CONCORDIA MARITIME

DELIVERY
OF TWO IMOIIMAX VESSELS

ANNUAL REPORT 2015

BEST YEAR
SINCE 2001

INCREASED SHARE OF
NICHE TRADES

CONTENTS

2015 IN BRIEF

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

Key ratios

	2014	2015
Total income, SEK million	531.2	810.0
EBITDA, SEK million	214.7	423.8
Operating result, SEK million	56.4	209.6
Result after financial net, SEK million	16.5	174.3
Net result, SEK million	8.7	173.9
Investments, SEK million	87.9	459.3
Equity ratio, %	42	43
Equity per share, SEK	32.99	39.15
Dividend as percent of profit, %	n/a	14
Result per share, SEK	0.18	3.64
Dividend per share, SEK	0.00	0.5*
Share price on closing date, SEK	12.90	19.5

* Proposed dividend

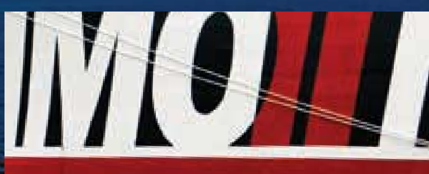
Strong market

The time charter equivalent income per day for the MR and Suezmax segments was about 50 percent higher than in the previous year.

+50%

BEST YEAR SINCE 2001

The combination of a strong market, increased earning capacity and a successful chartering strategy contributed to making 2015 the best year for Concordia Maritime since 2001, excluding years with ship sales.



Delivery of two IMOIIMAX vessels

The two new IMOIIMAX tankers *Stena Image* and *Stena Important* were delivered during the year.

Increased share of niche trades

The proportion of fleet vessels employed in niche trades continued to increase during the year, including to and from New Zealand.

Renewed contract for P-MAX tankers

The contract with one of the world's largest oil and gas companies was renewed during the year. The contract has been extended by twelve months for two vessels and now also includes an additional vessel for six months.

Another year with no serious accidents or incidents

Safe vessels, competent crews and well-developed procedures are the backbone of the Company's preventive work.

Almost everything right in 2015

In terms of earnings, 2015 was Concordia Maritime's best year since 2001, excluding years with ship sales. Overall, we reported a profit before tax of SEK 174.3 (16.5) million for the year. EBITDA was SEK 423.8 (214.7) million, corresponding to USD 50.3 (31.3) million. The main drivers behind the development included a strong market, a successful fleet and chartering strategy and a well-functioning operation.

2015 WAS A STRONG YEAR FOR CONCORDIA MARITIME. TCE income per day for the MR and Suezmax segments was about 50 percent higher than in the previous year. The main drivers included strong underlying demand for oil and oil products, driven in turn by low oil prices. This also resulted in overproduction and stockpiling. In addition, we are now clearly seeing the consequences of the extensive changes taking place in the refining and consumption of oil and oil products. Where the epicentre was previously North America and Europe, the focus is now moving rapidly eastwards toward Asia.

The changes are fundamental – volumes are increasing, transport distances are getting longer, while the need for flexibility and the ability to quickly adapt has never been greater. It is undoubtedly a new dynamic that we see emerging. And this is a dynamic that is positive for the product tanker market in general and for innovative players in particular.

A fleet in development

To achieve an average annual fleet growth of 10 percent over a business cycle is one of our objectives. This reflects an aim to expand the fleet and business over time. We have a clear main focus on the product tanker segment, but this does not rule out a presence in other segments. Developments during the year are fully in line with these objectives and focuses.

In common with many other shipping companies, the purchase and sale of vessels is an important part of our business model. We have historically been successful at getting the timing right. During the year we took delivery of the two IMOIIMAX vessels *Stena Image* and *Stena Important*. The vessels were ordered in 2012 in a favourable market situation. They represent the next step in the development of our fleet and are an important part of an ongoing process of renewal. With their high cargo flexibility and good energy efficiency they possess precisely the qualities that today's customers demand.

In addition to the IMOIIMAX vessels that were delivered during the year, we also participated in the chartering of a further two vessels – an IMO2/3 class MR tanker (ECO design) and a suezmax tanker. The contract durations vary, but the purpose of the arrangements are always the same, namely to increase earning capacity when we believe that the market situation is right. This is a type of arrangement we may be seeing more of in coming years. Purchases and sales are also not out of the equation.

Successful chartering strategy

In recent years, we have chosen to have almost all of the ships in the fleet employed in the spot market. Given the strong market during the year, this has proved to be the right decision. To optimise the utilisation of each vessel, we have chosen to employ our owned and chartered vessels in systems or pools together with Stena Bulk and Stena Weco.

The trend in the spot market has now also resulted in a stronger time charter market. In view of this, we decided to charter out a P-MAX tanker for two years at the end of the year, followed by another two vessels for one and three years in the beginning of 2016. The charter deals enable us to ensure a good level of income for the vessels, while increasingly balancing the exposure to the spot market.

We endeavour to employ P-MAX tankers on trades where their specific capabilities are of benefit. This has been a successful strategy and has contributed to the growth in earnings during the year. The new IMOIIMAX tankers have also been very well received in the market and meet the stringent commercial requirements for which they were developed.

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 Teknik, Stena Bulk, Stena Weco and Northern Marine Management brings us access to leading and worldwide competence in all stages of the value chain: research and 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.

Continuing investment in sustainability

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

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 a more sustainable development. This is part of our DNA and something we will continue to do. The aim for the future is to become even clearer in the accounting and reporting of our initiatives and goals in the area of sustainability. On pages 22–30, we present an overall description of what we do and show information about the developments in this area during the year.

In the area of safety, we are pleased to say that 2015 was another year in which we were spared from any serious incidents and accidents. 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.

In the area of the environment, we continued to achieve major improvements in carbon dioxide emissions. Since we started our more structured work on increasing fuel efficiency a few years ago, we have reduced emissions by about 20 percent. Significant improvements in sulphur dioxide emissions were also achieved during the year.

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 personnel. 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.

Future prospects

Our fundamental view of the product tanker market for the year remains positive. We expect the price of oil to remain low and continuing changes in the global refinery infrastructure to result in stable demand for transportation of oil and refined oil products. Challenges include a high stock level situation and the relatively large number of vessel deliveries that are expected during the year. Among our own challenges is a possible conciliation procedure regarding the dispute that arose from the grounding of *Stena Primorsk* in the Hudson River in December 2012. Discussions will continue in 2016, and more information can be found on page 16 of this annual report.

Tanker shipping is very much about the ability to navigate in a changing world and a volatile, oil-based market. It is also about seeing opportunities, dealing with challenges and fending off the worst obstacles. It is with great confidence that we look forward to doing this successfully again in 2016.

Gothenburg, March 2016
Kim Ullman, CEO


25%
LOWER FUEL CONSUMPTION
THAN PREVIOUS
GENERATION OF MR
ADVANCED
SYSTEMS FOR LOADING,
DISCHARGING AND CLEANING
Stena Weco
IMO MAX
STENA IMAGE
18 SEPARATE
3,000 M³ CARGO TANKS
BRAND NEW
HULL DESIGN

A fleet in renewal

The two IMOIIMAX tankers *Stena Image* and *Stena Important* were delivered during the year. The vessels are an important part of Concordia Maritime's investment in the future and continuous development of the fleet. The tankers in the IMOIIMAX series are among the most sophisticated in the market and at the forefront in 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 25 percent compared with the previous generation of MR tankers.

MAXIMUM FLEXIBILITY

The IMOIIMAX vessels set a new standard in terms of both cargo efficiency and bunker consumption. With 18 separate 3,000 m^3 cargo tanks, the vessels are adapted for both IMO2 cargo (such as chemicals and vegetable oils) and oil and petroleum products. In combination with advanced systems for loading, discharging and tank cleaning, the IMOIIMAX vessels offer cargo logistics flexibility few other vessels can match.

VISION & GOALS

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

Business concept

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

Business model

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

DAILY OPERATION

Income from daily operation is mainly derived from compensation for contracting either through the spot market or time charters. Freight rate levels for spot charters are completely variable and based on supply and demand at any given time. With time charters, on the other hand, income consists of a pre-agreed time charter rate that applies throughout the negotiated charter period. The rate is determined by the market situation at the contract's inception and the contract length. The principal costs for a shipping company are voyage costs (mainly fuel and port dues), daily costs (mainly crew, insurance and maintenance) and capital costs.

PURCHASES AND SALES OF VESSELS

Tanker shipping is capital intensive in nature, with high values attached to the vessels themselves. The prices of both new and second-hand tonnage 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%* average annual fleet growth over a business cycle
OUTCOME 2015	10%	43%	18% return on equity 22% incl. chartered vessels
EXPLANATION	Strong market combined with successful fleet deployment contributed to strong profitability for the full year.	The outcome for the year reflects Concordia Maritime's stable financial position.	The two IMOIIMAX vessels *Stena Image* and *Stena Important* were delivered during the year. A further three vessels were also chartered during parts of the year. Concordia Maritime's share was 50 percent.

*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.

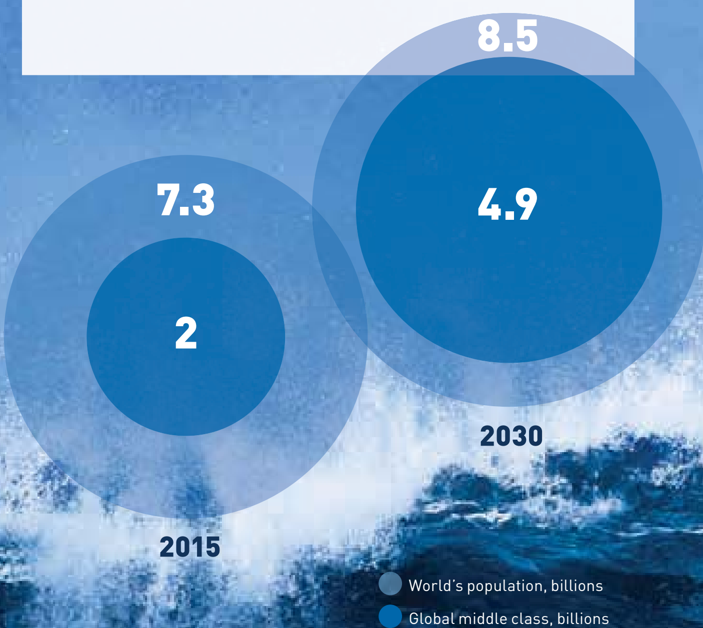
Market changes that create opportunities

GROWING POPULATION MEANS INCREASED ENERGY NEED

According to estimates made by organisations such as the UN, the world's population will rise from today's figure of 7 billion to approx. 9.7 billion by 2050, an increase of over 30 percent. At the same time, more widespread prosperity is bringing stronger growth in the global middle class, and in its wake come investments in infrastructure and increased consumption. As a direct result, demand for energy is expected to increase. The US Department of Energy estimates that total world energy consumption will have increased by about 40 percent in 2040. Consumption of oil is expected to continue to increase and account for about 25 percent of the total energy mix in the same year. At present, about half of all oil is transported by sea, so an increase in oil consumption would be expected to contribute to increased demand for tanker transportation.

LONGER TRANSPORT DISTANCES

The fact that global refinery capacity is now declining or stagnating west of Suez while increasing east of Suez is having a significant effect on the entire tanker market. The capacity being built up is largely in the Middle East and Asia, particularly India and China. Refineries are being built there primarily to meet increasing domestic demand, although in India, for example, capacity is also being built for the purpose of exporting. In other parts of the world, demand for oil products is either the same or growing, while the planned expansion of refinery capacity in many places is not commensurate with the demand. This means that increasingly large volumes will need to be transported longer distances to reach the end consumers, particularly in North America and Europe – but also to meet the need in other regions, such as Africa and South America, where demand for oil products is growing faster than the increase in domestic refinery capacity.



INCREASED DEMAND FOR VEGETABLE OILS

Demand for vegetable oils has increased sharply in recent years and the trend is expected to continue. The OECD-FAO estimates that global trade in vegetable oils will increase by 35 percent between 2010 and 2020. The main drivers include increased use in the food, petrochemical and cosmetics industries. An increasing quantity is also used in the production of different types of biofuels.

+35%

+

INCREASING FOCUS ON SUSTAINABILITY

Awareness of climate change and its impact on people and the environment has increased significantly in recent years. Tanker shipping is greatly affected by changes in legislation and higher demands from customers, partners and the external environment at large. Although the relative impact of shipping is more limited and significant improvements have been made in recent years, there is still great potential for improvement. Continued technological development combined with increasingly sophisticated resource optimisation will play a crucial role here.

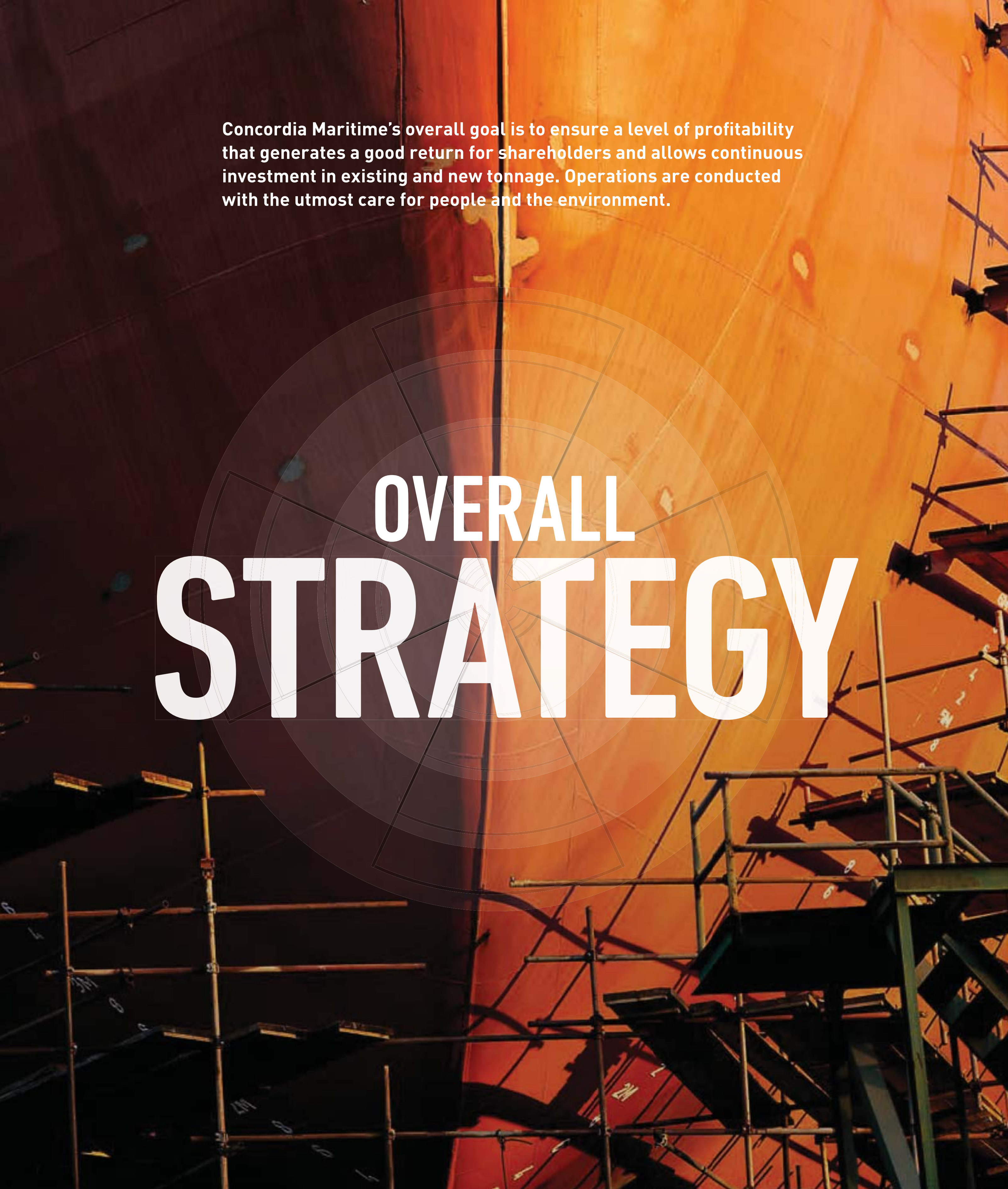
approx. 30%

LOWER EMISSIONS OF NITROGEN OXIDES AS A RESULT OF TIER 1 AND TIER 2

=

CONSEQUENCES FOR TANKER SHIPPING:

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



Concordia Maritime's overall goal is to ensure a level of profitability that generates a good return for shareholders and allows continuous investment in existing and new tonnage. Operations are conducted with the utmost care for people and the environment.

OVERALL STRATEGY

1 Preferred partner

In the years ahead, Concordia Maritime will consolidate and further strengthen its position as partner of choice in 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 in the area of efficient and safe transportation – whether this applies to one voyage or the development of a brand new vessel concept. Responsiveness, a strong culture of service, competitive pricing, unique technical know-how and a worldwide network form the foundation of the work in this area.

2 Diversified fleet strategy

Concordia Maritime's fleet and employment strategy is aimed at optimising earning capacity, balancing risks and opportunities and enabling good growth in invested capital when 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.

The shape of the fleet

When and if the market situation is considered favourable, Concordia Maritime will invest in new tonnage. In addition to the owned tonnage, other vessels may also be contracted in. The main strategy is that all additional tonnage will be employed in existing systems and pools. One of the overall goals is to generate a return that allows average annual fleet growth of at least 10 percent over a business cycle. However, investment in new tonnage is not a goal in itself, but subordinate to the possibility of good timing.

P-MAX

The goal for the P-MAX fleet is to concentrate employment on trades and chartering systems where the unique properties of the P-MAX tankers are most beneficial, and where there is potential to achieve premium rates. The proportion of long-term and short-term contracts may be adjusted according to the market's actual and expected development.

IMOIIMAX

The two IMOIIMAX tankers *Stena Image* and *Stena Important* represent important building blocks in the construction of Concordia Maritime's future fleet. The vessels are employed in the spot market and under a contract of affreightment within the framework of Stena Weco's system.

Suezmax

The presence in the suezmax segment should be seen as a complement to the product tanker fleet. At the beginning of 2016, the presence in the segment consisted of one wholly-owned and one chartered vessel (50%) – both employed in the spot market within the framework of the Stena Sonangol Suezmax Pool.

3 Leader in safety and quality

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

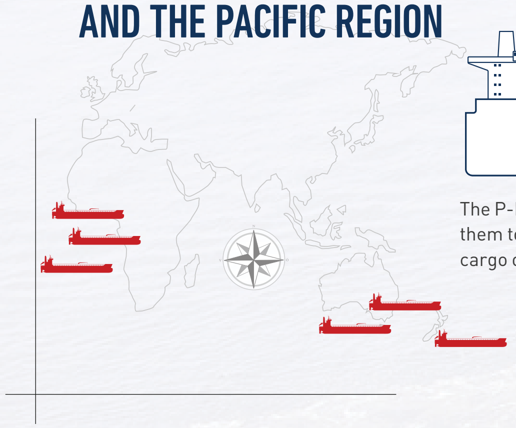
4 Cost efficiency and flexibility

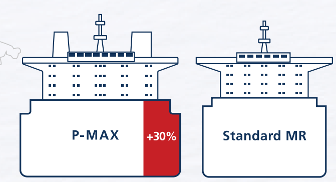
Collaboration with the majority of other companies in the Stena Sphere will continue and be further developed. This collaboration ensures world-leading and unique expertise in all areas of shipping – from shipbuilding and manning to technical operation, chartering and commercial operation. In addition, this model allows a cost-effective and flexible organisation.

