ANNU
AL RE
PORT
2016

CONCORDIA
MARITIME

Concordia Maritime is an international tanker shipping company. We focus on safe, sustainable and reliable transportation of refined oil products and vegetable oils. The Company's B shares were first listed on Nasdaq Stockholm in 1984.

2016 in brief

No serious accidents or incidents

2016 was another year when none of Concordia Maritime's vessels were involved in any incident resulting in bunker oil or cargo discharging into the water. In addition, no vessel was involved in any incident resulting in serious personal injury.

Key ratios

	2016	2015
Total income, SEK million	1,038.2	1,086.6
EBITDA, SEK million	319.9	423.8
Operating result, SEK million	82.7	209.6
Result after financial net, SEK million	56.9	174.3
Result after tax, SEK million	69.5	173.9
Investments, SEK million	89.5	459.3
Equity ratio, %	50	43
Equity per share, SEK	43.78	39.15
Dividend as percentage of profit, %	34	14
Result per share, SEK	1.46	3.64
Dividend per share, SEK	0.5[1]	0.5
Share price on closing date, SEK	13.9	19.5

1) Proposed dividend

Profit despite weak market and high non-recurring costs

Despite a weak market and high non-recurring costs associated with the settlement of the arbitration dispute, Concordia reported a result after tax of SEK 69.5 million. The main drivers included a continuing high proportion of niche trades, ship sales and other non-recurring income.

Settlement of previous dispute

Final settlement of the dispute that arose in 2013 after *Stena Primorsk's* grounding in the Hudson River was reached during the year. Under the agreement, Concordia Maritime paid the counterparty USD 9.25 million, which was 60 percent lower than the original claim.

Renewed contract for P-MAX tankers

At the end of the year, six of the vessels were employed on contracts (time charters or consecutive voyage charters). The other four P-MAX vessels were employed in the spot market under agreements with Stena Bulk and Stena Weco.

Refinancing of the fleet

Two separate agreements for refinancing of the P-MAX tankers were signed at the end of the year. Total refinancing was USD 189 million, which, after financing costs, is in line with previous loan amount. Sale & leaseback agreements for the IMOIIMAX tanker *Stena Image* and the suezmax tanker *Stena Supreme* were signed during the year.

GOOD PROSPECTS FOR A stronger market

An efficient chartering strategy, ship sales and other non-recurring income brought a relatively strong result for the full year. Overall, we reported a profit before tax of SEK 56.9 (174.3) million for the year. EBITDA was SEK 319.9 (423.8) million.

LOOKING AT MARKET DEVELOPMENT IN GENERAL, we can see that 2016 turned out mainly as we predicted. High inventory levels for both crude oil and oil products combined with extensive ship deliveries put strong pressure on freight rates and contributed to a generally weaker market than in 2015.

The year started relatively well, but by the second quarter, market rates had already started to fall. The trend was then accentuated in the third quarter. The markets started their seasonal upturn at the end of the fourth quarter, but this was not enough to compensate for the weak summer and autumn.

Significantly higher income than the market

Turning to our own operations, we continued to work on our active fleet and chartering strategy during the year. The main focus has been to deploy the P-MAX vessels in trades and cargo systems where their unique properties are most beneficial. Overall, the focused efforts contributed to spot market income for the year being about 35 percent higher than the market average in the MR segment.

In late 2015 and early 2016, when the markets were still high, we decided to sign several term contracts of between 1 and 3 years. The transactions enabled us to optimise income for the vessels, while balancing the exposure to the spot market. Given the adverse developments in the spot market, the timing proved absolutely right. Income levels for these contracts were significantly higher than the average rates on the spot market during the year.

The IMOIIMAX tankers *Stena Image* and *Stena Important* have continued to meet our high expectations. The vessels operated all over the world during the year, clearly showing their ability to quickly switch between different types of cargoes and needs. It is extremely pleasing to see that their flexibility and versatility are appreciated by customers and the market in exactly the way we had anticipated.

Combining the best of several worlds

The purchase and sale of vessels is an important part of our business model. Historically, we have been successful at getting the timing right, which is extremely important to the overall economy. During 2016 and the beginning of 2017, we decided to sell a total of three vessels under sale & leaseback arrangements, which means that we sell the vessels, but lease them back over a defined number of years. The arrangements enable us to combine the best of several worlds. We strengthen our cash, thereby preparing for a subdued market. The income also creates scope for us to take advantage of good business opportunities that may arise in a weak market. At the same time, we have the opportunity to continue employing the vessels in their

> Our assessment is that we will see a gradually stronger market in 2018.

respective pools for several years to come. And if we want, we can also buy back the vessels after a number of years, thanks to favourable re-purchase options.

Increasing focus on sustainable transportation ...

Shipping is associated with risks for both people and the environment, and we do our utmost to minimise or eliminate them. Safe vessels, competent crews and well-developed procedures form an important basis in this area.

Both shipowners and customers have shown significantly increased interest in more specialised environmental aspects in recent years. This is a trend that benefits us and other quality shipping companies who pursue continuous improvements with great force and energy.

Our own work in the area is based on our code of conduct and sustainability policy. The policy documents stipulate how we should work at sea and ashore. They also cover the ten principles of the UN Global Compact, which we are in compliance with.

In the area of safety, we are pleased to say that 2016 was another year in which we were spared from any serious incidents and accidents. This is sometimes taken for granted, but behind it is the hard work of our crews, from officers to ratings, and also of our technical and commercial partners. The absence of incidents is the result of focused efforts, with major resources being allocated to training and education, compliance with procedures and monitoring of processes. Nothing comes before the safety of our crews on board. This is our highest priority, regardless of the economic situation or market conditions.

In the area of the environment, we continued to achieve major improvements in reducing carbon dioxide and sulphur dioxide emissions. Since we began our more structured efforts to increase fuel efficiency a few years ago, CO_2 and SO_2 emissions have decreased by about 20 percent. This is a positive trend, which stimulates continuing efforts.

... and ever-increasing digitalisation

One of the external factors that affects us is the increase in digitalisation. Additional capacity to manage, process and analyse large amounts of data offers brand new opportunities to optimise routes and flows, and increase energy and fuel efficiency. For us, this means greater opportunities to influence both income and costs, and to contribute to safety and reduced environmental impact. For companies who, like us, have many sister vessels in the fleet, this also improves the scope for making interesting comparisons between the vessels.

Digitalisation and its opportunities are very exciting and one of our priorities is to ensure that we have access to the right skills, both ashore and on board the vessels, in order to fully take advantage of the opportunities that are created.

Good prospects for a turnaround in 2018

Continuing high inventory levels combined with a continuation of extensive ship deliveries are also highly likely to have a dampening effect on the market in general during most of 2017. However, it is worth pointing out that inventories are now gradually decreasing, while deliveries of new ships will slow in the future. The extensive ship deliveries in 2015 and 2016 are a direct consequence of the orders placed in previous years. The peak was reached in 2013 when as many as 237 new MR vessels were ordered. Orders have declined sharply since then. There were 78 vessels ordered in 2014 and 118 in 2015, while only 12 new MR vessels were ordered in 2016. To date this year, mid-March, five vessels have been ordered. In a market that is so clearly governed by supply and demand, a reduction in the number of ship deliveries will have a positive impact in the future.

As the order books decline, the prospects of a more balanced market increase. In addition, it is expected that even tougher environmental requirements, such as the Ballast Water Convention ratified in September 2016 and the new Sulphur Directive on sulphur limits for 2020, will increase incentives for phasing out and scrapping older tankers.

Turning to demand for transportation, our fundamental view remains optimistic. In the long term, we expect the low price of oil and ongoing changes in the global refinery infrastructure to continue contributing to underlying stable demand for transportation of both oil and refined oil products and chemicals.

On this basis, our current assessment is that we will see a gradually stronger market in 2018. As always, we do our best to take advantage of the opportunities that arise, regardless of where we happen to be in the business cycle. These may involve purchases, sales or different types of contracts. Here and now, it is about managing a temporarily weaker market, to ensure we have the best possible position when the turnaround comes.

Gothenburg, March 2017

Kim Ullman, CEO

IMOIIMAX: Flexibility and fuel efficiency

2016 was the first full year with the IMOIIMAX vessels. With 18 separate 3,000 m^3 cargo tanks, they are adapted for both IMO2 cargo (such as chemicals and vegetable oils) and oil and petroleum products. In combination with advanced systems for loading, discharging and tank cleaning, they offer a cargo logistics flexibility few other vessels can match.

2 questions to Kim Ullman

Have they met the high expectations?

–Absolutely. Both our own and the customers'. They are built with flexibility as the main guiding principle. And here we have received real confirmation that they are functioning exactly as we wanted and planned for. During the year, they have operated all over the world – proven to be able to quickly switch between different types of cargoes and needs.

What do the IMOIIMAX vessels mean for Concordia Maritime?

–The vessels are an important part of our investment in the future and continuous development of the fleet. They are among the most sophisticated in the market and are at the forefront in terms of both energy efficiency and cargo flexibility. With a completely new hull design, a newly developed main engine and several other technical innovations, fuel consumption has been reduced by 25 percent compared with the previous generation of MR tankers.

EXTERNAL trends

Increasing energy needs

According to the UN's projections, the world's population will rise by over 30 percent between now and 2050. With an ever-growing global middle class, this is expected to lead to continuously increasing oil consumption. Even now, about half of all the oil produced is transported by sea. Virtually all new oil is found at sea, which is expected to contribute to increased demand for tanker transportation in the future.

Increased demand for vegetable oils and chemicals

Demand for vegetable oils and chemicals has increased strongly in recent years and is expected to continue to increase in the future. The main drivers include increased use in the food, petrochemical and cosmetics industries. An increasing quantity of vegetable oils is also used in the production of different types of biofuels.

Longer transport distances

The majority of the global refinery capacity built up in recent years is in the Middle East and Asia. In other parts of the world, the refinery capacity is unchanged or even declining – and is therefore not able to meet the growing demand for refined oil products. This means that increasingly large volumes need to be transported longer distances to reach end consumers in North America, Europe, Africa and South America.

Increased focus on sustainable transportation

Awareness of climate change and its impact has increased significantly in recent years. Tanker shipping is affected in the form of changes in legislation and higher requirements from customers and the external environment.

Shorter market cycles

From a historical perspective, market cycles have become increasingly shorter in recent years – and even within the cycles, demand can fluctuate rapidly. For tanker shipping, this means increased demands for efficiency and flexibility in terms of switching quickly between different trades and cargoes.

Increasing digitalisation

Digital development is progressing rapidly and affects tanker shipping. With better conditions for processing data, there is increased scope for planning and optimising routes, resulting in both more efficient transport and reduced energy consumption.

Increased balance between supply and demand

Tanker fleet growth is expected to be subdued during the next few years, with a more balanced supply to demand ratio as a result. The consolidation that has occurred in tanker shipping in recent years is also a contributory factor.

Consequences for tanker shipping

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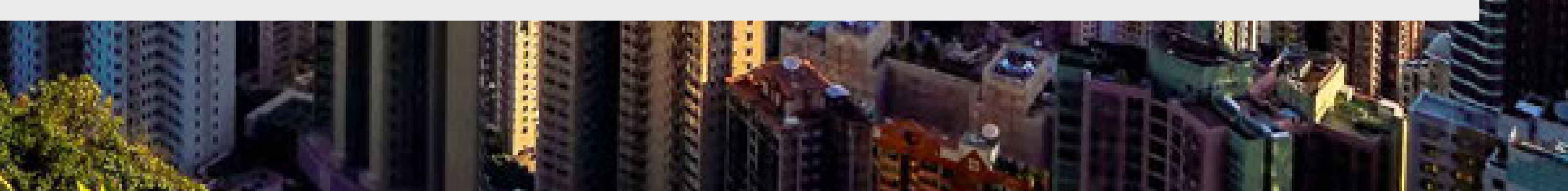
Underlying strong demand for transport.
A change dynamic that creates opportunities.
Flexibility and efficiency increasingly important.



OUR BUSINESS, goals & strategies

Our vision is to always be the preferred carrier and business partner within tanker transportation.

Business concept

- To create value for our customers and shareholders by providing safe, sustainable and reliable tanker transportation based on innovation and performance.
- To make timely investments in vessels and gain financially from fluctuations in their values.

Business model

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

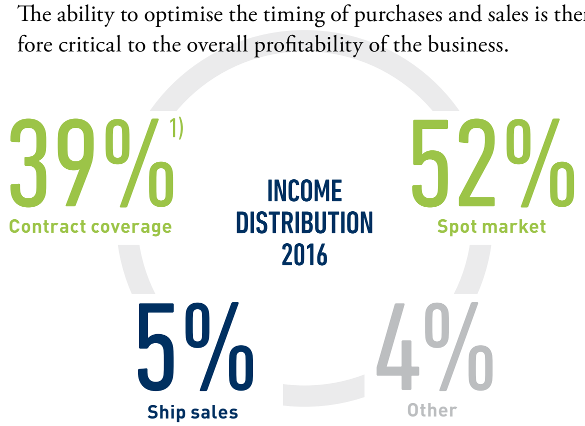
Daily operation

Income from daily operation is mainly derived from compensation for contracting either through the spot market or time charters. Freight rate levels for spot charters are 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 daily time charter hire that applies throughout the negotiated charter period. The hire is determined by the market situation at the time of concluding the contract and the contract length. The principal costs for a shipping company are voyage costs (fuel and port dues), daily costs (crew, insurance and maintenance) and capital costs.

1) The contract coverage includes charters and consecutive voyage charters.

Purchases and sales of vessels

Tanker shipping is capital intensive in nature, with high values attached to the vessels. The prices of both new and second-hand tonnage vary 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.



Financial objectives

Goal	**PROFITABILITY 10%** return on equity	**EQUITY RATIO AT LEAST 40%** over a business cycle	**GROWTH 10%**[1] average annual fleet growth over a business cycle
Outcome 2016	**4%**	**50%**	**0.0%** owned/leased vessels **–3.6%** incl. chartered vessels
Comments	A high proportion of niche trades combined with ship sales contributed to a positive result for the year, despite a challenging market and settlement costs in the arbitration process	Ship sales, other non-recurring income and a strong USD contributed to a strong equity ratio.	The Suezmax tanker chartered in since 2015 was redelivered in July 2016.

Sustainability objectives

Goal	**LTI 0 HOURS**	**OIL SPILLS, 0 LITRES**	**CO_2-REDUCTION 2,800 MT**
Outcome 2016	**0**	**0**	**5,215**
Comments	Proactive and focused work to create the best possible working environment and safety pays off.	2016 was another year in which none of Concordia Maritime's vessels was involved in any incident that resulted in bunker oil or cargo discharging into the water.	A major focus on reducing fuel consumption means lower emissions.

1) Trade in vessels, both purchases and sales, is a key element of shipping operations. The right timing of purchases and sales of vessels can be 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 allows average fleet growth of 10 percent over a business cycle.

Overall strategy

Concordia Maritime will ensure a level of profitability that generates a good return for shareholders and allows continuous investments. Operations will also show the utmost regard for people and the environment.

Preferred partner

Concordia Maritime will be the partner of choice for the transportation of oil and oil products. With our unique understanding of market drivers and the individual customer's business, we will satisfy specific transportation and logistics needs. Collaboration with customers will be based on long-term relationships, characterised by partnership and high ambitions – whether this applies to one voyage or the development of a brand new vessel concept. Responsiveness, a strong culture of service, competitive pricing, unique technical know-how and a worldwide network form the foundation of the work in this area.

Diversified fleet strategy

Concordia Maritime's fleet and employment strategy is aimed at optimising earning capacity, balancing risks and opportunities and enabling good growth in invested capital if vessels are sold. The strategy sets the framework for how the fleet will be positioned and how the vessels in the fleet will be employed. Although the main focus is on the product tanker segment, this does not exclude a presence in other segments. When and if the market situation is considered favourable, Concordia Maritime will invest in new tonnage or divest existing tonnage. In addition to the owned tonnage, other vessels may also be chartered in. The main strategy is that all additional tonnage will be employed in existing systems and pools.

Major focus on sustainability

Concordia Maritime has high ambitions in the area of sustainability, and aims to be a leader in safety and quality. Sustainability work has been an integral part of our activities for many years. Through systematic improvement work, innovation and continuous training programs, we shall ensure that we maintain our strong position in this area.

Cost efficiency and flexibility

Collaboration with a few of the other companies in the Stena Sphere ensures world-leading and unique expertise in all areas of shipping – from shipbuilding and manning to technical management, chartering and commercial operation. This also allows for a cost-effective and flexible organisation.

>90%
utilisation

3
Vessels sold
– leased back

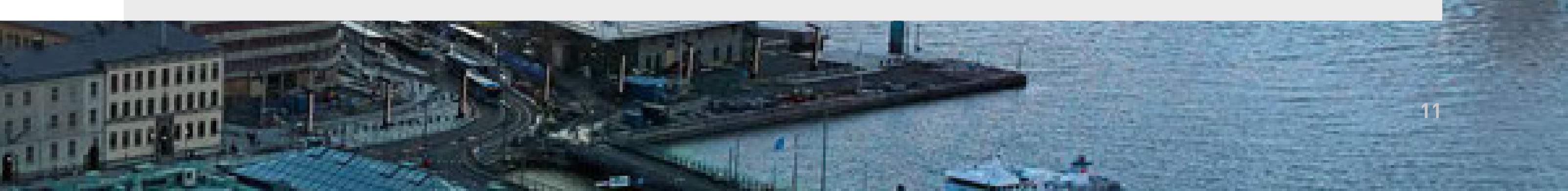
Shareholder value,
investments,
sustainability

Zero
serious
incidents or
accidents

5,215
tonnes reduced
CO_2 emissions

Strategy monitoring in 2016

- **High proportion of niche trades.** During the year, several of the vessels in the fleet sailed on special routes, including Australia, New Zealand, the Pacific Islands and South America. With their extremely shallow draft design, the P-MAX tankers are well suited to these routes, as several ports in the region have draft restrictions.
- **Sale of three vessels.** At the end of 2016 and beginning of 2017, sale & leaseback agreements were signed for the IMOIIMAX tankers *Stena Image* and *Stena Important*, and the suezmax tanker *Stena Supreme*. In addition to the positive cash effects, the transactions are a way of positioning ourselves for a subdued market situation and the good business opportunities that may arise there.
- **Refinancing of the fleet.** Two separate agreements for refinancing the P-MAX tankers were signed at the end of the year. Total refinancing was USD 189 million, which, after financing costs, is in line with previous loan amounts. The term is five years.
- **No serious incidents or accidents.** 2016 was another year when none of Concordia Maritime's vessels were involved in any type of incident resulting in cargo or bunker oil discharging into the water. In addition, no vessel was involved in any incident resulting in serious personal injury.
- **Reduced emissions of CO_2 and SO_x.** As a result of continuing improvement measures, carbon dioxide emissions were reduced by more than 5,200 tonnes and sulphur dioxide emissions by approx. 40 tonnes during the year.



The fleet

Concordia Maritime's fleet consists of ten P-MAX class product tankers, two newly built IMOIIMAX class chemical and product tankers, one suezmax tanker, and a share of a chartered MR tanker.

P-MAX

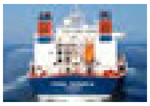
The ten P-MAX tankers are the backbone of the fleet. The tankers combine transport economy and flexibility with safety of the highest class. The concept was developed together with leading oil and gas companies in response to a need to operate in shallow waters and ports carrying more cargo than corresponding 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 segments.

IMOIIMAX

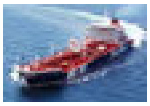
The IMOIIMAX tankers represent the next generation of chemical and product tankers and set a new standard for bunker consumption and load efficiency. They are among the most sophisticated in the market and at the forefront in terms of both energy efficiency and cargo flexibility. With a completely new hull design, a newly developed main engine, and a number of other technical innovations, the vessels' fuel consumption has been reduced by about 25 percent compared with the previous generation of MR tankers.

MR (ECO)

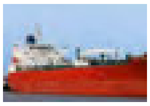
Since 2015, Concordia has participated in the charter of an ECO-design MR tanker. This is a joint charter with Stena Weco, and Concordia Maritime's share amounts to 50 percent. The contract runs until the end of 2017, with an option to extend it.



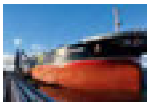
P-MAX



IMOIIMAX



MR (ECO)



Suezmax

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 fuel-efficient suezmax tanker *Stena Supreme*. The vessel's technical equipment and design means that fuel consumption is up to 10-15 percent lower than with standard tonnage. *Stena Supreme* is employed in the spot market via Stena Sonangol Suezmax Pool, a pool controlled by Stena Bulk and the Angolan state oil company Sonangol. The pool consists of a fleet of about 20 efficient suezmax tankers.

