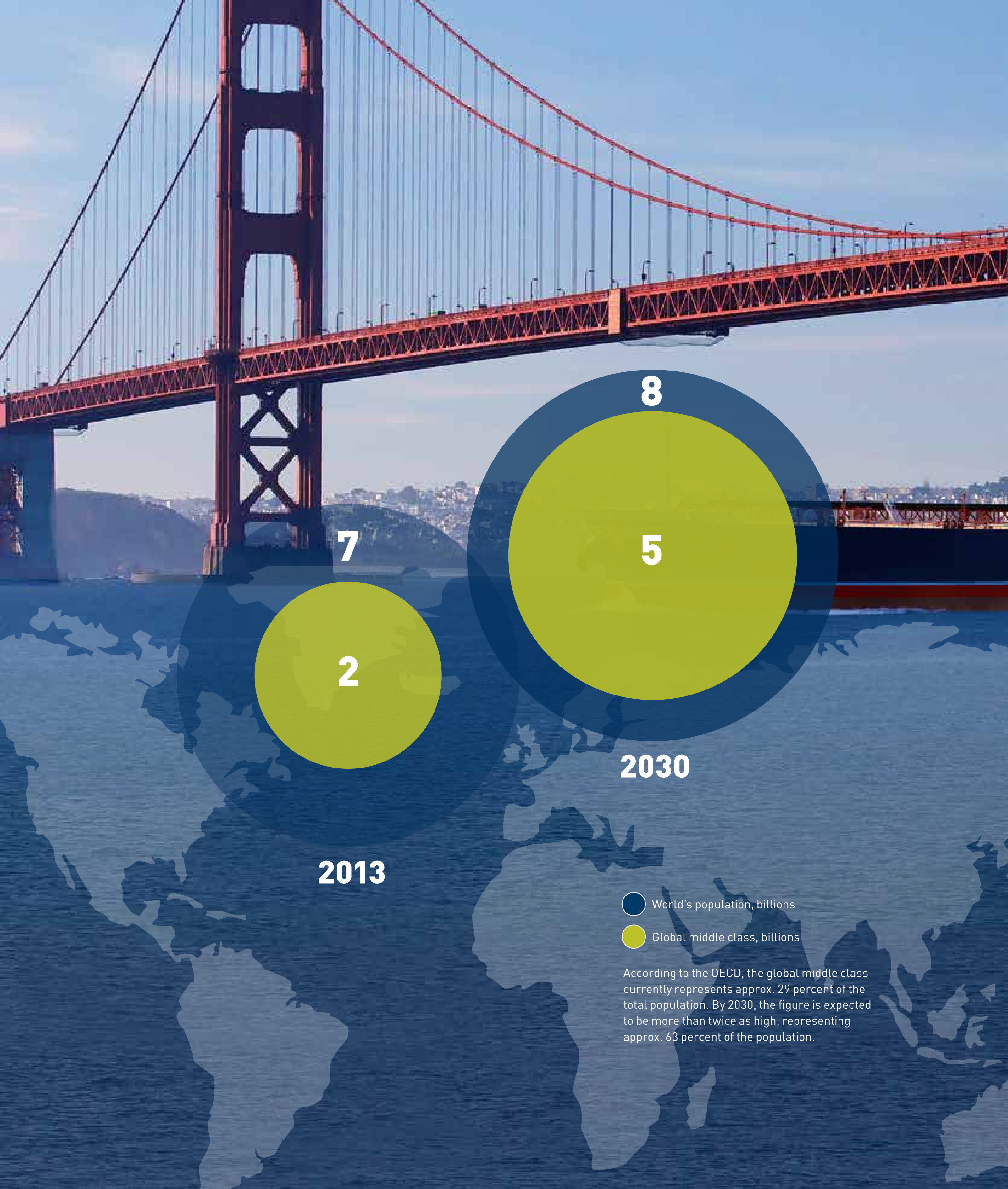
Global imports of petroleum products



Source: OPEC

18%

is the increase in demand for refined petroleum products in the period up to 2030 according to OPEC.



According to the OECD, the global middle class currently represents approx. 29 percent of the total population. By 2030, the figure is expected to be more than twice as high, representing approx. 63 percent of the population.

At the turn of 2012/2013, *Stena Perros* called at the Preem refinery in Lysekil.

CHANGES IN REFINERY CAPACITY

Refinery capacity is decreasing or stagnating west of Suez and increasing east of Suez. The capacity being built up consists mainly of large-scale refineries in the Middle East and Asia, which are much more efficient than their older counterparts in the West. Global capacity is currently approx. 93 million barrels of oil per day. OPEC estimates that this will expand by approx. 17 million barrels per day in the period up to 2030.

New transport patterns

However, an increase and shift in refinery capacity in the world does not mean that trade will decline. On the contrary, it implies new transport patterns and increased demand for product tanker transportation.

First, consumption of petroleum products in many parts of the world is already higher than production and the planned expansion of refinery capacity is not on a par with the expected increase in demand.

Second, capacity is one thing – actual production is another. The utilisation rate of the world's refineries varies between 60 and 95 percent. This can be due to a variety of factors, including politics, price differences between markets, crude oil quality and refinery maintenance.

Imports a viable alternative

In addition, many refineries produce a proportion of products that does not reflect the local need. In Europe, for example, too much petrol is produced, but not enough diesel. Converting refineries to adapt to changes in domestic demand involves very large investments with lead times of several years. In the short term, the only solution is to import, and in many cases this has also proved to be a more cost-effective solution in the long term. With growing international standardisation, it is increasingly easy to transport petroleum products between markets and exploit arbitrage opportunities in order to meet regional needs.

North America

For many years, the United States was a net importer of both crude oil and petroleum products. However, shale oil extraction has changed the situation. Now, instead, there is an increase in exports of products to South America, Europe, Africa and Asia. The United States is therefore now a net exporter of petroleum products.

South America

Demand for petroleum products is increasing every year. However, production is not keeping up with the trend. Although expansion projects are in progress, they, like the current production, are being held back by politics and bureaucracy. This has resulted in a rise in imports, which is expected to continue in the period ahead.

Europe

Refineries are facing major profitability problems and capacity is decreasing. Demand for petroleum products is also decreasing, but there is still a great need, particularly for diesel. Consequently, we are seeing an increase in imports, mainly from the United States and Russia. As new refineries are put into operation in the Middle East, imports from there are also likely to increase. Africa could save the refineries' skin as far as exports are concerned, as it has a need for Europe's surplus of petrol.

Africa

Africa's lion economies are driving strong growth in demand for petroleum products. Although the growth is coming from low levels, it will persist for many years. The continent's refineries have a very low utilisation rate and neither it nor the expansion of capacity is expected to be on a par with the growth in demand. This will increase imports, particularly from the United States, Europe and the Middle East.

Russia

In Russia there is a large surplus of petroleum products, and refinery owners enjoy favourable tax rules for exports. Production is being increasingly adapted to European emission requirements. For Asian countries, Russian imports through the shorter northern sea route are becoming an appealing proposition. All of these factors make Russia one of the major exporters.

Middle East

The major transport flow from the Middle East has traditionally been exports of crude oil. There is now a shift towards products, and refinery capacity is being expanded at a rapid pace. European investments are increasing the incentives for trade – for example, almost all new capacity is being adapted to European emission requirements. Southeast Asia is also a large export market.

Asia

In Asia, half of the total increase in capacity is being built primarily to meet domestic needs. Nevertheless, trade in petroleum products is increasing. This is largely due to the fact that China is, and is likely to remain, a net importer in order to meet the demand in the country. In addition, the major exports of petroleum products from India are expected to continue.

Oceania

The small-scale refineries are at a disadvantage if they compete with the large, efficient refineries in the Middle East and Asia, and their capacity is decreasing. They are meeting the rising demand with imports from Asia instead.

Demand for vegetable oils, particularly palm oil, is increasing.

INCREASED PRODUCTION OF ALTERNATIVE OILS

Global production of alternative oils, particularly vegetable oils and shale oil, is on the rise and is an increasingly strong driver of demand for tanker transportation.

Demand for vegetable oils, particularly palm oil, has increased sharply in recent years and the trend is expected to continue. The OECD-FAO estimates that global trade in vegetable oils will increase by 35 percent between 2010 and 2020.

The main drivers include increased use in the food, petrochemical and cosmetics industries. An increasing quantity is also used in the production of different types of biofuels. The raw material is exported mainly from Southeast Asia and South America.

Energy renaissance in the U.S.

Oil extracted from oil shale is a form of energy that has grown in recent years, particularly in the United States. The rapid extraction of shale gas and shale oil has brought a literal renaissance of the country's energy market. The goal is to reduce the need to import oil from other countries and analysts believe that the United States could be self-sufficient as early as in 2015.

This development means that the refining industry in the United States now has an abundance of the cheap raw material, and this has positive implications that include increased exports in niche markets like product and chemical tankers. A relatively large proportion of this oil already goes to export after refining, and as volumes increase, demand for product tankers could increase further.

THE BEST ALTERNATIVE

In a growing world with increasingly widespread prosperity, the need for transportation increases. Shipping is by far the most energy-efficient mode of transport in terms of transported volume and distance. Also from an economic perspective, shipping has major advantages over other transport modes in terms of noise, intervention in the natural environment and accidents.

However, this does not negate the need for constant and continuous improvement. In this section, we describe our efforts to ensure safer and more efficient tanker shipping.

OUR ENVIRONMENTAL POLICY

- Safety and protection of the maritime environment must be an integral part of our day-to-day business. Only with commitment from all employees, both on board and ashore, will it be possible to maintain a high standard of safety and effective protection of the maritime environment.
- Protection of the maritime environment is of the utmost importance, second only to the safety of humans.
- Through innovation and first-class performance, we shall act to gain better control over the risk factors that could result in damage to the environment.
- Through innovation and first-class performance, we shall strive to control and reduce the negative impact of our operations on the environment and increase the efficiency of both existing vessels and newbuildings with regard to fuel consumption and emissions.
- Through innovation and first-class performance, we shall strive to engage in safer and more effective shipping in environmentally sensitive areas.

OUR SAFETY AND
QUALITY WORK

For us, issues concerning transport efficiency, safety, respect for the environment and employer responsibility go hand in hand in many ways. Both customers and employees, as well as society in general, benefit from safe transport, optimised flows and increased fuel efficiency.

We operate in an industry that is probably one of the most strictly regulated and scrutinised of all. We are subject to extensive inspection and monitoring from both the authorities and customers. This includes the oil companies' vessel inspections, flag state annual inspections and checks by port authorities and classification societies.

Even the light bulbs

These are rigorous inspections – in many cases down to light bulb level – and include everything from survival equipment to the crew's terms of employment. In addition, we conduct our own regular checks and inspections of our ships together with our partner Northern Marine Management (NMM).

Our sustainability efforts are also governed by internal regulatory frameworks – both our own and those of our largest service suppliers. The work is regulated by a policy which sets minimum standards and requirements for reporting in a number of areas such as energy efficiency and incidents and accidents.

Certified work processes

As we purchase a large proportion of our daily operational work from external partners, our sustainability efforts are largely reflected in the work carried out in their respective operations. We work continuously together to develop sustainable working practices and improve our sustainability performance.

We and/or our partners fulfil the requirements for a large number of safety and environmental standards. For example, NMM became the world's first ship management company to be certified under the ISO 50001:2011 energy management system in 2011. NMM is also environmentally certified to ISO 14001 and quality certified to ISO 9001: 2008.

These standards and certifications guarantee monitoring and control of energy consumption and create opportunities for optimised efficiency on board our vessels. This helps us to reduce our environmental impacts as well as our costs. Systematic quality work also contributes to higher safety, which in turn minimises the risk of accidents that affect the environment.

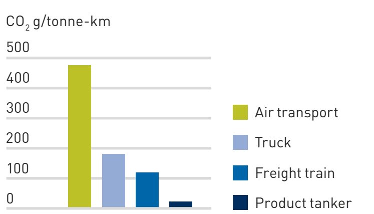
READ MORE

In the Corporate Governance Report on pages 80–92, you can read more about how our activities, both at sea and ashore, are governed and controlled.

THE MOST ECO-EFFICIENT MODE OF TRANSPORT

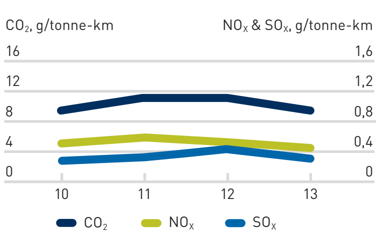
Compared with rail, road and air transport, tanker shipping is the transport mode that generates fewest CO_2 and NO_x emissions measured in relation to cargo volume. Although more than 90 percent of all freight in the world is transported by sea, shipping accounts for only 3–4 percent of total carbon dioxide emissions.

Carbon dioxide emissions by transport mode



Source: IMO

Emissions from Concordia Maritime's fleet



Source: Stena AB Public Affairs and Sustainability

ENVIRONMENTAL IMPACTS FROM SHIPPING AND FROM US

Although oil spills are probably most commonly perceived as the highest risk in tanker shipping, the number of spills has fallen sharply in recent years and they are now very rare. Higher demands from legislators, customers and other interest representatives are behind this trend, and results include requirements for double hulls and rules on cargo tank location and size.

Instead, it is in ship operation that the greatest impact on environment and climate from shipping are found. These are mainly related to emissions of carbon dioxide, sulphur and nitric oxides, greenhouse gases and other harmful particles produced in connection with the burning of bunker oil.

Two ways of reducing emissions

Extensive research and development is in constant progress in international tanker shipping. However, in the short term, there are basically just two ways of significantly reducing emissions.

One is to sail more slowly. A lower speed significantly reduces fuel consumption, which in turn reduces the emission of harmful substances. The other way is to use bunker oil with a very low sulphur content. In some areas, notably the Baltic Sea, this has been introduced as a requirement. The problem is that this low sulphur bunker oil is much more expensive than traditional bunker oil. To create competitive neutrality, global agreements are required. In addition, the volumes produced today are too small to meet the needs of the world fleet.

Conflicting interests

Efforts to reduce the environmental impact are also complicated by the fact that different measures for improving the environment sometimes conflict with each other. By reducing the thermal efficiency of a ship's engines, it would be possible to lower emissions of nitric oxides, for example. However, this would also result in higher carbon dioxide emissions. Consequently, many different factors need to be taken into account in order to achieve the optimum effect.

How we can make a difference

There are two main ways in which we as a company can make a difference with regard to the environmental impact of shipping: with our modern, safe fleet and through effective commercial operation.

A modern, safe fleet

Our fleet has an average age of about five years and consists mainly of P-MAX tankers, which are probably among the world's safest tankers. The vessels are built with double propulsion and manoeuvring systems, separate engine and control systems, and a co-pilot system on the bridge.

But however safely vessels are built, the risk of accidents can never be completely ruled out. This is why we allocate considerable resources to the continuous development and optimisation of our vessels, procedures and crews. Safety work is carried out on several different levels – from the design stage of the vessel and its equipment to the comprehensive and continuous process of identifying potential risks and dangerous operations.

None of our ships was involved in an incident that could have resulted in an oil spill in 2013.

THE SHIP'S LIFE CYCLE

A vessel affects the environment in different ways from the time it is built until it is scrapped. However, much can be done to minimise these impacts during a ship's life cycle.

1 DESIGN & CONCEPT

The best opportunity for influencing the ship's environmental impacts is when the actual ship concept is developed. Fuel consumption, transport efficiency and safety during the vessel's service life are determined in this phase.

2 CONSTRUCTION

During the actual construction of a ship, there are inevitable emissions into water and air and various types of waste are produced. However, stricter regulations, new work methods and higher demands from orderers have generally resulted in less environmental impact in recent years.

3 SHIP OPERATION

A vessel's most significant environmental impacts occur during ongoing operation, and are mainly the emission of harmful substances. Both we and the industry as a whole are working continuously on various solutions to reduce the amount of emissions.

4 CONTINUOUS IMPROVEMENTS

With continuous improvements and day-to-day maintenance, it is possible to retain or even improve the vessel's environmental performance until it is scrapped.

5 SCRAPPING AND RECYCLING

In recent years, measures have been taken to reduce the impact on both the environment and people when scrapping vessels. For example, all material on board is classified and the entire scrapping process is certified – this has been our policy since the first P-MAX tanker was delivered in 2005.

The image is a montage

Jacob Norrby,
Naval Architect at Stena Teknik

"THIS IS HOW DESIGN AFFECTS THE SHIP'S SAFETY"

How has the shipbuilding industry changed over the years?
"I came into the industry just when the double hull requirement was introduced in the early 90s. This was a change that had a fundamental effect on ship design. For several years now, the major focus has been on energy efficiency and a large amount of resources are also being allocated to keeping down incident levels. This also affects the conditions for ship design."

Can you explain how?
"How energy-efficient and safe a ship will be during the 20–25 years it is in operation is largely determined by the initial design work. It is during the idea and concept phase, before the contract is signed with the shipyard, that we can influence the vessel's performance the most. When incidents occur, they have a lot to do with handling. But the design of the ship – for example, the layout of access routes, ladders etc. on board – can both affect and facilitate safety work on board."

What can be done on existing vessels?
"The first thing that should be done is to operate the vessel and manage all the systems as energy-efficiently as possible. This is something Northern Marine Management are experts at.

An example of a very cost-effective action is to operate at the optimum trim. To increase energy efficiency at lower speeds, VTA turbines can be installed. But it's above all when the ship has had a change of operating profile – speed, cargo intake, ice class, type of cargo – that you can find technical solutions for increased energy efficiency. In these cases, you can look at main engine de-rating, a new propeller, a rudder bulb, energy recovery and so on."

Three points that characterise IMO2MAX
Jacob Norrby has helped develop the IMO2MAX concept that forms the basis for our newbuilding program. Here he gives his view of how the ships differ from corresponding standard vessels:

1. We have been able to spend more design time than usual on the hydrodynamic design. This means the vessels have much better fuel efficiency for the same cargo volume and speed.
2. The vessels are optimised for IMO2 loads as they are built with more, and smaller, cargo tanks than normal. This gives a greater degree of utilisation of the cargo capacity.
3. Cargo handling has significantly greater capacity and allows more efficient unloading and cleaning.

An efficient commercial operation

A fleet that is efficient from a transport economy perspective is also efficient from an environmental perspective. Transport economy is not only governed by technological innovations such as the P-MAX concept, but also to a considerable extent by commercial operation.

Sailing with a full load on as many days as possible reduces fuel consumption and emissions per ton of transported oil. Our worldwide network for chartering combined with the cargo flexibility of the P-MAX tankers and the vessels in our newbuilding program creates favourable conditions for achieving this.

Initiatives to reduce emissions

A number of projects aimed at reducing emissions from our vessels are also in progress. In consultation with our customers, we are introducing measures such as reducing ships' speed when this can be done without inconvenience. VTA (variable turbine area) turbines have been installed on four vessels in the fleet. Fuel consumption can be reduced by adapting the turbine's thermal efficiency to the engine load. The vessel's fuel consumption can also be lowered by optimal route planning, where factors such as weather and wind are weighed in.

Discharge of ballast water

The discharge of ballast water close to the coast is another environmental hazard. Organisms that are transported with the ballast water pass from one ecosystem to another and can cause great damage to the local environment. There is still neither an international regulatory framework nor the technology for killing organisms in large volumes of ballast water. All our vessels follow a Ballast Water Management Plan, produced by NMM and based on international guidelines. This involves measures such as replacing ballast water far out at sea instead of close to the coast. Organisms from the coasts cannot normally survive out at sea and vice versa.

Energy efficiency

Another important aspect of the program to reduce our environmental impact is more efficient energy management on board our ships. To achieve this, every ship in the fleet follows an Energy Efficiency Plan.

PRACTICE MAKES PERFECT

Transporting commodities across the world's oceans means that valuable sums are at stake. This is why officers and ratings working at sea have to meet high standards. In addition to basic training, there are comprehensive international regulations to be followed. Employees on board our vessels must also meet strict internal requirements and procedures regarding quality, environment and safety. To ensure that they do, a continuous skills development program is in place. The training activities provided are both general and specially adapted for a specific ship.

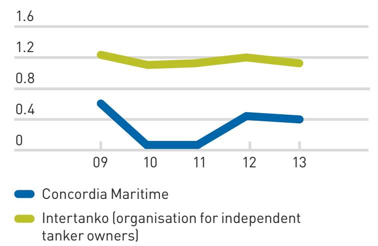
Everything reported

Compared with many other industries, shipping offers a relatively safe working environment. Measured in LTIF (Lost Time Injury Frequency, i.e. hours lost due to occupational injuries per million exposed working hours), there are about half as many occupational injuries in shipping as in Swedish manufacturing.

Continuous risk identification is the most important part of the process of improving safety on board. Crew members on our vessels spend ten minutes every day studying how procedures and movement patterns are adhered to. Reporting is based on a standardised (Behaviour Based Safety) model and any risks identified are subsequently eliminated. Observations are compiled in reports distributed to all the ships in the fleet.

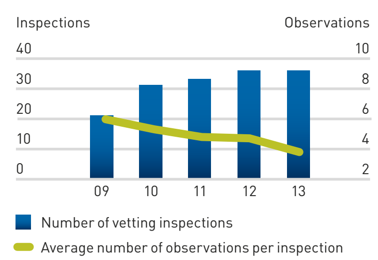
Here, a zero tolerance policy is applied in order to create the safest possible work environment. This means that reporting is extremely detailed, with no incident too small or insignificant to be reported.

LTIF* compared with industry



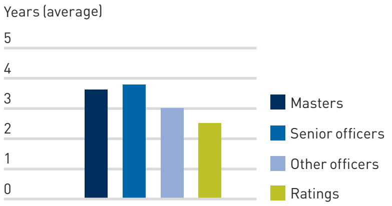
* Lost Time Injury Frequency

Vetting inspections* of our fleet

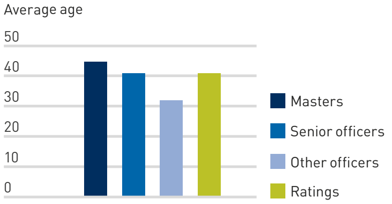


* The oil companies' vessel inspections

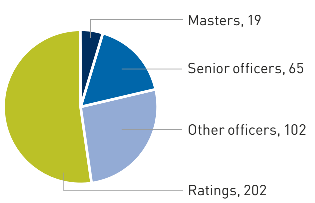
Period of service



Age structure



Seagoing employees by category



The diagrams above refer to Concordia Maritime's wholly owned vessels.

Drills, drills and more drills

Should an incident occur on or around the vessel, it is important that everyone is able to take prompt and correct action. The only way to prepare the crew for this is drills, drills and more drills. This is why extensive safety drills take place on board our vessels every week. In addition, dedicated safety meetings are held every month.

Better than the industry

With our systematic safety work, we have been significantly below the rest of the industry in terms of LTIF in recent years. A total of over 8.6 million hours of work has been performed on our vessels over the last four years. During all these hours, there have been only two accidents with lost workdays as a result.

One of these occurred during the year, which means that our LTIF value for 2013 was 0.41.

Spared from piracy

We have also been spared from piracy attacks so far. Efforts to reduce the risk of piracy and other types of threats are based on recommendations (Best Management Practices) from international maritime organisations and the IMO's ISPS Code. The Code establishes requirements regarding ships' equipment and requires every ship to have security procedures and a trained person responsible for this area. All our vessels satisfy the requirements of the ISPS Code.

