

# INTERIM REPORT

1 JANUARY–31 MARCH 2014

- Profit for the quarter – good start to the year
- New chartering strategy beginning to produce results
- Total and Shell contracts delivered
- Agreement for the sale of two LR1 tankers – positive results to be reported in the second quarter
- Expected profit for the full year

	Quarter 1		Full year
	2014	2013	2013
Total income, SEK million	<b>135.2</b>	127.9	467.8
EBITDA, SEK million	<b>51.7</b>	51.2	144.7
Operating result, SEK million	<b>15.9</b>	15.7	0.4
Result after tax, SEK million	<b>12.2</b>	7.6	-28.8
Result per share, SEK	<b>0.26</b>	0.16	-0.60
EBITDA, USD million	<b>8.0</b>	8.0	22.2
Available liquid funds <sup>1)</sup> , SEK million	<b>285.2</b>	427.0	242.1

1) Including unutilised available credit facilities.



# CONCORDIA MARITIME IN 60 SECONDS

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

## OUR BUSINESS CONCEPT

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

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

## OUR VISION

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

## OUR CUSTOMERS

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

## WHAT WE TRANSPORT

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

## BUSINESS MODEL

Our business and income model consists of providing vessels to customers in need of safe and cost-efficient transportation of oil and petroleum products. Income is generated mainly by chartering out vessels (spot market or time charters), profit-sharing clauses in charters and the sale of ships.

## STRATEGY

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

## FINANCIAL OBJECTIVES

- Growth, at least 10% per year while maintaining profitability
- Profitability, a return on equity of at least 12%
- Equity ratio, at least 50% over a business cycle

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# CEO'S OVERVIEW

**After my first three months as CEO of Concordia Maritime, it is nice to be able to report a profitable first quarter of 2014. We report a profit before tax of SEK 10.2 (5.7) million for the period. Operating cash flow (EBITDA) amounted to SEK 51.7 (51.2) million, corresponding to USD 8.0 (8.0) million. As predicted, the market strengthened further during the beginning of the quarter and the outlook also remains positive for the full year.**

The year started relatively strongly with high freight rates on several routes in the product tanker market. This means that our strategy of increased exposure to the spot market is now beginning to pay off. Our open market vessels generated average income of approx. USD 16,000 per day, compared with USD 13,000 per day for the full year 2013.

The outlook still looks positive on an annual basis, even though we are currently in a seasonal decline that we expect to continue into the second quarter. The recovery of the global economy combined with the shift in global refining capacity continues to drive demand for product tanker transportation. This is expected to grow by 5–6 percent in 2014, while growth in supply of vessels should be about 5 percent.

## Lower peaks but higher troughs

However, the spot market is very fragile in nature. This leads us and other analysts to believe that activity in the newbuilding market over the past twelve months indicates a future trend of lower peaks in the spot market, compared with the strong years 2007–2008. At the same time, underlying demand will make the market's troughs shallower than those we saw, for example, in 2010–2012.

To deal with these trends, we have launched our new chartering strategy. In addition to increased exposure to the spot market, we are trying to concentrate employment on trades and cargo systems where our P-MAX tankers' unique features can be utilized. As previously reported, we entered

into two new cooperation agreements with Total and Shell Singapore Pte Ltd in January. In addition to these agreements, we are engaged in ongoing dialogues with various players with the aim of finding more new business forms.

## Textbook example of vessel sales

In March we made the decision to sell the two panamax (LR1) vessels *Stena Poseidon* and *Palva*, which we owned in a 50–50 joint venture with Neste. In September 2013, Neste announced its intention to exit certain shipping commitments and indicated that they wanted to break the vessels' charter contracts, which were signed until 2017. Although the market for second-hand tonnage is rising, the price for the vessels and the charter contract settlement terms with Neste were so favourable that we decided to sell now. The positive result from the sales will be realised during the second quarter.

The sale was something of a textbook example. The ships are ordered on the basis of the customer's needs, they are placed on long-term contracts and give the Company a decent return during the charter. A vessel's value is written down over the years and when a good opportunity arises, you sell at a profit.

## Maximising the number of income days

The sale is also in line with the strategy of streamlining the Company's niche. With the exception of the suezmax tanker *Stena Supreme*, the fleet now consists exclusively of efficient



and flexible product tankers, most of which are exposed to the spot market.

We also have a newbuilding program consisting of two sophisticated, custom designed product and chemical tankers of 50,000 dwt each, representing an investment of just over SEK 500 million. These vessels will be optimally employed through our partner Stena Weco, a world leader in the transportation of vegetable oils.

