



## INTERIM REPORT 1 January–31 March 2016

- Total income<sup>1)</sup>, Q1: SEK 263.6 (255.5) million  
Full year 2015: SEK 1,086.6 (907.6) million
- Result before tax, Q1: SEK 33.4 (28.1) million  
Full year 2015: 174.3 (16.5)
- EBITDA: SEK 103.4 (82.2) million  
Full year 2015: 423.8 (214.7)
- Result per share after tax, Q1: SEK 0.70 (0.59)  
Full year 2015: SEK 3.64 (0.18)
- P-MAX vessel *Stena Performance* chartered out. The contract is for one year and runs from late January/early February 2016.
- P-MAX vessel *Stena Progress* chartered out. The contract is for three years and runs from April 2016.

### AFTER THE END OF THE REPORTING PERIOD

- A new consecutive voyage contract was signed for the P-MAX tanker *Stena Polaris* at the end of April. The contract, which comes into effect in May 2016, is for one year. The contractual partner is one of the world's largest oil and gas companies.

### Key ratios

	Quarter 1		Full year
	2016	2015	2015
Total income <sup>1)</sup> , SEK million	263.6	255.5	1,086.6
EBITDA, SEK million	103.4	82.2	423.8
EBITDA, USD million	12.2	9.9	50.3
Operating result, SEK million	44.4	39.0	209.6
Result after tax, SEK million	33.4	28.1	173.9
Equity ratio, %	43	43	43
Return on equity, %	10	1.6	10
Available liquid funds, including unutilised credit facilities, SEK million	450.9	307.3	367.1
Result per share after tax, SEK	0.70	0.59	3.64
Equity per share, SEK	39.02	37.03	39.15

1) Accounting policies: see page 13.



## PRESIDENT'S OVERVIEW

# Good earnings again and increased contract ratio

Overall, we are able to report a profit before tax of SEK 33.4 (28.1) million for the first quarter of 2016. Operating cash flow (EBITDA) was SEK 103.4 (82.2) million, corresponding to USD 12.2 (9.9) million.

We continued to deliver good earnings during the quarter, even though the overall market was slightly lower than in the same quarter of 2015. The employment of our vessels was high, with successful chartering. The underlying drivers included generally good demand for oil, which in turn was driven by the low price of oil.

During the quarter, we decided to take advantage of the higher time charter market levels and to employ another two P-MAX tankers on time charters. One of the vessels, which is chartered out for a year, will be mainly used for the transportation of light oil products to West Africa. The other vessel, which is out on a three-year charter, will be mainly used for imports of light oil products to South America.

The contracts enabled us to exploit the momentum in the market. In a short period, we have now chartered three of our ten P-MAX tankers in addition to our already successful consecutive voyage contract in the Far East – and we are assessing the feasibility of more, similar arrangements. The contracts are fully in line with our chartering strategy. We ensure a good level of income for the vessels during the relevant period, while increasingly balancing the exposure to the spot market.

### Higher ambitions for work on sustainability

With effect from this interim report, we will be continuously reporting a number of key indicators with a bearing on safety and environmental improvements. Our efforts in the area of sustainability are – and have

long been – significant. We are now also raising the ambition level in reporting. The goal is to be entirely transparent. More information can be found on page 7.

### Discussions on conciliation continue

During the quarter, there was a continuation of discussions aimed at achieving a possible conciliation procedure regarding the dispute that arose from the grounding of *Stena Primorsk* in the Hudson River in December 2012. These will also continue during the second quarter of 2016. More information can be found on page 6 of this interim report.

### Market outlook 2016

Our fundamental view of the year is positive. We expect the low price of oil and continuing changes in the global refinery infrastructure to result in stable demand for transportation in the period ahead of both oil and refined oil products. However, it is worth pointing out that inventory levels are high, which could affect demand. In conclusion, it is our assessment that the 2016 market will be good, but probably not as good as 2015.

Kim Ullman,  
CEO



## Business activities

High employment, successful chartering and a continuation of high overall demand for oil contributed to good earnings in the first quarter of 2016. Income for the product tanker fleet (spot and TC) was USD 20,100 (19,000) per day. Income for the suezmax tanker *Stena Supreme* was USD 35,900 (44,200) for the quarter.

### The product tanker fleet

The ten 65,200 dwt P-MAX tankers are the backbone of Concordia Maritime's fleet.

Contracts were signed to charter out two P-MAX vessels on one-year (with options to extend) and three-year charters during the quarter. Overall, this meant that six of the P-MAX tankers were employed on long contracts (time charters or consecutive voyage charters) in early April 2016. The other four P-MAX vessels were employed in the spot market under agreements with Stena Bulk and Stena Weco.

