

# INTERIM REPORT

1 JANUARY–30 SEPTEMBER 2013

- Q3 freight rates for vessels on the open market slightly better than in Q2
- Nine of the fleet's 13 vessels employed on the open market
- P-MAX through the Northeast Passage

|                                                       | Q 3<br>(Jul-Sep) |       | 9 months<br>(Jan-Sep) |        | Full<br>year |
|-------------------------------------------------------|------------------|-------|-----------------------|--------|--------------|
|                                                       | 2013             | 2012  | 2013                  | 2012   | 2012         |
| Total income,<br>SEK million                          | 125.4            | 135.8 | 372.1                 | 417.1  | 543.4        |
| EBITDA, SEK million                                   | 45.5             | 52.7  | 135.5                 | 175.4  | 228.4        |
| Operating result<br>before impairment,<br>SEK million | 9.2              | 15.2  | 27.4                  | 61.9   | 77.5         |
| Impairment,<br>SEK million                            | 0.0              | 0.0   | 0.0                   | -408.8 | -411.0       |
| Operating result<br>after impairment,<br>SEK million  | 9.2              | 15.2  | 27.4                  | -346.9 | -333.5       |
| Result after tax,<br>SEK million                      | 0.6              | 7.4   | 2.0                   | -365.7 | -356.0       |
| Result per share,<br>SEK                              | 0.01             | 0.15  | 0.04                  | -7.66  | -7.46        |
| EBITDA, USD million                                   | 6.9              | 7.8   | 20.8                  | 25.8   | 33.7         |
| Available liquid<br>funds <sup>1)</sup> , SEK million | 358.7            | 570.4 | 358.7                 | 570.4  | 484.0        |

1) Including unutilised available credit facilities.

## PRESIDENT HANS NORÉN PRESENTS THE REPORT



By scanning the QR code on the left, you can watch Hans Norén present the report for Q3 2013 on your mobile.



# CONCORDIA MARITIME IN 60 SECONDS

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

## OUR BUSINESS CONCEPT

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

## OUR VISION

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

## OUR CUSTOMERS

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

## WHAT WE TRANSPORT

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

## BUSINESS MODEL

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

## STRATEGY

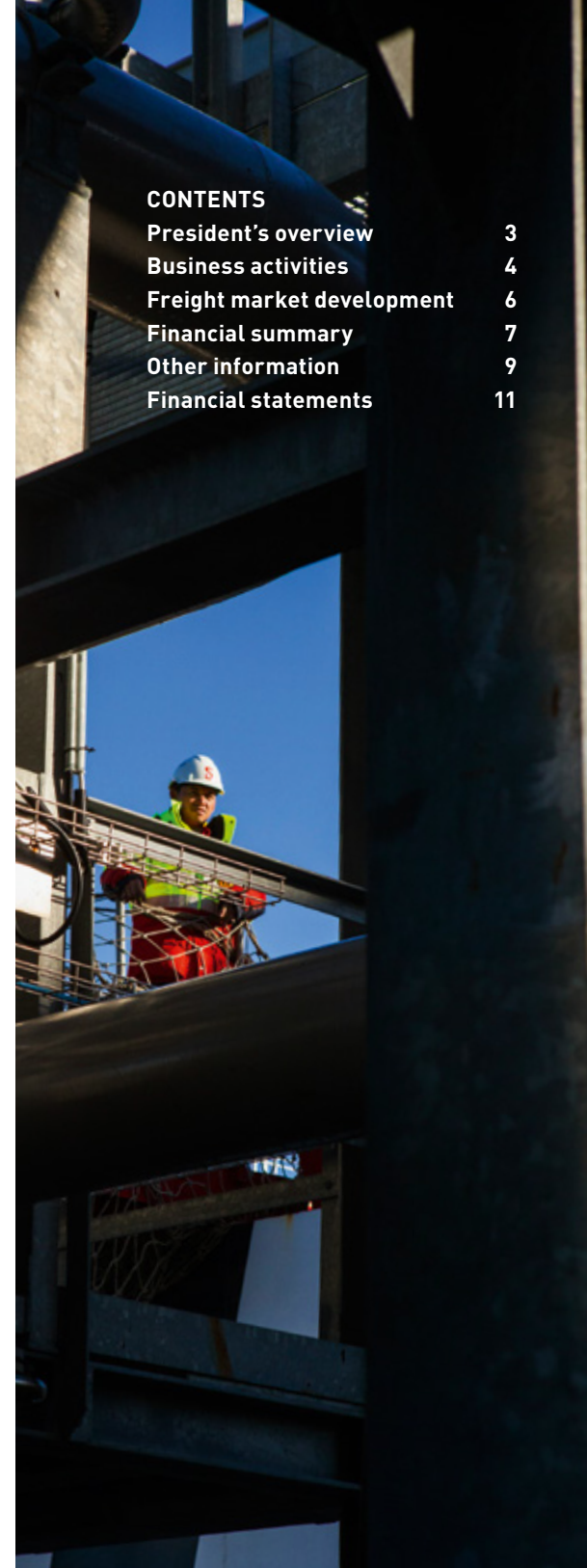
- To continue to develop our position as a partner of choice in the transportation of refined petroleum products and vegetable oils.
- To continue to identify the market's need for efficient transportation and to develop vessels and logistics solutions based on transport economy, flexibility and a well-developed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

## FINANCIAL OBJECTIVES

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

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# PRESIDENT'S OVERVIEW

**Concordia Maritime reported a result before tax of SEK –1.1 (4.1) million for the third quarter of 2013. Cash flow from operations (EBITDA) amounted to SEK 45.5 (52.7) million, corresponding to USD 6.9 (7.8) million.**

Our open market P-MAX vessels generated approx. USD 13,600 per day, which is an improvement compared to the second quarter, while the overall results for the quarter were also somewhat better. At the same time, growth in the product tanker market was weaker than expected. While it is true that the market has strengthened over the first nine months, compared with the same period the previous year, it is currently very weak.

## Shift in trade patterns

Demand for transportation of petroleum products from Europe to the United States is lower than in several years, but conversely, exports of refined products from the United States are high. This is a not unexpected but nevertheless interesting shift resulting from enhanced oil recovery on the American continent. The market in Asia/Far East has shown mixed signals.

Our long-term view has not changed and we still have confidence in gradual growth in demand for product tanker transport and an increased utilisation rate for the global tanker fleet, with a steady improvement in freight rates. We consider ourselves well positioned to benefit from these trends. After redelivery of *Stena Penguin* from her time charter in the third quarter, we now have nine out of thirteen vessels employed on the open market.