Finally, it is also encouraging that technical operation and management continued to be impeccable during the quarter. This is a central part of our journey to higher utilisation and better profitability.

Kim Ullman  
CEO

# BUSINESS ACTIVITIES

Day-to-day activities proceeded according to plan during the quarter. At the end of March, 9 out of 13 vessels were employed on the open market. Drydocking is scheduled for just one vessel in 2014.

## P-MAX

Our ten P-MAX tankers (65,200 dwt) are the backbone of our modern, safe and efficient fleet. Five of the vessels have been converted to IMO3 class, which means that they can carry vegetable oils and light chemicals as well as crude oil and petroleum products. The majority (8 out of 10) of vessels are employed on the spot market.

During the quarter, we signed a new cooperation agreement with Total covering *Stena Paris*. Her extreme shallow draft will be of particular benefit on one of the French company's niche routes from Southeast Asia to Polynesia. Agreement was also reached with Total for early redelivery of *Stena Progress*.

We also signed a cooperation agreement with Shell Tankers Singapore Pte Ltd (Shell) on the employment of *Stena Penguin* and *Stena Progress* in Shell's cargo system. The cooperation offers significant potential for maximising the vessels' utilisation rate.

There is only one scheduled drydocking during the year – *Stena Progress* in the third quarter.

## Suezmax

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

for this segment was strong during the quarter. This meant that average income for *Stena Supreme* was USD 32,800 per day, compared with approx. USD 17,500 per day for the full year 2013.

## Panamax (LR1)

Agreements for the sale of the sister vessels *Stena Poseidon* and *Palva* (75,000 dwt), which were owned in a 50–50 joint venture with Neste, were signed with Transport Maritime St-Laurent Inc. in March 2014. The vessels were launched in 2007 and since then had been signed to 10-year time charters with Neste Oil. Delivery is set for April/May 2014 and the gain on the sale and settlement terms for the prematurely broken charter contract will be realised in the second quarter.

## IMO2MAX

The newbuilding program, comprising the two product and chemical tankers (50,000 dwt) that were ordered in 2012, is continuing as planned. *Stena Image* is scheduled for delivery in late 2014 and *Stena Important* in early 2015.

The vessels are part of a series being designed with Stena Bulk and Stena Weco, and they are being developed in collaboration between Stena Teknik and Guangzhou Shipyard International in China. The concept is called IMO2MAX.

The tankers will be among the most sophisticated in the market and at the forefront in terms of both energy efficiency and cargo flexibility. We plan to employ them on the spot market via our partner Stena Weco.

## Contract portfolio

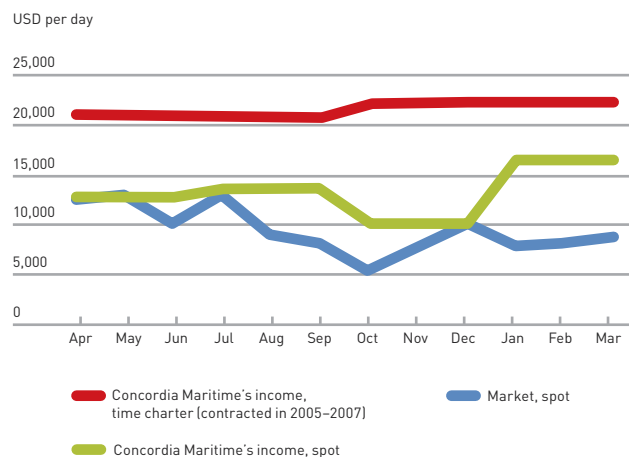


## Key ratios

	Quarter 1		Full year
	2014	2013	2013
EBITDA, SEK million	51.7	51.2	144.7
Operating result, SEK million	15.9	15.7	0.4
Result after tax, SEK million	12.2	7.6	-28.8
Available liquid funds, including unutilised credit facilities, SEK million	285.2	427.0	242.1
Result per share after tax, SEK	0.26	0.16	-0.60
EBITDA per share, SEK	1.08	1.07	3.03
Dividend per share, SEK	—	—	0.50 <sup>1)</sup>
Equity per share, SEK	27.33	28.14	27.07
Equity ratio, %	39	39	38
Growth in equity, %	1	1	-3
Return on equity, %	4	2	-2

1) Refers to the dividend paid as decided at the Annual General Meeting in May 2013