Fleet at 14/03/2017

VESSEL NAME	DWT	ICE CLASS	YEAR	EMPLOYMENT	PARTNER
P-MAX					
Stena Premium	65,200	1B	2011	Spot	Stena Weco
Stena Polaris	65,200	1A	2010	CVC[1] to April 2017	Stena Weco
Stena Performance	65,200	1B	2006	Spot	Stena Weco
Stena Provence	65,200	1B	2006	CVC[1] to April 2017	Stena Weco
Stena Progress	65,200	1B	2009	Time charter to May 2019	Stena Weco
Stena Paris	65,200	1B	2005	CVC[1] to April 2017	Stena Weco
Stena Primorsk	65,200	1B	2006	Time charter to March 2018	Stena Bulk
Stena Penguin	65,200	1A	2010	Spot	Stena Bulk
Stena Perros	65,200	1B	2007	Spot	Stena Bulk
Stena President	65,200	1B	2007	Spot	Stena Bulk
IMOIIMAX					
Stena Image	50,000		2015	Spot	Stena Weco
Stena Important	50,000		2015	Spot	Stena Weco
MR (ECO)					
Unnamed vessel[2]	50,000		2015	Spot	Stena Weco
Suezmax					
Stena Supreme	158,000		2012	Spot	Stena Sonangol Suezmax Pool

1) Consecutive Voyage Charter
2) 50% charter November 2015–November 2017 (with option for further 1–6 months)


Stena
PMAX
Stena
PMAX
STENA PRESIDENT
STENA PERIOS

MARKET DEVELOPMENT AND THE fleet's earnings

The markets for the transportation of oil products and crude oil slowed considerably in the second half of 2016. The main drivers included high inventory levels and extensive ship deliveries. For Concordia Maritime, the overall decline was partly offset by the fact that several vessels in the fleet are employed under niche contracts or signed to long-term contracts.

THE TANKER MARKET WAS WEAK DURING THE YEAR. For the full year, general market earnings in the MR and Suezmax segments were about 40 percent lower than in the previous year.

Quarter by quarter

The year began with a generally strong first quarter, albeit slightly lower than the same quarter in 2015, considering the overall market. The underlying drivers included generally good demand for oil and continuing inventory building. The second quarter was marked by a seasonal decline, which was sharper than expected, particularly in the segment for heavier products. The market continued its downward trend in the third quarter, mainly driven by structural factors such as high inventory levels and extensive ship deliveries. In addition, unrest in Nigeria had an adverse effect on developments, particularly in the suezmax segment. The end of the year was slightly stronger, with rising rates, particularly for heavier oil products.

What does increased electrification mean for oil demand?

About two-thirds of all the oil consumed goes to fuels for different types of transport. Half of this is used in turn for cars and other light vehicles. An overwhelming majority of passenger cars still run on fossil fuels, but the number of electric cars has increased strongly in recent years. In the period between 2014 and 2015 alone, the number of newly registered electric vehicles rose by about 70 percent globally, reaching a total of about 1 million. The US International Energy Agency (IEA) expects about 20 million electric cars by 2020 (about 3 percent of the total car fleet) and about 140 million by 2030 (7–10 percent of the total car fleet). This trend, in combination with more fuel-efficient engines, is likely to affect the rate of growth in demand for oil products in the long term. However, to what extent this will also affect demand for transport of oil is difficult to determine, as the total vehicle fleet is expected to increase strongly at the same time.

Earnings for Concordia Maritime's vessels

For Concordia Maritime, 2016 was largely focused with the continuing process of positioning and deploying the fleet in line with the employment strategy and current market conditions. During the year, employment of P-MAX vessels continued to be concentrated on trades and cargo systems where the vessels' unique properties are most beneficial.

Looking at the full year, the average earnings for the product tanker fleet (P-MAX and IMOIIMAX, spot and TC) was USD 17,000 (20,100) per day. For vessels employed on the spot market, average earnings for the year was USD 16,300 (21,100). In the suezmax segment, average earnings for the year was USD 28,400 (39,500) per day.

Product tankers

P-MAX

At the end of the year, six of the vessels were employed on fixed contracts (time charters or consecutive voyage charters). The other four vessels were employed in the spot market under agreements with Stena Bulk and Stena Weco. Several vessels sailed on special routes for customers with special requirements, in accordance with the employment strategy. During the year, three of the six vessels carrying lighter oil products were employed on voyages to and from Australia, New Zealand and the Pacific Islands, and the other three between Europe, West Africa and South America. In both cases, the utilisation rate in terms of the vessels' load capacity was high, between 90 and 100 percent. With their extremely shallow draft design, the P-MAX tankers are well suited to these routes, as several ports in the region have draft restrictions

IMOIIMAX

The two IMOIIMAX vessels *Stena Image* and *Stena Important* continued to be employed under the cooperation with Stena Weco. Earnings for both vessels was well over the market's earnings during the year. The IMOIIMAX series vessels represent the next generation of chemical and product tankers and set a new standard in terms of both bunker consumption and cargo efficiency.

Charter of an MR (ECO) vessel

The product tanker fleet also includes an IMO2/3 class MR tanker (ECO design) that was chartered in during the year. This is a joint charter with Stena Weco, and Concordia Maritime's share amounts to 50 percent. The contract runs until November 2017, with an option for a further 1–6 months.

Crude oil

Suezmax

During the year, the suezmax tanker *Stena Supreme* was employed in 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 earnings.

Suezmax vessel charter

In addition to *Stena Supreme*, Concordia Maritime also had a position in Stena Bulk's suezmax fleet, corresponding to a 50 percent charter of a tanker, during the first six months of 2016. This vessel was also employed in the global open market through the Stena Sonangol Suezmax Pool.

Sale & leaseback agreements

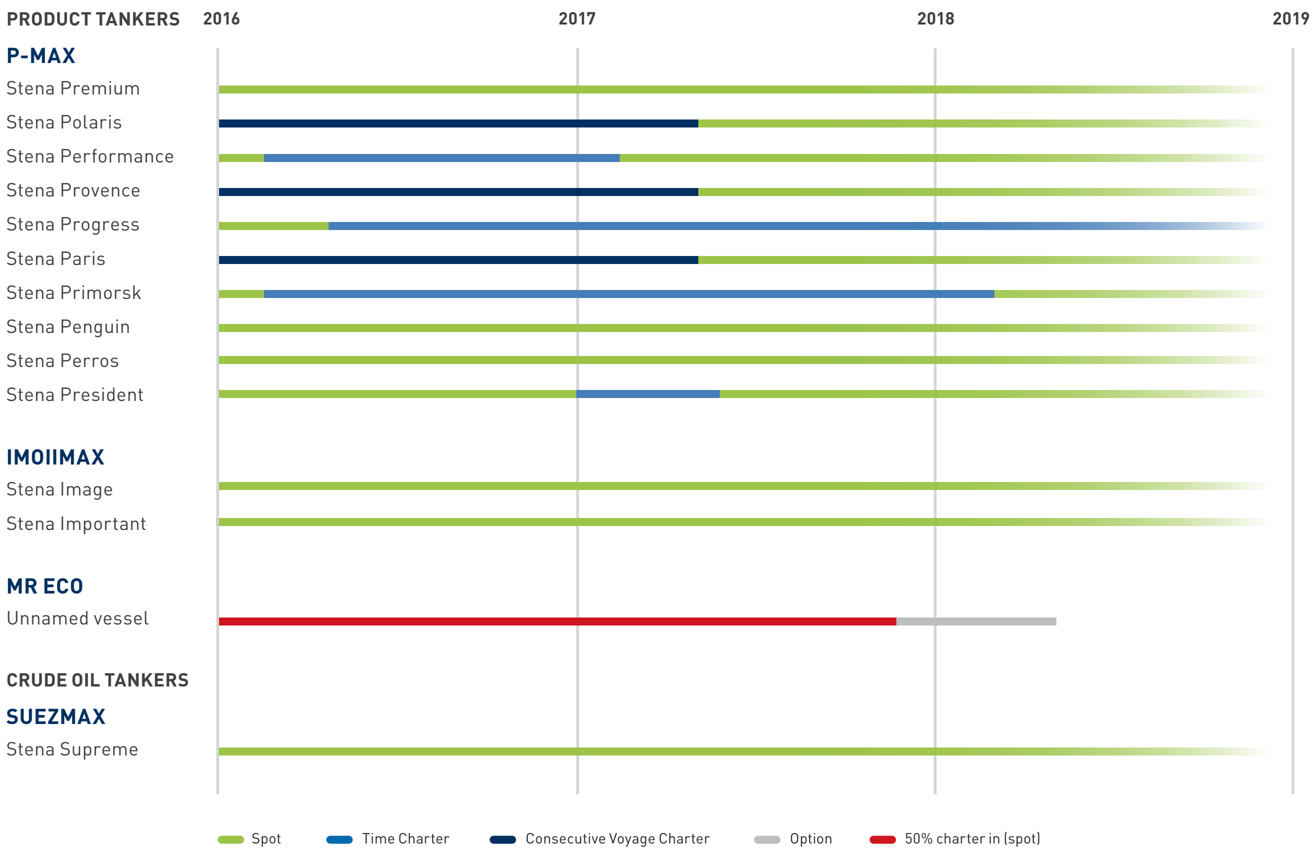
Sale & leaseback agreements for the IMOIIMAX tanker *Stena Image* and the suezmax tanker *Stena Supreme* were signed during the year. The sales generated an accounting profit of about USD 6.4 million and a positive liquidity effect of about USD 35 million. *Stena Image* will be chartered back on a bareboat basis (i.e., without crew) for eight years, with annual purchase options from year four onwards. *Stena Supreme* will be chartered back on a bareboat basis for 12 years, with annual purchase options from year three onwards.

Spot market earnings 2016

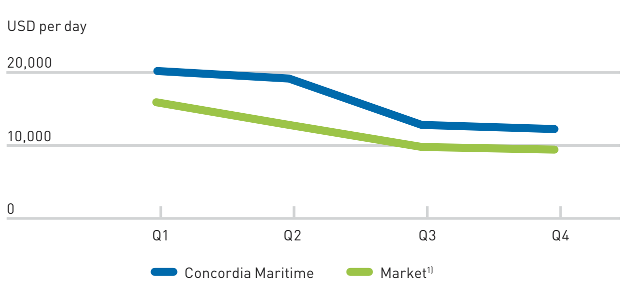
USD per day	Number of vessels	Average earnings Concordia Maritime 2016	Average earnings Concordia Maritime 2015	Average earnings market 2016	Average earnings market 2015
Product tankers	9.5	16,300	21,100	12,100[1)]	21,400[1)]
Suezmax	1	28,400	39,500	27,600[2)]	46,700[2)]

1) Clarkson's w.w. average MR Clean Earnings
2) Clarkson's w.w. average Suezmax Long Run Historical Earnings

Fleet at 14/03/2017

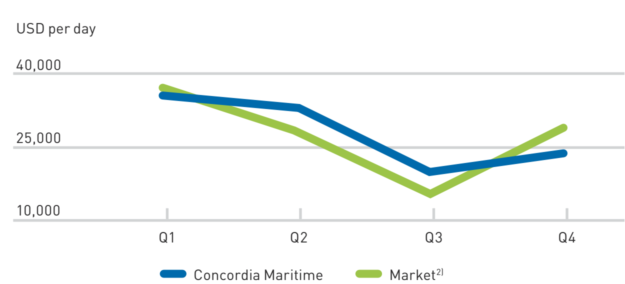


Product tanker fleet's average earnings in 2016 (spot)



1) Clarkson's w.w. average MR Clean Earnings

Suezmax fleet's average earnings in 2016 (spot)



2) Clarkson's w.w. average Suezmax Long Run Historical Earnings

At the beginning of 2017, the IMOIIMAX vessel *Stena Important* was sold under a similar arrangement. The sale price was USD 36 million. The vessel will be chartered back on a bareboat basis for nine years, with a purchase obligation in year nine and purchase options from year four onwards.

New financing agreements for P-MAX tankers

Two separate agreements for refinancing the P-MAX tankers were signed at the end of 2016. Total refinancing was USD 189 million, which, after financing costs, is in line with the previous loan amount. The first financing facility was signed with Svenska Handelsbanken, BNP Paribas, DNB, Nordea, SEB and Swedbank. This facility refinances eight of the P-MAX vessels and has a term of five years. The agreement has competitive conditions and finances 67.5 percent of the vessels' market value. The second financing facility was signed with Svenska Skeppshypotek and covered the refinancing of the remaining two P-MAX tankers. The term is five years. This arrangement also has competitive conditions and finances 70 percent of the vessels' market value.

Drydocking and repairs

Three ten-year drydock inspections (*Stena Provence, Stena Primorsk* and *Stena Performance*) and one five-year drydock inspection (*Stena Premium*) were carried out during the year. The inspections were conducted according to plan and budget, and resulted in 115 days' offhire, including voyage time to and from the shipyard.

Valuation of the fleet

At the end of the year, the average valuation of the owned vessels in the fleet was USD 293.2 (444.7) million. The value is based on average values from three independent ship brokers. The carrying amount of the fleet was USD 347.6 million at the end of the year. The Group's fleet is 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 (external valuations) and value in use (future discounted cash flows). Measurement of asset values at 31 December 2016 did not indicate any impairment.

Newbuilding price trends

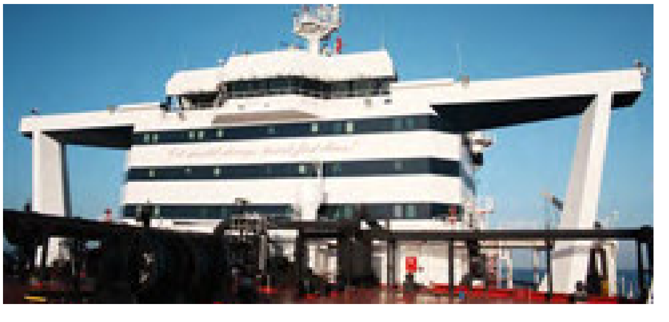
Newbuilding prices declined a little in 2016. At the end of the year, the price of a standard product tanker was about USD 32 (36) million. The price of an IMO2 class MR tanker like the IMOIIMAX vessels was about USD 35 million at the end of the year. This is the same price level as when the orders were placed in 2012. The price of a standard suezmax tanker at the end of the year was about USD 55 million.

Agreement on settlement of the arbitration dispute

In July 2013, the vessel owner received a claim for the damage the counterparty believes the company caused them in connection with the company's decision to stop operating *Stena Primorsk* in the Hudson River after the grounding there in December 2012. The counterparty's claim amounted to USD 23 million, and the counterparty requested that the matter be settled by arbitration in the United States in accordance with the contractual provisions. In connection with the arbitration, Concordia made a counterclaim of approx. USD 6 million. After discussions, the parties reached a settlement agreement in May 2016, whereby Concordia Maritime would pay USD 9.25 million to the counterparty. The payment was made in the same month and constituted a final settlement between the parties.

Additional IMOIIMAX payment

Based on the contractual collaboration between Stena Bulk and Concordia Maritime AB, a one time only payment of USD 5 million was received during the year for the IMOIIMAX fleet's successful trading.



P-MAX: High proportion of niche trades

The proportion of P-MAX tankers involved in some kind of niche trade increased during 2016. Three of the six vessels carrying lighter oil products were employed on voyages to and from Australia, New Zealand and the Pacific Islands, and the other three on voyages between Europe and West Africa and South America. In both cases, the utilisation rate in terms of the vessels' load capacity was high, between 90 and 100 percent.

2 questions to Kim Ullman

What is the goal for the P-MAX vessels?

–We are trying to concentrate employment on trades and chartering systems where the vessels' unique properties are most beneficial. Because they can carry more cargo than comparable vessels, we can offer our customers a lower freight cost per unit. We have been successful here, which is also clear as we look at the results for the year.

How is it that the P-MAX tankers are so well suited for these particular trades?

–The vessels match customers' needs for efficient freighting of large cargoes in any given shipping assignment. Several ports in the region are also relatively shallow, which means that the P-MAX tankers, with their extremely shallow draft design, are well suited to them.

Stena Provence loading in Lyttelton, New Zealand

SMALL ORGANISATION WITH a large network

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 concept development and manning to technical operation, chartering and commercial operation.

CONCORDIA MARITIME

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

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

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

Flexible and safe transportation with good transport economy

ORGANISATIONALLY, CONCORDIA MARITIME consists of a shore-based and a seagoing organisation. The shore-based organisation consisted of a total of 6 (6) persons in 2016. The seagoing organisation is considerably larger. The number of seagoing employees at the end of the year was 488 (464).

A large part of the day-to-day operational work in the form of chartering and manning is mainly conducted in cooperation with Stena Bulk, Stena Weco, Northern Marine Management and Stena Teknik. This close cooperation means that operations can be conducted cost-effectively, while access to world-leading competence in all areas of shipping is guaranteed.

Part of the Stena Sphere

Concordia Maritime has close links with the Stena Sphere – both in terms of operations and ownership. With over 19,000 employees across the world, the Stena Sphere, is currently one of Sweden's largest family-owned groups of companies, and its operations encompass shipping, recycling, real estate and finance. Success factors include care for customers, innovative solutions and perfect performance. For further information, see www.stena.com

Northern Marine Management

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. External 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 tool 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, Houston, Manila, Mumbai, Perth, Shanghai and Singapore.

Stena Teknik

Stena Teknik is a resource for all maritime-related business in the Stena Sphere. Operations include newbuilding and conversion projects, general marine technical consultation and procurement services. The company also conducts research and development in the marine sector. The work covers most 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 marine technology and 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 related to the development and design of new ships.

Stena Bulk

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 heavier oil products. With the Angolan state oil company Sonangol, Stena Bulk also controls the Stena Sonangol Suezmax Pool, which at the end of 2016 employed about 20 vessels, including 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

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. The overall fleet comprises about 60 MR vessels. With offices in Copenhagen, Houston, Singapore and Dubai, Stena Weco meets customer requirements for availability and a local presence.

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 and the new IMOIIMAX vessels.

Stena Bulk

> Safe vessels, competent crews and continuous improvement measures are the foundation of our sustainability work. Kim Ullman, CEO

MAJOR FOCUS ON sustainability

For Concordia Maritime, issues relating to care for the environment, safety, transport efficiency and employer responsibility go very much hand in hand with sound and stable financial development. Both customers and owners, as well as society in general, benefit from safe transport, optimised flows and a major focus on fuel efficiency.

SAFETY AND ENVIRONMENTAL responsibility

Concordia Maritime's sustainability work is based on a materiality analysis in which the main and most relevant sustainability issues are identified. The key aspects of this work include minimising the risk of accidents and continuously reducing the impact of the Company's operations on the environment.

TANKER SHIPPING IS PROBABLY ONE OF THE MOST STRICTLY REGULATED and scrutinised industries. The comprehensive regulations cover <-environmental and safety aspects, as well as technical and work environment areas. This regulatory control, in addition to our own internal regulations, contributes to maintaining consistently high quality. Concordia Maritime has been at the forefront in safety, <-quality and employer responsibility for a long time. The work is conducted on a long-term basis and is monitored using a well-structured plan for which the CEO is ultimately responsible. The CEO is also responsible for continuous reporting to the Board. The ongoing work is conducted in close cooperation with the partners from which Concordia Maritime purchases services relating to technical and commercial operation and manning.

The basis of sustainability work

MATERIALITY

We focus on what is most important to our business and where we are most able to have an influence

- Safety
- Environmental impact
- Financial sustainability

TRANSPARENCY

- Our ambition is full transparency
- What we report must be relevant and linked to the most important issues for our business

OUR CORE VALUES

- **Care** Care and quality in everything we do
- **Innovation** An innovative corporate culture helps us to perform and improve
- **Performance** First-class performance

CLEAR CONTROL

- The CEO is responsible for overall coordination and follow-up
- Reporting and follow-up at all ordinary board meetings
- Quarterly status review with partners

Three priority areas

Safety first

Our overall objective is to conduct our vessel operations and business activities in a manner that protects both the vessels and the employees working under our control and supervision. By means of a strong safety culture at all levels of our organisation, we shall prevent the risk of accidents occurring.