The two IMOIIIMAX vessels *Stena Image* and *Stena Important* continued to be employed under the cooperation with Stena Weco. Both vessels performed entirely according to plan during the period.

The product tanker fleet also includes an IMO2/3 class MR tanker (ECO design) that has been chartered in. The vessel will be chartered jointly with Stena Weco, and Concordia Maritime's share amounts to 50 percent. The contract, which runs from the end of November 2015, is for two years with an option for a further 1–6 months.

### Income

Average income for the entire product tanker fleet, spot and TC, during the first quarter was USD 20,100 (19,000) per day. For vessels employed on the spot market, average income was USD 19,200 (19,600) for

light products and USD 23,000 (20,500) for heavy products during the quarter.

### Suezmax

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

In addition to *Stena Supreme*, Concordia Maritime also had positions in Stena Bulk's suezmax fleet, corresponding to a 50 percent charter of one tanker, during the quarter. This vessel is also employed on the global open market through the Stena Sonangol Suezmax Pool. The contract runs until June 2016.

### Income

Average income for *Stena Supreme* during the quarter was USD 35,900 (44,200) per day.

### Repairs and drydock

The drydocking of *Stena Paris* (started in Q4), *Stena Provence* and *Stena Primorsk* was completed during the quarter.

## Income, spot

USD per day	Number of vessels	Average income, Concordia Maritime		Average income, market	
		Q1 2016	Q1 2015	Q1 2016	Q1 2015
Product tankers	12.5	20,300	19,000	16,400 <sup>1)</sup>	20,900 <sup>1)</sup>
Suezmax	1.5	35,800	44,200	37,200 <sup>2)</sup>	50,200 <sup>2)</sup>

1) Clarksons w.w. average MR Clean Earnings

2) Clarksons w.w. average Suezmax Earnings

Concordia Maritime's spot market product tanker fleet achieved a higher income per day than the Clarksons theoretical index in the first quarter of 2016. On the whole, it has been a good quarter with high employment and a number of good charters relative to the market.

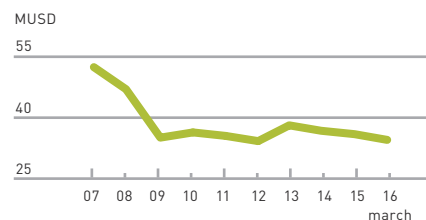
Concordia Maritime's income in the suezmax segment for the first quarter is slightly lower than the Clarksons theoretical index. In the comparison between individual quarters, the Company's income may sometimes be lower than the Clarksons index. However, a comparison with other pools shows that the Stena Sonangol pool is one of the industry's leaders.

## EBITDA per quarter

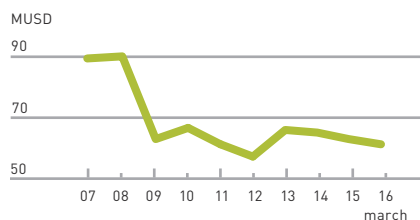
USD millions	Q1 2016	Q4 2015	Q3 2015	Q2 2015	Q1 2015	Q4 2014	Q3 2014	Q2 2014
Product tanker, time charter	2.4	1.3	1.2	1.1	1.5	0.5	0.5	1.7
Product tankers, spot	8.1	10.3	9.4	9.3	6.5	4.6	2.6	0.8
Panamax	0.0	0.0	0.0	0.0	0.0	0.0	0.0	11.9 <sup>1)</sup>
Suezmax	2.7	3.7	3.6	3.2	3.7	2.0	1.4	0.7
Admin. and other	-1.0	-1.4	-0.9	-1.1	-1.1	-1.4	-1.1	-1.4
<b>Total</b>	<b>12.2</b>	<b>13.9</b>	<b>13.3</b>	<b>12.5</b>	<b>10.6</b>	<b>5.7</b>	<b>3.4</b>	<b>13.7</b>

1) Includes one-time payment of USD 3.6 million for lost charter income in jointly-controlled entities: *Stena Poseidon and Palva*. Includes result from sale of shares in jointly-controlled entities (vessels) of USD 8.6 million.

## Newbuilding prices product tankers



## Newbuilding prices Suezmax



At the end of December, the price of a standard product tanker was about USD 34.5 million. The price of an IMOII class MR tanker like the IMOIIIMAX vessels we ordered was about USD 37 million. This is about 10 percent higher than when we placed our order with the shipyard in 2012. The price of a standard suezmax tanker at the end of the quarter was about USD 61 million.

The charts show the value at the end of each period and refer to standard vessels.

Source: Clarkson



## Financial summary

### Result and cash flow

Result after tax was SEK 33.4 (28.1) million. The earnings improvement is mainly attributable to higher average income per day for product tankers and an increased number of vessels in the fleet. Cash flow during the quarter was SEK 96.2 (50.6) million.

