ANNUAL REPORT 2009

CONCORDIA MARITIME

2009 was a poor year for shipping. Despite the weakening market and the challenges that lie ahead, we at Concordia Maritime are optimistic about the future. We believe in the market for refined petroleum products and feel that we are correctly positioned.

SOME REASONS FOR

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STABLE CASH FLOWS

Our fixed charter contracts generate stable cash flows, which means that in the short term we are not affected by the downturn in the spot market. Read more in The President's Views on page 7.

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THE DEMAND FOR OIL IS RISING

In a longer perspective, global demand for oil is expected to continue to rise. A growing population and the spread of prosperity are among the foremost driving forces. Read more about oil on page 26.

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FALLING SHIP PRICES

Ship prices in 2009 fell about 40 percent from their peak in 2008. This makes it possible to expand the fleet at a reasonable cost. Read more about the tanker fleet on page 37.

OUR STABLE POSITION

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TOUGHER ENVIRONMENTAL DEMANDS

Both customers and society in general are becoming increasingly demanding when it comes to environmentally friendly and safe transportation. Here, Concordia Maritime is well positioned. Read more about safety and the environment on page 15.

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INCREASING DEMAND FOR TRANSPORTATION

With the distance between oil deposits, refineries and customers increasing, the demand for transportation will also increase. Read more on page 28.

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STRONG FINANCIAL POSITION

With stable cash flows and substantial liquid funds, we are well placed to act when business opportunities arise. Read more in the financial information that begins on page 55.

THIS IS

CONCORDIA MARITIME

Concordia Maritime is an international tanker shipping company, which develops, builds, mans and charters vessels to customers with exacting demands on transport economy, flexibility and safety. The company's focus is on the transportation of refined petroleum products such as petrol, diesel fuel and aviation fuel. Concordia Maritime was established in 1984 when its Series B share was listed on Nasdaq OMX Stockholm. Its head office is located in Gothenburg, Sweden.

TRANSPORT

Concordia Maritime's focus is on transporting refined petroleum products. The 12 tankers ordered and delivered in the last few years, as well as in the process of being delivered, are all designed primarily to transport refined petroleum products such as petrol, diesel fuel and aviation fuel.

MARKET

After several years of strong demand and high growth, the tanker market weakened sharply in 2009 with the market for crude oil products being most heavily hit.

STRENGTHS

At Concordia Maritime, a deep understanding of the individual customer is combined with cutting-edge competence in the development and design of ships, shipbuilding, manning, chartering and commercial operation. The result is safe and efficient transportation.

CUSTOMERS

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

PARTNERS

Concordia Maritime conducts its business activities in close cooperation with several companies in the Stena Sphere. This means that the company's business activities can be conducted cost-effectively at the same time as its customers have access to cutting-edge know-how in shipping.

Goals and development

	Growth	Profitability	Equity ratio
Goal	At least 10 percent per year, while maintaining profitability.	Return on equity of at least 12 percent.	At least 50 percent over a business cycle.
Development 2009	–9%	–4%	53%
Explanation	Non-recurring costs amounting to SEK 174.0 million have been charged to the result for the year, which explains the negative growth.	In addition to the explanation under Growth, the company is not fully invested, which, in turn, reduces the rate of return.	A high equity ratio as the investment program is in progress.
Development 2000–2009	14%	10%	65%
Challenges ahead	Apart from profitability, a weakening US dollar reduces equity since it is denominated in USD.	To maintain the profitability of the fleet when the charters expire.	To utilise the company's strong balance sheet to expand its business activities.
Action plan	The company has an equity hedge in place as protection against any weakening of the US dollar.	To have a good spread in its ship portfolio and continue to work close to the customer.	To actively work with business development.

BUSINESS CONCEPT

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

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.

STRATEGY

- To continue to develop Concordia Maritime's position as a partner of choice in the transportation of oil and petroleum products.
- To continue to identify the market's need for efficient transportation and thereafter develop vessels and logistic solutions based on transport economy, flexibility and a well-developed environmental philosophy.
- To continue to utilise our strong 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.

THE BUSINESS MODEL

Concordia Maritime's business and revenue model consists of furnishing vessels to customers in need of safe and cost-effective transportation of oil and petroleum products. The fleet is currently employed in the charter market, which means that the vessels are signed to long-term charters.

	REVENUE	COSTS
Concordia Maritime's principal revenue and cost items	**Revenue from time charters** All the vessels are currently chartered out for long periods. Revenues consist of a freight rate agreed on in advance that stretches over the entire charter period. The size of the freight rate depends on the length of the charter and the state of the market when the contract is signed. **Profit-sharing** Some charters include a profit-sharing clause in addition to the freight rate. Somewhat simplified, this means that Concordia Maritime and the customer share the revenues that exceed a pre-specified level. **Sale of ships** Another potential revenue source is the sale of ships. Here, prices vary depending on the market and the condition of the vessels. Timing is thus crucial for a profitable sale.	**Daily running costs** The most important costs include costs for crews, periodic (dry-dockings) and day-to-day maintenance, repairs and insurance. For vessels signed to long-term charters, there are sometimes clauses that regulate the freight rate if daily running costs increase. **Voyage costs** Voyage costs mainly consist of fuel consumption and port charges. In the case of vessels in the charter market, the contracting party pays all the voyage costs. **Capital costs** Depreciation and financial costs can vary considerably depending on the company's capital structure and debt equity ratio. Here, too, timing is crucial when it comes to purchasing vessels. Ship prices have a large impact on a vessel's capital costs and thus the shipping company's profitability over a long period of time. **Freight rates for time chartered vessels** The cost of chartering a vessel from another shipowner. **Non-recurring costs** Naturally, a shipping company can have non-recurring costs. One example of such costs is damage to a vessel. This is something that is difficult to protect against, although the cost can be limited via insurance.
Strategy	• Close, long-term collaboration with customers • Timing with respect to purchases and sales of ships • Focus on safety at every stage	• Long-term maintenance • Efficient manning • Control over capital costs
Trend in 2009 (MUSD)	78.3 (85.1)	–69.7 (–72.0)
Explanation of trend	• Revenue from an additional vessel • Two chartered vessels have been returned as a result of which turnover decreased in the fourth quarter • Lower revenue from profit-sharing clauses due to a much weaker market	• Higher costs related to an additional vessel in operation • Two chartered vessels have been returned as a result of which turnover decreased in the fourth quarter
Challenges ahead	• Downward pressure on prices due to a surplus of vessels on the tanker market • Falling ship values as a consequence of the above-mentioned	• Finding and retaining good crew members in a competitive market


Stena
PMAX
STENA PRIMORSK

2009
IN BRIEF

- **Net sales SEK 599.3 (560.0) million**
- **Result after tax SEK –81.1 (95.8) million**
- **Result per share after tax SEK –1.70 (2.01)**
- **Proposed dividend SEK 1.00 (1.00) per share**
- **EBITDA of USD 21.0 (24.7) million**
- **Available liquid funds SEK 536.0 (507.5) million**

Long contracts provide stability in a very weak market

The product tanker market weakened sharply in 2009. With its long-term charters, Concordia Maritime was only marginally affected by the trend of the market. During the year, the freight rates for the charters were above those generated in the open market.

The fleet

In October, the two V-MAX tankers *Stena Vision* and *Stena Victory* were redelivered to their owner, General Maritime.

In September, the company took delivery of the P-MAX tanker *Stena Progress*. Somewhat delayed, a further P-MAX tanker, the *Stena Polaris*, was delivered on 24 February 2010.

Result trend

The result before tax, SEK –91.0 million (SEK –1.91 per share), includes extraordinary costs amounting to approx. SEK 175 million resulting from the sale of the shareholding in General Maritime and the write-down of the holding in the fund Weavering Capital.

Forecast for 2010

The forecast for 2010 points to a result before tax of approx. USD 9.5 million, corresponding to approx. SEK 70 million.

	2009	2008	2007	2006	2005	2004	2003	2002	2001	2000
Net sales, MSEK	599.3	560.0	457.2	381.2	254.0	354.0	649.7	768.6	1,334.6	1,327.6
whereof result from ship sales, MSEK	—	—	—	—	56.2	646.6	–15.1	11.1	1.5	16.6
EBITDA, MSEK	160.8	162.6	91.5	38.7	–1.3	795.5	177.5	89.5	454.4	382.9
Result after financial net, MSEK	–91.0	78.1	48.0	52.5	42.7	740.2	35.1	–142.4	251.9	227.7
Net result, MSEK	–81.1	95.8	62.9	51.9	57.2	740.2	77.1	–148.9	231.3	207.3
Investments, MSEK	654.2	301.3	836.7	767.2	492.8	86.3	61.6	—	513.6	351.1
Equity ratio, %	53	56	58	73	93	94	73	51	51	48
Equity per share, SEK	37.47	41.21	34.08	34.09	37.10	33.87	21.51	24.16	33.62	26.67
Return on capital employed, %	3	3	4	5	6	49	3	–4	12	14
Dividend as percentage of profit, %	n/a	49	76	92	83	19	31	0	12	22
Result per share, SEK	–1.70	2.01	1.32	1.09	1.20	15.51	1.62	–3.12	4.85	4.47
Dividend per share, SEK	1.00[1)]	1.00	1.00	1.00	1.00	3.00	0.50	—	0.60	1.10
Share price on closing date, SEK	17.00	15.00	27.00	55.00	43.00	34.80	17.50	11.00	16.00	21.50

1) Proposed dividend

HANS NORÉN, PRESIDENT

HOW DO YOU SEE THE FUTURE?

2009 was a weak year for tanker shipping. The recession and weaker demand for oil contributed to a sharp drop in prices in the tanker market. In the following pages, Hans Norén, President of Concordia Maritime, gives his view of the past year, the challenges that lie ahead and what the future looks like for Concordia Maritime.

GOOD OPPORTUNITIES FOR CONCORDIA MARITIME

When it comes to future projects, there are two ways to go. One alternative is to further develop the MAX concept and develop new ship types adapted for specific areas of use. The second alternative is to buy more standard-type vessels, either new or on the second-hand market.

Hans Norén
President

How would you summarise the past year?
If we begin by looking back a bit further, we can see that when the other shipping sectors weakened in 2008 as a result of the financial crisis and falling demand, the tanker market continued to perform well. But in 2009, it did not take long for reality to catch up. The downturn was rapid and resulted in a 50 percent drop in freight rates and plummeting ship prices. The equation of a 7 percent growth of the tanker fleet and 2 percent lower demand for oil obviously did not add up, and not surprisingly, the tanker market in 2009 was the weakest since 2002.

What lessons can we learn from this?
How the decline developed and not least its speed are clear indications of the volatility that characterises shipping in general and tanker shipping in particular. 2008 was a very strong year. The demand for tanker transportation was good and freight rates in the open market were high. Then everything changed very rapidly. Freight rates fell by almost two thirds in the space of only a few months. This is a reminder of the importance of having a strong and stable financial position and good relations with stable customers. Shipping is extremely capital-intensive and a long-term approach is essential to successfully pull through a recession.

How do you feel about Concordia Maritime's result for 2009?
It's difficult to be satisfied when the result is negative. However, we can note that the loss is solely related to costs of a non-recurring nature. In the case of the operational side of the business, the result is somewhat better than planned. Our decision a few years ago to charter out our vessels for longer periods has proved to be the right one, in view of the current state of the market. Of all the tanker shipping companies in the world, we are one of the few that developed positively during the year. I am also very satisfied with how our vessels have functioned technically and operationally. We haven't had any incidents resulting in any personal injuries or harm to the environment. Compared with our competitors as well as industry as a whole, the number of occupational injuries on board our vessels is very low. This would not be possible without competent and well-trained crews, continuous further training and indefatigable improvement work.

What is your view of developments in 2010? Has the market reached the bottom?
The strong growth of the tanker fleet is an indication that the market, despite an expected increase in oil consumption, will continue to be weak for some time to come. Supply and demand will continue to be out of balance with the market unable to absorb all the new vessels. In spite of the many deliveries in 2009, the vessels in the order books for the next three years still account for about 30 percent of the world fleet. It is here that by far the largest challenge for the whole shipping sector lies, and the tanker segment is no exception. Even with the expected increase in the scrapping rate, delayed deliveries and cancellations in 2010, the net growth of the fleet will be substantial.

What does the future look like for Concordia Maritime?
We have great respect for the current market situation and believe that the year ahead will continue to be weak. As far as

we are concerned, however, I am positive. The whole fleet is signed to long-term charters, which means that we have secured the cash flows until, in principle, the end of 2012. In combination with a strong financial position, this means that we have the capacity to act when the right business opportunities arise.

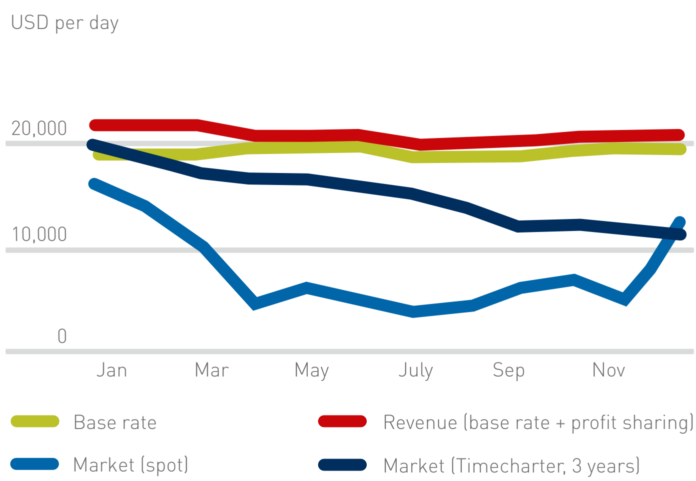
What type of business deals could it be a question of?

When it comes to future projects, there are two ways to go. One alternative is to further develop the MAX concept and develop new ship types adapted for specific areas of use. Here, we are working together with our partners on a number of projects that, if realised, will be truly innovative. They involve both increased transport efficiency and reduced environmental impact.

The second alternative is to buy more standard-type vessels, either new or on the second-hand market. The key here is that they must be the right vessels, that is, vessels offering good quality and performance, and also that the underlying business must be right, that is, the right customer in an interesting market segment. A look at the price trend on both the newbuilding and the second-hand market shows that prices have fallen up to 50 percent from their peak 1.5–2 years ago. This could result in business opportunities.

Parallel with this, we will, of course, work intensively with our existing fleet, which currently represents a total investment of more than SEK 3 billion, and ensure that it satisfies, and preferably exceeds, the needs and expectations our customers have.

THE FLEET'S AVERAGE FREIGHT RATE



Comments on the result trend in 2009

Both sales and the result trend for the full year were in line with the revised forecast. Sales for the full year amounted to SEK 559.3 (560.0) million and the result after financial items was SEK 91.0 (78.1) million. The result generated by our business operations has developed according to plan. The fleet continued to generate stable income with freight rates well over the rates on the spot market throughout the year.

However, the full result for the year is burdened partly by the capital loss on the sale of the shareholding in General Maritime and partly by the write-down of the holding in the fund Weavering Capital. These non-recurring cost items have been charged to the result in an amount of approx. SEK 175 million.

WHAT CHARACTERISES THE MAX CONCEPT?

Profitable investment. Thanks to their hull design, the tankers can transport about 30 percent more cargo than a standard tanker with the same draft.

Flexible loading capacity. The tankers can transport both crude oil and refined petroleum products. Effective systems for cleaning the tanks enable them to rapidly switch between petroleum products.

High safety. With its double hull, optimal corrosion control, two engine rooms and two separate propulsion systems, the MAX tanker is currently one of the world's safest tankers.

CURRENTLY THE WORLD'S SAFEST TANKER

Behind the development of the MAX concept is a need, in terms of transport economy, for vessels capable of operating in waters and ports with draft restrictions and loading substantially more cargo.

To meet this need, the vessels are much wider than other vessels in the same size class. Their larger beam gives them a larger loading capacity on a limited draft. The unique design of the hull and the twin skeg give both fuel economy and speed characteristics that are as good as or better than standard tonnage.

At the forefront of safety

The MAX concept takes safety to a new level. The vessels are built with double systems for propulsion and manoeuvring, just like an aircraft. They have two separate engine rooms separated by fireproof and watertight bulkheads. All control systems are separated and each engine has its own fuel system. Additionally, double rudders and propellers provide better manoeuvrability, which is also a major advantage in terms of efficiency and safety.

The bridge is designed to provide a 360° view and is equipped with a co-pilot system, i.e. double control systems. This enhances safety and facilitates training. A double hull is a matter of course.

Three ship types so far

The MAX concept has been developed in close cooperation with primarily Stena Bulk, Stena Teknik and Northern Marine Management. Since the concept began to be developed at the end of the 1990s, three ship types have been produced; V-MAX, P-MAX and C-MAX (which is owned by Stena).

P-MAX

Concordia Maritime's P-MAX tankers combine transport economy and flexibility with the very highest safety.

Thanks to the hull design, the vessels can carry about 30 percent more cargo than a standard tanker with the same draft.

They have been designed to transport both crude oil and refined products. Effective tank cleaning and the design of the cargo tanks mean that switching between different petroleum products is fast with a minimum risk of contamination.

On the integrated bridge, the officer on watch, in contrast to conventional product

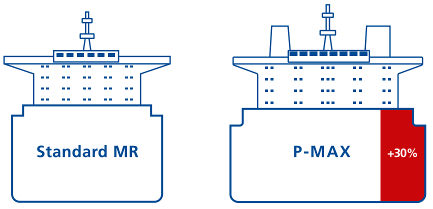
SUMMARY P-MAX concept

Concordia Maritime's P-MAX tankers are among the safest product tankers in the world. They combine the market's wish for better transport economy and greater flexibility with society's demands on safety and environmental concern.

At the beginning of the year, when the trade journal "Ships and Shipping" chose the best ships in 2009, the *Stena Progress* was selected as the best tanker. Good economy, high flexibility and a high safety level were some of the reasons why the *Stena Progress* distinguished itself among the 90 ships reviewed by the journal in 2009.

tankers, is able to monitor all the systems on board simultaneously. This, together with superior manoeuvrability, contributes to safe navigation in narrow waters.

All P-MAX tankers are certified by the classification society Det Norske Veritas (DNV) with a so-called Green Passport. This certification means that all hazardous materials on board the vessel have been identified and documented. This certification is voluntary and is the result of close collaboration between the shipyard and DNV. Flexible loading capacity and high safety make the P-MAX a profitable investment. Greater safety does not in itself translate into higher profitability, but it represents a competitive advantage over tonnage with lower safety.



V-MAX

The 313,000 dwt V-MAX tankers *Stena Vision* and *Stena Victory* were the first to be built in accordance with the MAX concept. Their design gives them a 20–40 percent higher loading capacity compared with a conventional VLCC and 70–100 percent higher loading capacity than a Suezmax tanker.

Since the end of 2009, Concordia Maritime no longer has any V-MAX tankers at its disposal.

CAPTAIN STEVEN WILLIAM TARGETT, STENA PROGRESS

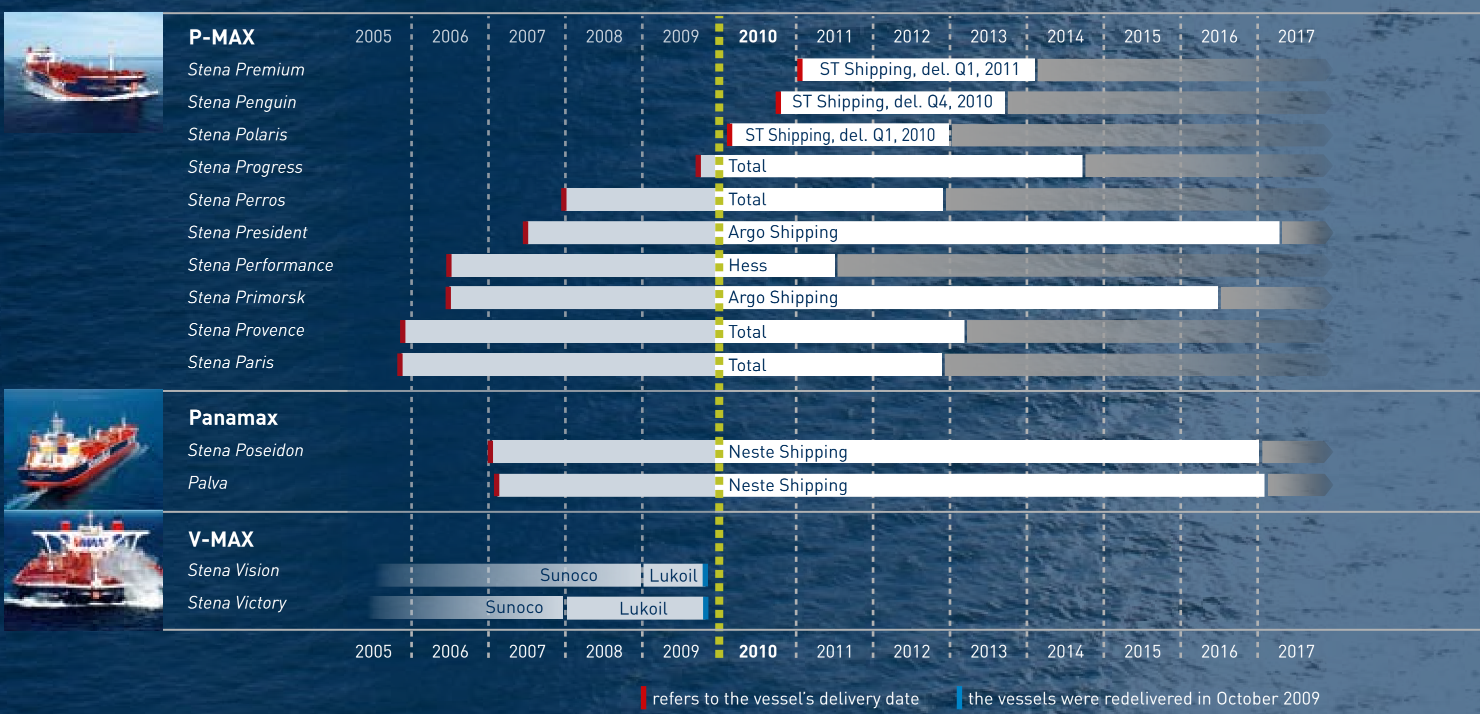
How unique is the MAX concept?
Unique enough for me to take the job, in any case! Traditionally, shipping is a highly conservative industry. With large sums of money at stake, there are few shipowners willing to invest in new and untried concepts even though the need exists. If we look back in history, we see that it is not until external pressure is exerted that things change. For example, the construction of really large tankers didn't begin until the Suez Canal was closed in 1967. The shipowners were forced to route their tankers all the way round Africa and as a result, larger tankers gave them an advantage. With the MAX concept, we are breaking new ground. The vessels represent innovation on many different levels, but above all in the field of safety. Here, it will be exciting to see whether other players follow suit.

What is the best thing about being at sea?
Being far out at sea and watching the sun rising up over an unbroken horizon can't be beaten. I have been at sea for 32 years and I've never regretted my choice of career. Sure, it's a special environment and you are far away from your family and friends. But if you can handle it, it's fantastic.

How has shipping changed since you first went to sea?
So much has happened. The ships have been developed and the crews have gotten smaller. But the big difference is in the regulations. The approach to safety and the environment has changed radically. The regulations are far more comprehensive and the customers are much more demanding.

What challenges do you see for shipping in the future?
Increasing the number of competent seagoing personnel is one of the largest challenges facing the industry. Young people today have a somewhat different view of life in general and working life in particular. They don't want to spend long periods away from family and friends. This is one of the tougher nuts for shipping to crack and it means that the shipping companies will have to really focus on caring for and developing the personnel they have today. The industry's reputation on the labour market is more important than ever.

A FLEET SIGNED TO LONG-TERM CHARTERS



CUSTOMERS WITH SPECIFIC NEEDS

Concordia Maritime's customers include some of the world's leading energy companies, each with its own specific needs. Customer relations are characterised by a long-term perspective, cooperation and partnership.

Satisfying our customers' transport and logistics requirements requires a deep understanding of both the forces driving the market and the individual customer's business.

At Concordia Maritime, this knowledge is combined with cutting-edge competence in naval architecture and first-class manning and chartering. Collaboration with customers is based on long-term relations and high ambitions with respect to efficient and safe transportation.

The fleet in 2009

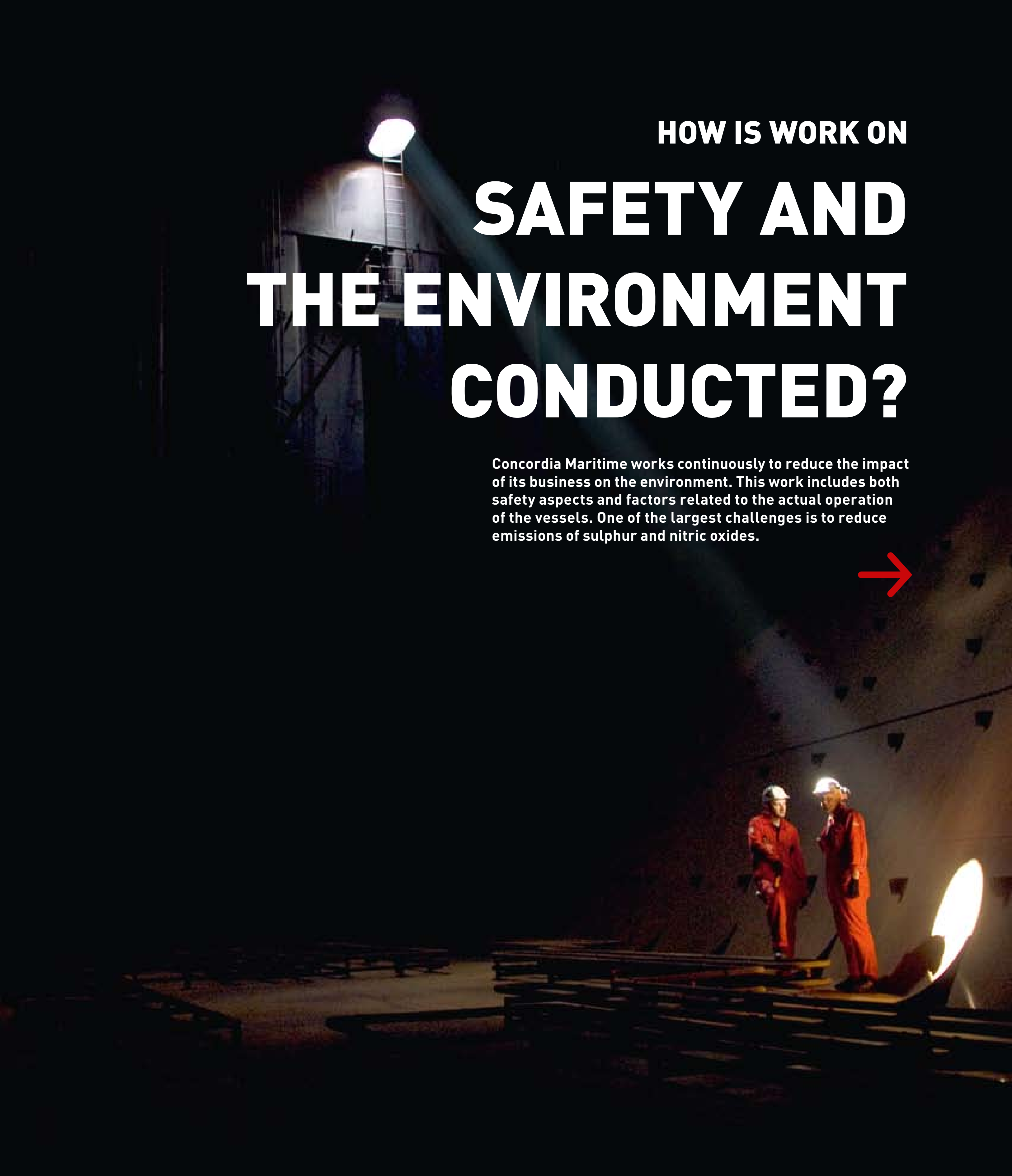
At the end of 2009, Concordia Maritime's product tanker fleet consisted of seven wholly owned P-MAX tankers and two part-owned Panamax tankers. The fleet operates in different geographical markets all over the world, transporting both light and heavy petroleum products (e.g. petrol and heavy oil) as well as crude oil.

At the beginning of 2010, a further P-MAX tanker, the *Stena Polaris*, was delivered from Brodosplit Shipyard in Croatia. A further two P-MAX tankers have been ordered and will be delivered in 2010 and 2011.

All the vessels so far delivered have been signed to charters of between five and ten years on delivery. The long-term charters are advantageous for both the customers and Concordia Maritime. The charters give the customers operational stability in their transport flow, and the charter periods give Concordia Maritime a stable cash flow and reduce its sensitivity to the large fluctuations on the tanker market.

In the large tanker segment, the fleet consisted of the two chartered V-MAX tankers *Stena Vision* and *Stena Victory* until October 2009 when they were redelivered to their owner General Maritime. As a result, Concordia Maritime no longer has any vessels in the large tanker segment.

Customer	Company description	Vessel	Chartered out until	Principal
Total	With operations in 130 countries and 97,000 employees, French Total is the world's fifth largest oil and gas company. Sales in 2008 totalled EUR 179,976 million. www.total.com	*Stena Paris* *Stena Provence* *Stena Perros* *Stena Progress*	2012 2013 2012 2014	Worldwide
Argo Shipping	A newly established logistics company focusing on the Russian oil export market. www.argoshipping.org	*Stena Primorsk* *Stena President*	2016 2017	World wide
HESS	A leading global energy company with 11,600 employees and sales of USD 41,165 million in 2008. www.hess.com	*Stena Performance*	2011	Refined products on the Caribbean-US East Coast trade
ST Shipping	ST Shipping is part of Glencore, an international trading house specialising in raw materials and goods for industrial customers. www.glencore.com	*Stena Polaris* *Stena Penguin* *Stena Premium*	2010–2013 2010–2013 2011–2014	World wide
Neste Oil	A leading oil company with 5,174 employees and sales of EUR 9,636 million in 2008. www.nesteoil.com	*Palva* (50%) *Stena Poseidon* (50%)	2017 2017	Refined petroleum products between the Baltic Sea and North America
LUKOIL	A leading gas and oil company with activities in 25 countries. The company's extraction and production operation is based in Russia. www.lukoil.com	*Stena Victory* (chartered until Oct. 09) *Stena Victory* (chartered until Oct. 09)	2009 2009	World wide Crude oil from West Coast of Africa to USA



HOW IS WORK ON

SAFETY AND THE ENVIRONMENT CONDUCTED?

Concordia Maritime works continuously to reduce the impact of its business on the environment. This work includes both safety aspects and factors related to the actual operation of the vessels. One of the largest challenges is to reduce emissions of sulphur and nitric oxides.

→

SAFETY AND THE ENVIRONMENT – A COMPETITIVE FACTOR

SUMMARY safety and environment

Double systems on board the tankers and daily training to prevent accidents are producing results. There are few accidents and the trend is downward.

As a result of long-term work together with companies in the Stena Sphere, more energy-efficient solutions are being developed with the aim of reducing the impact on the environment.

Shipping is the most energy-efficient transport mode in relation to volume transported. Despite the fact that more than 90 percent of all global trade is shipped, shipping accounts for only about 2.7 percent of all carbon dioxide emissions. This does not, however, detract from the necessity of making further improvements in a number of areas, not least as regards emissions of hazardous substances and particles.

The environmental impact of shipping can be divided into two main parts: the environmental impact caused by incidents and the environmental impact resulting from ship operation. The former includes oil spills due to e.g. collisions and groundings, while the latter includes e.g. emissions of sulphur oxides and nitric oxides from ships.

Environmental impact of accidents and other incidents

The largest risk associated with tanker shipping is, of course, the risk of an oil spill in conjunction with a grounding, collision or some other accident. Here, the potential impact on the environment is very large. A large oil spill could cause considerable damage and have far-reaching consequences for humans, animals and the natural environment.

However, with the global tanker fleet becoming increasingly modern and safe in recent years, the number of oil spills has decreased drastically. Apart from the shipping industry's own improvement work, this trend is the result of increasingly tough demands from legislators and customers as well as other interest groups. Among other things, a double hull became mandatory from 2010. The regulations for the placement of the tanks have also been tightened up in order to reduce the damage in the event of an accident.

