



## INTERIM REPORT 1 January–30 June 2016

- Total income<sup>1)</sup>, Q2: SEK 280.8 (285.6) million  
6 months: SEK 544.4 (546.6) million
- EBITDA, Q2: SEK 57.2 (105.2) million  
6 months: SEK 160.6 (192.5) million
- Result before tax, Q2: SEK 12.4 (44.0) million  
6 months: SEK 45.8 (72.2) million
- Result per share after tax, Q2: SEK 0.26 (0.92)  
6 months: SEK 0.96 (1.51)
- P-MAX vessel *Stena Polaris* chartered out. The contract is for one year and runs from May 2016.
- Agreement reached on settlement of the arbitration dispute. Cost and payment of USD 9.25 million during the second quarter.
- IMOIIIMAX-related additional payment of USD 5 million received during the second quarter.
- Positive earnings effect and payment of SEK 23 million from completed USD hedge position during the second quarter.

### Key ratios

	Q2 (Apr–Jun)		6 months (Jan–Jun)		Full year
	2016	2015	2016	2015	2015
Total income <sup>1)</sup> , SEK million	280.8	285.6	544.4	546.6	1,086.6
EBITDA, SEK million	57.2	105.2	160.6	192.5	423.8
EBITDA, USD million	7.0	12.5	19.3	23.1	50.3
Operating result, SEK million	0.7	52.3	45.1	91.4	209.6
Result after tax, SEK million	12.4	44.0	45.8	72.2	173.9
Equity ratio, %	44	42	44	42	43
Return on equity, %	8	2	8	2	10
Available liquid funds, including unutilised credit facilities, SEK million	385.9	229.5	385.9	229.5	367.1
Result per share after tax, SEK	0.26	0.92	0.96	1.51	3.64
Equity per share, SEK	39.83	36.34	39.83	36.34	39.15

1) Accounting policies: see page 14.



## PRESIDENT'S OVERVIEW

# Good income despite a declining market

Despite a gradually deteriorating market, we are able to report a profit before tax of SEK 12.4 (44.0) million for the quarter. Operating cash flow (EBITDA) was SEK 57.2 (105.2) million, corresponding to USD 7.0 (13.1) million. The cost of settlement of the *Stena Primorsk* dispute was largely offset by a completed USD hedge position and additional non-recurring income related to IMOIIIMAX vessels.

During the second quarter, the tanker market in general was affected by a seasonal decline, which was relatively strong this year, particularly in the heavy products segment. Despite this, the utilization rate and income for our vessels were still good.

We continued our ongoing efforts to optimise fleet disposition during the quarter. At the end of April, we extended the contract for the P-MAX tanker *Stena Polaris*. The contract, which comes into effect in May 2016, is for one year. The contractual partner is one of the world's largest oil and gas companies. The transaction means that we now have contracted out 6 of our 10 P-MAX tankers. Three of them are employed on consecutive voyage charters in the Far East. The other three are employed on pure time charter contracts, which were signed during a good market situation at the beginning of the first quarter. All of the contracts are fully in line with our chartering strategy. With these arrangements, we are able to ensure continuous employment for the vessels. Time charter contracts also generate good solid income for the vessel during the period in question, while we balance our exposure to the spot market.

### Settlement of the arbitration dispute

During the quarter, agreement was reached on settlement of the dispute that arose in connection with *Stena Primorsk's* grounding in the Hudson River in December 2012. Under the agreement, Concordia Maritime has paid USD 9.25 million to the counterparty. The agreement means that we can now put this dispute behind us.

### Market outlook for the second half of 2016

Our view of the market is largely unchanged. In the long term, we expect the low price of oil and ongoing changes in the global refinery infrastructure to continue contributing to underlying stable demand for transportation of both oil and refined oil products. In a shorter perspective, we believe that the combination of continuing high inventory levels and an increasing number of deliveries of new ships will have a continuing negative effect, which we have already begun to see. Looking at 2016 as a whole, we expect generally lower levels than in 2015, but higher than in 2014.

Kim Ullman  
CEO



## Business activities

High vessel employment and successful chartering contributed to good income in the second quarter of 2016. Income for the product tanker fleet (spot and TC) was USD 19,500 (20,700) per day. Income for the suezmax tanker *Stena Supreme* was USD 33,300 (39,500) for the quarter.

### The product tanker fleet

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

During the quarter, a chartering contract was signed for the P-MAX tanker *Stena Polaris*. The contract is for one year and runs from May 2016. Overall, this means that six of the P-MAX tankers were employed on long contracts (time charters or consecutive voyage charters) at the end of the reporting period. The other four P-MAX vessels were employed in the spot market under agreements with Stena Bulk and Stena Weco.

