

# INTERIM REPORT

1 JANUARY–30 SEPTEMBER 2014

- Market stronger than in previous quarter, but still weak
- Loss of SEK –27.0 million for the quarter
- Profit expected for the full year

	Quarter 3 (Jul–Sep)		9 months (Jan–Sep)		Full year
	2014	2013	2014	2013	2013
Total income, SEK million	<b>104.0</b>	125.4	<b>405.4</b>	372.1	467.8
EBITDA, SEK million	<b>22.3</b>	45.5	<b>160.5</b>	135.5	144.7
Operating result, SEK million	<b>-13.9</b>	9.2	<b>54.2</b>	27.4	0.4
Result after tax, SEK million	<b>-27.0</b>	0.6	<b>25.3</b>	2.0	-28.8
Result per share, SEK	<b>-0.57</b>	0.01	<b>0.53</b>	0.04	-0.60
EBITDA, USD million	<b>2.8</b>	6.9	<b>24.0</b>	20.8	22.2
Available liquid funds <sup>1)</sup> , SEK million	<b>358.3</b>	358.7	<b>358.3</b>	358.7	242.1

1) Including unutilised available credit facilities.

CONCORDIA  
MARITIME



# CONCORDIA MARITIME IN 60 SECONDS

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

## OUR BUSINESS CONCEPT

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

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

## OUR VISION

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

## OUR CUSTOMERS

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

## WHAT WE TRANSPORT

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

## BUSINESS MODEL

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

## STRATEGY

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

## FINANCIAL OBJECTIVES

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

## CONTENTS

CEO's overview	3
Business activities	4
Financial summary	7
Other information	9
Financial statements	11

# CEO'S OVERVIEW

**After some weak months in the summer, the overall tanker market took an upward turn during the third quarter. The trend is in line with our earlier assessment of a gradual strengthening of the market in 2014 and 2015. However, the upturn is from a low level, which means we have reported a loss of SEK –23.1 (–1.1) million before tax for the third quarter of 2014. Operating cash flow (EBITDA) was SEK 22.3 (45.5) million, corresponding to USD 2.8 (6.9) million.**

The market for transportation of petroleum products rose considerably in the third quarter of 2014. Within our segments, the rates rose by an average of over 20 percent compared with the previous quarter.

Looking at our own operations, ten out of the total eleven vessels in the fleet were employed on the spot market during the period. All performed well without any mishaps and generated income in line with the overall market. Average income for the P-MAX fleet during the quarter was USD 13,300 per day.

## **Gradual strengthening of the market**

Demand for transportation of refined petroleum products rose by about 3 percent during the first nine months of 2014, which is lower than we expected at the beginning of the year. After a weak second quarter, we have seen increasing volumes and rising rates. And this trend, which is in line with our forecasts, has continued – even after the end of the quarter.

Several factors suggest that the market will continue to move in a positive direction in 2015 and 2016. Among the main indicators are the large-scale changes now taking place in terms of the global refining capacity in Asia. We expect the trend to continue in the period ahead as more and more highly efficient refineries start production. Examples include the strongly export-oriented refineries Orissa Paradip in India and Yanubi Yasref in Saudi Arabia, which should be operational by the end of this year after relatively long delays in start up.

Overall, this is expected to result in increased exports of refined products, which will generally benefit all product tankers.

## **Increased efficiency, better transport economy and higher earnings**

We continued our work on maximising vessel utilisation during the period. A fundamental aspect of this strategy is to concentrate employment on trades and cargo systems where the unique properties of the P-MAX vessels can be fully exploited. The collaboration with ExxonMobil is a good example of this strategy. The contract covering *Stena Provence* and *Stena Polaris* has worked very well and discussions on extending and possibly expanding the collaboration are currently in progress. The vessels are used for the transportation of refined petroleum products in the Asia Pacific region. This is where the P-MAX vessels' extremely shallow draft is particularly advantageous. The design and load capacity makes it possible to transport large volumes on the same trip, which contributes to increased efficiency and better transport economy for the customer, while generating considerably higher income for us.

The contract with Shell expired during the period. This has been a productive partnership, and from our respective positions we are now considering the potential for other forms of cooperation in the future. After the reporting period, Total announced that it does not intend to exercise the option to extend the *Stena Paris* contract. This is because Total's cargo basis has changed.



## **Towards stable and sustainable profitability**

Our overall goal remains to achieve a stable and sustainable level of profitability for the entire fleet. Success is dependent on the market continuing to strengthen from its present level. Our view here is basically unchanged: a continuing moderate but stable strengthening in 2015 followed by an acceleration in 2016.