Increased share of niche trades

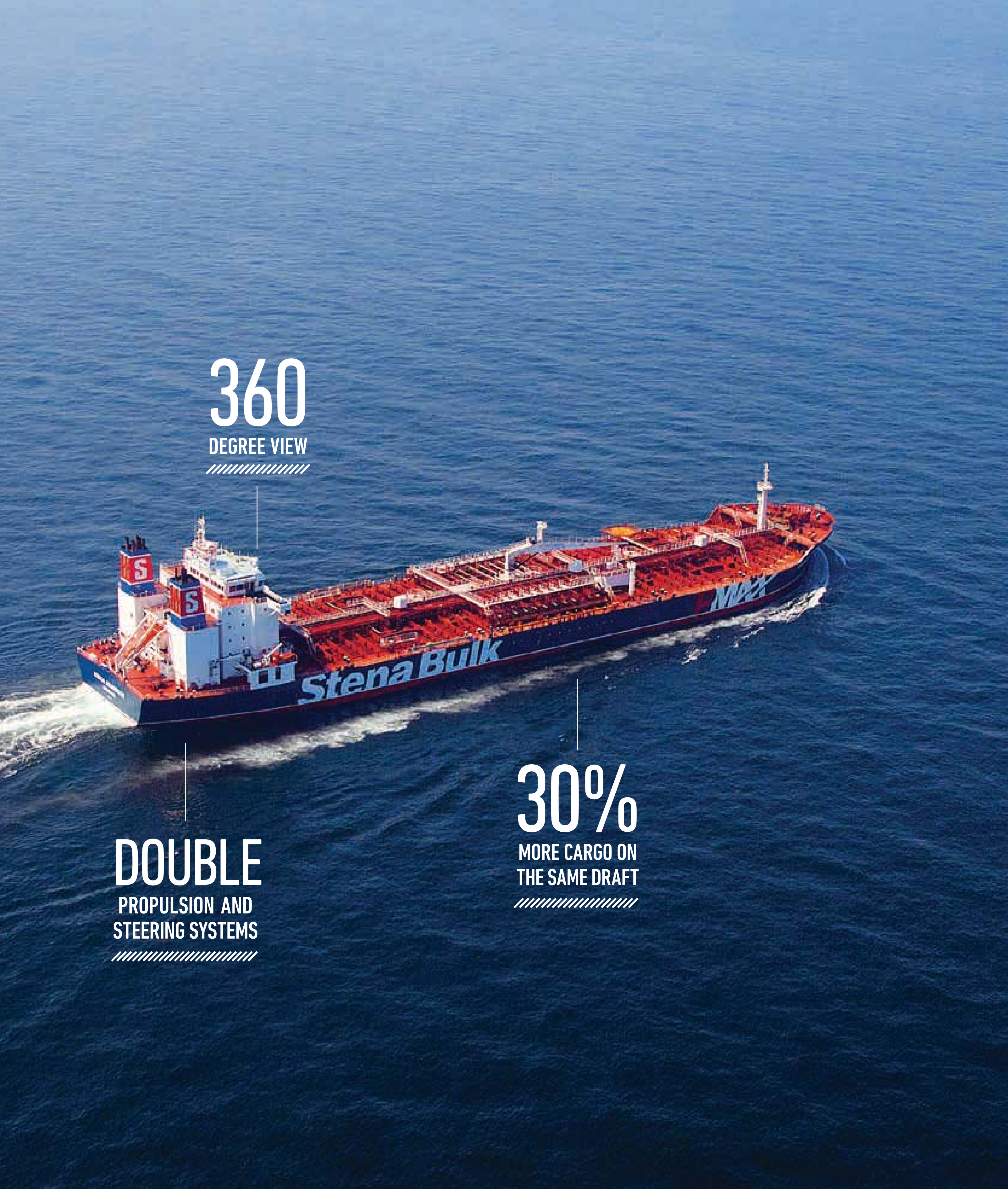
In the product tanker segment, there was a strong focus during the year on analysing the market and then concentrating employment on trades and cargo systems where the P-MAX tankers' unique properties are most beneficial – trades with specific requirements and conditions. This has been successful and it is very encouraging to note that we had largely all the vessels in the P-MAX fleet employed in these types of niche trades during the year. Three of the six vessels carrying lighter oil products were employed between Australia and New Zealand, and three between Europe and West Africa. In both cases, the utilisation rate in terms of the vessels' load capacity was high, at between 90 and 100 percent. In a market where small differences in the utilisation rate make a big difference in income, this is a positive factor.

INCREASED CARGOES TO WEST AFRICA AND THE PACIFIC REGION





The P-MAX tankers' hull design enables them to carry about 30 percent more cargo on the same draft.


360
DEGREE VIEW
DOUBLE
PROPULSION AND
STEERING SYSTEMS
30%
MORE CARGO ON
THE SAME DRAFT
Stena Bulk

The markets for the transportation of oil products and crude oil continued to be strong in 2015. Among the primary drivers was the low price of oil, which in turn brought a general rise in demand for oil. Other contributory factors were longer transport distances due to the expansion of refinery capacity in India and the Middle East and overproduction of crude oil.

MARKET
AND FLEET 2015

From Photo competition 2015.
Safety exercise on *Stena Paris*.
Photographer: Artem Kochin

THE MARKET WAS STRONG in all Concordia Maritime's market segments during the year. Full-year income in the MR and Suezmax segments was about 50 percent higher than in the previous year.

Quarter by quarter

The year started with a strong first quarter. Demand for transportation remained generally high, and in some cases freight rates were at their highest levels since 2008. In the product tanker segment, the effects of the changes that have taken place (and still are taking place) in the refinery area were now seriously felt, with a shift from Europe to the Middle East and Asia, resulting in longer transport distances.

During the second quarter, the seasonal decline that normally affects the tanker market during the period did not materialise. Instead, the market continued to be strong. Among the main drivers was the low price of oil, which continued to drive demand for oil and oil products.

The strong tanker market continued into the early part of the third quarter, but fell back slightly in August and September.

The last quarter was strong, with generally rising rates. Heavy oil products showed the strongest growth, with a 30 percent increase in rates compared with the same quarter the previous year.

Income for Concordia Maritime's vessels

For Concordia Maritime, 2015 was largely concerned with the continuing process of positioning and deploying the fleet in line with the employment strategy and current market conditions.

The two wholly-owned IMOIIMAX vessels *Stena Image* and *Stena Important* joined the fleet during the year. In addition, the fleet was supplemented with chartered vessels – an MR (ECO) tanker and a suezmax tanker. The additions to the fleet brought increased earning capacity and an increased presence in the segments.

The overall goal has been – and still is – to maximise vessel utilisation, thereby increasing profitability. During the year, employment of P-MAX vessels continued to be concentrated on trades and cargo systems where their unique properties are most beneficial.

Looking at the full year, the average income for the product tanker fleet (P-MAX and IMOIIMAX, spot and TC) was USD 20,100 (13,700) per day. For vessels employed on the spot market, average income for the year was USD 21,100 (13,400) for light products and USD 21,100 (14,100) for heavy products. In the suezmax segment, average income for the year was USD 39,500 (25,600) per day.

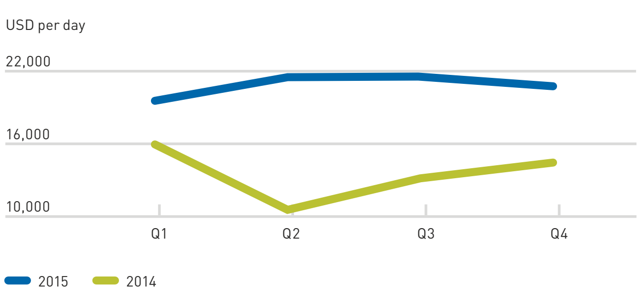
Product tankers

P-MAX

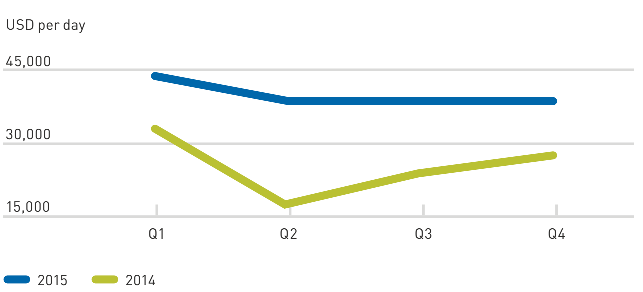
Eight of the vessels in the P-MAX fleet were employed in the spot market under agreements with Stena Bulk and Stena Weco during the year. The other two, *Stena Perros* and *Stena President*, were employed on time charters with Stena Bulk. The contracts ran until the end of January 2016.

Several vessels sailed on special routes for customers with special requirements, in accordance with the employment strategy. Three of the six vessels carrying lighter oil products were employed between

Product tanker fleet's average income (spot)



Suezmax fleet's average income (spot)



Australia and New Zealand, and three between Europe and West Africa. In both cases, the utilisation rate in terms of the vessels' load capacity was high, at between 90 and 100 percent. P-MAX tankers, with their extremely shallow draft design, are well suited for these routes as several ports are relatively shallow, making it difficult for larger ships to enter.

IMOIIMAX

The two IMOIIMAX vessels *Stena Image* and *Stena Important* were delivered 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. Since delivery, the two vessels have been very well received by the market and have operated according to plan and contributed to the increased income. The vessels are employed in Stena Weco's pool.

Charter of an MR (ECO) vessel

During the year, a contract was signed for the charter of an IMO2/3 class MR tanker. This is a joint charter with Stena Weco, and Concordia Maritime's share is 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. The vessel was built in 2014 and is an eco-design tanker, which means about 25 percent lower fuel consumption than the previous generation of MR tankers.

Crude oil

Suezmax

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

Chartering of two suezmax vessels

The presence in the crude oil segment was strengthened by the chartering of two 158,000 dwt suezmax tankers during the year. These two vessels have also been employed in the Stena Sonangol suezmax pool. Concordia Maritime's share in the charters is 50 percent.

Drydocking and repairs

Three scheduled five-year drydock inspections were carried out during the year – *Stena Polaris, Stena Penguin* and *Stena Paris*. The inspections were conducted according to plan and budget.

In addition, maintenance was carried out on *Stena Performance's* tanks, and hull damage to *Stena Image* was repaired. The total work resulted in 62 days' offhire.

Valuation of the fleet

At the end of the year, the average valuation of the owned vessels in the fleet was USD 444.7 million. The value is based on average values from three independent ship brokers. 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 asset values at 31 December 2015 did not indicate any impairment.

Newbuilding price trends

Newbuilding prices were relatively stable during the year. At the end of the year, the price of a standard product tanker was about USD 36 million. The price of an IMOII class MR tanker like the IMOIIMAX vessels that were ordered was about USD 38 million at the end of the year. This is about 10 percent higher than when the orders were placed in 2012. The price of a standard suezmax tanker at the end of the year was about USD 63 million.

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.

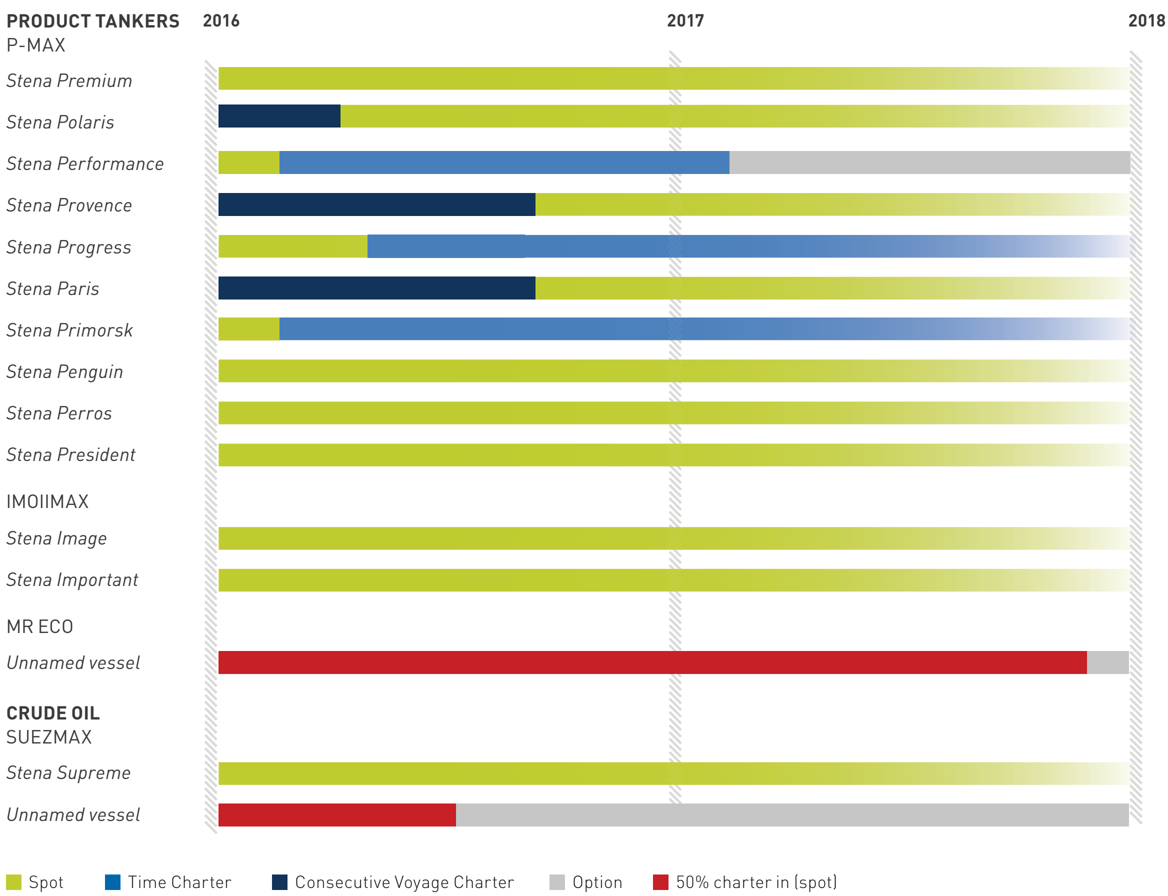
A discovery phase, in which both parties' standpoints and demands were examined carefully, was completed in the third quarter of 2015. During the fourth quarter, discussions were started with the purpose of a possible start for a conciliation procedure. These will also continue during the first quarter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

SPOT MARKET INCOME 2015

USD per day	Number of vessels	Average income, Concordia Maritime 2015	Average income, Concordia Maritime 2014	Average income, market 2015	Average income, market 2014
Product tankers	10	21,100	13,700	21,400[1)]	12,600
Suezmax	2	39,500	25,600	46,700[2)]	27,800

1) Clarksons Average MR Clean Earnings
2) Clarksons Average Suezmax Long Run Historical Earnings

EMPLOYMENT



PRODUCT TANKERS

P-MAX

The ten P-MAX tankers are the backbone of Concordia Maritime's fleet. The tankers combine transport economy and flexibility with safety of the highest class. The concept was developed together with leading oil and gas companies in response to a need to operate in shallow waters and ports carrying more cargo than corresponding vessels of the same size class. To make this possible, the P-MAX tankers are considerably wider than traditional MR tankers. The increased volume means that they are able to transport up to 30 percent more cargo, allowing them to compete for cargo in both the MR and panamax segments. The P-MAX concept takes safety into a new dimension. The vessels are built with double propulsion and steering systems, shafts, generators, control and fuel systems, rudders and propellers. The engine rooms are separated by fireproof and watertight bulkheads and the bridge is equipped with a co-pilot system.

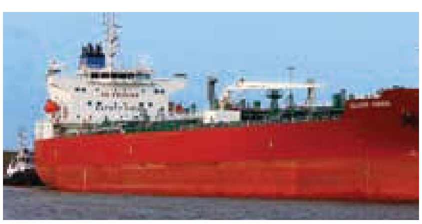
Eight of the tankers in the P-MAX fleet are ice class 1B and two are ice class 1A. Three vessels have been converted to IMO3 class after delivery, which means that they can also carry vegetable oils.

IMOIIMAX

Our newly built IMOIIMAX MR tankers represent the next generation of chemical and product tankers and set a new standard for bunker consumption and load efficiency. The vessels are an important part of the long-term efforts to expand and develop the fleet.

The tankers in the IMOIIMAX series are among the most sophisticated in the market and at the forefront in 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.

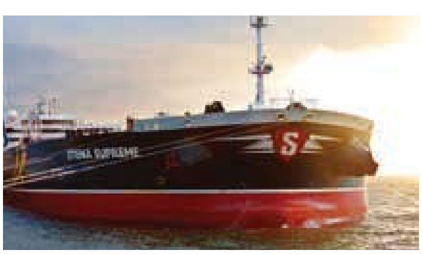
With 18 separate 3,000 m3 cargo tanks, the vessels are adapted for both IMO2 cargo (such as chemicals and vegetable oils) and oil and petroleum products. In combination with advanced systems for loading, discharging and tank cleaning, the IMOIIMAX vessels offer a flexibility few competitors can match.



MR (ECO)

The position in the product tanker segment was strengthened during the year with the charter of an MR tanker (eco-design) The vessel was 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.

CRUDE OIL TANKERS



Suezmax

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

Stena Supreme is employed in the spot market via Stena Sonangol Suezmax Pool, a pool controlled by Stena Bulk and the Angolan state oil company Sonangol. The pool consists of a fleet of about 25 efficient suezmax tankers.

At year-end, Concordia Maritime also had a position in Stena Bulk's suezmax fleet corresponding to a 50 percent charter of one tanker. This vessel is also employed in the global open market in the suezmax pool. The contract runs until July 2016.

FLEET LIST

Vessel name	DWT	Ice class	Year	Employment	Partners
Stena Premium	65,200	1B	2011	Spot (light[1])	Stena Weco
Stena Polaris	65,200	1A	2010	CVC[2] (light)	Stena Weco
Stena Performance	65,200	1B	2010	Timecharter to Jan 2017 (light)	Stena Weco
Stena Provence	65,200	1B	2010	CVC[2] (light)	Stena Weco
Stena Progress	65,200	1B	2010	Timecharter to April 2019 (light)	Stena Weco
Stena Paris	65,200	1B	2005	CVC[2] (light)	Stena Weco
Stena Primorsk	65,200	1B	2006	Timecharter to Jan 2018 (heavy[3])	Stena Bulk
Stena Penguin	65,200	1A	2010	Spot (heavy)	Stena Bulk
Stena Perros	65,200	1B	2008	Spot (heavy)	Stena Bulk
Stena President	65,200	1B	2007	Spot (heavy)	Stena Bulk

Stena Image	50,000		2015	Spot (light)	Stena Weco
Stena Important	50,000		2015	Spot (light)	Stena Weco

Unnamed vessel[4]	50,000		2015	Spot (light)	Stena Weco

Stena Supreme	158,000		2012	Spot	Stena Sonangol Suezmax Pool
Unnamed vessel[5]	158,000		2012	Spot	Stena Sonangol Suezmax Pool

The table refers to the fleet in March 2016.
1) Light=light petroleum products
2) Consecutive Voyage Charter
3) Heavy=heavy petroleum products
4) 50% charter November 2015–November 2017 (with option for further 1–6 months).
5) 50% charter August 2015–July 2016

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.

ORGANISATIONALLY, CONCORDIA MARITIME consists of a shore-based organisation and a seagoing organisation. The shore-based organisation consisted of a total of 6 persons in 2015. The seagoing organisation is considerably larger. The number of temporary seagoing employees at the end of the year was 464 (404).

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

CONCORDIA MARITIME

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

Flexible and safe transportation with good transport economy

PART OF THE STENA SPHERE

Since Stena was founded in 1939, the business has expanded rapidly. With 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

The map shows office locations for Concordia Maritime, Northern Marine Management, Stena Teknik, Stena Bulk and Stena Weco.

NORTHERN MARINE MANAGEMENT

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

NMM is at the absolute forefront in ship management. In addition to international accreditations, NMM has also developed a tool for achieving continuous improvement – Behaviour Based Safety (BBS). The tool has resulted in a lower number of accidents than the industry average and is also a major contributing factor to the very low number of incidents and accidents on board Concordia Maritime's vessels. The business is conducted from the head office in Glasgow. There are also offices in Aberdeen, Gothenburg, St. Petersburg, Houston, Manila, Mumbai, Perth, Shanghai and Singapore.

STENA TEKNIK

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

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

STENA BULK

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

Stena Bulk functions as Concordia Maritime's marketing organisation and is responsible for chartering, marketing and commercial operation of the P-MAX tankers that carry heavier oil products. With the Angolan state oil company Sonangol, Stena Bulk also controls the Stena Sonangol Suezmax Pool, which at the end of 2015 employed about 20 vessels, including Concordia Maritime's *Stena Supreme*. Through the close cooperation, Concordia Maritime gains access to a worldwide organisation with extensive knowledge and experience in all the tanker market's segments.

STENA WECO

In just a few years, Stena Weco has developed a fully integrated global logistics network for the transportation of petroleum products, light chemicals and vegetable oils. The overall fleet comprises about 70 MR vessels.

Stena Weco is jointly owned (50-50) by Stena Bulk and Weco of Denmark. With offices in Copenhagen, Houston and Singapore, Stena Weco is able to meet customer requirements for availability and a local presence.

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

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.

SUSTAINABLE SHIPPING

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

Tanker shipping is probably one of the most strictly regulated and scrutinised industries. The comprehensive regulations cover environmental and safety aspects, as well as technical and work environment areas. This regulatory control, together with our own internal work, contributes to maintaining consistently high quality.

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 monitored based on a well-structured plan for which the CEO is ultimately responsible. The CEO is also responsible for continuous reporting to the Board. The ongoing work is conducted in close cooperation with the partners from which Concordia Maritime purchases services relating to technical and commercial operation and manning. The work is guided by a number of internal policy documents, notably the Sustainability Policy and Code of Conduct, and is conducted in line with current regulations.

About sustainability reporting

Efforts aimed at improving sustainability performance are in constant progress. It is Concordia Maritime's responsibility to follow developments in laws and regulations, to meet external requirements and to reduce potential risks in its operations in different ways. In both strategic and operational activities, much is done to contribute to more sustainable development. Concordia Maritime has been at the forefront in safety, quality and employer responsibility for a long time. However, there is potential for improvement in the area of external reporting. In the next few years, it is the aim to become even clearer in the accounting and reporting of goals, initiatives and results achieved in the area of sustainability.

THREE PRIORITY AREAS		OUTCOME 2015
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.	No serious accidents or incidents.
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.	Significantly lower carbon dioxide and sulphur dioxide emissions.
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.	In line with or better than defined financial targets.

Safety first

SAFETY WORK constitutes one of the cornerstones of Concordia Maritime's business. Substantial resources are invested in continuously developing and optimising vessels, procedures and crews. The goal is to prevent the risk of accidents arising and to minimise any damage if an accident should nevertheless occur. Safety work is carried out on several different levels – during the design and construction of the actual vessel and its equipment, and as part of a continuous process of identifying potential risks and dangerous operations.

The MAX concept – double everything

Concordia Maritime's greatest contribution to safe tanker shipping is its safe vessels. The fleet combines transport economy and flexibility with high safety. With the P-MAX concept, Concordia Maritime has taken safety into a new dimension. The vessels are built with double propulsion and steering systems. They have two separate engine rooms 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 demands are met, we provide continuous skills development. The training activities are both general and specially adapted for the specific vessel.