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

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

### Income

Average income for the entire product tanker fleet, spot and TC, during the second quarter was USD 19,500 (20,700) per day. For vessels

employed on the spot market, average income was USD 20,900 (21,000) for light products and USD 16,100 (21,000) for heavy products during the quarter.

### Suezmax

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

In addition to *Stena Supreme*, Concordia Maritime also had positions in Stena Bulk's suezmax fleet, corresponding to a 50 percent charter of one tanker, during the quarter. This vessel was also employed on the global open market through the Stena Sonangol Suezmax Pool. The contract ran until 22 June 2016.

### Income

Average income for *Stena Supreme* during the quarter was USD 33,300 (39,500) per day.

### Repairs and drydock

Scheduled drydockings for *Stena Premium* and *Stena Performance* were completed during the quarter.

## Income, spot

USD per day	Number of vessels	Average income, Concordia Maritime				Average income, market			
		Q2 2016	Q2 2015	6 months 2016	6 months 2015	Q2 2016	Q2 2015	6 months 2016	6 months 2015
Product tankers	9.5	19,300	21,800	20,000	20,900	12,902 <sup>1)</sup>	21,889 <sup>1)</sup>	14,500 <sup>1)</sup>	21,264 <sup>1)</sup>
Suezmax	1.5	33,600	38,800	35,000	41,800	28,222 <sup>2)</sup>	46,923 <sup>2)</sup>	32,700 <sup>2)</sup>	48,689 <sup>2)</sup>

1) Clarksons w.w. average MR Clean Earnings

2) Clarksons w.w. average Suezmax Earnings

Concordia Maritime's spot market product tanker fleet achieved a higher income per day than the Clarksons theoretical index in the second quarter of 2016. On the whole, it has been a relatively good quarter with a strong start and a weaker finish.

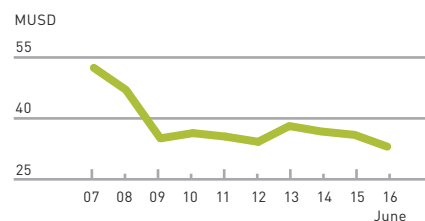
Concordia Maritime's income in the suezmax segment for the second quarter was slightly higher than the Clarksons theoretical index. The positive difference for the quarter is not great but still shows that the Stena Sonangol Pool is one of the leaders in the sector.

## EBITDA per quarter

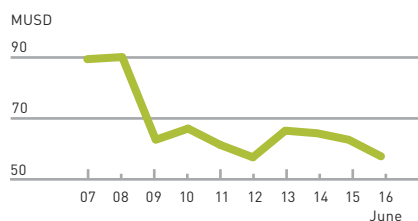
USD millions	Q2 2016	Q1 2016	Q4 2015	Q3 2015	Q2 2015	Q1 2015	Q4 2014	Q3 2014
Product tanker, time charter	4.5	2.4	1.3	1.2	1.1	1.5	0.5	0.5
Product tankers, spot, owned tonnage	0.9 <sup>1)</sup>	7.9	10.3	9.4	9.3	6.5	4.6	2.6
Product tankers, spot, chartered tonnage	0.1	0.1	0.0	0.0	0.0	0.0	0.0	0.0
<b>Product tanker total</b>	<b>5.5</b>	<b>10.5</b>	<b>11.6</b>	<b>10.6</b>	<b>10.4</b>	<b>8.0</b>	<b>5.1</b>	<b>3.1</b>
Suezmax spot, owned tonnage	2.2	2.4	2.8	2.9	2.8	3.1	1.9	1.4
Suezmax spot, chartered tonnage	0.3	0.3	0.9	0.7	0.4	0.6	0.1	0.0
<b>Suezmax total</b>	<b>2.5</b>	<b>2.7</b>	<b>3.7</b>	<b>3.6</b>	<b>3.2</b>	<b>3.7</b>	<b>2.0</b>	<b>1.4</b>
Admin. and other	-1.0	-1.0	-1.4	-0.9	-1.1	-1.1	-1.4	-1.1
<b>Total</b>	<b>7.0</b>	<b>12.2</b>	<b>13.9</b>	<b>13.3</b>	<b>12.5</b>	<b>10.6</b>	<b>5.7</b>	<b>3.4</b>

1) Includes cost of USD 9.25 million for settlement of the arbitration case and receipt of additional non-recurring IMOIIIMAX-related payment of USD 5.0 million.

