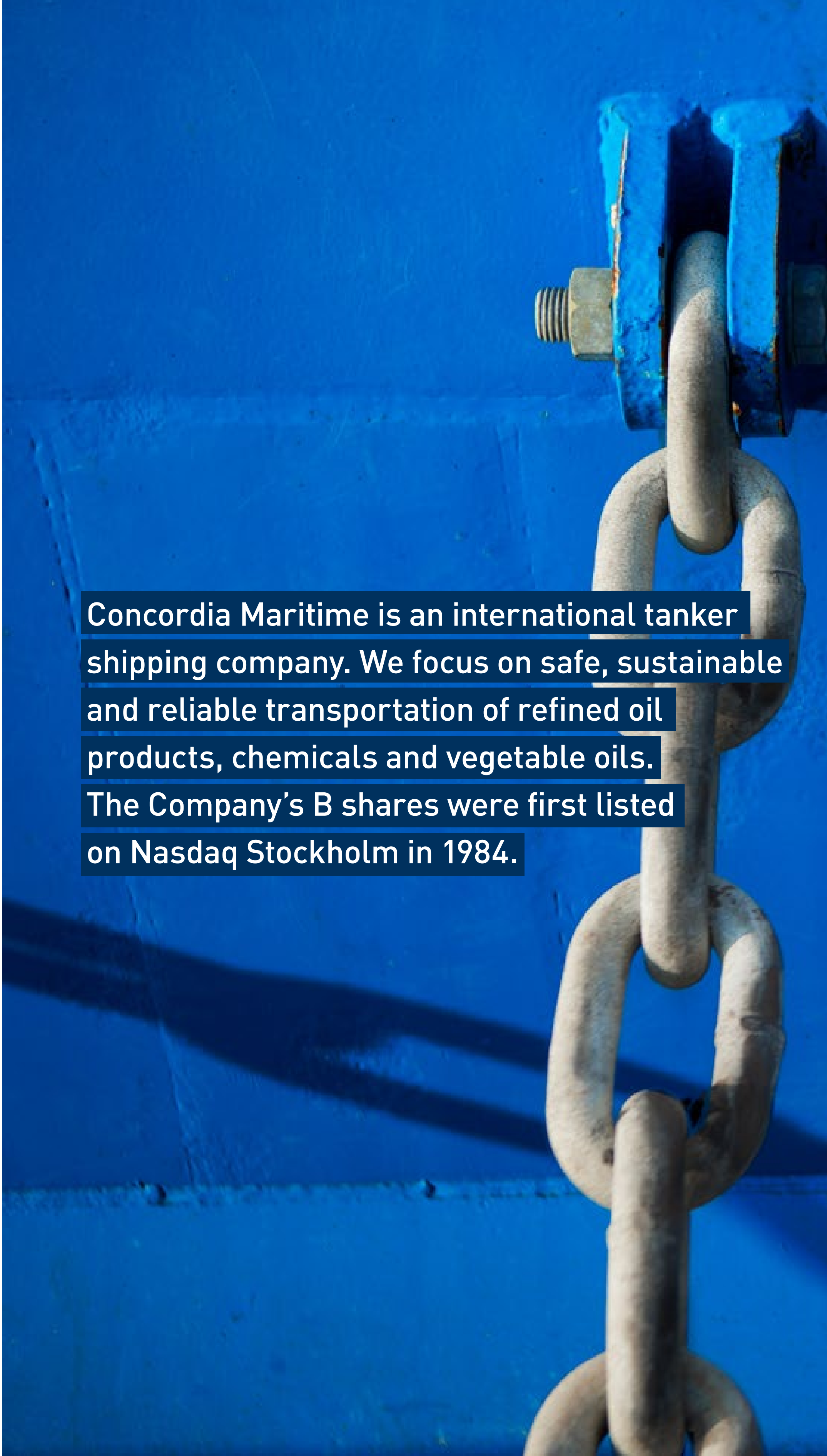
CONCORDIA MARITIME

ANNUAL REPORT 2017



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

A challenging year

827.5
Net sales, SEK million (1,038.2)

–186.5
Result* after financial net, SEK (56.9)

41%
Equity ratio

0.0
Dividend per share, SEK (0.5)

Renewed contracts

The charters for the P-MAX vessels *Stena Paris* and *Stena Provence* were renewed during the year. At the end of the year, five of the vessels in the P-MAX fleet were employed on time charters. Other vessels were employed in the spot market. A contract to charter out the P-MAX tanker *Stena Performance* was also signed after the end of the financial year.

Key ratios

	2017	2016
Total income	827.5	1,038.2
EBITDA, SEK million	51.3	319.9
EBITDA, USD million	6.0	37.4
Operating result, SEK million	–624.6	82.7
Result* after financial net, SEK million	–186.5	56.9
Result before tax, SEK million	–660.2	56.9
Result for the year, SEK million		
Equity ratio, %	41	50
Return on equity, %	–41.7	3.6
Available liquid funds, including unutilised credit facilities, SEK million	335.5	507.4
Result per share after tax, SEK	–13.83	1.46
Equity per share, SEK	25.60	43.78
Dividend per share, SEK	0.0	0.5
Share price on closing date, SEK	12.5	13.9
Lost-time injuries	0	0

Positioning for expected market upturn

During the year, contracts were signed to charter in three IMO 2/3 class MR (ECO) tankers. These are joint charters with Stena Bulk, and Concordia Maritime's share amounts to 50 percent.

In November, the charter for the MR tanker that had just expired was also extended for at least a further year.

In early 2018, two more MR (ECO) tankers were chartered in, while the contracts for two of the currently chartered MR (ECO) tankers were extended by a further year.

Sale & leaseback agreement for IMOIIMAX tanker

A sale & leaseback agreement for the IMOIIMAX tanker *Stena Important* was signed during the year. The sale price was USD 36 million. The vessel will be chartered back on a bare-boat basis for nine years, with purchase options from year four onwards and a purchase obligation in year nine.

No serious accidents or incidents

In 2017, none of Concordia Maritime's vessels were involved in any type of incident that resulted in bunker oil or cargo discharging into the water. For the fourth consecutive year, no vessels were involved in any workplace incident resulting in an LTI.

*excluding impairment

PRESIDENT'S OVERVIEW

Well positioned for a stronger market in the second half of 2018

As expected, 2017 was a weak year – both for the market and for Concordia Maritime. The combination of reduced shipping volumes due to OPEC's output cuts and extensive ship deliveries contributed to an imbalance – which in turn resulted in low rates in all tanker market segments.

TOTAL INCOME FOR 2017 WAS SEK 827.5 (1 038.2) million. Result before tax for the year, excluding fleet impairment, was SEK –186.5 (56.9) million. Result for the year, including fleet impairment, was SEK –660.2 (69.5) million, corresponding to a result per share of SEK –13.83 (1.46).

Looking at our own operations, we continued to work on our active fleet and chartering strategy during the year. The work was largely focused on adapting and positioning the fleet in line with the weak market, but also preparing for the upturn that we believe is coming in the second half of 2018.

For the P-MAX vessels, we have continued to identify niche trades where their unique properties are particularly beneficial. During the year, we signed contracts to charter out the P-MAX vessels Stena Provence and Stena Paris. The contracts mean that for the fourth consecutive year, we have been given renewed confidence from one of the world's largest oil and gas companies, which is obviously very pleasing. During the year, a further two vessels on fixed and relatively good time-charter contracts helped to secure income. The IMOIIMAX tankers *Stena Image* and *Stena Important* have continued to meet our high expectations. They 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.

Overall, this contributed to our product tanker fleet's earnings for the year being about 25 percent higher than the market average in the MR segment.

Impairment of vessel values

Despite the P-MAX vessels continuing to outperform the market in earnings capacity, high customer satisfaction from demanding oil companies and our industry-leading vetting statistics, the external valuation on 30 June 2017 indicated that our vessels' market values had also declined. In addition to weak markets, the market values of vessels are affected by new regulations on ballast water, new regulations on bunker quality and the market's increased focus on vessel ages. Having conducted a thorough analysis, the Board decided to recognise an impairment loss of SEK 473.7 million in the third quarter.

Continuing investment in sustainability

Shipping is associated with risks for both people and the environment, and we do our utmost to minimise or eliminate these risks. Safe vessels, competent crews and well-developed procedures are an essential basis here.

Work in the area of safety and the environment is in constant progress. It is our responsibility to keep up with legislative and regulatory developments, to meet external requirements and to drive development forward ourselves, thereby reducing risks and environmental impacts. Concordia Maritime has had a leading position in this area for a long time and in our day-to-day activities we do a great deal to contribute to sustainable development. On pages 19–31 of this annual report, we present an overall description of what we do, with information about developments during the year.

In the area of safety, we are pleased to say that 2017 was another year in which we were spared from any serious incidents and accidents. For the fourth consecutive year, there were no accidents that resulted in an individual being unable to carry out his or her duties or return to a scheduled shift on the day after the accident. This 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 and something we never compromise on, regardless of economic or market conditions.

Turning to the environment, we continued to achieve large improvements in reducing emissions into the air. Since we started our more structured work on increasing fuel efficiency a few years ago, we have reduced emissions by about 20 percent. CO_2, NO_x, SO_2 and particle emissions declined significantly and the reduction was better than the defined targets. Efforts to optimise safety and minimise environmental impacts are strengthening our brand on several levels. Competition for qualified seafarers is intense, but our image as a responsible employer facilitates recruitment and also makes it possible to retain expertise. An increasing focus on environmental and sustainability aspects is also being noted among our customers. This is a development that is in all our interests.

A well-functioning operation

In addition to a clear strategy, an effective and well-functioning operation is required in both strong and weak markets. The cooperation with Stena Bulk and Northern Marine Management brings us access to leading and worldwide competence in all stages of the value chain: development, chartering, commercial and technical operation and manning. Having close access to this competence creates considerable value for our customers while also enabling us to run our own organisation cost-effectively and with high flexibility.

Market outlook 2018

Among the contributory factors to the weak market in recent years are relatively extensive deliveries of new tankers and lower demand for transport of oil and oil products – as a result of OPEC's reduced production and high stock levels in consuming countries. Several factors point to a better balance during 2018. Stock levels are expected to stabilise at more normal levels during the year, which is expected to contribute to increased demand for transport. In addition, the return to normal production rates for OPEC and other oil-producing countries is also expected to gradually contribute to increased transport needs during the second half of the year. In parallel, overall consumption of oil is expected to continue to grow.

On the supply side, order books for new vessels are relatively low. Net growth in new MR vessels is only expected to be about 2 percent in 2018. Taking all this into account, we expect increased demand for tanker transport and a progressively more balanced and stronger tanker market in the second half of 2018. Based on this analysis of a market upturn, we decided to charter in more MR (ECO) vessels and to have a relatively large proportion of the fleet employed on the spot market.

Gothenburg, March 2018
Kim Ullman, CEO

Focus on niche trades and flexibility

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

Vision

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

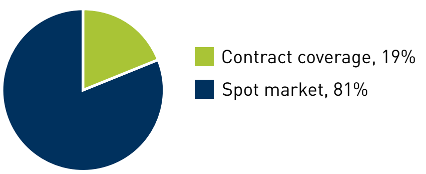
Concordia Maritime's business model consists of two elements – daily ship operation and the purchase and sale of vessels.

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 rate is determined by the market situation at the start of 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.

Income distribution



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 2017	**–42%**	**41%**	**35%**
Comments	The negative operating result for the full year 2017 was due to the weak market and fleet impairment.	Ship sales and a strong USD contributed to a good equity ratio.	Six MR (ECO) vessels were chartered in (at 50%), increasing the fleet by 35% during the year.

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.

Sustainability objectives

In addition to the financial objectives, Concordia Maritime has also defined goals related to safety, environmental and social responsibility. These are generally aimed at minimising the risk of injury to people and damage to the environment and property, but also at continuously reducing the impact of operations on the environment. Outcomes in 2017 continued to be positive and in line with the high targets. None of Concordia Maritime vessels were involved in any incident that resulted in bunker oil or cargo discharging into the water during the year. For the fourth consecutive year, there were no workplace accidents on vessels that resulted in an individual employee being unable to return to a work shift the day after the accident. At the same time, emissions into air continued to decrease. Bunker consumption in tonnes per day at sea fell by 0.97 tonnes, which is better than the year's target to reduce consumption by 0.3 tonnes per day. In turn, the reduced bunker consumption resulted in lower emissions of greenhouse gases and particles.

For a more detailed description and monitoring of the objectives, see pages 19–27.

Overall strategy

Concordia Maritime aims to ensure a level of profitability that allows continuous investments and a good return for shareholders. Operations must also show the utmost regard for both 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 earnings 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. As a complement 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, strong position in this area will be further strengthened.

Cost efficiency and flexibility

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

Strategy monitoring in 2017

- **Renewed contracts.** During the year, one of the world's largest oil and gas companies once again renewed the charters for the P-MAX vessels *Stena Paris* and *Stena Provence.*
- **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, China and South America. With their extremely shallow draft design, the P-MAX tankers are well suited here, as several ports on the routes have draft restrictions.
- **MR (ECO) vessels chartered in.** During the year, contracts were signed to charter in another three IMO 2/3 class MR tankers. In parallel, the charter for the MR tanker that expired in November 2017 was extended for at least a further year.
- **No serious incidents or accidents.** 2017 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. For the fourth consecutive year, there were no workplace accidents that resulted in serious personal injuries.
- **Reduced emissions into air.** As a result of continuing improvement measures, carbon dioxide emissions were reduced by more than 8,220 tonnes, sulphur dioxide emissions by about 68 tonnes and sulphur dioxide emissions by about 234 tonnes during the year. Emissions of particles decreased by 3.0 tonnes during the year.


CONCORDIA

THE FLEET

Flexible vessels

At the end of February 2018, Concordia Maritime's fleet consisted of ten P-MAX class product tankers, two IMOIIMAX class chemical and product tankers, one suezmax tanker, and shares in six chartered MR (ECO) tankers.

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 while 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 cargo 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)

Concordia also participates in the charter of six ECO-design MR tankers, which have modern engines and low fuel consumption. These are joint charters with Stena Bulk, and Concordia Maritime's share amounts to 50 percent.

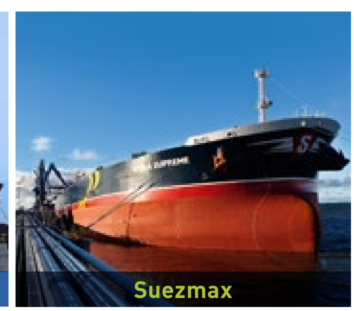
Suezmax

As a complement to the product tanker segment, Concordia Maritime is also active in the transportation of crude oil. The presence in the suezmax segment consists of the suezmax tanker Stena Supreme. At the time of the order, the vessel's technical equipment and design meant that fuel consumption was up to 10–15 percent lower than with standard tonnage. *Stena Supreme* is employed on the spot market via Stena Sonangol Suezmax Pool. The pool consists of a fleet of about 20 efficient suezmax tankers.

P-MAX

IMOIIMAX

MR (ECO)



Suezmax

Fleet at 28/02/2018

Product tankers	DWT	Ice class	Year	Employment	Partner
P-MAX					
Stena Premium	65,200	1B	2011	Spot	Stena Bulk
Stena Polaris	65,200	1A	2010	Spot	Stena Bulk
Stena Performance	65,200	1B	2006	Time charter to March 2018	Stena Bulk
Stena Provence	65,200	1B	2006	Time charter to September 2018	Stena Bulk
Stena Progress	65,200	1B	2009	Time charter to May 2019	Stena Bulk
Stena Paris	65,200	1B	2005	Time charter to July 2018	Stena Bulk
Stena Primorsk	65,200	1B	2006	Time charter to June 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	Time charter to May 2018	Stena Bulk
IMOIIMAX					
Stena Image[1]	50,000		2015	Spot	Stena Bulk
Stena Important[2]	50,000		2015	Spot	Stena Bulk
MR (ECO)					
Unnamed vessel #1[3]	50,000		2015	Spot	Stena Bulk
Unnamed vessel #2[4]	50,000		2013	Spot	Stena Bulk
Unnamed vessel #3[4]	50,000		2013	Spot	Stena Bulk
Unnamed vessel #4[5]	50,000		2018	Spot	Stena Bulk
Unnamed vessel #5[6]	50,000		2018	Spot	Stena Bulk
Unnamed vessel #6[6]	50,000		2018	Spot	Stena Bulk
Råoljetankers					
Suezmax					
Stena Supreme[7]	158,000		2012	Spot	Stena Sonangol Suezmax Pool

1) Contracted on a bareboat basis until 2024, with annual purchase options from 2020
2) Contracted on a bareboat basis until 2026, with purchase obligation in the same year and annual purchase options from 2021.
3) 50% charter December 2017–November 2018 (with option for further 12 months)
4) 50% charter June/July 2017–June/July 2019
5) 50% charter January 2018–January 2020
6) 50% charter April/May 2018–April/May 2019
7) Contracted on a bareboat basis until 2029, with annual purchase options from 2019

More information about updated and current contract periods can be found at concordiamaritime.com

Market development and the fleet's earnings

The tanker market was weak in 2017. The main reasons were high stock levels in consuming countries and relatively extensive ship deliveries, which created a significant imbalance between supply and demand. For Concordia Maritime, the overall decline was partly offset by the fact that several vessels in the fleet were signed to long-term niche contracts during the year.

IN TERMS OF THE MARKET'S AVERAGE EARNINGS in the MR segment, the 2017 tanker year was the worst since 2009. The market remained weak throughout the year, with average rates of USD 10,200 per day[1)], which was about 15 percent lower than the previous year. The suezmax market was even weaker, with average earnings of USD 15,800 per day[2)], about 40 percent lower than the previous year.

Earnings for Concordia Maritime's vessels

For Concordia Maritime, the year was largely focused on the continuing process of positioning and deploying the fleet in line with the employment strategy and current market conditions. A central part of this work was a continued concentration of P-MAX vessels on trades and cargo systems where the vessels' unique properties are most beneficial – which in turn creates opportunities for premium rates.

For the full year, average earnings for the product tanker fleet (spot and TC) were USD 13,700 (17,000) per day. For vessels employed on the spot market, average earnings for the year were USD 12,700 (16,000). In the suezmax segment, average earnings for the year were USD 18,200 (28,400) per day.

Product tankers

P-MAX

Vessels in the P-MAX fleet were employed on time charters or in the spot market during the year. Several vessels sailed on special routes for customers with special requirements. 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, West Africa and South America. In these cases, the utilisation rate was high in terms of the vessels' load capacity.

IMOIIMAX

The IMOIIMAX vessels Stena Image and Stena Important continued to be employed under the cooperation with Stena Bulk. Earnings for both vessels were 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.

MR (ECO) vessels chartered in

The product tanker fleet also includes three IMO2/3 class MR tankers (ECO design) that were chartered in during the year. These are joint charters with Stena Bulk, and Concordia Maritime's share amounts to 50 percent. In late 2017/early 2018, another three vessels were chartered in.

Crude oil

Suezmax

The suezmax tanker *Stena Supreme* was successfully employed on the spot market during the year via Stena Sonangol Suezmax Pool. The pool is a long-time market leader in terms of suezmax tanker earnings.

Sale & leaseback agreements

The IMOIIMAX vessel *Stena Important* was sold under a sale & leaseback agreement during the year. 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 annual purchase options from year four onwards. In 2016, the sister vessel *Stena Image* and the suezmax tanker *Stena Supreme* were sold under similar arrangements, but without a purchase obligation.