In the current weak market, it is our ambition to exceed the world market index and our peers in terms of earnings for every single quarter. To assist us, we have a clear strategy, a clear focus and a unique network of partners. These will benefit us as we now approach the conclusion of 2014.

Kim Ullman  
CEO



# BUSINESS ACTIVITIES

The process of aligning the fleet with the new employment strategy continued during the third quarter. At the end of the period, 10 of the fleet's total 11 vessels were employed on the spot market. The average income for the fleet was in line with the market in general during the quarter.

## Income in the quarter

After a weak spring and summer, the markets for transportation of refined petroleum products began to recover in the third quarter, albeit from low levels. A strong increase in exports from the United States and production start-ups at new refineries, notably in the Middle East, were among the main drivers.

## The product tanker fleet

Our ten 65,200 dwt P-MAX tankers are the backbone of our modern, safe and efficient fleet. Apart from Stena Paris, all vessels in the P-MAX fleet are employed on the spot market under agreements with Stena Bulk, Stena Weco and ExxonMobil.

*Stena Paris* sails on one of Total's special routes from Southeast Asia to Polynesia, where her extremely shallow draft is of particular benefit. The agreement with Total extends until the end of January 2016.

The average income for the P-MAX fleet was in line with the overall market average during the third quarter, at

approx. USD 13,300 per day. Average income for the light products segment was USD 12,600 per day. Average income for the dirty products segment was USD 13,900 per day.

## Suezmax

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

The market recovered in the third quarter, with rates significantly higher than in the previous quarter. Average income for *Stena Supreme* was USD 24,000 per day, compared with the market average of approx. USD 23,300 per day.

## Repairs and drydock

The scheduled drydocking for *Stena Progress* took place during the quarter. The inspection went according to both plan and budget.

## KEY RATIOS

	9 months (Jan-Sep)		Full year
	2014	2013	2013
EBITDA, SEK million	160.5	135.5	144.7
Operating result, SEK million	54.2	27.4	0.4
Available liquid funds, including unutilised credit facilities, SEK million	358.3	358.7	242.1
Result per share after tax, SEK	0.53	0.04	-0.60
EBITDA per share, SEK	3.36	2.83	3.03
Dividend per share, SEK			0.50 <sup>1)</sup>
Equity per share, SEK	30.9	27.24	27.07
Equity ratio, %	43	38	38
Growth in equity, %	14	-2	-3
Return on equity, %	0	0	-2

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

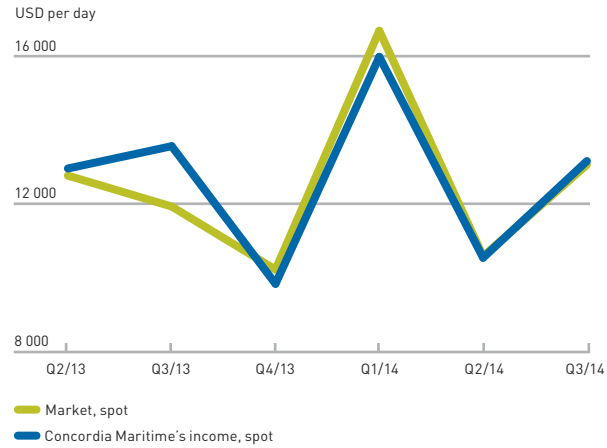
## THE FLEET

	Employment	Partner/customer
<b>P-MAX</b>		
Stena Premium	Spot (light)	Stena Weco
Stena Polaris	Spot (light)	Stena Weco
Stena Performance	Spot (light)	Stena Weco
Stena Provence	Spot (light)	Stena Weco
Stena Progress	Spot (light)	Stena Weco
Stena Perros	Spot (heavy)	Stena Bulk
Stena President	Spot (heavy)	Stena Bulk
Stena Primorsk	Spot (heavy)	Stena Bulk
Stena Penguin	Spot (heavy)	Stena Bulk
Stena Paris	Time charter (light)	TOTAL
<b>Suezmax</b>		
Stena Supreme	Spot	Stena Sonangol Suezmax pool
<b>IMO2MAX</b>		
Stena Image	Delivery Q2 2015	Stena Weco
Stena Important	Delivery Q4 2014	Stena Weco



