CONCORDIA MARITIME

2014 ANNUAL REPORT

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 listed on Nasdaq Stockholm in 1984.

Key ratios

	2014	2013
Total income, SEK million	531.2	467.8
EBITDA, SEK million	201.0	144.7
Operating result before impairment, SEK million	56.4	0.4
Impairment, SEK million	0.0	0.0
Operating result after impairment, SEK million	56.4	0.4
Result after financial net, SEK million	16.5	–39.0
Net result, SEK million	8.7	–28.8
Investments, SEK million	87.9	64.7
Equity ratio, %	42	38
Equity per share, SEK	32.99	27.07
Dividend as percentage of profit, %	n/a	n/a
Result per share, SEK	0.18	–0.60
Dividend per share, SEK	0.00*	0.00
Share price at year-end, SEK	12.90	11.70

*Proposed dividend

THE YEAR IN BRIEF

9 out of 10 P-MAX tankers were employed on the spot market in 2014. The year was characterised by the focus on positioning and arranging the fleet in line with the new employment strategy. A fundamental aspect of this process has involved concentrating employment on trades and cargo systems where the P-MAX vessels' unique properties are most beneficial. The work has resulted in contracts in several niche trades, including the Asia Pacific region.

None of Concordia Maritime's vessels was involved in any type of incident that resulted in bunker oil or cargo discharging into the water in 2014. In addition, no vessel was involved in any event resulting in serious bodily injury.

Increased exposure to the crude oil segment. In December 2014 and February 2015, positions were taken in suezmax vessels corresponding to 50 percent charters of two tankers. The increased exposure to the crude oil segment reflects continuing confidence in the segment.

Two of the panamax vessels (LR1), *Stena Poseidon* and *Palva*, which were owned in a 50-50 joint venture with Neste Oil, were sold in March. The gain on the sale was realised in the second quarter and contributed strongly to the year's positive result.

2 of the P-MAX vessels, *Stena Perros* and *Stena President*, were chartered out to Stena Bulk on one-year contracts at the end of the year.

CEO's overview
AN EVENTFUL YEAR

Now that the time has come to sum up 2014 there are several events and factors that stand out. For our own part, the year was largely focused on the implementation of our new employment strategy, the sale of the panamax vessels and preparatory work for the deliveries of the two new IMOIIMAX vessels. It was also a year in which we deepened the cooperation with our partners and consolidated our strong position in safety and quality at all levels.

IN TERMS OF THE TANKER MARKET'S development, 2014 was a year of contrasts. After a mediocre first quarter and two subsequent weak quarters, freight rates rose sharply at the end of the year. In November and December, freight rates in the product tanker segment were between USD 20,000 and 30,000 per day; levels not seen since 2008. This turnaround for the market was fully in line with our forecasts and although it came a little later than we expected, it was stronger than we had forecasted. And the upturn has also continued into the first part of 2015.

With a focus on niche trades

In purely operational terms, 2014 was largely concerned with the process of positioning and arranging the fleet in line with our new employment strategy – with an increased focus on niche trades. The goal has been to optimise employment in order to create the best possible conditions for increased profitability. In the product tanker segment, we have concentrated employment on trades and cargo systems where the P-MAX tankers' unique properties are most beneficial. Half of our fleet in the lighter products segment were employed on different niche trades during the year. *Stena Paris* was employed on one of Total's niche trades from Southeast Asia to Polynesia, where her shallow draft was of particular benefit. *Stena Provence* and *Stena Polaris* were contracted by ExxonMobil for six months of the year for consecutive transportation of refined petroleum products in the Asia Pacific region. This cooperation was extended at the end of the year and now runs until the end of June 2015. P-MAX tankers were also able to successfully take advantage of the increased demand for transportation of light products between Europe and West Africa. Here too, the utilisation rate was high in terms of the vessels' load capacity.

During the year, we decided to increase our exposure in the crude oil tanker segment through a 50 percent charter of one suezmax tanker. In January 2015, we then took a further position corresponding to a 50 percent charter of one Suezmax tanker. We have strong confidence in this segment and our presence here represents an exciting complement to our product tanker business operations.

A unique network

Efforts to employ vessels are conducted in close collaboration with several partners, Stena Bulk, Stena Weco and Stena Sonangol. These partnerships give us access to a unique, worldwide network of highly chartering and commercial operations personell.

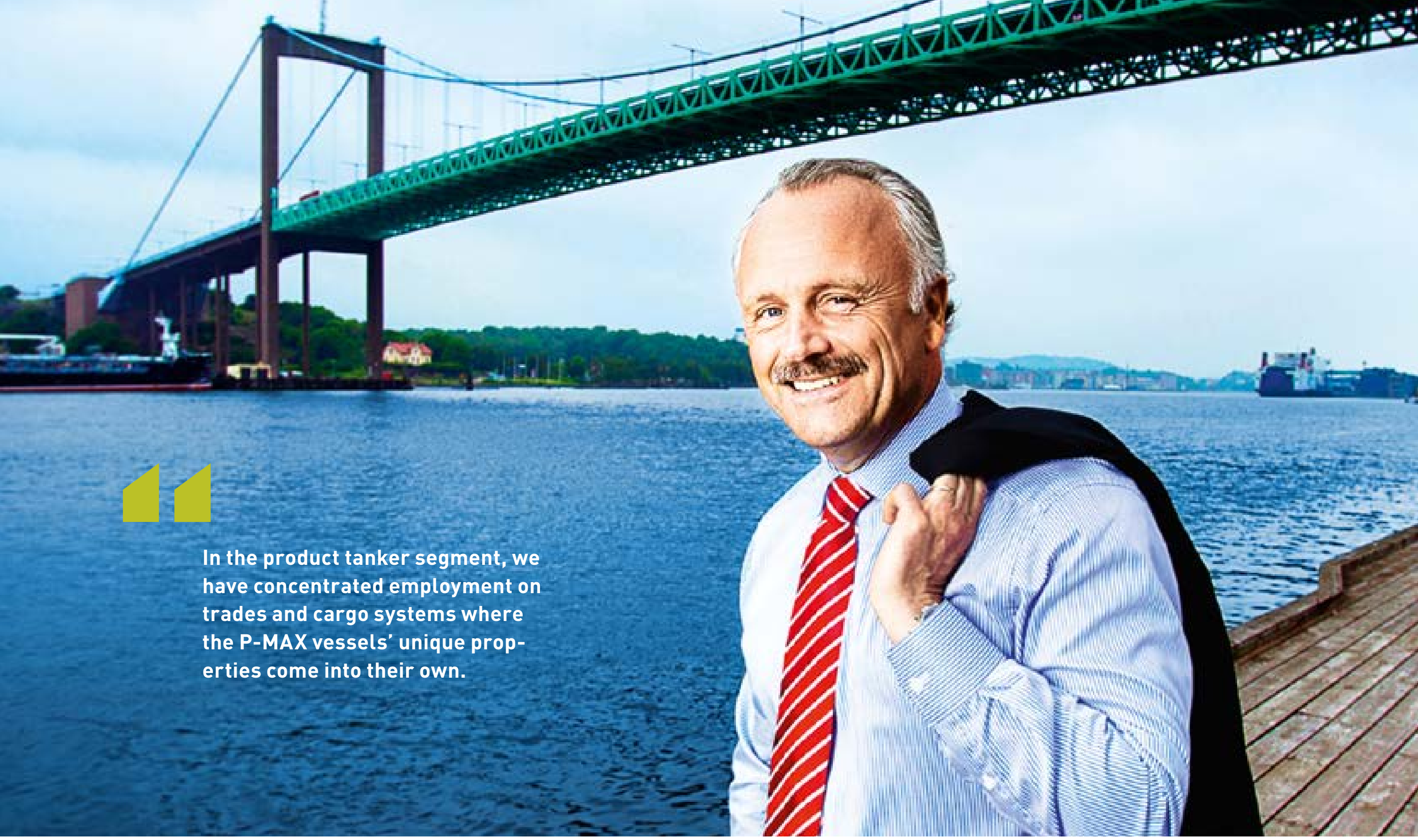
At the end of the year, we chartered out two P-MAX tankers to Stena Bulk on one-year contracts. In connection with this, we also established a common pool for the four P-MAX tankers *Stena Perros, Stena President, Stena Penguin* and *Stena Primorsk*. The tankers will transport heavy petroleum products, primarily in the Atlantic market. The pool enables us to increase incentives for efficient utilisation of all four vessels.

Successful ship sales

In addition to daily ship operation, our business model also consists of the purchase and sale of vessels. Both of these elements are absolutely fundamental to our success. Our financial performance during the year clearly underlines the importance of good timing where purchases and sales of vessels are concerned. The result for the year was positively affected by the sale of the 50 percent-owned panamax vessels *Stena Poseidon* and *Palva*. The sale was something of a textbook example of a good transaction: vessels are ordered on the basis of the customer's needs and placed on long-term contracts, generating a decent return during the charters. The vessels' values are then depreciated over the years and when the right opportunity arises, the vessels are sold at a good profit.

With a focus on safety

As I sum up 2014, it is also appropriate to note that we were completely spared from serious accidents and incidents during the year. The only incident of a somewhat problematic nature occurred in June, when *Stena Provence* was run into by two other vessels within minutes of each other while in her designated anchorage in the harbour. The collisions were not particularly strong, but they still show the difficulty in completely eliminating the risk of something occurring. Shipping entails risks, hard work and a sometimes challenging work environment. There are prerequisites – our task is to identify risk situations, to carry out preventive



In the product tanker segment, we have concentrated employment on trades and cargo systems where the P-MAX vessels' unique properties come into their own.

and improvement measures and to have an organisation with the right resources should something nevertheless occur.

In this context, our partner in manning, technical operation and maintenance, Northern Marine Management, deserves credit. Together we have developed industry-leading procedures and processes. The work, which covers both the ships and the crews – and the interaction between them – has been very successful. In the area of occupational injuries on board our ships, our statistics are among the best in the tanker industry and far better than the Swedish manufacturing industry, for example.

Future prospects

Having been involved in tanker shipping for over 30 years, I know how challenging it is to predict market trends. Like the oil industry in general, tanker shipping is volatile in nature and fluctuations can be both powerful and sudden. Changes in oil prices and inventory levels are among the factors can have a major effect in a short-term perspective. The volatility makes the market challenging, but also highly exciting and full of opportunities.

The crude oil market, and in particular the suezmax segment, appears very favourable in the coming years, with stable demand and modest growth in vessels. For the product tanker market too, there are a number of factors that indicate a continuing positive trend. Growth, primarily in Asia and Africa, is expected to bring continuing high demand for oil – and therefore also for seaborne transport. In addition, the major changes taking place in the refining industry, with strong exports from the United States and a shift from European predominance to the Middle East and Asia, is resulting in increased transport distances. If we then turn to the supply situation, i.e. the number of available vessels, the trend is not as encouraging. A large number of new product tankers will be delivered during the coming year. Despite this, it is still my overall assessment that the market will continue to develop in a positive direction during 2015 and 2016.

For our own part, we shall continue our efforts to increase vessel employment and consequently profitability. Among the major events in 2015, of course, will be the deliveries of the two IMOIIMAX vessels, scheduled for the second and fourth quarters. With their cargo flexibility and energy efficiency, they will be a welcome addition and compliment to our existing fleet. In conclusion, we have both an exciting and challenging year ahead of us.

Gothenburg, March 2015
Kim Ullman, CEO

VISION AND GOALS

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 business concept

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

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

Financial objectives*

	Growth	Profitability	Equity ratio
GOAL	**10%** average fleet growth over a business cycle	**10%** return on equity	**at least 40%** over a business cycle
OUTCOME 2014	**–4%**	**1%**	**42%**
EXPLANATION	The 50 percent-owned panamax vessels *Stena Poseidon* and *Palva* were sold during the year. In addition, a position was taken in a Suezmax tanker corresponding to 50 percent.	The weak market resulted in unsatisfactory profitability. However, sales of joint ventures shares ensured that the result for the full year was positive.	A slightly positive result and stable operations.

* Updated 2015.

Our business model

Concordia Maritime's business model consists of two elements – daily ship operation and the purchase and sale of vessels.

DAILY OPERATION

Income from daily operation is mainly derived from compensation for contracting either through the spot market or time charters. The level of freight rates for spot charters is completely variable and based on supply and demand at any given time. With time charters, on the other hand, income consists of a pre-agreed freight rate that applies throughout the negotiated charter period. The rate is determined by the market situation when the contract is entered into and the contract length.

The principal costs for a shipping company are voyage costs (fuel and port dues), daily costs (crew and ship operation) and capital costs.

Ten of the 11 wholly-owned vessels in the fleet were employed on the spot market during a large part of 2014. At the end of the year, two P-MAX tankers were chartered out on one-year contracts.

PURCHASES AND SALES OF VESSELS

Tanker shipping is capital intensive in nature, with high values attached to the vessels themselves. The prices of both new and second-hand tonnage varies according to the market and the ship's condition. The ability to optimise the timing of purchases and sales is therefore critical to the overall profitability of the business.

The two panamax tankers, *Stena Poseidon* and *Palva* jointly owned by Concordia Maritime and Neste Oil, were sold in 2014. No new vessels were acquired, but at the end of the year a position was taken in Stena Bulk's suezmax fleet corresponding to a 50 percent charter of a tanker. The two chemical and product tankers, *Stena Image* and *Stena Important,* ordered in 2012, are scheduled for delivery in the second and fourth quarters of 2015.

STRATEGY

Concordia Maritime's overall goal is to ensure a level of profitability that generates a good return for shareholders and allows continuous investment in existing and new tonnage.

Tanker shipping is both volatile and cyclical in nature. In order to bridge periods of weak markets, there are rigorous requirements for financial sustainability and a business model that can be adapted in response to a specific market situation.

Trade in vessels, both purchases and sales, is a key element of every shipping company's operations. The right timing of purchases and sales of vessels is crucial to long-term financial growth. For Concordia Maritime, this means that the fleet size may vary over time. For this reason, annual growth in the fleet is not an overall objective in itself. However, the aim is for operations to generate a return over time that enables gradual growth of the fleet.

1 Partners 1st choice in tanker transportation

In the years ahead, Concordia Maritime will consolidate and further strengthen its position as partner of choice in the transportation of oil and petroleum products. We shall bring into play our unique understanding of market drivers and the individual customer's business in order to satisfy specific transportation and logistics needs. Collaboration with customers will be based on long-term relationships, characterised by partnership and high ambitions in terms of efficient and safe transportation – whether this applies to one voyage or the development of a brand new vessel concept. Responsiveness, a strong culture of service, competitive pricing and a worldwide network form the foundation of these efforts.

2 A balanced fleet and employment strategy

Concordia Maritime's fleet and employment strategy is aimed at optimising earning capacity, balancing risks and opportunities and enabling good results for invested capital in the event of the sale of a vessel. The strategy sets the framework for how the fleet will be positioned and how the ships in the fleet will be employed. The main focus is on the product tanker segment, but this does not exclude a presence in other segments. At the beginning of 2015, most of the vessels in the fleet were employed on the spot market. However, with a positive market development, the proportion of vessels employed on time charters may increase.