## Product tanker's average freight earnings per vessel and day



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

## EBITDA per quarter

USD millions	Q1 2014	Q4 2013	Q3 2013	Q2 2013	Q1 2013	Q4 2012	Q3 2012	Q2 2012
P-MAX, timecharter <sup>1)</sup>	2.6 <sup>4)</sup>	2.4	4.3	3.5	4.9	5.9	7.0	6.3
P-MAX, spot	3.7	-0.2	2.4	1.7	2.4	1.8	0.3	2.5
Panamax	1.1	0.9	0.8	1.4	1.3	1.1	1.0	1.0
Suezmax	2.1	0.9	0.8	0.6	0.7	0.4	0.8	—
Admin. and other	-1.5	-2.6 <sup>3)</sup>	-1.4	-1.3	-1.3	-1.2	-1.3	-1.1
<b>Total</b>	<b>8.0<sup>2)</sup></b>	<b>1.4<sup>2)</sup></b>	<b>6.9<sup>2)</sup></b>	<b>5.9<sup>2)</sup></b>	<b>8.0<sup>2)</sup></b>	<b>8.0<sup>2)</sup></b>	<b>7.8<sup>2)</sup></b>	<b>8.7<sup>2)</sup></b>

1) 0% of accumulated income is attributable to profit sharing.

2) The company reports depreciation of drydock as an operating cost. This amounts to SEK 3.4 million for Q1 2014.

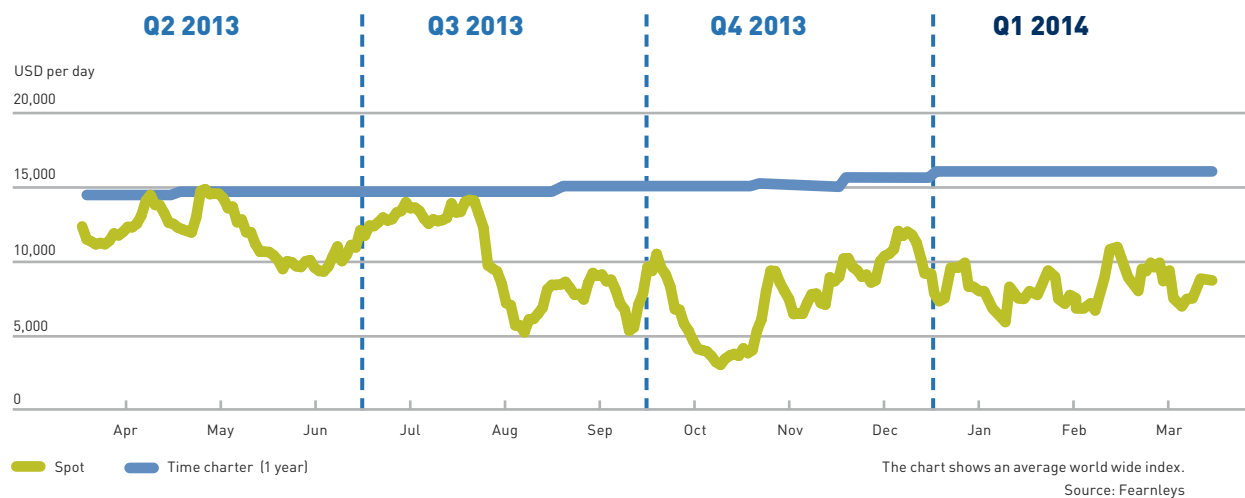
3) For Q4, 2013 includes severance payment of USD 1.1 million.

4) Includes one-time payment of USD 1.3 million for early redelivery of *Stena Progress*.



# FREIGHT MARKET DEVELOPMENT

## PRODUCT TANKERS (MR)



### Product tankers

Average freight rates in the spot market were approx. USD 8,200 per day according to an average world market index.

Transportation of heavy petroleum products was particularly in demand. One reason was the cold weather in the U.S. early on in the year, which increased the need for imports, particularly of fuel oil. Trade flows of petroleum products from the U.S. to South America continued to grow during the quarter.

Both regional trade and imports from the U.S. and the Middle East increased in Europe and the trend is expected to continue during the year. This is a clear example of the effect of reducing refining capacity in Europe, while the need for oil has begun to stabilise.

### Suezmax

In the suezmax market, freight rates rose sharply at the beginning of the quarter. Compared with the fourth quarter of 2013, which was strong at times, average spot market freight rates increased by 59 percent. Imports of crude oil continues to fall in the USA, while imports in Asia, particularly in India and China increases. The trend is that oil is transported over longer distances.