	Target 2016	Outcome 2016	Target 2017
LTI (Lost Time Injury)	0	0	0
LTIF (Lost Time Injury Frequency)	0	0	0
Number of inspections with more than 5 observations (owned vessels)	0	0	0
Average number of vetting observations (entire fleet)	<4	2.5	<4
Number of port state controls resulting in detention	0	0	0
Number of piracy-related incidents	0	0	0
Material damage	0	9	0
Medical treatment case	0	3	0
Restricted work case	0	2	0
High potential near miss	0	8	0
High risk observation	0	1	0

Environmental responsibility

We are strongly committed to reducing our impacts on the environment. We work continuously to reduce emissions and increase energy efficiency.

	Target 2016	Outcome 2016	Target 2017
Oil spills, litres	0	0	0
Reduced fuel consumption, mt/day (owned vessels)	0.3	0.8	0.3
CO_2 reduction, mt	2,800	5,215	2,800
SO_x reduction, mt	36	39	36
NO_x reduction, mt	80	145	80
Reduction in emissions of particulates, mt	0.9	1.7	0.9

Financial sustainability

Our goal is to ensure financial development that enables us to invest in our continuing development. In this way, we can create value for employees, shareholders and society – in the short and long term.

	Outcome 2015	Outcome 2016
Total income, SEK million	1,086.6	1,038.2
EBITDA, SEK million	423.8	319.9
Result before tax, SEK million	174.3	56.9

Safety first

SAFETY WORK IS ONE OF THE CORNERSTONES of Concordia Maritime's business. 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 any 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.

The max concept – double everything

Concordia Maritime's greatest contribution to safe tanker shipping is its safe vessels. In the fleet, transport economy and flexibility are combined with high safety. With the P-MAX concept, Concordia Maritime has taken safety into a new dimension. The vessels are built with double propulsion and steering systems. They have two separate engine rooms with fireproof and watertight bulkheads. All control systems are separated and each engine has its own fuel system. Additionally, double rudders and propellers provide better manoeuvrability, which is also a major advantage in terms of efficiency and safety. The bridge is designed to provide a 360-degree view and is equipped with a co-pilot system, i.e. double control systems. This enhances safety and facilitates training.

Training and risk identification

Working at sea places high demands on officers and ratings on board. In addition to comprehensive international regulations, there are also strict internal requirements and routines for ensuring safety on board. To ensure that quality, environmental and safety demands are met, we provide continuous skills development. The training activities are both general and specially adapted for the specific vessel.

Behaviour Based Safety

The most important element of the work to continuously improve safety on board is systematic risk identification. All crew members on Concordia Maritime's vessels spend time every day studying how procedures and movement patterns are adhered to. The reporting is based on a standardised model (Behaviour Based Safety). The observations are compiled into reports, which are then distributed to all ships in the fleet.

The systematic safety work is clearly reflected in the number of personal injuries and the LTIF (lost time injury frequency) rate, where Concordia Maritime is significantly lower than the industry average. A total of over 12.1 million hours of work have been performed on our vessels over the last five years. During all these hours, there have been only two accidents with lost workdays.

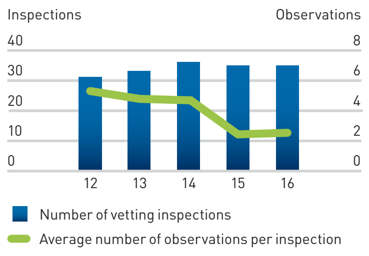
External controls and inspections

There were 34 vetting inspections on board Concordia Maritime's vessels during 2016. None of these resulted in observations of a serious nature. There were also 24 port state controls during the year. None of these resulted in observations of a serious nature.

Piracy

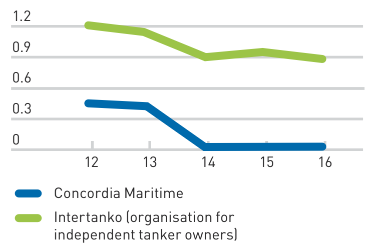
In recent years, ship hijackings have posed an increasingly serious threat to international shipping. We are working actively to reduce the risk of any of our vessels being hijacked or exposed to other types of threats. Extensive analyses and risk assessments are conducted before each voyage. Based on the outcome of these, we make strategic and tactical choices in terms of route, special support and other measures. The work is regulated by recommendations from international maritime organisations such as Intertanko, and by the IMO's ISPS (International Ship and Port Facilities Security) Code. The Code establishes requirements regarding ships' equipment and requires every ship to have security procedures and a trained person responsible for this area. All vessels in the fleet satisfy the requirements of the ISPS Code.

Vetting inspections[1] of our fleet



1) The oil companies' vessel inspections

LTIF compared with industry



Stena Paris in large safety exercise

At the end of September 2016, the P-MAX tanker *Stena Paris* participated in a large safety exercise arranged by the oil company ExxonMobil and the Maritime and Port Authority of Singapore.

The exercise scenario involved a simulated collision of a fully loaded Very Large Crude Carrier (VLCC) and a product tanker just outside the port area of Singapore. Two tanks on the VLCC sustain damage after which oil begins to spill out. A crew member loses consciousness and another is seriously injured.

The purpose of the exercise was to test the response plans that have been developed. The plans include activities for every type of eventuality, with a focus on caring for the injured, cleaning and containing the oil spill, while also preventing any further discharge from the damaged vessel.

The exercise involved a large number of operators on land, at sea and in the air, with the capacity for coordination being crucial.

"These types of exercises are held regularly and they are extremely valuable for all involved. Fortunately, it is very rare that incidents occur, but if something does happen, it's vital that procedures are in place and that everything works," says Kim Ullman, CEO of Concordia Maritime.

The ship's life cycle

A vessel affects the environment in different ways from the time it is built until it is recycled. However, much can be done to minimise and reduce these impacts during its life cycle.

1 DESIGN & KONCEPT

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.

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 construction methods and higher demands from those placing 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. Both we and the industry as a whole are working continuously on various solutions to reduce the quantity of emissions.

4 CONTINUOUS IMPROVEMENTS

With continuous improvements and day-to-day maintenance, it is possible to retain or even improve a vessel's environmental performance during its life.

5 RECYCLING

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

UNIQUE COMPETENCE IN ALL STAGES

Within the Stena Sphere there is unique scope and ability to develop and analyse new innovations and then to optimally combine them, based on both technical and commercial considerations. Stena Teknik specialises in design development of new vessel types from initial concept to final delivery. The focus is on optimisation and quality at every stage. On delivery, Stena's technical manager Northern Marine Management takes over the technical operation. The focus is on continued optimisation and development.

This is constantly achieved, through close communication with the commercial operators Stena Bulk and Stena Weco, which ensures favourable commercial terms. The P-MAX, IMOIIMAX and suezmax tankers are all good examples of vessels that were optimised in the design stage, but then continued to be developed as a result of technical opportunities and changed commercial needs.

Environmental responsibility

AT CONCORDIA MARITIME, efforts are focused on continuously reducing the environmental impacts of vessels and operations. The Company has a major focus on reducing emissions into the sea and air, increasing fuel efficiency and maintaining a high overall operational quality.

Concordia Maritime's environmental impact can be divided into two main categories:

- Emissions of carbon dioxide, sulphur and nitrogen oxides and harmful particles associated with bunker fuel consumption
- Spreading of organisms due to the discharge of ballast water

In both areas, extensive work is carried out to reduce or completely eliminate the environmental impact.

Reduced carbon dioxide emissions

Carbon dioxide emissions are directly related to the vessels' fuel consumption. The target is to achieve an average reduction of 0.3 tonnes in fuel consumption per vessel per day at sea. In order to continuously reduce emissions, great emphasis is placed on efficient operation and ongoing technical improvements on vessels.

Efficient commercial and technical operation

Within the framework of commercial and technical operation, a large-scale fuel efficiency program has been in progress since 2012, and this has resulted in significantly reduced carbon emissions. Activities and measures include more frequent and detailed monitoring of vessels' energy consumption and implementation of advanced systems and routines that bring speed and route optimisation based on weather conditions, demurrage, bunker costs and customer needs.

Since the project began, fuel efficiency measured as freighted cargo (tonnes) in relation to fuel consumed (tonnes) has increased by 20 percent. The reduced bunker consumption in combination with other measures in 2016 resulted in a reduction of over 5,200 tonnes in carbon dioxide emissions and approx. 40 tonnes in sulphur dioxide emissions.

Technical development and maintenance

In addition to work on route planning, optimisation of speed and energy management, the Company also conducts extensive and continuous technical development and maintenance of the vessels. Various measures to reduce fouling on the hull, propellers and gears have a large effect on fuel consumption. Fouling has the effect of significantly increasing fuel consumption and it may also have an adverse effect on handling, and therefore safety. Great effort has also been put into further technical development of the propellers, including the installation of hub vortex absorbing fins behind the propellers. The fins break the vortex that would otherwise be created behind the propellers.

VTA (Variable Turbine Area) turbines have been installed on four of the ships in the fleet in order to reduce emissions of sulphur and nitrogen oxides. The main advantage is that by angling the blades in the turbine, the turbine's thermal efficiency can be adapted to the vessel's speed, which reduces fuel consumption.

Green Passport

In recent years, the maritime industry has taken steps to reduce the impact of ship recycling on the environment and people. There are now stringent environmental requirements throughout the chain from ship design and construction to operation and recycling. For example, all material on board is classified and the entire scrapping process is structured and certified – something we have implemented on our newbuildings ever since the first P-MAX tanker was delivered in 2005. *Stena Paris* was the first vessel in the world to be certified in accordance with Det Norske Veritas Green Passport.

Measures to reduce emissions of sulphur and nitrogen oxides

Emissions of sulphur oxides are mainly a consequence of the sulphur content of the fuel used. As a consequence of the new sulphur directive that came into effect on 1 January 2015, the limit value for maximum sulphur content in fuel used in the Baltic Sea, North Sea, English Channel, Canada and the United States has been lowered from the previous 1 percent to 0.1 percent.

Concordia Maritime also endeavours to minimise emissions of nitrogen oxides. All of the fleet vessels were built after 1 January 2000, which means they meet the IMO Tier 1 standards and therefore have 13 percent lower nitrogen oxide emissions per tonne of fuel compared with ships that do not meet the standards. Two fleet vessels also meet the Tier 2 standards, and therefore have a further 15 percent lower nitrogen oxide emissions per tonne of fuel.

Conflicting interests

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

Discharge of ballast water

The discharge of ballast water close to the coast is another potential environmental hazard. Organisms that are transported with the ballast water pass from one ecosystem to another can cause damage to the local environment. All Concordia Maritime's vessels follow a Ballast Water Management Plan, which is produced by our partner Northern Marine Management (NMM) and based on existing international guidelines. The IMOIIMAX vessels are also equipped with special systems for handling ballast water.

No oil spills

The largest environmental risk associated with tanker shipping is the risk of an oil spill in connection with a grounding, collision or other accident. However, with the increasing modernisation and safety of the global tanker fleet, the number of oil spills has declined dramatically and they are now very rare.

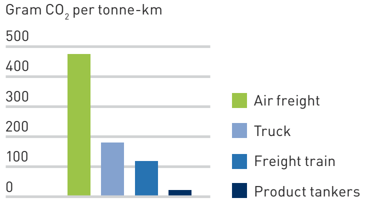
This trend is due to a combination of comprehensive improvement work on the part of the world's shipping companies and tougher requirements from regulators, customers and other stakeholders. Strict reporting procedures enable total control over all incidents – in port and at sea. 2016 was another year in which none of Concordia Maritime's vessels was involved in any incident that resulted in bunker oil or cargo discharging into the water.

A flexible and fuel-efficient fleet

Concordia Maritime's main contribution to more sustainable tanker shipping is a cargo-flexible fleet. Both the P-MAX tankers and IMOIIMAX tankers are designed to transport different types of oil products, which allows good cargo efficiency. Three of the P-MAX vessels have been converted to IMO3 class after delivery, resulting in a further increase in cargo flexibility, as they can now also carry vegetable oils and lighter chemicals.

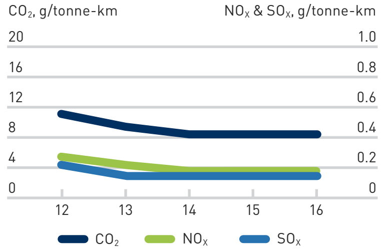
All vessels in the fleet also have high fuel efficiency. One of the P-MAX vessels' main strengths is the hull design, which makes it possible to carry about 30 percent more cargo than a standard tanker on the same draft. At full load, this means considerably lower fuel consumption per unit load than with traditional MR vessels. The suezmax vessel and the two IMOIIMAX vessels are eco-design tankers, which means that a large number of innovative technical solutions have resulted in considerably lower fuel consumption at service speed than the previous generation of tankers.

Carbon dioxide emissions by transport mode



Source: IMO

Emissions from Concordia Maritime's fleet



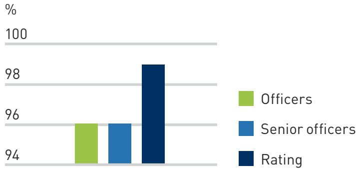
Source: Stena AB Public Affairs and Sustainability

A responsible employer

Safe transportation requires access to competent crews. Competition for well-trained seafarers is and will continue to be intense. At the same time, a new generation is entering the labour market and placing new demands on working conditions and work environment.

Concordia Maritime and Northern Marine Management work to ensure they are attractive employers, offering competitive conditions while also providing stimulating and safe workplaces. Respect for the individual, opportunities for skills development, social benefits and a strong safety culture are important components of this work. All sea-going personnel on our vessels are covered by ITF (International Transport Workers' Federation) agreements.

Retention rate



Corporate social responsibility

IN ACCORDANCE WITH CONCORDIA MARITIME'S GUIDELINES on community engagement, priority is given to initiatives that have a clear link to the Company's values, expertise and operations. The projects or initiatives that are supported must be related to shipping. They must contribute to a safer everyday life for each seagoing individual, support the progression towards more environmentally and socially sustainable shipping, or contribute to positive development of the local markets in which the Company operates.

Scholarship program in Bermuda

Since Concordia Maritime's scholarship program was launched in 2011, it has served as a springboard for a number of maritime students in Bermuda. Up to USD 10,000 is awarded annually to one or more applicant students. In addition to the financial award, there is also an opportunity for supervision and mentoring during the scholarship period.

For the individual student, the scholarship represents a springboard into professional life. Several of the recipients would not have had the opportunity to study further had it not been for the grant. But it is not only the students who gain from the program – Concordia Maritime also benefits from the attention it brings. The profile has been increased and Concordia Maritime is currently a sought-after partner in Bermuda, recognised for taking responsibility and contributing to the development of shipping.

Mercy Ships Cargo Day

Concordia Maritime supported Mercy Ships Cargo Day in 2016. The purpose was to raise funds for Mercy Ships, an NGO operating the world's largest private hospital ship.

Mercy Ships provides surgery, dental care and other qualified medical care in places where the need is greatest. The activities, which are conducted on board the hospital ship Africa Mercy, are run in close co-operation with the different host countries. There is a major focus on a presence in different countries in Africa, where access to advanced and high-quality health care is severely limited in many places. Far too many people are suffering and dying from diseases or disabilities that could easily have been treated if the health care chain had only been in place.

Since 1978, Mercy Ships has provided health care services and supplies to those in need in developing countries corresponding to a value of just over USD 1 billion and has provided medical assistance to more than 2.5 million people during 587 port visits.

For more information, visit *www.mercyshipscargoday.org*

Scholarship recipient Erin Greig (third from left) with Taran Card, Angelique Burgess and Pilot Mario Thompson.

Monitoring and controls

Certification and internal control

As a large proportion of daily operational work is purchased from external service suppliers, sustainability efforts are largely reflected in the work carried out in their respective operations. We work with them to continuously 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. Safety and environmental work is regulated within NMM by a Group-wide SHE (Safety, Health and Environment) policy, which contains minimum standards and requirements for reporting in a number of areas such as incidents and accidents, absences due to illness and occupational injuries.

External controls

In addition to our own controls, there are also comprehensive inspections and follow-ups from authorities and customers. The vessels in the fleet, both owned and chartered, 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 the ship's construction and its general condition, equipment and procedures for navigation, survival equipment, fire-fighting equipment, cargo handling systems, oil recovery equipment and procedures for crisis management. Crew numbers, the crew's qualifications, employment conditions, the ship's logbooks and certificates are also examined. Shore-based activities are checked primarily by auditing processes and procedures.

Zero tolerance for bribery and corruption

There is zero tolerance for bribery and corruption at Concordia Maritime. We are also striving to completely eliminate facilitation payments, which have traditionally been common practice in the maritime and shipping industry.

In 2016, Concordia Maritime became a member of the Maritime Anti-Corruption Network (MACN), an international initiative created by maritime industry players to share experiences and promote best practice in combating all forms of corruption and bribery. MACN is run by representatives from the maritime industry, but also collaborates with external stakeholders, including governments and international organisations (such as the United Nations Development Programme), to identify and gain in-depth understanding of the root causes of corruption in the maritime industry.

As a member of MACN, the Company undertakes to follow and implement the organisation's seven principles, which include creating and maintaining an anti-corruption compliance programme, internal controls, reporting systems and regular internal and external reviews.

Framework, principles and guidelines

Concordia Maritime's Board and management have jointly formulated and adopted a framework that defines guidelines on how Concordia Maritime should act as a responsible company and employer. The framework consists of internal regulations and guidelines connected to external principles and recommendations.

Sustainability policy The sustainability policy describes Concordia Maritime's overall approach to sustainability and the overall principles for control and monitoring of sustainability work.

Code of Conduct The Code of Conduct is a business ethics policy describing Concordia Maritime's guidelines for suppliers and partners. It also describes the relationship with employees, business partners and other stakeholders, and the position regarding gifts and bribes. The Code applies to the Board and all employees of Concordia Maritime.

Global Compact Concordia Maritime follows both the UN Global Compact Initiative and the Universal Declaration of Human Rights. The Global Compact was introduced in 1999 and, with over 6,000 corporate members from 135 countries, is currently the largest international initiative for corporate responsibility and sustainability issues. The corporate members undertake to comply with ten principles on human rights, environment, labour and anti-corruption, and to respect them throughout the value chain.

OECD Guidelines for Multinational Enterprises The OECD Guidelines for Multinational Enterprises are recommendations addressed to multinational enterprises operating or based in any of the OECD countries. The guidelines deal with how these enterprises are to relate to human rights, environment and labour.

The ILO's Fundamental Conventions The International Labour Organization's (ILO) eight fundamental conventions represent a minimum global standard for labour. The conventions address fundamental human rights at work.


SNAP-BACK ZONE
DANGER

RISK AND sensitivity analysis

As with all commercial enterprises, Concordia Maritime's activities are associated with certain risks, which can be classified 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

Brand risk refers here to events that could fundamentally have an adverse effect on the confidence of customers, employees, shareholders and other stakeholders in the business. These may include malpractice, serious accidents or other incidents, as well as events of a more financial or stock-market-related nature.

MANAGEMENT: Concordia Maritime's Board and management have jointly formulated and adopted a framework that defines guidelines on how Concordia Maritime should act as a responsible company and employer. The framework consists of internal regulations and guidelines connected to external principles and recommendations. The main regulations include Concordia Maritime's Code of Conduct, the Sustainability Policy and guidelines related to the UN Global Compact Initiative.

B Employees

Employee risk is the risk of Concordia Maritime being unable to attract and retain competent and committed employees. This ability to attract and retain such employees is crucial to driving development in accordance with defined goals. If Concordia Maritime does not have access to the right skills at the right time, the Group's operations and results are adversely affected.

MANAGEMENT: Concordia Maritime's own 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

Liquidity risk is the risk of the Company not having sufficient liquidity to discharge its obligations. In addition to liquidity to cover its current obligations, the Company also endeavours to have sufficient liquidity to conduct business that requires cash input.

MANAGEMENT: Liquidity risk is managed by ensuring a solid financial position, with competitive costs and management of market-related risks. To ensure the availability of short-term liquidity, overdraft facilities of USD 10 million and SEK 10 million have been arranged.