The shape of the fleet

When and if the market situation is considered favourable, Concordia Maritime may invest in new or desinvest existing tonnage. The investments may be either long-term (if there is

scope for employment on time charters for a long period) or shorter (to take advantage of temporary fluctuations in the market). In addition to the owned tonnage, additional vessels may also be contracted in. The main strategy is that all additional tonnage will be employed in existing systems and pools. However, investment in new tonnage is not a goal in itself, but subordinate to the possibility of good timing.

P-MAX

The goal for the P-MAX fleet is to concentrate employment on trades and chartering systems where the unique properties of the P-MAX tankers are most beneficial, and where there is potential to achieve premium rates. At the beginning of 2015, eight out of ten vessels were employed on the spot market. However, this ratio may be adjusted according to the market's actual and expected development.

IMOIIMAX

The two ordered IMOIIMAX tankers, which will be delivered in 2015, represent important building blocks in the construction of Concordia Maritime's future fleet. The vessels will initially be employed on the spot market and under a contract of afreightment within the framework of the Stena Weco's system.

Suezmax

The presence in the suezmax segment should be seen as a complement to the product tanker fleet. In the beginning of 2015, the presence in the segment consisted of one wholly-owned and two chartered-in vessels (50 percent) – all employed on the spot market within the framework of the Stena Sonangol Suezmax Pool system.

3 Leader in safety and quality

Work in the area of safety, quality and the environment has been an integrated part of our activities for a number of years and efforts to improve ourselves are continuously in progress. Through systematic improvement work, innovation and continuous training programs, we shall ensure that we maintain our industry-leading position in this area.

4 Collaboration with Stena Sphere partners

Collaboration with companies in the Stena Sphere ensures world-leading and unique expertise in all areas of shipping – from shipbuilding and manning to technical operation, chartering, commercial operation, financing and marketing. In addition, this model includes the benefit of a small and flexible organisation.

OUR FLEET

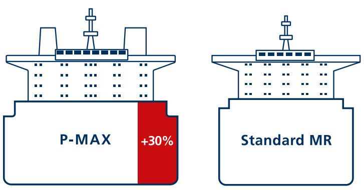
In March 2015, Concordia Maritime's wholly-owned fleet consisted of ten P-MAX tankers and one suezmax tanker. The newbuilding program comprised two product and chemical tankers (IMOIIMAX), with delivery scheduled in the second and fourth quarters of 2015.

THE FLEET 16 MARCH 2015

Vessel type	Vessel name	DWT	Ice class	Year	Employment	Partner/customer
P-MAX	*Stena Premium*	65,200	1B	2011	Spot (light)	Stena Weco
	Stena Polaris	65,200	1A	2010	Spot (light)	Stena Weco
	Stena Performance	65,200	1B	2010	Spot (light)	Stena Weco
	Stena Provence	65,200	1B	2010	Spot (light)	Stena Weco
	Stena Progress	65,200	1B	2010	Spot (light)	Stena Weco
	Stena Paris	65,200	1B	2005	Spot (light)	Stena Weco
	Stena Primorsk	65,200	1B	2006	Spot (heavy)	Concordia Maritime /Stena Bulk Pool
	Stena Penguin	65,200	1A	2010	Spot (heavy)	Concordia Maritime /Stena Bulk Pool
	Stena Perros	65,200	1B	2008	Time charter to Jan 2016 (heavy)	Concordia Maritime /Stena Bulk Pool
	Stena President	65,200	1B	2007	Time charter to Jan 2016 (heavy)	Concordia Maritime /Stena Bulk Pool
SUEZMAX	*Stena Supreme*	158,000		2012	Spot	Stena Sonangol Suezmax Pool
	*Unnamed vessel #1**	158,000		2012	Spot	Stena Sonangol Suezmax Pool
	*Unnamed vessel #2***	158,000		2012	Spot	Stena Sonangol Suezmax Pool
IMOIIMAX	*Stena Image*	50,000		2015	Spot (light)	Stena Weco
	Stena Important	50,000		2015	Spot (light)	Stena Weco

* 50% charter December 2014–December 2015.
** 50% charter August 2015–July 2016.

Flexible product tankers
P-MAX



The backbone of Concordia Maritime's fleet is the ten P-MAX tankers. The tankers combine transport economy and flexibility with safety of the highest class. The concept was developed together with leading oil and gas companies in response to a need to operate in shallow waters and ports carrying more cargo than corresponding vessels of the same size class. To make this possible, the P-MAX tankers are considerably wider than traditional MR tankers. The increased volume means that they are able to transport up to 30 percent more cargo, allowing them to compete for cargo in both the MR and panamax segment.

The P-MAX concept takes safety into a new dimension. The vessels are built with double systems for propulsion and manoeuvring, engines, shafts, generators, control and fuel systems, rudders and propellers. The engine rooms are separated by fireproof and watertight bulkheads and the bridge is equipped with a co-pilot system.

Eight of the tankers in the P-MAX fleet are ice class 1B and two are ice class 1A. Three vessels have been converted to IMO3 class after delivery, which means that they can also carry vegetable oils and light chemicals.

The first P-MAX tanker in the series, *Stena Paris*, was delivered at the end of 2005. Since then, a further nine P-MAX tankers have been delivered and put into operation. The last vessel in the series, *Stena Premium*, was delivered in summer 2011. 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, it creates advantages related to development, operation and maintenance, classification and regulations. The common design also means that the crew can quickly switch from one vessel to another.

After the P-MAX tankers were delivered, they were employed on profitable multi-year time charter contracts. As these expired, the vessels moved instead to employment on the spot market. At the beginning of 2015, eight P-MAX tankers were employed on the spot market through agreements with Stena Bulk and Stena Weco. The other two tankers were employed on time charters within the framework of the pool established with Stena Bulk.

Transportation of crude oil
SUEZMAX

As a complement to the product tanker segment, Concordia Maritime is also active in the transportation of crude oil. Since 2012, the presence in the suezmax segment has consisted of the tanker *Stena Supreme*, a third-generation fuel-efficient suezmax tanker. The vessel's technical equipment and design enables fuel consumption to be reduced by up to 10–15 percent compared with standard tonnage.

Stena Supreme is employed on the spot market via the 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 efficient suezmax tankers.

In addition to *Stena Supreme*, we also have a positions in Stena Bulk's suezmax fleet corresponding to a 50 percent charter of two tankers. These vessels are also employed in the global open market in the suezmax Pool. The contracts run until December 2015 and July 2016.

Next-generation vessels
IMOIIMAX

At the end of 2014, Concordia Maritime's newbuilding program consisted of the two 50,000 dwt product- and chemical tankers *Stena Image* and *Stena Important*. They were ordered in 2012 and they are scheduled for delivery in the second and fourth quarters of 2015.

The two vessels are part of a series being designed with Stena Bulk and Stena Weco, and developed by Stena Teknik and Guangzhou Shipyard International in China. The concept is called IMOIIMAX. The orders, which were placed when yard prices were favourable, are the first step in Concordia Maritime's investment in the future and an important part of the long-term process of expanding the fleet. The tankers will be among the most sophisticated in the market and at the forefront in terms of both energy efficiency and cargo flexibility. The plan is to employ them on the spot market within the framework of the cooperation with Stena Weco.

MARKET DEVELOPMENT AND THE FLEET'S INCOME

FOR CONCORDIA MARITIME, 2014 was very much focused on positioning and arranging the fleet in line with the new employment strategy. The overall goal has been – and still is – to maximise vessel utilisation, thereby increasing profitability.

During the year, a fundamental aspect of this process involved concentrating employment on trades and cargo systems where the P-MAX vessels' unique properties are most beneficial.

The 2014 product tanker market was characterised by a relatively strong start, a weaker spring and summer and a strong finish – which continued into the start of 2015. Looking at the year as a whole, the overall trend was positive, and after several weak years, the market took an upward turn in the latter part of 2014. The crude oil segment also showed a positive trend, with a strong rise in rates.

The primary driving forces were a general rise in demand for transportation of refined petroleum products and increasingly longer transport distances due to the commissioning of new refineries, notably in India and the Middle East.

However, there were considerable differences between the market's different segments (light and heavy products). The market as a whole was better than in the previous year, largely due to strong growth in the transportation of heavy oil products (panamax), where average rates were approx. USD 18,800 per day, corresponding to an increase of about 70 percent compared with 2013. Freight rates for the transportation of light oil products averaged approx. USD 12,300 per day, which was slightly lower than in 2013.

Quarter by quarter

The beginning of 2014 was strong, with good demand and relatively high freight rates. However, the end of the first quarter was marked by highly adverse weather conditions. In the US, bitter cold weather contributed to increased domestic demand, with a decline in exports as a result. In Europe, the situation was the reverse, with unusually mild weather reducing the need for imports.

The second quarter was dominated by a seasonal decline, which was deeper and more prolonged than expected. There were various reasons for this, including conversion and maintenance of refineries, delays in the construction of new refinery capacity and the transfer of a number of LR vessels to employment in traditional MR markets.

The markets strengthened during the third quarter, albeit from low levels. A strong increase in exports from the United States and production start-ups at new refineries, notably in the Middle East, were among the main drivers.

The end of the year was strong, with rising rates in all Concordia Maritime's segments. The strongest growth was for lighter products, where rates during the quarter rose by over 100 percent from the previous quarter.

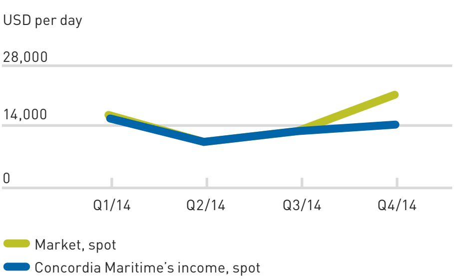
Income for Concordia Maritime's vessels

P-MAX

Apart from *Stena Paris*, all vessels in the P-MAX fleet were employed on the spot market under agreements with Stena Bulk,

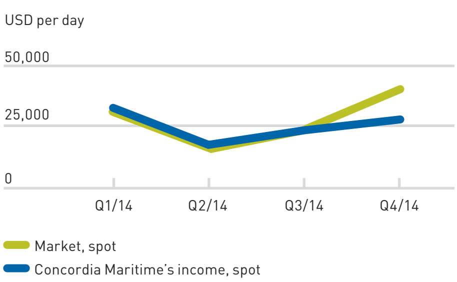
Freight rates began to rise sharply during fourth quarter. Before this increase, Concordia Maritime had, certain vessels in the fleet committed to charters. That is why the Company's income for the quarter was lower than the theoretical average income for new contracts in the market. This type of time lag effect compared to the market for new contracts occurs during sharp fluctuations in the market.

Product tanker fleet's average income (spot)



Source: Clarksons "Average MR Clean Earnings" /"Average Panamax Dirty Earnings"

Suezmax fleet's average income (spot)



Source: Clarksons "Average Suezmax Long Run Historical Earnings"

Stena Weco, Shell and ExxonMobil for a large part of the year.

In line with the strategy, several of the vessels sailed on special routes for customers with special requirements during the year. *Stena Paris* sailed on one of Total's special routes from Southeast Asia to Polynesia, where her extremely shallow draft was of particular benefit.

Stena Provence and *Stena Polaris* were contracted by ExxonMobil for six months of the year for consecutive voyager with refined petroleum products in the Asia Pacific region. P-MAX tankers, with their extremely shallow draft design, are also well suited for this region as several ports in the area are relatively shallow, making it difficult for larger ships to enter.

Two of the P-MAX vessels were chartered out to Stena Bulk on one-year contracts at the end of the year. In connection with this, Concordia Maritime and Stena Bulk also established a pool for the four P-MAX tankers *Stena Perros, Stena President, Stena Penguin* and *Stena Primorsk.* The tankers will transport heavy petroleum products, primarily in the Atlantic market.

The average income for the P-MAX fleet was in line with the overall market average during a large part of the year. Average income for the light products segment was USD 13,400 per day. Average income for the heavy products segment was USD 14,100 per day.

Suezmax

The suezmax tanker *Stena Supreme* (158,000 dwt) is employed on the spot market via Stena Sonangol Suezmax Pool, controlled by Stena Bulk and the Angolan state oil company Sonangol. The pool is a long-time market leader in terms of suezmax tanker income.

Average income for *Stena Supreme* during the year was USD 25,600 per day.

Spot market income

USD per day	Number of vessels	Average income, Concordia Maritime 2014	Average income, Concordia Maritime 2013	Average income, market 2014	Average income, market 2013
Product tankers					
Light products	5	13,400	12,400	12,300[1]	13,200[1]
Heavy products	4	14,100	14,000	18,800[2]	11,100[2]
Suezmax	1	25,600	17,500	27,800[3]	15,500[3]

1) Clarksons "Average MR Clean Earnings"
2) Clarksons "Average Panamax Dirty Earnings"
3) Clarksons "Average Suezmax Long Run Historical Earnings"

Sale of Panamax vessels

At the end of the first quarter, an agreement was signed to sell the sister ships *Stena Poseidon* and *Palva* (75,000 dwt), which were owned in a 50–50 joint venture with Neste. The vessels were launched in 2007, after which they were signed to 10-year time charter with Neste Oil. The two vessels were delivered to the buyer, Transport Maritime St-Laurent Inc., in May. The gain on the sale was then realised, as well as settlement from Neste for the prematurely broken charter contracts.

Drydocking and repairs

Only one scheduled drydocking – *Stena Progress* – it was carried out in 2014. The process went according to plan and budget.

Stena Provence was run into by two other vessels while anchored off the port of Singapore in the middle of June. Apart from damage to the hull, the bump did not cause any serious damage. Nobody was hurt and no oil was spilled into the water. However, in order to meet the ship's classification regulations, *Stena Provence* was removed from service and repaired at a shipyard in Singapore. The loss of income and costs of repair will be fully covered by our own insurance and the insurance of the vessels that ran into *Stena Provence*.

Newbuilding program slightly delayed

The newbuilding program, comprising the two product- and chemical tankers (50,000 dwt) ordered in 2012, continued during the year. As a result of delays, the delivery dates have been moved forward about two quarters for each vessel. The deliveries are now scheduled for the second and fourth quarters of 2015.

Newbuilding price trends

Newbuilding prices were relatively stable during the year. At the end of the year, the price of a standard product tanker was about USD 37 million. The price of an IMOII class MR tanker like the IMOIIMAX vessels on order was about USD 40 million at the end of the year. This is about 15 percent higher than when the orders were placed in 2012. The price of a standard suezmax tanker at the end of the year was about USD 65 million.

The average valuation of the owned vessels in the fleet at the end of the year was USD 359.7 million. This value does not include the two ships under construction and is based on average values from three independent ship brokers. The valuation means that the average valuation is USD 40.4 million lower than the book value. A calculation of the future user value shows no indication of impairment.