## Newbuilding prices product tankers



## Newbuilding prices Suezmax



At the end of June, the price of a standard product tanker was about USD 33 million. The price of an IMOII class MR tanker like the IMOIIIMAX vessels we ordered was about USD 37 million. This is about 5 percent higher than when we placed our order with the shipyard in 2012. The price of a standard suezmax tanker at the end of the quarter was about USD 57 million.

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

Source: Clarkson



## Financial summary

### Result

Result after tax was SEK 12.4 (44.0) million. The decline compared with Q2 2015 is mainly explained by the cost of the arbitration settlement (partly offset by a positive currency hedge effect and an additional IMO IIMAX payment) and lower income per day for vessels.

### Equity

Equity per share was SEK 39.83 (36.34).

### Changes in translation and hedging reserves and earnings effect of the completed USD hedge position

The Parent Company's functional currency is SEK, but the majority of the transactions in the Group are in USD. The Group's result is generated in USD, which means the result in SEK is a direct function of the SEK/USD exchange rate trend. In the third quarter of 2015, investments in foreign subsidiaries were partially hedged through the forward sale of USD 30 million as hedging instruments. The duration was for two years, with an amount corresponding to approx. 12 percent of foreign currency equity. The Company decided to terminate this hedging arrangement during the quarter. This was carried out at an exchange rate level that was favourable to the Company and generated a gain of SEK 23 million. This gain is included in the Company's income statement for the quarter and the fair value change previously reported in OCI, with fair value changes accumulated in a separate component of equity (translation reserve), was reversed.

The Company has entered into an interest rate swap totalling USD 75 million and expiring in 2021, in order to provide protection against interest rate fluctuations. At the end of the quarter, this contract was valued at SEK -6.9 million and was recognised in the hedging reserve through OCI.

### Investments

Investments during the quarter amounted to SEK 32.2 (211.9) million. The investments are mainly related to scheduled periodic drydocking.

### Valuation of the fleet

The Group's fleet is assessed on a six-monthly basis to determine whether there is any indication of impairment. The fleet is defined as a cash-generating unit, and an impairment loss is recognised when

the carrying amount of an asset or cash-generating unit exceeds its recoverable amount. The recoverable amount is the higher of fair value (external valuations) and value in use (future discounted cash flows). Impairment testing of the asset values at 30 June 2016 did not indicate any impairment.

### Seasonal variations

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

### Employees

The number of employees in the Group at 30 June 2016 was 6 (6). The Group employed 488 (450) temporary seagoing employees through Stena Sphere's manning company.

### Parent Company

The Parent Company's sales for the second quarter amounted to SEK 2.2 (3.3) million. Intragroup invoicing represented SEK 0.5 (0.0) million of this amount. Result before tax was SEK -16.6 (-21.4) million. The Parent Company's available liquid funds at 30 June 2016 amounted to SEK 1,490.3 (1,564.7) million, which includes receivables from Group companies in the cash pool and "unutilised credit facilities".

### Agreement on settlement of the arbitration dispute

In July 2013, the vessel-owning company received a claim for the damage the counterparty party believes the company caused them in connection with the company's decision to stop operating *Stena Primorsk* in the Hudson River after the grounding there in December 2012. The counterparty's original claim amounted to approx. USD 21 million, which was later updated to USD 23 million, and the counterparty requested that the matter be settled by arbitration in the United States in accordance with the contractual provisions. In connection with the arbitration, Concordia put forward a counterclaim of approx. USD 6 million.

A discovery phase, in which both parties' standpoints and demands were examined carefully, was completed in the third

quarter of 2015. After discussions, the parties reached a settlement agreement in May 2016, whereby Concordia Maritime would pay USD 9.25 million to the counterparty. The payment was made on Friday 13 May 2016 and represents a final settlement between the parties with regard to the dispute in question.

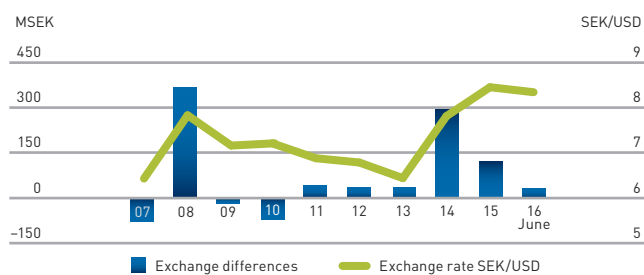
#### Additional IMOIIIMAX payment

Based on the contractual collaboration between Stena Bulk and Concordia Maritime AB, the Company has received an additional payment for the IMOIIIMAX fleet's successful trading. This is a non-recurring payment of USD 5 million, which was paid to the Company in June. The payment is recognised as other income.