Attractive employer

Competition for skilled and well-trained seafarers is, and will continue to be, tough. At the same time, a new generation is entering the labour market with new demands in the area of working conditions and working environment, and we as employers need to adapt to them. We and our partner in manning, NMM, want to be an attractive employer, not only offering competitive conditions, but also providing a stimulating and safe workplace. Respect for the individual, opportunities for skills development, social benefits that also cover family members and a strong safety culture are important components of this work.

All seagoing personnel on our vessels are covered by ITF (International Transport Workers' Federation) agreements. In addition, as NMM-employed seagoing personnel they are offered terms and conditions that are better than those of the ITF and reflect the market's development.

KO KO NAING, Health, Safety, Environmental & Quality Manager at Northern Marine Management

"IF ONE DOMINO FALLS, THEY ALL FALL"

How has working with NMM's behaviour-based safety model changed over the years?

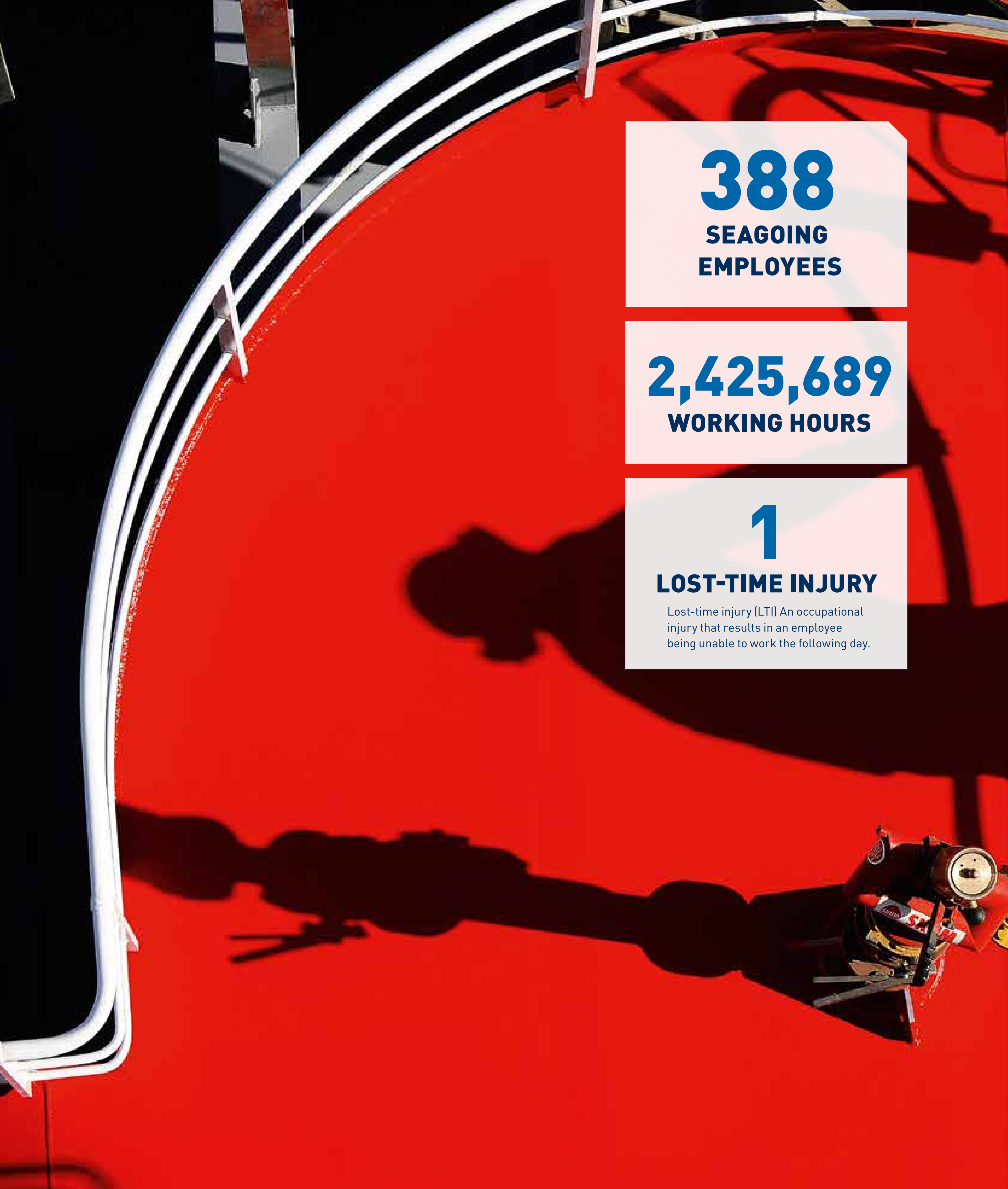
The fundamental principles are the same as when we developed the concept in 2002. But a couple of years ago, we started working a lot more on crew safety attitudes and risk recognition. We introduced a system where the safety officer on board must be accompanied by a crew member as an observer on each safety inspection in order to help identify risks. They each follow the Company Health and Safety Inspection checklist, and then compare and discuss the results after the inspection. This learning and responsibility gives them greater involvement and pride in their work. And what's particularly important, is that it increases their knowledge about the identification and elimination of different risks.

What has the focus been on in 2013?

Our biggest campaign has involved hand injuries. These are the most common injuries on board a ship, and we have used various methods of spreading knowledge about the main causes of the injuries and how they can be prevented.

We have also focused on the importance of always sparing five minutes for a risk assessment before every task, no matter how simple it may be. For example, we have produced a poster that shows what we call the domino effect – if one falls, then more will inevitably fall. In other words, a single neglected risk assessment, which takes five minutes to complete, may ultimately require over 2,000 hours of care and follow-up if an accident should occur.

If we can eliminate these high frequency low impact accidents, while focusing on incidents of the same type, we will be able to create a safer and more healthy working environment for all employees while also saving the Company time and money.



388

SEAGOING EMPLOYEES

2,425,689

WORKING HOURS

1

LOST-TIME INJURY

Lost-time injury (LTI) An occupational injury that results in an employee being unable to work the following day.

RISK AND SENSITIVITY ANALYSIS

Like all commercial enterprises, our activities are associated with certain risks. We have chosen to divide them into four main categories – corporate risks, market-related risks, operational risks and financial risks.

1. Corporate risks

Corporate risks refer mainly to overall risks related to the actual management and operation of the Company.

A Brand

The oil industry's demands for safety and environmental responsibility are comprehensive and an accident at sea or in port would not only have negative environmental consequences, but would also seriously damage the Company's name. We have been a quality shipping company for many years, with high standards in all aspects of safety. This position places particularly high demands on control and responsibility. It is difficult to protect against this type of risk. It can only be done through extensive preventive work and complete transparency should an accident occur despite the measures taken.

B Employees

We are very dependent on being able to attract and retain employees. Our shore-based organisation is small and this normally means that there is a high dependency on a number of key individuals. However, this is counterbalanced to some extent by the close cooperation with several companies in the Stena Sphere. Nevertheless, we work actively to create a stimulating workplace that provides good development opportunities for employees.

C Liquidity

A prerequisite for the existence of our business in the short and long term is, of course, access to capital and funding. In times of financial turmoil and instability, it is particularly important for us to have the vessels on order fully financed. One of our overall objectives is to maintain a sound financial position which enables us to make long-term investments.

D Financing risk

Financing risk is the risk that the Company will be unable to satisfy its need for loan capital. This risk increases in the event of financial turmoil in the world market. Stable cash flows, good disposable liquidity and sound relationships with banks and other potential lenders are factors that can limit the risk.

2. Market-related risks

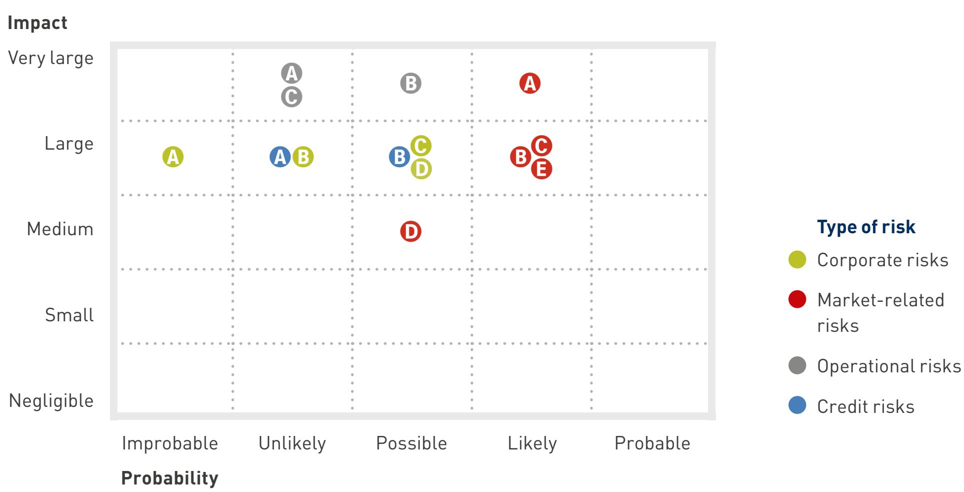
Market-related risks are primarily risks associated with changes in the outside world and market. The board and management only have a limited opportunity to control these risks in the short term, but must still deal with them in the longer-term planning of the business.

A Economic trends

Shipping is a highly cyclical business. Demand for transportation of oil and refined petroleum products is largely determined by the consumption of these products. This, in turn, is largely determined by the economic situation. In the short term, the effects of economic fluctuations are greatest in the spot market, although they also affect the time-charter market in the long term.

	Type of risk	Impact (1–5) Whole industry	Impact (1–5) CM	Probability (1–5) Whole industry	Probability (1–5) CM	Risk strategy
1. Corporate risks	A Brand	**3** (3)	**4** (4)	**1** (1)	**1** (1)	Quality at every stage. Far-reaching preventive work Leader in safety.
	B Employees	**3** (3)	**4** (4)	**3** (3)	**2** (2)	Close cooperation with several companies in the Stena Sphere.
	C Liquidity	**4** (4)	**4** (4)	**4** (4)	**3** (2)	Good banking relationships.
	D Financing risk	**4** (4)	**4** (4)	**4** (4)	**3** (2)	Good solvency and good banking relationships.
2. Market-related risks	A Economic trends	**4** (4)	**5** (4)	**5** (5)	**4** (3)	Efficient operation and good market knowledge.
	B Freight rates	**5** (5)	**4** (4)	**5** (5)	**4** (3)	Efficient operation, good market knowledge and good customer relationships.
	C Oil price	**4** (4)	**4** (4)	**4** (4)	**4** (3)	Oil prices are followed carefully and hedged.
	D Political risks	**3** (3)	**3** (3)	**3** (3)	**3** (3)	At the forefront in safety and sustainability work.
	E War/instability	**4** (4)	**4** (4)	**4** (4)	**4** (4)	Continuous business intelligence and internal security policy.
3. Operational risks	A Insurance issues	**5** (5)	**5** (5)	**3** (3)	**2** (2)	Continuous maintenance work in combination with comprehensive insurance cover.
	B Environment	**5** (5)	**5** (5)	**3** (3)	**3** (3)	Continuous work on preventive measures.
	C Ship operation	**5** (5)	**5** (5)	**3** (3)	**2** (2)	Continuous work on preventive measures to enable long-term employment.
4. Credit risks	A Counterparty risks – customers	**4** (4)	**4** (4)	**3** (3)	**2** (2)	Primarily financially stable customers.
	B Counterparty risks – shipyards and partners	**4** (4)	**4** (4)	**3** (3)	**3** (2)	Financially and operationally strong players. Bank guarantees and penalty clauses.

Previous year's figures in brackets.




CONCORDIA MARITIME
PMAX

B Freight rates
Freight rates in tanker shipping may fluctuate sharply from time to time. A decline in freight rates may be due to reduced demand for transport capacity or an increased supply of vessels. A change in rates has a major impact on the profitability of the business. Freight rates on the spot market fluctuate significantly more than the rates on the time-charter market. At year end, approx. 30 percent of our fleet was chartered out on fixed contracts for 2014; the rest were employed on the spot market.

C Oil price
Freight rates for seaborne oil transport are calculated based on the established Worldscale freight rate system. Even though the mechanisms that control this system are supposed to reflect the fluctuations in oil prices, there is still a certain lag. Rapidly rising or falling oil prices could therefore have a major impact on earnings in the open market. The stocks of different countries or oil companies also have a bearing.

D Political risks
The Company operates in a market affected by numerous regulations which may change due to changing external factors and/or political decisions. These include decisions on regulations for international trade, safety and the environment.

The trend for international trade in recent years has been towards increased global free trade and fewer trade-policy-related restrictions. The main risk of changes would appear to lie in the area of safety and environment, where international and national laws, industry-related conventions, regulations and practice are continuously reviewed.

This trend is being driven from several directions – political bodies, trade associations and industry. As we have a very safe and modern fleet, the increased focus on safety and environmental issues actually represents an opportunity for us.

E War/instability
A large part of global oil production takes place in politically unstable regions. War or other disturbances may limit access to oil and petroleum products, but also increase the need for transport. This risk affects both the industry as a whole and also us.

3. Operational risks
Operational risks are risks related to the management of the operational side of the business.

A Insurance issues
We have taken out insurance policies customary in the industry in order to cover risks associated with the actual operation of the vessels. The vessels are insured against damage and loss at amounts representing the vessels' value. Protection & Indemnity applies with no limitation of amount, apart from responsibility for oil spills, where the amount is limited to USD 1 billion. The vessels are also insured against loss of hire due to damage or shipwreck. In addition to the policies above, there is also the customary insurance for operating in specific waters.

B Environment
An accident at sea or in port (shipwreck, oil spill, collision etc.) could have far-reaching negative consequences for both the environment and property, and, at worst, could result in loss of life. When it comes to safety, we are far ahead. Our P-MAX tankers are built with double systems for propulsion and manoeuvring. They have two separate engine rooms separated by fireproof and watertight bulkheads, and separate fuel and control systems. However, the possibility of accidents occurring can never be discounted. We devote considerable resources to the continuous development of training and procedures.

C Ship operation
There is intense competition for competent seagoing personnel. In order to recruit the best crews, a good reputation in the market is required. We strive to be an attractive employer that looks after its employees. Salaries and other forms of financial incentives are important parts of this work, and it is also crucial to provide a positive work environment and the opportunity for long-term employment.

4. Credit risks
Credit risks represent one of the financial risks to which we are exposed. These are mainly counterparty risks – customers, shipyards and other subcontractors and cooperation partners. Other financial risks are described in note 18.

A Counterparty risks – customers
Counterparty risks relating to customers are primarily the risk of a customer being unable to discharge its obligations. The risk is higher when business activities are based on a limited number of customers.

B Counterparty risks – subcontractors and partners
With counterparty risks related to subcontractors and partners, there is a substantial risk that contracted shipyards will fail to discharge their obligations – either due to financial problems or because they are unable to deliver on time. We protect ourselves in different ways against these and other counterparty risks. We maintain a long-term perspective in our collaborations, and conduct ongoing evaluations and monitor the financial position of counterparties.

Financial risks
Financial risks, which are mainly related to currency and interest rates, are described in note 18 and have therefore not been described in this section.

30 YEARS AS A LISTED SHIPPING COMPANY

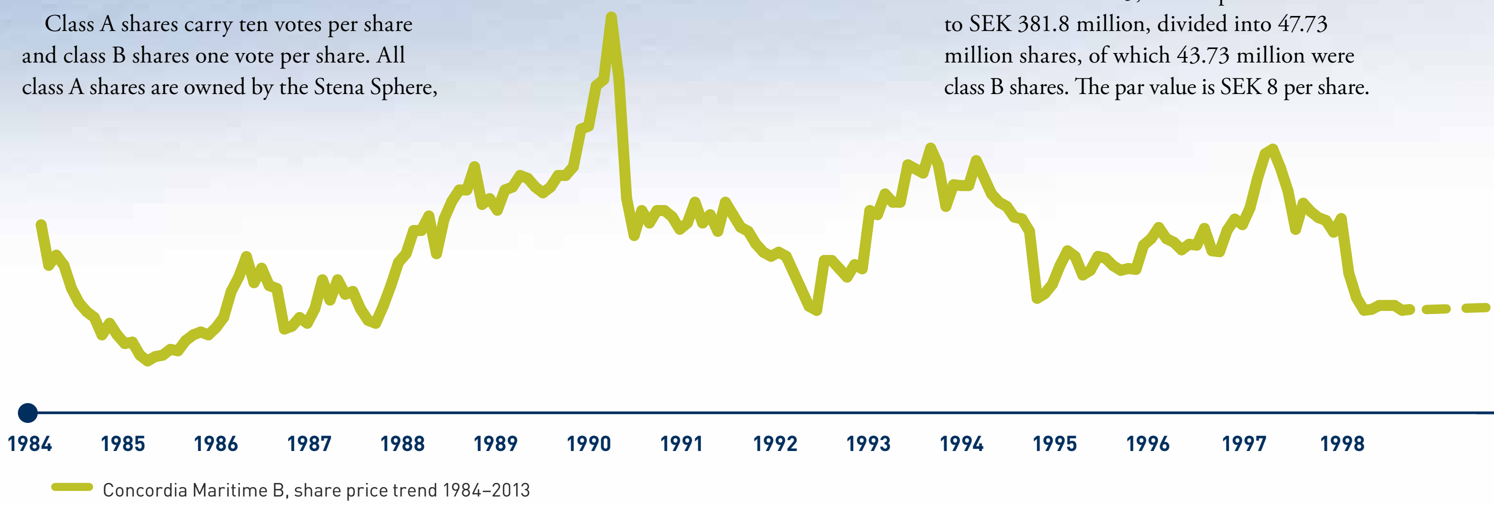
Many of the world's leading stock markets developed positively during the year and so did our share. The share price ended the year at SEK 11.70, which is a rise of 15 percent compared with the beginning of the year.

Concordia Maritime's B shares have been traded on Nasdaq OMX Nordic in Stockholm under the ticker CCOR B and ISIN code SE0000102824 since 1984. A trading unit consists of 200 shares.

Class A shares carry ten votes per share and class B shares one vote per share. All class A shares are owned by the Stena Sphere, which has been the principal owner since the Company was first listed in 1984. Stena has declared that a holding in Concordia Maritime corresponding to approx. 50 percent of the capital is a long-term objective.

At year-end, the Stena Sphere owned approx. 52 percent of the share capital and held 73 percent of the votes. The Board and CEO together own about 0.1 percent of the shares (the Stena Sphere excluded).

At the end of 2013, share capital amounted to SEK 381.8 million, divided into 47.73 million shares, of which 43.73 million were class B shares. The par value is SEK 8 per share.



FINANCIAL COMMENT

During the 30 years that Concordia Maritime has been listed on the Stockholm Stock Exchange, many shipping cycles have come and gone. Like share prices, shipping cycles prices go up and down, but follow the same pattern. This has been reflected in the price trend for our share, which has ranged from SEK 5 to SEK 55 during these 30 years.

The year that is now behind us was in many respects a positive year for the product tanker market. Confidence in the future returned, investors and banks were willing to invest and new orders took off.

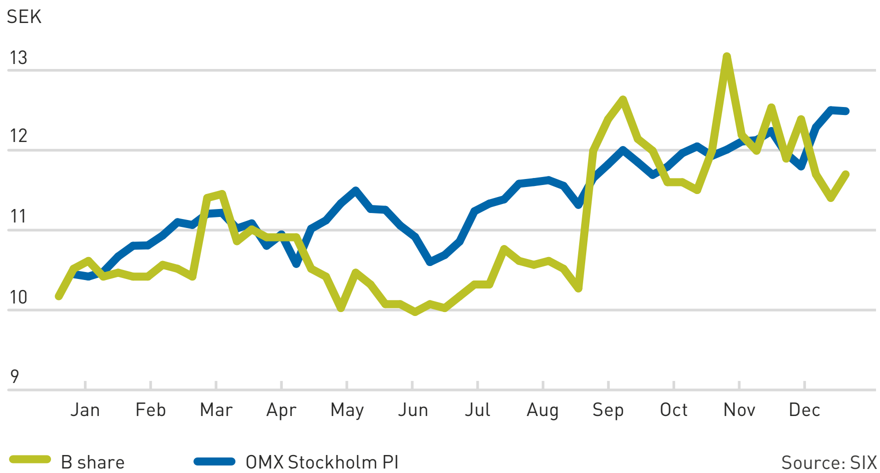
Many listed companies in our segment are traded on the basis of 'buy' recommendations and the Concordia Maritime shares strengthened by over 15 percent during the year.

Although 2013 was a volatile year, we believe that freight rates will stabilise in the coming years. Our fleet, the majority of which is now exposed to the open market, is therefore well positioned to capitalise on the expected positive development.

Anna Forshamn, CFO

Source: SIX

Concordia Maritime's share price, 2013



Press releases in 2013

2013-02-21
Year-end Report, 1 Jan–31 Dec 2012

2013-03-15
Notice of Annual General Meeting

2013-03-21
Annual Report for 2012 published online

2013-04-23
Interim Report 1 Jan–31 Mar 2013

2013-04-24
Press release from AGM

2013-08-14
Interim Report 1 Jan–30 Jun 2013

2013-08-23
Change of CEO at Concordia Maritime

2013-11-13
Interim Report 1 Jan–30 Sep 2013

2013-11-29
Kim Ullman new CEO of Concordia Maritime

Dividend 2004–2013

Year	Dividend per share, SEK	Dividend yield, %
2004	3.00	8.6
2005	1.00	2.3
2006	1.00	1.8
2007	1.00	3.7
2008	1.00	6.6
2009	1.00	5.9
2010	1.00	4.9
2011	1.00	7.7
2012	0.50	4.9
2013	0.00[1]	0.0

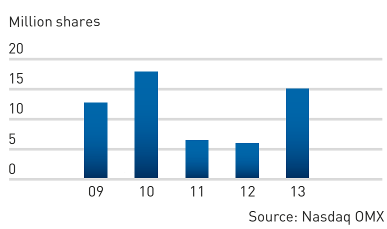
1) Proposed dividend

Dividend Policy

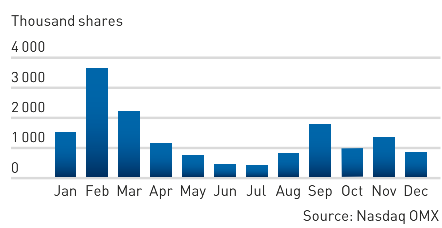
Concordia Maritime's long-term objective is to maximise the value of the shareholders' capital in the company through long-term growth in the value of the fleet and a good return on oil transport. This should provide the necessary conditions for a long-term, positive share price trend.

The shareholders should be able to expect a reasonable dividend in relation to both the company's result and investment requirements. The aim is for the dividend to amount to 20–30 percent of the consolidated profit after tax. However, a minimum of 10 percent of the profit shall be distributed to shareholders.