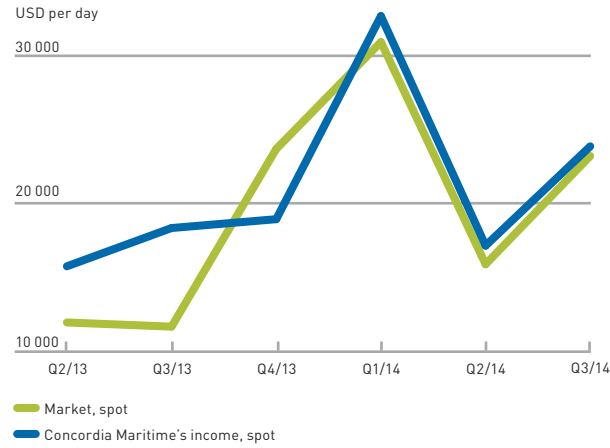
## BUSINESS ACTIVITIES CONT'D

Product tanker fleet's average income (spot)



Source: Clarksons "Average MR Clean Earnings" / "Average Panamax Dirty Earnings"

Suezmax fleet's average income (spot)



Source: Clarksons "Average Suezmax Long Run Historical Earnings"

### Income

USD per day	Number of vessels Q3 2014	Average income, Concordia Maritime		Average income, market	
		Q3 2014	Q3 2013	Q3 2014	Q3 2013
<b>Product tankers</b>					
Light products	5	12,600	12,500	9,800	10,600
Heavy products	4	13,900	14,800	16,400	9,600
<b>Suezmax</b>	1	24,000	18,400	23,300	11,700



## BUSINESS ACTIVITIES, CONT'D

### Newbuilding program

The newbuilding program, comprising the two product and chemical tankers (50,000 dwt) that were ordered in 2012, is continuing. Due to further delays, the planned deliveries of the vessels have been postponed by about three months and are now scheduled for the second and fourth quarters of 2015. In view of the prevailing market conditions, this is not expected to have any adverse effect on Concordia Maritime's results.

The two vessels are part of a series being designed with Stena Bulk and Stena Weco, and they are being developed

by Stena Teknik and Guangzhou Shipyard International in China. The concept is called IMO2MAX. The orders, which were placed during a low, favourable price situation, are the first step in our new investment in the future and an important part of our long-term process of expanding the fleet.

The tankers will be among the most sophisticated in the market and at the forefront in terms of both energy efficiency and cargo flexibility. The plan is to employ them on the spot market within the framework of the cooperation with Stena Weco.

### EBITDA per quarter

USD millions	Q3 2014	Q2 2014	Q1 2014	Q4 2013	Q3 2013	Q2 2013	Q1 2013	Q4 2012
P-MAX, timecharter <sup>1)</sup>	0.4	1.6	2.6 <sup>4)</sup>	2.4	4.3	3.5	4.9	5.9
P-MAX, spot	2.2	0.5	3.7	-0.2	2.4	1.7	2.4	1.8
Panamax	0.0	11.9 <sup>5)</sup>	1.1	0.9	0.8	1.4	1.3	1.1
Suezmax	1.3	0.6	2.1	0.9	0.8	0.6	0.7	0.4
Admin. and other	-1.1	-1.4	-1.5	-2.6 <sup>3)</sup>	-1.4	-1.3	-1.3	-1.2
<b>Total</b>	<b>2.8<sup>2)</sup></b>	<b>13.2<sup>2)</sup></b>	<b>8.0<sup>2)</sup></b>	<b>1.4<sup>2)</sup></b>	<b>6.9<sup>2)</sup></b>	<b>5.9<sup>2)</sup></b>	<b>8.0<sup>2)</sup></b>	<b>8.0<sup>2)</sup></b>

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

2) The company reports depreciation of drydock as an operating cost. This was SEK 3.4 million for Q1 2014, SEK 3.7 million for Q2 and SEK 4.4 million for Q3.

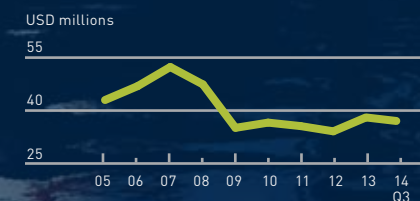
3) For Q4 2013, CEO termination benefits of USD 1.1 million are included.

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

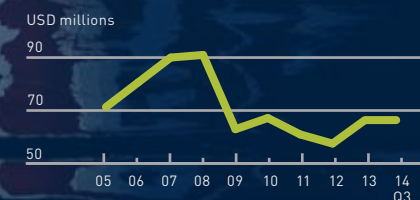
5) Includes one-time payment of USD 3.6 million for lost charter income in jointly-controlled entities: *Stena Poseidon* and *Palva*. Includes result from sale of shares in jointly-controlled entities (vessels) of USD 8.6 million.

## NEWBUILDING PRICES

### Product tankers



### Suezmax



At the end of June, the price of a standard product tanker was about USD 37 million. The price of an IMO2 class MR tanker like the IMO2MAX vessels we have ordered was about USD 40 million. This is about 15 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 66 million.