### Newbuilding prices

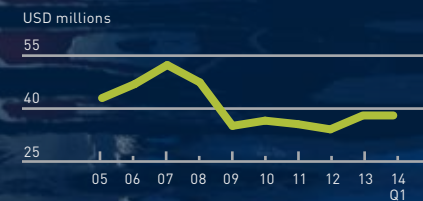
At the end of March, the cost of a product tanker of standard type was approx. USD 37 million. The price of an IMO2 class MR tanker like our ordered IMO2MAX vessels was approx. USD 40 million. This is about 15 percent higher than when we placed our order with the shipyard in 2012. The cost of a suezmax tanker of standard type was approx. USD 67 million at the end of the quarter.

## SUEZMAX<sup>1)</sup>

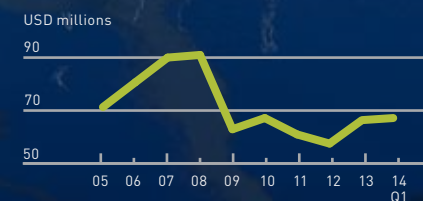


## NEWBUILDING PRICES<sup>2)</sup>

### Product tankers



### Suezmax



1) The chart shows the average value per month on a strictly round trip basis.

2) The charts show the value at the end of each period and refer to standard type tankers.

Source: Fearnleys

# FINANCIAL SUMMARY

## Equity

Equity per share was SEK 27.33 (28.14).

## Changes in translation and hedging reserves

The parent company's functional currency is SEK, although 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.

The accumulated exchange differences including the effects of forward contracts, which are recognised in equity, amounted to SEK 28.8 (33.1) million. The changes are recognised in equity through OCI.

The Company has entered into interest rate swaps totalling USD 100 million to protect itself against interest rate fluctuations. They are structured to cover approx. 30 percent of anticipated future borrowing within existing credit facilities and a large proportion of them do not expire until 2015. At the end of the first quarter, the value of these contracts was SEK -16.6 (-33.7) million, which is recognised in the Hedging reserve through OCI.

Since 2011, financial investments in NOK and GBP have been hedged by NOK/USD foreign exchange forward contracts in order to make them currency-neutral.

## Investments

Investments during the period January to March amounted to SEK 5.1 (3.8) million and relate to advance payments for two IMO2MAX tankers, with delivery of the first of these scheduled for the end of 2014.

## Impairment

The Group's assets are assessed on a six-monthly basis to determine whether there is any indication of impairment. The fleet is defined as a cash-generating unit, and an impairment loss is recognised when the carrying amount of an asset or cash generating unit exceeds its recoverable amount. The recoverable amount is the higher of fair value (external valuations) and value in use (future discounted cash flows). An impairment loss of USD 60 million was recognised for the fleet on 30 June 2012. Impairment testing of asset values at 31 December 2013 did not indicate any impairment.

## The Group's total income and earnings

SEK millions	Quarter 1		Full year
	2014	2013	2013
Total income	135.2	127.9	467.8
Operating result	15.9	15.7	0.4
Result after financial net	10.2	5.7	-39.0
Result per share after tax, SEK	0.26	0.16	-0.60

## Liquidity and financial position

SEK millions	31 March 2014	31 March 2013
Available liquid funds <sup>1)</sup>	285.2	427.0
Interest-bearing liabilities	1,970.6	1,992.8
Equity	1,304.4	1,343.1
Equity ratio, %	38.5	39.0

<sup>1)</sup> Includes unutilised available credit facilities.



## FINANCIAL SUMMARY CONTD.

### Seasonal variations

Four of our fleet of 13 vessels were chartered out on fixed contracts and nine were employed on the open market, which means that income is affected by the seasonal variations that occur in tanker shipping.

### Employees

The number of employees in the Group at 31 March 2014 was 413 (391), 407 (385) of whom were seagoing employees.

### Financial investments

The bond portfolio was sold on 31 March 2014. The sale proceeds were received after the reporting date. The bond portfolio was previously classified as an available-for-sale financial asset, meaning that it was measured at fair value with changes in value recognised in other comprehensive income and accumulated as a component of equity. Because the sale occurred during the first quarter, gains or losses are recognised in financial net. This means that the cumulative effects of the previous fair value measurement are also transferred to financial net. The total value of the bond portfolio on the sale date, 31 March 2014, was USD 12.6 (14.5) million, corresponding to SEK 82.2 (94.2) million. The bond portfolio was previously classified as short-term investment.