	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	4 (5)	4 (5)	2 (1)	2 (1)	Clear frameworks on how Concordia Maritime should act as a responsible company.
	B Employees	3 (3)	4 (4)	3 (3)	3 (2)	Close cooperation with several companies in the Stena Sphere.
	C Liquidity	4 (4)	4 (4)	4 (4)	2 (3)	Ensuring a solid financial position, with competitive costs and ongoing management of market-related risks.
	D Financing risk	4 (4)	3 (4)	3 (4)	2 (3)	Good solvency and good banking relationships.
2. MARKET-RELATED RISKS	A Economic trends	4 (4)	4 (4)	5 (4)	5 (4)	Clear fleet strategy and good market knowledge.
	B Freight rates	5 (5)	5 (5)	5 (5)	5 (5)	Efficient operation, good market knowledge and good customer relationships.
	C Oil price	4 (4)	4 (4)	5 (4)	5 (4)	Efficient operation and good market knowledge.
	D Political risks	3 (3)	3 (3)	4 (3)	4 (3)	At the forefront in safety and sustainability work.
	E War/instability	3 (4)	3 (4)	4 (4)	4 (4)	Continuous business intelligence and internal security policy.
3. OPERATIONAL RISKS	A Damage to vessels	3 (4)	3 (4)	3 (2)	3 (2)	Continuous maintenance work in combination with comprehensive insurance cover.
	B Accidents and incidents	5 (5)	5 (5)	3 (3)	2 (2)	Continuous work on preventive measures.
	C Ship operation	3 (4)	3 (4)	2 (3)	1 (2)	Continuous work on preventive measures to enable long-term employment.
4. CREDIT RISKS	A Counterparty risks – customers	3 (3)	3 (3)	2 (2)	2 (2)	Long-term collaboration and continuous monitoring.
	B Counterparty risks – subcontractors and partners	3 (4)	3 (4)	1 (2)	1 (2)	Financially and operationally strong players. Bank guarantees and penalty clauses.

Previous year's figures in brackets.

Change in the risk environment in 2016

The biggest change in the risk environment in 2016 concerns a deterioration in market conditions, resulting in reduced operating income. However, the effects of this risk are offset to some extent by active work on the chartering strategy and fleet disposition.

Type of risk

- Corporate risks
- Market-related risks
- Operational risks
- Credit risks

D Financing risk
Financing risk is the risk that the Company will be unable to satisfy its need for new loan capital.
MANAGEMENT: This risk is managed by fulfilling financial obligations, maintaining the already excellent relationship with banks, working to broaden the potential financing base to include new banks and institutions, and ensuring sound operation of the Company with good transparency and communication.

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 a limited opportunity to control these risks in the short term, but must still deal with them in the planning of the business.

A Economic trends
Cyclical risks are risks of the general market situation adversely affecting the business or results.

Shipping is a highly cyclical business. Demand for transportation of oil and refined petroleum products is determined to a large extent by the consumption of these products. This, in turn, is largely determined by the economic situation. All these factors affect freight rates. In the short term, the effects of economic fluctuations are greatest in the spot market, although they also affect the contract market and vessel values in the long term.
MANAGEMENT: Risks related to freight rates are largely managed through decisions on fleet disposition (incl. acquisitions and disposals) and choice of contracting method. The decisions are based on continuous analyses of cyclical fluctuations in the markets and their bearing on shipping in general and tanker shipping in particular.

B Freight rates
Risks related to freight rates are risks of lower income due to falling 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. In a short-term perspective, freight rates on the spot market fluctuate significantly more than the rates on time-charter market.
MANAGEMENT: Risks related to freight rates are largely managed through decisions on fleet disposition and choice of contracting method. Spot market exposure is also managed through the pools in which the vessels operate. Decisions are based on continuous analyses of market trends in both the short and long term.

C Oil price
Developments in oil prices can affect demand for transportation of oil and oil 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. Changes in oil prices also affect inventories and trading in oil, which in turn affects demand for tanker transportation.

High oil prices can affect net income through increasing costs for bunker oil.
MANAGEMENT: Risks related to oil prices are largely managed through decisions on fleet disposition and choice of contracting method. Decisions are based on continuous analyses of market trends in both the short and long term.

D Political risks
Political risks relate mainly to the risk of political decisions having adverse consequences for international trade in oil and oil products. Concordia Maritime operates in a market affected by numerous regulations which may change due to changing external factors and/or political decisions. These include decisions on regulations for international trade, safety and the environment.

The trend for international trade in recent years has been towards increased global free trade and fewer trade-policy-related restrictions. The main risk of changes would appear to lie in the area of safety and environment, where international and national laws, industry-related conventions, regulations and practice are continuously reviewed.
MANAGEMENT: To keep track of political decisions that have a bearing on Concordia Maritime's operations, continuous external monitoring is conducted, both within the organisation, and in cooperation with partners and other stakeholders.

In terms of sharper requirements in the area of environment and safety, Concordia Maritime's fleet and strong focus on safety actually represent opportunities.

D War/instability
Risks related to war and instability refer partly to the risk of restricted availability of oil and oil products, and partly to changes in transport demand. They also include risks related to pirate activity. This risk affects the industry as a whole and also Concordia Maritime.
MANAGEMENT: To address the risk of war, instability and piracy activity, continuous external monitoring is conducted, both within the organisation, and with partners and other stakeholders.

3. Operational risks

Operational risks are risks related to current operations.

A Damage to vessels

Risks related to damage to vessels are mainly associated with costs of repairing any damage caused, and loss of income due to off-hire – which can also result in more expensive insurance premiums.
MANAGEMENT: This risk is managed partly through strict procedures, scheduled vessel maintenance and comprehensive loss prevention measures during operating activities and partly through industry-standard insurance. The vessels are insured against damage and loss at amounts representing the vessels' value. The vessels are also insured against Loss of Hire due to damage or shipwreck. In addition, customary insurance for operating in specific waters is also in place.

B Accidents and incidents

Accidents and incidents refer mainly to accidents at sea or in port (shipwreck, oil spill, collision etc.). This type of event could have far-reaching negative consequences for both the environment and property, and, at worst, could result in loss of life.
MANAGEMENT: This type of risk is managed through comprehensive preventive work with continuous training and reviews of procedures and processes. Protection and indemnity applies with no limitation of amount, except for responsibility for oil spills, where the amount is limited to USD 1 billion.

C Ship operation

Risks related to ship operation refer mainly to the risk of a lack of attractiveness to competent seagoing personnel.
MANAGEMENT: In order to recruit the best crews, a good reputation in the market is required. Concordia Maritime strives to be an attractive employer. 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 17.

A Counterparty risks – customers

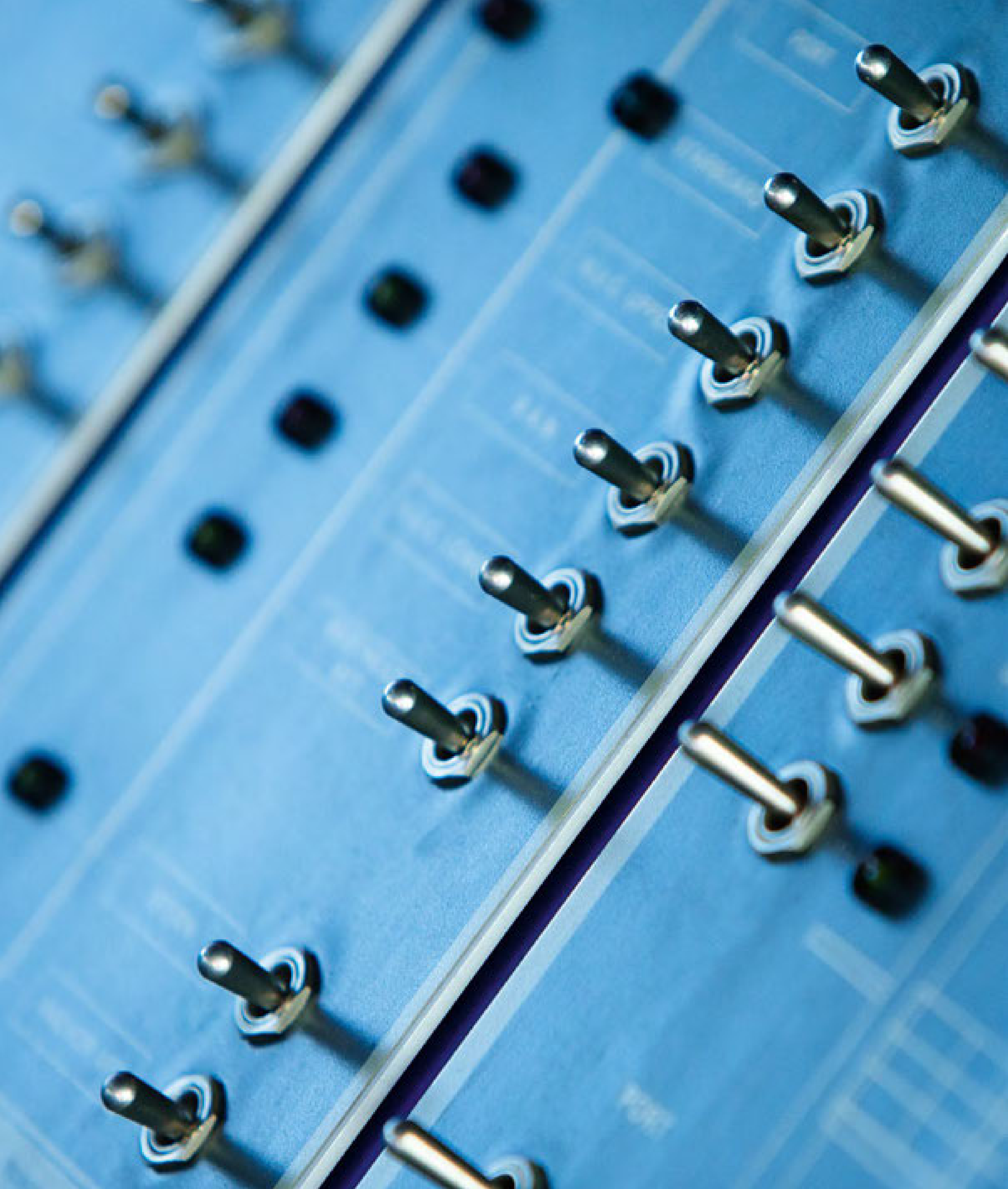
Counterparty risks relating to customers are primarily the risk of a customer being unable to discharge its obligations.
MANAGEMENT: Long-term collaboration, continuous monitoring and a stable financial position are significant factors when entering into agreements with customers. In the event of uncertainty about a counterparty's financial position and capacity, a financial check is conducted by an external party. Where appropriate, the cargo can also be used as collateral.

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.
MANAGEMENT: Long-term collaboration, continuous assessment and a stable financial position are significant factors in the choice of suppliers and counterparties. In the event of uncertainty about a counterparty's financial position and capacity, a financial check is conducted by an external party. Where appropriate, guarantees are also requested.

Financial risks

Financial risks, which are mainly related to currency and interest rates, are described in note 17 and have therefore not been described in this section.



2016 FROM A share perspective

Concordia Maritime's B share price was SEK 13.90 at the end of 2016, which is a decline of 29 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. 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 2016, 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.

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 transportation. This should provide the necessary conditions for a long-term, positive share price trend.

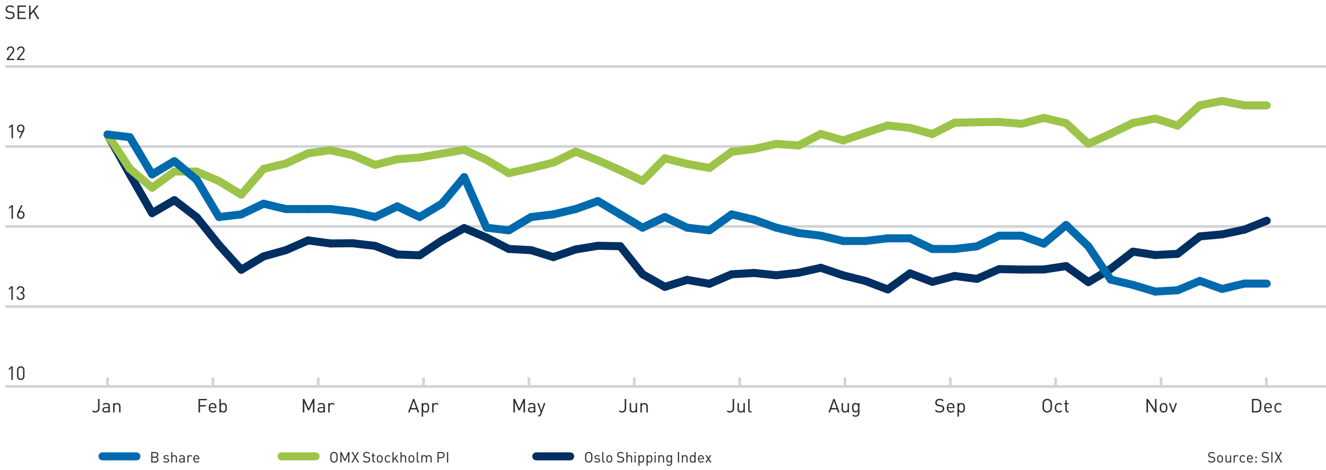
The Company's policy is to distribute at least 10 percent of profit after tax. The aim is to distribute more than the minimum level specified by the policy. The Board's dividend proposal to the AGM include this aim, but also takes into account the Company's financial position and cash requirements for business projects.

Financial comment

The price of Concordia Maritime's share at the end of the year was SEK 13.90. With equity per share of SEK 43.78, this means that the stock market valued the share at about 32 percent of equity at that point in time. A market valuation of the Company's ships (conducted by three independent ship brokers) indicates a net asset value per share of SEK 33. This means that the stock market's valuation of the share is 42 percent of net asset value. One of the challenges for 2017 is to reduce this discount.

Ola Helgesson, CFO

Concordia Maritime's share price, 2016



Dividend 2007–2016

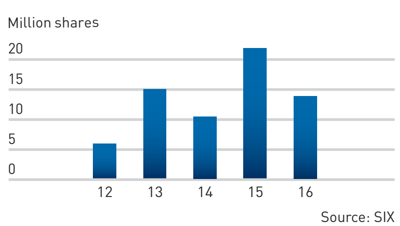
Year	Dividend per share, SEK	Dividend yield, %
2007	1.00	3.7
2008	1.00	6.6
2009	1.00	5.9
2010	1.00	4.9
2011	1.00	7.7
2012	0.50	4.9
2013	0.00	0.0
2014	0.00	0.0
2015	0.50	3.1
2016	0.50[1]	3.0

1) Proposed dividend

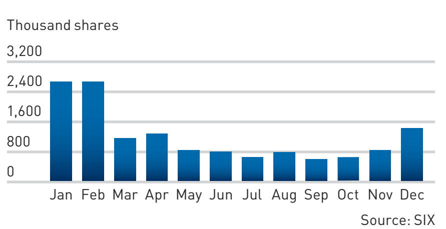
Press releases in 2016

26/01/2016	Concordia Maritime signs further time charter contract for P-MAX tanker
28/01/2016	Interim report, 12 months, 1 January–31 December 2015
14/03/2016	Concordia Maritime signs 3-year time charter contract for P-MAX tanker
26/04/2016	Concordia Maritime signs new contract for P-MAX tanker
26/04/2016	Interim report, 1 January–31 March 2016
13/05/2016	Concordia reaches settlement agreement in the arbitration dispute
28/07/2016	Interim report, 1 January–30 June 2016
04/10/2016	Concordia Maritime signs sale & leaseback agreement for the IMOIIMAX tanker *Stena Image*
28/10/2016	Concordia Maritime signs another sale & leaseback agreement – this time for the suezmax tanker *Stena Supreme*
09/11/2016	Interim report, 1 January–30 September 2016
23/11/2016	New financing agreements signed for P-MAX tankers

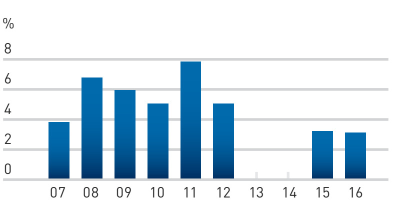
Share turnover, last five years



Share turnover, 2016



Dividend yield



Key figures for the share

	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Dividend, SEK	0.50[1]	0.50	0.00	0.00	0.50	1.00	1.00	1.00	1.00	1.00
Dividend as % of net result after tax	34	14	n/a	n/a	–7	56	60	n/a	50	76
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	13.90	19.50	12.90	11.70	10.15	12.95	20.50	17.00	15.00	27.00
Dividend yield, %[2]	3.0	3.1	n/a	n/a	4.9	7.7	4.9	5.9	6.6	3.7
Total return, Concordia share, %	–26.2	55	10	15	–17.8	–32.0	26.5	20.0	–40.7	–49.1
P/E ratio including ship sales	9.5	5.4	71.7	neg	neg	7.3	12.2	neg	7.5	20.5
Turnover of shares per year, millions	13.5	21.4	10.1	14.8	5.7	6.2	17.6	12.4	14.7	16.8
Turnover rate, %	28	45	21	31	12	13	37	26	33	38
Market value at year-end, SEK million	608	853	616	558	484	618	978	811	716	1,288
Number of shareholders	4,610	4,744	4,546	5,109	5,112	5,266	5,470	5,006	4,834	4,963
Equity per share	43.78	39.15	32.99	27.07	27.88	37.24	35.94	37.47	41.21	34.08

1) The Board's proposal.
2) Dividend per share divided by average share price.

Shareholder categories

	Capital, %	Votes, %
Foreign owners	9.7	5.5
Swedish owners	90.3	94.5
of which		
Institutions	13.6	7.9
Private individuals	24.2	13.8
Stena Sphere	52.5	72.9

Ownership concentration

	Capital, %	Votes, %
The 10 largest shareholders	72.5	84.3
The 20 largest shareholders	77.5	87.2
The 100 largest shareholders	86.7	92.4

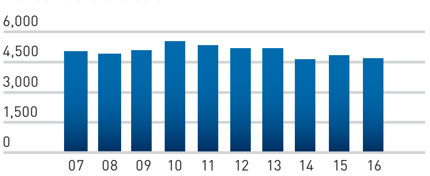
The 10 largest shareholders

	Capital, %	Votes, %
Stena Sphere	52.5	72.9
Fjärde AP-fonden	5.4	3.1
Bengt Stillström	3.4	1.9
Avanza Pension Försäkring AB	2.6	1.5
Svenska Handelsbanken	2.4	1.4
Stig Andersson	2.4	1.4
Morgan-Åke Åkesson	1.4	0.8
Villefranche S.A.R.L	1.0	0.6
CBNY-DFA-INT SML CAP V	1.0	0.6
JP Morgan Bank Luxembourg S.A.	0.7	0.4
Nordnet Pensionsförsäkring AB	0.7	0.4

Shareholder structure

Shareholding	Owners	Holding, %
1–1,000	3,423	74.4
1,001–10,000	984	21.3
10,001–20,000	81	1.7
20,001–	122	2.6
Total	**4,610**	**100.0**

Shareholder trend, 2007–2016



Source: Euroclear

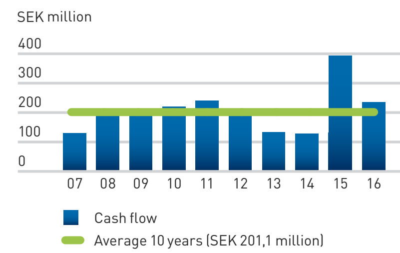
Ten-year summary

	2016[3]	2015[3]	2014	2013	2012
Profit/loss items, SEK million					
Total income	1,038.2	1,086.6	531.2	467.8	543.4
Operating costs excluding impairment	–955.5	–877.0	–474.8	–467.4	–465.9
Operating result	82.7	209.6	56.4	0.4	77.5
of which result from ship sales	54.8	—	57.4	—	—
EBITDA[4]	319.9	423.8	201.0	144.7	228.4
Result after financial items	56.9	174.3	16.5	–39.0	–369.4
Result after tax	69.5	173.9	8.7	–28.8	–356.0
Cash flow from operations[1][4]	227.0	392.2	121.8	124.1	190.5
Investments	89.5	459.3	87.9	64.7	428.3
Balance sheet items, SEK million					
Ships	3,165.5	3,809.0	3,129.7	2,914.8	3,063.4
(Number of ships)	11	13	11	12	12
Ships under construction	0.0	0.0	205.8	100.5	48.0
(Number of ships)	—	—	2	2	2
Cash & cash equivalents	406.3	273.6	136.6	106.0	144.4
Short-term investments	273.2	0.0	0	81.7	97.1
Other assets	276.7	271.3	243.7	203.5	127.8
Interest-bearing liabilities	1,933.7	2,387.2	2,038.9	1,994.0	1,993.3
Other liabilities and provisions	118.7	98.6	102.2	120.2	156.6
Equity	2,089.8	1,868.7	1,574.7	1,292.3	1,330.8
Total assets	4,142.2	4,354.5	3,715.8	3,406.5	3,480.7
Key ratios, %					
Equity ratio[4]	50	43	42	38	38
Return on total capital[4]	2	5	2	0	–9
Return on capital employed[4]	2	5	2	0	–9
Return on equity[4]	4	10	1	–2	–23
Per-share data, SEK					
Result after tax	1.46	3.64	0.18	–0.60	–7.46
of which result from ship sales	1.15	—	1.20	—	—
Cash flow from operating activities[1]	4.76	8.22	2.55	2.60	3.99
Equity	43.78	39.15	32.99	27.07	27.88
Equity/net asset value	1.32	1.06	1.25	2.31	2.75
Share price at year-end	13.90	19.50	12.90	11.70	10.15
Dividend[2]	0.50	0.50	0.00	0.00	0.50
Dividend as % of net result after tax	34	14	n/a	n/a	n/a
Other					
P/E ratio including ship sales[4]	9.5	5.4	71.7	neg	neg
Number of shareholders	4,610	4,744	4,546	5,109	5,112

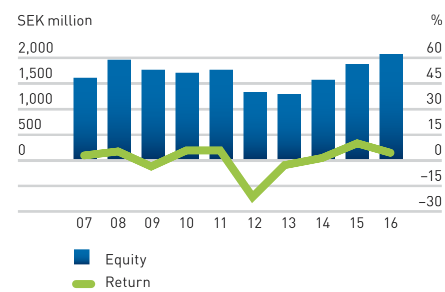
1) Ship sales not included.
2) For the year 2016, the dividend proposed to the 2017 AGM is stated.
3) It has been decided that with effect from 1 January 2016, spot charter income and expenses will be reported on a gross basis.
In this table, 2015 has also been changed to the same principle for comparison purposes.
4) See definitions on page 93.