Continuous risk identification is the most important aspect of efforts to improve safety on board. All crew members on Concordia Maritime's vessels spend time every day studying how procedures and movement patterns are adhered to. Reporting is based on a standardised model (Behaviour Based Safety) and any risks identified are subsequently eliminated. The observations are compiled into reports, which are then distributed to all of the ships in the fleet.

Total control over all incidents

The largest risk associated with tanker shipping is the risk of an oil spill in connection with a grounding, collision or some other accident. However, with the increasing modernisation and safety of the global tanker fleet, 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. 2015 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.

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

THE BASIS OF SUSTAINABILITY WORK

MATERIALITY

We focus on what is most important to our business and where we are most able to have an influence:
- Safety
- Environmental impact
- Financial sustainability

TRANSPARENCY

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

CARE, INNOVATION & PERFORMANCE

Our core values
- Care and quality in everything we do
- An innovative corporate culture helps us to perform and improve
- First-class performance

CLEAR CONTROL

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

External controls and inspections

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

There were also 24 port state controls during the year. None of these resulted in observations of a serious nature.

Piracy

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

Environmental responsibility

AT CONCORDIA MARITIME efforts are focused on continuously reducing the environmental impacts of vessels and operations. The Company has a major focus on reducing emissions into the sea and air, increasing fuel efficiency and maintaining a high overall operational quality. Concordia Maritime's environmental impact can be divided into two main categories:

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

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

Reduced carbon dioxide emissions

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

Efficient commercial and technical operation

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

Since the project began, fuel efficiency measured as freighted cargo (tonnes) in relation to fuel consumed (tonnes) has increased by as much 12 percent. The reduced bunker consumption in combination with other measures in 2015 resulted in a reduction of over 3,500 tonnes in carbon dioxide emissions and 300 tonnes in sulphur dioxide emissions.

GREEN PASSPORT

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

THE SHIP'S LIFE CYCLE

A vessel affects the environment in different ways from the time it is built until it is scrapped. However, much can be done to minimise these impacts during a ship's life cycle.

1 DESIGN & CONCEPT

The best opportunity for influencing the ship's environmental impacts is when the actual ship concept is developed. Fuel consumption, transport efficiency and safety during the vessel's service life are determined in this phase.

2 CONSTRUCTION

During the actual construction of a ship, there are inevitable emissions into water and air and various types of waste are produced. However, stricter regulations, new work methods and higher demands from those placing orders have resulted in a reduced environmental impact in recent years.

3 SHIP OPERATION

A vessel's most significant environmental impacts occur during ongoing operation, and consist mainly of the emission of harmful substances. Both we and the industry as a whole are working continuously on various solutions to reduce the quantity of emissions.

4 CONTINUOUS IMPROVEMENTS

Through continuous improvements and ongoing maintenance, it is possible to maintain or even improve a vessel's environmental performance during its life.

5 SCRAPPING AND RECYCLING

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

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

Technical development and maintenance

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

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

Measures to reduce emissions of sulphur and nitrogen oxides

Emissions of sulphur oxides are mainly a consequence of the sulphur content of the fuel used. As a consequence of the new sulphur directive that came into effect on 1 January 2015, the limit value for maximum sulphur content in fuel used in the Baltic Sea, North Sea, English Channel, Canada and the United States has been lowered from the previous 1 percent to 0.1 percent. For Concordia Maritime, the transition to fuels with lower sulphur content and an increased focus on vessels' fuel consumption has resulted in an annual reduction of 20 percent in sulphur-related emissions.

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

Conflicting interests

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

Discharge of ballast water

The discharge of ballast water close to the coast is another potential environmental hazard. Organisms that are transported with the ballast water pass from one ecosystem to another and can cause great damage to the local environment. There is still no international regulatory framework on this subject and no technology for killing organisms in large volumes of ballast water. All Concordia Maritime's vessels follow a Ballast Water Management Plan, which is produced by our partner Northern Marine Management (NMM) and based on existing international guidelines. The IMOIIMAX vessels are also equipped with special systems for handling ballast water.

A FLEXIBLE AND FUEL-EFFICIENT FLEET

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

All vessels in the fleet also have high fuel efficiency. One of the P-MAX vessels' main strengths is the hull design, which makes it possible to carry about 30 percent more cargo than a standard tanker on the same draft. At full load, this means considerably lower fuel consumption per unit load than with traditional MR vessels. The suezmax vessel and the two IMOIIMAX vessels are eco-design tankers, which means that a large number of innovative technical solutions have resulted in fuel consumption at service speed that is about 25 percent lower than the previous generation of MR tankers.

TARGETS AND OUTCOMES

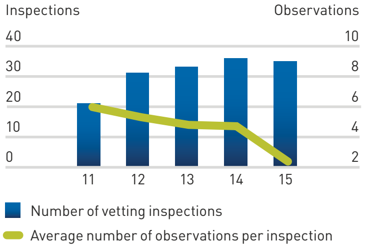
Safety first

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

Environmental responsibility

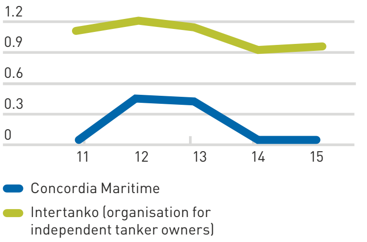
	Target 2015	Outcome 2015	Target 2016
Oil spills, litres	0	0	0
Reduced fuel consumption, mt/day (owned vessels)	0.3	0.47	0.3
Reduced CO_2, mt	–1,800	–3,500	–2,800
Reduced SO_2, mt	–120	–300	–36
Reduced NO_x, mt		–98	–80
Reduced emissions of particulates, mt.		–1.2	–0.9

Vetting inspections of our fleet*

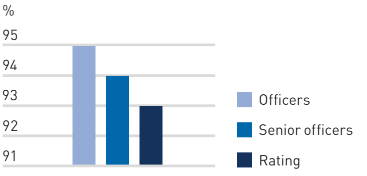


* The oil companies' vessel inspections

LTIF compared with industry



Retention rate



Definitions

Damage to property
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.

A RESPONSIBLE EMPLOYER

Safe transportation requires access to competent crews. Competition for well-trained seafarers is and will continue to be intense. At the same time, a new generation is entering the labour market and placing new demands on working conditions and work environment. Concordia Maritime and Northern Marine Management work to ensure they are attractive employers, offering competitive conditions while also providing stimulating and safe workplaces. Respect for the individual, opportunities for skills development, social benefits and a strong safety culture are important components of this work. All seagoing personnel on our vessels are covered by ITF (International Transport Workers' Federation) agreements.

CONTROLS AND REGULATIONS

Internal and 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.

Certification and internal control

As a large proportion of daily operational work is purchased from external service suppliers, sustainability efforts are largely reflected in the work carried out in their respective operations. We work together continuously to develop sustainable working practices and improve our sustainability performance. In the area of ships and ship management, NMM's certification includes ISO 9001 (quality), ISO 14001 (environment), ISO 50001 (energy) and OHSAS 18001 (health and safety). The certification is aimed at continuously reducing the total environmental impact of operations. 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.

Environmental 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 business ethics policy includes 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. This applies to all members of boards and all employees of Concordia Maritime.

In addition, Concordia Maritime also complies with the OECD guidelines for multinational enterprises, the ILO's core conventions and the Environmental Ship Index.

For permanent display on the bridge

PARAMOUNT INSTRUCTIONS

to the Master, officers and crew of

STENA PENGUIN

1. *In case of an emergency, your priority is to save life, protect the environment and prevent damage to property in this order.*
2. *You are firmly instructed to avoid any situation that may result in a grounding or collision, except to save life or to protect the environment*
3. *Any discharge of oil overboard is forbidden, except to save life or to protect the environment*

The purpose of these instructions is to support you in your decisions. No commercial advantage is worth the risk of lost lives or oil pollution.

It will not be held against you if costs are incurred or delays take place in a situation where you try to reduce the risk of an accident, grounding, collision, pollution or any other incident that may cause loss of life or damage to the environment.

We want these paramount instructions to be your guideline. It is fully understood that humans are human and may make a mistake in the course of action. We will support you morally and legally in case of an accident or incident.

Nothing in the above instructions removes from the Master his authority to take any steps and issue any order, which he considers are necessary for the preservation of life and the environment or for the safety of the ship.

for
Concordia Maritime
March, 2014

Kim Ullman, CEO

Risk and sensitivity analysis

In common with all commercial enterprises, our activities are associated with certain risks. We have chosen to divide them into four main categories – corporate risks, market-related risks, operational risks and financial risks.

1. CORPORATE RISKS

Corporate risks refer mainly to overall risks related to the actual management and operation of the Company.

A Brand

The oil industry's demands for safety and environmental responsibility are comprehensive and an accident at sea or in port would not only have negative environmental consequences, but would also seriously damage the Company's name. We have been a quality shipping company for many years, with high standards in all aspects of safety. This position places particularly high demands on control and responsibility. It is difficult to protect against this type of risk, and it can only be done through extensive preventive work and complete transparency should an accident occur despite the measures taken.

B Employees

We are very dependent on being able to attract and retain employees. Our shore-based organisation is small and this normally means that there is a high dependency on a number of key individuals. However, this is counterbalanced to some extent by the close cooperation with several companies in the Stena Sphere. Nevertheless, we work actively to create a stimulating workplace that provides good development opportunities for employees.

C Liquidity

A prerequisite for the existence of our business in the short and long term is, of course, access to capital and funding. In times of financial turmoil and instability, it is particularly important for us to have the vessels on order fully financed. One of our overall objectives is to maintain a sound financial position, which enables long-term investments and allows bridging in periods of high volatility.

D Financing risk

Financing risk is the risk that the Company will be unable to satisfy its need for new loan capital. This risk increases in the event of financial turmoil in the world market. Stable cash flows, good disposable liquidity and good relationships with banks and other potential lenders are factors that can limit the risk.

2. MARKET-RELATED RISKS

Market-related risks are primarily risks associated with changes in the external environment and market. The Board and management have only a limited opportunity to control these risks in the short term, but must still deal with them in the longer-term planning of the business.

A Economic trends

Shipping is a highly cyclical business. Demand for transportation of oil and refined petroleum products is determined to a large extent by the consumption of these products. This, in turn, is largely determined by the economic situation. In the short term, the effects of economic fluctuations are greatest in the spot market, although they also affect the contract market in the long term.

B Freight rates

Freight rates in tanker shipping may fluctuate sharply from time to time. A decline in freight rates may be due to reduced demand for transport capacity or an increased supply of vessels. A change in rates has a major impact on the profitability of the business. Freight rates on the spot market fluctuate significantly more than the rates on the time-charter market.

C Oil price

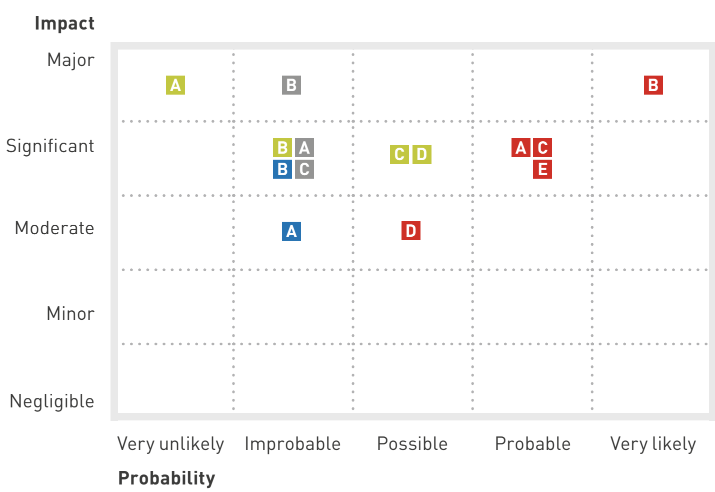
Developments in oil prices can affect demand for transportation of oil and petroleum products. Low oil prices can have a positive impact on the global economy, leading to increased demand for oil and tanker transportation – and vice versa in the case of higher prices.

D Political risks

The Company operates in a market affected by numerous regulations which may change due to changing external factors and/or political decisions. These include decisions on regulations for international trade, safety and the environment.

	Type of risk	Impact (1–5) Whole industry	Impact (1–5) CM	Probability (1–5) Whole industry	Probability (1–5) CM	Risk strategy
1. CORPORATE RISKS	A Brand	**5** (5)	**5** (5)	**1** (1)	**1** (1)	Quality at every stage. Far-reaching preventive work. Leader in safety.
	B Employees	**3** (3)	**4** (4)	**3** (3)	**2** (2)	Close cooperation with several companies in the Stena Sphere.
	C Liquidity	**4** (4)	**4** (4)	**4** (4)	**3** (3)	Good banking relationships.
	D Financing risk	**4** (4)	**4** (4)	**4** (4)	**3** (3)	Good solvency and good banking relationships.
2. MARKET-RELATED RISKS	A Economic trends	**4** (4)	**4** (5)	**4** (5)	**4** (4)	Commercial networks and good market knowledge.
	B Freight rates	**5** (5)	**5** (4)	**5** (5)	**5** (4)	Efficient operation, good market knowledge and good customer relationships.
	C Oil price	**4** (4)	**4** (4)	**4** (4)	**4** (4)	Developments in oil prices and their consequences are followed carefully.
	D Political risks	**3** (3)	**3** (3)	**3** (3)	**3** (3)	At the forefront in safety and sustainability work.
	E War/instability	**4** (4)	**4** (4)	**4** (4)	**4** (4)	Continuous business intelligence and internal security policy.
3. OPERATIONAL RISKS	A Insurance issues	**4** (5)	**4** (5)	**2** (3)	**2** (3)	Continuous maintenance work in combination with comprehensive insurance cover.
	B Safety and environment	**5** (5)	**5** (5)	**3** (3)	**2** (2)	Continuous work on preventive measures.
	C Ship operation	**4** (4)	**4** (4)	**3** (3)	**2** (2)	Continuous work on preventive measures to enable long-term employment.
4. CREDIT RISKS	A Counterparty risks – customers	**3** (4)	**3** (4)	**2** (3)	**2** (3)	Primarily financially stable customers.
	B Counterparty risks – shipyards and partners	**4** (4)	**4** (4)	**2** (3)	**2** (3)	Financially and operationally strong players. Bank guarantees and penalty clauses.

Previous year's figures in brackets.



Change in the risk environment in 2015

The biggest change in the risk environment in 2015 is related to increased exposure to the spot market. During the year, 11 of the 13 vessels in the fleet were signed to time charters. To balance the opportunities and risks of this presence, Concordia Maritime decided at the end of 2015 and beginning of 2016 to contract out three vessels for one, two and three years.

Type of risk

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

The trend for international trade in recent years has been towards increased global free trade and fewer trade-policy-related restrictions. The main risk of changes would appear to lie in the area of safety and environment, where international and national laws, industry-related conventions, regulations and practice are continuously reviewed.

This trend is being driven from several directions – political bodies, trade associations and industry. As we have a very safe fleet, the increased focus on safety and environmental issues actually represents an opportunity for us.

E War/instability

A large part of global oil production takes place in politically unstable regions. War or other disturbances may limit access to oil and petroleum products, but can also increase the need for transport. This risk affects both the industry as a whole and also ourselves.

3. OPERATIONAL RISKS

Operational risks are risks related to the management of the operational side of the business

A Insurance issues

We have taken out 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' 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. The vessels are also insured against Loss of Hire due to damage or shipwreck. In addition to the policies above, there is also the customary insurance for operating in specific waters.

B Safety and environment

An accident at sea or in port (shipwreck, oil spill, collision etc.) could have far-reaching negative consequences for both the environment and property, and, at worst, could result in loss of life. The P-MAX tankers are built with double systems for propulsion and manoeuvring. They have two separate engine rooms with fireproof and watertight bulkheads and separate fuel and control systems. However, the possibility of accidents occurring can never be discounted. With this in mind, considerable resources are devoted to continuously developing training and procedures.

C Ship operation

There is intense competition for competent seagoing personnel. In order to recruit the best crews, a good reputation in the market is required. We strive to be attractive employer that looks after its employees. Salaries and other forms of financial incentives are important parts of this work, and it is also crucial to provide a positive work environment and the opportunity for long-term employment.

4. CREDIT RISKS

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

A Counterparty risks – customers

Counterparty risks relating to customers are primarily the risk of a customer being unable to discharge its obligations. Concordia Maritime's customers consist primarily of large international oil, gas, energy and trading companies. The risk of any of them becoming insolvent is considered relatively low.

B Counterparty risks – subcontractors and partners

With counterparty risks related to subcontractors and partners, there is a substantial risk that contracted shipyards will fail to discharge their obligations – either due to financial problems or because they are unable to deliver on time. We protect ourselves in different ways against these and other counterparty risks. We maintain a long-term perspective in our collaborations, and conduct ongoing evaluations and monitor the financial position of counterparties.

FINANCIAL RISKS

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

Share and owners

Concordia Maritime's B share price was SEK 19.50 at the end of 2015, which is a rise of 50 percent from the beginning of the year.

CONCORDIA MARITIME'S B SHARES have been traded on Nasdaq Stockholm under the ticker CCOR B and ISIN code SE0000102824 since 1984. A trading unit consists of 200 shares.

Class A shares carry ten votes per share and class B shares one vote per share. All class A shares 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 73 percent of the votes. The Board and CEO together own about 0.1 percent of the shares (the Stena Sphere excluded).

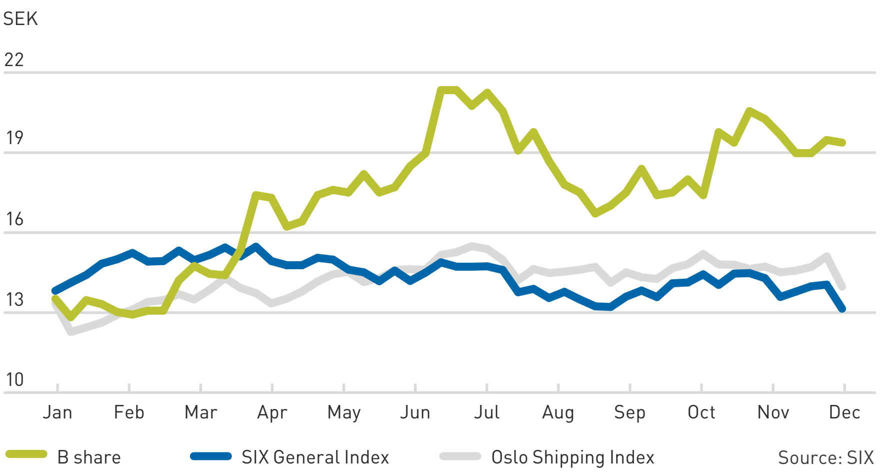
At the end of 2015, share capital amounted to SEK 381.8 million, divided into 47.73 million shares, of which 43.73 million were class B shares. The par value is SEK 8 per share.

Shareholder value

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

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

Concordia Maritime's share price, 2015



FINANCIAL COMMENT

Concordia Maritime's share price was SEK 19.50 at the end of the year, corresponding to an increase of about 50 percent from the beginning of the year. With equity per share of SEK 39.15, this means that the stock market at this point in time valued the share at about 50 percent of equity. A market valuation of the Company's ships (conducted by three independent ship brokers) indicates a net asset value per share of SEK 37. This means that the stock market's valuation of the share is 52 percent of net asset value. One of the challenges for 2016 is to reduce this discount.

Ola Helgesson, CFO

Press releases 2015

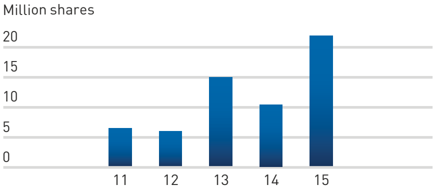
19/02/2015	Concordia Maritime increases exposure in the crude oil segment
19/02/2015	Interim report, 12-months, 1 Jan–31 December 2014
25/03/2015	Notice of the 2015 AGM of Concordia Maritime AB (publ)
07/04/2015	Annual Report for 2014 published online
08/04/2015	Concordia Maritime takes delivery of the next generation of chemical and product tankers
14/04/2015	Concordia Maritime's IMOIIMAX tanker *Stena Image* named in Guangzhou
28/04/2015	Interim report 1 January–31 March 2015
30/04/2015	Press information from the AGM of Concordia Maritime AB (publ) on 28 April 2015
13/08/2015	Interim report 1 January–30 June 2015
21/08/2015	Concordia Maritime's CEO buys more shares
15/09/2015	Renewed contract for P-MAX tankers
28/09/2015	Concordia Maritime participates in Capital Link's Shipping, Marine Services & Offshore Forum
15/10/2015	Concordia Maritime takes delivery of IMOIIMAX tanker *Stena Important*
26/10/2015	Nomination Committee for Concordia Maritime AB for the 2016 AGM
11/11/2015	Interim report 1 January–30 September 2015
24/11/2015	Concordia Maritime strengthens its position in the product tanker segment with the charter of an MR tanker (eco-design)
28/12/2015	Concordia Maritime signs 2-year time charter contract for P-MAX tanker

Dividend 2006–2015

Year	Dividend per share, SEK	Dividend yield, %
2006	1.00	1.8
2007	1.00	3.7
2008	1.00	6.6
2009	1.00	5.9
2010	1.00	4.9
2011	1.00	7.7
2012	0.50	4.9
2013	0.00	0.0
2014	0.00	0.0
2015	0.50[1]	3.1

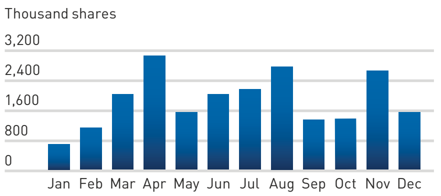
1) Proposed dividend.