## Stena Supreme

Our suezmax tanker *Stena Supreme* had a relatively good quarter. A combination of a temporarily strong market in the segment during late July and early August and very good freighting operations by Stena Sonangol Suezmax Pool resulted in a significantly higher income than in the previous quarters, which was approx. USD 18,400 per day, compared with USD 15,800 in the second quarter. The strong market was short-lived and the market is now very weak for this segment too.

## P-MAX through the Northeast Passage

On 17 September, *Stena Polaris* left the Russian port of Ust Luga to make a voyage to Yuso in South Korea via the Northeast Passage. This is the first time one of our P-MAX tankers has sailed the sea route north of Europe and Asia. The tanker was under a time charter to Stena during the voyage, which was made in the context of an interesting new collaboration between Stena and the Korean company Hyundai Glovis. After the cargo was discharged in Korea, the vessel was employed locally. She has just sailed to China to be converted to IMO3 class. The plan is for the vessel to take a cargo of vegetable oil back to Europe via the Suez Canal – a textbook example of tankers with flexible cargo capacity offering opportunities for more income days. Now that *Stena Polaris* has been upgraded we have six vessels able to transport both fossil and vegetable oil products.



## Application for arbitration against Concordia Maritime

As mentioned in previous reports, the vessel *Stena Primorsk* suffered a grounding in the Hudson River in December 2012, while employed under a recently initiated time charter. There was no injury or damage to people or the environment, although the vessel's outer hull was damaged. We concluded that it was not safe to continue operating the vessel in this shipping channel and the customer was duly informed. In April, the customer broke the time-charter contract with an early redelivery of the vessel.

The customer has decided to file a large claim (approx. USD 25 million) against the vessel owner for the economic damage they say they have incurred and in July requested that the matter be settled by arbitration in the United States. We reject the claim and are preparing for arbitration.

# BUSINESS ACTIVITIES

Nine of the fleet's 13 vessels were employed on the open market at the end of the quarter. All vessels in the fleet operated well and without incidents during the first nine months of the year.

## P-MAX

Our ten P-MAX tankers are the backbone of our modern, safe and efficient fleet. Five of the vessels have been converted to IMO 3 class tankers, which means that they can carry vegetable oils in addition to crude oil and petroleum products. We took redelivery of *Stena Penguin* from her time charter during the quarter and now employ eight of the ten P-MAX tankers on the open market.

Our extensive safety and environmental work that is carried out every day on all of our ships continues to produce effects on a daily basis and we were spared from any incidents onboard our ships in the third quarter.

We do not have any scheduled drydocking involving lost income days in 2013.

## Panamax

*Stena Poseidon* and *Palva*, which we own in a joint venture with Neste Shipping, are now sailing under the British flag. The two Panamax tankers have been operating according to plan under their respective time charters, which last until early 2017.

## Suezmax

Our suezmax crude oil tanker *Stena Supreme* continues to be employed on the open market via the Stena-controlled Stena Sonangol Suezmax Pool. The Pool had a relatively good quarter, resulting in improved income for *Stena Supreme*. The Pool consists of 25–30 modern suezmax tankers.

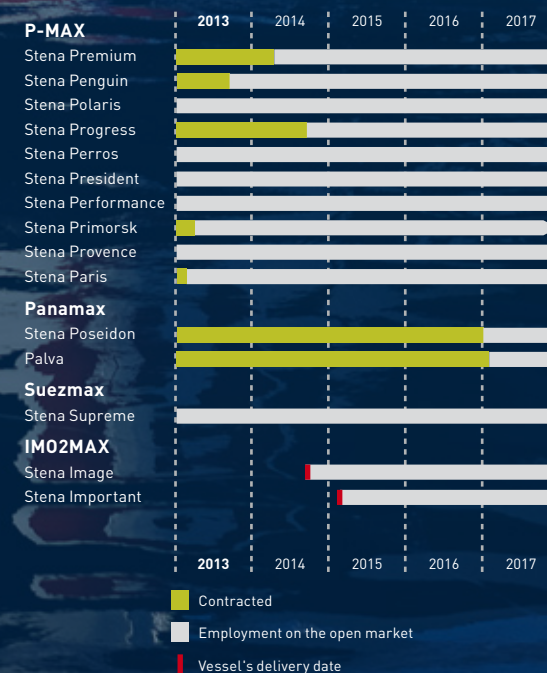
## Newbuilding program

The newbuilding program for the two 50,000 dwt product tankers we ordered in June 2012 is proceeding according to plan.

The vessels, which are part of a series designed with Stena Bulk and Stena Weco, are being developed in a collaboration between Stena Teknik and Guangzhou Shipyard International in China. The concept is called IMO2MAX, which indicates that they are IMO 2 vessels. Concordia Maritime's two vessels in the series will be named *Stena Image* and *Stena Important*.

When the tankers are delivered in late 2014/early 2015, they will be among the most sophisticated in the market and at the forefront in terms of both energy efficiency and cargo flexibility.

## Contract portfolio

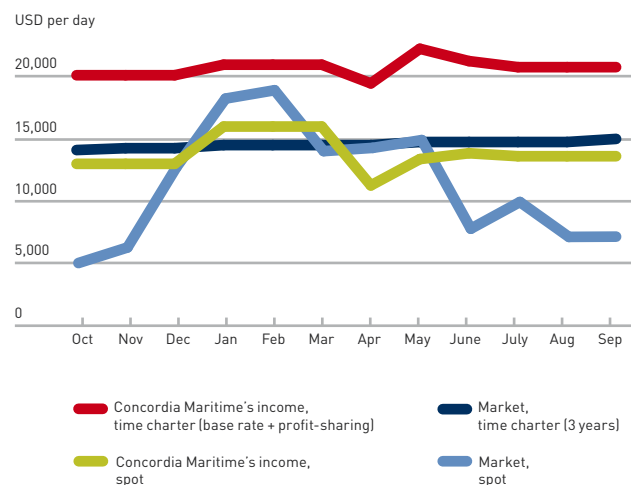


## Key ratios

|                                                                             | 9 months (Jan-Sep) |        | Full year          |
|-----------------------------------------------------------------------------|--------------------|--------|--------------------|
|                                                                             | 2013               | 2012   | 2012               |
| EBITDA, SEK million                                                         | <b>135.5</b>       | 175.4  | 228.4              |
| Operating result before impairment, SEK million                             | <b>27.4</b>        | 61.9   | 77.5               |
| Impairment, SEK million                                                     | <b>0.0</b>         | -408.8 | -411.0             |
| Operating result after impairment, SEK million                              | <b>27.4</b>        | -346.9 | -333.5             |
| Result after tax, SEK million                                               | <b>2.0</b>         | -365.7 | -356.0             |
| Available liquid funds, including unutilised credit facilities, SEK million | <b>358.7</b>       | 570.4  | 484.0              |
| Result per share after tax, SEK                                             | <b>0.04</b>        | -7.66  | -7.46              |
| EBITDA per share, SEK                                                       | <b>2.83</b>        | 3.67   | 4.8                |
| Dividend per share, SEK                                                     |                    |        | 0.50 <sup>1)</sup> |
| Equity per share, SEK                                                       | <b>27.24</b>       | 27.62  | 27.88              |
| Equity ratio, %                                                             | <b>38</b>          | 38     | 38                 |
| Growth in equity, %                                                         | <b>-2</b>          | -26    | -25                |
| Return on equity, %                                                         | <b>0</b>           | -24    | -23                |

1) Refers to dividend per share in May 2013.