Concordia Maritime's work on preventing accidents

For many years, Concordia Maritime has projected an image of itself as a quality shipping company with high demands on safety at every level.

The P-MAX tankers in the fleet are probably among the safest tankers in the world. They are designed with safety as one of the guiding principles in the development work.

For example, the tankers are built with a double hull, two separate engine rooms separated by fireproof and watertight bulkheads and double propulsion systems.

P-MAX, doubled for safety's sake

Safety and environment →

- A completely new safety concept in addition to the mandatory double-hull requirements
- Improved manoeuvrability

→ The tanker was equipped with double engines, propellers, steering gear and rudders. This represents a completely new safety concept, and thus environmental concept, which has also improved manoeuvrability.

→ **A new dimension of safety**

STENA P-MAXAIR
ONE OF THE WORLD'S MOST ENVIRONMENTALLY FRIENDLY SHIPS

Just now, what is perhaps the world's most energy-efficient tanker is being developed – the Stena P-MAXair. The objective is to dramatically reduce fuel consumption and thus emissions of hazardous substances and particles.

Work on the concept has been in progress for five years and in the summer of 2010, a 15 metre long model will be launched and tested in realistic conditions, after which the project will be evaluated.

An important part of the solution consists of reducing the friction between the ship and the water with the help of an air cushion underneath the hull. The bulb in the bows is also shaped in such a way that the water flow beneath the hull is optimal. When the wind conditions are right, a so-called "kite sail" can be hoisted in order to reduce fuel consumption still further.

Total fuel savings for a P-MAXair tanker compared with a standard vessel with the equivalent cargo intake are expected to be substantial – for both the environment and the shipping company.

PIRACY
A GROWING PROBLEM FOR SHIPPING

In recent years, hijacking ships has become increasingly common, usually with the intention of forcing the shipping companies to pay a ransom by holding the ship, cargo and crew as hostages. Most of the attacks take place in territorial waters when the ships are lying at anchor off the coast of a country. The ransoms demanded range from 100,000 dollars for smaller ships to several million dollars for large ships.

In 2009, a total of no less than 406 successful or attempted hijackings were reported. One of the most dangerous areas is the Gulf of Aden off the coast of Somalia where almost a third of all the hijackings took place.

Protection is difficult

Protecting a ship against piracy is relatively difficult. There are really only two ways that are effective. One is to sail in a convoy with other ships, supported by naval vessels. This has become increasingly common in recent years. The second way is to sail at high speed, thus making it difficult for the pirates to attack.

So far, there have been no hijackings or attempted hijackings of Concordia Maritime's tankers. As far as possible, they avoid the risk areas and when this is not possible, their passage is coordinated with other ships in the area.

In addition, there are, of course, strict internal safety regulations when sailing in dangerous waters.

The possibility of accidents occurring can never be excluded. For this reason, substantial resources are invested every year in continuously developing vessels as well as training/education and routines.

The goal is to prevent the risk of accidents from arising and to minimise the damage if an accident should nevertheless occur. The company's safety work is carried out on several different levels, partly at the design stage of the vessels themselves and their equipment and partly in the form of continuous work on identifying potential risks and dangerous elements in the work done.

All this work has resulted in a low number of accidents on board Concordia Maritime's vessels compared with the industry as a whole. After the first P-MAX tanker was delivered in 2005, no serious accidents have occurred on board any of Concordia Maritime's owned or operated vessels. The most common accidents on board are due to slipping and falling, most often resulting in a limited degree of personal injury.

Environmental impact of ship operation

The environmental impact of shipping is not, however, limited to oil spills in the event of an accident. Ship operation also has consequences for the environment. The environmental impact of tanker shipping consists mainly of emissions of hazardous substances related to fuel consumption and the impact on the maritime environment of ballast water when ballast tanks are emptied.

Emissions of hazardous substances and particles

One of shipping's greatest challenges is to reduce the volume of emissions of sulphur and nitric oxides, greenhouse gases and other hazardous particles. The work on making improvements is being conducted on several different levels and covers both technical developments and research on new types of environmentally friendly fuels. Sulphur and nitrogen are difficult to remove after they have been emitted and the technical solutions available in the form of so-called sulphur scrubbers and SCR catalytic converters (Selective Catalytic Reduction) are costly to install. Consequently, the most effective way of protecting the environment is to burn bunker oil with a lower sulphur content. This oil is far more expensive and therefore agreements at the regional or global level are needed to ensure competitive neutrality.

In 2008, the UN agency IMO (International Maritime Organization) decided to gradually lower the limits for emissions of both sulphur and nitric oxide. The most far-reaching reductions will be introduced in the Sulphur Emission Control Areas (SECA) in the English Channel, the North

Oil Should Always Travel First Class

Safety and protection of the marine environment shall be an integrated part of our daily activities. Only with commitment from all employees, both on board and ashore, will it be possible to maintain a high safety standard and good protection of the marine environment.

Our environmental principles

- Protection of the marine environment is of the utmost importance, second only to considerations affecting the safety of humans.
- Through innovation and performance, we shall act to gain better control over the risk factors which could result in damage to the environment.
- Through innovation and performance, we shall strive to control and reduce the negative impact of our operations on the environment and increase the efficiency of both existing vessels and newbuildings with regard to fuel consumption and emissions.
- Through innovation and performance, we shall strive to engage in safer and more effective shipping in environmentally sensitive areas.
- All personnel shall be given adequate training and information and shall be encouraged to participate actively in environmental matters.

Sea and the Baltic Sea. However, global shipping will also have to adapt to bunker oil with a lower sulphur content than today.

Conflicting interests complicating the work

What is complicating the work is that different types of measures for improving the environment sometimes conflict with each other. By reducing the thermal efficiency of a ship's engines, it would be possible to lower e.g. emissions of nitric oxides. At the same time, however, this would result in higher emissions of carbon dioxide. Consequently, in order to achieve the optimum effect, many different factors need to be taken into account.

Micro organisms in ballast water

Something that also has a large impact on the environment is the discharge of ballast water close to the coast. Organisms that are transported from one ecosystem to another cause great damage to the local environment and are considered to be one of the gravest threats to the oceans of the world. Today, technology for killing organisms in ballast water is being developed, but much remains to be done to be able to satisfy the capacity requirements of ships with large volumes of ballast water, such as tankers. An intermediate solution is thus to replace ballast water far out at sea instead of close to the coast. Organisms from the oceans cannot as a rule survive close to the coast and vice versa.

Concordia Maritime's work on reducing the environmental impact of ship operation

The P-MAX fleet's largest contribution to a better environment is its high loading capacity. Despite the fact that these tankers can transport 30 percent more cargo than a comparable tanker, their fuel consumption is not appreciably higher.

Continuous and comprehensive development work is being done with the aim of reducing emissions of sulphur and nitric oxides. One consequence of this is that so-called VTA turbines (Variable output Turbine Area) have been installed on four vessels in the fleet. The main advantage of this is that by angling the blades in the turbine, the turbine's thermal efficiency can be adapted to the vessel's speed, which reduces fuel consumption. In addition, the feasibility of using – despite the cost – sulphur scrubbers and SCR technology to reduce emissions of sulphur and nitric oxides is also being studied.

Green Passport

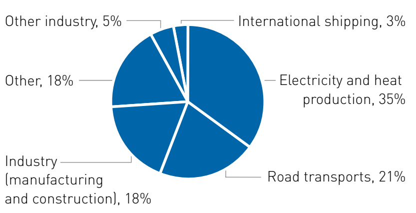
In recent years, the shipping industry has taken measures to reduce the impact of ship recycling on the environment and humans. Today, tough environmental regulations apply to the whole chain, from ship design and construction to operation and recycling. For example, all the material on board must be classified and the whole scrapping process structured and certified. This is something Concordia Maritime has been doing ever since the first P-MAX tanker was delivered in 2005. The *Stena Paris* was the first vessel to be certified in accordance with Det Norske Veritas' "Green Passport".

10 minutes training – everyday

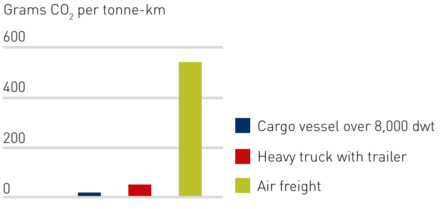
Continuous risk identification is the most important part of the work on improving safety on board. Here, the crew's participation is crucial. For example, on all the vessels operated by Northern Marine Management, a minimum of ten minutes are spent every day on studying movement patterns and adherence to routines.

Reports are made according to a standardised model and risks identified are subsequently eliminated. The observations are gathered in reports, which are sent to all the vessels. This enables continuous improvements to be made. In addition to this, dedicated safety meetings are held every month.

Share of global carbon dioxide emissions



Carbon dioxide emissions by transport mode



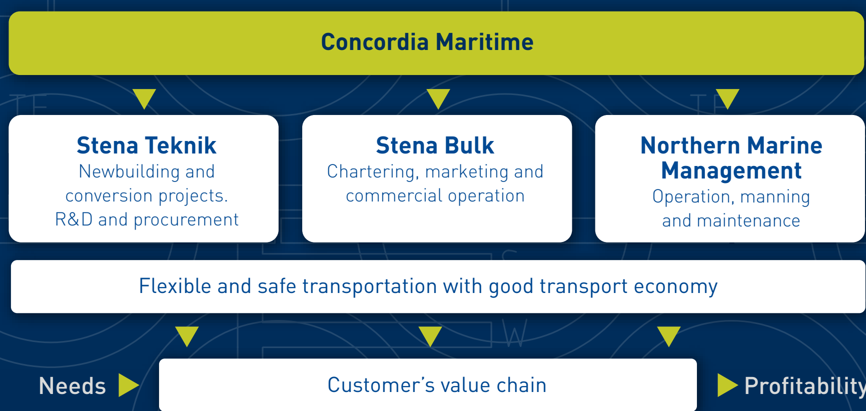
Source: IMO

ENVIRONMENTAL IMPACT AND MEASURES

Environmental impact	Main consequences	New/future mandatory requirements	What is Concordia Maritime doing?
Accidents and incidents	• Oil spills	• Double hull • Smaller tanks • Location of tanks	• Development of the MAX concept with a focus on safety • Continuous work – risk assessment, competence development, drills, etc.
Ship operation	• Emissions of sulphur dioxides, particles, nitric oxides and greenhouse gases • Impact on the ecosystem of organisms spreading when emptying ballast water	• Stricter regulations governing sulphur content in fuel and emissions of nitric oxides • Special regulations in Emission Control Areas (Baltic Sea and North Sea)	**Reduced fuel consumption** • P-MAX tankers' design and construction • Installation of VTA turbines • Trim optimisation • Evaluate the feasibility of utilising kite sails • Further development of the MAX concept **Reduced emissions of nitric oxides (NO_x)** • Studying the feasibility of utilising Selective Catalytic Reduction, a method of removing nitric oxide from exhaust fumes **Reduced emissions of sulphur oxides (SO_x)** • Studying the feasibility of utilising so-called sulphur scrubbers **Ballast water** • Investigating technical solutions for handling ballast water

HOW CAN SO FEW EMPLOYEES RUN SUCH A LARGE BUSINESS?

Concordia Maritime's activities are conducted in close cooperation with several of the companies in the Stena Sphere. This gives the company access to cutting-edge competence in all areas of shipping – from naval architecture and manning to technical operation, commercial operation, financing and marketing.



A SMALL ORGANISATION WITH A WORLD-CLASS NETWORK

Concordia Maritime can be divided into a shore-based and a seagoing organisation. The shore-based organisation consists of only a small number of employees; in 2009 two persons were employed in the parent company. Services and expert know-how are purchased from partners, mainly in the Stena Sphere.

A growing seagoing organisation

Stena-owned Northern Marine Management (NMM) is responsible for the operation, manning and maintenance of Concordia Maritime's vessels. Each vessel is normally manned by a crew of 24. At the end of 2009, Concordia Maritime had 229 seagoing employees. All shipboard employees are employed under the terms of ITF agreements (International Transport Workers' Federation) or internationalisation agreements.

Experienced seagoing personnel a must

Personnel turnover during the year was about 22 percent, which is relatively low compared with industry as a whole.

Shipping is very much an international market in terms of both business and competition, but it is also an international

SUMMARY Business activities

As a result of active collaboration with companies in the Stena Sphere, Concordia Maritime is able to conduct large-scale business activities despite having few employees. The network contributes competence in e.g. ship design, manning and chartering.

CAPTAIN TIBOR ANICIC, STENA PROVENCE

What is your experience of the P-MAX fleet?

The P-MAX tankers are excellent vessels that are in a class of their own when it comes to safety, for both the environment and the crews. Having a fleet of the same type of vessels is a big advantage. If you have been given training for this tanker type, you can then switch between the tankers in the fleet. This results in much greater flexibility when it comes to manning.

What is a good captain like?

Strict but fair. On a ship, there are certain rules that just have to be followed. As the captain, you have to make sure that they are followed, but at the same time be considerate and keep in mind that people think and work in slightly different ways. Treating everybody fairly and correctly is always the best way to go in the long run. You get respect and work goes much more smoothly.

What characterises the culture at Concordia Maritime?

Compared with many other shipping companies, I think the culture is more open and tolerant. There is a long-term approach that I appreciate. You are treated fairly.

In shipping, there are often large differences between the shore-based and the shipboard organisation. Here, many of the people in the offices have worked at sea and they really know that side of the business. That's a big advantage and it makes the dialogue between the ships and the technical and commercial departments much easier. Also, a lot of the people have been working for the company for very many years – an indication that people enjoy their work.

labour market for seafarers. The supply of trained and experienced seafarers is limited. A consequence of the good market in recent years is that the demand for experienced seafarers has risen sharply.

The supply of trained and experienced seafarers is limited and is expected to shrink still further due to, among other things, the large number of seafarers retiring in the next few years but also because the number of vessels will increase sharply in the years ahead. Consequently, being able to attract the best officers and most experienced ratings is dependent on having a long-term approach and a good reputation as an employer.

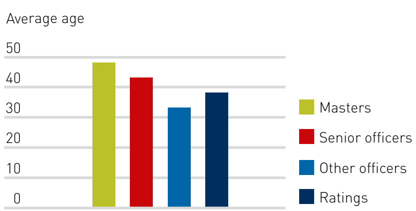
As part of its work on continuing to be perceived as an attractive employer, Concordia Maritime has launched a benefits program for the seagoing employees and their families. The cost of this program during the year amounted to SEK 2.9 million, which is equivalent to SEK 12,600 per shipboard employee.

Continuous competence development

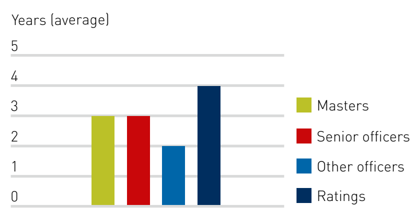
In addition to comprehensive international regulations, there are also strict internal requirements and routines for ensuring safety on board. In order to ensure that Concordia Maritime's own and its customers' quality, environmental and safety demands are met, the company works continuously on developing competence in both the shore-based and the seagoing organisation. The training activities it provides are both general and specially adapted for a specific vessel. There are well-developed routines and processes for training and education, not least in issues involving safety and the environment.

The work on education during the year has, among other things, been focused on training the officers and ratings in the operation of the new ship type. The total cost of competence development during the year amounted to SEK 1,227,000, which is equivalent to SEK 5,400 per employee.

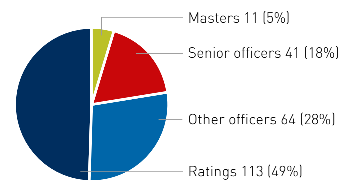
Age structure



Period of service



Seagoing employees by category



PARTNERS IN THE STENA SPHERE

Northern Marine Management (NMM)
High competence in operation, manning and maintenance

NMM is responsible for the operation, manning and maintenance of Concordia Maritime's vessels. Since it was formed in 1983, the company has expanded heavily and is responsible for the management and/or manning of about 120 vessels of varying types and sizes with a total of more than 5,000 shipboard employees. About 80 percent of its assignments are for external clients outside the Stena Sphere, which include several leading shipping and oil companies.

NMM endeavours to be at the forefront of the industry by, among other things, satisfying all international accreditations for ship operation – IMO International Safety Management Code, ISO 9001:2008, ISO 14001:2004, Green Award and US QualShip21 standards. These accreditations are combined with the company's own Behaviour Based Safety (BBS) work. A direct consequence of this intensive work is that NMM has a lower incidence of accidents than the average for the industry.

The company has its head office in Glasgow together with offices in Aberdeen, Gothenburg, Houston, Manila, Mumbai, Singapore and St. Petersburg.

www.nmm-stena.com

Stena Bulk
Responsible for chartering and marketing Concordia Maritime's vessels

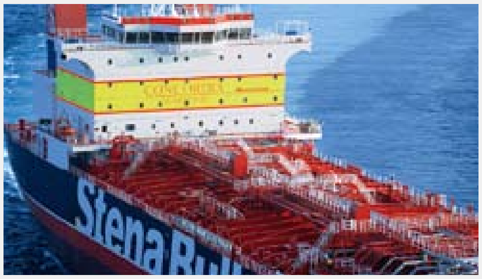
Stena Bulk provides services for both companies in the Stena Sphere and external customers in the form of marketing, chartering and commercial management. Stena Bulk operates a total of 65 vessels worldwide. Its customers include major oil companies and refining companies as well as independent trading houses.

Working and being physically close to its customers is one of Stena Bulk's foremost success factors and competitive advantages. Offices in Gothenburg, Houston, New York, London, Helsinki, Athens, Singapore and Beijing provide the optimum conditions for a good understanding of the customers' logistics and trading requirements. The company has a total of about 50 employees.

Stena Bulk functions as Concordia Maritime's marketing organisation and is responsible for the chartering, marketing and commercial management of the fleet.

Close collaboration with Stena Bulk gives Concordia Maritime access to a worldwide marketing organisation with solid know-how and experience in all the tanker market segments and one of the industry's foremost brand names.

www.stenabulk.com



Stena Teknik
A leader in naval architecture

Stena Teknik is a common resource for all the marine business areas in the Stena Sphere. Its activities consist of newbuilding and conversion projects, general marine technical advice and procurement. It also conducts research and development in the marine field. Its work covers all types of shipping, from passenger traffic to oil tankers and rigs. As a result of these different undertakings, Stena Teknik has built up a comprehensive knowledge bank in naval architecture. Today, the company is a leading global player. Further proof of the company's high competence is that it often functions as a referral body in different questions relating to shipbuilding technology in the EU.

Stena Teknik provides Concordia Maritime with a variety of solutions to everything from corrosion protection, classification questions and safety as well as more comprehensive projects such as developing and taking responsibility for the development and planning of complete vessels.

www.stenateknik.com

OIL
FROM WELL TO END PRODUCT

Every day, we use numerous products that originate from oil, which has been pumped up from an oil deposit somewhere in the world. We seldom give a thought to the complex chain that runs from the well to the finished end product. There are several steps requiring the work of many different players along the way.

One of these players that make it possible to close the circle is Concordia Maritime. In the following spread, we describe how our services affect almost everybody in some way every day.

1 EXPLORATION AND EXTRACTION

Oil is almost exclusively found in sedimentary rock types where it has been transformed from organic material (plants and animals) under high pressure and high heat over millions of years. Sedimentary rock types are found all over the world, but two-thirds of the oil discovered so far is located in the Middle East.

Oil reserves are often owned by the country in which they are located. Consequently, oil companies wanting to explore for oil must apply for a permit from the country's government. Because exploration is very costly, it is not unusual for several oil companies to own shares in the right to the oil deposit.

Advancing from exploration to production usually takes several years. The nations that extract the most crude oil in the world are Saudi Arabia, Russia, the US, Iran and China. In 2009, around 89 million barrels of oil per day were extracted.

The crude oil extracted is transported from the oilfields and oilrigs to refineries around the world, mainly by crude oil tankers of different sizes. The most common ship type is called VLCC (Very Large Crude Carrier, with a loading capacity of about 2 million barrels of oil).

Oil is transported by crude oil tanker

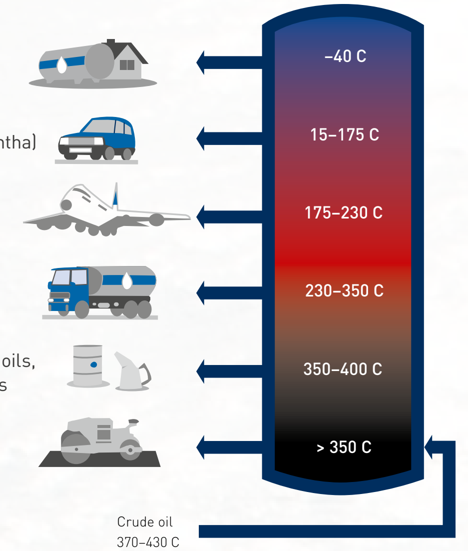
2 REFINING

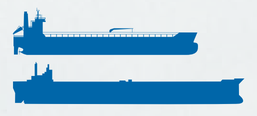
Put simply, when refining oil, the crude oil is first separated by means of distillation. In this process, the crude oil is heated up and pumped into a so-called fractionating column where it is vaporised after which it rises and then condenses. The higher up in the fractionating column the condensation process takes place, the lower the boiling point the liquid formed has. The liquid – fractions – is removed from the column via outlets at different levels. In the next stage, the fractions are refined individually in different processes into petroleum products such as petrol, aviation fuel, and diesel fuel.

More than half of all refining in the world takes place in Europe and Asia, while North America accounts for one fifth. In the US, up to 70 percent of the crude oil is refined into petrol; in Europe, this figure is about 45 percent. The reason for this is that the majority of the vehicles in the US are fitted with petrol engines. In Europe, the distribution between petrol and diesel vehicles is more even.

The finished petroleum products are transported by product tanker from the refineries to the end user. These vessels are smaller than crude oil tankers and can load several different types of cargo at the same time. Concordia Maritime is active mainly in this transportation segment.

Production of refined petroleum products





Transportation by product tanker e.g. P-MAX or Panamax

OUR SHIPS AND THEIR CARGO
31 DECEMBER 2009, 08:42

P-MAX
65,200 DWT
Ice Class 1A–1B

1 ***Stena Paris***
Chartered to Total until 2012
Anchored in Singapore with a cargo of gas-oil. A calm sea and a light breeze.

2 ***Stena Provence***
Chartered to Total until 2013
Anchored in Antwerp, Belgium, with a cargo of aviation fuel.

3 ***Stena Primorsk***
Chartered to Argo Shipping until 2016
En route from New York to Southwest Pass, USA, with a cargo of fuel oil. Sailing at a speed of 12 knots in a moderate gale.

4 ***Stena Performance***
Chartered to Hess until 2011
En route from Houston, USA, to Singapore with a cargo of fuel oil. Sailing at a speed of 12 knots in a moderate gale. High waves.

5 ***Stena President***
Chartered to Argo Shipping until 2017
En route from Bourgas, Bulgaria, to Novorossiysk, Russia, to load cargo. A fresh breeze is blowing.

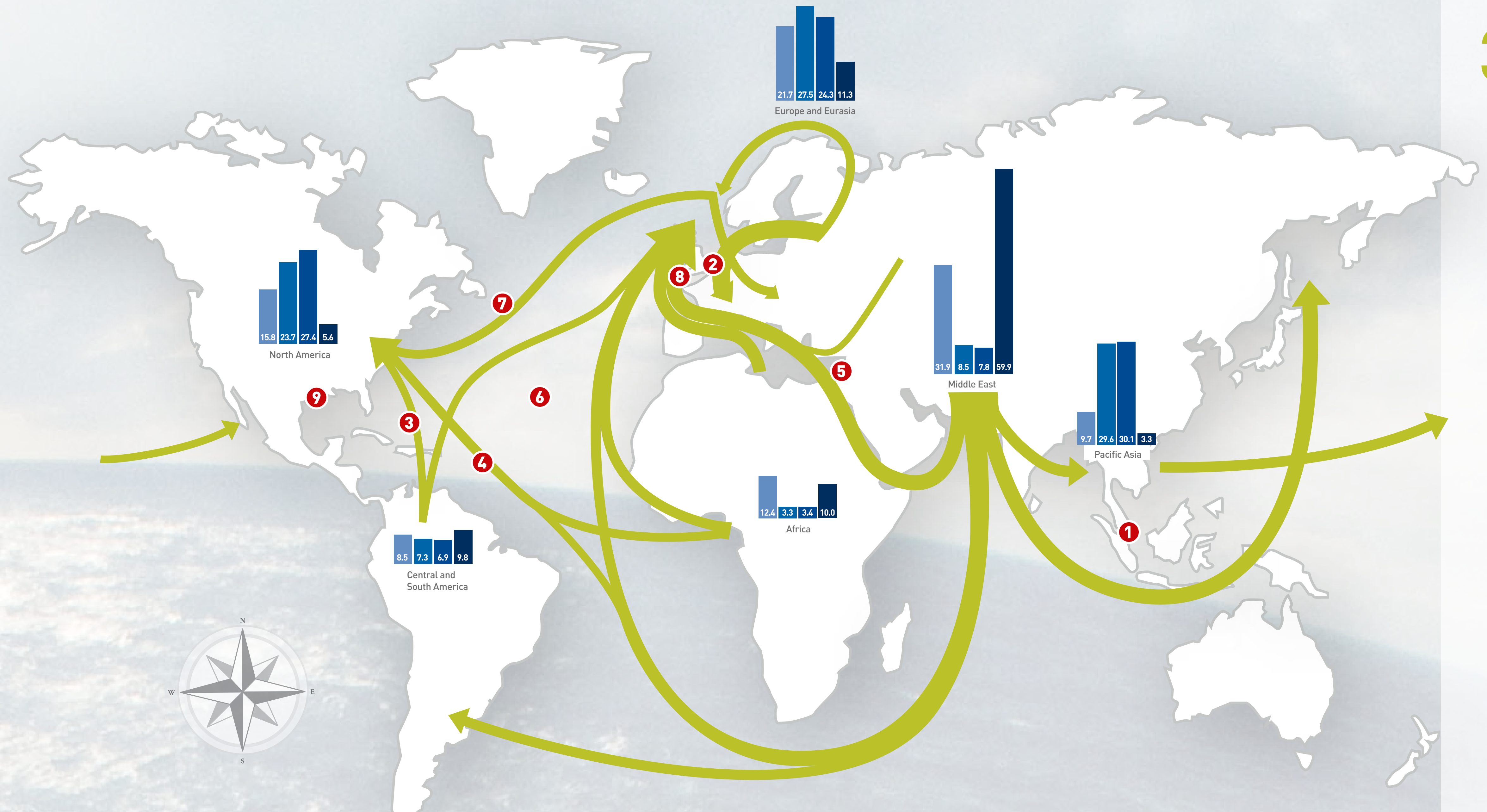
6 ***Stena Perros***
Chartered to Total until 2012
En route from Amsterdam, Nertherlands, to Las Palmas, Spain, with a cargo of gas-oil. Sailing at a speed of 13.5 knots in a strong breeze.

7 ***Stena Progress***
Chartered to Total until 2014
En route from Kårstø, Norway, to New York, USA, with a cargo of naptha. Sailing at a speed of 13.5 knots in a moderate gale.

PANAMAX
74,900 DWT
Ice Class 1A

8 ***Stena Poseidon***
Chartered to Neste Shipping until 2017
En route from Lynne Bay, UK, to New York, USA, with a cargo of gas-oil. Moderate gale and a heavy sea.

9 ***Palva***
Chartered to Neste Shipping until 2017
Discharging a cargo of gas condensate at the quayside in Houston, USA.



Crude oil's routes across the oceans.

Extraction, %
Total extraction 81,820,000 barrels per day

Refining, %
Total refining 75,179,000 barrels per day

Consumption, %
Total consumption 84,455,000 barrels per day

Reserves, %
Total reserves 1,258,000 million barrels

3 CONSUMPTION

There is a global imbalance between production and consumption of oil. Although more than half the oil is still consumed in North America and Europe, there is a downward trend; consumption is falling. In the Middle East, Africa and Asia, consumption per inhabitant is far lower, but is increasing sharply. In the last 10 years alone, oil consumption has increased 30 percent on average.

Fuel for different types of transportation accounts for about a third of all oil consumed, and half this amount is used by light vehicles. Other significant areas are industrial applications and domestic heating.

Energy consumption*

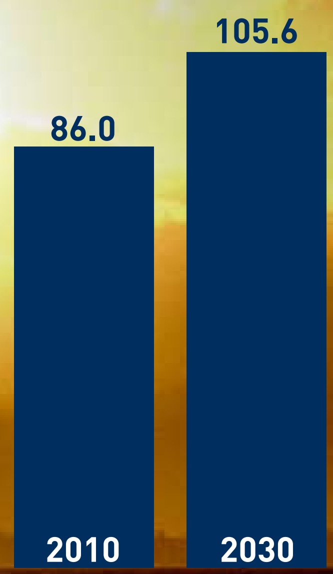
* Source: IEA
Figures refer to global oil consumption

IS THERE A FUTURE FOR TRADE IN OIL?

Three reasons why trade in oil is an exciting market of the future:

- **Increased total global demand for oil**
- **Limited refinery capacity and balance between supply and demand necessitates efficient transport systems**
- **Long distances between oil deposits, refineries and end users will result in a very high demand for transportation**

ANTICIPATED DEMAND FOR OIL



Million barrels/day

Source: Opec

INCREASING DEMAND FOR ENERGY

Since the mid 19th century, when it became possible to extract oil in a rational way, oil has played a central role in the development of modern society. Since then, consumption of oil and petroleum products has risen continuously and they are now the single largest commodity group in international trade. But what will the picture look like if we look ahead – will the demand for oil as an energy carrier decrease as renewable energy sources begin to increase in importance? And how will this impact on the trade in oil?

The advantages of oil include a high energy content, in combination with the fact that it is relatively easy to transport and store, and its price. This has made oil the leading global energy raw material. Although global dependence on oil is decreasing relatively speaking, it still meets more than third of the total global energy requirements. With a few exceptions, total global consumption has risen continuously every year. In the last 30 years, oil consumption has almost tripled, from about 30 millions barrels per day to more than 84 million barrels per day in 2009, just under half of which is transported by sea.

Oil is needed despite increasing use of renewable energy

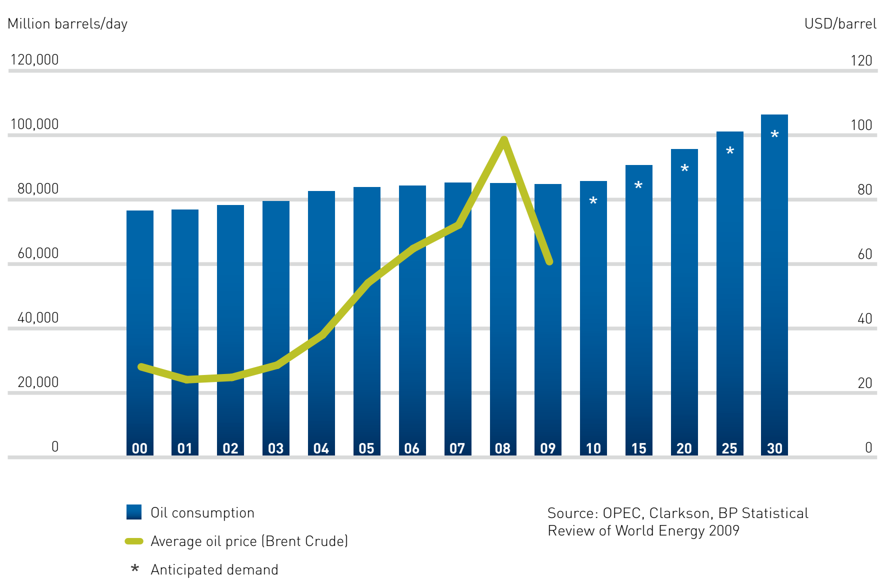
A general desire to reduce carbon dioxide-related emissions in combination with rising – and at times record high – oil prices has resulted in an increasing focus on other types of fuel and energy sources in recent years. For example, the utilisation of renewable energy sources, not least wind power, has increased. A prerequisite for moving towards a more sustainable society is more efficient and intelligent utilisation of energy.