#### Other

Disclosures under IAS 34,16A, also appear in the financial statements and their associated notes in other parts of the interim report.

#### Translation differences (reported in OCI)



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

#### Liquidity and financial position

SEK millions	30 June 2016	30 June 2015
Available liquid funds <sup>1)</sup>	385.9	229.5
Interest-bearing liabilities	2,292.9	2,260.8
Equity	1,900.9	1,734.5
Equity ratio, %	44	42

1) Includes unutilised available credit facilities.

#### The Group's total income and earnings

SEK millions	Quarter 2		6 months	
	2016	2015	2016	2015
Total income <sup>1)</sup>	280.8	285.6	544.4	546.6
Operating result	0.7	52.3	45.1	91.4
Result after financial items	12.4	44.0	45.8	72.2
Result per share after tax, SEK	0.26	0.92	0.96	1.51

1) Accounting policies: see page 14.

## Other information

#### Related party transactions

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

#### Stena Weco

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

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

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

All related party transactions take place on commercial terms and at market-related prices.



## Sustainability report

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

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

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

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

Three of the Company's vessels (*Stena Polaris*, *Stena Primorsk*, *Stena Premium*) were involved in incidents involving some minor material damage during the quarter. There were no medical treatment cases during the quarter, but there was a restricted work case related to a minor incident on *Stena Paris*.

There was no port state control that resulted in the detention in port of any Concordia Maritime vessel during the quarter. Two of the vessels (*Stena Paris* and *Stena President*) were involved in incidents classified as high potential near misses.

### Vetting inspections

There were 8 vetting inspections on board Concordia Maritime's vessels during the quarter. There were 15 observations during these inspections, which gave an average of 1.9 observations per inspection. No single inspection had more than 5 observations. This outcome is in line with the Company's goal to have an average of less than 4 observations per inspection for the fleet and to never have an inspection with more than 5 observations.

### Energy management

The important process of reducing bunker consumption is continuing to move in the right direction. Bunker consumption in tonnes per day at sea showed a reduction of 0.6 tonnes during the quarter. This is better than the target for the year, which is to reduce consumption by 0.3 tonnes per day.

Reduced bunker consumption produces lower emissions. CO<sub>2</sub> emissions decreased by 960 tonnes during the quarter, which is well in line with this year's target to reduce emissions by 2,800 tonnes. SO<sub>x</sub> emissions decreased by 12 tonnes during the quarter, which is also well in line with this year's target to reduce emissions by 36 tonnes. NO<sub>x</sub> emissions decreased by 27 tonnes during the quarter – the target for the year is to reduce NO<sub>x</sub> emissions by 80 tonnes.

## Three priority areas

### SAFETY FIRST

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

### ENVIRONMENTAL RESPONSIBILITY

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

### FINANCIAL SUSTAINABILITY

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

## Targets and outcomes

### Safety first

	Q2 2016	Q2 2015	6 months 2016	6 months 2015	Target 2016
LTI	0	0	0	0	0
LTIF	0	0	0	0	0
Number of inspections with more than five observations (owned vessels)	0	0	0	0	0
Average number of vetting observations (entire fleet)	1.9	2.6	2.3	2.4	<4
Number of port state controls resulting in detention	0	0	0	0	0
Number of piracy-related incidents	0	0	0	0	0
Material damage	3	2	5	2	0
Medical treatment case	0	0	0	0	0
Restricted work case	1	1	1	1	0
High potential near miss	2	0	3	1	0
High risk observation	0	0	0	0	0

### Environmental responsibility

	Q2 2016	Q2 2015	6 months 2016	6 months 2015	Target 2016
Oil spills, litres	0	0	0	0	0
Reduced fuel consumption, mt/day (owned vessels)*	0.6	0.5	0.5	0.5	0.3
Reduced CO <sub>2</sub> , mt	960	902	1,828	1,877	2,800
Reduced SO <sub>x</sub> , mt	12	79	22.8	162	36
Reduced NO <sub>x</sub> , mt	27	23	53.8	52	80
Reduced emissions of particulates, mt.	0.3	0.3	0.6	0.7	0.9

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

Definitions, see page 13.