Future prospects

Several factors suggest that the market will continue to move in a positive direction in 2015 and 2016. Demand for product tanker transportation is expected to increase by about 5–6 percent per year in the period 2015–2016. Among the individual primary drivers are the major changes now taking place in terms of global refinery capacity, with a shift from Europe to the Middle East and Asia.

The trend will become apparent over the next few years as more and more highly efficient refineries start up production. China, India and Saudi Arabia are expected to account for by far the largest part of the increase. The growth is expected to increase faster than domestic demand and the surplus is therefore likely to be exported to regions where demand for refined products exceeds their own refinery capacity.

The challenges include the large-scale ship deliveries scheduled to take place, particularly during 2015 and 2016. During these years, growth of 5.2 percent in the global product tanker fleet is expected.

Delivery of the two IMOIIMAX vessels on order is scheduled for the second and fourth quarters of 2015. The tankers will be among the most sophisticated in the market and are at the forefront in terms of both energy efficiency and cargo flexibility.

WORLD-LEADING COMPETENCE

Concordia Maritime's operations are conducted in close cooperation with several of the companies in the Stena Sphere. The partnerships give access to world-leading competence in all areas of shipping – from shipbuilding and manning to technical operation, chartering and commercial operation.

CONCORDIA MARITIME

Stena Teknik	Stena Bulk Stena Weco	Northern Marine Management
Newbuilding and conversion projects, R&D and procurement	Chartering and commercial operation	Operation, manning and maintenance
stenateknik.com	stenabulk.com, stenaweco.com	nmm-stena.com

Flexible and safe transportation with good transport economy

Operation, manning and maintenance

NORTHERN MARINE MANAGEMENT

www.nmm-stena.com

Stena-owned Northern Marine Management (NMM) is responsible for manning, operation and technical maintenance of Concordia Maritime's vessels. NMM has expanded considerably since it was founded in 1983 and currently has responsibility for operation and/or manning for about 130 vessels of varying types and sizes with a total of about 7,500 seagoing employees. Customers include many of the world's leading shipping- and oil companies.

NMM is at the absolute forefront in ship management. In addition to international accreditations, NMM has also developed a tool for achieving continuous improvement – Behaviour Based Safety (BBS). The combination has resulted in a lower number of accidents than the industry average and is also a major contributing factor to the very low number of incidents and accidents on board Concordia Maritime's vessels.

The business is conducted from the head office in Glasgow. There are also offices in Aberdeen, Gothenburg, St. Petersburg, Novorossiysk, Houston, Manila, Mumbai, Perth, Shanghai and Singapore.

Chartering and commercial operation

STENA BULK

www.stenabulk.com

Stena Bulk provides companies in the Stena Sphere and external customers with services in marketing, chartering and commercial operation of ships. In total, Stena Bulk charters and operates about 100 vessels worldwide. Customers include leading oil and gas companies and independent trading houses.

Stena Bulk functions as Concordia Maritime's marketing organisation and is responsible for chartering, marketing and commercial operation of the P-MAX tankers that carry heavy oil products. With the Angolan state oil company Sonangol, Stena Bulk also controls the Stena Sonangol Suezmax Pool, which at the end of 2014 employed 23 vessels, among them Concordia Maritime's *Stena Supreme.*

Through the close cooperation, Concordia Maritime gains access to a worldwide organisation with extensive knowledge and experience in all the tanker market's segments.

STENA WECO

www.stenaweco.com

In just a few years, Stena Weco has developed a fully integrated global logistics network for the transportation of petroleum products, light chemicals and vegetable oils, mainly between Asia and Europe. Collectively, the fleet comprises about 70 MR vessels (existing and under construction) with an average age of 2.5 years.

Stena Weco is jointly owned (50–50) by Stena Bulk and the Danish company Dannebrog. With offices in Copenhagen, Houston and Singapore, Stena Weco is able to meet customer requirements for availability and local presence. In total, the organisation has about 25 employees.

Stena Weco functions as Concordia Maritime's marketing organisation and is responsible for chartering, marketing and commercial operation of the P-MAX tankers that carry lighter oil products.

Development and technical operation

STENA TEKNIK

www.stenateknik.com

Stena Teknik is a resource for all maritime-related business in the Stena Sphere Operations include newbuilding and conversion projects, general marine technical advice and procurement services. The company also conducts research and development in the marine sector. The work covers all types of shipping, from passenger traffic to oil tankers and rigs. Through these various responsibilities, Stena Teknik has built up an extensive knowledge bank in naval architecture and is currently one of the leading players globally. It is a measure of the high level of competence that Stena Teknik often functions as a consultation body on different issues relating to shipbuilding technology in the EU.

Stena Teknik provides Concordia Maritime with expertise in areas that range from corrosion protection, classification and safety to more comprehensive projects involving the development and design of new ships.

LEADER IN SAFETY AND QUALITY

For Concordia Maritime, 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.

CONCORDIA MARITIME OPERATES in a strictly regulated and scrutinised industry. The regulations cover environmental and safety aspects, as well as technical and work environment areas. This regulatory control, together with our own internal work, contributes to the maintenance of a consistently high quality.

In addition to our own controls, there are also comprehensive inspections and follow-ups from authorities and customers. We are subject to continuous quality inspections in the form of vetting by the oil and chemical industry, flag state annual inspections, published port state controls and the classification societies' inspections. The inspections include equipment and procedures for navigation, survival equipment, fire-fighting equipment, cargo handling systems, oil recovery equipment, procedures for crisis management, the ship's construction and its general condition. Also crew numbers, the crew's qualifications, employment conditions, the ship's logbooks and certificates are examined. Shore-based activities are checked primarily by auditing processes and procedures.

Our environmental impact

Our largest actual and potential impact on the environment can be divided into three broad categories: emissions of sulphur and nitrogen oxides and carbon dioxide in connection with burning bunker oil, the spreading of organisms due to the discharge of ballast water and oil spills resulting from a collision or grounding In all these areas, we conduct extensive work to reduce or completely eliminate our impact.

Emissions of sulphur and nitrogen oxides

In ship operation, our main impact is emissions of hazardous substances related to fuel consumption. One of the foremost challenges is to reduce emissions of sulphur and nitrogen oxides, greenhouse gases and other harmful particles produced during the burning of bunker oil.

The fuel efficiency project which has been in progress since 2012 has brought major improvements. Since the project began, fuel efficiency measured as freighted cargo (tonnes) in relation to fuel consumed (tonnes) has increased by as much as 12 percent. The relative decline in bunker consumption has so far resulted in an annual reduction in carbon dioxide emissions of over 3,800 tonnes and in sulphur dioxide emissions of 40 tonnes.

The increased efficiency is partly due to the contribution of the suezmax eco tanker *Stena Supreme*, although most of the increase in efficiency has been achieved by more detailed monitoring of the vessels' energy consumption, which in turn has led to operational measures such as reduced speed and closer and more frequent monitoring of fuel consumption.

The target going forward is to achieve an average reduction of 0.3 mt in fuel

Environmental targets 2015

- An average reduction of 0.3 mt in fuel consumption per vessel per day at sea.
- A reduction of 120 tonnes in sulphur dioxide emissions.
- An annual reduction of 1 800 tonnes in carbon dioxide emissions.

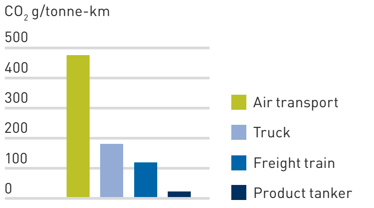
Our environmental policy

- Safety and protection of the maritime environment must be an integral part of our day-to-day business. Only with full 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 marine environment.
- Protection of the marine 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.

The most eco-efficient mode of transport

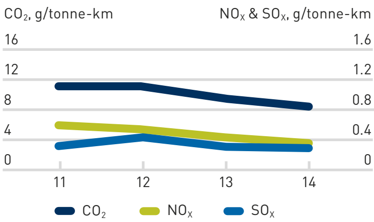
Compared with rail, road and air transport, tanker shipping is also the transport mode that generates fewest CO_2 and NO_x emissions measured in relation to cargo volume. Although more than 90 percent of all freight in the world is transported by sea, shipping accounts for only 3–4 percent of total carbon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

Carbon dioxide emissions by transport mode



Source: IMO

Carbon dioxide emissions by transport mode



Source: Stena AB Public Affairs and Sustainability

consumption per vessel per day at sea. This will be achieved through further fuel efficiency measures and increased control. As a consequence of the new sulphur directive, which came into effect on 1 January 2015, the limit value for maximum sulphur content in fuel used in the Baltic Sea, North Sea and English Channel has been lowered from the previous 1 percent to 0.1 percent. For Concordia Maritime, this is expected to result in an annual reduction in sulphur-related emissions of 20 percent.

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. We are still lacking an international regulatory framework and the technology for killing organisms in large volumes of ballast water. All our vessels follow a *Ballast Water Management Plan*, produced by our partner Northern Marine Management (NMM) and based on existing international guidelines.

Oil spills

The largest risk associated with tanker shipping is the risk of an oil spill in connection with a grounding, collision or some other accident. However, with the increasing modernisation and safety of the global tanker fleet in recent years, the number of oil spills has declined dramatically and they are now very rare. This trend is due to a combination of comprehensive improvement work on the part of the world's shipping companies and tougher requirements from regulators, customers and other stakeholders.

For Concordia Maritime, safety work constitutes one of the cornerstones of the business. However, the possibility of accidents occurring can never be discounted. For this reason, substantial resources are invested in continuously developing and optimising vessels, procedures and crews. The goal is to prevent the risk of accidents arising and to minimise the damage if an accident should nevertheless occur. Safety work is carried out on several different levels – during the design and construction of the actual vessel and its equipment and as part of a continuous process of identifying potential risks and dangerous operations. Strict reporting procedures give full control over all incidents – whether in port or at sea.

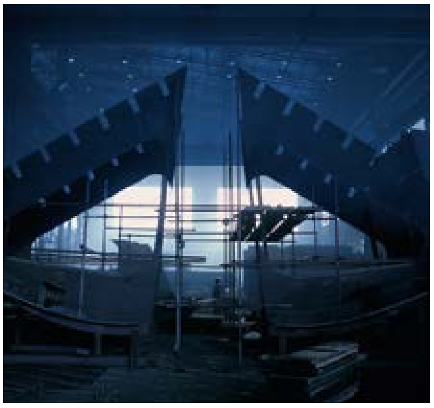
None of Concordia Maritime's vessels was involved in any type of incident that resulted in bunker oil or cargo discharging into the water in 2014.

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 impact 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.



Certification and internal control

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

In the area of ships and ship management, NMM's certification includes ISO 9001 (quality), ISO 14001 (environment), ISO 50001 (energy) and OHSAS 18001 (health and safety). The certification is aimed at continuously reducing the total environmental impact of operations. Work on safety and environmental issues is regulated within NMM by a Group-wide SHE (Safety, Health and Environment) policy, which contains minimum reporting standards and requirements in a number of areas such as incidents and accidents, and absences due to illness and occupational injuries.

A safe working environment

Compared with many other industries, shipping offers a relatively safe working environment. Measured in Lost Time Injury Frequency (LTIF)*, there are about half as many occupational injuries in shipping as in Swedish manufacturing.

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

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 11 million hours of work have 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.

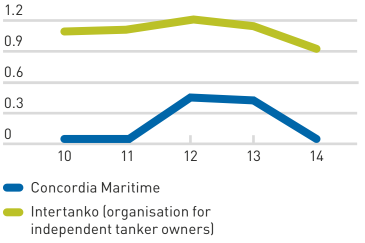
Attractive employer

Competition for skilled and well-trained seafarers will continue to be intense. At the same time, a new generation is entering the labour market with new demands regarding working conditions and working environment, and we as employers need to adapt to them. We and our partner in manning, NMM, are keen 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.

* A measure that indicates the number of working days lost due to occupational injuries relative to the total number of hours worked, multiplied by 1,000,000.

LTIF compared with industry



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 those who place orders have resulted in a reduced 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 quantity of emissions.

4 CONTINUOUS IMPROVEMENTS

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 those who place orders have resulted in a reduced environmental impact in recent years.

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.

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 means that there is normally 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 long-term investments and allows bridging in periods of high volatility.

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 good 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 external environment and market. The Board and management have 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 contract market in the long term.

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.

C Oil price

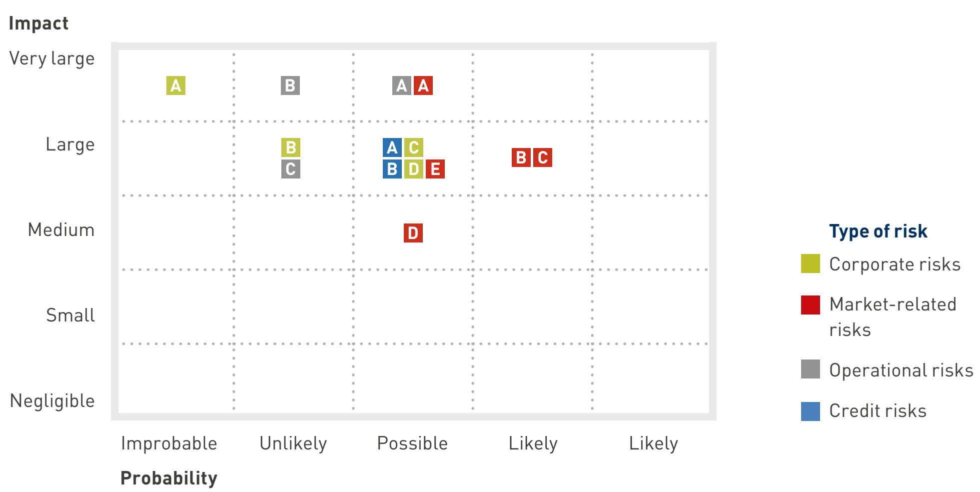
Developments in oil prices can affect demand for transportation of oil and petroleum products. Low oil prices can have a positive impact on the global economy, leading to increased demand for oil and tanker transportation – and vice versa in the case of higher prices.

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.

	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	**5** (3)	**5** (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)	Commercial networks 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)	Developments in oil prices and their consequences are followed carefully.
	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)	**3** (2)	Continuous maintenance work in combination with comprehensive insurance cover.
	B Environment	**5** (5)	**5** (5)	**3** (3)	**2** (3)	Continuous work on preventive measures.
	C Ship operation	**4** (5)	**4** (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)	**3** (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.



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 can 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. The P-MAX tankers are built with double systems for propulsion and manoeuvring. They have two separate engine rooms with fireproof and watertight bulkheads and separate fuel and control systems. However, the possibility of accidents occurring can never be discounted. With this in mind, considerable resources are devoted to continuously developing 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 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

The main credit risks are counterparty risks relating to 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. Concordia Maritime's customers consist primarily of large international oil, gas, energy and trading companies. The risk of any of them becoming insolvent is considered relatively small.

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 are therefore not described in this section.


STENA IMAGE
IMO

SHARE AND OWNERS

Concordia Maritime's B share price was SEK 12.90 at the end of 2014, which is a rise of 10 percent from the beginning of the year.