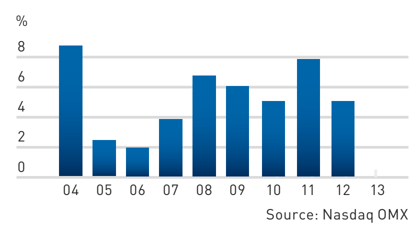
Share turnover, last five years



Share turnover, 2013



Dividend yield



Key figures for the share

	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
Dividend, SEK	0.00[1]	0.50	1.00	1.00	1.00	1.00	1.00	1.00	1.00	3.00
Dividend as % of net result after tax	n/a	–7	56	60		50	76	92	83	19
Shares outstanding at year-end, millions	47.73	47.73	47.73	47.73	47.73	47.73	47.73	47.73	47.73	47.73
Average number of shares outstanding, millions	47.73	47.73	47.73	47.73	47.73	47.73	47.73	47.73	47.73	47.73
Share price at year-end, SEK	11.70	10.15	12.95	20.50	17.00	15.00	27.00	55.00	43.00	34.80
Dividend yield, %[2]	n/a	4.9	7.7	4.9	5.9	6.6	3.7	1.8	2.3	8.6
Total return, Concordia share, %	n/a	–17.8	–32.0	26.5	20.0	–40.7	–49.1	30.2	26.4	116.0
P/E ratio including ship sales	neg	neg	7.3	12.2	neg	7.5	20.5	50.5	35.8	2.2
P/E ratio excluding ship sales	neg	neg	7.3	12.2	neg	—	—	—	2,150.0	17.8
Turnover of shares per year, millions	14.8	5.7	6.2	17.6	12.4	14.7	16.8	32.4	18.6	24.3
Turnover rate, %	31	12	13	37	26	33	38	74	43	56
Market value at year-end, SEK million	558	484	618	978	811	716	1,288	2,625	2,052	1,661
Number of shareholders	5,109	5,112	5,266	5,470	5,006	4,834	4,963	5,942	6,209	6,081
Equity per share	27.07	27.88	37.24	35.94	37.47	41.21	34.08	34.09	37.10	33.87

1) The Board's proposal.
2) Dividend per share divided by the share price at year-end.

Shareholder categories

	Capital %	Votes %
Foreign owners	8.5	4.8
Swedish owners	91.5	95.2
of which		
Institutions	11.4	6.5
Unit trusts	1.1	0.6
Private individuals	26.7	15.3
Stena Sessan Rederi AB	52.3	72.8

Ownership concentration

	Capital %	Votes %
The 10 largest shareholders	70.3	82.9
The 20 largest shareholders	74.6	85.5
The 100 largest shareholders	84.4	91.1

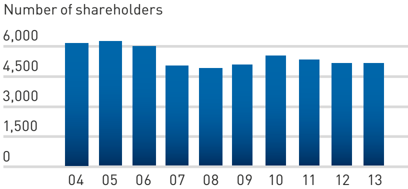
The 10 largest shareholders

	Capital %	Votes %
Stena Sessan Rederi AB	52.3	72.8
Fjärde AP-fonden	6.4	3.7
Svenska Handelsbanken	2.8	1.6
Stig Andersson	2.4	1.3
Avanza Pension Försäkring AB	2.3	1.3
Upland Securities AB	0.9	0.5
JP Morgan Chase	0.9	0.5
Bengt Sillström	0.8	0.4
Nordnet Pensionsförsäkring AB	0.8	0.4
CBNY-DFA-INT SML CAP V	0.7	0.4

Shareholder structure

Shareholding	Owners	Shares	Capital, %	Votes, %
1-1,000	3,725	1,266,803	2.6	1.5
1,001–10,000	1,145	3,844,043	8.1	4.6
10,001–100,000	210	5,895,628	12.4	7.0
100,001–	29	36,723,324	76.9	86.9
Total	**5,109**	**47,729,798**	**100.0**	**100.0**

Shareholder trend, 2004–2013



Source: Nasdaq OMX

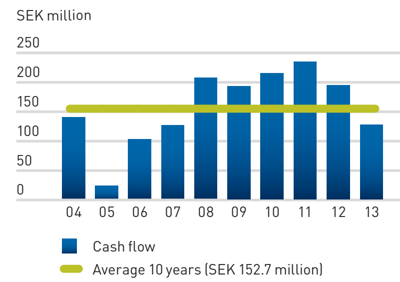
TEN-YEAR SUMMARY

	2013	2012	2011	2010	2009
Profit/loss items, SEK million					
Total income	467.8	543.4	559.6	513.4	599.3
Operating costs excluding impairment	–467.4	–465.9	–452.0	–413.2	–531.5
Operating result	0.4	77.5	107.6	100.2	67.8
of which result from ship sales	—	—	—	—	—
EBITDA	144.7	228.4	242.6	219.5	160.8
Result after net financial items	–39.0	–369.4	76.3	76.9	–91.0
Result after tax	–28.8	–356.0	84.8	80.4	–81.1
Cash flow from operating activities[1]	124.1	190.5	231.1	210.7	189.6
Investments	64.7	428.3	330.1	638.6	654.2
Balance sheet items, SEK million					
Ships	2,914.8	3,063.4	3,289.5	2,919.6	2,265.0
(Number of ships)	12	12	11	10	8
Ships under construction	100.5	48.0	143.0	262.0	619.0
(Number of ships)	2	2	1	2	3
Cash and cash equivalents	106.0	144.4	128.2	68.3	82.5
Short-term investments	81.7	97.1	113.6	84.0	37.1
Other assets	203.5	127.8	83.9	127.4	367.8
Interest-bearing liabilities	1,994.0	1,993.3	1,815.4	1,596.1	1,458.5
Other liabilities and provisions	120.2	156.6	165.2	149.3	124.6
Equity	1,292.3	1,330.8	1,777.6	1,715.4	1,788.3
Total assets	3,406.5	3,480.7	3,758.2	3,460.8	3,371.4
Key ratios, %					
Equity ratio	38	38	47	50	53
Return on total capital	0	–9	3	2	3
Return on capital employed	0	–9	3	2	3
Return on equity	–2	–23	5	5	–4
Per-share data, SEK					
Result after tax	–0.60	–7.46	1.78	1.68	–1.70
of which result from ship sales	—	—	—	—	—
Cash flow[1]	2.60	3.99	4.84	4.41	3.97
Equity	27.07	27.88	37.24	35.94	37.47
Equity/net asset value	2.31	2.75	2.88	1.75	2.20
Share price at year-end	11.70	10.15	12.95	20.50	17.00
Dividend[2]	0.00	0.50	1.00	1.00	1.00
Dividend as % of net result after tax	n/a	–7	56	60	n/a
Other					
P/E ratio including ship sales	neg	neg	7.3	12.2	neg
P/E ratio excluding ship sales	neg	neg	7.3	12.2	neg
Number of shareholders	5,109	5,112	5,266	5,470	5,006

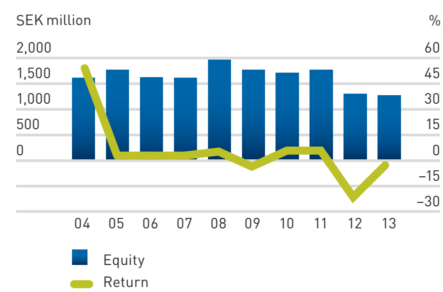
1) Ship sales not included.
2) For 2013, the dividend proposed to the 2014 AGM is stated.

2008	2007	2006	2005	2004
560.0	457.2	381.2	254.0	354.0
–473.6	423.2	376.5	312.0	271.2
86.4	34.0	4.7	–1.8	729.4
—	—	—	56.2	646.6
162.6	91.5	38.7	–1.3	795.5
78.1	48.0	52.5	42.7	740.2
95.8	62.9	51.9	57.2	740.2
203.2	121.1	100.0	20.4	136.2
301.3	838.6	767.2	492.8	86.3
2,059.6	1,769.6	1,048.7	304.2	32.5
7	7	4	1	1
536.3	158.3	222.3	384.7	128.0
4	4	7	6	7
31.3	55.6	30.2	280.4	1,123.4
283.6	397.1	517.6	559.1	130.7
575.7	429.6	413.7	368.9	313.4
1,369.2	1,073.0	506.2	0.0	0.0
150.3	110.7	99.3	126.4	111.2
1,967.0	1,626.5	1,627.0	1,770.9	1,616.8
3,486.5	2,810.2	2,232.5	1,897.3	1,728.0
56	58	73	93	94
3	4	4	5	47
3	4	5	6	49
5	3	3	3	56
2.01	1.32	1.09	1.20	15.51
—	—	—	1.18	13.55
4.26	2.54	2.10	0.43	2.85
41.21	34.08	34.09	37.10	33.87
2.75	1.26	0.62	0.86	0.97
15.00	27.00	55.00	43.00	34.80
1.00	1.00	1.00	1.00	3.00
50	76	92	83	19
7.5	20.5	50.5	35.8	2.2
—	—	—	2,150.0	17.8
4,834	4,963	5,942	6,209	6,081

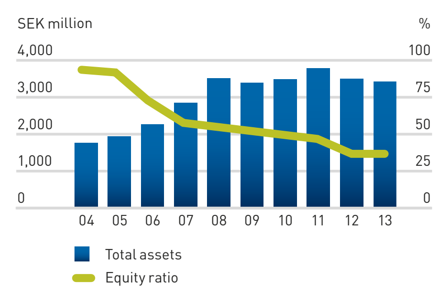
Cash flow from operating activities



Return on equity



Equity ratio



IMO2 AND IMO3

The UN's International Maritime Organisation has three different classifications for tankers carrying chemical cargoes, which include vegetable oils. The different classes lay down requirements for vessel design, equipment and crew training.

Vessels that meet the IMO's ship type 3 are permitted to transport vegetable oils and light chemicals such as caustic soda and methanol. Vessels that achieve IMO ship type 2 may also carry a number of additional chemical cargoes, such as palm acid.

The image is a montage

FINANCIAL INFORMATION

2013

BOARD OF DIRECTORS' REPORT

The Board and CEO of Concordia Maritime AB (publ), corp. ID 556068-5819, hereby submit the annual report for the financial year 1 January–31 December 2013. The Parent Company is Stena Sessan Rederi AB, which owns approx. 52 percent of the capital and 73 percent of the total voting rights. Its own parent company is Stena Sessan AB.

Business summary

P-MAX

Ten wholly-owned P-MAX tankers were employed at the end of 2013, eight of them on the open market. In January 2013, *Stena Paris* was redelivered from a time charter with Total and *Stena Polaris* from ST Shipping. In December 2013, another vessel – *Stena Penguin* – was redelivered from a time charter with ST Shipping. *Stena Primorsk* was off-hire during January and part of February as repairs were carried out following the Hudson River minor grounding in December 2012. The company owning the vessel decided to stop operating in the Hudson River, as its assessment was that this shipping channel could not be considered safe for this type of vessel. In April 2013, the Company took early redelivery of *Stena Primorsk*, which has been employed on the open market since then.

Panamax

The two panamax tankers *Stena Poseidon* and *Palva*, which are owned in a joint venture with Neste Shipping, have been registered under the British flag since the third quarter. In connection with the change of flag, technical responsibility was transferred to Northern Marine Management.

Suezmax

During the year, the suezmax crude oil tanker *Stena Supreme* was employed via Stena Sonangol Suezmax Pool, which is controlled by Stena and the state-owned Angolan oil company Sonangol.

Newbuilding program

The newbuilding program consists of two 50,000 dwt tankers from the Chinese Guangzhou Shipyard International Company Limited (GSI). The vessels, which were ordered in June 2012, are referred to as IMO2MAX. The vessels are scheduled for delivery in Q4 2014 and Q2 2015. Financing for the two vessels has been in place since February 2013. We plan to employ the vessels on the spot market via our partner Stena Weco.

Fleet value

The Group's assets are assessed on a six-monthly basis to determine whether there is any indication of impairment. The fleet is defined as a cash-generating unit, and an impairment loss is recognised when the carrying amount of an asset or cash generating unit exceeds its recoverable amount. The recoverable amount is the higher of fair value less costs to sell (external valuations) and value in use (future cash flows). Impairment testing of asset values at 31 December 2013 did not indicate any impairment.

Disputes

In July, the vessel owning company received an application for arbitration for the damage the customer believes the company has caused them in connection with *Stena Primorsk's* minor grounding in the Hudson River in December 2012 and the company's decision to stop operating the vessel in this shipping channel. In July 2013, the customer requested that the matter be settled by arbitration in the United States. The vessel owner strongly rejects the claim of approx. USD 21 million and is preparing for arbitration. The company's fees for legal and similar assistance regarding this matter are charged to earnings as incurred. A previous tax provision of USD 1.4 million was reversed during the year as this tax risk no longer exists, while a new provision of USD 1.4 million relating to withholding tax in Switzerland was recognised.

Freight market trends

Product tanker market (MR)

Overall, the market for MR tankers in 2013 was stronger than the previous year. However, the market was very volatile and freight rates varied greatly during the different quarters. Average income in the open market during the year was USD 9,200 per day, while in the time-charter market, three-year contracts were signed at average levels of around USD 14,800 per day, which is slightly higher than the previous year.

Large tanker market (suezmax)

Freight rates in the suezmax segment were also very volatile during the year. In October, the average income for a suezmax tanker was around USD 5,000 per day, while in December it was USD 40,000 per day. Freight rates as a whole averaged USD 13,300 per day, which is 20 percent lower than the previous year.

In the time charter market, three-year contracts were signed at average levels of around USD 18,400 per day, which is somewhat lower than the previous year.

Shipbuilding market trends

Growth for the product tanker fleet was approx. 3 percent in 2013. In December 2013, the price of a standard MR tanker was approx. USD 38 million, which is about 20 percent higher than the previous year. The price of a suezmax tanker was USD 66 million, which is also higher than the previous year, by about 15 percent.

Financial summary

Results and financial position

Total income in 2013 was SEK 467.8 (543.4) million. Result after financial items amounted to SEK –39.0 (–369.4) million. Result after tax was SEK –28.8 (–356.0) million, corresponding to a result per share of SEK –0.60 (–7.46).

Financial investments

The bond portfolio is classified under available-for-sale financial assets and is recognised at market value in OCI. The value of the bond portfolio was USD 12.6 (14.9) million at the end of the year, corresponding to SEK 81.7 (97.1) million. The bond portfolio is reported under short-term investments in the balance sheet. At the end of 2013, bonds were owned in Teekay Offshore, Teekay LNG, Rabobank, Golden Close Maritime, Kungsleden Fastigheter, Wind Acquisition and Bonheur. The idea is to invest excess liquidity with a reasonable level of risk and return.

Investments

Investments during the year amounted to SEK 64.7 (428.3) million and related to advance payments for the vessels in the newbuilding program.

Liquidity and financial position

The Group's available liquidity, including unutilised credit facilities amounted to SEK 242.1 (484.0) million. Interest-bearing liabilities were in line with the previous year, at SEK 1,994.0 (1,993.3) million. Equity totalled SEK 1,292.3 (1,330.8) million at the reporting date and the equity ratio was 38 (38) percent.

Remuneration policy for senior executives

Remuneration of the Chairman of the Board, Deputy Chairman and Board members is in accordance with the decisions of the 2013 Annual General Meeting, which also correspond to the proposed guidelines for 2014. There is no special remuneration for committee work. The AGM adopted the following remuneration policy for senior executives.

Remuneration comprises a fixed salary, variable compensation, pension and other benefits. In order to attract and retain skilled personnel, Concordia Maritime endeavours to offer employees an attractive and competitive fixed salary. The ultimate level depends on the scope and complexity of the position held and the individual's annual performance. Performance is specifically reflected in the variable compensation. The variable compensation is based on factors such as the Company's development and achievement of commercial, operational and financial goals. These goals are determined by the Board. Agreements on other forms of remuneration may be reached wherever this is felt necessary in order to attract and retain key competence or to encourage personnel to move to new locations or accept new positions. This type of remuneration is for a limited period.

The Company's pension policy is to follow the practices of the local market in each country. In the case of the CEO, a premium corresponding to 35 percent of his pensionable salary and compensation at any given time is paid. Other senior executives in Sweden have a premium-based retirement benefit plan in addition to the standard Swedish labour market pension schemes.

The basic principle is that other benefits, e.g. a company car, should be competitively aligned with local market practices.

Senior executives in Sweden have a six to twelve month reciprocal period of notice depending on the position held. For the CEO, severance pay of up to 24 months' basic salary is paid in the case of involuntary termination of employment. See also note 4.

Information about risks and uncertainties

Concordia Maritime has taken out industry-standard insurance policies to cover risks associated with the actual operation of the vessels. The vessels are insured against damage and loss at amounts representing the vessels' market value. Protection & Indemnity applies with no limitation of amount, apart from liability for oil spills where the amount is limited to USD 1 billion. Vessels are also insured against Loss of Hire. In addition to the policies above, Concordia Maritime also has standard insurance cover for operating in specific waters.

Even with insurance cover, an accident could have a very serious impact on Concordia Maritime. The oil industry's demands for safety and environmental responsibility are comprehensive and an accident at sea or in port would not only have negative environmental consequences, but could also seriously damage the Concordia Maritime name. It is difficult to protect against this type of risk and it can only be done through extensive preventive work and complete transparency should an accident occur.

Tanker shipping is a highly cyclical business. Demand for transportation of crude oil and petroleum products is largely determined by the consumption of these products. This, in turn, is largely determined by the economic situation. In the short term, the effects of economic fluctuations are greatest in the spot market, although they also affect the time-charter market in the long term.

Freight rates in tanker shipping fluctuate strongly from one time to another. A decline in freight rates may be due to reduced demand for transport capacity or an increased supply of vessels. A change in rates can have a major impact on the profitability of the business.

Concordia Maritime cooperates closely with the Stena Sphere, which supplies chartering, operational, manning and newbuilding services. Senior management considers this cooperation to be one of Concordia Maritime's absolute strengths over its competitors, even though the relationship is associated with some risk, as important services are purchased from only one supplier. Concordia Maritime and the Stena Sphere are also interconnected brands to some extent.

Safety and environment

Concordia Maritime places the highest priority on human safety and protection of the maritime environment, both as a principle in day-to-day operations and as part of the overall company objectives. Safety and protection of the maritime environment must be an integral part of day-to-day business. The full commitment of all employees, both on board and ashore, is critical to maintaining a high standard of safety and effectively protecting the marine environment.

Financial instruments and risk management

See notes 18 and 19.

The share

There were no new issues, bonus issues or similar issues during the year. Consequently the number of shares outstanding is unchanged. There are 4,000,000 A shares, each representing ten votes, and 43,729,798 B shares, each representing one vote. The company is not aware of any agreements between shareholders relating to transfers, or any agreements that would take effect in the case of a possible takeover process.

Outlook

Concordia Maritime's operations underwent a major change in 2013. A large proportion of the fleet is now employed on the open market. This means that the market's general development has a greater impact on our earnings and cash flow. At the end of the year, the Group employed eight P-MAX tankers on the open market. Although we expect the market to strengthen during the year, we do not believe that freight rates will reach our average time charter rates. We have refrained from making a forecast in absolute figures.

Corporate governance report

The corporate governance report has been drawn up as a document that is separate from the annual report. The report can be found on pages 80–88. Information about the key elements of the Group's system of internal control and risk management in connection with the preparation of the consolidated financial statements is contained in the corporate governance report.

Events after the reporting date*

On 1 January 2014, Kim Ullman took over as CEO of Concordia Maritime. A new one-year time charter was signed with the French oil and energy company Total on 1 January 2014. The agreement relates to *Stena Paris*, and at the same time we took early redelivery of *Stena Progress*, which had been on a time charter to Total since 2009. In February, a cooperation agreement was signed with Shell Tankers Singapore Pte Ltd (Shell) covering the employment of *Stena Penguin* and *Stena Progress* in Shell's internal cargo system.

Parent Company

Concordia Maritime AB's activities consist of the provision of Group-wide services.

Proposed distribution of profit

The Board of Directors propose that the available profits of SEK 83.7 million be distributed as follows:

SEK millions	2011	2012	2013
Dividend (47,729,798 shares)	47.7	23.9	0.00[1]
Carried forward	32.6	7.1	83.7
Total	**80.3**	**31.0**	**83.7**

1) Proposed dividend SEK 0.00

More detailed disclosures about the company's financial results and position can be found in the income statements, balance sheets and accompanying notes.

* Events up to and including the date of signature of this annual report, 17 March 2014.

CONSOLIDATED INCOME STATEMENT AND COMPREHENSIVE INCOME

1 January–31 December, SEK millions	Note	2012	2013	2013 USD millions[1]
Time charter income		411.3	226.2	34.7
Spot charter income		132.1	241.4	37.1
Other external income		0.0	0.2	0.0
Total income	2, 3, 9, 20	**543.4**	**467.8**	**71.8**
Operating costs, ships	2	–139.7	–132.1	–20.3
Personnel costs, seagoing	4	–134.2	–130.8	–20.1
Other external costs	5	–26.0	–38.4	–5.9
Personnel costs, land-based	4	–15.1	–21.8	–3.3
Depreciation	8	–150.9	–144.3	–22.2
Total operating costs	9, 23	**–465.9**	**–467.4**	**–71.8**
Operating result before impairment		**77.5**	**0.4**	**0.0**
Impairment	8	–411.0[2]	0.0	0.0
Operating result after impairment		**–333.5**	**0.4**	**0.0**
Finance income		12.4	8.3	1.3
Finance costs		–48.3	–47.7	–7.3
Financial net	6	**–35.9**	**–39.4**	**–6.0**
Result before tax		**–369.4**	**–39.0**	**–6.0**
Tax	7	13.4	10.2	1.6
Result for the year attributable to owners of the parent		**–356.0**	**–28.8**	**–4.4**
Other comprehensive income				
Items that have been/can be transferred to result for the period	7, 14			
Translation differences for the year, foreign operations		–82.6	–1.3	–0.2
Gain/loss on hedging of currency risk in foreign operations		37.8	0.0	0.0
Change in fair value of available-for-sale financial assets		0.5	–1.5	–0.2
Changes in fair value of cash flow hedges, currency-related		0.7	–1.7	–0.2
Changes in fair value of cash flow hedges, interest-related		9.5	19.1	2.9
Changes for the year in tax attributable to items reclassified to result for the period		–9.0	–0.4	–0.1
Total other comprehensive income for the year		**–43.1**	**14.2**	**2.2**
Comprehensive income for the year attributable to owners of the parent		**–399.1**	**–14.6**	**–2.2**
Result per share, before/after dilution	14	**–7.46**	**–0.60**	**–0.10**

1) Unaudited, see note 1.
2) The impairment of USD 60 million was defined using the average rate at 30 June 2012, which was 6.85 SEK/USD, and corresponds to SEK 411.0 million.

CONSOLIDATED BALANCE SHEET

31 December, SEK millions	Note	2012	2013	2013 USD millions[1]
ASSETS				
Non-current assets	9, 21			
Ships	3, 8	3,063.4	2,914.8	447.9
Ships under construction	8	48.0	100.5	15.4
Equipment	8	1.1	0.8	0.2
Non-current receivables	11	0.0	9.4	1.4
Total non-current assets		**3,112.5**	**3,025.5**	**464.9**
Other current receivables	11	89.9	141.8	21.7
Prepayments and accrued income	12	36.8	51.5	7.9
Short-term investments	10, 18, 19	97.1	81.7	12.6
Cash and cash equivalents	13, 25	144.4	106.0	16.3
Total current assets		**368.2**	**381.0**	**58.5**
TOTAL ASSETS		**3,480.7**	**3,406.5**	**523.4**
Equity	14			
Share capital		381.8	381.8	58.7
Other paid-in capital		61.9	61.9	9.5
Reserves		–1.9	12.3	1.9
Retained earnings, incl. result for the year		889.0	836.3	128.5
Total equity		**1,330.8**	**1,292.3**	**198.6**
LIABILITIES				
Non-current liabilities	9, 18, 19			
Liabilities to credit institutions	15	1,969.9	1,862.7	286.2
Deferred tax liabilities	7	9.7	0.0	0.0
Total non-current liabilities		**1,979.6**	**1,862.7**	**286.2**
Current liabilities	9, 18, 19			
Liabilities to credit institutions	15	23.4	131.3	20.1
Trade payables		1.2	7.9	1.2
Other liabilities	16	43.1	30.6	4.7
Accruals and deferred income	17	102.6	81.7	12.6
Total current liabilities		**170.3**	**251.5**	**38.6**
TOTAL EQUITY AND LIABILITIES		**3,480.7**	**3,406.5**	**523.4**

For information on the Group's pledged assets and contingent liabilities, see note 22.
1) Unaudited, see note 1.