	2011	2010	2009	2008	2007
	559.6	513.4	599.3	560.0	457.2
	–452.0	–413.2	–531.5	–473.6	423.2
	107.6	100.2	67.8	86.4	34.0
	—	—	—	—	—
	242.6	219.5	160.8	162.6	91.5
	76.3	76.9	–91.0	78.1	48.0
	84.8	80.4	–81.1	95.8	62.9
	231.1	210.7	189.6	203.2	121.1
	330.1	638.6	654.2	301.3	838.6
	3,289.5	2,919.6	2,265.0	2,059.6	1,769.6
	11	10	8	7	7
	143.0	262.0	619.0	536.3	158.3
	1	2	3	4	4
	128.2	68.3	82.5	31.3	55.6
	113.6	84.0	37.1	283.6	397.1
	83.9	127.4	367.8	575.7	429.6
	1,815.4	1,596.1	1,458.5	1,369.2	1,073.0
	165.2	149.3	124.6	150.3	110.7
	1,777.6	1,715.4	1,788.3	1,967.0	1,626.5
	3,758.2	3,460.8	3,371.4	3,486.5	2,810.2
	47	50	53	56	58
	3	2	3	3	4
	3	2	3	3	4
	5	5	–4	5	3
	1.78	1.68	–1.70	2.01	1.32
	—	—	—	—	—
	4.84	4.41	3.97	4.26	2.54
	37.24	35.94	37.47	41.21	34.08
	2.88	1.75	2.20	2.75	1.26
	12.95	20.50	17.00	15.00	27.00
	1.00	1.00	1.00	1.00	1.00
	56	60	n/a	50	76
	7.3	12.2	neg	7.5	20.5
	5,266	5,470	5,006	4,834	4,963

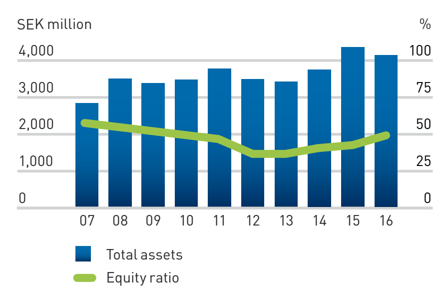
Cash flow from operations, excl. ship sales



Return on equity



Equity ratio



FINANCIAL information

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 2016. 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

Based on the weaker market expected for the year, several vessels were signed to longer contracts during the first half of 2016. It proved beneficial to reduce the fleet's exposure to the spot market, as the markets for oil transportation weakened in the second half of the year.

P-MAX

At the end of the financial year, six of the vessels in the P-MAX fleet were employed on longer contracts. In February 2016, *Stena Primorsk* started a two-year time charter to a Chinese shipping company. In February 2016, *Stena Performance* also started a time charter to a UK shipping company. The vessel was redelivered in January 2017. In February 2016, *Stena Progress* started a time charter to a national oil company. The contract is for three years. A further three vessels were employed on consecutive voyage charters.

MR (ECO)

In November 2015, a contract was signed for the charter of an IMO2/3 class MR tanker. The contract is for two years and Concordia Maritime's share is 50 percent.

Suezmax

The suezmax tanker *Stena Supreme* (158,000 dwt) is employed in the spot market via Stena Sonangol Suezmax Pool, controlled by Stena and the Angolan state oil company Sonangol. A 50% position in a suezmax vessel, chartered for one year, came to an end at the end of June.

In December, *Stena Supreme* was sold through a sale & leaseback agreement, which means that the vessel is chartered back on a bareboat basis (i.e., without crew). The vessel will be chartered for 12 years, with annual purchase options from year three onwards.

IMOIIMAX

The two vessels *Stena Image* and *Stena Important* are employed in the spot market under an agreement with Stena Weco.

In the fourth quarter, *Stena Image* was sold through a sale & leaseback agreement. Under the agreement, the vessel will be chartered back on a bareboat basis for eight years, with annual purchase options from year four onwards.

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 2016 did not indicate any impairment.

Disputes

A settlement agreement was reached in Q2 2016 in the arbitration dispute regarding *Stena Primorsk's* grounding in the Hudson River in 2012. The cost of USD 9.25 million was paid in the second quarter.

The tax dispute concerning withholding tax in Switzerland is now settled and the previously recognised tax expense of USD 1.4 million related to the dispute was reversed during the third quarter of 2016.

During the year, an insurance claim related to one of Concordia Maritime's vessels being run into in Singapore was settled. Total compensation of USD 0.8 million was received from the insurance company.

At the end of the financial year, Concordia Maritime's claim against ST Shipping for unpaid operating costs from three previous time charter contracts was still unsettled. The hearings took place in January 2017 and a judgement is expected during the second quarter of 2017, but is not expected to have any major impact on earnings.

Freight market trends

The first two quarters of 2016 were generally strong, but the market weakened in the third quarter due to high inventory levels for both crude oil and oil products, and extensive ship deliveries. The markets started their seasonal upturn towards the end of the fourth quarter, but this was not enough to compensate for the weak market in summer and autumn. This meant that average income from both the MR and suezmax markets was significantly lower than in 2015.

Product tanker market (MR)

Average earnings for the Company's product tanker fleet, spot and TC, was USD 17,000 (20,100) per day. Earnings from longer contracts exceeded earnings from the spot market during the year, which helped average earnings for the year. For vessels employed in the spot market, average earnings was USD 17,000 (21,100) for light products and USD 15,000 (21,100) for heavy products during the year.

Large tanker market (suezmax)

On a full year basis, average earnings for the Company's suezmax fleet was USD 28,400 (39,500). Although earnings for the suezmax fleet during the year was significantly lower than the 2015 figure, it still exceeded the market's average earnings, measured according to the Clarksons theoretical index.

Shipbuilding market trends

At the end of December, the price of a standard product tanker was about USD 33 (36) million. The price of an IMO2 class MR tanker like Concordia's IMOIIMAX vessels was about USD 35 (38) million. The price of a standard suezmax tanker at the end of the quarter was about USD 54 (63) million.

Financial summary

Results and financial position

Total income in 2016 was SEK 1,038.2 (1,086.6) million. Result after financial items amounted to SEK 56.9 (174.3) million. Result after tax was SEK 69.5 (173.9) million, corresponding to a result per share of SEK 1.46 (3.64).

Investments

Investments during the year amounted to SEK 89.5 (459.3) million and were mainly related to scheduled periodic drydocking. Investments in 2015 were mainly related to the two IMOIIMAX vessels delivered in 2015.

Liquidity and financial position

The Group's available liquidity, including unutilised credit facilities, was SEK 507.4 (367.1) million at the reporting date. There was also a bank deposit corresponding to SEK 273.2 (0) million at the reporting date, reported under short-term investments. Interest-bearing liabilities were SEK 1,946.5 (2,387.2) million. Equity totalled SEK 2,089.8 (1,868.7) million at the reporting date and the equity ratio was 50 (43) percent.

Remuneration policy for senior executives

Remuneration of the Chairman of the Board, Deputy Chairman and Board members is in accordance with the decisions of the 2016 annual general meeting, which also correspond to the proposed guidelines for 2017. 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 attractive and competitive remuneration. 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. The goals for the CEO will be decided by the remuneration committee. Agreements on other forms of remuneration may be reached wherever this is considered necessary in order to attract and retain key competence or to encourage personnel to move to new locations or accept new positions. Such remuneration shall be 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. 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 marine 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 any 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 were involved in any type of incident that resulted in bunker oil or cargo discharging into the water in 2016.

Financial instruments and risk management

See notes 17 and 18.

The share

There were no new share 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

The high inventory levels will almost certainly continue to have a dampening effect on the overall market development in 2017. At the same time, the slump in ship orders will eventually contribute to a better balance in the market. With the two sale & leaseback agreements bringing a positive cash effect and better profitability, Concordia Maritime is equipped for a continuation of the subdued market situation in 2017. The agreements have also created scope to take advantage of good business opportunities during the year. For our own part, the focus in 2017 will be on continued positioning and employment of the fleet based on given market conditions.

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 82–92. 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, in February 2017, the IMOIIMAX vessel *Stena Important* was sold under a sale & leaseback agreement. Under the agreement, the vessel is leased back on a bareboat basis, with delivery in March 2017, for nine years with purchase options from the fourth year and a purchase obligation in the ninth year.

Parent Company

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

Proposed distribution of profit

The Board of Directors propose that the available profits of SEK 64.3 million be distributed as follows:

SEK millions	2014	2015	2016
Dividend (47,729,798 shares)	0.00	23.9	23.9[1)]
Carried forward	16.6	68.1	40.4
Total	**16.6**	**92.0**	**64.3**

1) Proposed dividend SEK 0.50

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, 24 March 2017.

Consolidated income statement and other comprehensive income

1 January–31 December, SEK millions	Note	2015	2016	2016 USD millions[1]
Time charter income		101.2	151.2	17.7
Spot charter income		985.4	789.4	91.4
Result from sale of ships		0.0	54.8	6.4
Other external income		0.0	42.8	5.0
Total income	3, 19	**1,086.6**	**1,038.2**	**121.3**
Operating costs, ships	2	–419.5	–384.0	–44.9
Personnel costs, temporary seagoing	4	–179.3	–195.6	–22.9
Other external expenses	5	–42.5	–117.5	–13.7
Personnel costs, land-based	4	–21.5	–21.2	–2.4
Depreciation	8	–214.2	–237.2	–27.7
Total operating costs	21	**–877.0**	**–955.5**	**–111.6**
Operating result	2	**209.6**	**82.7**	**9.7**
Finance income		3.1	27.3	3.2
Finance costs		–38.4	–53.2	–6.2
Financial net	6	**–35.3**	**–25.8**	**–3.0**
Result before tax		**174.3**	**56.9**	**6.7**
Tax	7	–0.5	12.7	1.5
Result for the year attributable to owners of the parent		**173.9**	**69.5**	**8.2**
Other comprehensive income				
Items that have been/can be transferred to result for the period	13			
Translation differences for the year, foreign operations		116.9	166.7	19.5
Change in fair value of available-for-sale financial assets		3.2	0.0	0.0
The year's fair value change for hedges of net investments in foreign operations		0.0	–10.6	–1.2
Changes in fair value of cash flow hedges, interest-related		0.0	19.3	2.3
Changes for the year in tax attributable to items reclassified to result for the period		0.0	0.0	0.0
Total other comprehensive income for the year		**120.1**	**175.4**	**20.6**
Comprehensive income for the year attributable to owners of the parent		**294.0**	**244.9**	**28.8**
Result per share, before/after dilution	13	**3.64**	**1.46**	**0.17**

1) Unaudited, see note 1.

Consolidated statement of financial position

31 December, SEK millions	Note	2015	2016	2016 USD millions[1]
ASSETS				
Non-current assets				
Ships	3, 8	3,809.0	3,165.5	347.6
Non-current receivables	10	0.5	20.5	2.2
Total non-current assets		**3,809.5**	**3,186.0**	**349.8**
Current tax receivable		0.0	0.5	0.1
Other current receivables	10	165.9	197.6	21.7
Prepayments and accrued income	11	105.4	78.6	8.6
Short-term investments	9	0.0	273.2	30.0
Cash & cash equivalents	12, 23	273.6	406.3	44.6
Total current assets		**544.9**	**956.2**	**105.0**
TOTAL ASSETS		**4,354.5**	**4,142.2**	**454.8**
Equity	13			
Share capital		381.8	381.8	41.9
Other paid-in capital		61.9	61.9	6.8
Reserves		406.2	581.6	63.8
Retained earnings, incl. result for the year		1,018.8	1,064.4	116.8
Total equity		**1,868.7**	**2,089.8**	**229.3**
LIABILITIES				
Non-current liabilities	17, 18			
Liabilities to credit institutions	14	2,129.0	1,699.7	186.7
Total non-current liabilities		**2,129.0**	**1,699.7**	**186.7**
Current liabilities	17, 18			
Liabilities to credit institutions	14	258.2	234.0	25.7
Trade payables		0.5	1.8	0.2
Current tax liability		12.1	0.0	0.0
Other liabilities	15	0.0	0.7	0.0
Accruals and deferred income	16	86.0	116.2	12.8
Total current liabilities		**356.8**	**352.7**	**38.8**
TOTAL EQUITY AND LIABILITIES		**4,354.5**	**4,142.2**	**454.8**

For information on the Group's pledged assets and contingent liabilities, see note 20

1) Unaudited, see note 1.

Consolidated statement of changes in equity

SEK millions	Share capital	Other paid-in capital	Reserves[2] Translation reserve	Fair value reserve	Hedging reserve	Retained earnings[1]	Total equity
Opening equity, 1 Jan 2016	381.1	61.9	406.2	0.0	0.0	1,018.8	1,868.7
Comprehensive income for the year							
Result for the year						69.5	69.5
Other comprehensive income for the year			156.1		19.3		175.4
Comprehensive income for the year	**0.0**	**0.0**	**156.1**	**0.0**	**19.3**	**69.5**	**244.9**
Transactions with owners of the parent							
Dividend						–23.9	–23.9
Closing equity, 31 Dec 2016	**381.1**	**61.9**	**562.3**	**0.0**	**19.3**	**1,064.4**	**2,089.8**

SEK millions	Share capital	Other paid-in capital	Reserves[2] Translation reserve	Fair value reserve	Hedging reserve	Retained earnings[1]	Total equity
Opening equity, 1 Jan 2015	381.1	61.9	289.3	0.0	–3.2	844.9	1,574.7
Comprehensive income for the year							
Result for the year						173.9	173.9
Other comprehensive income for the year			116.9		3.2		120.1
Comprehensive income for the year	**0.0**	**0.0**	**116.9**	**0.0**	**3.2**	**173.9**	**294.0**
Transactions with owners of the parent							
Dividend							
Closing equity, 31 Dec 2015	**381.1**	**61.9**	**406.2**	**0.0**	**0.0**	**1,018.8**	**1,868.7**

1) Retained earnings includes result for the year.
2) See also note 13.

Consolidated cash flow statement

1 January–31 December, SEK millions	Note	2015	2016	2016 USD millions[1]
	23			
Operating activities				
Result before tax		174.3	56.9	6.6
Adjustment for non-cash items		217.9	170.2	19.9
Cash flow from operating activities before changes in working capital		**392.2**	**227.0**	**26.5**
Cash flow from changes in working capital				
Increase (–)/Decrease (+) in operating receivables		–10.3	10.7	1.2
Increase (+)/Decrease (–) in operating liabilities		–4.5	7.0	0.8
Cash flow from operating activities		**377.5**	**244.7**	**28.5**
Investing activities				
Acquisition of property, plant and equipment		–459.3	–89.5	–10.5
Disposal of property, plant and equipment		0.0	826.2	96.6
Acquisition of financial assets		0.0	–256.8	–30.0
Disposal of financial assets		0.0	0.0	0.0
Cash flow from investing activities		**–459.3**	**479.9**	**56.1**
Financing activities				
New loans		438.6	1,734.3	202.6
Amortisation of loans		–227.5	–2,352.2	–274.7
Dividends paid to shareholders of the parent		0.0	–23.9	–2.8
Cash flow from financing activities		**211.2**	**–641.8**	**–74.9**
Cash flow for the year		129.3	82.8	9.7
Cash and cash equivalents at beginning of year		136.6	273.6	32.8
Exchange differences		7.7	50.0	5.8
Cash and cash equivalents at end of year		**273.6**	**406.3**	**48.3**

1) Unaudited, see note 1.

Income statement and other comprehensive income – Parent Company

1 January – 31 December, SEK millions	Note	2015	2016
Net sales	3	24.8	2.9
Total income			
Other external expenses	5	–15.4	–14.2
Personnel expenses	4	–16.0	–15.5
Operating result	21	**–6.5**	**–26.8**
Result from financial items:			
Result from subsidiaries		86.4	55.4
Other interest and similar income		25.9	55.1
Interest and similar expense		–36.0	–47.4
Financial net	6	**76.3**	**63.0**
Result after financial items		**69.8**	**36.2**
Tax	7	5.6	–40.0
Result for the year[1]		**75.4**	**–3.8**

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	2015	2016
ASSETS			
Non-current assets			
Property, plant and equipment	8	0.0	0.0
Financial assets			
Investments in Group companies	22	745.8	745.8
Deferred tax assets	7	40.0	0.0
Total financial assets		785.8	745.8
Total non-current assets		**785.8**	**745.8**
Current assets			
Current receivables			
Current tax receivable		0.0	0.5
Other receivables	10	11.6	23.9
Prepayments and accrued income	11	18.9	0.9
Total current receivables		30.5	25.3
Receivables from Group companies		1,483.4	1,525.9
Cash and bank balances	23	4.9	44.2
Total current assets		**1,518.8**	**1,595.4**
TOTAL ASSETS		**2,304.6**	**2,341.2**
EQUITY AND LIABILITIES			
Equity	13		
Restricted equity			
Share capital		381.8	381.8
Statutory reserve		138.3	138.3
Unrestricted equity			
Retained earnings		16.6	68.1
Result for the year		75.4	–3.8
Total equity		**612.1**	**584.5**
Non-current liabilities	17, 18		
Liabilities to credit institutions	14	1,450.2	1,494.5
Liabilities to Group companies	21	27.4	27.4
Total non-current liabilities		**1,477.6**	**1,521.9**
Current liabilities	17, 18		
Liabilities to credit institutions	14	202.5	218.3
Trade payables		0.5	1.7
Current tax liability		0.4	0.0
Other liabilities		0.0	0.5
Accruals and deferred income	16	11.6	14.3
Total current liabilities		**215.0**	**234.8**
TOTAL EQUITY AND LIABILITIES		**2,304.6**	**2,341.2**

Statement of changes in equity – Parent Company

	Restricted equity		Unrestricted equity		
SEK millions	Share capital	Statutory reserve	Retained earnings	Result for the year	Total equity
Opening equity, 1 Jan 2016	381.8	138.3	16.6	75.4	612.1
Result for previous year			75.4	–75.4	0.0
Result for the year				–3.8	–3.8
Dividends			–23.9		–23.9
Closing equity, 31 Dec 2016	**381.8**	**138.3**	**68.1**	**–3.8**	**584.5**

	Restricted equity		Unrestricted equity		
SEK millions	Share capital	Statutory reserve	Retained earnings	Result for the year	Total equity
Opening equity, 1 Jan 2015	381.8	138.3	83.7	–67.1	536.7
Result for previous year			–67.1	67.1	0.0
Result for the year				75.4	75.4
Dividends					0.0
Closing equity, 31 Dec 2015	**381.8**	**138.3**	**16.6**	**75.4**	**612.1**

Cash flow statement – Parent Company

1 January–31 December, SEK millions	Note	2015	2016
	23		
Operating activities			
Result before tax		69.8	36.2
Adjustment for non-cash items		32.9	–18.5
Cash flow from operating activities before changes in working capital		**102.7**	**17.7**
Cash flow from changes in working capital			
Increase (–)/Decrease (+) in operating receivables		–27.7	4.3
Increase (+)/Decrease (–) in operating liabilities		1.0	5.6
Cash flow from operating activities		**76.0**	**27.6**
Investing activities			
Disposal of financial assets		0.0	0.0
Cash flow from investing activities		**0.0**	**0.0**
Financing activities			
New loans		0.0	1,734.2
Amortisation of loans		–193.1	–1,807.1
Dividend paid		0.0	–23.9
Cash flow from financing activities		**–193.1**	**–96.8**
Cash flow for the year		–117.1	–69.2
Cash and cash equivalents at beginning of year		1,519.0	1,488.3
Exchange differences		86.4	151.0
Cash and cash equivalents at end of year		**1,488.3**	**1,570.1**

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 Groups 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 24 March 2017. The consolidated income statement and statement of financial position and the Parent Company's income statement and balance sheet will be presented for adoption at the annual general meeting to be held on 25 April 2017.