CONCORDIA MARITIME'S B SHARES have been traded on Nasdaq 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 about 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).

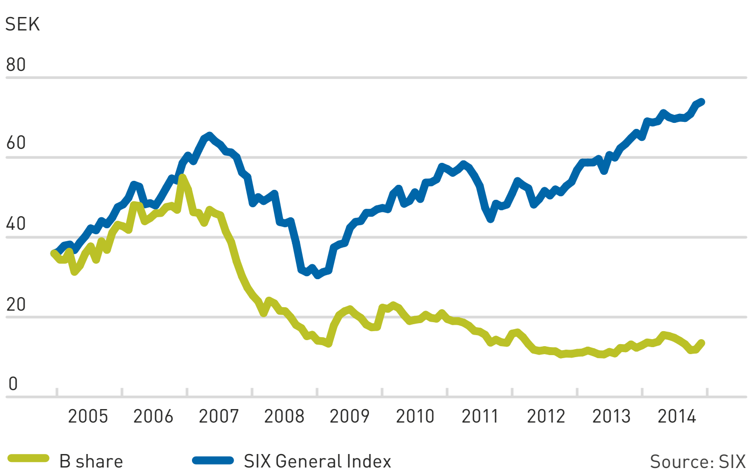
At the end of 2014, share capital amounted to SEK 381.8 million, divided into 47.73 million shares, of which 43.73 million were class B shares. The par value is SEK 8 per share.

Shareholder value

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.

Concordia Maritime's share price, 2005–2014

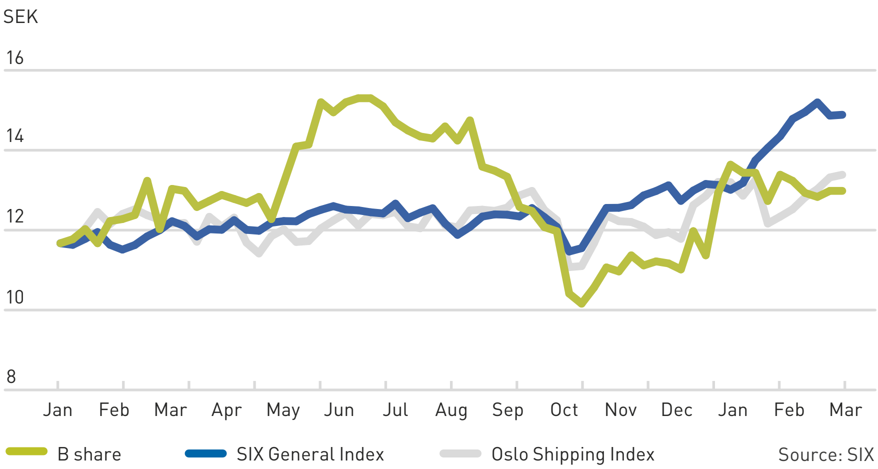


Financial comment

Concordia Maritime's share price was SEK 12.90 at the end of the year, corresponding to an increase of 10 percent from the beginning of the year. With equity per share of SEK 32.99, this means that the stock market at this point in time valued the share at 39 percent of equity. A market valuation of the company's ships (conducted by three independent ship brokers) has indicated a net asset value per share of SEK 25.80. This means that the stock market's valuation of the share is 50 percent of net asset value. Consequently, one of the challenges for 2015 is to communicate the share's fair value more clearly.

Ola Helgesson, CFO

Concordia Maritime's share price, 2014



Press releases 2014

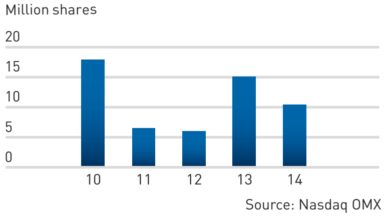
27/01/2014	New agreement with Total
14/02/2014	Cooperation agreement with Shell
20/02/2014	Year-end report, 1 Jan–31 Dec 2013
19/03/2014	Sale of jointly-owned tankers
24/03/2014	Notice of AGM 2014
07/04/2014	Annual report for 2013 published
29/04/2014	Interim report 1 Jan–31 March 2014
30/04/2014	Press release from AGM
22/05/2014	New contract with oil and gas company
04/06/2014	CFO Concordia Maritime leaving
14/08/2014	Interim report 1 Jan–30 June 2014
27/08/2014	Visit of US Ambassador Brzezinski
29/09/2014	Ola Helgesson new CFO
12/11/2014	Interim report 1 Jan–30 Sep 2014
28/11/2014	New time charter contract for two P-MAX tankers and pool with four vessels
10/12/2014	Increased exposure in crude oil segment
30/12/2014	Renewed agreement with oil and gas company

Dividend 2005–2014

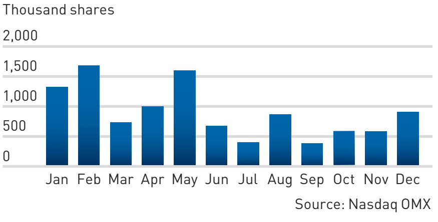
Year	Dividend per share, SEK	Dividend yield, %
2005	1.00	2.3
2006	1.00	1.8
2007	1.00	3.7
2008	1.00	6.6
2009	1.00	5.9
2010	1.00	4.9
2011	1.00	7.7
2012	0.50	4.9
2013	0.00	0.0
2014	0.00[1]	0.0

1) Proposed dividend.

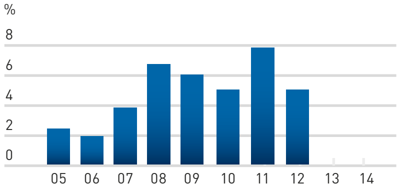
Share turnover, last five years



Share turnover, 2014



Dividend yield



Key figures for the share

	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Dividend, SEK	0.00[1]	0.00	0.50	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Dividend as % of net result after tax	n/a	n/a	–7	56	60	n/a	50	76	92	83
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	12.90	11.70	10.15	12.95	20.50	17.00	15.00	27.00	55.00	43.00
Dividend yield, %[2]	n/a	n/a	4.9	7.7	4.9	5.9	6.6	3.7	1.8	2.3
Total return, Concordia share, %	10	15	–17.8	–32.0	26.5	20.0	–40.7	–49.1	30.2	26.4
P/E ratio including ship sales	71.7	neg	neg	7.3	12.2	neg	7.5	20.5	50.5	35.8
P/E ratio excluding ship sales	neg	neg	neg	7.3	12.2	neg	—	—	—	2,150.0
Turnover of shares per year, millions	10.1	14.8	5.7	6.2	17.6	12.4	14.7	16.8	32.4	18.6
Turnover rate, %	21	31	12	13	37	26	33	38	74	43
Market value at year-end, SEK million	616	558	484	618	978	811	716	1,288	2,625	2,052
Number of shareholders	4,546	5,109	5,112	5,266	5,470	5,006	4,834	4,963	5,942	6,209
Equity per share	32.99	27.07	27.88	37.24	35.94	37.47	41.21	34.08	34.09	37.10

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

Shareholder categories

	Capital %	Votes %
Foreign owners	6.2	3.6
Swedish owners	93.8	96.4
of which		
Institutions	13.9	7.9
Unit trusts	0.7	0.4
Private individuals	26.9	15.3
Stena Sessan Rederi AB	52.3	72.8

Ownership concentration

	Capital %	Votes %
The 10 largest shareholders	70.6	83.2
The 20 largest shareholders	75.7	86.2
The 100 largest shareholders	85.9	92.0

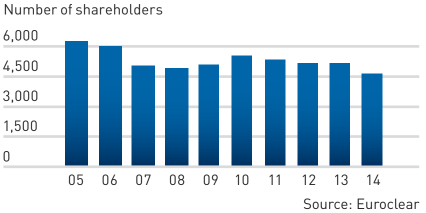
The 10 largest shareholders

	Capital %	Votes %
Stena Sessan Rederi AB	52.3	72.8
Fjärde AP-fonden	6.4	3.7
Svenska Handelsbanken	2.9	1.7
Nordea Swedish Ideas Equity FU	2.8	1.6
Stig Andersson	2.4	1.4
Avanza Pension Försäkring AB	1.7	1.0
Bengt Stillström	1.0	0.5
CBNY-DFA-INT SML CAP V	0.8	0.5
Locellus Invest AB	0.6	0.4
Ann Stillström	0.6	0.4

Shareholder structure

Shareholding	Owners	Shares	Capital, %	Votes, %
1–1,000	3,356	1,088,884	2.3	1.3
1,001–10,000	956	3,342,167	7.0	4.0
10,001–20,000	105	1,598,321	3.3	1.9
20,001–	129	41,700,426	87.4	92.8
Total	**4,546**	**47,729,798**	**100.0**	**100.0**

Shareholder trend, 2005–2014



Source: Euroclear

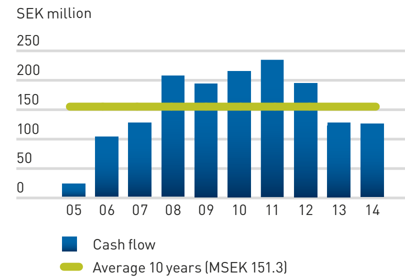
TEN-YEAR SUMMARY

	2014	2013	2012	2011	2010
Profit/loss items, SEK million					
Total income	531.2	467.8	543.4	559.6	513.4
Operating costs excluding impairment	–474.8	–467.4	–465.9	–452.0	–413.2
Operating result	56.4	0.4	77.5	107.6	100.2
of which result from ship sales	57.4	—	—	—	—
EBITDA	201.0	144.7	228.4	242.6	219.5
Result after financial items	16.5	–39.0	–369.4	76.3	76.9
Result after tax	8.7	–28.8	–356.0	84.8	80.4
Cash flow from operating activities[1]	121.8	124.1	190.5	231.1	210.7
Investments	87.9	64.7	428.3	330.1	638.6
Balance sheet items, SEK million					
Ships	3,129.7	2,914.8	3,063.4	3,289.5	2,919.6
(Number of ships)	11	12	12	11	10
Ships under construction	205.8	100.5	48.0	143.0	262.0
(Number of ships)	2	2	2	1	2
Cash and cash equivalents	136.6	106.0	144.4	128.2	68.3
Short-term investments	0	81.7	97.1	113.6	84.0
Other assets	243.7	203.5	127.8	83.9	127.4
Interest-bearing liabilities	2,038.9	1,994.0	1,993.3	1,815.4	1,596.1
Other liabilities and provisions	102.2	120.2	156.6	165.2	149.3
Equity	1,574.7	1,292.3	1,330.8	1,777.6	1,715.4
Total assets	3,715.8	3,406.5	3,480.7	3,758.2	3,460.8
Key ratios, %					
Equity ratio	42	38	38	47	50
Return on total capital	2	0	–9	3	2
Return on capital employed	2	0	–9	3	2
Return on equity	1	–2	–23	5	5
Per-share data, SEK					
Result after tax	0.18	–0.60	–7.46	1.78	1.68
of which result from ship sales	1.20	—	—	—	—
Cash flow[1]	2.55	2.60	3.99	4.84	4.41
Equity	32.99	27.07	27.88	37.24	35.94
Equity/net asset value	1.25	2.31	2.75	2.88	1.75
Share price at year-end	12.90	11.70	10.15	12.95	20.50
Dividend[2]	0.00	0.00	0.50	1.00	1.00
Dividend as % of net result after tax	n/a	n/a	n/a	56	60
Other					
P/E ratio including ship sales	71.7	neg	neg	7.3	12.2
P/E ratio excluding ship sales	neg	neg	neg	7.3	12.2
Number of shareholders	4,546	5,109	5,112	5,266	5,470

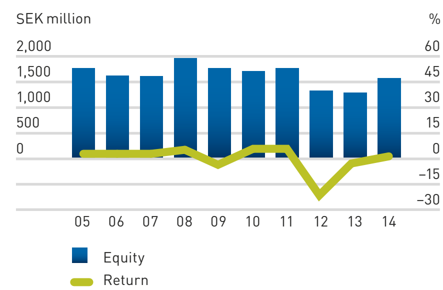
1) Ship sales not included.
2) For the year 2014, the dividend proposed to the 2015 AGM is stated.

	2009	2008	2007	2006	2005
	599.3	560.0	457.2	381.2	254.0
	–531.5	–473.6	423.2	376.5	312.0
	67.8	86.4	34.0	4.7	–1.8
	—	—	—	—	56.2
	160.8	162.6	91.5	38.7	–1.3
	–91.0	78.1	48.0	52.5	42.7
	–81.1	95.8	62.9	51.9	57.2
	189.6	203.2	121.1	100.0	20.4
	654.2	301.3	838.6	767.2	492.8
	2,265.0	2,059.6	1,769.6	1,048.7	304.2
	8	7	7	4	1
	619.0	536.3	158.3	222.3	384.7
	3	4	4	7	6
	82.5	31.3	55.6	30.2	280.4
	37.1	283.6	397.1	517.6	559.1
	367.8	575.7	429.6	413.7	368.9
	1,458.5	1,369.2	1,073.0	506.2	0.0
	124.6	150.3	110.7	99.3	126.4
	1,788.3	1,967.0	1,626.5	1,627.0	1,770.9
	3,371.4	3,486.5	2,810.2	2,232.5	1,897.3
	53	56	58	73	93
	3	3	4	4	5
	3	3	4	5	6
	–4	5	3	3	3
	–1.70	2.01	1.32	1.09	1.20
	—	—	—	—	1.18
	3.97	4.26	2.54	2.10	0.43
	37.47	41.21	34.08	34.09	37.10
	2.20	2.75	1.26	0.62	0.86
	17.00	15.00	27.00	55.00	43.00
	1.00	1.00	1.00	1.00	1.00
	n/a	50	76	92	83
	neg	7.5	20.5	50.5	35.8
	neg	—	—	—	2,150.0
	5,006	4,834	4,963	5,942	6,209

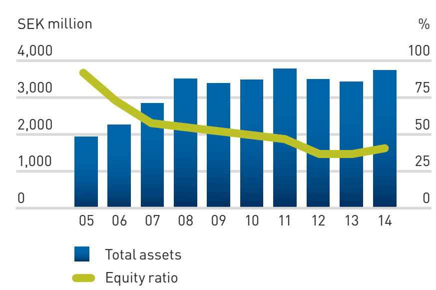
Cash flow from operating activities, excl. ship sales



Return on equity



Equity ratio




Stena Bulk

FINANCIAL INFORMATION

2014

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 2014. The Parent Company is Stena Sessan Rederi AB, which owns approx. 52 percent of the capital and 73 percent of the total voting rights, and its parent company is Stena Sessan AB.

Business summary

The majority (10 out of 11) of Concordia's wholly-owned vessels in its fleet were employed in the spot market in 2014. This means that vessel income is highly correlated with overall market developments. Consequently, the continuing weak market in 2014 resulted in relatively low income for Concordia Maritime.