Drydocking and repairs

Three scheduled ten-year dry dock inspections *(Stena President* and S*tena Perros)* and one scheduled five-year drydock inspection *(Stena Supreme)* were carried out during the year.

Valuation of the fleet

Concordia Maritime's standard process is to conduct six-monthly assessments and valuations of the fleet 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). At the end of 2017, the fleet's carrying amount did not exceed its recoverable amount. During the third quarter, the Board conducted an additional analysis of important new changes that affect the entire industry. These changes are new

1) Clarksons av. MR Clean Earnings
2) Clarksons av. Suezmax Earnings

regulations on ballast water, new regulations on bunker quality with effect from 2020 and the market's increased focus on vessel ages. The Board concluded that the consequences would be negative, and an updated impairment test indicated impairment. An impairment loss of SEK 473.7 million was therefore recognised during the quarter.

Newbuilding price trends

At the end of the year, the price of a standard product tanker was about USD 33.5 (33) million. The price of an IMO2 class MR tanker like the IMOIIMAX vessels was about USD 35 (35) million at the end of the year. The price of a standard suezmax tanker at the end of the year was about USD 54.5 (54) million.

Spot market earnings

		Average earnings, Concordia Maritime		Average earnings, market	
USD per day	Number of vessels	2017	2016	2017	2016
Product tankers	8.5	12,700	16,300	10,200	12,100[1)]
Suezmax	1.0	18,200	28,400	15,800	27,600[2)]

1) Clarksons w.w. average MR Clean Earnings
2) Clarksons w.w. average Suezmax Long Run Historical Earnings

Product tanker fleet's average voyage earnings* (spot)

Suezmax fleet's average voyage earnings* (spot)

* Freight income minus voyage costs (e.g. bunker, port charges and commission)

OUTLOOK FOR 2018

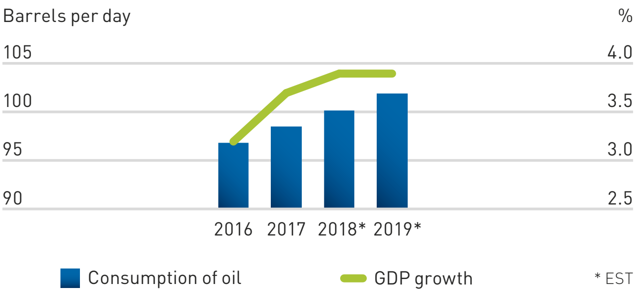
Four factors that indicate a stronger market in 2018

The tanker market has been weak in recent quarters. However, several factors point to a turnaround starting in the second half of 2018.

1. Strong world economy and increased demand for oil

Demand for sea-based transport of oil closely follows overall demand for oil and oil products – which in turn is largely dependent on growth in the global economy. The global economy has been strong in recent years and is expected to remain strong in the coming years. For 2018 and 2019, the IMF forecasts growth of 3.9 percent. Global oil consumption is expected to increase by about 1.4 million barrels per day in 2018.

Growth in GDP and consumption of oil

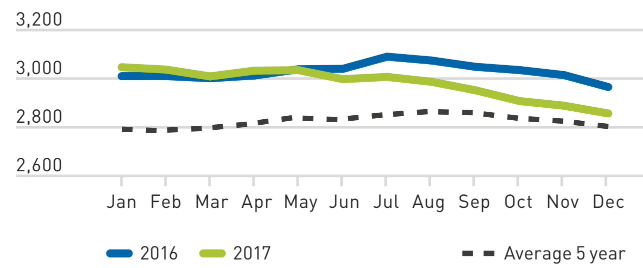


Source: IMF, EIA

2. Stabilised stock levels

Among the main reasons for the weak markets in recent years are the extremely high stock levels in consuming countries. The stocks were built up in 2015 and half of 2016 when oil prices were low. Use of stored oil then resulted in a reduced shipping requirement, which in turn led to lower demand for tanker transportation. As a result of OPEC's production cuts, stocks have fallen sharply since spring 2017 and they are expected to have stabilised at more normal levels by mid-2018.

Stock levels (million barrels)

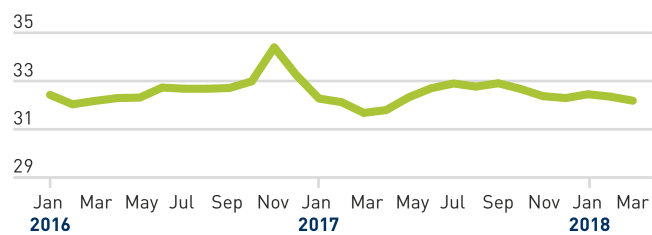


Source: EIA

3. Return to normal production for OPEC

At the end of 2016, OPEC agreed to cut oil production by a total of about 1.2 million barrels of oil per day. At the same time, other major oil producing countries also cut their production by an additional 0.6 million barrels of oil per day. The production cuts contributed to the weak tanker market in 2017. OPEC's agreement is valid until the end of 2018, but Concordia Maritime's assessment is that production will gradually increase in the second half of the year. An increased production rate in combination with good overall global demand for oil and oil products is expected to provide good incentives for higher demand for tanker transport in the second half of 2018.

OPEC production of crude oil (million barrels/day)

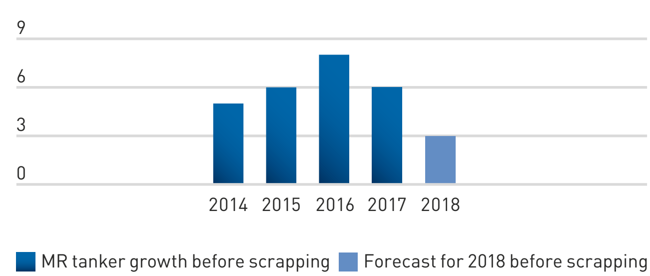


Source: EIA

4. Lower growth in the fleet.

On the supply side, order books are relatively low and growth in new MR vessels during 2018 is expected to be just 2 percent after scrapping, compared with about 4.5 percent in 2017. As deliveries of additional vessels decline, so the prospects of a more balanced market increase. In addition, even tougher environmental requirements, such as the Ballast Water Convention and the new Sulphur Directive on sulphur limits by 2020, will increase incentives for phasing out and scrapping older tankers.

Growth in MR tanker fleet (%)



Source: Clarksons

World-leading competence

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

CONCORDIA MARITIME'S OWN SHORE-BASED ORGANISATION consisted of a total of 6 (6) persons in 2017. The contracted seagoing organisation is considerably larger. The number of seagoing employees at the end of 2017 was 473 (488). 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 and Northern Marine Management 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

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. 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 Bulk has offices in Gothenburg, Houston, Singapore, Dubai and Copenhagen.

CONCORDIA MARITIME

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

Flexible and safe transportation with good transport economy

Northern Marine Management

Stena-owned Northern Marine Management (NMM) is responsible for manning, operation and technical maintenance of Concordia Maritime's vessels. NMM 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. 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 its high level of competence that Stena Teknik often functions as a consultation body on different issues relating to ship-building 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. The business is conducted from the office in Gothenburg.


www.stenabulk.com


www.nmm-stena.com


www.stenateknik.com

Major focus on sustainability

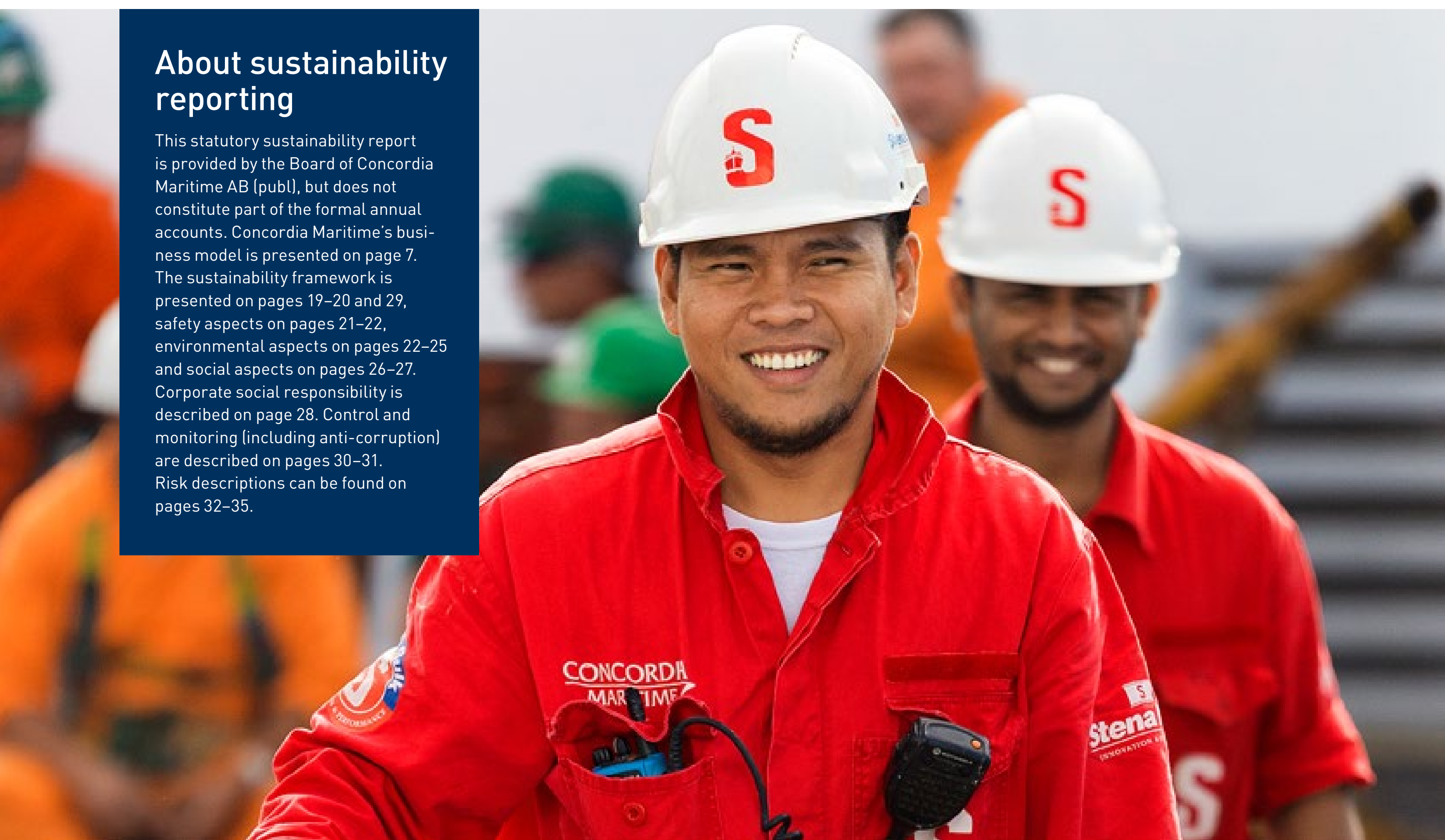
For Concordia Maritime, issues relating to care for the environment, safety, transport efficiency and employer responsibility go very much hand in hand with sound and stable financial development. Both customers and owners, as well as society in general, benefit from safe transport, optimised flows and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

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. The combination of this regulatory control and our own internal regulations helps to ensure that consistently high quality is maintained.

Concordia Maritime has been at the forefront in safety, quality and employer responsibility for a long time. 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. 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.

About sustainability reporting

This statutory sustainability report is provided by the Board of Concordia Maritime AB (publ), but does not constitute part of the formal annual accounts. Concordia Maritime's business model is presented on page 7. The sustainability framework is presented on pages 19–20 and 29, safety aspects on pages 21–22, environmental aspects on pages 22–25 and social aspects on pages 26–27. Corporate social responsibility is described on page 28. Control and monitoring (including anti-corruption) are described on pages 30–31. Risk descriptions can be found on pages 32–35.



Five priority areas

		Outcome 2017
Safety first	Concordia Maritime's operations must be conducted in a manner that protects employees, vessels and the environment. A strong safety culture at all levels of the organisation is needed to prevent the risk of accidents.	No serious accidents or incidents.
Environmental responsibility	Concordia Maritime is strongly committed to reducing the operations' impacts on the environment. Continuous work to reduce emissions and increase energy efficiency is conducted both within the organisation and in cooperation with other stakeholders.	Significantly lower emissions of carbon dioxide, sulphur dioxide and particles.
Corporate responsibility	Concordia Maritime strives to be an attractive employer, offering safe and stimulating workplaces at competitive conditions.	Continuing low staff turnover for seagoing employees and fourth consecutive year with no lost time injuries.
Corporate social responsibility	Concordia Maritime is an active community participant. The projects or initiatives supported must contribute to a safer everyday life for each seagoing individual and/or more environmentally and socially sustainable shipping.	Continuing support for the Mercy Ship Cargo Day and Concordia Maritime's scholarship program in Bermuda.
Financial sustainability	Operations shall be conducted in such a way as to ensure sound financial development, which in turn creates scope for both continuing investments and dividends to owners. This enables continued value creation for employees, shareholders and society – in the short and long term.	Below the financial targets due to weak market. Negative result due to weak market but the Company still has a healthy balance sheet.

The basis of sustainability work

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

Transparency

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

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

Safety first

SAFETY WORK IS ONE OF THE CORNERSTONES of Concordia Maritime's operations. Substantial resources are invested in continuously developing vessels, procedures and crews. The goal is to prevent the risk of accidents arising and to limit and minimise any damage if an accident should 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

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 took safety into a new dimension in the early 2000s. The vessels are built with double propulsion and steering systems. They have two separate engine rooms separated by 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 requirements are met, continuous skills development is provided. The training activities are both general and specially adapted for a specific vessel.

Behaviour Based Safety

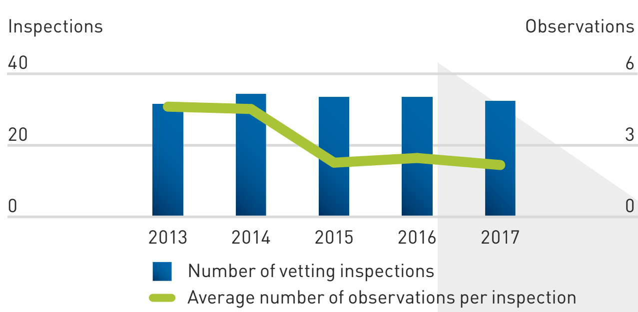
The most important element of the work to continuously improve safety on board is systematic risk identification. All crew members on Concordia Maritime's vessels spend time every day studying how procedures and movement patterns are adhered to. The reporting is based on a standardised model (Behaviour Based Safety). The observations are compiled into reports, which are then distributed to all vessels 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. During the last four years, there have been no accidents with lost work-days.

Key ratios: Safety first

	Target 2017	Outcome 2017	Target 2018
Number of inspections with more than 5 observations (owned vessels)	0	0	0
Average number of vetting observations per inspection (entire fleet)	<4	2.2	<4
Number of port state controls resulting in detention	0	0	0
Number of piracy-related incidents	0	0	0
Material damage	0	3	0
High potential near miss	0	4	0
High risk observation	0	1	0

Vetting inspections of our fleet[1)]



1) Oil companies' vessel inspections

No serious injuries or incidents

No serious incidents or accidents occurred on board Concordia Maritime's vessels in 2017. There were four incidents that resulted in material damage during the year. These included damage to the anchor winch engine on Stena Supreme and damage to the mooring boat's propeller via a rope from Stena Supreme. Four incidents were classified as high potential near misses during the year. One incident was classified as a high risk observation.

External controls and inspections

There were 33 vetting inspections on board Concordia Maritime's vessels during 2017. A total of 72 observations arose from these inspections, which gives an average of 2.3 observations per inspection. None of the observations were of a serious nature. No single inspection had more than 5 observations. This outcome for the year is well in line with the Company's goal of an average of below 4 observations per inspection for the fleet and no more than 5 observations per inspection. There were also 26 port state controls during the year. None of these resulted in observations of a serious nature.

Piracy

Ship hijackings are a potential threat to international shipping. Concordia Maritime works actively to reduce the risk of hijacking or other types of threats. Extensive analyses and risk assessments are conducted before each voyage. Based on the outcome of these analyses, strategic and tactical choices are made 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 contains 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.

Environmental responsibility

CONCORDIA MARITIME WORKS SYSTEMATICALLY to continuously reduce the adverse impacts of operations on the environment. 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 impacts are emissions of carbon dioxide, sulphur and nitrogen oxides and harmful particles associated with bunker fuel consumption. In addition, there is also a potential risk of spreading organisms as a result of the discharge of ballast water. In both areas, 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.

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 enable speed and route optimisation based on weather

Key ratios: Environmental responsibility

	Target 2017	Outcome 2017	Target 2018
Oil spills, litres	0	0	0
Reduced fuel consumption, mt/day (owned vessels)[1]	0.3	0.97	0.3
CO_2 reduction, mt	2,800	8,220	2,800
SO_x reduction, mt	36	68	36
NO_x reduction, mt	80	234	80
Reduction in emissions of particulates, mt	0.9	3.0	0.9

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 resulted in a reduction of over 8,220 tonnes in carbon dioxide emissions and approx. 68 tonnes in sulphur dioxide emissions in 2017. Nitrogen oxide emissions were reduced by 234 tonnes and particle emissions by 3.0 tonnes.

Measures to reduce emissions of sulphur and nitrogen oxides

One of shipping's main environmental impacts is emissions of sulphur and nitrogen oxides. In addition to health risks, the emissions also contribute to eutrophication and acidification of forests, soil and water.

Sulphur oxides

Sulphur is naturally contained in all crude oils and is converted into sulphur dioxide on combustion. The amount of sulphur dioxide released during combustion of sulphur-containing fuel is proportional to the amount of sulphur in the fuel. The sulphur content of the fuel affects the emissions in several different ways. In addition to determining the amount of sulphur dioxide released, the sulphur content also affects emissions of particles and nitrogen oxides.

Maximum sulphur content may differ according to a vessel's location. With effect from 1 January 2015, the sulphur content of fuel may not exceed 0.1% m/m in sulphur emission control areas (SECAs). These areas include the Baltic Sea, North Sea, English Channel, Canada and the United States. Outside sulphur emission control areas, the sulphur content of fuel may not exceed 3.5% m/m. By 2020, the limit outside SECA will be reduced to 0.5% m/m.

To meet the requirements, a transition to low sulphur marine fuels or use of alternative fuels (e.g., LNG or methanol) will be necessary. In addition, the regulations are also an incentive to install scrubbers that clean exhaust gases on board.

Nitrogen oxides

Nitrogen oxides are formed during combustion of bunker oil. As a result of stricter regulations and companies' own improvement efforts, there has been a significant reduction in emissions of nitrogen oxides from shipping in recent years. The current emission limit values for nitrogen oxides are controlled by when the diesel engine was manufactured and when the vessel was built. All of the vessels in Concordia Maritime's fleet were built after 1 January 2000 and therefore meet the IMO Tier 1 standards. This means that they 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.

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. To reduce emissions into the air, VTA (Variable Output Turbine Area) turbines have been installed on four of the vessels in the fleet. 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.

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 due to higher consumption. Consequently, many

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 must be classified and the entire scrapping process must be structured and certified – this has been Concordia Maritime's policy 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 the Det Norske Veritas Green Passport.

different factors need to be taken into account in order to achieve the optimum effect.

Discharge of ballast water

To reduce the risk of impacts on local ecosystems, the UN International Maritime Organisation (IMO) has issued a new ballast water management convention. The new convention, which came into force in September 2017, aims to prevent alien organisms from being spread with ships' ballast water, and applies to all vessels on international voyages that take on and release ballast water.