STATEMENT OF CHANGES IN EQUITY

SEK millions	Share capital	Other paid-in capital	Reserves[2] Translation reserve	Reserves[2] Fair value reserve	Reserves[2] Hedging reserve	Retained earnings[1]	Total equity
Opening equity, 1 Jan 2013	381.8	61.9	30.6	4.7	–37.2	889.0	1,330.8
Comprehensive income for the year							
Result for the year						–28.8	–28.8
Other comprehensive income for the year			–1.2	–1.5	16.9		14.2
Comprehensive income for the year			**–1.2**	**–1.5**	**16.9**	**–28.8**	**–14.6**
Transactions with owners of the parent							
Dividend						–23.9	–23.9
Closing equity, 31 Dec 2013	**381.8**	**61.9**	**29.4**	**3.2**	**–20.3**	**836.3**	**1,292.3**

SEK millions	Share capital	Other paid-in capital	Reserves[2] Translation reserve	Reserves[2] Fair value reserve	Reserves[2] Hedging reserve	Retained earnings[1]	Total equity
Opening equity, 1 Jan 2012	381.8	61.9	83.6	4.2	–46.6	1,292.7	1,777.6
Comprehensive income for the year							
Result for the year						–356.0	–356.0
Other comprehensive income for the year			–53.0	0.5	9.4		–43.1
Comprehensive income for the year			**–53.0**	**0.5**	**9.4**	**–356.0**	**–399.1**
Transactions with owners of the parent							
Dividend						–47.7	–47.7
Closing equity, 31 Dec 2012	**381.8**	**61.9**	**30.6**	**4.7**	**–37.2**	**889.0**	**1,330.8**

1) Retained earnings includes result for the year.
2) See also note 14.

CONSOLIDATED CASH FLOW STATEMENT

1 January–31 December, SEK millions	Note	2012	2013	2013 USD millions[1]
	25			
Operating activities				
Result before tax		–369.4	–39.0	–6.0
Adjustment for non-cash items		559.9	163.1	25.0
Cash flow from operating activities before changes in working capital		**190.5**	**124.1**	**19.0**
Cash flow from changes in working capital				
Increase (–)/Decrease (+) in receivables		–68.9	–66.6	–10.2
Increase (+)/Decrease (–) in liabilities		46.3	–21.1	–3.2
Cash flow from operating activities		**167.9**	**36.4**	**5.6**
Investing activities				
Acquisition of property, plant and equipment		–428, 3	–64.7	–9.9
Disposal of property, plant and equipment		–0.4	0.0	0.0
Acquisition of financial assets		–65.8	–34.3	–5.3
Disposal of financial assets		75.8	46.4	7.1
Cash flow from investing activities		**–418.7**	**–52.6**	**–8.1**
Financing activities				
New loans		815.1	156.2	24.0
Amortisation of loans		–500.0	–154.5	–23.7
Dividends paid to equity-holders of the parent		–47.7	–23.9	–3.7
Cash flow from financing activities		**267.4**	**–22.2**	**–3.4**
Cash flow for the year		16.6	–38.4	–5.9
Cash and cash equivalents at beginning of year		128.2	144.4	22.2
Exchange differences		–0.4	0.0	0.0
Cash and cash equivalents at end of year		**144.4**	**106.0**	**16.3**

1) Unaudited, see note 1.

INCOME STATEMENT – PARENT COMPANY

1 January–31 December, SEK millions	Note	2012	2013
Net sales	3	0.0	0.8
Total income		**0.0**	**0.8**
Other external costs	5	–13.6	–14.3
Personnel expenses	4	–11.1	–17.6
Depreciation	8	0.0	0.0
Operating result	23	**–24.7**	**–31.1**
Result from financial items:			
Result from subsidiaries		0.0	108.0
Other interest and similar income		59.9	16.2
Interest and similar expense		–30.8	–23.2
Financial net	6	**29.1**	**101.0**
Result after financial items		**4.4**	**69.9**
Result before tax		**4.4**	**69.9**
Tax	7	–5.7	6.7
Result for the year[1]		**–1.3**	**76.6**

1) Result for the year is the same as comprehensive income for the year.

BALANCE SHEET – PARENT COMPANY

31 December, SEK millions	Note	2012	2013
ASSETS			
Non-current assets			
Property, plant and equipment	8	0.0	0.1
Financial assets			
Investments in Group companies	24	745.8	745.8
Other non-current receivables	11	1.7	0.0
Deferred tax assets	7	27.7	34.3
Total financial assets		775.2	780.1
Total non-current assets		**775.2**	**780.2**
Current assets			
Current receivables			
Other receivables	11	3.2	0.3
Prepayments and accrued income	12	4.6	1.9
Total current receivables		7.8	2.2
Short-term investments			
Other short-term investments	18, 19	0.3	0.0
Total short-term investments		0.3	0.0
Receivables from Group companies		1,362.1	1,395.7
Cash and bank balances	25	22.1	11.0
Total current assets		**1,392.3**	**1,408.9**
TOTAL ASSETS		**2,167.5**	**2,189.1**
EQUITY AND LIABILITIES			
Equity	14		
Restricted equity			
Share capital		381.8	381.8
Statutory reserve		138.3	138.3
Unrestricted equity			
Retained earnings		32.3	7.1
Result for the year		–1.3	76.6
Total equity		**551.1**	**603.8**
Non-current liabilities	18, 19		
Liabilities to credit institutions	15	1,575.5	1,445.7
Liabilities to Group companies	23	0.0	27.4
Other liabilities	16	1.7	0.0
Total non-current liabilities		**1,577.2**	**1,473.1**
Current liabilities	18, 19		
Liabilities to credit institutions	15	0.0	96.8
Trade payables		1.2	1.3
Liabilities to Group companies	23	27.5	0.0
Other liabilities		3.6	0.3
Accruals and deferred income	17	6.9	13.8
Total current liabilities		**39.2**	**112.2**
TOTAL EQUITY AND LIABILITIES		**2,167.5**	**2,189.1**

PLEDGED ASSETS AND CONTINGENT LIABILITIES – PARENT COMPANY

31 December, SEK millions	Note	2012	2013
Pledged assets	22	65.1	65.1
Contingent liabilities	22	302.1	281.2

STATEMENT OF CHANGES IN EQUITY – PARENT COMPANY

	Restricted equity		Unrestricted equity		
SEK millions	Share capital	Statutory reserve	Retained earnings	Result for the year	Total equity
Opening equity, 1 Jan 2013	381.8	138.3	32.3	–1.3	551.1
Result for previous year			–1.3	1.3	0.0
Result for the year				76.6	76.6
Dividend			–23.9		–23.9
Closing equity, 31 Dec 2013	**381.8**	**138.3**	**7.1**	**76.6**	**603.8**

	Restricted equity		Unrestricted equity		
SEK millions	Share capital	Statutory reserve	Retained earnings	Result for the year	Total equity
Opening equity, 1 Jan 2012	381.8	138.3	105.7	–25.4	600.4
Result for previous year			–25.4	25.4	0
Result for the year				–1.3	–1.3
Dividend			–47.7		–47.7
Closing equity, 31 Dec 2012	**381.8**	**138.3**	**32.3**	**–1.3**	**551.1**

CASH FLOW STATEMENT – PARENT COMPANY

1 January–31 December, SEK millions	Note	2012	2013
	25		
Operating activities			
Result before tax		4.4	69.9
Adjustment for non-cash items		–120.5	–0.3
Cash flow from operating activities before changes in working capital		**–116.1**	**69.6**
Cash flow from changes in working capital			
Increase (–)/Decrease (+) in receivables		–18.1	–100.7
Increase (+)/Decrease (–) in liabilities		33.1	1.6
Cash flow from operating activities		**–101.1**	**–29.5**
Investing activities			
Disposal of financial assets		17.3	0.0
Cash flow from investing activities		**17.3**	**0.0**
Financing activities			
New loans		548.8	109.3
Amortisation of loans		–487.2	–141.4
Anticipated dividend			108.0
Dividend paid		–47.7	–23.9
Cash flow from financing activities		**13.9**	**52.0**
Cash flow for the year		–69.9	22.5
Cash and cash equivalents at beginning of year		1,454.1	1,384.2
Cash and cash equivalents at end of year		**1,384.2**	**1,406.7**

NOTES TO THE FINANCIAL STATEMENTS

1 Accounting policies

Statement of compliance
The consolidated accounts for Concordia Maritime AB (publ) and its subsidiaries have been prepared in accordance with International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB). The Group applies the standards that have been adopted by the European Commission for application in the EU. In addition, the Swedish Financial Reporting Board's recommendation RFR 1 Supplementary Accounting Rules for Group has been applied.

The Parent Company applies the same accounting policies as the Group, except in the cases described below in the section entitled "The Parent Company's Accounting Policies". Any differences are due to limitations in the ability to apply IFRS in the Parent Company as a result of the provisions of the Swedish Annual Accounts Act and the Pension Obligations Vesting Act, and in certain cases for tax reasons.

The Board has authorised the Parent Company's annual financial statements and the consolidated annual financial statements for issue on 17 March 2014. The consolidated income statement and balance sheet and the Parent Company's income statement and balance sheet will be presented for adoption at the Annual General Meeting on 29 April 2014.

Basis of preparation
The Parent Company's functional currency is Swedish kronor, which is also the presentation currency for the Parent Company and for the Group. Consequently, the financial statements are presented in Swedish kronor. However, for the reader's guidance, the 2013 financial statements have been converted from SEK into USD using the following exchange rates issued by the Swedish Central Bank: Average rate USD 1.00=6.5140 and closing rate USD 1.00=6.5084. From a Group perspective, however, most transactions are in US dollars. All amounts, unless otherwise stated, are reported in SEK millions. Assets and liabilities are measured at historical cost, apart from certain financial assets and liabilities which are measured at fair value. Financial assets and liabilities measured at fair value consist of derivative instruments and available-for-sale financial assets.

Preparation of financial statements in compliance with IFRS requires management to make critical judgements, accounting estimates and assumptions which affect the application of the accounting policies and the carrying amounts of assets, liabilities, income and expense. Estimates and assumptions are based on historical experience and a number of other factors which are considered reasonable under the prevailing conditions. Results of these estimates and assumptions are used to determine the carrying amounts of assets and liabilities that are not otherwise evident from other sources. The actual outcome may differ from these estimates. The accounting estimates and assumptions are reviewed regularly. Changes in accounting estimates are recognised in the period of the change if the change only affects that period. Changes are recognised in the period of the change and future periods if the change affects both.

Estimates made by management during the application of IFRS which have a significant effect on the financial statements, and assumptions which may result in material adjustments to the following year's financial statements largely relate to the valuation of vessels. See note 28.

The accounting policies described below have been applied consistently to all periods presented in the consolidated financial statements, unless otherwise stated. The Group's accounting policies have also been consistently applied by Group companies with regard to joint venture companies and by making any necessary adaptations to the Group's policies.

New accounting policies 2013
New IFRSs that came into force during the year did not have any significant effect on the consolidated financial statements

New accounting policies effective in or after 2014
A number of new and amended IFRSs are effective in the next annual financial period; these have not been applied early in preparing these financial statements. There are no plans for early application of new and amended standards which are effective in future annual periods. Listed below are the standards that may have an impact on the consolidated financial statements in the future. However, their effects have not yet been analysed.

IFRS 11 Joint Arrangements. A new standard dealing with accounting for joint ventures and joint operations. The new standard will result in changes compared with IAS 31 Investments in Joint Ventures. One change concerns whether an investment is considered to be a joint operation or a joint venture. There are different accounting rules according to the type of investment. The standard, as adopted by the EU, is effective for annual periods commencing on or after 1 January 2014. The vessels owned through joint venture agreements are considered to constitute joint operations in accordance with IFRS 11. This means that Concordia Maritime reports its assets, liabilities, income and expenses, including its share of all joint assets, liabilities, income and expenses. This is like the method currently applied, the proportionate consolidation method. This means that IFRS 11 is not expected to have any significant effect.

IFRS 9 Financial Instruments is expected to supersede IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 is being finalised in phases and its effective date is not yet decided. An assessment has not yet been made of the effects IFRS 9 may have.

Basis of consolidation
Subsidiaries
Subsidiaries are entities in which Concordia Maritime AB (publ) owns more than 50% of the shares or has some other form of control. Control exists when the company has the power, directly or indirectly, to govern the financial and operating policies of an enterprise so as to obtain benefits from its activities.

Subsidiaries are accounted for using the acquisition method. The acquisition is treated as a transaction through which the Group indirectly acquires the subsidiary's assets and assumes its liabilities and contingent liabilities. The results of operations of a subsidiary are included in the consolidated financial statements from the date of acquisition until the date on which control ceases.

The consolidated financial statements include the financial statements of the Parent Company and its directly or indirectly owned subsidiaries after:
• elimination of intragroup transactions; and
• amortisation of acquired surplus values.

Consolidated equity includes equity in the Parent Company and the share of equity in subsidiaries arising after the acquisition. Transaction costs are recognised directly in result for the year. Transaction costs attributable to acquisitions made before 1 January 2010 have been included in the cost.

Joint ventures

Joint ventures are, for reporting purposes, companies where the Group, under agreements with one or more parties, has joint control over the operating and financial management. In the consolidated accounts, investments in joint ventures are accounted for using proportionate consolidation. This means that the Group's ownership share of the income, expense, assets and liabilities of the jointly controlled entity is recognised in the consolidated financial statements. This is done by combining the joint venturer's share of the income, expense, assets and liabilities of the jointly controlled entity, on a line-by-line basis, with the corresponding items in the venturer's financial statements. Only equity earned after the acquisition is recognised in equity. Proportional consolidation is applied from the date on which control is obtained until the date on which it ceases.

Transactions eliminated on consolidation

Intra-group receivables and liabilities, income and expense, and unrealised gains or losses arising from intra-group transactions are eliminated in full when preparing the consolidated financial statements. Unrealised gains on transactions with joint ventures are eliminated to the extent that corresponds to the Group's interest in the Company. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no indication of impairment.

Foreign currency

Foreign currency transactions

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the transaction date. Foreign currency monetary assets and liabilities are translated into the functional currency using the exchange rates prevailing at the reporting date. Foreign exchange gains and losses arising on translation are recognised in profit or loss. Non-monetary assets and liabilities recognised at historical cost are translated using the exchange rate prevailing at the date of the transaction

Financial statements of foreign entities

Assets and liabilities of foreign entities, including fair value adjustments, are translated into Swedish kronor using the exchange rate prevailing at the reporting date. Income and expenses in the income statements of foreign entities are translated into Swedish krona using average exchange rates. This average is an approximation of the cumulative effect of the rates at each transaction date. Exchange differences arising on translation of foreign operations are recognised in other comprehensive income and accumulated in the translation reserve in equity. On disposal of a foreign operation, the cumulative amount of the associated exchange, net of any hedging, are recognised in profit or loss when the gain or loss on disposal is recognised. On disposal of a foreign operation, the cumulative amount of the associated exchange, net of any hedging, are recognised in profit or loss when the gain or loss on disposal is recognised.

Operating segment reporting

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, and for which discrete financial information is available.

An operating segment's performance is monitored by the company's chief operating decision maker, which is Group Management, in order to assess its performance and allocate resources to it. Concordia Maritime's Group Management monitors the economic performance of the fleet as one unit. Consequently, operating segment reporting comprises one segment, Tankers. The Tankers segment information now coincides with the consolidated financial information.

Classification

Non-current assets and liabilities are essentially amounts that are expected to be recovered or paid more than twelve months after the reporting date. Current assets and liabilities are essentially amounts that are expected to be recovered or paid within twelve months of the reporting date.

Income

The Group's income consists primarily of spot charter and to some extent time charter income. Spot charter income is generated when the vessels are employed on the open market (the spot market) and chartered voyage by voyage. Spot charter income is received and recognised when the individual voyage is completed. Spot charter income for voyages in progress at the reporting date is distributed between the current reporting period and the next reporting period based on the number of days of the voyage. If the net result (freight income less direct voyage costs) of the voyage is negative, the entire amount is allocated to the current reporting period. Time charter income is received when the vessels are leased for a fixed period, normally one year or more. The income, which consists of a fixed daily hire of the vessel, is paid monthly in advance and recognised as income in the same way as spot charter income. Profit-sharing contracts are accounted for based on settlement with the charterer. If the settlement period and the financial reporting period differ, the profit-sharing contract is recognised using management's judgements and estimates, which are based on market conditions and the charterer's actual earnings in the financial reporting period. Usual settlement periods for profit-sharing contracts are monthly, 90 days or 180 days.

Operating expenses – operating leases

Time-charters agreements are classified as operating leases. With time charters the owner usually retains all the risks, such as accidents and idle time. The shipowner is normally responsible for operation and the crew. The lessee normally has no obligations when the time charter period is over. Costs associated with operating leases are recognised in the income statement in the same way as freight income above.

Finance income and costs

Finance income and costs comprise interest income on bank deposits, receivables and interest-bearing securities, interest expense on borrowings, dividend income, exchange differences, unrealised gains and losses on financial investments and derivatives used in financial activities.

Interest income on receivables and interest expense on liabilities are recognised using the effective interest method. The effective interest rate is the rate that discounts all future cash payments or receipts during the fixed-interest period to the initially recognised carrying amount of the financial asset or liability. Interest income and interest expense includes accrued amounts of transaction costs and any discounts, premiums or other differences between the original value of the asset or liability and the amount received or paid at maturity.

Dividend income is recognised when the right to receive payment is established.

Financial instruments

Financial instruments recognised under assets in the balance sheet include cash and cash equivalents, trade receivables, shares and other equity instruments, loan receivables, bond receivables and derivatives. Liabilities include trade payables, loans and derivatives.

Financial instruments are initially recognised at cost, which corresponds to fair value plus transaction costs. However, financial assets in the category measured at fair value through profit or loss are recognised at fair value, net of transaction costs. Subsequent recognition is based on the classification below.

A financial asset or liability is recognised in the balance sheet when the Company becomes a party to the instrument's contractual terms. A receivable is recognised when the Company has performed and there is a contractual obligation for the counterparty to pay, even if an invoice has not yet been sent. Trade receivables are recognised in the balance sheet when an invoice has been sent. A liability is recognised when the counterparty has performed and there is a contractual obligation to pay, even if an invoice has not yet been received. Liabilities are recognised when invoices are received.

A financial asset is derecognised when the rights to receive benefits have been realised, expired or the Company loses control over them. The same applies to a component of a financial asset. Financial liabilities are derecognised in the balance sheet when the contractual obligation has been discharged or extinguished in some other way. The same applies to a component of a financial liability.

Purchases and sales of financial assets are recognised on the trade date (the commitment date), apart from regular way transactions, which are recognised on the settlement date. The fair value of listed financial assets corresponds to the asset's bid price on the balance sheet date, subject to a deep and liquid market.

The fair value of unlisted financial assets is determined using valuation techniques such as recent transactions, prices of similar instruments and discounted cash flows. For further information, see notes 18 and 19.

At each reporting date, the Company assesses whether there is objective evidence that a financial asset or group of financial assets is impaired. For equity instruments classified as available-for-sale, a significant or prolonged decline in fair value below the instrument's cost is required before an impairment loss is recognised. If an available-for-sale financial asset is impaired, any previously accumulated impairment losses recognised in comprehensive income are transferred to the income statement. Factors taken into account include an assessment of the ability of the counterparty to discharge its obligations. Impairment of equity instruments which is recognised in the income statement may not subsequently be reversed through the income statement.

IAS 39 classifies financial instruments by category. The classification depends on the purpose of the acquisition of the financial instrument. Management determines the classification on the original purchase date. The categories (i–x) are as follows:

(i) Financial assets at fair value through profit or loss

This category consists of two sub-categories: financial assets held for trading and other financial assets the Company designated as financial assets at fair value (using the fair value option) on initial recognition. Financial instruments in this category are measured at fair value, and changes in fair value are recognised in the income statement. The first sub-category includes investment assets held for trading and derivatives with a positive fair value, apart from derivatives designated as effective hedging instruments.

(ii) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Receivables arise when companies provide money, goods and services directly to the beneficiary with no intention of trading the receivable. Receivables are recognised at original invoice amount less an allowance for uncollectible amounts. As the expected maturity is short, the value is recognised at a nominal amount without discounting.

Impairment losses on receivables are recognised in operating expenses. This category also includes acquired receivables. Assets in this category are carried at amortised cost. Amortised cost is calculated based on the effective interest method used at initial recognition.

(iii) Available-for-sale financial assets

Available-for-sale financial assets are financial assets designated on initial recognition as available for sale, or any other instruments not classified in any of the other categories. Assets in this category are measured at fair value with the period's changes in value recognised in other comprehensive income and accumulated in the fair value reserve in equity. The Group's bond portfolio is classified in this category.

(iv) Cash and cash equivalents

Cash and cash equivalents consist of cash, demand deposits with banks and similar institutions and short-term deposits with an original maturity of 3 months or less, which are subject to an insignificant risk of changes in value.

(v) Financial investments

If the term or the expected holding period of financial investments is less than one year, they are classified as short-term investments.

Interest-bearing securities that will not be held to maturity are classified as available-for-sale financial assets.

(vi) Non-current and current receivables

Non-current and current receivables are receivables that arise when the Company provides money without the intention of trading the receivable.

(vii) Financial liabilities at fair value through profit or loss

This category consists of two sub-categories: financial liabilities held for trading and other financial liabilities which the Company allocated to this category (using the fair value option) on initial recognition, see the description in 'Financial assets at fair value through profit or loss' above. The first sub-category includes derivatives with a negative fair value, apart from derivatives designated as effective hedging instruments. Changes in fair value are recognised in profit or loss.

(viii) Liabilities

Liabilities are classified as other financial liabilities, which means they are initially recognised at the amount received, net of transaction costs. Non-current liabilities have an expected maturity exceeding one year, while current liabilities have a maturity of less than one year.

(ix) Trade payables

Trade payables are classified as other financial liabilities. Trade payables have a short expected maturity and are measured at nominal amounts with no discounting. For more information, see notes 18 and 19.

(x) Other financial liabilities

Financial liabilities not classified as held for trading are measured at amortised cost. Amortised cost is calculated based on the effective interest method used at initial recognition. This means that premiums and discounts and direct issue costs are amortised over the term of the liability.

Derivatives and hedge accounting

Derivative instruments include forward contracts and swaps that are used to cover the risk of currency fluctuations and exposure to interest rate risks. Derivatives are also contractual terms that are embedded in other contracts. Changes in the value of stand-alone derivatives are recognised in profit or loss based on the purpose of ownership. Hedge accounting is used for interest-related derivatives.

Foreign currency receivables and liabilities

Foreign exchange forward contracts are used to hedge assets or liabilities against currency risk. These transactions do not require hedge accounting as the hedged item and the hedging instrument are measured at fair value, with foreign exchange gains or losses recognised in the income statement. Changes in the fair value of non-financial assets and liabilities are recognised in operating profit or loss, while changes in the fair value of financial assets and liabilities are recognised in net finance income or expense.

Cash flow hedges

Foreign currency risk associated with future forecast transactions is hedged by foreign exchange forward contracts. These transactions do not require hedge accounting as the hedged item and the hedging instrument are measured at fair value, with foreign exchange gains or losses recognised in the income statement. Interest rate swaps are used to hedge interest rate risk. The instrument is recognised at fair value in the balance sheet. Value changes are recognised directly in equity in the hedging reserve until the hedged cash flow affects profit or loss. The hedging instrument's accumulated value changes are then recycled to profit or loss in order to meet and match the profit or loss effects from the hedged transaction. Hedged cash flows may relate to firm commitments or forecast transactions.