### Parent company

The parent company's total income for the fourth quarter amounted to SEK 0.0 (0) million. Intragroup invoicing represented SEK 0.0 (0) million of this amount. The parent company's result before tax for the first quarter amounted to SEK -8.8 (-7.9) million. The parent company's available liquid funds amounted to SEK 1,524.1 (1,695.1) million, which includes receivables from Group companies in the cash pool and unutilised credit facilities.

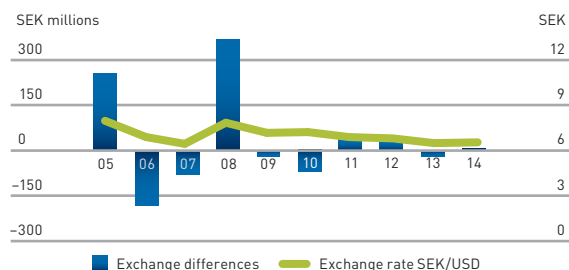
### Demand for damages

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

### Events after the end of the reporting period

In the first quarter, a process was initiated for the sale of *Stena Poseidon* and *Palva*, owned in a joint venture with Neste. Sales contracts were signed in March 2014. Investments in joint ventures are accounted for using proportionate consolidation, and a sale of such investments meant that the assets and associated liabilities were classified as held for sale in the first quarter. It was not considered relevant to write down the net realisable value. Delivery of both vessels takes place in April/May 2014.

### Exchange differences in other comprehensive income



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

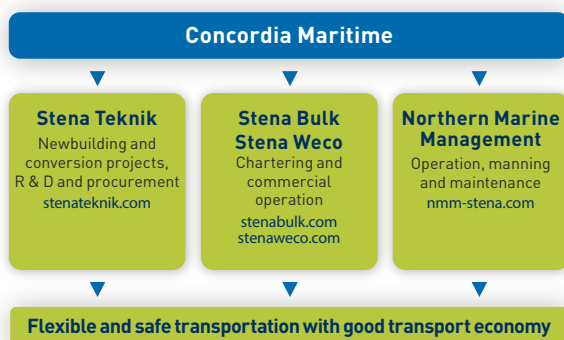




# OTHER INFORMATION

## Related party transactions

Concordia Maritime has a small internal organisation, and purchases services from related-party companies in the Stena Sphere, which include Stena Bulk. The latter company conducts tanker business which competes with



Concordia Maritime in some respects. Accordingly, there is an agreement, entered into many years ago, which regulates the relationship between the two companies with respect to new business. Under the terms of this agreement, Concordia Maritime has the right to opt for 0, 50 or 100 percent participation in each new transaction.

## Stena Weco

At the beginning of April 2011, Stena Bulk started a 50–50 joint venture together with the Danish company Weco, resulting in a newly established company, Stena Weco. Stena Weco specialises mainly in the transportation of vegetable oils.

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

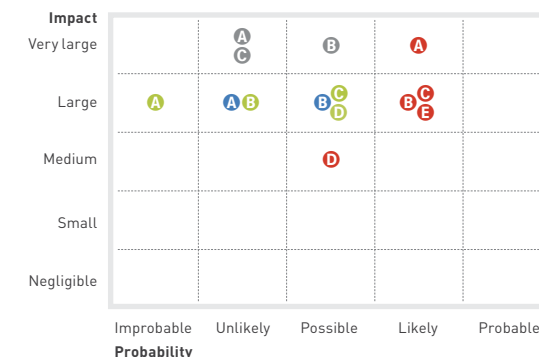
## Concordia Maritime purchases services on a regular basis from the Stena Sphere in the following areas

- **Vessel charter.** Payment is based on a commission of 1.25 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.
- **Purchases of bunker oil.** Payment is based on a fixed commission per ton purchased.
- **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 newbuild projects, an hourly rate is applied on a cost-plus basis, which is then charged to the project.
- **Office rent and office services.** A fixed annual price is charged.

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

## Risks and uncertainties

	Type of risk
<b>1. Corporate risks</b>	A Brand
	B Employees
	C Liquidity
	D Financing risk
<b>2. Market-related risks</b>	A Economic trend
	B Freight rates
	C Oil price
	D Political risk
	E War and instability
<b>3. Operational risks</b>	A Insurance issues
	B Environment
	C Ship operation
<b>4. Credit risks</b>	A Counterparty risks – customer
	B Counterparty risks – shipyards and partners



Further information can be found in the 2013 annual report.