## Product fleet's average freight rate per vessel and day



The chart illustrates development of the spot and time charter markets and Concordia Maritime's income for vessels employed in these two markets. The company's income is depicted by green and red lines.

## EBITDA per quarter

| USD millions                     | Q3<br>2013              | Q2<br>2013              | Q1<br>2013              | Q4<br>2012              | Q3<br>2012              | Q2<br>2012              | Q1<br>2012              | Q4<br>2011        |
|----------------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------|
| P-MAX, timecharter <sup>1)</sup> | 4.3                     | 3.5                     | 4.9                     | 5.9 <sup>4)</sup>       | 7.0 <sup>4)</sup>       | 6.3 <sup>4)</sup>       | 8.7                     | 8.8               |
| P-MAX, spot                      | 2.4                     | 1.7                     | 2.4                     | 1.8                     | 0.3                     | 2.5                     | 0.5                     | -0.8              |
| Panamax                          | 0.8                     | 1.4                     | 1.3                     | 1.1                     | 1.0                     | 1.0                     | 1.2                     | 0.8               |
| Suezmax                          | 0.8                     | 0.6                     | 0.7                     | 0.4                     | 0.8                     | —                       | —                       | —                 |
| Admin. and other                 | -1.4                    | -1.3                    | -1.3                    | -1.2                    | -1.3                    | -1.1                    | -1.2                    | 0.2 <sup>3)</sup> |
| <b>Total</b>                     | <b>6.9<sup>2)</sup></b> | <b>5.9<sup>2)</sup></b> | <b>8.0<sup>2)</sup></b> | <b>8.0<sup>2)</sup></b> | <b>7.8<sup>2)</sup></b> | <b>8.7<sup>2)</sup></b> | <b>9.2<sup>2)</sup></b> | <b>9.0</b>        |

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

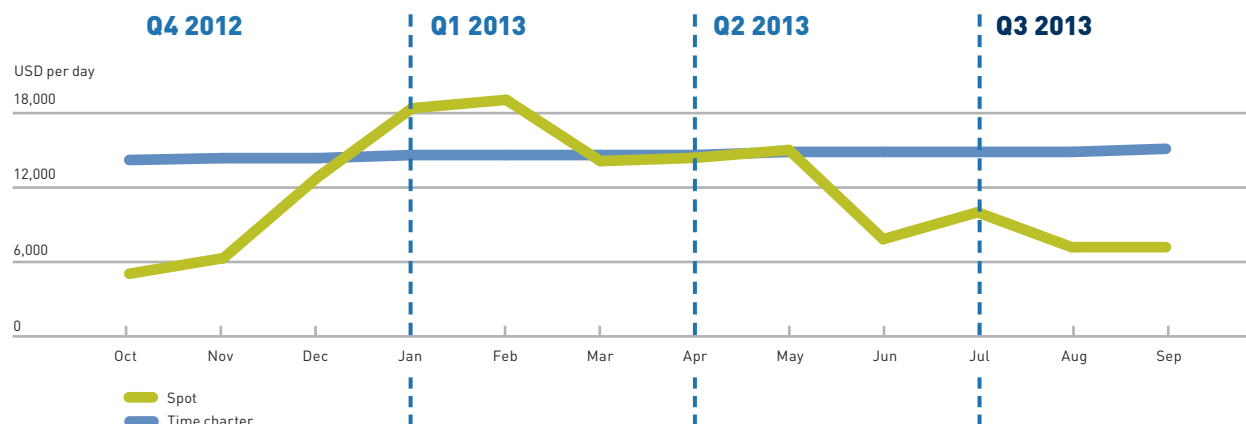
2) The company reports depreciation of drydock as an operating cost. This was SEK 4.3 million for Q1, SEK 4.8 million for Q2 and SEK 3.6 million for Q3.

3) Includes one-time payment of USD 1.9 million on conclusion of insurance case relating to V-MAX tanker.

4) For quarter 4, 2012, includes insurance payment of USD 0.2 million. One-time payment of USD 1.0 million (Q2 and Q3 2012) and USD 0.3 million (Q4 2012) for redelivery of *Stena Primorsk* and *Stena President*.

# FREIGHT MARKET DEVELOPMENT

## PRODUCT TANKERS (MR)



### Product tankers

Demand for transportation of petroleum products remained very uneven and the market was generally weaker than expected. In particular, the transatlantic traffic between Europe and the U.S. was the weakest it has been in over ten years. At the end of the quarter, an arbitrage window opened for diesel flows from the U.S. to Europe, resulting in strong demand and higher freight rates on this route. The spike in freight rate was short-lived.

### Suezmax

The suezmax segment strengthened during parts of the quarter. The explanation appears to be the disappearance of the price differential between Brent and WTI, which had

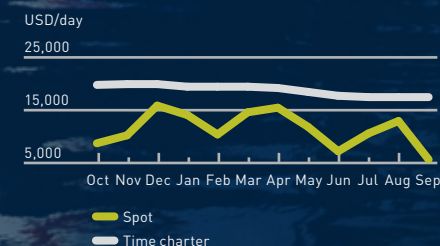
been USD 15–20 for a long time. As a consequence, the flow of crude oil from West Africa to the United States increased significantly and the freight rates rose accordingly.

However, as was the case in the MR segment, the quarter ended weak and freight rates fell in September. Overall, this means that average freight rates in the third quarter were in line with the same period the previous year.

### Newbuilding prices

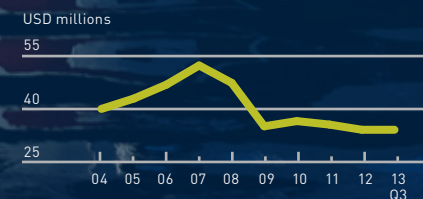
Newbuilding prices for tankers remain low, in terms of how price levels have been over the last decade. Newbuilding prices rose slightly during the quarter and at the end of September they were approx. USD 34 million for product tankers and approx. USD 56 million for suezmax tankers.

## SUEZMAX<sup>1)</sup>



## NEWBUILDING PRICES<sup>2)</sup>

### Product tankers



### Suezmax



1) The charts show the average value per month on a strictly round trip basis.