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



# FINANCIAL SUMMARY

## Equity

Equity per share was SEK 30.90 (27.24).

## Changes in translation and hedging reserves

The parent company's functional currency is SEK, although the majority of the transactions in the Group are in USD.

The Group's result is generated in USD, which means the result in SEK is a direct function of the SEK/USD exchange rate trend.

The accumulated exchange differences, which are recognised in equity, amounted to SEK 177.5 (10.2) million. The changes are recognised in equity through OCI.

The company has entered into interest rate swaps totalling USD 100 million to protect itself against interest rate fluctuations. They are structured in such a way as to cover approx. 30 percent of anticipated future borrowing within existing credit facilities and expire in 2015. At the end of the third quarter, the value of these contracts was SEK -7.8 (-23.3) million. The change is recognised in the hedging reserve through OCI.

## Investments

Investments during the period January to September amounted to SEK 33.9 (34.5) million and relate to advance payments for IMO2MAX vessels, with delivery of the first of these scheduled for the beginning of 2015.

## Impairment

The Group's assets are assessed on a six-monthly basis to determine whether there is any indication of impairment. The fleet is defined as a cash-generating unit, and an impairment loss is recognised when the carrying amount of an asset or cash-generating unit exceeds its recoverable amount. The recoverable amount is the higher of fair value (external valuations) and value in use (future discounted cash flows). An impairment loss of USD 60 million was recognised for the fleet on 30 June 2012. Impairment testing of asset values at 30 September 2014 did not indicate any impairment.

## The Group's total income and earnings

SEK millions	Quarter 3		9 months (Jan-Sep)	
	2014	2013	2014	2013
Total income	104.0	125.4	405.4	372.1
Operating result	-13.9	9.2	54.2	27.4
Result after financial items	-23.1	-1.1	29.2	-4.0
Result per share after tax, SEK	-0.57	0.01	0.53	0.04

## Liquidity and financial position

SEK millions	30 Sep 2014	30 Sep 2013
Available liquid funds <sup>1)</sup>	358.3	358.7
Interest-bearing liabilities	1,792.2	1,959.9
Equity	1,474.9	1,300.3
Equity ratio, %	43	38

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



# FINANCIAL SUMMARY CONT'D

### Seasonal variations

Of our fleet of 11 vessels, one vessel was chartered out on a fixed contract and 10 were employed on the open market, which means that income is affected by the seasonal variations that occur in tanker shipping.

### Employees

The number of employees in the Group at 30/09/2014 was 405 (392), 399 (386) of whom were seagoing employees.

### Financial investments

The bond portfolio was sold on 31 March 2014. The sale proceeds were received in early April. The bond portfolio was previously classified as an available-for-sale financial asset, meaning that it was measured at fair value with changes in value recognised in OCI and accumulated as a component of equity. This means that the cumulative effects of previous fair value changes are also transferred to financial net. The total value of the bond portfolio on the sale date, 31 March 2014, was USD 12.7 million, corresponding to SEK 85.9 million.

### Parent company

The parent company's total income for the third quarter amounted to SEK 0.1 (0.1) million. Intragroup invoicing represented SEK 0 (0) million of this amount. The parent company's result before tax for the period January to September was SEK -42.3 (-20.3) million. The parent company's available liquid funds amounted to SEK 1,592.2 (1,552.0) million, which includes receivables from Group companies in the cash pool and unutilised credit facilities.

### Demand for damages

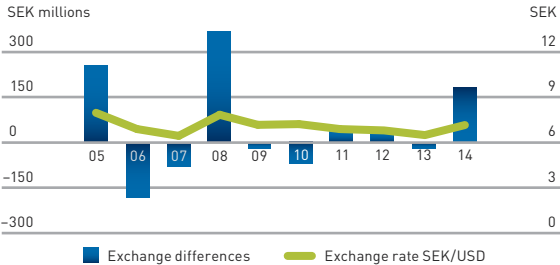
In July 2013, the vessel owner received an application for arbitration for the damage the customer believes the company has caused them in connection with *Stena Primorsk's*

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

### Sale of investments in jointly-controlled entities

In the first quarter, a process was initiated for the sale of *Stena Poseidon* and *Palva*, owned with Neste in jointly-controlled entities. Sales contracts were signed in March 2014 and the two vessels were delivered at the end of April and the beginning of May. Investments in joint ventures are accounted for using proportionate consolidation. The result of the sale is classified as "Sale of shares in jointly-controlled entities" in the consolidated income statement and cash flow statement.