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 2016 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=8.5613 and closing rate USD 1.00=9.1061. 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.

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 26.

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.

New accounting policies 2016
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 2017
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.

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.

IFRS 15 Revenue from Contracts 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 2018. IFRS 15 is effective for annual periods beginning on or after 1 January 2018 and early application is permitted provided the EU adopts the standard. An analysis of the effects of IFRS 15 has begun and shows that no significant change is expected.

IFRS 16 Leases: New standard on accounting for leases. For lessees, classification as operating leases and finance leases under IAS 17 disappears and is replaced with a model in which assets and liabilities for all leases are recognised in the balance sheet. Recognition exemptions are allowed for leases that have a low value and leases with a lease term of 12 months or less. In the income statement, depreciation is recognised separately from interest expenses associated with the lease liability. There are not considered to be any significant changes for lessors – the rules contained in IAS 17 are essentially retained, with the exception of additional disclosure requirements. IFRS 16 is effective and mandatory for financial periods beginning on or after 1 January 2019. Earlier application is permitted if IFRS 15 is also applied from the same point in time, assuming that the EU has adopted the standard. An analysis of the effects of IFRS 16 began during the year and shows that the leases currently accounted for as operating leases will be reclassified as finance leases under the new standard.

Basis of consolidation

Subsidiaries

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

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

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

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 of 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 kronor 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.

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 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, loan receivables and derivatives. Liabilities include trade payables, loans and derivatives.

Note 1 cont'd.

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. Trade payables are recognised on receipt of the invoice.

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 17 and 18.

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-v) 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 trade receivables are recognised in operating expenses. Assets in this category are carried at amortised cost. Amortised cost is calculated based on the effective interest method used at initial recognition.

(iii) Cash and cash equivalents

Cash & 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.

(iv) 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.

(v) 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 17 and 18.

Derivatives and hedge accounting

Derivative instruments include forward contracts and swaps that are used to manage different types of financial risks, such as 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 applied for all interest-related derivatives, swaps. Investments in foreign subsidiaries (net assets including goodwill) are hedged using currency derivatives as hedging instruments. If the hedge is effective, changes in the value of forward currency derivatives, less tax effects, are reported in other comprehensive income, and the cumulative exchange differences and changes in value are reported as a separate component of equity (translation reserve). This enables the translation differences arising from foreign operations to be partially offset. Translation differences arising from internal loans that constitute an investment in a foreign operation are part of the hedgeable currency risk in foreign operations.

Property, plant and equipment

Owned assets

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

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

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

An item of property, plant and equipment is derecognised in the 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. 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.

Provisions are recognised at the best estimate of the expenditure required to settle the present obligation at the reporting date. Where the effect of the time

Note 1 cont'd.

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's reporting, 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

The Parent Company complies with Chapter 4, Section 14, of the Annual Accounts Act (1995:1554) for 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.

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 Reporting Board. 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 2015	Q4 2016	Q3 2015	Q3 2016	Q2 2015	Q2 2016	Q1 2015	Q1 2016	Full year 2015	Full year 2016
Product tankers (time charter)	1.3	5.6	1.2	5.4	1.1	4.5	1.5	2.4	5.1	17.9
Product tankers (spot)	10.3	–0.4	9.4	0.2	9.3	1.0	6.5	8.1	35.5	8.9
Suezmax	3.7	1.4	3.6	0.8	3.2	2.5	3.7	2.7	14.2	7.4
Sale of ships	0.0	6.4	0.0	0.0	0.0	0.0	0.0	0.0	0.0	6.4
Admin. and other	–1.4	–0.6	–0.9	–0.5	–1.1	–1.0	–1.1	–1.0	–4.5	–3.1
Total	**13.9**	**12.4**	**13.3**	**5.9**	**12.5**	**7.0**	**10.6**	**12.2**	**50.3**	**37.4**

Approx. 1 % (3 %) of accumulated sales is attributable to profit sharing.
As the fleet's performance is primarily monitored via EBITDA, the note provides a more accurate picture than if the corresponding specification had been made for income.

3 Geographical distribution

Geographical areas

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

Group, SEK millions	Total 2015	Total 2016
Income		
United States	346.1	393.9
UK	102.4	114.5
Angola	0.0	92.9
Brazil	5.0	64.6
Switzerland	133.0	64.1
Singapore	141.3	59.1
Other	358.8	249.1
Total income	**1,086.6**	**1,038.2**

The Parent Company's net sales in 2016, as in 2015, relate to consultancy income and profit-sharing from chartered vessels.

Group, SEK millions	Total 2015	Total 2016
Non-current assets		
Bermuda	3,601.0	2,955.1
UK	208.0	210.4
Total non-current assets (ships)	**3,809.0**	**3,165.5**

Largest customers by income

The Group generated income of SEK 1,038.2 million in 2016. One customer accounted for more than 10% of total income for the year, with a share of 21% (corresponding to SEK 222.4 million)

The Group's total income in 2015 was SEK 1,086.6 million. Two customers each accounted for more than 10% of total income during the year, with shares of 21% (corresponding to SEK 224.7 million) and 19% (corresponding to SEK 205.1 million).

4 Employees and personnel expenses

Employee benefits expenses

Group, SEK millions	2015	2016
Salaries and other benefits	14.3	13.2
Pension costs, defined contribution plans	2.9	3.7
Social security contributions	3.8	3.8
	21.0	**20.7**

Gender distribution in Company Management

	2015	2016
Parent Company	Proportion female	Proportion female
Board	10%	10%
Other senior executives	0%	0%
Group		
Board	10%	10%
Other senior executives	50%	50%

Salaries, employee benefits and social security contributions

	2015		2016	
Parent, SEK millions	Salaries and other benefits	Social security contributions	Salaries and other benefits	Social security contributions
Parent Company	9.4	5.0	10.6	6.3
(of which pension costs)		2.4		3.2

SEK 3,156 (2,394) 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	2015	Of which male	2016	Of which male
Sweden	3	67%	3	67%
Parent total	**3**	**67%**	**3**	**67%**
Subsidiaries				
Switzerland	2	0%	2	0%
Bermuda	1	0%	1	0%
Subsidiaries total	**3**	**0%**	**3**	**0%**
Group total	**6**	**33%**	**6**	**33%**

The Company employs temporary workers (488 in 2016 and 464 in 2015) on its vessels.

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

	2015		2016	
Group, SEK millions	CEO and Management	Other employees	CEO and Management	Other employees
Parent: Sweden	8.9	0.5	8.1	0.5
Subsidiaries: Switzerland	2.6	0.9	2.6	0.9
Subsidiaries: Bermuda	1.4		1.1	0.0
Group total	**12.9**	**1.4**	**11.8**	**1.4**
(of which bonus)	1.8	0.1	2.8	0.1

The CEO and Management group comprises 4 (4) 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	31/12/2015	31/12/2016	31/12/2015	31/12/2016
Costs for defined contribution plans	2.9	3.7	2.4	3.2

Note 4 cont'd.

Senior executives' remuneration and benefits (Parent)

Salary and other benefits during the year, SEK thousands	2015 Basic salary/ directors' fees	2015 Variable pay	2015 Other benefits	2015 Pension cost	2015 Total	2016 Basic salary/ directors' fees	2016 Variable pay	2016 Other benefits	2016 Pension cost	2016 Total
Chairman of the Board, Carl-Johan Hagman	400				400	450				450
Deputy Chairman of the Board, Stefan Brocker	400				400	430				430
Dan Olsson	225				225	225				225
Helena Levander	225				225	255				255
Mats Jansson	225				225	225				225
Michael G:son Löw	225				225	275				275
Morten Chr. Mo	225				225	225				225
Workplace representatives	75				75	75				75
CEO	3,369	1,347	101	1,827	6,644	3,514	2,053	115	1,978	7,660
Other senior executives	1,827	275	59	566	2,727	1,893	466	98	1,178	3,635
Total	**7,196**	**1,622**	**160**	**2,393**	**11,371**	**7,567**	**2,519**	**213**	**3,156**	**13,455**

The number of other senior executives in 2016 and 2015 was one. 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.

5 Auditors' fees and remuneration

SEK millions	Group 2015	Group 2016	Parent Company 2015	Parent Company 2016
KPMG				
Audit services	1.9	2.1	0.9	1.2
Tax advisory services	0.2	0.3	0.0	0.0
Other services	0.5	0.5	0.5	0.5
	2.6	**2.9**	**1.4**	**1.7**

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	2015	2016
Result from disposal of available-for-sale financial assets	0.0	0.0
Exchange differences	2.5	23.8
Other interest income	0.6	3.5
Finance income	**3.1**	**27.3**
Interest expense on bank loans (including effect of swaps)	–37.5	–51.4
Other finance costs	–0.9	–1.8
Finance costs	**–38.4**	**–53.2**
Financial net	**–35.3**	**–25.8**

Note 6 cont'd.

Parent, SEK millions	Result from other securities and receivables 2015	Result from other securities and receivables 2016	Interest and similar income 2015	Interest and similar income 2016
Interest income, other	0.0	0.0	15.7	18.5
Changes arising from remeasurement of financial assets at fair value	10.3	36.6	0.0	0.0
Result from subsidiaries	86.4	55.4	0.0	0.0
Finance income	**96.7**	**92.0**	**15.7**	**18.5**

Parent, SEK millions	Interest and similar expense 2015	Interest and similar expense 2016
Interest expense on bank loans (including effect of swaps)	–20.2	–28.8
Exchange differences	–15.8	–17.8
Other finance costs	0.0	–0.9
Finance costs	**–36.0**	**–47.4**
Financial net	**76.3**	**63.0**

7 Taxes

Recognised in the income statement

Group, SEK millions	2015	2016
Current tax expense(–)/tax income(+)	0.0	13.1
Deferred tax income/expense on temporary differences	–6.1	52.8
Deferred tax income/expense in tax loss carryforward capitalised during year	5.6	–53.2
Total recognised tax expense for Group	**–0.5**	**12.7**

Parent, SEK millions	2015	2016
Deferred tax income in tax loss carryforward capitalised during year	5.6	0.0
Deferred tax expense on remeasurement of carrying amount of deferred tax assets	0.0	–40.0
Total recognised tax expense for Parent	**5.6**	**–40.0**

Reconciliation of effective tax

Group, SEK millions	2015, %	2015	2016, %	2016
Result before tax		174.3		56.9
Tax according to parent's enacted tax rate	–22	–38.3	–22	–12.5
Effect of different tax rates for foreign subsidiaries	23	39.3	99	56.4
Non-deductible expenses	–0	–0.4	13	–7.4
Non-taxable income	0	0.0	1	0.6
Increase in loss carryforwards without corresponding capitalisation of deferred tax	0	0.0	–66	–37.5
Tax attributable to prior years	–1	–1.1	–21	13.1
Recognised effective tax	**–0**	**–0.5**	**22**	**12.7**

Parent, SEK millions	2015, %	2015	2016, %	2016
Result before tax		69.7		36.2
Tax according to parent's enacted tax rate	–22	–15.3	–22	–8.0
Non-deductible expenses	–0	–0.4	–20	–7.4
Non-taxable income	31	21.3	35	12.8
Increase in loss carryforwards not resulting in corresponding increase in deferred tax	0	0.0	–104	–37.5
Recognised effective tax	**8**	**5.6**	**–110**	**–40.0**

Note 7 cont'd.

Recognised in the balance sheet – Deferred tax assets and liabilities

Deferred tax assets and liabilities are as follows:

Group, SEK millions	Deferred tax assets 2015	Deferred tax assets 2016	Deferred tax liabilities 2015	Deferred tax liabilities 2016
Tax loss carryforwards	53.2	0.0	0.0	0.0
Temporary differences, property, plant and equipment (excess depreciation)	0.0	0.0	52.8	0.0
Tax assets/liabilities	**53.2**	**0.0**	**52.8**	**0.0**
Offsetting	–52.8	0.0	–52.8	0.0
Total tax assets/liabilities, net	**0.4**	**0.0**	**0.0**	**0.0**

Temporary differences attributable to property, plant and equipment were related to the vessel *Stena Primorsk*, reported in the CM P-MAX III branch. The deferred tax liability at the end of the year was SEK 0 million, a reduction of SEK 52.8 million, which was recognised in the income statement. The deferred tax receivable at the end of the year was SEK 0 million, a reduction of SEK 53.2 million, which was recognised in the income statement. The tax loss carryforwards are related to losses in Concordia Maritime AB and the CM P-MAX III branch. The year's change in deferred tax is the result of an intra-Group ship sale and a remeasurement of previously capitalised loss carryforwards.

Recognised deferred tax assets and liabilities

Deferred tax assets and liabilities are as follows:

Parent, SEK millions	Deferred tax asset/liability 2015	Deferred tax asset/liability 2016
Tax loss carryforwards	40.0	0.0
Other temporary differences	0.0	0.0
Tax assets/liabilities, net	**40.0**	**0.0**

The Parent Company's change from year to year is reported as deferred tax expense in the income statement.

The Group's tax loss carryforwards are as follows:

SEK millions	2015	2016
Sweden	307.3	235.8
Total	**307.3**	**235.8**

All loss carryforwards continue indefinitely. Of the Group's loss carryforwards at the end of the financial year, SEK 235.8 (65.5) million has not been capitalised.

8 Property, plant and equipment

The Group's non-current assets consist essentially of the owned fleet. For more information about the fleet, see pages 12–13.

Group, SEK millions	Ships	Ships under construction	Equipment	Total
Cost of acquisition				
Opening balance, 1 January 2016	5,637.0	0.0	2.7	5,639.7
Purchases	85.9	0.0	0.0	85.9
Reclassification to Ships	0.0	0.0	0.0	0.0
Sale/Scrapping	–988.5	0.0	0.0	–988.5
Exchange differences	506.0	0.0	0.0	506.0
Closing balance, 31 December 2016	**5,240.4**	**0.0**	**2.7**	**5,243.1**

Group, SEK millions	Ships	Ships under construction	Equipment	Total
Cost of acquisition				
Opening balance, 1 January 2015	4,571.7	205.8	2.7	4,780.1
Purchases	38.0	416.9	0.0	454.9
Reclassification to Ships	636.9	–636.9	0.0	0.0
Sale/Scrapping	–31.9	0.0	0.0	–31.9
Exchange differences	422.3	14.2	0.0	436.5
Closing balance, 31 December 2015	**5,637.0**	**0.0**	**2.7**	**5,639.7**

Note 8 cont'd.

Group, SEK millions	Ships	Ships under con-struction	Equipment	Total
Depreciation and impairment				
Opening balance, 1 January 2016	1,828.0	0.0	2.2	1,830.2
Depreciation for the year	198.4	0.0	0.5	198.9
Depreciation for the year, periodic maintenance	38.3	0.0	0.0	38.3
Sale/Scrapping	–170.4	0.0	0.0	–170.4
Exchange differences	180.6	0.0	0.0	180.6
Closing balance, 31 December 2016	**2,074.9**	**0.0**	**2.7**	**2,077.6**
Opening balance, 1 January 2015	1,442.0	0.0	2.1	1,444.1
Depreciation for the year	188.3	0.0	0.1	188.4
Depreciation for the year, periodic maintenance	25.9	0.0	0.0	25.9
Sale/Scrapping	–27.5	0.0	0.0	–27.5
Exchange differences	199.3	0.0	0.0	199.3
Closing balance, 31 December 2015	**1,828.0**	**0.0**	**2.2**	**1,830.2**
Carrying amounts				
1 January 2016	3,809.0	0.0	0.5	3,809.5
31 December 2016	**3,165.5**	**0.0**	**0.0**	**3,165.5**
1 January 2015	3,129.7	205.8	0.6	3,336.1
31 December 2015	**3,809.0**	**0.0**	**0.5**	**3,809.5**

Borrowing costs

Group 2016, SEK millions	Ships under construction	Total
Borrowing costs included in the asset's cost during the reporting period	0.0	**0.0**
Average interest rate for determining the borrowing costs included in the cost of acquisition, %	0.0	

Group 2015, SEK millions	Ships under construction	Total
Borrowing costs included in the asset's cost during the reporting period	2.8	**2.8**
Average interest rate for determining the borrowing costs included in the cost of acquisition, %	1.2	

Parent, SEK millions	Equipment	Total
Cost of acquisition		
Opening balance, 1 January 2016	0.7	0.7
Purchases	0.0	0.0
Closing balance, 31 December 2016	**0.7**	**0.7**
Opening balance, 1 January 2015	0.7	0.7
Purchases	0.0	0.0
Closing balance, 31 December 2015	**0.7**	**0.7**
Depreciation		
Opening balance, 1 January 2016	0.6	0.6
Closing balance, 31 December 2016	**0.6**	**0.6**
Opening balance, 1 January 2015	0.6	0.6
Closing balance, 31 December 2015	**0.6**	**0.6**
Carrying amounts		
1 January 2016	0.1	0.1
31 December 2016	**0.1**	**0.1**
1 January 2015	0.1	0.1
31 December 2015	**0.1**	**0.1**

Collateral

At 31 December 2016, vessels with a carrying amount of SEK 3,165.5 (3,809.0) million had been pledged as collateral for the available bank facility.

Ship values and impairment testing

The Group's assets are assessed on a six-monthly basis to determine whether there is any indication of impairment. 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 constitutes a cash-generating unit for the following reasons: the vessels are employed in systems and pools where cargoes and/or income are shared, which means that the fleet is to be seen as a package of vessels, the vessels in the fleet are interchangeable as they can all carry the same type of cargo, and the fleet is monitored internally as a whole unit.

The most significant assumptions used to determine the fleet's recoverable value are the growth rate for the fleet's income and the discount rate.

Assumptions used for impairment testing of the fleet as at 31 December 2016 were annual growth of 2% in vessel income by 2018 and a discount rate of 6%. These assumptions correspond to the assumptions used for impairment testing at the end of the previous year.

An increase of one percentage point in the assumed annual growth in the fleet's income by 2018 results in an increase of USD 51 million in the fleet's total value, while a corresponding decrease of one percentage point results in a reduction of USD 46 million in the fleet's total value.

An increase of one percentage point in the assumed discount rate results in a reduction of USD 34 million in the fleet's total value. A corresponding decrease of one percentage point results in an increase of USD 39 million in the fleet's total value.

Neither a decrease of one percentage point in the assumed growth of the fleet's income nor an increase of one percentage point in the discount rate results in the need to recognise an impairment loss on the value of the fleet. On assessing the value of the assets at 31 December 2016, there was no indication of impairment, nor were there any grounds for reversing the previous impairment loss in 2012.

9 Financial investments

Group, SEK millions	31/12/2015	31/12/2016
Short-term investments that are current assets		
Financial assets held for trading		
Bank deposit	0.0	273.2
	0.0	**273.2**

10 Non-current and current receivables

Group, SEK millions	31/12/2015	31/12/2016
Non-current receivables that are non-current assets		
Deferred tax assets	0.4	0.0
Other non-current receivables	0.1	20.5
	0.5	**20.5**
Other receivables that are current assets		
Other current receivables	165.9	197.6
	165.9	**197.6**

Parent, SEK millions	31/12/2015	31/12/2016
Current receivables		
Other receivables	11.6	23.9
	11.6	**23.9**

11 Prepayments and accrued income

	Group		Parent Company	
SEK millions	31/12/2015	31/12/2016	31/12/2015	31/12/2016
Other prepayments	75.5	76.4	0.2	0.1
Accrued income	29.9	2.2	18.7	0.8
	105.4	**78.6**	**18.9**	**0.9**

12 Cash & cash equivalents

Group, SEK millions	31/12/2015	31/12/2016
The following components are included in cash and cash equivalents:		
Cash and bank balances	273.6	406.3
Total reported in balance sheet	**273.6**	**406.3**
Total reported in cash flow statement	**273.6**	**406.3**

13 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	2015	2016
Result per share	3.64	1.46

Summary of issued shares

Number	2015	2016
A shares	4,000,000	4,000,000
B shares	43,729,798	43,729,798
Total	**47,729,798**	**47,729,798**

The par value of the share is SEK 8.0.