Source: Fearnleys

2) The charts show the value at the end of each period.

Source: Clarkson

# FINANCIAL SUMMARY

## Equity

Equity per share was SEK 27.24 (27.62).

## Changes in translation and hedging reserves

The parent company's functional currency is SEK, although the majority of the transactions in the Group are in USD. The Group's result is generated in USD, which means the result in SEK is a direct function of the SEK/USD exchange rate trend. In August 2012, the Board of Concordia Maritime decided to terminate the equity hedge that represented approx. 50 percent of equity in foreign subsidiaries (corresponding to USD 125 million).

The accumulated exchange differences including the effects of forward contracts, which are recognised in equity, amounted to SEK 10.2 (35.4) million. The changes are recognised in equity through OCI.

The company has entered into interest rate swaps totalling USD 100 million to protect itself against interest rate fluctuations. They are structured to cover approx. 40 percent of anticipated future borrowing within existing credit facilities and a large proportion of them do not expire until 2015. At the end of the third quarter, the value of these contracts

was SEK –23.3 (–43.6) million, which is recognised in the hedging reserve through OCI.

Since 2011, financial investments in NOK and GBP have been hedged by NOK/USD foreign exchange forward contracts in order to make them currency-neutral. Hedging was previously used, with the change in value of the forward contract being recognised in the hedging reserve through OCI. In the fourth quarter of 2012, the Group stopped using hedge accounting for currency risks, and the changes in value of the forward contracts are now recognised in the income statement. At the end of the period, the total hedging reserve stood at SEK –24.0 (–42.5) million.

## Investments

Investments during the period January to September amounted to SEK 34.5 (410.6) million and relate to advance payments for two tankers, with delivery of the first of these scheduled for the end of 2014.

## Impairment

The Group's assets are assessed on a six-monthly basis to determine whether there is any indication of impairment.

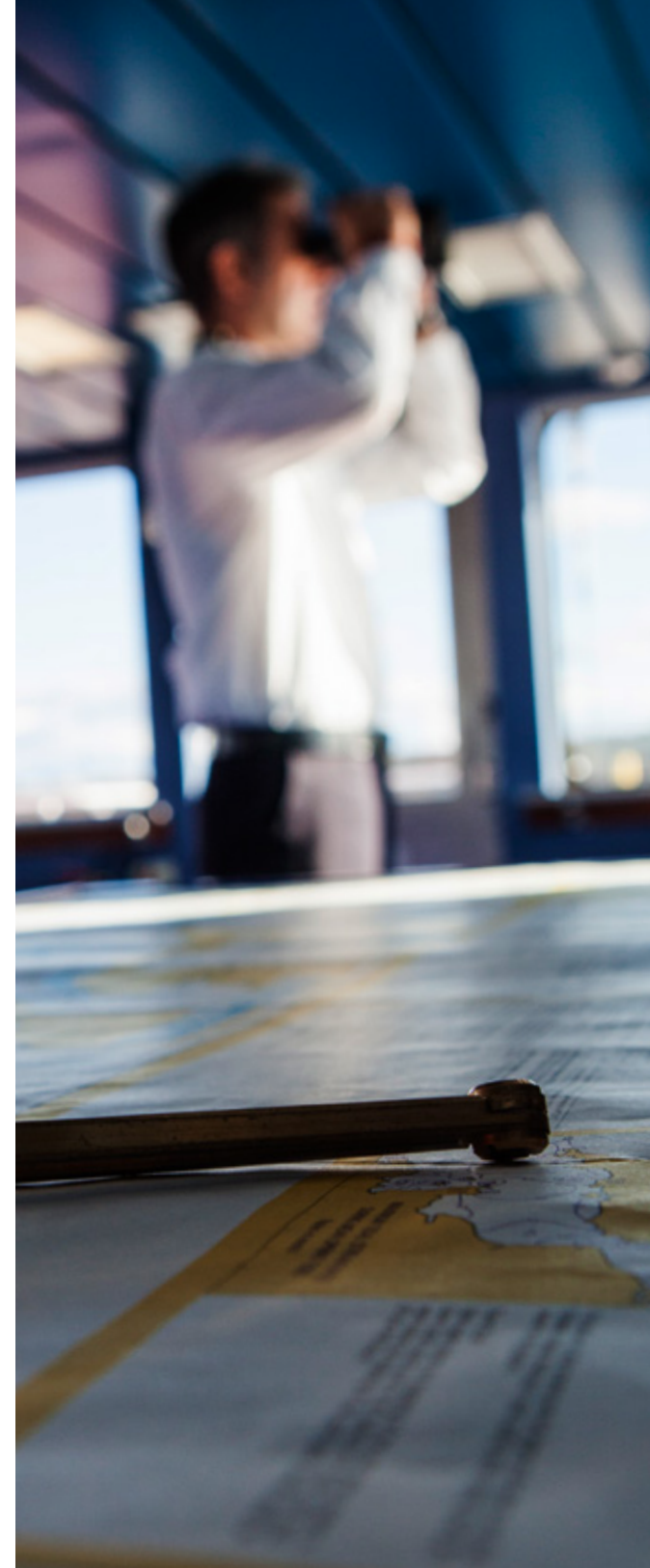
## The Group's total income and earnings

| SEK millions                       | Quarter 3 |       | 9 months (Jan–Sep) |        |
|------------------------------------|-----------|-------|--------------------|--------|
|                                    | 2013      | 2012  | 2013               | 2012   |
| Total income                       | 125.4     | 135.8 | 372.1              | 417.1  |
| Operating result before impairment | 9.2       | 15.2  | 27.4               | 61.9   |
| Operating result after impairment  | 9.2       | 15.2  | 27.4               | –346.9 |
| Result after net financial items   | –1.1      | 4.1   | –4.0               | –374.0 |
| Result per share after tax, SEK    | 0.01      | 0.15  | 0.04               | –7.66  |

## Liquidity and financial position

| SEK millions                         | 30 Sep 2013 | 30 Sep 2012 |
|--------------------------------------|-------------|-------------|
| Available liquid funds <sup>1)</sup> | 358.7       | 570.4       |
| Interest-bearing liabilities         | 1,959.9     | 2,000.8     |
| Equity                               | 1,300.3     | 1,318.2     |
| Equity ratio, %                      | 38          | 38          |

1) Includes unutilised available credit facilities.



## FINANCIAL SUMMARY CONTD.

The fleet is defined as a cash-generating unit, and an impairment loss is recognised when the carrying amount of an asset or cash generating unit exceeds its recoverable amount. An impairment loss of USD 60 million was recognised for the fleet on 30 June 2012. Impairment testing of the asset values at 30 June 2013 did not indicate any impairment. Impairment testing is based on an overall assessment of future earnings, newbuilding prices and average values from three independent ship brokers.