According to the Convention, all international traffic vessels are obliged to manage ballast water according to a ship-specific ballast water management plan. All vessels are required to keep a ballast water book and hold an international ballast water management certificate. The Convention also includes requirements for built-in ballast water management systems that move or kill micro-organisms in the ballast water before it is released. The systems must be installed no later than the first completed mandatory docking in September 2019.

All Concordia Maritime's vessels follow a Ballast Water Management Plan, based on existing guidelines. The IMOIIMAX vessels are also equipped with special systems for managing ballast water. Planning for the construction of similar systems on other vessels in the fleet has begun.

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.

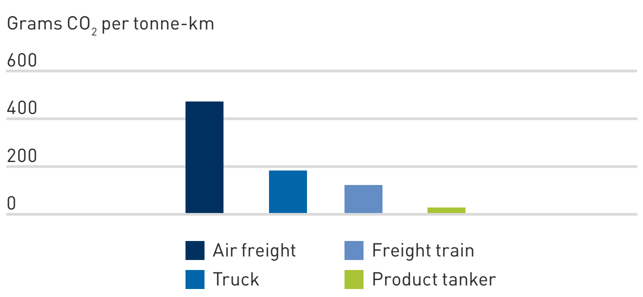
This trend is due to a combination of comprehensive improvement work on the part of the world's shipping companies and tougher requirements from regulators, customers and other stakeholders. Strict reporting procedures enable total control over all incidents – in port and at sea. 2017 was another year in which none of Concordia Maritime's vessels was involved in any incident that resulted in bunker oil or cargo discharging into the water.

Flexible fleet

Concordia Maritime's main contribution to more sustainable tanker shipping is a cargo-flexible fleet. Both the P-MAX tankers and IMOII-MAX 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.

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 lower fuel consumption per unit load than with traditional MR vessels built at the same time. 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



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 & concept
The best opportunity for influencing the ship's environmental impact is when the actual ship concept is developed. Fuel consumption, transport efficiency and safety during the ship'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 ship's most significant environmental impacts occur during ongoing operation. Shipowners, authorities and the industry as a whole work continuously on different solutions to reduce the quantity of emissions.

4. Continuous improvements
With continuous improvements and ongoing maintenance, it is possible to maintain or even improve a ship'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 scrapping 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 operator Stena Bulk, 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.

Social responsibility

SHIPPING IS HIGHLY global in nature – in terms of business and competition, but also in relation to the labour market for seafarers. Demand for educated and experienced seafarers is high and is expected to increase further in the coming years, partly due to large numbers of retirements. In addition to competitive wages to attract skilled and experienced officers and crews, a long-term approach and a good reputation as an employer are also required. Concordia Maritime and its manning partner Northern Marine Management endeavour 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. As part of the goal to continue to be perceived as an attractive employer, a benefit program for seagoing employees and their families has been established.

Low staff turnover

A total of 473 staff were employed on Concordia Maritime's vessels at the end of 2017, all employed through the Company's manning partner Northern Marine Management. The year's average staff turnover for seagoing employees was about 4 percent, which is relatively low compared with industry standards. All seagoing personnel on our vessels are covered by ITF (International Transport Workers' Federation) agreements.

Key ratios: Social responsibility

	Target 2017	Outcome 2017	Target 2018
LTI (Lost Time Injury)	0	0	0
LTIF (Lost Time Injury Frequency)	0	0	0
Medical treatment case	0	2	0
Restricted work case	0	0	0

Continuous skills development

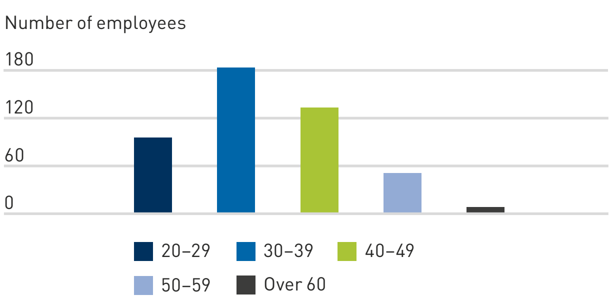
In addition to comprehensive international regulations, there are also strict internal requirements and well established routines for ensuring safety on board. To ensure that the requirements are met, continuous skills development is provided. The training activities are both general and specially adapted for a specific vessel.

In addition to compulsory safety training, there are also opportunities for skills development in other areas.

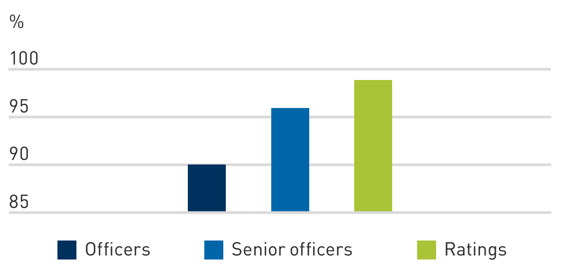
No serious accidents in 2017

For the fourth consecutive year, none of Concordia Maritime's vessels were involved in any incident resulting in a lost time

Age distribution



Retention rate, seagoing



injury. During the year, there were two work-related injuries requiring treatment by healthcare personnel (medical treatment case). However, the injuries did not cause any restrictions in the performance of scheduled work (restricted work case).

Zero tolerance for drugs and alcohol

There is zero tolerance for alcohol and drugs on board Concordia Maritime's vessels. The captain of each vessel is entitled to carry out unannounced tests, and random checks are also regularly conducted by third parties. In 2017, tests were carried out on two of Concordia Maritime's vessels, both with negative results.

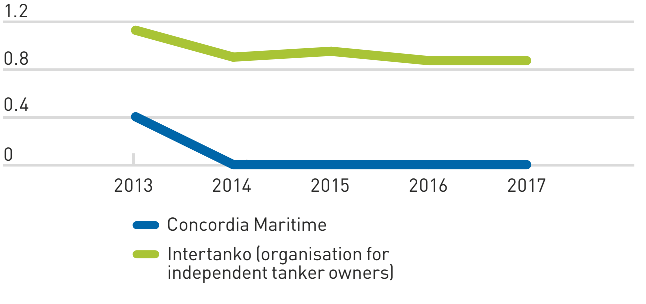
Human rights

Concordia Maritime supports and respects the United Nations Declaration on Human Rights and ILO's International Programme on the Elimination of Child Labour (IPEC). The current Code of Conduct clarifies that forced labour is not accepted in any form, nor is the use of prisoners or illegal labour in the manufacture of goods or services, either for Concordia Maritime or its suppliers and other partners.

Concordia Maritime endeavours to provide fair working conditions and equal opportunities for all. No employee may be discriminated against or treated differently on the basis of gender, age, national or ethnic origin, pregnancy, illness or disability, religion, sexual orientation, union membership or political affiliation.

Likewise, employees' right to freedom of association and collective bargaining must be respected. Concordia Maritime has zero tolerance for harassment and abuse, and does not accept any type of violence, threat or destructive behaviour in the workplace.

LTIF compared with industry



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 largely 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

Concordia Maritime has awarded scholarships to maritime students in Bermuda since 2011. In addition to financial awards, there is also an opportunity for supervision and mentoring during the scholarship period. Several of the recipients would not have had the opportunity to study further had it not been for the grant. For Concordia Maritime, the scholarships bring increased visibility and an increased pool of sea-going personnel. 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 and 2017. 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 cooperation 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*

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.

Internal regulations

- *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 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 attitude to gifts and bribes.

External regulations and alliances

- *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 eight fundamental conventions represent a minimum global standard for labour. The conventions address fundamental human rights at work.

- *World Ocean Council.* In 2017, Concordia Maritime became a member of the World Ocean Council, a sectoral global organisation gathering together leaders in ocean and related industries such as shipping, fisheries, agriculture, tourism and ports. The overall goal is to contribute to sustainable development of the global ocean.

- *Maritime Anti-Corruption Network* 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.

- *Certification* 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.

Stena AB's Code of Conduct

Concordia Maritime's partners Stena Bulk (chartering and commercial operation) and Northern Marine Management (manning, operation and maintenance) are wholly owned by Stena AB. The companies' operations are subject to Stena's Group-wide Code of Conduct, which sets out applicable guiding principles to ensure operations are conducted in an ethically, socially and environmentally correct way. The Code deals with areas such as environmental issues, social issues, good business practices and human rights. The Code also deals with relationships with business partners, with Stena reserving the right to withdraw from a relationship if a partner does not meet the standards of business ethics that Stena expects.

Monitoring and controls

THE CORNERSTONES FOR INTERNAL SUSTAINABILITY are Concordia Maritime's Code of Conduct and Sustainability Policy. The Code is based on internationally recognised conventions and guidelines, such as the UN's Conventions on Human Rights, the ILO's Conventions, OECD Guidelines and the UN Global Compact, which Concordia Maritime signed in 2015.

Concordia Maritime's Code of Conduct sets out applicable guiding principles to ensure operations are conducted in an ethically, socially and environmentally correct way, and deals with areas such as the environment, social conditions, personnel, human rights and anticorruption. The Code applies to all employees without exception, and training in it is compulsory for all employees. The Code is available on Concordia Maritime's website.

The Code of Conduct also deals with relationships with business partners, with Concordia Maritime reserving the right to withdraw from a relationship if a partner does not meet the standards of business ethics that the Group expects.

The CEO of Concordia Maritime is responsible for coordinating and driving the Company's sustainability work on an overall level and reporting regularly to the Board about developments. The Board continuously monitors the Group's work on sustainability issues. Developments are always dealt with as a separate agenda item at each ordinary Board meeting.

Close cooperation with partners

A large proportion of Concordia Maritime's day-to-day operational work is purchased from partners, mainly Stena Bulk (chartering and commercial operation) and Northern Marine Management (manning, operation and maintenance). Ongoing sustainability efforts are therefore largely reflected in the work carried out in

each partner's operations. The cooperation is based on openness, transparency and trust. We continuously work together to develop sustainable working practices and improve our sustainability performance.

Concordia Maritime conducts a quarterly follow-up of safety, environmental and social issues with representatives of Stena Bulk and Northern Marine Management. Vetting deviation reporting is conducted on a weekly basis. The results are recorded and used in ongoing improvement work.

Both Stena Bulk and Northern Marine Management have well-developed systems, procedures and processes to ensure that their operations are conducted in line with defined goals and Concordia Maritime's Code of Conduct.

Both companies are also covered by Stena AB's Code of Conduct, which is essentially similar to Concordia Maritime's Code. The Code and other relevant policies are published on each partner's intranet to ensure they are available to all employees. The Codes of Conduct are also an integral part of the employment contract and part of the introductory programs for new employees and new business partners. Training in the Code and its application is compulsory for all employees within the partner organisations. During the year, an e-learning course was provided to train employees in the Code.

Zero tolerance for bribery and corruption

Within Concordia Maritime, Stena Bulk and Northern Marine Management, there is zero tolerance for all forms of corruption, including zero tolerance for all types of bribery, extortion, nepotism, racketeering and misappropriation. In addition, work is also in progress to completely eliminate facilitation payments, which have been relatively common in shipping and can still occur.

Group-wide whistleblower function

Within the Stena Sphere, there is a Group-wide whistleblower function. Employees who discover something that violates Concordia Maritime's, Stena Bulk's or Northern Marine Management's codes of conduct, values, policies or applicable law are able report the malpractice anonymously. The service is provided by an external partner and all information is encrypted, which further strengthens security. In 2017, no cases were reported that had a bearing on Concordia Maritime's operations, staff or seagoing employees.

Compliance with laws and permits

As a listed company with global operations, Concordia Maritime is subject to a number of laws, regulations and rules. No significant violations of laws and permits resulting in legal consequences or fines were reported in 2017.

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.

Learn more about external controls on pages 82–83.

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 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.

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.

F Investment risk

This is the risk that funds invested to generate returns will perform unfavourably in terms of value or return.

MANAGEMENT: The risk is managed by spreading investments across several different instruments and by continuous evaluation.

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

E 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. Counterparty risks

The main credit risks are counterparty risks relating to customers, shipyards and other subcontractors and cooperation partners. Other financial risks are described in note 18.

A Counterparty risks – customer credit

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

One of the main counterparty risks related to subcontractors and partners is the 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 counter-parties. 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.

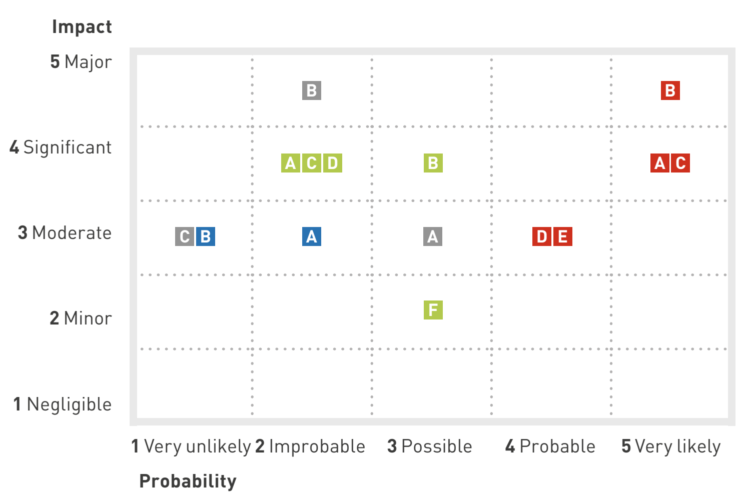
Financial risks

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

	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** (4)	**4** (4)	**2** (2)	**2** (1)	Clear frameworks on how Concordia Maritime should act as a responsible company.
	B Employees	**3** (3)	**4** (4)	**3** (3)	**3** (3)	Close cooperation with several companies in the Stena Sphere.
	C Liquidity	**4** (4)	**4** (4)	**3** (4)	**2** (2)	Ensuring a solid financial position, with competitive costs and ongoing management of market-related risks.
	D Financing risk	**4** (4)	**4** (4)	**3** (3)	**2** (2)	Good solvency and good banking relationships.
	F Investment risk	**2**	**2**	**3**	**3**	Diversification and continuous evaluation.
2. Market-related risks	A Economic trends	**4** (4)	**4** (4)	**5** (5)	**5** (5)	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** (5)	**5** (5)	Efficient operation and good market knowledge.
	D Political risks	**3** (3)	**3** (3)	**4** (4)	**4** (4)	At the forefront in safety and sustainability work.
	E War/instability	**3** (3)	**3** (3)	**4** (4)	**4** (4)	Continuous business intelligence and internal security policy.
3. Operational risks	A Damage to vessels	**3** (3)	**3** (3)	**3** (2)	**3** (3)	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** (3)	**3** (3)	**2** (2)	**1** (1)	Continuous work on preventive measures to enable long-term employment.
4. Counterparty risks	A Counterparty risks – customer credit	**3** (3)	**3** (3)	**2** (2)	**2** (2)	Long-term collaboration and continuous monitoring.
	B Counterparty risks – subcontractors and partners	**3** (3)	**3** (3)	**1** (1)	**1** (1)	Financially and operationally strong players. Bank guarantees and penalty clauses.

Financial risks, see note 18.

Previous year's figures in brackets.



Change in the risk environment in 2017

The biggest change in the risk environment in 2017 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

The share

Concordia Maritime's B share price was SEK 12.50 at the end of 2017, which is a decline of 10 percent from the beginning of the year.

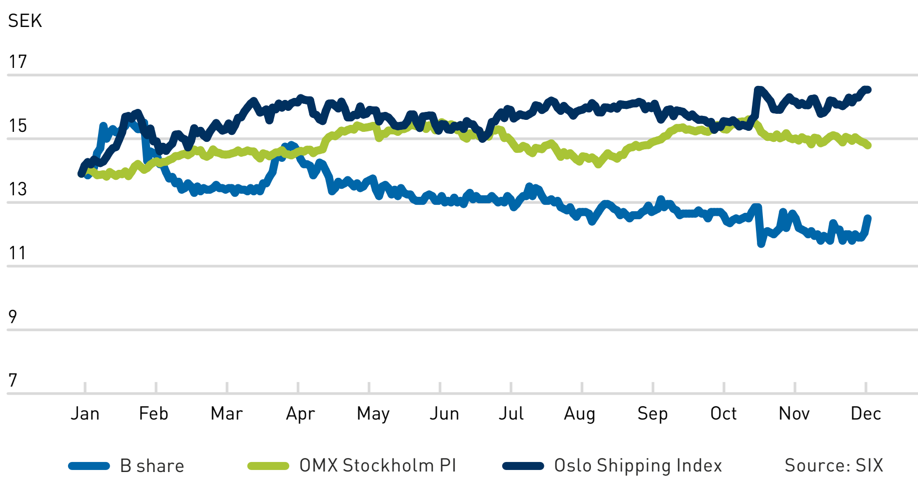
CONCORDIA MARITIME'S B SHARES have been traded on Nasdaq Stockholm under the ticker CCOR B and ISIN code SE0000102824 since 1984. Class A shares carry ten votes per share and class B shares one vote per share. All class A shares with voting rights are owned by the Stena Sphere, which has been the principal 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 about 73 percent of the votes. The Board and CEO together own about 0.1 percent of the shares (Stena Sphere excluded). At the end of 2017, 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.