Appropriation of profit

After the reporting date, the Board has proposed a dividend of SEK 0.50 (0.50) per share. The dividend is subject to approval by the AGM on 25 April 2017.

SEK millions	2015	2016
SEK 0.50 (0.50) per share	23.9	23.9
Carried forward	68.1	40.4
Total	**92.0**	**64.3**

Equity – reconciliation of reserves for the Group

SEK millions	Translation reserve	Fair value reserve	Hedging reserve
Opening carrying amount, 1 Jan 2015	289.3	0.0	–3.2
Translation differences for the year	116.9		
Changes in fair value of available-for-sale financial assets			
Changes in fair value of cash flow hedges			3.2
Closing carrying amount, 31 Dec 2015	**406.2**	**0.0**	**0.0**

SEK millions	Translation reserve	Fair value reserve	Hedging reserve
Opening carrying amount, 1 Jan 2016	406.2	0.0	0.0
Translation differences for the year, foreign operations	166.7		
The year's fair value changes for hedges of net investments in foreign operations	–10.6		
Changes in fair value of cash flow hedges			19.3
Closing carrying amount, 31 Dec 2016	**562.3**	**0.0**	**19.3**

Note 13 cont'd.

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.

14 Interest-bearing liabilities

Group, SEK millions	31/12/2015	31/12/2016
Bank loans	2,129.0	1,709.9
Total non-current liabilities	**2,129.0**	**1,709.9**

Group, SEK millions	31/12/2015	31/12/2016
Bank loans	258.2	236.6
Total current liabilities	**258.2**	**236.6**

Parent, SEK millions	31/12/2015	31/12/2016
Bank loans	1,450.2	1,504.7
Liabilities to Group companies	27.4	27.4
Total non-current liabilities	**1,477.6**	**1,532.1**

Parent, SEK millions	31/12/2015	31/12/2016
Bank loans	202.5	220.8
Total current liabilities	**202.5**	**220.8**

The short-term and long-term bank loans above comprise the Group's total interest-bearing liabilities of SEK 1,946.5 million. These bank loans relate to the items "Bank loans – revolving credit facility" and "Bank loans – IMOIIMAX vessels". All loans are listed in note 18. The balance sheet item also includes capitalised prepaid expenses related to the refinancing of the revolving credit facility, which are not included in the table above. The expenses amounted to SEK 12.8 (0) million at the end of the year and are expensed over the duration of the bank loan.

The Group has a credit agreement totalling USD 225.0 (297.0) million, of which USD 213.8 (285.8) million had been utilised at the end of the year. 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 17 and 18.

15 Other liabilities

Group, SEK millions	31/12/2015	31/12/2016
Other current liabilities		
Other liabilities	0.0	0.7
	0.0	**0.7**

16 Accruals and deferred income

	Group		Parent Company	
SEK millions	31/12/2015	31/12/2016	31/12/2015	31/12/2016
Accrued voyage costs, ships	54.2	68.8	0.0	0.0
Accrued personnel expenses	5.0	4.7	5.0	4.7
Other accruals	21.7	37.0	4.5	4.2
Accrued interest expense	5.1	5.7	2.1	5.4
Deferred income	0.0	0.0	0.0	0.0
	86.0	**116.2**	**11.6**	**14.3**

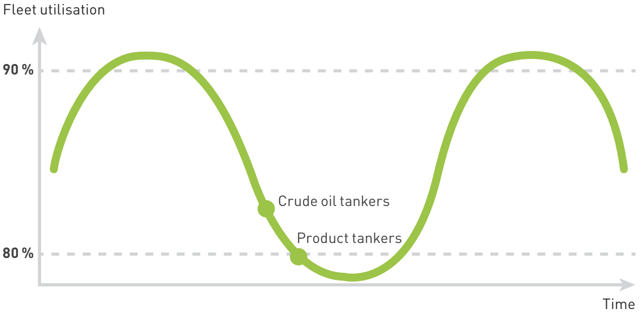
17 Financial risks

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 is 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 average annual 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				
	Goal	2012	2013	2014	2015	2016
Growth	10% average fleet growth over a business cycle	4	0	–4	22	0
Profitability	10% return on equity	–23	–2	1	10	4
Equity ratio	at least 40% over a business cycle	38	38	42	43	50

The outcome of Concordia Maritime's financial targets is strongly related to the market's general development. The Company's 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. Financing of the IMOIIMAX vessel accounted for 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. The finance department continuously monitors the interest rate market and provides recommendations to the Board on any necessary interest rate hedging. At 31 December 2016, the Group had entered into interest rate swaps corresponding to USD 75 million, with a duration of 5 years. 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 8.35 at 31/12/2015 and SEK 9.11 at 31/12/2016. Equity hedging of USD 35 million was activated in 2016. During the year, the Group also sold the hedge of USD 30 million, which was capitalised during 2015.

It is estimated that a change in the dollar rate of SEK 0.10 will affect Concordia Maritime's equity by approx. SEK 20.7 million, or SEK 0.43 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 16.1 (23.9) million at 31 December 2016.

Fair value measurement

The following description summarises the methods and assumptions used to determine the fair values of the financial instruments in note 18. 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.

18 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 9.1061 to report the total of loan amount in USD.

Group, SEK millions	31/12/2015	31/12/2016	Interest rate, %	Fixed-interest period	Effective interest, %	Currency	Nominal amount in original currency, USD thousands
Bank loans – revolving credit facility	–1,652.7	–1,725.6	2.64	3 months	3.39	USD	189,495
Bank loans – suezmax vessels	–307.4	0.0	0.0	6 months	0.0	USD	0
Bank loans – IMOIIMAX vessels	–427.1	–221.0	0.74	6 months	3.54	USD	24,267

The lending banks have set minimum levels for the following key figures as covenants linked to the credit facilities: EBITDA/interest expenses, working capital, available liquidity and equity ratio.

	2015						2016					
Group, SEK millions	Total	2016 1 year	2017 2 years	2018 3 years	2019 4 years	5 or more years	Total	2017 1 year	2018 2 years	2019 3 years	2020 4 years	5 or more years
Bank loans – revolving credit facility	–1,652.7	–202.5	–1,450.2				–1,725.6	–220.8	–220.8	–220.8	–220.8	–842.4
Bank loans – suezmax vessels	–307.4	–26.7	–26.7	–26.7	–227.3		0.0	0.0	0.0	0.0	0.0	0.0
Bank loans – IMOIIMAX	–427.1	–28.9	–28.9	–28.9	–28.9	–311.5	–221.0	–15.8	–15.8	–15.8	–173.6	0.0
Trade payables	–0.5	–0.5					–1.8	–1.8	0.0	0.0	0.0	0.0
Interest rate swaps							19.3	3.9	3.9	3.9	3.9	3.7
Foreign exchange forward contracts							2.8	0.0	2.8	0.0	0.0	0.0
Interest on bank loans – revolving credit facility	–27.5	–18.9	–8.6				–203.8	–50.6	–48.6	–42.2	–35.1	–27.3
Interest on bank loans – suezmax	–27.5	–8.6	–8.2	–7.4	–3.3	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Interest on bank loans – IMOIIMAX	–51.7	–13.2	–11.8	–10.9	–10.1	–5.7	–28.3	–7.6	–7.0	–6.5	–7.2	0.0

	2015						2016					
Parent, SEK millions	Total	2016 1 year	2017 2 years	2018 3 years	2019 4 years	5 or more years	Total	2017 1 year	2018 2 years	2019 3 years	2020 4 years	5 or more years
Bank loans – revolving credit facility	–1,652.7	–202.5	–1,450.2	0.0	0.0	0.0	–1,725.6	–220.8	–220.8	–220.8	–220.8	–842.4
Trade payables	–0.5	–0.5	0.0	0.0	0.0	0.0	–1.7	–1.7	0.0	0.0	0.0	0.0
Interest rate swaps							19.3	3.9	3.9	3.9	3.9	3.7
Foreign exchange forward contracts							2.8	0.0	2.8	0.0	0.0	0.0
Interest on bank loans – revolving credit facility	–27.5	–18.9	–8.6	0.0	0.0	0.0	–203.8	–50.6	–48.6	–42.2	–35.1	–27.3

Future interest payments have been calculated using the effective interest rate for 2016.

Note 18 cont'd.

Financial assets and liabilities – categories and fair values

Group 2016, SEK millions	Derivatives at FVTPL	Derivatives used in hedge accounting	Loans and receivables	Financial liabilities at FVTPL	Other liabilities	Total carrying amount	Total fair value
Other current receivables	1.2	22.1				23.3	23.3
Short-term investments			273.2			273.2	273.2
Cash & cash equivalents			406.3			406.3	406.3
Total	**1.2**	**22.1**	**679.5**			**702.8**	**702.8**
Non-current interest-bearing liabilities					1,709.9	1,709.9	1,709.9
Current interest-bearing liabilities					236.6	236.6	236.6
Trade payables					1.8	1.8	1.8
Total					**1,948.3**	**1,948.3**	**1,948.3**

In the item Other current receivables, the column Derivatives at FVTPL refers to a bunker hedge. Derivatives used in hedge accounting consist of an interest rate swap of SEK 19.3 million and foreign exchange forward contracts of SEK 2.8 million. Short-term investments consist of a bank deposit.

Group 2015, SEK millions	Derivatives at FVTPL	Derivatives used in hedge accounting	Loans and receivables	Financial liabilities at FVTPL	Other liabilities	Total carrying amount	Total fair value
Cash & cash equivalents			273.6			273.6	273.6
Total			**273.6**			**273.6**	**273.6**
Non-current interest-bearing liabilities					2,129.0	2,129.0	2,129.0
Current interest-bearing liabilities					258.2	258.2	258.2
Trade payables					0.5	0.5	0.5
Total					**2,387.7**	**2,387.7**	**2,387.7**

Parent 2016, SEK millions	Financial assets held for trading	Derivatives at FVTPL	Loans and receivables	Available-for-sale financial assets	Financial liabilities at FVTPL	Other liabilities	Total carrying amount	Total fair value
Other current receivables		23.3					23.3	23.3
Cash & cash equivalents			1,570.1				1,570.1	1,570.1
Total		**23.3**	**1,570.1**				**1,593.4**	**1,593.4**
Non-current interest-bearing liabilities						1,504.7	1,504.7	1,504.7
Current interest-bearing liabilities						220.8	220.8	220.8
Trade payables						1.7	1.7	1.7
Total						**1,727.2**	**1,727.2**	**1,727.2**

In the item Other current receivables, the column Derivatives at FVTPL refers to a bunker hedge of SEK 1.2 million, foreign exchange forward contracts of SEK 2.8 million and an interest rate swap of SEK 19.3 million.

Parent 2015, SEK millions	Financial assets held for trading	Derivatives at FVTPL	Loans and receivables	Available-for-sale financial assets	Financial liabilities at FVTPL	Other liabilities	Total carrying amount	Total fair value
Cash & cash equivalents			1,488.3				1,488.3	1,488.3
Total			**1,488.3**				**1,488.3**	**1,488.3**
Non-current interest-bearing liabilities						1,450.2	1,450.2	1,450.2
Current interest-bearing liabilities						202.5	202.5	202.5
Trade and other payables						0.5	0.5	0.5
Total						**1,653.2**	**1,653.2**	**1,653.2**

All financial assets and liabilities for both the Group and the Parent Company are measured at fair value in accordance with level 2.

19 Operating leases

The Group's agreements regarding time charters for inward and outward freight for vessels are classified as operating leases.

Leases where the Company is the lessor (chartering out)

Non-cancellable lease payments:

	Group	
SEK millions	2015	2016
Within one year	117.7	137.4
One to five years (2018-2021)	81.2	101.8
After five years	0.0	0.0
	198.9	**239.2**

The above calculation was made using the fixed daily rates 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.

Leases where the Company is the lessee (chartering in)

Non-cancellable lease payments:

	Group	
SEK millions	2015	2016
Within one year	0.0	94.8
One to five years (2018-2021)	0.0	373.0
After five years	0.0	568.1
	0.0	**1,035.9**

Concordia Maritime sold and chartered back two vessels during the year. The charters are on a bareboat basis and consist of a fixed lease payment for both agreements and a variable lease payment based on LIBOR + 2.975% of the remaining accumulated fixed lease amount for the total charter period for one agreement. The two agreements contain annual purchase options from years three and four onwards.

The above calculation was made using the fixed lease payments specified in the time charter contracts and variable lease payments, which are calculated based on LIBOR using the average interest paid in 2016. The time charter contracts are in US dollars and are translated using the closing rate.

Neither of the two chartered-back vessels is being sub-contracted out on a time charter. The year's operating lease costs totalled SEK 7.3 (0) million, SEK 2.5 (0) million of which were contingent rents.

20 Pledged assets and contingent liabilities

	Group		Parent Company	
Group, SEK millions	2015	2016	2015	2016
Pledged assets				
For own liabilities and provisions				
Shares in subsidiaries (in consolidated equity)	2,884.6	2,764.4	715.8	715.8
Total pledged assets	**2,884.6**	**2,764.4**	**715.8**	**715.8**
Contingent liabilities				
Parent Company guarantees for subsidiaries' liabilities	0.0	0.0	0.0	0.0
Total contingent liabilities	**0.0**	**0.0**	**0.0**	**0.0**

The rights associated with certain insurance 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 guarantees for subsidiaries relating to vessel financing, commitments under the two sale & leaseback agreements and a credit facility. As the current assessment is that it is unlikely that any of these guarantees will need to be used, no associated amounts have been reported.

A settlement agreement was reached in 2016 in the arbitration dispute regarding *Stena Primorsk's* grounding in the Hudson River in 2012. An amount could not be determined at the end of the comparison year. The final amount was USD 9.25 million and as this was paid in the second quarter, no further obligation exists.

21 Related parties

Related party relationships

The Parent Company has a related party relationship with its subsidiaries, see note 22. 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)	2016	252.6	0.2	0.0
Other related parties (see below)	2015	236.2	0.2	0.0

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	2016	0.0	27.4	0.0
Subsidiaries	2015	0.0	27.4	0.0
Other related parties	2016	1.2	0.2	0.0
Other related parties	2015	1.7	0.2	0.0

	2015	2016
Other current liabilities		
Liabilities to other related parties	0.2	0.2

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 participate in each new transaction on a 0%, 50% or 100% basis.

Stena Weco specialises mainly in the transportation of vegetable oils. Under an agreement with Stena Bulk, Concordia Maritime is entitled to the financial result arising from vessels that may from time to time be chartered in by Stena Weco for a period of more than one year, should Concordia Maritime decide to participate in such charters. Other business generated by Stena Weco is not available to Concordia Maritime.

Concordia Maritime purchases services on a regular basis from the 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.

22 Group companies

Significant subsidiary holdings

SEK MILLIONS	Registered office, country	Result	Equity	Ownership share, % 2015	Ownership share, % 2016
Concordia Maritime Chartering AB	Sweden	0.0	33.8	100	100
Rederi AB Concordia	Sweden	0.0	0.4	100	100
Concordia Maritime AG	Switzerland	120.3	1,989.4	100	100
Concordia Maritime (Bermuda) Ltd	Bermuda	0.2	1.6	100	100
CM P-MAX I Ltd	Bermuda	1.3	259.0	100	100
CM P-MAX II Ltd	Bermuda	6.8	273.6	100	100
CM P-MAX III Ltd	Cyprus	–136.3	–131.0	100	100
CM P-MAX IV Ltd	Bermuda	6.4	239.4	100	100
CM P-MAX V Ltd	Bermuda	–1.1	293.4	100	100
CM P-MAX VI Ltd	Bermuda	–11.3	271.7	100	100
CM P-MAX VII Ltd	Bermuda	11.9	381.5	100	100
CM P-MAX VIII Ltd	Bermuda	6.1	391.7	100	100
CM P-MAX IX Ltd	Bermuda	6.7	403.7	100	100
CM P-MAX X Ltd	Bermuda	–14.5	381.3	100	100
CM Suez I Ltd	Bermuda	58.5	275.2	100	100
CM IMOMAX A Ltd	Bermuda	55.1	78.2	100	100
CM IMOMAX B Ltd	Bermuda	33.4	141.9	100	100

Foreign subsidiaries' income statements have been translated from USD to SEK at the average rate for the financial year, which is 8.5513.
Foreign subsidiaries' equity has been translated from USD to SEK at the closing rate , which is 9.1061.

Parent, SEK millions	2015	2016
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, %	31/12/2015 Carrying amount	31/12/2016 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
Total holdings of shares in subsidiaries			**745.8**	**745.8**

23 Cash flow statement

Cash & cash equivalents

Group, SEK millions	31/12/2015	31/12/2016
The following components are included in cash and cash equivalents:		
Cash and bank balances	273.6	406.3
Total reported in balance sheet	**273.6**	**406.3**
Total reported in cash flow statement	**273.6**	**406.3**

Parent, SEK millions	31/12/2015	31/12/2016
The following components are included in cash and cash equivalents:		
Receivables from Group companies	1,483.4	1,525.9
Cash and bank balances	4.9	44.2
Total reported in balance sheet	**1,488.3**	**1,570.1**
Total reported in cash flow statement	**1,488.3**	**1,570.1**

The Parent Company's item Receivables from Group companies refers to the cash pool account.

Interest paid and dividend received

	Group		Parent Company	
SEK millions	31/12/2015	31/12/2016	31/12/2015	31/12/2016
Dividend received	0.0	0.0	86.4	55.4
Interest received	3.1	3.6	15.7	18.5
Interest paid	–37.5	–51.4	–20.2	–28.8
	–34.4	**–47.8**	**81.9**	**45.1**

Non-cash items

	Group		Parent Company	
SEK millions	31/12/2015	31/12/2016	31/12/2015	31/12/2016
Depreciation, amortisation and impairment	188.0	201.3	0.0	0.0
Depreciation, periodic maintenance	26.2	35.9	0.0	0.0
Result from ship sales	0.0	–54.8	0.0	0.0
Unrealised exchange differences	9.1	0.4	22.7	25.5
Changes in value of financial instruments	0.0	–1.2	10.2	–20.6
Capital gain/loss on sale of financial assets	0.0	–23.8	0.0	–23.8
Other	–5.4	12.4	0.0	0.4
	217.9	**170.2**	**32.9**	**–18.5**

24 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 Stockholm. The postal address of the head office is SE-405 19, Gothenburg.

The 2016 consolidated financial statements comprise the Parent Company and its subsidiaries, which together form the Group.

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).

25 Events after the reporting date*

After the end of the financial year, in February 2017, the IMOIIMAX vessel *Stena Important* was sold under a sale & leaseback agreement. Under the agreement, the vessel is leased back on a bareboat basis, with delivery in March 2017, for nine years with purchase options from the fourth year and a purchase obligation in the ninth year. The purchase price was USD 36 million and the agreement has been classified as a finance lease.

* Events up to and including the date of signature of this annual report, 24 March 2017.

26 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, with a residual value of 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. See also note 7.

Leases

Concordia Maritime has assessed that the two sale & leaseback signed during the financial year are operating leases. The agreements' limited proportion of the vessels' estimated useful life, the lack of purchase obligations in the agreements, the limited liability that rests with the Company through the agreements and the size of the total minimum lease payments are all factors that were taken into account in the assessment. The assessment is considered important, as it has a significant effect on vessel values and result items related to vessel sales during the financial year.

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, 24 March 2017

Carl-Johan Hagman Chairman	Stefan Brocker Deputy Chairman	Helena Levander Board Member	Daniel Holmgren Employee Representative	Mats Jansson Board Member
Alessandro Chiesi 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 24 March 2017

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

Opinions

I have audited the annual accounts and consolidated accounts for Concordia Maritime AB for the year 2016. The Company's annual accounts and the consolidated accounts are included in this document on pages 46–78.

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 2016 and its financial performance and cash flow 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 2016 and its financial performance and cash flow in accordance with International Financial Reporting Standards (IFRS) 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 the statement of comprehensive income and balance sheet for the Group.

Basis for opinions

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

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

Key audit matters

Key audit matters of the audit are those matters that, in my professional judgement, were of most significance in my audit of the annual accounts and consolidated accounts of the current period. These matters were addressed in the context of my audit of the annual accounts and consolidated accounts as a whole, and in forming my opinion thereon, but I do not provide a separate opinion on these matters.

Revenue recognition

See note 1 and the accounting policies on page 59 of the financial statements for detailed information and a description of the key audit matter.