#### More information

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



## GROUP

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

SEK millions	Quarter 2 2016	Quarter 2 2015	6 months 2016	6 months 2015	Full year 2015
<b>Consolidated income statement</b>					
Average exchange rate SEK/USD	8.23	8.42	8.33	8.38	8.44
Time charter income	37.3	24.2	58.0	51.5	101.2
Spot charter income <sup>1)</sup>	201.8	261.3	444.7	495.0	985.4
Other external income	41.7	0.0	41.7	0.0	0.0
<b>Total income</b>	<b>280.8</b>	<b>285.6</b>	<b>544.4</b>	<b>546.6</b>	<b>1,086.7</b>
Operating costs, ships <sup>1)</sup>	-86.4	-113.5	-181.1	-226.0	-419.5
Personnel costs, temporary seagoing	-47.4	-46.5	-95.9	-86.7	-179.3
Personnel costs, land-based	-4.8	-4.6	-10.5	-11.0	-42.5
Other external expenses	-85.1	-11.1	-96.4	-21.4	-21.5
Depreciation	-56.5	-47.1	-115.5	-110.1	-214.2
<b>Total operating costs<sup>1)</sup></b>	<b>-280.2</b>	<b>-233.3</b>	<b>-499.4</b>	<b>-455.2</b>	<b>-877.0</b>
<b>Operating result</b>	<b>0.7</b>	<b>52.3</b>	<b>45.1</b>	<b>91.4</b>	<b>209.7</b>
Interest and similar income	24.0	0.0	25.0	0.0	3.1
Interest and similar expense	-12.3	-8.3	-24.3	-19.2	-38.4
<b>Financial net</b>	<b>11.7</b>	<b>-8.3</b>	<b>0.7</b>	<b>-19.2</b>	<b>-35.3</b>
<b>Result before tax</b>	<b>12.4</b>	<b>44.0</b>	<b>45.8</b>	<b>72.2</b>	<b>174.4</b>
Tax	0.0	0.0	0.0	0.0	-0.5
<b>Result after tax</b>	<b>12.4</b>	<b>44.0</b>	<b>45.8</b>	<b>72.2</b>	<b>173.9</b>
<b>Other comprehensive income</b>					
Items that have been/can be transferred to result for the period					
Translation differences	76.1	-77.2	27.8	84.4	116.9
Exchange differences transferred to income statement	-19.0	0.0	-10.6	0.0	0.0
Available-for-sale financial assets	0.0	0.0	0.0	3.2	3.2
Cash flow hedges, interest-related	-6.9	0.0	-6.9	0.0	0.0
Tax attributable to items that have been/can be transferred to result for the period	0.0	0.0	0.0	0.0	0.0
<b>Comprehensive income for the period</b>	<b>62.6</b>	<b>-33.2</b>	<b>56.1</b>	<b>159.8</b>	<b>294.0</b>
<b>Per-share data, SEK</b>					
Number of shares	47,729,798	47,729,798	47,729,798	47,729,798	47,729,798
Result per share, before/after dilution	0.26	0.92	0.96	1.51	3.64
Equity per share, SEK	39.83	36.34	39.83	36.34	39.15

1) Accounting policies: see page 14.

## GROUP

# Condensed balance sheet

SEK millions	30 Jun 2016	30 Jun 2015	31 Dec 2015
Closing exchange rate SEK/USD	8.48	8.24	8.35
<b>Assets</b>			
Ships and equipment	3,810.6	3,527.9	3,809.0
Ships under construction	0.0	124.2	0.0
Financial assets	0.2	0.1	0.5
<b>Total non-current assets</b>	<b>3,810.8</b>	<b>3,652.2</b>	<b>3,809.5</b>
Current receivables	242.1	315.9	271.4
Short-term investments	0.0	0.0	0.0
Cash and bank balances	291.1	137.2	273.6
<b>Total current assets</b>	<b>533.2</b>	<b>453.1</b>	<b>544.9</b>
<b>Total assets</b>	<b>4,344.0</b>	<b>4,105.3</b>	<b>4,354.5</b>
<b>Equity and liabilities</b>			
Equity	1,900.9	1,734.5	1,868.7
Non-current liabilities	2,027.5	2,021.5	2,129.0
Current liabilities	415.6	349.3	356.8
<b>Total equity and liabilities</b>	<b>4,344.0</b>	<b>4,105.3</b>	<b>4,354.5</b>

## Changes in equity

SEK millions	Share capital	Other paid-in capital	Translation reserve	Hedging reserve	Fair value reserve	Retained earnings	Total
<b>Changes Jan–Jun 2016</b>							
Opening balance 01.01.2016	381.1	61.9	406.2	0.0	0.0	1,018.8	1,868.7
Comprehensive income for the period			17.2	-6.9	0.0	45.8	56.1
Dividend						-23.9	-23.9
<b>Closing balance 30.06.2016</b>	<b>381.8</b>	<b>61.9</b>	<b>423.4</b>	<b>-6.9</b>	<b>0.0</b>	<b>1,040.7</b>	<b>1,900.9</b>
<b>Changes Jan–Jun 2015</b>							
Opening balance 01.01.2015	381.8	61.9	289.3	-3.2	0.0	844.9	1,574.7
Comprehensive income for the period			84.4	3.2	0.0	72.2	159.8
<b>Closing balance 30.06.2015</b>	<b>381.8</b>	<b>61.9</b>	<b>373.7</b>	<b>0.0</b>	<b>0.0</b>	<b>917.1</b>	<b>1,734.5</b>