### Equity

Equity per share was SEK 39.02 (37.03).

### Changes in translation and hedging reserves

The Parent Company's functional currency is SEK, but the majority of the transactions in the Group are in USD. The Group's result is generated in USD, which means the result in SEK is a direct function of the SEK/USD exchange rate trend. In the third quarter of 2015, investments in foreign subsidiaries were partially hedged through the forward sale of USD 30 million as hedging instruments. The duration is two years and the amount corresponds to approx. 12 percent of foreign currency equity.

If the hedge is effective, the change in value of the forward currency derivatives for the quarter is reported in other comprehensive income, with the cumulative changes reported as a separate component of equity (translation reserve). This enables the translation differences arising from foreign operations to be partially offset. The accumulated translation differences, which are recognised in equity, amounted to SEK 366.3 (450.9) million. The changes are recognised in equity through OCI.

### Investments

Investments during the quarter amounted to SEK 27.2 (25.9) million. The investments were mainly related to the scheduled periodic inspections of the three vessels that were in drydock during the quarter.

### Valuation of the fleet

The Group's fleet is assessed on a six-monthly basis to determine whether there is any indication of impairment. The fleet is defined as a cash-generating unit, and an impairment loss is recognised when the carrying amount of an asset or cash-generating unit exceeds its recoverable amount. The recoverable amount is the higher of fair value (external valuations) and value in use (future discounted cash flows). Impairment testing of the asset values at 31 December 2015 did not indicate any impairment.

### Seasonal variations

Three vessels out of our fleet of 14.0 (13 owned and two on 50% charters) were out on time charters at the end of the quarter and three were employed on consecutive voyage charters. Income for the vessels that are not signed out to time charters is related to the freight level on the open market. The fleet deployment means that income is affected by the seasonal variations that occur in tanker shipping.

### Employees

The number of employees in the Group at 31/03/2016 was 6 (6). The Group employed 482 (403) temporary seagoing employees through Stena Sphere's manning company.

### Parent company

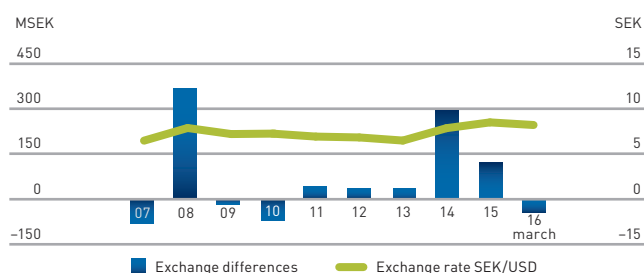
The Parent Company's sales for the first quarter amounted to SEK 3.0 (5.0) million, with intragroup invoicing representing SEK 0.0 (0.0) million of this amount. Result before tax was SEK 7.1 (-28.3) million. The Parent Company's available liquid funds at 31 March 2016 amounted to SEK 1,534.2 (1,767.5) million, which includes receivables from Group companies in the cash pool and unutilised credit facilities.

### Demand for damages

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

A discovery phase, in which both parties' standpoints and demands were examined carefully, was completed in the third quarter of 2015. During the fourth quarter of 2015, discussions were started with a view to a possible conciliation procedure. During the first quarter 2016 there was a continuation of discussions aimed at achieving a possible conciliation procedure. The discussions will continue during the second quarter 2016. If settlement is not reached, the process will be handled through arbitration, starting in the second quarter of 2016, with a ruling likely in the third or fourth quarter of 2017. The Company's fees for legal and similar assistance regarding this matter are charged to the Company's earnings as incurred.

### Translation differences (reported in OCI)



As a result of the SEK/USD exchange rate, the Company's profit in SEK has changed, while profit in USD remains unchanged.

### Liquidity and financial position

SEK millions	31 March 2016	31 March 2015
Available liquid funds <sup>1)</sup>	450.9	307.3
Interest-bearing liabilities	2,321.5	2,250.7
Equity	1,862.2	1,767.6
Equity ratio, %	43.0	43.0

1) Includes unutilised available credit facilities.

### The Group's total income and earnings

SEK millions	Quarter 1		Full year 2015
	2016	2015	
Total income <sup>1)</sup>	263.6	255.5	1,086.6
Operating result	44.4	39.0	209.6
Result before tax	33.4	28.1	174.3
Result per share after tax, SEK	0.70	0.59	3.64

1) Accounting policies: see page 13.

## Other information

### Related party transactions

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

### Stena Weco

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

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

- **Vessel charter**  
Payment is based on a commission of 1.25 percent on freight rates.
- **Commission on the purchase and sale of vessels**  
Payment is based on a commission of 1 percent.
- **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.
- **Commercial operation, administration, marketing, insurance, 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 construction 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 take place on commercial terms and at market-related prices.