Description of key audit matter

The Group's revenue for 2016 amounted to SEK 1,038.2 million. Revenue is generally related to contracts with end customers through the Group's partners for chartering and shipping of oil products.

Revenue for these services is recognised according to contractual assessments as the service is performed. Revenue is normally accrued over the length of the voyage. Revenue allocation and accrual therefore involves a measure of judgement.

Response in the audit

I have examined current contractual terms in order to assess the Company's recognition of revenue from services.

In addition, I have tested controls relating to the allocation and accrual of revenue. I have also considered the timing of recognition of revenue from services based on when they were performed, or are expected to be performed, and the performance obligations in the transaction. I have achieved this by means of sample tests and by testing the accuracy of the Company's calculations based on historical results.

Valuation of vessels for the Group and shares in subsidiaries for the Parent Company

See note 1 and the accounting policies on pages 61–62 of the financial statements for detailed information and a description of the audit matter.

Description of key audit matter

The carrying amount of the Group's vessels is SEK 3,165.5 million, corresponding to 76% of total assets, which is therefore a significant proportion of the Group's total assets.

The carrying amount of the Parent Company's shares in subsidiaries is SEK 745.8 million, the value of which is significantly affected by the Group's assessment of vessel values.

The twice-yearly impairment tests are complex in nature and involve significant elements of judgement by management. An impairment test is required for each cash generating unit, which in the Group's case is its entire fleet.

In addition to obtaining external vessel valuations, management makes projections about internal and external conditions and plans for the operations. Examples of these projections include future cash flows, which in turn require assumptions about future market conditions. Another important assumption concerns the discount rate to be used to reflect the fact that projected cash inflows are subject to risk and are therefore worth less than the Group's readily available liquidity.

Response in the audit

I have inspected the Company's impairment tests to assess whether they have been conducted in accordance with the prescribed method.

To begin with, I have obtained the documentation for the independent valuations that were made. I have also considered the reasonableness of the projected cash flows and the discount rate assumption by examining and evaluating management's written documentation and plans. I have also interviewed members of management as well as evaluating the previous year's forecasts against actual outcomes.

An important part of my work has also been to assess how changes in assumptions may affect the valuation, which I have done by examining and executing management's sensitivity analysis. To evaluate the carrying amount of shares in subsidiaries in the Parent Company's statement of financial position, in addition to the above measures, I have also compared the value of the shares with the net assets of the subsidiaries.

I have also checked the completeness of the information in the annual report and assessed whether it is consistent with the assumptions management has applied in the impairment testing and whether the information is sufficiently comprehensive for management's assumptions to be understood.

Information other than the annual accounts and consolidated accounts
This document also contains information other than the annual accounts and consolidated accounts, which is presented on pages 1–45 and 82–92. The Board of Directors and the Managing Director are responsible for this other information.

My opinion on the annual accounts and consolidated accounts does not cover this other information and I do not express any form of assurance conclusion regarding this other information.

In connection with my audit of the annual accounts and consolidated accounts, my responsibility is to read the information identified above and consider whether the information is materially inconsistent with the annual accounts and consolidated accounts. In this procedure, I also take into account my knowledge otherwise obtained in the audit and assess whether the information otherwise appears to be materially misstated.

If, based on the work performed concerning this information, I conclude that there is a material misstatement of this other information, I am required to report that fact. I have nothing to report in this regard.

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

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

The Audit Committee shall, without prejudice to the Board's responsibilities and tasks in general, oversee the Company's financial reporting process among other things.

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

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

- identify and assess the risks of material misstatement of the annual accounts and consolidated accounts, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinions. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtain an understanding of the Company's internal control relevant to my audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors and the Managing Director.
- draw a conclusion on the appropriateness of the Board of Directors' and the Managing Director's use of the going concern basis of accounting in preparing the annual accounts and consolidated accounts. I also draw a conclusion, based on the audit evidence obtained, as to whether any material uncertainty exists related to events or conditions that may cast significant doubt on the Company's and the Group's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the annual accounts and consolidated accounts or, if such disclosures are inadequate, to modify my opinion about the annual accounts and consolidated accounts. My conclusions are based on the audit evidence obtained up to the date of my audit report. However, future events or conditions may cause a company and a group to cease to continue as a going concern.
- evaluate the overall presentation, structure and content of the annual accounts and consolidated accounts, including the disclosures, and whether the annual accounts and consolidated accounts represent the underlying transactions and events in a manner that achieves fair presentation.
- obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated accounts. I am responsible for the direction, supervision and performance of the Group audit. I remain solely responsible for my opinions.

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

I must also provide the Board with a statement that I have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably thought to bear on my independence, and where applicable, related safeguards.

From the matters communicated with the Board of Directors, I determine those matters that were of most significance in the audit of the annual accounts and consolidated accounts, including the most important assessed risks of material misstatement, and these are therefore the key audit matters. I describe these matters in the auditor's report unless law or regulation precludes disclosure about the matter or when, in extremely rare circumstances, I determine that a matter should not be communicated in the auditor's report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other legal and regulatory requirements

Opinions

In addition to my audit of the annual accounts and consolidated accounts, I have also audited the administration of the Board of Directors and the Managing Director of Concordia Maritime AB for the financial year 2016 and the proposed appropriations of the Company's profit or loss.

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 Managing Director be discharged from liability for the financial year.

Basis for opinions

I conducted the audit in accordance with generally accepted auditing standards in Sweden. My responsibilities in this are further described in the Auditor's Responsibilities section. I am independent of the parent company and the Group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled my ethical responsibilities in accordance with these requirements.

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

Responsibility of Board of Directors and Managing Director

The Board is responsible for the proposal concerning appropriations of the Company's profit or loss. Proposing a dividend includes an assessment of whether the dividend is justifiable considering the requirements that the nature, scope and risks of the Company's and the Group's operations place on the size of the Parent Company's and the Group's equity, consolidation requirements, liquidity and position in general.

The Board of Directors is responsible for the Company's organisation and the administration of its affairs. This includes, among other things, continuous assessment of the Company's and the Group's financial situation and ensuring that the Company's organisation is designed so that accounting, management of assets and the Company's financial affairs are otherwise controlled in a reassuring manner.

The Managing Director shall manage the ongoing administration according to the Board of Directors' guidelines and instructions, and, among other matters, shall take measures that are necessary to fulfil the Company's accounting in accordance with law and to conduct the management of assets in a reassuring manner.

Auditor's responsibility

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

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

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

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

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

Gothenburg, 24 March 2017

Jan Malm
Authorised Public Accountant

OPERATIONAL AND corporate governance

This Corporate Governance Report has been prepared as part of Concordia Maritime's application of the Swedish Corporate Governance 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 of 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-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. Governance of Concordia Maritime is based on the Swedish Companies Act, Nasdaq Stockholm's regulations, 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 Swedish Corporate Governance Code is available at www.bolagsstyrning.se.

Certain information required under Chapter 6, Section 6 (3) 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.

Auditor's statement on the Corporate Governance Report

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

Assignment and responsibilities

The Board of Directors is responsible for the 2016 Corporate Governance Report on pages 82-92, and for ensuring that it is prepared in accordance with the Annual Accounts Act.

Focus and scope of the review

My review was conducted in accordance with FAR's statement RevU 16 auditor's examination of the corporate governance report. This means that my 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. I believe that this review provides sufficient grounds for my opinions.

Opinions

A corporate governance report has been prepared. Disclosures required under Chapter 6, Section 6 (2–6) of the Annual Accounts Act and Chapter 7, Section 31 (2) of the same Act are consistent with the annual accounts and consolidated accounts and are in accordance with the Annual Accounts Act.

Gothenburg, 24 March 2017
Jan Malm
Authorised Public Accountant

How does the Concordia Maritime-Stena Sphere cooperation work in practice?

The close cooperation between Concordia Maritime and the related companies within the Stena Sphere provides access to world-leading competence in all areas of shipping – from concept development and manning to technical operation, chartering and commercial operation. It also creates the conditions for a cost-effective 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 participate on a 0%, 50% or 100% basis in each new transaction that Stena Bulk develops.

Some vessels are chartered through Stena Weco. 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.

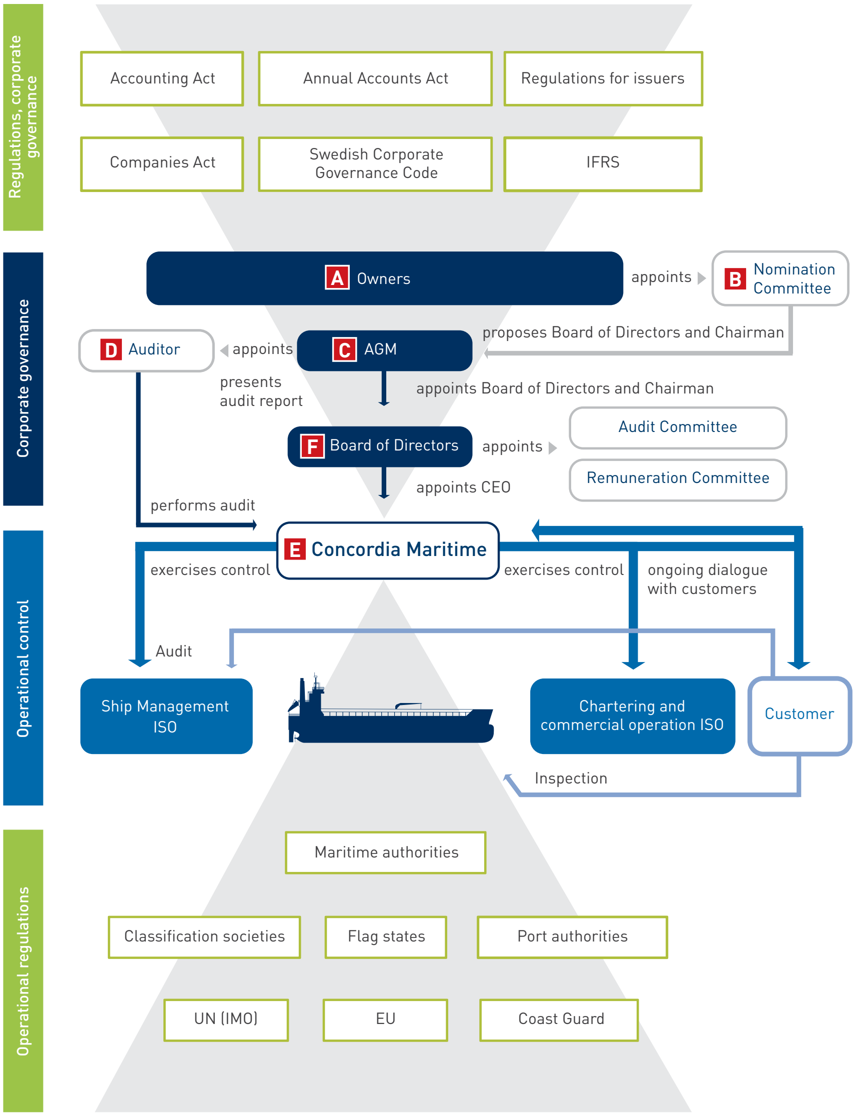
Corporate governance and control of our operations can be described from several perspectives.

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 2016, 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 Chairman and one representative from each of the two largest shareholders (in terms of voting power), should they wish to serve on the committee.

The composition of the nomination committee is based on shareholder statistics on 1 September 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 consolidated accounts and annual 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.

The auditor is proposed by the nomination committee and elected by the AGM for a period of one year. At the 2016 AGM, Jan Malm of KPMG was elected as the Company's external auditor until the 2017 meeting.

The auditor's fees are charged on a current account basis. In 2016, KPMG received fees totalling SEK 2.1 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 2016, the total number of persons employed through the Group was 494, and 488 of the employees 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 defines 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 the determination of who shall have signatory power for Concordia Maritime. In addition to the statutory meeting, the Board normally holds six regular meetings during the year. Four of these meetings are held in conjunction with the publication of the Group's annual and interim reports. The meetings are usually held in Gothenburg. Additional meetings, including conference calls, are held as required.

Quality assurance in financial reporting

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

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

The rules of procedure established by the Board each year include detailed instructions on which financial reports and other financial information 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. Prior to examining interim and annual reports, the audit committee 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.

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 Group's 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.

Audit committee

To further strengthen control and monitoring related to financial reporting, the Board has decided to establish an audit committee. The audit committee is a preparatory committee for the Board and is appointed by the Board to assist it in its monitoring responsibilities. The committee consists of at least two members, with the Board appointing one of them as chairman. In 2016, Michael Löw was chairman and Stefan Brocker was the other member.

Remuneration committee

The Board has a remuneration committee, which makes proposals on Group management 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 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 2016.


IMO MAX

Corporate governance in 2016

The work of the Board during the year

The Board held seven 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 January 2017, at which the year-end accounts for 2016 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. Henrik Hallin has been secretary at all Board meetings apart from one. Significant matters during the year included strategy, market assessments, financing 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 2016 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 the Stena Sphere. Dan Sten Olsson is not considered independent of Concordia Maritime's major owners because of his ownership position in the Stena Sphere, which owns approx. 52 percent of Concordia Maritime's capital and 73 percent of the total voting power in Concordia Maritime.

Nomination committee

The nomination committee for the 2017 meeting consists of Carl-Johan Hagman (Chairman of the Board), Arne Lööw (4:e AP fonden) and Martin Svalstedt (Stena Sessan), representing about 77 percent of shareholders' votes at 1 September 2016. The composition of the committee was announced on Concordia Maritime's website on 25 October 2016. The nomination committee had two meetings and a number of telephone contacts in 2016.

Board meetings 2016

28 January	Year-end report
26 April	Interim report, Q1 Statutory Board meeting
29 June	Extra telephone meeting
28 July	Interim report, Q2
15 September	Extra telephone meeting
9 November	Interim report, Q3
15 December	Budget

2016 Annual General Meeting

The Annual General Meeting was held on 26 April 2016. The meeting was attended by 92 shareholders, in person or through a proxy, representing 76.90 percent of the votes. All meeting-elected Board members were present. Also present were the Company's auditor and members of the nomination committee. The meeting's main decisions were as follows:

- Adoption of the Board's proposal for a dividend of SEK 0.5 per share for 2015.
- 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 non-executive directors, SEK 50,000 to the chairman in the remuneration and audit committee and SEK 30,000 to other directors. The meeting also adopted auditors' remuneration for reasonable costs, to be paid against invoice based on actual time spent on carrying out the assignment.
- Principles for remuneration and terms of employment for the CEO and other members of executive management.
- Procedures for the appointment of the nomination committee and its work.

Operational control in 2016

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 21.

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; and include putting the vessels through operational, technical, mechanical and safety checks. Some of the inspections are planned, while others are carried out without prior notice. Results are reported to the authorities concerned, the owner and, in some cases, also to the customer.

Comprehensive inspections – external and internal

Flag State Control

All ships must be registered in a specific country. The owner of the ship undertakes thereby to comply with the laws and regulations laid down by the 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. Chairman of the remuneration committee. LL.B.

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. Member of the remuneration committee. LL.B.

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

Other current 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

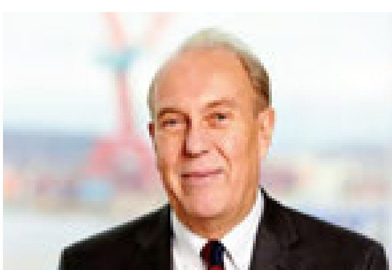
Born 1957. Board member since 2014. Member of the remuneration committee. MBA

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

Other assignments Board member Medivir AB, Stampen AB, Recipharm AB and NeuroVive Pharmaceutical AB.

Special expertise Has extensive experience in the financial sector 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

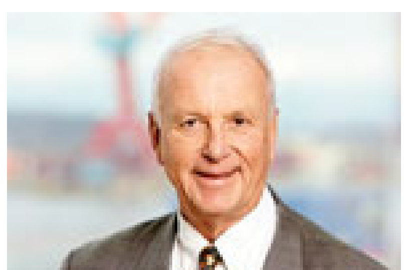
Born 1951. Board member since 2012. Member of the audit committee. MBA

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, Sv. Näringsliv, Vice Chairman IKEM AB and Swed/Russ. Chamber of Commerce. Chairman of RecondOil AB. 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

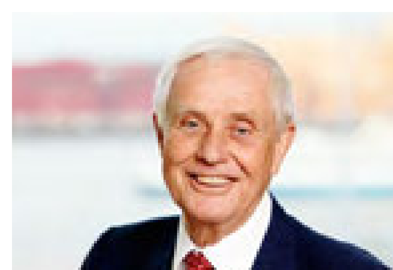
Born 1948. Board member since 2000. Certified economist BI (Oslo) and IMDE (PED), Lausanne.

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

Other assignments Board member of CellVision AS, Bass Pte Ltd. Malaysia 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.

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

Background Former President and CEO Argonaut and NYKCool AB.

Other assignments Chairman of Argonaut AB, Board member of MGA Holding AB, Hexicon AB and Chinsay AB.

Special expertise Background in tanker industry and entire working life in shipping. Extensive expertise and experience in the financial aspects of shipping.

Shares held in Concordia Maritime 0

Board attendance and remuneration

	Independence[2]	Total fees, SEK[3]	Attendance
Carl-Johan Hagman[1]	Non-independent	450,000	9
Stefan Brocker[4]	Independent	430,000	9
Dan Sten Olsson	Non-independent	225,000	3
Helena Levander[1]	Independent	255,000	9
Michael G:son Löw[4]	Independent	275,000	9
Mats Jansson	Independent	225,000	8
Morten Chr Mo	Independent	225,000	9
Alessandro Chiesi, Employee rep.	Independent	25,000	5
Daniel Holmgren, Employee rep.	Independent	25,000	7
Mahmoud Sifaf, Deputy, Employee rep.	Independent	25,000	6

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

Auditor

Jan Malm, Authorised Public Accountant KPMG Appointed in 2014.

Employee representatives

Born 1966. Employee representative. Marine engineer. Employed by Stena Group since 1996. Board member since 2016.

Other assignments SBF (Swedish Maritime Officers' Association), SBF Stena Line Club Chairman, SBF Board member, Employee representative, Stena AB and Stena Line Scandinavia AB.

Shares held in Concordia Maritime 0

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

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

Other assignments SEKO Sjöfolk Board member, SEKO Sjöfolk Stena Line Club Chairman, 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

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

External assignments Board member Stena Sonangol Suezmax Pool. Member of Swedish Shipowners' Association, Bulk and Tanker section, Intertanko Council.

Shares held in Concordia Maritime 20,000

Born 1968. CFO. Bachelor of Economy. Employed since 2014 (at Stena since 2011).

Shares held in Concordia Maritime 0

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

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[1] Result after financial net 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 average share price for the year.

EBITDA[1] Earnings Before Interest, Taxes, Depreciation and Amortisation.

Equity ratio[1] Equity as a percentage of total assets.

High potential near miss Incident that could have resulted in a serious accident.

Lost Time Injury (LTI) An accident that results in an individual being unable to carry out his or her duties or return to work on a scheduled shift on the day after the injury, unless this is due to delays getting medical treatment ashore. Also includes fatalities.

Lost Time Injury Frequency (LTIF) Safety performance measure which is the number of LTIs per million exposure hours in man-hours (LTIF = LTIs x 1,000,000/ exposure hours).

Material damage An event that results in damage to the vessel, and/or vessel equipment costing more than USD 2,000 to repair (excludes system/equipment failure).

Medical treatment case (MTC) Work-related injury requiring treatment by a doctor, dentist, surgeon or qualified health professional. MTC does not include LTI, RWC, hospitalisation for observation or a consultative examination by a doctor.

P/E ratio[1] Share price at year-end divided by earnings per share after tax.

Restricted work case (RWC) An injury that results in an individual being unable to carry out normal duties during a scheduled work shift or being temporarily or permanently assigned other duties on the day after the injury.

Return on capital employed[1] 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[1] Result for the year as a percentage of average equity.

Return on total capital[1] 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 dates for information

Annual General Meeting
The Annual General Meeting will be held at Gothia Towers, Gothenburg, Sweden, on 25 April 2017 at 1 p.m. The interim report for the first quarter of 2017 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 19 April 2017, and must notify the Company at the following address:

Concordia Maritime AB
SE-405 19 Gothenburg, Sweden
e-mail: arsstamma@concordiamaritime.com
by 19 April 2017.

Dividend
The Board proposes a dividend of SEK 0.5 per share.

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 19 April 2017.

Reporting dates
The interim report for the first three months will be published on 25 April 2017, the report for the first six months on 15 August 2017 and the report for the first nine months on 9 November 2017.

1) Alternative performance measures as per ESMA's guidelines.

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