### Exchange differences in other comprehensive income



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

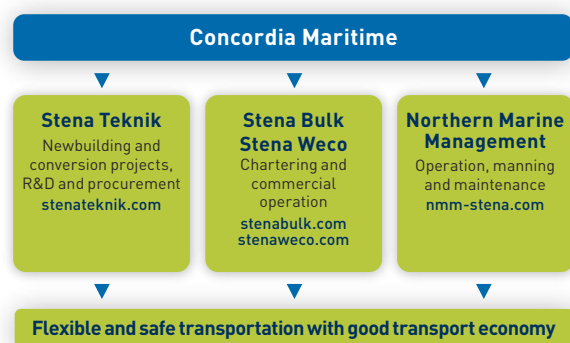




# OTHER INFORMATION

## Related party transactions

Concordia Maritime has a small internal organisation, and purchases services from related-party companies in 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 opt for 0, 50 or 100 percent participation in each new transaction.

## Stena Weco

At the beginning of April 2011, Stena Bulk started a 50-50 joint venture together with the Danish company Weco. This 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.

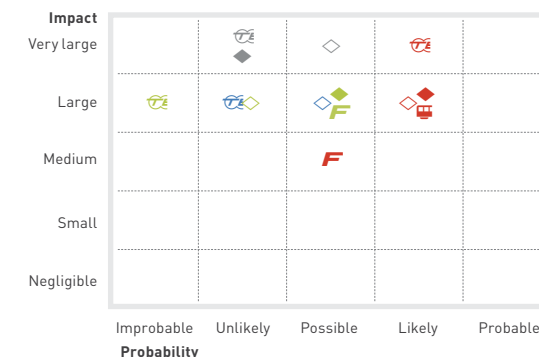
## Concordia Maritime purchases services on a regular basis from the Stena Sphere in the following areas

- **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.
- **Purchases of bunker oil.** Payment is based on a fixed commission per ton purchased.
- **Commercial operation, administration, marketing, insurance, technical monitoring and development** of Concordia Maritime's fleet. Payment is based on a fixed price per month and vessel. With regard to technical consulting services for newbuild projects, an hourly rate is applied on a cost-plus basis, which is then charged to the project.
- **Office rent and office services.** A fixed annual price is charged.

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

## Risks and uncertainties

	Type of risk
<b>1. Corporate risks</b>	🏷️ Brand
	👤 Employees
	💎 Liquidity
	🏦 Financing risk
<b>2. Market-related risks</b>	📈 Economic trend
	📦 Freight rates
	🛢️ Oil price
	🏛️ Political risks
	🚢 War/instability
<b>3. Operational risks</b>	🛡️ Insurance issues
	🌍 Environment
	🚢 Ship operation
<b>4. Credit risks</b>	🤝 Counterparty risks – customer
	🤝 Counterparty risks – shipyards and partners



Further information can be found in the 2013 annual report.



CONCORDE  
MARITIME

Stena Bulk  
S  
SAFETY & PERFORMANCE

CM

Stena

PIMAX

## GROUP

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

SEK millions	Quarter 3 2014	Quarter 3 2013	9 months (Jan-Sep) 2014	9 months (Jan-Sep) 2013	Full year 2013
<b>CONSOLIDATED INCOME STATEMENT</b>					
Average exchange rate SEK/USD	6.95	6.55	6.68	6.52	6.51
Time charter income	13.5	61.3	103.4	190.3	226.2
Spot charter income	89.2	64.0	244.2	181.7	241.4
Result from sale of investments in jointly-controlled entities	1.3	0	57.4	0	0.0
Other external income	0.1	0.1	0.2	0.1	0.2
<b>Total income</b>	<b>104.0</b>	<b>125.4</b>	<b>405.4</b>	<b>372.1</b>	<b>467.8</b>
Operating costs, ships	-34.7	-32.7	-105.7	-101.1	-132.1
Personnel costs, seagoing	-35.2	-33.3	-100.7	-99.1	-130.8
Other external costs	-8.6	-10.8	-26.3	-26.4	-38.4
Personnel costs, land-based	-3.2	-3.1	-12.1	-10.0	-21.8
Depreciation	-36.2	-36.3	-106.3	-108.1	-144.3
<b>Total operating costs</b>	<b>-117.9</b>	<b>-116.2</b>	<b>-351.2</b>	<b>-344.7</b>	<b>-467.4</b>
<b>Operating result</b>	<b>-13.9</b>	<b>9.2</b>	<b>54.2</b>	<b>27.4</b>	<b>0.4</b>
Interest and similar income	0.1	2.2	5.4	6.2	8.3
Interest and similar expense	-9.3	-12.5	-30.4	-37.6	-47.7
<b>Financial net</b>	<b>-9.2</b>	<b>-10.3</b>	<b>-25.0</b>	<b>-31.4</b>	<b>-39.4</b>
<b>Result before tax</b>	<b>-23.1</b>	<b>-1.1</b>	<b>29.2</b>	<b>-4.0</b>	<b>-39.0</b>
Tax	-4.0	1.7	-4.0	6.0	10.2
<b>Result after tax</b>	<b>-27.0</b>	<b>0.6</b>	<b>25.3</b>	<b>2.0</b>	<b>-28.8</b>
<b>Other comprehensive income</b>					
Items that have been/can be transferred to result for the period					
Translation differences	96.5	-68.2	144.0	-20.5	-1.3
Equity hedging	0.0	0.0	0.0	0.0	0.0
Available-for-sale financial assets	0.0	0.5	-3.2	-1.4	-1.5
Cash flow hedges, currency-related	0.0	2.7	0.0	-2.4	-1.7
Cash flow hedges, interest-related	4.9	6.0	12.5	16.9	19.1
Tax attributable to items that have been/can be transferred to result for the period	4.2	-2.7	4.1	-1.2	-0.4
<b>Comprehensive income for the period</b>	<b>78.6</b>	<b>-61.1</b>	<b>182.7</b>	<b>-6.6</b>	<b>-14.6</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	-0.57	0.01	0.53	0.04	-0.60
Equity per share, SEK	30.9	27.24	30.9	27.24	27.07