# Sustainability report

Sustainability work at Concordia Maritime is conducted on a long-term basis and has relevance, openness and transparency as its main guiding principles. The work is based on a materiality analysis in which the main and most relevant sustainability issues are identified.

There were no accidents or incidents of a serious nature during the quarter. None of Concordia Maritime’s vessels was involved in any incident that resulted in bunker oil or cargo discharging into the water.

During the quarter, there were no workplace accidents on vessels that resulted in an individual employee being unable to return to a work shift on the day after the accident. This means that the LTI (lost time injury) and LTIF (lost time injury frequency) outcomes were 0.

Concordia Maritime’s vessels were not involved in any piracy-related incidents during the quarter.

Two of the vessels were involved in incidents that involved material damage during the quarter. Two front mooring ropes were detached when *Stena Paris* was in dock during relatively heavy weather. The second incident occurred during the crossing of the Panama Canal when *Stena Important* bumped into a fender on the starboard side. This resulted in minor damage on the vessel’s starboard side.

During the quarter, there were no medical treatment cases or restricted work cases.

There was no port state control that resulted in the detention in port of any Concordia Maritime vessel during the quarter.

## Vettings and inspections

There were ten vetting inspections on board Concordia Maritime’s vessels during the quarter. There were 27 observations during these inspections, which gave an average of 2.7 observations per inspection. No single inspection had more than five observations. This outcome is in line with the Company’s goal to have an average of less than four observations per inspection of the fleet and to never have an inspection with more than five observations.

## Energy management

The important process of reducing bunker consumption is continuing to move in the right direction. Bunker consumption in tonnes per day at sea showed a reduction of 0.4 tonnes during the quarter. This is better than the target for the year, which is to reduce consumption by 0.3 tonnes per day.

Reduced bunker consumption produces lower emissions. CO<sub>2</sub> emissions decreased by 868 tonnes during the quarter, which is well in line with this year’s target to reduce emissions by 2,800 tonnes. SO<sub>x</sub> emissions decreased by 10.8 tonnes during the quarter, which is also well in line with this year’s target to reduce emissions by 36 tonnes. NO<sub>x</sub> emissions decreased by 26.8 tonnes during the quarter – the target for the year is to reduce NO<sub>x</sub> emissions by 80 tonnes.

## Three priority areas

### SAFETY FIRST

Our overall objective is to conduct our vessel operations and business activities in a manner that protects both the vessels and the employees working under our control and supervision. Our goal is zero accidents, achieved by establishing a strong safety culture and a top quality approach at all levels within our organisation.

### ENVIRONMENTAL RESPONSIBILITY

We are committed to reducing the impacts of our vessel operations and business activities on the environment. We will work continuously to reduce emissions and increase energy efficiency.

### FINANCIAL SUSTAINABILITY

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

## Targets and outcomes

### Safety first

	Q1 2016	Q1 2015	Target 2016	Outcome 2015
LTI	0	0	0	0
LTIF	0	0	0	0
Number of inspections with more than five observations (owned vessels)	0	0	0	1
Average number of vetting observations (entire fleet)	2.7	2.1	<4	2.2
Number of port state controls resulting in detention	0	0	0	0
Number of piracy-related incidents	0	0	0	0
Damage to property	2	0	0	3
Medical treatment case	0	0	0	1
Restricted work case	0	0	0	1
High potential near miss	0	0	0	3
High risk observation	0	0	0	1

### Environmental responsibility

	Q1 2016	Q1 2015	Target 2016	Outcome 2015
Oil spills, litres	0	0	0	0
Reduced fuel consumption, mt/day (owned vessels)*	0.4	0.6	0.3	0.47
Reduced CO <sub>2</sub> , mt	868	975	2,800	3,500
Reduced SO <sub>x</sub> , mt	10.8	83	36	300
Reduced NO <sub>x</sub> , mt	26.8	29	80	98
Reduced emissions of particulates, mt.	0.3	0.4	0.9	1.2

\* Bunker consumption for days at sea for the last 12 months is measured on the last day of the quarter. This 12-month figure is then compared with the same period the previous year.

### Definitions

#### 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).

#### High potential near miss

Incident that could have resulted in a serious accident.

#### Lost Time Injury (LTI)

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

#### Lost Time Injury Frequency (LTIF)

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

#### 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.

#### CO<sub>2</sub>

Carbon dioxide.

#### NO<sub>x</sub>

Nitric oxide.

#### SO<sub>x</sub>

Sulfur oxide.