### Seasonal variations

Four of our fleet of 13 vessels were chartered out on fixed contracts and nine were employed on the open market, which means that income is affected by the seasonal variations that occur in tanker shipping.

### Employees

The number of employees in the Group at 30 September 2013 was 392 (381), 386 (375) of whom were seagoing employees.

### Financial investments

The bond portfolio is classified under available-for-sale financial assets and is recognised at market value in OCI. At the end of the quarter, bonds were owned in Teekay Offshore, Teekay LNG, Rabobank, Golden Close Maritime, Kungsleden Fastigheter, Wind Acquisition and Bonheur. The total value of the bond portfolio was USD 13.3 (14.5) million.

Total short-term investments corresponded to SEK 85.1 (94.9) million. The bond portfolio is recognised at fair value through equity using quoted market prices.

### Tax

A previous tax provision of USD 1.4 million was reversed during the year, as this tax risk no longer exists, while a new provision of USD 1.4 million relating to withholding tax in Switzerland was recognised.

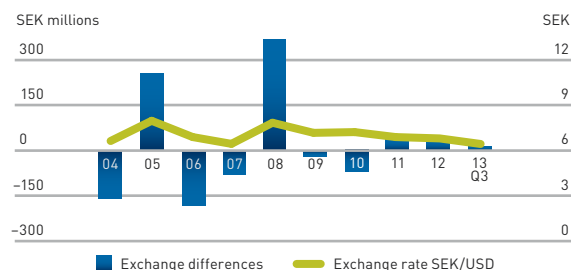
### Parent

The parent company's total income for the third quarter amounted to SEK 0.1 (0) million. Intragroup invoicing represented SEK 0 (0) million of this amount. The parent company's result after financial items for the third quarter amounted to SEK -20.3 (9.8) million. The parent company's available liquid funds amounted to SEK 1,552.0 (2,047.4) million, which includes receivables from Group companies in the cash pool and unutilised credit facilities.

### Demand for damages

In July, the vessel owner received an application for arbitration for the damage the customer believes the company has caused them in connection with *Stena Primorsk's* grounding in the Hudson River in December 2012 and the company's decision to stop operating the vessel in this shipping channel. In July 2013, the customer requested that the matter be settled by arbitration in the United States. The vessel owner strongly rejects the claim of approx. USD 25 million and is preparing for arbitration. The company's fees for legal and similar assistance regarding this matter are charged to the company's earnings as incurred.

### Exchange differences in other comprehensive income



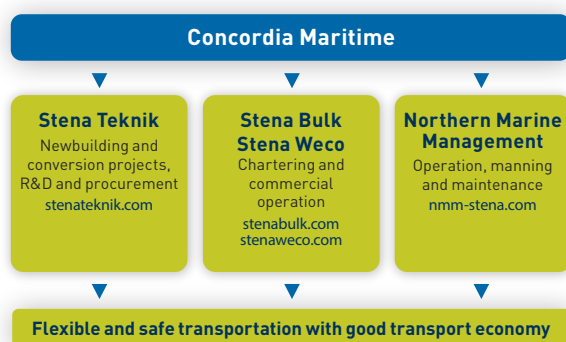
As a result of SEK/USD exchange rate, the company's profit in SEK has changed, while profit in USD remains unchanged.



# OTHER INFORMATION

## Related party transactions

Concordia Maritime has a small internal organisation, and purchases services from related-party companies in the Stena Sphere, which includes Stena Bulk. The latter company conducts tanker business which competes with Concordia



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

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

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

Maritime in some respects. Accordingly, there is an agreement, entered into many years ago, which regulates the relationship between the two companies with respect to new business. Under the terms of this agreement, Concordia Maritime has the right to opt for 0, 50 or 100 percent participation in each new transaction.

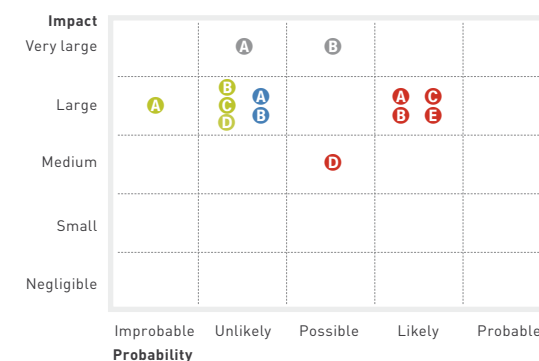
## Stena Weco

At the beginning of April 2011, Stena Bulk started a 50-50 joint venture together with the Danish company Weco, resulting in a newly established company, Stena Weco. Stena Weco specialises mainly in the transportation of vegetable oils.

Under a new agreement with Stena Bulk, Concordia Maritime is entitled to the financial result arising from vessels that may from time to time be chartered in by Stena Weco for a period of more than one year, should Concordia Maritime decide to participate in such charters. Other business generated by Stena Weco is not available to Concordia Maritime.

## Risks and uncertainties

|                                | Type of risk                                                                                                                       |
|--------------------------------|------------------------------------------------------------------------------------------------------------------------------------|
| <b>1. Corporate risks</b>      | <b>A</b> Brand<br><b>B</b> Employees<br><b>C</b> Liquidity<br><b>D</b> Financing risk                                              |
| <b>2. Market-related risks</b> | <b>A</b> Economic trend<br><b>B</b> Freight rates<br><b>C</b> Oil price<br><b>D</b> Political risk<br><b>E</b> War and instability |
| <b>3. Operational risks</b>    | <b>A</b> Ship operation and insurance<br><b>B</b> Environment                                                                      |
| <b>4. Credit risks</b>         | <b>A</b> Counterparty risks – customer<br><b>B</b> Counterparty risks – shipyards and partners                                     |



Further information can be found in the 2012 annual report.