## GROUP

# CONDENSED BALANCE SHEET

SEK millions	30 Sep 2014	30 Sep 2013	31 Dec 2013
Closing exchange rate SEK/USD	7.24	6.41	6.51
<b>Assets</b>			
Ships and equipment	2,944.9	2,905.4	2,915.6
Ships under construction	142.0	75.1	100.5
Financial assets	6.6	0.0	9.4
<b>Total non-current assets</b>	<b>3,093.4</b>	<b>2,980.5</b>	<b>3,025.5</b>
Current receivables	255.0	185.6	193.3
Short-term investments	0	85.1	81.7
Cash and bank balances	71.4	129.9	106.0
<b>Total current assets</b>	<b>326.4</b>	<b>400.6</b>	<b>381.0</b>
<b>Total assets</b>	<b>3,419.8</b>	<b>3,381.1</b>	<b>3,406.5</b>
<b>Equity and liabilities</b>			
Equity	1,474.9	1,300.3	1,292.3
Non-current liabilities	1,755.3	1,851.6	1,862.7
Current liabilities	189.6	229.2	251.5
<b>Total equity and liabilities</b>	<b>3,419.8</b>	<b>3,381.1</b>	<b>3,406.5</b>

## CHANGES IN EQUITY

SEK millions	Share capital	Other paid-in capital	Translation reserve	Hedging reserve	Fair value reserve	Retained earnings	Total
<b>Changes Jan-Sep 2014</b>							
Opening balance 01.01.2014	381.8	61.9	29.4	-20.3	3.2	836.3	1292.3
Comprehensive income for the period			148.1	12.5	-3.2	25.3	182.7
Dividend							
<b>Closing balance 30.09.2014</b>	<b>381.8</b>	<b>61.9</b>	<b>177.5</b>	<b>-7.8</b>	<b>0</b>	<b>861.5</b>	<b>1474.9</b>
<b>Changes Jan-Sep 2013</b>							
Opening balance 01.01.2013	381.8	61.9	30.6	-37.2	4.7	889.0	1,330.8
Comprehensive income for the period	—	—	-20.4	13.2	-1.4	2.0	-6.6
Dividend	—	—	—	—	—	-23.9	-23.9
<b>Closing balance 30.09.2013</b>	<b>381.8</b>	<b>61.9</b>	<b>10.2</b>	<b>-24.0</b>	<b>3.3</b>	<b>867.1</b>	<b>1,300.3</b>