### Vetting

Tanker shipping is probably one of the most strictly regulated and scrutinised industries. The most central vetting bodies include customers' own inspections of vessels and crew. Vetting is carried out by the customer or inspectors designated by the customer. The owner invites the customer to carry out an inspection, which is normally done in connection with discharging. The inspections are very comprehensive. They are based on a standardised form and the results are shared between the oil companies via databases. In the event of more serious deficiencies, the customer can choose not to approve the vessel until they have been corrected and new vetting has been carried out. The system allows oil companies to continuously check whether the vessels satisfy their internal criteria, without having to inspect the vessels themselves.

### More information

More information about Concordia Maritime's sustainability work can be found in the 2015 Annual Report and at [concordiamaritime.com](http://concordiamaritime.com).



## GROUP

# Income statement, other comprehensive income and per-share data

SEK millions	Quarter 1 2016	Quarter 1 2015	Full year 2015
<b>Consolidated income statement</b>			
Average exchange rate SEK/USD	8.46	8.34	8.44
Time charter income	20.7	27.3	101.2
Spot charter income <sup>1)</sup>	242.9	228.2	985.4
Result from sale of investments in jointly-controlled entities	0	—	0
Other external income	0	0.0	0
<b>Total income</b>	<b>263.6</b>	<b>255.5</b>	<b>1,086.6</b>
Operating costs, ships <sup>1)</sup>	-94.7	-116.4	-419.5
Personnel costs, temporary seagoing	-48.5	-40.2	-179.3
Personnel costs, land-based	-5.7	-6.4	-21.5
Other external expenses	-11.3	-10.3	-42.5
Depreciation	-59.0	-43.2	-214.2
<b>Total operating costs<sup>1)</sup></b>	<b>-219.2</b>	<b>-216.5</b>	<b>-877.0</b>
<b>Operating result</b>	<b>44.4</b>	<b>39.0</b>	<b>209.6</b>
Interest and similar income	1.0	0.0	3.1
Interest and similar expense	-12.0	-10.9	-38.4
<b>Financial net</b>	<b>-11.0</b>	<b>-10.9</b>	<b>-35.3</b>
<b>Result before tax</b>	<b>33.4</b>	<b>28.1</b>	<b>174.3</b>
Tax	0	0.0	-0.5
<b>Result after tax</b>	<b>33.4</b>	<b>28.1</b>	<b>173.9</b>
<b>Other comprehensive income</b>			
Items that have been/can be transferred to result for the period			
Translation differences	-39.9	161.6	116.9
Available-for-sale financial assets	0.0	3.3	3.2
Cash flow hedges, interest-related	0.0	0.0	0
Tax attributable to items that have been/can be transferred to result for the period	0.0	0.0	0.0
<b>Comprehensive income for the period</b>	<b>-6.5</b>	<b>192.9</b>	<b>294.0</b>
<b>Per-share data, SEK</b>			
Number of shares	47,729,798	47,729,798	47,729,798
Result per share, before/after dilution	0.70	0.59	3.64
Equity per share, SEK	39.02	37.03	39.15

1) Accounting policies: see page 13.

## GROUP

# Condensed balance sheet

SEK millions	31 Mar 2016	31 Mar 2015	31 Dec 2015
Closing exchange rate SEK/USD	8.15	8.62	8.35
<b>Assets</b>			
Ships and equipment	3,681.9	3,415.1	3,809.0
Ships under construction	0	243.4	0.0
Financial assets	1.5	0.1	0.5
<b>Total non-current assets</b>	<b>3,683.4</b>	<b>3,658.6</b>	<b>3,809.5</b>
Current receivables	265.6	267.5	271.4
Short-term investments	0	0.0	0.0
Cash and bank balances	359.4	201.4	273.6
<b>Total current assets</b>	<b>625.0</b>	<b>468.9</b>	<b>544.9</b>
<b>Total assets</b>	<b>4,308.4</b>	<b>4,127.5</b>	<b>4,354.5</b>
<b>Equity and liabilities</b>			
Equity	1,862.2	1,767.6	1,868.7
Non-current liabilities	2,063.7	2,225.9	2,129.0
Current liabilities	382.5	133.9	356.8
<b>Total equity and liabilities</b>	<b>4,308.4</b>	<b>4,127.5</b>	<b>4,354.5</b>

### The Group's pledged assets and contingent liabilities

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

A discovery phase, in which both parties' standpoints and demands were examined carefully, was completed in the third quarter of 2015. During the fourth quarter, discussions were started with a view to a possible conciliation procedure. During the first quarter 2016 there was a continuation of discussions aimed at achieving a possible conciliation procedure. The discussions will continue during the second quarter 2016. If settlement is not reached, the process will be handled through arbitration, starting in the second quarter of 2016, with a ruling likely in the third or fourth quarter of 2017. The Company's fees for legal and similar assistance regarding this matter are charged to the Company's earnings as incurred.