## GROUP

# INCOME STATEMENT, OTHER COMPREHENSIVE INCOME AND PER-SHARE DATA

SEK millions	Quarter 1 2014	Quarter 1 2013	Full year 2013
<b>CONSOLIDATED INCOME STATEMENT</b>			
Average exchange rate SEK/USD	6.46	6.43	6.51
Time charter income	42.7	75.6	226.2
Spot charter income	92.5	52.3	241.4
Other external income	0.0	0.0	0.2
<b>Total income</b>	<b>135.2</b>	<b>127.9</b>	<b>467.8</b>
Operating costs, ships	-36.3	-33.2	-132.1
Personnel costs, seagoing	-32.4	-32.9	-130.8
Other external costs	-9.5	-6.7	-38.4
Personnel costs, land-based	-5.3	-3.9	-21.8
Depreciation	-35.8	-35.5	-144.3
<b>Total operating costs</b>	<b>-119.3</b>	<b>-112.2</b>	<b>-467.4</b>
<b>Operating result</b>	<b>15.9</b>	<b>15.7</b>	<b>0.4</b>
Interest and similar income	5.2	2.3	8.3
Interest and similar expense	-10.9	-12.3	-47.7
<b>Financial net</b>	<b>-5.7</b>	<b>-10.0</b>	<b>-39.4</b>
<b>Result before tax</b>	<b>10.2</b>	<b>5.7</b>	<b>-39.0</b>
Tax	2.0	1.9	10.2
<b>Net result after tax</b>	<b>12.2</b>	<b>7.6</b>	<b>-28.8</b>
<b>Other comprehensive income</b>			
Items that have been/can be transferred to result for the period			
Translation differences	-0.7	3.4	-1.3
Equity hedging	0.0	-0.7	0.0
Available-for-sale financial assets	-3.2	-1.3	-1.5
Cash flow hedges, currency-related	0.0	5.2	-1.7
Cash flow hedges, interest-related	3.7	-1.7	19.1
Tax attributable to items that have been, or can be, transferred to result for the period	0.1	-0.2	-0.4
<b>Comprehensive income for the period</b>	<b>12.1</b>	<b>12.3</b>	<b>-14.6</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	0.26	0.16	-0.60
Equity per share, SEK	27.33	28.14	27.07

## GROUP

# CONDENSED BALANCE SHEET

SEK millions	31 March 2014	31 March 2013	31 Dec 2013
Closing exchange rate SEK/USD	6.51	6.52	6.51
<b>Assets</b>			
Ships and equipment	2,708.6	3,028.2	2,915.6
Ships under construction	102.0	50.5	100.5
Financial assets	9.4	0.0	9.4
<b>Total non-current assets</b>	<b>2,820.0</b>	<b>3,078.7</b>	<b>3,025.5</b>
Current receivables	355.2	169.7	193.3
Short-term investments	82.2	94.2	81.7
Cash and bank balances	129.6	110.0	106.0
<b>Total current assets</b>	<b>567.0</b>	<b>373.9</b>	<b>381.0</b>
<b>Total assets</b>	<b>3,387.0</b>	<b>3,452.6</b>	<b>3,406.5</b>
<b>Equity and liabilities</b>			
Equity	1,304.4	1,343.1	1,292.3
Non-current liabilities	1,705.6	1,958.0	1,862.7
Current liabilities	377.0	151.5	251.5
<b>Total equity and liabilities</b>	<b>3,387.0</b>	<b>3,452.6</b>	<b>3,406.5</b>

## CHANGES IN EQUITY

SEK millions	Share capital	Other paid-in capital	Translation reserve	Hedging reserve	Fair value reserve	Retained earnings	Total
<b>Changes Jan–March 2014</b>							
Opening balance 01-01-2014	381.8	61.9	29.4	-20.3	3.2	836.3	1,292.3
Comprehensive income for the period			-0.6	3.7	-3.2	12.2	12.1
Dividends							0.0
<b>Closing balance 31-03-2014</b>	<b>381.8</b>	<b>61.9</b>	<b>28.8</b>	<b>-16.6</b>	<b>0.0</b>	<b>848.5</b>	<b>1,304.4</b>
<b>Changes Jan–March 2013</b>							
Opening balance 01-01-2013	381.8	61.9	30.6	-37.2	4.7	889.0	1,330.8
Comprehensive income for the period			2.5	3.5	-1.3	7.6	12.3
Dividends							
<b>Closing balance 31-03-2013</b>	<b>381.8</b>	<b>61.9</b>	<b>33.1</b>	<b>-33.7</b>	<b>3.4</b>	<b>896.6</b>	<b>1,343.1</b>