Share turnover, last five years



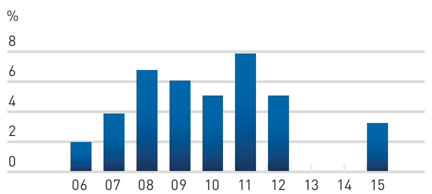
Source: Nasdaq OMX

Share turnover, 2015

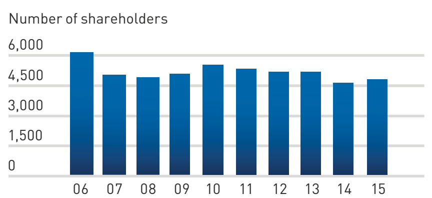


Source: Nasdaq OMX

Dividend yield



Shareholder trend, 2006–2015



Source: Euroclear

Key figures for the share

	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Dividend, SEK	0.50[1]	0.00	0.00	0.50	1.00	1.00	1.00	1.00	1.00	1.00
Dividend as % of net result after tax	14	n/a	n/a	–7	56	60	n/a	50	76	92
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	19.50	12.90	11.70	10.15	12.95	20.50	17.00	15.00	27.00	55.00
Dividend yield, %[2]	3.1	n/a	n/a	4.9	7.7	4.9	5.9	6.6	3.7	1.8
Total return, Concordia share, %	55	10	15	–17.8	–32.0	26.5	20.0	–40.7	–49.1	30.2
P/E ratio including ship sales	5.4	71.7	neg	neg	7.3	12.2	neg	7.5	20.5	50.5
P/E ratio excluding ship sales	5.4	neg	neg	neg	7.3	12.2	neg	—	—	—
Turnover of shares per year, millions	21.4	10.1	14.8	5.7	6.2	17.6	12.4	14.7	16.8	32.4
Turnover rate, %	45	21	31	12	13	37	26	33	38	74
Market value at year-end, SEK million	853	616	558	484	618	978	811	716	1,288	2,625
Number of shareholders	4,744	4,546	5,109	5,112	5,266	5,470	5,006	4,834	4,963	5,942
Equity per share	39.15	32.99	27.07	27.88	37.24	35.94	37.47	41.21	34.08	34.09

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

Shareholder categories

	Capital %	Votes %
Foreign owners	11.0	6.3
Swedish owners	89.0	93.7
of which		
Institutions	14.5	8.3
Unit trusts	0.8	0.5
Private individuals	21.2	12.1
Stena Sessan Rederi AB	52.5	72.9

Ownership concentration

	Capital %	Votes %
The 10 largest shareholders	70,9	83,4
The 20 largest shareholders	76,0	86,3
The 100 largest shareholders	86,2	92,1

The 10 largest shareholders

	Capital %	Votes %
Stena Sessan Rederi AB	52.5	72.9
Fjärde AP-fonden	6.4	3.7
Avanza Pension Försäkring AB	3.2	1.8
Svenska Handelsbanken	2.8	1.6
Stig Andersson	2.4	1.4
Morgan-Åke Åkesson	1.0	0.6
Robur Försäkring	1.0	0.6
Bengt Stillström	1.0	0.6
CBNY-DFA-INT SML CAP V	0.8	0.5
Nordnet Pensionsförsäkring AB	0.7	0.4

Shareholder structure

Shareholding	Owners	Shares	Capital, %	Votes, %
1–1,000	3,515	1,129,344	2.37	1.34
1,001–10,000	1,004	3,426,535	7.18	4.09
10,001–20,000	99	1,442,097	3.02	1.72
20,001–	126	41,731,822	87.43	92.84
Total	**4,744**	**47,729,798**	**100.0**	**100.0**

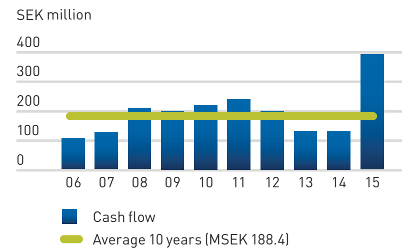
Ten-year summary

	2015	2014	2013	2012	2011
Profit/loss items, SEK million					
Total income	810.0	531.2	467.8	543.4	559.6
Operating costs excluding impairment	–600.3	–474.8	–467.4	–465.9	–452.0
Operating result	209.6	56.4	0.4	77.5	107.6
of which result from ship sales	—	57.4	—	—	—
EBITDA	423.8	201.0	144.7	228.4	242.6
Result after financial items	174.3	16.5	–39.0	–369.4	76.3
Result after tax	173.9	8.7	–28.8	–356.0	84.8
Cash flow from operating activities[1]	392.2	121.8	124.1	190.5	231.1
Investments	459.3	87.9	64.7	428.3	330.1
Balance sheet items, SEK million					
Ships	3,809.0	3,129.7	2,914.8	3,063.4	3,289.5
(Number of ships)	13.0	11	12	12	11
Ships under construction	0.0	205.8	100.5	48.0	143.0
(Number of ships)	—	2	2	2	1
Cash and cash equivalents	273.6	136.6	106.0	144.4	128.2
Short-term investments	0.0	0	81.7	97.1	113.6
Other assets	271.3	243.7	203.5	127.8	83.9
Interest-bearing liabilities	2,387.2	2,038.9	1,994.0	1,993.3	1,815.4
Other liabilities and provisions	98.6	102.2	120.2	156.6	165.2
Equity	1,868.7	1,574.7	1,292.3	1,330.8	1,777.6
Total assets	4,354.5	3,715.8	3,406.5	3,480.7	3,758.2
Key ratios, %					
Equity ratio	43	42	38	38	47
Return on total capital	5	2	0	–9	3
Return on capital employed	5	2	0	–9	3
Return on equity	10	1	–2	–23	5
Per-share data, SEK					
Result after tax	3.64	0.18	–0.60	–7.46	1.78
of which result from ship sales	—	1.20	—	—	—
Cash flow from operating activities[1]	8.22	2.55	2.60	3.99	4.84
Equity	39.15	32.99	27.07	27.88	37.24
Equity/net asset value	1.06	1.25	2.31	2.75	2.88
Share price at year-end	19.50	12.90	11.70	10.15	12.95
Dividend[2]	0.50	0.00	0.00	0.50	1.00
Dividend as % of net result after tax	14	n/a	n/a	n/a	56
Other					
P/E ratio including ship sales	5.4	71.7	neg	neg	7.3
P/E ratio excluding ship sales	5.4	neg	neg	neg	7.3
Number of shareholders	4,744	4,546	5,109	5,112	5,266

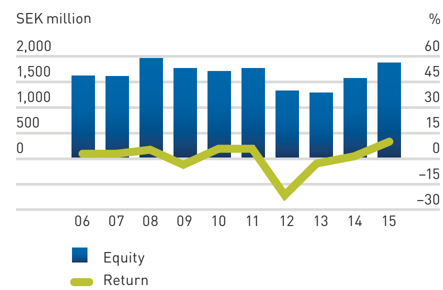
1) Ship sales not included.
2) For the year 2015, the dividend proposed to the 2016 AGM is stated.

	2010	2009	2008	2007	2006
	513.4	599.3	560.0	457.2	381.2
	–413.2	–531.5	–473.6	423.2	376.5
	100.2	67.8	86.4	34.0	4.7
	—	—	—	—	—
	219.5	160.8	162.6	91.5	38.7
	76.9	–91.0	78.1	48.0	52.5
	80.4	–81.1	95.8	62.9	51.9
	210.7	189.6	203.2	121.1	100.0
	638.6	654.2	301.3	838.6	767.2
	2,919.6	2,265.0	2,059.6	1,769.6	1,048.7
	10	8	7	7	4
	262.0	619.0	536.3	158.3	222.3
	2	3	4	4	7
	68.3	82.5	31.3	55.6	30.2
	84.0	37.1	283.6	397.1	517.6
	127.4	367.8	575.7	429.6	413.7
	1,596.1	1,458.5	1,369.2	1,073.0	506.2
	149.3	124.6	150.3	110.7	99.3
	1,715.4	1,788.3	1,967.0	1,626.5	1,627.0
	3,460.8	3,371.4	3,486.5	2,810.2	2,232.5
	50	53	56	58	73
	2	3	3	4	4
	2	3	3	4	5
	5	–4	5	3	3
	1.68	–1.70	2.01	1.32	1.09
	—	—	—	—	—
	4.41	3.97	4.26	2.54	2.10
	35.94	37.47	41.21	34.08	34.09
	1.75	2.20	2.75	1.26	0.62
	20.50	17.00	15.00	27.00	55.00
	1.00	1.00	1.00	1.00	1.00
	60	n/a	50	76	92
	12.2	neg	7.5	20.5	50.5
	12.2	neg	—	—	—
	5,470	5,006	4,834	4,963	5,942

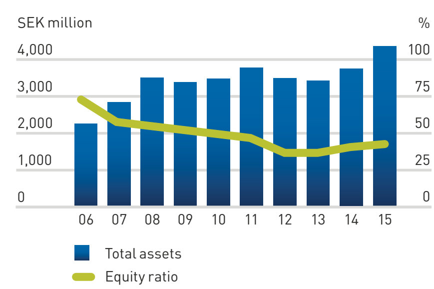
Cash flow from operating activities, excl. ship sales



Return on equity



Equity ratio



FINANCIAL INFORMATION

BOARD OF DIRECTORS' REPORT

The Board and CEO of Concordia Maritime AB (publ), corp. ID 556068-5819, hereby submit the annual report for the financial year 1 January–31 December 2015. The Parent Company is Stena Sessan Rederi AB, which owns approx. 52 percent of the capital and 73 percent of the total voting rights, and its parent company is Stena Sessan AB.

Business summary

The majority (11 out of 13) of Concordia's wholly-owned vessels in its fleet were employed in the spot market in 2015. This meant that vessel income was highly correlated with overall market developments. Consequently, the strong market in 2015 resulted in strong income for Concordia Maritime.

P-MAX

Apart from *Stena Perros* and *Stena President,* all vessels in the P-MAX fleet were employed in the spot market during the year under contracts with Stena Bulk, Stena Weco and ExxonMobil. *Stena Perros* and *Stena President* were signed to time charters with Stena Bulk. The contract with Stena Bulk expired at the end of January 2016. At the end of 2015, *Stena Primorsk* was chartered to a Chinese shipping company. The contract came into effect in February 2016 and is for two years. At the beginning of 2016, *Stena Performance* was chartered to a UK shipping company. The contract came into effect in February 2016 and is for one year with an option for a further year. In March 2016, *Stena Progress* was chartered to a national oil company. The contract is valid from April 2016 and is for three years.

MR (ECO)

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

Suezmax

The suezmax tanker *Stena Supreme* (158,000 dwt) is employed in the spot market via Stena Sonangol Suezmax Pool, controlled by Stena and the Angolan state oil company Sonangol. At the end of July, the suezmax fleet was supplemented with the delivery of an additional suezmax vessel on a one-year 50% charter. In December, a 50% position in a suezmax vessel was terminated when the charter period came to an end.

IMOIIMAX

The newbuilding program was completed during 2015. The two vessels *Stena Image* and *Stena Important* – two 50,000 dwt product tankers – were delivered from the Chinese shipyard Guangzhou Shipyard International Company Limited (GSI). The vessels are IMOIIMAX tankers and were ordered in June 2012. The vessels are employed in the spot market under an agreement with Stena Weco.

Fleet value

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

Disputes

In July 2013, the vessel owner received an application for arbitration for the damage the customer believes the company has caused them in connection with the grounding of *Stena Primorsk* 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 the purpose of a possible start for a conciliation procedure. These will also continue during the first quarter of 2016. If settlement is not reached, the process will be handled through arbitration, starting in the second quarter of 2016, with a ruling likely at the end of the year or in the first quarter of 2017. The Company's fees for legal and similar assistance regarding this matter are charged to the Company's earnings as incurred.

The dispute concerning withholding tax in Switzerland has not yet been settled. The Company is not able to estimate how long it will be before the dispute is settled. A tax liability provision of USD 1.4 million related to this dispute was recognised in 2013.

Freight market trends

Income in the MR and Suezmax market was about 50 percent higher than in 2014. The main driving forces included strong underlying demand for oil and petroleum products, driven in turn by low oil prices, and changes in the global refinery infrastructure. In total, seaborne transportation of oil products increased by 6 percent during the year, the largest increase since 2006.

Product tanker market (MR)

The product tanker market was strong in 2015. Average income for the Company's product tanker fleet, spot and TC, was USD 20,100 (13,700) per day. For vessels employed in the spot market, average income for the year was USD 21,100 (13,400) for light products and USD 21,100 (14,100) for heavy products.

Large tanker market (suezmax)

The market for the transportation of crude oil was strong in 2015. A contributing factor was crude oil overproduction of about 1.5–2.0 million barrels per day. Modest growth in the crude oil fleet also contributed to a good balance between supply and demand. On a full year basis, average income for the Company's suezmax fleet was USD 39,500 (25,600).

Shipbuilding market trends

At the end of December, the price of a standard product tanker was about USD 36 million. The price of an IMOII class MR tanker like our IMOIIMAX vessels was about USD 38 million. This is about 10 percent higher than when the orders were placed in 2012. The price of a standard suezmax tanker at the end of the quarter was about USD 63 million.

Financial summary

Results and financial position

Total income in 2015 was SEK 810.0 (531.2) million. Result after financial items amounted to SEK 174.3 (16.5) million. Result after tax was SEK 173.9 (8.7) million, corresponding to a result per share of SEK 3.64 (0.18).

Investments

Investments during the year amounted to SEK 459.3 (87.9) million and related to payments for the IMOIIMAX vessels in the newbuilding program.

Liquidity and financial position

The Group's available liquidity, including unutilised credit facilities, amounted to SEK 367.1 (233.5) million. Interest-bearing liabilities were SEK 2,387.2 (2,038.9) million. Equity totalled SEK 1,868.7 (1,574.7) million at the reporting date and the equity ratio was 43 (42) percent.

Remuneration policy for senior executives

Remuneration of the Chairman of the Board, Deputy Chairman and Board members is in accordance with the decisions of the 2015 annual general meeting, which also correspond to the proposed guidelines for 2016. There is no special remuneration for committee work in 2015. The AGM adopted the following remuneration policy for senior executives.

Remuneration comprises a fixed salary, variable compensation, pension and other benefits. In order to attract and retain skilled personnel, Concordia Maritime endeavours to offer employees attractive and competitive remuneration. The top level depends on the scope and complexity of the position held and the individual's annual performance. Performance is specifically reflected in the variable compensation. Variable compensation is based on factors such as the Company's development and achievement of commercial, operational and financial goals. The goals for the CEO will be decided by the remuneration committee. Agreements on other forms of remuneration may be reached wherever this is considered necessary in order to attract and retain key competence or to encourage personnel to move to new locations or accept new positions. Such remuneration shall be for a limited period.

The Company's pension policy is to follow the practices of the local market in each country. In the case of the CEO, a premium corresponding to 35 percent of his pensionable salary and compensation at any given time is paid. Other senior executives in Sweden have a premium-based retirement benefit plan in addition to the standard Swedish labour market pension schemes.

The basic principle is that other benefits should be competitively aligned with local market practices.

Senior executives in Sweden have a six to twelve month reciprocal period of notice depending on the position held. For the CEO, severance pay of up to 24 months' basic salary is paid in the case of involuntary termination of employment. See also note 4.

Information about risks and uncertainties

Concordia Maritime has taken out industry-standard insurance to cover risks associated with the actual operation of the vessels. The vessels are insured against damage and loss at amounts representing the vessels' market value. Protection and indemnity applies with no limitation of amount, except for responsibility for oil spills, where the amount is limited to USD 1 billion. Vessels are also insured against loss of hire. In addition to the policies above, Concordia Maritime has also taken out standard insurance for operating in specific waters.

Even with insurance cover, an accident could have a very serious impact on Concordia Maritime. The oil industry's demands for safety and environmental responsibility are comprehensive and an accident at sea or in port would not only have negative environmental consequences, but could also seriously damage the Concordia Maritime name. It is difficult to protect against this type of risk and it can only be done through extensive preventive work and complete transparency should an accident occur.

Tanker shipping is a highly cyclical business. Demand for transportation of crude oil and petroleum products is largely determined by the consumption of these products. This, in turn, is largely determined by the economic situation. The effects of economic fluctuations are, in the short term, greatest in the spot market, although a long-term recession would also affect the futures market.

Freight rates in tanker shipping fluctuate strongly from one time to another. A decline in freight rates may be due to reduced demand for transport capacity or an increased supply of vessels. A change in rates can have a major impact on the profitability of the business.

Concordia Maritime cooperates closely with the Stena Sphere, which supplies chartering, operational, manning and newbuilding services. Senior management considers this collaboration to be one of Concordia Maritime's absolute strengths over competitors, even though the relationship is associated with a certain risk, as key services are purchased from only one supplier. Concordia Maritime and the Stena Sphere are also interconnected brands to a certain extent.

Safety and environment

Concordia Maritime places the highest priority on human safety and protection of the marine 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 the damage if an accident should nevertheless occur. Safety work is carried out on several different levels – during the design and construction of the actual vessel and its equipment and as part of a continuous process of identifying potential risks and dangerous operations. Strict reporting procedures give full control over all incidents – whether in port or at sea.

None of Concordia Maritime's vessels was involved in any type of incident that resulted in bunker oil or cargo discharging into the water in 2015.

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

Concordia Maritime's fleet was mainly employed in the spot market at the end of the year. This means that the market's general development has a great impact on earnings and cash flow. There has been a relatively strong start to 2016 and, looking at the market as a whole, several factors indicate that the positive trend will continue. In particular, the changes taking place in the refinery area, with a shift from European predominance to the Middle East and Asia, is resulting in increased transport distances. At the same time, a large number of vessels will be delivered in the coming year, which could have a dampening effect on the market. Our overall assessment is that the market will be relatively good in 2016. For our own part, the focus in 2016 will be on continued positioning and employment of the fleet based on given market conditions. The goal is to charter out a further P-MAX vessel (in addition to the chartering of *Stena Primorsk, Stena Performance* and *Stena Progress)* .

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 74–84. 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*

In February 2016, after the end of the financial year, *Stena Performance* was signed to a one-year charter, with an option for a further year. In March, *Stena Progress* was signed to a three-year charter.

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 92.0 million be distributed as follows:

SEK millions	2013	2014	2015
Dividend (47,729,798 shares)	0.00	0.00	23.9[1]
Carried forward	83.7	16.6	68.1
Total	**83.7**	**16.6**	**92.0**

1) Proposed dividend SEK 0.50

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

* Events up to and including the date of signature of this annual report, 29 March 2016.

Consolidated income statement and other comprehensive income

1 January–31 December, SEK millions	Note	2014	2015	2015 USD millions[1]
Time charter income		119.4	101.2	12.0
Spot charter income		351.2	708.7	84.0
Result of sale of investments in joint ventures		57.4	0.0	0
Other external income		3.2	0.1	0
Total income	3, 9, 20	**531.2**	**810.0**	**96.0**
Operating costs, ships	2	–137.0	–142.8	–16.9
Personnel costs, temporary seagoing	4	–138.0	–179.3	–21.3
Other external expenses	5	–38.0	–42.5	–5.0
Personnel costs, land-based	4	–17.0	–21.5	–2.5
Depreciation	8	–144.7	–214.2	–25.4
Total operating costs	9, 23	**–474.8**	**–600.3**	**–71.1**
Operating result	2	**56.4**	**209.6**	**24.9**
Finance income		5.6	3.1	0.4
Finance costs		–45.4	–38.4	–4.6
Financial net	6	**–39.8**	**–35.3**	**–4.2**
Result before tax		**16.5**	**174.3**	**20.7**
Tax	7	–7.8	–0.5	–0.1
Result for the year attributable to owners of the parent		**8.7**	**173.9**	**20.6**
Other comprehensive income				
Items that have been/can be transferred to result for the period	14			
Translation differences for the year, foreign operations		259.8	116.9	13.9
Change in fair value of available-for-sale financial assets		–3.2	3.2	0.4
Changes in fair value of cash flow hedges, interest-related		17.1	0	0
Changes for the year in tax attributable to items reclassified to result for the period		0	0	0
Total other comprehensive income for the year		**273.7**	**120.1**	**14.2**
Comprehensive income for the year attributable to owners of the parent		**282.4**	**294.0**	**34.9**
Result per share, before/after dilution	14	**0.18**	**3.64**	**0.43**

1) Unaudited, see note 1.