STENA POSEIDON  
HELSINKI  
IMO 913458

Stena Bulk

RODA BOLAGET

BOLAGET

RODA BOLAGET

## GROUP

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

| SEK millions                                                                              | Quarter 3 2013 | Quarter 3 2012 | 9 months<br>(Jan-Sep) 2013 | 9 months<br>(Jan-Sep) 2012 | Full year 2012 |
|-------------------------------------------------------------------------------------------|----------------|----------------|----------------------------|----------------------------|----------------|
| <b>Consolidated income statement</b>                                                      |                |                |                            |                            |                |
| Average exchange rate SEK/USD                                                             | 6.55           | 6.76           | 6.52                       | 6.81                       | 6.78           |
| Time charter income                                                                       | 61.3           | 101.2          | 190.3                      | 324.2                      | 411.3          |
| Spot charter income                                                                       | 64.0           | 34.6           | 181.7                      | 92.9                       | 132.1          |
| Other external income                                                                     | 0.1            |                | 0.1                        |                            |                |
| <b>Total income</b>                                                                       | <b>125.4</b>   | <b>135.8</b>   | <b>372.1</b>               | <b>417.1</b>               | <b>543.4</b>   |
| Operating costs, ships                                                                    | -32.7          | -37.8          | -101.1                     | -109.0                     | -139.7         |
| Seagoing personnel costs                                                                  | -33.3          | -35.3          | -99.1                      | -100.9                     | -134.2         |
| Other external costs                                                                      | -10.8          | -6.6           | -26.4                      | -21.7                      | -26.0          |
| Personnel expenses                                                                        | -3.1           | -3.4           | -10.0                      | -10.1                      | -15.1          |
| Depreciation                                                                              | -36.3          | -37.5          | -108.1                     | -113.5                     | -150.9         |
| <b>Total operating costs</b>                                                              | <b>-116.2</b>  | <b>-120.6</b>  | <b>-344.7</b>              | <b>-355.2</b>              | <b>-465.9</b>  |
| <b>Operating result before impairment</b>                                                 | <b>9.2</b>     | <b>15.2</b>    | <b>27.4</b>                | <b>61.9</b>                | <b>77.5</b>    |
| Impairment                                                                                | 0.0            | 0.0            | 0.0                        | -408.8                     | -411.0         |
| <b>Operating result after impairment</b>                                                  | <b>9.2</b>     | <b>15.2</b>    | <b>27.4</b>                | <b>-346.9</b>              | <b>-333.5</b>  |
| Interest and similar income                                                               | 2.2            | 3.2            | 6.2                        | 9.0                        | 12.4           |
| Interest and similar expense                                                              | -12.5          | -14.3          | -37.6                      | -36.1                      | -48.3          |
| <b>Financial net</b>                                                                      | <b>-10.3</b>   | <b>-11.1</b>   | <b>-31.4</b>               | <b>-27.1</b>               | <b>-35.9</b>   |
| <b>Result after net financial items</b>                                                   | <b>-1.1</b>    | <b>4.1</b>     | <b>-4.0</b>                | <b>-374.0</b>              | <b>-369.4</b>  |
| Tax                                                                                       | 1.7            | 3.3            | 6.0                        | 8.3                        | 13.4           |
| <b>Net result after tax</b>                                                               | <b>0.6</b>     | <b>7.4</b>     | <b>2.0</b>                 | <b>-365.7</b>              | <b>-356.0</b>  |
| <b>Other comprehensive income</b>                                                         |                |                |                            |                            |                |
| Items that have been, or can be, transferred to result for the period                     |                |                |                            |                            |                |
| Translation differences                                                                   | -68.2          | -87.5          | -20.5                      | -74.9                      | -82.6          |
| Equity hedging                                                                            | 0.0            | 34.5           | 0.0                        | 36.1                       | 37.8           |
| Available-for-sale financial assets                                                       | 0.5            | 3.4            | -1.4                       | -1.9                       | 0.5            |
| Cash flow hedges, currency-related                                                        | 2.7            | -0.4           | -2.4                       | 0.1                        | 0.7            |
| Cash flow hedges, interest-related                                                        | 6.0            | 1.7            | 16.9                       | 4.7                        | 9.5            |
| Tax attributable to items that have been, or can be, transferred to result for the period | -2.7           | -9.8           | -1.2                       | -10.1                      | -9.0           |
| <b>Comprehensive income for the period</b>                                                | <b>-61.1</b>   | <b>-50.7</b>   | <b>-6.6</b>                | <b>-411.7</b>              | <b>-399.1</b>  |
| <b>Per-share data, SEK</b>                                                                |                |                |                            |                            |                |
| Number of shares                                                                          | 47,729,798     | 47,729,798     | 47,729,798                 | 47,729,798                 | 47,729,798     |
| Result per share, before/after dilution                                                   | 0.01           | 0.15           | 0.04                       | -7.66                      | -7.46          |
| Equity per share, SEK                                                                     | 27.24          | 27.62          | 27.24                      | 27.62                      | 27.88          |

## GROUP

# CONDENSED BALANCE SHEET

| SEK millions                        | 30 Sep 2013    | 30 Sep 2012    | 31 Dec 2012    |
|-------------------------------------|----------------|----------------|----------------|
| Closing exchange rate SEK/USD       | 6.41           | 6.57           | 6.51           |
| <b>Assets</b>                       |                |                |                |
| Ships and equipment                 | 2,905.4        | 3,105.1        | 3,064.5        |
| Ships under construction            | 75.1           | 46.6           | 48.0           |
| Financial assets                    | 0.0            | 1.8            | 0.0            |
| <b>Total non-current assets</b>     | <b>2,980.5</b> | <b>3,153.5</b> | <b>3,112.5</b> |
| Current receivables                 | 185.6          | 100.5          | 126.7          |
| Short-term investments              | 85.1           | 94.9           | 97.1           |
| Cash and bank balances              | 129.9          | 135.1          | 144.4          |
| <b>Total current assets</b>         | <b>400.6</b>   | <b>330.5</b>   | <b>368.2</b>   |
| <b>Total assets</b>                 | <b>3,381.1</b> | <b>3,484.0</b> | <b>3,480.7</b> |
| <b>Equity and liabilities</b>       |                |                |                |
| Equity                              | 1,300.3        | 1,318.2        | 1,330.8        |
| Non-current liabilities             | 1,851.6        | 1,879.7        | 1,979.6        |
| Current liabilities                 | 229.2          | 286.1          | 170.3          |
| <b>Total equity and liabilities</b> | <b>3,381.1</b> | <b>3,484.0</b> | <b>3,480.7</b> |

## CHANGES IN EQUITY

| SEK millions                        | Share capital | Other paid-in capital | Translation reserve | Hedging reserve | Fair value reserve | Retained earnings | Total          |
|-------------------------------------|---------------|-----------------------|---------------------|-----------------|--------------------|-------------------|----------------|
| <b>Changes Jan–Sep 2013</b>         |               |                       |                     |                 |                    |                   |                |
| Opening balance 01.01.2013          | 381.8         | 61.9                  | 30.6                | –37.2           | 4.7                | 889.0             | 1,330.8        |
| Comprehensive income for the period |               |                       | –20.4               | 13.2            | –1.4               | 2.0               | –6.6           |
| Dividends                           |               |                       |                     |                 |                    | –23.9             | –23.9          |
| <b>Closing balance 30.09.2013</b>   | <b>381.8</b>  | <b>61.9</b>           | <b>10.2</b>         | <b>–24.0</b>    | <b>3.3</b>         | <b>867.1</b>      | <b>1,300.3</b> |
| <b>Changes Jan–Sep 2012</b>         |               |                       |                     |                 |                    |                   |                |
| Opening balance 01.01.2012          | 381.8         | 61.9                  | 83.6                | –46.6           | 4.2                | 1,292.7           | 1,777.6        |
| Comprehensive income for the period |               |                       | –48.2               | 4.1             | –1.9               | –365.7            | –411.7         |
| Dividends                           |               |                       |                     |                 |                    | –47.7             | –47.7          |
| <b>Closing balance 30.09.2012</b>   | <b>381.8</b>  | <b>61.9</b>           | <b>35.4</b>         | <b>–42.5</b>    | <b>2.3</b>         | <b>879.3</b>      | <b>1,318.2</b> |