This trend has started from a low level and growth in the future will have to increase sharply to be able to meet the anticipated rise in energy consumption. The US Department of Energy estimates that the total global energy consumption between 2005 and 2030 will increase 50 percent. Oil is expected to account for 35 percent of this increase, which means that it will still play an important role in global energy consumption in the future.

SUMMARY Oil

The use of renewable energy forms is increasing steadily. Despite this, demand for oil is expected to remain. In 2009, oil consumption fell somewhat, but is expected to increase in 2010 as the global economy recovers. The demand for transportation of refined petroleum products rises when the distance between oil deposits and end consumers increases.

Oil consumption and price trend



Source: OPEC, Clarkson, BP Statistical Review of World Energy 2009

Growing demand for transportation

The demand for transportation of oil and refined petroleum products varies to a large extent depending on the general demand for oil. Several factors indicate that demand will increase in the years ahead.

- **Rising demand for energy due to greater prosperity and growing populations**

According to estimates made by the UN among others, the world population will increase about 35 percent by 2050, from 6.8 billion today to about 9.2 billion. This increase, together with more of the population enjoying greater prosperity, is one of the main reasons why the demand for energy is expected to rise sharply.

- **Long distances between producers and consumers**

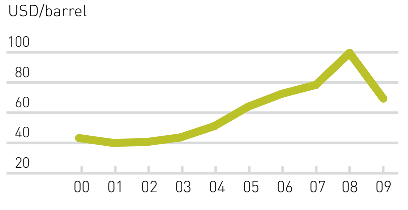
A large proportion of the world's total oil reserves are located far from the end users. North America, Europe and Eurasia together account for more than half the total oil consumption. At the same time, the oil reserves comprise about only 15 percent of the total oil deposits. Major new oil deposits have not been discovered for many years even though oil exploration activity has never been higher.

When oil-producing countries' own production decreases, an increasingly large part of their demand will have to be met by imports, mainly from the Middle East, which now has about 60 percent of the total oil reserves.

- **Expansion of refinery capacity in the Middle East and Asia**

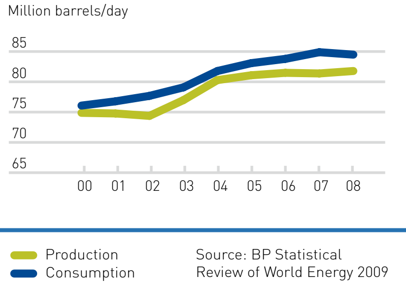
The expansion of refinery capacity currently in progress in locations far from the end consumers will benefit the product tanker market. To date, much of the refining has been done in North America or Europe. The capacity now being built up is largely located in large parts of the Middle East and Asia – not least in India and China. One consequence of this is that refined petroleum products are being transported increasingly long distances in order to reach the end consumers in e.g. North America and Europe. In addition to a generally increasing demand, this is resulting in increasingly tough demands on safety.

Average oil price



Source: Clarkson

Global oil consumption and production



Source: BP Statistical Review of World Energy 2009


Stena
PMAX

Demand for oil fell in 2009 but is expected to recover in 2010

The global recession and the drop in industrial production had a large impact on the trade in oil in 2009. During the year, the demand for oil fell 1.6 percent. It is highly unusual for demand to drop. In the last 20 years, this has only happened three times; 1991, 1993 and 2008. The lower demand for oil was the principal reason for transportation of crude oil and petroleum products contracting 2.6 and 3.2 percent, respectively.

This was mainly due to lower imports to the US (–8%) and to Europe (–7%). The fact that total demand did not fall is, in principle, exclusively due to the continued relatively high demand in Asia. Imports of petroleum products to Africa also increased somewhat during the year, largely as a result of violence in Nigeria.

In addition to this, the OPEC countries cut back their oil production in 2009 in order to prevent oil prices from dropping during the financial crisis. This had a negative impact on the demand for oil transportation by sea.

In 2010, the global demand for oil is expected to rise 1.7 percent to 86.1 million barrels per day, mostly due to sharp increases in Chinese and Indian imports. These two countries are each expected to increase their imports by about 12 percent.

Trade in oil expected to increase as the global economy recovers

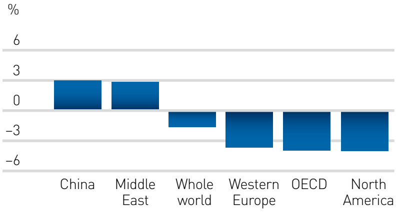
The demand for seaborne transport of oil varies depending on the overall demand for oil and petroleum products. This, in turn, varies to a large extent with how the global economy develops.

In 2009, the downturn in the global economy and industrial production was the largest since World War II. In several ways, the downturn was extreme; it was extremely steep and rapid. After several years of high growth figures, the economy went into deep recession with a negative growth of –1.1 percent. The downturn was sharpest in the US (–2.7) and Europe (–4.2) while the growth nations in Asia, Africa and the Middle East continued to post positive growth figures, although far lower than in recent years. Growth in both China and India continued to be impressive; 8.5 and 5.4 percent, respectively.

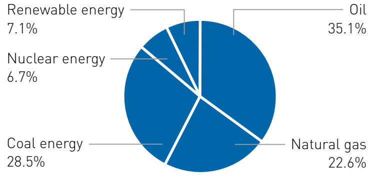
The downturn was sharpest in the first six months, and comprehensive stimulus packages and other measures helped to slow it down during the spring and summer. There were several signs during the autumn and winter that the most critical phase of the crisis had been passed. However, it remains to be seen what the more long-term consequences will be.

For 2010, the IMF predicts that global growth will be about 3.1 percent, which is about the same as in 2008. For 2011–2014, the IMF predicts an annual growth of between 4.2 percent and 4.6 percent. It is, of course, difficult to predict what will happen in the future, but several analysts, including the IMF, predict a relatively rapid turnaround back to high growth figures as early as in 2011.

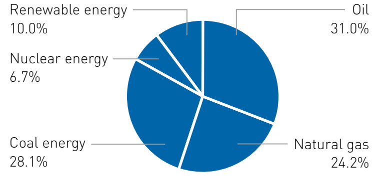
Change in the demand for oil in 2009



Anticipated demand for energy in 2010

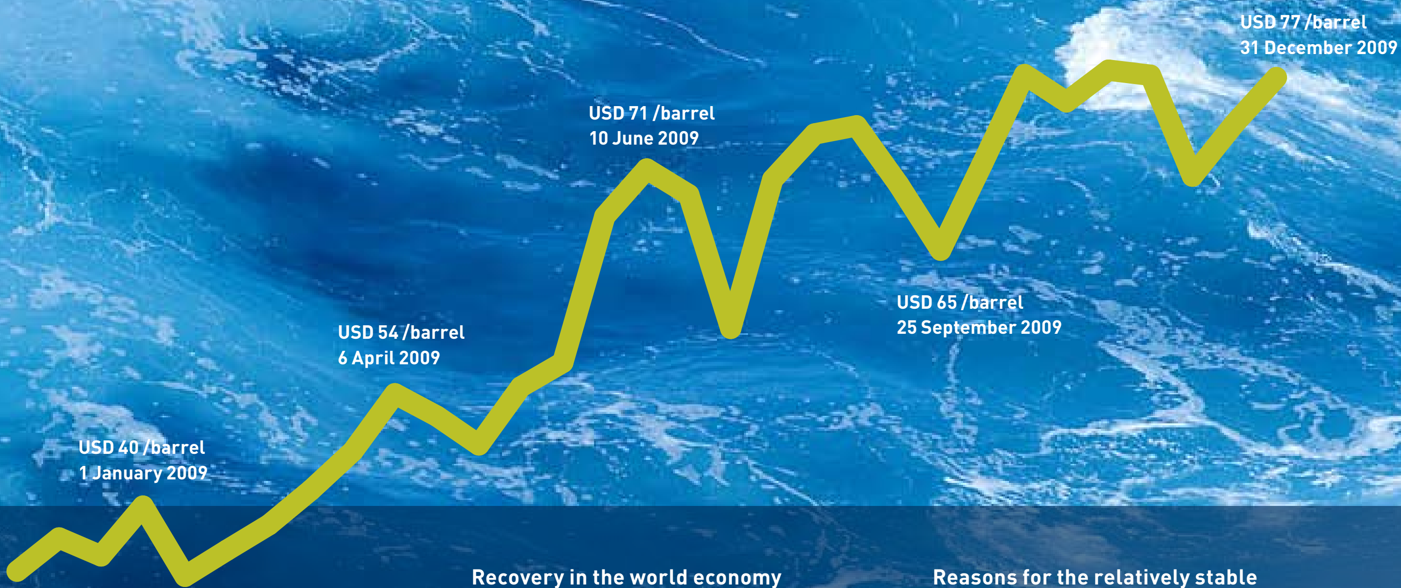


Anticipated demand for energy in 2030



Source: OPEC

TREND OF THE OIL PRICE IN 2009



Recovery in the world economy boosted oil prices

In 2009, the price of oil was influenced by the trend of the world economy rather than the actual supply and demand.

Despite the global economy being in very poor shape at the beginning of the year, together with lower demand for oil, the oil price remained at a relatively stable level during the first quarter of the year. Towards the end of March, the price of oil fluctuated between USD 40 and 50 per barrel. With increasingly positive economic forecasts, the oil price began to rise during the spring. National action programs and promises of support and subsidies to recession-hit economies overshadowed the continuing lower demand for oil.

On 10 June, the price of oil rose to more than USD 70 per barrel for the first time in eight months. However, from mid-June and into July, the price fell but began to rise once again in August.

The somewhat volatile but slowly rising price trend continued during the autumn. At the beginning of December, the oil price first fell sharply due to high oil stocks, but rose again as a result of the cold weather at the end of the year to USD 77 per barrel. During the year as a whole, the oil price rose about 92 percent.

Reasons for the relatively stable price level

In spite of the recession and the low demand for oil in the first quarter of 2009, the price level was relatively stable. This was due to:

- Production cuts in the OPEC countries
- Geopolitical tension and geographically spread out natural gas production in Russia
- The effect of stimulus packages around the world
- The G20 nations' promise of support and subsidies for economic recovery

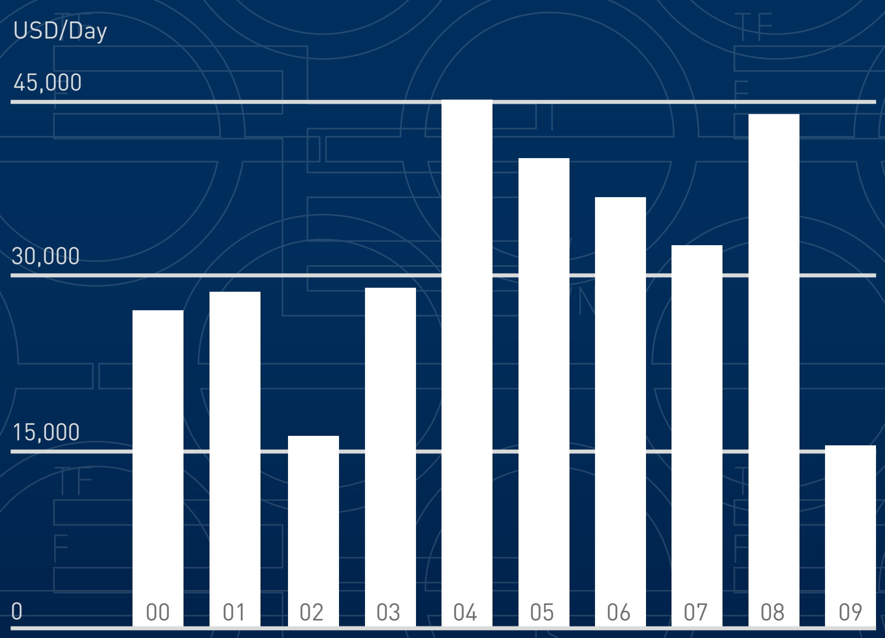
Reasons for the upswing in April–December

- The global economy entered a new phase, from crisis to recovery
- Numerous signs of health in the economy
- Lower oil production in the OPEC countries
- A weakening US dollar

HOW DOES THE TANKER MARKET WORK?

The tanker market can be divided into a number of different segments depending on what is transported and what the contracts with the customers look like. Generally speaking, the trend in 2009 was characterised by weakening demand and falling freight rates. For Concordia Maritime, however, with all its tankers signed to long-term charters, freight rates continued to be stable.

TOTAL AVERAGE FREIGHT RATES ON THE TANKER MARKET



Source: Clarkson

TREND OF THE TANKER MARKET IN 2009

2009 was characterised to a large extent by the recession in the global economy resulting in falling industry production and lower demand for oil. Compared with 2008, the demand for seaborne transport of crude oil and refined petroleum products fell about 2 percent and 3 percent, respectively.

Imbalance between supply and demand

The principal driving forces behind the sharply falling market included lower demand for oil combined with a rapidly growing fleet. During the year, global demand for oil fell by a total of about 2 million barrels a day. The largest drop was in the US, Japan and Europe, and it was so large that it could not be compensated for by continuing comprehensive, although somewhat lower, Chinese and Indian oil imports. At the same time, the tanker fleet grew about 8 percent with the result that the supply of tankers far exceeded demand.

Spot market in free fall

During the year, the lower demand for the transportation of refined petroleum products was reflected in the freight rate trend. In the case of the product tanker segment, the year began with freight rates of around USD 15,000 per day. During the second quarter, falling industrial production began to have an impact on the demand for oil, which, in combination with deliveries of large numbers of new tankers, resulted in freight rates falling sharply. In July, the freight rates fell to record-low levels, below USD 4,000 per day. This can be compared with the same period in 2008 when freight rates were just under USD 25,000 per day.

The trend continued to be weak for the rest of the year. At the end of 2009, the freight rates were around USD 6,000 per day, which was as much as 70 percent lower than at the end of 2008.

The average freight rate for an MR product tanker was around USD 8,000 per day in 2009, nearly 70 percent lower than in 2008. Freight rates in the large tanker segment, VLCC, were also far lower, around USD 26,000 per day (67,500).

Sharp downturn in the charter market

The trend on the charter market can only be described as modest compared with the trend on the spot market. After having been relatively stable in recent years, the freight rates in the charter market fell sharply during the year. The average freight rate for a 3-year time charter contract was about USD 15,000 per day, about 30 percent lower than in 2008. The average freight rate for a 3-year contract in the large tanker segment was around USD 38,000 per day – about 35 percent lower than in 2008.

How is Concordia Maritime affected by the market fluctuations?

In a more short-term perspective, Concordia Maritime is relatively insensitive to fluctuations in the market. All its vessels, both delivered and ordered, were employed in or signed to long term charters, which give the company stable cash flows and a secure revenue level for several years ahead. Some of the charters include profit-sharing clauses, which means that revenues will increase if the market rates exceed certain levels.

In combination with a strong balance sheet, this gives financial freedom of action, not least in a weakening market, which could open the way for new business opportunities. In 2009, the downturn in the market was reflected in the pricing of both new and second-hand tonnage driven by the fall in both the spot market and the charter market as well as more expensive financing due to the financial crisis. For companies with strong balance sheets and stable cash flows, this trend offers advantages and could provide opportunities for favourable acquisitions.

SUMMARY Freight market

The global demand for seaborne transport of oil and petroleum products fell about 3 percent during the year. This was mainly the result of the continuing weak economic climate and lower demand for oil, particularly in North America and Europe.

LONG AND SHORT-TERM CONTRACTS: CHARTER OR SPOT MARKET

The two dominating charter types in tanker shipping are spot and time charters. In the spot market, the price can fluctuate from day to day. In the crude oil segment, freight prices can vary heavily during a short period, i.e. they are highly volatile. The market is influenced solely by supply and demand, which means that if there is a shortage of available vessels and a large demand for transportation, freight rates rise and vice versa.

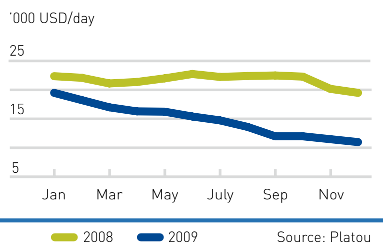
On the time charter market (also called the "contract market"), vessels are instead contracted for longer periods, normally between one and three years, at a price determined in advance. There are longer contracts, but they are rare.

Normally, freight rates in the spot market reflect the shipping companies' and the customers' assessments of the economic climate in the short term. The time charter market, on the other hand, reflects the economic trend anticipated by the parties in a somewhat longer perspective.

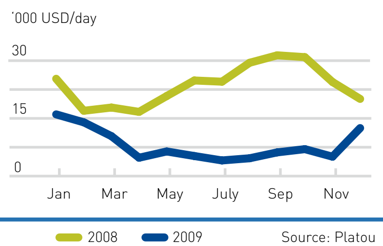
Most shipping companies use a combination of employment on the spot market and charters for their fleet. The majority of the world's large tankers are, however, employed on the open spot market. Generally speaking, it can be said that shipping companies are reluctant to tie up tonnage for long periods when prices are high on the spot market.

In addition to spot and time charters, there are also so-called COAs (Contract of Affreightment), which means that the contract is valid for a specific length of time and the shipping company assumes responsibility for a specific part of the customer's logistics solution. In other words, instead of offering a specific vessel, the shipping company offers a service, that is, to transport a certain quantity at a price determined in advance.

Market trend, charter market



Market trend, spot market




Stena

SHIP TYPES

Crude oil tankers

ULCC Ultra Large Crude Carrier
over 320,000 dwt

V-MAX (VLCC-MAX)
313,000 dwt
chartered during the year

VLCC Very Large Crude Carrier
200,000–320,000 dwt

Suezmax
120,000–165,000 dwt

Aframax
80,000–120,000 dwt

Product tankers

Panamax
55,000–75,000 dwt

P-MAX (Product-MAX)
65,200 dwt

Medium Range (MR)
Approx 40,000–50,000 dwt

Handysize
25,000–40,000 dwt

Intermediate
10,000–25,000 dwt

■ Concordia Maritime's vessels

A RAPIDLY GROWING TANKER FLEET

In terms of vessels delivered, 2009 was an extreme year. A total of 578 new tankers, corresponding to 48 million deadweight tons, were delivered. 214 of these were product tankers totalling 13 million deadweight tons.

These large-scale deliveries in combination with limited scrapping contributed to the continued growth of the world fleet in 2009. At the end of the year, the active tanker fleet consisted of 4,921 tankers totalling 406 million deadweight tons, an increase of about 8 percent compared with the previous year. There were a total of 1,951 product tankers totalling about 92 million deadweight tons, also an increase of about 8 percent.

Large but shrinking order book

The heavily weakened market in 2009 also left its mark in the statistics for new orders. For the first time in nine years, the order book shrank, mainly as a result of the many deliveries but also due to a sharp downturn in new orders. A total of only 92 (408) new vessels totalling 13 (55) million deadweight tons were ordered. All in all, the order book shrank 8 percent and at the end of the year contained 1,936 (2,104) tankers totalling 180 (160) million deadweight tons.

In relation to the existing fleet, the order book's share in comparison with the total fleet is still at a high level of about 39 percent. In Concordia Maritime's segment, vessels for the transportation of refined oils, vessels in the order book accounted for 25 percent of the existing product tanker fleet. However, how many vessels will actually be delivered is unclear at the time of writing. Analysts expect as many as 199 new Medium Range tankers will be delivered in 2010.

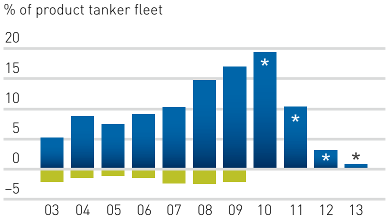
A major challenge

The large order book and the large-scale deliveries are one of the largest challenges facing tanker shipping in the future. The question is how these vessels, in a weak economic climate with a falling demand for transportation, will be absorbed by the market. Deliveries of new vessels are expected to decrease but continue on a large scale also in 2010 and 2011. Not until after this are they expected to reach more normal levels.

SUMMARY Tanker fleet

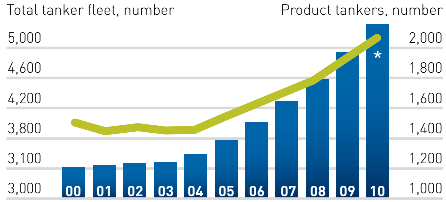
The total number of tankers has increased dramatically in recent years – about 45 percent since 2000. The corresponding figure for the product tanker segment is about 30 percent. The number of tankers is expected to continue to increase substantially in the years ahead.

Delivered and scrapped product tankers



Delivered Scrapped *Forecast Source: Platou

Trend of tanker fleet



Total fleet Product tankers *Forecast Source: Clarkson

IMO's decision to ban single-hull vessels from 2010 is expected to contribute to dampening growth, although it will still be substantial. At the end of 2009, single-hull vessels accounted for about 9 percent of the fleet. In the product tanker segment, more than 25 percent of the fleet is more than 20 years old. This means that in a 5-year period, a relatively large number of vessels will be withdrawn from service due to age. It remains to be seen whether this will be sufficient in a market that continues to be weak.

Limited scrapping

The scrapping rate is highly dependent on three factors: the age of the vessels, the economic climate in the freight market and new laws and regulations. A consequence of the high freight rates is that the scrapping rate in recent years has been very low. Even though the number of vessels scrapped increased somewhat, this trend continued in 2009 when tankers totalling about only 8.4 million deadweight tons were scrapped (2 percent of the fleet).

Falling newbuilding prices

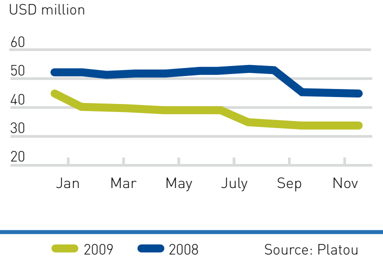
In December 2009, a standard MR tanker was priced at about USD 35 million, a drop of about 25 percent compared with December 2008. Similar price drops were observed in the VLCC segment and on the second-hand market.

How prices will develop in the future will depend partly on the future demand for transport capacity and partly on the rate at which the yards increase their capacity, but above all on how the freight rates develop in the different segments.

The price trend in the shipbuilding market normally follows the trend on the freight market, but with a delay of a few years. The good markets in recent years and the decision to ban single-hull vessels have resulted in very high capacity utilization at the shipyards in the last few years.

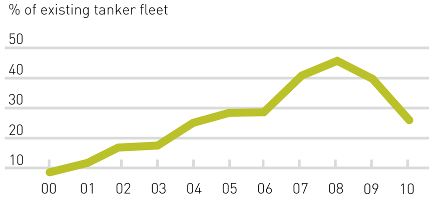
As a consequence of the increased demand for vessels, prices have rocketed. Between 2003 and 2008, the price of a new product tanker more than doubled. At the end of the year, there was a relatively steep decline of 10–20 percent. This was reinforced in 2009 and prices fell relatively sharply.

Newbuilding prices – MR



Source: Platou

Order book in percent



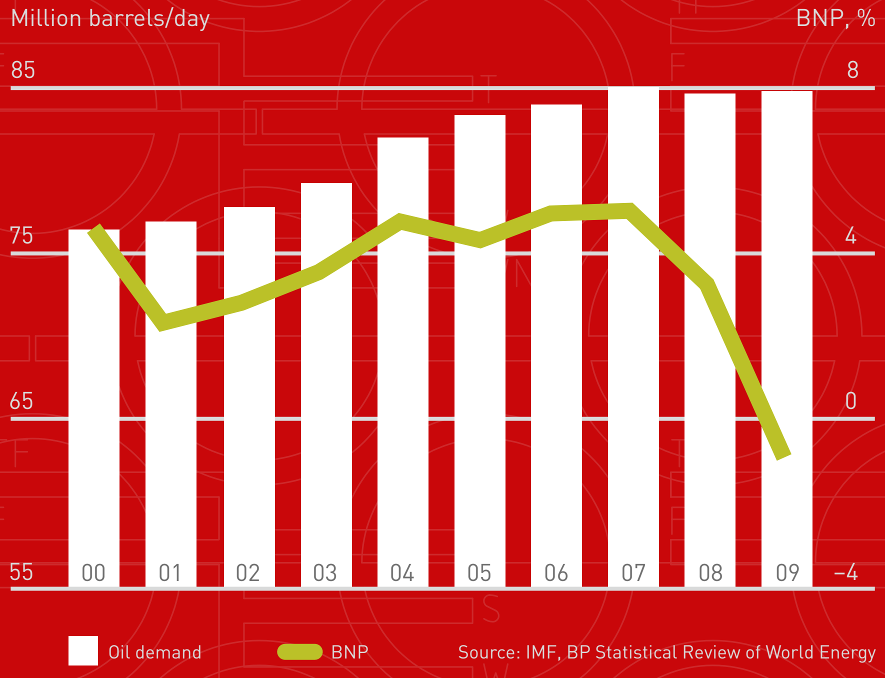
Source: Clarkson


STENA POSEIDON
ICE
Stena Bulk

WHAT DOES OUR MARKET LOOK LIKE?

Few markets are as global as the market for the transport of oil and petroleum products. With the exception of the very smallest ship classes, mobility on the market is high and tonnage can easily be moved to the markets with the highest demand.

DEMAND FOR OIL AND TREND OF THE GLOBAL ECONOMY



Source: IMF, BP Statistical Review of World Energy

THREE ANALYSTS ON SHIPPING

Shipping is a highly fluctuating market. Three well-known analysts, who have followed the industry for many years, give their view of the past year and point to what they feel is important for investors.

Erik M. Andersen, RS Platou Economic Research
How would you describe the trend in the tanker market in 2009? What are the principal driving forces?

The dramatic drop in global oil consumption as a consequence of the deep recession enforced a large cutback in OPEC output. It contributed strongly to a 5 percent drop in world seaborne oil trade in 2009. Except for China and South Korea, many countries reduced their imports.

Freight rates were strongest in the first quarter of 2009 and weakened gradually before making a steady upturn in the fourth quarter. The most underperforming tanker segment was the MR segment. The weakness for this segment is easily explained by a 16 percent fleet growth and the very limited use of these vessels for floating storage.

A sharp drop in seaborne oil trade during the global economic crisis, combined with a 7 percent fleet growth, should normally have led to lay-up rates for tankers in most of 2009. However, it did not happen. The reason was the sustained building of oil inventories throughout the year. A lot of this excess oil was made visible in the continued rise in floating oil storage. During the year, 20 million dwt or 5 percent of the fleet were used as oil storage vessels.

Ole-Rikard Hammer, Pareto Securities
What do you think an investor's attitude towards shipping should be?

Shipping is one of the most volatile industries around which means investments belong in the "high risk" part of investor's portfolio. Timing has always been a key factor for successful investment in shipping, which means that investors need to keep a close eye on what's going on. On the other hand, few industries are as good a barometer of economic conditions as shipping is, so having an exposure here is likely to have the added benefit of enabling you to keep a close track on global economic trends as seen through the eyes of this exciting industry.

Sverre Björn Svenning, Fearnresearch
What do you think will happen in 2010? What will drive the market?

We are quite optimistic for market conditions from, say, the fourth quarter 2010. There are a few factors that will impact market conditions in 2010. First of all is the question whether the single hull tanker fleet will be phased out according to schedule. If so, it will result in a very small net fleet growth in 2010.

Secondly, we have doubts about the ability for some yards to deliver the ships on order on time as several yards are significantly behind schedule.

Thirdly, we believe there will be a turnaround in demand towards the end of the year in conjunction with a gradual improvement in the global economy.

In terms of trading, the US refiners will yet again have to turn to the Middle East for oil supplies and this will have a very positive impact on ton-miles and demand. Both the North Sea and Mexico output is declining and provided that European refining picks up we will see refiners turn to overseas sources. This is also coupled to the opening of the new Russian pipeline to China which could reduce Russian oil supplies to Europe resulting in increased overseas imports.

PLAYERS IN THE MARKET

In Concordia Maritime's segment, there are a total of around 400 tankers of 55,000–75,000 deadweight tons.

Competition comes mainly from large international tanker shipping companies transporting both crude oil and refined petroleum products. The principal players include Danish Torm and Maersk and Canadian Teekay.

In terms of number of tankers, specialisation and close collaboration with customers, Concordia Maritime is something of a niche player in the tanker market.

The market for transportation of oil and petroleum products is highly fragmented with a large number of players. As a result of the high freight rates in recent years, several of these players have been able to expand heavily by ordering newbuildings and buying up other shipping companies. In the last ten years alone, for example, total available deadweight in the segment, transportation of refined petroleum products, has increased more than 35 percent. The growth rate will continue to be high in the years ahead as a result of the large volume of orders for new tonnage.

Fewer but larger players

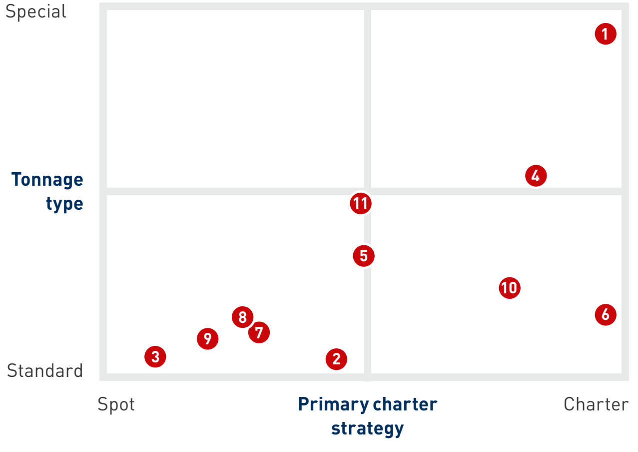
A trend in tanker shipping is that shipping companies are consolidating into increasingly large units while the smaller shipping companies are decreasing in number. It is also becoming increasingly common for smaller shipowners to try to achieve advantages of scale by means of different forms of collaboration, e.g. operation, manning and chartering. The many different types of pools existing are examples of this. Torm and Navig8's pools of MR vessels are among the larger pools.

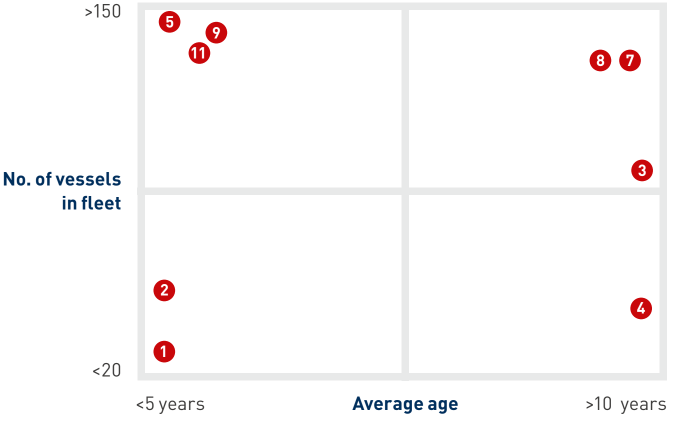
Market shares

The many different ways of operating a fleet and the customers' in many cases specific requirements and mobility in the market make it difficult to describe the market in terms of market shares. The shipping companies on the list below operate about 26 percent of the global existing tanker fleet, which totals 400 million deadweight tons.

Concordia Maritime compared with its competitors

Numbering of competitors on opposite page





	Company	No. of ships	Ships on order	Average age of fleet	Market segment: Crude oil	Market segment: Refined products	Market segment: Natural gas	Market segment: Refined gas	Dwt	Ownership form
1	**Concordia Maritime** concordia-maritime.se	12	3	3.7		●			801,800	Public (Nasdaq OMX Stockholm)
2	**D/S Norden** ds-norden.com	40	8	3.4	●	●			1,798,402	Public (Nasdaq OMX Copenhagen)
3	**Frontline** frontline.bm	88	8	12.4	●				20,977,583	Public (Nasdaq OMX Oslo and New York Stock Exchange)
4	**General Maritime Corp** generalmaritimecorp.com	31	0	9.9	●	●			3,828,005	Public (New York Stock Exchange)
5	**Maersk Tankers** maersktankers.com	224	39	6.6	●	●	●	●	13,098,497	Part of Maersk A/S, Publikt (Nasdaq OMX Copenhagen)
6	**Omega Navigation** omeganavigation.com	15	6	4.4		●			791,358	Public (Nasdaq och Singapore Exchange)
7	**Overseas Shipholding Group** osg.com	129	26	8.4	●	●	●		14,050,622	Public (New York Stock Exchange and Pacific Stock Exchange)
8	**Teekay** teekay.com	126	5	10.9	●	●	●	●	15,010,000	Public (New York Stock Exchange)
9	**Torm** torm.com	147	20	6.6		●			9,571,873	Public (Nasdaq OMX Copenhagen)
10	**Tsakos Energy Navigation** tenn.gr	60	6	6.9	●	●	●		6,884,444	Public (New York Stock Exchange and Bermuda Stock Exchange)
11	**Sovcomflot** sovcomflot.ru	133	15	7.1	●	●	●	●	10,653,163	Unlisted

GÖTEBORGS UNIVERSITET
HANDELSHÖGSKOLAN

Gothenburg, 27 January 2010

In my role as Professor of Business Administration, I have followed Concordia Maritime ever since it was established in 1984. It is striking how the company has clearly held to its guiding principle of quality through all these years. Few companies have maintained such a clear and long-term course.