Consolidated statement of financial position

31 December, SEK millions	Note	2014	2015	2015 USD millions[1]
ASSETS				
Non-current assets	9, 21			
Ships	3, 8	3,129.7	3,809.0	456.0
Ships under construction	8	205.8	0.0	0.0
Equipment	8	0.0	0.0	0.0
Non-current receivables	11	0.8	0.5	0.1
Total non-current assets		**3,336.3**	**3,809.5**	**456.1**
Other current receivables	11	158.4	165.9	19.9
Prepayments and accrued income	12	84.5	105.4	12.6
Cash and cash equivalents	13, 25	136.6	273.6	32.8
Total current assets		**379.5**	**544.9**	**65.3**
TOTAL ASSETS		**3,715.8**	**4,354.5**	**521.3**
Equity	14			
Share capital		381.8	381.8	45.7
Other paid-in capital		61.9	61.9	7.4
Reserves		286.1	406.2	48.6
Retained earnings, incl. result for the year		844.9	1,018.8	122.0
Total equity		**1,574.7**	**1,868.7**	**223.7**
LIABILITIES				
Non-current liabilities	9, 18, 19			
Liabilities to credit institutions	15	1,832.2	2,129.0	254.9
Total non-current liabilities		**1,832.2**	**2,129.0**	**254.9**
Current liabilities	9, 18, 19			
Liabilities to credit institutions	15	206.6	258.2	30.8
Trade payables		1.0	0.5	0.1
Other liabilities	16	14.6	12.1	1.5
Accruals and deferred income	17	86.6	86.0	10.3
Total current liabilities		**308.8**	**356.8**	**42.7**
TOTAL EQUITY AND LIABILITIES		**3,715.8**	**4,354.5**	**521.3**

For information on the Group's pledged assets and contingent liabilities, see note 22

1) Unaudited, see note 1.

Consolidated statement of changes in equity

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

SEK millions	Share capital	Other paid-in capital	Reserves[2] Translation reserve	Reserves[2] Fair value reserve	Reserves[2] Hedging reserve	Retained earnings[1]	Total equity
Opening equity, 1 Jan 2014	381.8	61.9	29.4	3.2	–20.3	836.3	1,292.3
Comprehensive income for the year							
Result for the year						8.7	8.7
Other comprehensive income for the year			259.9	–3.2	17.1		273.8
Comprehensive income for the year	**0.0**	**0.0**	**259.9**	**–3.2**	**17.1**	**8.7**	**282.4**
Transactions with owners of the parent							
Dividend							
Closing equity, 31 Dec 2014	**381.8**	**61.9**	**289.3**	**0.0**	**–3.2**	**844.9**	**1,574.7**

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

Consolidated cash flow statement

1 January–31 December, SEK millions	Note	2014	2015	2015 USD millions[1]
	25			
Operating activities				
Result before tax		16.5	174.3	20.7
Adjustment for non-cash items		105.3	217.9	25.8
Cash flow from operating activities before changes in working capital		**121.8**	**392.2**	**46.5**
Cash flow from changes in working capital				
Increase (–)/Decrease (+) in operating receivables		–21.0	–10.3	1.2
Increase (+)/Decrease (–) in operating liabilities		–15.2	–4.5	0.5
Cash flow from operating activities		**85.6**	**377.5**	**44.8**
Investing activities				
Acquisition of property, plant and equipment		–87.9	–459.3	–54.5
Disposal of property, plant and equipment		237.6	0.0	0.0
Disposal of financial assets		90.2	0.0	0.0
Cash flow from investing activities		**239.9**	**–459.3**	**–54.5**
Financing activities				
New loans		117.2	438.6	52.0
Amortisation of loans		–434.9	–227.5	–27.0
Cash flow from financing activities		**–317.7**	**211.2**	**25.0**
Cash flow for the year		7.8	129.3	15.3
Cash and cash equivalents at beginning of year		106.0	136.6	16.2
Exchange differences		22.8	7.7	0.9
Cash and cash equivalents at end of year		**136.6**	**273.6**	**32.4**

1) Unaudited, see note 1.

Income statement and other comprehensive income – Parent Company

1 January–31 December, SEK millions	Note	2014	2015
Net sales	3	2.0	24.8
Total income			
Other external expenses	5	–15.4	–15.4
Personnel expenses	4	–12.6	–16.0
Operating result	23	**–26.0**	**–6.5**
Result from financial items:			
Result from subsidiaries		0.0	86.4
Other interest and similar income		12.8	25.9
Interest and similar expense		–53.9	–36.0
Financial net	6	**–41.1**	**76.3**
Result after financial items		**–67.1**	**69.8**
Tax	7	0.0	5.6
Result for the year[1]		**–67.1**	**75.4**

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	2014	2015
ASSETS			
Non-current assets			
Property, plant and equipment	8	0.1	0.0
Financial assets			
Investments in Group companies	24	745.8	745.8
Deferred tax assets	7	34.3	40.0
Total financial assets		780.1	785.8
Total non-current assets		**780.2**	**785.8**
Current assets			
Current receivables			
Other receivables	11	0.2	11.6
Prepayments and accrued income	12	2.6	18.9
Total current receivables		2.8	30.5
Receivables from Group companies		1,399.6	1,483.4
Cash and bank balances	25	119.4	4.9
Total current assets		**1,521.8**	**1,518.8**
TOTAL ASSETS		**2,302.0**	**2,304.6**
EQUITY AND LIABILITIES			
Equity	14		
Restricted equity			
Share capital		381.8	381.8
Statutory reserve		138.3	138.3
Unrestricted equity			
Retained earnings		83.7	16.6
Result for the year		–67.1	75.4
Total equity		**536.7**	**612.1**
Non-current liabilities	18, 19		
Liabilities to credit institutions	15	1,544.8	1,450.2
Liabilities to Group companies	23	27.4	27.4
Total non-current liabilities		**1,572.2**	**1,477.6**
Current liabilities	18, 19		
Liabilities to credit institutions	15	181.6	202.5
Trade payables		1.0	0.5
Other liabilities		0.6	0.4
Accruals and deferred income	17	9.9	11.6
Total current liabilities		**193.1**	**215.0**
TOTAL EQUITY AND LIABILITIES		**2,302.0**	**2,304.6**

Pledged assets and contingent liabilities – Parent Company

31 December, SEK millions	Note	2014	2015
Pledged assets	22	78.1	83.5
Contingent liabilities	22	312.5	307.3

Statement of changes in equity – Parent Company

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

	Restricted equity		Unrestricted equity		
SEK millions	Share capital	Statutory reserve	Retained earnings	Result for the year	Total equity
Opening equity, 1 Jan 2014	381.8	138.3	7.1	76.6	603.8
Result for previous year			76.6	−76.6	0.0
Result for the year				−67.1	−67.1
Dividends					0.0
Closing equity, 31 Dec 2014	**381.8**	**138.3**	**83.7**	**−67.1**	**536.7**

Cash flow statement – Parent Company

1 January–31 December, SEK millions	Note	2014	2015
	25		
Operating activities			
Result before tax		–67.1	69.8
Adjustment for non-cash items		192.3	32.9
Cash flow from operating activities before changes in working capital		**125.2**	**102.7**
Cash flow from changes in working capital			
Increase (–)/Decrease (+) in operating receivables		–0.6	–27.7
Increase (+)/Decrease (–) in operating liabilities		–3.9	1.0
Cash flow from operating activities		**120.7**	**76.0**
Investing activities			
Disposal of financial assets		0.0	0.0
Cash flow from investing activities		**0.0**	**0.0**
Financing activities			
New loans		117.2	0.0
Amortisation of loans		–233.5	–193.1
Anticipated dividend		0.0	0.0
Dividend paid		0.0	0.0
Dividend received		107.9	86.4
Cash flow from financing activities		**–8.4**	**–106.7**
Cash flow for the year		112.3	–30.7
Cash and cash equivalents at beginning of year		1,406.7	1,519.0
Cash and cash equivalents at end of year		**1,519.0**	**1,488.3**

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 29 March 2016. 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 26 April 2016.

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 2015 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=8.435 and closing rate USD 1.00=8.3524. 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 28.

The accounting policies described below have been applied consistently to all periods presented in the consolidated financial statements, unless otherwise stated. The Group's accounting policies have also been consistently applied by Group companies.

New accounting policies 2015

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

New accounting policies effective in or after 2016

A number of new and amended IFRSs are effective in the next annual financial period. These have not been applied early in the preparation of these financial statements. There are no plans for early application of new and amended standards which are effective in future annual periods. Listed below are the standards that may have an impact on the consolidated financial statements in the future. However, their effects have not yet been analysed.

IFRS 9 Financial Instruments is intended to replace IAS 39 Financial Instruments: Recognition and Measurement. The IASB has now completed a full "package" of amendments relating to accounting for financial instruments. The package contains a model for classification and measurement of financial instruments, a forward-looking impairment model and a substantially reformed approach to hedge accounting. IFRS 9 is effective for annual periods beginning on or after 1 January 2018 and earlier application is permitted provided the EU adopts the standard. An assessment has not yet been made of the potential effects of IFRS 9.

IFRS 15 Revenue from Contracts with Customers. The purpose of the new revenue standard is to replace existing revenue standards and interpretations with a single principles-based model for all sectors and industries. Three options are available for transition to the standard: i) full retrospective application; ii) partial retrospective application (with certain exemptions being available); or iii) retention of figures for contracts reported under previous standards (IAS 11/IAS 18), while recognising the cumulative effect of applying IFRS 15 as an adjustment to equity as at 1 January 2018. IFRS 15 is effective for annual periods beginning on or after 1 January 2018 and early application is permitted provided the EU adopts the standard. An analysis of the effects of IFRS 15 will begin in the first half of 2016.

IFRS 16 Leases: New standard on accounting for leases. For lessees, classification as operating leases and finance leases under IAS 17 disappears and is replaced with a model in which assets and liabilities for all leases are recognised in the balance sheet. Recognition exemptions are allowed for leases that have a low value and leases with a lease term of 12 months or less. In the income statement, depreciation is recognised separately from interest expenses associated with the lease liability. There are not considered to be any significant changes for lessors – the rules contained in IAS 17 are essentially retained, with the exception of additional disclosure requirements. IFRS 16 is effective and mandatory for financial periods beginning on or after 1 January 2019. Earlier application is permitted if IFRS 15 is also applied from the same point in time, assuming that the EU has adopted the standard. An analysis of the effects of IFRS 16 will begin in the first half of 2016.

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. Transaction costs attributable to acquisitions made before 1 January 2010 have been included in the cost.

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 krona using average exchange rates. This average is an approximation of the cumulative effect of the rates at each transaction date. Exchange differences arising on translation of foreign operations are recognised in other comprehensive income and accumulated in the translation reserve in equity. On disposal of a foreign operation, the cumulative amount of the exchange differences relating to that operation, net of any hedging, are reclassified to profit or loss.

Operating segment reporting

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, and for which discrete financial information is available.

An operating segment's performance is monitored by the Company's chief operating decision maker, which is Group Management, in order to assess its performance and allocate resources to it. Concordia Maritime's Group Management monitors the economic performance of the fleet as one unit. Consequently, operating segment reporting comprises one segment, Tankers. The Tankers segment information now coincides with the consolidated financial information.

Classification

Non-current assets and liabilities are essentially amounts that are expected to be recovered or paid more than twelve months after the reporting date. Current assets and liabilities are essentially amounts that are expected to be recovered or paid within twelve months of the reporting date.

Income

The Group's income consists primarily of spot charter and to some extent time charter income. Spot charter income is generated when the vessels are employed on the open market (the spot market) and chartered voyage by voyage. Spot charter income is received and recognised when the individual voyage is completed. Spot charter income for voyages in progress at the reporting date is distributed between the current reporting period and the next reporting period based on the number of days of the voyage. If the net result (freight income less direct voyage costs) of the voyage is negative, the entire amount is allocated to the current reporting period. Time charter income is received when the vessels are leased for a fixed period, normally one year or more. The income, which consists of a fixed daily hire of the vessel, is paid monthly in advance and recognised as income in the same way as spot charter income. Profit-sharing contracts are accounted for based on settlement with the charterer. If the settlement period and the financial reporting period differ, the profit-sharing contract is recognised using management's judgements and estimates, which are based on market conditions and the charterer's actual earnings in the financial reporting period. Usual settlement periods for profit-sharing contracts are monthly, 90 days or 180 days.

Operating expenses – operating leases

Time-charters agreements are classified as operating leases. With time charters the owner usually retains all the risks, such as accidents and idle time. The shipowner is normally responsible for operation and the crew. The lessee normally has no obligations when the time charter period is over. Costs associated with operating leases are recognised in the income statement in the same way as freight income above.

Finance income and costs

Finance income and costs comprise interest income on bank deposits, receivables and interest-bearing securities, interest expense on borrowings, dividend income, exchange differences, unrealised gains and losses on financial investments and derivatives used in financial activities.

Interest income on receivables and interest expense on liabilities are recognised using the effective interest method. The effective interest rate is the rate that discounts all future cash payments or receipts during the fixed-interest period to the initially recognised carrying amount of the financial asset or liability. Interest income and interest expense includes accrued amounts of transaction costs and any discounts, premiums or other differences between the original value of the asset or liability and the amount received or paid at maturity.

Dividend income is recognised when the right to receive payment is established.

Financial instruments

Financial instruments recognised under assets in the statement of financial position include cash & cash equivalents, trade receivables, shares (sold in 2014), loan receivables, bond receivables (sold in 2014) 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.

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

Derivatives and hedge accounting

Derivative instruments include forward contracts and swaps that are used to cover the risk of currency fluctuations and exposure to interest rate risks. Derivatives are also contractual terms that are embedded in other contracts. Changes in the value of stand-alone derivatives are recognised in profit or loss based on the purpose of ownership. All interest-related derivatives, swaps, were redeemed in the first quarter of 2015, until such time that hedge accounting was applied. 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 in the statement of financial position in the event of disposal. The gain or loss arising from the disposal of an asset is the difference between the selling price and the asset's carrying amount less direct costs to sell. Gains and losses are reported under other operating income/expense.

Leased assets

Leases are classified as finance leases or operating leases. A finance lease is a lease that transfers substantially all the financial risks and rewards incident to ownership. An operating lease is a lease other than a finance lease.

Assets held under a finance lease are reported as a non-current asset in the statement of financial position and initially measured at the lower of the lease object's fair value and the present value of the minimum lease payments at the inception of the lease. The Group does not have any finance leases.

Assets held under operating leases are not reported as an asset in the statement of financial position. In the same way, operating leases do not give rise to a liability.

Subsequent costs and periodic maintenance

The maintenance portion of the ship's cost of acquisition is separated on delivery and depreciated separately. Subsequent costs associated with periodic maintenance are included in the carrying amount only when it is probable that future economic benefits associated with the asset will flow to the Company and the cost of the item can be measured reliably. All subsequent costs are recognised as an expense in the period in which they are incurred. The depreciation period for periodic maintenance of owned tonnage is between thirty months and five years, while the depreciation period for time chartered tonnage extends to the next docking or redelivery of the vessel.

In order for subsequent costs to qualify for inclusion in the carrying amount, they must relate to the replacement of identified components or parts thereof. If this is the case, these costs are capitalised. Costs relating to the construction of new components are also included in the carrying amount. The residual value of a replaced component or part thereof is derecognised at the time of replacement Repairs are recognised as an expense as incurred.

Borrowing costs

Borrowing costs that are attributable to the construction of qualifying assets are capitalised as part of the cost of the qualifying asset. A qualifying asset is an asset that necessarily takes a significant length of time to prepare for its intended use. Firstly, borrowing costs incurred on loans that are specific to the qualifying asset are capitalised. Secondly, borrowing costs incurred on general loans that are not specific to any other qualifying asset are capitalised. Borrowing expenses are based on external borrowing.

Depreciation

Depreciation takes place over the estimated useful life down to the residual value of zero. The Group applies component depreciation, which means depreciation is based on the estimated useful lives of components. Estimated useful lives:

Ships	25 years
Periodic maintenance (docking) components of vessels	2.5–5 years
Equipment, tools and fixtures & fittings	2–5 years

Assessment of an asset's useful life is made on a six-monthly basis.

Impairment

The Group's reported assets are assessed semi-annually to determine if there is any indication of impairment. IAS 36 is applied for impairment of non-financial assets. Financial assets are accounted for under IAS 39. If there is any indication of impairment, the asset's recoverable amount (i.e. the higher of net realisable value and value in use) is calculated. An impairment loss is recognised when the recoverable amount of an asset or a cash-generating unit is less than its carrying amount. An impairment loss is recognised as an expense in net income for the year. When impairment has been identified for a cash-generating unit, the impairment loss is proportionately allocated to the assets in the unit.

In measuring value in use, cash flows are discounted using a discount rate that reflects the risk-free rate of interest and the risks specific to the asset. The Group treats the entire fleet as a cash-generating unit. Testing is based on an average value from three ship brokers and on discounted cash flows. Any assumptions in the case of a cash flow calculation are described in note 8 for property, plant and equipment.

Impairment of assets accounted for under IAS 36 is reversed if there is an indication that the impairment no longer exists and there has been a change in the assumptions on which the calculation of recoverable amount was based. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation where applicable, had no impairment loss been recognised.

Share capital

Dividends

Dividends are recognized 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.

Revenue recognition

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

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

The Parent Company's financial guarantees consist mainly of sureties in favour of subsidiaries. Financial guarantees mean that the Company has an obligation to reimburse the holder of a debt instrument for losses it incurs because a specified debtor fails to make payment when due under the contract terms. For the reporting of financial guarantee contracts, the Parent Company applies an exemption from the provisions of IAS 39 permitted by the Swedish Financial Reporting Board. The exemption applies to financial guarantees provided for subsidiaries. The Parent Company reports financial guarantees as a provision in the balance sheet when the Company has an obligation, and an outflow of resources is likely to be required to settle the obligation.

In other respects, the Parent Company applies the same principles for financial instruments as the Group.

2 EBITDA per vessel category

EBITDA per quarter

USD millions	Q4 2014	Q4 2015	Q3 2014	Q3 2015	Q2 2014	Q2 2015	Q1 2014	Q1 2015	Full year 2014	Full year 2015
Product tankers (time charter)	0.5	1.3	0.5	1.2	1.7	1.1	2.7	1.5	5.4	5.1
Product tankers (spot)	4.6	10.3	2.6	9.4	0.8	9.3	4.0	6.5	12.0	35.5
Panamax	0.0	0.0	0.0	0.0	11.9	0.0	1.1	0.0	13.0	0.0
Suezmax	2.0	3.7	1.4	3.6	0.7	3.2	2.2	3.7	6.3	14.2
Admin. and other	–1.4	–1.4	–1.1	–0.9	–1.4	–1.1	–1.5	–1.1	–5.4	–4.5
Total	**5.7**	**13.9**	**3.4**	**13.3**	**13.7**	**12.5**	**8.5**	**10.6**	**31.3**	**50.3**

Approx. 3% (0%) of accumulated sales is attributable to profit sharing. Result from the sale of investments in joint ventures and compensation for loss of charter income in Q2 2014 totalled USD 12.2 million.

3 Geographical distribution

Geographical areas

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

Group, SEK millions	Total 2014	Total 2015
Income		
United States	189.7	258.0
Switzerland	156.4	99.1
Netherlands	45.6	5.3
Singapore	31.6	101.9
Other	107.6	345.7
Total income	**531.0**	**810.0**

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

Group, SEK millions	Total 2014	Total 2015
Non-current assets		
Bermuda	2,923.2	3,601.0
UK	206.5	208.0
Total non-current assets (ships)	**3,129.7**	**3,809.0**

Largest customers by income

The Group generated income of SEK 810 million in 2015. Two customers each accounted for more than 10% of total income during the year, with shares of 21% (corresponding to SEK 167.5 million) and 19% (corresponding to SEK 152.9 million).

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

4 Employees and personnel expenses

Employee benefits expenses

Group, SEK millions	2014	2015
Salaries and other benefits	11.9	14.3
Pension costs, defined contribution plans	2.2	2.9
Social security contributions	2.9	3.8
	17.0	**21.0**

Gender distribution in Company Management

	2014	2015
Parent company	Proportion female	Proportion female
Board	11%	11%
Other senior executives	0%	0%
Group		
Board	11%	11%
Other senior executives	50%	50%

Salaries, employee benefits and social security contributions

	2014		2015	
Parent, SEK millions	Salaries and other benefits	Social security contributions	Salaries and other benefits	Social security contributions
Parent company	8.5	4.6	9.4	5.0
(of which pension costs)		1.9		2.4

SEK 2,393.7 (1,815.0) 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	2014	Of which male	2015	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 (464 in 2015 and 404 in 2014) on its owned vessels.

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

	2014		2015	
Group, SEK millions	Board, CEO and Management	Other employees	Board, CEO and Management	Other employees
Parent: Sweden	9.8	0.4	8.9	0.5
Subsidiaries: Switzerland	2.2	0.8	2.6	0.9
Subsidiaries: Bermuda	1.1		1.4	
Group total	**13.1**	**1.2**	**12.9**	**1.4**
(of which Board fees)	(2.4)		2.5	

The Board, CEO and Management group comprises 15 (15) individuals.

Defined contribution plans

The Group has defined contribution pension plans for its employees in Sweden. These are financed by the companies. Foreign subsidiaries have defined contribution pension plans which are financed partly by the subsidiaries and partly by employee contributions. Payment into these plans is on an ongoing basis in accordance with each plan's rules.

	Group		Parent company	
SEK millions	31/12/2014	31/12/2015	31/12/2014	31/12/2015
Costs for defined contribution plans	2.3	2.9	1.9	2.4

Note 4 cont'd.