Net investments

Investments in foreign subsidiaries (net assets including goodwill) have been partially hedged by matching against USD loans. In the Parent Company, the recognised exchange differences are eliminated in the consolidated financial statements against the translated net assets of the subsidiary, which are recognised in other comprehensive income.

Property, plant and equipment

Owned assets

Items of property, plant and equipment are recognised at cost less accumulated depreciation and impairment losses. Cost comprises the purchase price and any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended. Borrowing costs are not included in the cost of a self-constructed asset. Accounting policies for impairment are described below.

The cost of a self-constructed asset includes costs of materials, employee benefits expenses and, if applicable, other construction costs directly attributable to the asset.

Parts of property, plant and equipment that have different useful lives are treated as separate components of property, plant and equipment.

An item of property, plant and equipment is derecognised in the event of disposal. The gain or loss arising from the disposal of an asset is the difference between the selling price and the asset's carrying amount less direct costs to sell. Gains and losses are reported under other operating income/expense.

Leased assets

Leases are classified as finance leases or operating leases. A finance lease is a lease that transfers substantially all the financial risks and rewards incident to ownership. An operating lease is a lease other than a finance lease.

Assets held under a finance lease are reported as a non-current asset in the balance sheet and initially measured at the lower of the lease object's fair value and the present value of the minimum lease payments at the inception of the lease. The Group does not have any finance leases.

Assets held under operating leases are not reported as an asset in the balance sheet. In the same way, operating leases do not give rise to a liability.

Subsequent costs and periodic maintenance

The maintenance portion of the ship's cost of acquisition is separated on delivery and depreciated separately. Subsequent costs associated with periodic maintenance are included in the carrying amount only when it is probable that future economic benefits associated with the asset will flow to the Company and the cost of the item can be measured reliably. The depreciation cost of periodic maintenance is recognised in the income statement under 'Operating costs, ships' and not as depreciation. This distinction is made to clarify the results of ship operation. In Note 8, the depreciation cost of periodic maintenance is reported on a separate line. All other subsequent costs are recognised as an expense in the period in which they are incurred. The depreciation period for periodic maintenance of owned tonnage is between thirty months and five years, while the depreciation period for time chartered tonnage extends to the next docking or redelivery of the vessel.

In order for subsequent costs to qualify for inclusion in the carrying amount, they must relate to the replacement of identified components or parts thereof. If this is the case, these costs are capitalised. Costs relating to the construction of new components are also included in the carrying amount. The residual value of a replaced component or part thereof is derecognised at the time of replacement. Repairs are recognised as an expense as incurred.

Borrowing costs

Borrowing costs that are attributable to the construction of qualifying assets are capitalised as part of the cost of the qualifying asset. A qualifying asset is an asset that necessarily takes a significant length of time to prepare for its intended use. Firstly, borrowing costs incurred on loans that are specific to the qualifying asset are capitalised. Secondly, borrowing costs incurred on general loans that are not specific to any other qualifying asset are capitalised. Borrowing expenses are based on external borrowing.

Depreciation

Depreciation takes place over the estimated useful life down to the residual value of zero. The Group applies component depreciation, which means depreciation is based on the estimated useful lives of components. Estimated useful lives:

Ships	25 years
Periodic maintenance (docking) components of vessels	2.5–5 years
Equipment, tools and fixtures and fittings	2–5 years

Assessment of an asset's useful life is made on a semi-annually basis.

Impairment

The Group's reported assets are assessed semi-annually to determine if there is any indication of impairment. IAS 36 is applied for impairment of non-financial assets. Financial assets are accounted for under IAS 39. If there is any indication of impairment, the asset's recoverable amount (i.e. the higher of net realisable value and value in use) is calculated. An impairment loss is recognised when the recoverable amount of an asset or a cash-generating unit is less than its carrying amount. An impairment loss is recognised as an expense in net income for the year. When impairment has been identified for a cash-generating unit, the impairment loss is proportionately allocated to the assets in the unit.

In measuring value in use, cash flows are discounted using a discount rate that reflects the risk-free rate of interest and the risks specific to the asset. The Group treats the entire fleet as a cash-generating unit. Testing is based on an average value from three ship brokers and on discounted cash flows. Any assumptions in the case of a cash flow calculation are described in note 8 for property, plant and equipment.

Impairment of assets accounted for under IAS 36 is reversed if there is an indication that the impairment no longer exists and there has been a change in the assumptions on which the calculation of recoverable amount was based. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation where applicable, had no impairment loss been recognised.

Share capital

Dividends

Dividends are recognised as a liability when the dividend has been adopted by the Annual General Meeting.

Employee benefits

Defined contribution plans

All pension plans in the Group are classified as defined contribution plans. The obligation for each period is the amount the Company is required to contribute for that period. This amount is charged to the income statement for the period.

Provisions

A provision is recognised in the balance sheet when the Group has a present obligation (legal or constructive) as a result of a past event and it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. Where the effect of the time value of money is material, provisions are estimated by discounting expected future cash flows using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the liability.

Taxes

Income tax consists of current tax and deferred tax. Income taxes are recognised in the income statement, unless the underlying transaction is recognised in other comprehensive income or in equity, in which case the associated tax effect is recognised in other comprehensive income or in equity.

Current tax is the amount of income taxes payable or recoverable in respect of the taxable profit or loss for the current year, and is calculated using tax rates enacted or substantially enacted by the reporting date, and any adjustments relating to prior periods. Deferred tax is accounted for using the balance-sheet liability method. A deferred tax liability is recognised for temporary differences between the carrying amounts of assets and liabilities and their corresponding tax bases except to the extent that the deferred tax liability arises from the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction affects neither accounting profit nor taxable profit or loss. A deferred tax liability is recognised for temporary differences associated with investments in subsidiaries except to the extent that it is probable that the temporary difference will not reverse in the foreseeable future. The measurement of deferred tax is based on the manner in which the Company expects to recover or settle the carrying amount of its assets and liabilities. Deferred tax liabilities and assets are measured using the tax rates and tax laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets on temporary differences and deferred tax assets arising from the carryforward of unused tax losses are only recognised to the extent that it is probable that they can be utilised. The carrying amounts of deferred tax assets are reduced to the extent that it is no longer probable that the deferred tax asset can be utilised.

Contingent liabilities

A contingent liability is recognised when a possible obligation arises from past events whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events, or when there is an obligation which is not recognised as a liability or provision because it is not probable that an outflow of resources will be required to settle the obligation.

Accounting policies – Parent Company

The Parent Company's annual financial statements have been prepared in accordance with the Swedish Annual Accounts Act (1995:1554) and the Swedish Financial Reporting Board's recommendation RFR 2 Accounting for Legal Entities. RFR 2 requires the Parent Company, as a legal entity, to prepare its annual financial statements in compliance with all the IFRS and IFRIC interpretations endorsed by the EU, to the extent possible within the framework of the Swedish Annual Accounts Act and taking into account the relationship between tax expense (income) and accounting profit. The recommendation also specifies exceptions and additions to IFRS reporting. Differences between the Group's and the Parent Company's accounting policies are described below.

The accounting policies described below have been applied consistently to all periods presented in the Parent Company's financial statements.

Subsidiaries

Investments in subsidiaries are recognised in the Parent Company using the cost model.

Income

Sales of goods and rendering of services

In the Parent Company, the rendering of services is recognised on completion.

Dividends

Dividend income is recognised when the right to receive payment is established.

Property, plant and equipment

Owned assets

Like the Group, the Parent Company recognises property, plant and equipment at cost less accumulated depreciation and impairment losses, although the Parent also reports appreciation in value.

Financial instruments

Derivative instruments are measured at fair value, with changes recognised in profit and loss. Hedge accounting is not applied. Investment assets are measured at fair value, with changes recognised in profit and loss. Foreign currency loans are translated at the closing rate, and hedge accounting is not applied.

The Parent Company's financial guarantees consist mainly of sureties in favour of subsidiaries. Financial guarantees mean that the Company has an obligation to reimburse the holder of a debt instrument for losses it incurs because a specified debtor fails to make payment when due under the contract terms. For the reporting of financial guarantee contracts, the Parent Company applies an exemption from the provisions of IAS 39 permitted by the Swedish Financial Accounting Standards Council. The exemption applies to financial guarantees provided for subsidiaries. The Parent Company reports financial guarantees as a provision in the balance sheet when the Company has an obligation, and an outflow of resources is likely to be required to settle the obligation.

In other respects, the Parent Company applies the same principles for financial instruments as the Group.

2 EBITDA per vessel category

EBITDA per quarter

USD millions	Q4 2012	Q4 2013	Q3 2012	Q3 2013	Q2 2012	Q2 2013	Q1 2012	Q1 2013	Full year 2012	Full year 2013
P-MAX (time charter)	5.9	2.4	7.0	4.3	6.3	3.5	8.7	4.9	27.9	15.1
P-MAX (spot)	1.8	–0.2	0.3	2.4	2.5	1.7	0.5	2.4	5.1	6.3
Panamax	1.1	0.9	1.0	0.8	1.0	1.4	1.2	1.3	4.3	4.4
Suezmax	0.4	0.9	0.8	0.8	0.0	0.6	0.0	0.7	1.2	3.0
Admin. and other	–1.2	–2.6	–1.3	–1.4	–1.1	–1.3	–1.2	–1.3	–4.8	–6.6
Total	**8.0**	**1.4**	**7.8**	**6.9**	**8.7**	**5.9**	**9.2**	**8.0**	**33.7**	**22.2**

0% of accumulated sales is attributable to profit sharing. The Company reports depreciation of regular maintenance as an operating cost. This amounts to SEK 16.1 million for 2013 and SEK 16.3 million for 2012. One-time payment in 2012 for the redelivery of *Stena Primorsk* and *Stena President* totalling USD 2.3 million (Q2 and Q3, USD 1,0 million each, and Q4 USD 0.3 million). Q4 2012 also includes insurance payment of USD 0.2 million under P-MAX (time charter).

3 Geographical distribution

Geographical areas

Income is distributed based on customer location, while fixed assets (ships) are allocated based on the vessel's flag.

	Total	
Group, SEK millions	2012	2013
Income		
France	143.8	56.7
Switzerland	173.0	153.3
Panama	40.9	1.2
Finland	48.6	47.5
Other	137.1	209.1
Total income	**543.4**	**467.8**

The Parent Company's net sales in 2013 relate to consultancy income.

	Total	
Group, SEK millions	2012	2013
Non-current assets		
Bermuda	2,684.3	2,555.5
Finland	179.9	171.9
UK	199.2	187.4
Total non-current assets (ships)	**3,063.4**	**2,914.8**

4 Employees and personnel expenses

Employee benefits expenses

Group, SEK millions	2012	2013
Salaries and other benefits	146.5	148.9
Pension costs, defined contribution plans	2.1	2.0
Social security contributions	2.6	4.0
	151.2	**154.9**

Average number of employees

Parent	2012	Of which male	2013	Of which male
Sweden	3	67%	3	33%
Parent total	**3**	**67%**	**3**	**33%**
Subsidiaries				
Switzerland	2	0%	2	0%
Bermuda	1	0%	1	0%
Seagoing personnel	421	100%	388	100%
Subsidiaries total	**424**	**100%**	**391**	**99%**
Group total	**427**	**99%**	**394**	**99%**

Note 4 contd.

Gender distribution in Company management

Parent	2012 Proportion female	2013 Proportion female
Board	0%	0%
Other senior executives	33%	50%
Group		
Board	0%	0%
Other senior executives	60%	75%

Salaries, employee benefits and social security contributions

	2012		2013	
Parent, SEK millions	Salaries and other benefits	Social security contribu-tions	Salaries and other benefits	Social security contribu-tions
Parent	8.1	4.0	14.9	5.9
(of which pension costs)		1.8		1.7

SEK 1,729 (1,755.6) thousand of the Parent Company's pension costs relate to the Board, CEO and management. Senior executives in Sweden have a six to twelve month reciprocal period of notice depending on the position held. In the case of involuntary termination of employment, the maximum severance pay is 24 months' basic salary.

Salaries and other employee benefits (Board, CEO, senior executives and other employees) by country

	2012		2013	
Group, SEK millions	Board, CEO and Management	Other employees	Board, CEO and Management	Other employees
Parent: Sweden	7.8	0.3	14.6	0.3
Subsidiaries: Switzerland	2.0	0.6	2.2	0.7
Subsidiaries: Bermuda	0.9	0.0	1.0	0.0
Seagoing personnel		134.2		130.8
Group total	**10.7**	**135.1**	**17.8**	**131.8**
(of which Board fees)	(2.2)		(2.3)	

The Board, CEO and Management Group comprises 13 (14) individuals.

Defined contribution plans

The Group has defined contribution pension plans for its employees in Sweden. These are financed by the companies. Foreign subsidiaries have defined contribution pension plans which are financed partly by the subsidiaries and partly by employee contributions. Payment into these plans is on an ongoing basis in accordance with each plan's rules.

	Group		Parent	
SEK millions	31/12/2012	31/12/2013	31/12/2012	31/12/2013
Costs for defined contribution plans	2.1	2.0	1.8	1.7

Senior executives' remuneration and benefits (Parent)

	2012					2013				
Salary and other benefits during the year, SEK thousands	Basic salary/ directors' fees	Variable pay	Other benefits	Pension cost	Total	Basic salary/ directors' fees	Variable pay	Other benefits	Pension cost	Total
Chairman of the Board	400				400	400				400
Deputy Chairman	400				400	400				400
Board members	1,200				1,200	1,200				1,200
CEO	2,918	893	151	1,301	5,263	2,874	6,077	138	1,352	10,441
Other senior executives	1,603	158	136	455	2,352	1,639	105	78	377	2,199
Total	**6,521**	**1,051**	**287**	**1,756**	**9,615**	**6,513**	**6,182**	**216**	**1,729**	**14,640**

Other senior executives comprised two individuals in the first half of 2013 and one individual thereafter. In 2012, there were two individuals throughout the year. See also the Corporate Governance section and Board of Directors' Report for information about remuneration, benefits and agreements for the Board, CEO and senior executives. The CEO's variable remuneration includes a severance payment of SEK 5.4 million, which is equivalent to two years' salary.

5 Auditors' fees and remuneration

	Group		Parent	
SEK millions	2012	2013	2012	2013
KPMG				
Audit services	1.2	1.3	0.7	0.8
Tax advisory services	0.1	0.6	0.0	0.0
Other services	0.1	0.1	0.1	0.1
	1.4	**2.0**	**0.8**	**0.9**

Audit services comprise examination of the annual financial statements, accounting records and administration of the Board and CEO, other procedures required to be carried out by the Company's auditors and advice or other assistance arising from observations made during the performance of such services.

6 Financial net

Group, SEK millions	2012	2013
Interest income from available-for-sale financial assets	7.3	6.4
Result from disposal of available-for-sale financial assets	4.0	1.8
Currency trading	1.1	0.1
Finance income	**12.4**	**8.3**
Interest expense on bank loans (including effect of swaps)	44.9	46.1
Other finance costs	3.4	1.6
Finance costs	**48.3**	**47.7**
Financial net	**–35.9**	**–39.4**

	Result from other securities and receivables		Interest and similar income	
Parent, SEK millions	2012	2013	2012	2013
Interest income, other			49.3	13.8
Dividends from financial assets at fair value			1.3	
Changes arising from remeasurement of financial assets at fair value	3.7	2.4		
Exchange differences			9.3	0.0
Result from subsidiaries		108.0		
Finance income	**3.7**	**110.4**	**59.9**	**13.8**

	Interest and similar expense	
Parent, SEK millions	2012	2013
Interest expense on bank loans (including effect of swaps)	27.6	22.5
Changes in value arising from remeasurement of financial assets	0.0	0.0
Exchange differences	0.0	0.4
Other finance costs	3.2	0.3
Finance costs	**30.8**	**23.2**
Financial net	**29.1**	**101.0**

7 Taxes

Recognised in the income statement

Group, SEK millions	2012	2013
Current tax expense(–)/ tax income(+)		–9.5
Deferred tax on temporary differences	7.1	8.0
Deferred tax expense in tax loss carryforward capitalised during year	6.0	11.7
Effect of changed tax rate	0.3	0.0
Total recognised tax expense for Group	**13.4**	**10.2**

Parent, SEK millions	2012	2013
Deferred tax on temporary differences	–4.2	–0.7
Deferred tax income/expense in tax loss carryforward capitalised during year	3.7	7.4
Effect of changed tax rate	–5.2	0.0
Total recognised tax expense for Parent	**–5.7**	**6.7**

Note 7 contd.

Reconciliation of effective tax

Group, SEK millions	2012, %	2012	2013, %	2013
Result before tax		–369.4		–39.0
Tax according to parent's enacted tax rate	26	97.2	22	8.6
Effect of different tax rates for foreign subsidiaries	–23	–86.4	11	4.4
Non-deductible expenses	0	–0.3	–2	–0.9
Change in deferred tax, other temporary differences	1	2.9	–5	–1.9
Recognised effective tax	**4**	**13.4**	**26**	**10.2**

Parent, SEK millions	2012, %	2012	2013, %	2013
Result before tax		4.4		69.9
Tax according to parent's enacted tax rate	26	–1.2	22	–15.4
Non-deductible expenses	7	–0.3	1	–0.9
Non-taxable income			–34	23.7
Change in deferred tax on temporary differences	96	–4.2	1	–0.7
Recognised effective tax	**129**	**–5.7**	**–10**	**6.7**

Tax items recognised in other comprehensive income

Group, SEK millions	2012	2013
Tax attributable to exchange differences in translation reserve	–8.2	0.1
Tax attributable to fair value reserve for available-for-sale financial assets	–0.1	0.0
Tax attributable to hedging reserve, cash flow hedges	–0.7	–0.5
Total tax recognised in other comprehensive income	**–9.0**	**–0.4**

Recognised in the balance sheet – Deferred tax assets and liabilities

Deferred tax assets and liabilities are as follows:

	Deferred tax assets		Deferred tax liabilities	
Group, SEK millions	2012	2013	2012	2013
Tax loss carryforwards	33.8	45.6		
Temporary differences, property, plant and equipment (excess depreciation)			34.1	36.3
Other temporary differences	0.0	0.0	9.4	
Tax assets/liabilities	**33.8**	**45.6**	**43.5**	**36.3**
Offsetting	–33.8	–36.3	–33.8	–36.3
Total tax assets/liabilities, net	**0.0**	**9.3**	**9.7**	**0.0**

Recognised deferred tax assets and liabilities

Deferred tax assets and liabilities are as follows:

	Deferred tax asset/ liability	
Parent, SEK millions	2012	2013
Tax loss carryforwards	27.1	34.3
Other temporary differences	0.6	
Tax assets/liabilities, net	**27.7**	**34.3**

The Parent Company's change from year to year is reported as deferred tax.

A previous tax provision of USD 1.4 million was reversed during the year, as this tax risk no longer exists, while a new liability provision of USD 1.4 million relating to withholding tax in Switzerland was recognised.

The Group's tax loss carryforwards are as follows:

SEK millions	2012	2013
Sweden	153.8	206.3
Total	**153.8**	**206.3**

All the loss carryforwards have no expiry date.

8 Property, plant and equipment

Group, SEK millions	Ships	Ships under construction	Equipment	Total
Cost of acquisition				
Opening balance, 1 January 2013	4,109.6	48.0	2.6	4,160.2
Purchases	12.2	52.6	0.1	64.9
Reclassification to Ships				
Sale/Scrapping	−4.7			−4.7
Exchange differences	−1.3	−0.1		−1.4
Closing balance, 31 December 2013	**4,115.8**	**100.5**	**2.7**	**4,219.0**
Opening balance, 1 January 2012	3,820.0	143.0	2.7	3,965.7
Purchases	66.1	362.2		428.3
Reclassification to Ships	453.1	−453.1		
Sale/Scrapping	−7.2			−7.2
Exchange differences	−222.4	−4.1	−0.1	−226.6
Closing balance, 31 December 2012	**4,109.6**	**48.0**	**2.6**	**4,160.2**

Group, SEK millions	Ships	Ships under construction	Equipment	Total
Depreciation and impairment				
Opening balance, 1 January 2013	1,046.2		1.5	1,047.7
Depreciation for the year	144.0		0.3	144.3
Depreciation for the year, periodic maintenance	16.1			16.1
Sale/Scrapping	−4.7			−4.7
Exchange differences	−0.5			−0.5
Closing balance, 31 December 2013	**1,201.1**		**1.8**	**1,202.9**
Opening balance, 1 January 2012	530.5		1.1	531.6
Depreciation for the year	150.5		0.4	150.9
Depreciation for the year, periodic maintenance	16.3			16.3
Impairment	411.0			411.0
Sale/Scrapping	7.2			7.2
Exchange differences	−69.3			−69.3
Closing balance, 31 December 2012	**1,046.2**		**1.5**	**1047.7**
Carrying amounts				
1 January 2013	3,063.4	48.0	1.1	3,112.5
31 December 2013	**2,914.8**	**100.5**	**0.8**	**3,016.1**
1 January 2012	3,289.5	143.0	1.6	3,434.1
31 December 2012	**3,063.4**	**48.0**	**1.1**	**3,112.5**

Borrowing costs

Group 2013, SEK millions	Ships under construction	Total
Borrowing costs included in the asset's cost during the reporting period	7.2	**7.2**
Average interest rate for determining the borrowing costs included in the cost of acquisition, %	7.2	

Group 2012, SEK millions	Ships under construction	Total
Borrowing costs included in the asset's cost during the reporting period	2.0	**2.0**
Average interest rate for determining the borrowing costs included in the cost of acquisition, %	1.1	

Parent, SEK millions	Equipment	Total
Cost of acquisition		
Opening balance, 1 January 2013	0.6	0.6
Purchases	0.1	0.1
Closing balance, 31 December 2013	**0.7**	**0.7**
Opening balance, 1 January 2012	0.6	0.6
Purchases		
Closing balance, 31 December 2012	**0.6**	**0.6**
Depreciation		
Opening balance, 1 January 2013	0.6	0.6
Closing balance, 31 December 2013	**0.6**	**0.6**
Opening balance, 1 January 2012	0.5	0.5
Closing balance, 31 December 2012	**0.6**	**0.6**
Carrying amounts		
1 January 2013	0.0	0.0
31 December 2013	**0.1**	**0.1**
1 January 2012	0.1	0.1
31 December 2012	**0.0**	**0.0**

Collateral

At 31 December 2013, vessels with a carrying amount of SEK 2,914.8 (3,063.4) million had been pledged as collateral for the available bank facility.

Ship values, impairment testing and impairment

The Group's assets are assessed on a semi-annually basis to determine whether there is any indication of impairment. The fleet is defined as a cash-generating unit, and an impairment loss is recognised when the carrying amount of an asset or cash generating unit exceeds its recoverable amount.

Note 8 contd.

An impairment loss of USD 60 million (SEK 411 million) was recognised for the fleet on 30 June 2012. The impairment was based on the fleet's value in use at 30 June 2012 and was primarily due to lower freight rates and therefore lower expected future earnings. Average values from three independent ship brokers and newbuilding prices were used to calculate fair value less costs to sell, but the value in use was the basis for the impairment. To calculate the value in use at 30 June 2012, income for non-contracted days of USD 15,000 per day was used, with a gradual annual upward adjustment for both income and cost increases. An average pre-tax rate of 6% was used. On assessing the value of the assets at 31 December 2013, there was no indication of impairment, nor were there any grounds for reversing the previous impairment loss.