Quality has permeated its ship concepts, strategy and finances. The company has built up goodwill on the market over a long period of time and today has a good reputation.

Concordia Maritime may not be a company that surprises its shareholders with a rocketing share price. But over time, it has achieved a very stable position with a small number of customers with which it has very long charter contracts. This long-term perspective has enabled the company to perform well with limited exposure to market fluctuations.

During boom periods, one can sometimes hear criticism of Concordia Maritime's strategy since it is not conducive to good bargains on the freight market. It should be noted that the company is still able to benefit from freight rate increases as a result of its profit-sharing clauses. However, what is important in this context is to see how stable the company is in unsettled times. When many shipping companies are brought to their knees and sometimes forced to lower the flag, Concordia Maritime has secure revenues and cash flows for many years ahead. The company has a good equity ratio and stable liquid funds, which will enable it to make investments in the future when suitable opportunities arise.

Concordia Maritime has, and has had, its tankers signed to charters with many large oil companies and has performed well ever since the beginning. It has successfully weathered several economic downturns thanks to its low capital and operating costs. The company has made no bones about adopting the philosophy of lean management. It has the ability to cut out non-essentials and instead focus specifically on what the situation requires. This means that its resources last much longer than they would otherwise have done.

By virtue of its close collaboration with the companies in the Stena Sphere, Concordia Maritime has been able to act as a larger player than it, in fact, is. In the Stena Sphere, there is a critical environment, together with experience and competence in practically all areas of shipping. This is without doubt a strategic asset.

The level of transparency is also interesting from the perspective of business economics. Concordia Maritime provides good insight into its business, although there are, of course, risks attached to full transparency. Many companies are not as open but Concordia Maritime believes that it will profit from being open in the long term. The company has shown that its focus on quality is unwavering and the large charterers are aware that this policy is genuine.

Thomas Polesie

Thomas Polesie
Professor of Business Administration
School of Business, Economics and Law, University of Gothenburg

RISK AND SENSITIVITY ANALYSIS

SUMMARY
Risk and sensitivity analysis

A shipping company is exposed to a number of different risks. Concordia Maritime divides these risks into four main categories: corporate risks, market-related risks, operational risks and financial risks. These are assessed according to effect and probability. Each risk is countered by a risk strategy.

The fact that all Concordia Maritime's vessels are signed to long-term charters contributes to some extent to reducing the risks otherwise associated with shipping. The overall risks exposed to can be divided into four main categories – corporate risks, market-related risks, operational risks and financial risks.

1. Corporate risks

Corporate risks refer principally to overall risks related to the actual management and operation of the company.

A Brand

Despite insurance cover, an accident could have an impact on the company. The oil industry's demands for safety and environmental responsibility are comprehensive, and an accident at sea or in port would have not only negative environmental consequences, but could also damage the company's brand. For many years, the company has been a quality shipowner, with high demands in all aspects of safety. This position makes particularly high demands on control and responsibility. Guarding against this type of risk is difficult, and can only be achieved by extensive preventive work and complete openness should an accident nevertheless occur.

B Employees

Concordia Maritime is very dependent on being able to attract and retain employees. This applies in the case of e.g. technicians and employees responsible for customers and partners, but also skilled seagoing personnel. Concordia Maritime has only a small organisation of its own, and this normally means that there is a great dependency on a number of key individuals.

In Concordia Maritime's case, this is to some extent counterbalanced by the close co-operation with several companies in the Stena Sphere. Concordia Maritime also works actively to create a stimulating workplace, with good opportunities for employees to develop.

C Liquidity

A prerequisite of the continuing existence of the company's business in both the short and the long term is, of course, access to capital and the ability to obtain financing. The company's newbuilding program is fully financed, which is especially important in times of financial nervousness and instability.

One of Concordia Maritime's overall objectives has been to secure a sound financial position that enables it to make long-term investments. The decision to sign the vessels in its fleet to long-term charters is an important component of this strategy. It ensures stability in cash flows and a strong financial position in the long term. When there is both a financial and an economic downturn, this is a strength, not least because it makes it possible to take advantage of the business opportunities that may arise. In Concordia Maritime's case, good liquidity and good bank connections are also positive factors.

D Financing risk

Financing risk refers to the risk of Concordia Maritime being unable to satisfy its need for fresh capital. This risk has increased as a result of the crisis in the financial market. However, with stable cash flows, good liquidity, short-term investments in mainly corporate bonds and good relations with banks and other lenders, this risk is relatively limited as far as Concordia Maritime is concerned.

2. Market-related risks

Market-related risks refer primarily to risks associated with the outside world and the market, in other words, risks that the board and management only have a limited chance of influencing in the short term, but must nevertheless deal with in the longer-term planning of the business.

A Economic trends

Shipping is a highly cyclical business. The demand for transportation of petroleum and chemical products is largely determined by the consumption of these products. This, in turn, is determined to a large extent by the state of the economy. The effects of an economic recession are, in the short term, largest in the spot market, but in the long term they also have an effect on the time charter market. It is difficult to guard against a long-term economic recession, however, the fact that Concordia Maritime has long-term contracts means that the risks are limited.

B Freight rates

Freight rates in tanker shipping can fluctuate significantly from time to time. A downturn in freight rates may be due to reduced demand for transport capacity, or an increased supply of vessels. A change in freight rates can have a significant impact on the profitability of the business. Freight rates on the spot market fluctuate far more than the rates on the time charter market. With the whole fleet currently signed to long-term charters, Concordia Maritime's exposure to changes in freight rates is limited.

C Oil price

Freight rates in tanker shipping can fluctuate considerably over time. Changes in oil prices do not affect Concordia Maritime to any great extent. The business is largely based on time charter contracts, which means that the customers are responsible for the costs of the voyage (bunker oil, port dues, pilots, tugs, etc.). Changes in the price of oil affect freight rates, which, in turn, have an impact on the shipping company's revenue.

D Political risks

The company operates in a market that is subject to a number of regulations that may change from time to time depending on changing external factors and/or political decisions. This includes decisions to do with regulations for international trade, safety and the environment.

As regards international trade, the trend in recent years has been towards increased global free trade, and fewer restrictions of a commercial policy nature. The main risk of changes would appear to lie in the area of safety and the environment, where international and national laws, industry-related conventions, regulations and practice are continuously reviewed. This trend is being driven from several directions, both political and from trade associations and industry. But having one of the world's safest and most modern fleets means that for Concordia Maritime, the increased focus on safety and environmental issues is if anything an opportunity.

E War/instability

A large part of global oil production takes place in politically unstable regions. War or other disturbances may limit access to oil and petroleum products, but also increase the need for transport to and from various storage depots. As Concordia Maritime's business is largely based on long-term contracts, the risk of this affecting its business is relatively limited in the short term. In recent years, the number of piracy attacks has increased. Concordia Maritime endeavours whenever possible to avoid areas where there is a risk of piracy.

3. Operational risks

Operational risks refer to risks related to the management of the operational side of the business.

A Insurance issues

As regards the risks related to the actual operation of its vessels, Concordia Maritime has taken out insurance policies customary in the industry. The vessels are insured against damage and loss (Hull & Machinery) at amounts representing the vessels' market value.

Protection & Indemnity applies without limitation of amount, except for responsibility for oil spills, where the limitation of amount is USD 1 billion. The vessels are also insured against Loss of Hire.

In addition to the insurance policies above, Concordia Maritime has also taken out the customary insurance for operating in specific waters. One example is COFR insurance (Certificate of Financial Responsibility), which is required in order to operate vessels in American waters. COFR is issued to the US Coast Guard by an operator (owner/bareboat charterer) who can demonstrate having the financial capability, via insurance, to pay for cleaning up oil spills and oil damage up to the amounts required by the US Oil Pollution Act, OPA 90.

B Environment

An accident at sea or in port (shipwreck, oil spill, collision, etc.) could have extensive negative consequences for both the environment and property and, at worst, result in personal injury. When it comes to safety, Concordia Maritime is one of the leaders and the new P-MAX tankers are probably among the world's safest product tankers.

The vessels have been specially designed for operation in sensitive waters. The fact that accidents happen can never be excluded. Concordia Maritime devotes considerable resources to the continuous development of vessels as well as training and routines.

C Higher personnel costs

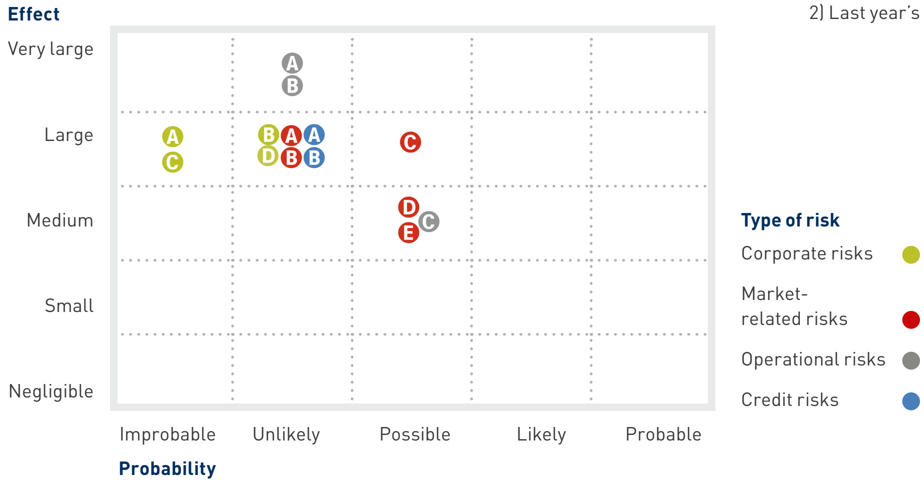
The competition for competent seagoing personnel has increased in recent years. Today, finding and retaining competent personnel is one of the large challenges faced by many shipping companies. Recruiting the best crews requires having a good reputation on the market. Concordia Maritime strives to be an attractive employer that looks after its employees.

	Type of risk	Effect (1–5) Whole industry[1]	Effect (1–5) CM AB[2]	Probability (1–5) Whole industry[1]	Probability (1–5) CM AB[2]	Risk strategy
1. Corporate risks	A Brand	3	4 (4)	1	1 (1)	Quality at every stage. Far-reaching preventive work. A leader in safety.
	B Employees	3	4 (3)	3	2 (2)	Close collaboration with several companies in the Stena Sphere .
	C Liquidity	4	4 (4)	4	1 (1)	Stable cash flows as a result of long-term charters. Good bank connections.
	D Financing risk	4	4 (4)	4	2 (2)	Stable cash flows, high liquidity and equity ratio, and good bank connections.
2. Market-related risks	A Liquidity	4	4 (4)	5	2 (3)	Customer relations to a large extent based on long-term charters.
	B Freight rates	5	4 (4)	5	3 (4)	Customer relations to a large extent based on long-term charters.
	C Oil price	4	4 (2)	4	3 (5)	The customer pays the cost of bunker oil.
	D Political risk	3	3 (2)	3	3 (2)	A market leader when it comes to safety and environmental work.
	E War and instability	3	3 (2)	4	3 (2)	The chosen contract strategy in combination with continuous business intelligence.
3. Operational risks	A Ship management and insurance issues	5	5 (5)	3	2 (2)	Continuous maintenance work in combination with comprehensive insurance cover.
	B Environment	5	5 (5)	3	2 (1)	Continuous work on preventive measures.
	C Higher personnel costs	3	3 (3)	3	3 (3)	Economic incentives in combination with a positive work environment and the possibility of long-term employment.
4. Credit risks	A Counterparty risks – customer	4	4 (3)	3	2 (2)	Financially stable customers. Close long-term collaboration.
	B Counterparty risks – shipyards and partners	4	4 (2)	3	2 (3)	Financially strong players. Bank guarantees and penalty clauses.
TOTAL		**54**	**55 (47)**	**48**	**31 (33)**	

1) The shipping industry as a whole
2) Last year's figure in brackets

Concordia Maritime's risks

Effect



At Lysekil Womens Match 09, Concordia Maritime was one of the sponsors.

Salaries and other economic incentives are, of course, important in this context, but a positive work environment and the possibility of long-term employment are also very important.

4. Credit risks

Credit risks are one part of the financial risks to which Concordia Maritime is exposed. Here, they are mainly in the form of counterparty risks: customers as well as shipyards and other subcontractors and partners. Other financial risks are reported in Note 20.

Ⓐ Counterparty risks – customers

Risks related to customers refer to both the risk of a customer choosing to terminate collaboration with the company or the risk of a customer being unable to meet its commitments to Concordia Maritime.

As regards the first aspect, Concordia Maritime's strategy is based on close and long-term collaboration with its customers. And, additionally, to always give first-class performance at every stage.

Normally, there is a higher risk when basing one's business activities on a limited number of customers. In Concordia Maritime's case, however, the long-term charters, signed with mainly leading, financially strong energy companies, provide operational and financial stability during the period covered by the charters.

Ⓑ Counterparty risks – subcontractors and partners

When it comes to counterparty risks related to subcontractors and partners, the greatest risk is that contracted shipyards do not meet their commitments; either due to financial problems or because they are unable to deliver in time.

Concordia Maritime attempts in different ways to protect itself from these types of risks. When ordering a newbuilding, the shipyard's long-term perspective and financial position play an important role. In addition to this, there are agreements covering bank guarantees if a shipyard should find itself in financial trouble.

Financial risks

The financial risks, mainly related to currency and interest rates, are described in Note 20 and are thus not described here.

SHARE PRICE
TREND

At the start of 2009, the share price of Concordia Maritime's Series B share was SEK 15 and at the end of the year SEK 17, an increase of 13 percent. The Nasdaq OMX Stockholm's Nordic index rose 30 percent (OMX Nordic 40) during the same period. The highest price paid during the year was SEK 22 and the lowest was SEK 12.50. Concordia Maritime's market value, in other words the value of all outstanding shares in Concordia Maritime, amounted to SEK 811 (716) million on 31 December, 2009.

In 2009, the total return on the shares, including the proposed dividend of SEK 1.00, was 20 percent. In the last ten years, the average total return on the shares has been approx. 20 percent per year.

Proposed dividend for 2009

For 2009, the Board of Directors proposes a dividend of SEK 1.00 (1.00) per share, despite a loss reported by the Group. Concordia Maritime's dividend ratio in historical terms is shown in the 10-year overview.

Share turnover

In 2009, 12.4 (14.7) million shares were traded at a total value of SEK 207 (302) million, which is equivalent to a turnover rate of 26.1 (20.5) percent. The average trade per trading day was 49,591 (59,471) shares or SEK 0.8 (1.2) million.

Share capital

At the end of 2009, share capital amounted to SEK 381.8 million, divided between 47.73 million shares, of which 43.73 million were Series B shares. The quota value is SEK 8 per share. Each Series A share represents ten votes and each Series B share one vote.

Shareholders

There were 5,006 (4,834) shareholders as of 31 December 2009, which is an increase of 2 percent compared with the previous year.

All Series A shares with voting rights are owned by the Stena Sphere, which has been the principal owner since the company was first listed in 1984. Stena has declared that a holding in Concordia Maritime of about 50 percent of the capital is one of its long-term objectives. At year-end, the Stena Sphere owned 53 percent of the share capital and had 73 percent of the votes.

The second largest owner is Upland Securities AB, which owns shares equivalent to 10 percent of the capital and 5.7 percent of the votes.

As of 31 December 2009, foreign ownership amounted to 9.8 (16.1) percent of the share capital and 5.6 (9.2) percent of the votes. Total ownership by institutions amounted to 9.5 (11.4) percent. The Board of Directors and the President together own around 0.1 percent of the total number of shares (Stena Sphere excluded).

Equity

Equity per share amounted to SEK 37.47 (41.21) as of 31 December, 2009.

Ticker code and trading unit

The ticker code is CCOR B and the ISIN code is SE0000102824. A trading unit consists of 200 shares.

SUMMARY

Concordia Maritime was founded in 1984 and its Series B share was listed on the Nasdaq OMX Stockholm the same year. In 2009, the share price rose about 13 percent.

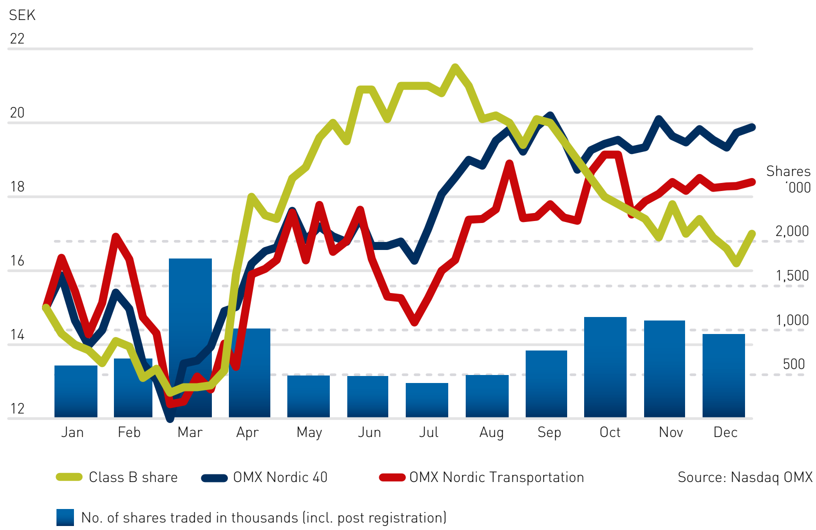
IR work during the year

Concordia Maritime aims to facilitate the market's assessment of the company through clear information. In 2009, the company participated in a large number of investor meetings and meetings with customers at banks and trade organisations. In conjunction with the publication of financial reports, Concordia Maritime arranged teleconferences and met analysts and other professional players, either in person or via teleconferences.

Shareholder contacts

For IR-related information, please contact Göran Hermansson, CFO, +46 (0)31-85 50 46 or +46 (0)704-85 50 46 or goran.hermansson@concordia-maritime.se

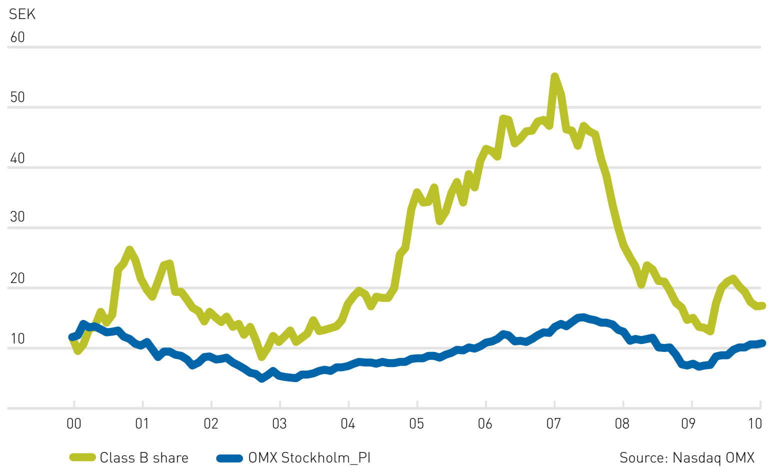
Share price and turnover, 2009



Press releases during the year

28-10-2009	Interim Report 1 January–30 September 2009
26-10-2009	Teleconference invitation
24-09-2009	Delivery of P-MAX *Stena Progress* from Brodosplit
04-09-2009	P-MAX *Stena Progress* named in Split
28-08-2009	Concordia Maritime sells shareholding in US shipping company General Maritime
12-08-2009	Interim Report 1 January–30 June 2009
11-08-2009	Teleconference invitation
29-04-2009	Press release from AGM Concordia Maritime AB (publ)
28-04-2009	Interim Report 1 Jan–31 March 2009
24-04-2009	Teleconference invitation
27-03-2009	Write-down of value of investment in Weavering Capital's Macro Fixed Income fund
27-02-2009	Concordia Maritime re-enters into equity hedge
17-02-2009	Final Accounts January –31 December, 2008
17-02-2009	Teleconference invitation

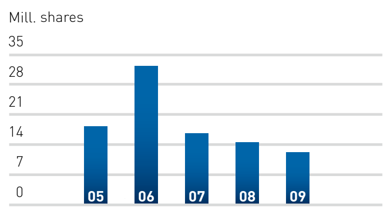
Concordia Maritime's share price, 2000–2009



Dividend policy

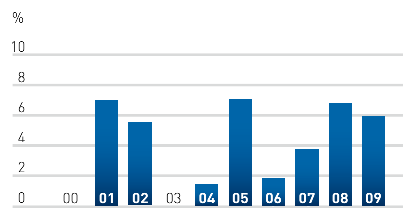
Concordia Maritime's long-term objective is to maximise the value of the shareholders' capital in the company through long-term growth in the value of the fleet and a good return on oil transport. This should provide the necessary conditions for a long-term, positive share price trend. The shareholders should be able to expect a reasonable dividend in relation to both the company's result and its investment requirements. The aim is for the dividend to amount to 20–30 percent of the consolidated profit after tax. However, a minimum of 10 percent of the profit should be distributed to shareholders.

Share turnover, last five years



Source: Nasdaq OMX

Dividend yield



Source: Nasdaq OMX

Key figures for the share

	2009	2008	2007	2006	2005	2004	2003[1]	2002[1]	2001[1]	2000[1]
Dividend, SEK	1.00[2]	1.00	1.00	1.00	1.00	3.00	0.50	—	0.60	1.10
Dividend as % of net result after tax		50	76	92	83	19	31	—	12	22
Shares outstanding at year-end, millions	47.73	47.73	47.73	47.73	47.73	47.73	47.73	47.73	46.41	42.19
Average number of shares outstanding, millions	47.73	47.73	47.73	47.73	47.73	47.73	47.73	47.07	44.30	34.71
Share price at year-end, SEK	17.00	15.00	27.00	55.00	43.00	34.80	17.50	11.00	16.00	21.50
Dividend yield, %[4]	5.9[3]	6.6	3.7	1.81	2.32	8.62	2.86	—	3.75	5.11
Total return, Concordia share, %	20.00[3]	−40.74	−49.09	30.23	26.44	116.00	63.64	−31.25	−22.79	91.53
P/E ratio including ship sales	neg	7.5	20.5	50.5	35.8	2.2	10.8	neg	3.3	4.8
P/E ratio excluding ship sales	neg	—	—	—	2,150.0	17.8	9	neg	3.3	5.2
Turnover of shares per year, thousands	12.4	14.7	16.8	32.4	18.6	24.3	8.4	5.8	8.9	16.9
Rate of turnover, %	26	33	38	74	43	56	19	13	21	65
Market value at year-end, SEK million	811	716	1,288	2,625	2,052	1,661	835	525	743	907
Number of shareholders	5,006	4,834	4,963	5,942	6,209	6,081	5,431	5,542	5,215	5,551

1) Key figures for 2000–2003 have not been recalculated in accordance with IFRS accounting principles
2) The Board's proposal
3) Calculated on the proposed dividend
4) Dividend per share divided by the share price at year-end

Shareholder categories

	Capital %	Votes %
Foreign owners	9.8	5.6
Swedish owners	90.3	94.4
of which		
Institutions	9.5	5.4
Unit trusts	1.0	0.6
Private individuals	79.8	88.5

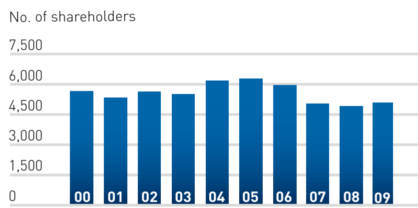
Ownership concentration

	Capital %	Votes %
The 10 largest shareholders	79.9	88.5
The 25 largest shareholders	84.4	91.1
The 100 largest shareholders	89.0	93.7

The 10 largest shareholders

	Capital %	Votes %
Stena Sphere	52.0	72.7
Upland Securities AB	10.0	5.7
Fjärde AP-fonden	5.6	3.2
Odin fonder	4.8	2.8
Andersson Stig	2.1	1.2
Mariedals Lantbruk AB	1.7	1.0
Apotekets pensionsstiftelse	1.3	0.8
DFA funds (USA)	0.9	0.5
Avanza Pension Försäkring AB	0.8	0.4
Pharos Invest AS	0.6	0.3

Shareholder trend, 2000–2009



Source: Nasdaq OMX

Shareholder structure

Shareholding	Owners	Shares	Capital %	Votes %
1–1,000	4,013	1,283,322	2.6	1.3
1,001–10,000	848	2,647,564	5.1	2.9
10,001–100,000	122	3,643,553	6.9	4.0
100,000–	23	40,155,359	85.4	91.8
Total	**5,006**	**47,729,798**	**100**	**100**

TEN-YEAR SUMMARY

	2009	2008	2007	2006	2005
Profit/loss items, SEK million					
Net sales	599.3	560.0	457.2	381.2	254.0
Operating costs	–531.5	–473.6	423.2	376.5	312.0
Operating result	67.8	86.4	34.0	4.7	–1.8
whereof result from the sale of ships	—	—	—	—	56.2
EBITDA	160.8	162.6	91.5	38.7	–1.3
Result after net financial items	–91.0	78.1	48.0	52.5	42.7
Net result after tax	–81.1	95.8	62.9	51.9	57.2
Cash flow from operating activities[1]	189.6	203.2	121.11	100.0	20.4
Investments	654.2	301.3	838.6	767.2	492.8
Balance sheet items, SEK million					
Ships	2,265.0	2,059.6	1,769.6	1,048.7	304.2
(Number of ships)	8[2]	7	7	4	1
Ships under construction	619.0	536.3	158.3	222.3	384.7
(Number of ships)	3	4	4	7	6
Cash and cash equivalents	82.5	31.3	55.6	30.2	280.4
Short-term investments	37.1	283.6	397.1	517.6	559.1
Other assets	367.8	575.7	429.6	413.7	368.9
Interest-bearing liabilities	1,458.5	1,369.2	1,073.0	506.2	0.0
Other liabilities and provisions	124.6	150.3	110.7	99.3	126.4
Equity	1,788.3	1,967.0	1,626.5	1,627.0	1,770.9
Balance sheet total	3,371.4	3,486.5	2,810.2	2,232.5	1,897.3
Key ratios, %					
Equity ratio	53	56	58	73	93
Return on total capital	3	3	4	4	5
Return on capital employed	3	3	4	5	6
Return on equity	–4	5	3	3	3
Per-share data, SEK					
Net result after tax	–1.70	2.01	1.32	1.09	1.20
whereof result from the sale of ships	—	—	—	—	1.18
Cash flow[1]	3.97	4.26	2.54	2.10	0.43
Equity	37.47	41.21	34.08	34.09	37.10
Equity/market value	2.20	2.75	1.26	0.62	0.86
Share price at year-end	17.00	15.00	27.00	55.00	43.00
Dividend[3]	1.00	1.00	1.00	1.00	1.00
Dividend as % of net result after tax	n/a	49.82	75.88	91.96	83.44
Other					
P/E ratio including ship sales	neg	7.5	20.5	50.5	35.8
P/E ratio excluding ship sales	neg	—	—	—	2,150.0
Number of shareholders	5,006	4,834	4,963	5,942	6,209

1) Ship sales not included
2) Seven wholly-owned ships and two ships in which the group has a 50 percent holding
3) Proposed dividend for 2009

Comparative figures for 2000–2003 have not been recalculated in accordance with IFRS.

2004	2003	2002	2001	2000
354.0	649.7	768.6	1,334.6	1,327.6
271.2	575.7	877.9	1,043.6	1,098.2
729.4	58.9	–98.2	292.5	246.0
646.6	–15.1	11.1	1.5	16.6
795.5	177.5	89.5	454.4	382.9
740.2	35.1	–142.4	251.9	227.7
740.2	77.1	–148.9	231.3	207.3
136.2	150.5	40.0	392.1	337.2
86.3	61.6	—	513.6	351.1
32.5	1,223.9	1,907.0	2,544.3	1,073.3
1	4	6	9	9
128.0	55.4	—	—	1,001.8
7	6	—	—	2
1,123.4	40.3	115.2	263.0	81.0
130.7	—	—	—	—
313.4	87.8	216.7	343.0	338.4
0.0	300.7	926.6	1,261.7	938.5
111.2	80.2	159.3	295.4	352.8
1,616.8	1,026.5	1,153.0	1,593.2	1,203.2
1,728.0	1,407.4	2,238.9	3,150.3	2,494.5
94	73	51	51	48
47	3	–4	11	12
49	3	–4	12	14
56	7	–11	16	21
15.51	1.62	–3.12	4.85	4.47
13.55	–0.32	0.23	0.03	4.11
2.85	3.15	0.84	8.21	7.14
33.87	21.51	24.16	33.62	26.67
0.97	1.22	2.20	2.10	1.24
34.80	17.50	11.00	16.00	21.50
3.00	0.50	—	0.60	1.10
19.34	30.95	0.00	12.04	22.39
2.2	10.8	neg	3.3	4.8
17.8	9	neg	3.3	5.2
6,081	5,431	5,542	5,215	5,551

Result trend

Despite the result of SEK –81.1 million reported, business operations are generating a profit. Non-recurring costs amounting to SEK –174.0 million have been charged to the result for the year, which means that the operating result is SEK 92.9 million.

A further P-MAX tanker was employed during the year and both the V-MAX tankers in the large tanker segment were redelivered to their owner. In 2010, a further two P-MAX tankers are expected to be added to the fleet.

Delivery of the last P-MAX tanker ordered is planned for the beginning of 2011.

Definitions

Equity ratio Equity expressed as a percentage of the balance sheet total.

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

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

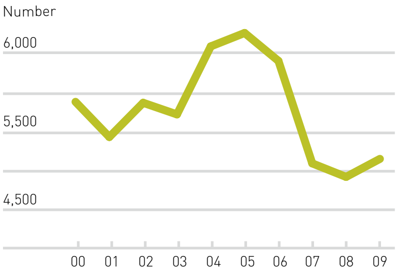
Return on equity Result for the year expressed as a percentage of average equity.

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).

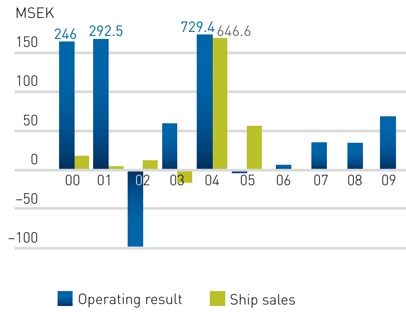
P/E-ratio Share price at year-end in relation to result per share after tax.