## GROUP

# CONDENSED CASH FLOW STATEMENT

SEK millions	Quarter 1 2014	Quarter 1 2013	Full year 2013
<b>Operating activities</b>			
Result before tax	10.2	5.7	-39.0
Adjustments:			
Depreciation	39.2	39.8	160.4
Result, sale of securities	-3.8	-0.7	-1.8
Other items	-3.5	-4.9	4.5
<b>Cash flow from operating activities before changes in working capital</b>	<b>42.1</b>	<b>39.9</b>	<b>124.1</b>
Changes in working capital	8.9	-68.0	-87.7
<b>Cash flow from operating activities</b>	<b>51.0</b>	<b>-28.1</b>	<b>36.4</b>
<b>Investing activities</b>			
Investment in non-current assets	-5.1	-3.8	-64.7
Investment in financial assets	0.0	-33.9	-34.3
Sale of financial assets	0.6	34.8	46.4
<b>Cash flow from investing activities</b>	<b>-4.5</b>	<b>-2.9</b>	<b>-52.6</b>
<b>Financing activities</b>			
New loans	12.9	0.0	156.2
Amortisation of loans	-35.8	-3.2	-154.5
Dividend to shareholders	0.0	0.0	-23.9
<b>Cash flow from financing activities</b>	<b>-22.9</b>	<b>-3.2</b>	<b>-22.2</b>
Cash flow for the period	23.6	-34.2	-38.4
Balance at beginning of period (Note 1)	106.0	144.4	144.4
Exchange differences (Note 2)	0.0	-0.2	0.0
<b>Balance at end of period (Note 1)</b>	<b>129.6</b>	<b>110.0</b>	<b>106.0</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	0.0	-0.1	0.1
Cash flow for the period	0.0	-0.1	-0.1
	<b>0.0</b>	<b>-0.2</b>	<b>0.0</b>



# QUARTERLY OVERVIEW

SEK millions	Quarter 1 2014	Quarter 4 2013	Quarter 3 2013	Quarter 2 2013	Quarter 1 2013	Quarter 4 2012	Quarter 3 2012	Quarter 2 2012
<b>Profit/loss items</b>								
Total income	135.2	95.7	125.4	118.8	127.9	126.3	135.8	144.0
Operating costs excluding impairment	-119.3	-122.7	-116.2	-116.3	-112.2	-110.7	-120.6	-121.9
Operating result (EBIT)	15.9	-27.0	9.2	2.5	15.7	15.6	15.2	-388.9
of which profit/loss on ship sales								
Financial net	-5.7	-8.0	-10.3	-11.1	-10.0	-11.0	-11.1	-6.7
Result after financial items	10.2	-35.0	-1.1	-8.6	5.7	4.6	4.1	-395.6
Net result after tax	12.2	-30.8	0.6	-6.2	7.6	9.7	7.4	-393.7
Cash flow from operating activities	42.1	13.2	28.3	42.7	39.9	33.6	44.6	55.1
EBITDA	51.7	9.2	45.5	38.8	51.2	52.9	52.7	60.6
<b>Balance-sheet items</b>								
Ships (number)	2,708.6 (12)	2,915.6 (12)	2,905.4 (12)	3,089.6 (12)	3,028.2 (12)	3,064.5 (12)	3,105.1 (12)	3,287.5 (12)
Ships under construction (number)	102.0 (2)	100.5 (2)	75.1 (2)	53.5 (2)	50.5 (2)	48.0 (2)	46.6 (2)	0
Liquid funds incl. investments	211.8	187.7	215.0	256.3	204.2	241.5	230.0	280.7
Other assets	364.6	202.7	185.6	176.0	169.7	126.7	102.3	113.1
Interest-bearing liabilities	1,970.6	1,994.0	1,959.9	2,080.8	1,992.8	1,993.3	2,000.8	2,130.0
Other liabilities and provisions	112.0	120.2	120.9	133.2	116.7	156.6	165.0	182.4
Equity	1,304.4	1,292.3	1,300.3	1,361.4	1,343.1	1,330.8	1,318.2	1,368.9
Total assets	3,387.0	3,406.5	3,381.1	3,575.4	3,452.6	3,480.7	3,484.0	3,681.3
<b>Key ratios, %</b>								
Equity ratio	39	38	38	38	39	38	38	37
Return on total capital	2	-3	1	0	2	2	2	-10
Return on capital employed	2	-3	1	0	2	2	2	-9
Return on equity	4	-9	1	0	2	3	2	-24
Operating margin	12	-28	7	2	12	12	11	-270
<b>Share data</b>								
Total income	2.83	2.00	2.63	2.49	2.68	2.65	2.85	3.02
Operating costs excluding impairment	-2.50	-2.57	-2.43	-2.44	-2.35	-2.32	-2.53	-2.55
Operating result before impairment	0.33	-0.57	0.19	0.05	0.33	0.33	0.32	0.46
Financial net	-0.12	-0.17	-0.22	-0.23	-0.21	-0.23	-0.23	-0.14
Net result after tax	0.26	-0.64	0.01	-0.13	0.16	0.20	0.15	-8.25
Cash flow	0.88	0.28	0.59	0.89	0.84	0.70	0.93	1.15
EBITDA	1.08	0.19	0.95	0.81	1.07	1.11	1.10	1.27
Equity	27.33	27.07	27.24	28.52	28.14	27.88	27.62	28.68

