

INTERIM REPORT 1 January–30 September 2016

- Total income¹⁾, Q3: SEK 215.3 (287.6) million
9 months: SEK 759.7 (834.0) million
- EBITDA, Q3: SEK 50.9 (114.0) million
9 months: SEK 211.4 (306.6) million
- Result before tax, Q3: SEK –22.4 (52.4) million
9 months: SEK 23.4 (124.5) million
- Result per share after tax, Q3: SEK –0.22 (1.10) million
9 months: SEK 0.74 (2.61)

Events in the third quarter

- Weak market due to seasonality and structural and geopolitical reasons.
- Reversal of previously recognised tax expense of SEK 11.9 million in Switzerland.
- Another quarter without a Lost Time Injury*.

Events after the end of the third quarter

- Sale and leaseback agreement for IMOIIIMAX tanker *Stena Image* signed in mid-October.
- Sale and leaseback agreement for suezmax tanker *Stena Supreme*. Transfer of ownership takes place at the end of November.

Key ratios

	Quarter 3 (Jul–Sep)		9 months (Jan–Sep)		Full year
	2016	2015	2016	2015	2015
Total income ¹⁾ , SEK million	215.3	287.6	759.7	834.0	1,086.6
EBITDA, SEK million	50.9	114.0	211.4	306.6	423.8
EBITDA, USD million	5.9	13.5	25.2	36.4	50.3
Operating result, SEK million	–9.8	60.7	35.2	152.0	209.6
Result after tax, SEK million	–10.6	52.4	35.2	124.5	173.9
Equity ratio, %	44	43	44	43	43
Return on equity, %	5	6	5	6	10
Available liquid funds, including unutilised credit facilities, SEK million	401.0	362.5	401.0	362.5	367.1
Result per share after tax, SEK	–0.22	1.10	0.74	2.61	3.64
Equity per share, SEK	40.11	38.27	40.11	38.27	39.15
Lost Time Injury	0	0	0	0	0

1) Accounting policies: see page 14.

* Definitions: see page 13.



PRESIDENT'S OVERVIEW

Stable positions in a weak market

The market in the third quarter was largely exactly as we predicted. In addition to a seasonal decline, the quarter was also marked by structural factors, such as high inventory levels of oil products and extensive ship deliveries. In addition, unrest in Nigeria had an adverse effect on developments, particularly in the suezmax segment. To meet the challenges – while also turning them into opportunities – two leaseback transactions were conducted in October/November, which had a significant positive cash effect for us.

Given the developments, we can conclude that our strategy to charter out some of the P-MAX fleet on longer contracts (time charter and CVC) has proved to be absolutely right. Income for these vessels was significantly higher than the market in general during the quarter. It is also pleasing to note that the IMOIIIMAX vessels are continuing to perform as planned. With our partner Stena Weco, we have been successful in finding combination trades that bring high, stable utilisation. In relation to the market and competitors, our trump card in the crude oil segment, *Stena Supreme*, continues to perform well in the framework of the Stena Sonangol Pool.

Innovative and competitive forms of financing

After the end of the quarter, we entered into sale and leaseback agreements for *Stena Image* and *Stena Supreme*. The transactions enable us to create values of both a strategic and financial nature. They are producing a significant positive cash effect, while enabling us to continue employing the vessels in their respective pools for many years to come.

The arrangements are an effective way of preparing ourselves ahead of a subdued market situation – and the good business opportunities that may arise there. We are now in a financially strong position to

act should the right opportunity arise. With the agreements, we have taken a first step into the Japanese financing market. This is an interesting market, which presents new opportunities for innovative and competitive forms of financing.

Market outlook

2016 as a whole will be something of a transitional year for tanker shipping. It will be worse than 2015, but better than 2014. It is difficult, as yet, to assess what 2017 and 2018 will be like, but the continuing high inventory levels are very likely to have a dampening effect on developments in the future. At the same time, the current slump in ship orders will contribute to a better balance in the market in a more long-term perspective. It is worth repeating that tanker shipping is a volatile market, in which fluctuations can be powerful and sudden. And herein lies both the market's attraction and challenge. We are doing our utmost to take advantage of the opportunities that arise – whatever the economic and market situation.