9 Investments in joint ventures

Group

The Group has a 50-percent holding in the joint-venture companies Terra Ltd and Lacus Ltd, two companies engaged in shipping activities.

The consolidated financial statements include the following items which constitute the Group's share of the joint-venture companies' assets, liabilities, income and expenses.

Group, SEK millions	2012	2013
Income	48.6	47.6
Expenses	–34.0	–32.9
Result	**14.6**	**14.7**
Non-current assets	179.9	171.9
Current assets	73.7	88.3
Total assets	**253.6**	**260.2**
Non-current liabilities	170.4	156.7
Current liabilities	21.7	23.5
Total liabilities	**192.1**	**180.2**
Net assets/net liabilities	**61.5**	**80.0**

10 Financial investments

Group, SEK millions	31/12/2012	31/12/2013
Short-term investments that are current assets		
Available-for-sale financial assets		
Bonds	96.8	81.7
Financial assets held for trading		
Other holdings	0.3	0.0
	97.1	**81.7**

11 Non-current and current receivables

Group, SEK millions	31/12/2012	31/12/2013
Non-current receivables that are non-current assets		
Deferred tax assets	0.0	9.3
Other non-current receivables	0.0	0.1
	0.0	**9.4**
Other receivables that are current assets		
Other current receivables	89.9	141.8
	89.9	**141.8**

Parent, SEK millions	31/12/2012	31/12/2013
Non-current receivables		
Endowment insurance for pension obligations	1.7	0.0
	1.7	**0.0**
Current receivables		
Other receivables	3.2	0.3
	3.2	**0.3**
Non-current receivables		
Accumulated cost at beginning of year	1.7	1.7
Closing balance, 31 December	**1.7**	**1.7**

12 Prepayments and accrued income

	Group		Parent	
SEK millions	31/12/2012	31/12/2013	31/12/2012	31/12/2013
Other prepayments	36.8	31.2	3.0	0.3
Accrued finance income	0.0	20.3	1.6	1.6
	36.8	**51.5**	**4.6**	**1.9**

13 Cash and cash equivalents

Group, SEK millions	31/12/2012	31/12/2013
The following components are included in cash and cash equivalents:		
Cash and bank balances	144.4	106.0
Total reported in balance sheet	**144.4**	**106.0**
Total reported in cash flow statement	**144.4**	**106.0**

14 Equity and Result per share

The Company has not conducted any transactions that affect the number of shares issued. There are no instruments that could provide a future dilutive effect. Consequently, no dilution occurred. The calculation of result per share is based on the average number of shares outstanding.

Result per share

SEK	2012	2013
Result per share	–7.46	–0.60

Summary of issued shares

Number	2012	2013
A shares	4,000,000	4,000,000
B shares	43,729,798	43,729,798
Total	**47,729,798**	**47,729,798**

Dividend

After the reporting date, the Board has proposed a dividend of SEK 0.00 (0.50) per share. The dividend is subject to approval by the AGM on 29 April 2014.

SEK millions	2012	2013
SEK 0.00 (0.50) per share	23.9	0.0

Equity – reconciliation of reserves for the Group

SEK millions	Translation reserve	Fair value reserve	Hedging reserve
Opening carrying amount, 1 January 2012	83.6	4.2	–46.6
Translation differences for the year	–82.6		
Gain/loss on hedging of currency risk in foreign operations	29.6		
Changes in fair value of available-for-sale financial assets		0.5	
Changes in fair value of cash flow hedges			9.5
Changes in fair value of cash flow hedges transferred to cost of hedged item			0.7
Tax attributable to components of OCI			–0.8
Closing carrying amount, 31 December 2012	**30.6**	**4.7**	**–37.2**

SEK millions	Translation reserve	Fair value reserve	Hedging reserve
Opening carrying amount, 1 January 2013	30.6	4.7	–37.2
Translation differences for the year	–1.3		
Changes in fair value of available-for-sale financial assets		–1.5	
Changes in fair value of cash flow hedges			17.4
Tax attributable to components of OCI	0.1		–0.5
Closing carrying amount, 31 December 2013	**29.4**	**3.2**	**–20.3**

Translation reserve

Includes all exchange differences arising on the translation of foreign subsidiaries. The reserve also includes the hedging of currency risk in foreign operations.

Fair value reserve

Consists of the cumulative net change in available-for-sale financial assets until the asset is derecognised in the balance sheet.

Hedging reserve

Includes the effective portion of the accumulated net change in the fair value of a cash flow hedging instrument.

15 Interest-bearing liabilities

Group, SEK millions	31/12/2012	31/12/2013
Bank loans (revolving credit facility)	1,969.9	1,862.7
Total non-current liabilities	**1,969.9**	**1,862.7**

Group, SEK millions	31/12/2012	31/12/2013
Bank loans (revolving credit facility)	23.4	131.3
Total current liabilities	**23.4**	**131.3**

Parent, SEK millions	31/12/2012	31/12/2013
Bank loans (revolving credit facility)	1,575.5	1,445.7
Liabilities to Group companies	0.0	27.4
Total non-current liabilities	**1,575.5**	**1,473.1**

Parent, SEK millions	31/12/2012	31/12/2013
Bank loans (revolving credit facility)	0.0	96.8
Total current liabilities	**0.0**	**96.8**

The Group has a credit agreement totalling USD 327.3 (358.4) million. At the end of the year, USD 306.4 (304.7) million of the amount had been utilised. The agreement is subject to the fulfilment of certain covenants that are customary in this industry. More information about the Company's exposure to interest rate risk and currency risk can be found in notes 18 and 19.

16 Other liabilities

Group, SEK millions	31/12/2012	31/12/2013
Other current liabilities		
Liabilities to other related parties	2.7	0.0
Current tax	0.0	9.5
Other current liabilities	1.8	0.8
Derivatives	38.6	20.3
	43.1	**30.6**

17 Accruals and deferred income

	Group		Parent	
SEK millions	31/12/2012	31/12/2013	31/12/2012	31/12/2013
Accrued voyage costs, ships	78.8	52.3		
Accrued personnel expenses	3.3	8.5	1.3	8.5
Other accruals	10.3	13.0	5.4	3.9
Accrued interest expense	0.7	1.8	0.2	1.4
Deferred income	9.5	6.1		
	102.6	**81.7**	**6.9**	**13.8**

18 Financial risks

In the course of its operations, the Group is exposed to different types of financial risks. Financial risk is the risk of fluctuations in the Company's earnings and cash flows as a result of changes in exchange rates, interest rates and refinancing and credit risks. The Group's financial policy for financial risk management was formulated by the Board and provides a framework of guidelines and rules in the form of a risk mandate and limits for financial activities. Responsibility for the Group's financial transactions and risks are managed centrally by the Parent Company's finance department. The overall aim of the finance function is to provide cost-effective financing and minimise negative effects of market fluctuations on the Group's financial performance. The Group's financial targets are growth of 10%, return on total equity of 12% and an equity/assets ratio of 50% over a business cycle.

Liquidity risk

Liquidity risk (also called funding risk) is the risk that funding cannot be obtained at all, or only at a significantly higher cost. Under the financial policy, there must always be sufficient cash and guaranteed credit to cover the next six months. Through agreements the Group has secured funding corresponding to approx. 80% of the total investment amount for ten P-MAX tankers. In addition, approx. 80% funding has also been secured for the two panamax tankers built in a joint venture. The Group has secured funding equivalent to approx. 70% of the total investment amount for the suezmax tanker delivered during the previous year. Financing for the two IMO2MAX vessels ordered in June 2012 was finalised in February 2013.

Interest rate risk

Interest rate risk is the risk that the value of a financial instrument will fluctuate because of changes in market interest rates. Interest rate risk may consist of changes in fair value (price risk) or changes in cash flow (cash flow risk). Fixed-rate periods have a significant effect on interest rate risk. Long fixed-interest periods normally mean an increased price risk , while shorter periods mean cash flow risk.

The Group's risk management is centralised, which means the central finance function is responsible for identifying and managing interest rate exposure. No hedging has been carried out for the Group's interest-bearing securities (corporate bonds). The finance department continuously monitors the interest rate market and provides recommendations to the Board on any necessary interest rate hedging. At 31 December 2013, the Group had entered into interest rate swaps corresponding to USD 100 million or approx. 30% of the available credit facilities. The purpose of the swaps is to counteract interest rate fluctuations. The fixed interest rate on outstanding swaps is 2.84%. These contracts of SEK –20.3 (–38.9) million, including tax, have been recognised as a component of equity under the heading Hedging reserve. See also the section on Currency risk in operating activities.

Credit risks

Credit risk associated with financial activities

Financial risk management involves exposure to credit risks. These are mainly counterparty risks associated with receivables from banks and other counterparties arising from the purchase of derivative instruments. The financial policy contains a special counterparty regulation specifying that derivatives and similar instruments are only used against a selection of banks. For credit risk associated with other financial assets, such as corporate bonds, the Group invests primarily in its own sector and industry, i.e. the one it understands, which is considered to reduce the risk significantly.

Credit risk associated with trade receivables

Credit risk is the risk that customers will cause a financial loss for the Group by failing to discharge their obligations, i.e., the risk of non-payment of trade receivables. Most of the Group's clients have good or very good credit ratings. Bank guarantees or other forms of security are required for customers with a low credit rating or insufficient credit history. There was no significant concentration of credit risk exposure at the reporting date. The maximum exposure to credit risk can be seen in the carrying amount of each financial asset in the balance sheet.

Credit risk associated with investments

The Group's investments in ships mean that advances are paid regularly to the shipyard during construction. Bank guarantees are issued to secure repayment of the advances in the event that the counterparty is unable to discharge its commitments.

Note 18 contd.

Currency risk

Translation and transaction exposure

The Group is exposed to various types of currency risk as described below.

Currency risk in equity (translation exposure)

Exchange differences arising on translation of subsidiaries are recognised in the translation reserve. A strong US dollar will increase Concordia Maritime's equity and net value and vice versa. Exchange rate difference arising on translation of foreign subsidiaries to Swedish kronor are recognised in other comprehensive income and accumulated in the translation reserve. The exchange rate was SEK 6.51 at 31/12/2012 and SEK 6.51 at 31/12/2013. In August 2012, the Board of Concordia Maritime decided to terminate the equity hedge that amounted to approx. 50% of equity in foreign subsidiaries (USD 125 million).

It is estimated that a change in the dollar rate of SEK 0.10 will affect Concordia Maritime's equity by approx. SEK 19.9 million, or SEK 0.42 per share.

Currency risk in operating activities (transaction exposure)

The Group's entire income is in US dollars. The Group's costs are also dominated by the US dollar, apart for some administrative expenses in Swedish kronor and Swiss francs. Consequently, exchange rate variations do not affect either cash flow or earnings significantly. No hedging against exchange rate fluctuations in operating activities was conducted. The Company has hedged NOK and GBP financial investments into USD in order to make them currency-neutral. Forward exchange contracts are recognised directly in financial items in the income statement with effect from the fourth quarter of 2012 and these transactions are therefore not reported in the hedging reserve through other comprehensive income.

Financial exposure

The Group's borrowing is in the investment currency USD and is therefore not subject to currency exposure. However, the Parent Company is subject to currency exposure.

Sensitivity analysis

The Group aims to reduce short-term fluctuations in its results by means of interest rate and currency risk management. However, in a long-term perspective, lasting changes in exchange rates and interest rates may have an effect on consolidated results.

It is estimated that a general increase of 1% in the SEK–USD rate would reduce the Group's result before tax by approx. SEK 0.4 (3.3) million for the year ending 31 December 2013. Changes in the value of forward exchange contracts are included in this calculation.

Similarly, a general increase of 1% in the US LIBOR rate would reduce the Group's result before tax by SEK 19.9 (19.9) million at 31 December 2013. The Company believes that impaired liquidity in financial investments would not materially affect its financial position.

Fair value measurement

The following description summarises the methods and assumptions used to determine the fair values of the financial instruments in note 19. In the fair value hierarchy, securities held for trading are measured in accordance with level 1 inputs, which are quoted prices in active markets. Derivatives used for hedging are measured in accordance with level 2 inputs, which are observable market data not included in level 1.

Securities

Assets in this group are carried at fair value. As a general rule, listed holdings are measured at the closing-date share price. When a financial asset is derecognised, in the balance sheet, the cumulative gain or loss previously recognised in equity is reclassified from equity to profit or loss.

The Company's bond portfolio consists of listed securities and is measured at the closing-date price. It is classified under available-for-sale financial assets and is recognised at market value in OCI.

Derivative instruments

Forward contracts are measured either at the current market price using quoted market prices or by discounting the forward price and deducting the current spot rate. Outstanding foreign exchange forward contracts at 31/12/2013 in relation to USD are EUR 0.0 (0.0) million, NOK 47.7 (47.7) million, while for the Swedish krona they are USD 0.0 (0.0) million. Interest rate swaps are measured at market value based on the current yield curve.

Trade receivables and payables

For trade receivables and payables with a remaining life of less than one year, the carrying amount is considered to reflect the fair value.

Interest-bearing liabilities

The fair value of non-derivative financial liabilities is measured based on future cash flows of principal and interest discounted at the present market rate at the reporting date.

19 Financial instruments

Effective interest rate and maturity structure

Interest-bearing financial assets and liabilities. The following table shows the effective interest rate on the reporting date and the maturity structure for the financial assets and liabilities.

Group, SEK millions	31/12/2012	31/12/2013	Interest rate, %	Fixed-interest period	Effective interest, %	Currency	Nominal amount in original currency, USD thousands
Corporate bond portfolio	96.8	81.7	8.1	Fixed for the term	5.4		
Revolving credit facility	–1,575.5	–1,542.5		Variable 3 months	2.0	USD	237,000
Bank loans	–417.8	–451.5		Variable 3-6 months	1.8	USD	69,400

	2012						2013					
Group, SEK millions	Total	Within 1 year	2 years	3 years	4 years	5 or more years	Total	Within 1 year	2 years	3 years	4 years	5 or more years
Corporate bond portfolio	96.8			23.4	48.1	25.3	81.7	0.0	18.9	44.3	11.3	7.2
Revolving credit facility	–1,575.5				–1,575.5		–1,542.5	–157.8	–157.8	–157.8	–1,069.1	
Bank loans	–417.8	–23.5	–33.9	–35.2	–35.9	–289.3	–451.5	–34.5	–35.2	–35.9	–148.0	–197.9
Overdraft facilities											–65.1	

Financial assets and liabilities – categories and fair values

Group 2013, SEK millions	Financial assets held for trading	Derivatives designated as hedging instruments	Loans and receivables	Available-for-sale financial assets	Financial liabilities at fair value through profit or loss	Other liabilities	Total carrying amount	Total fair value
Financial investments								
Non-current receivables								
Other receivables								
Short-term investments				81.7			81.7	81.7
Cash and cash equivalents			106.0				106.0	106.0
Total			**106.0**	**81.7**			**187.7**	**187.7**
Non-current interest-bearing liabilities					1,862.7		1,862.7	1,862.7
Other non-current liabilities								
Current interest-bearing liabilities					131.3		131.3	131.3
Trade payables						7.9	7.9	7.9
Other liabilities		20.3					20.3	20.3
Total		**20.3**			**1,994.0**	**7.9**	**2,022.2**	**2,022.2**
Unrecognised gains/losses							**0.0**	**0.0**

Note 19 contd.

Group 2012, SEK millions	Financial assets held for trading	Derivatives designated as hedging instruments	Loans and receivables	Available-for-sale financial assets	Financial liabilities at fair value through profit or loss	Other liabilities	Total carrying amount	Total fairvalue
Financial investments								
Non-current receivables								
Other receivables								
Short-term investments	0.3			96.8			97.1	97.1
Cash and cash equivalents			144.4				144.4	144.4
Total	**0.3**		**144.4**	**96.8**			**241.5**	**241.5**
Non-current interest-bearing liabilities					1,969.9		1,969.9	1,969.9
Other non-current liabilities								
Current interest-bearing liabilities					23.4		23.4	23.4
Trade payables						1.2	1.2	1.2
Other liabilities		38.6					38.6	38.6
Total		**38.6**			**1993.3**	**1.2**	**2,033.1**	**2,033.1**
Unrecognised gains/losses							**0.0**	**0.0**

Parent 2013, SEK millions	Financial assets held for trading	Derivatives measured at fair value through profit or loss	Loans and receivables	Available-for-sale financial assets	Financial liabilities at fair value through profit or loss	Other liabilities	Total carrying amount	Total fair value
Non-current receivables								
Financial investments								
Other receivables								
Short-term investments								
Cash and cash equivalents			1,406.7				1,406.7	1,406.7
Total			**1,406.7**				**1,406.7**	**1,406.7**
Non-current interest-bearing liabilities					1,445.7		1,445.7	1,445.7
Current interest-bearing liabilities					96.8		96.8	96.8
Other non-current liabilities								
Trade and other payables						1.3	1.3	1.3
Total					**1,542.5**	**1.3**	**1,543.8**	**1,543.8**
Unrecognised gains/losses							**0.0**	**0.0**

Parent 2012, SEK millions	Financial assets held for trading	Derivatives measured at fair value through profit or loss	Loans and receivables	Available-for-sale financial assets	Financial liabilities at fair value through profit or loss	Other liabilities	Total carrying amount	Total fair value
Non-current receivables			1.7				1.7	1.7
Financial investments								
Other receivables								
Short-term investments	0.3						0.3	0.3
Cash and cash equivalents			1,384.2				1,384.2	1,384.2
Total	**0.3**		**1,385.9**	**0.0**			**1,386.2**	**1,386.2**
Non-current interest-bearing liabilities					1575.5		1,575.5	1,575.5
Current interest-bearing liabilities								
Other non-current liabilities						1.7	1.7	1.7
Trade and other payables		2.7				1.2	3.9	3.9
Total		**2.7**			**1,575.5**	**2.9**	**1,581.1**	**1,581.1**
Unrecognised gains/losses							**0.0**	**0.0**

20 Operating leases

The Group's agreements regarding time charters for inward and outward freight for vessels are classified as operating leases. The Group had no leases where the company is the lessee in 2012 and 2013.

Leases where the company is the lessor (chartering out)

Non-cancellable lease payments:

	Group	
SEK millions	2012	2013
Within one year	226.4	116.3
One to five years (2014–2017)	246.2	101.1
After five years	0.0	0.0
	472.6	**217.4**

The above calculation was made using the fixed daily rate specified in the time charter contracts, which means that any profit-sharing clauses are not taken into account. The time charter agreements are in US dollars and are translated using the closing rate.

21 Investment commitments

Group

Commitments under contracts relating to investments in vessels amount to approx. SEK 100.5 (48.0) million for 2013. Commitments in 2014 and thereafter amount to SEK 367.9 (383) million. These are translated based on the average SEK/USD exchange rate for 2013, which was 6.5140.

22 Pledged assets and contingent liabilities

	Group		Parent	
Group, SEK millions	2012	2013	2012	2013
Pledged assets				
For own liabilities and provisions				
Ship mortgages	3,063.4	2,914.8		
Shares in subsidiaries (in consolidated equity)	2,712.2	2,293.7		
Total pledged assets	**5,775.6**	**5,208.5**	**65.1**	**65.1**
Contingent liabilities				
Parent Company guarantees for subsidiaries' overdraft facilities			302.1	281.2
Total contingent liabilities			**302.1**	**281.2**

The rights associated with certain insurance, construction and time charter contracts have been pledged in favour of the banks providing the lines of credit. It has not been possible to define the specific amounts of these rights. The Parent Company has also provided a guarantee for a subsidiary, which relates to vessel financing. The loan can only be drawn on delivery of the vessel, and was not available at the reporting date. Consequently, the value of the guarantee cannot be defined.

23 Related parties

Related party relationships

The Parent Company has a related party relationship with its subsidiaries, see note 24.
Key management personnel are considered to be related parties, see note 4.

Related party transactions

Related party relationship Group, SEK millions	Year	Purchase of services from related parties	Due to related parties at 31 December	Due from related parties at 31 December
Other related parties (see below)	2013	38.0		
Other related parties (see below)	2012	35.1	0.6	

Related party relationship Parent, SEK millions	Year	Purchase of services from related parties	Due to related parties at 31 December	Due from related parties at 31 December
Subsidiaries	2013		27.4	
Subsidiaries	2012		27.5	
Other related parties	2013	2.6		
Other related parties	2012	2.4	0.6	

Concordia Maritime has a small internal organisation, and purchases services from related-party companies in the Stena Sphere, which include Stena Bulk. The latter company conducts tanker business which competes with Concordia Maritime in some respects. Accordingly, there is an agreement, entered into many years ago, which regulates the relationship between the two companies with respect to new business. Under the terms of this agreement, Concordia Maritime has the right to opt for 0, 50 or 100% participation in each new transaction.

At the beginning of April 2011, Stena Bulk started a 50–50 joint venture together with the Danish company Weco, resulting in a newly established company, Stena Weco. Stena Weco specialises mainly in the transportation of vegetable oils. Under a new agreement with Stena Bulk, Concordia Maritime is entitled to the financial result arising from vessels that may from time to time be chartered in by Stena Weco for a period of more than one year, should Concordia Maritime decide to participate in such charters. Other business generated by Stena Weco is not available to Concordia Maritime.

Concordia Maritime purchases services on a regular basis from the Stena Sphere in the following areas:

- Vessel charter. Payment is based on a commission of 1.25% on freight rates.
- Commission on the purchase and sale of vessels. Payment is based on a commission of 1%.
- Operation and manning of the Group's vessels, also referred to as ship management. Payment is based on a fixed price per year and vessel.
- Purchases of bunker oil. Payment is based on a fixed commission per ton purchased.
- Administration, marketing, insurance services, technical monitoring and development of Concordia Maritime's fleet. Payment is based on a fixed price per month and vessel. With regard to technical consulting services for newbuild projects, an hourly rate is applied on a cost-plus basis, which is then charged to the project.
- Office rent and office services. A fixed annual price is charged.

All related party transactions are conducted on commercial terms and at market-related prices.

24 Group companies

Significant subsidiary holdings

	Registered office, country	Ownership share, % 2012	Ownership share, % 2013
Concordia Maritime Chartering AB	Sweden	100	100
Rederi AB Concordia	Sweden	100	100
Concordia Maritime AG	Switzerland	100	100
Concordia Maritime (Bermuda) Ltd	Bermuda	100	100
CM P-MAX I Ltd	Bermuda	100	100
CM P-MAX II Ltd	Bermuda	100	100
CM P-MAX III Ltd	Cyprus	100	100
CM P-MAX IV Ltd	Bermuda	100	100
CM P-MAX V Ltd	Bermuda	100	100
CM P-MAX VI Ltd	Bermuda	100	100
CM P-MAX VII Ltd	Bermuda	100	100
CM P-MAX VIII Ltd	Bermuda	100	100
CM P-MAX IX Ltd	Bermuda	100	100
CM P-MAX X Ltd	Bermuda	100	100
CM Suez I Ltd	Bermuda	100	100
CM IMOMAX A Ltd	Bermuda	100	100
CM IMOMAX B Ltd	Bermuda	100	100

Note 24 contd.