KEY RATIOS

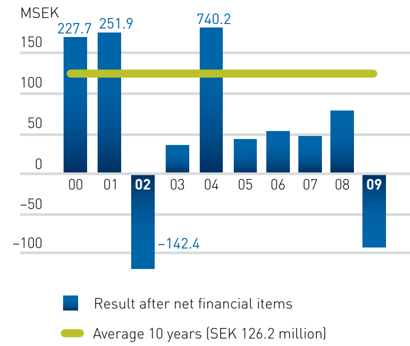
Number of shareholders



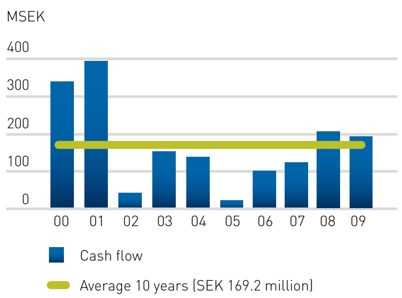
Operating result



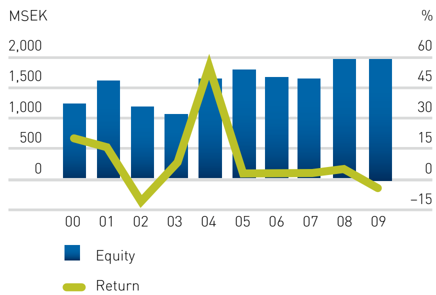
Result after net financial items



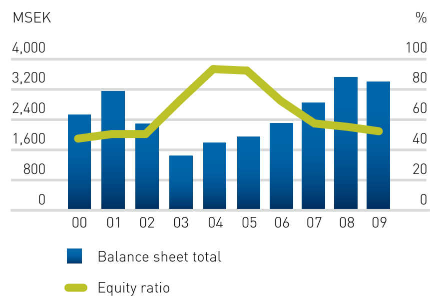
Cash flow from operating activities



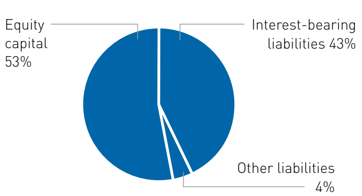
Return on equity



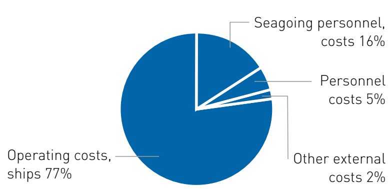
Equity ratio



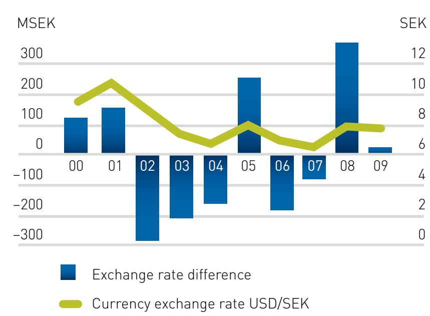
Equity and liabilities



Operating expenses



Exchange rate differences against equity



For definitions, see page 53.

FINANCIAL INFORMATION

Draft marking

A ship's draft is the distance from the water-line to the lowest point on the ship's bottom. The draft not only depends on how heavily the ship is loaded, but also on the density of the water.

The draft is indicated by draft marks, which consist of numbers at the bow and stern, and sometimes amidships, that show the number of decimetres or feet to the lowest point of the keel. When the draft was shown in feet, Roman numerals were usually used.

Source: Wikipedia

BOARD OF DIRECTORS' REPORT

The Board of Directors and the President of Concordia Maritime AB (publ), corp. ID 556068-5819, hereby submit the Annual Report for the financial year of 1 January–31 December 2009. The parent company is Stena Sessan Rederi AB, which holds approximately 53% of the capital stock and 73% of the total voting rights. Its parent company is Stena Sessan AB.

Business summary

Product tankers

Concordia Maritime's product tanker fleet consisted of seven wholly-owned P-MAX vessels and two co-owned Panamax vessels during this period. All vessels have been signed to charters for periods of five to ten years from the date of delivery. The fleet transports light products (such as petrol), heavy oil products (such as heavy fuel oil) and crude oil in different geographical markets around the world.

The two Panamax tankers, *Palva* and *Stena Poseidon*, which Concordia Maritime owns jointly with Neste Shipping, have continued in the transatlantic service for Neste Oil.

The segment reports an EBITDA of USD 24.9 (28.7) million for 2009.

Large tankers/VLCC

Until October 2009, Concordia Maritime operated two vessels, the V-MAX tankers *Stena Vision* and *Stena Victory*, in the large tanker segment. The vessels were time chartered from General Maritime, the US shipping company, and were both in service for Lukoil. The vessels were returned to their owner in October. Concordia Maritime subsequently no longer has any vessels in the large tanker segment.

The segment reports an EBITDA of USD –2.3 (–2.4) million for 2009.

Newbuilding program

Concordia Maritime's newbuilding program is proceeding according to plan. *Stena Polaris*, the eighth vessel in the P-MAX fleet, was delivered at the end of February 2010. Thereafter, the two remaining vessels in the program will be delivered at the end of 2010 and in the first quarter of 2011, slightly later than scheduled.

Freight market trends

First quarter

Product tanker market

Freight rates continued to be pushed downwards during the first quarter. At the end of the period, the rates on the spot market were around USD 10,000 per day, which was significantly lower than in the corresponding period in 2008. The rates continued to fall during April. The relatively low freight levels also had an impact on the market for chartered vessels, where a threeyear contract was signed at levels of about USD 18,000 per day.

VLCC market

The VLCC market was also considerably subdued throughout the period. Rates fell to about USD 34,000 per day, which was essentially 50 percent less than the same period last year. The rates continued to weaken throughout April. In the market for chartered vessels, contracts were signed at around USD 39,000 per day.

Second quarter

Product tanker market

The freight rates in the product tanker segment fell to record-low levels during the quarter. The rates averaged just over USD 5,000 per day compared with rates of about USD 20,000 in the same period in 2008. In the market for chartered vessels, three-year contracts were signed at around USD 16,000 per day.

VLCC market

The market in the VLCC segment was also weak. The rates averaged USD 21,000 per day compared with USD 86,000 in the same period last year. However, the rates made a relatively strong recovery towards the end of the period following increased demand for tonnage. In the market for chartered-out vessels, contracts were signed at around USD 38,000 per day.

Third quarter

Product tanker market

During the quarter, the rates in the spot market averaged around USD 4,600 per day compared with rates of about USD 28,000 in the same period in 2008. In the market for chartered vessels, three-year contracts were signed at the end of the period at levels of around USD 13,500 per day, which is about 40 percent down on the previous year.

VLCC market

The rates in the VLCC segment continued to fall throughout the period, averaging USD 14,700 per day compared with USD 74,000 for the same period last year. In the market for chartered vessels, contracts were signed at around USD 35,000 per day, almost 50 percent down on the same period in 2008.

Fourth quarter

Product tanker market

The rates in the spot market during the quarter averaged around USD 8,000 per day compared with rates of about USD 25,000 in the same period in 2008. In the market for chartered vessels, three-year contracts were signed at the end of the period at levels of around USD 11,000 per day, which is about 50 percent down on the previous year.

VLCC market

During the period, the rates in the VLCC segment also rose, averaging just over USD 29,000 per day as compared with USD 55,000 in the same period last year. In the market for chartered vessels, contracts were signed at levels of about USD 31,000 per day, which is about 40 percent down in the same period in 2008.

Shipbuilding market trends

The world tanker fleet continued to expand with 8 percent net growth in 2009. This was lower than originally forecast. In December 2009, the price of a VLCC tanker was about USD 94.5 million and the price of a standard MR vessel was about USD 34 million.

Results and position

Sales for the whole of 2009 totalled SEK 599.3 (560.0) million. The result after financial items was SEK –91.0 (78.1) million. The result after tax was SEK –81.1 (95.8) million, equivalent to post-tax earnings per share of SEK –1.70 (2.01). This includes non-recurring items totalling SEK –174.0 million.

Securities, short-term investments and investments

General Maritime

In 2009, Concordia Maritime sold its entire holding of 1,534,785 shares in General Maritime. This resulted in a realised loss of SEK –146.5 million.

Investments

The company's investment of excess cash falls into two categories: investments held to maturity and investments held as available for sale. The first category consists mainly of corporate bonds: here, excess cash has been invested in a portfolio with a due-date structure that corresponds well with the investment program. These securities provide Concordia Maritime with a return of 7 to 8 percent (also called "purchase yield").

Other holdings (primarily mutual funds) are valued at their market value on each accounting date and their value at year-end amounted to SEK 37.1 (283.6) million. The company's holding in the Weavering Capital fund was written down completely by SEK –27.5 million.

Investments

Investments in 2009 amounted to SEK 655.8 (301.3) million and are related to deliveries of ships, advance payments and project costs.

Liquidity and financing

The Group's available cash and cash equivalents, including undrawn credit facilities, amounted to SEK 536.0 (507.5) million on 31 December 2009. The amount of interest-bearing debt during the period increased from SEK 1,369.3 million to SEK 1,458.5 million. On the balance sheet date, equity was SEK 1,788.3 (1,967.0) million and the equity ratio was 53 (56) percent.

Remuneration policy for senior executives

Remuneration is paid to the Chairman of the Board, Deputy Chairman and Board members in accordance with the decision of the 2009 Annual General Meeting, which is also in compliance with the proposed guidelines for 2010. There is no special remuneration for committee work. The AGM has decided upon the following remuneration policy for senior executives. Remuneration comprises a fixed salary, variable compensation, pension and other benefits. Concordia Maritime endeavours to offer its employees an attractive and competitive fixed salary in order to attract and retain skilled personnel. The top level depends upon the scope and complexity of the position held and the performance of the individual for the year. Performance is reflected more especially in the variable compensation. Variable compensation is based on the development of the company, the achievement of commercial, operational and financial goals and other such factors. These goals are determined by the Board. Agreements on other forms of remuneration may be reached wherever this is felt necessary in order to attract and retain key competence or to encourage personnel to move to new locations or accept new positions. This type of remuneration should be for a limited period.

The company's pension policy is to follow the practices of the local market for the country. In the case of the President, a premium corresponding to 35 percent of the monthly pensionable salary and compensation at any point in time is paid into the pension. Other senior executives in Sweden are in a premium based pension scheme as well as the standard Swedish labour market pension schemes.

The basic principle is that other benefits, e.g. a company car, should be competitively aligned with local market practices.

Senior executives in Sweden have a three to twelve month reciprocal period of notice depending on the position held. In the case of notice from the company, the maximum severance pay is 24 months basic salary. See Note 16.

Information about risks and uncertainties

Concordia Maritime has taken out insurance policies customary to the industry to cover risks related to the actual operation of vessels. The vessels are insured against damage and loss (Hull & Machinery) to amounts representing the vessels' market value. Protection & Indemnity applies with no limitation of amount, except for responsibility for oil spills, where the amount is limited to USD 1 billion. The vessels are also insured against Loss of Hire. In addition to the insurance policies above, Concordia Maritime has also taken out the customary insurance for operating in specific waters. One example is COFR insurance (Certificate of Financial Responsibility), which is required when operating vessels in American waters. COFR is issued to the US Coast Guard by an operator (owner/bareboat charterer) who can demonstrate that it has the financial capability, via insurance, to pay for cleaning up oil spills and oil damage up to the amounts required by the American Oil Pollution Act, OPA 90.

Despite insurance cover, an accident could have a very serious impact on Concordia Maritime. The oil industry's demands for safety and environmental responsibility are comprehensive, and an accident at sea or in port would have not only negative environmental consequences, but could also damage the Concordia Maritime name. Ever since its establishment in 1984, the company has promoted its image as a quality shipowner with high standards in all safety aspects. This position places particularly high demands on control and responsibility. It is difficult to guard against this type of risk and it is only possible through extensive preventative work and complete openness should an accident nevertheless occur.

Tanker shipping is a highly cyclical business. The demand for transportation of petroleum and chemical products is largely determined by the consumption of these products. This, in turn, is largely determined by the state of the economy. The effects of an economic recession are, in the short term, largest in the spot market, but in the long term it also has an effect on the futures market.

It is difficult to guard against a long-term economic recession. Concordia Maritime strives to limit the risks by basing its operations partly on long-term contracts. The extent of long-term contracts can vary over time.

Freight rates in tanker shipping can fluctuate greatly from time to time. A downturn in freight rates may be due to reduced demand for transport capacity or an increased supply of vessels. A change in rates can have a major impact on the profitability of the business. Freight rates on the spot market normally fluctuate more than the rates on the futures market. However, since a large part of its fleet is signed to long-term charters, Concordia Maritime's exposure to fluctuations in freight rates over a 2 to 4 year period is relatively limited.

Concordia Maritime collaborates closely with The Stena Sphere, which supplies chartering, operations, manning and newbuilding services. Senior management considers this collaboration to be one of Concordia Maritime's absolute strengths vis-à-vis the competition. This relationship is associated with a degree of risk as essential services are purchased from one supplier. Concordia Maritime and the Stena Group are also interconnected brands to a certain extent.

Safety and the environment

Concordia Maritime places the highest priority on human safety and protection of the maritime environment, both as a principle in day-to-day operations and as part of the company's strategic objectives. Safety and the protection of the maritime environment must be an integral part of its day-to-day business. The full commitment of all employees, both on board and ashore, is critical to maintaining a high standard of safety and effectively protecting the marine environment.

Our environmental policies

- Protecting the maritime environment is of the utmost importance. The only consideration that takes precedence over this is anything related to human safety.
- Through innovation and performance, we will achieve better control of the factors that pose a risk to the environment.
- Through innovation and performance, we will strive to achieve better control of how our operations have an impact on the environment. We will improve the fuel and emissions efficiency of existing and new vessels.

- Through innovation and performance, we will strive to operate safer and more efficient shipping in environmentally-sensitive areas.
- All staff are to be given suitable training and information and will be encouraged to participate actively in environmental work.

Financial instruments and risk management

See Note 20.

The Share

There have been no new issues, bonus issues or such like during the year. Consequently, the number of shares remains the same. There are 4,000,000 A-shares, each representing ten votes and 43,729,798 B-shares, each representing one vote.

Outlook for future development

Concordia Maritime's fleet consists of seven P-MAX tankers and two Panamax tankers. Two new P-MAX tankers are due to be delivered in 2010. The market in 2010 is expected to continue to be weak with average freight levels in line with 2009. As stated previously, the forecast for 2010 is a profit before tax of approximately USD 9.5 million. When converted to Swedish krona, the result before tax is approximately SEK 70 million or SEK 1.47 per share.

Events after the balance sheet date

Stena Polaris, the eighth P-MAX vessel, was delivered at the end of February 2010.

Profit distribution proposal

The Board of Directors proposes that SEK 176.0 million of the result brought forward be made available for appropriation as follows:

SEK million	2009	2008	2007
Dividend (47,729,798 shares x SEK 1.00 per share)	47.7[1]	47.7	47.7
To be carried forward	128.3	32.5	71.2
Total	**176.0**	**80.2**	**118.9**

1) proposed dividend

With regard to the company's result and position as a whole, please refer to the following income statements, balance sheets and notes to the accounts.

The Board of Directors´ opinion about the proposed dividend

After distribution of the proposed dividend, the Group's equity ratio and liquidity are satisfactory, which means all Group companies can meet their commitments in both the short and long term. The proposed dividend can thus be justified in terms of the Swedish Companies Act, Chapter 17 § 3 Sections 2–3.

GROUP INCOME STATEMENT AND COMPREHENSIVE INCOME

1 January–31 December, SEK million	Note	2009	2008
Net sales	2, 3, 21	599.3	560.0
Total income		**599.3**	**560.0**
Operating costs for ships	21	–315.5	–295.2
Seagoing personnel costs	4	–86.5	–65.8
Other external costs	5	–27.7	–26.8
Personnel costs	4, 16	–8.8	–9.6
Depreciation according to plan	8	–93.0	–76.2
Total operating costs	9	**–531.5**	**–473.6**
Operating result	2, 3, 5, 24	**67.8**	**86.4**
Finance income		46.4	59.2
Finance expense		–205.2	–67.5
Financial net	6	**–158.8**	**–8.3**
Result before tax		**–91.0**	**78.1**
Tax	7	9.9	17.7
Result for the year		**–81.1**	**95.8**
Basic/diluted earnings per share	14	**–1.70**	**2.01**
Consolidated report on comprehensive income			
Result for the period	7	–81.1	95.8
Exchange differences		–177.7	383.0
Equity hedge, net after tax		163.4	–22.2
Changes in the fair value of financial assets available for sale have been transferred to profit for the year (2008 only fair value changes)		–25.6	4.6
Cash flow hedges, currency related		–30.9	–56.1
Cash flow hedges, interest related		20.9	–16.9
Comprehensive income for the period		**–131.0**	**388.2**

GROUP BALANCE SHEET

At 31 December, SEK million	Note	2009	2008
ASSETS			
Tangible fixed assets	9, 22		
Ships	8	2,264.4	2,059.6
Ships under construction	8	619.0	536.3
Equipment	8	0.6	0.1
Financial investments	10, 20	137.4	454.8
Long-term receivables	11	3.6	5.6
Deferred tax assets	7		49.7
Total tangible fixed assets		**3,025.0**	**3,106.1**
Other short-term receivables	11	192.7	21.2
Prepaid expenses and accrued income	12	34.2	44.3
Short-term investments	10, 20	37.1	283.6
Cash and cash equivalents	13	82.5	31.3
Total current assets		**346.5**	**380.4**
TOTAL ASSETS		**3,371.5**	**3,486.5**
Shareholders' equity			
Share capital		381.8	381.8
Other contributed capital		61.9	61.9
Reserves		121.7	171.6
Result brought forward including result for the year		1,222.9	1,351.7
Total equity		**1,788.3**	**1,967.0**
LIABILITIES			
Non-current liabilities	9, 15, 20		
Liabilities to credit institutions		1,444.4	1,349.8
Other non-current liabilities	18	3.6	5.6
Deferred tax liabilities	7	14.4	11.5
Total non-current liabilities		**1,462.4**	**1,366.9**
Current liabilities	9, 15, 20		
Liabilities to credit institutions		14.1	19.4
Trade payables		0.1	1.1
Other liabilities	18	30.1	31.9
Provisions	17		17.8
Accrued expenses and deferred income	19	76.5	82.4
Total current liabilities		**120.8**	**152.6**
TOTAL EQUITY AND LIABILITIES		**3,371.5**	**3,486.5**

For information on the Group's pledged assets and contingent liabilities, see Note 23.

REPORT ON CHANGES IN CONSOLIDATED EQUITY

SEK million	Share-capital	Other contri-buted capital	Reserves[2] Translation reserve	Fair value reserve	Hedging reserve	Result brought forward[1]	Total equity
Opening balance, 1 Jan 2009	381.8	61.9	129.1	25.6	16.9	1,351.7	1,967.0
Specification Other comprehensive income							
Change in translation reserve			48.4				48.4
Tax attributable to hedging			–62.7		–0.3		–63.0
Changes Jan–Dec 2009				–25.6	–9.7		–35.3
Result for the year						–81.1	–81.1
Comprehensive income for the period			**–14.3**	**–25.6**	**–10**	**–81.1**	**–131.0**
Dividends						–47.7	–47.7
Closing balance, 31 Dec 2009	**381.8**	**61.9**	**114.8**	**0.0**	**6.9**	**1,222.9**	**1,788.3**

SEK million	Share-capital	Other contri-buted capital	Reserves[2] Translation reserve	Fair value reserve	Hedging reserve	Result brought forward[1]	Total equity
Opening balance, 1 Jan 2008	381.8	61.9	–231.7	21.0	89.9	1,303.6	1,626.5
Specification Other comprehensive income							
Change in translation reserve			320.1	4.6	7.4		332.1
Tax attributable to hedging			40.7				40.7
Changes Jan–Dec 2008					–80.4		–80.4
Result for the year						95.8	95.8
Comprehensive income for the period			**360.8**	**4.6**	**–73.0**	**95.8**	**388.2**
Dividends						–47.7	–47.7
Closing balance, 31 Dec 2008	**381.8**	**61.9**	**129.1**	**25.6**	**16.9**	**1,351.7**	**1,967.0**

1) Result brought forward including result for the year.
2) See Note 20.

GROUP CASH FLOW STATEMENT

1 January–31 December, SEK million	Note	2009	2008
	26		
Operating activities			
Result before tax		–91.0	78.1
Adjustments for items not included in cash flow		280.6	125.1
Paid income tax			
Cash flow from operating activities before changes in working capital		**189.6**	**203.2**
Cash flow from changes in working capital			
Increase (–)/Decrease (+) in receivables		42.2	52.6
Increase (+)/Decrease (–) in liabilities		–6.1	11.8
Cash flow from operating activities		**36.1**	**267.6**
Investing activities			
Acquisition of tangible fixed assets		–655.8	–301.3
Acquisition of financial assets		–0.8	–52.2
Sale of financial fixed assets		346.0	25.2
Cash flow from investing activities		**–310.6**	**–328.3**
Financing activities			
Utilisation of credit facility		458.5	128.4
Amortisation/repayment of credit facility		–270.2	–48.8
Dividends paid to parent company shareholders		–47.7	–47.7
Other financing			10.8
Cash flow from financing activities		**140.6**	**42.7**
Cash flow for the year		55.7	–18.0
Cash and cash equivalents, opening balance		31.3	55.6
Exchange rate differences in cash and cash equivalents		–4.5	–6.3
Cash and cash equivalents at year-end		**82.5**	**31.3**

PARENT COMPANY INCOME STATEMENT

1 January–31 December, SEK million	Note	2009	2008
Net sales	2, 3	32.2	50.3
Gross profit		**32.2**	**50.3**
Operating costs for ships		–10.8	–12.4
Seagoing personnel costs		–10.1	–14.6
Other external costs		–14.4	–15.1
Personnel costs	4, 16	–7.4	–7.8
Depreciation according to plan	8	–9.3	–18.6
Operating result	4, 5, 24	**–19.8**	**–18.2**
Result from financial items:			
Income from shares in Group companies			163.7
Income from other securities and receivables classified as tangible fixed assets		2.7	2.6
Other interest income and similar items		256.3	11.3
Interest expenses and similar items		–42.5	–206.6
Result after financial items	6	**196.6**	**–47.2**
Result before tax		**196.6**	**–47.2**
Tax	7	–53.1	55.7
Result for the year		**143.5**	**8.5**

PARENT COMPANY BALANCE SHEET

At 31 December, SEK million	Note	2009	2008
ASSETS			
Tangible fixed assets	22		
Tangible fixed assets	8	0.0	415.1
Financial fixed assets			
Participating interests in Group companies	25	745.8	745.8
Other long-term holdings of securities	20	22.9	28.5
Other long-term receivables	11	3.6	5.6
Deferred tax assets	7	32.6	46.3
Total financial fixed assets		804.8	826.2
Total tangible fixed assets		**804.9**	**1,241.3**
Current assets			
Short-term receivables			
Receivables from Group companies		110.5	164.6
Other receivables	11	128.4	2.1
Prepaid expenses and accrued income	12	9.8	4.1
Total current receivables		248.9	170.8
Short-term investments			
Other short-term investments	20	34.5	30.1
Total short-term investments		34.5	30.1
Cash and bank balances	26	1,036.5	322.1
Total current assets		**1,319.9**	**523.0**
TOTAL ASSETS		**2,124.8**	**1,764.3**
EQUITY AND LIABILITIES			
Shareholders' equity			
Restricted equity			
Share capital	14	381.8	381.8
Reserve fund		138.3	138.3
Non-restricted equity			
Result brought forward		32.5	71.7
Result for the year		143.5	8.5
Total equity		**696.1**	**600.3**
Non-current liabilities			
Liabilities to credit institutions	15, 20	1,216.4	1,087.1
Other liabilities	18	3.6	5.6
Total non-current liabilities		**1,220.0**	**1,092.7**
Current liabilities			
Liabilities to credit institutions	20	28.7	29.3
Trade payables		0.2	1.1
Liabilities to Group companies		157.5	
Other liabilities		4.0	17.7
Accrued expenses and deferred income	19	18.3	23.2
Total current liabilities		**208.7**	**71.3**
TOTAL EQUITY AND LIABILITIES		**2,124.8**	**1,764.3**

PLEDGED ASSETS AND CONTINGENT LIABILITIES FOR THE PARENT COMPANY

At 31 December, SEK million	Note	2009	2008
Pledged assets	23		312.8
Contingent liabilities	23	35.8	189.5

REPORT ON CHANGES IN PARENT COMPANY EQUITY

	Restricted equity		Non-restricted equity		
SEK million	Share capital	Reserve fund	Result brought forward	Result for the year	Total equity
Opening balance, 1 Jan 2009	381.8	138.3	71.7	8.5	600.3
Result for the previous year			8.5	–8.5	0.0
Result for the year				143.5	143.5
Group contribution			–150.0		–150.0
Tax on Group contribution			39.5		39.5
Amount of capital repaid of Group contribution			110.5		110.5
Dividends			–47.7		–47.7
Closing balance, 31 Dec 2009	**381.8**	**138.3**	**32.5**	**143.5**	**696.1**

	Restricted equity		Non-restricted equity		
SEK million	Share capital	Reserve fund	Result brought forward	Result for the year	Total equity
Opening balance, 1 Jan 2008	381.8	138.3	99.2	19.7	639.0
Result for the previous year			19.7	–19.7	0.0
Result for the year				8.5	8.5
Group contribution			0.7		0.7
Tax on Group contribution			–0.2		–0.2
Dividends			–47.7		–47.7
Closing balance, 31 Dec 2008	**381.8**	**138.3**	**71.7**	**8.5**	**600.3**

CASH FLOW STATEMENT FOR THE PARENT COMPANY

1 January–31 December, SEK million	Note	2009	2008
	26		
Operating activities			
Result before tax		196.6	–47.2
Adjustments for items not included in cash flow		–93.0	44.9
Cash flow from operating activities before changes in working capital		103.6	–2.3
Cash flow from changes in working capital			
Increase (–)/Decrease (+) in receivables		32.6	45.0
Increase (+)/Decrease (–) in liabilities		–12.0	–20.6
Cash flow from operating activities		**124.2**	**22.1**
Investing activities			
Investment in vessels			–1.3
Sale of vessels		405.0	
Sale of financial assets		3.4	19.5
Acquisition of financial assets			–20.1
Cash flow from investing activities		**408.4**	**–1.9**
Financing activities			
Utilisation of credit facility		487.3	121.8
Amortisation /repayment of credit facility		–257.8	–43.7
Dividends to shareholders		–47.7	–47.7
Cash flow from financing activities		**181.8**	**30.4**
Cash flow for the year		714.4	50.6
Cash and cash equivalents, opening balance		322.1	271.5
Cash and cash equivalents at year-end		**1,036.5**	**322.1**

NOTES TO THE FINANCIAL STATEMENTS

1 Accounting policies

(a) Compliance with standards and legislation
The consolidated accounts have been drawn up in accordance with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) and statements of interpretation from the International Financial Reporting Interpretations Committee (IFRIC) which have been approved by the EU Commission for adoption within the EU. Furthermore, the Swedish Financial Reporting Board's recommendation RFR 1.2 Supplementary Accounting Rules for Groups has been adopted.

The parent company applies the same accounting policies as the Group, except in those cases specified below in "The parent company's accounting policies". Deviations between the parent company's and the Group's policies are due to restrictions in applying the IFRS in the parent company because of the Swedish Annual Accounts Act and the Act on Safeguarding of Pension Commitments and, in some cases, because of tax reasons.

The annual accounts and consolidated financial statements have been approved for issue by the Board on 12 March 2010. The consolidated income statement and balance sheet, as well as the parent company's income statement and balance sheet, will be submitted for approval by the Annual General Meeting on 27 April, 2010.

(b) Conditions for the preparation of the parent company's and Group's financial statements
The Group's functional currency is the US dollar, but the Swedish krona (SEK) is used as the reporting currency for the parent company and the Group. This means that the financial statements are presented in Swedish krona. All amounts are reported in SEK millions, unless otherwise stated. Assets and liabilities are recognised at historic cost of acquisition, except for some financial assets and liabilities, which are recognised at fair value. Financial assets and liabilities recognised at fair value consist of derivative instruments, financial assets classified as financial assets measured at fair value through the income statement or as available-for-sale financial assets.

Fixed assets held for sale are reported at whichever is the lowest of the previously reported value and the fair value after deductions for sales expenses.

Preparation of the financial statements in compliance with IFRS requires company management to make critical judgements, accounting estimates and assumptions that affect the application of the accounting policies and the carrying amounts of assets, liabilities, income and expense. The estimates and assumptions are based on historical experience and a number of other factors that, under normal conditions, would seem reasonable. The results of these estimates and assumptions are then used to assess the reported amounts of assets and liabilities that cannot be clarified by other means or sources. The actual result may deviate from these estimates and assessments. Estimates and assumptions are revised regularly. Changes to estimates are reported in the period the change was implemented if the change only affected that period, or in the period the change was implemented and subsequent periods if the change affects both the current period and subsequent periods.

Assessments made by the company management when applying IFRS which have a considerable impact on the financial statements, and estimates which may lead to significant adjustments in future financial statements, are principally related to valuation of vessels.

The accounting policies presented below for the Group have been consistently adopted for all periods recorded in the consolidated financial statements, unless otherwise stated. The Group's accounting policies have been consistently applied to reporting and consolidation of the parent company, subsidiaries and joint venture companies.

(c) New/revised accounting policies
(i) Revised accounting policies
On 1 January 2009, the Group adopted the revised IAS 1, Presentation of Financial Statements. The change requires income and expenses previously recognised directly in equity now to be recognised in a report entitled Other comprehensive income (that is part of equity). Comparative periods have been restated to comply with the revised standard.

On 1 January 2009, the Group adopted IFRS 8, Operating segments. The standard introduces a management approach to identifying operating segments and how their performance should be reported. This has not entailed any changes for the Group. See Note 2.

Amendments to IFRS 7 Financial instruments: Amendments require enhanced disclosures about financial instruments measured at fair value. Instruments are divided into three categories depending on the quality of the measurement data. The categorisation determines which disclosures must be reported. These disclosure requirements primarily have an impact on Note 20 below. Liquidity risk disclosures have also been reported.

Other new policies and interpretations not mentioned here are not expected to have an effect on the Group's financial statements.

(i) New IFRS and interpretations that have not yet been applied
The revised IFRS 3, Business Combinations and amended IAS 27, Consolidated and Separate Financial Statements have resulted in the following changes: definition of a business, acquisition transaction costs should be expensed as incurred, conditional purchase amounts must be measured at fair value at the acquisition date and effects of restatement of related liabilities are recognised as an income or expense. This policy applies from the financial year 2010 and has forward-looking effects only.

IFRS 9, Financial instruments will replace IAS 39, Financial instruments: Recognition and Measurement, from 2013 at the latest. This recommendation is being prepared and the Group has not yet decided on an adoption date.

Other new or revised standards and interpretations not mentioned here are not expected to have an effect on the Group's financial statements.

(d) Segment reporting
An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses and about which separate financial information is available. The performance of an operating segment is assessed regularly by the chief operating decision maker, the Group management, to evaluate segment performance and to decide how to allocate resources to the operating segment. See Note 2 for further segment information.

(e) Classification
Fixed assets and non-current liabilities in the parent company and the Group consist almost entirely of amounts that are expected to be recovered or paid more than twelve months after the balance sheet date. Current assets and current liabilities in the parent company and the Group consist almost entirely of amounts expected to be recovered or paid within twelve months of the balance sheet date.

(f) Basis of consolidation

(i) Subsidiaries

Subsidiaries are companies over which Concordia Maritime AB (publ) has a controlling influence. A controlling influence means having the right, directly or indirectly, to shape a company's financial and operative strategies for the purpose of achieving financial advantages. When determining whether or not a controlling influence exists, potential voting shares that can be utilised or converted without delay must also be considered.

Subsidiaries are consolidated using the acquisition method. This means that the acquisition of a subsidiary is regarded as a transaction whereby the Group indirectly acquires the subsidiary's assets and assumes responsibility for its liabilities and contingent liabilities. The consolidated cost of acquisition is established through an acquisition analysis at the time of acquisition. The analysis determines both the acquisition value of the shares or business and the fair value of acquired identifiable assets and assumed liabilities and contingent liabilities. The difference between the acquisition value of the subsidiary's shares and the fair value of acquired assets, assumed liabilities and contingent liabilities constitutes consolidated goodwill or negative goodwill. The financial reports of subsidiaries are included in the consolidated accounts from the acquisition date until the date upon which the controlling influence ceases.

(ii) Joint ventures

Joint ventures are those companies, in the accounts, for which the Group has a common controlling influence over the operational and financial management through partnership agreements with one or more parties. Shareholdings in joint ventures are consolidated using the proportionate consolidation method in the consolidated accounts. The proportionate consolidation method means that, with respect to joint-venture companies, the Group's ownership of the companies' income and expenses, and assets and liabilities, is recognised in the consolidated income statement and balance sheet. This is done by the joint owner's share of assets and liabilities, income and expense in a joint-venture company being merged item for item with corresponding items in the joint owner's consolidated accounts. Only equity earned after the acquisition is recognised in the consolidated equity. The proportionate consolidation method is applied from the date when the common controlling influence was gained until the date when it ceases.

(iii) Transactions to be eliminated on consolidation

Intra-Group receivables and liabilities, income or expenses and unrealised gains or losses that arise through intra-Group transactions between Group companies are eliminated in their entirety when drawing up the consolidated accounts. Unrealised gains arising from transactions with associated companies and jointly controlled companies are eliminated to an extent equivalent to the Group's participating share in the company. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no indication of impairment.