## GROUP

# Condensed cash flow statement

SEK millions	Quarter 2 2016	Quarter 2 2015	6 months 2016	6 months 2015	Full year 2015
<b>Operating activities</b>					
Result before tax	12.4	44.0	45.8	72.2	174.3
Adjustments:					
Depreciation	56.5	52.8	115.5	101.2	214.2
Result from sale of securities	0.0	0.0	0.0	0.0	0
Other items	-26.1	-35.9	-24.0	-25.3	3.7
<b>Cash flow from operating activities before changes in working capital</b>	<b>42.8</b>	<b>60.8</b>	<b>137.3</b>	<b>148.0</b>	<b>392.2</b>
Changes in working capital	53.7	-5.6	89.9	-16.1	-14.8
<b>Cash flow from operating activities</b>	<b>96.5</b>	<b>55.2</b>	<b>227.4</b>	<b>131.9</b>	<b>377.5</b>
<b>Investing activities</b>					
Investment in non-current assets	-32.2	-211.9	-59.4	-237.8	-459.3
Sale of financial assets	0.0	0.0	0.0	0.0	0
<b>Cash flow from investing activities</b>	<b>-32.2</b>	<b>-211.9</b>	<b>-59.4</b>	<b>-237.8</b>	<b>-459.3</b>
<b>Financing activities</b>					
New loans	0.0	217.8	0.0	217.8	438.6
Amortisation of loans	-123.0	-104	-130.3	-104.0	-227.5
Dividend to shareholders	-23.9	0.0	-23.9	0.0	0
<b>Cash flow from financing activities</b>	<b>-146.9</b>	<b>113.8</b>	<b>-154.2</b>	<b>113.8</b>	<b>211.2</b>
Cash flow for the period	-82.6	-42.9	13.6	7.9	129.3
Balance at beginning of period (Note 1)	359.4	201.4	273.6	136.6	136.6
Exchange differences (Note 2)	114.3	-21.5	3.9	-7.5	7.7
<b>Balance at end of period (Note 1)</b>	<b>291.1</b>	<b>137.2</b>	<b>291.1</b>	<b>137.2</b>	<b>273.6</b>
Note 1. Balance consists of cash, bank balances and credit facility					
Note 2. Exchange differences attributable to:					
Cash and cash equivalents at beginning of year	10.6	0.0	4.1	0.0	8.4
Cash flow for the period	3.7	-21.5	-0.2	-7.5	-0.7
	<b>14.3</b>	<b>-21.5</b>	<b>3.9</b>	<b>-7.5</b>	<b>7.7</b>

## PARENT COMPANY

# Condensed income statement

SEK millions	6 months 2016	6 months 2015
Net sales	5.2	8.2
Other external expenses	-7.0	-7.5
Personnel expenses	-8.0	-8.5
<b>Operating result</b>	<b>-9.8</b>	<b>-7.7</b>
Result from subsidiaries		
Other interest and similar income	22.4	7.6
Interest and similar expense	-22.1	-21.2
<b>Result before tax</b>	<b>-9.5</b>	<b>-21.4</b>
Tax	0.0	0
<b>Result for the period</b>	<b>-9.5</b>	<b>-21.4</b>

# Condensed balance sheet

SEK millions	30 Jun 2016	30 Jun 2015
<b>Assets</b>		
Ships and equipment	0.0	0.1
Financial assets	40.0	36.0
Investments in Group companies	745.8	745.8
<b>Total non-current assets</b>	<b>785.8</b>	<b>781.8</b>
Current receivables	14.1	11.1
Receivables from Group companies	1,379.5	1,375.2
Cash and bank balances	16.6	112.8
<b>Total current assets</b>	<b>1,410.2</b>	<b>1,499.5</b>
<b>Total assets</b>	<b>2,196.0</b>	<b>2,281.3</b>
<b>Equity and liabilities</b>		
Equity	578.7	515.3
Non-current liabilities	1,393.6	1,759.3
Current liabilities	223.7	6.7
<b>Total equity and liabilities</b>	<b>2,196.0</b>	<b>2,281.3</b>
Pledged assets	84.8	82.4
Contingent liabilities <sup>1)</sup>	298.5	316.4

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

# Risks and risk management

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

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

■ **Corporate risks** refer mainly to overall risks related to the actual management and operation of the Company. These include risks associated with trademarks, employees, liquidity and funding.