P-MAX

Apart from *Stena Paris*, all ships in the P-MAX fleet were employed on the spot market at the end of the year under agreements with Stena Bulk, Stena Weco and ExxonMobil. *Stena Paris* sailed on one of Total's special routes from Southeast Asia to Polynesia. The contract with Total expired in mid-February 2015 after a short extension. *Stena Perros* and *Stena President* were chartered out to Stena Bulk at the end of 2014. The contract runs until the end of January 2016.

Panamax

At the end of the first quarter of 2014, an agreement was signed to sell the sisters *Stena Poseidon* and *Palva* (75,000 dwt), which were owned in a 50–50 joint venture with Neste. The vessels were launched in 2007, after which they were signed to 10-year time charters with Neste Oil. The two vessels were delivered to the buyer, Transport Maritime St-Laurent Inc., in May. The gain on the sale was then realised, as well as settlement from Neste for the prematurely broken charter contracts.

Suezmax

The suezmax tanker *Stena Supreme* (158,000 dwt) is employed on the spot market via Stena Sonangol Suezmax Pool, controlled by Stena Bulk and the Angolan state oil company Sonangol. In early December, a position in another suezmax tanker was taken, corresponding to a 50 percent charter of a tanker. The contract runs until December 2015.

Newbuilding program

The newbuilding program consists of two 50,000 dwt tankers from the Chinese Guangzhou Shipyard International Company Limited (GSI). The vessels, which are IMOIIMAX tankers, were ordered in June 2012 and are scheduled for delivery in the second and fourth quarters of 2015. Financing for the two vessels has been in place since February 2013. The plan is to employ the vessels on the spot market via 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 2014 did not indicate any impairment.

Disputes

In July 2013, 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* 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 case is currently in a discovery phase, which means that both parties' standpoints and demands are being examined carefully. The Company's fees for legal and similar assistance regarding this matter are charged to the Company's earnings as incurred.

The dispute concerning withholding tax in Switzerland has not been settled. The Company is not able to estimate how long it will be before the dispute is settled. A tax liability provision of USD 1.0 million related to this dispute was recognised in 2014.

Freight market trends

Product tanker market (MR)

The product tanker market remained relatively weak for much of 2014. However, the market took a strong upward turn in the fourth quarter. On a full year basis, the indexed average rates for transportation of heavy oil products were approx. USD 18,800 per day, representing an increase of about 70 percent from 2013. Freight rates for transportation of light oil products averaged approx. USD 12,300 per day, which was slightly lower than in 2013.

Large tanker market (suezmax)

The segment for transportation of crude oil also made a weak start to the year but finished strongly. Average income for the full year was USD 27,800 per day, which was about 79 percent higher than in the previous year.

Shipbuilding market trends

At the end of December, the price of a standard product tanker was about USD 37 million. The price of an IMOII class MR tanker like our IMOIIMAX vessels on order was about USD 40 million. This is about 15 percent higher than when the orders were placed in 2012. The price of a standard suezmax tanker at the end of the quarter was about USD 65 million.

Financial summary

Results and financial position

Total income in 2014 was SEK 531.2 (467.8) million. Result after financial items amounted to SEK 16.5 (–39.0) million. Result after tax was SEK 8.7 (–28.8) million, corresponding to a result per share of SEK 0.18 (–0.60).

Investments

Investments during the year amounted to SEK 87.9 (64.7) million and related to advance payments for the IMOIIMAX vessels in the newbuilding program.

Liquidity and financial position

The Group's available liquidity, including unutilised credit facilities, amounted to SEK 233.5 (242.1) million. Interest-bearing liabilities were SEK 2,038.9 (1,994.0) million. Equity totalled SEK 1,574.7 (1,292.3) million at the reporting date and the equity ratio was 42 (38) percent.

Remuneration policy for senior executives

Remuneration of the Chairman of the Board, Deputy Chairman and Board members is in accordance with the decision of the 2014 annual general meeting, which also corresponds to the proposed guidelines for 2015. 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 top 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. 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 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 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 and indemnity applies with no limitation of amount, except for responsibility 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 has also taken out standard insurance 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. The effects of economic fluctuations are, in the short term, greatest in the spot market, although a long-term recession would also affect the futures market.

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 collaboration to be one of Concordia Maritime's absolute strengths over competitors, even though the relationship is associated with a certain risk, as key services are purchased from only one supplier. Concordia Maritime and the Stena Sphere are also interconnected brands to a certain 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.

For Concordia Maritime, 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.

Safety and quality initiatives are therefore cornerstones of the Company's operations. However, the possibility of accidents occurring can never be discounted. Substantial resources are invested in continuously developing and optimising vessels, procedures and crews. The goal is to prevent the risk of accidents arising and to minimise the damage if an accident should nevertheless occur. Safety work is carried out on several different levels – during the design and construction of the actual vessel and its equipment and as part of a continuous process of identifying potential risks and dangerous operations. Strict reporting procedures give full control over all incidents – whether in port or at sea.

None of Concordia Maritime's vessels was involved in any type of incident that resulted in bunker oil or cargo discharging into the water in 2014.

Financial instruments and risk management

See notes 18 and 19.

The share

There were no new issues, stock dividend 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 fleet was mainly employed in the spot market at the end of the year. This means that the market's general development has a great impact on earnings and cash flow. There has been a strong start to 2015 and, looking at the market as a whole, several factors indicate that the positive trend will continue. In particular, the changes taking place in the refinery area, with a shift from European predominance to the Middle East and Asia, is resulting in increased transport distances. At the same time, a large number of vessels will be delivered in the coming year, which could have a dampening effect on the market. However, our overall assessment is that the market will continue to develop in a positive direction during 2015 and 2016. For our own part, the focus in 2015 will be on continued positioning and employment of the fleet based on given market conditions. We shall also be taking delivery of the two new IMOIIMAX vessels during the year. We have high hopes that their high load flexibility and energy efficiency will help us deliver good profitability – thereby creating scope for continuing growth.

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 67–76. 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*

After the end of the financial year, a further position was taken, corresponding to a 50 percent charter of one Suezmax tanker. The contract runs between August 2015 and July 2016.

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 16.6 million be distributed as follows:

SEK millions	2012	2013	2014
Dividend (47,729,798 shares)	23.9	0.00	0,00[1)]
Carried forward	7.1	83.7	16.6
Total	**31.0**	**83.7**	**16.6**

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, 2 April 2015.

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CONSOLIDATED INCOME STATEMENT AND OTHER COMPREHENSIVE INCOME

1 January–31 December, SEK millions	Note	2013	2014	2014 USD millions[1]
Time charter income		226.2	119.4	17.4
Spot charter income		241.4	351.2	51.2
Result from sale of investments in jointly-controlled entities		0	57.4	8.4
Other external income		0.2	3.2	0.5
Total income	3, 9, 20	**467.8**	**531.2**	**77.5**
Operating costs, ships	2	–132.1	–137.0	–20.0
Personnel costs, temporary seagoing	4	–130.8	–138.0	–20.1
Other external costs	5	–38.4	–38.0	–5.5
Personnel costs, land-based	4	–21.8	–17.0	–2.5
Depreciation	8	–144.3	–144.7	–21.1
Total operating costs	2, 9, 23	**–467.4**	**–474.8**	**–69.2**
Operating result before impairment		**0.4**	**56.4**	**8.2**
Impairment	8	0.0	0.0	0.0
Operating result after impairment		**0.4**	**56.4**	**8.2**
Finance income		8.3	5.6	0.8
Finance costs		–47.7	–45.4	–6.6
Financial net	6	**–39.4**	**–39.8**	**–5.8**
Result before tax		**–39.0**	**16.5**	**2.4**
Tax	7	10.2	–7.8	–1.1
Result for the year attributable to owners of the parent		**–28.8**	**8.7**	**1.3**
Other comprehensive income				
Items that have been/can be transferred to result for the period	7, 14			
Translation differences for the year, foreign operations		–1.3	259.8	37.9
Change in fair value of available-for-sale financial assets		–1.5	–3.2	–0.5
Changes in fair value of cash flow hedges, currency-related		–1.7	0	0
Changes in fair value of cash flow hedges, interest-related		19.1	17.1	2.5
Changes for the year in tax attributable to items reclassified to result for the period		–0.4	0	0
Total other comprehensive income for the year		**14.2**	**273.7**	**39.9**
Comprehensive income for the year attributable to owners of the parent		**–14.6**	**282.4**	**41.2**
Result per share, before/after dilution	14	**–0.60**	**0.18**	**0.03**

1) Unaudited, see note 1.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 December, SEK millions	Note	2013	2014	2014 USD millions[1]
ASSETS				
Non-current assets	9, 21			
Ships	3, 8	2,914.8	3,129.7	400.6
Ships under construction	8	100.5	205.8	26.4
Equipment	8	0.8	0.8	0.1
Non-current receivables	11	9.4	0.0	0.0
Total non-current assets		**3,025.5**	**3,336.3**	**427.1**
Other current receivables	11	141.8	158.4	20.3
Prepayments and accrued income	12	51.5	84.5	10.8
Short-term investments	10, 18, 19	81.7	0.0	0.0
Cash and cash equivalents	13, 25	106.0	136.6	17.5
Total current assets		**381.0**	**379.5**	**48.6**
TOTAL ASSETS		**3,406.5**	**3,715.8**	**475.7**
Equity	14			
Share capital		381.8	381.8	48.9
Other paid-in capital		61.9	61.9	7.92
Reserves		12.3	286.1	36.5
Retained earnings, incl. result for the year		836.3	844.9	108.2
Total equity		**1,292.3**	**1,574.7**	**201.5**
LIABILITIES				
Non-current liabilities	9, 18, 19			
Liabilities to credit institutions	15	1,862.7	1,832.2	234.5
Deferred tax liabilities	7	0.0	0.0	0.0
Total non-current liabilities		**1,862.7**	**1,832.2**	**234.5**
Current liabilities	9, 18, 19			
Liabilities to credit institutions	15	131.3	206.6	26.5
Trade payables		7.9	1.0	0.1
Other liabilities	16	30.6	14.6	1.9
Accruals and deferred income	17	81.7	86.6	11.1
Total current liabilities		**251.5**	**308.8**	**39.6**
TOTAL EQUITY AND LIABILITIES		**3,406.5**	**3,715.8**	**475.7**

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 2014	381.8	61.9	29.4	3.2	–20.3	836.3	1,292.3
Comprehensive income for the year							
Result for the year						8.7	8.7
Other comprehensive income for the year			259.9	–3.2	17.1		273.8
Comprehensive income for the year	0	0	**259.9**	**–3.2**	**17.1**	**8.7**	**282.4**
Transactions with owners of the parent							
Dividend							0
Closing equity, 31 Dec 2014	**381.8**	**61.9**	**289.3**	**0.0**	**–3.2**	**844.9**	**1,574.7**

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**

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

CONSOLIDATED CASH FLOW STATEMENT

1 January–31 December, SEK millions	Note	2013	2014	2014 USD millions[1]
	25			
Operating activities				
Result before tax		–39.0	16.5	2.1
Adjustment for non-cash items		163.1	105.3	13.5
Cash flow from operating activities before changes in working capital		**124.1**	**121.8**	**15.6**
Cash flow from changes in working capital				
Increase (–)/Decrease (+) in operating receivables		–66.6	–21.0	–2.7
Increase (+)/Decrease (–) in operating liabilities		–21.1	–15.2	–1.9
Cash flow from operating activities		**36.4**	**85.6**	**11.0**
Investing activities				
Acquisition of property, plant and equipment		–64.7	–87.9	–11.2
Disposal of property, plant and equipment		0.0	237.6	30.4
Acquisition of financial assets		–34.3	0.0	0.0
Disposal of financial assets		46.4	90.2	11.5
Cash flow from investing activities		**–52.6**	**239.9**	**30.7**
Financing activities				
New loans		156.2	117.2	15.0
Amortisation of loans		–154.5	–434.9	–55.7
Dividends paid to equity-holders of the parent		–23.9	0.0	0.0
Cash flow from financing activities		**–22.2**	**–317.7**	**–40.7**
Cash flow for the year		–38.4	7.8	1.0
Cash and cash equivalents at beginning of year		144.4	106.0	13.6
Exchange differences		0.0	22.8	2.9
Cash and cash equivalents at end of year		**106.0**	**136.6**	**17.5**

1) Unaudited, see note 1.

INCOME STATEMENT AND OTHER COMPREHENSIVE INCOME – PARENT COMPANY

1 January–31 December, SEK millions	Note	2013	2014
Net sales	3	0.8	2.0
Total income		**0.8**	
Other external costs	5	–14.3	–15.4
Personnel expenses	4	–17.6	–12.6
Depreciation and amortisation	8	0.0	0.0
Operating result	23	**–31.1**	**–26.0**
Result from financial items:			
Result from subsidiaries		108.0	0.0
Other interest and similar income		16.2	12.8
Interest and similar expense		–23.2	–53.9
Financial net	6	**101.0**	**–41.1**
Result after financial items		**69.9**	**–67.1**
Result before tax		**69.9**	**–67.1**
Tax	7	6.7	0.0
Result for the year[1)]		**76.6**	**–67.1**

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

STATEMENT OF FINANCIAL POSITION – PARENT COMPANY

31 December, SEK millions	Note	2013	2014
ASSETS			
Non-current assets			
Property, plant and equipment	8	0.1	0.1
Financial assets			
Investments in Group companies	24	745.8	745.8
Other non-current receivables	11	0.0	0.0
Deferred tax assets	7	34.3	34.3
Total financial assets		780.1	780.1
Total non-current assets		**780.2**	**780.2**
Current assets			
Current receivables			
Other receivables	11	0.3	0.2
Prepayments and accrued income	12	1.9	2.6
Total current receivables		2.2	2.8
Receivables from Group companies		1,395.7	1,399.6
Cash and bank balances	25	11.0	119.4
Total current assets		**1,408.9**	**1,521.8**
TOTAL ASSETS		**2,189.1**	**2,302.0**
EQUITY AND LIABILITIES			
Equity	14		
Restricted equity			
Share capital		381.8	381.8
Statutory reserve		138.3	138.3
Unrestricted equity			
Retained earnings		7.1	83.7
Result for the year		76.6	–67.1
Total equity		**603.8**	**536.7**
Non-current liabilities	18, 19		
Liabilities to credit institutions	15	1,445.7	1,544.8
Liabilities to Group companies	23	27.4	27.4
Other liabilities	16	0.0	0.0
Total non-current liabilities		**1,473.1**	**1,572.2**
Current liabilities	18, 19		
Liabilities to credit institutions	15	96.8	181.6
Trade payables		1.3	1.0
Liabilities to Group companies	23	0.0	0.0
Other liabilities		0.3	0.6
Accruals and deferred income	17	13.8	9.9
Total current liabilities		**112.2**	**193.1**
TOTAL EQUITY AND LIABILITIES		**2,189.1**	**2,302.0**

PLEDGED ASSETS AND CONTINGENT LIABILITIES – PARENT COMPANY

31 December, SEK millions	Note	2013	2014
Pledged assets	22	65.1	78.1
Contingent liabilities	22	281.2	312.5

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 2014	381.8	138.3	7.1	76.6	603.8
Result for previous year			76.6	–76.6	0.0
Result for the year				–67.1	–67.1
Dividends					0.0
Closing equity, 31 Dec 2014	**381.8**	**138.3**	**83.7**	**–67.1**	**536.7**

	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
Dividends			–23.9		–23.9
Closing equity, 31 Dec 2013	**381.8**	**138.3**	**7.1**	**76.6**	**603.8**

CASH FLOW STATEMENT – PARENT COMPANY

1 January–31 December, SEK millions	Note	2013	2014
	25		
Operating activities			
Result before tax		69.9	–67.1
Adjustment for non-cash items		–0.3	192.3
Cash flow from operating activities before changes in working capital		**69.6**	**125.2**
Cash flow from changes in working capital			
Increase (–)/Decrease (+) in operating receivables		–100.7	–0.6
Increase (+)/Decrease (–) in operating liabilities		1.6	–3.9
Cash flow from operating activities		**–29.5**	**120.7**
Investing activities			
Disposal of financial assets		0.0	0.0
Cash flow from investing activities		**0.0**	**0.0**
Financing activities			
New loans		109.3	117.2
Amortisation of loans		–141.4	–233.5
Anticipated dividend		108.0	0.0
Dividend paid		–23.9	0.0
Dividend received		0.0	107.9
Cash flow from financing activities		**52.0**	**–8.4**
Cash flow for the year		22.5	112.3
Cash and cash equivalents at beginning of year		1,384.2	1,406.7
Cash and cash equivalents at end of year		**1,406.7**	**1,519.0**

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 2 April 2015. 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 28 April 2015.