(g) Foreign currency

(i) Transactions in foreign currencies

Transactions in foreign currencies are translated into the functional currency at the exchange rate at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated to the functional currency at the foreign exchange rate ruling at the balance sheet date. Foreign exchange differences arising on translation are recognised in the income statement. Non-monetary assets and liabilities that are measured in terms of historical cost are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated at foreign exchange rates ruling at the dates the fair value was measured. The exchange rate fluctuation is then reported in the same way as any other change in value for the asset or liability.

(ii) Financial reports concerning foreign operations

The assets and liabilities of foreign operations, including goodwill and other consolidation surplus and negative surplus values, are translated to Swedish krona at foreign exchange rates ruling at the balance sheet date. The revenues and expenses of foreign operations are translated to Swedish krona at an average exchange rate for the period where this rate approximates to the foreign exchange rates ruling at the dates of the transactions. Exchange differences arising from the translation of foreign operations are reported in other comprehensive income and are accumulated in the translation reserve.

(iii) Net investment in foreign operations

Translation differences arising from the translation of a foreign net investment and associated effects of hedging of net investments are reported in Other comprehensive income and accumulated in a separate component in equity, called translation reserve. When disposing of a foreign operation, the accumulated translation differences attributable to the operation after deductions for any currencyhedging are realised in the consolidated income statement.

(h) Income

Consolidated income mainly consists of freight income and time charter income for ships. Freight income is generated when ships are employed on the open market (also called the spot market), i.e. chartered voyage by voyage. Freight income is received and recognised as revenue when the voyage in question is concluded. Freight income for voyages ongoing at the time of each report is divided between the current report period and future report periods on the basis of the number of days the voyage lasts. If the net income (freight income less direct travel expenses) for the voyage is negative, the entire income is included in the current reporting period. Time charter income is received when the ships are chartered out for a fixed periodof time, normally one year or more. The income, which consists of a fixed charter rate for the vessel, is paid every month in advance and recognised as revenue in the same way as freight income. Profit-sharing contracts are reported as settled with the charterer. If the settlement period and the financial reporting period deviate, the profit-sharing contract is reported on the basis of the company management's assessments and estimates, based on the market situation and the charterer's actual earnings for the financial reporting period. The usual settlement period for profit-sharing contracts is monthly, per 90-day period or per 180-day period.

(i) Operating expenses and finance income and expense

(i) Payments regarding operating leases

Time charter agreements are classified as operating leases. With regard to time chartering, it is normal for the ship's owner to retain all risks, for example when a ship is out of service for repairs or due to technical problems. The shipowner is normally responsible for operations and the crew. The leaser's obligations normally cease at the end of the time charter period. Payments regarding operating lease contracts are reported in the income statement in the same way as freight income above.

(ii) Finance income and expense

Finance income and expense comprise interest income from bank balances and receivables, as well as interest-bearing securities, interest expenses on loans, dividend income, exchange rate differences, unrealised and realised gains on financial investments, and derivative instruments used in financing activities.

Interest income on receivables and interest expenses on liabilities are calculated using the effective rate method. The effective rate is the rate that causes the present value of all future payments in and out during the fixed interest term to be the same as the reported value of the receivable or liability. Interest income includes allocated amounts for transaction costs and any discounts, premiums and other differences between the original value of the receivable and the amount received on maturity.

Dividend income is reported once the right to receive payment has been established.

Cont. Note 1

(j) Financial instruments

Financial instruments recognised in the balance sheet include, on the assets side, cash and cash equivalents, accounts receivable, shares and other equity-instruments, loan and bond receivables, and also derivatives. Items regarded as liabilities and equity include accounts payable, loans and derivatives.

Financial instruments are initially recognised at cost, equivalent to the fair value of the instrument, with additions for transaction costs for all financial instruments, apart from financial assets measured at fair value via the income statement, which are recognised at fair value excluding transaction costs. Recognition subsequently depends on how they have been classified in accordance with the following.

A financial asset or financial liability is recognised in the balance sheet when the company becomes party to the instrument's contractual terms. Trade receivables are recognised in the balance sheet once an invoice has been issued. Any liability is recognised once the other party has performed its contractual obligations for which payment is required, even if no invoice has been received. Trade payables are recognised once an invoice has been received.

Financial assets are derecognised in the balance sheet when the rights under the contract have been realised, have expired or the company loses control over them. The same applies to part of a financial asset. A financial liability is removed from the balance sheet once the contractual obligation has been fulfilled or has otherwise expired. The same applies to part of a financial liability.

The acquisition and sale of financial assets is reported on the date of transaction, which is the day on which the company commits itself to acquire or sell the asset, except in those instances where the company acquires or sells listed securities, which are instead reported on the settlement date.

The fair value of listed financial assets corresponds to the asset's listed purchasing price on the balance sheet date provided the market is functional and has funds. In other cases, the fair value corresponds to the discounted cash flows. The fair value of unlisted financial assets is determined using measurement methods, for example, recently completed transactions, prices of similar instruments and discounted cash flows. For further information, see Note 20.

On each reporting date, the company assesses whether there are any objective indications that it is necessary to review a financial asset or group of financial assets for impairment. A significant and protracted downturn in the fair value below the instrument's cost of acquisition is required for equity instruments classified as available-for-sale assets before an impairment loss is recognised. If an impairment review is required for an asset in the available-for-sale category, any previously accumulated reduction in value reported in other comprehensive income is transferred to the income statement. Write-downs of equity-instruments reported in the income statement may not be reversed via the income statement later on.

IAS 39 requires financial instruments to be classified into categories. The classification depends on the intended purpose when acquiring the financial instrument. The original acquisition date is determined by company management. The categories are as follows:

Financial assets valued at fair value via the income statement

Financial assets held for trade are included here. A financial asset is classified as "held for trading" if it is acquired principally for the purpose of selling it in the near future. Stand-alone and embedded derivatives are classified as "held for trading" except when used for hedge accounting. Assets in this category are measured continuously at fair value and changes in value are recognised in the income statement.

Loans and trade receivables

Loans and trade receivables are non-derivative financial assets with fixed or determinable payments that are not listed on an active market. The receivables arise when companies provide the borrower directly with money, goods or services with no intention of carrying on trade in the rights in action. Trade receivables are recognised at the amount that is expected to be paid in after deduction of doubtful trade receivables, based on individual assessment. As the expected term for trade receivables is short, the value has been reported at a nominal amount without any discounting.
Write-downs of trade receivables are reported in the operating expenses. This category also includes acquired receivables. Assets in this category are measured at the accrued cost of acquisition. The accrued cost of acquisition is determined on the basis of the effective rate calculated on the acquisition date.

Held-to-maturity investments

Financial assets with payment streams that are fixed or can be determined in advance and have a fixed term, which the company expressly intends to hold, and is able to hold until maturity. Assets in this category are measured at the accrued cost of acquisition. The accrued cost of acquisition is determined on the basis of the effective rate calculated on the acquisition date. This means that surplus and negative surplus values, as well as direct transaction expenses, are allocated over the term of the instrument. In accordance with the amendments made to IFRS 7 and IAS 39 in October 2008, the company has reclassified its holding of bonds to this category from "Financial assets valued at fair value via the income statement".

Available-for-sale financial assets

The available-for-sale financial assets category includes financial assets not classified in any other category or those that the company initially chose to classify in this category. Assets in this category are continuously measured at fair value with the period's changes in value recognised in Other comprehensive income and accumulated in the "Fair value reserve".

Financial liabilities valued at fair value via the income statement

This category consists of financial liabilities held for trading and derivatives (stand-alone and embedded) which are not used for hedge accounting. Liabilities in this category are continuously measured at fair value with changes in value recognised in the income statement.

Other financial liabilities

Financial liabilities that are not held for trading are measured at their accrued cost of acquisition. The accrued cost of acquisition is based on the effective interest rate as calculated when the liability is accepted. This means that surplus and negative surplus values, as well as direct issue expenses, are allocated over the term of the liability.

Derivatives used for hedge accounting

All derivatives are reported at fair value on the balance sheet. Changes in value are recognised in the income statement for hedging at fair value. Changes in the fair value of cash flow hedges and hedges of a net investment in foreign operations are recognised in Other comprehensive income and the cumulative effect is reported in equity in hedging reserve until the hedged item is realised in the income statement. Hedge accounting is described in greater detail below.

Cash and cash equivalents

Cash and cash equivalents comprise cash funds and instantly accessible balances at banks and similar institutions, as well as short-term liquid investments with a term from the acquisition date of less than three months, which are exposed to only a minor risk of value fluctuations.

Financial investments

Financial investments consist of either financial fixed assets or short-term investments, depending on the purpose of the holding. If the term or the expected term of possession is more than one year, they are financial fixed assets and if shorter than one year, they are short-term investments.

Financial investments that consist of shares belong to either the category of financial assets measured at fair value via the income statement or the category of available for-sale financial assets.

Interest-bearing securities that are acquired for the purpose of being held until maturity belong to the category of financial assets held until maturity and are measured at accrued cost of acquisition.

Interest-bearing securities not likely to be held to maturity are classified as financial assets valued at their fair value via the income statement or as available-for-sale financial assets.

When measured at fair value through the income statement, the change in value is recognised in net finance costs.

Long-term receivables and other receivables

Long-term receivables and other short-term receivables are receivables that arise when the company provides money with no intention of carrying on trade involving rights in action. If the expected term of possession is more than one year, they are classed as long-term receivables, and if it is less, as other receivables. These receivables belong to the loans and receivables category.

Liabilities

Liabilities are classified as other financial liabilities, which means that they are initially reported at the received amount after deductions for transaction costs. After the date of acquisition the loan is measured at fair value. Non-current liabilities have an expected term of more than one year and current liabilities have a term of less than one year.

Trade payables

Trade payables as classified as other financial liabilities. As trade payables have a short expected term they are valued at their face value without discounting. For further information, see Note 20.

(k) Derivatives and hedge accounting

Derivative instruments include forward contracts, warrants and swaps that are used to cover risks of exchange rate fluctuations and exposure to interest rate risks. Derivatives are also agreement terms embedded in other agreements. Embedded derivatives must be reported separately unless they are closely related to the contract. Value changes affecting derivative instruments, both stand-alone and embedded, are reported in the income statement according to the purpose of possession. If a derivative is used for hedge accounting to the extent this is effective, value changes affecting the derivative are recognised in the income statement on the same line as the hedged item. Even if hedge accounting is not used, increases and decreases in value affecting the derivative are reported in the operating result as income or expense or in net finance income/expense based on the reason for using the derivative instrument and whether its use is related to an operating item or a financial item. In hedge accounting, ineffectiveness is reported in the same way as value changes affecting a derivative that is not being used for hedge accounting.

If hedge accounting is not applied when using interest swaps, the interest coupon is reported as interest. Other changes in the value of the interest swap are reported as other finance income or expense.

In order to meet IAS 39 requirements for hedge accounting, an unambiguous connection to the hedged item is required. It must also be the case that hedging effectively protects the hedged item, that hedge documentation has been completed and that the effectiveness is measurable. Gains and losses associated with hedging are reported in the income statement at the same time as gains and losses are reported for hedged items. In those cases where the criteria for hedge accounting are no longer met, the derivative instrument is reported at fair value with the change in value via the income statement according to the above principle.

Receivables and liabilities in a foreign currency

Instruments such as currency futures may be used when assets or liabilities are hedged against exchange rate risks. Hedge accounting is not required for these hedges, as both the hedged item and hedging instrument are valued at fair value with changes in value reported in the income statement under exchange rate differences. Changes in value for business-related receivables and liabilities are recognised in the operating profit, while changes in value for financial receivables and liabilities are recognised in net finance costs.

Transaction exposure – cash flow hedges

Currency exposure regarding future forecasted cash flows is hedged through currency futures, for example. The instrument that protects the forecast cash flow is recognised at fair value on the balance sheet. The value changes are reported in Other comprehensive income and are part of the hedging reserve until the hedged cash flow reaches the income statement, when the hedging instrument's accumulated changes in fair value are transferred to the income statement in order to meet and match the profit effects of the hedged transaction. The hedged cash flows can be both contracted and forecast transactions.

When the hedged future cash flow relates to a transaction recorded on the balance sheet, the hedge reserve is released during the period that the hedged item is recognised on the balance sheet. If the hedged item is a non-financial asset or non-financial liability, the amount released from the hedging reserve is included in the original cost of acquisition for the asset or liability. If the hedged item is a financial asset or financial liability, the amounts in the hedge reserve are released into the income statement in the periods when the hedged item affects the result.

When a hedging instrument expires or is sold, terminated or exercised, or the company breaks the identification of the hedging relationship before the hedged transaction has occurred and the forecasted transaction is still expected to occur, the reported accumulated profit or loss in the hedging reserve remains in equity and is recognised in accordance with the above when the transaction occurs.

If the hedged transaction is no longer expected to take place, the cumulative gain or loss of the hedging instrument is immediately transferred to the income statement in accordance with the policies for derivative instruments described above.

Group interest rate hedging – cash flow hedges

Interest swaps are used to hedge interest risks, etc. The instrument is measured at fair value on the balance sheet. The portion of the interest coupon is recognised in the income statement in the period when interest income or interest cost and other fair value changes of the instrument are recognised in Other comprehensive income and forms part of the hedging reserve provided the criteria for hedge accounting and effectiveness are met.

Fair value hedging

When a hedging instrument is used to hedge a fair value, the fair value of the derivative is recorded on the balance sheet and the hedged asset/liability is also recorded at fair value related to the risk being hedged. The change in value of the derivative is reported in the income statement along with the change in value of the hedged item.

Net investments

Investments in foreign subsidiaries (net assets including goodwill) have been hedged, to a certain extent, by means of forward contracts. On the closing day these are recognised at the closing day rate. Exchange rate differences recognised as income by the parent company are eliminated in the consolidated accounts on conversion of net assets in the subsidiary that are reported in Other comprehensive income. If hedging is not effective, the ineffective part is reported in the income statement.

(l) Tangible fixed assets

(i) Owned assets

Tangible fixed assets are reported as assets on the balance sheet if it is likely that the company will benefit financially in the future and if the acquisition value of the asset can be reliably calculated.

Tangible fixed assets are reported in the Group at cost of acquisition after deductions for accumulated depreciation and any impairment loss. The cost of acquisition includes the purchase price and expenses directly attributable to the asset in order to acquire it in a condition where it can be used for the reason it was acquired. Examples of directly attributable expenses included in the cost of acquisition are delivery and handling costs, installation, land registration, consultancy services and legal services. Borrowing costs are included in the cost of acquisition for fixed assets produced by the Group. The accounting policies for impairment losses are shown below.

The cost of acquisition for fixed assets produced by the Group includes material costs, remuneration expenses for employees and, if applicable, other manufacturing costs regarded as directly attributable to the asset.

Tangible fixed assets with varying useful lives are treated as separate components.

The recognised value of an item is eliminated from the balance sheet on disposal/sale or when no future economic benefits can be expected from its use or disposal/sale. Any gains or losses arising from the sale or scrapping of an asset are the difference between the sale price and the asset's reported amount with deductions for direct selling expenses. Gains or losses are recognised as other operating income/expense.

(ii) Additional expenses and periodic maintenance

Additional periodic maintenance expenses will only be added to the cost of acquisition if it is likely that the asset will provide the company with future economic benefits and if its cost can be reliably measured. Depreciation charges for periodic maintenance are reported in the income statement as part of Operating costs for ships, and not as Depreciation according to plan. This is done to clarify the results for operating ships. In Note 8, the depreciation expenses for periodic maintenance are reported on a separate line. All other additional expenses are recognised as they are incurred. The depreciation period for periodic maintenance for owned tonnage is between thirty months and five years, and the depreciation period for time chartered tonnage runs until the next dry-docking or until re-delivery of the vessel.

A decisive factor in assessing when an additional expense is added to the cost of acquisition - is whether the expense refers to the exchange of identified components, or parts thereof, in which case such expenses are recorded. Even if a new component has been created, the expense is added to the cost of acquisition. Any reported amounts of replaced components, or parts of components, that have not been depreciated are discarded and expenses at the time of replacement. Repairs are recognised as expenses when incurred.

(iii) Borrowing costs

Borrowing costs attributable to the production of qualifying assets are capitalised as part of the acquisition cost of such assets. A qualifying asset is an asset that necessarily takes a substantial period of time to get ready for its intended use or sale. In the first place, an entity shall capitalise borrowing costs that are directly attributable to the qualifying asset. In the second place, an entity shall capitalise borrowing costs that are included in general borrowings and which are not specific to a qualifying asset. The borrowing costs are based on external borrowing.

(iv) Basis of depreciation

Depreciation is applied on a straight-line basis to zero over the useful life of the asset. The Group applies component depreciation, which means depreciation is based on the estimated useful lives of components. Estimated useful lives:

Ships	25 years
Periodic maintenance (docking) ship components	2.5–5 years
Equipment, tools and installations	2–5 years

The useful life of an asset is reviewed quarterly.

(m) Impairment losses

The reported amounts of Group assets are reviewed every six months to evaluate the need for impairment. The Group regards its entire fleet as a cash-generating unit. This evaluation is carried out partly on the basis of an average value provided by three shipbrokers and partly on the basis of discounted cash flows. Any assumptions made about expected cash flows are stated as a note for tangible fixed assets.

(n) Share capital

Dividends

Dividends are reported as a liability once the Annual General Meeting has approved the dividend.

(o) Remuneration to employees

Defined-contribution pensions

All Group pension plans are classified as defined-contribution pension plans. The company's obligation for each period consists of the amounts that it must contribute for that particular period. This amount is charged to the income statement for the period.

(p) Provisions

A provision is recognised on the balance sheet when the Group has a present obligation (legal or constructive) as a result of a past event and it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. Where the effect of the date of payment is important, provisions are calculated by discounting the expected future cash flow at pre-tax rate that reflects current market assessments of the time value of money and, where applicable, the risks associated with the liability.

(q) Taxes

Income tax comprises current tax and deferred tax. Income tax is reported in the income statement, except when an underlying transaction is reported directly as a change in equity, whereby any pertaining tax effect is reported as equity.

Current tax is the amount of income taxes payable or recoverable in respect of the taxable profit or loss for the current year, and is calculated using tax rates enacted or substantially enacted by the reporting date, and any adjustments relating to prior periods. Deferred tax is calculated according to the balance sheet method based on temporary differences between the reported and taxable values of assets and liabilities. The following temporary differences are not provided for: the initial recognition of assets and liabilities that are not business acquisitions and, at the time of the transaction, affect neither accounting nor taxable profit, and temporary differences relating to investments in subsidiaries or associated companies to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the reported amount of assets or liabilities. Deferred tax is calculated using tax rates and tax rules enacted or substantively enacted at the balance sheet date. Deferred tax assets on temporary differences and deferred tax assets arising from the carry-forward of unused tax losses are only recognised to the extent that it is probable that they can be used. The value of deferred tax assets is reduced when it is no longer likely that they can be utilised. Any additional income taxes arising from the distribution of dividends are recognised at the same time as the dividend is recognised as a liability.

(r) Non-current assets held for sale

A non-current asset is classified as held for sale if its reported amount will be recovered principally through a sale and not through use.

Immediately before classification of the asset as held for sale, the reported amount of the asset will be measured in accordance with applicable standards. On initial classification as held for sale, non-current assets are measured at the lower of reported amount and fair value less costs to sell. Under IFRS 5.5, certain balance sheet items are exempt from the valuation rules that apply to IFRS 5. For each subsequent report, the fixed asset must be valued as a whole at fair value less costs to sell.

Losses arising from a drop in value on initial classification as held for sale are included in the income statement, even when it is a question of revaluation. The same is applied to gains or losses on subsequent revaluations. A company may not write off a non-current asset as long as it is classified as being held for sale.

(s) Contingent liabilities

A contingent liability is reported when there is a possible commitment arising from an event that has occurred and whose occurrence is confirmed only by one or more uncertain future events, or when there is a commitment that is not being reported as a liability or provision because it is unlikely that an outflow of resources will be required.

Parent company's accounting policies

The parent company's annual financial statements have been prepared in accordance with the Swedish Annual Accounts Act (1995:1554) and the Swedish Financial Reporting Board's recommendation RFR 2.2 Accounting for Legal Entities. RFR 2.2 requires the Parent Company, as a legal entity, to prepare its annual financial statements in compliance with all the IFRS and IFRIC interpretations endorsed by the EU, to the extent possible within the framework of the Swedish Annual Accounts Act and taking into account the relationship between tax expense (income) and accounting profit. The recommendation states which exceptions and additions are to be made to IFRS. The differences between the Group's and the parent company's accounting policies are described here.

The accounting policies below for the parent company have been applied consistently in all periods recorded in the parent company's financial statements.

Income

Sale of goods and implementation of service assignments

Service assignments are reported as profit in the parent company in accordance with the Annual Accounts Act chap. 2 § 4 once the service is completed. Until then, ongoing service assignments conducted on behalf of others are reported at the lower of the cost of acquisition and the net realisable value on the balance sheet date.

Dividends

Dividend income is reported when the shareholders' right to receive payment is deemed to be certain.

Tangible fixed assets

Owned assets

Tangible fixed assets in the parent company are reported at cost of acquisition after deductions for accumulated depreciation and any impairment loss in the same way as for the Group, but with the addition of any written-up values.

Taxes

The parent company reports untaxed reserves including deferred tax liability. In the consolidated accounts, untaxed reserves are allocated between deferred tax liability and equity.

Group contributions and shareholders' contributions for legal entities

The company reports Group contributions and shareholders' contributions in accordance with the statement from the Swedish Financial Reporting Board (UFR 2). Shareholders' contributions are transferred directly to equity for the receiver and are capitalised as assets in shares and participating interests by the giver, to the extent that no write-down is required. Group contributions are reported according to financial substance. This means that Group contributions made for the purpose of minimising total consolidated tax are reported directly in profit brought forward after deductions for its current tax effect.

Non-current assets held for sale and discontinued operations

Non-current assets held for sale and discontinued operations are not reported separately in the parent company's income statement and balance sheet. This is because the parent company observes the requirements of the Swedish Annual Accounts Act for presentation of the income statement and balance sheet. Information about non-current assets held for sale and discontinued operations is instead presented as a note. Furthermore, depreciation is carried out in accordance with the requirements of the Swedish Annual Accounts Act.

2 Segment reporting

Segment reporting is used for the Group's lines of business (Product Tanker and Large Tanker), i.e. the areas reviewed and monitored by management and the Board of Directors. The adoption of IFRS 8 has not resulted in any changes. The segments are the same as those previously presented. The Group's internal reporting system is based on monitoring the return from the Group's various freight services, which is why lines of business are the primary basis for division. There is no internal trade between the different segments. In the Product Tanker segment, P-MAX and Panamax have been presented together due to their similar financial characteristics.

Items that are directly attributable and items that can be divided by segment in a reasonable and reliable manner have been included in the segments' results, assets and investments.

Non-divided items include interest and dividend income, interest costs, profit or loss from disposal of financial investments, tax expenses and general administration costs. Assets not divided by segment include deferred tax assets or other assets. Investments in tangible fixed assets for the segments include all investments, apart from investments in short-term equipment and equipment of lesser value.

Lines of business

Lines of business constitute the Group's primary segments. The Group consists of the following lines of business:

- Product tankers
- Large tankers

Lines of business

	Product tankers		Large tankers		The Group	
The Group	2009	2008	2009	2008	2009	2008
Net sales	407.5	352.3	191.8	207.7	599.3	560.0
Direct costs	–198.2	–147.4	–207.4	–222.0	–405.6	–369.4
Allocated costs	–19.2	–15.8	–1.7	–1.6	–20.9	–17.4
Non-allocated costs					–12.0	–10.6
EBITDA	190.1	189.1	–17.3	–15.9	160.8	162.6
Depreciation					–93.0	–76.2
Operating result					**67.8**	**86.4**
Net finance costs					–158.8	–8.3
Tax expenses for the year					9.9	17.7
Result for the year					**–81.1**	**95.8**
Assets	2,989.0	3,091.0	63.1	278.5	3,052.1	3,369.5
Non-allocated assets					319.3	117.0
Total assets					**3,371.4**	**3,486.5**
Investments	655.8	301.3			655.8	301.3

In 2009, the Large tankers segment received insurance compensation of USD 0.5 million relating to the formerly-owned vessel *Stena King*.

In the fourth quarter of 2009, the chartered large tankers were returned to the owner.
Consequently, the Group is no longer active in this segment. See also the Board of Directors' Report.

3 Division of income

Geographical areas

	America		France		Other	
The Group	2009	2008	2009	2008	2009	2008
Time charter revenues	62.4	125.3	158.7	143.5	378.2	291.2

The parent company's income is attributable to Other.

4 Employee and personnel costs

Employee remuneration costs

The Group	2009	2008
Salaries and remuneration etc.	75.3	59.2
Pension expenses, contribution-based pensions	1.4	1.3
Social security expenses	2.8	2.8
	79.5	**63.3**

Average number of employees

The parent company	2009	of which men	2008	of which men
Sweden	2	100%	2	100%
Total parent company	**2**	**100%**	**2**	**100%**
Subsidiaries				
Switzerland	2	40%	2	0%
Bermuda	1	100%	1	100%
Total for subsidiaries	**3**	**33%**	**3**	**33%**
Seagoing personnel	229	100%	170	100%
Group, total	**234**	**99%**	**175**	**99%**

Information on absence due to illness is not provided, as the parent company in Sweden has fewer than 10 employees.

Gender distribution of company management

The parent company	2009 Women (%)	2008 Women (%)
The Board of Directors	0%	0%
Other senior executives	0%	0%
The Group		
The Board of Directors	0%	0%
Other senior executives	33%	33%

Salaries, other remuneration and social costs

	2009		2008	
The parent company	Salaries and remuneration	Social costs	Salaries and remuneration	Social costs
The parent company	5.1	3.7	5.2	3.7
(of which pension costs)		1.1		1.0[1]

1) SEK 1,101 (1,003) thousand of the parent company's pension costs relate to the Group's Board of Directors, management group and the President.

Salaries and other remuneration by country and between Board members, etc. and other employees

	2009		2008	
	Board of Directors, President and management group	Other employees	Board of Directors, President and management group	Other employees
Parent company: Sweden	5.3		5.7	
Subsidiaries: Switzerland	1.7	0.4	1.4	0.3
Subsidiaries: Bermuda	0.4		0.1	
Seagoing personnel		67.4		51.7
Group, total	**7.4**	**67.8**	**7.2**	**52.0**
(of which Board fee)	(1.9)		(1.9)	

For further information, see Note 16.
The Board of Directors, the President and the management group are comprised of 11 persons (12).

5 Auditors' fees and costs

	The Group		The parent company	
SEK million	2009	2008	2009	2008
KPMG				
Audit assignments	1.6	1.5	0.8	0.8
Other assignments	0.2	0.3	0.1	0.1

Audit assignments refer to the examination of the Annual Report, the accounts and the administration of the Board of Directors and the President, other tasks included in the duties of the company's auditors, advice and other assistance occasioned by observations made during an examination or performance of other such duties. Everything else falls under other assignments.

6 Financial net

The Group, SEK million	2009	2008
Interest income on bank balance		5.1
Interest income on financial assets held until maturity	15.0	31.1
Dividends on financial assets available for sale	18.8	23.0
Net result on disposal of financial assets held until maturity	0.4	
Currency trading	12.2	
Finance income	**46.4**	**59.2**
Interest expenses on financial liabilities measured at fair value	35.4	38.4
Other finance expense	0.2	0.6
Net loss due to disposal of financial assets measured at fair value		1.1
Net value change due to restatement of financial assets	23.1	27.4
Net loss on disposal of financial assets held until sale	146.5	
Finance expense	**205.2**	**67.5**
Net finance costs	**–158.8**	**–8.3**

	Income from shares in Group companies	
The parent company, SEK million	2009	2008
Dividends from Group companies		172.1
Depreciation of shares in Group companies		–8.4
Total		**163.7**

	Income from other securities and receivables		Interest income and similar items	
The parent company, SEK million	2009	2008	2009	2008
Interest income, other			18.6	11.0
Interest income on financial assets held until maturity	2.7	2.5		
Dividends from financial assets measured at fair value			1.1	0.3
Net result on disposal of financial assets held until maturity		0.1	0.4	
Net value change due to revaluation of financial assets			4.4	
Exchange rate differences			30.9	
Currency trading			200.9	
	2.7	**2.6**	**256.3**	**11.3**

	Interest expenses and similar items	
The parent company, SEK million	2009	2008
Interest expenses on financial liabilities measured at fair value	42.2	52.1
Other finance expense	0.3	
Net value change due to revaluation of financial assets		7.3
Net exchange rate differences		147.2
	42.5	**206.6**

7 Taxes

Reported in the income statement

The Group. SEK million	2009	2008
Current tax expense(–)[/tax income(+)]	–0.2	–0.1
Deferred tax with regard to temporary differences	3.1	–0.6
Deferred tax income during the year capitalised as tax loss carry-forward	–56.0	62.8
Tax reported against equity	63.0	–40.7
Effect of revised tax rate		–3.7
Total reported tax expense for the Group	**9.9**	**17.7**

The parent company, SEK million	2009	2008
Deferred tax expense (–) [/tax income (+)]		
Deferred tax income during the year capitalised as tax loss carry-forward		59.4
Deferred tax expense resulting from utilised excess depreciation	–98.3	
Deferred tax income resulting from excess depreciation	45.2	
Effect of revised tax rate		–3.7
Total reported tax expense for the parent company	**–53.1**	**55.7**

Reconciliation of effective tax

The Group. SEK million	2009, %	2009	2008, %	2008
Result before tax		–91.0		78.1
Tax as per applicable tax rate for parent company	26	–23.9	28	21.9
Effect of other tax rates for foreign subsidiaries	–14	12.7	–58	–45.3
Non-deductible expenses	–3	3.0	3	2.6
Effect of revised tax rate			5	3.7
Adjustment for previous years				
Tax-free income	2	–1.7	–1	–0.6
Reported effective tax	**11**	**–9.9**	**–23**	**–17.7**

The parent company. SEK million	2009, %	2009	2008, %	2008
Result before tax		196.6		–47.2
Tax as per applicable tax rate for parent company	26	51.7	–28	–13.2
Non-deductible expenses	2	3.0	6	2.6
Tax-free dividend			–102	–48.2
Effect of revised tax rate			–1	–0.6
Adjustment for previous years	0	0.1		
Other untaxed income	–1	–1.7	8	3.7
Reported effective tax	**27**	**53.1**	**–117**	**–55.7**

Tax items included in Other comprehensive income

The Group. SEK million	2009	2008
Tax effect of equity hedges	62.7	–40.7
Tax effect of cash flow hedges	0.3	
	63.0	**–40.7**

Reported on the balance sheet
Deferred tax assets and liabilities

Reported deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

	Deferred tax assets		Deferred tax liability	
The Group. SEK million	2009	2008	2009	2008
Provisions			10.4	11.5
Tax loss carry-forwards	38.1	94.9		
Excess depreciation			42.1	45.2
Tax assets/liabilities	**38.1**	**94.9**	**52.5**	**56.7**
Offset	–38.1	–45.2	–38.1	–45.2
Tax assets/liabilities. net	**0.0**	**49.7**	**14.4**	**11.5**

Reported deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

	Deferred tax assets/ liabilities	
The parent company, SEK million	2009	2008
Tax loss-carry forwards	32.6	91.5
Excess depreciation		–45.2
Tax assets/liabilities, net	**32.6**	**46.3**

The parent company's change between the years has been reported as deferred tax.

The Group's tax loss carry-forwards are as follows:

SEK million	2009	2008
Sweden	134.8	347.9
Total	**134.8**	**347.9**

No tax loss carry-forwards have a due date.