■ **Market-related risks** are primarily risks associated with changes in the external environment and market. The Board and management have only have a limited opportunity to control these risks in the short term, but must still deal with them in the longer-term planning of the business. These include risks associated with the economy, freight rates, oil price movements and political risks.

■ **Operational risks** are risks related to the management of the operational side of the business. These include risks associated with insurance issues, the environment and ship operation.

■ The main **credit** and **financial risks** are counterparty risks relating to customers, shipyards and other subcontractors and cooperation partners.

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

## Definitions

### Financial

#### Cash flow from operating activities<sup>1)</sup>

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

#### EBITDA<sup>1)</sup>

Earnings measure which indicates operating result before interest, taxes, depreciation, amortisation and goodwill amortisation.

#### Equity ratio<sup>1)</sup>

Equity as a percentage of total assets.

#### Return on capital employed<sup>1)</sup>

Result after financial net plus finance costs as an average of the last twelve months expressed as a percentage of average capital employed on a 12-month rolling basis. Capital employed refers to total assets minus non-interest-bearing liabilities, including deferred tax liability.

#### Return on equity<sup>1)</sup>

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

#### Return on total capital<sup>1)</sup>

Result after financial net plus finance costs as an average of the last twelve months expressed as a percentage of average total assets on a 12-month-rolling basis.

### Shipping

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

Carbon dioxide.

#### CVC

Consecutive Voyage Charter. Contract involving full employment to a contracted customer. Payment is based on the spot market.

#### High potential near miss

Incident that could have resulted in a serious accident.

#### Lost Time Injury (LTI)

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

#### Lost Time Injury Frequency (LTIF)

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

#### Material damage

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

#### Medical treatment case (MTC)

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

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

Nitrogen oxide.

#### 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.

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

Sulphur oxide.

#### Spot charter (open market)

Hiring of vessels on a voyage-by-voyage basis.

#### Time charter

Hiring of vessels for a specified period at a fixed rate.

1) Alternative key ratios.

# Accounting policies

This interim financial report in summary for the Group has been prepared in accordance with IAS 34 Interim Financial Reporting and relevant provisions of the Swedish Annual Accounts Act. The interim report for the Parent Company has been prepared in accordance with chapter 9 of the Swedish Annual Accounts Act. For the Group and Parent Company, the same accounting principles have been applied as in the most recent annual report. From 1 January 2016, it has been decided to report spot charter income and costs on a gross basis under 'Spot charter income' and 'Operating costs, ships' in the consolidated income statement. These were previously netted under 'Spot charter income' and the change is being made in order to clearly reflect the individual components of the spot charter result. The Group's income and operating expenses are affected, but the change will not have any net effect on the Group's operating profit. The change has not had any effect on the Parent Company's income statement. All comparative periods have been restated to reflect the change. No new or revised IFRS recommendations or IFRIC interpretations have had any material effect on the Group's or Parent Company's financial position, results or disclosures.

The Group's derivative instruments have been acquired to hedge the risk of interest rate exposure to which the Group is exposed. Derivatives are initially recognised at fair value, with transaction

costs recognised in the income statement. Subsequent to initial recognition, derivative instruments are measured at fair value, and fair value changes are recognised as follows. To meet the requirements for hedge accounting under IAS 39, there must be a clear link to the hedged item. In addition, the hedge must effectively protect the hedged item, hedging documentation must be prepared and the effectiveness must be measurable. Gains and losses attributable to hedges are recognised in profit or loss at the same time as gains or losses attributable to the hedged items. To hedge the uncertainty associated with highly probable forecast interest flows relating to borrowing at variable interest rates, interest rate swaps are used, with the Company receiving a variable interest rate and paying a fixed interest rate. The interest rate swaps are measured at fair value in the statement of financial position. The interest coupon portion is recognised in the income statement under interest expenses. Unrealised changes in the fair value of interest rate swaps are recognised in OCI and included as part of the hedging reserve until the hedged item affects profit or loss and for as long as the criteria for hedge accounting and effectiveness are met. Gains or losses relating to the ineffective portion of unrealised changes in the fair value of interest rate swaps are recognised in profit or loss.

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

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

The report for the Parent Company has been prepared in accordance with the Swedish Annual Accounts Act. The Board of Directors and CEO confirm that the interim report provides a true and fair overview of the operations, financial position and performance of the Parent Company and Group, and describes material risks and uncertainties faced by the Parent Company and Group companies. The report has not been reviewed by the Company's auditors.