## Changes in equity

SEK millions	Share capital	Other paid-in capital	Translation reserve	Hedging reserve	Fair value reserve	Retained earnings	Total
<b>Changes Jan–Mar 2016</b>							
Opening balance 01.01.2016	381.8	61.9	406.2	0	0	1,018.8	1,868.7
Comprehensive income for the period	0	0	-39.9	0	0	33.4	-6.5
<b>Closing balance 31.03.2016</b>	<b>381.8</b>	<b>61.9</b>	<b>366.3</b>	<b>0</b>	<b>0</b>	<b>1,052.2</b>	<b>1,862.2</b>
<b>Changes Jan–Mar 2015</b>							
Opening balance 01.01.2015	381.8	61.9	288.3	-3.2	0.0	844.9	1,574.7
Comprehensive income for the period			161.6	3.2	0.0	28.1	192.9
<b>Closing balance 31.03.2015</b>	<b>381.8</b>	<b>61.9</b>	<b>450.9</b>	<b>0.0</b>	<b>0.0</b>	<b>873.0</b>	<b>1,767.6</b>

## GROUP

# Condensed cash flow statement

SEK millions	Quarter 1 2016	Quarter 1 2015	Full year 2015
<b>Operating activities</b>			
Result before tax	33.4	28.1	174.3
Adjustments:			
Depreciation	59.0	48.4	214.2
Result from sale of securities	0.0	0.0	0
Result from sale of investments in jointly-controlled entities	0.0	0.0	0
Other items	2.1	10.6	3.7
<b>Cash flow from operating activities before changes in working capital</b>	<b>94.5</b>	<b>87.0</b>	<b>392.2</b>
Changes in working capital	36.2	-10.5	-14.8
<b>Cash flow from operating activities</b>	<b>130.7</b>	<b>76.5</b>	<b>377.5</b>
<b>Investing activities</b>			
Investment in non-current assets	-27.2	-25.9	-459.3
Sale of financial assets	0.0	0.0	0
Sale of investments in jointly-controlled entities	0	0.0	0
<b>Cash flow from investing activities</b>	<b>-27.2</b>	<b>-25.9</b>	<b>-459.3</b>
<b>Financing activities</b>			
New loans	0.0	0.0	438.6
Amortisation of loans	-7.3	0.0	-227.5
Dividend to shareholders	0.0	0.0	0
<b>Cash flow from financing activities</b>	<b>-7.3</b>	<b>0.0</b>	<b>211.2</b>
Cash flow for the period	96.2	50.6	129.3
Balance at beginning of period (Note 1)	273.6	136.6	136.6
Exchange differences (Note 2)	-10.4	14.2	7.7
<b>Balance at end of period (Note 1)</b>	<b>359.4</b>	<b>201.4</b>	<b>273.6</b>
Note 1. Balance consists of cash, bank balances and credit facility			
Note 2. Exchange differences attributable to:			
Cash and cash equivalents at beginning of year	-6.5	0.0	8.4
Cash flow for the period	-3.9	14.2	-0.7
	<b>-10.4</b>	<b>14.2</b>	<b>7.7</b>

## PARENT COMPANY

# Condensed income statement

SEK millions	Quarter 1 2016	Quarter 1 2015
Net sales	3.0	5.0
Other external expenses	-3.4	-3.6
Personnel expenses	-4.5	-5.2
<b>Operating result</b>	<b>-4.9</b>	<b>-3.8</b>
Result from subsidiaries		
Other interest and similar income	17.8	3.8
Interest and similar expense	-5.8	-28.3
<b>Result before tax</b>	<b>7.1</b>	<b>-28.3</b>
Tax	0.0	0.0
<b>Result for the period</b>	<b>7.1</b>	<b>-28.3</b>

# Condensed balance sheet

SEK millions	31 Mar 2016	31 Mar 2015
<b>Assets</b>		
Ships and equipment	0.0	0.1
Financial assets	40.0	36.0
Investments in Group companies	745.8	745.8
<b>Total non-current assets</b>	<b>785.8</b>	<b>781.8</b>
Current receivables	35.9	8.4
Receivables from Group companies	1,434.1	1,548.8
Cash and bank balances	10.5	112.8
<b>Total current assets</b>	<b>1,480.5</b>	<b>1,670.0</b>
<b>Total assets</b>	<b>2,266.3</b>	<b>2,451.8</b>
<b>Equity and liabilities</b>		
Equity	619.2	508.0
Non-current liabilities	1,436.1	1,935.0
Current liabilities	211.0	8.8
<b>Total equity and liabilities</b>	<b>2,266.3</b>	<b>2,451.8</b>
Pledged assets	81.5	86.2
Contingent liabilities <sup>1)</sup>	299.8	344.9

1) The parent company has provided a guarantee for a subsidiary, which relates to vessel financing.