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 2014 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=6.8577 and closing rate USD 1.00=7.8117. 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 ventures and by making any necessary adaptations to the Group's policies.

New accounting policies 2014

New and amended IFRSs during the year did not have any significant effect on the consolidated financial statements.

New accounting policies effective in or after 2015

A number of new and amended IFRSs are effective in the next annual financial period. These have not been applied early in the preparation of 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 9 Financial Instruments is intended to replace IAS 39 Financial Instruments: Recognition and Measurement. The IASB has now completed a full "package" of amendments relating to accounting for financial instruments. The package contains a model for classification and measurement of financial instruments, a forward-looking impairment model and a substantially reformed approach to hedge accounting. IFRS 9 is effective for annual periods beginning on or after 1 January 2018 and earlier application is permitted provided the EU adopts the standard. As yet, there is no official timetable available for likely EU adoption. An assessment has not yet been made of the potential effects of IFRS 9.

IFRS 15 Revenue from Contract with Customers. The purpose of the new revenue standard is to replace existing revenue standards and interpretations with a single principles-based model for all sectors and industries. Three options are available for transition to the standard: i) full retrospective application; ii) partial retrospective application (with certain exemptions being available); or iii) retention of figures for contracts reported under previous standards (IAS 11/IAS 18), while recognising the cumulative effect of applying IFRS 15 as an adjustment to equity as at 1 January 2017. IFRS 15 is effective for annual periods beginning on or after 1 January 2017 and early application is permitted provided the EU adopts the standard.

Basis of consolidation

Subsidiaries

Subsidiaries are entities in which Concordia Maritime AB (publ) owns more than 50% of the shares or 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
• depreciation/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. Investments in joint ventures were previously accounted for in the consolidated financial statements using proportionate consolidation. The Group has accounted for its share of the assets, liabilities, income and expenses in the consolidated income statement and statement of financial position. Only equity earned after the acquisition is recognised in equity. In the second quarter of 2014, the sale of the former joint venture shares were reported as "Result from sale of investments in jointly-controlled entities" in the consolidated income statement and cash flow statement. As at 31 December 2014, there were no joint ventures in the Group.

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 exchange differences relating to that operation, net of any hedging, are reclassified to profit or loss.

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.

Note 1 contd.

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 statement of financial position include cash & 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 statement of financial position when the Company becomes a party to the contractual provisions of the instrument. 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 in the statement of financial position 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 statement of financial position 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–viii) 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 (discontinued in 2014) was previously 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) 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.

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.

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.

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.

Derivatives are initially recognised at fair value, with transaction costs recognised in the income statement. Subsequent to initial recognition, derivative instruments are measured at fair value, with any fair value changes recognised in other comprehensive income.

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 in the statement of financial position 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 statement of financial position 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 statement of financial position. 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 & fittings	2–5 years

Assessment of an asset's useful life is made on a six-monthly 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 profit/loss for the year.

Provisions

A provision is recognised in the statement of financial position 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 or the amount cannot be measured reliably.

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

Note 1 contd.

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 2013	Q4 2014	Q3 2013	Q3 2014	Q2 2013	Q2 2014	Q1 2013	Q1 2014	Full year 2013	Full year 2014
P-MAX (time charter)	2.4	0.4	4.3	0.4	3.5	1.6	4.9	2.6	15.1	5.0
P-MAX (spot)	–0.2	4.4	2.4	2.2	1.7	0.5	2.4	3.7	6.3	10.8
Panamax	0.9	0.0	0.8	0.0	1.4	11.9	1.3	1.1	4.4	13.0
Suezmax	0.9	1.9	0.8	1.3	0.6	0.6	0.7	2.1	3.0	5.9
Admin. and other	–2.6	–1.4	–1.4	–1.1	–1.3	–1.4	–1.3	–1.5	–6.6	–5.4
Total	**1.4**	**5.3**	**6.9**	**2.8**	**5.9**	**13.2**	**8.0**	**8.0**	**22.2**	**29.3**

0% of accumulated sales is attributable to profit sharing. The Company reports depreciation of regular maintenance as an operating cost. This amounts to SEK 13.7 million for 2014 and SEK 16.1 million for 2013. Result from the sale of investments in joint ventures and compensation for loss of charter income in Q2 2014 totalled USD 12.2 million.

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	2013	2014
Income		
USA	119.8	189.7
Switzerland	78.4	156.4
Netherlands	27.3	45.6
Singapore	28.1	31.6
Other	214.2	107.6
Total income	**467.8**	**531.0**

The Parent Company's net sales in 2014 relate to consultancy income.

	Total	
Group, SEK millions	2013	2014
Non-current assets		
Bermuda	2,555.5	2,923.2
Finland	171.9	0.0
UK	187.4	206.5
Total non-current assets (ships)	**2,914.8**	**3,129.7**

Largest customers by income

The Group generated income of SEK 531 million in 2014. Two customers accounted for more than 10% of total income during the year, with shares of 31% (corresponding to SEK 165 million) and 11% (corresponding to SEK 58 million).

The Group's total income in 2013 was SEK 468 million. Two customers accounted for more than 10% of total income during the year, with shares of 10% (corresponding to SEK 47 million) and 12% (corresponding to SEK 56 million).

4 Employees and personnel expenses

Employee benefits expenses

Group, SEK millions	2013	2014
Salaries and other benefits	15.8	11.9
Pension costs, defined contribution plans	2.0	2.2
Social security contributions	4.0	2.9
	21.8	**17.0**

Gender distribution in Company Management

	2013	2014
Parent company	Proportion female	Proportion female
Board	0%	11%
Other senior executives	50%	0%
Group		
Board	0%	11%
Other senior executives	75%	50%

Salaries, employee benefits and social security contributions

	2013		2014	
Parent, SEK millions	Salaries and other benefits	Social security contributions	Salaries and other benefits	Social security contributions
Parent company	14.9	5.9	8.5	4.6
(of which pension costs)		1.7		1.9

SEK 1,815.0 (1,729.1) 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.

Average number of employees

Parent company	2013	Of which male	2014	Of which male
Sweden	3	33%	3	67%
Parent total	**3**	**33%**	**3**	**67%**
Subsidiaries				
Switzerland	2	0%	2	0%
Bermuda	1	0%	1	0%
Subsidiaries total	**3**	**0%**	**3**	**0%**
Group total	**6**	**17%**	**6**	**33%**

The Company employs temporary workers (404 in 2014 and 388 in 2013) on its owned vessels.

Salaries and other employee benefits (Board, CEO, Senior Executives and other employees) by country

	2013		2014	
Group, SEK millions	Board, CEO and Management	Other employees	Board, CEO and Management	Other employees
Parent: Sweden	14.6	0.3	9.8	0.4
Subsidiaries: Switzerland	2.2	0.7	2.2	0.8
Subsidiaries: Bermuda	1.0	0.0	1.1	
Group total	**17.8**	**1.0**	**13.1**	**1.2**
(of which Board fees)	(2.3)		(2.4)	

The Board, CEO and Management group comprises 15 (15) 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 company	
SEK millions	31/12/2013	31/12/2014	31/12/2013	31/12/2014
Costs for defined contribution plans	2.0	2.3	1.7	1.9

Note 4 contd.

Senior executives' remuneration and benefits (Parent)

Salary and other benefits during the year, SEK thousands	2013 Basic salary/ directors' fees	2013 Variable pay	2013 Other benefits	2013 Pension cost	2013 Total	2014 Basic salary/ directors' fees	2014 Variable pay	2014 Other benefits	2014 Pension cost	2014 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	2,874	6,077	138	1,352	10,441	3,534	831	104	1,385	5,849
Other senior executives	1,639	105	78	377	2,199	1,417	260	67	430	2,174
Total	**6,513**	**6,182**	**216**	**1,729**	**14,640**	**6,941**	**1,091**	**171**	**1,815**	**10,023**

The number of other senior executives in 2014 was one. The number in 2013, was two in the first half of the year and one in the second half of 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 for 2013 includes a severance payment of SEK 5.4 million, which is equivalent to two years' salary.

5 Auditors' fees and remuneration

SEK millions	Group 2013	Group 2014	Parent company 2013	Parent company 2014
KPMG				
Audit services	1.3	1.5	0.8	0.9
Tax advisory services	0.6	0.5	0.0	0.0
Other services	0.1	0.3	0.1	0.3
	2.0	**2.3**	**0.9**	**1.2**

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	2013	2014
Interest income from available-for-sale financial assets	6.4	1.5
Result from disposal of available-for-sale financial assets	1.8	4.1
Currency trading	0.1	0.0
Finance income	**8.3**	**5.6**
Interest expense on bank loans (including effect of swaps)	46.1	42.6
Other finance costs	1.6	2.9
Finance costs	**47.7**	**45.5**
Financial net	**–39.4**	**39.8**

Note 6 contd.

Parent, SEK millions	Result from other securities and receivables 2013	2014	Interest and similar income 2013	2014
Interest income, other			13.8	12.8
Changes arising from remeasurement of financial assets at fair value	2.4			
Result from subsidiaries	108.0	0		
Finance income	**110.4**	**0**	**13.8**	**12.8**

Parent, SEK millions	Interest and similar expense 2013	2014
Interest expense on bank loans (including effect of swaps)	22.5	17.9
Changes in value arising from remeasurement of financial assets	0.0	0.0
Exchange differences	0.4	34.0
Other finance costs	0.3	1.9
Finance costs	**23.2**	**53.8**
Financial net	**101.0**	**–41.0**

7 Taxes

Recognised in the income statement

Group, SEK millions	2013	2014
Current tax expense(–)/ tax income(+)	–9.5	0
Deferred tax on temporary differences	8.0	–10.4
Deferred tax expense in tax loss carryforward capitalised during year	11.7	2.6
Effect of changed tax rate	0.0	0.0
Total recognised tax expense for Group	**10.2**	**–7.8**

Parent, SEK millions	2013	2014
Deferred tax on temporary differences	–0.7	0
Deferred tax income/expense in tax loss carryforward capitalised during year	7.4	0
Effect of changed tax rate	0.0	0
Total recognised tax expense for Parent	**6.7**	**0**

Reconciliation of effective tax

Group, SEK millions	2013, %	2013	2014, %	2014
Result before tax		–39.0		16.5
Tax according to parent's enacted tax rate	22	8.6	22	–3.6
Effect of different tax rates for foreign subsidiaries	11	4.4	38	6.2
Non-deductible expenses	2	–0.9	2	–0.4
Increase in loss carryforwards without corresponding capitalisation of deferred tax	0	0.0	87	–14.42
Capitalisation of previously unused loss carryforwards	0	0.0	16	2.6
Tax attributable to prior years	0	0.0	11	1.8
Deferred tax on temporary differences	5	–1.9	0	0.0
Recognised effective tax	**26**	**10.2**	**47**	**–7.8**

Note 7 contd.

Parent, SEK millions	2013, %	2013	2014, %	2014
Result before tax		69.9		–67.1
Tax according to parent's enacted tax rate	22	–15.4	22	14.8
Non-deductible expenses	1	–0.9	0	–0.4
Non-taxable income	34	23.7	0	0.0
Increase in loss carryforwards not resulting in corresponding increase in deferred tax	0	0.0	22	–14.4
Deferred tax on temporary differences	1	–0.7	0	0.0
Recognised effective tax	**10**	**6.7**	**0**	**0.0**

Tax items recognised in other comprehensive income

Group, SEK millions	2013	2014
Tax attributable to exchange differences in translation reserve	0.1	0
Tax attributable to fair value reserve for available-for-sale financial assets	0.0	0
Tax attributable to hedging reserve, cash flow hedges	–0.5	0
Total tax recognised in other comprehensive income	**–0.4**	**0**

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	2013	2014	2013	2014
Tax loss carryforwards	45.6	48.2		
Temporary differences, property, plant and equipment (excess depreciation)			36.3	46.7
Other temporary differences	0.0	–0.9		
Tax assets/liabilities	**45.6**	**47.3**	**36.3**	**46.7**
Offsetting	–36.3	–46.7	–36.3	–46.7
Total tax assets/liabilities, net	**9.3**	**0.6**	**0.0**	**0.0**

Temporary differences attributable to property, plant and equipment are related to *Stena Primorsk* reported in the CM P-MAX III branch. The deferred tax liability is SEK 46.7 million. This is an increase of SEK 10.4 million which is recognised in the income statement. The tax loss carryforwards are related to the losses in Concordia Maritime AB and the CM P-MAX II branch. The deferred tax receivable is SEK 48.2 million. This is an increase of SEK 2.6 million which is recognised in the income statement.