Kim Ullman
CEO



Business activities

Spot market income for the product tanker fleet during the third quarter was USD 12,900 per day, which was considerably lower than the corresponding quarter the previous year, but higher than the market's* average rates for the quarter. Income for the suezmax tanker *Stena Supreme* for the quarter was USD 20,100, compared with the average income of about USD 15,500 in the market*.

The product tanker fleet

The ten 65,200 dwt P-MAX tankers are the backbone of Concordia Maritime's fleet. At the end of the reporting period, six of the vessels were employed on longer contracts (time charters or consecutive voyage charters). The other four vessels were employed in the spot market under agreements with Stena Bulk and Stena Weco.

The two IMO IIMAX vessels *Stena Image* and *Stena Important* continued to be employed under the cooperation with Stena Weco. Income for both vessels during the period was well over the market's income.

The IMO IIMAX vessel *Stena Image* was sold to a large Japanese financial institution shortly after the end of the reporting period. The transaction is a sale and leaseback agreement, which in this case means that the vessel will be chartered back on a bareboat basis (i.e., without crew) for eight years, with annual purchase options from year four onwards.

The product tanker fleet also includes an IMO 2/3 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 third quarter was USD 14,500 (20,600) per day. For vessels employed on the spot market, average income was USD 13,400

(22,200) for light products and USD 11,800 (19,500) for heavy products during the quarter.

Looking at the first nine months of 2016, the average income for the entire product tanker fleet, spot and TC, was USD 18,100 (19,900) per day. For vessels employed on the spot market, average income for the period was USD 17,900 (22,500) for light products and USD 17,100 (20,400) for heavy products.

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.

After the end of the reporting period, the suezmax vessel *Stena Supreme* was also sold in a sale and leaseback transaction, which in this case means that the vessel will be chartered back on a bareboat basis for 12 years, with annual purchase options from year three onwards.

Income

Average income for *Stena Supreme* was USD 20,100 (40,000) per day for the quarter and USD 29,900 (41,200) per day for the first nine months of 2016.

Repairs and drydock

The scheduled drydocking for *Stena Performance* was completed during the quarter.

* Clarkson index

Income, spot

USD per day	Number of vessels	Average income, Concordia Maritime				Average income, market			
		Q3 2016	Q3 2015	9 months 2016	9 months 2015	Q3 2016	Q3 2015	9 months 2016	9 months 2015
Product tankers	9.5	12.900	21.600	17.700	21.200	9.900 ¹⁾	23.100 ¹⁾	13.000 ¹⁾	22.500 ¹⁾
Suezmax	1	20.100	38.900	29.900	39.900	15.500 ²⁾	36.600 ²⁾	26.900 ²⁾	44.500 ²⁾

1) Clarksons w.w. average MR Clean Earnings

2) Clarksons w.w. Suezmax Long Run Historical Earnings

Concordia Maritime's spot market product tanker fleet achieved a higher income per day than the Clarksons theoretical index in the third quarter of 2016. However, the market in general was weak.

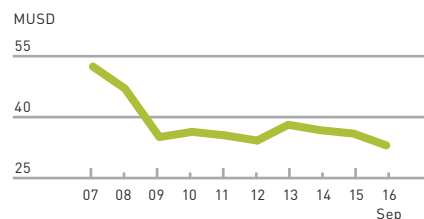
Concordia Maritime's income in the suezmax segment for the third quarter was higher than the Clarksons theoretical index. The positive difference shows that the Stena Sonangol Pool remains one of the industry's leaders.