Senior executives' remuneration and benefits (Parent)

Salary and other benefits during the year, SEK thousands	2014 Basic salary/ directors' fees	2014 Variable pay	2014 Other benefits	2014 Pension cost	2014 Total	2015 Basic salary/ directors' fees	2015 Variable pay	2015 Other benefits	2015 Pension cost	2015 Total
Chairman of the Board	400				400	400				400
Deputy Chairman	400				400	400				400
Board members	1,200				1,200	1,200				1,200
CEO	3,534	831	104	1,385	5,849	3,369	1,347	101	1,827	6,644
Other senior executives	1,417	260	67	430	2,174	1,827	275	59	566	2,727
Total	**6,941**	**1,091**	**171**	**1,815**	**10,023**	**7,196**	**1,622**	**160**	**2,393**	**11,371**

The number of other senior executives in 2015 and 2014 was one. See also the Corporate Governance section and Board of Directors' Report for information about remuneration, benefits and agreements for the Board, CEO and senior executives.

5 Auditors' fees and remuneration

SEK millions	Group 2014	Group 2015	Parent company 2014	Parent company 2015
KPMG				
Audit services	1.5	1.6	0.9	0.9
Tax advisory services	0.5	0.2	0.0	0.0
Other services	0.3	0.5	0.3	0.5
	2.3	**2.3**	**1.2**	**1.4**

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	2014	2015
Result from disposal of available-for-sale financial assets	4.1	0.0
Exchange differences	0.0	2.5
Other interest income	1.5	0.6
Finance income	**5.6**	**3.1**
Interest expense on bank loans (including effect of swaps)	–42.6	–37.5
Other finance costs	–2.9	–0.9
Finance costs	**–45.5**	**–38.4**
Financial net	**–39.8**	**–35.3**

Note 6 cont'd.

Parent, SEK millions	Result from other securities and receivables 2014	2015	Interest and similar income 2014	2015
Interest income, other	0.0	0.0	12.8	15.7
Changes arising from remeasurement of financial assets at fair value	0.0	10.3	0.0	0.0
Result from subsidiaries	0.0	86.4	0.0	0.0
Finance income	**0.0**	**96.7**	**12.8**	**15.7**

Parent, SEK millions	Interest and similar expense 2014	2015
Interest expense on bank loans (including effect of swaps)	–17.9	–20.2
Exchange differences	–34.0	–15.8
Other finance costs	–1.9	0.0
Finance costs	**–53.8**	**–36.0**
Financial net	**–41.0**	**76.3**

7 Taxes

Recognised in the income statement

Group, SEK millions	2014	2015
Current tax expense(–)/ tax income(+)	0.0	0.0
Deferred tax income/expense on temporary differences	–10.4	–6.1
Deferred tax income/expense in tax loss carryforward capitalised during year	2.6	5.6
Effect of changed tax rate	0.0	0.0
Total recognised tax expense for Group	**–7.8**	**–0.5**

Parent, SEK millions	2014	2015
Deferred tax on temporary differences	0.0	0.0
Deferred tax income/expense in tax loss carryforward capitalised during year	0.0	5.6
Effect of changed tax rate	0.0	0.0
Total recognised tax expense for Parent	**0.0**	**5.6**

Reconciliation of effective tax

Group, SEK millions	2014, %	2014	2015, %	2015
Result before tax		16.5		174.3
Tax according to parent's enacted tax rate	–22	–3.6	–22	–38.3
Effect of different tax rates for foreign subsidiaries	38	6.2	23	39.3
Non-deductible expenses	–2	–0.4	–0	–0.4
Increase in loss carryforwards without corresponding capitalisation of deferred tax	–87	–14.4	0	0.0
Capitalisation of previously unused loss carryforwards	16	2.6	0	0.0
Tax attributable to prior years	11	1.8	–1	–1.1
Recognised effective tax	**–47**	**–7.8**	**–0**	**–0.5**

Note 7 cont'd.

Parent, SEK millions	2014, %	2014	2015, %	2015
Result before tax		–67.1		69.7
Tax according to parent's enacted tax rate	22	14.8	–22	–15.3
Non-deductible expenses	–0	–0.4	–0	–0.4
Non-taxable income	0	0.0	31	21.3
Increase in loss carryforwards not resulting in corresponding increase in deferred tax	–22	–14.4	0	0.0
Deferred tax on temporary differences	0	0.0	0	0.0
Recognised effective tax	**0**	**0.0**	**8**	**5.6**

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	2014	2015	2014	2015
Tax loss carryforwards	48.2	53.2		
Temporary differences, property, plant and equipment (excess depreciation)			46.7	52.8
Other temporary differences	–0.9			
Tax assets/liabilities	**47.3**	**53.2**	**46.7**	**52.8**
Offsetting	–46.7	–52.8	–46.7	–52.8
Total tax assets/liabilities, net	**0.6**	**0.4**	**0.0**	**0.0**

Temporary differences attributable to property, plant and equipment are related to *Stena Primorsk* reported in the CM P-MAX III branch. The deferred tax liability is SEK 52.8 million. This is an increase of SEK 6.1 million which is recognised in the income statement. The tax loss carryforwards are related to the losses in Concordia Maritime AB and the CM P-MAX III branch. The deferred tax receivable is SEK 53.2 million. This is an increase of SEK 5.6 million which is recognised in the income statement.

Recognised deferred tax assets and liabilities

Deferred tax assets and liabilities are as follows:

	Deferred tax asset/liability	
Parent, SEK millions	2014	2015
Tax loss carryforwards	34.3	40.0
Other temporary differences		
Tax assets/liabilities, net	**34.3**	**40.0**

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

The Group's tax loss carryforwards are as follows:

SEK millions	2014	2015
Sweden	286.5	307.3
Total	**286.5**	**307.3**

All the loss carryforwards have no expiry date.

8 Property, plant and equipment

Group, SEK millions	Ships	Ships under construction	Equipment	Total
Cost of acquisition				
Opening balance, 1 January 2015	4,571.7	205.8	2.7	4,780.1
Purchases	38.0	416.9	0.0	454.9
Reclassification to Ships	636.9	–636.9	0.0	0.0
Sale/Scrapping	–31.9	0.0	0.0	–31.9
Exchange differences	422.3	14.2	0.0	436.5
Closing balance, 31 December 2015	**5,637.0**	**0.0**	**2.7**	**5,639.7**
Opening balance, 1 January 2014	4,115.8	100.5	2.7	4,219.0
Purchases	15.0	85.1	0.0	100.9
Reclassification to Ships	0.0	0.0	0.0	0.0
Sale/Scrapping	–382.1	0.0	0.0	–382.1
Exchange differences	823.0	20.2	0.0	843.1
Closing balance, 31 December 2014	**4,571.7**	**205.8**	**2.7**	**4,780.1**

Group, SEK millions	Ships	Ships under construction	Equipment	Total
Depreciation and impairment				
Opening balance, 1 January 2015	1,442.0	0.0	2.1	1,444.1
Depreciation for the year	188.3	0.0	0.1	188.4
Depreciation for the year, periodic maintenance	25.9	0.0	0.0	25.9
Sale/Scrapping	–27.5	0.0	0.0	–27.5
Exchange differences	199.3	0.0	0.0	199.3
Closing balance, 31 December 2015	**1,828.0**	**0.0**	**2.2**	**1,830.2**
Opening balance, 1 January 2014	1,201.1	0.0	1.8	1,202.9
Depreciation for the year	144.4	0.0	0.3	144.7
Depreciation for the year, periodic maintenance	13.7	0.0	0.0	13.7
Sale/Scrapping	–94.4	0.0	0.0	–94.4
Exchange differences	177.2	0.0	0.0	177.2
Closing balance, 31 December 2014	**1,442.0**	**0.0**	**2.1**	**1,444.1**
Carrying amounts				
1 January 2015	3,129.7	205.8	0.6	3,336.1
31 December 2015	**3,809.0**	**0.0**	**0.5**	**3,809.5**
1 January 2014	2,914.8	100.5	0.8	3,016.1
31 December 2014	**3,129.7**	**205.8**	**0.6**	**3,336.1**

Borrowing costs

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

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

Parent, SEK millions	Equipment	Total
Cost of acquisition		
Opening balance, 1 January 2015	0.7	0.7
Purchases	0.0	0.0
Closing balance, 31 December 2015	**0.7**	**0.7**
Opening balance, 1 January 2014	0.7	0.7
Purchases	0.0	0.0
Closing balance, 31 December 2014	**0.7**	**0.7**
Depreciation		
Opening balance, 1 January 2015	0.6	0.6
Closing balance, 31 December 2015	**0.6**	**0.6**
Opening balance, 1 January 2014	0.6	0.6
Closing balance, 31 December 2014	**0.6**	**0.6**
Carrying amounts		
1 January 2015	0.1	0.1
31 December 2015	**0.0**	**0.0**
1 January 2014	0.1	0.1
31 December 2014	**0.1**	**0.1**

Collateral

At 31 December 2015, vessels with a carrying amount of SEK 3,809.0 (3,129.7) million had been pledged as collateral for the available bank facility.

Ship values, impairment testing and impairment

The Group's assets are assessed on a six-monthly basis to determine whether there is any indication of impairment. The fleet is defined as a cash-generating unit, and an impairment loss is recognised when the carrying amount of an asset or cash-generating unit exceeds its recoverable amount. The Company considers that the entire fleet of ships together constitutes a cash-generating unit. The vessels in the fleet are interchangeable as all vessels can carry the same type of cargo, and the fleet is monitored internally as a whole. On assessing the value of the assets at 31 December 2015, there was no indication of impairment, nor were there any grounds for reversing the previous impairment loss in 2012.

9 Investments in joint ventures

Group

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

The consolidated financial statements include the following items which constitute the Group's share of the joint-venture companies' assets, liabilities, income and expenses.

Group, SEK millions	2014	2015
Income	37.8	0.0
Expenses	–15.3	0.0
Result	**22.5**	**0.0**
Non-current assets	0	0
Current assets	0	0
Total assets	**0**	**0**
Non-current liabilities	0	0
Current liabilities	0	0
Total liabilities	**0**	**0**
Net assets/net liabilities	**0**	**0**

10 Financial investments

Group, SEK millions	31/12/2014	31/12/2015
Short-term investments that are current assets		
Available-for-sale financial assets		
Bonds	0.0	0.0
Financial assets held for trading		
Other holdings	0.0	0.0
	0.0	**0.0**

Financial investments were sold in 2014.

11 Non-current and current receivables

Group, SEK millions	31/12/2014	31/12/2015
Non-current receivables that are non-current assets		
Deferred tax assets	0.6	0.4
Other non-current receivables	0.2	0.1
	0.8	**0.5**
Other receivables that are current assets		
Other current receivables	158.4	165.9
	158.4	**165.9**

Parent, SEK millions	31/12/2014	31/12/2015
Non-current receivables		
Endowment insurance for pension obligations	0.0	0.0
	0.0	**0.0**
Current receivables		
Other receivables	0.2	11.6
	0.2	**11.6**
Non-current receivables		
Accumulated cost at beginning of year	1.7	0.0
Closing balance, 31 December	**1.7**	**0.0**

12 Prepayments and accrued income

	Group		Parent company	
SEK millions	31/12/2014	31/12/2015	31/12/2014	31/12/2015
Other prepayments	66.2	75.5	0.2	0.2
Accrued finance income	18.3	29.9	2.4	18.7
	84.5	**105.4**	**2.6**	**18.9**

13 Cash and cash equivalents

Group, SEK millions	31/12/2014	31/12/2015
The following components are included in cash and cash equivalents:		
Cash and bank balances	136.6	273.6
Total reported in balance sheet	**136.6**	**273.6**
Total reported in cash flow statement	**136.6**	**273.6**

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	2014	2015
Result per share	0.18	3.64

Summary of issued shares

Number	2014	2015
A shares	4,000,000	4,000,000
B shares	43,729,798	43,729,798
Total	**47,729,798**	**47,729,798**

Dividend

After the reporting date, the Board has proposed a dividend of SEK 0.50 (0.00) per share. The dividend is subject to approval by the AGM on 26 April 2016.

SEK millions	2014	2015
SEK 0.50 (0.00) per share	0.0	23.9

Equity – reconciliation of reserves for the Group

SEK millions	Translation reserve	Fair value reserve	Hedging reserve
Opening carrying amount, 1 Jan 2014	29.4	3.2	–20.3
Translation differences for the year	259.9		
Gain/loss on hedging of currency risk in foreign operations		–3.2	
Changes in fair value of cash flow hedges			17.1
Closing carrying amount, 31 Dec 2014	**289.3**	**0.0**	**–3.2**

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

Translation reserve

Includes all exchange differences arising on the translation of foreign subsidiaries. The reserve also includes the hedging of currency risk in foreign operations.

Fair value reserve

Consists of the cumulative net change in available-for-sale financial assets until the asset is derecognised in the balance sheet.

Hedging reserve

Includes the effective portion of the accumulated net change in the fair value of a cash flow hedging instrument.

15 Interest-bearing liabilities

Group, SEK millions	31/12/2014	31/12/2015
Bank loans	1,832.2	2,129.0
Total non-current liabilities	**1,832.2**	**2,129.0**

Group, SEK millions	31/12/2014	31/12/2015
Bank loans	206.6	258.2
Total current liabilities	**206.6**	**258.2**

Parent, SEK millions	31/12/2014	31/12/2015
Bank loans	1,544.8	1,450.2
Liabilities to Group companies	27.4	27.4
Total non-current liabilities	**1,572.2**	**1,477.6**

Parent, SEK millions	31/12/2014	31/12/2015
Bank loans	181.6	202.5
Total current liabilities	**181.6**	**202.5**

The short-term and long-term bank loans above comprise the Group's total interest-bearing liabilities of SEK 2,387.2 million. These bank loans relate to the items "Bank loans – revolving credit facility" and "Bank loans – suezmax vessels". In 2015, a new bank loan relating to the IMOIIMAX vessels was also activated. Details of all of the loans can be found in note 19.

The Group has a credit agreement totalling USD 297.0 (324.1) million. At the end of the year, USD 285.8 (261.0) million of the amount had been utilised. The agreement is subject to the fulfilment of certain industry-standard covenants. More information about the Company's exposure to interest rate risk and currency risk can be found in notes 18 and 19.

16 Other liabilities

Group, SEK millions	31/12/2014	31/12/2015
Other current liabilities		
Current tax	11.4	12.1
Derivatives	3.2	0.0
	14.6	**12.1**

17 Accruals and deferred income

	Group		Parent company	
SEK millions	31/12/2014	31/12/2015	31/12/2014	31/12/2015
Accrued voyage costs, ships	61.4	54.2	0.0	0.0
Accrued personnel expenses	2.0	5.0	1.9	5.0
Other accruals	15.4	21.7	4.1	4.5
Accrued interest expense	3.9	5.1	3.9	2.1
Deferred income	3.9	0.0	0.0	0.0
	86.6	**86.0**	**9.9**	**11.6**

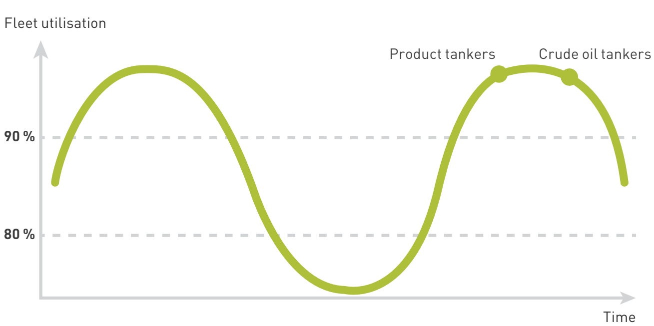
18 Financial risks

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				
	Target	2011	2012	2013	2014	2015
Growth	10% average fleet growth over a business cycle	0	4	0	–4	22
Profitability	10% return on equity	5	–23	–2	1	10
Equity ratio	at least 40% over a business cycle	47	38	38	42	43

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



Liquidity risk

Liquidity risk (also called funding risk) is the risk that funding cannot be obtained at all, or only at a significantly higher cost. Under the financial policy, there must always be sufficient cash and guaranteed credit to cover the next six months. Through agreements the Group has secured funding corresponding to approx. 80% of the total investment amount for ten P-MAX tankers. The Group has secured funding equivalent to approx. 70% of the total investment amount for the suezmax tanker. Funding for the two IMOIIMAX vessels ordered in June 2012 was finalised in February 2013 and corresponded to 65% of the total investment amount.

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

Interest rate risk

Interest rate risk is the risk that the value of a financial instrument will fluctuate because of changes in market interest rates. Interest rate risk may consist of changes in fair value (price risk) or changes in cash flow (cash flow risk). Fixed-rate periods have a significant effect on interest rate risk. Long fixed-interest periods normally mean an increased price risk, while shorter periods mean cash flow risk.

The Group's risk management is centralised, which means the central finance function is responsible for identifying and managing interest rate exposure. No hedging was carried out in2015. The corporate bonds were sold in 2014. The finance department continuously monitors the interest rate market and provides recommendations to the Board on any necessary interest rate hedging. At 31 December 2014, the Group had entered into interest rate swaps corresponding to USD 100 million. These interest rate swaps matured during 2015 and at 31 December 2015, no new swaps had been entered into. See also the section on Currency risk in operating activities.

Credit risks

Credit risk associated with financial activities

Financial risk management involves exposure to credit risks. These are mainly counterparty risks associated with receivables from banks and other counterparties arising from the purchase of derivative instruments. The financial policy contains a special counterparty regulation specifying that derivatives and similar instruments are only used against a selection of banks. For credit risk associated with other financial assets, such as corporate bonds, the Group invests primarily in its own sector and industry, i.e. the one it understands, which is considered to reduce the risk significantly.

Credit risk associated with trade receivables

Credit risk is the risk that customers will cause a financial loss for the Group by failing to discharge their obligations, i.e., the risk of non-payment of trade receivables. Most of the Group's clients have good or very good credit ratings. Bank guarantees or other forms of security are required for customers with a low credit rating or insufficient credit history. There was no significant concentration of credit risk exposure at the reporting date. The maximum exposure to credit risk can be seen in the carrying amount of each financial asset in the balance sheet.

Credit risk associated with investments

The Group's investments in ships mean that advances are paid regularly to the shipyard during construction. Bank guarantees are issued to secure repayment of the advances in the event that the counterparty is unable to discharge its commitments.

Currency risk

Translation and transaction exposure

The Group is exposed to various types of currency risk as described below.

Currency risk in equity (translation exposure)

Exchange differences arising on translation of subsidiaries are recognised in the translation reserve. A strong US dollar will increase Concordia Maritime's equity and net value and vice versa. Exchange rate difference arising on translation of foreign subsidiaries to Swedish kronor are recognised in other comprehensive income and accumulated in the translation reserve. The exchange rate was SEK 7.81 at 31/12/2014 and SEK 8.35 at 31/12/2015. Equity hedging of USD 30 million was activated in 2015.

It is estimated that a change in the dollar rate of SEK 0.10 will affect Concordia Maritime's equity by approx. SEK 19.9 million, or SEK 0.42 per share.

Currency risk in operating activities (transaction exposure)

The Group's entire income is in US dollars. The Group's costs are also dominated by the US dollar, apart for some administrative expenses in Swedish kronor and Swiss francs. Consequently, exchange rate variations do not affect either cash flow or earnings significantly. No hedging against exchange rate fluctuations in operating activities was conducted.

Financial exposure

The Group's borrowing is in the investment currency USD and is therefore not subject to currency exposure. However, the Parent company is affected by currency exposure as liabilities in USD are not fully matched by assets in USD.

Sensitivity analysis

The Group aims to reduce short-term fluctuations in its results by means of interest rate and currency risk management. However, in a long-term perspective, lasting changes in exchange rates and interest rates may have an effect on consolidated results.

Similarly, a general increase of 1% in the US LIBOR rate would reduce the Group's result before tax by SEK 23.9 (20.4) million at 31 December 2015.

Fair value measurement

The following description summarises the methods and assumptions used to determine the fair values of the financial instruments in note 19. The fair value of available-for sale financial assets (corporate bonds sold in 2014) is measured according to level 1, in accordance with quoted prices in active markets. Derivatives used for hedging are measured in accordance with level 2 inputs, which are observable market data not included in level 1.

Derivative instruments

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

Trade receivables and payables

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

Interest-bearing liabilities

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

19 Financial instruments

Effective interest rate and maturity structure

Interest-bearing financial assets and liabilities The following table shows the effective interest rate on the reporting date and the maturity structure for the financial assets and liabilities. The nominal amount of the liabilities in the loans' original currency, USD, is multiplied by the year-end closing rate of 8.3524 to report the total of loan amount in USD.

Group, SEK millions	31/12/2014	31/12/2015	Interest rate, %	Fixed-interest period	Effective interest, %	Currency	Nominal amount in original currency, USD thousands
Bank loans – revolving credit facility	–1,726.4	–1,652.7	0.44	3 months	1.19	USD	197,875
Bank loans – suezmax vessels	–312.5	–307.4	0.83	6 months	2.98	USD	36,800
Bank loans – IMOIIMAX vessels	0.0	–427.1	0.32	6 months	3.12	USD	51,133

Note 19 cont'd.