Gothenburg, 28 July 2016

Carl-Johan Hagman  
*Chairman*

Stefan Brocker  
*Deputy Chairman*

Daniel Holmgren

Mats Jansson

Helena Levander

Mahmoud Sifaf

Alessandro Chiesi

Michael G:son Löw

Morten Chr. Mo

Dan Sten Olsson

Kim Ullman  
*CEO*

# Quarterly overview

SEK millions	Q2 2016	Q1 2016	Q4 2015	Q3 2015	Q2 2015	Q1 2015	Q4 2014	Q3 2014
<b>Profit/loss items</b>								
Total income <sup>1)</sup>	280.8	263.6	274.2	286.9	285.6	255.5	219.4	199.3
Operating costs excluding impairment <sup>1)</sup>	-280.2	-219.2	-216.6	-226.2	-232.5	-216.5	-217.2	-213.2
Operating result (EBIT)	0.7	44.4	57.6	60.7	52.3	39.0	2.2	-13.9
of which result from sale of investments in jointly-controlled entities (vessels)	—	—	—	—	—	—	—	—
Financial net	11.7	-11.0	-7.8	-8.3	-8.3	-10.9	-14.9	-9.2
Result after financial net	12.4	33.4	49.8	52.4	44.0	28.1	-12.7	-23.1
Result after tax	12.4	33.4	49.4	52.4	44.0	28.1	-16.6	-27.0
Cash flow from operating activities	96.7		80.0	145.9	55.2	87.0	34.0	23.8
EBITDA	57.2	103.4	117.3	114.0	105.2	87.3	42.7	26.7
<b>Balance-sheet items</b>								
Ships (number)	3,810.6 (13)	3,681.9 (13)	3,809.0 (13)	3,559.6 (12)	3,527.9 (12)	3,415.1 (11)	3,129.7 (11)	2,944.9 (11)
Ships under construction (number)	0	0	0	133.1 (1)	124.2 (1)	243.4 (2)	205.8 (2)	142.0 (2)
Liquid funds incl. investments	291.1	359.4	273.5	268.6	137.1	201.4	136.6	71.4
Other assets	242.1	267.2	271.4	286.5	315	267.5	243.7	261.6
Interest-bearing liabilities	2,292.9	2,321.5	2,387.2	2,298.1	2,260.8	2,250.7	2,038.9	1,792.2
Other liabilities and provisions	150.2	124.8	102.2	123.3	109.3	109.2	102.2	152.7
Equity	1,900.9	1,862.2	1,868.7	1,826.5	1,734.5	1,767.6	1,574.7	1,474.9
Total assets	4,344.0	4,308.5	4,354.5	4,248.0	4,105.3	4,127.5	3,715.8	3,419.8
<b>Key ratios, %</b>								
Equity ratio	44	43	43	43	42	43	42	43
Return on total capital	4	5	5	4	2	2	2	1
Return on capital employed	4	5	5	3	2	2	2	1
Return on equity	8	10	10	6	2	2	1	0
Operating margin	0	17	21	21	18	15	1	-7
<b>Share data</b>								
Total income <sup>1)</sup>	5.88	5.52	5.74	6.01	5.97	5.35	4.60	4.18
Operating costs excluding impairment	-5.87	-4.59	-4.54	-4.74	-4.87	-4.54	-4.55	-4.47
Operating result before impairment	0.01	0.93	1.21	1.27	1.10	0.82	0.05	-0.29
Financial net	0.25	-0.23	-0.14	-0.18	-0.17	-0.23	-0.31	-0.19
Result after tax	0.26	0.70	1.03	1.10	0.92	0.59	-0.48	-0.57
Cash flow from operating activities	2.03	2.74	1.68	3.06	1.16	1.82	-5.76	0.50
EBITDA	1.2	2.17	2.46	2.26	2.08	1.72	0.85	0.47
Equity	39.83	39.02	39.15	38.27	36.34	37.03	32.99	30.90

Please note that there has been no dilution effect since 2002.  
Definitions: see page 13

1) Accounting policies: see page 14.

## Contact



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## Calendar

Q3 Interim report      9 November 2016  
Year-end report 2016      31 January 2017

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

The information in this report is information that Concordia Maritime is required to disclose in accordance with the Swedish Securities Market Act and/or the Swedish Financial Instruments Trading Act. The information was made public on 28 July 2016, at approx. 2.30 p.m.

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## Fleet at 30/06/2016

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

Light=light petroleum products    Heavy=heavy petroleum products

1) Consecutive Voyage Charter

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

**CONCORDIA**  
**MARITIME**