EBITDA per quarter

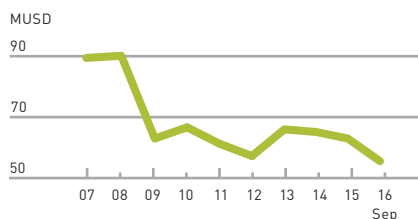
USD millions	Q3 2016	Q2 2016	Q1 2016	Q4 2015	Q3 2015	Q2 2015	Q1 2015	Q4 2014
Product tankers, time charter	5.4	4.5	2.4	1.3	1.2	1.1	1.5	0.5
Product tankers, spot, owned tonnage	0.5	0.9 ¹⁾	7.9	10.3	9.4	9.3	6.5	4.6
Product tankers, spot, chartered tonnage	-0.2	0.1	0.1	0.0	0.0	0.0	0.0	0.0
Product tankers, total	5.7	5.5	10.5	11.6	10.6	10.4	8.0	5.1
Suezmax, spot, owned tonnage	0.9	2.2	2.4	2.8	2.9	2.8	3.1	1.9
Suezmax, spot, chartered tonnage	-0.2	0.3	0.3	0.9	0.7	0.4	0.6	0.1
Suezmax, total	0.7	2.5	2.7	3.7	3.6	3.2	3.7	2.0
Admin. and other	-0.5	-1.0	-1.0	-1.4	-0.9	-1.1	-1.1	-1.4
Total	5.9	7.0	12.2	13.9	13.3	12.5	10.6	5.7

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 (MR)



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 55 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 for the quarter was SEK –10.6 (52.4) million. A previously recognised tax expense of SEK 11.9 million in Switzerland was reversed during the quarter. The decline compared with Q3 2015 is largely due to lower income as a result of a generally weaker market.

Result after tax for the nine months was SEK 35.2 (124.5) million. The decline compared with 2015 is largely due to lower income in a weaker market, but is also a negative net result effect of the year's non-recurring events (including the arbitration dispute settlement agreement).

Events in the first nine months

- P-MAX vessel *Stena Performance* chartered out. The contract is for one year and runs from the end of January/beginning of February 2016.
- P-MAX vessel *Stena Progress* chartered out. The contract is for three years and runs from April 2016.
- A new consecutive voyage contract was signed for the P-MAX tanker *Stena Polaris* at the end of April. The contract, which comes into effect in May 2016, is for one year. The contractual partner is one of the world's largest oil and gas companies.
- Agreement reached on settlement of the arbitration dispute. Cost of USD 9.25 million paid in the second quarter.
- IMOIIIMAX-related additional payment of USD 5 million received in the second quarter.
- Positive result effect and payment of completed USD hedge position of SEK 23 million in the second quarter.
- Weak market due to seasonality and structural and geopolitical reasons.
- Reversal of previously recognised tax expense of SEK 11.9 million in Switzerland.
- Another quarter without a Lost Time Injury.

Equity

Equity per share was SEK 40.11 (38.27).

Changes in translation and hedging reserves

The Parent Company's functional currency is SEK, but the majority of the transactions in the Group are in USD. The Group's result is generated in USD, which means the result in SEK is a direct function of the SEK/USD exchange rate trend.

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 –2.4 million and was recognised in the hedging reserve through OCI.

The accumulated translation differences, which are recognised in equity, amounted to SEK 443 (413.5) million. The changes are recognised in equity through OCI.

Investments

Investments during the quarter amounted to SEK 19.6 (28.3) million. The investments are mainly related to scheduled periodic dry-docking.

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 13.5 (13 owned and one on a 50% charter) 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 30/09/2016 was 6 (6). The Group employed 473 (449) temporary seagoing employees through Stena Sphere's manning company.

Parent Company

The Parent Company's sales for the third quarter amounted to SEK -1.6 (6.0) million. Intragroup invoicing represented SEK 0.0 (0.0) million of this amount. The Q3 figure relates to result-sharing for 50% of a vessel chartered in by the Company. Result before tax was SEK -6.4 (90.2) million. The Parent Company's available liquid funds at 30 September 2016 amounted to SEK 1,416.6 (1,594.5) million, which includes receivables from Group companies in the cash pool and "unutilised credit facilities".

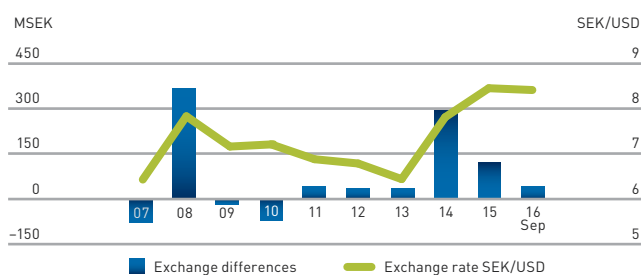
Tax

A tax liability of USD 1.4 million was recognised in 2013. This item concerned a possible cost arising from late reporting to the tax authority in Switzerland. After three years, the Swiss tax authority has concluded that late reporting will not generate costs at this level. Consequently, the liability recognised in 2013 has been reversed in Q3 2016.