Recognised deferred tax assets and liabilities

Deferred tax assets and liabilities are as follows:

	Deferred tax asset/liability	
Parent, SEK millions	2013	2014
Tax loss carryforwards	34.3	34.3
Other temporary differences		
Tax assets/liabilities, net	**34.3**	**34.3**

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

The Group's tax loss carryforwards are as follows:

SEK millions	2013	2014
Sweden	206.3	286.5
Total	**206.3**	**286.5**

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 2014	4,115.8	100.5	2.7	4,219.0
Purchases	15.0	85.1	0	100.9
Reclassification to Ships				
Sale/Scrapping	–382.1			–382.1
Exchange differences	823.0	20.2		843.1
Closing balance, 31 December 2014	**4,571.7**	**205.8**	**2.7**	**4,780.1**
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**

Group, SEK millions	Ships	Ships under construction	Equipment	Total
Depreciation and impairment				
Opening balance, 1 January 2014	1,201.1		1.8	1,202.9
Depreciation for the year	144.4		0.3	144.7
Depreciation for the year, periodic maintenance	13.7			13.7
Sale/Scrapping	–94.4			–94.4
Exchange differences	177.2			177.2
Closing balance, 31 December 2014	**1,442.0**		**2.1**	**1,444.1**
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
Impairment	0.0			0.0
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**
Carrying amounts				
1 January 2014	2,914.8	100.5	0.8	3,016.1
31 December 2014	**3,129.7**	**205.8**	**0.6**	**3,336.1**
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**

Borrowing costs

Group 2014, SEK millions	Ships under construction	Total
Borrowing costs included in the asset's cost during the reporting period	4.9	**4.9**
Average interest rate for determining the borrowing costs included in the cost of acquisition, %	1.2	

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	

Parent, SEK millions	Equipment	Total
Cost of acquisition		
Opening balance, 1 January 2014	0.7	0.7
Purchases	0	0
Closing balance, 31 December 2014	**0.7**	**0.7**
Opening balance, 1 January 2013	0.6	0.6
Purchases	0.1	0.1
Closing balance, 31 December 2013	**0.7**	**0.7**
Depreciation		
Opening balance, 1 January 2014	0.6	0.6
Closing balance, 31 December 2014	**0.6**	**0.6**
Opening balance, 1 January 2013	0.6	0.6
Closing balance, 31 December 2013	**0.6**	**0.6**
Carrying amounts		
1 January 2014	0.1	0.1
31 December 2014	**0.1**	**0.1**
1 January 2013	0.0	0.0
31 December 2013	**0.1**	**0.1**

Collateral

At 31 December 2014, vessels with a carrying amount of SEK 3,129.7 (2,914.8) 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 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 Company considers that the entire fleet of ships together constitutes a cash-generating unit. The vessels in the fleet are interchangeable as all vessels can carry the same type of cargo, and the fleet is monitored internally as a whole. On assessing the value of the assets at 31 December 2014, there was no indication of impairment, nor were there any grounds for reversing the previous impairment loss in 2012.

9 Investments in joint ventures

Group

The Group had a 50-percent holding in the joint-venture companies Terra Ltd and Lacus Ltd, two companies engaged in shipping activities. These holdings were sold in 2014.

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	2013	2014
Income	47.6	37.8
Expenses	–32.9	–15.3
Result	**14.7**	**22.5**
Non-current assets	171.9	0
Current assets	88.3	0
Total assets	**260.2**	**0**
Non-current liabilities	156.7	0
Current liabilities	23.5	0
Total liabilities	**180.2**	**0**
Net assets/net liabilities	**80.0**	**0**

10 Financial investments

Group, SEK millions	31/12/2013	31/12/2014
Short-term investments that are current assets		
Available-for-sale financial assets		
Bonds	81.7	0.0
Financial assets held for trading		
Other holdings	0.0	0.0
	81.7	**0.0**

11 Non-current and current receivables

Group, SEK millions	31/12/2013	31/12/2014
Non-current receivables that are non-current assets		
Deferred tax assets	9.3	0.6
Other non-current receivables	0.1	0.2
	9.4	**0.8**
Other receivables that are current assets		
Other current receivables	141.8	158.4
	141.8	**158.4**

Parent, SEK millions	31/12/2013	31/12/2014
Non-current receivables		
Endowment insurance for pension obligations	0.0	0.0
	0.0	**0.0**
Current receivables		
Other receivables	0.3	0.2
	0.3	**0.2**
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 company	
SEK millions	31/12/2013	31/12/2014	31/12/2013	31/12/2014
Other prepayments	31.2	66.2	0.3	0.2
Accrued finance income	20.3	18.3	1.6	2.4
	51.5	**84.5**	**1.9**	**2.6**

13 Cash and cash equivalents

Group, SEK millions	31/12/2013	31/12/2014
The following components are included in cash and cash equivalents:		
Cash and bank balances	106.0	136.6
Total reported in balance sheet	**106.0**	**136.6**
Total reported in cash flow statement	**106.0**	**136.6**

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	2013	2014
Result per share	–0.60	0.18

Summary of issued shares

Number	2013	2014
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 (0.00) per share. The dividend is subject to approval by the AGM on 28 April 2015.

SEK millions	2013	2014
SEK 0.00 (0.00) per share	0.0	0.0

Equity – reconciliation of reserves for the Group

SEK millions	Translation reserve	Fair value reserve	Hedging reserve
Opening carrying amount, 1 Jan 2013	30.6	4.7	–37.2
Translation differences for the year	–1.3		
Gain/loss on hedging of currency risk in foreign operations		–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 Dec 2013	**29.4**	**3.2**	**–20.3**

SEK millions	Translation reserve	Fair value reserve	Hedging reserve
Opening carrying amount, 1 Jan 2014	29.4	3.2	–20.3
Translation differences for the year	259.9		
Changes in fair value of available-for-sale financial assets		–3.2	
Changes in fair value of cash flow hedges			17.1
Closing carrying amount, 31 Dec 2014	**289.3**	**0**	**–3.2**

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	31/12/2013	31/12/2014
Bank loans	1,862.7	1,832.2
Total non-current liabilities	**1,862.7**	**1,832.2**

Group, SEK millions	31/12/2013	31/12/2014
Bank loans	131.3	206.6
Total current liabilities	**131.3**	**206.6**

Parent, SEK millions	31/12/2013	31/12/2014
Bank loans	1,445.7	1,544.8
Liabilities to Group companies	27.4	27.4
Total non-current liabilities	**1,473.1**	**1,572.2**

Parent, SEK millions	31/12/2013	31/12/2014
Bank loans	96.8	181.6
Total current liabilities	**96.8**	**181.6**

The short-term and long-term bank loans above comprise the Group's total interest-bearing liabilities of SEK 2,038,8 million. These bank loans relate to the items "Bank loan – revolving credit facility" and "Bank loan – suezmax" which are shown in note 19. In 2015, a new bank loan relating to the IMOIIMAX vessels will be reported.

The Group has credit agreements totalling USD 324.1 (327.3) million. At the end of the year, USD 261.0 (306.4) million of the amount had been utilised. The agreement is subject to the fulfilment of certain industry-standard covenants. 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	31/12/2013	31/12/2014
Other current liabilities		
Liabilities to other related parties	0.0	0.0
Current tax	9.5	11.4
Other current liabilities	0.8	0.0
Derivatives	20.3	3.2
	30.6	**14.6**

17 Accruals and deferred income

	Group		Parent company	
SEK millions	31/12/2013	31/12/2014	31/12/2013	31/12/2014
Accrued voyage costs, ships	52.3	61.4	0.0	0.0
Accrued personnel expenses	8.5	2.0	8.5	1.9
Other accruals	13.0	15.4	3.9	4.1
Accrued interest expense	1.8	3.9	1.4	3.9
Deferred income	6.1	3.9	0.0	0.0
	81.7	**86.6**	**13.8**	**9.9**

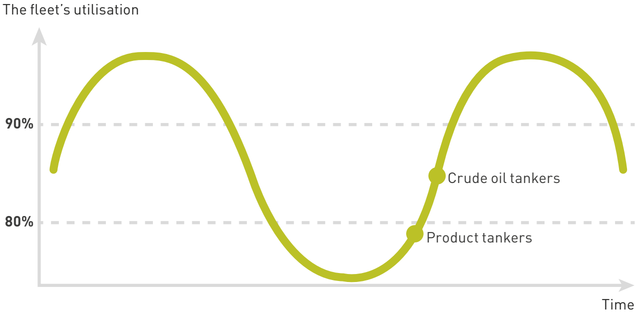
18 Financial risks

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 fleet growth of 10% over a business cycle, a return on equity of 10% and an equity/assets ratio of at least 40% over a business cycle.

Historical outcome of financial targets

		Outcome				
	Mål	2010	2011	2012	2013	2014
Growth	10% average fleet growth over a business cycle	23	0	4	0	–4
Profitability	10% return on equity	5	5	–23	–2	1
Equity/ assets	at least 40% over a business cycle	50	47	38	38	42

The outcome of Concordia Maritime's financial targets is strongly related to the market's general development. The Company's present assessment of the product and crude oil tanker segment's placement in the shipping cycle is shown in the illustration below.



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. The Group has secured funding equivalent to approx. 70% of the total investment amount for the suezmax tanker. Funding for the two IMOIIMAX vessels ordered in June 2012 was finalised in February 2013 and corresponded to 65% of the total investment amount.

Externally imposed capital requirements comprise the financial covenants to which the Group's bank loans are subject. The Company reports the outcome of these financial covenants to the banks each quarter and the market value (based on analyses from three independent brokers) of the owned vessels twice a year (the valuation dates are 30 June and 31 December). The Company has not broken any of the banks' financial covenants and fulfils the externally imposed capital requirements.

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. There was no further hedging of the Group's interest-bearing securities (corporate bonds) in 2014. The corporate bonds were sold in 2014. The finance department continuously monitors the interest rate market and provides recommendations to the Board on any necessary interest rate hedging. At 31 December 2014, the Group had entered into interest rate swaps corresponding to USD 100 million. 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 –3.2 (–20.3) 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.

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 31/12/2013 and SEK 7.81 at 31/12/2014. There is no equity hedging at present.

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.

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 affected by currency exposure as liabilities in USD are not fully matched by assets in USD.

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.

Similarly, a general increase of 1% in the US LIBOR rate would reduce the Group's result before tax by SEK 20.4 (19.9) million at 31 December 2014.

Fair value measurement

The following description summarises the methods and assumptions used to determine the fair values of the financial instruments in note 19. The fair value of available-for sale financial assets (corporate bonds sold in 2014) is measured according to level 1, in accordance with 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.

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. 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. The nominal amount of the liabilities in the loans' original currency, USD, is multiplied by the year-end closing rate of 7.8117 to report the total of loan amount in USD.

Group, SEK millions	31/12/2013	31/12/2014	Interest rate, %	Fixed-interest period	Effective interest, %	Currency	Nominal amount in original currency, USD thousands
Corporate bond portfolio	81.7	0					
Bank loan – revolving credit facility	–1,542.5	–1,726.4	0.40	3-12 months	1.20	USD	221,000
Bank loans	–451.5	–312.5	0.35	6 months	2.50	USD	40,000

Note 19 contd.

Group, SEK millions	2013 Total	2013: 2014 1 year	2013: 2015 2 years	2013: 2016 3 years	2013: 2017 4 years	2013: 5 or more years	2014 Total	2014: 2015 1 year	2014: 2016 2 years	2014: 2017 3 years	2014: 2018 4 years	2014: 5 or more years
Corporate bonds	81.7	0.0	18.9	44.3	11.3	7.2	0					
Bank loan – revolving credit facility	–1,542.5	–157.8	–157.8	–157.8	–1,069.1		–1,726.3	–181.6	–189.4	–1,355.3		
Bank loan – suezmax	–451.5	–34.5	–35.2	–35.9	–148.0	–197.9	–314.3	–25.0	–25.3	–25.6	–25.9	–212.5
Bank loan – IMOIIMAX							–12.7	399.4	–27.1	–27.4	–27.7	–329.9
Trade payables	–7.9	–7.9					–1	–1				
Interest rate swaps	–20.3		–20.3				–3.2	–3.2				
Interest on bank loan – revolving credit facility	–57.7	–18.1	–17.2	–15.3	–7.1	0	–39.6	–17.2	–15.3	–7.1		
Interest on bank loan – suezmax	–31.0	–6.7	–6.3	–5.8	–5.2	–7.0	–24.3	–6.3	–5.8	–5.2	–4.7	–2.3
Interest on bank loan – IMOIIMAX							–55.2	–6.7	–12.3	–11.4	–10.5	–14.3

Future interest payments have been calculated using the effective interest rate for 2014. IMOIIMAX is calculated using an effective interest rate of 3.3%.

Financial assets and liabilities – categories and fair values

Group 2014, SEK millions	Financial assets held for trading	Derivatives used in hedge accounting	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								
Cash and cash equivalents			136.6				136.6	136.6
Total			**136.6**				**136.6**	**136.6**
Non-current interest-bearing liabilities						1,832.2	1,832.2	1,832.2
Other non-current liabilities								
Current interest-bearing liabilities						206.6	206.6	206.6
Trade payables						1.0	1.0	1.0
Other liabilities		3.2					3.2	3.2
Total		**3.2**				**2,039.8**	**2,043.0**	**2,043.0**
Unrecognised gains/losses								

Group 2013, SEK millions	Financial assets held for trading	Derivatives used in hedge accounting	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**				**2,001.9**	**2,022.2**	**2,022.2**
Unrecognised gains/losses							**0.0**	**0.0**

Note 19 contd.

Parent 2014, 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			1,519.0				1,519.0	1,519.0
Total			**1,519.0**				**1,519.0**	**1,519.0**
Non-current interest-bearing liabilities						1,544.8	1,544.8	1,544.8
Current interest-bearing liabilities						181.6	181.6	181.6
Other non-current liabilities								
Trade and other payables						1.0	1.0	1.0
Total						**1,727.4**	**1,545.8**	**1,545.8**
Unrecognised gains/losses								

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						**1,543.8**	**1,543.8**	**1,543.8**
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 2013 and 2014.

Leases where the Company is the lessor (chartering out)

Non-cancellable lease payments:

	Group	
SEK millions	2013	2014
Within one year	116.3	93.6
One to five years (2014-2017)	101.1	3.4
After five years	0.0	0
	217.4	**97.0**

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 351.8 (100.5) million for 2014. These capital commitments relate to investments associated with the two IMOIIMAX vessels to be delivered in Q2 and Q4 of 2015.

22 Pledged assets and contingent liabilities

Group, SEK millions	Group 2013	Group 2014	Parent company 2013	Parent company 2014
Pledged assets				
For own liabilities and provisions				
Ship mortgages	2,914.8	3,129.7		
Shares in subsidiaries (in consolidated equity)	2,293.7	2,754.5		
Total pledged assets	**5,208.5**	**5,884.2**	**65.1**	**68.1**
Contingent liabilities				
Parent Company guarantees for subsidiaries' overdraft facilities			281.2	272.5
Total contingent liabilities			**281.2**	**272.5**

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 a 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.

In July 2013, 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 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 case is currently in a discovery phase, which means that both parties' standpoints and demands are being examined carefully. The Company's fees for legal and similar assistance regarding this matter are Charged to the company's earnings as incurred. It is the Company's assessment that a contingent liability amount cannot be determined at present.

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)	2014	183.7		
Other related parties (see below)	2013	168.8		

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	2014		27.4	
Subsidiaries	2013		27.4	
Other related parties	2014	2.4		
Other related parties	2013	2.6		

The Group did not have any liabilities to other related parties at 31 December 2014.

	2013	2014
Other current liabilities		
Liabilities to other related parties	0.0	0.0

Concordia Maritime has a small internal organisation, and purchases services from related-party companies in Stena Sphere, which include Stena Bulk. The latter company conducts tanker business that 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 an agreement with Stena Bulk, Concordia Maritime is entitled to

Note 23 contd.