# Risks and risk management

As with all commercial enterprises, Concordia Maritime's activities are associated with certain risks, the occurrence of which may have a material adverse effect on the company's business, earnings, financial position and future prospects or result in a fall in value for the company's shares, meaning that investors could lose all or part of their invested capital. The risks below are not presented in order of importance and are not the only risks and uncertainties the company faces. Additional risks and uncertainties of which the company is currently unaware or does not consider significant may also develop into factors that may have a material adverse effect on the company's business, earnings, financial position or future prospects. The description does not claim to be complete or exact, as risks and their extent vary over time.

The overall risk areas are corporate risks, market-related risks, operational risks and financial risks.

- *Corporate risks* refer mainly to overall risks related to the actual management and operation of the company. These include risks associated with trademarks, employees, liquidity and funding.
- *Market-related risks* are primarily risks associated with changes in the external environment and market. The Board and management have only have a limited opportunity to control these risks in the short term, but must still deal with them in the longer-term planning of the business. These include risks associated with the economy, freight rates, oil price movements and political risks.
- *Operational risks* are risks related to the management of the operational side of the business. These include risks associated with insurance issues, the environment and ship operation.
- The main *credit* and *financial risks* are counterparty risks relating to customers, shipyards and other subcontractors and cooperation partners.

More information about risks and risk management can be found in Concordia Maritime's 2015 annual report, which is available at [www.concordiamaritime.com](http://www.concordiamaritime.com)

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## 1 Accounting policies

This interim financial report in summary for the Group has been prepared in accordance with IAS 34 Interim Financial Reporting and relevant provisions of the Swedish Annual Accounts Act. The interim report for the parent company has been prepared in accordance with chapter 9 of the Swedish Annual Accounts Act. For the Group and parent company, the same accounting principles have been applied as in the most recent annual report. From 1 January 2016, 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 are affected, but the change will not have any net effect on the Group's operating profit. The change has not had any effect on the parent company's income statement. All comparative periods have been restated to reflect the change. No new or revised IFRS recommendations and interpretations by IFRIC have had no material effect on the Group's or parent company's financial position or disclosures.

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The Concordia Maritime Group applies International Financial Reporting Standards (IFRS) as adopted by the EU. The Group prepares its interim reports in accordance with the accounting policies and calculation methods used in the 2015 annual report, unless otherwise indicated in this report.

The Group's interim report has been prepared in accordance with IAS 34 and the Swedish Annual Accounts Act.

The report for the parent company has been prepared in accordance with the Swedish Annual Accounts Act. The Board of Directors and CEO confirm that the interim report provides a true and fair overview 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. The report has not been reviewed by the Company's auditors.

Gothenburg, 26 April 2016

Kim Ullman  
CEO

# Quarterly overview

SEK millions	Q1 2016	Q4 2015	Q3 2015	Q2 2015	Q1 2015	Q4 2014	Q3 2014	Q2 2014
<b>Profit/loss items</b>								
Total income <sup>1)</sup>	263.6	274.2	286.9	284.8	255.5	219.4	199.3	255.8
Operating costs excluding impairment <sup>1)</sup>	-219.2	-216.6	-226.2	-232.5	-216.5	-217.2	-213.2	-203.6
Operating result (EBIT)	44.4	57.6	60.7	52.3	39.0	2.2	-13.9	52.2
of which result from sale of investments in jointly-controlled entities (vessels)	—	—	—	—	—	—	—	56.1
Financial net	-11.0	-7.8	-8.3	-8.3	-10.9	-14.9	-9.2	-10.1
Result after financial net	33.4	49.8	52.4	44.0	28.1	-12.7	-23.1	42.1
Result after tax	33.4	49.4	52.4	44.0	28.1	-16.6	-27.0	40.1
Cash flow from operating activities		80.0	145.9	55.2	87.0	34.0	23.8	21.9
EBITDA	103.4	117.3	114.0	105.2	87.3	42.7	26.7	90.2
<b>Balance-sheet items</b>								
Ships (number)	3,681.9 (13)	3,809.0 (13)	3,559.6 (12)	3,527.9 (12)	3,415.1 (11)	3,129.7 (11)	2,944.9 (11)	2,769.6 (11)
Ships under construction (number)	0	0	133.1 (1)	124.2 (1)	243.4 (2)	205.8 (2)	142.0 (2)	130.8 (2)
Liquid funds incl. investments	359.4	273.5	268.6	137.1	201.4	136.6	71.4	94.2
Other assets	267.2	271.4	286.5	315	267.5	243.7	261.6	182.2
Interest-bearing liabilities	2,321.5	2,387.2	2,298.1	2,260.8	2,250.7	2,038.9	1,792.2	1,669.0
Other liabilities and provisions	124.8	102.2	123.3	109.3	109.2	102.2	152.7	111.3
Equity	1,862.2	1,868.7	1,826.5	1,734.5	1,767.6	1,574.7	1,474.9	1,396.5
Total assets	4,308.5	4,354.5	4,248.0	4,105.3	4,127.5	3,715.8	3,419.8	3,176.8
<b>Key ratios, %</b>								
Equity ratio	43	43	43	42	43	42	43	44
Return on total capital	5	5	4	2	2	2	1	0
Return on capital employed	5	5	3	2	2	2	1	0
Return on equity	10	10	6	2	2	1	0	0
Operating margin	17	21	21	18	15	1	-7	20
<b>Share data</b>								
Total income <sup>1)</sup>	5.52	5.74	6.01	5.97	5.35	4.60	4.18	5.36
Operating costs excluding impairment	-4.59	-4.54	-4.74	-4.87	-4.54	-4.55	-4.47	-4.27
Operating result before impairment	0.93	1.21	1.27	1.10	0.82	0.05	-0.29	1.09
Financial net	-0.23	-0.14	-0.18	-0.17	-0.23	-0.31	-0.19	-0.21
Result after tax	0.70	1.03	1.10	0.92	0.59	-0.48	-0.57	0.84
Cash flow from operating activities	2.74	1.68	3.06	1.16	1.82	-5.76	0.50	0.46
EBITDA	2.17	2.46	2.26	2.08	1.72	0.85	0.47	1.81
Equity	39.02	39.15	38.27	36.34	37.03	32.99	30.90	29.26