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 Sep 2016	30 Sep 2015
Available liquid funds ¹⁾	395.2	362.5
Interest-bearing liabilities	2,310.5	2,298.1
Equity	1,914.5	1,826.6
Equity ratio, %	44	43

1) Includes unutilised available credit facilities.

The Group's total income and earnings

SEK millions	Quarter 3		9 months (Jan-Sep)	
	2016	2015	2016	2015
Total income ¹⁾	215.3	287.6	759.7	834.0
Operating result	-9.8	60.7	35.2	152.0
Result after financial items	-22.4	52.4	23.4	124.5
Result per share after tax, SEK	-0.22	1.10	0.74	2.61

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.

Two of the Company’s vessels (*Stena Polaris* and *Stena Primorsk*) were involved in incidents involving some minor material damage (broken mooring lines) during the quarter. There were no medical treatment cases or restricted work cases during the quarter.

There was no port state control that resulted in the detention in port of any Concordia Maritime vessel during the quarter. None of the vessels was involved in any incident classified as a high potential near miss.

Vetting inspections

There were 8 vetting inspections on board Concordia Maritime’s vessels during the quarter. There were 17 observations during these inspections, which resulted in an average of 2.1 observations per inspection. No single inspection had more than 5 observations. This outcome is well 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 0.5 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. CO₂ emissions decreased by 1.033 tonnes during the quarter, which is well in line with this year’s target to reduce emissions by 2,800 tonnes. SO_x emissions decreased by 13 tonnes during the quarter, which is also well in line with this year’s target to reduce emissions by 36 tonnes. NO_x emissions decreased by 29 tonnes during the quarter – the target for the year is to reduce NO_x 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

	Q3 2016	Q3 2015	9 months (Jan-Sep) 2016	9 months (Jan-Sep) 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	1	0
Average number of vetting observations (entire fleet)	2.1	1.8	2.3	2.2	<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	2	2	6	3	0
Medical treatment case	0	1	0	1	0
Restricted work case	0	0	1	1	0
High potential near miss	0	2	4	3	0
High risk observation	0	0	2	0	0

Environmental responsibility

	Q3 2016	Q3 2015	9 months (Jan-Sep) 2016	9 months (Jan-Sep) 2015	Target 2016
Oil spills, litres	0	0	0	0	0
Reduced fuel consumption, mt/day (owned vessels) ¹⁾	0.5	0.4	0.5	0.5	0.3
Reduced CO ₂ , mt	1.033	820	2.861	2.697	2.800
Reduced SO _x , mt	13	72	36	234	36
Reduced NO _x , mt	29	23	83	75	80
Reduced emissions of particulates, mt.	0.4	0.3	1.0	1.0	0.9

1) 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.