Please note that there has been no dilution effect since 2002.

Definitions: see page 16

## PARENT COMPANY

# CONDENSED INCOME STATEMENT AND BALANCE SHEET

SEK millions	Quarter 1 2014	Quarter 1 2013
Net sales	0.0	0.0
Other external costs	-3.9	-2.9
Personnel expenses	-4.3	-3.0
<b>Operating result</b>	<b>-8.2</b>	<b>-5.9</b>
Result from subsidiaries		
Other interest and similar income	3.6	4.6
Interest and similar expense	-4.2	-6.6
<b>Result before tax</b>	<b>-8.8</b>	<b>-7.9</b>
Tax	1.9	1.8
<b>Result for the period</b>	<b>-6.9</b>	<b>-6.1</b>

SEK millions	31 March 2014	31 March 2013
<b>Assets</b>		
Ships and equipment	0.1	0.0
Financial assets	34.3	27.7
Investments in Group companies	745.8	745.8
<b>Total non-current assets</b>	<b>780.2</b>	<b>773.5</b>
Current receivables	4.8	6.0
Receivables from Group companies	1,331.9	1,354.1
Cash and bank balances	36.9	24.0
<b>Total current assets</b>	<b>1,373.6</b>	<b>1,384.1</b>
<b>Total assets</b>	<b>2,153.8</b>	<b>2,157.6</b>
<b>Equity and liabilities</b>		
Equity	596.9	545.0
Non-current liabilities	1,472.8	1,577.8
Current liabilities	84.1	34.8
<b>Total equity and liabilities</b>	<b>2,153.8</b>	<b>2,157.6</b>
Pledged assets	65.1	66.2
Contingent liabilities <sup>1)</sup>	281.2	302.1

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

Concordia Maritime Group applies International Financial Reporting Standards (IFRS) as adopted by the EU. The Group applies the same accounting policies and calculation methods in the quarterly reports as in the annual report for 2013, in addition to those described in this report.

The Group's interim report has been prepared in accordance with IAS 34. The report for the Parent Company has been prepared in accordance with the Swedish Annual Accounts Act and RFR recommendations. This report gives a true and fair view of the operations, financial position and performance of the Parent Company and Group, and describes significant risks and uncertainties to which the Group is exposed. This report has not been reviewed by the Company's auditors.

Gothenburg, 29 April 2014

Kim Ullman  
CEO

## 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 and computation methods have been applied as in the most recent annual report.

### Non-current assets held for sale

A non-current asset or disposal group classified as held for sale means that its carrying amount will be recovered principally through sale rather than through continuing

use. An asset is classified as held for sale if it is available for immediate sale in its present state and based on conditions that are normal, and the sale is highly probable. These assets or disposal groups are reported on a separate line as a current asset or a current liability in the balance sheet.

Immediately before classification as held for sale, the carrying amount of the asset and all assets and liabilities in a disposal group will be measured in accordance with applicable standards. On initial classification as held for sale, non-current assets are measured at the lower of their carrying amount and fair value less costs to sell. Losses resulting from a decline in value on initial classification as held for sale are recognised in profit or loss. Subsequent changes in value, both gains and losses, are recognised in profit or loss.

## DEFINITIONS

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

**Return on total capital** Result after net financial items plus financial expenses as a percentage of average total assets.

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

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

**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.

## INFORMATION AND CONTACT

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 29 April 2014, at approx. 2.30 p.m.

### Reports and information

Q2 Interim Report  
Q3 Interim Report

14 August 2014  
12 November 2014

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