Please note that there has been no dilution effect since 2002.  
Definitions: see page 15

1) Accounting policies: see page 13.

## Contact



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## Calendar

Q2 Interim report 28 July 2016  
Q3 Interim report 9 November 2016

**Distribution** For environmental reasons, we are only publishing our interim reports digitally. Concordia Maritime's interim reports and additional financial information about the Company can be read or downloaded from our website [www.concordiamaritime.com/en/investor-relations](http://www.concordiamaritime.com/en/investor-relations)

The information in this report is information that Concordia Maritime is required to disclose in accordance with the Swedish Securities Market Act and/or the Swedish Financial Instruments Trading Act. The information was made public on 26 April 2016, at approx. 2.30 p.m.

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## Fleet at 31/03/2016

	Vessel name	Employment	Partner	
<b>PRODUCT TANKERS</b>				
P-MAX	<i>Stena Premium</i>	Spot (light)	Stena Weco	
	<i>Stena Polaris</i>	CVC <sup>1)</sup> (light)	Stena Weco	
	<i>Stena Performance</i>	Time charter to Jan 2017 (lights)	Stena Weco	
	<i>Stena Provence</i>	CVC <sup>1)</sup> (light)	Stena Weco	
	<i>Stena Progress</i>	Time charter to Apr 2019 (lights)	Stena Weco	
	<i>Stena Paris</i>	CVC <sup>1)</sup> (light)	Stena Weco	
	<i>Stena Primorsk</i>	Time charter to Jan 2018 (heavy)	Stena Bulk	
	<i>Stena Penguin</i>	Spot (heavy)	Stena Bulk	
	<i>Stena Perros</i>	Spot (heavy)	Stena Bulk	
	<i>Stena President</i>	Spot (heavy)	Stena Bulk	
	IMOIIIMAX	<i>Stena Image</i>	Spot (light)	Stena Weco
		<i>Stena Important</i>	Spot (light)	Stena Weco
	MR ECO	<i>Unnamed vessel</i> <sup>2)</sup>	Spot (light)	Stena Weco
<b>CRUDE OIL TANKERS</b>				
Suezmax	<i>Stena Supreme</i>	Spot	Stena Sonangol Suezmax Pool	
	<i>Unnamed vessel</i> <sup>3)</sup>	Spot	Stena Sonangol Suezmax Pool	

Light=light petroleum products Heavy=heavy petroleum products

1) Consecutive Voyage Charter

2) 50% charter November 2015–November 2017 (with an option for a further 1–6 months).

3) 50% charter July 2015–June 2016.

## Definitions

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

**Return on equity** Result after tax as an average of the last twelve months expressed as a percentage of average equity on a 12-month rolling basis.

**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.

**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.

**Equity ratio** Equity as a percentage of total assets.

**Spot charter (open market)** Hiring of vessels on a voyage-by-voyage basis.

**Time charter** Hiring of vessels for a specified period at a fixed rate.

**CONCORDIA**  
**MARITIME**