GROUP

Income statement, other comprehensive income and per-share data

SEK millions	Quarter 3 2016	Quarter 3 2015	9 months (Jan-Sep) 2016	9 months (Jan-Sep) 2015	Full year 2015
Consolidated income statement					
Average exchange rate SEK/USD	8.52	8.47	8.40	8.42	8.44
Time charter income	44.9	24.8	102.9	76.3	101.2
Spot charter income ¹⁾	170.1	262.8	614.8	757.7	985.4
Other external income	0.3	0.0	42.0	0.0	0.0
Total income	215.3	287.6	759.7	834.0	1,086.7
Operating costs, ships ¹⁾	-104.5	-113.1	-285.6	-347.8	-419.5
Personnel costs, temporary seagoing	-48.1	-46.5	-144.0	-133.2	-179.3
Personnel costs, land-based	-3.5	-3.7	-14.0	-14.7	-42.5
Other external expenses	-8.3	-10.3	-104.7	-31.7	-21.5
Depreciation	-60.7	-53.3	-176.2	-154.6	-214.2
Total operating costs¹⁾	-225.1	-226.9	-724.5	-682.0	-877.0
Operating result	-9.8	60.7	35.2	152.0	209.7
Interest and similar income	1.0	0.1	25.9	0.1	3.1
Interest and similar expense	-13.6	-8.4	-37.8	-27.6	-38.4
Financial net	-12.6	-8.3	-11.9	-27.5	-35.3
Result before tax	-22.4	52.4	23.4	124.5	174.4
Tax	11.9	0	11.9	0.0	-0.5
Result after tax	-10.6	52.4	35.2	124.5	173.9
Other comprehensive income					
Items that have been/can be transferred to result for the period					
Translation differences	19.6	39.8	47.4	124.2	116.9
Exchange differences transferred to income statement	0.0	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	4.5	0.0	-2.4	0.0	0.0
Tax attributable to items that have been, or can be, transferred to result for the period	0.0	0.0	0.0	0.0	0.0
Comprehensive income for the period	13.5	92.2	69.6	251.9	294.0
Per-share data, SEK					
Number of shares	47,729,798	47,729,798	47,729,798	47,729,798	47,729,798
Result per share, before/after dilution	-0.22	1.10	0.74	2.61	3.64
Equity per share, SEK	40.11	38.27	40.11	38.27	39.15

1) Accounting policies: see page 14.

GROUP

Condensed balance sheet

SEK millions	30 Sep 2016	30 Sep 2015	31 Dec 2015
Closing exchange rate SEK/USD	8.57	8.39	8.35
Assets			
Ships and equipment	3,810.4	3,559.5	3,809.0
Ships under construction	0.0	133.1	0.0
Financial assets	0.1	0.1	0.5
Total non-current assets	3,810.5	3,692.6	3,809.5
Current receivables	223.2	286.5	271.4
Short-term investments	0.0	0.0	0.0
Cash and bank balances	305.3	268.6	273.6
Total current assets	528.5	555.1	544.9
Total assets	4,339.0	4,248.0	4,354.5
Equity and liabilities			
Equity	1,914.5	1,826.6	1,868.7
Non-current liabilities	2,046.1	2,055.1	2,129.0
Current liabilities	378.4	366.3	356.8
Total equity and liabilities	4,339.0	4,248.0	4,354.5

Changes in equity

SEK millions	Share capital	Other paid-in capital	Translation reserve	Hedging reserve	Fair value reserve	Retained earnings	Total
Changes Jan-Sep 2016							
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	0.0	0.0	36.8	-2.4	0.0	35.2	69.6
Dividend	0.0	0.0	0.0	0.0	0.0	-23.9	-23.9
Closing balance 30.09.2016	381.8	61.9	443.0	-2.4	0.0	1,030.1	1,914.5
Changes Jan-Sep 2015							
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	0.0	0.0	124.2	3.2	0.0	124.5	251.9
Closing balance 30.09.2015	381.8	61.9	413.5	0.0	0.0	969.4	1,826.6

GROUP

Condensed cash flow statement

SEK millions	Quarter 3 2016	Quarter 3 2015	9 months (Jan-Sep) 2016	9 months (Jan-Sep) 2015	Full year 2015
Operating activities					
Result before tax	-22.4	52.4	23.4	124.5	174.3
Adjustments:					
Depreciation	60.7	53.4	176.2	154.6	214.2
Result from sale of securities	0.0	0.0	0.0	0.0	0.0
Other items	3.5	40.2	-20.5	14.9	3.7
Cash flow from operating activities before changes in working capital	41.8	145.9	179.0	294.0	392.2
Changes in working capital	-4.2	19.6	85.7	3.5	-14.8
Cash flow from operating activities	37.5	165.6	264.7	297.5	377.5
Investing activities					
Investment in non-current assets	-19.6	-28.3	-79.0	-266.1	-459.3
Sale of financial assets	0.0	0.0	0.0	0.0	0.0
Cash flow from investing activities	-19.6	-28.3	-79.0	-266.1	-459.3
Financing activities					
New loans	0.0	1.0	0.0	218.8	438.6
Amortisation of loans	-7.5	-5.4	-137.8	-109.4	-227.5
Dividend to shareholders	0.0	0.0	-23.9	0.0	0
Cash flow from financing activities	-7.5	-4.4	-161.7	109.4	211.2
Cash flow for the period	10.5	132.8	24.1	140.8	129.3
Balance at beginning of period (Note 1)	291.1	137.1	273.6	136.6	136.6
Exchange differences (Note 2)	3.8	-1.3	7.7	-8.8	7.7
Balance at end of period (Note 1)	305.2	268.6	305.3	268.6	273.6
Note 1. Consists of cash, bank balances and credit facility					
Note 2. Exchange differences attributable to:					
Cash and cash equivalents at beginning of year	3.0	8.9	7.1	8.9	8.4
Cash flow for the period	0.8	-10.2	0.6	-17.7	-0.7
	3.8	-1.3	7.7	-8.8	7.7