Dividend Policy

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

Concordia Maritime's share price, 2017



Dividend 2008–2017

Year	Dividend per share, SEK	Dividend yield, %
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	n/a
2014	0.00	n/a
2015	0.50	3.1
2016	0.50	3.0
2017	0.00[1]	n/a

1) Proposed dividend

Key figures for the share

	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Dividend, SEK	0.00[1)]	0.50	0.50	0.00	0.00	0.50	1.00	1.00	1.00	1.00
Dividend as % of net result	n/a	34	14	n/a	n/a	–7	56	60	n/a	50
Shares outstanding at year-end, millions	47.73	47.73	47.73	47.73	47.73	47.73	47.73	47.73	47.73	47.73
Average number of shares outstanding, millions	47.73	47.73	47.73	47.73	47.73	47.73	47.73	47.73	47.73	47.73
Share price at year-end, SEK	12.50	13.90	19.50	12.90	11.70	10.15	12.95	20.50	17.00	15.00
Dividend yield, %[2)]	n/a	3.0	3.1	n/a	n/a	4.9	7.7	4.9	5.9	6.6
Total return, Concordia share, %	–10	–26	55	10	15	–18	–32	27	20	–41
P/E ratio including ship sales	neg	9.5	5.4	71.7	neg	neg	7.3	12.2	neg	7.5
Turnover of shares per year, millions	18.9	13.5	21.4	10.1	14.8	5.7	6.2	17.6	12.4	14.7
Turnover rate, %	40	28	45	21	31	12	13	37	26	33
Market value at year-end, SEK million	597	603	931	616	558	484	618	978	811	716
Number of shareholders	4,301	4,610	4,744	4,546	5,109	5,112	5,266	5,470	5,006	4,834
Equity per share	25.60	43.78	39.15	32.99	27.07	27.88	37.24	35.94	37.47	41.21

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

The 10 largest shareholders

	Capital %	Votes %
Stena Sphere	52.5	72.9
Bengt Stillström	4.2	2.4
Avanza Pension Försäkring AB	2.8	1.6
Stig Andersson	2.5	1.4
Svenska Handelsbanken Markets	2.4	1.4
Traction AB	2.3	1.3
Catella Bank	1.6	0.9
Morgan-Åke Åkesson	1.5	0.9
Ann Stillström	0.8	0.4
Nordnet Pensionsförsäkring	0.7	0.4
CBNY-DFA-INT SML CAP V	0.7	0.4

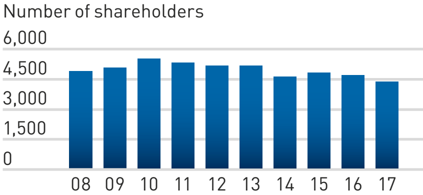
Ownership concentration

	Capital %	Votes %
10 largest shareholders	71.0	83.5
20 largest shareholders	76.2	86.4
100 largest shareholders	87.4	92.8

Shareholder structure

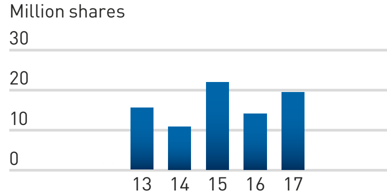
Shareholding	Owners	Holding %
1–1,000	3 224	74.9
1,001–10,000	866	20.2
10,001–20,000	78	1.8
20,001–	133	3.1
Total	**4,301**	**100.0**

Shareholder trend, 2008–2017



Source: Euroclear

Share turnover, last five years

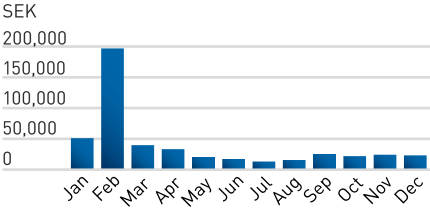


Source: SIX

Shareholder categories

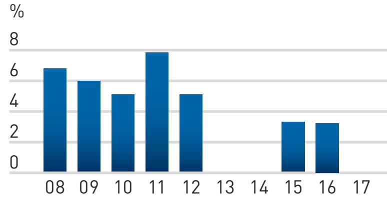
	Capital %	Votes %
Foreign owners	11.4	6.5
Swedish owners	88.6	93.5
of which		
Institutions	63.8	79.4
Private individuals	24.8	14.1
Stena Sphere	52.5	72.9

Share turnover, 2017



Source: SIX

Dividend yield



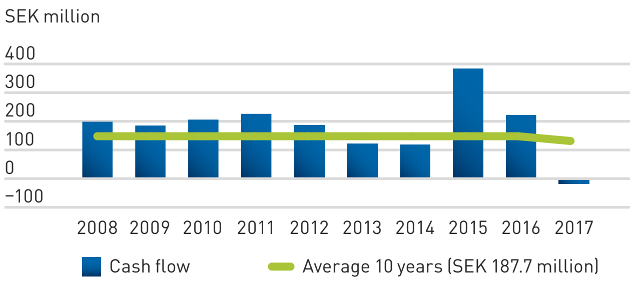
Follow the share's development at concordiamaritime.com

Ten-year summary

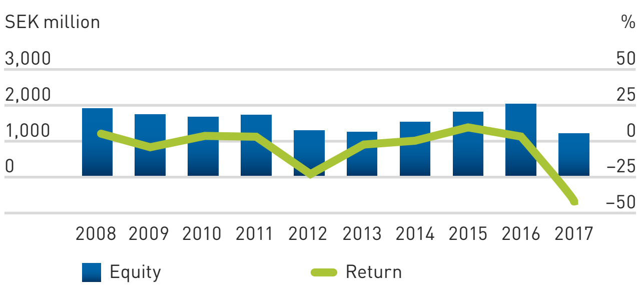
	2017[3]	2016[3]	2015[3]	2014	2013	2012	2011	2010	2009	2008
Profit/loss items, SEK million										
Total income	827.5	1,038.2	1,086.6	531.2	467.8	543.4	559.6	513.4	599.3	560.0
Operating costs excluding impairment	–978.5	–955.5	–877.0	–474.8	–467.4	–465.9	–452.0	–413.2	–531.5	–473.6
Operating result	–624.6	82.7	209.6	56.4	0.4	77.5	107.6	100.2	67.8	86.4
of which result from ship sales	—	54.8	—	57.4	—	—	—	—	—	—
EBITDA[4]	51.3	319.9	423.8	201.0	144.7	228.4	242.6	219.5	160.8	162.6
Result after financial items	–660.2	56.9	174.3	16.5	–39.0	–369.4	76.3	76.9	–91.0	78.1
Result after tax	–660.2	69.5	173.9	8.7	–28.8	–356.0	84.8	80.4	–81.1	95.8
Cash flow from operations[1][4]	–14.9	227.0	392.2	121.8	124.1	190.5	231.1	210.7	189.6	203.2
Investments	78.0	89.5	459.3	87.9	64.7	428.3	330.1	638.6	654.2	301.3
Balance sheet items, SEK million										
Ships	2,305.7	3,165.5	3,809.0	3,129.7	2,914.8	3,063.4	3,289.5	2,919.6	2,265.0	2,059.6
(Number of ships)	11	11	13	11	12	12	11	10	8	7
Ships under construction	0.0	0.0	0.0	205.8	100.5	48.0	143.0	262.0	619.0	536.3
(Number of ships)	—	—	—	2	2	2	1	2	3	4
Cash & cash equivalents	243.6	406.3	273.6	136.6	106.0	144.4	128.2	68.3	82.5	31.3
Short-term deposits	222.8	273.2	0.0	0.0	81.7	97.1	113.6	84.0	37.1	283.6
Other assets	196.2	276.7	271.3	243.7	203.5	127.8	83.9	127.4	367.8	575.7
Interest-bearing liabilities	1,635.6	1,933.7	2,387.2	2,038.9	1,994.0	1,993.3	1,815.4	1,596.1	1,458.5	1,369.2
Other liabilities and provisions	111.0	118.7	98.6	102.2	120.2	156.6	165.2	149.3	124.6	150.3
Equity	1,221.9	2,089.8	1,868.7	1,574.7	1,292.3	1,330.8	1,777.6	1,715.4	1,788.3	1,967.0
Total assets	2,968.5	4,142.2	4,354.5	3,715.8	3,406.5	3,480.7	3,758.2	3,460.8	3,371.4	3,486.5
Key ratios, %										
Equity ratio[4]	41	50	43	42	38	38	47	50	53	56
Return on total capital[4]	–17	2	5	2	0	–9	3	2	3	3
Return on capital employed[4]	–18	2	5	2	0	–9	3	2	3	3
Return on equity[4]	–42	4	10	1	–2	–23	5	5	–4	5
Per-share data, SEK										
Result for the year	–13.83	1.46	3.64	0.18	–0.60	–7.46	1.78	1.68	–1.70	2.01
of which result from ship sales	—	1.15	—	1.20	—	—	—	—	—	—
Cash flow from operating activities[1]	–0.31	4.76	8.22	2.55	2.60	3.99	4.84	4.41	3.97	4.26
Equity	25.60	43.78	39.15	32.99	27.07	27.88	37.24	35.94	37.47	41.21
Equity/net asset value	1.08	1.32	1.06	1.25	2.31	2.75	2.88	1.75	2.20	2.75
Share price at year-end	12.50	13.90	19.50	12.90	11.70	10.15	12.95	20.50	17.00	15.00
Dividend[2]	0.00	0.50	0.50	0.00	0.00	0.50	1.00	1.00	1.00	1.00
Dividend as % of net result after tax	n/a	34	14	n/a	n/a	n/a	56	60	n/a	50
Other										
P/E ratio including ship sales[4]	neg	9.5	5.4	71.7	neg	neg	7.3	12.2	neg	7.5
Number of shareholders	4,301	4,610	4,744	4,546	5,109	5,112	5,266	5,470	5,006	4,834

1) Ship sales not included.
2) For the year 2017, the dividend proposed to the 2018 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 89.

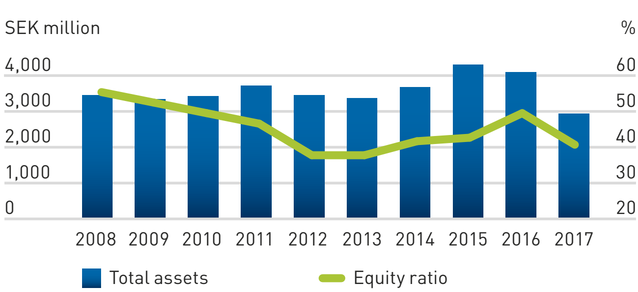
Cash flow from operations, excl. ship sales

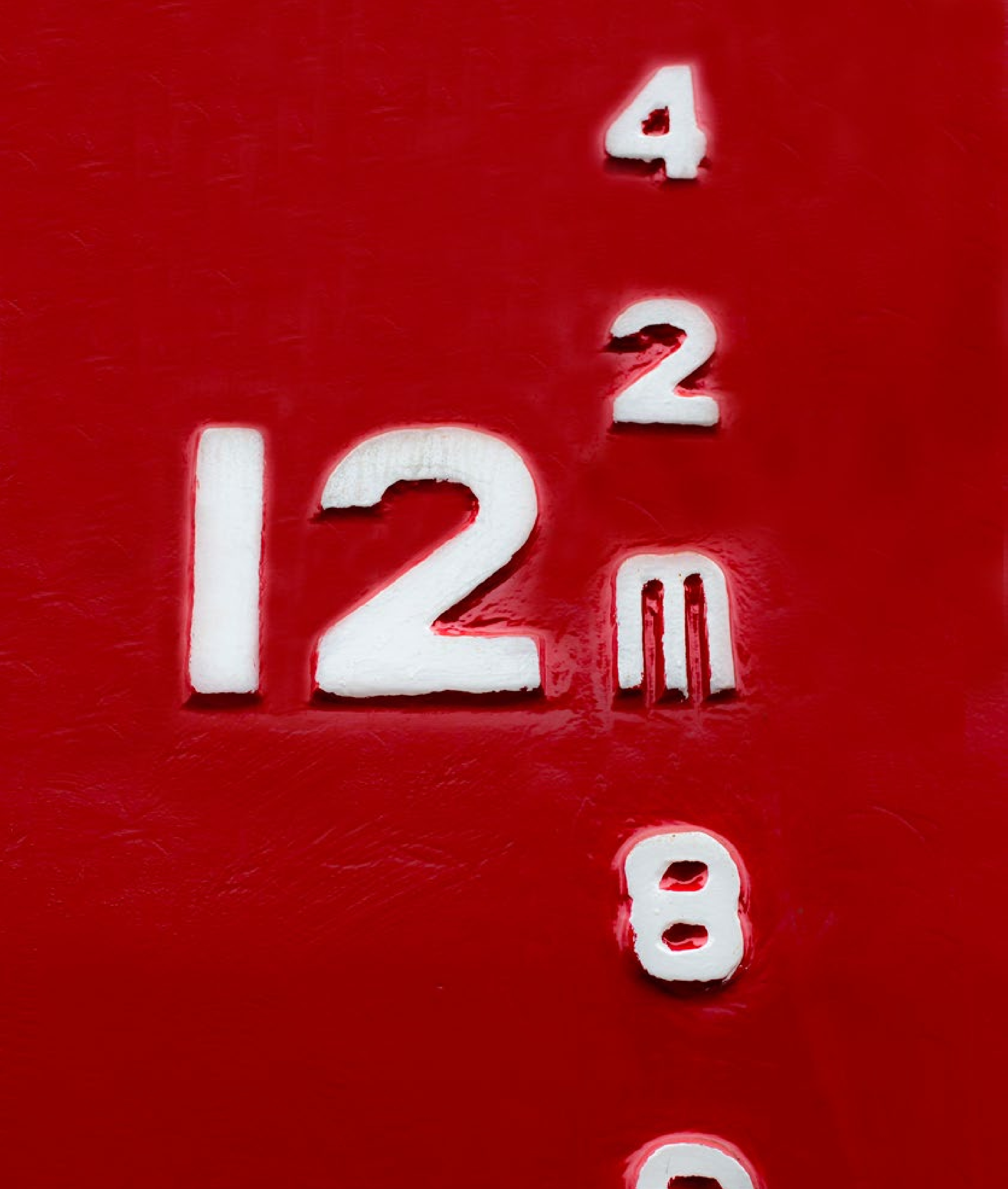


Return on equity



Equity ratio

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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 2017. The Parent Company is Stena Sessan Investment 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

As expected, 2017 was a challenging year for the entire industry. Relatively large supply of tanker capacity meant that there was an imbalance, as there was lower demand for tanker transport due to a larger proportion of oil and oil products than usual being delivered from stocks in the consuming countries. Less oil was produced, due to an arrangement between the OPEC countries and cooperating oil-producing countries.

Based on market conditions, the operations have performed well, with vessels' voyage earnings exceeding the market (Clarkson Worldwide MR Clean Index), and with good cost control. Scheduled drydockings for the vessels *Stena Supreme, Stena Perros* and *Stena President* took place during the year. A sale & leaseback agreement for the vessel *Stena Important* was signed at the beginning of the year.

P-MAX

At the end of the financial year, five of the vessels in the P-MAX fleet were employed on longer contracts. The strategy is to employ P-MAX vessels on trades that can fully benefit from the P-MAX vessels' unique properties, such as a large cargo intake in combination with a relatively shallow draft. When these trades are available and the market is favourable, the vessels are signed to longer time charters. The two-year charter of *Stena Primorsk* to a Chinese shipping company and the three-year charter of *Stena Progress* to a national oil company continued during the year. The vessels *Stena Paris* and *Stena Provence* were transferred from consecutive voyage charters to time charters. At the end of the year, the vessel *Stena President* was also signed to a six-month time charter.

MR (ECO)

During the year, an existing charter position was extended and another three vessels were chartered in. These are joint charters with Stena Bulk, and Concordia Maritime's share amounts to 50 percent.

Suezmax

The suezmax tanker *Stena Supreme* (158,000 dwt) is employed on the spot market via Stena Sonangol Suezmax Pool. The vessel underwent a scheduled five-year drydock inspection during the year.

IMOIIMAX
The two vessels *Stena Image* and *Stena Important* are employed in the spot market under agreements with Stena Bulk.

In the first quarter, *Stena Important* was sold through a sale & leaseback agreement. Under the agreement, the vessel will be chartered back on a bareboat basis for nine years, with annual purchase options from year four onwards and a purchase obligation in year nine.

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).

An additional analysis conducted in the third quarter showed fleet impairment of USD 55 million. This impairment loss was recognised in the third quarter. Impairment testing of asset values at 31 December 2017 did not indicate any impairment.

Disputes
At the end of the financial year, Concordia Maritime had a claim against ST Shipping for unpaid interest expenses related to a dispute in 2014. This claim was settled in January 2018.

Freight market trends
The first quarter of 2017 was favoured by the seasonal effect that normally occurs during this period. In quarters two to four, demand for tanker transport was adversely affected by an increased proportion of oil consumption being fulfilled by deliveries from stocks in the consuming areas. As OPEC produced less oil during the year due to an arrangement between the OPEC countries and cooperating oil-producing countries, stocks fell sharply during the year. This destocking in combination with relatively large deliveries of new tankers brought challenging markets in 2017. Average earnings for both the MR and suezmax markets were significantly lower than in 2016 and 2015.

Product tanker market (MR)
Average earnings for the Company's product tanker fleet, spot and TC, were USD 13,700 (17,000) 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 on the spot market, average earnings for the year were USD 12,700 (16,300).

Large tanker market (suezmax)
On a full year basis, average earnings for the Company's suezmax fleet were USD 18,200 (28,400). Although earnings for the suezmax fleet during the year were significantly lower than in 2016 and 2015, they 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 33.5 (33) million. The price of an IMO2 class MR tanker like Concordia's IMOIIMAX vessels was about USD 35 (35) million. The price of a standard suezmax tanker at the end of the year was about USD 54.5 (54) million.

Financial summary

Results and financial position
Total income in 2017 was SEK 827.5 (1,038.2) million. Result before tax for the year, excluding fleet impairment, was SEK –186.5 (56.9) million. Result for the year, including fleet impairment, was SEK –660.2 (69.5) million, corresponding to a result per share of SEK –13.83 (1.46).

Investments
Investments during the year amounted to SEK 78.0 (89.5) million and were mainly related to scheduled periodic drydocking.

Liquidity and financial position
The Group's available liquidity, including unutilised credit facilities, was SEK 335.5 (507.4) million at the reporting date. There were also corporate bonds corresponding to SEK 215.8 (0) million and shares corresponding to SEK 7.0 (0) million at the reporting date, reported under short-term deposits. Interest-bearing liabilities were SEK 1,635.6 (1,946.5) million. Equity totalled SEK 1,221.9 (2,089.8) million at the reporting date and the equity ratio was 41 (50) percent.

Remuneration policy for senior executives
Remuneration of the Chairman of the Board, Deputy Chairman and Board members is in accordance with the guidelines adopted by the 2017 AGM, which also correspond with the proposed guidelines for 2018. 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 absolute 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 are 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. This type of remuneration is for a limited period. The proposed guidelines for the 2018 AGM correspond with the guidelines adopted in 2017.

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 in terms of brands to a certain extent.

Sustainability report

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 2017.

For the fourth consecutive year, no lost time incidents (incidents that prevent an employee from being able to work the following day) occurred on the Company's vessels.

The focused efforts to reduce bunker consumption on the Company's vessels is producing results. In 2017, the vessels' bunker consumption fell by 0.97 tonnes per day at sea compared with 2016. This means that emissions into the air declined significantly. The Company's performance was better than the targets for reducing bunker consumption and reducing emissions of CO2, SOx, NOx and particles.

Customers' inspections of the Company's vessels in 2017 resulted in an average of 2.2 observations per inspection. This outcome is well in line with the goal of <4 observations per inspection.

In 2017, the Company continued to support Mercy Ships' hospital ship, which offers free medical care to patients who would be otherwise unable to receive such care. The Company also continued its scholarship program for maritime students from Bermuda. At the beginning of 2018, it was decided to work with the Swedish Institute for the Marine Environment to conduct a preliminary study on a project involving the collection and analysis of seawater on the Company's vessels, with the aim of increasing knowledge about microplastics in the sea. It has also been decided to conduct a project in which the Company, in cooperation with a partner, develops training materials on the importance of keeping the oceans clean and also arranges litter collection on selected beaches. For more information on sustainability work, see the section on sustainability on pages 19–31 of this annual report.

Financial instruments and risk management

See notes 18 and 19.

The share

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

Outlook

The stock reductions in the consumption areas will continue until OPEC decides to increase production again. This is likely to happen when it is OPEC's assessment that stocks are down to a "normalised level". The Company believes that this will happen sometime during the second half of 2018. Stabilised stock levels and increased production in combination with a reduced net increase in the fleet lead the Company to believe that the market will start to improve at some point in the second half of 2018. The Company's focus in 2018 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 79–88. Information about the key elements of the Group's system of internal control and risk management in connection with the preparation of the consolidated financial statements is contained in the corporate governance report.

Events after the reporting date*

After the end of the financial year, in January 2018, contracts were signed to charter in another two MR (ECO) vessels. These positions are taken in cooperation with Stena Bulk, with the Company's share being 50%.

After the end of the financial year, the P-MAX tanker *Stena Performance* was chartered out.

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 47.1 million be distributed as follows:

SEK millions	2015	2016	2017
Dividend (47,729,798 shares)	23.9	23.9	0.0[1]
Carried forward	68.1	40.4	47.1
Total	**92.0**	**64.3**	**47.1**

1) Proposed dividend SEK 0.00

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

* Events up to and including the date of signature of this annual report, 20 March 2018.