## GROUP

# CONDENSED CASH FLOW STATEMENT

| SEK millions                                                                 | Quarter 3 2013 | Quarter 3 2012 | 9 months<br>(Jan-Sep) 2013 | 9 months<br>(Jan-Sep) 2012 | Full year 2012 |
|------------------------------------------------------------------------------|----------------|----------------|----------------------------|----------------------------|----------------|
| <b>Operating activities</b>                                                  |                |                |                            |                            |                |
| Result after net financial items                                             | -1.1           | 4.1            | -4.0                       | -374.0                     | -369.4         |
| Adjustments:                                                                 |                |                |                            |                            |                |
| Depreciation                                                                 | 39.8           | 40.8           | 120.6                      | 538.0                      | 573.2          |
| Result, sale of non-current assets                                           | 0.0            | 0.0            | 0.0                        | 0.4                        | 0.4            |
| Result, sale of securities                                                   | -0.6           | 0.0            | -1.3                       | -4.3                       | -5.0           |
| Other items                                                                  | -9.8           | -0.3           | -4.4                       | -3.2                       | -8.7           |
| <b>Cash flow from operating activities before changes in working capital</b> | <b>28.3</b>    | <b>44.6</b>    | <b>110.9</b>               | <b>156.9</b>               | <b>190.5</b>   |
| Changes in working capital                                                   | -15.2          | 1.8            | -72.7                      | -2.8                       | -22.6          |
| <b>Cash flow from operating activities</b>                                   | <b>13.1</b>    | <b>46.4</b>    | <b>38.2</b>                | <b>154.1</b>               | <b>167.9</b>   |
| <b>Investing activities</b>                                                  |                |                |                            |                            |                |
| Sale of non-current assets                                                   | 0.0            | 0.0            | 0.0                        | -0.4                       | -0.4           |
| Investment in non-current assets                                             | -27.4          | -81.8          | -34.5                      | -410.6                     | -428.3         |
| Investment in financial assets                                               | -0.1           | 0.0            | -34.3                      | -59.2                      | -65.8          |
| Sale of financial assets                                                     | 6.6            | -0.1           | 41.9                       | 71.2                       | 75.8           |
| <b>Cash flow from investing activities</b>                                   | <b>-20.9</b>   | <b>-81.9</b>   | <b>-26.9</b>               | <b>-399.0</b>              | <b>-418.7</b>  |
| <b>Financing activities</b>                                                  |                |                |                            |                            |                |
| New loans                                                                    | 0.0            | 150.3          | 99.8                       | 569.3                      | 815.1          |
| Amortisation of loans                                                        | -22.4          | -165.2         | -103.2                     | -270.5                     | -500.0         |
| Dividend to shareholders                                                     | 0.0            | 0.0            | -23.9                      | -47.7                      | -47.7          |
| <b>Cash flow from financing activities</b>                                   | <b>-22.4</b>   | <b>-14.9</b>   | <b>-27.3</b>               | <b>251.1</b>               | <b>267.4</b>   |
| Cash flow for the period                                                     | -30.2          | -50.4          | -16.0                      | 6.2                        | 16.6           |
| Balance at beginning of period (Note 1)                                      | 162.5          | 184.6          | 144.4                      | 128.2                      | 128.2          |
| Exchange differences (Note 2)                                                | -2.4           | 0.9            | 1.5                        | 0.7                        | -0.4           |
| <b>Balance at end of period (Note 1)</b>                                     | <b>129.9</b>   | <b>135.1</b>   | <b>129.9</b>               | <b>135.1</b>               | <b>144.4</b>   |
| Note 1. Balance consists of cash, bank balances and credit facility          |                |                |                            |                            |                |
| Note 2. Exchange differences attributable to:                                |                |                |                            |                            |                |
| Cash and cash equivalents at beginning of year                               | 0.1            | 0.1            | 0.1                        | 0.1                        | 0.5            |
| Cash flow for the period                                                     | -2.5           | 0.8            | 1.4                        | 0.6                        | -0.9           |
|                                                                              | <b>-2.4</b>    | <b>0.9</b>     | <b>1.5</b>                 | <b>0.7</b>                 | <b>-0.4</b>    |