## GROUP

# CONDENSED CASH FLOW STATEMENT

SEK millions	Quarter 3 2014	Quarter 3 2013	9 months (Jan-Sep) 2014	9 months (Jan-Sep) 2013	Full year 2013
<b>Operating activities</b>					
Result before tax	-23.1	-1.1	29.2	-4.0	-39.0
Adjustments:					
Depreciation	40.2	39.8	117.4	120.6	160.4
Result from sale of securities	0	0.0	-3.9	0.0	-1.8
Result from sale of investments in jointly-controlled entities	-1.3	-0.6	-57.4	-1.3	—
Other items	8.0	-9.8	2.5	-4.4	4.5
<b>Cash flow from operating activities before changes in working capital</b>	<b>23.8</b>	<b>28.3</b>	<b>87.8</b>	<b>110.9</b>	<b>124.1</b>
Changes in working capital	-50.7	-15.2	-25.4	-72.7	-87.7
<b>Cash flow from operating activities</b>	<b>-26.9</b>	<b>13.1</b>	<b>62.4</b>	<b>38.2</b>	<b>36.4</b>
<b>Investing activities</b>					
Investment in non-current assets	-2.8	0.0	-33.9	0.0	-64.7
Investment in financial assets		-27.4	0.0	-34.5	-34.3
Sale of financial assets	1.9	-0.1	87.8	-34.3	46.4
Sale of investments in jointly-controlled entities	5.1	6.6	231.3	41.9	—
<b>Cash flow from investing activities</b>	<b>4.2</b>	<b>-20.9</b>	<b>285.2</b>	<b>-26.9</b>	<b>-52.6</b>
<b>Financing activities</b>					
New loans	0.0	0.0	12.9	99.8	156.2
Amortisation of loans	3.5	-22.4	-401.8	-103.2	-154.5
Dividend to shareholders	0.0	0.0	0.0	-23.9	-23.9
<b>Cash flow from financing activities</b>	<b>-3.5</b>	<b>-22.4</b>	<b>-388.9</b>	<b>-27.3</b>	<b>-22.2</b>
Cash flow for the period	-26.2	-30.2	-41.3	-16.0	-38.4
Balance at beginning of period (Note 1)	94.2	162.5	106.0	144.4	144.4
Exchange differences (Note 2)	3.4	-2.4	6.7	1.5	0.0
<b>Balance at end of period (Note 1)</b>	<b>71.4</b>	<b>129.9</b>	<b>71.4</b>	<b>129.9</b>	<b>106.0</b>
Note 1. Consists of cash, bank balances and credit facility					
Note 2. Exchange differences attributable to:					
Cash and cash equivalents at beginning of year	0.0	0.1	0.0	0.1	0.1
Cash flow for the period	3.4	-2.5	6.7	1.4	-0.1
	<b>3.4</b>	<b>-2.4</b>	<b>6.7</b>	<b>1.5</b>	<b>0.0</b>



# QUARTERLY OVERVIEW

SEK millions	Quarter 3 2014	Quarter 2 2014	Quarter 1 2014	Quarter 4 2013	Quarter 3 2013	Quarter 2 2013	Quarter 1 2013	Quarter 4 2012
<b>Profit/loss items</b>								
Total income	104.0	166.2	135.2	95.7	125.4	118.8	127.9	126.3
Operating costs excluding impairment	-117.9	-114.0	-119.3	-122.7	-116.2	-116.3	-112.2	-110.7
Operating result (EBIT)	-13.9	52.2	15.9	-27.0	9.2	2.5	15.7	15.6
of which result from sale of investments in jointly-controlled entities (vessels)		56.1	—	—	—	—	—	—
Financial net	-9.2	-10.1	-5.7	-8.0	-10.3	-11.1	-10.0	-11.0
Result after financial items	-23.1	42.1	10.2	-35.0	-1.1	-8.6	5.7	4.6
Result after tax	-27.0	40.1	12.2	-30.8	0.6	-6.2	7.6	9.7
Cash flow from operating activities	23.8	21.9	42.1	13.2	28.3	42.7	39.9	33.6
EBITDA	22.3	86.5	51.7	9.2	45.5	38.8	51.2	52.9
<b>Balance-sheet items</b>								
Ships (number)	2,944.9 (11)	2,769.6 (11)	2,708.6 (12)	2,915.6 (12)	2,905.4 (12)	3,089.6 (12)	3,028.2 (12)	3,064.5 (12)
Ships under construction (number)	142.0 (2)	130.8 (2)	102.0 (2)	100.5 (2)	75.1 (2)	53.5 (2)	50.5 (2)	48.0 (2)
Liquid funds incl. investments	71.4	94.2	211.8	187.7	215.0	256.3	204.2	241.5
Other assets	261.6	182.2	364.6	202.7	185.6	176.0	169.7	126.7
Interest-bearing liabilities	1,792.2	1,669.0	1,970.6	1,994.0	1,959.9	2,080.8	1,992.8	1,993.3
Other liabilities and provisions	152.7	111.3	112.0	120.2	120.9	133.2	116.7	156.6
Equity	1,474.9	1,396.5	1,304.4	1,292.3	1,300.3	1,361.4	1,343.1	1,330.8
Total assets	3,419.8	3,176.8	3,387.0	3,406.5	3,381.1	3,575.4	3,452.6	3,480.7
<b>Key ratios, %</b>								
Equity ratio	43	44	39	38	38	38	39	38
Return on total capital	1	0	2	-3	1	0	2	2
Return on capital employed	1	0	2	-3	1	0	2	2
Return on equity	0	0	4	-9	1	0	2	3
Operating margin	-13	31	12	-28	7	2	12	12
<b>Share data</b>								
Total income	2.18	3.48	2.83	2.00	2.63	2.49	2.68	2.65
Operating costs excluding impairment	-2.47	-2.39	-2.50	-2.57	-2.43	-2.44	-2.35	-2.32
Operating result before impairment	-0.29	1.09	0.33	-0.57	0.19	0.05	0.33	0.33
Financial net	-0.19	-0.21	-0.12	-0.17	-0.22	-0.23	-0.21	-0.23
Result after tax	-0.57	0.84	0.26	-0.64	0.01	-0.13	0.16	0.20
Cash flow	0.50	0.46	0.88	0.28	0.59	0.89	0.84	0.70
EBITDA	0.47	1.81	1.08	0.19	0.95	0.81	1.07	1.11
Equity	30.90	29.26	27.33	27.07	27.24	28.52	28.14	27.88