Consolidated income statement and other comprehensive income

1 January–31 December, SEK millions	Note	2016	2017	2017 USD millions[1]
Time charter income		151.2	157.0	18.4
Spot charter income		789.4	670.5	78.5
Result from sale of ships		54.8	0.0	0.0
Other external income		42.8	0.0	0.0
Total income	3, 20	**1,038.2**	**827.5**	**96.9**
Operating costs, ships	2	–384.0	–519.0	–60.8
Personnel costs, temporary seagoing	4	–195.6	–199.2	–23.3
Other external expenses	5	–117.5	–36.8	–4.3
Personnel costs, land-based	4	–21.2	–21.2	–2.5
Depreciation/impairment	8	–237.2	–675.9	–79.2
Total operating costs	22	**–955.5**	**–1,452.2**	**–170.1**
Operating result	2	**82.7**	**–624.6**	**–73.2**
Finance income		27.3	37.3	4.4
Finance costs		–53.2	–72.9	–8.6
Financial net	6	**–25.8**	**–35.6**	**–4.2**
Result before tax		**56.9**	**–660.2**	**–77.3**
Tax	7	12.7	0.0	0.0
Result for the year attributable to owners of the parent company		**69.5**	**–660.2**	**–77.3**
Other comprehensive income				
Items that have been/can be transferred to result for the period	14			
Translation differences for the year, foreign operations		166.7	–173.3	–20.1
Change in fair value of available-for-sale financial assets		0.0	0.0	0.0
The year's fair value change for hedges of net investments in foreign operations		–10.6	0.0	0.0
The year's fair value change for hedges of net investments in foreign operations reclassified to result for the period		0.0	–2.8	–0.4
Changes in fair value of cash flow hedges, interest-related		19.3	–5.9	–0.8
Changes in fair value of cash flow hedges, interest-related, reclassified to result for the period		0.0	–1.7	–0.2
Total other comprehensive income for the year		**175.4**	**–183.8**	**–21.5**
Comprehensive income for the year attributable to owners of the parent company		**244.9**	**–843.9**	**–98.8**
Result per share, before/after dilution	14	**1.46**	**–13.83**	**–1.62**

1) Unaudited, see note 1.

Consolidated statement of financial position

31 December, SEK millions	Note	2016	2017	2017 USD millions[1]
ASSETS				
Non-current assets				
Ships	3, 8	3,165.5	2,305.7	281.8
Non-current receivables	11	20.5	0.1	0.0
Total non-current assets		**3,186.0**	**2,305.8**	**281.8**
Trade receivables	9	142.5	77.1	9.4
Current tax receivable		0.5	1.2	0.2
Other current receivables	11	55.1	25.8	3.2
Prepayments and accrued income	12	78.6	92.1	11.2
Short-term deposits	10	273.2	222.8	27.3
Cash & cash equivalents	13, 24	406.3	243.6	29.7
Total current assets		**956.2**	**662.6**	**81.0**
TOTAL ASSETS		**4,142.2**	**2,968.5**	**362.8**
Equity	14			
Share capital		381.8	381.8	46.7
Other paid-in capital		61.9	61.9	7.6
Reserves		581.6	397.8	48.6
Retained earnings, incl. result for the year		1,064.4	380.4	46.4
Total equity		**2,089.8**	**1,221.9**	**149.3**
LIABILITIES				
Non-current liabilities	18, 19			
Liabilities to credit institutions	15	1,699.7	1,151.4	140.7
Other non-current liabilities		0.0	261.2	31.9
Total non-current liabilities		**1,699.7**	**1,412.6**	**172.6**
Current liabilities	18, 19			
Liabilities to credit institutions	15	234.0	192.2	23.5
Trade payables		1.8	1.3	0.2
Current tax liability		0.0	3.3	0.4
Other liabilities	16	0.7	20.7	2.5
Accruals and deferred income	17	116.2	116.4	14.3
Total current liabilities		**352.7**	**334.0**	**40.9**
TOTAL EQUITY AND LIABILITIES		**4,142.2**	**2,968.5**	**362.8**

For information on the Group's pledged assets and contingent liabilities, see note 21
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 2017	381.8	61.9	562.3	0.0	19.3	1,064.4	2,089.8
Comprehensive income for the year							
Result for the year						−660.2	−660.2
Other comprehensive income for the year			−176.2		−7.6		−183.8
Comprehensive income for the year	**381.8**	**61.9**	**386.1**	**0.0**	**11.7**	**404.2**	**1,245.8**
Transactions with owners of the parent							
Dividend						−23.9	−23.9
Closing equity, 31 Dec 2017	**381.8**	**61.9**	**386.1**	**0.0**	**11.7**	**380.3**	**1,221.9**

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	381.8	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**	**2,113.6**
Transactions with owners of the parent							
Dividend						−23.9	−23.9
Closing equity, 31 Dec 2016	**381.8**	**61.9**	**562.3**	**0.0**	**19.3**	**1,064.4**	**2,089.8**

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

Consolidated cash flow statement

1 January–31 December, SEK millions	Note	2016	2017	2017 USD millions[1]
	24			
Operating activities				
Result before tax		56.9	–660.2	–77.3
Adjustment for non-cash items		170.2	645.3	75.6
Cash flow from operating activities before changes in working capital		**227.0**	**–14.9**	**–1.7**
Cash flow from changes in working capital				
Increase (–)/Decrease (+) in operating receivables		10.7	49.8	5.8
Increase (+)/Decrease (–) in operating liabilities		7.0	11.3	1.3
Cash flow from operating activities		**244.7**	**46.2**	**5.4**
Investing activities				
Acquisition of property, plant and equipment		–89.5	–78.0	–9.1
Disposal of property, plant and equipment		826.2	307.4	36.0
Acquisition of financial assets		–256.8	–281.3	–33.0
Disposal of financial assets		0.0	321.1	37.6
Other financial items		0.0	–0.6	–0.1
Cash flow from investing activities		**479.9**	**268.5**	**31.4**
Financing activities				
New loans		1,734.3	0.0	0.0
Amortisation of loans		–2,352.2	–403.9	–47.3
Dividends paid to shareholders of the parent		–23.9	–23.9	–2.8
Amortisation of leases		0.0	–14.4	–1.7
Cash flow from financing activities		**–641.8**	**–442.2**	**–51.8**
Cash flow for the year		82.8	–127.6	–15.0
Cash and cash equivalents at beginning of year		273.6	406.3	47.6
Exchange differences		50.0	–35.1	–4.1
Cash and cash equivalents at end of year		**406.3**	**243.6**	**28.5**

1) Unaudited, see note 1.

Income statement and other comprehensive income – Parent Company

1 January–31 December, SEK millions	Note	2016	2017
Net sales	3	28.1	44.8
Total income			
Operating costs, ships		–25.2	–52.4
Other external expenses	5	–14.2	–12.3
Personnel expenses	4	–15.5	–15.6
Operating result	22	**–26.8**	**–35.5**
Result from financial items:			
Result from subsidiaries		55.4	49.7
Other interest and similar income		55.1	57.1
Interest and similar expense		–47.4	–64.7
Financial net	6	**63.0**	**42.1**
Result after financial items		**36.2**	**6.7**
Tax	7	–40.0	0.0
Result for the year[1]		**–3.8**	**6.7**

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	2016	2017
ASSETS			
Non-current assets			
Property, plant and equipment	8	0.0	0.0
Financial assets			
Investments in Group companies	23	745.8	745.8
Deferred tax assets	7	0.0	0.0
Total financial assets		745.8	745.8
Total non-current assets		**745.8**	**745.8**
Current assets			
Current receivables			
Trade receivables	9	0.6	0.4
Current tax receivable		0.5	1.2
Other receivables	11	23.3	1.0
Prepayments and accrued income	12	0.9	0.4
Total current receivables		25.3	3.0
Receivables from Group companies		1,525.9	1,192.1
Cash and bank balances	24	44.2	20.1
Total current assets		**1,595.4**	**1,215.3**
TOTAL ASSETS		**2,341.2**	**1,961.1**
EQUITY AND LIABILITIES			
Equity	14		
Restricted equity			
Share capital		381.8	381.8
Statutory reserve		138.3	138.3
Unrestricted equity			
Retained earnings		68.1	40.4
Result for the year		–3.8	6.7
Total equity		**584.5**	**567.3**
Non-current liabilities	18, 19		
Liabilities to credit institutions	15	1,494.5	1,151.4
Liabilities to Group companies	22	27.4	27.4
Total non-current liabilities		**1,521.9**	**1,178.8**
Current liabilities	18, 19		
Liabilities to credit institutions	15	218.3	192.2
Trade payables		1.7	1.3
Current tax liability		0.0	3.3
Other liabilities		0.5	0.6
Accruals and deferred income	17	14.3	17.6
Total current liabilities		**234.8**	**215.0**
TOTAL EQUITY AND LIABILITIES		**2,341.2**	**1,961.1**

Statement of changes in equity – Parent Company

SEK millions	Restricted equity		Unrestricted equity		
	Share capital	Statutory reserve	Retained earnings	Result for the year	Total equity
Opening equity, 1 Jan 2017	381.8	138.3	68.1	–3.8	584.5
Result for previous year			–3.8	3.8	0.0
Result for the year				6.7	6.7
Dividends			–23.9		–23.9
Closing equity, 31 Dec 2017	**381.8**	**138.3**	**40.4**	**6.7**	**567.3**

SEK millions	Restricted equity		Unrestricted equity		
	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**

Cash flow statement – Parent Company

1 January–31 December, SEK millions	Note	2016	2017
	24		
Operating activities			
Result before tax		36.2	6.7
Adjustment for non-cash items		–18.5	–19.1
Cash flow from operating activities before changes in working capital		**17.7**	**–12.4**
Cash flow from changes in working capital			
Increase (–)/Decrease (+) in operating receivables		4.3	23.3
Increase (+)/Decrease (–) in operating liabilities		5.6	2.9
Cash flow from operating activities		**27.6**	**13.7**
Investing activities			
Disposal of financial assets		0.0	0.0
Cash flow from investing activities		**0.0**	**0.0**
Financing activities			
New loans		1,734.2	0.0
Amortisation of loans		–1,807.1	–201.6
Dividend paid		–23.9	–23.9
Other financing		0.0	4.9
Cash flow from financing activities		**–96.8**	**–220.6**
Cash flow for the year		–69.2	–206.9
Cash and cash equivalents at beginning of year		1,488.3	1,570.1
Exchange differences		151.0	–151.0
Cash and cash equivalents at end of year		**1,570.1**	**1,212.2**

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 20 March 2018. 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 24 April 2018.

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 2017 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=8.538 and closing rate USD 1.00=8.1833. 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 27.

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 2017
Amended IAS 7 Statement of Cash Flows, effective from 2017. Increased disclosures required under the standard are provided in note 24, where the year's changes in liabilities attributable to financing activities are reconciled with specifications of, e.g., new borrowings, repayments, changes related to divestments/acquisitions of subsidiaries and currency effects. Disclosures are provided for both cash and non-cash changes. As the amendment is applied prospectively, no information is presented for the comparative year.

Voluntary change in accounting policy
From 1 January 2017, it has been decided to report spot charter income and costs on a gross basis under 'Spot charter income' and 'Operating costs, ships' in the consolidated income statement. These were previously netted under 'Spot charter income' and the change is being made in order to clearly reflect the individual components of the spot charter result. The Group's income and operating expenses were affected, but the change did not have any net effect on the Group's operating result.

New accounting policies effective in or after 2018
A number of new and amended reporting standards 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.

For the reporting of financial instruments, IAS 39 is replaced by IFRS 9 Financial Instruments with effect from 1 January 2018. IFRS 9 introduces a new model for classification and measurement of financial instruments, a forward-looking impairment model and a substantially reformed approach to hedge accounting. The Company has investigated the expected effects on the Group's financial statements and has concluded that the transition will not involve any material changes.

With effect from 1 January 2018, IAS 18 Revenue is replaced by 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. The Company has chosen to apply a prospective transition, which means that there will be no restatement of comparative figures. The Company has investigated the expected effects on the Group's financial statements and has concluded that the transition will not involve any changes.

IFRS 16 is effective for the reporting of leases from 1 January 2019. 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

Note 1 cont'd.

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. Earlier application of the standard is permitted if IFRS 15 is also applied from the same point in time. An analysis of the effects of IFRS 16 is in progress and shows that the leased vessels currently accounted for as operating leases will be reclassified as finance leases under the new standard. The final impact of the introduction of IFRS 16 on the financial statements will depend on future economic conditions, including the Group's borrowing rate on 1 January 2019, the composition of the Group's lease portfolio at that time, the Group's latest assessment of whether to use any options to extend leases and the extent to which the Group chooses to apply practical expedients and exemptions from reporting in the balance sheet/ statement of financial position.

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 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. Charterson

Note 1 cont'd.

a bareboat basis may be classified as finance leases or operating leases, depending on the form of the contract. 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, bonds, loan receivables and derivatives. Liabilities include trade payables, loans and derivatives.

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

A financial asset or liability is recognised in the statement of financial position when the Company becomes a party to the contractual provisions of the instrument. A receivable is recognised when the Company has performed and there is a contractual obligation for the counterparty to pay, even if an invoice has not yet been sent. Trade receivables are recognised in the balance sheet when an invoice has been sent. A liability is recognised when the counterparty has performed and there is a contractual obligation to pay, even if an invoice has not yet been received. 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 18 and 19.

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

IAS 39 classifies financial instruments by category. The classification depends on the purpose of the acquisition of the financial instrument. Management determines the classification on the original purchase date.
The categories (i-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.

Note 1 cont'd.

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

Derivatives and hedge accounting
Derivative instruments include forward contracts and swaps that are used to 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 anon-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 obligation to make future lease payments is reported under non-current and current liabilities. The leased assets are depreciated over their useful life, while lease payments are apportioned between the finance charge and the reduction of the liability.

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 carrying amount of an asset or cash-generating unit exceeds its recoverable 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.

Note 1 cont'd.

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 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.

Note 1 cont'd.

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

	Q4		Q3		Q2		Q1		Full year	
USD millions	2016	2017	2016	2017	2016	2017	2016	2017	2016	2017
Product tankers (time charter)	5.6	4.8	5.4	3.3	4.5	3.6	2.4	4.0	17.9	15.7
Product tankers (spot)	–0.4	–2.0	0.2	–0.8	1.0	–0.2	8.1	0.5	8.9	–2.5
Suezmax	1.4	–0.7	0.8	–1.3	2.5	–1.4	2.7	–0.4	7.4	–3.8
Sale of ships	6.4	0.0	0.0	0.0	0.0	0.0	0.0	0.0	6.4	0.0
Administration and other	–0.6	–0.9	–0.5	–0.8	–1.0	–0.9	–1.0	–0.8	–3.1	–3.4
Total	**12.4**	**1.2**	**5.9**	**0.4**	**7.0**	**1.1**	**12.2**	**3.3**	**37.4**	**6.0**

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.

	Total	
Group, SEK millions	2016	2017
Income		
United States	393.9	364.0
Brazil	64.6	77.7
Singapore	59.1	66.3
Hong Kong	54.0	63.6
Switzerland	64.1	52.8
UK	114.5	40.5
Other	288.3	162.6
Total income	**1,038.2**	**827.5**

	Total	
Parent, SEK millions	2016	2017
Income		
Singapore	5.5	9.3
United States	4.5	9.3
Russia	0.0	5.7
Netherlands	3.9	5.1
Switzerland	7.2	4.1
Australia	0.0	3.8
Other	7.0	7.5
Total income	**28.1**	**44.8**

The Parent Company's net sales in 2017, as in 2016, relate to consultancy income and income from vessels chartered in.

	Total	
Group, SEK millions	2016	2017
Non-current assets		
Bermuda	2,955.1	2,305.7
UK	210.4	0.0
Total non-current assets (ships)	**3,165.5**	**2,305.7**

Largest customers by income

The Group generated income of SEK 827.5 million in 2017. Two customers accounted for more than 10% of total income during the year, with shares of 19.5% (corresponding to SEK 161.6 million) and 10.1% (corresponding to SEK 83.3 million).

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

4 Employees and personnel expenses

Employee benefits expenses

Group, SEK millions	2016	2017
Salaries and other benefits	13.2	11.9
Pension costs, defined contribution plans	3.7	3.1
Social security contributions	3.8	2.8
	20.7	**17.8**

Gender distribution in Company Management

	2016	2017
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

	2016		2017	
Parent, SEK millions	Salaries and other benefits	Social security contributions	Salaries and other benefits	Social security contributions
Parent Company	10.6	6.3	9.1	5.0
(of which pension costs)		3.2		2.4

SEK 2,559 (3,156) 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	2016	Of which male	2017	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 (473 in 2017 and 488 in 2016) on its vessels.

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

	2016		2017	
Group, SEK millions	CEO and Management	Other employees	CEO and Management	Other employees
Parent: Sweden	8.1	0.5	6.5	0.5
Subsidiaries: Switzerland	2.6	0.9	2.6	0.9
Subsidiaries: Bermuda	1.1	0.0	1.3	0.0
Group total	**11.8**	**1.4**	**10.4**	**1.4**
(of which bonus)	2.8	0.1	0.8	0.0

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	31/12/2016	31/12/2017	31/12/2016	31/12/2017
Costs for defined contribution plans	3.7	3.1	3.2	2.6

Note 4 cont'd.

Senior executives' remuneration and benefits (Parent)

Salary and other benefits during the year, SEK thousands	2016 Basic salary/ directors' fees	2016 Variable pay	2016 Other benefits	2016 Pension cost	2016 Total	2017 Basic salary/ directors' fees	2017 Variable pay	2017 Other benefits	2017 Pension cost	2017 Total
Chairman of the Board, Carl-Johan Hagman	450				450	450				450
Deputy Chairman of the Board, Stefan Brocker	430				430	430				430
Dan Olsson	225				225	225				225
Helena Levander	255				255	255				255
Mats Jansson	225				225	225				225
Michael G:son Löw	275				275	275				275
Morten Chr. Mo	225				225	225				225
Workplace representatives	75				75	75				75
CEO	3,514	2,053	115	1,978	7,660	3,771	485	67	1,846	6,169
Other senior executives	1,893	466	98	1,178	3,635	1,912	195	85	713	2,905
Total	**7,597**	**2,519**	**213**	**3,156**	**13,485**	**7,843**	**680**	**152**	**2,559**	**11,234**

The number of other senior executives in 2017 and 2016 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

	Group		Parent Company	
SEK millions	2016	2017	2016	2017
KPMG				
Audit services	2.1	1.6	1.2	0.7
Tax advisory services	0.3	0.1	0.0	0.0
Other services	0.5	0.2	0.5	0.2
	2.9	**1.9**	**1.7**	**0.9**

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

6 Financial net

Group, SEK millions	2016	2017
Result from disposal of available-for-sale financial assets	0.0	0.0
Exchange differences	23.8	14.4
Other interest income	3.5	22.9
Finance income	**27.3**	**37.3**
Interest expense on bank loans (including effect of swaps)	–51.4	–72.2
Other finance costs	–1.8	–0.7
Finance costs	**–53.2**	**–72.9**
Financial net	**–25.8**	**–35.6**

Note 6 cont'd.