Group, SEK millions	2014 Total	2014 2015 1 year	2014 2016 2 years	2014 2017 3 years	2014 2018 4 years	2014 5 or more years	2015 Total	2015 2016 1 year	2015 2017 2 years	2015 2018 3 years	2015 2019 4 years	2015 5 or more years
Bank loans – revolving credit facility	–1,726.3	–181.6	–189.4	–1,355.3			–1,652.7	–202.5	–1,450.2			
Bank loans – suezmax vessels	–314.3	–25.0	–25.3	–25.6	–25.9	–212.5	–307.4	–26.7	–26.7	–26.7	–227.3	
Bank loans – IMOIIMAX	–12.7	399.4	–27.1	–27.4	–27.7	–329.9	–427.1	–28.9	–28.9	–28.9	–28.9	–311.5
Trade payables	–1	–1					0.5	0.5				
Interest rate swaps	–3.2	–3.2										
Interest on bank loans – revolving credit facility	–39.6	–17.2	–15.3	–7.1			–27.5	–18.9	–8.6			
Interest on bank loans – suezmax vessels	–24.3	–6.3	–5.8	–5.2	–4.7	–2.3	–27.5	–8.6	–8.2	–7.4	–3.3	
Interest on bank loans – IMOIIMAX vessels	–55.2	–6.7	–12.3	–11.4	–10.5	–14.3	–51.7	–13.2	–11.8	–10.9	–10.1	–5.7

Future interest payments have been calculated using the effective interest rate for 2015.

Financial assets and liabilities – categories and fair values

Group 2015, SEK millions	Financial assets held for trading	Derivatives used in hedge accounting	Loans and receivables	Available-for-sale financial assets	Financial liabilities at FVTPL	Other liabilities	Total carrying amount	Total fair value
Cash and cash equivalents			273.6				273.6	273.6
Total			**273.6**				**273.6**	**273.6**
Non-current interest-bearing liabilities						2,129.0	2,129.0	2,129.0
Current interest-bearing liabilities						258.2	258.2	258.2
Trade payables						0.5	0.5	0.5
Total						**2,387.7**	**2,387.7**	**2,387.7**
Unrecognised gains/losses								

Group 2014, SEK millions	Financial assets held for trading	Derivatives used in hedge accounting	Loans and receivables	Available-for-sale financial assets	Financial liabilities at FVTPL	Other liabilities	Total carrying amount	Total fair value
Cash and cash equivalents			136.6				136.6	136.6
Total			**136.6**				**136.6**	**136.6**
Non-current interest-bearing liabilities						1,832.2	1,832.2	1,832.2
Current interest-bearing liabilities						206.6	206.6	206.6
Trade payables						1.0	1.0	1.0
Other liabilities		3.2					3.2	3.2
Total		**3.2**				**2,039.8**	**2,043.0**	**2,043.0**
Unrecognised gains/losses								

Note 19 cont'd.

Parent 2015, 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
Cash and cash equivalents			1,488.3				1,488.3	1,488.3
Total			**1,488.3**				**1,488.3**	**1,488.3**
Non-current interest-bearing liabilities						1,450.2	1,450.2	1,450.2
Current interest-bearing liabilities						202.5	202.5	202.5
Trade and other payables						0.5	0.5	0.5
Total						**1,653.2**	**1,653.2**	**1,653.2**
Unrecognised gains/losses								

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

20 Operating leases

The Group's agreements regarding time charters for inward and outward freight for vessels are classified as operating leases. The Group had no leases where the Company is the lessee in 2014 and 2015.

Leases where the Company is the lessor (chartering out)

Non-cancellable lease payments:

	Group	
SEK millions	2014	2015
Within one year	93.6	117.7
One to five years (2015–2019)	3.4	81.2
After five years	0	0
	97.0	**198.9**

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

21 Investment commitments

Group

Commitments under contracts relating to investments in vessels amount to approx. SEK 0.0 (351.8) million for 2015. The capital commitments at the end of 2014 were related to investments associated with the two IMOIIMAX vessels delivered in Q2 and Q4 of 2015.

22 Pledged assets and contingent liabilities

Group, SEK millions	Group 2014	Group 2015	Parent company 2014	Parent company 2015
Pledged assets				
For own liabilities and provisions				
Ship mortgages	3,129.7	3,809.0		
Shares in subsidiaries (in consolidated equity)	2,754.5	2,884.6		
Total pledged assets	**5,884.2**	**6,693.6**	**68.1**	**83.5**
Contingent liabilities				
Parent Company guarantees for subsidiaries' overdraft facilities			272.5	307.3
Total contingent liabilities			**272.5**	**307.3**

The rights associated with certain insurance, construction and time charter contracts have been pledged in favour of the banks providing the lines of credit. It has not been possible to define the specific amounts of these rights. The Parent Company has also a provided a guarantee for a subsidiary, which relates to vessel financing. The loan can only be drawn on delivery of the vessel, and was not available at the reporting date. Consequently, the value of the guarantee cannot be defined. In July 2013, the vessel owner received an application for arbitration for the damage the customer believes the Company has caused them in connection with *Stena Primorsk's* grounding in the Hudson River in December 2012 and the Company's decision to stop operating the vessel in this shipping channel. In July 2013, the customer requested that the matter be settled by arbitration in the United States. The vessel owner strongly rejects the claim of approx. USD 21 million and is preparing for arbitration. 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 the purpose of a possible start for a conciliation procedure. These will also continue during the first quarter of 2016. If settlement is not reached, the process will be handled through arbitration, starting in the second quarter of 2016, with a ruling likely at the end of the year or in the first quarter of 2017. The Company's fees for legal and similar assistance regarding this matter are charged to the Company's earnings as incurred.

It is the Company's assessment that a contingent liability amount cannot be determined at present, and no provision has therefore been made.

23 Related parties

Related party relationships

The Parent Company has a related party relationship with its subsidiaries, see note 24. Key management personnel are considered to be related parties, see note 4.

Related party transactions

Related party relationship Group, SEK millions	Year	Purchase of services from related parties	Due to related parties at 31 December	Due from related parties at 31 December
Other related parties (see below)	2015	236.2	0.2	0.0
Other related parties (see below)	2014	183.7	0.0	0.0

Related party relationship Parent, SEK millions	Year	Purchase of services from related parties	Due to related parties at 31 December	Due from related parties at 31 December
Subsidiaries	2015		27.4	0.0
Subsidiaries	2014		27.4	0.0
Other related parties	2015	1.7	0.2	0.0
Other related parties	2014	2.4		0.0

Note 23 cont´d.

	2014	2015
Other current liabilities		
Liabilities to other related parties	0.0	0.2

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

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

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

- Vessel charter. Payment is based on a commission of 1.25% on freight rates.
- Commission on the purchase and sale of vessels. Payment is based on a commission of 1%.
- Operation and manning of the Group´s vessels, also referred to as ship management. Payment is based on a fixed price per year and vessel.
- Administration, marketing, insurance services, technical monitoring and development of Concordia Maritime´s fleet. Payment is based on a fixed price per month and vessel. With regard to technical consulting services for newbuild projects, an hourly rate is applied on a cost-plus basis, which is then charged to the project.
- Office rent and office services. A fixed annual price is charged.

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

24 Group companies

Significant subsidiary holdings

	Registered office, country	Ownership share, % 2014	Ownership share, % 2015
Concordia Maritime Chartering AB	Sweden	100	100
Rederi AB Concordia	Sweden	100	100
Concordia Maritime AG	Switzerland	100	100
Concordia Maritime (Bermuda) Ltd	Bermuda	100	100
CM P-MAX I Ltd	Bermuda	100	100
CM P-MAX II Ltd	Bermuda	100	100
CM P-MAX III Ltd	Cyprus	100	100
CM P-MAX IV Ltd	Bermuda	100	100
CM P-MAX V Ltd	Bermuda	100	100
CM P-MAX VI Ltd	Bermuda	100	100
CM P-MAX VII Ltd	Bermuda	100	100
CM P-MAX VIII Ltd	Bermuda	100	100
CM P-MAX IX Ltd	Bermuda	100	100
CM P-MAX X Ltd	Bermuda	100	100
CM Suez I Ltd	Bermuda	100	100
CM IMOMAX A Ltd	Bermuda	100	100
CM IMOMAX B Ltd	Bermuda	100	100

Parent, SEK millions	2014	2015
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, %	31/12/2014 Carrying amount	31/12/2015 Carrying amount
Concordia Maritime Chartering AB, 556260-8462, Gothenburg	250,000	100	29.6	29.6
Rederi AB Concordia, 556224-6636, Gothenburg	3,000	100	0.4	0.4
Concordia Maritime AG, Switzerland	119,500	100	715.8	715.8
			745.8	**745.8**

25 Cash flow statement

Cash and cash equivalents

Group, SEK millions	31/12/2014	31/12/2015
The following components are included in cash and cash equivalents:		
Cash and bank balances	136.6	273.6
Total reported in balance sheet	**136.6**	**273.6**
Total reported in cash flow statement	**136.6**	**273.6**

Parent, SEK millions	31/12/2014	31/12/2015
The following components are included in cash and cash equivalents:		
Receivables from Group companies	1,399.6	1,483.4
Cash and bank balances	119.4	4.9
Total reported in balance sheet	**1,519.0**	**1,488.3**
Total reported in cash flow statement	**1,519.0**	**1,488.3**

Interest paid and dividend received

	Group		Parent company	
SEK millions	31/12/2014	31/12/2015	31/12/2014	31/12/2015
Dividend received	0.0	0.0	0.0	86.4
Interest received	1.5	3.1	12.8	15.7
Interest paid	–42.5	–37.5	–17.9	–20.2
	–41.0	**–34.4**	**–5.1**	**81.9**

Non-cash items

	Group		Parent company	
SEK millions	31/12/2014	31/12/2015	31/12/2014	31/12/2015
Depreciation, amortisation and impairment	136.8	188.0	0	0
Depreciation, periodic maintenance	13.7	26.2	0	0
Unrealised exchange differences	17.7	9.1	192.3	22.7
Changes in value of financial instruments	–4.0	0	0.0	10.2
Capital gain/loss on sale of financial assets	–58.9	0	0.0	0
Other	0	–5.4	0.0	0
	105.3	**217.9**	**192.3**	**32.9**

26 The Parent Company

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

The 2015 consolidated financial statements comprise the Parent Company and its subsidiaries, which together form the Group.

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

27 Events after the reporting date*

After the end of the financial year, another P-MAX tanker was signed to a time charter. The contract, which comes into effect at the beginning of February 2016, is for one year with an option for a further year. In March, *Stena Progress* was signed to a three-year charter.

* Events up to and including the date of signature of this annual report, 29 March 2016.

28 Significant accounting estimates

Accounting estimates and assessments are evaluated regularly. They are largely based on historical experience and other factors, including expectations about future events which are considered reasonable in the present circumstances. The Board and management make estimates and assumptions about the future when preparing the financial statements. These result in accounting estimates, which, by definition, rarely correspond with the actual outcome. Estimates and assumptions which involve considerable risk of material adjustments to the carrying amounts of assets and liabilities during the next financial period are described below.

Ships

It is Concordia Maritime's estimation that the vessels have a useful life of 25 years. In addition, any scrap value at the end of the period is considered erased due to charges associated with the scrapping. Consequently, the residual value is deemed to be zero.

Impairment testing of vessels is conducted twice a year, and more frequently if there is an indication that vessel values are impaired. See also notes 1 and 8.

Deferred taxes

When preparing financial statements, Concordia Maritime calculates the income tax for each area of taxation in which the Group operates, as well as deferred taxes arising from temporary differences. Deferred tax assets primarily attributable to tax loss carryforwards and temporary differences are recognised if the tax assets are likely to be recovered from future taxable income. Changes in assumptions about projected future taxable income and changes in tax rates may result in significant differences in the measurement of deferred taxes.

Note 28 cont'd.

Disputes

In July 2013, the vessel owner received an application for arbitration for the damage the customer believes the Company has caused them in connection with the grounding of Stena Primorsk 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 the purpose of a possible start for a conciliation procedure. These will also continue during the first quarter of 2016. If settlement is not reached, the process will be handled through arbitration, starting in the second quarter of 2016, with a ruling likely at the end of the year or in the first quarter of 2017. The Company's fees for legal and similar assistance regarding this matter are charged to the Company's earnings as incurred.

The dispute concerning withholding tax in Switzerland has not yet been settled. The Company is not able to estimate how long it will be before the dispute is settled. A tax liability provision of USD 1.4 million related to this dispute was recognised in 2013.

Declaration by the Board

The Board and CEO herewith confirm that the Parent Company's annual financial statements have been prepared in accordance with generally accepted accounting principles in Sweden and that the consolidated financial statements have been prepared in accordance with international financial reporting standards as defined in Regulation (EC) No 1606/2002 of the European Parliament and of the Council of 19 July 2002 on the application of international accounting standards. The Parent Company and consolidated annual financial statements provide a true and fair view of the financial performance and position of the Parent Company and the Group. The Board of Directors' report for the Parent Company and Group provides a true and fair overview of the development of the operations, financial position and performance of the Parent Company and Group, and describes material risks and uncertainties faced by the Parent Company and Group companies.

Gothenburg, 29 March 2016

Carl-Johan Hagman
Chairman

Stefan Brocker
Deputy Chairman

Helena Levander
Board Member

Daniel Holmgren
Employee Representative

Mats Jansson
Board Member

Alessandro Chiesi
Employee Representative

Michael G:son Löw
Board Member

Morten Chr. Mo
Board Member

Dan Sten Olsson
Board Member

Kim Ullman
CEO

My audit report was submitted on 29 March 2016

Jan Malm
Authorised Public Accountant

Audit Report

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

Report on the Parent Company and consolidated annual financial statements

I have audited the annual accounts and consolidated accounts for Concordia Maritime AB (publ) for the year 2015. The annual accounts and consolidated accounts are included in the printed version of this document on pages 40–72.

Responsibility of Board of Directors and CEO

The Board and the CEO are responsible for preparing annual accounts which provide a true and fair view in accordance with the Swedish Annual Accounts Act, and consolidated accounts which give a true and fair view in accordance with International Financial Reporting Standards as adopted by the EU and the Swedish Annual Accounts Act, and for such internal control as the Board of Directors and the CEO determine is necessary to enable the preparation of annual accounts and consolidated accounts that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

My responsibility is to express an opinion on these annual accounts and consolidated accounts based on my audit. I conducted my audit in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. These standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the annual accounts and consolidated accounts are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the annual accounts and consolidated accounts. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the annual accounts and consolidated accounts, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company's preparation and fair presentation of the annual accounts and consolidated accounts in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Board of Directors and the CEO, as well as evaluating the overall presentation of the annual accounts and consolidated accounts.

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

Opinions

In my opinion, the annual accounts have been prepared in accordance with the Swedish Annual Accounts Act, and present fairly, in all material respects, the financial position of the Parent Company at 31 December 2015 and its financial performance and cash flows for the year then ended in accordance with the Swedish Annual Accounts Act. In my opinion, the consolidated accounts have been prepared in accordance with the Swedish Annual Accounts Act, and present fairly, in all material respects, the financial position of the Group at 31 December 2015 and its financial performance and cash flows in accordance with International Financial Reporting Standards as adopted by the EU, and the Swedish Annual Accounts Act. The Board of Directors' report is consistent with the other parts of the annual accounts and consolidated accounts.

I therefore recommend that the annual meeting of shareholders adopt the income statement and balance sheet for the Parent Company and for the Group.

Report on other legal and regulatory requirements

In addition to my audit of the annual accounts and consolidated accounts, I have examined the proposed appropriations of the company's profit or loss and the administration of the Board of Directors and CEO of Concordia Maritime AB (publ) for the year 2015.

Responsibility of Board of Directors and CEO

The Board of Directors is responsible for the proposal for appropriations of the company's profit or loss, and the Board of Directors and the CEO are responsible for administration under the Companies Act.

Auditor's responsibility

My responsibility is express an opinion with reasonable assurance on the proposed appropriations of the company's profit or loss and on the administration based on my audit. I conducted the audit in accordance with generally accepted auditing standards in Sweden.

As a basis for my opinion concerning the Board's proposed appropriations of the company's profit or loss, I examined whether the proposal is in accordance with the Companies Act.

As a basis for my opinion concerning discharge from liability, in addition to my audit of the annual accounts and consolidated accounts, I examined significant decisions, actions taken and circumstances of the company in order to determine whether any member of the Board of Directors or the CEO is liable to the company. I have also conducted examinations to establish whether any member of the Board or the CEO has in any other way acted in contravention of the Swedish Companies Act, the Annual Accounts Act, or the Company's Articles of Association.

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

Opinions

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

Gothenburg, 29 March 2016

Jan Malm
Authorised Public Accountant

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, a summary of the operational control of day-to-day activities is also presented. The report has been reviewed by the Company's auditors and there are no derogations from the Code.

GOVERNANCE OF COMPANIES AND OPERATIONS

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 or partly owned subsidiaries.

The registered office is in Gothenburg. The postal address of the Group's head office is Concordia Maritime AB, SE-405 19, Gothenburg, Sweden. The governance of Concordia Maritime is based on the Swedish Companies Act, 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 English version of the Swedish Corporate Governance Code is available at *www.corporategovernanceboard.se.*

Certain disclosures required under section 6 (3), Chapter 6, of the Swedish Annual Accounts Act can be found in the Board of Directors' Report. Information at *www.concordiamaritime.com* includes:

- More detailed information on internal control documents, e.g. the articles of association.
- Information from Concordia Maritime's annual general meetings, notices, minutes and financial reports.

AUDITOR'S STATEMENT ON THE CORPORATE GOVERNANCE REPORT

To the annual general meeting of Concordia Maritime AB (publ). Corp. ID 556068-5819

The Board is responsible for the 2015 Corporate Governance Report on pages 74–84, and for ensuring that it is prepared in accordance with the Annual Accounts Act.

I have read the corporate governance report and based on this reading and my knowledge of the Company and Group, I believe that I have sufficient grounds for my opinion expressed below. This means that my statutory review of the Corporate Governance Report has another focus and is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and generally accepted auditing practices in Sweden. In my view, a corporate governance report has been prepared and all the statutory information it contains is consistent with the annual accounts and consolidated accounts.

Gothenburg, 29 March 2016

Jan Malm
Authorised Public Accountant

HOW DOES THE CONCORDIA MARITIME–STENA SPHERE COOPERATION WORK IN PRACTICE?

The close cooperation between Concordia Maritime and the related companies within the Stena Sphere provides access to world-leading competence in all areas of shipping – from concept development and manning to technical operation, chartering and commercial operation. It also creates the conditions for a cost-effective internal organisation.

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

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

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

- Vessel charter: Stena Bulk and Stena Weco
- Commercial operation (and administration): Stena Bulk and Stena Weco
- Operation and manning of the Group's vessels: Northern Marine Management
- Technical support: Stena Teknik
- Purchases of bunker oil: Stena Bulk
- Insurance: Stena Rederi AB
- Office rent and office services: Stena Rederi AB

All related-party transactions are conducted on commercial terms and at market-related prices. The agreements between the parties are reviewed annually. Alongside the agreements, there is a policy document which regulates areas such as practical management of business opportunities, information management and logging procedures.

Principles of Corporate Governance

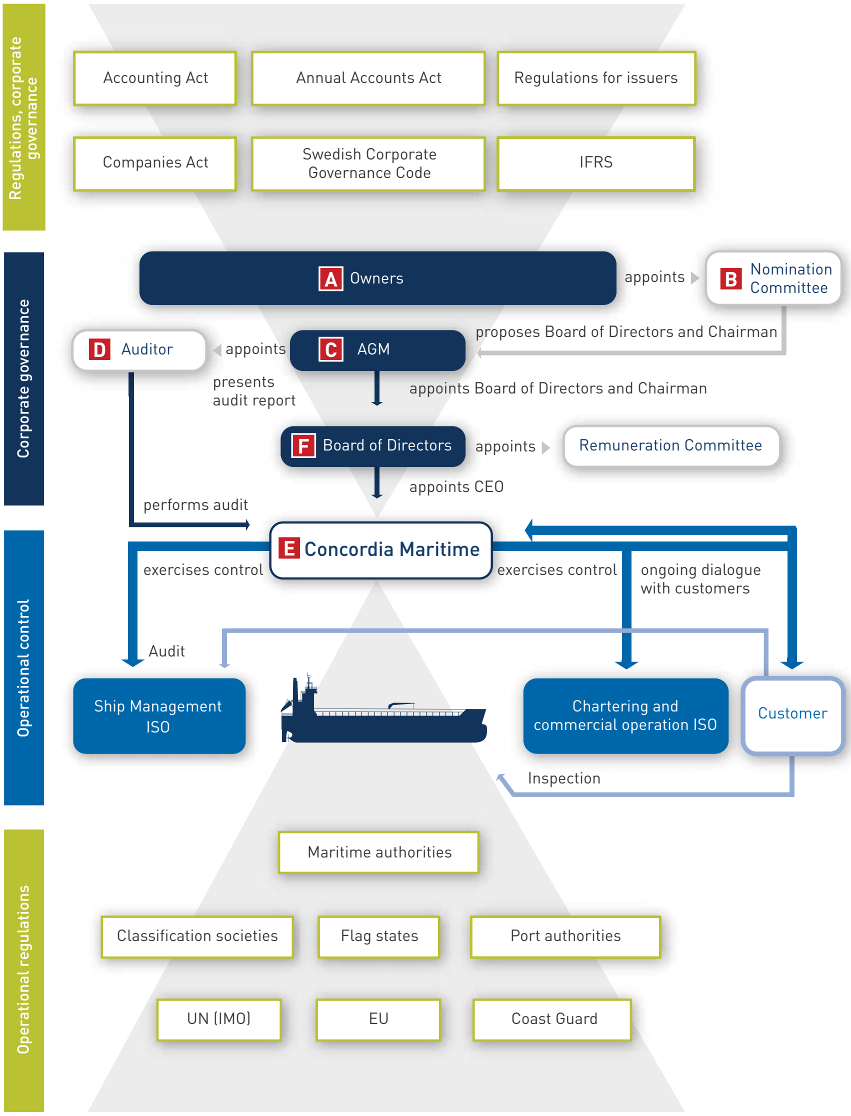
The corporate governance and control of our operations can be described from several perspectives.