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

Definitions: see page 16



## PARENT COMPANY

# CONDENSED INCOME STATEMENT AND BALANCE SHEET

SEK millions	9 months 2014	9 months 2013
Net sales	0.5	0.1
Other external costs	-11	-10.7
Personnel expenses	-9.2	-7.1
<b>Operating result</b>	<b>-19.8</b>	<b>-17.7</b>
Other interest and similar income	9.4	16.1
Interest and similar expense	-31.9	-18.7
<b>Result before tax</b>	<b>-42.3</b>	<b>-20.3</b>
Tax	0	4.5
<b>Result for the period</b>	<b>-42.3</b>	<b>-15.8</b>

SEK millions	30 Sep 2014	30 Sep 2013
<b>Assets</b>		
Ships and equipment	0.1	0.0
Financial assets	34.3	27.7
Investments in Group companies	745.8	745.8
<b>Total non-current assets</b>	<b>780.2</b>	<b>773.5</b>
Current receivables	2.3	6.8
Receivables from Group companies	1,239.6	1,286.3
Cash and bank balances	66.2	36.9
<b>Total current assets</b>	<b>1,308.2</b>	<b>1,330.0</b>
<b>Total assets</b>	<b>2,088.3</b>	<b>2,103.5</b>
<b>Equity and liabilities</b>		
Equity	561.5	511.4
Non-current liabilities	1,504.8	1,490.5
Current liabilities	22.0	101.6
<b>Total equity and liabilities</b>	<b>2,088.3</b>	<b>2,103.5</b>
Pledged assets		
Contingent liabilities <sup>1)</sup>		

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

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

The Group's interim report has been prepared in accordance with IAS 34. The report for the Parent Company has been prepared in accordance with the Swedish Annual Accounts Act and RFR recommendations. The 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 Group. The report has not been reviewed by the company's auditors.

Gothenburg, 12 November 2014

Kim Ullman  
CEO

## ACCOUNTING POLICIES

This interim financial report in summary for the Group has been prepared in accordance with IAS 34 Interim Financial Reporting and relevant provisions of the Swedish Annual Accounts Act. The interim report for the parent company has been prepared in accordance with chapter 9 of the Swedish Annual Accounts Act. For the Group and parent company, the same accounting principles and computation methods have been applied as in the most recent annual report.

### Non-current assets held for sale

A non-current asset or disposal group classified as held for sale means that its carrying amount will be recovered principally through sale rather than through continuing use. An asset is classified as held for sale if it is available for imme-

diately sale in its present state and based on conditions that are normal, and the sale is highly probable. These assets or disposal groups are reported on a separate line as a current asset or a current liability in the balance sheet.

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

## DEFINITIONS

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

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

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

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

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

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

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

## INFORMATION AND CONTACT

This 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 12 November 2014 at approx. 2.30 p.m.

### Reports and information

2014 Year-end Report	19 February 2015
Q1 Interim Report	28 April 2015
Annual General Meeting	28 April 2015

Kim Ullman, CEO  
+46 31 85 50 03  
or +46 704 85 50 03  
kim.ullman@  
concordiamaritime.com



Ola Helgesson, CFO  
+46 31 85 50 09  
or +46 704 85 50 09  
ola.helgesson@  
concordiamaritime.com



**Concordia Maritime**  
405 19 Gothenburg, Sweden  
Tel +46 31 85 50 00  
Reg. no. 556068-5819  
www.concordiamaritime.com