Parent, SEK millions	2012	2013
Accumulated cost of assets	745.8	745.8
Closing balance, 31 December	**745.8**	**745.8**

Parent Company's direct holdings of shares in subsidiaries

Subsidiary/Corp. ID/Registered office	Number of shares	Holding, %	31/12/2012 Carrying amount	31/12/2013 Carrying amount
Concordia Maritime Chartering AB, 556260-8462, Gothenburg	250,000	100	29.6	29.6
Rederi AB Concordia, 556224-6636, Gothenburg	3,000	100	0.4	0.4
Concordia Maritime AG, Switzerland	119,500	100	715.8	715.8
			745.8	**745.8**

25 Cash flow statement

Cash and cash equivalents

Group, SEK millions	31/12/2012	31/12/2013
The following components are included in cash and cash equivalents:		
Cash and bank balances	144.4	106.0
Total reported in balance sheet	**144.4**	**106.0**
Total reported in cash flow statement	**144.4**	**106.0**

Parent, SEK millions	31/12/2012	31/12/2013
The following components are included in cash and cash equivalents:		
Receivables from Group companies	1,362.1	1,395.7
Cash and bank balances	22.1	11.0
Total reported in balance sheet	**1,384.2**	**1,406.7**
Total reported in cash flow statement	**1,384.2**	**1,406.7**

Interest paid and dividend received

	Group		Parent	
SEK millions	31/12/2012	31/12/2013	31/12/2012	31/12/2013
Dividend received	0.0	0.0	0.0	108.0
Interest received	12.4	8.3	50.6	16.2
Interest paid	–44.2	–45.8	–27.4	–21.8
	–31.8	**–37.5**	**23.2**	**102.4**

Non-cash items

	Group		Parent	
SEK millions	31/12/2012	31/12/2013	31/12/2012	31/12/2013
Depreciation and impairment	561.9	144.3	0.0	0.0
Depreciation, periodic maintenance	16.3	16.1	0.0	0.0
Unrealised exchange differences	0.0	0.0	–117.3	–0.3
Changes in value of financial instruments	–2.7	4.6	–3.2	0.0
Capital gain/loss on sale of financial assets	–4.0	–1.8	0.0	0.0
Other	–11.6	–0.1		0.0
	559.9	**163.1**	**–120.5**	**–0.3**

26 The Parent Company

Concordia Maritime AB (publ) is a limited company incorporated in Sweden, with its registered office in Gothenburg. The company's shares are listed on Nasdaq OMX Stockholm. The postal address of the head office is SE-405 19 Gothenburg, Sweden.

The 2013 consolidated financial statements comprise the Parent Company and its subsidiaries, which together form the Group. The Group also includes holdings in venture companies.

Stena Sessan Rederi AB owns approx. 52% of the equity and approx. 73% of the total voting power in Concordia Maritime AB. Stena Sessan Rederi AB in turn is owned by Stena Sessan AB, (Corp. ID 556112-6920, registered office Gothenburg).

27 Events after the reporting date

On 1 January 2014, Kim Ullman took over as CEO of Concordia Maritime. A new one-year time charter was signed with the French oil and energy company Total on 1 January 2014. The agreement covers *Stena Paris*. In February, a cooperation agreement was signed with Shell Tankers Singapore Pte Ltd (Shell) covering the employment of *Stena Penguin* and *Stena Progress* in Shell's internal loading system.

* Events up to and including the date of signature of this annual report, 17 March 2014.

28 Significant accounting estimates

Accounting estimates and assessments are evaluated regularly. They are largely based on historical experience and other factors, including expectations about future events which are considered reasonable in the present circumstances. The Board and management make estimates and assumptions about the future when preparing the financial statements. These result in accounting estimates, which, by definition, rarely correspond with the actual outcome. Estimates and assumptions which involve considerable risk of material adjustments to the carrying amounts of assets and liabilities during the next financial period are described below.

Ships

It is Concordia Maritime's estimation that the vessels have a useful life of 25 years. In addition, any scrap value at the end of the period is considered erased due to charges associated with the scrapping. Consequently, the residual value is deemed to be zero.

Impairment testing of vessels is conducted twice a year, and more frequently if there is an indication that vessel values are impaired. See also notes 1 and 8.

Deferred taxes

When preparing financial statements, Concordia Maritime calculates the income tax for each area of taxation in which the Group operates, as well as deferred taxes arising from temporary differences. Deferred tax assets primarily attributable to tax loss carryforwards and temporary differences are recognised if the tax assets are likely to be recovered from future taxable income. Changes in assumptions about projected future taxable income and changes in tax rates may result in significant differences in the measurement of deferred taxes.

Disputes

In July, the vessel owner received an application for arbitration for the damage the customer believes the company has caused them in connection with *Stena Primorsk's* minor grounding in the Hudson River in December 2012 and the company's decision to stop operating the vessel in this shipping channel. In July 2013, the customer requested that the matter be settled by arbitration in the United States. The vessel owner strongly rejects the claim of approx. USD 21 million and is preparing for arbitration. The company's fees for legal and similar assistance regarding this matter are charged to the company's earnings as incurred.

Declaration by the Board

The Board and CEO herewith confirm that the Parent Company's annual financial statements have been prepared in accordance with generally accepted accounting principles in Sweden and that the consolidated financial statements have been prepared in accordance with international financial reporting standards as defined in Regulation (EC) No 1606/2002 of the European Parliament and of the Council of 19 July 2002 on the application of international accounting standards The Parent Company and consolidated annual financial statements provide a true and fair view of the financial performance and position of the Parent Company and the Group. The Board of Directors' report for the Parent Company and Group provides a true and fair overview of the development of the operations, financial position and performance of the Parent Company and Group, and describes material risks and uncertainties faced by the Parent Company and Group companies.

Gothenburg, 17 March 2014

Carl-Johan Hagman Chairman	Carl Mikael von Mentzer Deputy Chairman	Stefan Brocker Board Member	Göran Dahlman Employee Representative	Mats Jansson Board Member
Jörgen Lorén Employee Representative	Michael G:son Löw Board Member	Morten Chr. Mo Board Member	Dan Sten Olsson Board Member	Kim Ullman CEO

My audit report was submitted on 17 March 2014

Johan Kratz
Authorised Public Accountant

AUDIT REPORT

To the Annual General Meeting of Concordia Maritime AB (publ), Corp. ID 556068-5819

Report on the Parent Company and consolidated annual financial statements

I have audited the annual accounts and consolidated accounts for Concordia Maritime AB (publ) for the year 2013. The annual accounts and consolidated accounts are included in the printed version of this document on pages 46–78.

Responsibility of Board of Directors and CEO

The Board of Directors and the CEO are responsible for preparing annual accounts which provide a true and fair view in accordance with the Swedish Annual Accounts Act, and consolidated accounts which give a true and fair view in accordance with International Financial Reporting Standards as adopted by the EU and the Swedish Annual Accounts Act, and for such internal control as the Board of Directors and the CEO determine necessary to enable the preparation of annual accounts and consolidated accounts that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

My responsibility is to express an opinion on these annual accounts and consolidated accounts based on my audit. I conducted my audit in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. These standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the annual accounts and consolidated accounts are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the annual accounts and consolidated accounts. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the annual accounts and consolidated accounts, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company's preparation and fair presentation of the annual accounts and consolidated accounts 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Board of Directors and the CEO, as well as evaluating the overall presentation of the annual accounts and consolidated accounts.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinions

In my opinion, the annual accounts have been prepared in accordance with the Swedish Annual Accounts Act, and present fairly, in all material respects, the financial position of the Parent Company at 31 December 2013 and its financial performance and cash flows for the year then ended in accordance with the Swedish Annual Accounts Act. In my opinion, the consolidated accounts have been prepared in accordance with the Swedish Annual Accounts Act, and present fairly, in all material respects, the financial position of the Group at 31 December 2013 and its financial performance and cash flows in accordance with International Financial Reporting Standards as adopted by the EU, and the Swedish Annual Accounts Act. The Board of Directors' report is consistent with the other parts of the annual accounts and consolidated accounts.

I therefore recommend that the annual meeting of shareholders adopt the income statement and balance sheet for the Parent Company and for the Group.

Report on other legal and regulatory requirements

In addition to my audit of the annual accounts and consolidated accounts, I have examined the proposed appropriations of the company's profit or loss and the administration of the Board of Directors and CEO of Concordia Maritime AB (publ) for the year 2013.

Responsibility of Board of Directors and CEO

The Board of Directors is responsible for the proposal for appropriations of the company's profit or loss , and the Board of Directors and the CEO are responsible for administration under the Companies Act.

Auditor's responsibility

My responsibility is to express an opinion with reasonable assurance on the proposed appropriations of the Company's profit or loss and on the administration based on my audit. I conducted the audit in accordance with generally accepted auditing standards in Sweden.

As a basis for my opinion concerning the Board's proposed appropriations of the company's profit or loss, I examined whether the proposal is in accordance with the Companies Act.

As a basis for my opinion concerning discharge from liability, in addition to my audit of the annual accounts and consolidated accounts, I examined significant decisions, actions taken and circumstances of the Company in order to determine whether any member of the Board of Directors or the CEO is liable to the Company. I have also conducted examinations to establish whether any member of the Board or the CEO has in any other way acted in contravention of the Swedish Companies Act, the Annual Accounts Act, or the company's Articles of Association.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinions

I recommend to the Annual General Meeting of shareholders that the profit be appropriated in accordance with the proposal in the Board of Directors' report and that the members of the Board and the CEO be discharged from liability for the financial year.

Gothenburg, 17 March 2014

Johan Kratz
Authorised Public Accountant

GOVERNANCE OF COMPANIES AND OPERATIONS

Concordia Maritime applies the Swedish Corporate Governance Code. This Corporate Governance Report has been prepared as part of the application of the Code. In addition to the description of corporate governance, there is also a summary description of how the operational control of day-to-day activities is carried out. The report has been reviewed by the Company's auditors and there are no derogations from the code.

The Parent Company in the Concordia Maritime Group is the Swedish public limited company Concordia Maritime AB (publ), corp. ID 556068-5819. In addition to the Parent Company, the Group consists of 17 wholly or partly owned subsidiaries.

The registered office is in Gothenburg. The postal address of the Group's head office is Concordia Maritime AB, SE-405 19 Gothenburg, Sweden.

The governance of Concordia Maritime is based on the Swedish Companies Act and Nasdaq OMX Stockholm's regulations, including the Swedish Corporate Governance Code ("the Code") and other applicable Swedish and foreign laws and regulations.

We apply the Swedish Corporate Governance Code and the Annual Accounts Act. This Corporate Governance Report has been prepared as part of the application of the Code. The Swedish Corporate Governance Code is available at www.corporategovernanceboard.se.

Certain disclosures required under section 6 (3), Chapter 6, of the Swedish Annual Accounts Act can be found in the Board of Directors' Report.

Information provided at www.concordiamaritime.com includes:

- More detailed information on internal control documents, e.g. the articles of association
- Information from Concordia Maritime's Annual General Meetings, notices, minutes and financial reports.

AUDITOR'S STATEMENT ON THE CORPORATE GOVERNANCE REPORT

To the Annual General Meeting of Concordia Maritime AB (publ). Corp. ID 556068-5819

The Board of Directors is responsible for the 2013 Corporate Governance Report on pages 80–88, and for ensuring that it is prepared in accordance with the Annual Accounts Act.

I have read the Corporate Governance Report and based on this reading and my knowledge of the Company and Group, I believe that I have sufficient grounds for my opinion expressed below. This means that my statutory review of the Corporate Governance Report has another focus and is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and generally accepted auditing practices in Sweden.

In my view, a Corporate Governance Report has been prepared and all the statutory information it contains is consistent with the annual accounts and consolidated accounts.

Gothenburg, 17 March 2014

Johan Kratz
Authorised Public Accountant

HOW DOES THE CONCORDIA MARITIME–STENA SPHERE COOPERATION WORK IN PRACTICE?

The close cooperation between Concordia Maritime and the related companies within the Stena Sphere means that our operations can be conducted cost-effectively and it provides access to world-leading expertise in all areas of shipping – from shipbuilding and manning to technical operation, chartering and commercial operation.

It is management's belief that the cooperation is one of Concordia Maritime's main strengths compared with its competitors, even though the relationship is associated with some risk, as services are purchased from a small number of suppliers. Concordia Maritime and the Stena Sphere also have a certain brand interconnection.

Stena Bulk conducts tanker operations in parallel with Concordia Maritime, although an agreement, signed when the company was established 30 years ago, regulates the relationship between the two companies in terms of new business. The agreement is advantageous to Concordia Maritime, providing the right to opt for 0, 50 or 100 percent participation in each new business opportunity developed by Stena Bulk.

Some vessels are chartered through Stena Weco, of which Stena Bulk is a joint owner (50 percent) and the CEO of Concordia Maritime is a Board member. In practice, the same agreement applies to Concordia Maritime and Stena Weco, with the exception of transactions shorter than one year.

Concordia Maritime purchases services from the Stena Sphere companies in the following areas:

- Vessel charter: Stena Bulk and Stena Weco
- Commercial operation (and administration): Stena Bulk and Stena Weco
- Operation and manning of the Group's vessels: Northern Marine Management
- Technical Support: Stena Teknik
- Purchases of bunker oil: Stena Bulk
- Insurance: Stena Rederi AB
- Office rent and office services: Stena Rederi AB

All related party transactions are conducted on commercial terms and at market-related prices. The agreements between the parties are reviewed annually. Alongside the agreements, there is a policy document which regulates areas such as practical management of business opportunities, information management and logging procedures.

Concordia Maritime

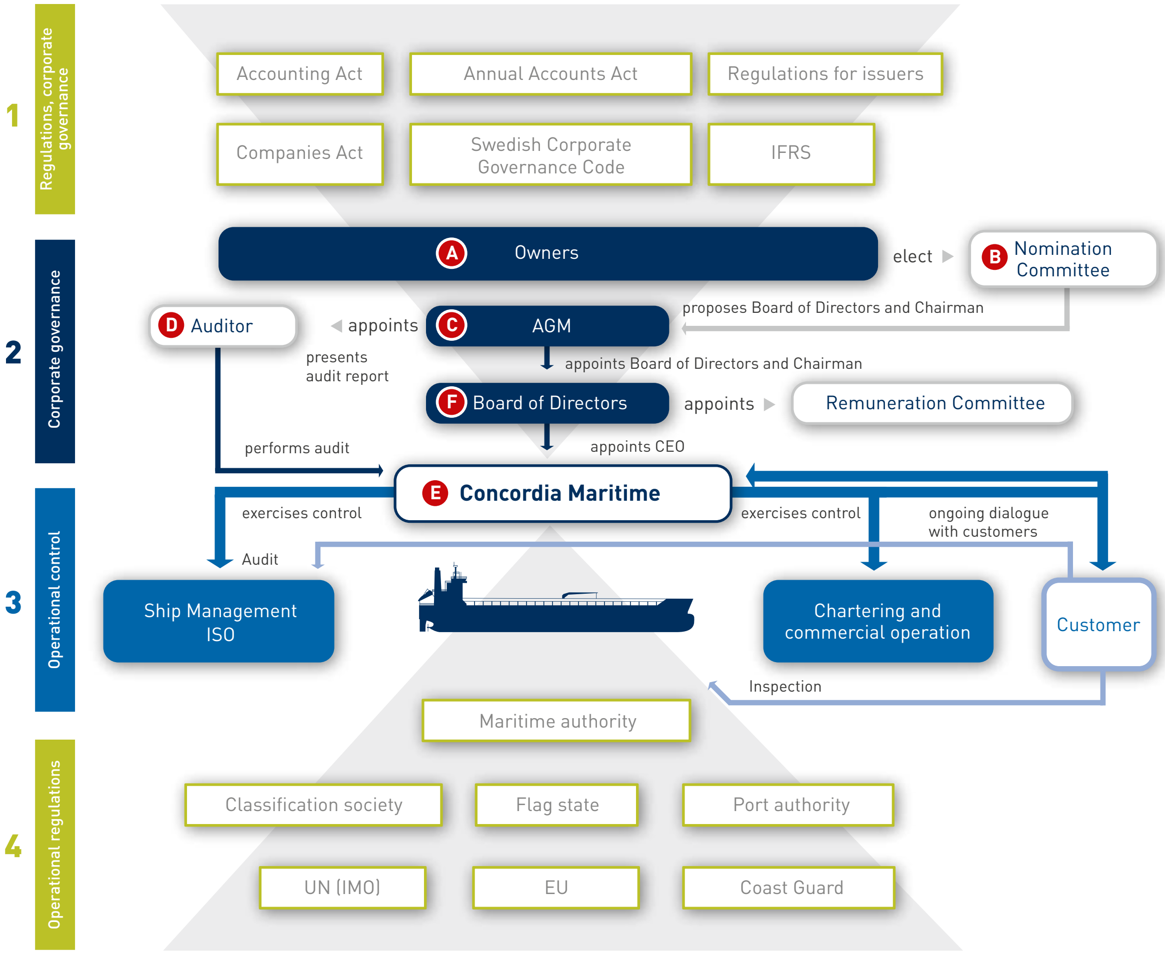
Stena Teknik
Newbuilding and conversion projects, R&D and procurement
stenateknik.com

Stena Bulk
Stena Weco
Chartering and commercial operation
stenabulk.com
stenaweco.com

Northern Marine Management
Operation, manning and maintenance
nmm-stena.com

Flexible and safe transportation with good transport economy

PRINCIPLES OF CORPORATE GOVERNANCE



The corporate governance and control of our operations can be described from several perspectives.

1 As a public and listed Swedish company, Concordia Maritime is governed by a number of laws and regulations. Among the most important of these are the Swedish Companies Act, the Swedish Annual Accounts Act, International Financial Reporting Standards, Nasdaq OMX Stockholm's listing agreement, rules for issuers and the Swedish Corporate Governance Code.

2 From an ownership perspective, business operations are governed by a Board of Directors elected by the shareholders. The Board formulates the frameworks for the operations, appoints the CEO and exercises control over the Company's management. The Board has the services of a shareholder-elected auditor, whose job is to provide audit reports on the annual accounts and consolidated accounts for Concordia Maritime AB (publ) and administration of the Company by the Board and CEO.

3 The day-to-day operations are ultimately controlled by the customers' demands for efficiency and reliability. We have chosen a strategy that involves collaboration with a number of subcontractors in areas which include commercial operation and ship management. These collaborations are covered by agreements and policies, as well as mutual trust and full transparency. There is an extensive exchange of information between the parties and here, too, the control and reporting systems are well developed.

4 In addition to these legal control mechanisms, the business activities are subject to and governed by a number of industry-specific regulations. The most important of these are the UN, EU and US regulations related to shipping and trade in oil and petroleum products, and oil companies' own ship inspections (vetting). There are also regulations related to individual flag states, classification societies and national maritime authorities. All these bodies exercise continuous control of the business down to ship level.

A VOTING RIGHTS

The share capital consists of class A shares and class B shares. All shares carry equal entitlement to a share of the Company's assets, earnings and dividends. The par value is SEK 8 per share. Class A shares carry ten votes per share and class B shares one vote per share. At the end of the year, all class A shares were controlled by the Stena Sphere. At 31 December 2013, share capital amounted to SEK 381.8 million, divided between 47.73 million shares, of which 43.73 million were B shares. The total number of votes is 83.73 million.

C SHAREHOLDERS' MEETING

The general meeting of shareholders is the highest decision-making body at Concordia Maritime. Participation in decision-making, requires the shareholder's presence at the meeting, either in person or through a proxy. In addition, shareholders must be registered in their own name in the share register by a specified date prior to the meeting and must provide notice of participation in the manner prescribed.

Resolutions at the meeting are normally adopted on the basis of a simple majority. However, for certain matters, the Swedish Companies Act stipulates that resolutions must be approved by a larger proportion of the votes cast and shares represented at the meeting.

The Annual General Meeting is held in the Gothenburg region in the second quarter of each year. The meeting decides on matters concerning adoption of the annual report, dividends, remuneration of the Board and auditors, election of Board members and, when necessary, auditors, guidelines on remuneration of Group management as well as other important business. Individual shareholders wishing to have business considered at the AGM can normally request this, in good time before the meeting, via arsstamma@concordiamaritime.com.

An extraordinary general meeting may be held if the Board considers this necessary or if the Company's auditors or shareholders owning at least 10 percent of the shares so request.

B NOMINATION PROCESS

The nomination process for the election of Board members includes appointing a nomination committee consisting of three members. The members shall comprise the Deputy Chairman and one representative from each of the two largest shareholders (in terms of voting power), should they wish to serve on the committee.

The composition of the nomination committee is based on shareholder statistics as at the last banking day of August in the year prior to the meeting. The names of representatives on the nomination committee and the shareholders they represent shall be announced on the website immediately after their appointment, but no later than six months before the Annual General Meeting.

If the structure of major shareholders should change during the nomination process, the composition of the nomination committee may be changed to reflect this. Shareholders wishing to submit proposals to the nomination committee are able to do so via arsstamma@concordiamaritime.com.

The guidelines issued to the largest owners regarding their choice of representatives state that the individual in question must have knowledge and experience relevant to Concordia Maritime. The rules on the independence of board members contained in the Swedish Corporate Governance Code are observed.

The nomination committee's tasks include submitting proposals to the next AGM concerning the following areas:

- Chairman of the meeting
- Board members
- Chairman of the Board
- Remuneration of each Board member
- Remuneration for committee work
- Nomination committee for the following year

The nomination committee's proposals and a report on its own work shall be published no later than the date of the notice convening the meeting. Shareholders are given the opportunity to submit nomination proposals to the nomination committee.

D AUDITOR

The auditor provides an audit report on the annual accounts and consolidated accounts for Concordia Maritime AB (publ), the administration of the Board and the CEO and the annual accounts for other subsidiaries.

The audit is conducted in accordance with the Swedish Companies Act and International Standards on Auditing (ISAs) issued by the International Federation of Accountants (IFAC). The auditing of annual financial statements for legal entities outside Sweden is conducted in accordance with laws and other regulations in each country and in accordance with IFAC's generally accepted auditing standards on providing audit reports for legal entities.

An auditor is proposed by the nomination committee and elected by the AGM for a period of one year. At the 2013 AGM, Johan Kratz, KPMG, was elected as the Company's external auditor until the 2014 Meeting.

The auditor's fees are charged on a current account basis. In 2013, KPMG received fees totalling SEK 2.0 million.

E GROUP

Management and corporate structure

The Group comprises the Parent Company Concordia Maritime AB (publ) and a number of Group companies, which ultimately report to the CEO. The Parent Company's own organisation consists solely of company management and administration. Other functions are purchased. At the end of 2013, the total number of employees in the Group was 394, 388 of whom were seagoing.

CEO and Group management

In addition to the CEO, Group management consists of the CFO and general managers of the subsidiaries. The CEO is appointed by, and receives instructions from, the Board.

The CEO is responsible for the day-to-day management of the Company in accordance with the Board's guidelines and instructions. The CEO also produces information and decision-support material prior to Board meetings and attends the meetings in a reporting capacity.

The CEO is also responsible for communication and quality assurance of contact with the Company's cooperation partners.

Remuneration of Group management

We endeavour to offer total remuneration that is both fair and competitive. All employees receive remuneration in the form of fixed salary and the opportunity to earn a bonus. Guidelines on remuneration of Group management are adopted by the Annual General Meeting.

Remuneration of the CEO is thereafter determined by the remuneration committee. Remuneration of other senior executives is prepared and decided on by the CEO. For further information on remuneration, long-term incentive programs and pension plans, see note 4 in the financial report.

F BOARD OF DIRECTORS

Tasks of the Board

The Board's main task is to manage the Group's affairs in a manner that creates the optimum conditions for a good long-term return on capital. The Board's work is mainly regulated by the Swedish Companies Act, the Company's articles of association, the Code and the rules of procedure established by the Board for its work.