Parent, SEK millions	Result from other securities and receivables 2016	Result from other securities and receivables 2017	Interest and similar income 2016	Interest and similar income 2017
Interest income, Group companies	0.0	0.0	18.5	24.7
Changes arising from remeasurement of financial assets at fair value	36.6	32.4	0.0	0.0
Result from subsidiaries	55.4	49.7	0.0	0.0
Finance income	**92.0**	**82.1**	**18.5**	**24.7**

Parent, SEK millions	Interest and similar expense 2016	Interest and similar expense 2017
Interest expense on bank loans (including effect of swaps)	–28.8	–55.6
Exchange differences	–17.8	0.0
Other finance costs	–0.9	–9.1
Finance costs	**–47.4**	**–64.7**
Financial net	**63.0**	**42.1**

7 Taxes

Recognised in the income statement

Group, SEK millions	2016	2017
Current tax expense(–)/ tax income(+)	13.1	0.0
Deferred tax income/expense on temporary differences	52.8	0.0
Deferred tax income/expense in tax loss carryforward capitalised during year	–53.2	0.0
Total recognised tax expense for Group	**12.7**	**0.0**

Parent, SEK millions	2016	2017
Deferred tax income in tax loss carryforward capitalised during year	0.0	0.0
Deferred tax expense on remeasurement of carrying amount of deferred tax assets	–40.0	0.0
Total recognised tax expense for Parent	**–40.0**	**0.0**

Reconciliation of effective tax

Group, SEK millions	2016, %	2017	2017, %	2017
Result before tax		56.9		–660.2
Tax according to parent's enacted tax rate	–22	–12.5	22	145.2
Effect of different tax rates for foreign subsidiaries	99	56.4	–20	–133.3
Non-deductible expenses	13	–7.4	–0	–0.5
Non-taxable income	1	0.6	0	1.6
Increase in loss carryforwards without corresponding capitalisation of deferred tax	–66	–37.5	–2	–13.1
Tax attributable to prior years	–21	13.1	0	0.0
Recognised effective tax	**22**	**12.7**	**0**	**0.0**

Parent, SEK millions	2016, %	2016	2017, %	2017
Result before tax		36.2		6.7
Tax according to parent's enacted tax rate	–22	–8.0	–22	–1.5
Non-deductible expenses	–20	–7.4	–17	–1.2
Non-taxable income	35	12.8	235	15.7
Increase in loss carryforwards not resulting in corresponding increase in deferred tax	–104	–37.5	–195	–13.1
Recognised effective tax	**–110**	**–40.0**	**0**	**0.0**

Note 7 cont'd.

Recognised in the balance sheet – Deferred tax assets and liabilities

Deferred tax assets and liabilities are as follows:

	Deferred tax asset		Deferred tax liabilities	
Group, SEK millions	2016	2017	2016	2017
Tax loss carryforwards	0.0	0.0	0.0	0.0
Temporary differences, property, plant and equipment (excess depreciation)	0.0	0.0	0.0	0.0
Tax assets/liabilities	**0.0**	**0.0**	**0.0**	**0.0**
Offsetting	0.0	0.0	0.0	0.0
Total tax assets/liabilities, net	**0.0**	**0.0**	**0.0**	**0.0**

Recognised deferred tax assets and liabilities

Deferred tax assets and liabilities are as follows:

	Deferred tax asset/liability	
Parent, SEK millions	2016	2017
Tax loss carryforwards	0.0	0.0
Other temporary differences	0.0	0.0
Tax assets/liabilities, net	**0.0**	**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	2016	2017
Sweden	235.8	294.7
Total	**235.8**	**294.7**

All loss carryforwards continue indefinitely. Of the Group's loss carryforwards at the end of the financial year, SEK 294.7 (235.8) million has not been capitalised.

The Group's owned vessels are registered and owned in Bermuda. The operations that the Group conducts on Bermuda are not subject to income tax; an annual tonnage fee is paid instead.

During the year, the Group did not report any tax expense or income for current operations. In the reconciliation of effective tax, it is clear that this is largely due to different tax rates from the Group's foreign subsidiaries.

At the end of the year, there were no deferred tax assets or liabilities. No effect has been reported in the income statement, as the balances are unchanged from the comparative year. There are accumulated loss carryforwards attributable to Concordia Maritime AB, but they have not been utilised as the Company does not generate sufficient taxable income and there is also no offsetting option in the Group at present.

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 10–11.

Group, SEK millions	Ships	Ships under construction	Equipment	Total
Cost of acquisition				
Opening balance, 1 January 2017	5,240.4	0.0	2.7	5,243.1
Purchases	368.2	0.0	0.0	368.2
Reclassification to Ships	0.0	0.0	0.0	0.0
Sale/Scrapping	–327.8	0.0	0.0	–327.8
Exchange differences	–540.6	0.0	0.0	–540.6
Closing balance, 31 December 2017	**4,740.2**	**0.0**	**2.7**	**4,742.9**

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**

Note 8 cont'd.

Group, SEK millions	Ships	Ships under construction	Equipment	Total
Depreciation and impairment				
Opening balance, 1 January 2017	2,074.9	0.0	2.7	2,077.6
Depreciation for the year	162.3	0.0	0.0	162.3
Depreciation for the year, periodic maintenance	39.9	0.0	0.0	39.9
Impairment	473.7	0.0	0.0	473.7
Sale/Scrapping	–47.2	0.0	0.0	–47.2
Exchange differences	–269.1	0.0	0.0	–269.1
Closing balance, 31 December 2017	**2,434.5**	**0.0**	**2.7**	**2,437.2**
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**
Carrying amounts				
1 January 2017	3,165.5	0.0	0.0	3,165.5
31 December 2017	**2,305.7**	**0.0**	**0.0**	**2,305.7**
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**

Borrowing costs

Group 2017, 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 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	

Parent, SEK millions	Equipment	Total
Cost of acquisition		
Opening balance, 1 January 2017	0.7	0.7
Purchases	0.0	0.0
Closing balance, 31 December 2017	**0.7**	**0.7**
Opening balance, 1 January 2016	0.7	0.7
Purchases	0.0	0.0
Closing balance, 31 December 2016	**0.7**	**0.7**
Depreciation		
Opening balance, 1 January 2017	0.6	0.6
Closing balance, 31 December 2017	**0.7**	**0.7**
Opening balance, 1 January 2016	0.6	0.6
Closing balance, 31 December 2016	**0.6**	**0.6**
Carrying amounts		
1 January 2017	0.1	0.1
31 December 2017	**0.0**	**0.0**
1 January 2016	0.1	0.1
31 December 2016	**0.1**	**0.1**

Collateral

At 31 December 2017, vessels with a carrying amount of SEK 2,305.7 (3,165.5) 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 loads 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. During Q3 2017, the Board conducted an analysis of important new changes that affect the entire industry. These changes are new regulations on ballast water, new regulations on bunker quality with effect from 2020 and the market's increased focus on vessel ages. The Board concluded from the analysis that the consequences would be negative and an updated impairment test indicated impairment. An impairment loss of MSEK 473.7 (USD 55) million was therefore recognised in Q3. For impairment testing of the fleet at 31 December 2017, assumptions were made regarding the vessels' earnings for the years 2018-2021, but no annual increase in earnings for 2022 and beyond, and an assumption of annual growth of 2% in the vessels' operating expenses, with a discount rate of 6.4%. Assumptions used for impairment testing of the fleet at the end of the comparative year were annual growth of 2% in vessel earnings, with 2018 as the base year, and a discount rate of 6%. An increase of one percentage point in

Note 8 cont'd.

the assumed annual growth in the fleet's earnings, with 2018 as the base year, 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 17 million in the fleet's total value. A corresponding decrease of one percentage point results in an increase of USD 19 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 an impairment loss on the value of the fleet. On assessing the value of the assets at 31 December 2017, there was no indication of impairment, nor were there any grounds for reversing the previous impairment loss in Q3 2017.

9 Trade receivables

Trade receivables are recognised taking into account the Group's impairment losses during the year, which amounted to SEK 0.0 (0.0) million. The Parent Company's impairment losses were also SEK 0.0 (0.0) million.

Ageing analysis, past due but not impaired

	Group		Parent Company	
SEK millions	Carrying amount, not impaired 2016	Carrying amount, not impaired 2017	Carrying amount, not impaired 2016	Carrying amount, not impaired 2017
Not past due	28.7	4.4	0.6	0.4
Past due 0–30 days	64.4	47.3	0.0	0.0
Past due 31–90 days	11.9	9.7	0.0	0.0
Past due >90 days	37.5	16.1	0.0	0.0
Total	**142.5**	**77.5**	**0.6**	**0.4**

Based on historical data, it is the Group's assessment that trade receivables not past due at the reporting date will not be subject to impairment.

Concentration of credit risk, 31 December

	2016			2017		
Group	No. of customers	% total no. of customers	% of value	No. of customers	% total number of customers	% of value
Exposure SEK <1 million	8	36	2	6	30	2
Exposure SEK 1–10 million	8	36	22	12	60	61
Exposure SEK >10 million	6	28	76	2	10	37
Total	**22**	**100**	**100**	**20**	**100**	**100**

Concentration of credit risk, 31 December

	2016			2017		
Parent Company	No. of customers	% total no. of customers	% of value	No. of customers	% total no. of customers	% of value
Exposure SEK <1 million	2	100	100	1	100	100
Exposure SEK 1–10 million	0	0	0	0	0	0
Exposure SEK >10 million	0	0	0	0	0	0
Total	**2**	**100**	**100**	**1**	**100**	**100**

The Group's three largest customers account for 50% (54%) of trade receivables. The Parent Company's three largest customers account for 100% (100%) of trade receivables.

10 Financial investments

Group, SEK millions	31/12/2016	31/12/2017
Short-term investments that are current assets		
Financial assets held for trading		
Bank deposit	273.2	0.0
Bonds	0.0	215.8
Shares	0.0	7.0
	273.2	**222.8**

11 Non-current and other receivables

Group, SEK millions	31/12/2016	31/12/2017
Non-current receivables that are non-current assets		
Deferred tax assets	0.0	0.0
Other non-current receivables	20.5	0.1
	20.5	**0.1**
Other receivables that are current assets		
Other current receivables	197.6	102.9
	197.6	**102.9**

Parent, SEK millions	31/12/2016	31/12/2017
Other receivables (current)		
Other receivables	23.9	1.4
	23.9	**1.4**

12 Prepayments and accrued income

	Group		Parent Company	
SEK millions	31/12/2016	31/12/2017	31/12/2016	31/12/2017
Other prepayments	76.4	80.4	0.1	0.1
Accrued income	2.2	11.7	0.8	0.3
	78.6	**92.1**	**0.9**	**0.4**

13 Cash & cash equivalents

Group, SEK millions	31/12/2016	31/12/2017
The following components are included in cash and cash equivalents:		
Cash and bank balances	406.3	120.8
Short-term deposits, equivalent to cash & cash equivalents	0.0	122.8
Total reported in balance sheet	**406.3**	**243.6**
Total reported in cash flow statement	**406.3**	**243.6**

14 Equity and Result per share

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

Result per share

SEK	2016	2017
Result per share	1.46	–13.83

Summary of issued shares

Number	2016	2017
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 (0.50) per share. The dividend is subject to approval by the AGM on 24 April 2018.

SEK millions	2016	2017
SEK 0 (0.50) per share	23.9	0.0
Carried forward	40.4	47.1
Total	**64.3**	**47.1**

Equity – reconciliation of reserves for the Group

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**

SEK millions	Translation reserve	Fair value reserve	Hedging reserve
Opening carrying amount, 1 Jan 2017	562.3	0.0	19.3
Translation differences for the year, foreign operations	–173.4		
The year's fair value change for hedges of net investments in foreign operations reclassified to result for the period	–2.8		
Changes in fair value of cash flow hedges			–5.9
Changes in fair value of cash flow hedges, interest-related, reclassified to result for the period			–1.7
Closing carrying amount, 31 Dec 2017	**386.1**	**0.0**	**11.7**

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.

Note 14 cont'd.

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 cash flow hedging instruments attributable to hedging transactions that have not yet occurred.

15 Interest-bearing liabilities

Group, SEK millions	31/12/2016	31/12/2017
Bank loans	1,709.9	1,161.4
Other non-current liabilities	0.0	261.2
Total non-current liabilities	**1,709.9**	**1,422.6**

Group, SEK millions	31/12/2016	31/12/2017
Bank loans	236.6	194.7
Other current liabilities	0.0	18.3
Total current liabilities	**236.6**	**213.0**

Parent, SEK millions	31/12/2016	31/12/2017
Bank loans	1,504.7	1,161.4
Liabilities to Group companies	27.4	27.4
Total non-current liabilities	**1,532.1**	**1,188.8**

Parent, SEK millions	31/12/2016	31/12/2017
Bank loans	220.8	194.7
Total current liabilities	**220.8**	**194.7**

The current and non-current liabilities above comprise the Group's total interest-bearing liabilities of SEK 1,635.6 million. These liabilities relate to the items "Bank loans – revolving credit facility" and "Lease liabilities – IMOIIMAX vessels". All interest-bearing liabilities can be found in note 19. The balance sheet item also includes capitalised prepaid expenses related to the refinancing of P-MAX vessels, which are not included in the table above. The expenses amounted to SEK 12.5 (12.8) 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 199.9 (213.8) million, of which USD 199.9 (213.8) 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 18 and 19.

16 Other liabilities

Group, SEK millions	31/12/2016	31/12/2017
Other current liabilities		
Other liabilities	0.7	2.5
	0.7	**2.5**

17 Accruals and deferred income

	Group		Parent Company	
SEK millions	31/12/2016	31/12/2017	31/12/2016	31/12/2017
Accrued voyage costs, ships	68.8	71.7	0.0	5.9
Accrued personnel expenses	4.7	3.3	4.7	3.2
Other accruals	37.0	29.9	4.2	3.8
Accrued interest expense	5.7	4.8	5.4	4.7
Deferred income	0.0	6.7	0.0	0.0
	116.2	**116.4**	**14.3**	**17.6**

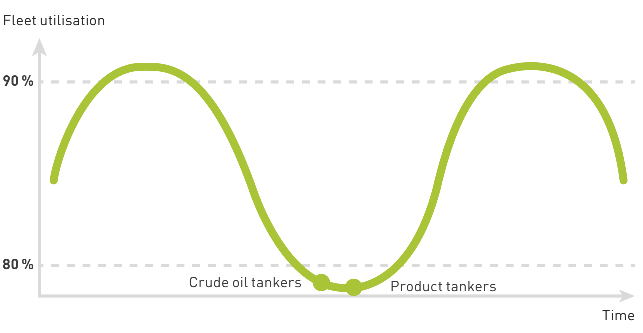
18 Financial risks

In the course of its operations, the Group is exposed to different types of financial risks. Financial risk is the risk of fluctuations in the Company's earnings and cash flows as a result of changes in exchange rates, interest rates and refinancing and credit risks. The Group's financial policy for financial risk management was formulated by the Board and provides a framework of guidelines and rules in the form of a risk mandate and limits for financial activities. Responsibility for the Group's financial transactions and risks 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	2013	2014	2015	2016	2017
Growth	10% average fleet growth over a business cycle	0	–4	22	0	35
Profitability	10% return on equity	–2	1	10	4	–42
Equity ratio	at least 40% over a business cycle	38	42	43	50	41

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.



Note 18 cont'd.

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. 70% of the total investment amount for ten P-MAX tankers. Financing of the IMOIIMAX vessel accounted for 100% 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 interest rate risk mainly arises through long-term borrowing. 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. See also the section on currency risk in operating activities. In 2016, the Company entered into an interest rate swap totalling USD 75 million and expiring in 2021, to provide protection against interest rate fluctuations. During Q3 2017, the Company decided to terminate this swap, generating a positive liquidity effect of SEK 13.5 million. Fair value changes for the interest rate swap previously reported in OCI, with accumulated fair value changes in a separate component of equity (hedging reserve), are recognised in the income statement over the original maturity of the contract. Income transferred to the Company's income statement is SEK 1.7 million accumulated for the year. The remaining amount in the hedging reserve at the end of the period is SEK 11.7 million.

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 does not invest primarily in its own sector and industry, in order not to add this risk to the existing commercial risk.

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 9.11 at 31/12/2016 and SEK 8.18 at 31/12/2017. The equity hedge of USD 35 million, which was recognised in 2016, was sold during the year. There are now no remaining currency hedging instruments at 31/12/2017.

It is estimated that a change of SEK 0.10 in the dollar rate would affect Concordia Maritime's equity by approx. SEK 19.1 million or SEK 0.40 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 22.5 (16.1) million at 31 December 2017.

Fair value measurement

The following description summarises the methods and assumptions used to determine the fair values of the financial instruments in note 19. Derivatives used for hedging are measured in accordance with level 2 inputs, which are observable market data not included in level 1.

Note 18 cont'd.

Derivative instruments

Forward contracts are measured either at the current market price using quoted market prices or by discounting the forward price and deducting the current spot rate. Interest rate swaps are measured at market value based on the current yield curve.

Trade receivables and payables

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

Interest-bearing liabilities

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

19 Financial instruments

Effective interest rate and maturity structure

Interest-bearing financial assets and liabilities The following table shows the effective interest rate on the reporting date and the maturity structure for the financial assets and liabilities. The nominal amount of the liabilities in the loans' original currency, USD, is multiplied by the year-end closing rate of 8.1833 to report the total of loan amount in USD.

Group, SEK millions	31/12/2016	31/12/2017	Interest rate, %	Fixed-interest period	Effective interest, %	Currency	Nominal amount in original currency, USD thousands
Bank loans – P-MAX	–1,725.6	–1,356.0	2.35	3 months	3.93	USD	165,709
Lease liabilities – IMOIIMAX vessels	0.0	–279.5	3.35	3 months	4.68	USD	34,167
Bank loans – IMOIIMAX vessels	–221.0	0.0	–	–	–	USD	0

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.

	2016						2017					
Group, SEK millions	Total	2017 1 year	2018 2 years	2019 3 years	2020 4 years	5 or more years	Total	2018 1 year	2019 2 years	2020 3 years	2021 4 years	5 or more years
Bank loans – P-MAX	–1,725.6	–220.8	–220.8	–220.8	–220.8	–842.4	–1,356.0	–194.7	–194.7	–194.7	–771.9	0.0
Lease liabilities – IMOIIMAX	0.0	0.0	0.0	0.0	0.0	0.0	–279.5	–18.3	–18.5	–18.5	–19.1	–205.1
Bank loans – IMOIIMAX	–221.0	–15.8	–15.8	–15.8	–173.6	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Trade payables	–1.8	–1.8	0.0	0.0	0.0	0.0	–1.3	–1.3	0.0	0.0	0.0	0.0
Interest rate swaps	19.3	3.9	3.9	3.9	3.9	3.7	0.0	0.0	0.0	0.0	0.0	0.0
Foreign exchange forward contracts	2.8	0.0	2.8	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Interest on bank loans – P-MAX	–203.8	–50.6	–48.6	–42.2	–35.1	–27.3	–152.5	–45.8	–43.2	–35.6	–27.9	0.0
Interest on lease liabilities – IMOIIMAX	0.0	0.0	0.0	0.0	0.0	0.0	–78.6	–13.0	–12.1	–11.3	–10.3	–31.9
Interest on bank loans – IMOIIMAX	–28.3	–7.6	–7.0	–6.5	–7.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0

	2016						2017					
Parent, SEK millions	Total	2017 1 year	2018 2 years	2019 3 years	2020 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 – P-MAX	–1,725.6	–220.8	–220.8	–220.8	–220.8	–842.4	–1,356.0	–194.7	–194.7	–194.7	–771.9	0.0
Trade payables	–1.7	–1.7	0.0	0.0	0.0	0.0	–1.3	–1.3	0.0	0.0	0.0	0.0
Interest rate swaps	19.3	3.9	3.9	3.9	3.9	3.7	0.0	0.0	0.0	0.0	0.0	0.0
Foreign exchange forward contracts	2.8	0.0	2.8	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Interest on bank loans – P-MAX	–203.8	–50.6	–48.6	–42.2	–35.1	–27.3	–152.5	–45.8	–43.2	–35.6	–27.9	0.0

Future interest payments have been calculated using the effective interest rate for 2017 and as the interest's original currency is USD, the amounts have been converted to SEK at the closing rate on 31 December, which is 8.1833.