8 Tangible fixed assets

The Group, SEK million	Ships	Ships under construction	Equipment	Total
Cost of acquisition				
Opening balance, 1 January, 2009	2,283.2	536.3	0.5	2,820.0
Purchases	39.7	615.5	0.6	655.8
Reclassification to vessels	478.4	–478.4		0.0
Sales/Scrapping	–32.4			–32.4
Exchange rate differences	–226.5	–54.4		–280.9
Closing balance, 31 December 2009	**2,542.4**	**619.0**	**1.1**	**3,162.5**
Opening balance, 1 January, 2008	1,870.2	158.3	0.4	2,028.9
Purchases	11.6	289.3	0.1	301.0
Reclassification to vessels				0.0
Sales/Scrapping	–3.3			–3.3
Exchange rate differences	404.7	88.7		493.4
Closing balance, 31 December 2008	**2,283.2**	**536.3**	**0.5**	**2,820.0**
Depreciation and write-downs				
Opening balance, 1 January, 2009	223.6		0.4	224.0
Depreciation for the year	92.9		0.1	93.0
Depreciation for the year periodic maintenance	17.7			17.7
Sales/Scrapping	–30.4			–30.4
Exchange rate differences	–25.8			–25.8
Closing balance, 31 December 2009	**278.0**		**0.5**	**278.5**
Opening balance, 1 January, 2008	100.6		0.3	100.9
Depreciation for the year	76.2		0.1	76.3
Depreciation for the year periodic maintenance	12.6			12.6
Sales/Scrapping	–3.3			–3.3
Exchange rate differences	37.5			37.5
Closing balance, 31 December 2008	**223.6**		**0.4**	**224.0**
Reported amounts				
1 January, 2009	2,059.6	536.3	0.1	2,596.0
31 December, 2009	**2,264.4**	**619.0**	**0.6**	**2,884.0**
1 January, 2008	1,769.6	158.3	0.1	1,928.0
31 December, 2008	**2,059.6**	**536.3**	**0.1**	**2,596.0**

Borrowing costs

The Group 2009, SEK million	Ships	Ships under construction	Total
Borrowing costs included in the cost of acquisition of assets during the reporting period		6.3	**6.3**

The Group 2008, SEK million	Ships	Ships under construction	Total
Borrowing costs included in the cost of acquisition of assets during the reporting period		5.5	**5.5**

The parent company, SEK million	Ships	Equipment	Total
Cost of acquisition			
Opening balance, 1 January 2009	466.5	0.5	467.0
Sales/Scrapping	–466.5		–466.5
Closing balance, 31 December 2009	**0.0**	**0.5**	**0.5**
Opening balance, 1 January 2008	465.3	0.4	465.7
Acquisitions	1.2	0.1	1.3
Closing balance, 31 December 2008	**466.5**	**0.5**	**467.0**
Depreciation			
Opening balance, 1 January 2009	51.5	0.4	51.9
Depreciation for the year	9.2	0.1	9.3
Sales/Scrapping	–60.7		–60.7
Closing balance, 31 December 2009	**0.0**	**0.5**	**0.5**
Opening balance, 1 January 2008	31.6	0.3	31.9
Depreciation for the year	19.9	0.1	20.0
Closing balance, 31 December 2008	**51.5**	**0.4**	**51.9**
Reported amounts			
1 January, 2009	415.0	0.1	415.1
31 December, 2009	**0.0**	**0.0**	**0.0**
1 January, 2008	433.7	0.1	433.8
31 December, 2008	**415.0**	**0.1**	**415.1**

Securities

As of 31 December 2009, ships with a reported value of SEK 2,264.4 (2,084.6) million have been offered as security for the available credit facility.

9 Participating interests in joint ventures

Group

The Group has a 50 percent holding in the joint-venture companies Terra LTD and Lacus LTD, two shipping companies.

The Group's financial statements include the items below that constitute the Group's ownership in the joint-venture company's assets, liabilities, income and expense.

The Group, SEK million	2009	2008
Income	54.5	45.5
Expense	–39.2	–38.0
Result	**15.3**	**7.5**
Tangible fixed assets	307.0	342.5
Current assets	32.3	27.6
Total assets	**339.3**	**370.1**
Non-current liabilities	228.0	262.7
Current liabilities	17.6	20.7
Total liabilities	**245.6**	**283.4**
Net assets/net liabilities	**93.7**	**86.7**

10 Financial investments

The Group, SEK million	2009-12-31	2008-12-31
Financial investments that are tangible fixed assets and held to maturity	137.4	189.2
Financial assets available for sale		
Shares and participating interests		265.6
	137.4	**454.8**
Short-term investments that are current assets		
Interest-bearing securities held to maturity		250.9
Financial assets held for trade		
Other holdings	37.1	32.7
	37.1	**283.6**

11 Long-term receivables and other receivables

The Group, SEK million	2009-12-31	2008-12-31
Long-term receivables that are tangible fixed assets		
Endowment insurance for pension commitments	3.6	5.6
	3.6	**5.6**
Other receivables that are current assets		
Other short-term receivables	56.8	11.3
Derivatives	135.9	9.9
	192.7	**21.2**

The parent company, SEK million	2009-12-31	2008-12-31
Long-term receivables		
Endowment insurance for pension commitments	3.6	5.6
	3.6	**5.6**
Other receivables (short-term)		
Other receivables	3.0	2.1
Derivatives	125.4	
	128.4	**2.1**
Long-term receivables		
Accumulated cost of acquisition, opening balance	5.6	7.7
Payments	–2.0	–2.1
	3.6	**5.6**

12 Prepaid expenses and accrued income

	The Group		The parent company	
SEK million	2009-12-31	2008-12-31	2009-12-31	2008-12-31
Prepaid time-charter hire	5.3	10.1		
Other prepaid expenses	23.9	12.4	8.6	2.2
Accrued finance income	5.0	21.8	1.2	1.9
	34.2	**44.3**	**9.8**	**4.1**

13 Cash and cash equivalents

The Group, SEK million	2009-12-31	2008-12-31
The following sub-components are included in cash and cash equivalents:		
Cash and bank balances	82.5	31.3
Total as per balance sheet	**82.5**	**31.3**
Total as per cash flow statement	**82.5**	**31.3**

14 Result per share

The company has not carried out any transactions that affect the number of issued shares, see list below. There has therefore been no dilution. The calculation is applied to the average number of shares outstanding. There are no outstanding financial instruments that can cause a dilution effect in the future.

Result per share for total, residual and discontinued activities

SEK	2009	2008
Result per share	–1.70	2.01
Result per share from residual activities	–1.70	2.01

List of issued shares

Number	2009	2008
Class A shares	4,000,000	4,000,000
Class B shares	43,729,798	43,729,798
Total	**47,729,798**	**47,729,798**

15 Interest-bearing liabilities

The Group, SEK million	2009-12-31	2008-12-31
Bank loans (Revolving credit facility)	1,444.4	1,349.8
Total non-current liabilities	**1,444.4**	**1,349.8**

The Group, SEK million	2009-12-31	2008-12-31
Bank loans (Revolving credit facility)	12.2	12.7
Current account credit	1.9	6.7
Total current liabilities	**14.1**	**19.4**

The parent company, SEK million	2009-12-31	2008-12-31
Bank loans (Revolving credit facility)	1,216.4	1,087.1
Total non-current liabilities	**1,216.4**	**1,087.1**

The Group has credit arrangements totalling USD 358.6 million, of which USD 203.6 million had been utilised at year-end. The arrangement is conditional on achieving certain key financial indicators. For more information on the company's exposure to interest risk and risk from exchange rate fluctuations, see Note 20.

16 Remuneration to employees

Defined-contribution pensions

In Sweden, the Group has defined-contribution pension plans for employees that are totally financed by the company.

Outside Sweden, there are defined-contribution plans for which the costs are partially borne by subsidiaries and partially by employee contributions.

Payment for these plans is ongoing according to the rules for each plan.

	The Group		The parent company	
SEK million	2009-12-31	2008-12-31	2009-12-31	2008-12-31
Costs of defined-contribution pensions	1.4	1.3	1.1	1.1

Senior Executive remuneration (parent company)

Remuneration and other benefits during the year

SEK thousand	Basic salary Board fees	Variable remuneration	Other benefits	Pension cost	Total
Chairman of the Board	350				350
Deputy Chairman of the Board	350				350
Board members (4 people at SEK 175 thousand each)	700				700
President	2,697	412	140	919	4,168
Other senior executives (1 person)	711		76	182	969
Total	**4,808**	**412**	**216**	**1,101**	**6,537**

See the section on Corporate Governance and the Board of Directors' Report for information about remuneration, benefits and agreements for the Board of Directors, the President and senior executives.

17 Provisions

The Group, SEK million	2009-12-31	2008-12-31
Provisions that are current liabilities		
Commitments relating to ship management		10.0
Other short-term provisions		7.8
Total	**0.0**	**17.8**

Group: Commitments relating to ship management

The Group, SEK million	2009-12-31	2008-12-31
Reported amount at start of period	10.0	15.6
Amounts used during the period	–10.0	–5.6
Reported amount at end of period	**0.0**	**10.0**

Group: Other short-term provisions

The Group, SEK million	2009-12-31	2008-12-31
Reported amount at start of period	7.8	
Provisions made during the period		7.8
Amounts used during the period	–7.8	
Reported amount at end of period	**0.0**	**7.8**

Total provisions for the Group

The Group, SEK million	2009-12-31	2008-12-31
Total reported amount at start of period	17.8	15.6
Provisions made during the period[1]		7.8
Amounts used during the period	–17.8	–5.6
Total reported amount at end of period	**0.0**	**17.8**
Of which total long-term element of provisions	0.0	0.0
Of which total short-term element of provisions	0.0	17.8

1) Provisions made during the year include existing provisions.

Payments

The Group, SEK million	2009-12-31	2008-12-31
Sums for which the provision is expected to be paid after more than twelve months	0.0	0.0

18 Other liabilities

The Group/parent company, SEK million	2009-12-31	2008-12-31
Other non-current liabilities		
Pension commitments (covered by endowment insurance)	3.6	5.6
	3.6	**5.6**

The Group, SEK million	2009-12-31	2008-12-31
Other current liabilities		
Liabilities to other related parties	0.6	
Tax liability	2.7	3.8
Other current liabilities	23.4	11.3
Derivatives	3.4	16.8
	30.1	**31.9**

19 Accrued expenses and deferred income

	The Group		The parent company	
SEK million	2009-12-31	2008-12-31	2009-12-31	2008-12-31
Accrued voyage costs ships	33.2	18.7		6.1
Accrued personnel costs	0.8	3.7	0.8	3.7
Other accrued expenses	13.4	12.2	8.6	2.2
Accrued interest costs	8.9	12.6	8.9	11.2
Deferred income	20.2	35.2		
	76.5	**82.4**	**18.3**	**23.2**

20 Financial risks and finance policies

As a result of its activities, the Group is exposed to various types of financial risks. Financial risks refer to fluctuations in the company's income and cash flow as a result of changes in exchange rates, interest levels, refinancing and credit risks. The Group's finance policy for managing financial risks has been drawn up by the Board and forms a framework of guidelines and rules in the form of risk mandates and limits for financial activities. The responsibility for the Group's financial transactions and risks is handled centrally by the parent company's finance department. The overall objective for the finance function is to supply cost-effective financing and to reduce any negative effects of market fluctuations on the Group's earnings. The Group's financial targets are presented on page 2.

Liquidity risks

The term liquidity risk (also referred to as the financing risk) refers to the risk that financing cannot be obtained at all, or only at significantly increased cost. According to the finance policy, there must always be sufficient ready cash and guaranteed credit facilities to cover the next six months. The Group has guaranteed borrowing of up to approx. 80% of the total investment sum for ten P-MAX tankers. Borrowing has also been guaranteed up to around 80% for the two Panamax tankers being built as a joint venture. Guaranteed borrowing together with available financial assets mean that the Group will have a relatively low debt/equity ratio when investments in the new fleet are concluded in 2011.

Cont. Note 20

Interest risks

The interest risk is the risk that the value of a financial instrument will vary due to changes in market interest rates. Interest risk may consist of both changes in fair value, price risk, changes in cash flow and cash flow risk. A significant factor affecting the interest risk is the fixed-rate period. Long fixed-rate periods mainly affect the cash-flow risk, while shorter fixed-rate periods affect the price risk.

Management of the Group's interest exposure is centralised, which means that the central finance function is responsible for identifying and managing this exposure. No hedging has been carried out for the interest-bearing instruments held by the Group (consisting of corporate bonds). The finance department continually follows the interest market and submits a recommendation to the Board regarding any interest-rate hedging required. As at 31 December, 2009, the Group had interest swaps amounting to USD 228 million or approximately 65% of available credit facilities. The valuation of these contracts of SEK 4.0 (–16.9) million has been recognised as part of equity under the heading Hedging reserve. See also the section Currency risk in operating activities below.

Effective rate and due-date structure

Interest-bearing financial assets and liabilities. The table below shows the effective rate on the balance sheet date and the due-date structure of financial assets and liabilities.

The Group, SEK million	Interest rate, %	Fixed-rate period	Effective rate %	Currency	Nominal amount in original currency	2009-12-31	2008-12-31
Corporate bond portfolio	8.12	Fixed during term	8.12	USD	20,547	137.4	411.6
Revolving credit facility		Variable 3 months	2.78	USD	170,000	–1,216.4	–1,087.1
Bank loans		Variable 3 months	0.70	USD	33,586	–240.2	–275.5

	2009						2008					
The Group, SEK million	Total	Within 1 year	2 years	3 years	4 years	5 years and longer	Total	Within 1 year	2 years	3 years	4 years	5 years and longer
Corporate bond portfolio	137.4	37.9		99.5			411.5	250.9	40.3		120.3	
Revolving credit facility	–1,216.4					–1,216.4	–1,087.1					–1,087.1
Bank loans	–240.2	–12.3	–12.3	–12.3	–12.3	191.0	–275.5	–12.7	–12.7	–12.7	–12.7	–224.7
Current account credit	–1.9	–1.9					–6.7	–6.7				

Credit risks

Credit risks for financial activities

Financial risk management involves exposure to credit risks. It is primarily counter-party risks in connection with claims on banks and other counterparties that arise when purchasing derivative instruments. The finance policy contains a special counter-party clause that specifies that derivatives and similar items are only made for a selection of banks. In terms of the credit risk for other financial assets, such as corporate bonds, the Group primarily invests in the sector and branch in which the Group is active and thus familiar with. It is felt that this reduces the risk significantly.

Credit risks in trade receivables

The risk that the Group's/company's customers do not meet their obligations, i.e. that payment is not received for trade receivables, constitutes a customer credit risk. The majority of the Group's customers have good or very good credit. A bank guarantee or other security is required for customers with a low credit rating or insufficient credit history. On the balance sheet date, there was no significant concentration of credit exposure. The maximum exposure to credit risk is shown by the reported amount on the balance sheet for each financial asset.

Credit risks for investments

The Group's investments in ships involve a regular payment of advances to the shipyard during the construction period. Bank guarantees are issued to secure repayment of advances in the event of the counter-party being unable to meet its obligations.

Currency risks

Translation exposure

The Group is exposed to various types of currency risk as specified below. It should be noted that currency risks are hedged in their entirety when they are attributable to a financial asset or liability in a currency other than SEK and USD. Under the policy, standardised derivatives must be used. In the accounts, hedge accounting is applied. See Note 1.

Currency risk equity

A strong US dollar reduces Concordia Maritime's equity and net asset value, and vice versa. The effects of exchange differences arising in the translation of foreign operations to Swedish krona is recognised in Other comprehensive income in the consolidated balance sheet. The exchange rate was 7.82 as of 31 Dec 2008 and 7.15 as of 31 Dec 2009. The negative effect on equity from a weaker dollar has been countered by the parent company's equity hedge and the net effect is SEK –14.3 (360.8) million, corresponding to SEK –0.30 per share (7.56).

The accumulated exchange rate differences, including effects of forward covers, which are recognised in the translation reserve, are SEK 114.8 (129.1) million, corresponding to SEK 2.40 per share (2.70). A change in the USD exchange rate of SEK 0.10 is expected to affect Concordia Maritime's equity by about SEK 15 million or SEK 0.31 per share.

Currency risk in operating activities (transaction exposure)

The Group's entire income is in US dollars. The cost side is also strongly dominated by the US dollar, except for certain administration costs in Swedish krona and the Swiss franc. Exchange rate variations thus affect neither the cash flow nor earnings significantly. The exchange rate difference in the business amounts to SEK 0.0 (0.0) million. No hedging against exchange rate variations in operating activities has been implemented.

Some future shipyard payments will be in Euros. When the contract was signed in 2006, these were hedged against the US dollar. In total, EUR 9.7 (45.7) million has been hedged against the US dollar. As at 31 December, 2009, a total of SEK 2.9 (33.8) was reported as hedging reserve in equity (see also the section on cash flow hedging in Note 1). This EUR 9.7 million will be paid as the new construction program progresses and affects cost of acquisition of assets only. For further information on the expected time of payment, see Note 22 Investment commitments.

Financial exposure – outstanding derivative instruments

The Group's borrowing takes place in the investment currency of US dollars and is thus not affected by currency exposure.

Sensitivity analysis

The Group aims to reduce short-term fluctuations in its earnings through the management of its interest rate risks and currency risks. In the long term, however, permanent changes in exchange rates and interest rates will have an effect on the consolidated earnings.

A general increase of 1 percent in SEK against the US dollar is expected to reduce the Group's pre-tax result by approximately SEK 0.9 million for the year ending 31 December 2009 (SEK 0.8 million). Changes in the value of currency futures have been included in this estimate.

As at 31 December 2009, a general increase of 1 percent in the US LIBOR interest rate is expected to reduce the Group's pre-tax result by approximately SEK 13.0 (9.2) million. The company considers that lower cash and cash equivalents in financial investments would not have a significant impact on the company's financial position.

The Group 2009, SEK million	Financial assets held for trading	Financial assets held to maturity	Derivatives used in hedge accounting	Trade and loan receivables	Available-for-sale financial assets	Financial liabilities measured at fair value via the income statement	Other liabilities	Total reported amount	Total fair value
Financial investments		137.4						137.4	138.0
Long-term receivables									
Other receivables			135.9					135.9	135.9
Short-term investments	37.1							37.1	37.1
Total	**37.1**	**137.4**	**135.9**					**310.4**	**311.0**
Non-current interest-bearing liabilities						1,444.4		1,444.4	1,444.4
Other non-current liabilities							3.6	3.6	3.6
Current interest-bearing liabilities						14.8		14.8	14.8
Trade payables and other liabilities			3.4	0.2				3.6	3.6
Total			**3.4**	**0.2**		**1,459.2**	**3.6**	**1,466.4**	**1,466.4**
Unreported result	**0**	**0.6**	**0**	**0**		**0**	**0**	**0.6**	**0.6**

The Group 2008, SEK million	Financial assets held for trading	Financial assets held to maturity	Derivatives used in hedge accounting	Trade and loan receivables	Available-for-sale financial assets	Financial liabilities measured at fair value via the income statement	Other liabilities	Total reported amount	Total fair value
Financial investments		189.2			265.6			454.8	412.8
Long-term receivables				5.6				5.6	5.6
Other receivables			9.9					9.9	9.9
Short-term investments	32.7	250.9						283.6	283.3
Total	**32.7**	**440.1**	**9.9**	**5.6**	**265.6**			**753.9**	**711.6**
Non-current interest-bearing liabilities						1,349.8		1,349.8	1,349.8
Other non-current liabilities							5.6	5.6	5.6
Current interest-bearing liabilities						19.4		19.4	19.4
Trade payables and other liabilities			16.8	1.1				17.9	17.9
Total			**16.8**	**1.1**		**1,369.2**	**5.6**	**1,392.7**	**1,392.7**
Unreported result	**0**	**–42.3**	**0**	**0**	**0**	**0**	**0**	**–42.3**	**–42.3**

Cont. Note 20

The parent company 2009, SEK million	Financial assets held for trading	Financial assets held to maturity	Derivatives used in hedge accounting	Trade and loan receivables	Available-for-sale financial assets	Financial liabilities measured at fair value via the income statement	Other liabilities	Total reported amount	Total fair value
Long-term receivables				3.6				3.6	3.6
Financial investments		22.9						22.9	23.5
Other receivables			125.4					125.4	125.4
Short-term investments	34.5							34.5	34.5
Total	**34.5**	**22.9**	**125.4**	**3.6**				**186.4**	**187.0**
Non-current interest-bearing liabilities						1,216.4		1,216.4	1,216.4
Current interest-bearing liabilities									
Other non-current liabilities							3.6	3.6	3.6
Trade payables and other liabilities			3.4	0.2				3.6	3.6
Total			**3.4**	**0.2**		**1,216.4**	**3.6**	**1,223.6**	**1,223.6**
Unreported result	**0**	**0.6**	**0**	**0**		**0**	**0**	**0.6**	**0.6**

The parent company 2008, SEK million	Financial assets held for trading	Financial assets held to maturity	Derivatives used in hedge accounting	Trade and loan receivables	Available-for-sale financial assets	Financial liabilities measured at fair value via the income statement	Other liabilities	Total reported amount	Total fair value
Long-term receivables				5.6				5.6	5.6
Financial investments		28.5						28.5	18.9
Other receivables									
Short-term investments	30.1							30.1	30.1
Total	**30.1**	**28.5**		**5.6**				**64.2**	**54.6**
Non-current interest-bearing liabilities						1,087.1		1,087.1	1,087.1
Current interest-bearing liabilities									
Other non-current liabilities							5.6	5.6	5.6
Trade payables and other liabilities			16.8	1.1				17.9	17.9
Total			**16.8**	**1.1**		**1,087.1**	**5.6**	**1,110.6**	**1,110.6**
Unreported result	**0**	**−9.6**	**0**	**0**	**0**	**0**	**0**	**−9.6**	**−9.6**

Assessment of fair value

The following is a summary of the methods and assumptions primarily used to determine the fair value of the financial instruments reported in the table above. Securities held for trading are valued according to level 1 as quoted in an active market. Derivatives held for hedging purposes are measured according to level 2, based on observable market data not included in level 1.

Securities

Assets in this category are continuously measured at fair value. The main rule is that listed holdings are valued at the share price on the balance sheet date. When the investments are derecognised from the balance sheet, the cumulative gain or loss previously recognised in equity shall be recognised in the income statement.

Derivative instruments

Forward contracts are valued either at their current market price using listed market prices or by discounting the contractual forward price and deducting the current spot rate. Outstanding currency futures contracts as at 31 Dec 2009 against the USD are EUR 9.7 (45.7) million and against the Swedish krona are USD 125.0 (7.5) million. Interest rate swaps are valued using the current interest rate curve.

Trade receivables and payables

For trade receivables and payables with a remaining economic life of less than one year, the reported amount is regarded as reflecting the fair value.

Interest-bearing liabilities

Fair value for liabilities that are not derivative instruments are measured on the basis of the future cash flow of equity and of interest rates, discounted to current market rates on the balance sheet date.

21 Operating leases

The Group's contracts with respect to time charters in and out for ships are classified as operating leases. Non-declared options are not included in the estimation of accounts.

SEK million	The Group 2009	The Group 2008
Time chartering costs	174.8	229.9
Time charter income for objects that are chartered out amounts to	188.3	245.8

Leasing agreements where the company is the lessee (time charter in)
Non-terminable leasing payments amount to:

SEK million	The Group 2009	The Group 2008
Within one year (2010)	0.0	150.3
Between one and five years (2011–2014)		
Longer than five years		
	0.0	**150.3**

The Group time chartered the vessels *Stena Vision* and *Stena Victory* for five years. These were sold in 2004. In addition to the fixed lease amount, there was a profit-split element whereby the company paid 50% of the amount of freight income generated by the vessels. The vessels were returned to their owner, General Maritime, in the fourth quarter of 2009.

Leasing agreements where the company is the lessor (chartering out)
The future non-terminable leasing payments are as follows:

SEK million	The Group 2009	The Group 2008
Within one year (2010)	402.8	629.3
Between one and five years (2011–2014)	1,175.7	1,397.9
Longer than five years	342.8	554.4
	1,921.3	**2,581.6**

Time charter agreements have been signed for all vessels in the new construction program. The assessment above is based on the fixed daily charter rates specified in the agreements for chartering out vessels. Consequently, where appropriate, profit-split clauses are not observed. The time charter agreements are in US dollars and are translated at the closing day rate.

22 Investment commitments

The Group
Contractual commitments concerning investments in ships in 2010 amount to SEK 515.1 (816.3) million. For 2011 and onwards, these commitments amount to SEK 209.5 (500.3) million. The basis for conversion is the average exchange rate for 2009, SEK/USD 7.6457.

23 Pledged assets, contingent liabilities and contingent assets

The Group, SEK million	The Group 2009	The Group 2008	The parent company 2009	The parent company 2008
Pledged assets				
In the form of pledged assets for own liabilities and provisions				
Ship mortgages	2,264.4	2,084.6		312.8
Shares in subsidiaries (in Group equity)	2,132.4	1,709.1		
Total pledged assets	**4,396.8**	**3,793.7**		**312.8**
Contingent liabilities				
Parent company's guarantees for current account credit in subsidiaries			35.7	
The parent company's guarantees for implementing time charter agreements in subsidiaries. The amount consists of minimum payments during the term of the contract.				189.5
Total contingent liabilities			**35.7**	**189.5**

The rights for certain insurance, new construction and time charter agreements have been pledged on behalf of the banks that have issued credit commitments.

24 Related parties

Relationships with related parties

The parent company is closely affiliated to its subsidiaries. See Note 25.

List of transactions with related parties

Relationships with related parties Group, SEK million	Year	Purchase of services from related parties	Liabilities to related parties on 31 December	Receivables from related parties on 31 December
Other related parties	2009	34.3	0.6	
Other related parties	2008	24.8	0.1	

Relationships with related parties Parent company, SEK million	Year	Purchase of services from related parties	Liabilities to related parties on 31 December	Receivables from related parties on 31 December
Subsidiaries	2009		157.5	110.5
Subsidiaries	2008			164.6
Other related parties	2009	3.3	0.6	
Other related parties	2008	4.7	0.1	

Concordia Maritime's organisation is limited and therefore it buys services from the related company Stena Bulk, which runs similar tanker operations. Accordingly, there is an agreement which regulates the relationship between the two companies with respect to new business. This agreement gives Concordia Maritime the right to decline or participate to the extent of 50 or 100 percent in any new business opportunity. Services in the following areas are bought from Stena Bulk or other companies within Stena Sphere on a regular basis:

- Vessel charter. Payment is based on a commission of up to 1.25 percent of freight rates
- Commission for purchase or sale of vessels. Remuneration is based on a 1 percent commission
- Operation and manning of the Group's ships, so-called ship management. Ship management fees are based on a fixed price per year and vessel.
- Purchases of bunker oil. Remuneration is based on a fixed commission per purchased tonne.
- Administration, marketing, insurance services, technical follow-up and development of Concordia Maritime's fleet. Payment is based on a fixed price per month and vessel, while insurance services are covered by a variable price per vessel. In the case of technical consultancy services for new building projects, an hourly rate is charged on an ongoing basis, which is then charged to the project.
- Office rent and office services for Concordia Maritime's personnel. A fixed price per year is charged

All company transactions between related parties take place on commercial terms and at market prices.

25 Group companies

Significant subsidiary holdings

	Subsidiary's registered office, country	Ownership in % 2009	Ownership in % 2008
Concordia Maritime Chartering AB	Sweden	100	100
Concordia Maritime AG	Switzerland	100	100
Concordia Maritime (Bermuda) Ltd	Bermuda	100	100
CM V-MAX I Ltd	Bermuda	100	100
CM V-MAX II Ltd	Bermuda	100	100
CM P-MAX I Ltd	Bermuda	100	100
CM P-MAX II Ltd	Bermuda	100	100
CM P-MAX III Ltd	Cyprus	100	
CM P-MAX IV Ltd	Bermuda	100	100
CM P-MAX V Ltd	Bermuda	100	100
CM P-MAX VI Ltd	Bermuda	100	100
CM P-MAX VII Ltd	Bermuda	100	100
CM P-MAX VIII Ltd	Bermuda	100	100
CM P-MAX IX Ltd	Bermuda	100	100
CM P-MAX X Ltd	Bermuda	100	100
Terra LTD	Bermuda	50	50
Lacus LTD	Bermuda	50	50

The parent company, SEK million	2009	2008
Accumulated cost of acquisition	745.8	754.2
Impairment losses		–8.4
Closing balance, 31 December	**745.8**	**745.8**

Specification of the parent company's direct holdings of shares in subsidiaries

Subsidiary/Corporate ID/Registered office	Number of shares	Share in %	2009-12-31 Reported amount	2008-12-31 Reported amount
Concordia Maritime Chartering AB, 556260-8462, Gothenburg	250,000	100	29.6	29.6
Rederi AB Concordia, 556224-6636, Gothenburg	3,000	100	0.4	0.4
Concordia Maritime AG, Switzerland	15,000	100	715.8	715.8
			745.8	**745.8**

26 Cash flow statement

Cash and cash equivalents

The Group, SEK million	2009-12-31	2008-12-31
The following sub-components are included in cash and cash equivalents:		
Cash and bank balances (+ balance on credit lines)	82.5	31.3
Deposits		
Total as per balance sheet	**82.5**	**31.3**
Total as per cash flow statement	**82.5**	**31.3**

The parent company, SEK million	2009-12-31	2008-12-31
The following sub-components are included in cash and cash equivalents:		
Cash and bank balances (+ balance on credit lines)	1,036.5	322.1
Total as per balance sheet	**1,036.5**	**322.1**
Total as per cash flow statement	**1,036.5**	**322.1**

Interest paid and dividend received

	The Group		The parent company	
SEK million	2009-12-31	2008-12-31	2009-12-31	2008-12-31
Dividend received	18.8	23.0	1.1	0.3
Interest received	27.6	36.2	7.9	13.5
Interest paid	–35.4	–31.2	–42.2	–44.9
	11.0	**28.0**	**–33.2**	**–31.1**

Items not included in cash flow

	The Group		The parent company	
SEK million	2009-12-31	2008-12-31	2009-12-31	2008-12-31
Depreciation	93.0	76.2	9.3	18.6
Depreciation of dry-dock	17.7	12.6	0.8	1.4
Unrealised exchange rate differences			–98.7	163.7
Changes in value of financial instruments	22.7	27.5	–4.4	24.1
Provisions				
Income from sale of financial assets	146.5	1.1		0.1
Anticipated dividend				–172.1
Depreciation of shares in subsidiaries				8.4
Other	0.7	7.7		0.7
	280.6	**125.1**	**–93.0**	**44.9**

27 Information about the parent company

Concordia Maritime AB (publ) is a Swedish-registered limited company with its registered office in Gothenburg, Sweden. The company's shares are registered on the Nasdaq OMX Stockholm.

The address of the head office is SE-405 19 Gothenburg, Sweden.

The consolidated accounts for 2009 consist of the parent company and its subsidiaries, jointly referred to as the Group. The Group also includes the owned share of joint-venture companies.

Stena Sessan Rederi AB, whose parent company is Stena Sessan AB, corp. ID 556112-6920, with its registered office in Gothenburg, owns around 52% of the capital and around 73% of the total number of votes in Concordia Maritime AB.

28 Events after the balance sheet date

The *Stena Polaris* was delivered in February 2010.

Assurance of the Board of Directors

The Board of Directors and President give their assurance that the annual report has been compiled in accordance with sound accounting practices in Sweden and the consolidated accounts have been prepared in accordance with the international accounting standards as adopted by the European Parliament through ordinance (EG) no. 1606/2002 of 19 July 2002 for the application of international accounting standards. The annual report and consolidated accounts give a true and fair view of the financial position and results of the parent company and the Group. The Board of Directors' report for the parent company and the Group is an honest account of the development of the operations, positions and results of the parent company and the Group, and also describes the material risks and uncertainties facing the parent company and the Group's companies.

Gothenburg, 12 March 2010

Stefan Brocker

Bert Åke Eriksson

Mats Jansson

C. Mikael von Mentzer
Vice Chairman

Morten Chr. Mo

Hans Norén
President

Dan Sten Olsson
Chairman

Jens Ole Hansen

Jörgen Lorén

My audit report was submitted 12 March 2010

Johan Kratz
Authorised Public Accountant

AUDITOR'S REPORT

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

I have audited the annual accounts, the consolidated accounts, the accounting records and the administration of the Board of Directors and the President of Concordia Maritime AB (publ) for the year 2009. The annual report and the consolidated financial statements are included in the printed version of this document on pages 56–95. The Board of Directors and the President are responsible for the accounting records and management, for the application of the Annual Accounts Act in the preparation ofthe Annual Report and that the International Financial Reporting Standards, IFRS, as adopted by the EU, and the Annual Accounts Act, are applied in the preparation of the consolidated accounts. My responsibility is to express an opinion on the annual accounts, the consolidated accounts and the administration based on my audit.