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 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.
- 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, % 2013	Ownership share, % 2014
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

Parent, SEK millions	2013	2014
Accumulated cost	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, %	31/12/2013 Carrying amount	31/12/2014 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	31/12/2013	31/12/2014
The following components are included in cash and cash equivalents:		
Cash and bank balances	106.0	136.6
Total reported in balance sheet	**106.0**	**136.6**
Total reported in cash flow statement	**106.0**	**136.6**

Parent, SEK millions	31/12/2013	31/12/2014
The following components are included in cash and cash equivalents:		
Receivables from Group companies	1,395.7	1,399.6
Cash and bank balances	11.0	119.4
Total reported in balance sheet	**1,406.7**	**1,519.0**
Total reported in cash flow statement	**1,406.7**	**1,519.0**

Interest paid and dividend received

	Group		Parent company	
SEK millions	31/12/2013	31/12/2014	31/12/2013	31/12/2014
Dividend received	0.0	0.0	108.0	0.0
Interest received	8.3	1.5	16.2	12.8
Interest paid	–45.8	–42.5	–21.8	–17.9
	–37.5	**–41.0**	**102.4**	**–5.1**

Non-cash items

	Group		Parent company	
SEK millions	31/12/2013	31/12/2014	31/12/2013	31/12/2014
Depreciation, amortisation and impairment	144.3	136.8	0.0	0
Depreciation, periodic maintenance	16.1	13.7	0.0	0
Unrealised exchange differences	0.0	17.7	–0.3	192.3
Changes in value of financial instruments	4.6	–4.0	0.0	0.0
Capital gain/loss on sale of financial assets	–1.8	–58.9	0.0	0.0
Other	–0.1	0	0.0	0.0
	163.1	**105.3**	**–0.3**	**192.3**

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.

The 2014 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

After the end of the financial year, a further position was taken, corresponding to a 50 percent charter of one Suezmax tanker. The contract runs between August 2015 and July 2016.

* Events up to and including the date of signature of this annual report, 2 April 2015.

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.

Note 28 contd.

Disputes

In July 2013, 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 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 case is currently in a discovery phase, which means that both parties' standpoints and demands are being examined carefully. The Company's fees for legal and similar assistance regarding this matter are charged to the Company's earnings as incurred. The Company is not able to estimate how long it will be before the dispute is settled.

The dispute concerning withholding tax in Switzerland has not yet been settled. A tax liability provision of USD 1.4 million related to this dispute was recognised in 2013.

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, 2 April 2015

Carl-Johan Hagman
Chairman

Stefan Brocker
Deputy Chairman

Helena Levander
Board Member

Daniel Holmgren
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 2 April 2015

Jan Malm
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 2014. The annual accounts and consolidated accounts are included in the printed version of this document on pages 32–64.

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 that 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 2014 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 2014 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 2014.

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 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, 2 April 2015

Jan Malm
Authorised Public Accountant

AUDITOR'S STATEMENT ON THE CORPORATE GOVERNANCE REPORT

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

The Board is responsible for the 2014 Corporate Governance Report on pages 67–76, 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, 2 April 2015

Jan Malm
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 Stockholm's regulations, including the Swedish Corporate Governance Code ("the Code") and other applicable Swedish and foreign laws and regulations.

Concordia Maritime applies the Code and the Annual Accounts Act, and this Corporate Governance Report has been prepared as part of the application of the Code. The English version of the Swedish Corporate Governance Code is available at *www.corporategovernanceboard.se*.

Certain information required under section 6, Chapter 6, of the Swedish Annual Accounts Act can be found in the Board of Directors' Report. Information 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.

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 provides access to world-leading expertise in all areas of shipping – from shipbuilding and technical operation to manning, chartering and commercial operation. It also creates the conditions for a costeffective internal organisation.

It is management's belief that this cooperation is one of Concordia Maritime's main strengths, even though the relationship is associated with some risk, as services are purchased from a small number of suppliers.

Ever since Concordia Maritime was established, there has been an agreement that regulates the relationship between the companies in terms of new business. Under the terms of this agreement, Concordia Maritime has the right to opt for 0, 50 or 100 percent participation in each new transaction that Stena Bulk develops.

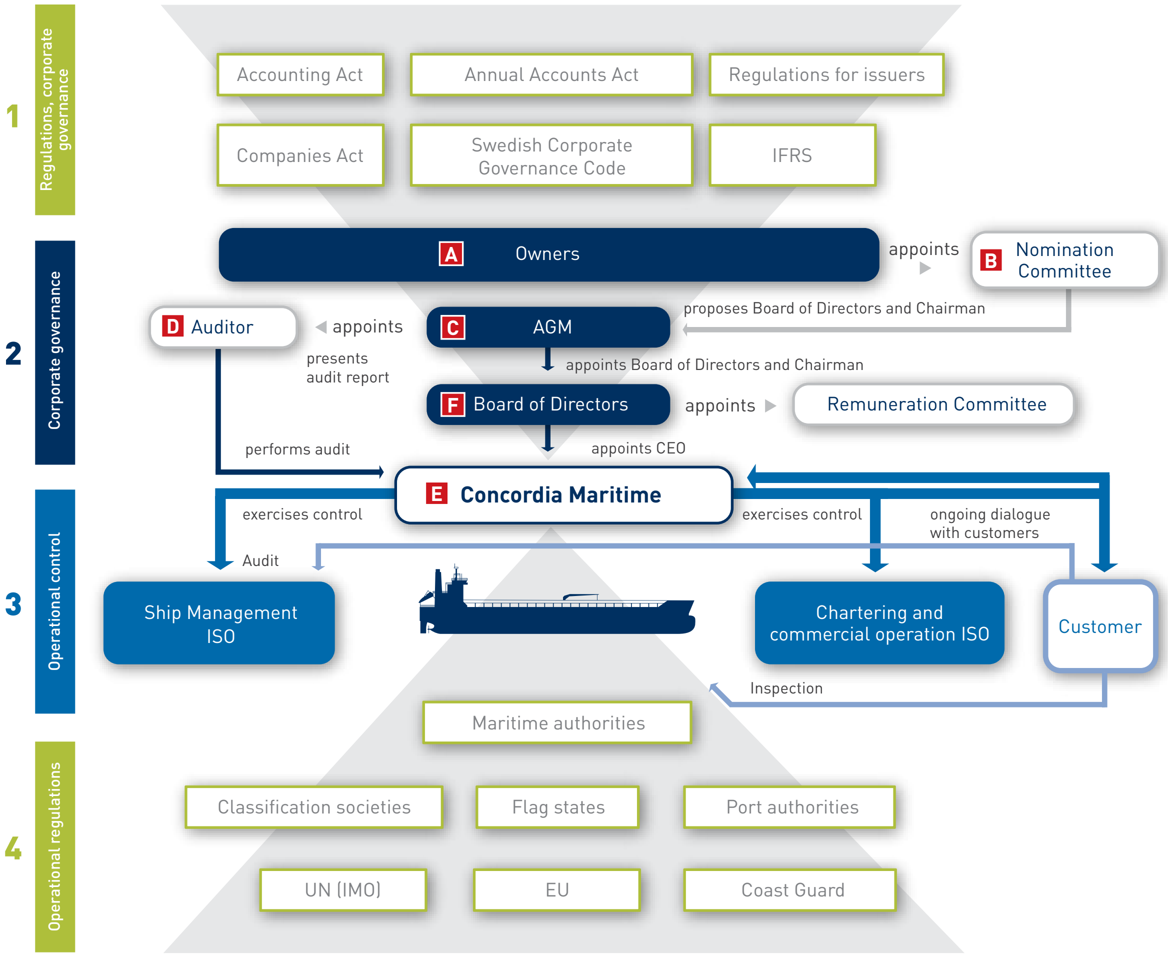
Some vessels are chartered through Stena Weco, of which Stena Bulk is a joint owner (50 percent) and the CEO of Concordia Maritime is a Board member. The agreement with Stena Weco is basically the same, with the exception of transactions under one year.

Concordia Maritime purchases services from 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.

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 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 2014, share capital amounted to SEK 381.8 million, divided into 47.73 million shares, of which 43.73 million were B shares. The total number of votes was 83.73 million.

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), provided they desire representation 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.

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.

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 2014 AGM, Jan Malm of KPMG was elected as the Company's external auditor until the 2015 meeting.

The auditor's fees are charged on a current account basis. In 2014, KPMG received fees totalling SEK 2.3 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 2014, the total number of persons employed through the Group was 410, 404 of whom were seagoing. Only the six shore-based employees are formally employed by Concordia Maritime.

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 The Board

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 President 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 is to be submitted to the Board. In addition to interim and annual reports, other financial information relating to the Company and business 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 controls 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 full 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
- 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 of the CEO. 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 consisted of the Chairman of the Board Carl-Johan Hagman and Board member Helena Levander during the year. The Committee met on two occasions in 2014.


STENA SUPREME

CORPORATE GOVERNANCE IN 2014

The work of the Board during the year

The Board held five ordinary meetings and one statutory 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 2015, at which the year-end accounts for 2014 were approved.

All the meetings during the year followed an approved agenda. The agenda and documentation for each agenda item were sent to Board members one week before the meetings. Karl-Magnus Sjölin, former 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 2014 annual general meeting, all meeting-elected Board members apart from Dan Sten Olsson and Carl-Johan Hagman were assessed by the nomination committee as independent of both the major owners of the Company and its executive management.

Carl-Johan Hagman is not considered independent of Concordia Maritime's major owners, as he has a managerial function in Stena Sphere. Dan Sten Olsson is not considered independent of Concordia Maritime's major owners because of his ownership position in Stena Sessan Rederi AB, which owns approx. 52 percent of Concordia Maritime's capital and 73 percent of the total voting power.

2014 Annual General Meeting

The Annual General Meeting was held on 29 April 2014. The meeting was attended by 95 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 that no dividend be paid for 2013.
- 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 2014

20 February	Year-end
29 April	Interim Report Statutory Board meeting
13 August	Interim Report
12 November	Interim Report
9 December	Budget

Nomination committee

Prior to the 2015 meeting, the nomination committee consists of Stefan Brocker (Deputy Chairman of Concordia Maritime), Martin Svalstedt (Stena Sessan Rederi AB) and Arne Lööw (Fjärde AP-fonden), representing about 76 percent of shareholders' votes. The composition of the committee was announced on Concordia Maritime's website on 28 October 2014. The nomination committee had two meetings and a number of telephone contacts in 2014.

Ola Helgesson new CFO

Ola Helgesson took over as the new CFO of Concordia Maritime in October 2014. Ola is a graduate economist with extensive experience from several areas of economics and finance. His most recent position was Group CFO at Stena Line. Previous experience includes positions as CFO at Transatlantic and Hemköpskedjan and Financial Manager at Port of Gothenburg.

OPERATIONAL CONTROL IN 2014

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, Concordia Maritime's 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 nation. The owner of the ship undertakes thereby to comply with the laws and regulations laid down by the nation in question. Flag State Control ensures 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.

THE BOARD

Carl-Johan Hagman

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

CEO Stena Rederi AB. 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 Board member of Höegh Autoliners AS and Gard P&I Ltd.

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

Shares held in Concordia Maritime 0

Stefan Brocker

Born 1966. Board member since 2007. LLB.

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

Helena Levander

Born 1957. Board member since 2014. MBA

Background Founder and Chairman of Nordic Investor Services AB, a consultancy company in corporate governance.

Other assignments Board member Collector AB, Uniflex AB, Stampen AB, Hans Andersson Recycling AB and NeuroVive Pharmaceutical AB.

Special expertise Has extensive experience in the financial industry through leadership positions that include SEB, Nordea Asset Management, Odin Fonder and NeoNet. Since 2003 has served on a number of boards of publicly listed, state-owned and private companies.

Shares held in Concordia Maritime 10,000

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 of Preem AB, Boliden AB, Stena Bulk AB, Norstel AB, Sv. Näringsliv, Vice Chairman IKEM AB and Swed/Russ. Chamber 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 38 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 of CellVision 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/investors in start-up companies.

Shares held in Concordia Maritime 0

Dan Sten Olsson

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

President and 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 Extensive shipping knowledge with experience as President and CEO of 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 of MGA Holding AB, Chinsay AB and Hexicon AB.

Special expertise Has a history in the tanker industry and his entire working life has been in shipping. Possess 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	6
Stefan Brocker[1]	Independent	400,000	6
Dan Sten Olsson	Non-independent	225,000	3
Helena Levander[2]	Independent	225,000	5
Michael G:son Löw	Independent	225,000	6
Mats Jansson	Independent	225,000	6
Morten Chr Mo	Independent	225,000	6
Mahmoud Sifaf[2], Deputy	Independent	25,000	1
Jörgen Lorén, Employee rep.	Independent	25,000	6
Daniel Holmgren, Employee rep.	Independent	25,000	5

1) Member of remuneration committee.
2) Elected from 29 April 2014.
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.

Auditor

Jan Malm, Authorised Public Accountant KPMG Appointed in 2014.

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. Vice Chairman Sjömännasällskapet i Göteborg, Vice President IFSMA (International Federation of Shipmasters Association). Employee representative on the Boards of Stena AB, Stena Line Scandinavia AB and Stena Rederi AB.

Shares held in Concordia Maritime 0

Daniel Holmgren

Born 1979. Employee representative. Employed by Stena Group since 2002. Board member since 2013.

Other assignments Representatives Member, SEKO Sjöfolk. 1st Vice Club Chairman SEKO Sjöfolk, Stena Line. Employee representative, Stena Marine Management AB. Deputy, Stena Line Scandinavia AB.

Shares held in Concordia Maritime 0

Mahmoud Sifaf

Born 1962. Deputy since 2014. Employed by Stena Group since 1986.

Other assignments Board member SEKO Sjöfolk. SEKO Sjöfolk, Club Chairman, Stena Line. SEKO Sjöfolk, LO – West District representative. Board member Sjöfartsverket Rosenhill. Employee representative Stena AB and Stena Line Scandinavia AB.

Shares held in Concordia Maritime 0

EXECUTIVE MANAGEMENT

Kim Ullman

Born 1957. CEO Economist. 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 15,000

Ola Helgesson

Born 1968. CFO. MBA Employed since 2014 (at Stena since 2011).

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 MISL (Maritime Insurance Solutions Ltd.)

Shares held in Concordia Maritime 12,500

N. Angelique Burgess

Born 1965. General Manager, Concordia Maritime (Bermuda) Ltd. BSc, 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.

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

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, Taxes, Depreciation and Amortisation.

Equity ratio Equity as a percentage of total assets.

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

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.

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.

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 28 April 2015 at 2 p.m. The interim report for the first quarter of 2015 will be also be presented at the meeting.

Participation

Shareholders wishing to attend the AGM must be registered in Euroclear AB's share register as at 22 April 2015, 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 22 April 2015.

Dividend

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 22 April 2015.

Reporting dates

The interim report for the first three months will be published on 28 April 2015, the report for the first six months on 13 August 2015 and the report for the first nine months on 11 November 2015.

ADDRESSES

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