Note 19 cont'd.

Shares and bonds reported under Short-term deposits are measured at fair value according to level 1, while other financial assets and liabilities for both the Group and Parent Company are measured at fair value according to level 2.

Financial assets and liabilities – categories and fair values

Group 2017, SEK millions	Financial assets held for trading	Derivatives measured at fair value through profit or loss	Derivatives used in hedge accounting	Loans and receivables	Financial liabilities at FVTPL	Other liabilities	Total carrying amount	Total fair value
Other current receivables		0.8					0.8	0.8
Short-term deposits	222.8						222.8	222.8
Cash & cash equivalents				243.6			243.6	243.6
Total	**222.8**	**0.8**		**243.6**			**467.2**	**467.2**
Non-current interest-bearing liabilities						1,412.6	1,412.6	1,412.6
Current interest-bearing liabilities						210.5	210.5	210.5
Trade payables						1.3	1.3	1.3
Total						**1,624.4**	**1,624.4**	**1,624.4**

In the item Other current receivables, the column Derivatives measured at FVTPL refers to a bunker hedge. Short-term deposits consist of bonds, SEK 215.8 million, and shares, SEK 7.0 million.

Group 2016, SEK millions	Derivatives measured at fair value through profit or loss	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 deposits			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**

Parent 2017, SEK millions	Financial assets held for trading	Derivatives measured 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		0.8					0.8	0.8
Cash & cash equivalents			1,212.2				1,212.2	1,212.2
Total		**0.8**	**1,212.2**				**1,213.0**	**1,213.0**
Non-current interest-bearing liabilities						1,151.4	1,151.4	1,151.4
Current interest-bearing liabilities						192.2	192.2	192.2
Trade payables						1.3	1.3	1.3
Total						**1,344.9**	**1,344.9**	**1,344.9**

Note 19 cont'd.

Parent 2016, SEK millions	Financial assets held for trading	Derivatives measured 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 and other 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 measured 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.

20 Finance and operating lease payments

Finance leases

The Group does not have any finance leases as lessor.

Leases where the Company is the lessee (chartering in)

The Group holds assets under finance leases with a planned residual value of SEK 292.3 (0) million at the end of the year. Contingent rents amount to SEK 10.9 (0) million. Non-cancellable lease payments:

	Group	
SEK millions	2016	2017
Within one year	0.0	31.5
One to five years (2019–2022)	0.0	119.2
After five years	0.0	85.6
	0.0	**236.3**

During the year, Concordia Maritime sold and chartered back one vessel for nine years. The charter is on a bareboat basis and consists of a fixed lease payment and a variable lease payment based on LIBOR 3.35% of the remaining accumulated fixed lease amount for the total charter period for the contract. The contract contains annual purchase options from the fourth year and a purchase obligation in the ninth year. The above calculation is based on the fixed lease payments specified in the time charter contract and on variable lease payments, which in turn are calculated based on LIBOR using the average interest paid in 2017. The time charter agreement is in US dollars and is translated using the closing rate. The chartered-back vessel is not being sub-contracted out on a time charter.

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	2016	2017
Within one year	137.4	171.9
One to five years (2019–2022)	101.8	19.6
After five years	0.0	0.0
	239.2	**191.5**

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

Leases where the Company is the lessee (chartering in)

Non-cancellable lease payments:

	Group	
SEK millions	2016	2017
Within one year	94.8	84.6
One to five years (2019–2022)	373.0	335.5
After five years	568.1	426.8
	1,035.9	**846.9**

Concordia Maritime has two vessels chartered on a bareboat basis, consisting of a fixed lease payment for both contracts and a variable lease payment based on LIBOR +2.975% of the remaining accumulated fixed lease amount for the total charter period for one of the contracts. 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 2017. 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 89.8 (7.3) million, including contingent rents of SEK 12.9 (2.5) million.

21 Pledged assets and contingent liabilities

Group, SEK millions	Group 2016	Group 2017	Parent Company 2016	Parent Company 2017
Pledged assets				
For own liabilities and provisions				
Shares in subsidiaries (in consolidated equity)	2,764.4	2,236.3	715.8	715.8
Total pledged assets	**2,764.4**	**2,236.3**	**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 three 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.

22 Related parties

Related party relationships

The Parent Company has a related party relationship with its subsidiaries, see note 23. 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)	2017	257.3	0.0	0.0
Other related parties (see below)	2016	252.6	0.2	0.0

0% (4%) of the Parent Company's sales relates to intragroup sales.

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	2017	0.0	27.4	0.0
Subsidiaries	2016	0.0	27.4	0.0
Other related parties	2017	1.2	0.0	0.0
Other related parties	2016	1.2	0.2	0.0

	2016	2017
Other current liabilities		
Liabilities to other related parties	0.2	0.0

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

Under an agreement with Stena Bulk, Concordia Maritime is entitled to the financial result arising from vessels chartered in by Stena Bulk for a period of more than one year, should Concordia Maritime decide to participate in such charters. Financial result from vessels chartered in by Stena Bulk for less than one year is not available to Concordia Maritime. Concordia Maritime purchases services on a regular basis from the Stena Sphere in the following areas:

- Vessel charter. Payment is based on a commission of 1.25% on freight rates.
- Commission on the purchase and sale of vessels. Payment is based on a commission of 1%.
- Operation and manning of the Group's vessels, also referred to as ship management. Payment is based on a fixed price per year and vessel.
- 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 new-build 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.

23 Group companies

Significant subsidiary holdings

SEK MILLIONS	Registered office, country	Result	Equity	Ownership share, % 2016	Ownership share, % 2017
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	731.3	1,591.1	100	100
Concordia Maritime (Bermuda) Ltd	Bermuda	0.8	2.2	100	100
CM P-MAX I Ltd	Bermuda	–26.0	207.9	100	100
CM P-MAX II Ltd	Bermuda	–26.8	220.1	100	100
CM P-MAX III Ltd	Bermuda	–7.5	208.7	100	100
CM P-MAX IV Ltd	Bermuda	–47.5	169.6	100	100
CM P-MAX V Ltd	Bermuda	–76.8	181.9	100	100
CM P-MAX VI Ltd	Bermuda	–75.9	163.2	100	100
CM P-MAX VII Ltd	Bermuda	–51.6	277.0	100	100
CM P-MAX VIII Ltd	Bermuda	–72.7	270.1	100	100
CM P-MAX IX Ltd	Bermuda	–86.0	264.0	100	100
CM P-MAX X Ltd	Bermuda	–72.0	273.7	100	100
CM Suez I Ltd	Bermuda	–34.6	26.1	100	100
CM IMOMAX A Ltd	Bermuda	–11.1	59.6	100	100
CM IMOMAX B Ltd	Bermuda	–0.6	37.0	100	100

Foreign subsidiaries' income statements have been translated from USD to SEK at the average rate for the financial year, which is 8.538.
Foreign subsidiaries' equity has have been translated from USD to SEK at the closing rate , which is 8.1833.

Parent, SEK millions	2016	2017
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, %	31/12/2016 Carrying amount	31/12/2017 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**

24 Cash flow statement

Cash & cash equivalents

Group, SEK millions	31/12/2016	31/12/2017
The following components are included in cash and cash equivalents:		
Cash and bank balances	406.3	120.8
Short-term deposits, equivalent to cash & cash equivalents	0.0	122.8
Total reported in balance sheet	**406.3**	**243.6**
Total reported in cash flow statement	**406.3**	**243.6**

Parent, SEK millions	31/12/2016	31/12/2017
The following components are included in cash and cash equivalents:		
Receivables from Group companies	1,525.9	1,192.1
Cash and bank balances	44.2	20.1
Total reported in balance sheet	**1,570.1**	**1,212.2**
Total reported in cash flow statement	**1,570.1**	**1,212.2**

The Group's short-term deposits have been classified as cash and cash equivalents on the basis that they have an insignificant risk of changes in value, they can be readily converted into cash and they have a maturity of three months or less from the acquisition date.

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	31/12/2016	31/12/2017	31/12/2016	31/12/2017
Dividend received	0.0	0.0	55.4	49.7
Interest received	3.6	21.2	18.5	24.7
Interest paid	–51.4	–72.2	–28.8	–55.6
	–47.8	**–51.0**	**45.1**	**18.8**

Non-cash items

	Group		Parent Company	
SEK millions	31/12/2016	31/12/2017	31/12/2016	31/12/2017
Depreciation, amortisation and impairment	201.3	636.0	0.0	0.0
Depreciation, periodic maintenance	35.9	39.9	0.0	0.0
Result from ship sales	–54.8	–14.6	0.0	0.0
Unrealised exchange differences	0.4	–6.1	25.5	–21.6
Changes in value of financial instruments	–1.2	–11.4	–20.6	–0.9
Capital gain/loss on sale of financial assets	–23.8	–2.2	–23.8	0.0
Other	12.4	3.7	0.4	3.4
	170.2	**645.3**	**–18.5**	**–19.1**

Reconciliation of liabilities attributable to financing activities – Group

		Non-cash movements			
	31/12/2016	Cash flow	New leases	Exchange differences	31/12/2017
Loans, credit institutions	1,946.6	–408.8		–181.8	1,356.0
Lease liabilities	0.0	–14.4	294.6	–0.6	279.6
Total	**1,946.6**	**–423.2**	**294.6**	**–182.4**	**1,635.6**

		Non-cash movements			
	31/12/2015	Cash flow	New leases	Exchange differences	31/12/2016
Loans, credit institutions	2,387.2	–485.0		44.4	1,946.6
Total	**2,387.2**	**–485.0**	**0.0**	**44.4**	**1,946.6**

Reconciliation of liabilities attributable to financing activities – Parent Company

		Non-cash movements			
	31/12/2016	Cash flow	New leases	Exchange differences	31/12/2017
Loans, credit institutions	1,725.6	–201.6		–168.0	1,356.0
Lease liabilities					0.0
Total	**1,725.6**	**–201.6**	**0.0**	**–168.0**	**1,356.0**

		Non-cash movements			
	31/12/2015	Cash flow	New leases	Exchange differences	31/12/2016
Loans, credit institutions	1,652.7	60.5		12.4	1,725.6
Total	**1,652.7**	**60.5**	**0.0**	**12.4**	**1,725.6**

25 The Parent Company

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

The 2017 consolidated financial statements comprise the Parent Company and its subsidiaries, which together form the Group.

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

26 Events after the reporting date*

After the end of the financial year, in January 2018, contracts were signed to charter in another two MR (ECO) vessels. These positions were taken in cooperation with Stena Bulk, with the Company's share being 50%. After the end of the year, a contract was also signed to charter out the P-MAX tanker *Stena Performance*.

* Events up to and including the date of signature of this annual report, 20 March 2018.

27 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

It is Concordia Maritime's assessment that the sale & leaseback contract signed during the year is a finance lease. The contract contains a purchase obligation, which means that there is a requirement to repurchase the vessel within nine years. This was the most important parameter in assessing the contract, but the contract's portion of the vessel's estimated useful life, the Company's liability under the contract and the size of the total minimum lease payments were also 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, 20 March 2018

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

Our audit report was submitted on 20 March 2018

KPMG AB
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

We have audited the annual accounts and consolidated accounts for Concordia Maritime AB for the year 2017. The Company's annual accounts and the consolidated accounts are included in this document on pages 40–74.

In our 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 2017 and its financial performance and cash flow for the year then ended in accordance with the Swedish Annual Accounts Act. The consolidated accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the Group as of 31 December 2017 and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS), as adopted by the EU, and the Annual Accounts Act. Our opinions do not cover the Corporate Governance Report and the Sustainability Report. The Board of Directors' report is consistent with the other parts of the annual accounts and consolidated accounts.

We 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.

Our opinions in this report on the annual accounts and consolidated accounts are consistent with the content of the additional report that has been submitted to the Parent Company's Audit Committee, pursuant to Article 11 of Regulation (EU) No. 537/2014 on the Statutory Audit of Public-Interest Entities.

Basis for opinions

We conducted the audit in accordance with International Standards on Auditing (ISA) and generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of the Parent Company and the Group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements. This means that, to the best of our knowledge, no prohibited services listed in article 5.1 of Regulation (EU) No. 537/2014 on the Statutory Audit of Public-Interest Entities have been provided to the audited entity, or where appropriate, to its parent undertaking and to its controlled undertakings within the European Union.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

Key audit matters

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

Revenue recognition

See note 3 and the accounting policies on page 54 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 2017 amounted to SEK 827.5 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

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

In addition, we have tested controls relating to the allocation and accrual of revenue. We 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. We 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 8 and the accounting policies on pages 56–57 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 2,305.7 million, corresponding to 78% 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 directly available liquidity.

Response in the audit

We have inspected the Company's impairment tests to assess whether they have been conducted in accordance with the prescribed method. To begin with, we have obtained the documentation for the independent valuations that were made. We have also considered the reasonableness of the projected cash flows and the discount rate used by examining and evaluating management's written documentation and plans. We have also interviewed members of management as well as evaluating the previous year's forecasts against actual outcomes.

An important part of our 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, we have also compared the value of the shares with the net assets of the subsidiaries.

We 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 1–39 and 78–90. The Board of Directors and the Managing Director are responsible for this other information.

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

In connection with our audit of the annual accounts and consolidated accounts, our 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, we also take into account our knowledge otherwise obtained in the audit and assess whether the information appears to be materially misstated.

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

Responsibility of the Board of Directors and CEO

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, 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

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

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

- identify and assess the risks of material misstatement of the annual accounts and consolidated accounts, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinions. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtain an understanding of the Company's internal control relevant to our audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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. We also draw a conclusion, based on the audit evidence obtained, as to whether any material uncertainty exists related to events or conditions that may cast significant doubt on the Company's and the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the annual accounts and consolidated accounts or, if such disclosures are inadequate, to modify our opinion about the annual accounts and consolidated accounts. Our conclusions are based on the audit evidence obtained up to the date of our 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. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our opinions.

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

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

From the matters communicated with the Board of Directors, we 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. We describe these matters in the auditor's report unless law or regulation precludes disclosure about the matter.

Report on other legal and regulatory requirements

Opinions

In addition to our audit of the annual accounts and consolidated accounts, we have also audited the administration of the Board of Directors and the Managing Director of Concordia Maritime AB (publ) for the financial year 2017 and the proposed appropriations of the Company's profit or loss.

We recommend to the annual general meeting that the profit be appropriated in accordance with the proposal in the Board of Directors' report and that the members of the Board of Directors and the CEO be discharged from liability for the financial year.

Basis for opinions

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

Responsibility of the Board of Directors and CEO

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

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

- undertaken any action or been guilty of any omission which 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.

Our objective concerning the audit of the proposed appropriations of the Company's profit or loss, and thereby our opinion about this, is to assess with 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, we exercise professional judgment and maintain professional skepticism throughout the audit. The examination of the administration and the proposed appropriations of the Company's profit or loss is based primarily on the audit of the accounts. Additional audit procedures performed are based on our professional judgment, with the starting point in risk and materiality. This means that we focus the examination on such actions, areas and relationships that are material for the operations and where deviations and violations would have particular importance for the Company's situation. We examine and test decisions undertaken, support for decisions, actions taken and other circumstances that are relevant to our opinion concerning discharge from liability. As a basis for our opinion concerning the Board's proposed appropriations of the Company's profit or loss, we 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.

Auditor's review of the Corporate Governance Report

The Board is responsible for the Corporate Governance Report and for ensuring that it is prepared in accordance with the Annual Accounts Act.

Our review was conducted in accordance with FAR's statement RevU 16 auditor's examination of the corporate governance report. This means that our 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. We believe that the examination has provided us with sufficient basis for our opinion.

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 other parts of the annual accounts and consolidated accounts and are in accordance with the Annual Accounts Act.

Auditors' opinion regarding the statutory Sustainability Report

The Board is responsible for the Sustainability Report and for ensuring that it is prepared in accordance with the Annual Accounts Act.

Our examination has been conducted in accordance with FAR's auditing standard RevR 12 The auditor´s opinion regarding the statutory sustainability report. This means that our examination of the statutory sustainability report is substantially different and less in scope than an audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. We believe that the examination has provided us with sufficient basis for our opinion.

A statutory sustainability report has been prepared.

KPMG AB, Box 11908, 404 39, Gothenburg, was appointed as Concordia Maritime AB's auditor by the Annual General Meeting on 25 April 2017. KPMG AB or auditors engaged at KPMG AB have been the Company's auditor since 1989.

Gothenburg, 20 March 2018

KPMG AB

Jan Malm

Authorised Public Accountant

Corporate Governance Report 2017

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.

Governance for value creation

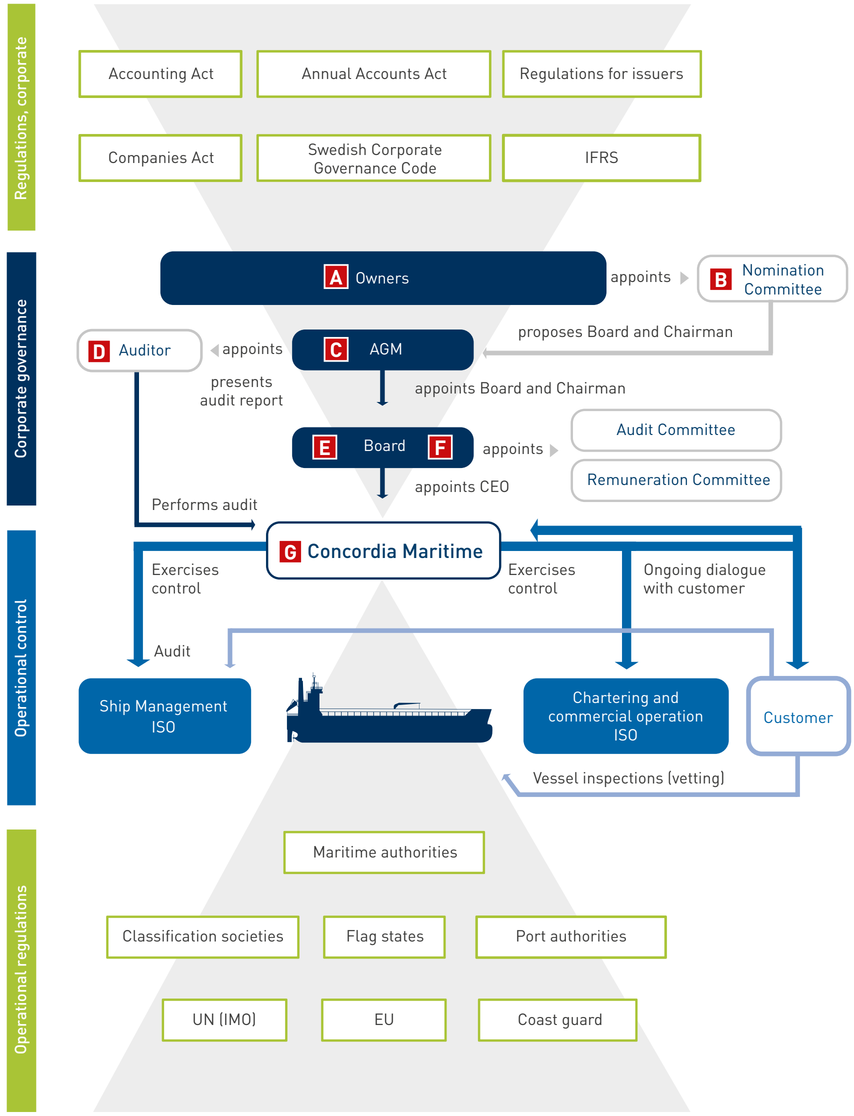
Good corporate governance is about ensuring that Concordia Maritime's operations are conducted as sustainably, responsibly and effectively as possible. The overall goal is to increase the value for shareholders and, in doing so, meet the owners' requirements regarding invested capital. The central external and internal control instruments for Concordia Maritime are the Swedish Companies Act, Nasdaq Stockholm's Rules for Issuers, the Swedish Corporate Governance Code (the Code), the Articles of Association adopted by the AGM, the Board's rules of procedure, instructions for the Board's committees, the CEO's instructions, including instructions for financial reporting, and policies adopted by the Board. Concordia Maritime's Board of Directors is responsible for the Company's organisation and the administration of its affairs. The CEO is responsible for ensuring the day-to-day management of the Company is in accordance with the Board's guidelines and instructions. In addition, the CEO compiles the agenda for Board meetings in consultation with the Chairman and is also responsible for issuing information and decision-support material to the Board.