The Board makes decisions on matters concerning the Group's overall objectives, strategic direction and major policies, as well as important issues related to financing, investments, acquisitions and disposals. The Board monitors and deals with follow-up and control of the activities of the Group, the Group's communication and organisational matters, including evaluation of operational management. The Board's responsibility includes appointing and, where appropriate, dismissing the company's CEO. The Board also has overall responsibility for establishing effective systems for internal control and risk management.

Rules of procedure and Board meetings

Every year, the Board adopts rules of procedure for its work. These rules of procedure are revised as needed. The rules of procedure contain a description of the Chairman's special role and tasks, and the areas of responsibility for the Board. According to the rules of procedure, the Chairman shall ensure that the Board's work is carried out efficiently and that the Board performs its tasks. The Chairman shall also organise and distribute the Board's work, ensure that the Board's decisions are implemented effectively and that the Board makes an annual evaluation of its own work. The rules of procedure also contain detailed instructions to the CEO and other corporate functions about which matters require the Board's approval. In particular, the instructions specify the maximum amounts that different decision-making bodies within the Group are authorised to approve with regard to credit, investments and other expenditure.

The rules of procedure stipulate that the statutory Board meeting shall be held immediately after the AGM. Decisions at this meeting include the election of the Deputy Chairman and who shall have signatory power for Concordia Maritime. In addition to the statutory meeting, the Board normally holds six regular meetings during the year. Four of these meetings are held in conjunction with the publication of the Group's annual and interim reports. The meetings are usually held in Gothenburg. Additional meetings, including conference calls, are held as required.

Quality assurance in financial reporting

Concordia Maritime is a company with a limited number of customers and a limited number of employees. The Company does not have a specific function for internal controls as there are relatively few transactions on an annual basis. The small number of transactions also makes financial reporting in the Company relatively easy to verify.

The CEO is ultimately responsible for ensuring the satisfactory functioning of internal controls. However, day-to-day work is delegated to the business administration and finance function.

The rules of procedure established by the Board each year include detailed instructions on which financial reports and other financial information are to be submitted to the Board. In addition to interim and annual reports, other financial information relating to the Company and its activities is also examined and evaluated on an ongoing basis.

Control environment

The core of the internal control over financial reporting is based on the Group's directives, guidelines and instructions, and on the structure of responsibility and authority that has been adapted to the Group's organisation in order to create and maintain a satisfactory control environment.

The principles for internal control and the directives and guidelines for financial reporting are contained in the Group's financial policy.

A fundamental component of our control environment is the corporate culture that is established in the Group and in which managers and employees operate. We work actively on communication and education with regard to the values described in an internal joint document which binds together the business area and is an important part of the common culture.

Risk assessment

Risks associated with financial reporting are evaluated and monitored by the Board as a whole. There is no separate audit committee; instead, audit matters are dealt with by the entire Board. Prior to examining interim and annual reports, Board members have access to relevant documentation well in advance of publication and the Board meeting preceding publication. The reports are then discussed in detail at the Board meeting. The CFO acts as rapporteur of the Group's results and financial position at the Board meeting and is, of course, available for any questions in the days before the meeting.

The Board also reviews the most important accounting principles applied in the Group with respect to financial reporting, as well as significant changes to these principles. The external auditors report to the Board as necessary and at least once a year.

Financial reporting and disclosures

Concordia Maritime's procedures and systems for external communication are aimed at providing the market with relevant, reliable, accurate and timely information on the Group's development and financial position. We have an information policy that meets the requirements for a listed company. Financial information is provided regularly in the form of:

- Interim reports
- Annual reports
- Press releases on news that could affect the share price
- Quarterly presentations in the form of videos etc. on the company website
- High availability to all stakeholders via telephone and mail.
- Meetings with financial analysts and investors
- All reports and press releases are published on the company website www.concordiamaritime.com

Evaluation of the Board's work

Under the leadership of the Deputy Chairman, the Board conducts an annual evaluation of its work. The evaluation covers working methods, the working climate, the direction of the Board's work and access to, and the need for, special competence on the Board. The evaluation is used as an aid in developing the work of the Board and also acts as support for the nomination committee's work.

Remuneration committee

The Board has a remuneration committee, the main task of which is to propose principles for remuneration. The committee makes proposals on remuneration guidelines relating to:

- Targets and rationale for calculating variable pay
- The relationship between fixed and variable pay
- Changes in fixed or variable pay
- Criteria for evaluation of variable pay, long-term incentives, pensions and other benefits

The Committee also decides on salary and other terms of employment for the CEO. The committee consists of the Chairman and Deputy Chairman of the Board. The Committee met on two occasions in 2013.

CORPORATE GOVERNANCE IN 2013

THE WORK OF THE BOARD DURING THE YEAR

The Board held six ordinary meetings and one extra meeting during the year. All meetings except one were held in the Gothenburg area. At ordinary Board meetings, the CFO gives an account of the Group's results and financial position, including the prospects for the following quarters. The CEO deals with market situations, vessel employment, business plans, investments, the establishment of new operations, and acquisitions and disposals. The company's auditor attended the meeting in February 2014, at which the year-end accounts for 2013 were approved. All the meetings during the year followed an approved agenda. The agenda and documentation for each agenda item were sent to the Board members one week before the meetings. Karl-Magnus Sjölin, CFO at Stena Sessan, was the secretary at all the Board meetings. Significant business during the year included strategy, market assessments and financial risks.

Independence

In terms of independence, the Board of Directors is considered to be in compliance with Stock Exchange regulations and the requirements of the Code. Prior to the 2013 Annual General Meeting, all meeting-elected Board members apart from Dan Sten Olsson, Carl-Johan Hagman and Stefan Brocker were assessed by the nomination committee as independent of both the major owners of the company and its executive management.

After further assessment, Stefan Brocker is considered as independent from 2014. Carl-Johan Hagman is considered non-independent of Concordia Maritime's major owners, as he has a managerial function in the Stena Sphere. Dan Sten Olsson is considered non-independent of Concordia Maritime's major owners, as he is, among other things, the principal owner of Stena Sessan Rederi AB, which owns approx. 52 percent of the capital and 73 percent of the total voting power.

NOMINATION COMMITTEE

The nomination committee for the period up to the 2014 meeting consisted of Carl Mikael von Mentzer (Deputy Chairman, Concordia Maritime), Karl-Magnus Sjölin (Stena Sessan AB) and Arne Lööw (Fjärde AP-fonden). The committee represented approx. 76 percent of the shareholders' votes. The composition of the committee was announced on Concordia Maritime's website on 15 October 2013. In 2013, the nomination committee had one meeting and a number of contacts over the telephone.

ANNUAL GENERAL MEETING

The Annual General Meeting was held on 23 April 2013. The meeting was attended by 79 shareholders, in person or through a proxy, representing 77 percent of the votes. All meeting-elected Board members were present. Also present were the Company's auditor and members of the nomination committee.

The meeting's main decisions were as follows:

- Adoption of the Board's proposal for payment of a dividend of SEK 0.50 per share for 2012.
- Payment of annual fees to the Board of Directors (excluding travel expenses) were set at SEK 1,925,000, distributed as follows: SEK 400,000 each to the Chairman and Deputy Chairman and SEK 225,000 to each of the other Board members who are not employees of the Group. The meeting also adopted auditors' remuneration for reasonable costs, to be paid against invoice based on actual time spent on carrying out their assignments.
- Principles for remuneration and terms of employment for the CEO and other senior executives.
- Procedures for the appointment of the nomination committee and its work.

BOARD MEETINGS 2013

21 February	Year-end and *Per capsulam*
23 April	Interim Report Statutory Board meeting
14 August	Six-month report
13 November	Interim Report
11 December	Budget

OPERATIONAL CONTROL IN 2013

A large part of the day-to-day operational work in the form of chartering and manning is purchased from related-party suppliers, primarily Stena Bulk, Stena Weco and Northern Marine Management (NMM). Stena Bulk and Stena Weco are responsible for chartering and operation of our ships, while NMM is responsible for manning, ship management and day-to-day maintenance.

From a control perspective, our main task is to monitor and evaluate whether the contracts entered into are performed as agreed.

There is close, virtually daily, contact with Stena Bulk, Stena Weco and NMM, and a formal report is made every quarter. At the end of each year, a larger-scale follow-up and evaluation of the collaboration is carried out.

Chartering and operations

The collaboration with Stena Bulk and Stena Weco with regard to chartering and operations is based on an agreement between the companies which is followed up and evaluated annually. Read more about the agreement in note 23.

Stena Bulk and Stena Weco are responsible for the day-to-day operation of the vessels, maintaining contact with customers, and acting as an intermediary in connection with different types of controls and inspections. Reporting is formalised and the most important elements are regular reports on income, the outcome of profit-sharing clauses and cost control.

Manning, management and regular maintenance

The collaboration with NMM encompasses services related to manning, management and regular maintenance. NMM is also responsible for contacts with the classification societies in the context of their inspections.

This collaboration is also followed up and evaluated on an annual basis. The evaluation includes monitoring of the budget and the fulfilment of defined goals.

Control and inspection of vessels

Shipping in general and tanker shipping in particular are associated with an extensive system of regulations. In addition to the owner's own inspections, several inspections are carried out annually by various stakeholders: customers, classification societies, port authorities and flag states. These inspections are largely similar to each other; the vessels undergo operational, technical, mechanical and safety checks. Some of the inspections are planned, while others are carried out without prior notice. Results are reported to the authorities concerned, the owner and, in some cases, also to the customer.

COMPREHENSIVE INSPECTIONS – EXTERNAL AND INTERNAL

Flag State Control

All ships must be registered in a specific country. The owner of the ship undertakes thereby to comply with the laws and regulations laid down by the country in question. Flag State Control ensures that a ship complies with applicable laws and regulations.

Port State Control

Port State Control is the inspection of foreign ships calling at a nation's ports. The purpose is to check that the ships comply with requirements, that the crew has the right competence, and that international regulations (SOLAS, MARPOL and STCW) are adhered to.

Classification society inspections

The Classification society's inspections are conducted annually or following repairs/modifications. Additionally, a more comprehensive inspection is carried out every fifth year when the ship is dry-docked. Special emphasis is given to examining e.g. materials in the hull and machinery, maintenance procedures and quality level of the work done at the shipyard.

Vetting – the customer's own inspection

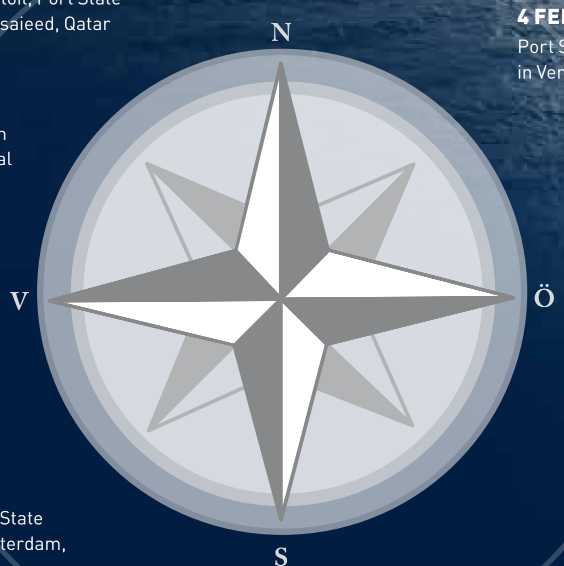
Vetting is carried out by the customer or inspectors designated by the customer. The owner invites the customer to carry out an inspection, which is normally done in connection with discharging. The inspections are very comprehensive. They are based on a standardised form and the results are shared between the oil companies via databases. In the event of more serious deficiencies, the customer can choose to put the contract on hold until these have been corrected and new vetting has been carried out. The system allows oil companies to continuously check whether the vessels satisfy their internal criteria, without having to inspect the vessels themselves.

The owner's own inspections

NMM conducts regular scheduled, comprehensive inspections to check the conditions on board and the state of the vessel. These are documented in quarterly reports, and a monthly report of vetting inspections on board Concordia Maritime's vessels is also compiled.

Concordia Maritime holds meetings with NMM every quarter, at which all the vessels in the fleet are reviewed. The meetings deal with everything from freight rates, operation and drydock to work in the area of health, safety and environment.

A YEAR WITH STENA PROVENCE



4 FEBRUARY
Port State Control in Ventspils, Latvia

8 APRIL
Port State Control in La Plata, Argentina

30 MAY
Vetting by Shell, Planned visit and inspection by NMM in Pyongtaek, South Korea

15 JULY
NMM inspection voyage between Gibraltar and Rotterdam, Netherlands

20 JULI
Vetting by Lukoil in Rotterdam, Netherlands

18 AUGUST
Bermuda Flag State Control in Amsterdam, Netherlands

22 SEPTEMBER
Port State Control in Abidjan, Ivory Coast

10 OCTOBER
Port State Control in Lome, Togo

20 NOVEMBER
Planned visit and inspection by NMM, and annual internal audit in Sitra, Bahrain

11 DECEMBER
Vetting by Statoil, Port State Control in Masaieed, Qatar

BOARD OF DIRECTORS

Carl-Johan Hagman

Born 1966. Board member since 2012. Chairman. LL.M.

CEO Stena Rederi AB. CEO Stena Line. Responsible for Stena AB Group's shipping business.

Background Former CEO of Walleniusrederierna, Stockholm, Eukor Car Carriers, Seoul, Rederi AB Transatlantic, Skärhamn and Höegh Autoliners AS, Oslo.

Other assignments Chairman of Stena Bulk AB. Board member of Höegh Autoliners AS and Gard P81 Ltd.

Special expertise Has extensive experience in shipping and as a maritime lawyer and naval officer. 20 years' experience of Asia.

Shares held in Concordia Maritime 0

Carl Mikael von Mentzer

Born 1944. Board member since 1998. Deputy Chairman. M.Pol.Sc.

Background Former Managing Director Offshore Accommodation Group Ltd., Aberdeen, Safe Partners AB, Gothenburg, and Götaverken Arendal AB, Gothenburg.

Other assignments Board member of Teekay Offshore Partners L.P., Bermuda.

Special expertise Has worked in shipping and offshore for nearly 40 years in Scandinavia, the UK and the US. Has good knowledge of the oil industry.

Shares held in Concordia Maritime 50,000 B shares

Stefan Brocker

Born 1966. Board member since 2007. LL.B.

Background Partner and former Managing Partner, Mannheimer Swartling Advokatbyrå AB.

Other assignments Chairman of Mannheimer Swartling's Shipping Group, Board member of the European Maritime Lawyers Organisation, Honorary Consul of Greece Board member of School of Business, Economics and Law, University of Gothenburg.

Special expertise Shipping law. Has worked as a lawyer in shipping and offshore for almost 20 years.

Shares held in Concordia Maritime 0

Michael G:son Löw

Born 1951. Board member since 2012. MBA.

Background Former President and CEO of Preem AB, and a number of senior positions at Conoco Inc. in the Nordic region and internationally.

Other assignments Board Member Preem AB, Boliden AB, Norstel AB, Sv. Näringsliv, Vice Chairman IKEM AB and Swed/Russ. Ch. of Commerce. Member of the Board the Royal Academy of Sciences, Chalmers Advisory Committee, Sv. EnergiEk. Förening and Network for Oil & Gas.

Special expertise Active in the oil industry for 37 years. Brings expertise in energy/refining/trading/shipping and financial issues.

Shares held in Concordia Maritime 0

Morten Chr. Mo

Born 1948. Board member since 2000. Certified economist BI (Oslo) and IMDE (PED), Lausanne.

Background Director/Chairman Quillfeldt Rönneberg & Co, Leif Höegh & Co AS, Hator Management AS, CEO Stemoco Shipping AS and Lorentzen & Stemoco AS.

Other assignments Board Member Cell-Vision AS, Bass Pte Ltd. Malaysia, Hadeland Folkehøyskole, Landsbyen Brandu 2020 and Hadeland Maskin AS.

Special expertise Background as shipbroker, owner and partner of different shipping companies and active/investor in start-up companies in Norway.

Shares held in Concordia Maritime 0

Dan Sten Olsson

Born 1947. Board Member since 1984, former Chairman. MBA.

Group CEO, Stena AB.

Other assignments Chairman of Stena Line Holding BV, Stena Metall AB, Stena Sessan AB. Deputy Chairman of the Swedish Shipowners' Association.

Special expertise Very extensive shipping knowledge with experience as President and CEO of the Stena Group since 1983.

Shares held in Concordia Maritime Via companies.

Mats Jansson

Born 1945. Board member since 2005. B.A.

Background Former CEO Argonaut and NYKCool AB.

Other assignments Board Member Hexicon AB and Shelton Petroleum AB.

Special expertise Has a history in tankers and his entire working life in shipping. Possesses good knowledge and extensive experience in the financial aspects of shipping.

Shares held in Concordia Maritime 0

BOARD ATTENDANCE AND REMUNERATION

	Independent[3]	Total fees, SEK[4]	Attendance
Carl-Johan Hagman[1]	Non-independent	400 000	7 of 7
Carl Mikael von Mentzer[1]	Independent	400 000	7 of 7
Dan Sten Olsson	Non-independent	225 000	6 of 7
Stefan Brocker	Non-independent[5]	225 000	6 of 7
Michael G:son Löw	Independent	225 000	7 of 7
Mats Jansson	Independent	225 000	7 of 7
Morten Chr Mo	Independent	225 000	7 of 7
Jörgen Lorén, Employee rep.	Independent	25 000	7 of 7
Göran Dahlman, Employee rep.	Independent	25 000	4 of 7
Daniel Holmgren[2], Employee rep. deputy	Independent	25 000	3 of 7

1) Member of remuneration committee.
2) Elected from 14 August 2013.
3) Independent is defined as independent of the company, its management and major shareholders.
4) Remuneration of the Board is decided by the AGM and is paid to Board members of Concordia Maritime.
5) Independent from 2014.

AUDITOR

Johan Kratz, Authorised Public Accountant KPMG. Appointed in 2007.

EMPLOYEE REPRESENTATIVES

Jörgen Lorén

Born 1961. Employee representative. Master Mariner. Dipl CMO (Commercial Management and Organization in Nautical Science). Employed by Stena Group since 1985. Board member since 2003.

Other assignments 1st Vice Chairman Swedish Maritime Officers' Association. Club chairman SFBF Stena Line. Vice Chairman Gothenburg Ship Masters Association. Employee representative on the Boards of Stena AB, Stena Line Scandinavia AB and Stena Rederi AB.

Shares held in Concordia Maritime 0

Göran Dahlman

Born 1953. Employee representative. Company management training, LO-skolan. Employed by Stena Group since 1989. Board member since 1996.

Other assignments Club Chairman SEKO Sjöfolk. Board member SEKO Sjöfolk and Torslanda Kulturhus AB. Deputy Board member Stena Marine Management AB and Stena Sessan AB. Employee Representative Stena Sessan Rederi AB and Deputy Gatubolaget AB styrelse. Partner, GDSS Konsult HB.

Shares held in Concordia Maritime 0

Daniel Holmgren

Born 1979. Deputy, employee representative. Employed by Stena Group since 2002. Board member since 2013.

Other assignments 1st Vice Club Chairman SEKO Sjöfolk. Deputy, Stena Marine Management AB.

Shares held in Concordia Maritime 0

EXECUTIVE MANAGEMENT

Kim Ullman

Born 1957. CEO. Commercial College. Employed since 2014 (at Stena since 1983).

External assignments Board member Stena Weco, Stena Sonangol Suezmax Pool, Institute of Shipping Analysis. Member of Swedish Shipowners' Association, Bulk and Tanker section.

Shares held in Concordia Maritime 0

Anna Forshamn

Born 1968. CFO. MBA.
Employed since 2012 (at Stena since 1999).

External assignments Board Member MNOPF EG Ltd.

Shares held in Concordia Maritime 0

Barbara Oeuvray

Born 1966. General Manager, Concordia Maritime AG. Swiss Certified Finance and Accounting Specialist. Employed since 2005 (at Stena since 1989).

External assignments Board Member Arvak Ltd.

Shares held in Concordia Maritime 12,500

N. Angelique Burgess

Born 1965. General Manager, Concordia Maritime (Bermuda) Ltd. B.Sc., Management Studies. Employed since 2010.

Shares held in Concordia Maritime 0

DEFINITIONS

Arbitrage The practice of taking advantage of a price difference between two or more markets.

Depreciation Accounting deductions made in a company's financial statements in order to compensate for wear and ageing of its vessels and equipment.

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

EBITDA Earnings Before Interest, Tax, Depreciation and Amortisation.

Cash flow from operating activities Result after financial net plus depreciation minus tax paid (cash flow before change in working capital and investments and before effect of ship sales).

Return on equity Result for the year as a percentage of average equity.

Return on total capital Result after financial net plus finance costs as a percentage of average total assets.

Return on capital employed Result after financial net plus finance costs as a percentage of average capital employed. Capital employed refers to total assets minus non-interest-bearing liabilities, including deferred tax liability.

P/E ratio Share price at year-end divided by earnings per share after tax.

Equity ratio Equity as a percentage of total assets.

Spot market (open market) Chartering of vessels on a voyage-by-voyage basis, with freight rates fluctuating virtually daily. The shipowner pays for the bunker oil and port charges.

Time charter The shipowner charters out its ship complete and crewed for a long period at fixed rates. The charterer pays for the bunker oil and port charges.

ANNUAL GENERAL MEETING AND INFORMATION DATES

Annual General Meeting

The Annual General Meeting will be held at Lorensbergsteatern, Gothenburg, Sweden, on 29 April 2014 at 2 p.m. The interim report for the first quarter will also be presented at the meeting.

Participation

Shareholders wishing to attend the AGM must be registered in Euroclear AB's share register as at 23 April 2014, and must notify the company at the following address:

Concordia Maritime AB
SE-405 19 Gothenburg, Sweden

e-mail: arsstamma@concordiamaritime.com
or via the website: www.concordiamaritime.com
by 23 April 2014.

Dividends

The Board of Directors proposes that no dividend be paid.

Nominee-registered shares

To be eligible to participate in the Annual General Meeting, shareholders who have registered their shares in the name of a nominee through a bank's trust department or an individual broker must temporarily register the shares in their own name with Euroclear AB. Shareholders who wish to re-register shares must inform the nominee well in advance of 23 April 2014.

Reporting dates

The interim report for the first three months will be published on 29 April 2014. The six-month report will be published on 14 August 2014 and the nine-month report on 12 November 2014.

ADRESSES

Concordia Maritime AB (publ)
SE-405 19 Gothenburg, Sweden
Tel +46 31-85 50 00
Corp. ID 556068-5819
Reg'd office Gothenburg, Sweden

Concordia Maritime AG
Bahnhofplatz
CH-6300 Zug
Switzerland

Concordia Maritime (Bermuda) Ltd
Belvedere Building
69 Pitts Bay Road
Hamilton Pembroke
HM08 Bermuda

Kim Ullman
CEO
Tel +46 31-85 50 03
or +46 704-85 50 03
kim.ullman@
concordiamaritime.com

Anna Forshamn
CFO
Tel +46 31-85 51 72
eller +46 704-85 51 72
anna.forshamn@
concordiamaritime.com

www.concordiamaritime.com

MIX
Paper from responsible sources
FSC® C002115

Solberg · Photos: Christian Badenfelt, Michael Cooper, Per-Anders E Hurtigh, Niclas Johansson, Peter Mild, Oddway, Katja Ragnstam, Henrik Sandsjö, Antony Sastre, Patrik Svahn, Conny Wickberg et al. · Printing: Falk Graphic

Concordia Maritime AB (publ)
SE-405 19 Gothenburg, Sweden
Tel +46 31-85 50 00
www.concordiamaritime.com
Corp. ID: 556068–5819
Registered office: Gothenburg, Sweden

CONCORDIA
MARITIME