1 As a public and listed Swedish company, Concordia Maritime is governed by a number of laws and regulations. Among the most important of these are the Swedish Companies Act, the Swedish Annual Accounts Act, International Financial Reporting Standards, Nasdaq Stockholm's listing agreement, rules for issuers and the Swedish Corporate Governance Code.

2 From an ownership perspective, business operations are governed by a Board of directors elected by the shareholders. The Board formulates the frameworks for the operations, appoints the CEO and exercises control over the Company's management. The Board has the services of a shareholder-elected auditor, whose job is to provide audit reports on the annual accounts and consolidated accounts for Concordia Maritime AB (publ) and administration of the Company by the Board and CEO.

3 The day-to-day operations are ultimately controlled by the customers' demands for efficiency and reliability. We have chosen a strategy that involves collaboration with a number of subcontractors in areas which include commercial operation and ship management. These collaborations are covered by agreements and policies, as well as mutual trust and full transparency. There is an extensive exchange of information between the parties and here, too, the control and reporting systems are well developed.

4 In addition to these legal control mechanisms, the business activities are subject to and governed by a number of industry-specific regulations. The most important of these are the UN, EU and US regulations related to shipping and trade in oil and petroleum products, and oil companies' own ship inspections (vetting). There are also regulations related to individual flag states, classification societies and national maritime authorities. All these bodies exercise continuous control of the business down to ship level.



A VOTING RIGHTS

The share capital consists of class A shares and class B shares. All shares carry equal entitlement to a share of the Company's assets, earnings and dividends. The par value is SEK 8 per share. Class A shares carry ten votes per share and class B shares one vote per share. At the end of the year, all class A shares were controlled by the Stena Sphere. At 31 December 2015, share capital amounted to SEK 381.8 million, divided into 47.73 million shares, of which 43.73 million were B shares. The total number of votes was 83.73 million.

B NOMINATION PROCESS

The nomination process for the election of Board members includes appointing a nomination committee consisting of three members. The members shall comprise the Chairman and one representative from each of the two largest shareholders (in terms of voting power), should they wish to serve on the committee.

The composition of the nomination committee is based on shareholder statistics on 1 September in the year prior to the meeting. The names of representatives on the nomination committee and the shareholders they represent shall be announced on the website immediately after their appointment, but no later than six months before the annual general meeting. If the structure of major shareholders should change during the nomination process, the composition of the nomination committee may be changed to reflect this.

Shareholders wishing to submit proposals to the nomination committee are able to do so via *arsstamma@concordiamaritime.com.*

The guidelines issued to the largest owners regarding their choice of representatives state that the individual in question must have knowledge and experience relevant to Concordia Maritime. The rules on the independence of Board members contained in the Swedish Corporate Governance Code are observed.

The nomination committee's tasks include submitting proposals to the next AGM concerning the following areas:

- Chairman of the meeting
- Board members
- Chairman of the Board
- Remuneration of each Board member
- Remuneration for committee work
- Nomination committee for the following year

The nomination committee's proposals and a report on its own work shall be published no later than the date of the notice convening the meeting. Shareholders are given the opportunity to submit nomination proposals to the nomination committee.

C SHAREHOLDER'S MEETING

The general meeting of shareholders is the highest decision-making body at Concordia Maritime. Participation in decision-making, requires the shareholder's presence at the meeting, either in person or through a proxy. In addition, shareholders must be registered in their own name in the share register by a specified date prior to the meeting and must provide notice of participation in the manner prescribed.

Resolutions at the meeting are normally adopted on the basis of a simple majority. However, for certain matters, the Swedish Companies Act stipulates that resolutions must be approved by a larger proportion of the votes cast and shares represented at the meeting.

The Annual General Meeting is held in the Gothenburg region in the second quarter of each year. The meeting decides on matters concerning adoption of the annual report, dividends, remuneration of the Board and auditors, election of Board members and, when necessary, auditors, guidelines on remuneration of Group management as well as other important business. Individual shareholders wishing to have business considered at the AGM can normally request this, in good time before the meeting, via *arsstamma@concordiamaritime.com*.

An extraordinary general meeting may be held if the Board considers this necessary or if the Company's auditors or shareholders owning at least 10 percent of the shares so request.

D AUDITOR

The auditor provides an audit report on the annual accounts and consolidated accounts for Concordia Maritime AB (publ), the administration of the Board and the CEO and the annual accounts for other subsidiaries.

The audit is conducted in accordance with the Swedish Companies Act and International Standards on Auditing (ISAs) issued by the International Federation of Accountants (IFAC). The auditing of annual financial statements for legal entities outside Sweden is conducted in accordance with laws and other regulations in each country and in accordance with IFAC's generally accepted auditing standards on providing audit reports for legal entities.

An auditor is proposed by the nomination committee and elected by the AGM for a period of one year. At the 2015 AGM, Jan Malm of KPMG was elected as the Company's external auditor until the 2016 meeting.

The auditor's fees are charged on a current account basis. In 2015, KPMG received fees totalling SEK 2.3 million.

E GROUP

Management and corporate structure

The Group comprises the Parent Company Concordia Maritime AB (publ) and a number of Group companies which ultimately report to the CEO. The Parent Company's own organisation consists solely of company management and administration. Other functions are purchased. At the end of 2015, the total number of persons employed through the Group was 470, and 464 of the employees were seagoing. Only the six shore-based employees are formally employed by Concordia Maritime.

CEO and Group management

In addition to the CEO, Group management consists of the CFO and general managers of the subsidiaries. The CEO is appointed by and receives instructions from the Board.

The CEO is responsible for the day-to-day management of the Company in accordance with the Board's guidelines and instructions. The CEO also produces information and decision-support material prior to Board meetings and attends the meetings in a reporting capacity.

The CEO is also responsible for communication and quality assurance of contact with the Company's cooperation partners.

Remuneration of Group management

We endeavour to offer total remuneration that is both fair and competitive. All employees receive remuneration in the form of fixed salary and the opportunity to earn a bonus. Guidelines on remuneration of Group management are adopted by the annual general meeting.

Remuneration of the CEO is thereafter determined by the remuneration committee. Remuneration of other senior executives is prepared and decided on by the CEO. For further information on remuneration, long-term incentive programs and pension plans, see note 4 in the financial report.

F THE BOARD

Tasks of the Board
The Board's main task is to manage the Group's affairs in a manner that creates the optimum conditions for a good long-term return on capital. The Board's work is mainly regulated by the Swedish Companies Act, the Company's articles of association, the Code and the rules of procedure established by the Board for its work.

The Board makes decisions on matters concerning the Group's overall objectives, strategic direction and major policies, as well as important issues related to financing, investments, acquisitions and disposals. The Board monitors and deals with follow-up and control of the activities of the Group, the Group's communication and organisational matters, including evaluation of operational management. The Board's responsibility includes appointing and, where appropriate, dismissing the Company's CEO. The Board also has overall responsibility for establishing effective systems for internal control and risk management.

Rules of procedure and Board meetings
Every year, the Board adopts rules of procedure for its work. These rules of procedure are revised as needed. The rules of procedure contain a description of the Chairman's special role and tasks, and the areas of responsibility for the Board. According to the rules of procedure, the Chairman shall ensure that the Board's work is carried out efficiently and that the Board performs its tasks. The Chairman shall also organise and distribute the Board's work, ensure that the Board's decisions are implemented effectively and that the Board makes an annual evaluation of its own work.

The rules of procedure also contain detailed instructions to the CEO and other corporate functions about which matters require the Board's approval. In particular, the instructions specify the maximum amounts that different decision-making bodies within the Group are authorised to approve with regard to credit, investments and other expenditure.

The rules of procedure stipulate that the statutory Board meeting shall be held immediately after the AGM. Decisions at this meeting include the election of the Deputy Chairman and who shall have signatory power for Concordia Maritime. In addition to the statutory meeting, the Board normally holds six regular meetings during the year. Four of these meetings are held in conjunction with the publication of the Group's annual and interim reports. The meetings are usually held in Gothenburg. Additional meetings, including conference calls, are held as required.

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

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

The rules of procedure established by the Board each year include detailed instructions on which financial reports and other financial information is to be submitted to the Board. In addition to interim and annual reports, other financial information relating to the Company and business is also examined and evaluated on an ongoing basis.

Control environment
The core of the internal control over financial reporting is based on the Group's directives, guidelines and instructions, and on the structure of responsibility and authority that has been adapted to the Group's organisation in order to create and maintain a satisfactory control environment.

The principles for internal controls and the directives and guidelines for financial reporting are contained in the Group's financial policy.

A fundamental component of our control environment is the corporate culture that is established in the Group and in which managers and employees operate. We work actively on communication and education with regard to the values described in an internal joint document which binds together the business area and is an important part of the common culture.

Risk assessment
Risks associated with financial reporting are evaluated and monitored by the Board as a whole. There is no separate audit committee; instead, audit matters are dealt with by the full Board. Prior to examining interim and annual reports, Board members have access to relevant documentation well in advance of publication and the Board meeting preceding publication. The reports are then discussed in detail at the Board meeting. The CFO acts as rapporteur of the Group's results and financial position at the Board meeting and is, of course, available for any questions in the days before the meeting.

The Board also reviews the most important accounting principles applied in the Group with respect to financial reporting, as well as significant changes to these principles. The external auditors report to the Board as necessary and at least once a year.

Financial reporting and disclosures
Concordia Maritime's procedures and systems for external communication are aimed at providing the market with relevant, reliable, accurate and timely information on the Group's development and financial position. We have an information policy that meets the requirements for a listed company. Financial information is provided regularly in the form of:
- Interim reports
- Annual reports
- Press releases on news that could affect the share price
- High availability to all stakeholders via telephone and mail
- Meetings with financial analysts and investors
- All reports and press releases are published on the Company website *www.concordiamaritime.com.*

Evaluation of the Board's work
Under the leadership of the Deputy Chairman, the Board conducts an annual evaluation of its work. The evaluation covers working methods, the working climate, the direction of the Board's work and access to, and the need for, special competence on the Board. The evaluation is used as an aid in developing the work of the Board and also acts as support for the nomination committee's work.

Remuneration committee
The Board has a remuneration committee, which makes proposals on Group management remuneration guidelines relating to:
- Targets and rationale for calculating variable pay
- The relationship between fixed and variable pay
- Changes in fixed or variable pay
- Criteria for evaluation of variable pay, long-term incentives, pensions and other benefits

The committee decides on salary and other terms of employment for the CEO. The Committee consisted of the Chairman of the Board Carl-Johan Hagman and Board member Helena Levander during the year. The Committee met on two occasions in 2015.


Stena
PMAX
STENA PRIMORSK
STENA PRIMORSK

Corporate governance in 2015

THE WORK OF THE BOARD DURING THE YEAR

The Board held six 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 2016, at which the year-end accounts for 2015 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 of the Board meetings. Significant business during the year included strategy, market assessments and financial risks.

Independence

In terms of independence, the Board of Directors is considered to be in compliance with Stock Exchange regulations and the requirements of the Code. Prior to the 2015 annual general meeting, all meeting-elected Board members apart from Dan Sten Olsson and Carl-Johan Hagman were assessed by the nomination committee as independent of both the major owners of the Company and its executive management.

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

BOARD MEETINGS 2015

19 February	Year-end report
28 April	Interim report Statutory Board meeting
13 August	Interim report
10 November	Strategy meeting
11 November	Interim report
15 December	Budget

NOMINATION COMMITTEE

The nomination committee for the 2016 meeting consists of Carl-Johan Hagman (Chairman of the Board), Arne Lööw (4:e AP fonden) and Martin Svalstedt (Stena Sessan), representing about 77 percent of shareholders' votes. The composition of the committee was announced on Concordia Maritime's website on 26 October 2015. The nomination committee had two meetings and a number of telephone contacts in 2015.

2015 ANNUAL GENERAL MEETING

The Annual General Meeting was held on 28 April 2015. The meeting was attended by 91 shareholders, in person or through a proxy, representing 80.33 percent of the votes. All meeting-elected Board members were present. Also present were the Company's auditor and members of the nomination committee.

The meeting's main decisions were as follows:

- Adoption of the Board's proposal that no dividend be paid for 2014.
- Payment of annual fees to the Board of Directors (excluding travel expenses) were set at SEK 1,925,000, distributed as follows: SEK 400,000 each to the Chairman and Deputy Chairman and SEK 225,000 to each of the other Board members who are not employees of the Group. The meeting also adopted auditors' remuneration for reasonable costs, to be paid against invoice based on actual time spent on carrying out their assignments.
- Principles for remuneration and terms of employment for the CEO and other members of executive management.
- Procedures for the appointment of the nomination committee and its work.

Operational control in 2015

A large part of the day-to-day operational work in the form of chartering and manning is purchased from related-party suppliers, primarily Stena Bulk, Stena Weco and Northern Marine Management (NMM). Stena Bulk and Stena Weco are responsible for chartering and operation of our ships, while NMM is responsible for manning, ship management and day-to-day maintenance.

From a control perspective, Concordia Maritime's main task is to monitor and evaluate whether the contracts entered into are performed as agreed.

There is close, virtually daily, contact with Stena Bulk, Stena Weco and NMM, and a formal report is made every quarter. At the end of each year, a larger-scale follow-up and evaluation of the collaboration is carried out.

Chartering and operations

The collaboration with Stena Bulk and Stena Weco with regard to chartering and operations is based on an agreement between the companies, which is followed up and evaluated annually. Read more about the agreement in Note 23.

Stena Bulk and Stena Weco are responsible for the day-to-day operation of the vessels, maintaining contact with customers, and acting as an intermediary in connection with different types of controls and inspections. Reporting is formalised and the most important elements are regular reports on income, the outcome of profit-sharing clauses and cost control.

Manning, management and regular maintenance

The collaboration with NMM encompasses services related to manning, management and regular maintenance. NMM is also responsible for contacts with the classification societies in the context of their inspections.

This collaboration is also followed up and evaluated on an annual basis. The evaluation includes monitoring of the budget and the fulfilment of defined goals.

Control and inspection of vessels

Shipping in general and tanker shipping in particular are associated with an extensive system of regulations. In addition to the owner's own inspections, several inspections are carried out annually by various stakeholders: customers, classification societies, port authorities and flag states. These inspections are largely similar to each other, and include putting the vessels through operational, technical, mechanical and safety checks. Some of the inspections are planned, while others are carried out without prior notice. Results are reported to the authorities concerned, the owner and, in some cases, also to the customer.

COMPREHENSIVE INSPECTIONS – EXTERNAL AND INTERNAL

Flag State Control

All ships must be registered in a specific nation. The owner of the ship undertakes thereby to comply with the laws and regulations laid down by the nation in question. Flag State Control ensures a ship complies with applicable laws and regulations.

Port State Control

Port State Control is the inspection of foreign ships calling at a nation's ports. The purpose is to check that the ships comply with requirements, that the crew has the right competence, and that international regulations (SOLAS, MARPOL and STCW) are adhered to.

Classification Society inspections

The Classification Society's inspections are conducted annually or following repairs/modifications. Additionally, a more comprehensive inspection is carried out every fifth year when the ship is dry-docked. Special emphasis is given to examining e.g. materials in the hull and machinery, maintenance procedures and quality level of the work done at the shipyard.

Vetting – the customer's own inspection

Vetting is carried out by the customer or inspectors designated by the customer. The owner invites the customer to carry out an inspection, which is normally done in connection with discharging. The inspections are very comprehensive. They are based on a standardised form and the results are shared between the oil companies via databases. In the event of more serious deficiencies, the customer can choose to put the contract on hold until these have been corrected and new vetting has been carried out. The system allows oil companies to continuously check whether the vessels satisfy their internal criteria, without having to inspect the vessels themselves.

The owner's own inspections

NMM conducts regular scheduled, comprehensive inspections to check the conditions on board and the state of the vessel. These are documented in quarterly reports and a monthly report of vetting inspections on board Concordia Maritime's vessels is also compiled.

Concordia Maritime holds meetings with NMM every quarter, at which all the vessels in the fleet are reviewed. The meetings deal with everything from freight rates, operation and drydock to work in the area of health, safety and environment.

The Board

CARL-JOHAN HAGMAN

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

CEO Stena Rederi AB. Responsible for Stena AB Group's shipping business.

Background Former CEO of Walleniusrederierna, Stockholm, Eukor Car Carriers, Seoul, Rederi AB Transatlantic, Skärhamn and Höegh Autoliners AS, Oslo.

Other assignments Board member of Höegh Autoliners AS and Gard P&I Ltd.

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

Shares held in Concordia Maritime 0

STEFAN BROCKER

Born 1966. Board member since 2007. LL.B.

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

Other assignments Chairman of Mannheimer Swartling's Shipping Group, Board member of the European Maritime Lawyers Organisation, Honorary Consul of Greece. Board member of School of Business, Economics and Law, University of Gothenburg.

Special expertise Shipping law. Has worked as a lawyer in shipping and offshore for almost 20 years.

Shares held in Concordia Maritime 0

HELENA LEVANDER

Born 1957. Board member since 2014. MBA.

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

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

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

Shares held in Concordia Maritime 10,000

MICHAEL G:SON LÖW

Born 1951. Board member since 2012. MBA.

Background Former President and CEO of Preem AB, and a number of senior positions at Conoco Inc. in the Nordic region and internationally.

Other assignments Board member of Preem AB, Boliden AB, Stena Bulk AB, Norstel AB, Sv. Näringsliv, Vice Chairman IKEM AB and Swed/Russ. Chamber of Commerce. Chairman of RecondOil AB. Member of the Board the Royal Academy of Sciences, Chalmers Advisory Committee, Sv. EnergiEk. Förening and Network for Oil & Gas.

Special expertise Active in the oil industry for 38 years. Brings expertise in energy/refining/trading/shipping and financial issues.

Shares held in Concordia Maritime 0

MORTEN CHR. MO

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

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

Other assignments Board member of CellVision AS, Bass Pte Ltd. Malaysia, Hadeland Folkehøyskole, Landsbyen Brandu 2020 and Hadeland Maskin AS.

Special expertise Background as shipbroker, owner and partner of different shipping companies and active/investors in start-up companies.

Shares held in Concordia Maritime 0

DAN STEN OLSSON

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

President and CEO, Stena AB.

Other assignments Chairman of Stena Line Holding BV, Stena Metall AB, Stena Sessan AB. Deputy Chairman of the Swedish Shipowners' Association.

Special expertise Extensive shipping knowledge with experience as President and CEO of Stena Group since 1983.

Shares held in Concordia Maritime Via companies.

MATS JANSSON

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

Background Former CEO Argonaut and NYKCool AB.

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

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

Shares held in Concordia Maritime 0

BOARD ATTENDANCE AND REMUNERATION

	Independence[2]	Total fees, SEK[3]	Attendance
Carl-Johan Hagman[1]	Non-independent	400,000	6
Stefan Brocker	Independent	400,000	5
Dan Sten Olsson	Non-independent	225,000	3
Helena Levander[1]	Independent	225,000	6
Michael G:son Löw	Independent	225,000	6
Mats Jansson	Independent	225,000	6
Morten Chr Mo	Independent	225,000	6
Mahmoud Sifaf, Deputy	Independent	25,000	6
Jörgen Lorén, Employee rep.[4]	Independent	25,000	5
Daniel Holmgren, Employee rep.	Independent	25,000	5

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) Replaced by Alessandro Chiesi in 2016.

AUDITOR

Jan Malm, Authorised Public Accountant KPMG. Appointed in 2014.

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 SEKO Sjöfolk Representatives member, SEKO Sjöfolk Stena Line 1st Vice Club Chairman, 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

Executive Management

KIM ULLMAN

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

External assignments Board member Stena Weco, Stena Sonangol Suezmax Pool. 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. BSc, Management Studies. Employed since 2010.

Shares held in Concordia Maritime 0

Definitions

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

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

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

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

EBITDA Earnings Before Interest, Taxes, Depreciation and Amortisation.

Equity ratio Equity as a percentage of total assets.

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

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

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

Return on total capital Result after financial net plus finance costs as a percentage of average total assets.

Spot market (open market) Chartering of vessels on a voyage-by-voyage basis, with freight rates fluctuating virtually daily. The shipowner pays for the bunker oil and port charges.

Time charter The shipowner charters out its ship complete and crewed for a long period at fixed rates. The charterer pays for the bunker oil and port charges.

Annual General Meeting and dates for information

Annual General Meeting

The Annual General Meeting will be held at Gothia Towers, Gothenburg, Sweden, on 26 April 2016 at 1 p.m. The interim report for the first quarter of 2016 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 20 April 2016, and must notify the Company at the following address:

Concordia Maritime AB
SE-405 19 Gothenburg, Sweden

e-mail: arsstamma@concordiamaritime.com by 20 April 2016.

Dividend

The Board proposes a dividend of SEK 0.5 per share.

Nominee-registered shares

To be eligible to participate in the Annual General Meeting, shareholders who have registered their shares in the name of a nominee through a bank's trust department or an individual broker must temporarily register the shares in their own name with Euroclear AB. Shareholders who wish to re-register shares must inform the nominee well in advance of 20 April 2016.

Reporting dates

The interim report for the first three months will be published on 26 April 2016, the report for the first six months on 28 July 2016 and the report for the first nine months on 9 November 2016.

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