Corporate governance and control of Concordia Maritime's operations can be described from several perspectives. 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

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.

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.

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 Owners

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 2017, 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 Committee

The nomination process for the election of Board members includes the appointment of 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 changes 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 representative 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 prior to the 2018 AGM for 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.

The nomination committee's work prior to the 2018 AGM

The nomination committee for the 2018 meeting consists of Carl-Johan Hagman (Chairman of the Board), Henrik Hallin, representing Stena Sessan as the largest shareholder and Bengt Stillström, representing himself and his family as the second-largest shareholder. At 1 September 2017, the nomination committee represented 77.2 percent of the shareholders' votes. The composition of the nomination committee was announced on Concordia Maritime's website on 25 October 2017. Prior to the 2018 AGM, the nomination committee has held two minuted meetings and also communicated with each other by telephone and e-mail.

The nomination committee's proposals are available at concordiamaritime.com.

To carry out its work, the nomination committee has examined the internal evaluation of the Board's work, the Chairman of the Board's report on the Board's work and the Company's strategy and has interviewed individual Board members. It is the nomination committee's assessment that the recommended members together have the required breadth and competence.

In preparing its proposal, the nomination committee has applied Section 4.1 of the Code as its diversity policy, which means that the Board is to have a composition appropriate to the Company's operations, phase of development and other relevant circumstances and that Board members elected by the shareholders' meeting are collectively to exhibit diversity and breadth of qualifications, experience and background. The nomination committee also works with the aim of achieving a balanced gender distribution on the Board.

In view of the above, the nomination committee has a good basis for assessing whether the Board's composition is satisfactory, whether the need for competence, breadth and experience on the Board has been met, and for submitting proposals for the election of the auditor.

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.

2017 Annual General Meeting

The Annual General Meeting was held on 25 April 2017. The meeting was attended by 65 shareholders, in person or through a proxy, representing 73.3 percent of the votes. All meeting-elected Board members were present. Also present were the Company's auditor and members of the nomination committee. Minutes from the AGM and associated documentation can be found on Concordia Maritime's website, *www.concordiamaritime.com*.

2018 Annual General Meeting

The Annual General Meeting will be held at Elite Park Avenue, Gothenburg on 24 April 2018 at 1 p.m. Shareholders registered in Euroclear Sweden AB's share register as at 18 April 2018 and who have notified the Company of their intention to attend the Annual General Meeting are entitled to attend the Meeting, either personally or by proxy.

D Auditor

The auditor provides an audit report on the annual accounts and consolidated accounts for Concordia Maritime AB (publ), the administration of the Board and the CEO and the annual accounts for other subsidiaries. The audit is conducted in accordance with the Swedish Companies Act and International Standards on Auditing (ISAs) issued by the International Federation of Accountants (IFAC). The auditing of annual financial statements for legal entities outside Sweden is conducted in accordance with laws and other regulations in each country and in accordance with IFAC's generally accepted auditing standards on providing audit reports for legal entities. An auditor is proposed by the nomination committee and elected by the AGM for a period of one year. At the 2017 AGM, Jan Malm of KPMG was elected as the Company's external auditor until the 2018 meeting. The auditor's fees are charged on a current account basis. In 2017, KPMG received fees totalling SEK 1.9 (2.9) million.

E The Board

After the general meeting of shareholders, the Board is Concordia Maritime's highest decision-making body. The Board is responsible for the Company's organisation and the administration of its affairs, for example, by defining goals and strategies, maintaining procedures and systems for monitoring the defined goals, continuously assessing Concordia Maritime's financial situation and evaluating operational management. It is also the Board's responsibility to ensure that the correct information is provided to the Company's stakeholders, that the Company complies with laws and regulations, and that the Company develops and implements internal policies and ethical guidelines. The Board also appoints the CEO and determines the CEO's salary and other remuneration based on the guidelines adopted by the AGM.

Composition of the Board

Board members are elected annually by the AGM for the period until the next AGM. According to the Articles of Association, the Board shall consist of at least three and not more than seven members elected by the Annual General Meeting, without deputies. The Board members are presented in more detail on page 86.

Chairman of the Board

The Chairman of the Board is responsible for ensuring that the Board's work is conducted effectively and that the Board fulfils its duties. The Chairman shall in particular organise and lead the Board's work to create the best possible conditions for the Board's work.

It is the Chairman's task to ensure that a new Board member undergoes the necessary introductory training and any other training that the Chairman and the Board of Directors jointly find appropriate, to ensure that the Board continually updates and deepens its knowledge of the Company, to ensure that the Board receives satisfactory information and decision-support material for its work, to draft an agenda for the Board's meetings after consultation with the CEO, to check that the Board's decisions are implemented and to ensure that the Board's work is evaluated annually.

The Chairman is responsible for contacts with the owners in ownership matters and for conveying comments from the owners to the Board. The Chairman does not participate in the operational work within the Company and is not part of Group management.

Rules of procedure and Board meetings

Every year, the Board adopts rules of procedure for its work. These rules of procedure are revised as needed. The rules of procedure contain a description of the Chairman's special role and tasks, and the areas of responsibility for the Board. According to the rules of procedure, the Chairman shall ensure that the Board's work is carried out efficiently and that the Board performs its tasks. The Chairman shall also organise and allocate the Board's work, ensure that the Board's decisions are implemented effectively and that the Board makes an annual evaluation of its own work. The rules of procedure also contain detailed instructions to the CEO and other corporate functions about which matters require the Board's approval. In particular, the instructions specify the maximum amounts that different decision-making bodies within the Group are authorised to approve with regard to credit, investments and other expenditure. The rules of procedure stipulate that the statutory Board meeting shall be held immediately after the AGM. Decisions at this meeting include the election of the Deputy Chairman and who shall have signatory power for Concordia Maritime. In addition to the statutory meeting, the Board normally holds five 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.

The Board's work in 2017

The Board held five ordinary meetings and one statutory meeting during the year. All meetings except one were held in the Gothenburg area. At ordinary Board meetings, the CFO gives an account of the Group's results and financial position, including the prospects for the following quarters. The CEO deals with market situations, vessel employment, business plans, investments, the establishment of new operations, and acquisitions and disposals. The Company's auditor attended the meeting in January 2018, at which the year-end accounts for 2017 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 business during the year included strategy, market assessments, financing and financial risks.

Evaluation of the Board's work

The Board conducts an annual evaluation of its own 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.

The Board's evaluation showed that the Board's work was very effective and that comments from the 2017 evaluation were taken into account, but that there was scope for some further improvements. The evaluation also showed that the Board is a well-composed group with great commitment and that its members bring broad competence and have extensive experience from different areas that are relevant to Concordia Maritime's operations.

Board meetings 2017

31 January	Year-end report 2016
25 April	Interim report, Q1 Statutory Board meeting
15 August	Interim report, Q2
9 November	Interim report, Q3
15 December	Budget 2018

Independent

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 2017 annual general meeting, all meeting-elected Board members apart from Dan Sten Olsson and Carl-Johan Hagman were assessed by the nomination committee as independent of both the major owners of the Company and its executive management. Carl-Johan Hagman is not considered independent of Concordia Maritime's major owners, as he has a managerial function in Stena Sphere. Dan Sten Olsson is not considered independent of Concordia Maritime's major owners because of his ownership position in the Stena Sphere, which owns approx. 52 percent of Concordia Maritime's capital and 73 percent of the total voting power in Concordia Maritime.

Remuneration of the Board

The 2017 AGM adopted total Board fees of SEK 2,160,000, distributed as follows: SEK 400,000 to the Chairman, SEK 225,000 to each of the non-executive directors, SEK 50,000 to members of the remuneration and audit committees and SEK 30,000 to other directors.

The Board's committees

Concordia Maritime's Board has established two special committees: the audit committee and the remuneration committee. The work carried out in the committees is reported to the Board on a regular basis. The committees are to be regarded as working committees for the Board and do not assume the responsibility of the Board as a whole.

Audit committee

To further strengthen control and monitoring related to financial reporting, the Board has established 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 2017, Michael Löw was chairman and Stefan Brocker was the other member.

The audit committee held four minuted meetings in 2017. The auditor's review of the Company's financial reporting and internal controls were reported and discussed at these meetings.

Remuneration committee

The Board has a remuneration committee, which makes proposals to the AGM 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 AGM decides on the guidelines, after which the Board decides on actual remuneration levels 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 2017.

F Internal control

The Board's responsibility for internal control is governed by the Swedish Companies Act, the Annual Accounts Act – which requires information on the most important elements of Concordia Maritime's internal control and risk management system in connection with financial reporting to be included in the corporate governance report every year – and the Code.

The Board shall also ensure that Concordia Maritime has good internal control and formalised procedures that ensure compliance with established principles for financial reporting and internal control, and that there are appropriate systems for monitoring and control of the Company's operations and the risks associated with Concordia Maritime and its operations.

The overall purpose of internal control is to reasonably ensure that the Company's operational strategies and objectives are monitored and that the owners' investment is protected. The internal control shall also ensure that the external financial reporting is, with reasonable certainty, reliable and prepared in accordance with generally accepted accounting principles, compliance with applicable laws and regulations, and with requirements for listed companies. Concordia Maritime's policies and instructions are evaluated annually. This internal control report has been prepared in accordance with the Swedish Corporate Governance Code and mainly covers the following components.

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.

Need for internal audit

Concordia Maritime is a company with a limited number of customers and a limited number of employees. The Company does not have a special internal audit function 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.

Monitoring

Compliance with and effectiveness of internal controls are monitored continuously. The CEO ensures that the Board receives regular reports on the development of the Company's operations, including the development of Concordia Maritime's financial performance and position, and information about important events.

G 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 2017, the total number of persons employed through the Group was 479, and 473 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

Concordia Maritime endeavours 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. The remuneration committee then makes proposals, which are decided on by the Board. 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.

Operational control in 2017

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 and Northern Marine Management (NMM). Stena Bulk is 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 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 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 22.

Stena Bulk is 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 earnings, 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.

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 at the shipyard. 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. 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/Stena Bulk hold 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.

Cooperation with the Stena Sphere

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.

The agreement also entitles Concordia Maritime to the financial result from vessels chartered in by Stena Bulk for a period of more than one year, should Concordia Maritime decide to participate in such charters. Other business generated by Stena Bulk is not available to Concordia Maritime.

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

- Vessel charter: Stena Bulk
- Commercial operation (and administration): Stena Bulk
- 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.

Regulations

External regulations
As a public Swedish company with securities listed on Nasdaq Stockholm, Concordia Maritime must comply with laws and regulations, including the Swedish Companies Act, Nasdaq Stockholm's Rules for Issuers and the Code.

Derogations from the Code, stock exchange rules or good practices in the share market

The Company has not derogated from the Code or stock exchange rules. Nor has the Company been the subject of a decision by Nasdaq Stockholm's Disciplinary Committee or a decision by the Swedish Securities Council on violations of good practices in the stock market.

Internal regulations
Concordia Maritime has a number of internal regulations, which with the external regulations provide the framework for the Company's operations. The main regulations include the articles of association, rules of procedure for the Board and its committees, the CEO's instructions, including instructions for financial reporting, instructions on conflicts of interest and order of delegation.

The Company's internal rules on ethics and sustainability are summarised in the sustainability policy. In addition, there are the following fundamental policies:

- Financial policy
- Risk management policy
- Insider policy
- Communication policy

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 Wallenius-rederierna, Stockholm, Eukor Car Carriers, Seoul, Rederi AB Transatlantic, Skärhamn and Höegh Autoliners AS, Oslo.

Other assignments Board Member of 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 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 of Medivir AB, Recipharm AB and Stendörren Fastigheter.

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

Shares held in Concordia Maritime 10,000

Mats Jansson

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

Background Former President and CEO, Argonaut and NYKCool AB.

Other assignments Board member of MGA Holding AB and Hexicon 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 7,000

Michael G:son Löw

Born 1951. Board member since 2012. Chairman 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, Stena Bulk AB, Boliden AB and A.P. Sten AB. Chairman of RecondOil AB. Vice Chairman Swed/Russ. Chamber of Commerce, Vice Chairman Sv. Energi-Ekonomisk Förening, member of Royal Swedish Academy of Engineering Sciences and Chalmers Advisory Committee.

Special expertise Many years of experience in the oil industry. Brings expertise in energy/refining/trading/shipping and financial issues.

Shares held in Concordia Maritime 7,000

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, VD Stemoco Shipping AS and Lorentzen & Stemoco.

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/investor 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 and 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.

Employee representatives

Alessandro Chiesi

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

Daniel Holmgren

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

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

Shares held in Concordia Maritime 0

Mahmoud Sifaf

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

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

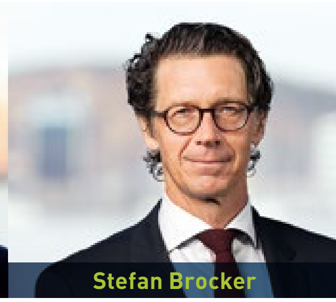
SEKO Sjöfolk: LO – West District representative, Board member Sjöfartsverket Rosenhill. Employee representative Stena AB and Stena Line Scandinavia AB.

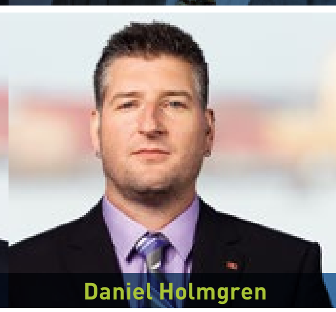
Shares held in Concordia Maritime 0

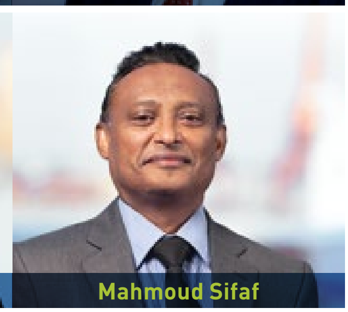
Auditor

Jan Malm

Authorised Public Accountant KPMG. Appointed in 2014.







Board attendance and remuneration

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

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.

Executive Management

Kim Ullman

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

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

Shares held in Concordia Maritime 20,000

Ola Helgesson

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

Shares held in Concordia Maritime 0

Barbara Oeuvray

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

External assignments Board Member MISL (Maritime Insurance Solutions Ltd.)

Shares held in Concordia Maritime 12,500

N. Angelique Burgess

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

Shares held in Concordia Maritime 0

Annual General Meeting and dates for information

Annual General Meeting

The Annual General Meeting will be held at Elite Park Avenue, Gothenburg on 24 April 2018 at 1 p.m. The interim report for the first quarter of 2018 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

Dividend

The Board proposes a dividend of SEK 0.0 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 24 April 2018, the report for the first six months on 14 August 2018 and the report for the first nine months on 8 November 2018.

Definitions

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

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

Dividend yield Dividend per share divided by the average share price for the year.

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 in 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.

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.

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.

Alternative performance measures[1)]

EBITDA Performance measure which indicates operating result before interest, taxes, impairment, depreciation and amortisation. The Company believes that the key figure provides a deeper understanding of the Company's profitability.

Cash flow from operating activities Result after financial net plus depreciation minus tax paid (cash flow before change in working capital and investments and before effect of ship sales). The Company believes that the key figure provides a deeper understanding of the Company's profitability.

Result excluding impairment and tax Performance measure which indicates result before tax and impairment The Company believes that the key figure provides a deeper understanding of the Company's profitability and better comparability over reporting periods.

Result per share excluding impairment and tax Performance measure which indicates result per share before tax and impairment. The Company believes that the key figure provides a deeper understanding of the Company's profitability and better comparability over reporting periods.

Return on equity Result after tax as an average of the last twelve months expressed as a percentage of average equity on a 12-month rolling basis. The Company believes that the key figure provides a deeper understanding of the Company's profitability.

Return on capital employed Result after financial net plus finance costs as an average of the last twelve months expressed as a percentage of average capital employed on a 12-month rolling basis. Capital employed refers to total assets minus non-interest-bearing liabilities, including deferred tax liability. The Company believes that the key figure provides a deeper understanding of the Company's profitability.

Return on total capital Result after financial net plus finance costs as an average of the last twelve months expressed as a percentage of average total assets on a 12-month rolling basis. The Company believes that the key figure provides a deeper understanding of the Company's profitability.

Equity ratio Equity as a percentage of total assets. The Company believes that the key figure makes it easier for investors to form a picture of the Company's capital structure.

1) Alternative performance measures as defined by the European Securities and Markets Authority (ESMA)

Reconciliation of alternative performance measures

EBITDA

SEK millions	Full year 2017	Full year 2016
Operating result	–624.6	82.7
Depreciation/impairment	675.9	237.2
EBITDA	**51.3**	**319.9**

Result excluding impairment and tax

SEK millions	Full year 2017	Full year 2016
Result after tax	–660.2	69.5
Impairment	473.7	0
Tax	0.0	–12.7
Result excluding impairment and tax	**–186.5**	**56.9**

Result per share excluding impairment and tax

SEK millions	Full year 2017	Full year 2016
Result excluding impairment and tax	–186.5	56.9
Number of shares (millions)	47.729798	47.729798
Result per share excluding impairment and tax	**–3.91**	**1.19**

Return on equity

SEK millions	Full year 2017	Full year 2016
Result after tax	–660.2	69.5
Equity	1,582.2	1,941.8
Return on equity	**–42%**	**4%**

Return on capital employed

SEK millions	Full year 2017	Full year 2016
Result after financial net	–660.2	56.9
Finance costs	70.7	25.3
Result after financial net plus finance costs	**–589.5**	**82.1**
Total assets	3,468.5	4,283.4
Non-interest-bearing liabilities	–105.8	–123.2
Capital employed	**3 362.6**	**4,160.3**
Return on capital employed	**–17.5%**	**2.0%**

Return on total capital

SEK millions	Full year 2017	Full year 2016
Result after financial net	–660.2	56.9
Finance costs	70.7	25.3
Result after financial net plus finance costs	**–589.5**	**82.1**
Total assets	3,468.5	4,283.4
Return on total capital	**–17.0%**	**1.9%**

Equity ratio

SEK millions	Full year 2017	Full year 2016
Equity	1,221.9	2,089.8
Total assets	2,968.5	4,142.2
Equity ratio	**41%**	**50%**

Contact

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