PARENT COMPANY

Condensed income statement

SEK millions	9 months 2016	9 months 2015
Net sales	3.6	14.2
Other external expenses	-9.8	-10.6
Personnel expenses	-10.3	-11.0
Operating result	-16.5	-7.3
Result from subsidiaries	0.0	86.4
Other interest and similar income	27.5	21.1
Interest and similar expense	-26.8	-31.4
Result before tax	-15.9	68.8
Tax	0.0	0.0
Result for the period	-15.9	68.8

Condensed balance sheet

SEK millions	30 Sep 2016	30 Sep 2015
Assets		
Ships and equipment	0.0	0.1
Financial assets	40.0	34.3
Investments in Group companies	745.8	745.8
Total non-current assets	785.8	780.2
Current receivables	4.3	28.6
Receivables from Group companies	1,397.2	1,574.4
Cash and bank balances	19.4	19.8
Total current assets	1,420.9	1,622.8
Total assets	2,206.7	2,403.0
Equity and liabilities		
Equity	572.3	605.5
Non-current liabilities	1,412.0	1,583.1
Current liabilities	222.3	214.4
Total equity and liabilities	2,206.7	2,403.0
Pledged assets	85.7	83.9
Contingent liabilities ¹⁾	301.7	322.1

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.

Definitions

Financial net

EBITDA¹⁾

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

Cash flow from operating activities¹⁾

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

Return on equity¹⁾

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 capital employed¹⁾

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 total capital¹⁾

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.

Equity ratio¹⁾

Equity as a percentage of total assets.

Shipping

CO₂

Carbon dioxide.

CVC

Consecutive Voyage Charter. Contract involving full employment to a contracted customer. Payment (freight) 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).

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_x

Nitric 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.

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).

SO_x

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 performance measures.

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.

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.

Gothenburg, 9 November 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

Audit review report

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

Introduction

I have reviewed the condensed set of financial statements in the interim report for Concordia Maritime AB (publ) for the third quarter and the nine months ended 30 September 2016. The Board of Directors and CEO are responsible for the preparation and presentation of this interim financial report in accordance with IAS 34 and the Swedish Annual Accounts Act. My responsibility is to express an opinion on this interim report based on my review.

Scope of the review

I conducted my review in accordance with the International Standard on Review Engagements, ISRE 2410 – *Review of Interim Financial Information Performed by the Independent Auditor of the Entity*. A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and

other review procedures. A review is substantially less in scope than an audit conducted in accordance with ISA and other generally accepted auditing standards in Sweden. The procedures performed in a review do not enable me to obtain a level of assurance that would make me aware of all significant matters that might be identified during an audit. Consequently, conclusions based on a review do not have the level of assurance of those based on an audit.

Conclusion

Based on my review, nothing has come to my attention that causes me to believe that the interim financial report has not been prepared, in all material respects, in accordance with IAS 34 and the Swedish Annual Accounts Act for the Group and the Swedish Annual Accounts Act for the parent company.