# QUARTERLY OVERVIEW

|                            | SEK millions                         | Quarter 3<br>2013 | Quarter 2<br>2013 | Quarter 1<br>2013 | Quarter 4<br>2012 | Quarter 3<br>2012 | Quarter 2<br>2012 | Quarter 1<br>2012 | Quarter 4<br>2011 |
|----------------------------|--------------------------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| <b>Profit/loss items</b>   | Total income                         | 125.4             | 118.8             | 127.9             | 126.3             | 135.8             | 144.0             | 137.3             | 138.0             |
|                            | Operating costs excluding impairment | -116.2            | -116.3            | -112.2            | -110.7            | -120.6            | -121.9            | -112.7            | -113.7            |
|                            | Operating result (EBIT)              | 9.2               | 2.5               | 15.7              | 15.6              | 15.2              | -388.9            | 24.6              | 24.3              |
|                            | of which profit/loss on ship sales   |                   |                   |                   |                   |                   |                   |                   |                   |
|                            | Financial net                        | -10.3             | -11.1             | -10.0             | -11.0             | -11.1             | -6.7              | -7.1              | -5.0              |
|                            | Result after financial items         | -1.1              | -8.6              | 5.7               | 4.6               | 4.1               | -395.6            | 17.5              | 19.3              |
|                            | Net result after tax                 | 0.6               | -6.2              | 7.6               | 9.7               | 7.4               | -393.7            | 20.6              | 25.9              |
|                            | Cash flow from operating activities  | 28.3              | 42.7              | 39.9              | 33.6              | 44.6              | 55.1              | 57.1              | 61.9              |
|                            | EBITDA                               | 45.5              | 38.8              | 51.2              | 52.9              | 52.7              | 60.6              | 61.8              | 61.2              |
| <b>Balance-sheet items</b> | Ships (number)                       | 2,905.4 (12)      | 3,089.6 (12)      | 3,028.2 (12)      | 3,064.5 (12)      | 3,105.1 (12)      | 3,287.5 (12)      | 3,130.4 (11)      | 3,291.1 (11)      |
|                            | Ships under construction (number)    | 75.1 (2)          | 53.5 (2)          | 50.5 (2)          | 48.0 (2)          | 46.6 (2)          | 0                 | 142.5 (1)         | 143.0 (1)         |
|                            | Liquid funds incl. investments       | 215.0             | 256.3             | 204.2             | 241.5             | 230.0             | 280.7             | 265.5             | 241.8             |
|                            | Other assets                         | 185.6             | 176.0             | 169.7             | 126.7             | 102.3             | 113.1             | 75.8              | 82.3              |
|                            | Interest-bearing liabilities         | 1,959.9           | 2,080.8           | 1,992.8           | 1,993.3           | 2,000.8           | 2,130.0           | 1,698.6           | 1,815.4           |
|                            | Other liabilities and provisions     | 120.9             | 133.2             | 116.7             | 156.6             | 165.0             | 182.4             | 160.8             | 165.2             |
|                            | Equity                               | 1,300.3           | 1,361.4           | 1,343.1           | 1,330.8           | 1,318.2           | 1,368.9           | 1,754.8           | 1,777.6           |
|                            | Total assets                         | 3,381.1           | 3,575.4           | 3,452.6           | 3,480.7           | 3,484.0           | 3,681.3           | 3,614.2           | 3,758.2           |
| <b>Key ratios, %</b>       | Equity ratio                         | 38                | 38                | 39                | 38                | 38                | 37                | 49                | 47                |
|                            | Return on total capital              | 1                 | 0                 | 2                 | 2                 | 2                 | -10               | 3                 | 3                 |
|                            | Return on capital employed           | 1                 | 0                 | 2                 | 2                 | 2                 | -9                | 3                 | 3                 |
|                            | Return on equity                     | 1                 | 0                 | 2                 | 3                 | 2                 | -24               | 5                 | 5                 |
|                            | Operating margin                     | 7                 | 2                 | 12                | 12                | 11                | -270              | 18                | 18                |
| <b>Share data</b>          | Total income                         | 2.63              | 2.49              | 2.68              | 2.65              | 2.85              | 3.02              | 2.88              | 2.89              |
|                            | Operating costs excluding impairment | -2.43             | -2.44             | -2.35             | -2.32             | -2.53             | -2.55             | -2.36             | -2.38             |
|                            | Operating result before impairment   | 0.19              | 0.05              | 0.33              | 0.33              | 0.32              | 0.46              | 0.52              | 0.51              |
|                            | Financial net                        | -0.22             | -0.23             | -0.21             | -0.23             | -0.23             | -0.14             | -0.15             | -0.10             |
|                            | Net result after tax                 | 0.01              | -0.13             | 0.16              | 0.20              | 0.15              | -8.25             | 0.43              | 0.54              |
|                            | Cash flow                            | 0.59              | 0.89              | 0.84              | 0.70              | 0.93              | 1.15              | 1.20              | 1.30              |
|                            | EBITDA                               | 0.95              | 0.81              | 1.07              | 1.11              | 1.10              | 1.27              | 1.29              | 1.28              |
|                            | Equity                               | 27.24             | 28.52             | 28.14             | 27.88             | 27.62             | 28.68             | 36.77             | 37.24             |

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

Definitions: see page 16

## PARENT COMPANY

# CONDENSED INCOME STATEMENT AND BALANCE SHEET

| SEK millions                        | 9 months 2013 | 9 months 2012 |
|-------------------------------------|---------------|---------------|
| Net sales                           | 0.1           | 0.0           |
| Other external costs                | -10.7         | -10.2         |
| Personnel expenses                  | -7.1          | -7.4          |
| <b>Operating result</b>             | <b>-17.7</b>  | <b>-17.6</b>  |
| Other interest and similar income   | 16.1          | 52.4          |
| Interest and similar expense        | -18.7         | -25.0         |
| <b>Result after financial items</b> | <b>-20.3</b>  | <b>9.8</b>    |
| Tax                                 | 4.5           | -2.3          |
| <b>Result for the period</b>        | <b>-15.8</b>  | <b>7.5</b>    |

| SEK millions                         | 30 Sep 2013    | 30 Sep 2012    |
|--------------------------------------|----------------|----------------|
| <b>Assets</b>                        |                |                |
| Ships and equipment                  | 0.0            | 0.0            |
| Financial assets                     | 27.7           | 30.2           |
| Investments in Group companies       | 745.8          | 745.8          |
| <b>Total non-current assets</b>      | <b>773.5</b>   | <b>776.0</b>   |
| Current receivables                  | 6.8            | 3.8            |
| Short-term investments               | 0.0            | 1.0            |
| Receivables from Group companies     | 1,286.3        | 1,592.5        |
| Cash and bank balances               | 36.9           | 19.6           |
| <b>Total current assets</b>          | <b>1,330.0</b> | <b>1,616.9</b> |
| <b>Total assets</b>                  | <b>2,103.5</b> | <b>2,392.9</b> |
| <b>Equity and liabilities</b>        |                |                |
| Equity                               | 511.4          | 559.9          |
| Non-current liabilities              | 1490.5         | 1,685.5        |
| Current liabilities                  | 101.6          | 147.5          |
| <b>Total equity and liabilities</b>  | <b>2,103.5</b> | <b>2,392.9</b> |
| Pledged assets                       |                |                |
| Contingent liabilities <sup>2)</sup> |                |                |

1) With effect from January 2013, the cash pool classification is divided into cash and bank balances and receivables from Group companies. The Parent Company previously classified the entire cash pool holding as cash and bank balances. The comparative figures have also been reclassified accordingly.

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

The Concordia Maritime Group applies International Financial Reporting Standards (IFRS) as adopted by the EU. The Group applies the same accounting policies and calculation methods in the quarterly reports as in the annual report for 2012, in addition to those described in this report.

The Group's interim report has been prepared in accordance with IAS 34. The report for the Parent Company has been prepared in accordance with the Swedish Annual Accounts Act and RFR recommendations. This report gives a true and fair view of the operations, financial position and performance of the Parent Company and Group, and describes significant risks and uncertainties to which the Group is exposed. This report has not been reviewed by the company's auditors.

Gothenburg, 13 November 2013

Hans Norén  
*President*

## ACCOUNTING POLICIES

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

The information in this report is information that Concordia Maritime is required to disclose in accordance with the Swedish Securities Market Act and/or the Swedish Financial Instruments Trading Act. The information was made public on 13 November 2013 at approx. 2 p.m.

## INFORMATION AND CONTACT

### Reports and information

2013 Year-end Report

20 February 2014

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## DEFINITIONS

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

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

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

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

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

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

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

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