This audit was conducted in accordance with generally accepted auditing standards in Sweden. Those standards require that I plan and perform the audit to obtain a high but not absolute assurance that the annual accounts and consolidated accounts are free of any material misstatement. An audit includes examining a sample of the evidence supporting the amounts and disclosures in the accounts. An audit also includes an assessment of the accounting policies used and their application by the Board of Directors and the President, and of the significant estimates and judgements made by the Board of Directors and the President in the preparation of the annual accounts and financial statements, and also an examination of the overall disclosures in the annual accounts and financial statements. As a basis for my opinion concerning discharge from liability, I examined significant decisions, actions taken and the circumstances of the company in order to be able to determine the liability, if any, to the company of any Board member or the President. I also examined whether any Board member or the President has, in any other way, acted in contravention of the Swedish Companies Act, the Swedish Annual Accounts Act or the Articles of Association. I believe that my audit provides a reasonable basis for my opinion set out below.

The annual accounts have been prepared in accordance with the Swedish Annual Accounts Act and provide a true and fair view of the company's financial position and performance in accordance with generally accepted accounting policies in Sweden. The consolidated accounts have been prepared in accordance with the International Financial Accounting Standards (IFRS) adopted by the EU and the Swedish Annual Accounts Act and provide a true and fair view of the Group's financial position and performance. The Board of Directors' Report is consistent with the various parts of the annual accounts and the consolidated financial statements.

I recommend to the Annual General Meeting of shareholders that the income statement and balance sheet for the parent company and the Group be adopted, that the profit for the parent company be dealt with in accordance with the proposal in the directors' report and that the members of the Board of Directors and the President be discharged from liability for the financial year.

Gothenburg, 12 March 2010

Johan Kratz
Authorised Public Accountant

CORPORATE GOVERNANCE 2009

Concordia Maritime complies with the terms of the Swedish Code of Corporate Governance and this corporate governance report has been drawn up as part of the application of the Code. The report has been reviewed by auditors.

The governance of Concordia Maritime is based on the Swedish Companies Act and Nasdaq OMS Stockholm's regulations, including the Swedish Code of Corporate Governance (the Code) as well as other applicable Swedish and foreign laws and regulations.

Concordia Maritime reports one deviation from the Code for the accounting year 2009.

Ownership structure

According to the share register maintained by Euroclear AB as of 31 December 2009, Concordia Maritime had 5,006 shareholders. The largest owner is the Stena Sphere, which, since the company was first listed in 1984, has declared that a holding in Concordia Maritime of about 50 percent of the capital is one of its long-term objectives. At year-end, the Stena Sphere owned approx. 53 percent of the share capital and had 73 percent of the votes.

Information on shareholders and ownership is updated every quarter on Concordia Maritime's website.

Voting right

The share capital consists of Series A shares and Series B shares, both of which entitle their holders to a share in the company's assets and profit and an equally large dividend. The quota value is SEK 8 per share. Each Series A share represents ten votes and each Series B share one vote. At year-end all the Series A shares were controlled by the Stena Sphere. On 31 December 2009, the share capital amounted to SEK 381.8 million divided between 47.73 million shares, of which 43.73 million were Series B shares.

Good corporate governance is a question of clarity in the areas of responsibility and accountability, clarity in the decision-making processes and openness so that the owners can understand and follow the development of the company. In previous annual reports, Concordia Maritime has attached great importance to explaining the company's corporate governance. The ambition of this corporate governance section has been to make the description as relevant, comprehensible and clear as possible.

Gothenburg, March 2010

Dan Sten Olsson
Chairman of the Board

Nomination process

Concordia Maritime's nomination process for the election of board members includes the appointment of a nomination committee consisting of three members. These members shall be the board's Deputy Chairman and one representative of each of the two largest shareholders, in terms of votes, who wish to appoint a representative.

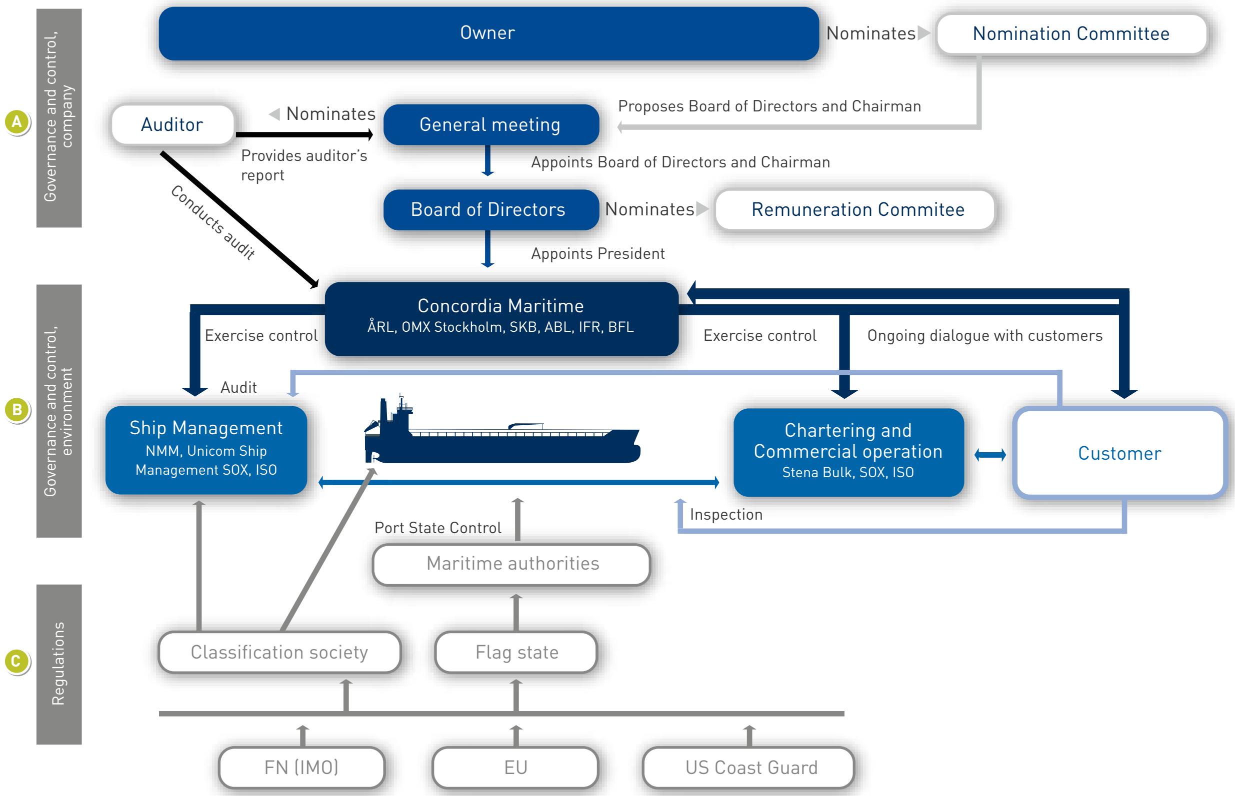
The composition of the nomination committee is based on shareholder statistics as of the last banking day in August the year before the annual general meeting. The names of the representatives on the nomination committee and the shareholders they represent shall be made public as soon as they have been appointed, although no later than six months prior to the annual general meeting. If the shareholdings of the major shareholders change during the nomination process, the composition of the nomination committee may be changed to reflect this.

The guidelines for the largest shareholders' choice of committee member are that the person shall have knowledge and experience relevant to Concordia Maritime. The rules in the Swedish Code of Corporate Governance applying to independent board members shall be observed.

The task of the nomination committee is to submit proposals to the AGM concerning the following questions:

- Chairman of the AGM
- Board members
- Chairman of the Board
- Remuneration of each board member
- Remuneration for work on committees
- The nomination committee for the following year

Governance and control



The corporate governance and control of Concordia Maritime's operations can be described from several different perspectives.

A From an owner perspective, its operations are governed by a Board of Directors elected by the shareholders. The board formulates the frameworks for the operations and exercises control over the company's management. It has recourse to an elected auditor whose task is to provide an auditor's report for Concordia Maritime AB's annual report and consolidated accounts and the administration of the company by the board and the President.

B As a public and listed Swedish company, Concordia Maritime is also governed by a number of laws and regulations. Among the most important of these are the Swedish Companies Act, the Swedish Annual Accounts Act, International Financial Reporting Standards (IFRS), Nasdaq OMX Nordic stock exchange listing agreement and the Swedish Code of Corporate Governance.

The day-to-day operation of the company is ultimately guided by the customers' demands for effectiveness and reliability. Concordia Maritime has chosen a strategy that involves collaboration with a number of subcontractors for e.g. the commercial operation and ship management functions. This collaboration is regulated by binding contracts as well as mutual trust. There is an extensive exchange of information between the parties and here, too, the control and reporting systems are well developed.

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

The nomination committee's proposals together with a report on its work shall be published no later than in conjunction with the notice convening the AGM. Shareholders shall be given the opportunity to present nomination proposals to the nomination committee.

Nomination committee for the 2010 AGM

The composition of the nomination committee was announced on Concordia Maritime's website on 26 September 2009. In 2009, the nomination committee met once in addition to a number of contacts over the telephone. The nomination committee consisted of C. Mikael von Mentzer (Deputy Chairman, Concordia Maritime), Karl-Magnus Sjölin (Stena Sessan Rederi AB), and Arne Lööw (Fjärde AP-fonden). The nomination committee represented approx. 75.9 per cent of the shareholders' votes.

Shareholders wishing to present proposals for the composition of the nomination committee may do so via e-mail to info@concordia-maritime.se.

Shareholders' meeting

The shareholders' right to make decisions about Concordia Maritime's business is exercised at the shareholders' meeting. To participate in decisions, the shareholder must be present at the shareholders' meeting, either in person or via a proxy. Additionally, the shareholder must be registered in the share register by a certain date prior to the AGM and the company must have been formally informed of his intention to attend the AGM. Decisions at shareholders' meetings are normally taken by simple majority vote. In certain questions, however, the Swedish Companies Act stipulates that decisions be taken by a larger majority of the shares represented at the shareholders' meeting and votes given.

Individual shareholders wishing to have a matter considered at the annual general meeting can normally apply to the board in good time before the shareholders' meeting via info@concordia-maritime.se.

The annual general meeting is held in the Gothenburg region in the first half of every year. At the annual general meeting, decisions are taken on questions concerning approval of the annual report, dividends, remuneration of the board and the auditors, the election of board members and, where appropriate, auditors, guidelines for remuneration of group management together with other important matters.

An extraordinary annual general meeting may be held if the board considers it necessary or if Concordia Maritime's auditors or owners of at least 10 per cent of the shares so request.

Annual General Meeting 2009

The 2008 annual general meeting was held on 28 April 2009. The meeting was attended by 97 shareholders, either in person or via a proxy, representing 77.5 per cent of the votes. All the board members elected by the meeting were present. Also present were the company's auditor and members of the nomination committee.

The decisions taken at the meeting included the following:

- In accordance with board's and the President's proposal, to pay a dividend of SEK 1.00 per share for 2008.
- Re-election of the board members Dan Sten Olsson, C. Mikael von Mentzer, Mats Jansson, Morten Chr. Mo, Bert Åke Eriksson and Stefan Brocker, (Jens Ole Hansen, employee representative, Jörgen Lorén, employee representative, and Göran Dahlman, Deputy.)
- Re-election of Dan Sten Olsson as Chairman of the Board.
- That the annual fee, not including travel expenses, paid to the members of the board of directors shall amount to SEK 1,400,000, be distributed as follows: SEK 350,000 each to the Chairman and the Deputy Chairman and SEK 175,000 to each of the other members not employed in the Group, and that the auditors shall receive remuneration for reasonable costs as specified in invoices based on the actual time spent on carrying out their assignments.
- Principles for remuneration and terms of employment for the President and other senior executives.
- Routines for the appointment of the nomination committee and its work.

The Board of Directors

The tasks of the Board of Directors

The overall task of the board is to administer the business of the Group on behalf of the owners in such a way that the owners' interest in a good return on capital in the long term is satisfied in the best possible way. The board's work is regulated by, among other things, the Swedish Companies Act, the company's articles of association, the Code and the rules of procedure established by the board for its work. The board makes decisions in questions concerning the Group's overall objectives, strategic direction and more important policies as well as significant questions involving financing, investments, acquisitions and sales. The board monitors and considers, among other things, the follow-up and control of the activities in the Group, the Group's external communications and organisational questions, including the evaluation of the Group's operative management. The board's responsibility includes appointing and, when appropriate, dismissing the company's president. It also has the overall responsibility for establishing effective systems for internal controls and risk handling.

Rules of procedure and board meetings

Every year, the board establishes rules of procedure for its work. When necessary, these rules of procedure are revised. The chairman's special role and tasks as well as the areas of responsibility for the committees appointed by the board are described in the rules of procedure. According to the rules of procedure, the chairman shall ensure that the board's work is conducted in an effective way and that the board performs its tasks. The chairman shall also organise and distribute the board's work among its members and ensure that the board's decisions are implemented in an efficient manner and that the board carries out an evaluation of its work every year. The rules of procedure also include detailed instructions to the president and other corporate functions concerning what questions require the board's approval. Among other things, the instructions specify the highest amount different decision-making bodies in the Group are entitled to approve in conjunction with credits, investments and other outlays.

The rules of procedure stipulate that the statutory board meeting shall be held directly after the annual general meeting. At this meeting, decisions are taken on, for example, the election of the deputy chairman and who shall sign Concordia Maritime's business name. In addition, the board holds six ordinary meetings per year. Four of these meetings are held in conjunction with the Group's annual report and interim reports. These meetings are normally held in Gothenburg. Additional meetings, including teleconferences, are held when necessary.

Ensuring the quality of financial reporting

Concordia Maritime is a company with a limited number of customers and a limited number of employees. Its business is based on long-term contracts.

There is no specific function for internal controls in the Group as relatively few transactions take place every year and, as a result, the financial reporting at the company is relatively easy to verify.

The President bears the ultimate responsibility for ensuring that internal controls function satisfactorily. Day-to-day work, however, is delegated to the business administration and finance function.

The rules of procedure decided on by the board every year includes detailed instructions concerning what financial reports and other financial information shall be submitted to the board. In addition to the interim reports and the annual report, other financial information relating to the company and its areas of activity are examined and evaluated on an ongoing basis.

Control environment

The core of the internal control of the financial reporting is based on the Group's directives, guidelines and instructions as well as a structure of responsibility and authority that has been adapted to the Group's organisation in order to create and maintain a satisfactory control environment. The principles for internal controls and directives and guidelines for financial reporting are collected in the Group's financial policy.

A fundamental component of Concordia Maritime's control environment is the corporate culture existing in the Group in which management and employees work. Concordia Maritime works actively with communication and training/education as regards the basic values, which are described in an internal document that ties all the business areas together and constitutes an important part of the common culture in the Stena Sphere.

Risk assessment

Risks related to the financial reporting are assessed and monitored by the board as whole. There is no separate audit committee; instead, audit matters are considered by the whole board.

Prior to examining interim reports and the annual report, the board members are given access to relevant information in good time before publication in conjunction with the following board meeting. The reports are then discussed in detail at a board meeting. A few days before publication, Concordia Maritime's CFO reserves time to answer any questions that may be asked by the board members.

The board also examines the most important accounting principles applied in the Group with respect to the financial reporting as well as significant changes in these principles. The external auditors report to the board when necessary but at least once a year.

Financial reporting and information

Concordia Maritime's routines and systems for external communication are intended to provide the market with relevant, reliable, correct and current information about the Group's development and financial position. Concordia Maritime has an information policy that satisfies the demands made on a listed company. Financial information is provided regularly in the form of:

- Interim reports, which are published as press releases
- Annual reports
- Press releases regarding important news that could have a significant impact on the share price
- Presentations and teleconferences for financial analysts, investors and media
- Meetings with financial analysts and investors
- All reports, presentations and press releases are published at the same time on the Group's website *www.concordia-maritime.se*

Evaluation of the work of the Board of Directors

Led by the Deputy Chairman, the Board of Directors carries out an annual evaluation of its work. The evaluation covers working methods and work climate, the direction of the board's work and access to and the need of special competence on the board. The evaluation is used as an aid in developing the board's work and also forms a basis of the nomination committee's work. The evaluation for 2009 gave as a whole a positive picture of the work of the board of directors.

The composition of the board

Concordia Maritime's Board of Directors consists of six ordinary members and three employee representatives, one of which is a deputy. The employee representatives are elected by the trade unions in accordance with Swedish law. None of the board members is a member of the executive management of the company. One of the board members is a foreign citizen. For information on the board members, see pages 96–97.

Independence

The board is considered to be in compliance with both Nasdaq OMX Stockholm's regulations and the Code's requirements regarding independence. All the board members elected by the annual general meeting, with the exception of Dan Sten Olsson and Bert Åke Eriksson, have been considered independent of both Concordia Maritime's major owners and of the company and its executive management by the nomination committee prior to the annual general meeting in 2010.

Dan Sten Olsson is not considered to be independent of Concordia Maritime's major owners. Dan Sten Olsson is the principal owner of, among others, Stena Sessan Rederi AB, which holds approx. 53 percent of the capital and 73 percent of the total number of votes. Bert Åke Eriksson is the President of Stena Sessan Rederi AB and, consequently, he is not considered to be independent in relation to the principal owner.

The work of the Board of Directors in 2009

In 2009, six ordinary meetings and one telephone meeting were held. All the ordinary meetings were held in Gothenburg.

At the ordinary meetings, the president gives an account of the Group's income and financial position, including the prospects for the following quarters. Additionally, investments, the establishment of new business activities and acquisitions and sales are discussed.

The company's auditor participated in one board meeting in February 2010 when the Final Accounts for 2009 were approved. All the meetings during the year followed an approved agenda, which, together with documentation of each item on the agenda, was given to the members before the board meetings. Karl-Magnus Sjölin, the CFO at Stena Sessan, was the secretary at all the board meetings. Significant questions during the year concerned, among other things, strategy, market assessments and financial risks.

Salary compensation committee

There is a salary compensation committee, the main task of which is to propose principles for the remuneration of members of group management. The committee presents proposals for remuneration guidelines regarding:

- Objectives of and reasons for calculating variable compensation
- The relation between fixed salary and variable compensation
- Changes in fixed salaries or variable compensation
- Criteria for the evaluation of variable compensation, long-term incentives, pensions and other benefits

The committee also decides on salaries and other terms of employment for the President. The committee consists of the Chairman and the Deputy Chairman of the board. In 2009, the committee met twice.

Board members' presence and remuneration

	Independent[1]	Salary compensation committee	Total fee, SEK[2]	Presence at board meetings, %
Dan Sten Olsson	Dependent	•	350,000	100
C. Mikael von Mentzer	Independent	•	350,000	100
Stefan Brocker	Independent		175,000	85
Bert Åke Eriksson	Dependent		175,000	100
Mats Jansson	Independent		175,000	100
Morten Chr. Mo	Independent		175,000	85
Jörgen Lorén Employee representative	Independent		25,000	100
Jens Ole Hansen Employee representative	Independent		25,000	57
Göran Dahlman Deputy	Independent		25,000	70
Total			**1,475,000**	

1) Independent is defined as independent of the company, its management or its major shareholders.
2) Remuneration for the board of directors is decided by the annual general meeting and is paid to the members who are not employed by Concordia Maritime.

For information on board members, see www.concordia-maritime.se

Management and corporate structure

The Concordia Maritime group consists of the parent company Concordia Maritime AB (publ) and a number of subsidiaries, which report to the President. The parent company's organisation is very limited and consists of only its executive management. Other functions are purchased from cooperation partners and subcontractors. At the end of 2009, the Group had 234 employees, 5 of whom were shore-based.

President and group management

Concordia Maritime's group management consists of the CFO and a general manager of the subsidiaries in addition to the President.

The President is appointed by and receives instructions from the Board of Directors. The President is responsible for the daily administration of the company in accordance with the board's guidelines and directions, produces information and decision documentation prior to board meetings and acts as a rapporteur at these meetings. The President is also responsible for communication and ensuring the quality of contacts with the company's cooperation partners.

Pursuant to the rules of procedure, which among other things regulate the relationship between the President and the board of directors, the group management is responsible for formulating the Group's overall strategy, business management, division of financial resources within activities and the Group's financing and risk management. These tasks also include issues concerning company acquisitions and other major projects. The group management is also responsible for compiling the Group's financial reports, communications with the stock market and a number of other issues of general interest to the Group.

Remuneration for group management

Concordia Maritime endeavours to offer total remuneration that is both fair and competitive. All its employees receive remuneration in the form of a fixed salary and a prospective bonus. Guidelines for remuneration for the group management are decided by the annual general meeting. Remuneration for the President is thereafter decided on by the salary compensation committee. Remuneration for other leading executives is prepared and decided on by the President.

For further information on remuneration, long-term incentive programs and pension plans, see Note 16 in the financial report.

Audit

The auditor provides an auditor's report for Concordia Maritime AB's annual report and consolidated accounts, the administration by the board and the President of Concordia Maritime AB (publ) plus the annual reports for the subsidiaries.

The audit is carried out in compliance with the Swedish Companies Act and audit standards in Sweden in accordance with FAR, which are based on international auditing standards according to the International Federation of Accountants (IFAC). The audit of annual financial statements for legal entities outside Sweden is in accordance with legal requirements and other applicable regulations in the countries concerned and with generally accepted accounting standards as defined by IFAC for the issue of audit reports for the legal entities.

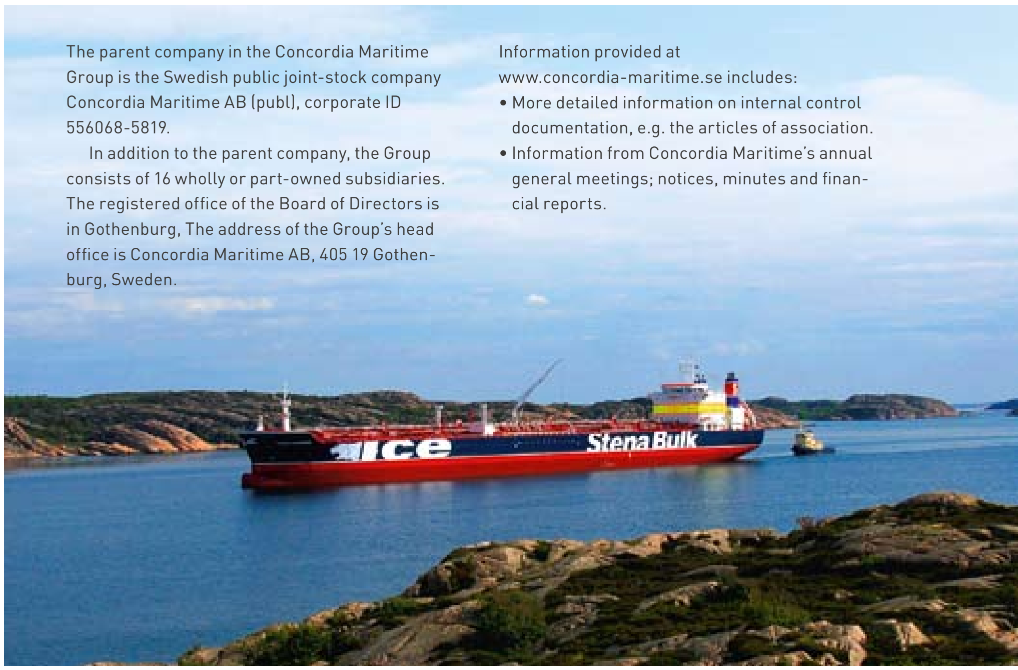
An auditor is proposed by the principal owner and elected by the AGM for a period of four years. At the AGM in 2007, Johan Kratz was elected as the company's external auditor until the AGM in 2011.

The auditor's fee is charged on an ongoing basis. In 2009, KPMG received fees totalling SEK 1.8 million.

Deviations from the Code

The Swedish Code of Corporate Governance states that the company's auditor should examine the interim reports for Q2 or Q3.

The company has elected to have its auditor examine the interim report for Q4 for effectiveness reasons.



The parent company in the Concordia Maritime Group is the Swedish public joint-stock company Concordia Maritime AB (publ), corporate ID 556068-5819.

In addition to the parent company, the Group consists of 16 wholly or part-owned subsidiaries. The registered office of the Board of Directors is in Gothenburg, The address of the Group's head office is Concordia Maritime AB, 405 19 Gothenburg, Sweden.

Information provided at www.concordia-maritime.se includes:

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

BOARD OF DIRECTORS

Dan Sten Olsson
Born 1947. Chairman of the Board. MBA. President and CEO Stena AB. Board member since 1984. Employed by the Stena Group since 1972. Nationality: Swedish

Other current assignments: Chairman of Stena Line Holding B.V., Stena Metall AB, Stena Bulk AB, Stena Sessan AB, Deputy Chairman of the Swedish Shipowners' Association.

Shares held in Concordia Maritime: Via companies. Regarded as dependent in relation to Concordia Maritime's major shareholders.

C. Mikael von Mentzer
Born 1944. Deputy Chairman. M. Pol. Sc. Director, UK. Board member since 1998. Nationality: Swedish

Background: Managing Director Offshore Accommodation Group, Safe Partners AB, Götaverken Arendal AB.

Other current assignments: Board member of Teekay Offshore Partners L.P.

Shares held in Concordia Maritime: 50,000 B shares

Stefan Brocker
Born 1966. Lawyer. Managing Partner and President Mannheimer Swartling Advokatbyrå AB. Board member since 2007. Nationality: Swedish

Other current assignments: Board member Mannheimer Swartling Advokatbyrå AB. Honorary Greek Consul in Gothenburg.

Shares held in Concordia Maritime: 0

Bert Åke Eriksson
Born 1944. B.A. President, Stena Sessan AB Board member since 1998. Nationality: Swedish.

Background: President Rederi AB Gotland, United Tankers AB

Other current assignments: Chairman of Meda AB. Board member of Stena Sessan AB, Stena Adactum AB and Beijer Electronics AB.

Shares held in Concordia Maritime: 0 Regarded as dependent in relation to Concordia Maritime's major shareholders.

Mats Jansson
Born 1945. B.A. Board member since 2005. Nationality: Swedish

Background: CEO Argonaut and NYKCool AB.

Other current assignments: Board member of MGA Holding, Österströms Rederi AB, Malka Oil AB and Chinsay AB

Shares held in Concordia Maritime: 0

Morten Chr. Mo
Born 1948. Certified economist BI (Oslo) and IMEDE (PED), Lausanne. Board member since 2000. Nationality: Norwegian.

Background: Direktor Quillfeldt Rønneberg & CO, President Stemoco Shipping AS.

Other current assignments: Chairman of Stemoco Holding AS, Stemoco Partners AS, MCM Shipping & Investments AS, Finance Development AS, Pecamo AS, BituTank AS and MOCO Projects AS. Board member of CellVision AS, Bitutank Pte. Ltd. Singapore, Bass Pte. Ltd Malaysia and Ashgrove Shipping Ltd. Cyprus. Member of Forum Securities' advisory board

Shares held in Concordia Maritime: 0

Jörgen Lorén
Born 1961. Employee representative.
Master Mariner. Dipl CMO (Commercial Management and Organization in Nautical Science).
Employed by the Stena Group since 1985.
Board member since 2003.
Nationality: Swedish

Other current assignments: Chairman of Sveriges Fartygsbefälsförening, Club chairman of SFBF Stena Line, Employee representative at Stena AB, Stena Line Scandinavia AB and Stena Rederi AB.

Shares held in Concordia Maritime: 0

Jens Ole Hansen
Born 1951. Employee representative.
Company management training, LO-skolan
Employed by the Stena Group since 1973.
Board member since 1995.
Nationality: Danish

Other current assignments: Club chairman SEKO Sjöfolk. Board member SEKO Sjöfolk, Stena Marine Management AB. Employee representative at Stena Rederi AB, Stena AB, Stena Line Scandinavia AB.

Shares held in Concordia Maritime: 0

Göran Dahlman
Born 1953. Deputy, employee representative. Company management training, LO-skolan.
Employed by the Stena Group since 1989.
Board member since 1996.
Nationality: Swedish

Background: Götaverken, Bilspedition, SEKO sjöfolk.

Other current assignments: Club chairman SEKO Sjöfolk, ordinary board member of Torslanda Kulturhus. Deputy board member of Stena Marine Management AB and Gatubolaget AB.

Shares held in Concordia Maritime: 0

Sten A. Olsson
Honorary Chairman
Shipowner, Hovås.
Chairman of the Board 1984–1990.

AUDITOR

Johan Kratz
Authorised Public Accountant, KPMG
Engagement since 2007.

EXECUTIVE MANAGEMENT

Hans Norén
Born 1957. President.
B.Sc. Economics.
Employed since 1994.
External assignments: Board member of Nordisk Skibsrederforening
Shares held in Concordia Maritime: 0

Göran Hermansson
Born 1975. CFO.
Master of Science in international Accounting and Control.
Employed since 2005 (at Stena since 2001)
External assignments: Member of the financial committee The Swedish Shipowners' Association
Shares held in Concordia Maritime: 0

Barbara Oeuvray
Born 1966. General Manager, Concordia Maritime AG.
Swiss Certified Finance and Accounting Specialist.
Employed since 2005 (at Stena since 1989)
External assignments: Board member Arvak Ltd (COFR)
Shares held in Concordia Maritime: 0

Torbjörn Rapp
Born 1962. Newbuilding Manager.
Employed since 2004.
Shares held in Concordia Maritime: 0

ANNUAL GENERAL MEETING AND DATES FOR INFORMATION

Annual General Meeting
The Annual General Meeting will be held at Lorensbergsteatern, Gothenburg, Sweden, on 27 April 2010, at 2 p.m. when the interim report for the first three months of the year will be issued.

Participation
Shareholders who wish to participate in the AGM must be registered in the share register maintained by Euroclear AB no later than Wednesday, 21 April 2010, and must register with the company at the following address:
Concordia Maritime AB
SE-405 19 Gothenburg, Sweden
or by telephone +46 (0) 31-85 50 19
e-mail: arsstamma@concordia-maritime.se or via the website: www.concordia-maritime.se, no later than Wednesday, 21 April 2010.

Dividend
The board of directors proposes a dividend of SEK 1.00 per share. The proposed registration day for dividends is 30 April 2010. If the Annual General Meeting adopts the proposal, the dividend will be paid out by Euroclear AB on 5 May 2010.

Nominee shares
In order to be entitled to participate in the Annual General Meeting, shareholders must have temporarily registered their shares in their own name with Euroclear AB through a bank's trust department or an individual fund manager. Shareholders who wish to re-register shares in their own names must inform the manager of this well before 21 April 2010.

Reporting dates
The Annual Report for 2009 will be sent to all registered shareholders. The interim report for the first three months will be published on 27 April, the interim report for the first six months on 18 August and the third quarter report on 27 October 2010.

GLOSSARY

Barrel Unit for trading oil. One barrel is the equivalent of around 159 litres.

Brent Type of North Sea oil that functions as a commercial benchmark.

Bunker, bunkering The name for the ship's fuel, i.e. the oil burnt in the ship's machinery. Bunkering refers to the taking aboard of bunker.

Charterer A cargo owner or the party leasing the ship. Charterer is also the professional term for shipping clerks or clerks at brokers that conduct business on the freight market.

Daily cost Costs of the ship's crew, insurance and maintenance.

Deadweight/dwt The weight of the load, bunker and loose equipment the ship is able to carry.

Freight rate The agreed price expressed in USD per day.

IMO International Maritime Organization. The UN's international regulatory maritime organisation.

ISM International Safety Management Code. Standardised regulations for organising companies in relation to ship safety and prevention of environmental pollution.

ISO 9002 Standard for quality-control system.

ISO 14000 Standard for environmental management systems.

Knot A unit of speed for nautical vessels. One knot = one distance minute per hour, i.e. 1.85 km/hour.

MARPOL International convention under IMO that regulates pollution at sea.

Spot market The part of the maritime market that leases ships for individual journeys.

Time charter The shipping company charters out its ships completed and crewed for a payment based on a certain sum per day or a certain sum per DWT and month. The party chartering the ship pays for bunker and port fees.

ADDRESSES

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