Gothenburg, 9 November 2016

Jan Malm
Authorised Public Accountant

Quarterly overview

SEK millions	Q3 2016	Q2 2016	Q1 2016	Q4 2015	Q3 2015	Q2 2015	Q1 2015	Q4 2014
Profit/loss items								
Total income ¹⁾	215.3	280.8	263.6	274.2	286.9	285.6	255.5	219.4
Operating costs excluding impairment ¹⁾	-225.1	-280.2	-219.2	-216.6	-226.2	-232.5	-216.5	-217.2
Operating result (EBIT)	-9.8	0.7	44.4	57.6	60.7	52.3	39.0	2.2
of which result from sale of investments in jointly-controlled entities (vessels)	—	—	—	—	—	—	—	—
Financial net	-12.6	11.7	-11.0	-7.8	-8.3	-8.3	-10.9	-14.9
Result after financial net	-22.4	12.4	33.4	49.8	52.4	44.0	28.1	-12.7
Result after tax	-10.6	12.4	33.4	49.4	52.4	44.0	28.1	-16.6
Cash flow from operating activities	37.5	96.7	130.7	80.0	145.9	55.2	87.0	34.0
EBITDA	50.8	57.2	103.4	117.3	114.0	105.2	87.3	42.7
Balance-sheet items								
Ships (number)	3,810.4 (13)	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)
Ships under construction (number)	0	0	0	0	133.1 (1)	124.2 (1)	243.4 (2)	205.8 (2)
Liquid funds incl. investments	305.3	291.1	359.4	273.5	268.6	137.1	201.4	136.6
Other assets	223.2	242.1	267.2	271.4	286.5	315	267.5	243.7
Interest-bearing liabilities	2,310.5	2,292.9	2,321.5	2,387.2	2,298.1	2,260.8	2,250.7	2,038.9
Other liabilities and provisions	114.0	150.2	124.8	102.2	123.3	109.3	109.2	102.2
Equity	1,914.5	1,900.9	1,862.2	1,868.7	1,826.5	1,734.5	1,767.6	1,574.7
Total assets	4,339.0	4,344.0	4,308.5	4,354.5	4,248.0	4,105.3	4,127.5	3,715.8
Key ratios, %								
Equity ratio	44	44	43	43	43	42	43	42
Return on total capital	2	4	5	5	4	2	2	2
Return on capital employed	2	4	5	5	3	2	2	2
Return on equity	5	8	10	10	6	2	2	1
Operating margin	-5	0	17	21	21	18	15	1
Share data								
Total income ¹⁾	4.51	5.88	5.52	5.74	6.01	5.97	5.35	4.60
Operating costs excluding impairment	-4.72	-5.87	-4.59	-4.54	-4.74	-4.87	-4.54	-4.55
Operating result before impairment	-0.21	0.01	0.93	1.21	1.27	1.10	0.82	0.05
Financial net	-0.26	0.25	-0.23	-0.14	-0.18	-0.17	-0.23	-0.31
Result after tax	-0.22	0.26	0.70	1.03	1.10	0.92	0.59	-0.48
Cash flow from operating activities	0.79	2.03	2.74	1.68	3.06	1.16	1.82	-5.76
EBITDA	1.06	1.2	2.17	2.46	2.26	2.08	1.72	0.85
Equity	40.11	39.83	39.02	39.15	38.27	36.34	37.03	32.99

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

1) Accounting policies: see page 14.

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Calendar

2016 Year-end 31 January 2017
Q1 2017 25 April 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

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 9 November 2016, at approx. 13.30.

Concordia Maritime
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Corp. ID 556068-5819
www.concordiamaritime.com

Fleet at 30 September 2016

Vessel name	Employment	Partner
PRODUCT TANKERS		
P-MAX		
<i>Stena Premium</i>	Spot (light)	Stena Weco
<i>Stena Polaris</i>	CVC to Apr 2017 (light)	Stena Weco
<i>Stena Performance</i>	Time charter to Jan 2017 (light)	Stena Weco
<i>Stena Provence</i>	CVC ¹⁾ (light)	Stena Weco
<i>Stena Progress</i>	Time charter to May 2019 (light)	Stena Weco
<i>Stena Paris</i>	CVC ¹⁾ (light)	Stena Weco
<i>Stena Primorsk</i>	Time charter to Mar 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 vessel²⁾</i>	Spot (light)	Stena Weco
CRUDE OIL TANKERS		
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).